

22nd July 2020

Drilling Recommences at Red Mountain, QLD to Follow-up High-Grade Gold Zones

Corporate Details

ASX: ZNC

Issued Shares (ZNC)	294.4M
Unlisted options	9.6M
Mkt. Cap. (\$0.1)	A\$29M
Cash (31 st Mar 19)	A\$1.28M
Share Issue Jul raising (before costs)	\$A5.1M
Debt	Nil

Directors

Mike Joyce:

Non-Exec Chairman

Michael Clifford:

Managing Director

Stan Macdonald:

Non-Exec Director

Julian Goldsworthy:

Non-Exec Director

Graham Riley:

Non-Exec Director

Peter Bird:

Non-Exec Director

Major Shareholders

Directors	~13%
HSBC Custody. Nom.	10%
J P Morgan	5.0%
Miquilini	3.9%
Abingdon	3.5%

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- ◆ Drilling has recommenced at Zenith's 100% owned Red Mountain project in Queensland. This activity will follow-up highly encouraging high-grade near surface gold zones intersected in the June 2020 maiden drill program. Better results were 14m @ 5.5 g/t Au, including 6m @ 12.3 g/t Au from surface.
- ◆ Drilling conducted to date has only tested approximately 250m of strike of a 1200m long high-order gold anomaly. This drill campaign will test for continuity of gold mineralised zones and attempt to define the limits of the gold system.
- ◆ The drill rig will work on a full-time basis and pending positive follow-up assay results will work a continuous roster over the coming months.

Zenith Minerals Limited ("Zenith" or "the Company") is pleased to advise that drilling has recommenced at the Company's 100% owned Red Mountain project in Queensland (Figure 1).

This follow-up drill campaign to be conducted over the coming months will aim to define the limits of gold mineralisation and test continuity for high-grade near surface gold mineralisation discovered in Zenith's maiden drill test. Results from that maiden program were announced to the market last month (ASX Release 17th June 2020) and included:

- o 14m @ 5.5 g/t Au incl 6m @ 12.3 g/t Au from surface
- o 5m @ 3.5 g/t Au incl 2m @ 8.0 g/t Au from 64 m depth
- o 12m @ 1.0 g/t Au from 42m depth incl 4m @ 2.1 g/t Au from 50 m depth, within broader mineralised interval of 56m @ 0.4 g/t Au from 6m depth. (Figure 2).

The initial drill program was a significant success with highly encouraging gold results returned from only a portion of a larger target area. Drilling tested 250m of strike of a 1200m long high-order gold anomaly with surface soil values including: 2.2g/t Au, 1.6 g/t Au, 0.56g/t Au and 0.33 g/t Au and gold in rock chips to 2.0 g/t Au & 114 g/t Ag.

CEO COMMENTS

Commenting on Red Mountain, CEO Mick Clifford said "We are very excited to be back drilling again at Red Mountain. The initial gold results received last month in the maiden drill test only tested approximately 25% of the current defined anomaly strike length and were a terrific start. We look forward to receiving a constant flow of new assay results from this follow-up drill campaign. The geological region in which Red Mountain is located has been proven to host significant gold mineralisation. Noted examples include Cracow and Mount Rawdon which both defined 2.0 million ounce plus gold deposits."

The maiden drill program was designed to test several different geological units and IP geophysical responses. Key points included:

- Gold mineralisation occurs in sericite altered, pyritic and quartz veined granodiorite, and dolerite host rocks on the western margin of the newly recognised felsic volcanic breccia complex.
- Gold mineralisation locally occurs coincident with IP geophysical chargeability highs providing Zenith with a tool to guide future follow-up drilling. The IP chargeability anomaly extends for approximately 1500m around the volcanic breccia pipe margin and to date has only been tested by 2 drill holes.



- Mineralisation at Red Mountain is considered by Zenith to be analogous to known gold deposits in Queensland. Evidence includes a zoned system with geochemistry like that documented at third party owned Queensland gold deposits such as Mt Wright *which is located 65km east of Charters Towers* and the nearby Mount Rawdon Gold Mine.

A drill rig has now been made available to Zenith on a full-time basis and pending positive follow-up assay results the rig will work a continuous roster at Red Mountain over the coming months. Initial follow-up drill lines are shown on Figure 2 and dependant on results are likely to be expanded to test the full extent of targets shown on Figure 3.

Recent Activity and Background on Red Mountain

A zone of surface gold and silver mineralisation was discovered by Zenith at Red Mountain in a previously unrecognised felsic volcanic breccia complex comprising flow banded rhyolite radial dykes, rhyolite ring breccia as well as granite and gabbro breccias, first identified by Zenith's field team during initial sampling which returned rock chip results up to 0.69 g/t gold and 114g/t silver.

September 2019

Further field work by Zenith to follow-up these results returned highly encouraging gold and silver rock chip sample results up to 2.01 g/t gold and 52.5 g/t silver about 800 metres north of the best results from initial sampling. In addition, systematic geochemical sampling outlined a large 2km by 1.5km zoned soil anomaly with peak soil gold result of 2.2 g/t Au, refer to ZNC ASX release 24 Sep 2019.

October 2019

A geophysical survey completed at Red Mountain defined multiple medium strength chargeability (10mv/v) anomalies, likely to be caused by the presence of sub-surface disseminated sulphides or clay alteration zones, coincident with the margins of the felsic volcanic breccia complex as announced to the ASX on 25 Oct 2019 (Figure 2).

November 2019

An infill geochemical program completed to define the limits of the high-grade western gold zone outlined a robust drill target. High-grade soil results from the follow-up sampling up to 1300ppb Au (1.3 g/t Au) supported previous results of 2210 ppb Au (2.2g/t Au) 1600ppb Au, 550ppb Au and 320ppb Au define a 450m x 50m >100ppb Au gold soil anomaly, with the southern end of the anomaly grading >500ppb (0.5 g/t Au) over 150m of strike (ZNC ASX release 25th Nov 2019).

June 2020

As outlined in the ASX Release 17th June 2020 the maiden drill program was designed to test several different geological units and IP geophysical responses.

The high-grade surface gold results defined to date form a core to a much larger zone of gold anomalism (>10ppb Au) extending over an area 1200m x 150m on the western margin of the Red Mountain felsic volcanic breccia system (Figure 2).

Geological Vectors

The Red Mountain project is located between two gold mines Cracow (Evolution Mining Limited (ASX:EVN) divesting to Aeris Resources Limited (ASX:AUR)) and Mount Rawdon (ASX:EVN) (Figure 1). Cracow is a low-sulphidation epithermal gold deposit whilst Mount Rawdon is described in the literature as an epizonal intrusion-related gold deposit.

The Red Mountain host rocks, alteration and geochemical association are interpreted as having similarities to the Mt Wright gold deposit located in North Queensland and of that at the nearby operating Mt Rawdon gold



mine owned by Evolution Mining. The similarities provide Zenith with a geological model to assist in targeting gold and silver mineralisation at Red Mountain.

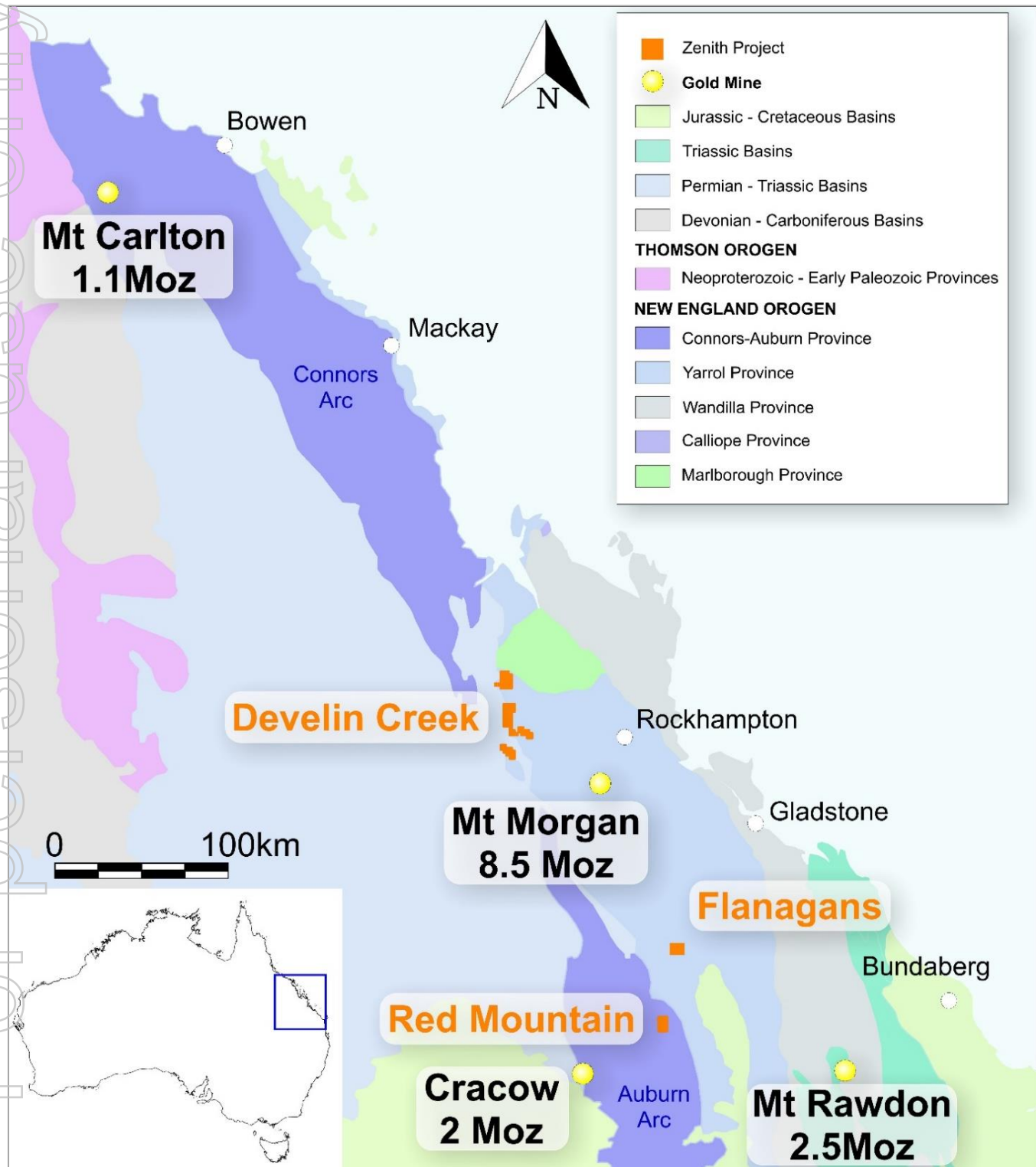


Figure 1: Red Mountain Project – Location Map

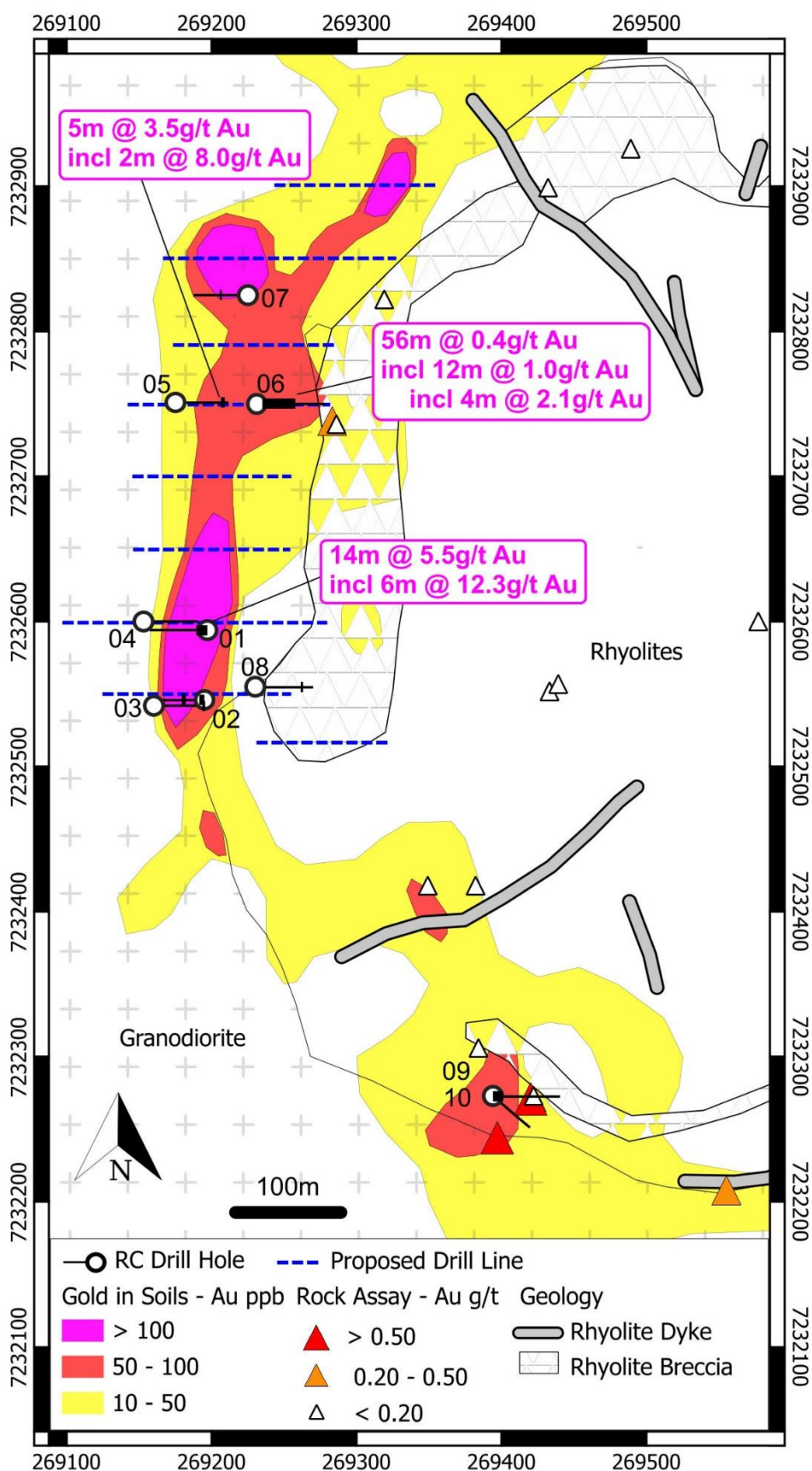


Figure 2: Red Mountain Plan Showing Initial Drill Lines

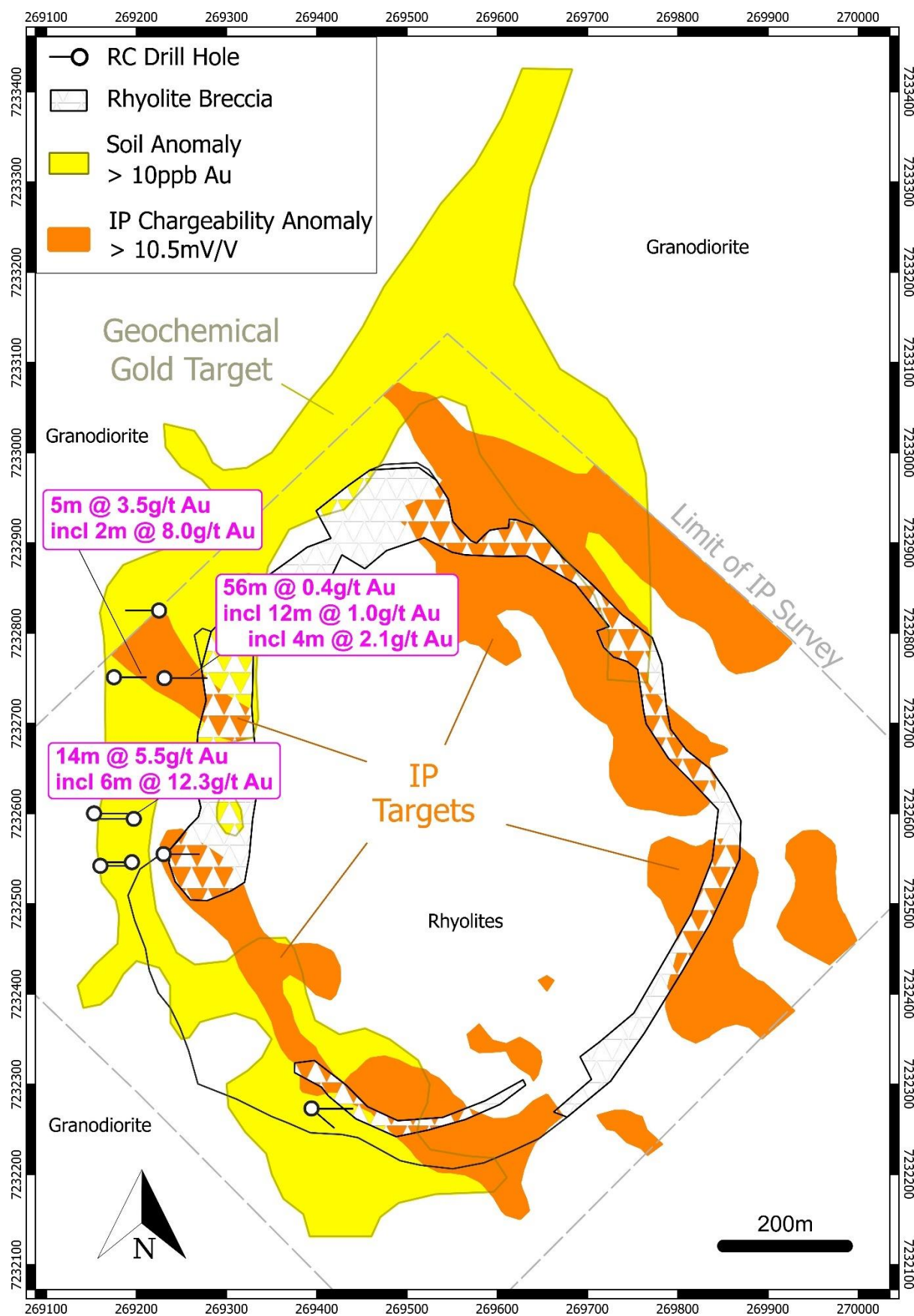


Figure 3: Red Mountain Plan Showing Drill Targets for Follow-up Testing



Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith Minerals Limited. Mr Clifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Clifford consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Authorised for release by the Zenith Minerals Limited Board of Directors – 22nd July 2020

About Zenith

Zenith has a vision to build a gold and base metals discovery business with a team of proven project finders. Focus is on 100% owned Zenith projects, whilst partners progress multiple additional opportunities using third party funds.

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Drill Rig Arriving at Red Mountain Project Site