

ZENITH MINERALS LIMITED

ANNUAL REPORT 2020



ZENITH
MINERALS

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ASX:ZNC

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ZENITH MINERALS LIMITED
(ABN 96 119 397 938)

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2020

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TABLE OF CONTENTS

Corporate Information.....	1
Chairman's Report.....	2
Review of Operations	3
Directors' Report.....	26
Auditors Independence Declaration	41
Consolidated Financial Statements.....	42
Consolidated Statement of Profit or Loss and Other Comprehensive Income	42
Consolidated Statement of Financial Position.....	43
Consolidated Statement of Changes in Equity.....	44
Consolidated Statement of Cash Flows	45
Notes to the Consolidated Financial Statements	46
Directors' Declaration	80
Independent Audit Report.....	81
Corporate Governance Statement	87
Additional Shareholder Information	88
Interest in Mining Tenement.....	90

CORPORATE INFORMATION

DIRECTORS

Rodney M Joyce (Non-Executive Chairman)
Michael J Clifford (Managing Director)
Stanley A Macdonald (Non-Executive Director)
Julian D Goldsworthy (Non-Executive Director)
Graham D Riley (Non-Executive Director)
Peter J Bird (Non-Executive Director)

COMPANY SECRETARY

Melinda Nelmes

AUSTRALIAN BUSINESS NUMBER

96 119 397 938

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: ZNC

Dear fellow shareholders,

The Company has worked hard in the past year to re-invigorate its exploration portfolio and refocus on gold and base metals as our core commodities. Challenging times with the COVID19 pandemic restricting inter and intrastate movements have complicated our efforts to accelerate activity, however our exploration team deserve great credit for navigating their way through the border closures and maintaining almost constant (and successful) field activity in Western Australia and Queensland.

The highlight of the year was the discovery of potentially significant gold mineralisation at the Company's 100% owned Red Mountain project in Queensland. Our maiden drill program late in the financial year returned several high-grade gold intersections, and aggressive follow up drilling has continued to suggest a notable greenfields discovery. At the 100% owned Develin Creek project, where we have a current JORC Mineral Resource of 2.57 million tonnes of massive copper-zinc-gold-silver sulphides, we have generated a new target for drilling, south of the known deposits. We also announced encouraging initial surface sampling from the new Flanagans gold-copper project, further enhancing our Queensland project pipeline.

The main focus of our exploration in Western Australia continued to be the 100% owned Split Rocks project, where Zenith holds a large prospective landholding in a known productive gold belt, with multi-million ounce deposits along strike, and close to the significant Earl Grey lithium pegmatite deposit.

Multiple drill programs completed by the Company during the year at Split Rocks returned numerous high-grade gold drill results beneath and along strike of historic workings and beneath the operating Dulcie gold heap leach mine, where Zenith holds subsurface rights.

Two phases of partner funded drilling at the Earacheedy zinc project in Western Australia reported several zones of higher grade zinc mineralisation, with further drilling scheduled for late 2020, and other activity funded by partners, including at the Kavaklitepe gold project in Turkey, is anticipated in coming months, as outlined in the Managing Director's Review of Operations overleaf.

We continue to focus on maintaining a high level of targeted exploration, giving shareholders upside exposure to opportunities generated in-house in our chosen commodities, while protecting the Company's tight capital structure, at times by attracting 3rd party funding. Post year end we announced the acquisition of another drill-ready gold project in NSW (Jackadgery) which further enhances our project book. We generated several other targets during the year that were on-sold to the benefit of shareholders (Wyoming Rare Earths and Fraser Range Nickel).

On behalf of the Board I again thank Mick Clifford and his small and hard-working management, technical and administrative team for their efforts.

In closing, I welcome Peter Bird to the Zenith Board and the Chairman's role. Peter joined the Board in March 2020 and has been elected as my replacement as Chairman effective 30 September 2020. Peter brings great experience and technical, commercial and corporate skills and has significantly enhanced our Board capabilities.



Rodney (Mike) Joyce

Chairman

25 September 2020

REVIEW OF OPERATIONS FOR THE YEAR ENDING 30th JUNE 2020

PROJECT HIGHLIGHTS

Core Projects

- Maiden drill program at Red Mountain Gold Project, Queensland (ZNC 100%) returned high-grade near surface gold mineralisation including: 13m @ 8.0 g/t Au from surface. Follow-up drilling recommenced post year end.
- 18 high-quality gold drill targets outlined on the north eastern portion of Zenith's Split Rocks Project Western Australia (ZNC 100%). Drill testing commenced immediately following the reporting year with high-grade gold mineralisation intersected at 4 of the 9 prospect areas tested so far. Results included: 32m @ 9.4 g/t Au, including 9m @ 31.4 g/t Au.
- Develin Creek Copper-Zinc Project Queensland (ZNC 100%) – sampling returned high-grade copper (7.58% Cu) at surface defining the new Snook copper prospect, 30km south of current defined polymetallic JORC resources. Follow-up sampling completed post year end define new drill target for testing.
- Post year end a new gold project in New South Wales was secured by Zenith under an option arrangement, ZNC earning 90%. The Jackadgery Gold Project contains a "walk-up" drill target. Historic surface trench sampling returned: 160m @ 1.2 g/t Au, with higher grade intervals, including 5m @ 18.0 g/t Au and 5m @ 7.1 g/t Au. Drill testing planned.
- Encouraging first pass geochemical results from new Flanagans Gold Project, Queensland (ZNC 100%).

Joint Ventures

- Discovery of shallow, flat-lying sandstone hosted zinc-lead-silver mineralisation at Earraheedy JV Western Australia in 2 prospects 10km apart. Results include: 11m @ 4.13% Zn+Pb, 12.8 g/t Ag from 61m
- Drilling at the Kavaklitepe gold project in Turkey (38 RC holes for 3,700m) returned high grade gold, including 20m @ 15.6 g/t Au, 44m @ 1.9g/t Au and 36m @ 2.1 g/t Au.

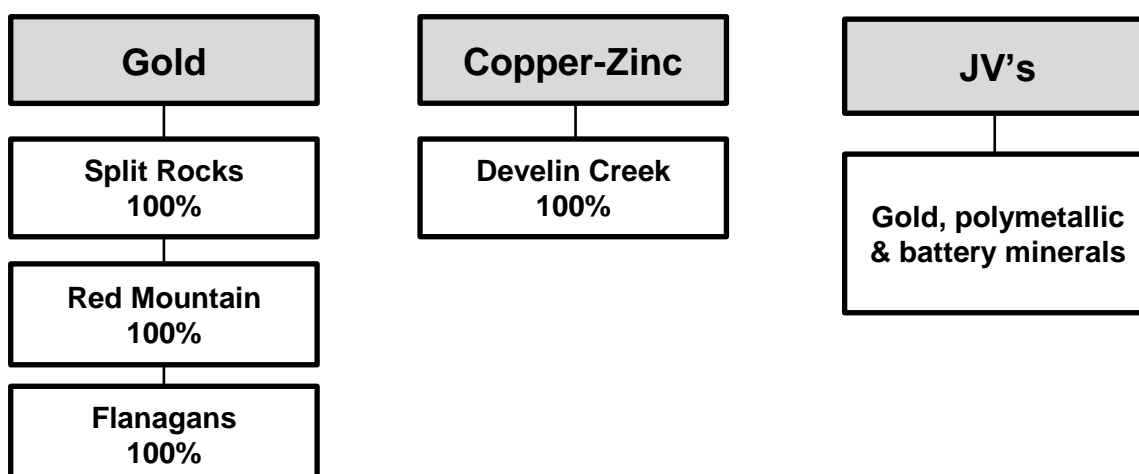
CORPORATE HIGHLIGHTS

- Zenith raised \$5.1 Million in a heavily oversubscribed placement in July 2020 to accelerate exploration with focus on its core gold projects
- The Company continues to manage its exploration activities based on COVID-19 advice from Federal and Government agencies.
- At year end the Company held 4,349,947 ASX:RTR shares valued at \$630,742, that were received as part of consideration under the Earraheedy Zinc joint venture transaction.
- The Company divested its 100% owned Mt Alexander magnetite iron project located in Western Australia for \$250,000 and will receive ten annual payments of \$250,000 each (total \$2.5 million) once the project reaches commercial production, for a total consideration of \$2.75 million.

Post year end the Company divested its 100% owned Laramie REE project to dedicated American REE explorer American Rare Earths Limited (ASX:ARR).

SUMMARY OF ACTIVITIES AND RESULTS

Zenith Minerals has accumulated an extensive project portfolio broadly subdivided as follows:



CORE PROJECTS - HIGHLIGHTS

Red Mountain Gold – Queensland (ZNC 100%)

Maiden drill program returned high-grade near surface gold mineralisation including: 13m @ 8.0 g/t Au from surface.

Zenith's maiden 10 RC hole drill program (780 metres) at the Red Mountain Gold Project returned near surface high-grade gold results as announced to the ASX on the 17th June 2020 with subsequent 1m resamples announced post year end 3rd August 2020. Results included:

- 13m @ 8.0 g/t Au incl 6m @ 16.7 g/t Au from surface;
- 5m @ 3.5 g/t Au incl 2m @ 8.0 g/t Au from 64 m depth;
- 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.

The initial drill program was considered a significant success with highly encouraging gold results returned from only a portion of a larger target area. Drilling tested only 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 rocks to 2.0 g/t Au & 114 g/t Ag;

Follow-up drilling recommenced July 2020.

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.

Planned Activities

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.

Drilling recommenced post-year end (refer to ASX Announcement 14th July 2020).

Split Rocks Gold Project – WA (ZNC 100%)

RC drilling (16 holes) confirmed bedrock gold mineralisation beneath large surface gold anomaly defined by the Dulcie laterite gold resources

In early 2020 a 16-hole RC drill program of approximately 2000m successfully confirmed bedrock gold targets beneath the currently operating Dulcie Heap Leach Gold Project (DHLGO) - held by a 3rd party. As previously reported gold mineralisation was successfully intersected in 12 of Zenith's initial 16 wide spaced drill holes (ASX release 28th October 2019). Results included:

- ZDRC022: 11m @ 2.08 g/t Au from 59m depth, incl. 6m @ 3.32 g/t Au and
- ZDRC020: 5m @ 3.23 g/t Au from 8m depth,
- ZDRC021: 5m @ 2.04 g/t Au from 34m depth

A major targeting exercise on the north eastern portion of Zenith's 100% owned Split Rocks project outlined 18 high-quality gold drill targets that warrant testing.

Zenith's targeting study identified several, large, high-order geochemical anomalies (defined by historic auger sampling maximum value 300ppb Au and a mix of Zenith & historic shallow RAB & aircore drilling) that:

1. have never been or were poorly drill tested,
2. extend over 18km of strike.

Split Rocks Gold Project – WA (ZNC 100%) (cont.)

18 high-quality gold target defined by Zenith over 18km of strike.

Initial drill results provide significant encouragement with high-grade gold at 4 prospect areas

Testing recommenced September 2020.

New gold project secured in NSW.

160m @ 1.2 g/t Au in historic trenching.

Drilling planned.

Encouraging first pass reconnaissance results

Follow-up sampling commenced

3. The anomalies are in several cases coincident with major fault structures and geological contacts that contain significant gold mineralisation along strike.

Post year end an 81-hole (3,604m) aircore drill program was completed testing 9 out of 18 targets defined over the 19km of strike.

Drilling defined high-grade gold at four separate target areas, including:

- Dulcie North: 32m @ 9.4 g/t Au, incl 9m @ 31.4 g/t Au with the highest individual 1m sample returning 199.2 g/t Au.
- Dulcie Laterite Pit:
 - 2m @ 14.5 g/t Au, incl. 1m @ 20.8 g/t Au,
 - 18m @ 2.0 g/t Au (EOH) incl. 1m @ 23.7 g/t Au &
 - 2m @ 4.7 g/t Au incl. 1m @ 8.3 g/t Au (zone open to north, south, and down dip to west).
- Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south)
- Dulcie Far North: 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au

Multiple targets remain open in several directions and require follow-up drill testing to define the limits of gold mineralisation.

Planned Programs

Immediately post year end, a 120-hole follow-up aircore program recommenced at Split Rocks.

Jackadgery Gold – New South Wales (ZNC 100%)

Post year end the new gold project in New South Wales secured by Zenith under option arrangement (ASX Release 10th September 2020).

The Jackadgery Gold Project contains a “walk-up” drill target. Historic surface trench sampling returned:

- 160m @ 1.2 g/t Au, with higher grade intervals, including 5m @ 18.0 g/t Au and 5m @ 7.1 g/t Au.

Zenith will be the first to test beneath the surface trench area with maiden drill program. There has been no prior drilling anywhere on the property. Drilling is planned to commence in the last quarter of 2020.

The Option arrangement requirement is to complete a minimum of a 300m drill program and at Zenith's election, make a one-off cash payment of \$100,000 to secure 90% interest in the project.

Flanagans Gold – Queensland (ZNC 100%)

Initial reconnaissance sampling by Zenith confirms high-grade gold, silver and copper at surface at the Flanagans prospect and nearby Great Blackall copper prospect. Rock sample results included:

- Flanagans – gold to 5.3 g/t Au, silver to 100 g/t Ag and copper to 8.0% Cu
- Great Blackall – gold to 3.4 g/t Au, silver to 273 g/t Ag and copper to 13.9% Cu

Surface sampling confirms the historically reported local high tenor of gold, silver and copper mineralisation at both the Flanagans and Great Blackall prospects and endorses requirement for further exploration activity.

Flanagans Gold – Queensland (ZNC 100%) (cont.)**Planned Programs**

Further work including additional sampling, geological mapping and possible geophysical surveys is required to determine the significance of the surface geochemical samples at Flanagans. The mineralised zone is poorly exposed with outcrop dominated by surrounding relatively unaltered diorite. Follow-up field work commenced late in the year.

Develin Creek Copper-Zinc Queensland (ZNC100%)

New copper prospect (Snook) identified 30km south of Zenith's current JORC resources. Prospect identified during regional systematic soil sampling campaign.

New copper prospect defined (Snook Prospect)

Initial single rock sample from malachite rich (copper-oxide) surface exposure returned very high copper 7.58% Cu.

Base metal and trace elements of 7.58% copper, 0.48g/t gold, 7.8g/t silver, 0.13% arsenic, 0.16% lead and 0.3% zinc are like those in rock samples taken at surface above the known copper-zinc resources.

First pass sampling returned 7.58% copper

Rock geochemistry signature typical of volcanic hosted massive sulphides (VHMS).

Geological reconnaissance mapping and soil sampling outline a 25m wide zone of gossanous sedimentary (bleached and sheared) rocks over 150m of strike that occur as discrete units enclosed within basalt that are part of the prospective Rookwood Volcanics host sequence.

Robust target now requires drill testing**Planned Programs**

A robust drill target has been defined at the Snook Copper Prospect – drilling planned for Oct-Nov 2020.

Earaheedy Zinc JV – Western Australia (ZNC 25% free carry to BFS)**RC drilling completed by JV partner – returns further encouraging near surface zinc-lead results**

Zenith Minerals (ASX: ZNC) joint venture partner Rumble Resources (ASX: RTR) announced that RC drilling has confirmed continuity of width and higher-grade Zn–Pb with Ag at the Chinook and Magazine prospects. The prospects are two shallow, flat-lying, large-scale unconformity related sandstone hosted Zn-Pb-Ag discoveries made in January 2020.

Results included: 4m @ 7.36% Zn + Pb at Magazine and 4m @ 5.44% Zn +Pb at Chinook. Magazine and Chinook are 10.5km apart with the Zn-Pb-Ag mineralisation completely open.

CORPORATE

Zenith announced immediately post year end (7th July 2020), that it had raised \$5.1 million, before costs ("Placement"), to accelerate an active exploration program with a focus on its core gold projects.

The Placement received significant support from new and existing institutional and sophisticated investors, and new shares were issued under the Company's available ASX Listing Rule 7.1 and 7.1A placement capacity.

A total of 51 million new fully paid ordinary shares in the Company ("New Shares") were issued under the Placement, ranking pari passu with existing fully paid ordinary shares in the Company. The Placement issue price of \$0.10 per New Share represented a 13.0% discount to the last traded price (on 2 July 2020) and a 13.8% discount to the 15-day VWAP. Settlement was completed on the 13th July 2020.

COVID-19 Impact Update

In relation to COVID-19 Zenith's Board is mindful of the significant impact the virus is having on the community and is continuing to assess the potential risks associated with its activities. Zenith's projects are in remote country areas or on grazing properties where Zenith's crew are geographically isolated.

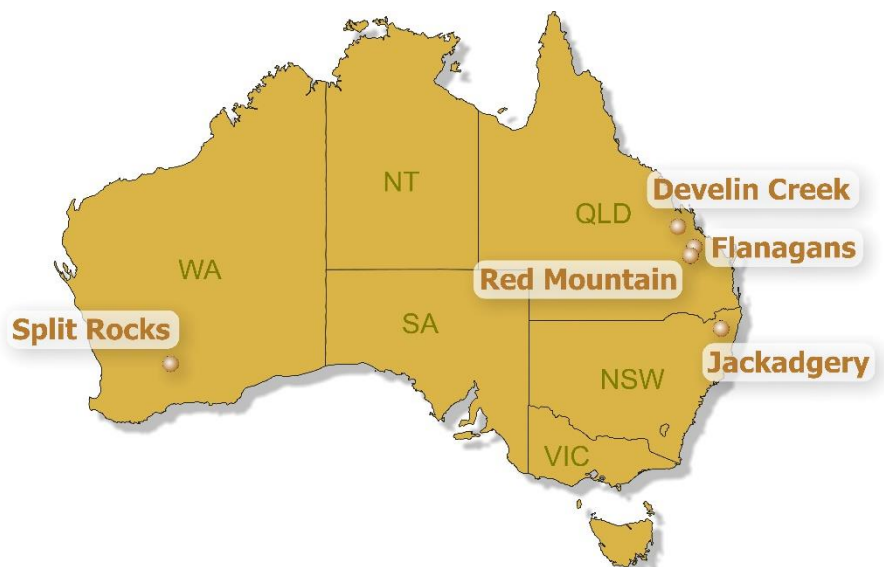
The Company continues to act on advice provided by the Federal and State Governments with the health and safety of Zenith's crew, contractors, and local stakeholders a priority. Zenith has in place a COVID-19 site health management plan and requires that all its field crews comply with the requirements of that plan. In addition, the Company is managing projects across state borders and is ensuring it complies with both Federal and State based travel and border restrictions by employing, where available local staff and using locally based contractors, consultants.

Most Zenith office-based personnel in Western Australia have returned to work as normal.

BACKGROUND ON CORE PROJECTS

The Company is focused on exploration & evaluation of 4 gold projects and 1 copper-zinc project, in Australia.

Project highlights and activities for the year for these 5 projects are included in the preceding section of this report.



RED MOUNTAIN GOLD-SILVER PROJECT – Queensland (Zenith 100%)

Background on Red Mountain Gold Project

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.

Background on Red Mountain Gold Project (cont.)

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 & August 2020

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

The initial drill program was a significant success with highly encouraging gold results returned from only a portion of a larger target area (ASX Release 3rd August 2020). Results included:

- **13m @ 8.0 g/t Au & 3.2 g/t Ag from surface, including 6m @ 16.7 g/t Au & 5.3g/t Ag.**
- **5m @ 3.5 g/t Au & 54.3 g/t Ag from 64m, including 2m @ 8.0 g/t Au & 109.4 g/t Ag.**

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.

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, granite, diorite 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 (Figure 3).
- 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 (1.1 Moz Au) which is located 65km east of Charters Towers and the nearby Mount Rawdon Gold Mine (2.5 Moz Au).

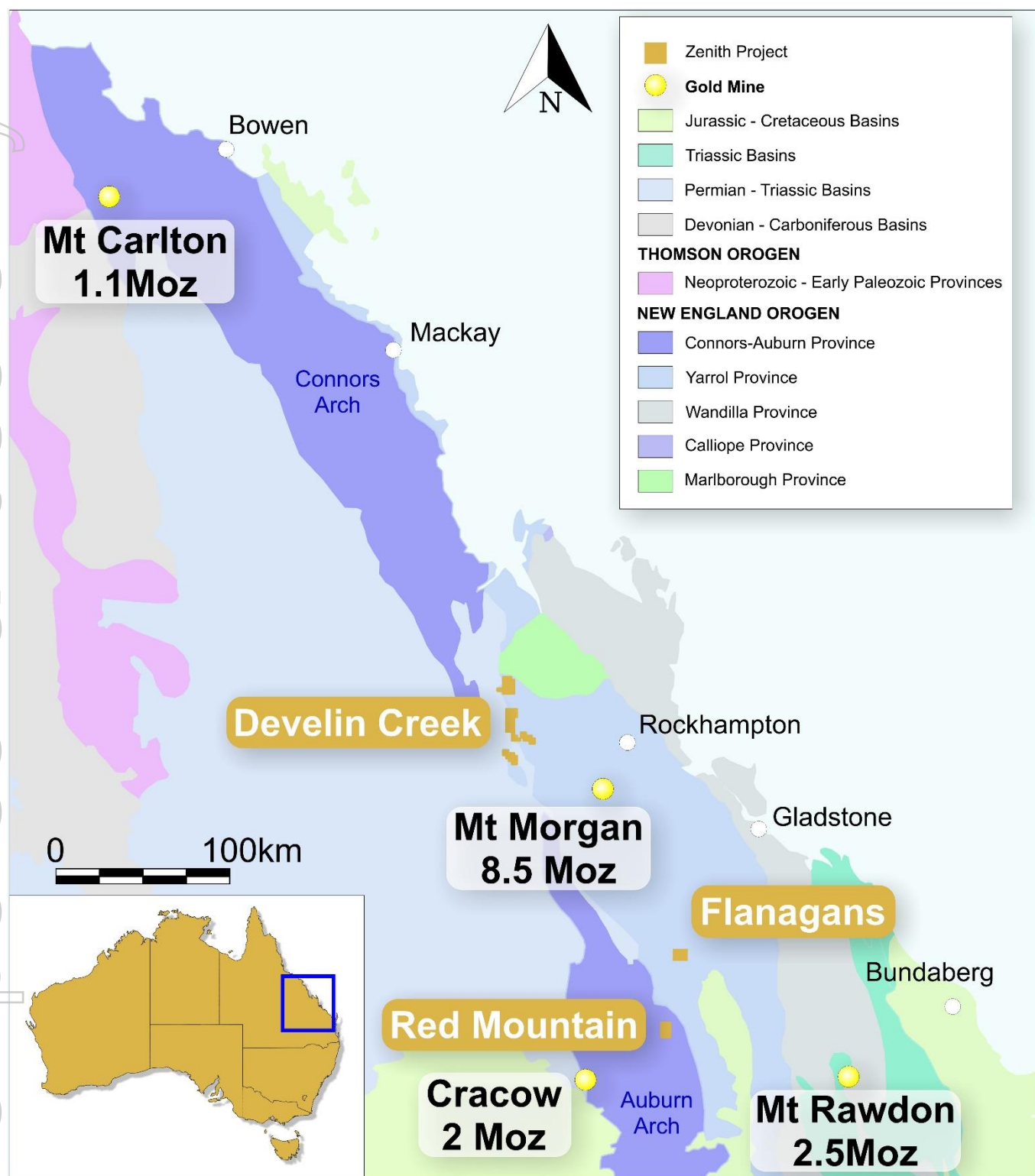


Figure 1: Red Mountain Project – Location Map

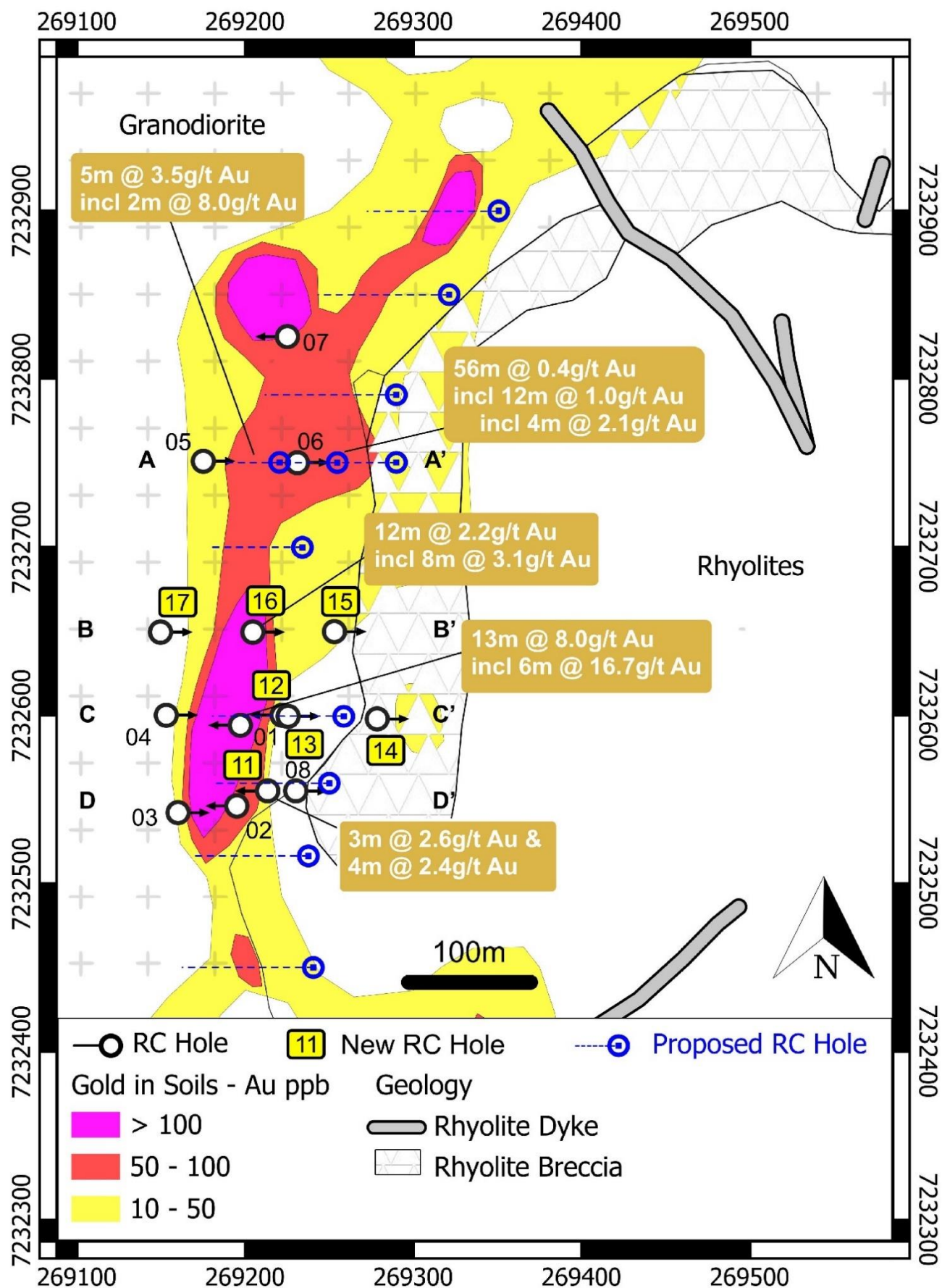


Figure 2: Red Mountain Plan Showing Initial Drill Results and Planned Follow-up Holes

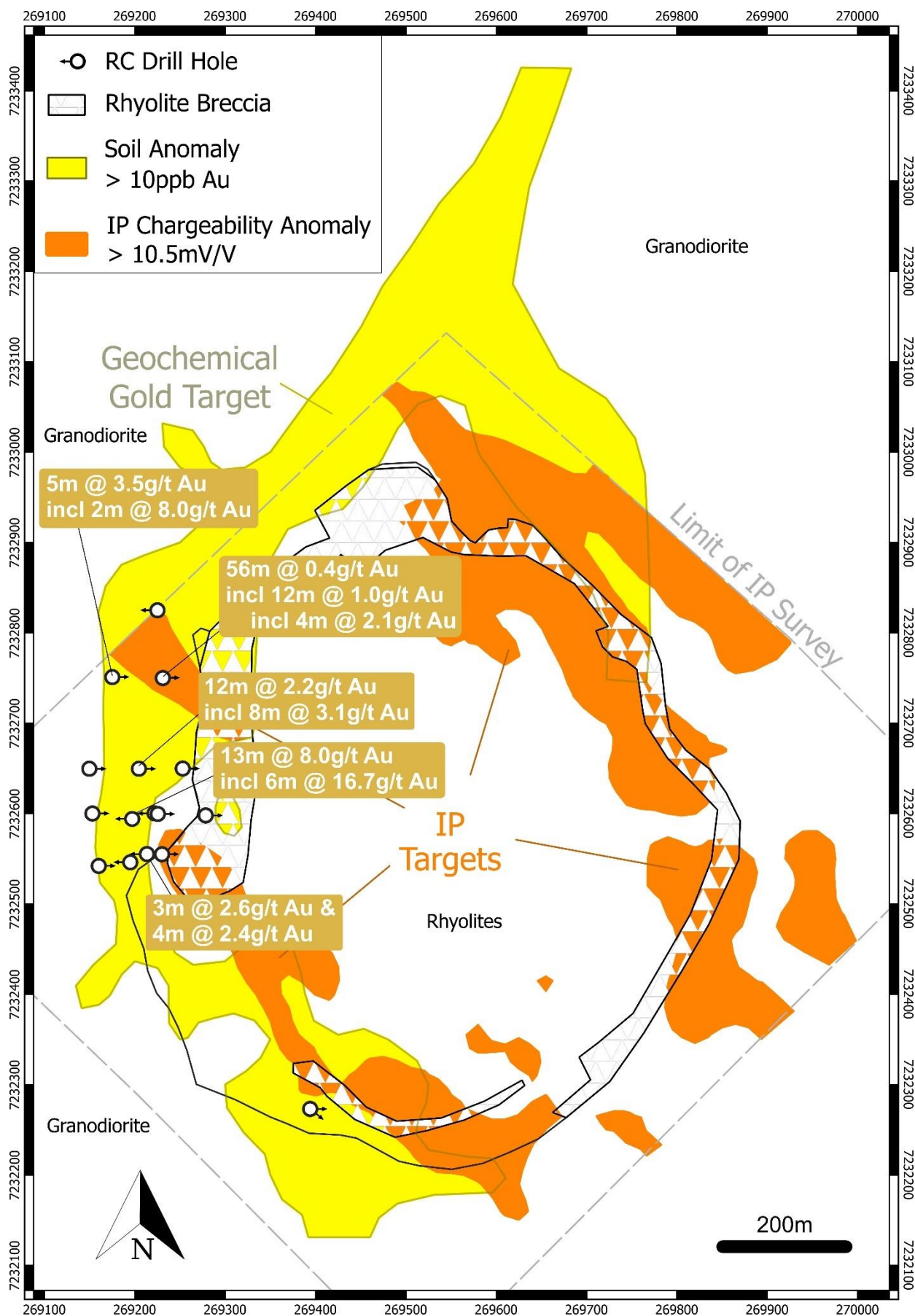


Figure 3: Red Mountain Plan Showing Drill Targets for Testing

SPLIT ROCKS GOLD PROJECT – Western Australia (Zenith 100%)

Background on Split Rocks Project - Gold

Zenith's Split Rocks project is located within the Southern Cross region in the Forresteria greenstone belt, approximately halfway between Perth and Kalgoorlie. Several very large current and formerly operated gold mines located north and south along strike from Zenith's project area attest to the regional gold endowment of this area.

A major targeting exercise by the Company's geological team during the year has identified 18 high-quality gold drill targets in the north eastern sector of the Split Rocks project area (Figures 4 & 5). The study involved integrating geological, geophysical and geochemical data sets from Zenith's exploration activities as well as historic exploration programs that were generally conducted more than 20 years ago, mainly for nickel, when the gold price was significantly lower than today.

Zenith's targeting study has identified several, large, high-order geochemical anomalies (defined by historic auger sampling maximum value 300ppb Au and a mix of Zenith & historic shallow RAB & aircore drilling) that:

1. have never been or were poorly drill tested,
2. extend over 18km of strike.
3. the anomalies are in several cases coincident with major fault structures and geological contacts that contain significant gold mineralisation along strike.

Of these 18 targets, 14 required first pass aircore drill testing, whilst a further 4 targets (12 in total) require follow-up RC drilling to test poorly explored open-ended gold zones such as 2m @ 6.5 g/t Au (end of hole).

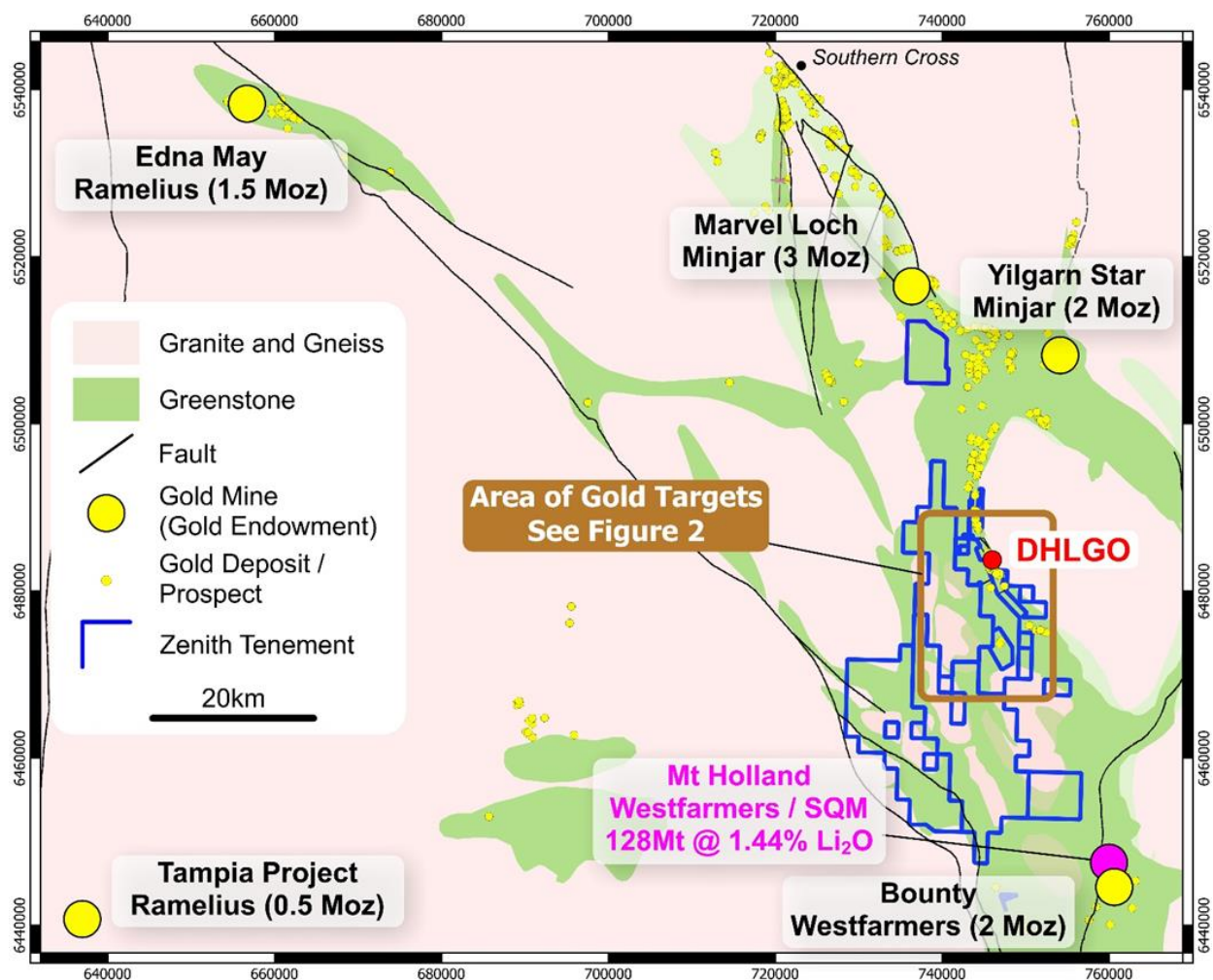


Figure 4- Split Rocks Project Location Map Showing Zenith tenements, DHLGO Prospect and Regional Gold Endowment

Background on Split Rocks Project – Gold (cont.)

**The Company has an exclusive right to explore the Dulcie Heap Leach Gold Operation (DHLGO) project for bedrock gold mineralisation beneath the large laterite rich gold cap currently being mined and treated on leases located contiguous with Zenith's Split Rocks project licences, located in the Forrestania greenstone belt, Western Australia (Figure 3).*

Zenith completed 2 phases of RC drilling (16 holes for ~2000m) at the Dulcie prospect early in 2020 (ZNC ASX release 14th Feb 2020) demonstrating that one of the central western Dulcie gold mineralised structures remains open along strike, particularly to the south. Mineralisation is hosted within quartz veined and sericite altered mafic volcanic rocks. The results included:

- ZDRC022: 10m @ 2.2 g/t Au from 59m depth, incl. 6m @ 3.32 g/t Au and
- ZDRC020: 5m @ 3.23 g/t Au from 8m depth.

An 81-hole (3,604m) aircore drill program completed post year end (5th Aug 2020) commenced testing the 18 targets outlined in Zenith's review. The program defined high-grade gold at four separate target areas (refer to Figure 5), including:

- Dulcie North: 32m @ 9.4 g/t Au, incl 9m @ 31.4 g/t Au with the highest individual 1m sample returning 199.2 g/t Au.
- Dulcie Laterite Pit:
 - 2m @ 14.5 g/t Au, incl. 1m @ 20.8 g/t Au,
 - 18m @ 2.0 g/t Au (EOH) incl. 1m @ 23.7 g/t Au &
 - 2m @ 4.7 g/t Au incl. 1m @ 8.3 g/t Au (zone open to north, south, and down dip to west).
- Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south)
- Dulcie Far North: 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au

Multiple targets remain open in several directions and require follow-up drill testing to define the limits of gold mineralisation.

Planned Programs

Post year end (September 2020) a 120-hole follow-up aircore program recommenced at Split Rocks.

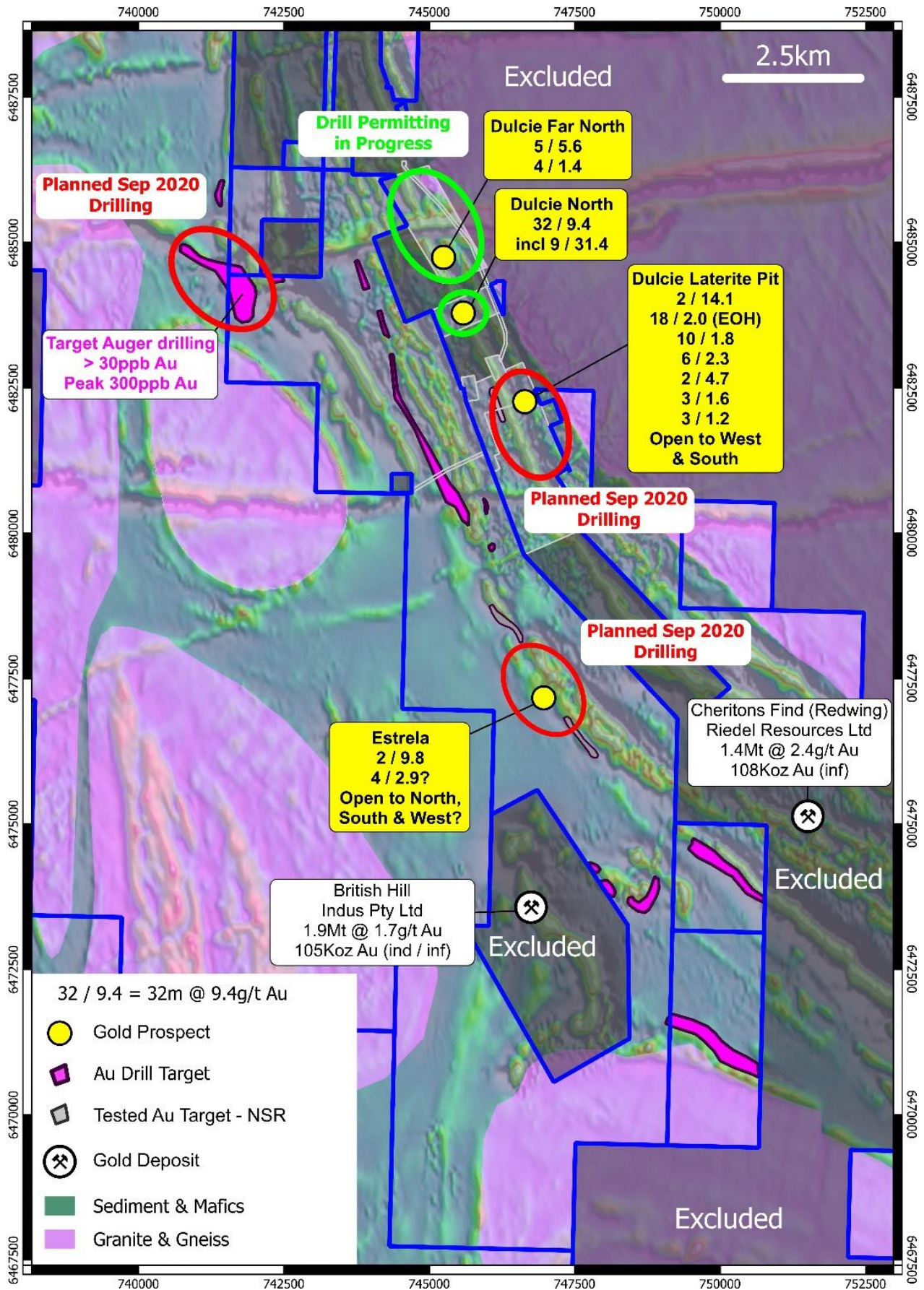


Figure 5: Split Rocks Project Gold Targets and Significant Aircore Drill Results (yellow captions) and Areas of Planned Drilling

SPLIT ROCKS LITHIUM

Activities During the Year

Re-assaying by Zenith of historic drill pulps for lithium from drilling conducted by CRA in 1987-88 that intersected a thick flat-lying pegmatite, has returned strongly anomalous lithium.

Drilling by CRA in 1987-88 reported very thick shallow dipping pegmatite intersections - up to 76m downhole thickness (estimated by Zenith as ~65m true width) in 3 consecutive drill holes on one section over 280m width within one of Zenith's newly granted exploration licences. The nearest effective drilling to the south is 590m away and one RC hole on that section also intersected pegmatite over 8m true width. The shallow dipping pegmatite body remains open to the north. The pegmatite was not analysed for lithium at the time of drilling (WAMEX Open file reports a29425 and a26162).

Zenith's re-assaying indicates that high lithium concentrations occur towards the base of the 50 – 65m thick pegmatite in all 3 consecutive drill holes. New results include: 34m @ 0.12% Li₂O, 23m @ 0.09% Li₂O and 34m @ 0.07% Li₂O. As future gold exploration progresses in this area, Zenith will consider a step out drill test of this lithium target.

Background on Split Rocks Project – Lithium

In addition to the gold targeting exercise, Zenith has also been systematically exploring its 100% owned Split Rocks project with landholdings of approximately 600 sqkm in the Forresteria greenstone belt for lithium. This emerging lithium district is host to SQM-Kidman's Mt Holland/Earl Grey lithium deposit containing 189Mt @ 1.5% Li₂O (KDR:ASX Release 19th Mar 2018).

JACKADGERY GOLD PROJECT – New South Wales (Zenith earning 90%)

Jackadgery Project Background

The privately owned Jackadgery gold project which is located east of Glen Innes in northern New South Wales (Figure 6) was secured post year end (ASX Release (9th September 2020).

Historic workings at Jackadgery comprise several shallow shafts sunk in the 1870's and two later, large areas of surface gold sluicing. These historic gold workings occur in a sequence of Carboniferous-Permian greywacke and siltstone intruded by small intermediate sub-volcanic trachyte to micro-monzonite of likely Permian or Triassic age.

Quartz veining at surface is relatively widespread with veins dipping generally eastward at 40° to 60°. Sulphides comprise almost entirely pyrite-arsenopyrite +/- pyrrhotite.

The last significant exploration activity was carried out in 1983-85 by Kennecott and Southern Goldfields Ltd. Activity included a 220m long backhoe trench into weathered quartz veined bedrock across the main (northern) area of alluvial gold sluicing, which averaged **1.2 g/t Au across the interval 0-160m** (with 5m composite assay intervals ranging up to **18.0 g/t and 7.1 g/t Au**). Sample assay repeats of higher-grade zones indicate some degree of variability in results which is commonly associated with the presence of coarse gold.

In addition, chip channel samples taken across individual quartz veins in an area (20m x 20m) immediately north west of the trench returned an average of 5.6 g/t Au from 6 samples, whilst sampling of veins in a second area (40m x 50m) south east of the trench averaged 0.8 g/t Au from 8 samples.

More recent exploration activity by the vendors included an induced polarisation (IP) geophysical survey (3 lines) over the trench area that defined a sub-surface chargeability high – resistivity high zone coincident with the area of alluvial gold workings and gold rich quartz stockwork veins identified in the trench.

From the available data the style of gold mineralisation is consistent with intrusion related gold systems. An existing drill permit will be revised to allow for an initial fence of drill holes to effectively test beneath the wide zone of near surface gold mineralisation outlined by the historic backhoe trench and the surface rock chip channel samples. This drill program is anticipated to commence in the 4th calendar quarter this year.

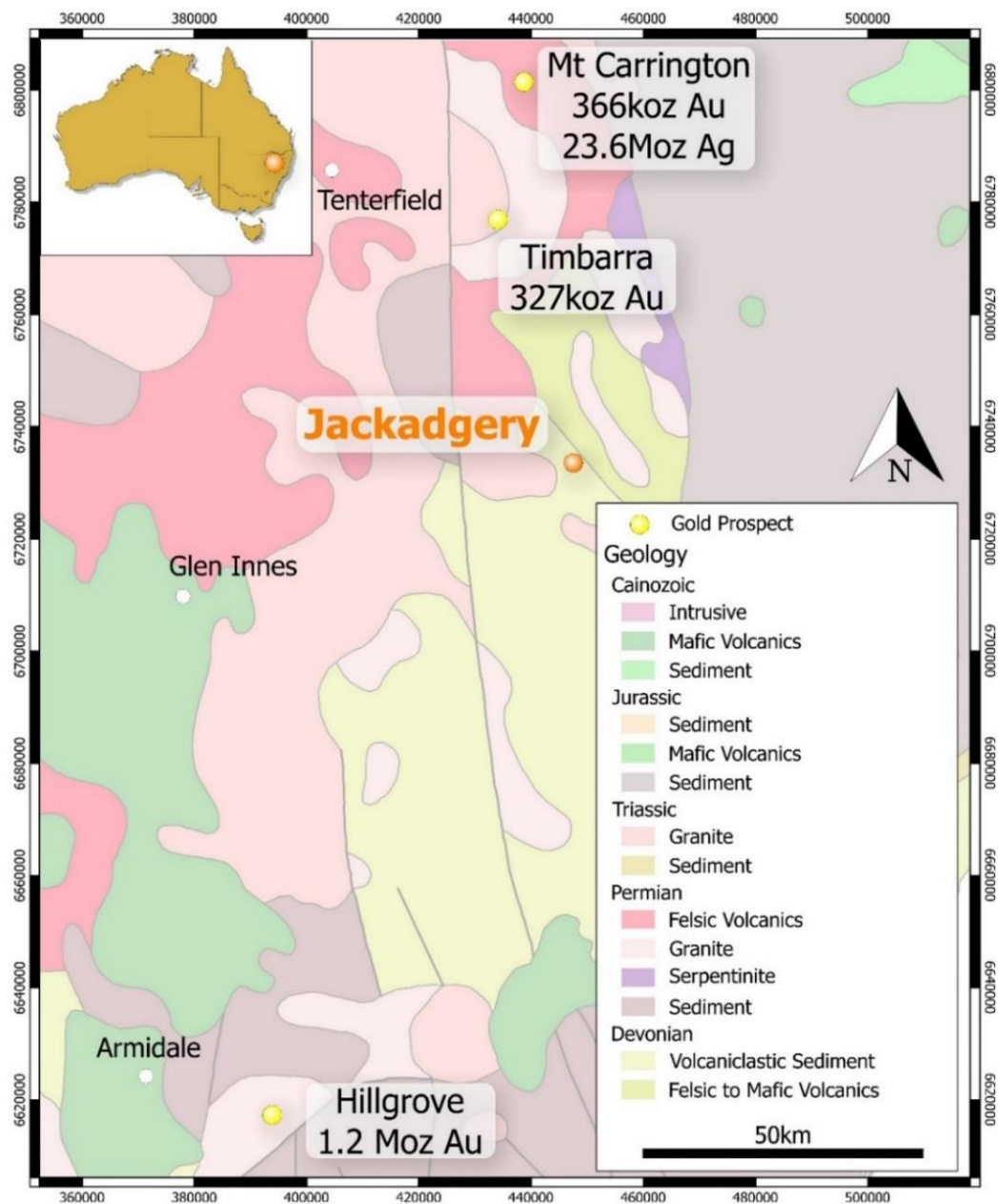


Figure 6: Jackadgery Location Map, Geology Base & Regional Gold Endowment

FLANAGANS GOLD PROJECT – Queensland (Zenith 100%)

Flanagans Prospect Background

In April 2020, Zenith announced that it had secured a new 100% owned project in Queensland located only 70km north east of its Red Mountain gold project. Based on historical exploration activity the Flanagans target is defined as a poorly exposed 1.5km long by 180m wide zone of sporadic quartz veining hosted in diorite. Individual quartz veins range in size from 1cm to 1m in width with common goethite boxwork after sulphides. The quartz veins have been mapped in outcrop and in 6 shallow trenches and described as flat-lying to shallow NE dipping providing potential for a vertically stacked quartz vein hosted gold mineralised system. Within this overall zone is a smaller area of historic copper workings (Figure 7).

Previous sampling reported strong gold in rock chips results including: 20 g/t Au, 12.0 g/t Au, 11.5 g/t Au, 5.25 g/t Au, 3.3 g/t Au, 3.2 g/t Au, 2.6 g/t Au and silver to 70 g/t Ag (QLD Mines Department open file reports cr12556, cr17773 & cr30978).

Flanagans Prospect Background (cont.)

Rock sampling by Zenith confirms the previously reported presence of high levels of gold-silver and copper in quartz veins at surface with gold results up to 5.3 g/t Au, silver to 100 g/t Ag and copper to 8.0% Cu hosted within diorite (ZNC ASX Release 22nd June 2020). Mapping showed sporadic outcrop of individual quartz veins at surface whilst veins observed in a poorly exposed historic 1m deep prospecting pit appear as a carbonate-quartz stockwork returning 1.15 g/t Au. The previously recorded shallow trenches dug in the 1980s were not located. In addition, two trial lines of soil sampling were completed along the strike of the Flanagans prospect area, with samples returning a maximum value of 1.5 g/t Au (1500ppb Au). Although returning several highly anomalous results, Zenith's soil sampling correlates poorly spatially with very high historic soil sample results reported by previous explorers.

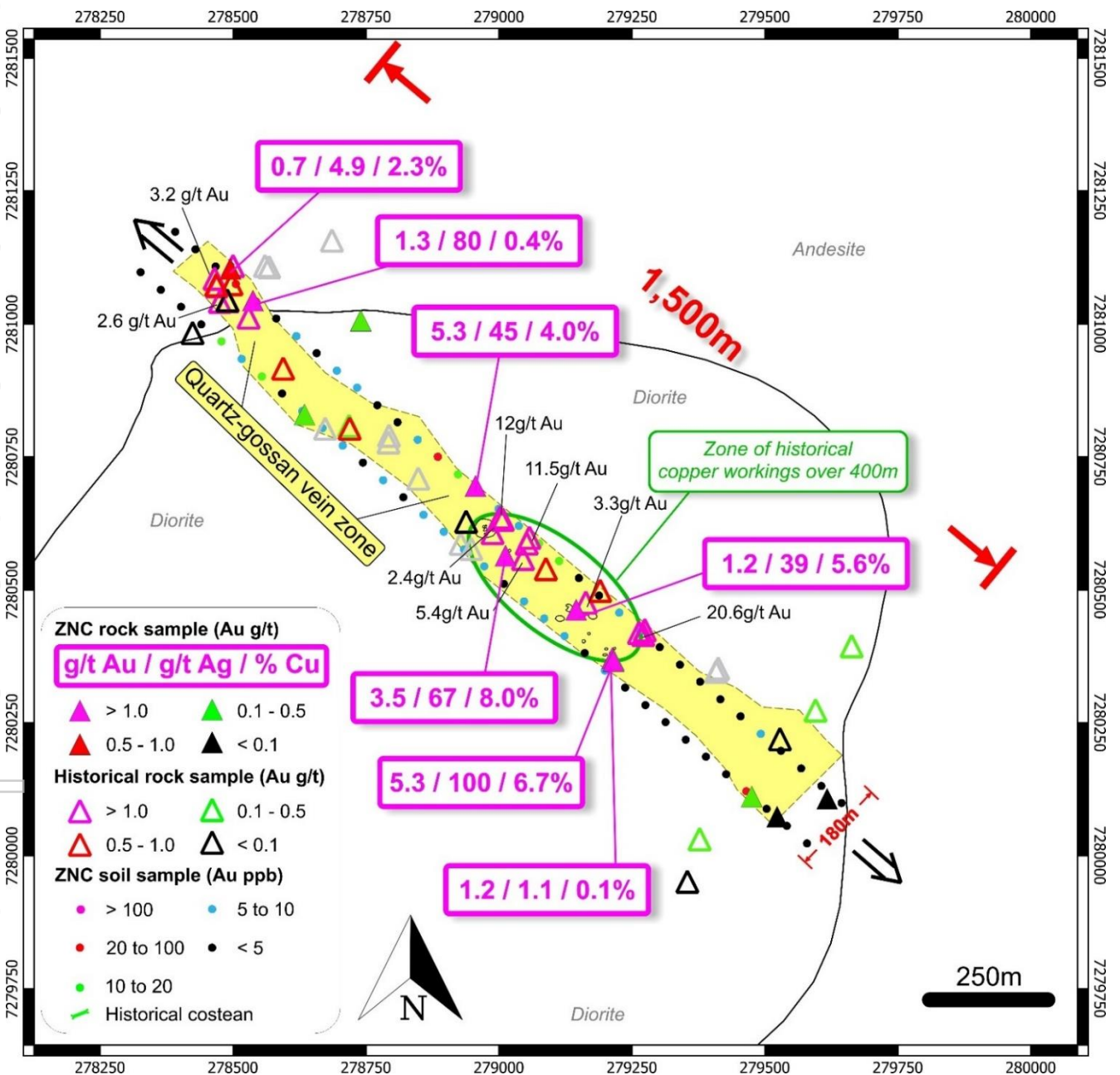


Figure 7: Flanagans Gold Target – Geochemical Sampling Results

DEVELIN CREEK COPPER-ZINC PROJECT – Queensland (Zenith 100%)

Develin Creek Project Background

The Develin Creek project contains a VMS copper-zinc deposit with an Inferred Mineral Resource (JORC 2012) of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) released to ASX on the 15th February 2015 (Figure 8). Upside to resource grades are considered likely with Zenith RC hole twinning previous 1993 percussion hole returning significantly higher copper, zinc, gold and silver grades (300% to 700% higher). Initial metallurgical testwork results show positive first stage “rougher” recoveries of 90%. The Company holds exploration permits that cover the highly prospective host rocks over 50km north – south.

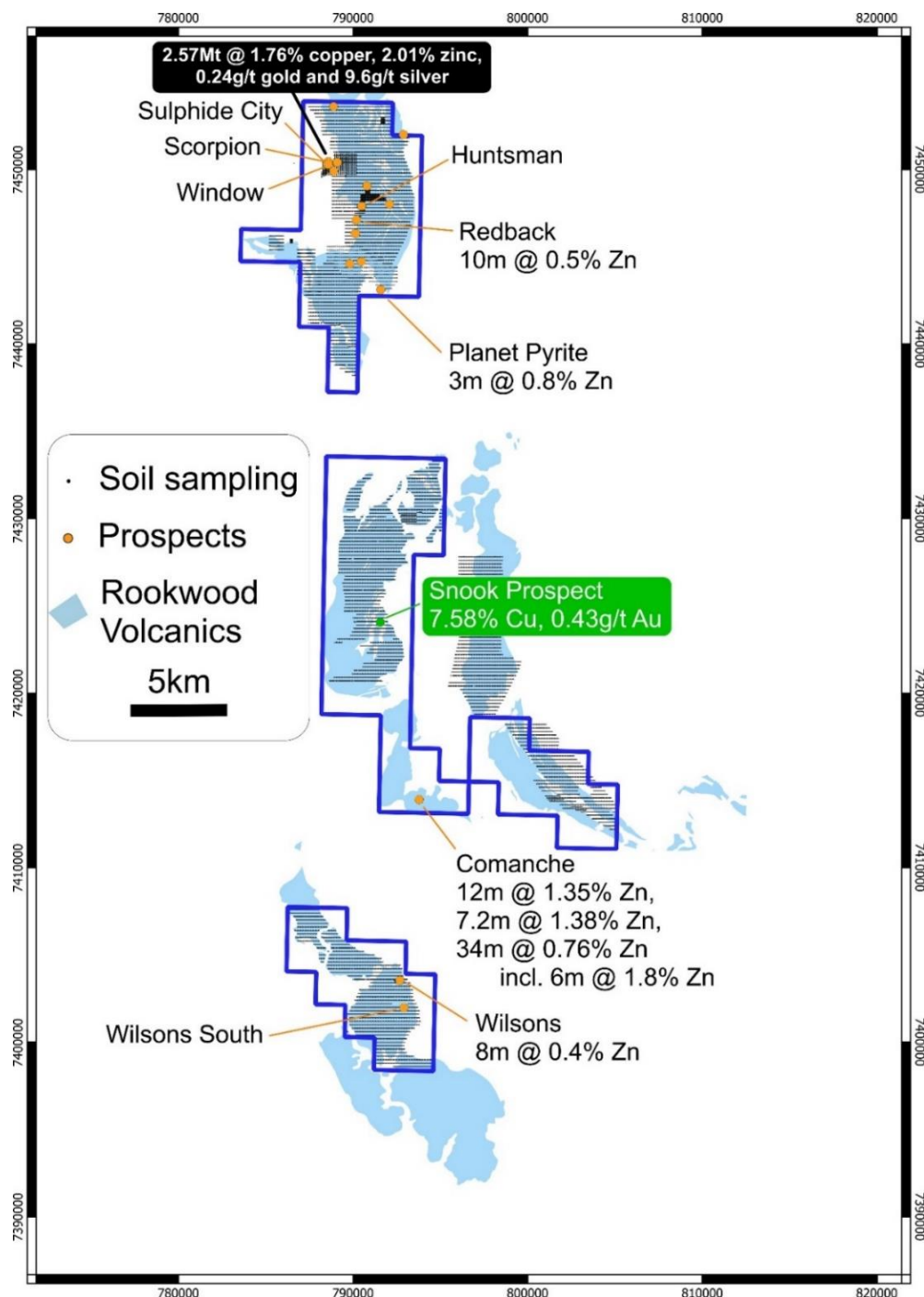


Figure 8: Develin Creek Prospects and Geochemical Anomalies

LARAMIE RARE EARTH PROJECT – WYOMING USA (Zenith 100%)

Activities During the Year

To continue to focus on its core gold projects in Australia, Zenith announced the divestment of its interest in the Laramie Rare Earths Project, post year end (refer to ASX Release 6th August 2020).

Background on Laramie REE Project

As announced to the ASX on the 17th Oct 2019, initial rock grab sampling and mapping by Zenith in three key areas 2 to 3km apart returned up to 0.60% total rare earth oxides (TREO). Follow-up sampling included nine systematic rock chip sample traverses returned consistent, strong REE mineralisation along their entire lengths (ASX Release 11th Nov 2019), including: 80m @ 0.40% TREO, 60m @ 0.39% TREO, 60m @ 0.37% TREO, 137m @ 0.37% TREO, 332m @ 0.26% TREO.

PARTNERED PROJECTS

The Company has continued to implement its strategy of being an exploration project generator. Projects are either advanced by the Company's experienced team applying innovative exploration techniques or by partners which have the technical and financial capability, depending on how the Board believes shareholders' best interests are served.

Current joint ventures where partners are funding exploration include:

- Earacheedy Zinc – Australia (Rumble)
- Kavaklitepe Gold - Turkey (Teck affiliate)
- Vivash Iron – Australia (Rio Tinto Expl)
- American Lithium (Bradda Head Ltd)

Increased Spending
Increasing Chance of Success
Sharing Risk



EARAHEEDY ZINC PROJECT – WA (Zenith 25% free carry to a BFS, ASX: RTR 75%)

Activities During the Year

Zenith Minerals (ASX: ZNC) joint venture partner Rumble Resources (ASX: RTR) completed further RC drilling on the Earacheedy Project to follow-up a large-scale (large tonnage), flat-lying, shallow sandstone hosted Zn–Pb discovery (refer to ZNC & RTR announcements dated 14th April 2020 and 4th May 2020).

RC drilling has confirmed continuity of width and higher-grade Zn–Pb with Ag at the Chinook and Magazine prospects. Results included: 4m @ 7.36% Zn + Pb at Magazine and 4m @ 5.44% Zn +Pb at Chinook. Magazine and Chinook are 10.5km apart with the Zn–Pb–Ag mineralisation completely open.

Planned Activities

Follow-up drilling planned for 4th calendar Quarter 2020.



Figure 8: Earacheedy & Vivash Project Locations

Planned Activities (cont.)

Background on Earacheedy Zinc Project

Zenith holds a 25% interest in the Earacheedy Joint Venture with Rumble, with Zenith's interest free carried until completion of a Bankable Feasibility Study. In addition, Zenith currently retains a total of 4.4M RTR shares received as consideration from Rumble.

Rumble outlined a shallow Exploration Target[^] at the Earacheedy Project of 40Mt to 100Mt at 3.5% Zn-Pb to 4.5% Zn-Pb based on recent drilling results, geological understanding of the mineralisation geometry, continuity of mineralisation and regional geology, highlighting the potential for Earacheedy to be a world class Tier 1 base metal province.

[^]The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. Refer to further details on page 6 of the ZNC-RTR announcement dated 23rd January 2020.

KAVAKLITEPE GOLD PROJECT – TURKEY (ZENITH 23%)

Activities During the Year

A planned drilling program was put on hold due to COVID-19 Turkish government-imposed travel restrictions, with a potential start date now likely to be September 2020.

Additional roadcut channel sampling was completed during the year within the existing surface soil sample geochemical anomalies. Gold results from this new work are consistent with previous sampling.

Planned Activities

A program of 5 diamond drill holes (and 12 contingent holes) of approximately 300m depth each are planned to be completed in 2020 to test for the potential of gold mineralization between the Kuzey Zone and Discovery Zone beneath a sequence of interpreted flat-lying barren metavolcanics rocks. Zenith believes that if the proposed drill program is successful in its aims then it could have a significant impact on the project's potential.

Background on Kavaklitepe Gold Project

Exploration and evaluation of the Kavaklitepe gold project is managed by Teck Anadolu Madencilik Sanayi v. Ticaret A.S. ("Teck"), a Turkish affiliate of Teck Resources Limited. Drilling to date on two prospect areas has returned encouraging results. Kuzey Zone drill intersections include:

- 20m @ 15.6 g/t Au,
- 16m @ 4.7 g/t Au,
- 21m @ 3.29 g/t Au,
- 14m @ 6.09 g/t Au,
- 16m @ 4.7 g/t,
- 9m @ 5.2g/t and
- 7.8m @ 7.3g/t gold,

whilst continuous surface rock chip results include:

- 54.0m @ 3.33 g/t gold,
- 10m @ 12.2 g/t Au,
- 44m @ 3.37 g/t Au,
- 15m @ 10.10 g/t Au and 6.5m @ 5.18 g/t Au.

In addition, Discovery Zone drill results include: 8.0m @ 0.74 g/t Au, 8.0m @ 1.20 g/t Au and 8.0m @ 1.26 g/t Au.

AMERICAN LITHIUM JOINT VENTURE

Activities During the Year

Nil this year.

Background on American Lithium JV

The American Lithium JV includes 5 separate projects of varying styles including 1 x pegmatite, 2 salt lake brine targets, 1 x lithium clay JORC resource and an oilfield lithium brine play (Figure 9).

The American Lithium Joint Venture includes a US\$5 million farm-in deal with a private company controlled by prominent UK investor Jim Mellon (Bradda Head Ltd) (ASX Release 7th March 2017) to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio.



Figure 9: American Lithium JV Project Locations

VIVASH GORGE IRON PROJECT – WA (ZENITH 100%, OPTION TO RTX)

Activities during the year

During the year RTX completed a 9-hole RC drill program totalling 588m to test for mineralised Brockman Iron Formation at the Vivash Gorge Iron Project. One drill hole intersected 14m of detrital mineralisation grading 55.9%Fe whilst the best bedrock intersection within the Whaleback Shale Member returned 6m @ 56.3%Fe (ASX Release 31st January 2020). A follow-up reconnaissance trip to inspect possible new Brockman and Marra Mamba target areas on the tenement. The preliminary assessment has downgraded the potential for any enrichment of the iron formations (to high grade iron ore) within these areas.

3D geological modelling work, incorporating the results from the drill program completed in the December 2019 (refer Dec 2019 yearly report), was completed.

Planned Activities

Post year end RTX advised it was not proceeding with an option on the property. Zenith is awaiting return of full technical data to assess the projects potential.

Background on Vivash Gorge Iron Project

The Vivash Gorge Iron Project (exploration licence E47/3071) is situated approximately 80km west of Tom Price in the Pilbara region of Western Australia. The project covers approximately 8km of strike of prospective Brockman and Marra Mamba iron formations along trend of Rio Tinto Iron Ore's Brockman 4 operating iron ore mine. An initial drill program was completed on one target area in the December 2019 year.

WARATAH WELL LITHIUM-TANTALUM PROJECT – WA (Zenith 100%)

Activities During the Year

Native title heritage negotiations on hold due to COVID-19.

Background on Waratah Well

The Waratah Well project located in the mid-west of Western Australia contains a lithium-tantalum rich pegmatite swarm extending over an area of approximately 3km x 2km. Zenith sampling has returned lithium up to 1.92% Li₂O and tantalum up to 1165ppm Ta₂O₅. Drilling is required to test subsurface potential.

NEW OPPORTUNITIES

The Company advises that it is currently in ongoing and incomplete negotiations in connection with several potential project acquisitions and disposals. This remains an essential generative value process. Project generation is a core skill of the Company.

This work has included:

- the renegotiation of its American Lithium JV in the USA. These discussions are ongoing, and no agreement has been entered into, and it is currently unknown when or if agreements will be completed.
- additionally, new tenure applications have recently been lodged in Queensland.

The Company will provide appropriate disclosure should negotiations and agreements be completed and new tenure granted.

MINERAL RESOURCE STATEMENT

Mineral Resource Statement

Develin Creek Copper-Zinc-Gold-Silver Project Mineral Resource

There was no change to the Inferred Mineral Resource for the Develin Creek Copper-Zinc-Gold-Silver Projects previously released to the ASX on the 15th February 2015.

Develin Creek Inferred Mineral Resource (JORC 2012) – February 2015					
Deposit	Tonnes	Cu% Grade	Zn% Grade	Ag g/t Grade	Au g/t Grade
SULPHIDE CITY	1,796,700	1.75	2.37	9.7	0.23
SCORPION	548,900	1.98	1.66	13.0	0.36
WINDOW	225,600	1.30	-	0.8	0.02
TOTAL	2,571,200	1.76	2.01	9.6	0.24

Red Lake Manganese Mineral Resource

There was no change to the Red Lake Inferred Mineral Resource for manganese previously released to the ASX in August 2014.

Red Lake Manganese Mineral Resource Estimate as at August 2014									
Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
Inferred	25% Mn	0.2	30.0	14.1	13.8	7.9	0.24	0.03	12.1
	20% Mn	0.5	25.1	16.1	17.0	8.9	0.25	0.06	11.9
	15% Mn	1.1	20.8	17.7	20.5	9.3	0.24	0.17	11.5
	10% Mn	1.4	19.0	19.1	20.8	9.6	0.26	0.19	11.4
<i>Note: The CSA Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.</i>									

Mineral Resource Statement (cont.)

Lockeridge Manganese Mineral Resource

There was no change to the Lockeridge Inferred Mineral Resource for manganese previously released to the ASX on the 15th April 2015.

Lockeridge Manganese Mineral Resource Estimate as at April 2015									
Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0

Note: The Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.

Burro Creek East Mineral Resource

A maiden Inferred Mineral Resource of 42.6Mt @ 818ppm Li and 3.3% K was prepared by independent consulting group SRK Consulting (UK) Limited in accordance with JORC 2012 guidelines for the near surface lithium clay mineralisation at the Burro Creek East lithium prospect in Arizona USA, part of the American Lithium joint venture with Bradda Head Limited (refer to ASX Release 12th August 2019).

Category	Tonnes (Mt)	Mean Grade		Contained Metal	
		Li (ppm)	K (%)	Tonnes LCE	Tonnes K
Measured	-	-	-	-	-
Indicated	-	-	-	-	-
Inferred	42.6	818	3.3	185,000	1,400,000

*Notes:

- Mineral Resource statement prepared in accordance with JORC Code 2012 Edition.
- Mineral Resources are reported as undiluted. No mining recovery has been applied.
- SRK considers there to be reasonable prospects for economic extraction by completing a pit optimisation and cut-off grade analysis.
- Tonnages are reported in metric units.
- Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
- Conversion factor of Li metal to lithium carbonate (LCE) = 5.323

The Mineral Resource was estimated using a 300 ppm L lower cut-off grade. Lithium bearing clays are flat-lying and near surface with intersections in excess of 20 metre thickness reported at +1000 ppm, illustrating potential for coherent higher-grade zones.

The Burro Creek East zone is a very small portion of the total lithium clay prospective area held by the joint venture partners.

Mt Alexander West Iron Mineral Resource

The Mt Alexander Project was sold during the previous year, refer to Zenith ASX release dated 4th June 2019.

Mineral Resource Statement (cont.)**Mineral Resource Governance and Internal Controls**

Zenith Minerals Limited ensures that the Mineral Resource estimates quoted are subject to governance arrangements and internal controls. All the Company's Mineral Resources have been estimated by independent third-party competent persons or for selected inferred resources by suitably qualified and experienced Company personnel. All resources have been subject to review by Zenith Minerals Limited technical staff and by a sub-committee appointed by the Board of Directors.

The Company re-affirms that its Mineral Resources are reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Zenith Exploration Results and Exploration Targets is based on information compiled by Mr Michael Clifford, who is a Member of the Australian Institute of Geoscientists and an employee of Zenith. 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.

The information in this Report that relates to in-situ Mineral Resources at the Develin Creek project is based on information compiled by Ms Fleur Muller an employee of Geostat Services Pty Ltd. Ms Muller takes overall responsibility for the Report. She is a Member of the AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity she is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition). Ms Muller consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource Estimate and Exploration Target at Burro Creek East is based on information compiled by Martin Pittuck, who is a Chartered Engineer with the Institute of Materials Minerals and Mining and an employee of SRK Consulting (UK) Limited. Mr Pittuck 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 Pittuck consents to the inclusion of excerpts from the SRK report in this ASX release in the form and context in which they appear.

The Directors present their report, together with the financial statements of the consolidated entity, being Zenith Minerals Limited and subsidiaries ("the Consolidated Entity") it controlled at the end of, or during, the year ended 30 June 2020, and the auditors' report thereon.

1. DIRECTORS

The Directors of the Consolidated Entity at any time during or since the end of the financial year and up to the date of this report, unless otherwise stated are:

Rodney M Joyce	Non-Executive Director, appointed 6 December 2006 Non-Executive Chairman, appointed 9 October 2013
Qualifications :	BSc (Hons), MSc, DIC
Experience:	Mike Joyce is a geologist with over 40 years' experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree in Geology from Monash University. He also holds a MSc in Mineral Exploration from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Carosue Dam and Davyhurst in Western Australia prior to joining Giralia Resources NL, initially as exploration manager. He later became Managing Director of Giralia Resources NL, prior to its takeover by Atlas Iron Limited.
Other Current Directorships:	None
Former Directorships (last 3 years):	Gascoyne Resources Limited - (Non-Executive Director appointed 20 April 2011 and Non-Executive Chairman from 5 October 2012 to 8 October 2018, retired 30 April 2020).
Special Responsibilities:	Technical and Corporate
Interest in Shares:	13,383,404 ordinary shares
Interest in Options:	None
Contractual Right to Shares:	None
Michael J Clifford	Managing Director, appointed 18 March 2014
Qualifications:	BSc. (Hons), 1987, MSc
Experience:	Mick Clifford is a geologist with over 30 years' experience in the exploration industry. Mick held senior technical and business development roles and explored for most major metal commodities during a successful career with Billiton Australia, Acacia Resources and AngloGold Ashanti, rising to the position of Regional Exploration Manager Australia. Mick was Managing Director of ASX listed PacMag Metals Ltd from 2005 until its takeover in 2010, when he co-founded private explorer S2M2 Coal Pty Ltd. He is experienced in international exploration, exploring for gold, copper and coal and has had exposure to mining and exploration in Australia, USA, Brazil, Indonesia, PNG, Angola, Democratic Republic of Congo, Mexico, Mongolia and Turkey.
Other Current Directorships:	None
Former Directorships (last 3 years):	None
Special Responsibilities:	Executive Director
Interest in Shares:	2,867,524 Ordinary Shares
Interest in Options	3,500,000 Unlisted Options
Contractual Right to Shares:	None

Stanley A Macdonald

Experience:

Non-Executive Director, appointed 24 April 2006

Stan Macdonald has been associated with the mining and exploration industry for over 25 years.

Other Current Directorships:

None

Former Directorships (last 3 years):

Gascoyne Resources Limited (Non-Executive Director from 20 April 2011, resigned 8 October 2018)

Special Responsibilities:

Company promotion and project acquisition

Interest in Shares:

5,570,072 Ordinary Shares

Interest in Options

None

Contractual Right to Shares:

None

Julian D Goldsworthy

Qualifications:

Non-Executive Director, appointed 29 August 2013

B. App. Sc. (Geology)

Experience:

Julian was formerly Exploration Manager at Giralia Resources NL prior to its takeover by Atlas Iron Ltd, and is currently Chief Geologist at Gascoyne Resources Limited. He has substantial prior experience in the minerals industry with Newcrest Mining (and its predecessor Newmont Australia) where he led and conducted successful exploration programs for gold in Australia and South America.

Other Current Directorships:

None

Former Directorships (last 3 years):

Gascoyne Resources Limited (Executive Director appointed 2 June 2019, resigned on 2 June 2019)

Special Responsibilities:

Technical and Corporate

Interest in Shares:

2,726,180 Ordinary Shares

Interest in Options

None

Contractual Right to Shares:

None

Graham D Riley

Qualifications:

Non-Executive Director, appointed 2 May 2018

B. Juris LLB

Experience:

Graham is a qualified legal practitioner, having gained his Bachelor of Law and Bachelor of Jurisprudence Degrees. After 10 years legal practice as a partner of a commercial firm in Perth, he resigned to pursue private interests in the resources and exploration sector, where he continues to act in various non-executive capacities. Graham previously served as Non-Executive Chairman of Giralia Resources NL, Buru Energy NL, Entek Energy Limited, Red Hill Iron Limited and a Director of Adelphi Energy NL. He was also a Non-Executive Director of Arc Energy Limited.

Other Current Directorships:

None

Former Directorships (last 3 years):

Gascoyne Resources Limited (Non-Executive Director from 19 October 2009, resigned 8 October 2018). Entek Energy Ltd (Non-Executive Chairman, appointed 1 February 2011, resigned 1 September 2017)

Special Responsibilities:

Legal, Technical and Corporate

Interest in Shares:

9,000,000 Ordinary Shares

Interest in Options

None

Contractual Right to Shares:

None

Peter J Bird

Non-Executive Director, appointed 30 March 2020

Qualifications:

BSc(Hons) (Geology)

Experience:

Peter Bird has a wide experience in operational mining geology and exploration in large multinational corporations. He has worked in business development and treasury, with extensive experience as a mining analyst and in investor relations and human resources before becoming a company director. Peter was Deputy Chairman and CEO of Asiamet Resources Limited, Australia, from 2017 (listed on the AIM market of the London Stock Exchange), prior to joining Zenith. He has previously served as Managing Director of Heemskirk Consolidated Ltd, of which he was a joint founder, and was Non-Executive Chairman of Excelsior Gold Ltd.

Other Current Directorships:

None

Former Directorships (last 3 years):

Asiamet Resources Limited, Australia, listed on the AIM market of the London Stock Exchange (Deputy Chairman and CEO, appointed 20 February 2017, resigned 31 January 2020)

Special Responsibilities:

Technical and Corporate

Interest in Shares:

None

Interest in Options

None

Contractual Right to Shares:

None

'Other current directorships' mentioned above are current directorships for listed entities only, excluding directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' mentioned above are directorships held in the last 3 years for listed entities only, excluding directorships of all other types of entities, unless otherwise stated.

2. COMPANY SECRETARY

Melinda Nelmes CA

Melinda Nelmes was appointed Company Secretary on 20 March 2014.

Melinda is a Chartered Accountant with over 29 years' experience, including thirteen years as Chief Financial Officer and Company Secretary for ASX listed and private companies in the exploration industry, with companies operating in Australia, USA, Mexico, Indonesia and Turkey. Prior experience to this includes being a Financial Group Accountant in the financial services sector. Melinda has valuable experience from working in accounting firms, including Deloitte, in the audit and corporate services divisions, gaining experience in various industry sectors including the mining and resource sector.

3. DIRECTORS' MEETINGS

The number of Directors' meetings (including meeting of committees of directors) and number of meetings attended by each of the directors of the Group during the financial year are:

	MEETINGS		CIRCULAR RESOLUTIONS IN WRITING	
	A	B	A	B
Mr R M Joyce	9	9	14	14
Mr S A Macdonald	9	9	14	14
Mr J D Goldsworthy	9	9	14	14
Mr G D Riley	9	9	14	14
Mr P J Bird	2	2	2	3
Mr M J Clifford	9	9	14	14

A = Number of meetings attended

B = Number of meetings held during the time the Directors held office during the year.

4. REMUNERATION REPORT – AUDITED

The remuneration report is set out under the following main headings:

- A. Principles of Compensation
- B. Key Management Personnel Remuneration
- C. Equity Instruments

The information provided under headings A-C includes remuneration disclosures that are required under the Corporations Act 2001 and the Corporations Regulations 2001. These disclosures have been transferred from the financial report and have been audited.

Details of the remuneration of the key management personnel of the Consolidated Entity are set out in tables provided under heading 'B. Key Management Personnel Remuneration'. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

A. Principles of Compensation - Audited

Compensation levels for key management personnel of the entity are competitively set to attract and retain appropriately qualified and experienced Directors and Executives.

The objective of the Consolidated Entity's reward framework is to ensure reward for performance is competitive and appropriate. The framework aligns executive reward with achievement of strategic objectives and creation of long-term growth and success for shareholders.

The Board ensures that remuneration satisfies the following criteria:

- competitiveness and reasonableness
- transparency
- acceptability to shareholders
- attracts and retains high caliber executives
- rewards capability, experience and performance
- performance alignment of executive compensation.

The full Board acts on behalf of Nomination and Remuneration Committee matters and is responsible for determining and reviewing the remuneration packages for its directors and executives. Remuneration of key management personnel for the year ended 30 June 2020 has been determined by the Board. In this respect consideration is given to normal commercial rates of remuneration for similar levels of responsibility that is market competitive and complementary to the reward strategy of the consolidated entity. Alignment to shareholders interests focuses on pursuing long term growth in shareholder wealth, consisting of growth in share price and success of the Company within an appropriate control framework. The structure of non-executive directors' remuneration and executive remuneration are separate as recommended by Corporate Governance Council best practice.

Executive Remuneration

The consolidated entity aims to reward executives with a level of remuneration based on their position and responsibility, which has a mix of both fixed and variable components. The remuneration of executives and reward framework comprises a combination of:

- base pay and non-monetary benefits
- performance linked incentives
- share based payments
- other remuneration such as superannuation and long service leave.

Fixed Compensation

Fixed compensation consists of base compensation (which is calculated on a total basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds. Compensation levels are reviewed annually by the Board of Directors acting in their capacity as the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Consolidated Entity and comparable market remunerations.

A. Principles of Compensation – Audited (cont.)**Performance Linked Compensation**

Performance-linked remuneration consists of long-term incentives in the form of options over ordinary shares of the Consolidated Entity. Performance-linked remuneration is not based on specific financial indicators such as earnings or dividends as the Consolidated Entity is at the exploration stage and during this period is expected to incur operating losses. There is no separate profit-share plan or short-term incentive components.

Long-Term Incentive

Long-term incentives comprise of long service leave and share based payments in the form of share options, which are granted from time to time to encourage sustained performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. The exercise price of the options is determined after taking into account the underlying share price performance during the period leading up to the date of the grant. Subject to specific vesting conditions, each option is convertible into one ordinary share. There is presently no stated policy restricting key management personnel from limiting their exposure to risk in relation to options granted. The Board of Directors acting in their capacity as the Nomination and Remuneration Committee, review the long-term incentives for executives on an annual basis during its review process of the executive's performance.

Consequences of Performance on Shareholder Wealth

The overall level of key management personnel compensation takes into account the performance of the Consolidated Entity over a number of years.

Performance in respect of the current financial year and the previous five financial years is detailed in the table below:

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Loss attributable to owners of the Group	383,397	695,492	682,929	952,932	1,068,003
Basic Loss per Share	0.002	0.003	0.003	0.005	0.008
Share Price at financial year end (\$)	0.12	0.08	0.18	0.10	0.11
Changes in share price (from initial listing of 25 cents)	-0.13	-0.17	-0.07	-0.15	-0.14

During the financial years noted above, there were no dividends paid or other returns of capital made by the Consolidated Entity to shareholders. The Consolidated Entity's performance is impacted by a number of factors including employee performance. The measures of performance of the Consolidated Entity set out in the table above have been taken into consideration in the determination of appropriate levels of remuneration by the Board acting in its capacity as the Nomination and Remuneration Committee.

Non-Executive Compensation

Remuneration of Non-executives comprise fees in the form of cash and statutory superannuation entitlements, quantified by having regard to industry practice and the need to obtain appropriately qualified, independent persons. Fees may contain non-monetary elements. Fees and payments to non-executive directors have regard to the demands and responsibilities of their role which covers all main board activities and membership of applicable sub-committees.

The Board, acting as the Nomination and Remuneration Committee, reviews non-executive director fees and payments annually. The Board may receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to other non-executive director fees, based on similar comparative roles in the market place. The Chairman is not present at discussions regarding the determination of his own remuneration. Non-executives do not receive share options or other incentives.

Total compensation for all non-executive directors, agreed at a general meeting on 14 March 2006 is that the maximum non-executive director remuneration be \$200,000 per annum.

During the financial year ended 30 June 2020, the Chairman's base fees were \$40,000 plus statutory superannuation of 9.50% per annum. Due to COVID-19, for the last quarter ended 30 June 2020, the Board implemented voluntary reductions in the Board fees and Managing Director (CEO) salary. Then Chairman's fees paid during the financial year ended 30 June 2020 was \$36,250 plus superannuation of 9.5% per annum.

A. Principles of Compensation – Audited (cont.)

Voting and comments made at The Consolidated Entity's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 98.11% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. There was no specific feedback received at the AGM, regarding its remuneration practices.

B. Key Management Personnel Remuneration - Audited

The following table discloses the remuneration of the key management personnel of the Consolidated Entity.

The key management personnel of the Consolidated Entity consisted of the following directors:

- Mr R M Joyce – Non-Executive Chairman
- Mr S A Macdonald – Non-Executive Director
- Mr J D Goldsworthy – Non-Executive Director
- Mr G D Riley - Non-Executive Director
- Mr P J Bird – Non-Executive Director
- Mr M J Clifford – Managing Director

and the following persons:

- Mrs M J Nelmes – Company Secretary and Chief Financial Officer.

The key management personnel of Zenith Minerals Limited and subsidiaries include the directors and the following executive officers:-

		Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payments	TOTAL	S300A(1)(e)(i)	S300A(1)(e)(vi)
		Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options		Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		\$	\$	\$	\$	\$	\$	\$	%	%
Non- Executive Directors:										
R M Joyce	2020	36,250	-	-	3,444	-	-	39,694	-	-
	2019	40,000	-	-	3,800	-	-	43,800	-	-
S A Macdonald	2020	27,500	-	-	2,612	-	-	30,112	-	-
	2019	30,000	-	-	2,850	-	-	32,850	-	-
J D Goldsworthy	2020	27,500	-	-	2,612	-	-	30,112	-	-
	2019	30,000	-	-	2,850	-	-	32,850	-	-
G D Riley	2020	27,500	-	-	2,612	-	-	30,112	-	-
	2019	30,000	-	-	2,850	-	-	32,850	-	-
PJ Bird	2020	5,000	-	-	475	-	-	5,475	-	-
	2019	-	-	-	-	-	-	-	-	-
Executive Director:										
M J Clifford	2020	211,678	-	4,762	20,109	-	28,395	264,944	-	10.72%
	2019	232,876	-	3,979	22,123	-	36,916	295,894	-	12.48%
Other Key Management Personnel:										
M J Nelmes	2020	109,660	-	-	10,418	-	47,455	167,533	-	28.33%
	2019	91,030	-	-	8,648	-	12,921	112,599	-	11.48%
TOTAL	2020	445,088	-	4,762	42,282	-	75,850	567,982	-	
TOTAL	2019	453,906	-	3,979	43,121	-	49,837	550,843	-	

Analysis of Bonuses Included in Remuneration – Audited

No short-term incentive cash bonuses have been awarded as remuneration to directors of the Consolidated Entity or to Consolidated Entity executives.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed Remuneration		Remuneration linked to performance	
	2020	2019	2020	2019
Non-Executive Directors:				
R M Joyce	100%	100%	-	-
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
G D Riley	100%	100%	-	-
P J Bird	100%	-	-	-
Executive Director:				
M J Clifford	100%	100%	-	-
Other Key Management Personnel:				
M J Nelmes	100%	100%	-	-

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Service Contracts

Remuneration and other terms of employment for the other key management personnel are formalised in service agreements. The major provisions of the agreement relating to remuneration are set out below.

- Rodney Michael Joyce**
- Non Executive Chairman, appointed 6 December 2006
 - Annually renewable contract
 - Base salary of \$40,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.
- Stanley A Macdonald**
- Non Executive Director, appointed 24 April 2006
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.
- Julian D Goldsworthy**
- Non Executive Director, appointed 29 August 2013
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.
- Graham D Riley**
- Non-Executive Director, appointed 2 May 2018
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.
- Peter J Bird**
- Non-Executive Director, appointed 30 March 2020
 - Annually renewable contract
 - Base salary of \$30,000 per annum plus superannuation of 9.50%
 - No notice period is prescribed on termination.

Michael J Clifford	- Managing Director appointed 18 March 2014
<i>Terms of Agreement</i>	- The agreement is annually renewable. To terminate the agreement, the Consolidated Entity must provide three months' notice, or the Managing Director must provide three months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.
<i>Remuneration and Benefits</i>	- Annual base salary of \$255,000 inclusive of 9.50% superannuation for the financial year ended 30 June 2020. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.
Melinda J Nelmes	- Company Secretary and Chief Financial Officer, appointed 20 March 2014.
<i>Terms of Agreement</i>	- The agreement is reviewed annually. To terminate the agreement, either party must provide one months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.
<i>Remuneration and Benefits</i>	- Permanent part-time agreement of base of 0.4 of a full time equivalent employee with annual base salary of \$200,000 (0.4 of a full time equivalent: \$80,000) inclusive of 9.50% superannuation for the year ending 30 June 2020. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.

C. Equity Instruments – Audited

Share-Based Compensation

i) Issue of shares

There were no shares issued to the directors and other key management personnel as part of compensation during the year ended 30 June 2020 (2019: Nil)

ii) Options

For Zenith Minerals Limited options granted over ordinary shares during the current financial year or future reporting years affecting remuneration of directors and other key management personnel, the terms and conditions are as follows:

2020:

Name	Number Options Granted	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting Date
M Clifford	2,500,000	25 Nov 2019	25 Nov 2022	\$0.087	\$0.011358	Vests at date of grant
M Nelmes	750,000	25 Nov 2019	25 Nov 2022	\$0.087	\$0.011358	Vests at date of grant
M Nelmes	500,000	14 May 2020	14 May 2023	\$0.1097	\$0.077874	Vests at date of grant

Options granted carry no dividend or voting rights.

C. Equity Instruments – Audited (cont.)

Values of options over ordinary shares granted, exercised, lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2020 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Director: M J Clifford	28,395	-	(69,924)	10.72%
Other Key Management Personnel: M J Nelmes	47,455	-	(33,667)	28.33%

Shares issued on exercise of options

No options granted under Zenith Minerals Limited's Employee Option Plan were exercised into ordinary shares during the year ended 30 June 2020 (2019: Nil).

*iii) Additional disclosures relating to key management personnel***Share Holding**

The number of shares in Zenith Minerals Limited held during the financial year by each director and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2020	Ordinary Shares				
Name	Balance at the start of the year	Received as part of remuneration	Additions	Other changes	Balance at the end of the year
Directors:					
Rodney M Joyce	11,471,489	-	1,911,915	-	13,383,404
Stanley A Macdonald	4,774,346	-	795,726	-	5,570,072
Julian D Goldsworthy	2,492,346	-	233,834	-	2,726,180
Graham D Riley	7,995,000	-	1,005,000	-	9,000,000
Michael J Clifford	2,457,876	-	409,648	-	2,867,524
Peter J Bird	-	-	-	-	-
Other Key Management Personnel:					
Melinda J Nelmes	200,126	-	40,000	-	240,126
Total	29,391,183	-	4,396,123	-	33,787,306

C. Equity Instruments – Audited (cont.)**Option Holding**

The number of options over ordinary shares in Zenith Minerals Limited held during the financial year by directors and other key management personnel of the Consolidated Entity, including their personally related parties, are set out below:

2020

Name	Balance at the start of the year	Granted as Remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year**
Directors:					
Rodney M Joyce	-	-	-	-	-
Stanley A Macdonald	-	-	-	-	-
Julian D Goldsworthy	-	-	-	-	-
Michael J Clifford	2,350,000	2,500,000	-	(1,350,000)	3,500,000
Graham D Riley	-	-	-	-	-
Peter J Bird	-	-	-	-	-
Other Key Management Personnel:					
Melinda J Nelmes	1,000,000	1,250,000	-	(650,000)	1,600,000
Total	3,350,000	3,750,000	-	(2,000,000)	5,100,000

** All options are vested and exercisable at 30 June 2020.

Other Transactions With Key Management Personnel And Their Related Parties

During the financial year ended 30 June 2020, other transactions with key management personnel and their related parties were as follows:

- i) Provision of Serviced Office – During the financial year ended 30 June 2020, fees of \$7,164 (2019: \$7,745) were received from Minasola Pty Ltd, a director related entity of Mr R M Joyce; fees of \$7,164 (2019: \$7,745) were received from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald and fees of \$7,164 from Satinbrook Pty Ltd, a director related entity of Mr G D Riley (2019: \$7,745).

All transactions were made on normal commercial terms and conditions and at market rate.

There are no loans to directors and executives.

This concludes the remuneration report, which is audited.

5. ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was mineral exploration predominantly in Australia and also including Turkey (Europe) and United States of America.

Following listing on ASX on 29 May 2007, the Consolidated Entity commenced exploration activity wherever it assessed there was an opportunity of success.

There was no significant change in the nature of the activity of the Consolidated Entity during the year.

6. OPERATING & FINANCIAL REVIEW

Overview

During the year, the Consolidated Entity undertook mineral exploration activities predominantly in Australia.

Objectives

The Group's objectives are to pursue opportunities in exploration and mining for precious and other minerals in areas which are highly prospective for mineralisation.

Financial Results

The loss for the financial year ended 30 June 2020, attributable to members of the Consolidated Entity, after income tax is \$383,397 (2019: \$695,492).

No dividends were paid or recommended for payment during the financial year ended 30 June 2020 (2019: Nil).

Review of Financial Condition

During the year, the net assets of the Consolidated Entity increased by \$1,357,025 from \$4,435,752 at 30 June 2019 to \$5,792,777 at 30 June 2020.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2020 of \$3,993,265 (2019: \$3,199,220). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$21,027 (2019: \$97,773) following its review of its portfolio of mineral tenements.

In relation to COVID-19 Zenith's Board is mindful of the significant impact the virus is having on the community and is continuing to assess the potential risks associated with its activities. Zenith's projects are in remote country areas or on grazing properties where Zenith's crew are geographically isolated. The Company will continue to act on advice provided by Federal and State Governments with the health and safety of Zenith's crew, contractors and local stakeholders a priority. During the last quarter ended 30 June 2020, the Company also assessed measures to reduce discretionary spending in order to conserve cash in response to on-going equity market volatility including temporary voluntary reductions in the CEO's salary and Board fees, whilst still actively assessing opportunities to add quality gold and copper assets to its project portfolio.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 28 October 2019, the Company announced a capital raising by way of a Non-renounceable entitlement offer to existing shareholders of 1 new fully paid ordinary share for every 6 fully paid ordinary shares held by eligible shareholders at record date being 5pm (AEDT) on 31st October 2019. A total of 30,245,335 ordinary ZNC shares were issued raising \$1,663,494.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year ended 30 June 2020.

8. EVENTS SUBSEQUENT TO REPORTING DATE

A capital raising announced to the Australian Securities Exchange ('ASX') on 7th July 2020, resulted in:

8. EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

- the placement/issue on 13th July 2020 of 51,000,000 ordinary shares to existing shareholders and sophisticated investors, pursuant to s.708 of the Corporations Act (Cth) 2001, at \$0.10 per share raising \$5,100,000.
- The issue on 13th July 2020 of 2,000,000 unlisted options exercisable at \$0.14 on or before 31 December 2023 and 2,000,000 unlisted options exercisable at \$0.16 on or before 31 December 2023 associated with the placement.

On 6th August 2020, Zenith Minerals Limited ('Zenith') announced to the ASX that American Rare Earths (ASX Code: ARR) and Zenith Minerals Limited have executed an option agreement whereby ARR will acquire 100% of Zenith's Australian wholly owned subsidiary, Wyoming Rare Pty Ltd which controls the Laramie REE project held by its 100% owned USA subsidiary Wyoming Rare (USA) Inc. The acquisition includes payment to Zenith of a non-refundable deposit of \$10,000 plus a further \$40,000 cash payment and 2,500,000 ARR ordinary shares (price A\$0.02 each) upon satisfaction of conditions including the conversion of exploration permits to mineral leases, which is anticipated to occur in November this year.

On 10th September 2020, Zenith announced to the ASX that it entered into an option agreement in relation to a new gold project called Jackadgery in New South Wales. Under the option agreement, an option payment of \$10,000 is paid upfront and there is a requirement to complete a minimum of a 300m drill program within 12 months and at its sole election may then elect to acquire a 90% interest in the project for a one-off cash payment of \$100,000 to one (Ms C McClatchie) of two private vendors, the other (Mr A Slood).

In relation to COVID-19 Zenith's Board is mindful of the significant impact the virus is having on the community and is continuing to assess the potential risks associated with its activities. The Company will continue to act on advice provided by Federal and State Governments with the health and safety of Zenith's crew, contractors and local stakeholders a priority. Zenith has in place a COVID-19 site health management plan and requires that all its field crews comply with the requirements of that plan. In addition, the Company is managing projects across state borders and is ensuring it complies with both Federal and State based travel and border restrictions by employing, where available local staff and using locally based contractors, consultants.

No other matter or material event has arisen since 30 June 2020, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

9. LIKELY DEVELOPMENTS

The Consolidated Entity will continue to pursue its policy of acquiring and testing attractive mineral properties with a view to developing properties capable of economic mineral production.

Further information about likely developments in the operations of the Consolidated Entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Entity.

10. ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to significant environmental regulation in relation to its exploration activities from the Department of Minerals and Petroleum (West Australian operations), Code of Environmental Compliance for exploration and mineral development projects, Version 1.1 and provision of the Environmental Heritage Protection Act 1994 (Queensland operations), State Lands Department of Arizona laws and regulations (Arizona state lease), The General Mining Act of 1872 United States (Federal Lode mining claims Arizona), Turkish Mining Law as administered by the Mining Affairs General Directorate of the Ministry of Energy and Natural Resources (Turkish operations) and aims to ensure that it complies with all relevant environmental legislation. The directors are not aware of any significant breaches during the period covered by this report.

11. INDEMNITY AND INSURANCE OF OFFICERS

The Consolidated Entity has indemnified the Directors and Officers for costs incurred by them in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity, of

11. INDEMNITY AND INSURANCE OF OFFICERS (cont.)

the Consolidated Entity, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the Directors or Officers of the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Consolidated Entity.

During the financial year, the company paid a premium in relation to a contract to insure the Directors and Officers of the Consolidated Entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

12. INDEMNITY AND INSURANCE OF AUDITORS

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

13. SHARE OPTIONS

Shares Under Option

Unissued ordinary shares of Zenith Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry date	Exercise Price	Number under option
14 May 2020	14 May 2023	\$0.1097	1,200,000
25 November 2019	24 November 2022	\$0.087	3,950,000
28 September 2018	28 September 2021	\$0.18	1,650,000
13 July 2020	31 December 2023	\$0.14	2,000,000
13 July 2020	31 December 2023	\$0.16	2,000,000

No option holder has any right under the options to participate in any other share issue of the Group.

14. SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued by Zenith Minerals Limited during the year ended 30 June 2020 and up to the date of this report on the exercise of options granted.

15. PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

16. DIVIDENDS

No dividends were paid or provided for during the year.

17. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (PKF) for non-audit services provided during the financial year are outlined in Note 8 to the financial statements.

17. NON-AUDIT SERVICES (cont.)

The directors are satisfied that the provision for non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 due to the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethics Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

18. OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF PKF

There are no officers of the company who are former audit partners of PKF.

19. AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

20. AUDITOR

PKF continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mr R M Joyce
Chairman

Dated: 25 September 2020
Perth, WA.

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ZENITH MINERALS LIMITED**

In relation to our audit of the financial report of Zenith Minerals Limited for the year ended 30 June 2020, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Perth

PKF PERTH

Shane Cross

SHANE CROSS
AUDIT PARTNER

25 SEPTEMBER 2020
WEST PERTH
WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	Consolidated Entity	
		2020	2019
		\$	\$
Revenue from continuing operations	5	514,525	402,466
Profit on part disposal of equity investment in Associate	15	107,123	-
Net fair value gain on other financial asset	13	256,276	-
Other revenue	6	6,897	1,712
Interest revenue		1,506	3,383
Expense			
Employee benefits expenses		(350,374)	(332,741)
Share option based payment	29	(138,313)	(60,912)
Depreciation	16	(8,219)	(9,718)
Premises costs		-	(70,200)
Exploration expenditure expensed		(6,122)	(86,760)
Exploration expenditure write off	17	(336,467)	(65,079)
Impairment loss on exploration & evaluation expenditure	17	(21,027)	(97,773)
Net fair value loss on other financial assets	13	-	(100,891)
Amortisation expense	18	(22,811)	-
Share of losses of Associate accounted for using equity method	15	(9,135)	(35,441)
Other operating expenses	7	(289,109)	(243,538)
Loss before income tax		(295,250)	(695,492)
Income tax expense	10	(88,147)	-
Loss after income tax benefit for the year		(383,397)	(695,492)
Other comprehensive income			
<i>Items that might be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	23(a)	(48,320)	(26,829)
Other comprehensive income for the year (net of tax)		(48,320)	(26,829)
Total comprehensive loss for the year		(431,717)	(722,321)
Loss per share		Cents	Cents
Basic and diluted loss per share	9	(0.2)	(0.3)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	NOTE	Consolidated Entity	
		2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	11	968,107	1,063,317
Trade and other receivables	12	113,035	6,511
Financial asset at fair value through profit or loss	13	630,742	43,147
Other current assets	14	6,894	6,789
TOTAL CURRENT ASSETS		1,718,778	1,119,764
NON-CURRENT ASSETS			
Investment in associate	15	348,055	275,337
Financial asset at fair value through profit or loss	13	6,520	10,015
Plant and equipment	16	18,492	27,271
Right of use asset	18	14,919	-
Exploration and evaluation expenditure	17	3,993,265	3,199,220
TOTAL NON-CURRENT ASSETS		4,381,251	3,511,843
TOTAL ASSETS		6,100,029	4,631,607
CURRENT LIABILITIES			
Trade and other payables	19	97,728	129,707
Lease liability	20	50,471	-
Provision for income tax	10	88,147	-
Employee benefits	21	70,906	66,148
TOTAL CURRENT LIABILITIES		307,252	195,855
TOTAL LIABILITIES		307,252	195,855
NET ASSETS		5,792,777	4,435,752
EQUITY			
Issued capital	22	22,134,472	20,475,655
Reserves	23(a)	98,636	138,131
Accumulated losses	23(b)	(16,440,331)	(16,178,034)
TOTAL EQUITY		5,792,777	4,435,752

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2019	20,475,655	138,131	(16,178,034)	4,435,752
Adjustment for change in accounting policy	-	-	(8,388)	(8,388)
Restated balance at 1 July 2019	20,475,655	138,131	(16,186,422)	4,427,364
Loss for the period	-	-	(383,397)	(383,397)
Other comprehensive income	-	(48,320)	-	(48,320)
Total comprehensive income	-	(48,320)	(383,397)	(431,717)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 22)	1,658,817	-	-	1,658,817
Issue of employee options (note 23)	-	138,313	-	138,313
Expiry/Cancellation of staff options (note 23)	-	(129,488)	129,488	-
Balance at 30 June 2020	22,134,472	98,636	(16,440,331)	5,792,777

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	20,475,655	104,048	(15,482,542)	5,097,161
Loss for the period	-	-	(695,492)	(695,492)
Other comprehensive income	-	(26,829)	-	(26,829)
Total comprehensive income	-	(26,829)	(695,492)	(722,321)
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 22)	-	-	-	-
Issue of employee options (note 23)	-	60,912	-	60,912
Expiry/Cancellation of staff options (note 23)	-	-	-	-
Balance at 30 June 2019	20,475,655	138,131	(16,178,034)	4,435,752

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	Consolidated Entity	
		2020	2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		78,036	39,103
Cash paid to suppliers and employees		(695,054)	(640,961)
Payments for capitalised exploration and expenditure		(1,165,533)	(993,862)
Reimbursement of exploration costs per Farm in agreement		-	63,000
Option fee		-	60,000
Government grants and tax incentives		86,000	-
Interest received		1,627	3,403
Interest and other finance costs paid		(4,400)	-
Income tax paid		-	(12,481)
NET CASH (USED IN) OPERATING ACTIVITIES	30	(1,699,324)	(1,481,798)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		-	(189,874)
Proceeds on disposal of investments		22,176	11,147
Proceeds on sale of tenements		-	250,000
Payments for plant and equipment		(3,185)	(9,317)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		18,991	61,956
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		1,663,494	-
Cost of issuing equity securities		(29,677)	-
Repayment of lease liability		(71,550)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,562,267	-
Net increase in cash and cash equivalents		(118,066)	(1,419,842)
Cash and cash equivalents at the beginning of the financial period		1,063,317	2,449,932
Effect of movement in exchange rates on cash held		22,856	33,227
CASH AND CASH EQUIVALENTS AT 30 JUNE 2020	11	968,107	1,063,317

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****1. REPORTING ENTITY**

Zenith Minerals Limited and controlled entities ("Consolidated Entity") is domiciled in Australia, incorporated in Australia, publicly listed on the ASX and limited by shares. The address of the Consolidated Entity registered office and principal place of business is Level 2, 33 Ord Street, West Perth, Western Australia, 6005.

The Consolidated Entity is involved in mineral exploration.

2. BASIS OF PREPARATION**(a) Statement of Compliance**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs), Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for for-profit orientated entities.

These financial statements of the Consolidated Entity comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Consolidated Financial Statements were approved by the Board of Directors on 25 September 2020. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2018 to 30 June 2019.

(b) Basis of Measurement

These financial statements have been prepared on the historical cost and accrual accounting basis, except for the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity with supplementary information about the parent entity being included in at note 33.

(c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Consolidated Entity's functional currency.

(d) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. Consideration extends to the suppliers, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date.

2. BASIS OF PREPARATION (cont.)**(d) Use of Estimates and Judgements (cont.)***Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation expenditure

The Consolidated Entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Key judgements are applied in considering costs to be capitalised, including determining those expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes and changes to commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

As at 30 June 2020, the carrying value of capitalised exploration expenditure is \$3,993,265 (2019: \$3,199,220).

Impairment of Non-Financial Assets

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less cost of disposal or value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Impairment loss recorded in the current financial year was \$21,027 (2019: \$97,773).

Share Based Payments

The Consolidated Entity measures the cost of equity settled transactions with consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share-based payments would not impact carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of Useful Lives of Assets

The Consolidated Entity determines the useful lives and related depreciation and amortisation charges for its property, plant & equipment and finite live intangible assets. Events such as technical innovations or other events could change the useful lives of assets significantly. Depreciation and amortisation charges will increase where the useful lives are less than the previously estimated lives, or technically obsolete or non-strategic assets which have been abandoned or sold will be written down or written off.

2. BASIS OF PREPARATION (cont.)

Fair Value Measurement Hierarchy

The Consolidated Entity is required to classify all assets and liabilities measured at fair value, using a three level hierarchy which is based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. In determining what is significant to fair value there is considerable judgement required. Therefore, the category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or use of observable inputs requiring significant adjustments based on unobservable inputs.

Lease term

In the measurement of both the right-of-use asset and lease liability, the lease term is a significant component. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

New or Amended Accounting Standards and Interpretations Adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2020.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	1 July 2019 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	139,707
Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (AASB 16)	(2,205)
Short-term leases not recognised as a right-of-use asset (AASB 16)	-
Accumulated depreciation as at 1 July 2019 (AASB 16)	(23,869)
	<u>113,633</u>
Right-of-use assets (AASB 16)	41,633
Lease receivable (AASB 16) – current	43,200
Lease receivable (AASB 16) – non-current	28,800
Lease liabilities - current (AASB 16)	(71,550)
Lease liabilities - non-current (AASB 16)	(50,471)
	<u>(8,388)</u>
Reduction in opening retained profits as at 1 July 2019	<u>(8,388)</u>

The consolidated entity has applied the following practical expedients when adopting AASB 16 from 1 July 2019:

- applying a single discount rate to the leases with reasonable similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when contract contains options to extend or terminate the lease
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zenith Minerals Limited (the "Company") as at 30 June 2020 and the results of all subsidiaries for the year then ended. Zenith Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or the 'Group'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign Operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Loans**

Loans are recognised initially at fair value, net of transaction costs. Subsequent to initial recognition loans are measured at amortised cost using the effective interest method, less any impairment losses.

Finance costs

Finance costs directly attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Revenue*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a separate refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised in prior periods, where applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Income Tax (cont.)***Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply in the period in which the liability is settle or the asset realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and in the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses

The carrying amount of recognised deferred tax assets and unrecognised deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the Statement of Financial Position based on current and non-current classification.

The asset is classified as current when:

- i) It's either expected to be realised or intended to be sold or consumed in normal operating cycle;
- ii) it's held primarily for the purpose of trading;
- iii) it's expected to be realised within 12 months after the reporting period; or
- iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- i) it's either expected to be settled in normal operating cycle;
- ii) it's held primarily for the purpose of trading;
- iii) it's due to be settled within 12 months after the reporting period; or
- iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Current and non-current classification (cont.)**

All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

Impairment*(i) Financial Assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(ii) Non-Financial Assets

The carrying amounts of the Consolidated Entity's non-financial assets, deferred tax assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

The recoverable amount is the higher of the assets fair value less costs of disposal and value-in-use. In value in use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call and deposits with banks or financial institutions and other short term, highly liquid investments with original maturities of three months or less, which are readily convertible to cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Receivables (cont.)**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract, (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Property, plant and equipment*(i) Recognition and Measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Property, plant and equipment (cont.)***(i) Subsequent Costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(ii) Derecognition

An item of property plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(iii) Depreciation

Depreciation is calculated on a reducing balance basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following rates are used in the calculation of depreciation:

• Plant and equipment	10% - 33%
• Motor vehicles	25%
• Office furniture and fittings	10%
• Computer and Office Equipment	33%

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Lease liabilities (cont.)**

index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest, or by its sale; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves.

Where a project or area of interest has been abandoned, the expenditure incurred is written off in the year in which the decision is made.

Trade and other payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Provisions

Provisions are recognised when the Consolidated Entity has a present obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

The increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits*(i) Short term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date, are recognised in current other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Employee benefits (cont.)***(ii) Other long term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payment transactions

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Employee benefits (cont.)***(iii) Share-based payment transactions (cont.)*

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share*(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Consolidated Entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial years, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**Earnings per share (cont.)**

account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

4. OPERATING SEGMENTS*Identification of Reportable Operating Segments*

The Consolidated Entity operates in geographical locations, Australia, United States of America (USA), and Turkey-Europe (as acquired through the 2014 acquisition), and is organised into one operating segment being mineral, mining and exploration and all of the Consolidated Entity's resources are employed for this purpose.

This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM review expenditure in exploration. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Geographical Information

	Sales to external customers		Geographical non-current assets	
	2020 \$	2019 \$	2020 \$	2019 \$
Australia	-	-	3,486,571	2,782,848
USA	-	-	114,835	10,015
Turkey	-	-	779,845	718,980
	-	-	4,381,251	3,511,843

5. REVENUE

	Consolidated Entity	
	2020 \$	2019 \$
Other Revenue		
Exploration Income - Profit on Sale Mt Alexander	-	250,000
Exploration Income - Profit on Sale of 75% Tenement Interest	328,091	-
Exploration Income - Option Fee	-	60,000
Exploration Income – Other	17,124	16,039
Government Grant – COVID-19	141,000	-
Other revenue	28,310	76,427
Revenue from Continuing operations	514,525	402,466

6. OTHER REVENUE

	Consolidated Entity	
	2020 \$	2019 \$
Profit on part disposal of right of use asset	6,897	-
Insurance recovery	-	1,712
	6,897	1,712

7. OTHER OPERATING EXPENSE

		Consolidated Entity	
		2020	2019
		\$	\$
Accounting and Admin Services		39,950	40,875
Auditors Remuneration	8	42,641	40,060
Computer Expenses		16,165	13,194
Consulting Fee		11,400	4,202
Legal Expenses		7,547	7,435
Motor Vehicle Expense		3,786	6,236
Share Registry and Securities Exchange		41,235	43,940
Fringe Benefits Tax		4,884	4,716
Subscriptions, Publications, Memberships		7,120	8,008
Insurance		20,869	20,443
Interest on lease liability		4,400	-
Sundry Administration Expenses		89,112	54,429
		289,109	243,538

8. AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by PKF Perth, the auditor of the Group:

		Consolidated Entity	
		2020	2019
		\$	\$
Audit services			
Auditors of the Group			
Audit and review of financial report – payable to PKF Perth		37,400	40,060
Audit and review of financial report – payable to other audit firms		5,241	-
Total remuneration for audit services		42,641	40,060
Non-audit services			
Total Audit Services		42,641	40,060

9. LOSS PER SHARE

		Consolidated Entity	
		2020	2019
		\$	\$
Basic and diluted loss per share – cents		(0.2)	(0.3)
The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:			
Loss used in calculation of earnings per share		(383,397)	(695,492)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share		231,206,707	212,762,128

10. INCOME TAX EXPENSE

a) **Income Tax Expense**

Current tax
Aggregate Income tax expense

Income tax expense is attributable to:

Profit from continuing operations
Profit from discontinued operations
Aggregate income tax expense

Deferred tax - origination and reversal of temporary
Differences

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Loss before tax	(295,250)	(695,492)
Prima facie tax benefit on loss at 27.5% (2019: 27.5%)	(81,194)	(191,260)

Add:

Tax effect of:

Other non-allowable items	(73,366)	18,878
Share based payments	38,036	16,751
Overs/unders from prior year	876	(538)
Tax losses not recognised (recognised)	464,707	337,887
Deferred tax balances not recognised (recognised)	(260,912)	(181,718)
Income tax expense on pre-tax net loss	88,147	-

Consolidated Entity

2020	2019
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The applicable average weighted tax rates are as follows:

30%	0%
-----	----

Deferred Tax Assets

At 27.5% (2019: 27.5%)

Carry forward losses
Financial Assets
Provisions and accruals
Merger/acquisition costs
Lease liability
Right of use asset

Consolidated Entity

2020	2019
\$	\$

5,352,208	4,856,601
-	-
24,862	22,347
4,475	4,475
1,210	-
4,376	-
5,387,131	4,883,423

10. INCOME TAX EXPENSE (cont.)**Deferred Tax Assets (cont.)**

Tax benefit of the above Deferred Tax Assets will only be obtained if:

- The company derives future assessable income or a nature and of an amount sufficient to enable the benefits to be utilised; and
- The company continues to comply with the conditions for deductibility imposed by law; and
- No changes in income tax legislation adversely affect the company in utilising the benefits

	Consolidated Entity	
	2020	2019
	\$	\$
Deferred Tax Liabilities		
At 27.5% (2019: 27.5%)		
Exploration expenditure	907,176	711,934
Capital raising costs	23,586	18,353
Property, plant and equipment	5,085	7,500
Financial asset	68,795	1,181
Accrued income	-	33
Prepayments	1,343	1,314
	1,005,985	740,315

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

11. CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2020	2019
	\$	\$
Cash at bank and in hand	952,107	1,047,789
Deposits at call	1,000	528
Term deposits	15,000	15,000
	968,107	1,063,317

- Reconciliation to cash and cash equivalents at the end of the year.

The above figures are reconciled to cash and cash equivalents at the end of the financial year, as shown in the Statement of Cash Flows, as follows:

Balances as above	968,107	1,063,317
Cash and cash equivalents in statement of cash flows	968,107	1,063,317

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 24.

12. TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current</i>		
Lease receivables (i)	33,601	-
Other receivables (ii)	79,434	6,390
Accrued interest	-	121
	113,035	6,511

(i) The Company has a number of sub-leases with various parties which are the same term as the Company's lease, i.e. expiry date of 28 February 2021 with an option to extend for another year. They are on a fixed monthly rent payable within 30 days.

(ii) Other receivables are non-interest bearing and are normally settled on 30 day terms.

None of the consolidated entity's other receivables are past due (2019: Nil).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current</i>		
Listed ordinary shares – at fair value through profit and loss.	630,742	43,147
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	43,147	49,428
Additions	350,000	-
Disposals	(22,176)	(11,147)
Revaluation increment/(decrement)	259,771	4,866
Closing fair value	630,742	43,147
<i>Non-Current</i>		
Unlisted investment – at fair value through profit and loss	6,520	10,015
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	10,015	115,772
Revaluation decrement	(3,495)	(105,757)
Closing fair value	6,520	10,015

14. OTHER CURRENT ASSETS

	Consolidated Entity	
	2020	2019
	\$	\$
Bonds & deposits	2,010	2,010
Prepayments	4,884	4,779
	6,894	6,789

15. INTEREST IN ASSOCIATE

The consolidated entity has a 23% (2019: 30%) interest in Kavak Madencilik A.Ş., which is a for-profit joint venture established to explore mineral resources in Turkey. The consolidated entity's investment in Kavak Madencilik A.Ş. is accounted for using the equity method in the consolidated financial statements.

Summarised statement of financial position of Kavak Madencilik:

	Consolidated Entity	
	2020 \$	2019 \$
Cash and cash equivalents	61,373	10,291
Trade and other receivables	-	270,693
Other current assets	376,447	-
Exploration and evaluation expenditure	2,132,283	1,443,207
Trade and other payables	(1,056,822)	(806,398)
Net assets/ equity	1,513,281	917,793
Zenith's 23% share (2019:30%) of Kavak Madencilik's net assets	348,055	275,337
Zenith's carrying account of investment in Kavak Madencilik	348,055	275,337

Summarised statement of profit or loss of Kavak Madencilik:

Administration Costs	(32,448)	(118,136)
Loss for the period	(32,448)	(118,136)

Movement Reconciliation:

	Consolidated Entity	
	2020 \$	2019 \$
Balance at beginning of financial year	275,337	147,733
Payments for investment	23,050	189,874
Share of loss recognised	(9,135)	(35,441)
Profit on part disposal of investment	107,123	-
Foreign exchange loss	(48,320)	(26,829)
Balance at end of financial year	348,055	275,337

16. PLANT AND EQUIPMENT

	Consolidated Entity	
	2020 \$	2019 \$
Plant and equipment – at cost	25,822	25,822
Less: Accumulated depreciation	(23,620)	(22,518)
	2,202	3,304
Motor vehicles – at cost	94,652	94,652
Less: Accumulated depreciation	(86,273)	(83,480)
	8,379	11,172

16. PLANT AND EQUIPMENT (cont.)

	Consolidated Entity	
	2020 \$	2019 \$
Computer equipment and software – at cost	29,337	54,892
Less: Accumulated depreciation	(21,426)	(42,097)
	7,911	12,795
Carrying Amount	18,492	27,271

a) Movement Reconciliation

Cost	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment & Software \$	Total \$
Consolidated				
Balance at 1 July 2018	24,324	94,652	46,477	165,453
Additions	1,498	-	11,004	12,502
Disposals/Write-off	-	-	(2,589)	(2,589)
Balance at 30 June 2019	25,822	94,652	54,892	175,366
Balance at 1 July 2019	25,822	94,652	54,892	175,366
Additions	-	-	-	-
Disposals/Write-off	-	-	(25,555)	(25,555)
Balance at 30 June 2020	25,822	94,652	29,337	149,811
Depreciation				
Balance at 1 July 2018	21,489	79,756	39,721	140,966
Depreciation for the year	1,029	3,724	4,965	9,718
Depreciation on asset write off	-	-	(2,589)	(2,589)
Balance at 30 June 2019	22,518	83,480	42,097	148,095
Balance at 1 July 2019	22,518	83,480	42,097	148,095
Depreciation for the year	1,102	2,793	4,324	8,219
Depreciation on asset write off	-	-	(24,995)	(24,995)
Balance at 30 June 2020	23,620	86,273	21,426	131,319
Carrying Amount				
At 30 June 2019	3,304	11,172	12,795	27,271
At 30 June 2020	2,202	8,379	7,911	18,492

17. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity	
	2020 \$	2019 \$
Balance at beginning of financial year	3,199,220	2,504,425
Capitalised expenditure	1,194,934	904,608
Less capitalised expenditure written against proceeds	(21,909)	-
Less capitalised expenditure reimbursed – Farm in Agreement	-	(46,961)
Less capitalised exploration expenditure recognised as equity investment in associate	(21,486)	-
Less capitalised expenditure written off	(336,467)	(65,079)
Less impairment of exploration expenditure	(21,027)	(97,773)
Balance at end of financial year	3,993,265	3,199,220

17. EXPLORATION AND EVALUATION EXPENDITURE (cont.)**Exploration and Evaluation Assets**

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest as well as maintaining rights of tenure.

During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$21,027 (2019: \$97,773) following its review of its portfolio of mineral tenements, whereby decisions have been made for certain areas of interest, not to incur substantial expenditure on further exploration for and evaluation of mineral resources. Capitalised expenditure written off totaling \$336,467 (2019: \$65,079) is as a result of decisions being made for certain areas of interest being abandoned or the right to explore has expired or will not be renewed.

18. RIGHT OF USE ASSET

	Consolidated Entity	
	2020	2019
	\$	\$
Land and buildings – right of use asset	37,730	-
Less: Accumulated depreciation	(22,811)	-
	14,919	-

The company leases land and buildings for its offices under a two-year agreement. There is an option to renew for a further twelve months at the discretion of the landlord. The Company sub-leased 68.8% of the offices, and has thus reclassified this portion of the right-of-use asset to lease receivables (refer note 12).

19. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current</i>		
Other payables (a)	36,827	44,467
Accrued fees and employment expenses (b)	60,901	85,240
	97,728	129,707

Terms and Conditions

Terms and conditions relating to the above financial instruments

- a) Other payables are non-interest bearing and are normally settled on 30 day terms.
- b) Sundry creditors and accruals are non-interest bearing and have an average term of 30 days.

20. LEASE LIABILITIES

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current liabilities</i>		
Lease Liabilities	50,471	-
	50,471	-

21. EMPLOYEE BENEFITS

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current liabilities</i>		
Employee benefits	70,906	66,148
	70,906	66,148

22. ISSUED CAPITAL

	2020 Shares No.	2020 \$	2019 Shares No.	2019 \$
(a) Share capital				
Fully paid ordinary shares Balance at beginning of year	212,762,128	20,475,655	212,762,128	20,475,655
Issue of ordinary shares	30,597,902	1,688,494	-	-
Costs of issue	-	(29,677)	-	-
Total	243,360,030	22,134,472	212,762,128	20,475,655

2020

During the year to 30 June 2020, the following changes to equity securities took place:

- (i) On 20 August 2019, 352,567 fully paid ordinary shares were issued at \$0.07091 for consideration amounting to \$25,000, for geochemical assay data.
- (ii) On 28 October 2019, the Company announced a capital raising by way of a Non-renounceable entitlement offer to existing shareholders of 1 new fully paid ordinary share for every 6 fully paid ordinary shares held by eligible shareholders at record date being 5pm (AEDT) on 31st October 2019. A total of 30,245,335 ordinary ZNC shares were issued raising \$1,663,494.

(b) Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets. Ordinary shares do not have a par value.

(c) Options

Information relating to Zenith Minerals Limited's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 29.

(d) There is no current on market share buy-back.

23. RESERVES AND RETAINED LOSSES

	Consolidated Entity	
	2020 \$	2019 \$
(a) Reserves		
<i>Options reserve</i>		
Balance at beginning of financial year	200,048	139,136
Issue of Staff Options	138,313	60,912
Expired/cancelled staff options (refer note 29)	(129,488)	-
Balance at end of financial year	208,873	200,048
<i>Foreign Currency Translation Reserve</i>		
Balance at beginning of financial year	(61,917)	(35,088)
Foreign currency translation	(48,320)	(26,829)
Balance at end of financial year	(110,237)	(61,917)
Total Reserves	98,636	138,131
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	(16,178,034)	(15,482,542)
Adjustment for change in accounting policy	(8,388)	-
Expired staff options (refer note 29)	129,488	-
Loss for the year	(383,397)	(695,492)
Balance at end of financial year	(16,440,331)	(16,178,034)

Options Reserve

The options reserve is used to recognise the benefit on the issue of options.

Foreign Currency Reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

24. FINANCIAL INSTRUMENTS

Overview

The Consolidated Entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

The Consolidated Entity does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Consolidated Entity through regular reviews of the risks identified.

Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Entity's receivables from customers and investment securities. For the Consolidated Entity, it arises from receivables due from director related parties. At the reporting date there were no significant concentrations of credit risk.

24. FINANCIAL INSTRUMENTS (cont.)

The consolidated entity does not hold any collateral.

Cash and Cash Equivalents

The Consolidated Entity limits its exposure to credit risk by only investing in liquid securities and only with counter parties that have an acceptable credit rating.

Trade and Other Receivables

As the Consolidated Entity operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

Exposure to Credit Risk

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	Consolidated Entity	
	2020	2019
	\$	\$
Cash and cash equivalents	968,107	1,063,317
Other receivables	113,035	6,511
Financial asset at fair value through profit or loss	637,262	53,162
	1,718,404	1,122,990

Impairment Losses

None of the Consolidated Entity's other receivables are past due (2019: Nil). The allowance accounts in respect of financial assets are used to record impairment losses unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2020 the Consolidated Entity does not have any collective impairment on its other receivables (2019: Nil).

Guarantees

The Consolidated Entity's policy is to not provide financial guarantees. No guarantees have been provided during the year.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (mainly cash and cash equivalents) to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation. The Consolidated Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. The Consolidated Entity does not have any external borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The cashflows in the maturity analysis below are not expected to occur significantly earlier than contractually disclosed above.

Consolidated Entity – 30 June 2020

Non-derivatives	Weighted Average Interest Rate	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	Over 5 years
<i>Non-interest bearing</i> Other payables*	-	97,728	97,728	-	-	-
<i>Interest bearing</i> Lease liability	5%	50,471	50,471	-	-	-

* The weighted average interest rate on other payables is Nil% as it is non-interest bearing.

24. FINANCIAL INSTRUMENTS (cont.)

Consolidated Entity - 30 June 2019

Non-derivative Non Interest Bearing	Weighted Average Interest Rate	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	Over 5 years
Non-interest bearing Other payables*	-	129,707	129,707	-	-	-

*The weighted average interest rate on other payables is Nil% as it is non interest bearing.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity is exposed to foreign currency risk through foreign exchange rate fluctuations when it enters into certain transactions denominated in foreign currency. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

At 30 June, the carrying amount of the Consolidated Entity's financial assets denominated in foreign currencies as detailed below.

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents denominated in US dollars	4,420	445,281

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by \$221(2019: \$22,264).

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risk, however to maintain liquidity, cash is invested for periods generally not exceeding 90 Days.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis as for 2019.

	2020 Profit or Loss		2019 Profit or Loss	
	100 bp Increase \$	100 bp Decrease \$	100 bp Increase \$	100 bp Decrease \$
Cash & cash equivalents	9,681	(9,681)	10,633	(10,633)

Fair Values

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

24. FINANCIAL INSTRUMENTS (cont.)**Fair Value Hierarchy**

The table below details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

**Consolidated –
30 June 2020**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	630,742	6,520	-	637,262
Total Assets	630,742	6,520	-	637,262

**Consolidated –
30 June 2019**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	43,147	10,015	-	53,162
Total Assets	43,147	10,015	-	53,162

There were no transfers between levels during the financial year.

The carrying amounts of other receivables, trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2:

Unquoted investments have been valued using their share of the net asset value.

Capital Management

The Consolidated Entity's objectives when managing capital is to safeguard the Consolidated Entity's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects.

In order to maintain or adjust the capital structure, the Consolidated Entity may return capital to shareholders, issue new shares or sell assets for in-specie distributions. The Consolidated Entity's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities.

The Consolidated Entity monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date. The Consolidated Entity encourages employees to be shareholders through the issue of free options to employees.

There were no changes in the Consolidated Entity's approach to capital management during the financial year. The Consolidated Entity is not subject to any externally imposed capital requirements.

25. OPERATING LEASE COMMITMENTS

	Consolidated Entity	
	2020 \$	2019 \$
Not later than one year	-	75,950
Later than one year but not later than two years	-	51,400
	-	127,350

26. EXPLORATION COMMITMENTS

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately \$616,000 during the next 12 months (2019: \$574,192). There are no commitments beyond 12 months in relation to tenements. These obligations may be varied from time to time, subject to approval and are expected to be fulfilled in the normal course of operations of the entity.

27. KEY MANAGEMENT PERSONNEL DISCLOSURES**Key Management Personnel Compensation**

	Consolidated Entity	
	2020 \$	2019 \$
Short-term employee benefits	449,850	457,885
Post-employment benefits	42,282	43,121
Share-based payments	75,850	49,837
	567,982	550,843

Information regarding key management personnel compensation is provided in the Remuneration Report section of the Directors Report.

28. RELATED PARTY TRANSACTIONS**(a) Parent Entity and Ultimate Controlling Parent**

Zenith Minerals Limited is the parent entity and ultimate controlling entity of the Group.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 32.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 27.

(d) Transactions with Related Parties

The following transactions occurred with related parties during the financial year:

- ii) Provision of Serviced Office – During the financial year ended 30 June 2020, there was fee revenue of:
 - a. \$7,164 (2019: \$7,745) from Minasola Pty Ltd, a director related entity of Mr R M Joyce;
 - b. \$7,164 (2019: \$7,745) from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald;
 - c. \$7,164 (2019: \$7,745) from Satinbrook Pty Ltd, a director related entity of Mr G D Riley.

28. RELATED PARTY TRANSACTIONS (cont.)**(e) Outstanding balances arising from transactions with related parties**

The following balances arising from transactions with related parties are outstanding as at 30 June 2020:

	Consolidated Entity	
	2020	2019
	\$	\$
<i>Current receivables:</i>		
Trade and other receivables	-	6,390
<i>Current payables:</i>		
Accrued fees and employment expenses	-	30,112

(f) There were no loans to or from related parties at the current and previous reporting date.

All transactions were made on normal commercial terms and conditions and at market rates.

29. SHARE BASED PAYMENTS**Employee Option Plan**

The establishment of the Zenith Minerals Limited's Employee Option Plan was approved by Directors resolution dated 27 February 2007. A current version of the Zenith Minerals Limited's Employee Option Plan was approved by shareholders at the Annual General Meeting held on 24th November 2016 and three years later on 20th November 2019.

The Board may offer free options to persons ("Eligible Persons") who are:

- full time, part time or casual employees, a contractor or an associated body corporate of the Company who have accepted a written offer of engagement; or
- Directors of the company or any subsidiary based on a number of criteria including contribution to the Consolidated Entity, period of employment, potential contribution to the Consolidated Entity in the future and other factors the Board considers relevant.

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share, in any event no later than thirty days, after the receipt of a properly executed notice of exercise and application monies. The Consolidated Entity will issue to the option holder, the number of shares specified in that notice. The Consolidated Entity will apply for official quotation of all shares issued and allotted pursuant to the exercise of the options.

Options may not be transferred other than to an associate of the holder.

Set out below is the summary of options granted under the plan:

2020:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
14 May 2020	14 May 2023	\$0.1097	-	1,200,000	-	-	1,200,000	1,200,000
25 Nov 2019	24 Nov 2022	\$0.087	-	3,950,000	-	-	3,950,000	3,950,000
28 Sep 2018	28 Sep 2021	\$0.18	1,650,000	-	-	-	1,650,000	1,650,000
29 Nov 2016	29 Nov 2019	\$0.161	2,500,000	-	-	(2,500,000)*	-	-
			4,150,000	5,150,000	-	(2,500,000)	6,800,000	6,800,000

* 2,500,000 \$0.161 unlisted options expired on 29 November 2019. These had a fair value of \$0.05179 each.

29. SHARE BASED PAYMENTS (cont.)

Employee Option Plan (cont.)

2019:

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
28 Sep 2018	28 Sep 2021	\$0.18	-	1,650,000	-	-	1,650,000	1,650,000
29 Nov 2016	29 Nov 2019	\$0.161	2,500,000	-	-	-	2,500,000	2,500,000
			2,500,000	1,650,000	-	-	4,150,000	4,150,000

Zenith Minerals Limited	Weighted average exercise price	Number of Options	Weighted average exercise Price	Number of options
	2020	2020	2019	2019
Outstanding at the beginning of the period	\$0.17	4,150,000	\$0.16	2,500,000
Exercised during the period	-	-	-	-
Granted during the period	\$0.092	5,150,000	\$0.18	1,650,000
Forfeited during the period	-	-	-	-
Lapsed during the period	\$0.161	(2,500,000)	-	-
Outstanding at end of the period	\$0.11	6,800,000	\$0.17	4,150,000
Exercisable at the end of the period	\$0.11	6,800,000	\$0.17	4,150,000

The weighted average remaining contractual life of share options outstanding at the end of the year was 2.20 years (2019: 1.14 years). The weighted average exercise price during the financial year was \$0.11 (2019: \$0.17).

For the options granted during the 2020 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

2020:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
25 Nov 2019	24 Nov 2022	\$0.055	\$0.087	50.55%	-	0.69%	\$0.011358
14 May 2020	14 May 2023	\$0.085	\$0.1097	206.16%	-	0.26%	\$0.077874

2019:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
28 Sep 2018	28 Sep 2021	\$0.115	\$0.18	65.34%	-	2.06%	\$0.036916

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to public available information.

Total expense recognised as share-based payments for the 2020 financial year was \$138,313 (2019: \$60,912).

30. RECONCILIATION OF LOSS BEFORE INCOME TAX EXPENSE TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated Entity	
	2020	2019
	\$	\$
Loss for the year	(383,397)	(695,492)
Add:		
Non-cash items		
Share of losses of Associate accounted for using equity method	9,135	35,441
Net fair value (gain)/loss on other financial assets	(256,276)	100,891
Exploration expenditure written off	336,467	65,079
Impairment loss on exploration & evaluation expenditure	21,027	97,773
Depreciation and amortization	31,030	9,718
Plant and equipment written off	561	-
Foreign exchange (gain)/loss	(22,856)	(33,227)
Share based payment	138,313	60,912
Profit on disposal of party equity investment in associate	(107,123)	-
Profit on sale of tenements	(328,091)	(250,000)
Changes in operating liabilities:		
Decrease/(Increase) in trade and other receivables	(106,524)	36,234
Decrease/(Increase) in other assets	(105)	(60)
Decrease/(Increase) in exploration expenditure capitalised	(1,159,412)	(946,901)
Decrease/(Increase) in right of use asset	(37,730)	-
Increase/(Decrease) in trade and other payables	(40,881)	54,415
Increase/(Decrease) in provision for income tax	88,147	(12,481)
Increase/(Decrease) in employee benefits	4,758	(4,100)
Increase/(Decrease) in lease liabilities	113,633	-
Net cash (used in) operating activities	(1,699,324)	(1,481,798)

(a) Non-cash investing and financing activities.

During 2020, there were no non-cash investing and financing activities to disclose other than those in Note 29.

31. SUBSEQUENT EVENTS

A capital raising announced to the Australian Securities Exchange ('ASX') on 7th July 2020, resulted in:

- the placement/issue on 13th July 2020 of 51,000,000 ordinary shares to existing shareholders and sophisticated investors, pursuant to s.708 of the Corporations Act (Cth) 2001, at \$0.10 per share raising \$5,100,000.
- The issue on 13th July 2020 of 2,000,000 unlisted options exercisable at \$0.14 on or before 31 December 2023 and 2,000,000 unlisted options exercisable at \$0.16 on or before 31 December 2023 associated with the placement.

On 6th August 2020, Zenith Minerals Limited ('Zenith') announced to the ASX that American Rare Earths (ASX Code: ARR) and Zenith Minerals Limited have executed an option agreement whereby ARR will acquire 100% of Zenith's Australian wholly owned subsidiary, Wyoming Rare Pty Ltd which controls the Laramie REE project held by its 100% owned USA subsidiary Wyoming Rare (USA) Inc. The acquisition includes payment to Zenith of a non-refundable deposit of \$10,000 plus a further \$40,000 cash payment and 2,500,000 ARR ordinary shares (price A\$0.02 each) upon satisfaction of conditions including the conversion of exploration permits to mineral leases, which is anticipated to occur in November this year.

On 10th September 2020, Zenith announced to the ASX that it entered into an option agreement in relation to a new gold project called Jackadgery in New South Wales. Under the option agreement, an option payment of \$10,000 is paid upfront and there is a requirement to complete a minimum of a 300m drill program within 12 months and at its sole election may then elect to acquire a 90% interest in the project for a one-off cash payment of \$100,000 to one (Ms C McClatchie) of two private vendors, the other (Mr A Slood).

31. SUBSEQUENT EVENTS (cont.)

In relation to COVID-19, Zenith's Board is mindful of the significant impact the virus is having on the community and is continuing to assess the potential risks associated with its activities. The Company will continue to act on advice provided by Federal and State Governments with the health and safety of Zenith's crew, contractors and local stakeholders a priority. Zenith has in place a COVID-19 site health management plan and requires that all its field crews comply with the requirements of that plan. In addition, the Company is managing projects across state borders and is ensuring it complies with both Federal and State based travel and border restrictions by employing, where available, local staff and using locally based contractors and consultants.

No other matter or material event has arisen since 30 June 2020, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

32. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 3.

Name	Principal place of business/country of incorporation	Ownership interest	
		2020 %	2019 %
Nanutarra Minerals Pty Ltd	Australia	100%	100%
Earaheedy Minerals Pty Ltd	Australia	100%	100%
S2M2 Coal Pty Ltd	Australia	100%	100%
Kalicoal Pty Ltd	Australia	100%	100%
Mamucoal Pty Ltd	Australia	100%	100%
S2M2 Eastern Coal Pty Ltd	Australia	100%	100%
BlackDragon Energy (Aus) Pty Ltd	Australia	100%	100%
Zenolith (USA) LLC.	USA	45%	45%
Zacatecas Minerals Pty Ltd	Australia	100%	100%
Fossil Prospecting Pty Ltd	Australia	100%	100%
Caldera Metals Pty Ltd	Australia	100%	100%
Wyoming Rare Pty Ltd	Australia	100%	100%
Wyoming Rare (USA) Inc. ⁽¹⁾	USA	100%	0%

The Consolidated Entity is incorporated in Australia and its principle activity is exploration.

(1) Wyoming Rare (USA) Inc. was incorporated in Wyoming on 1st August 2019.

33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2020, the parent entity of the Group was Zenith Minerals Limited.

	2020 \$	2019 \$
Result of Parent Entity:		
Profit (loss) for the period	(723,856)	(660,760)
Other comprehensive income (loss)	-	-
Total Comprehensive Income (loss) for the period	(723,856)	(660,760)
Financial Position of Parent Entity at Year End:		
Current assets	1,717,759	985,924
Total Assets	5,208,285	4,120,150
Current liabilities	219,105	195,856
Total Liabilities	219,105	195,856

33. PARENT ENTITY DISCLOSURES (cont.)

	2020 \$	2019 \$
Total Equity of the Parent Entity Comprising of:		
Share capital	22,134,472	20,475,655
Reserves	208,873	200,048
Retained earnings/(losses)	(17,354,165)	(16,751,408)
	4,989,180	3,924,295

The Parent Entity has no guarantees at 30 June 2020 (2019: Nil)

Contingent Assets and Liabilities

There are no contingent assets and liabilities at reporting date (2019: Nil) other than what is disclosed in Note 36.

34. DIVIDENDS

No dividends have been paid or provided for.

35. CONTINGENT ASSETS AND LIABILITIES

On the 14th May 2020, the Company announced to the ASX that it proposes to grant unlisted options to directors under the Company's Employee Share Option Plan, as follows:

- to Non-Executive Directors, Peter Bird, Julian Goldsworthy, Stan Macdonald and Graham Riley: 1.25 million unlisted options with a 3-year term each expiring 14 May 2023 and exercisable at \$0.1097 each (being the price that is 43% above the most recent 5-day VWAP).
- to Managing Director Mick Clifford 2 million unlisted options with a 3-year term expiring 14 May 2023 and exercisable at \$0.1097 each (being the price that is 43% above the most recent 5-day VWAP).

The issue of unlisted options under the Company's Employee Share Option Plan to the directors is subject to shareholder approval, to be sought at the Company's next General Meeting.

There are no other contingent assets and liabilities at reporting date (2019: Nil).

1. In the opinion of the directors of Zenith Minerals Limited:

- (a) the Financial Statements and notes thereto, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and Remuneration Report marked as audited, and its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a);
- (c) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to s.295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr R M JOYCE
Chairman

Dated: 25 September 2020
PERTH, WA

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZENITH MINERALS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Zenith Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the accompanying financial report of Zenith Minerals Limited is in accordance with the Corporations Act 2001, including:

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate audit opinion on these matters. For each matter below, our description of how our audit addressed these matters are provided in that context.

1. Valuation of capitalised exploration expenditure

Why significant

As at 30 June 2020 the carrying value of exploration and evaluation assets was \$3,993,265 (2019: \$3,199,220), as disclosed in Note 17. This represents 65% of total assets of the consolidated entity.

The consolidated entity's accounting policy in respect of exploration and evaluation expenditure is outlined in Note 3.

Significant judgement is required:

- in determining whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"); and
- in determining the treatment of exploration and evaluation expenditure in accordance with AASB 6, and the consolidated entity's accounting policy. In particular:
 - whether the particular areas of interest meet the recognition conditions for an asset; and
 - which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
 - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
 - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
 - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- assessing the appropriateness of the related disclosures in Note 3 and 17.

2. Valuation of Investment in Associate

Why significant

The consolidated entity has a 23% interest in an associate, Kavak Madencilik, which is a for-profit joint venture established for mineral exploration activities in Turkey. As at 30 June 2020, the value of the investment in the consolidated entity is \$348,055 (2019: \$275,337) as detailed in Note 15. The consolidated entity's accounting policy in respect of joint ventures is outlined in Note 3. The estimates and judgements in relation to the valuation of the capitalised exploration and evaluation expenditure have a significant impact on Kavak Madencilik's position and performance, which effects the consolidated entity's investment in Kavak Madencilik and its share of the loss recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income totalling \$9,135 (2019: \$35,441) as detailed in Note 15.

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- considering the control relationship to confirm that equity accounting is appropriate;
- assessing the work performed by the component auditor on Kavak Madencilik to ensure in accordance with relevant auditing standards, including in particular:
 - addressing the capitalisation of exploration costs in accordance with IFRS 6 Exploration For and Evaluation of Mineral Resources; and
 - addressing the potential impact of the impairment triggers within IFRS 6.
- ensuring all other component auditor instructions provided by us were followed and addressed appropriately;
- reviewing the foreign exchange translation of the movements within the investment during the year, to confirm that it is reasonable and in accordance with AASB 121 The Effect of Changes in Foreign Exchange Rates;
- reviewing the calculation of the part disposal of the interest in associate reducing its interest from 30% to 23%, to ensure that this was in accordance with AASB 128 Investments in Associates and Joint Ventures; and
- assessing the appropriateness of the related disclosures in Notes 3 and 15.

3. Implementation of AASB 16 Leases

Why significant

The 30 June 2020 financial year was the first year of adoption of Australian Accounting Standard AASB 16 *Leases*. The consolidated entity has recognised a right of use asset of \$14,919, a lease receivable of \$33,601 and lease liability of \$50,471 as at 30 June 2020 as detailed in Notes 12, 18 and 20 respectively.

AASB 16 replaces the existing standard AASB 117 and specifies how the consolidated entity will recognise, measure, present and disclose leases.

The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The implementation of AASB 16 is considered a key audit matter due to:

- the complexity and judgements involved in the application of AASB 16; and
- the adjustment to the consolidated entity's assets and liabilities as at 30 June 2020 and 1 July 2019 as a result of the implementation of AASB 16.

The modified retrospective approach was applied for the conversion to AASB 16. The comparable figures from the prior year's periods were not adjusted.

The consolidated entity has disclosed its adoption of AASB 16, including key judgements, in notes 2 and 3 to the consolidated financial statements.

How our audit addressed the key audit matter

We have evaluated the application of AASB 16 and tested the resulting impact on the consolidated statement of financial position and consolidated statement of profit or Loss and other comprehensive income.

We have assessed whether the accounting regarding leases is consistent with the definitions of AASB 16 including factors such as lease term, discount rate and measurement principles.

Specifically, our work in this area included:

- Discussions with management regarding the first-time adoption methodology and checking calculations on transition, including adjustments to opening balances;
- Assessing the integrity of the consolidated entity's AASB 16 lease workings and calculations prepared by management;
- Assessing key judgements, including the internal borrowing rate and renewal dates;
- For the relevant leases, we agreed the consolidated entity's inputs in the AASB 16 lease calculation model in relation to those leases to the relevant terms of the underlying signed lease agreements;
- Substantive testing of capitalised lease calculations and the relevant unwinding of the lease asset and lease liability; and
- Assessing the adequacy of the disclosures made by management in the consolidated financial statements.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going

Responsibilities of Directors' for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF PERTH



SHANE CROSS
AUDIT PARTNER

25 SEPTEMBER 2020
WEST PERTH
WESTERN AUSTRALIA

CORPORATE GOVERNANCE STATEMENT

Zenith Minerals Limited and its subsidiaries ('Group') Corporate Governance Statement outlines the main corporate governance practices of Zenith Minerals Limited and its subsidiaries ('Group') in place throughout the financial year ended 30 June 2020, which comply with the 3rd Edition of the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, unless otherwise stated.

The Group's Corporate Governance Statement for the financial year ending 30 June 2020 is current as at 25th September 2020 and has been approved by the Board of Directors of Zenith Minerals Limited.

The Corporate Governance Statement is available on the Zenith Minerals Limited website at <https://www.zenithminerals.com.au/corporate-governance-policies/>.

The company's ASX Appendix 4G, which is a checklist that cross-references the ASX Principles and Recommendations to the relevant disclosures in either this statement, the Annual Report or the company website, is contained in the website at www.zenithminerals.com.au.

In Compliance with ASX Requirements

The shareholder information set out below was applicable as at 16 September 2020.

1. DISTRIBUTION OF EQUITY SECURITIES

a) Analysis of numbers of shareholders by size of holding – ordinary fully paid shares (ZNC)

	Number of Shareholders	Number of Fully Paid Ordinary Shares
1 – 1,000	441	159,287
1,001 – 5,000	449	1,066,414
5,001 – 10,000	231	1,943,461
10,001 – 100,000	676	24,699,542
100,001 and over	256	266,491,326
	2,053	294,360,030

b) Number of shareholders holding less than a marketable parcel – 850 (at 16 September 2020).

2. PARTICULARS OF TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are listed below:

Shareholder	Shares Issued	Fully Paid Ordinary Shares	
		Number held	% of total
1	HSBC CUSTODY NOM (AUSTRALAI) LIMITED	29,039,789	9.87%
2	J P MORGAN NOMINEES AUSTRALIA PTY LTD	15,385,028	5.23%
3	MS NADA GRANICH	13,383,404	4.55%
4	MS SUZI QUELI MIQUILINI	11,398,001	3.87%
5	GALLOWAY LTD	9,345,455	3.17%
6	GDR PTY LTD	9,000,000	3.06%
7	ABINGDON NOMINEES PTY LTD	7,446,353	2.53%
8	BREAMLEA PTY LTD	6,826,364	2.32%
9	MR AUSTIN SYDNEY EVAN MILLER	6,279,171	2.13%
10	OLMA PRIVATE EQUITY FUND LP	5,600,000	1.90%
11	CUSTODIAL SERVICES LTD	5,283,787	1.80%
12	PERSHING NOMINEES LTD	5,040,000	1.71%
13	CITICORP NOMINEES PTY LIMITED	4,285,218	1.46%
14	TINTERN (VIC) PTY LTD	4,028,228	1.37%
15	STRUVEN NOMINEES PTY LTD	3,647,834	1.24%
16	MR JOHN BEVAN TILBROOK & MRS PAULINE TILBROOK & MR JOHN EDWIN TILBROOK	3,301,014	1.12%
17	YANDAL INVESTMENTS PTY LTD	3,262,417	1.11%
18	MR JOHN ALBERT JAMES RYAN & MRS CHANTHA RYAN	3,000,000	1.02%
19	ABINGDON NOMINEES PTY LTD	2,831,976	0.96%
20	EQUITY TRUSTEES LIMITED	2,800,000	0.95%
TOTAL FOR TOP 20:		151,184,039	51.36%

3. VOTING RIGHTS

Ordinary Shares: At general meetings of the Company, each member entitled to vote may vote in person or by proxy or attorney or representative. On a show of hands every person who is a member or a representative of a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each share held.

Options: No voting rights.

4. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

Ordinary Shares	Number held	% Interest
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	29,039,789	9.87%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,385,028	5.23%

5. UNQUOTED EQUITY SECURITIES

The following unquoted options are on issue:

	Number on Issue	Number of Holders
Options issued under the Company's Employee Option Plan to take up ordinary shares:		
- Exercisable at 18 cents each by 28 September 2021	1,650,000 ⁽¹⁾	4
- Exercisable at 8.87 cents each by 24 November 2022	3,950,000 ⁽²⁾	4
- Exercisable at 10.97 cents each by 14 May 2023	1,200,000 ⁽³⁾	4
Unlisted options exercisable at 14 cents expiring 31 December 2023	2,000,000 ⁽⁴⁾	1
Unlisted options exercisable at 16 cents expiring 31 December 2023	2,000,000 ⁽⁵⁾	1
⁽¹⁾ Persons holding 20% or more: M J Clifford M J Nelmes	61% 21%	
⁽²⁾ Persons holding 20% or more: M J Clifford	63%	
⁽³⁾ Persons holding 20% or more:- M J Nelmes A D'hulst	42% 42%	
⁽⁴⁾ Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	100%	
⁽⁵⁾ Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	100%	

INTERESTS IN MINING TENEMENTS

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy	WA	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	E69/3414	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	R69/2	Zenith Minerals Limited	100%	Granted
Vivash Gorge	WA	E47/3071	Zenith Minerals Limited	RTX Option to Purchase	Granted
Develin Creek	QLD	EPM16749	Kalicoal Pty Ltd	100%	Granted
Develin Creek	QLD	EPM17604	Kalicoal Pty Ltd	100%	Granted
Flanagans	QLD	EPM27487	Zenith Minerals Limited	100%	Granted
Cardinals	WA	E45/4445	S2M2 Eastern Coal Pty Ltd	100%	Granted
Red Mountain	QLD	EPM26384	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Waratah Well	WA	E59/2170	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Waratah Well	WA	E59/2321	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2375	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2394	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2395	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2386	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2388	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2453	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2454	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2455	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2456	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2457	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2513	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2514	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2515	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2615	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2616	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4506	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4507	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P74/379	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E74/634	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks-Dulcie	WA	P77/4102	RR & Assoc & Highscore PL	# 100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/1250	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/226	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	P77/4368	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/256	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/244	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1267	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1246	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	P77/4032	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/581	RR & Assoc & Highscore PL	As above	Granted

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Kavaklitepe	Turkey	EL20079861	Empire International Anadolu Madencilik Anonim Sirketi	~20%	Granted
San Domingo	Arizona – USA	State Mineral Exploration Permits 08-118824 & 08-118825	Zenolith (USA) Inc.	* Bradda Head confirming its 55% interest	Granted
San Domingo	Arizona – USA	Federal Claims 1 to 69	Zenolith (USA) Inc.	As above	Granted
San Domingo	Arizona - USA	San Domingo WP28, Midnight Owl #2, RPZ1	Zenolith (USA) Inc.	As above	Granted
Wilson Salt Flat	Nevada – USA	Federal Claims 1 to 168	Zenolith (USA) Inc.	As above	Granted
Spencer	Nevada - USA	Federal Claims 1 to 146	Zenolith (USA) Inc.	As above	Granted
Burro Creek	Arizona - USA	Federal Claims BC1 to BC4, 11-92022 to 11-92029, 11-86283, 08-120901 & 003	Zenolith (USA) Inc.	As above	Granted
Burro Creek	Arizona - USA	Federal Claims ZL1 to ZL46, CP1 to CP12	Zenolith (USA) Inc.	As above	Granted
Wickieup – Big Sandy	Arizona - USA	Federal Claims Placer Claims W17 to Z60, W64 to W83, W85 to W130, W133 to W138, W141 to W144, W146 to W206, W231 to W262, W266 to W270, W273 to W276, W281 to W283, W287 to W288, W294 to W296, W302 to W304, W310 to W336. Federal Lode Claims Z1 to Z71.	Zenolith (USA) Inc.	As above	Granted

Refer to ASX Release dated 21st March 2019

* Bradda Head Ltd earning initial 55% - Refer to ASX release dated 7th March 2017