



Zenith Minerals Limited  
ABN: 96 119 397 938

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**Date of Meeting:** Wednesday, 25<sup>th</sup> November 2020  
**Time of Meeting:** 11.00 am WST  
**Place of Meeting:** PKF Perth  
Level 5, 35 Havelock Street, WEST PERTH WA 6005

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Zenith Minerals Limited will be held at PKF Perth, Level 5, 35 Havelock Street, West Perth, Western Australia, at 11.00 am WST on Wednesday, 25<sup>th</sup> November 2020.

### AGENDA

#### ORDINARY BUSINESS

##### AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2020 Annual Financial Report, together with the Directors' and Auditor's Reports for the year ending 30 June 2020.

**Note: There is no requirement for Shareholders to approve these reports.**

### RESOLUTIONS

#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, the following Resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual Remuneration Report as set out in the Directors' Report for the financial year ending 30 June 2020."*

Please note that in accordance with section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any member of the Key Management Personnel whose remuneration is included in the Remuneration Report and any of their closely related parties. However, the Company will not disregard a vote cast on this Resolution by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or

- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

## 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PETER BIRD

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, Mr Peter John Bird, who retires as a Director of Zenith Minerals Limited, pursuant to clause 12.7 of the Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."*

## 3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JULIAN GOLDSWORTHY

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*"That, Mr Julian David Goldsworthy, who retires as a Director of Zenith Minerals Limited, pursuant to clause 12.3 of the Constitution and Listing Rule 14.4, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."*

## SPECIAL BUSINESS

## 4. RESOLUTION 4(A) – RATIFICATION OF PLACEMENT UNDER LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue under Listing Rule 7.1 of 32,000,000 Shares and 4,000,000 Options in the Company to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 4(A) by or on behalf of any person who participated in the issue and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 4(A) by such a person if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5. RESOLUTION 4(B) - RATIFICATION OF PLACEMENT UNDER LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue under Listing Rule 7.1A of 19,000,000 Shares in the Company to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 4(B) by or on behalf of any person who participated in the issue and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 4(B) by such a person if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 6. RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely by reason of being a holder of ordinary securities) if the Resolution is passed, or any Associate of those persons. However, the Company will not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Important note:** The persons to whom any Equity Securities under the Additional 10% Placement Facility may be issued to are not as yet known or identified. In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

7. **RESOLUTION 6 – AMENDMENTS TO CONSTITUTION**

To consider, and if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by making the amendments set out in the Explanatory Statement, with effect immediately from the close of the Meeting.”*

8. **RESOLUTION 7 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rule 7.2 Exception 13(b) and for all other purposes, approval is given for the Company to adopt the employee incentive scheme known as the “Zenith Minerals Limited Employee Share Option Plan”, a summary of which is set out in the Explanatory Statement accompanying this Notice of General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of a person who is eligible to participate in the employee incentive scheme, or an Associate of those persons. However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. **RESOLUTION 8 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR MICHAEL CLIFFORD**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 2,000,000 ESOP Options to Mr Michael Clifford (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 12.

**10. RESOLUTION 9 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR PETER BIRD**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,250,000 ESOP Options to Mr Peter Bird (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 12.

**11. RESOLUTION 10 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR STANLEY MACDONALD**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,250,000 ESOP Options to Mr Stanley Macdonald (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 12.

**12. RESOLUTION 11 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR JULIAN GOLDSWORTHY**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,250,000 ESOP Options to Mr Julian Goldsworthy (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** a voting exclusion statement for this Resolution is provided after Resolution 12.

**13. RESOLUTION 12 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR GRAHAM RILEY**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purpose of Listing Rules 10.14 and 10.19, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,250,000 ESOP Options to Mr Graham Riley (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of Resolutions 8 to 12 by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or an Associate of that person or those persons, or an officer of the Company or any of its child entities who is entitled to participate in a termination benefit (**Excluded Persons**). However, the Company need not disregard a vote if:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution(s), in accordance with the directions on the Proxy Form given to the proxy or attorney to vote on the Resolution(s) in that way; or
- (b) the Chair acting as proxy or attorney for a person who is entitled to vote on the Resolution(s), in accordance with a direction given to the Chair to vote on the Resolution(s) as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution(s); and
  - (ii) the holder votes on the Resolution(s) in accordance with directions given by the beneficiary to the holder to vote in that way.

The Excluded Persons for Resolutions 8 to 12 under the ASX voting exclusions are set out in the table below.

Resolution	Excluded Persons
Resolution 8	Mr Michael Clifford or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 9	Mr Peter Bird or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 10	Mr Stanley Macdonald or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 11	Mr Julian Goldsworthy or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 12	Mr Graham Riley or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme

### **Part 2D of the Corporations Act**

For the purposes of Part 2D of the Corporations Act, a vote on Resolutions 8 to 12 must not be cast by or on behalf of Mr Michael Clifford, Mr Peter Bird, Mr Stanley Macdonald, Mr Julian Goldsworthy and Mr Graham Riley or an associate of those persons for each of their respective Resolutions. However, this does not prevent the casting of a vote on Resolutions 8 to 12 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to above.

The Company will disregard any votes cast on Resolutions 8 to 12 by any member of the Key Management Personnel, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolutions 8 to 12. However, the Company will not disregard any votes cast on Resolutions 8 to 12 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on a Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolutions 8 to 12 are connected with the remuneration of the Key Management Personnel.

If you are a member of the Key Management Personnel or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

### **Explanatory Statement**

The Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

### **Proxies**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### **Corporate Representative**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

### **Entitlement to attend and vote**

For the purposes of voting at this Annual General Meeting, a Shareholder's voting entitlement will be taken to be the entitlement of the Shareholder shown on the register of Shareholders at 11.00 am WST on 23<sup>rd</sup> November 2020.

## **BY ORDER OF THE BOARD**

### **Melinda Nelmes**

Company Secretary

6<sup>th</sup> October 2020

*The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

## **NOTES**

### **RIGHT TO VOTE**

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders as at 5.00pm WST on Monday, 23<sup>rd</sup> November 2020.

### **VOTING IN PERSON**

To vote in person, please attend the Annual General Meeting on the date and at the place set out in this Notice of Meeting.

### **VOTING BY A CORPORATION**

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Annual General Meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's Share Registry.

### **VOTING BY PROXY**

Proxy Forms should be returned to the Company's Share Registry, Automic Registry Services, in accordance with the instructions on the enclosed proxy form by 11.00am (AWST) on Monday, 23<sup>rd</sup> November 2020.

Proxy Forms received later than the time specified above will be invalid.

The methods of delivery for proxies are specified on the Proxy Form.



## Explanatory Statement

This Explanatory Statement accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

### AGENDA ITEM 1 - FINANCIAL STATEMENTS AND REPORTS

The 2020 Annual Financial Report for the period ended 30 June 2020 (including the financial statements, Directors' Reports and Auditor's Report) is tabled for the information of Shareholders. A copy of the 2020 Annual Financial Report can be accessed on-line at [www.zenithminerals.com.au](http://www.zenithminerals.com.au). Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve this report and no vote will be taken on the 2020 Annual Financial Report.

However, time will be allowed during the Annual General Meeting for consideration by Shareholders of the Annual Financial Report (including the associated Directors' Report and Auditor's Reports).

The Company's auditor, PKF Perth, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5.00pm (WST) on Wednesday, 18<sup>th</sup> November 2020:

In person at: Level 2, 33 Ord Street, West Perth, Western Australia

By post to: PO Box 1426, West Perth WA 6872

By email to: [info@zenithminerals.com.au](mailto:info@zenithminerals.com.au).

### 1. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the year ended 30 June 2020 is set out in the 2020 Annual Financial Report and is also available on the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

The Remuneration Report includes an explanation of the Company's remuneration policies and the remuneration arrangements in place for Directors and certain senior executives whose remuneration arrangements are required by law to be disclosed.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, then the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote. If the Company's remuneration report receives at least 25% of the votes cast against its adoption at two consecutive annual general meetings (that is 'two strikes'), the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting (**Spill Meeting**) to consider the appointment of Directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of that second annual general meeting. All of the Directors who were in office when the Company's Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting, those persons whose election or re-election as Directors is approved will be the Directors of the Company. Further information will be provided on the Spill Resolution and Spill Meeting for any annual general meeting at which the Company may face a 'second strike'.

The Company's remuneration report for the financial year ended 30 June 2019 did not receive a "no" vote of 25% or more at the Company's previous annual general meeting held on 20 November 2019. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the Remuneration Report are against the adoption of the Remuneration Report.

### 1.1 **Board recommendations**

The Board unanimously recommends Shareholders vote in favour of this Resolution.

The Chair intends to vote all available proxies to the extent expressly authorised in favour of Resolution 1.

## 2. **RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PETER BIRD**

Mr Peter John Bird was appointed a Non-Executive Director of the Company on 30 March 2020 as an additional Director. As of 30 September 2020, Mr Peter Bird has served as the Non-Executive Chairman of the Company.

In accordance with Listing Rule 14.4 and clause 12.7 of the Constitution, a Director appointed as an additional Director by the Board must not hold office, without re-election, past the next annual general meeting of the Company.

For this reason, Mr Peter Bird seeks re-election as a Director.

Mr Peter Bird is a well-qualified and experienced director. He holds a BSc(Hons) in Geology from La Trobe University. Peter Bird has 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. More recently, Peter has served in Board and executive roles both as a Managing Director and in the capacity of Non-Executive Chairman with several ASX listed resource companies, and as CEO and Deputy Chair of a UK Listed copper company.

### 2.1 **Board Recommendation**

The Directors (other than Mr Peter Bird) unanimously recommend that Shareholders vote in favour of Resolution 2.

## 3. **RESOLUTION 3 – RE-ELECTION OF DIRECTOR – JULIAN GOLDSWORTHY**

Pursuant to Listing Rule 14.4 and clause 12.3 of the Constitution a Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

For this reason, Mr Julian David Goldsworthy retires as a Director of the Company and offers himself for re-election.

Further details about Mr Julian Goldsworthy are set out in the Company's 2020 Annual Report which is available on the Company's website at [www.zenithminerals.com.au](http://www.zenithminerals.com.au).

### 3.1 **Board Recommendation**

The Directors (other than Mr Julian Goldsworthy) unanimously recommend that Shareholders vote in favour of Resolution 3.

## 4. RESOLUTIONS 4(A) AND 4(B) – RATIFICATION OF PLACEMENT

### 4.1 Background

The purpose of Resolutions 4(A) and 4(B) is for Shareholders to ratify the issue of 51,000,000 Shares issued to institutional and sophisticated investors (**Placement Shares**), 2,000,000 unlisted options, with an exercise price of \$0.14 and an expiry of 31 December 2023 and 2,000,000 unlisted options, with an exercise price of \$0.16 and an expiry of 31 December 2023 (together, the **Placement Options**), which were issued as part of the equity raise, as announced to ASX on 13 July 2020 (**Equity Raise**).

The Placement Shares and Placement Options issued under the Equity Raise were issued in the following way:

- (a) 32,000,000 Placement Shares and 4,000,000 Placement Options were issued using the Company's 15% placement capacity under Listing Rule 7.1 and are the subject of Resolution 4(A) (**Resolution 4(A) Issue**); and
- (b) 19,000,000 Placement Shares were issued using the Company's additional 10% placement capacity under Listing Rule 7.1A and are the subject of Resolution 4(B) (**Resolution 4(B) Issue**).

### 4.2 Regulatory Requirements

As noted at section 4.1, on 13 July 2020, the Company issued, as part of the Equity Raise, 51,000,000 Placement Shares to institutional and sophisticated investors and 4,000,000 Placement Options under Listing Rules 7.1 and 7.1A in the proportions described above (**Equity Raise Issue**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting at which the Shareholders approve the 10% placement facility. The 10% placement facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Equity Raise Issue does not fit within any of the exceptions under Listing Rule 7.1 and 7.1A, and as the Equity Raise Issue has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1 and the 10% limit in Listing Rule 7.1A, reducing Zenith's capacity to issue further equity securities without Shareholder approval under these Listing Rules for the 12 month period following the date of Equity Raise Issue.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 or Listing Rule 7.1A and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

Zenith wishes to maintain as much flexibility as possible to issue additional equity securities in the future without having to obtain shareholder approval under Listing Rule 7.1 and 7.1A.

To this end, Resolutions 4(A) and 4(B) seeks shareholder approval of the Equity Raise Issue under and for the purposes of Listing Rule 7.4.

If Resolution 4(A) is passed, the Equity Securities issued in the Resolution 4(A) Issue will be excluded in calculating Zenith's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Equity Raise Issue.

If Resolution 4(A) is not passed, the Equity Securities issued in the Resolution 4(A) Issue will be included in calculating Zenith's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Equity Raise Issue.

If Resolution 4(B) is passed, the Equity Securities issued in the Resolution 4(B) Issue will be excluded in calculating Zenith's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Equity Raise Issue.

If Resolution 4(B) is not passed, the Equity Securities issued in the Resolution 4(B) Issue will be included in calculating Zenith's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of the Equity Raise Issue.

The Shares issued, for which approval and ratification is sought under Resolutions 4(A) and 4(B), comprise 18.02%<sup>1</sup> of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information in relation to Resolutions 4(A) and 4(B):

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified and selected**

The Placement Shares and Placement Options under Resolutions 4(A) and 4(B) were issued to new and existing institutional and sophisticated investors who participated in the Equity Raise, undertaken via a placement, as announced to the ASX on 7 July 2020.

The new sophisticated institutional and sophisticated investors were introduced by Canaccord Genuity (Australia) Limited, the lead manager of the Equity Raise (**Canaccord**).

The Company issued the 4,000,000 Placement Options to a nominee of Canaccord. For further details please refer to the table set out in Schedule 4.

(b) **Number of securities issued**

Under Resolutions 4(A) and 4(B), the Company seeks from Shareholders approval for, and ratification of, the issue of 51,000,000 Shares and 4,000,000 Options.

(c) **Terms of the securities**

The Placement Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Placement Shares.

The Placement Options were issued on the terms and conditions set out in Schedule 1. The Company has not applied, and will not apply, to ASX for official quotation of the Placement Options.

(d) **Date of issue**

The Placement Shares and Placement Options were issued on 13 July 2020.

(e) **Issue price or other consideration**

The issue price for Placement Shares was \$0.10 per Placement Share.

The Placement Options were issued for nil consideration but the exercise price for Shares issued on exercise of the Placement Options will be:

(i) \$0.14 per Placement Option for 2,000,000 Placement Options (**Tranche A**); and

(ii) \$0.16 per Placement Option for 2,000,000 Placement Options (**Tranche B**).

The Placement Options were valued using the Black-Scholes Valuation Model to determine a fair value of \$0.0985 per Placement Option in Tranche A and \$0.098 per Placement Option in Tranche B on 13 July 2020. Please refer to notes 3 and 4 of Schedule 4 for the model inputs used.

(f) **Purpose of the issue, including the intended use of the funds raised**

The use of the funds raised under the Equity Issue was for working capital purposes and to accelerate the Company's active exploration program, with a focus on core gold projects. For further information on the exploration programs, please refer to the Company announcement dated 13 July 2020 and Schedule 4.

<sup>1</sup> This percentage is based on the total number of ZNC shares and options on at the date of this Notice of Annual General Meeting, being 305,160,030 (rounded to two decimal places).

(g) **Relevant agreement**

The Placement Shares and Placement Options were not issued pursuant to any agreement.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 4(A) and 4(B) is included in the Notice of General Meeting preceding this Explanatory Statement.

**4.3 Board Recommendation**

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities under Listing Rules 7.1 and 7.1A during the next 12 months without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of each of Resolutions 4(A) and 4(B).

**5. RESOLUTION 5 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY**

**5.1 Background**

Broadly speaking, and subject to a number of exception, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its member, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Additional 10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting

The Company is an eligible entity (market capitalisation of approximately \$33 million) as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid shares issued in the 12-months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (2) plus the number of fully paid shares issued in the 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
  - a. the convertible securities were issue or agreed to be issued before the 12 month period; or
  - b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;
- (3) plus the number or fully paid shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
  - a. the agreement was entered into before the 12 month period; or
  - b. the agreement to issue was approved, or taken to have been approved under Listing Rule 7.1 or 7.4;
- (4) plus the number of partly paid shares that became fully paid in the 12-months;

- (5) plus the number of fully paid shares issued in the 12-months with approval of holders of shares under Listing Rule 7.1 and 7.4;
- (6) less the number of fully paid shares cancelled in the 12-months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 5.2(c) below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to a combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities (i.e. the Additional 10% Placement Capacity) without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

## 5.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

(a) **Issue Period**

If Shareholders approve Resolution 5, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period and that the approval will cease to be valid in the event that holders of the eligible entity's ordinary securities approve a transaction under rule 11.1.2 or rule 11.2.

(b) **Minimum Issue Price**

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue quoted Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must be issued for a cash consideration per Equity Security which is not less than 75% of the VWAP for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) If the Equity Securities are not issued within 10 trading days of the date in paragraph (b)(i) above, the date on which the Equity Securities are issued.

(c) **Purpose of Issues**

The Company will only seek to issue the Equity Securities for cash consideration for the following purposes:

- (i) an acquisition of new assets or investments (including expense associated with such acquisition);
- (ii) continued exploration and scoping and feasibility study expenditure on the Company's current assets; and
- (iii) general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.3.

(d) **Dilution**

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues.

There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The below table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 or Listing Rule 10.11 that are approved at a Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2	Dilution			
		\$0.055 50% decrease in Issue Price	\$0.11 Issue Price	\$0.165 50% increase in Issue Price
<b>Current Variable A 243,360,030</b>	10% voting dilution	24,336,003	24,336,003	24,336,003

<b>Shares</b>	Funds raised	\$1,338,480	\$2,676,960	\$4,015,440
<b>50% increase in current Variable A 365,040,045 Shares</b>	10% voting dilution	36,504,004	36,504,004	36,504,004
	Funds raised	\$2,007,720	\$4,015,440	\$6,023,160
<b>100% increase in current Variable A 486,720,060 Shares</b>	10% voting dilution	48,672,006	48,672,006	48,672,006
	Funds raised	\$2,676,960	\$5,353,921	\$8,030,881

**The table has been prepared on the following assumptions:**

1. Variable A has been calculated in accordance with the formula in Listing Rule 7.1A.2 as at close of business 2 October 2020.
2. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
3. No Options are exercised into Shares before the date of the issue of the Equity Securities.
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
5. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
7. The issue price is 11 cents, being the closing price of the Shares on ASX on close of business on 2 October 2020.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued to will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue, a placement and a pro rata offer, a placement and an offer under securities purchase plan or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders.

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility will not include related parties of the Company.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A.**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2019 annual general meeting on 20 November 2019.



In the 12 months preceding this Notice of Annual General Meeting, the Company has issued 19,000,000 Equity Securities (being Shares) under Listing Rule 7.1A.2, which represents approximately 8.75%<sup>2</sup> of the total number of Equity Securities on issue at the commencement of that 12-month period.

Details of all of the Equity Securities issued in the 12-month period are outlined in Schedule 4 of this Explanatory Statement. The Company notes that the only issue of Equity Securities under Listing Rule 7.1A.2 occurred on 13 July 2020 to institutional and sophisticated investors.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom any Equity Securities may be issued to under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with guidance in ASX Guidance Note 21 relating to ASX Listing Rule 7.1A), ASX considers a material benefit to be one that is likely to induce the recipient of the benefit to vote in favour of the transaction regardless on its impact on ordinary security holders. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

**5.3 Board Recommendation**

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 5.

**6. RESOLUTION 6 - MODIFICATION OF CONSTITUTION**

**6.1 Background**

A company may modify or repeal its Constitution by special resolution of Shareholders.

Resolution 6 is a special resolution which seeks approval of Shareholders to modify the Company's existing Constitution. A summary of the amendments to the Constitution is set out in Annexure A. The amendments will replace the existing clauses set out in Annexure A.

ASX has introduced a number of changes to the escrow regime in the Listing Rules which has taken effect from 1 December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX introduced a two-tier escrow regime where ASX can and will require certain significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

The proposed amendments are aimed at addressing certain changes to the Listing Rules, which require listed entities with restricted securities on issue to include certain provision in their

<sup>2</sup> This percentage is based on the total number of ZNC shares and options on issue at the date of the Company's annual general meeting in 2019 (at which Shareholder approval was received for the Company's current ASX Listing 7.1A mandate), being 217,264,695 Equity Securities.

constitutions. Notwithstanding that the Company does not currently have any restricted securities on issue, the Company seeks to update the Constitution to incorporate this change to the Listing Rules.

A copy of the amended Constitution is available for review by Shareholders at the office of the Company. A copy of the amended Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9226 1110). Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote.

## 6.2 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

If this Resolution is approved, the amended Constitution will be adopted with effect from the close of the Meeting.

## 7. RESOLUTION 7 - ADOPTION OF EMPLOYEE SHARE OPTION PLAN

### 7.1 Background

Resolution 7 seeks Shareholder approval for the adoption of an employee incentive scheme titled the "Zenith Minerals Limited Employee Share Option Plan" (**Plan**) in accordance with Listing Rule 7.2 Exception 13(b) and to enable Options and, upon exercise or conversion of those Options, Shares to be issued under the Plan to eligible employees (including Directors) and other persons that the Board determines to be eligible.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, Exception 13(b) sets out an exception to Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period (known as the Company's "placement capacity").

If Resolution 7 is not passed, the Company will still be able to issue Equity Securities to employees who are not directors (or otherwise covered by Listing Rule 10.14) but those issues will count towards the Company's 15% placement capacity.

Any future issue of Equity Securities under the Plan to a related party or person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time. Such approval is being sought under Resolutions 8 to 12.

### 7.2 Regulatory Requirements

Pursuant to and in accordance with Listing Rule 7.2 Exception 13(b), the following information is provided:

- (a) the material terms of the Plan are summarised in Schedule 3;
- (b) this is the first approval under Listing Rule 7.2 Exception 13(b) with respect to the Plan (noting that Shareholder approval of the Plan was received under the precursor Listing Rule 7.2 Exception 9) and the following Equity Securities have previously been issued under the Plan:
  - (i) 1,000,000 Options were issued in 2014 to Michael Clifford under the previous Zenith Minerals Limited Share Option Plan for no consideration;
  - (ii) 1,350,000 Options were issued in 2016 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration;

- (iii) 1,000,000 Options were issued in 2018 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration; and
- (iv) 2,500,000 Options were issued in 2019 to Michael Clifford under the current Zenith Minerals Share Option Plan for no consideration;
- (c) the maximum number of Equity Securities proposed to be issued under the Plan with the three-year period following Shareholder approval is 14,000,000 Options under the Plan. The maximum is not intended to be a prediction of the actual number of Equity Securities to be issued under the Plan, but simply a ceiling for the purposes of Listing Rule 7.2 Exception 13(b). Once that number is reached, any additional issues of Equity Securities under the Plan would not have the benefit of Listing Rule Exception 13(b) without additional Shareholder approval; and
- (d) a voting exclusion statement for Resolution 7 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

### 7.3 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

## 8. ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

### 8.1 Background to Resolutions 8 to 12

The Company is proposing to issue ESOP Options under the Plan (as set out below) to the Directors; Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy and Graham Riley, as set out below (**ESOP Issues**).

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme:

- (a) **Listing Rule 10.14.1:** a director of the company;
- (b) **Listing Rule 10.14.2:** an associate of a director of the company; or
- (c) **Listing Rule 10.14.3:** a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless the company obtains approval of its shareholders.

The ESOP Issues fall within Listing Rule 10.14.1 above and therefore require the approval of the Company's Shareholders under Listing Rule 10.14.

Accordingly, the Company is proposing, subject to obtaining Shareholder approval, to allot and issue:

- (a) 2,000,000 ESOP Options to Mr Michael Clifford (or his nominee);
- (b) 1,250,000 ESOP Options to Mr Peter Bird (or his nominee);
- (c) 1,250,000 ESOP Options to Mr Stanley Macdonald (or his nominee);
- (d) 1,250,000 ESOP Options to Mr Julian Goldsworthy (or his nominee); and
- (e) 1,250,000 ESOP Options to Mr Graham Riley (or his nominee),

under the Plan pursuant to Resolutions 8 to 12.

The Board is proposing the grant of ESOP Options under the Plan to the Directors as an appropriate form of long-term incentive for the Directors in their individual capacities in the Company. The Board considers that each of the Directors is essential to the operation of the Company's ongoing business.

In determining the Directors' remuneration packages, including this proposed issue of ESOP Options under the Plan, the Board considered the scope of the Directors' roles, the business challenges facing the Company and market practice for the remuneration of executive officers in positions of similar responsibility. Accordingly, they determined the proposed grant of options is appropriate.

If Resolution 8, 9, 10, 11 or 12 is passed, the Company will be able to proceed with the respective ESOP Issue under the passed Resolution.

If Resolution 8, 9, 10, 11 or 12 is not passed, the Company will not be able to proceed with the relevant ESOP Issue and the Company will be required to obtain Shareholder approval for the relevant ESOP Issue under Listing Rule 10.11.

## 8.2 Regulatory requirements

Resolutions 8 to 12 seek Shareholder approval in order to comply with the requirements of Listing Rules 10.14 and 10.19 and sections 200B and 200E of the Corporations Act.

### (a) Listing Rule 10.14

Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

Listing Rule 10.14 provides that a company must not issue Equity Securities to a director of the company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Under Resolutions 8 to 12, the Company seeks approval from Shareholders for the issue of ESOP Options to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) who by virtue of their positions as Directors of the Company are related parties of the Company.

In compliance with the information requirements of Listing Rule 10.15, Shareholders are advised of the following information:

#### (i) The name of the person and category in rules 10.14.1 - 10.14.3

The ESOP Options under Resolution 8 are to be issued to Mr Michael Clifford.

The ESOP Options under Resolution 9 are to be issued to Mr Peter Bird.

The ESOP Options under Resolution 10 are to be issued to Mr Stanley Macdonald.

The ESOP Options under Resolution 11 are to be issued to Mr Julian Goldsworthy.

The ESOP Options under Resolution 12 are to be issued to Mr Graham Riley.

Each of the above are Directors of the Company (Listing Rule 10.14.1).

#### (ii) Maximum number of securities that may be issued pursuant to Resolutions 8 to 12

The maximum number of securities that may be issued to the Directors under Resolutions 8 to 12 are:

(A) Resolution 8: 2,000,000 ESOP Options to Michael Clifford (or his nominee);

(B) Resolution 9: 1,250,000 ESOP Options to Peter Bird (or his nominee);

(C) Resolution 10: 1,250,000 ESOP Options to Stanley Macdonald (or his nominee);

(D) Resolution 11: 1,250,000 ESOP Options to Julian Goldsworthy (or his nominee); and

(E) Resolution 12: 1,250,000 ESOP Options to Graham Riley (or his nominee).

Each ESOP Option is exercisable into one Share at an exercise price \$0.1097 each, equal to the price that is 43% above the most recent 5-day VWAP as announced to the ASX on 14 May 2020.

#### (iii) Previous issues under the Plan

Previous issues under the Plan include:

(A) 1,000,000 Options were issued in 2014 to Michael Clifford under the previous Zenith Minerals Limited Share Option Plan for no consideration;

- (B) 1,350,000 Options were issued in 2016 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration;
- (C) 1,000,000 Options were issued in 2018 to Michael Clifford under the current Zenith Minerals Limited Share Option Plan for no consideration; and
- (D) 2,500,000 Options were issued in 2019 to Michael Clifford under the current Zenith Minerals Share Option Plan for no consideration.

(iv) **Details of current remuneration package**

Mr Michael Clifford's remuneration package for FY21 includes total fees of \$278,211.97.

Mr Peter Bird's remuneration package for FY21 includes total fees of \$43,087.50.

Mr Stanley Macdonald's remuneration package for FY21 includes total fees of \$35,787.50.

Mr Julian Goldsworthy's remuneration package for FY21 includes total fees of \$35,787.50.

Mr Graham Riley's remuneration package for FY21 includes total fees of \$35,787.50.

(v) **Material terms of ESOP Options**

The terms of the ESOP Options are detailed at section 1.2 of Schedule 3 of this Notice of Meeting. The Company notes that no performance conditions are attached to the ESOP Options.

(vi) **Eligible participants under the Plan**

Under the terms of the Plan, all Directors are entitled to participate under the Plan.

(vii) **Issue date**

The latest date that the Company will issue the ESOP Options under Resolutions 8, 9, 10, 11 or 12 will be no later than 12 months after the date of the Annual General Meeting.

(viii) **Material terms of the Plan**

A summary of the material terms of the Plan is provided at Schedule 3 of this Notice of Meeting.

(ix) **Loan arrangements**

There are no loan arrangements associated with the issue or exercise of the ESOP Options.

(x) **Voting exclusion statement**

A voting exclusion statement for Resolutions 8 to 12 is included in the Notice of Annual General Meeting (immediately after Resolution 12) preceding this Explanatory Statement.

Details of any securities issued under the scheme will be published in the annual report of the entity relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who became entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

(b) **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (ii) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the public company. As such, Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley are related parties of the Company for the purposes of Section 208 of the Corporations Act by virtue of their directorships.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

Shareholder approval is not being sought for the purposes of section 208 of the Corporations Act on the basis that the benefit is considered by the Board (in the absence of Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley) to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company’s and the related party’s circumstances. Having considered the Company’s circumstances and each of the Directors’ position with the Company, the Board considers that the financial benefit conferred by the issue of ESOP Options to is reasonable given it constitutes reasonable compensation for the reduction in the Directors’ fees for the financial year ended 30 June 2020.

(c) **Sections 200B and 200E of the Corporations Act**

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan, including the discretion to determine the vesting or non-forfeiture of ESOP Options in certain circumstances. Resolutions 8 to 12 seek Shareholder approval for the purposes of section 200E of the Corporations Act for benefits which will arise in relation to the ESOP Options issued to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley in respect of their remuneration for the financial year ending 30 June 2020.

Under the Plan, a participant may become entitled to vesting of ESOP Options if there is a change of control of the Company or if the Board exercises its discretion and provides that ESOP Options will not be forfeited upon cessation of employment. It is the Board’s intention to exercise its discretion so that the ESOP Options to be issued to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley for past performance shall not be forfeited by virtue of their resignation. Accordingly, Shareholder approval is sought for Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley to be given a benefit in connection with their retirement from office with the Company.

The value of the benefit relating to any ESOP Options held by Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley which will arise in connection with their retirement cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the market price of the Company’s Shares on ASX at the relevant time; and

(b) the risk free rate of return in Australia and the estimated volatility of the Company' Shares on ASX at the relevant time.

(d) **Listing Rule 10.19**

Listing Rule 10.19 provides that without the approval of shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company is also seeking Shareholder approval for the purposes of Listing Rule 10.19. As noted in section 8.2(c) of this Notice, it is the Board's intention to exercise its discretion so that the ESOP Options to be issued to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) for past performance shall not be forfeited by virtue of their resignation.

The value of the termination benefit payable to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) under Resolutions 8 to 12 depends on the factors set out above in section 8.2(c) of this Notice. It is possible that the provision of the benefit associated with the vesting and exercise of ESOP Options in the future may exceed 5% of the equity interests of the Company at the relevant time, although it is unlikely.

(e) **Board Recommendation**

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the ESOP Options to Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) pursuant to this Resolutions 8 to 12.

The Directors (other than Messrs Michael Clifford, Peter Bird, Stanley Macdonald, Julian Goldsworthy, and Graham Riley (or their nominees) who have material personal interest in the outcome of their respective Resolution) recommend that Shareholders vote in favour of Resolutions 8 to 12 on the basis that the grant of the ESOP Options will allow the Company to adequately reward and incentivise the Directors whilst preserving the Company's limited cash reserves.

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## GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires

<b>2020 Annual Financial Report</b>	The Company's annual report dated 25 <sup>th</sup> September 2020.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given to that term in the Listing Rules.
<b>ASX</b>	ASX Limited.
<b>Board</b>	board of Directors.
<b>Chair</b>	chairperson of the Annual General Meeting.
<b>Company or Zenith</b>	Zenith Minerals Limited ACN 119 397 938.
<b>Company Secretary</b>	the company secretary of the Company.
<b>Constitution</b>	the constitution of the Company adopted on 27 November 2018.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	director of the Company.
<b>Directors' Report</b>	the annual directors' report of the Company.
<b>ESOP Option</b>	an Option issued under the Plan to subscribe for a Share.
<b>Equity Raise</b>	has the meaning given to that term in section 4.1 of the Explanatory Statement.
<b>Equity Raise Issue</b>	has the meaning given to that term in section 4.2 of the Explanatory Statement.
<b>Equity Securities</b>	has the meaning given to that term in the Listing Rules.
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice of Annual General Meeting.
<b>Key Management Personnel</b>	key management personnel of the Company (as defined in Section 9 of the Corporations Act).
<b>Listing Rules</b>	listing rules of the ASX.
<b>Meeting or Annual General Meeting</b>	the annual general meeting convened by this Notice of Annual General Meeting.
<b>Notice or Notice of Annual General Meeting or Notice of Meeting</b>	this notice of Annual General Meeting.
<b>Option</b>	an option to subscribe for a Share.
<b>Placement Option</b>	has the meaning given to that term in section 4.1 of the Explanatory Statement on the terms and conditions set out in Schedule 1.
<b>Placement Share</b>	has the meaning given to that term in section 4.1 of the Explanatory Statement.
<b>Plan</b>	the Zenith Minerals Limited Employee Share Option Plan.
<b>Proxy Form</b>	the proxy form enclosed with this Notice of Annual General Meeting.
<b>Remuneration Report</b>	the Company's remuneration report for the year ended 30 June 2020.
<b>Resolution</b>	Resolution contained in this Notice of Annual General Meeting.
<b>Schedule</b>	Schedule to this Notice of Annual General Meeting.
<b>Share</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	holder of a Share in the Company.
<b>VWAP</b>	volume weighted average price.
<b>WST</b>	Australian Western Standard Time.



## ANNEXURE A – AMENDMENTS TO CONSTITUTION

Clause	Current provision (to be replaced)	Amendment
1.4	In this Constitution, unless the contrary intention appears the expressions “Business Day”, “Uncertificated Securities”, “dispose”, “Escrow Period” and “Restricted Securities” have the same meaning as in the Listing Rules.	In this Constitution, unless the contrary intention appears the expressions “Business Day”, “Dispose”, “Escrow Period”, “Holding Lock”, “Restricted Securities”, “Restriction Deed” and “Uncertificated Securities” have the same meaning as in the Listing Rules. “Disposal” has the corresponding meaning to “Dispose”.
24	<p>24.1 Restricted Securities cannot be disposed of during the Escrow Period except as permitted by the Listing Rules or ASX.</p> <p>The Company must not acknowledge a disposal (including by registering a transfer) of Restricted Securities during the Escrow Period except as permitted by the Listing Rules or ASX.</p> <p>24.2 During a breach of the Listing Rules relating to Restricted Securities, or a breach of a Restriction Agreement, the holder of the Restricted Securities is not entitled to any dividend or distribution, or voting rights, in respect of the Restricted Securities.</p>	<p>The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:</p> <ul style="list-style-type: none"> <li>(i) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Restricted Securities during the Escrow Period applicable to those securities except as permitted by the Listing Rules or ASX;</li> <li>(ii) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company’s issuer sponsored subregister and are to have a Holding Lock applied for the duration of the Escrow Period applicable to those securities;</li> <li>(iii) the Company will refuse to acknowledge any Disposal (including, without limitation, to registering any transfer), assignment or transfer of Restricted Securities during the Escrow Period applicable to those securities except as permitted by the Listing Rules or the ASX;</li> <li>(iv) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the Escrow Period applicable to those securities except as permitted by the Listing Rules or ASX; and</li> <li>(v) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.</li> </ul>

## SCHEDULE 1 – TERMS OF PLACEMENT OPTIONS

A summary of the key terms and conditions of the Placement Options is set out below.

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### 1. ENTITLEMENT

Each Placement Option will entitle the holder to subscribe for one Share in the Company. All Shares issued upon the exercise of the Placement Options will rank equally in all respects with the Company's then existing Shares.

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### 2. EXERCISE PRICE

The Placement Options shall entitle the Optionholder to acquire one fully paid ordinary share upon payment of the sum of:

(a) \$0.14 per Placement Option for 2,000,000 Placement Options; and

(b) \$0.16 per Placement Options for 2,000,000 Placement Options,

(each being the **Exercise Price**) to the Company.

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### 3. NOTICE OF EXERCISE

The Placement Options may be exercised at any time prior to 31 December 2023 (**Expiry Date**) in whole or in part, by completing and delivering a duly completed form of notice of exercise to the registered office of the Company together with the payment of the Exercise Price in immediately available funds for the number of Shares in respect of which the Options are exercised. An Option not exercised on or before the Expiry Date will lapse.

Shares allotted and issued pursuant to the exercise of the Placement Options will be allotted and issued, and a holding statement provided to the holders of Placement Options in respect of those Shares, on the above terms and conditions after the receipt of a duly completed form of notice of exercise and the Exercise Price in immediately available funds in respect of the Placement Options exercised.

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### 4. QUOTATION OF OPTIONS AND SHARES ON EXERCISE

Application will not be made to ASX for official quotation of the Placement Options. Application will be made for official quotation of the Shares issued upon exercise of Placement Options after the date of allotment.

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### 5. TRANSFER OF OPTIONS

The Placement Options are transferable.

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### 6. PARTICIPATION RIGHTS OR ENTITLEMENTS

There are no participating rights or entitlements inherent in the Placement Options and Optionholders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Placement Options. However, the Company must give notice to the holders of Placement Options of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules so as to give Optionholders the opportunity to exercise their Placement Options before the date for determining entitlements to participate in any issue.

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**7. REORGANISATION OF SHARE CAPITAL**

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Optionholder shall be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

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**8. PRO RATA ISSUES**

There will be no change to the Exercise Price of the Placement Options or the number of Shares over which the Placement Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than bonus issue).

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## SCHEDULE 2 – TERMS OF SHARES

A summary of the rights attaching to the Placement Shares are set out below.

- (a) The Shares rank equally in all respects with existing Shares in the Company.
- (b) Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson has a casting vote.
- (c) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.
- (d) Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASX Settlement Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, ASX Settlement Operating Rules or under the Company's Constitution.
- (e) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.
- (f) Subject to the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.
- (g) Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

## SCHEDULE 3 – SUMMARY OF TERMS OF SHARE OPTION PLAN

### 1.1 Eligibility

The Board may, in its absolute discretion, invite an eligible person to participate in the Plan. An eligible person includes a director, full-time, part-time or casual employee of the Company, a contractor or an associated body corporate of the Company who have accepted a written offer of engagement.

### 1.2 Terms of Options

- (a) Each ESOP Option will be granted to eligible persons under the Plan for no more than nominal consideration.
- (b) Each ESOP Option will entitle its holder to subscribe for and be issued, one fully paid ordinary Share (upon vesting and exercise of that ESOP Option).
- (c) ESOP Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested ESOP Options.
- (d) The grant date and expiry date of an ESOP Option shall be as determined by the Board when an offer to participate in the Plan is made.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its ESOP Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those ESOP Options.
- (f) There are no participating rights or entitlements inherent in the ESOP Options and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the ESOP Options.
- (g) Following the issue of Shares following exercise of vested ESOP Options, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the ESOP Options.
- (h) If there is a reconstruction of the issued capital of the Company prior to the expiry of any ESOP Options, the number of ESOP Options to which each participant is entitled or the exercise price of his or her ESOP Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

### 1.3 Performance conditions

When granting ESOP Options, the Board may make their vesting conditional on the satisfaction of a performance condition within a specified period. The Board may at any time waive or change a performance condition or performance period in accordance with the Plan rules if the Board (acting reasonably) considers it appropriate to do so.

### 1.4 Vesting

The ESOP Options will vest following satisfaction of the performance conditions or such other date as determined by the Board in its discretion.

Subject to the Plan rules, the Board may declare that all or a specified number of any unvested ESOP Options granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable performance conditions up to that date.

Subject to the Plan rules, the Board may in its absolute discretion, declare the vesting of an ESOP Option where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent ESOP Options, which have not vested by the day the reconstruction takes place, will vest.

## 1.5 Cashless Exercise Facility

Participants may, at their election and subject to the approval of the Board, elect to pay the exercise price for an ESOP Option by setting off the exercise price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.

If a Participant elects to use the Cashless Exercise Facility, the participant will only be issued that number of Shares (rounded down to the nearest whole number) as are equal to the value to the difference between the exercise price otherwise payable for the ESOP Options and the then market value of the Shares at the time of exercise (determined as the VWAP of Shares on the ASX over the five trading days prior to exercise).

## 1.6 Disposal restrictions

A participant may not transfer an ESOP Option granted under the Plan without the prior consent of the Board.

## 1.7 Overriding restrictions

No issue or allocation of ESOP Options and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law.

## 1.8 Lapse

An Option will immediately lapse upon the first to occur of:

- (i) its expiry date;
- (ii) the performance condition(s) (if any) not being satisfied prior to the end of the performance period(s);
- (iii) the transfer or purported transfer of the ESOP Option in breach of the Plan rules;
- (iv) if the ESOP Option has not vested, the day that is 30 days following the date the participant voluntarily or for a bona fide reason ceases to be employed or engaged by the Company or an associated body corporate;
- (v) termination of the participant's employment or engagement with the Company or an associated body corporate for cause; or
- (vi) 6 months after an event which gives rise to a vesting under the Plan rules.

Where a participant ceases to be employed or engaged by the Company or an associated body corporate by reason of their death, disability, voluntary resignation, bona fide redundancy, and the ESOP Options have vested, they will remain exercisable by that participant, participant's estate or legal representative until the ESOP Options lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's ESOP Options will be deemed to have vested and will be exercisable by that participant, participant's estate or legal representative.

**SCHEDULE 4 – DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING**

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
25 November 2019	3,950,000	ESOP options	Schedule 3	Managing Director and employees.	Nil	N/A	Issued as an incentive under the Plan valued at \$44,864 using Black-Scholes Valuation Model to determine Fair Value on 25 <sup>th</sup> November 2019 of \$0.011358 per ESOP option. Refer Note 1 for the Valuation Model inputs used.	N/A
25 November 2019	27,377,303	Shares	Schedule 2	Eligible Shareholders who participated in the non renounceable pro rata rights offer as detailed in the offer document dated 5 November 2019 (Offer Document) ( <b>Rights Issue</b> ). Rights issue offer of one (1) new share for every six (6) shares held at record date.	\$0.055	Issued at a nil premium or discount to closing price on 25 November 2019 of \$0.055.	\$1,505,751.66	The Company intends to apply the funds raised for exploration activities at the Company's 100% owned Split Rocks project in the Forrestania belt, and Red Mountain in Queensland, along with continued work on lithium targets at Split Rocks, Waratah Well, progressing our new wholly owned REE project in Wyoming, and general working capital.
26 November 2019	2,868,032	Shares	Schedule 2	Eligible Shareholders who participated in the Shortfall Offer under the Rights Issue.	\$0.055	Issued at a 1.82% premium to closing price on 26 <sup>th</sup> November 2019 of \$0.054.	\$157,741.76	The Company intends to apply the funds raised for exploration activities at the Company's 100% owned Split Rocks project in the Forrestania belt, and Red Mountain in Queensland, along with continued work on lithium targets at Split Rocks, Waratah Well, progressing our new wholly owned REE project in Wyoming, and general working capital.

Issue Date	Number	Type	Terms	Persons to whom securities were issued or the basis on which they were determined	Issue Price	Discount to market price at issue date	Total cash consideration or current value of non-cash consideration	Funds used and intended use for any remaining funds
14 May 2020	1,200,000	ESOP options	Schedule 3	Employees eligible to be issued under the Plan.	Nil	N/A	Issued as an incentive under the Plan valued at \$93,449 using Black-Scholes Valuation Model to determine Fair Value on 14 <sup>th</sup> May 2020 of \$0.077874 ESOP option. Refer Note 2 for the Valuation Model inputs used.	N/A
13 July 2020	51,000,000	Shares	Schedule 2	Institutional and sophisticated investors pursuant to the Placement of 51,000,000 fully paid ordinary shares.	\$0.10 per share	Issued at a 5% discount to closing price on 13 <sup>th</sup> July 2020 of \$0.1050	\$5,100,000	\$5,100,000 used for additional working capital and to fund further exploration including drilling at Red Mountain project and Split Rocks gold project as well as surface geochemical programs at Flanagans gold project and Develin Creek copper-zinc project.
13 July 2020	2,000,000	Unlisted options	Schedule 1 with an exercise price of \$0.14 per option	C G Nominees (Australia) Pty Ltd.	Nil	N/A	Issued in respect of the placement being managed by Canaccord Genuity (Australia) Limited, valued at \$197,000 using Black-Scholes Valuation Model to determine Fair Value on 13 <sup>th</sup> July 2020 of \$0.0985 per option. Refer Note 3 for the Valuation Model inputs used.	N/A
13 July 2020	2,000,000	Unlisted options	Schedule 1 with an exercise price of \$0.16 per option	C G Nominees (Australia) Pty Ltd	Nil	N/A	Issued in respect of the placement being managed by Canaccord Genuity (Australia) Limited, valued at \$196,000 using Black-Scholes Valuation Model to determine Fair Value on 13 <sup>th</sup> July 2020 of \$0.098 per option. Refer Note 4 for the Valuation Model inputs used.	N/A



Note 1: Valuation Model Inputs used in Black-Scholes Model to determine the current Fair Value on 25 November 2019 are as follows:

Valuation Date	Expiry Date	Share Price	Exercise Price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair Value
25 November 2019	24 November 2022	\$0.055 being the closing price of the Shares on ASX on 25 November 2019	\$0.087	50.55%	-	0.69%	\$0.011358

Note 2: Valuation Model Inputs used in Black-Scholes Model to determine the current Fair Value on 14 May 2020 are as follows:

Valuation Date	Expiry Date	Share Price	Exercise Price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair Value
14 May 2020	14 May 2023	\$0.085 being the closing price of the Shares on ASX on 14 May 2020	\$0.1097	206.16%	-	0.26%	\$0.077874

Note 3: Valuation Model Inputs used in Black-Scholes Model to determine the current Fair Value on 13 July 2020 are as follows:

Valuation Date	Expiry Date	Share Price	Exercise Price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair Value
13 July 2020	31 December 2023	\$0.1050 being the closing price of the Shares on ASX on 13 July 2020	\$0.14	206.68%	-	0.28%	\$0.0985

Note 4: Valuation Model Inputs used in Black-Scholes Model to determine the current Fair Value on 13 July 2020 are as follows:

Valuation Date	Expiry Date	Share Price	Exercise Price	Expected Volatility	Dividend Yield	Risk-free interest rate	Fair Value
13 July 2020	31 December 2023	\$0.1050 being the closing price of the Shares on ASX on 13 July 2020	\$0.16	206.68%	-	0.28%	\$0.098

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