

18 February 2021



Corporate Details

Zenith Minerals Limited (ASX:ZNC)

ABN: 96 119 397 938

Issued Shares	294.4M
Unlisted options	16.55M
Mkt. Cap. (\$0.115)	A\$35M
Cash (31st Dec 20)	A\$3.85M
Debt	Nil

Directors

Peter Bird	Exec Chair
Michael Clifford	Director-CEO
Stan Macdonald	Non-Exec Director
Julian Goldsworthy	Non-Exec Director
Graham Riley	Non-Exec Director
Nicholas Ong	CFO & Co Sec

Major Shareholders

Directors	~8%
HSBC Custody. Nom.	10.8%
J P Morgan	5.3%
Granich	4.6%
Citicorp Nom	4.3%

Contact Us

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PURE LITHIUM VEHICLE TO UNLOCK USA ASSETS

- USA lithium assets are to be advanced via a transaction whereby managing Joint Venture partner Bradda Head Ltd (Bradda) will take on the portfolio in exchange for a mix of cash and equity.
- Bradda is targeting a major drill campaign at the Wikieup lithium project in Arizona aiming to define maiden mineral resources under JORC. Permitting is in progress with ~US\$1M drilling campaign anticipated to commence in calendar Q2 2021. This region of the United States has become an exciting focal point for domestic lithium explorers & developers.
- Imminent commencement of drilling is expected to coincide with an international roadshow and capital raising by Bradda Head. JORC compliant resources would set up the pure lithium play of Bradda for a public listing on an appropriate stock exchange to generate both liquidity and value for its shareholders, now including Zenith.

Under this transaction Zenith has received US\$250,000 in cash and it will retain a 15% equity position until the earlier of an initial public offering or two years. This transaction allows Zenith to remain focused on its core 100% owned gold and copper projects located in Australia, including:

- Red Mountain Gold Project in Queensland where ongoing drilling is following-up high-grade near surface gold intersected in the maiden drill program (ASX Releases 3-Aug-20 & 13-Oct-20), including:
 - 13m @ 8.0 g/t Au & 3.2 g/t Ag from surface, incl. 6m @ 16.7 g/t Au & 5.3g/t Ag
 - 15m @ 3.5 g/t Au, incl. 2m @ 22.4 g/t Au
- Split Rocks Gold Project in Western Australia, where recent drilling returned, high-grade near surface gold mineralisation at multiple targets (ASX Release 5-Aug-20, 19-Oct-20, 28-Oct-20 17-Dec-20), including:
 - Dulcie North: 32m @ 9.4 g/t Au, incl 9m @ 31.4 g/t Au with the highest individual 1m sample returning 199.2 g/t Au.
 - Dulcie Laterite Pit:
 - 2m @ 14.5 g/t Au, incl. 1m @ 20.8 g/t Au,
 - 18m @ 2.0 g/t Au (EOH) incl. 1m @ 23.7 g/t Au &
 - 14m @ 3.5 g/t Au
 - Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south)
 - Dulcie Far North: 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au
- Develin Creek Copper-Zinc Project in Queensland where the maiden drill test of the new Snook copper target located 30km south of Zenith's JORC resources discovers massive copper-zinc sulphides.

Commenting on the divestment Chairman Peter Bird said *“Zenith has over time accumulated a significant portfolio of leases in various commodity types. Earlier in 2020 the Company refined its strategy with a specific focus on gold and base metals as core commodities. In keeping with this the current Australian domestic portfolio is starting to yield some very good results directly related to exploration expenditure. As a consequence of this a series of non-core commodities which require significant ongoing maintenance and expenditure in the value generation process have been either divested, dropped or joint ventured. In the case of the United States Lithium Projects we feel that the Bradda Head’s plan to take this portfolio forward in return for a solid equity position (plus cash) is a good solution for both parties. Importantly, the Company will maintain exposure to the United States Lithium Projects through its shareholding interest in Bradda Head. As a significant shareholder we will assist as and where we can to ensure a mutual value pathway for both companies and their respective shareholders. We recognise that there is significant interest in this battery metals sector currently and the Bradda Head “pure play” should ensure a good outcome for respective participants”.*

Background on USA Lithium

Lithium projects worldwide are of three types: brines, pegmatites and clays. The major lithium brine operations are located in South America (Chile, Argentina and Bolivia), China and Nevada, USA. Traditionally lithium brines are extracted from salt lakes into surface ponds where they are concentrated by solar evaporation and then fed into a processing facility with output as lithium carbonate for sale to battery manufacturers.

The USA Lithium - Nevada projects are lithium brine plays with both the Spencer and Wilson Salt Flat brine projects located in Nevada, USA close to both Tesla’s Gigafactory and to Albermarle Corporation’s Silver Peak-Clayton Valley lithium brine operation, the only operational lithium project in the USA.

Lithium pegmatite projects are exploited as traditional hard rock open pit mines (for example Greenbushes, Mt Marion and Mt Cattlin lithium mines in Western Australia) where concentrates of the primary lithium mineral spodumene are sold to third party processors who convert the concentrates to lithium compounds suitable for use by battery manufacturers. Pegmatite projects have a lower capital intensity but produce a lower value product (spodumene concentrate). The USA Lithium - San Domingo project in Arizona contains abundant spodumene bearing lithium pegmatites.

The USA Lithium - Wikieup - Burro Creek lithium project in Arizona is comparable to other sediment hosted lithium projects in the USA and Mexico subject to resource and development studies (e.g: Big Sandy (Hawkstone Mining) & Sonora project (Banacora – AIM). Widespread, near surface lithium results were intersected by the USA Lithium in the maiden drill program at the Burro Creek East target including: 22.9 metres @ 1088ppm lithium and 2.94% potassium from 4.68m depth, and 24.4 metres @ 1361ppm lithium and 3.23% potassium from 19.8m depth (ZNC – ASX Release 19th June 2018). Drilling to date has tested only a small portion of the total project area with permits in place to allow drilling to recommence. The Burro Creek landholding was expanded in mid-2019 by staking additional claims in the Wickieup area contiguous with and in part surrounding Hawkstone Mining’s (ASX:HWK) Big Sandy sedimentary lithium deposit. Hawkstone’s 2019 drill program defined a maiden JORC inferred resource of 32.5 Million tonnes grading 1,850 ppm Li for 320,800 tonnes Li₂CO₃ (ASX:HWK 26th Sep 2019), surrounded by a much larger Exploration Target. Bradda is targeting a major drill campaign at the Wikieup lithium project with the aim to define maiden resources under JORC in 2021.

The USA Lithium projects are perfectly positioned to provide future supply to the growing USA domestic lithium battery market.

Divestment Terms: The divestment of the USA lithium JV assets to Bradda Head Ltd includes:

- Termination of the current joint venture agreement;
- Consideration of \$A1.05M¹ paid to Zenith as cash of US\$250,000 and 11,768,481 shares in Bradda representing 15% of the total issued capital (at a deemed price of US\$0.048/share), with Zenith’s equity holding in Bradda to be maintained at 15% (“Top-up Right”) at no cost to Zenith until the earlier of a 24 month period or upon the completion of an initial public offering of shares in Bradda on a public securities exchange.

¹ Based on an exchange rate of A\$1 = US\$0.7753 as at 17 February 2021. Source: Reserve Bank of Australia

Bradda Head Limited is an unrelated part to Zenith Minerals Limited and is not a party pursuant to Listing Rule 10.1.

For further information please refer to the Company's website or contact the Company directly.

Authorised for release by the Zenith Minerals Limited Board of Directors – 18 February 2020

For further information contact:

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Competent Persons Statement

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

Material ASX Releases Previously Released

The Company has released all material information that relates to Exploration Results, Mineral Resources and Reserves, Economic Studies and Production for the Company's Projects on a continuous basis to the ASX and in compliance with JORC 2012. The Company confirms that it is not aware of any new information that materially affects the content of this ASX release and that the material assumptions and technical parameters remain unchanged.

About Zenith

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

Zenith is continuing to focus on its core Australian gold and copper projects including:

- **Red Mountain Gold Project** in Queensland (100% owned) where ongoing drilling is following-up the high-grade near surface gold and silver intersected in the maiden drill program (ASX Releases 3-Aug-20 & 13 Oct 20), including:
 - 13m @ 8.0 g/t Au & 3.2 g/t Ag from surface, incl. 6m @ 16.7 g/t Au & 5.3g/t Ag
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 - 14m @ 3.5 g/t Au
 - Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south)
 - Dulcie Far North: 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au

- **Develin Creek Copper-Zinc Project** in Queensland (100% owned) – maiden drill test of the new Snook copper target located 30km south of Zenith's JORC resources discovers massive sulphides.
- **Jackadgery Gold Project** in New South Wales (option to earn initial 90%), historic trenching returned 160m @ 1.2 g/t Au. No drilling to date. Zenith planning maiden drill test (ASX Release 10-Sep-20).