



**ZENITH MINERALS LIMITED**  
(ABN 96 119 397 938)

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2022**

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## **CORPORATE INFORMATION**

### **DIRECTORS**

David J E Ledger (Executive Chairman)  
Michael J Clifford (Managing Director)  
Stanley A Macdonald (Non-Executive Director)  
Julian D Goldsworthy (Non-Executive Director)  
Emma J Scotney (Non-Executive Director)

### **COMPANY SECRETARY**

Nicholas Ong

### **AUSTRALIAN BUSINESS NUMBER**

96 119 397 938

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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### **SHARE REGISTER**

Automic Registry Services | Automic Group  
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### **SECURITIES EXCHANGE LISTING**

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

Dear Shareholders,

It is with great pleasure that I report on what has been a transformational year for the Company. Continued exploration success across our diverse tenements that contain gold and base metals has been most encouraging, further extending on the work that has been building from years prior.

What did transform the development pathway for the business was a joint venture agreement that the Board entered into in January 2022 with EV Metals Group, a global battery materials and technology company committed to a clean energy future. As part of their plan's they seek to develop a business model based on the upstream, midstream and downstream integration of proprietary supply chains. This includes the exploration of battery minerals, primarily lithium, to develop and construct a battery minerals complex on the west coast of Saudi Arabia at Yanbu City.

### **The EV Metals Joint Venture**

Zenith Minerals entered into an agreement to form a lithium joint venture (JV) with EV Metals Group plc (EVM) to explore for, mine and process mineral resources containing lithium and other battery metals (JV Agreement) in January 2022. This requires for Zenith to pivot into being a pure lithium company focused initially on the exploration and development of two existing projects within the portfolio along with searching for additional complimentary assets in the battery minerals space.

The JV Agreement includes ZNC's 100% owned Split Rocks and Waratah Well lithium projects (Initial Projects) and provides each party with the non-exclusive rights to introduce additional projects containing lithium and other battery metals (Lithium Minerals) to the JV. Both Initial Projects are 100% owned by ZNC with EVM earning a 60% interest of the rights to all Lithium Minerals in each project by sole funding the completion of the feasibility studies up to the decision to mine within 24 months from the start of the JV Agreement.

Fundamental to this agreement, EVM is required to spend a minimum of \$7M on exploration for Lithium Minerals in each of the Initial Projects in those 24 months. As part of the execution of the JV agreement between Zenith and EVM, a placement of \$6m was offered to EVM via the issuance of 20m shares in Zenith at \$0.30, a 20% premium to the Volume Weighted Average Price at the time. This investment provided additional cash to the balance sheet whilst also reflecting the opportunity with an improved share price. Over and above the initial \$7m investment to earn their 60% interest, Zenith will be fully funded through to a Bankable Feasibility Study to develop any of these two projects.

### **About EV Metals**

EVM is fast-tracking the staged development of midstream and downstream processing facilities for production of high purity chemicals and cathode active materials (CAM) containing lithium, nickel, cobalt, manganese and other metals required in rechargeable batteries used in electric vehicles and renewable energy storage.

EVM is developing transparent and geopolitically aligned supply chains targeting electric vehicle and battery cell manufacturers in high growth markets across UK, Europe and the Kingdom of Saudi Arabia (KSA). EVM is a private concern based in Western Australia with over 100 personnel at offices and facilities in Perth, KSA, UK, Germany and Poland. Yanbu provides a strategic location adjacent to a deep-water port on the Red Sea and ideally situated for importing raw materials and exporting battery chemicals to target markets. The Battery Chemicals Complex comprises staged development and expansions of a Lithium Chemicals Plant, a Nickel Chemicals Plant and Cathode Active Materials Plant.

EV Metals delivers to the shareholders of Zenith a level of technical and engineering expertise not typically found in other mid-capitalised companies listed on the ASX. Their assistance with project assessment, exploration targets plus drilling permits and applications is a highly appreciated benefit they deliver to the exploration budget they provide to the joint venture.

### **The Future Direction**

With the demands on senior management, as they work on further battery minerals opportunities (primarily lithium and nickel), the board has determined that to provide the requisite focus to the gold and base metal opportunities already owned prior to the EV Metals transaction, it would be best served through a new business with its own board and senior management. To this end, Mackerel Metals Limited has been established.

At the time of writing, an application has been lodged with the ASX seeking approval to list that will be followed by seeking shareholder approval to do so.

Your board considers this the best way to unlock the true value of the assets that had been the focus for shareholders before the formation of the EV Metals joint venture. This will include the 25% owned joint venture with Rumble Resources in the highly regarded Earraheedy Zinc/Lead project in Western Australia, the 100% owned Develin Creek Copper/ Zinc project in Queensland and our developing gold projects sitting across Split Rocks (WA), Red Mountain (QLD) and the interest in the Cowarra project (NSW).

As part of the spin-out of these assets into Mackerel Metals, a prospectus will be issued inviting new investors to subscribe for shares in the new Company to raise between \$6m and \$10m. This will provide a positive exploration budget for the new team to continue the development work done to date on these assets. Existing shareholders will be offered an in-specie distribution of shares in Mackerel reflecting their current holding in Zenith and a priority allocation to subscribe for additional securities in the new business. In support of this spin-out, both Zenith and EV Metals plan to subscribe for shares in Mackerel Metals.

### **The Outlook for 2023**

There is a great deal to look forward to in the coming year as we continue to commit to an exploration programme across an increasingly expanding battery minerals portfolio. Our commitment to defining a resource that adds value to our capitalisation is unwavering. With the ongoing support from our management team and joint venture partner, we are confident that results can be delivered across our lithium target areas.

With Mackerel Metals and its new management team taking the gold and base metal projects forward, having a budget capable of being able to add value through further exploration will deliver increasing shareholder value.

The future of Zenith, as shareholders see it today, will transition through to be a battery mineral focused business that is in keeping with the longer-term strategy of the joint venture. With a strong and committed partner across the lithium portfolio, we expect that the coming 12 months will deliver strong exploration success as has been seen to date.

There will be no change to the current board and senior management. The current CEO, Mick Clifford, with his strong technical, geological and management team, will remain with Zenith. The ongoing success of the business has been driven and directed by Mick Clifford and I sincerely appreciate the support he has provided to me throughout this year. I also would like to thank the board for their continued contribution to the direction of the Company and welcome our newest non-executive director, Emma Scotney, who has made an immediate positive impact to Zenith.



**Mr David J E Ledger**

**Executive Chairman**

30 September 2022

# OPERATIONS REPORT

Zenith Minerals Limited (ASX:ZNC) is an Australian-based battery minerals explorer leveraged to the increasing global demand for metals critical to the production processes of new energy industrial sectors.

The Company currently has three lithium projects all located in Western Australia. Split Rocks, located within the Southern Cross region mid-way between Perth and Kalgoorlie, is now being systematically explored under the terms of the joint venture between Zenith and EV Metals Group (EVM). It covers landholdings of approximately 660sqkm in the Forrestania greenstone belt immediately north of the established Mt Holland lithium deposit. Waratah Well, located approximately 20km northwest of the regional town of Yalgoo in the Murchison Region, holds a lithium-caesium-tantalum pegmatite target with ongoing exploration. More recently, Zenith acquired a third lithium prospect, the Mt Ida North Project, located approximately 95km west of the regional town of Leonora in WA's Goldfields Region.

In January 2022, Zenith entered into a joint venture with EV Metals Group ("EVM"), a global battery materials and technology company focused on the production of high purity chemicals and battery materials required in rechargeable batteries for electric vehicles and renewable energy storage. EVM can earn a 60% interest in the lithium rights in these projects, with Zenith retaining a 40% project share, under terms that see Zenith funded through to bankable feasibility on any of the project developments. Any lithium concentrate produced from these projects will provide critical raw material supply for the Yanbu complex, Saudi Arabia, as part of an integrated global supply chain currently being developed by EVM. This will contribute to meeting the growing demand for stable, long-term supplies of critical raw materials, high purity chemicals and cathode-active materials. The number of Australian-based lithium/battery metal projects currently in the JV could be further expanded over time if appropriate acquisition opportunities present themselves.

Zenith Minerals also holds an extensive portfolio of gold and base metal projects that includes 100% interest in Split Rocks Gold adjacent to the lithium site, 100% of the Develin Creek copper/zinc project in northern Queensland, 100% of the Red Mountain gold project in Queensland and a 25% interest in the Earahedy zinc/lead project in Western Australia. It is proposed that these assets will be transferred into a separate ASX-listed company called Mackerel Metals Ltd.

## HIGHLIGHTS

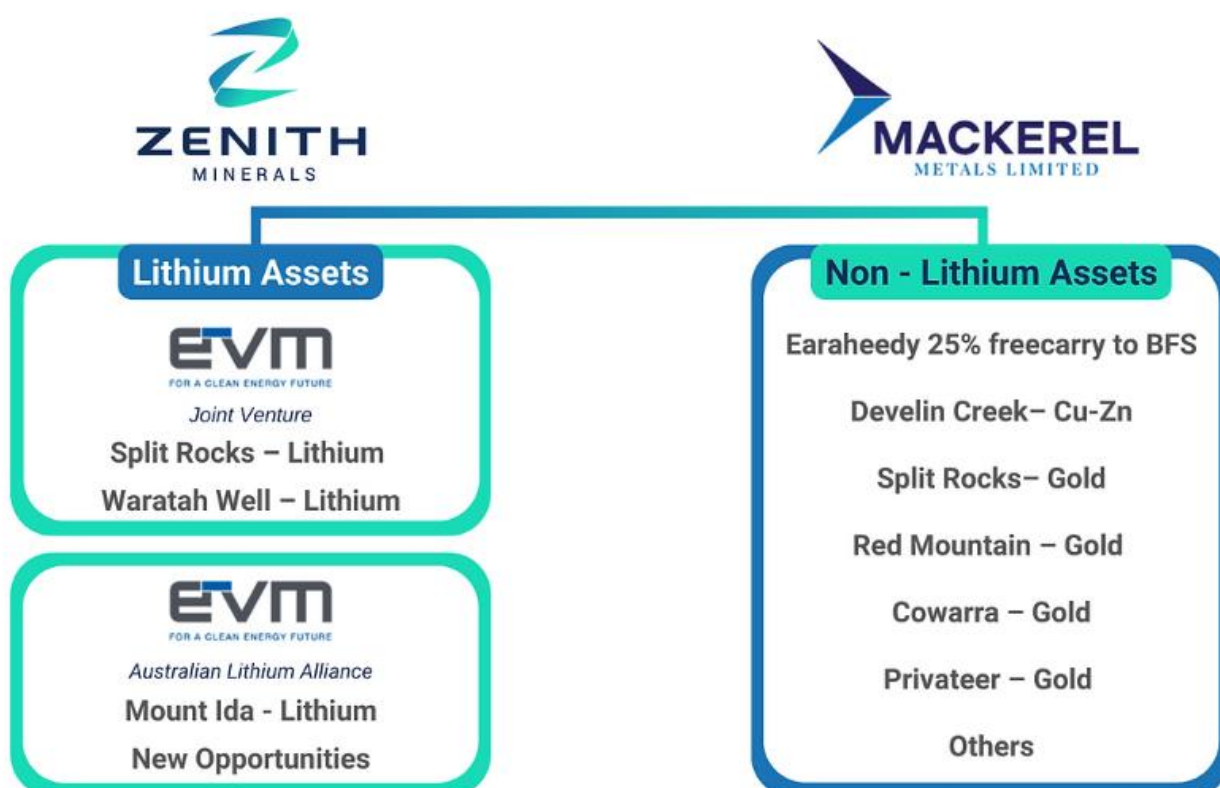
### LITHIUM JOINT VENTURE WITH EV METALS GROUP

- The **Split Rocks** project area contains the Rio Lithium Pegmatite. Follow-up drill program to assess the size of the Rio Lithium Pegmatite (20m @ 1.0% Li<sub>2</sub>O, incl. 10m @ 1.7% Li<sub>2</sub>O - ASX Release 4-Apr-22) is ongoing with 2 drill rigs on site. Results for 21 holes reported post year end (ASX 20-Sep-22) include:
  - ZVRC032 - 24m @ 0.7% Li<sub>2</sub>O, incl. 3m @ 2.7% Li<sub>2</sub>O & 1m @ 1.5% Li<sub>2</sub>O within a broader interval of 104m @ 0.3 % Li<sub>2</sub>O to end of hole
  - ZVRC037 - 25m @ 0.7% Li<sub>2</sub>O, incl. 5m @ 1.1% Li<sub>2</sub>O & 3m @ 1.1% Li<sub>2</sub>O & 2m @ 1.2% Li<sub>2</sub>O within a broader interval of 116m @ 0.3 % Li<sub>2</sub>O
  - ZVRC040 - 12m @ 0.6% Li<sub>2</sub>O, incl. 4m @ 1.2% Li<sub>2</sub>O within a broader interval of 88m @ 0.3 % Li<sub>2</sub>O to end of hole
  - ZVRC043 – 7m @ 1.3% Li<sub>2</sub>O within a broader interval of 56m @ 0.3% Li<sub>2</sub>O to end of hole
  - ZVRC044 – 10m @ 1.0% Li<sub>2</sub>O within a broader interval of 62m @ 0.3% Li<sub>2</sub>O
- Lithium pegmatite mineralisation is a mixture of eucryptite and petalite with minor spodumene and lepidolite identified to date.
- The amenability of eucryptite mineralisation to conventional treatment processes has been shown by positive sighter flotation testwork and bench scale calcination-leach tests, hence confirming the potential of eucryptite as a viable lithium target (ASX Release 26-Jul-22).

- Pegmatite outlined over >1200m length and >600m width, with lithium mineralised zone identified over >1200m with an open-ended higher-grade zone >450m length.
- Mineralisation remains open to the north, south, east and at depth with 15 of 22 holes drilled to date either ending in pegmatite or deemed too short to test the target.
- Permits received for a further 84 RC and 84 diamond holes at Rio.
- One RC rig to be joined by a diamond drill rig to enable deeper drill testing.
- **Waratah Well** drilling to follow up on significant lithium results, in thick pegmatites, (7m @ 0.67% Li<sub>2</sub>O - ASX Release 6-Jul-22) now scheduled for October 2022.
  - Drill testing of Ni-Cu-PGE target, located adjacent to the lithium prospect area, is scheduled for late September – early October.
- **Mt Ida North** project being explored under the Australian Lithium Alliance - EV Metals (60% : ZNC 40%) - Drilling (~2,400m) to test the lithium target now planned for October 2022.

## DEMERGER OF NON-LITHIUM ASSETS

To allow the Zenith team to focus on activities that generate Battery Minerals projects, ZNC is planning to demerge the non-Battery Minerals projects, including base metals and gold assets, into a new Company called Mackerel Metals Limited to be listed on ASX. Any such demerger will be subject to ZNC Board approval, tax advice favourable to ZNC, as well as shareholder, ASX, ASIC and other regulatory approvals. ZNC shareholders will benefit by way of an in-specie distribution of the shares in the new listed Company. Further updates and information on the Demerger will be provided by Zenith in due course.



## GOLD & BASE METAL PROJECTS

- Zenith Minerals Ltd (ASX: ZNC) owns a 25% free carried interest in the **Earaheedy Joint Venture** zinc project, with Rumble Resources owning the remaining 75%.
- The 2021 drilling program was expanded to over 50,000m, primarily to further drill and scope the new Tonka zinc discovery (ASX Release 13-Dec-21 & 21-Dec-22). A second 50,000m drill program commenced in early 2022, with results for 38 RC holes currently awaited.
- Work to date has been successful in defining very widespread flat-lying zinc-lead mineralised bodies such as Chinook, Tonka and Navajoh as well as defining multiple discrete, continuous high-grade zinc-lead zones including: Kalitan, Spur, Colorado and Magazine, that remain open ended.
- Significant developments arising from drilling activity post the reporting period at the (ASX Release 30-Aug-22), include:
  - Doubling the length of the high-grade zinc rich Colorado Fault Zone to 2.5km. Results include: 12m @ 9.7% Zn + Pb and 4m @ 11.5% Zn + Pb.
  - Strong zinc assay results and pending assays (supported by pXRF) from the Magazine Fault Zone.
  - Drilling of a new gravity target returned high-grade zinc within a broader mineralised zone, 1.3km from the Navajoh Prospect.
- An independent technical study to determine the optimum drill spacing for a maiden resource at Earraheedy has also commenced.
- Preparations for drilling on the Company's **100% owned Earraheedy project** are well advanced with drilling planned to commence before the end of the calendar year 2022.
- A detailed review of the **Dulcie** Far North high-grade gold prospect at Split Rocks highlights significant potential with permitting for follow-up drilling in progress.
- Drilling at Split Rocks with a gold focus has to date tested 14 targets with outstanding results returned at 6 prospects (ASX Releases 5-Aug-20, 2-Sep-20, 19-Oct-20, 28-Oct-20, 15-Jan-21, 11-Mar-21, 21-Apr-21, 24-Jun-21, 13-Jul-21, 30-Sep-21, 16-Jan-22, 14-Jun-22):
  - Dulcie North: 32m @ 9.4 g/t Au, incl 9m @ 31.4 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 and 3m @ 17.9 g/t Au
  - Estrela Prospect: 2m @ 9.8 g/t Au
  - Dulcie Far North: 7m @ 7.8 g/t Au incl 5m @ 10.6 g/t Au, 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au, 4m @ 10.2 g/t Au, 5m @ 7.4 g/t Au, 8m @ 4.2 g/t Au
  - Water Bore: 3m @ 6.6 g/t Au
  - Scott's Grey: 8m @ 4.1 g/t Au, 12m @ 1.7 g/t Au
- Drilling at the **Develin Creek** copper-zinc project during the year culminated in the Company announcing an updated Indicated and Inferred Mineral Resource of 4.9Mt @ 1.2% Cu, 1.4% Zn, 0.2 g/t Au and 7 g/t Ag (ASX Release 7-Jun-22).

## ZENITH LITHIUM JOINT VENTURE

Zenith is transitioning to a pure lithium company to refocus on minerals containing lithium and related metals required for rechargeable lithium-ion batteries for electric vehicles and renewable energy storage ("Battery Minerals"), backed by an alliance with the EV Metals Group (EVM), as detailed in ASX Release 14-Jan-22.

The agreement includes a joint venture over Zenith's Split Rocks and Waratah Well projects in Western Australia, as well as a non-exclusive right to bring additional projects to the joint venture by either party, to explore for lithium/EV metals (Figure 1).



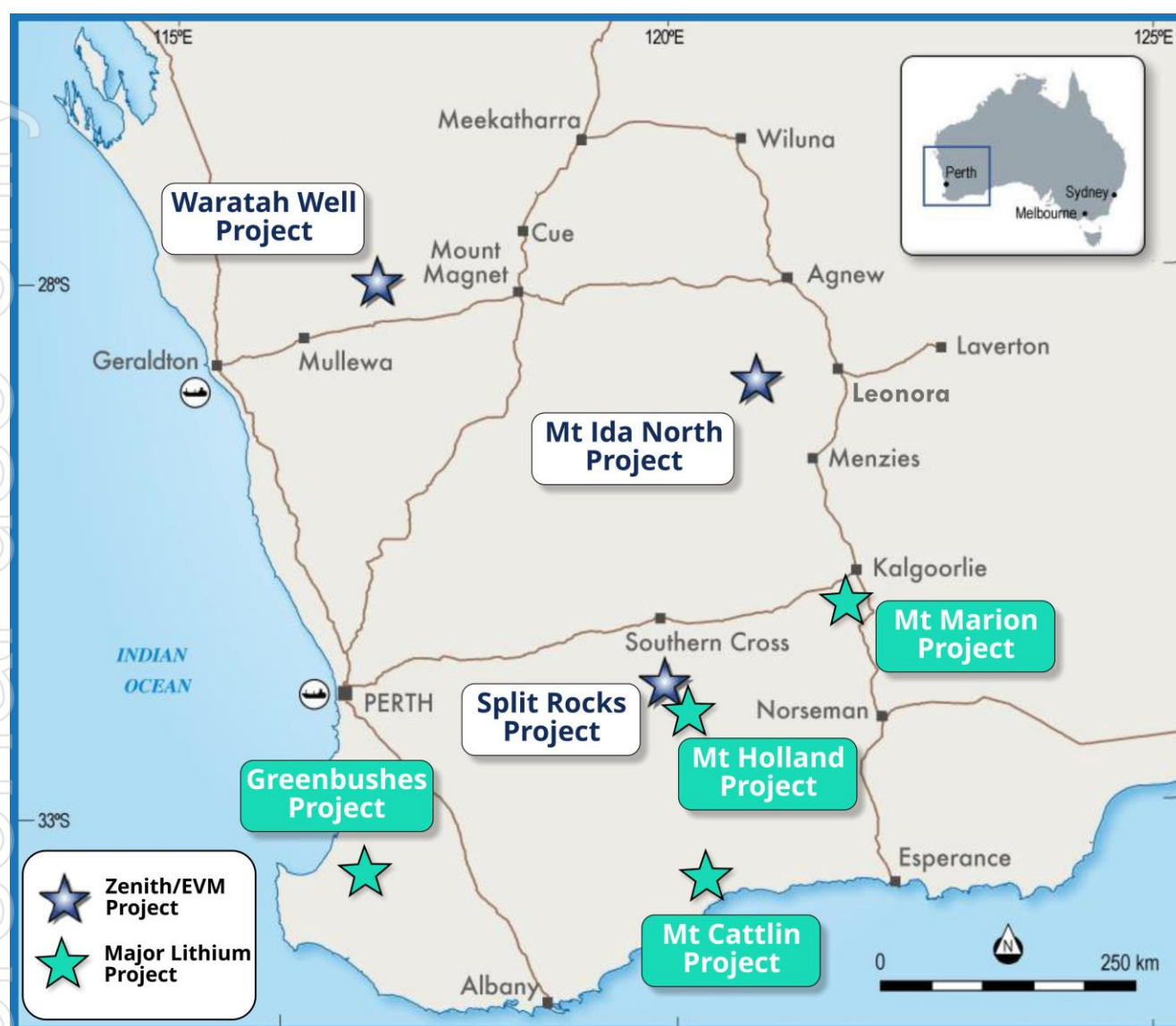


Figure 1: Zenith Lithium Joint Venture - Project Locations

### SPLIT ROCKS LITHIUM-TANTALUM PROJECT – WA (EVM Earning 60%)

Zenith has been systematically exploring the Split Rocks project, with landholdings of approximately 660 sqkm in the Forrestania greenstone belt – Western Australia, for lithium. This emerging lithium district is host to SQM-Wesfarmers Mt Holland/Earl Grey lithium deposit containing a Measured, Indicated & Inferred Mineral Resource of 189Mt @ 1.5% Li<sub>2</sub>O (66Mt @ 1.58 % Li<sub>2</sub>O Measured, 106Mt @ 1.52% Li<sub>2</sub>O Indicated, and 17Mt @ 1.11% Li<sub>2</sub>O Inferred) (reported in KDR:ASX Release 19-Mar-2018).

Drilling, as part of an ongoing exploration campaign to scope the size of the host pegmatite and contained lithium mineralisation at Rio, has returned significant lithium mineralisation (Figures 2- 5). In the immediate area of the Rio pegmatite, a further 22 holes have now been completed (ZVRC029 to ZVRC050) in addition to the initial discovery drill section of 4 holes (ZVRC001 to ZVRC004). Assay results are available for 21 holes (ASX Release 20-Sep-22).

Lithium drill results include:

- ZVRC032 - 24m @ 0.7% Li<sub>2</sub>O, incl. 3m @ 2.7% Li<sub>2</sub>O & 1m @ 1.5% Li<sub>2</sub>O within a broad interval of 104m @ 0.3 % Li<sub>2</sub>O to end of hole

- ZVRC037 - 25m @ 0.7% Li<sub>2</sub>O, incl. 5m @ 1.1% Li<sub>2</sub>O & 3m @ 1.1% Li<sub>2</sub>O & 2m @ 1.2% Li<sub>2</sub>O within a broad interval of 116m @ 0.3 % Li<sub>2</sub>O
- ZVRC040 - 12m @ 0.6% Li<sub>2</sub>O, incl. 4m @ 1.2% Li<sub>2</sub>O within a broad interval of 88m @ 0.3 % Li<sub>2</sub>O to end of hole
- ZVRC043 – 7m @ 1.3% Li<sub>2</sub>O within a broad interval of 56m @ 0.3% Li<sub>2</sub>O to end of hole
- ZVRC044 – 10m @ 1.0% Li<sub>2</sub>O within a broader interval of 62m @ 0.3% Li<sub>2</sub>O

New results are follow-up to discovery hole ZVRC002 that intersected:

- 20m @ 1.0% Li<sub>2</sub>O, incl. 10m @ 1.7% Li<sub>2</sub>O within a broad interval of 108m @ 0.4% Li<sub>2</sub>O (ASX Release 4-Apr-22).

Lithium pegmatite mineralisation identified to date is a mixture of eucryptite and petalite (with minor spodumene) confirmed by multiple methods, including optical microscopy, SEM, Raman spectroscopy and XRD analyses, whilst some lepidolite has been identified in visual chip logging and XRD.

Based on a detailed mineralogical investigation of 7 samples from the initial 4 drill holes, consulting geologist-mineralogist Dr Marcus Sweetapple noted: "The form of crystallization of eucryptite as either monomineralic cuttings, and either adjoining quartz or with subhedral-euhedral quartz inclusions, is suggested to indicate that eucryptite is part of a primary pegmatitic mineral assemblage, and has not been formed from the hydrothermal alteration or replacement of other lithium silicates.

Eucryptite is interpreted to form relatively pure discrete bodies or units within the pegmatite and could therefore be in a form favourable for selective mining and processing. Although less petalite is noted in XRD done to date, from comparison with other known pegmatite bodies, it would be expected to be a volumetrically more important mineral species than eucryptite.

In one sample, both petalite and spodumene were noted. These minerals, together with eucryptite, form a continuous series under different P-T conditions and their occurrence together is not unexpected."

The amenability of eucryptite mineralisation to conventional treatment processes has been shown by positive sighter flotation testwork and bench scale calcination-leach tests, hence confirming the potential of eucryptite as a viable lithium target (ASX Release 26-Jul-22).

Lithium mineralisation extends well out into the wall rocks. A good example of this is in hole ZVRC039, the south-eastern most hole completed to date, that intersected 62m @ 0.2% Li<sub>2</sub>O to end of hole, all within the mafic host rock. The lithium mineralisation is presumed to be holmquistite (lithium amphibole) and is indicative of a deeper pegmatite source below where the hole terminated.

Strongly anomalous LCT elements that occur in association with lithium (maximum value 4.0% Li<sub>2</sub>O), include the following maximums: Cs 2,210 ppm, Rb >5,000 ppm, Nb 1,317 ppm, Ta 914 ppm, Be 482 ppm and Sn 0.1%.

The Rio pegmatite has now been outlined over >1200m length and 600m width, with a higher-grade central lithium mineralised zone identified over >450m length.

### Forward Program

Lithium mineralisation at Rio remains open to the north, south, east and at depth, with 15 of 22 holes drilled to date either ending in pegmatite or deemed too short to test the target zone. Permits are now in place to enable drilling of up to a further 84 RC and 84 diamond holes in the immediate Rio area. The current RC rig will be joined by a diamond drill rig to enable deeper drill testing focusing on the eastern side and depth extents.

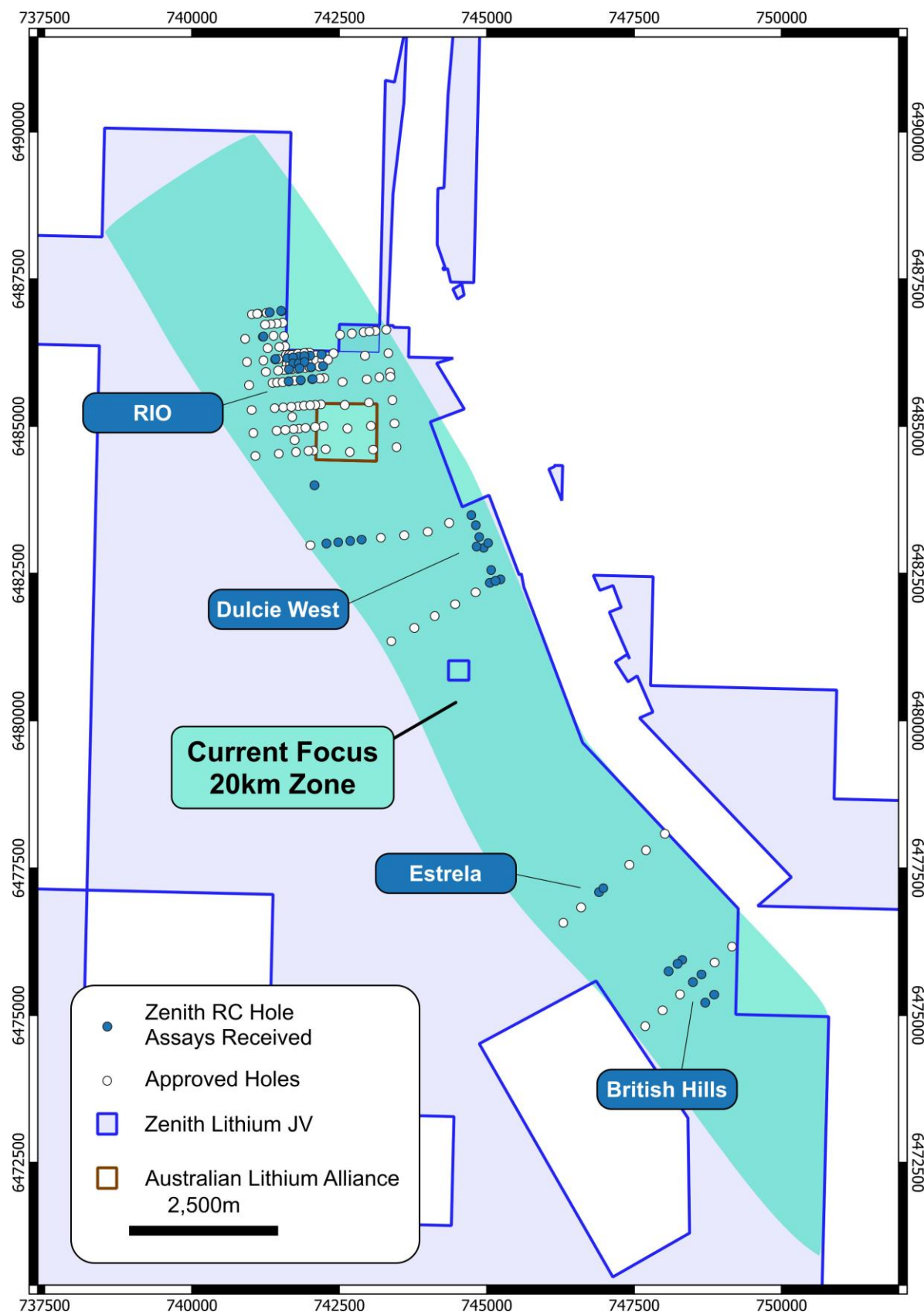


Figure 2: Split Rocks Lithium Pegmatite Target Zone and Approved Drill Holes

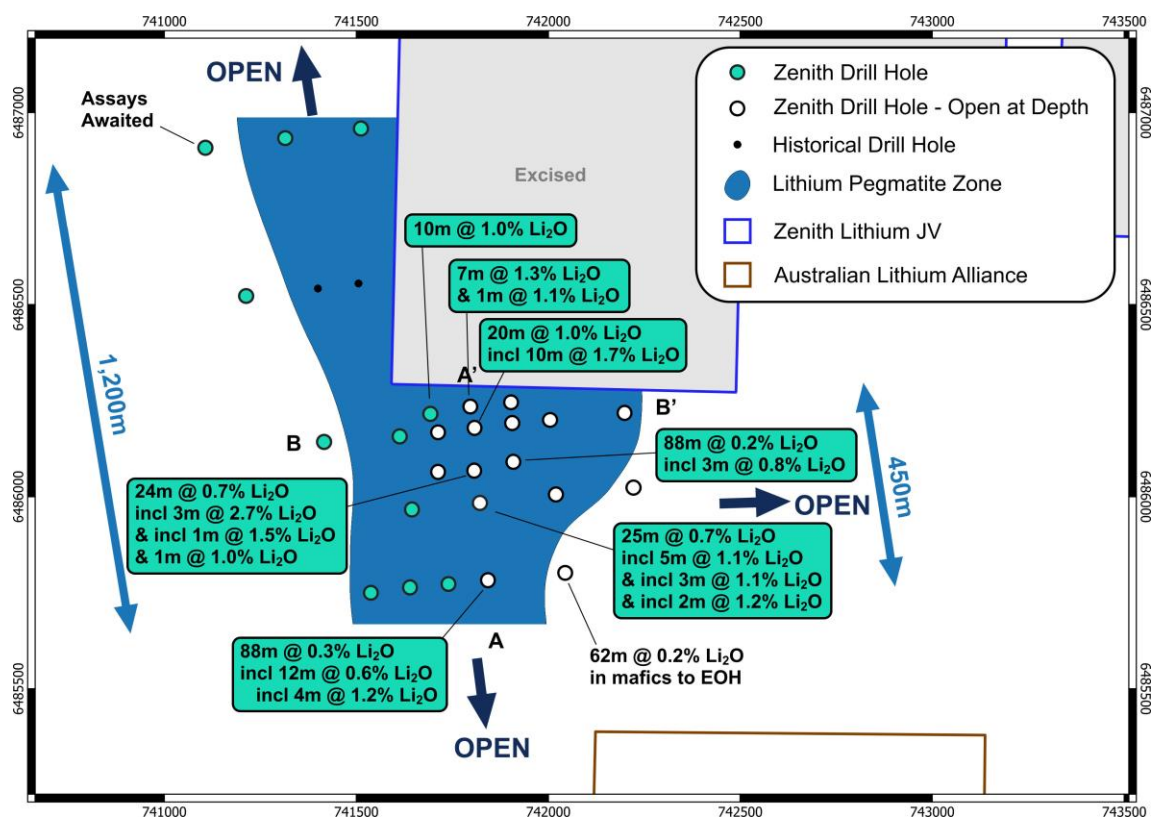


Figure 3: Rio Pegmatite – Map with Significant Lithium Drill Results

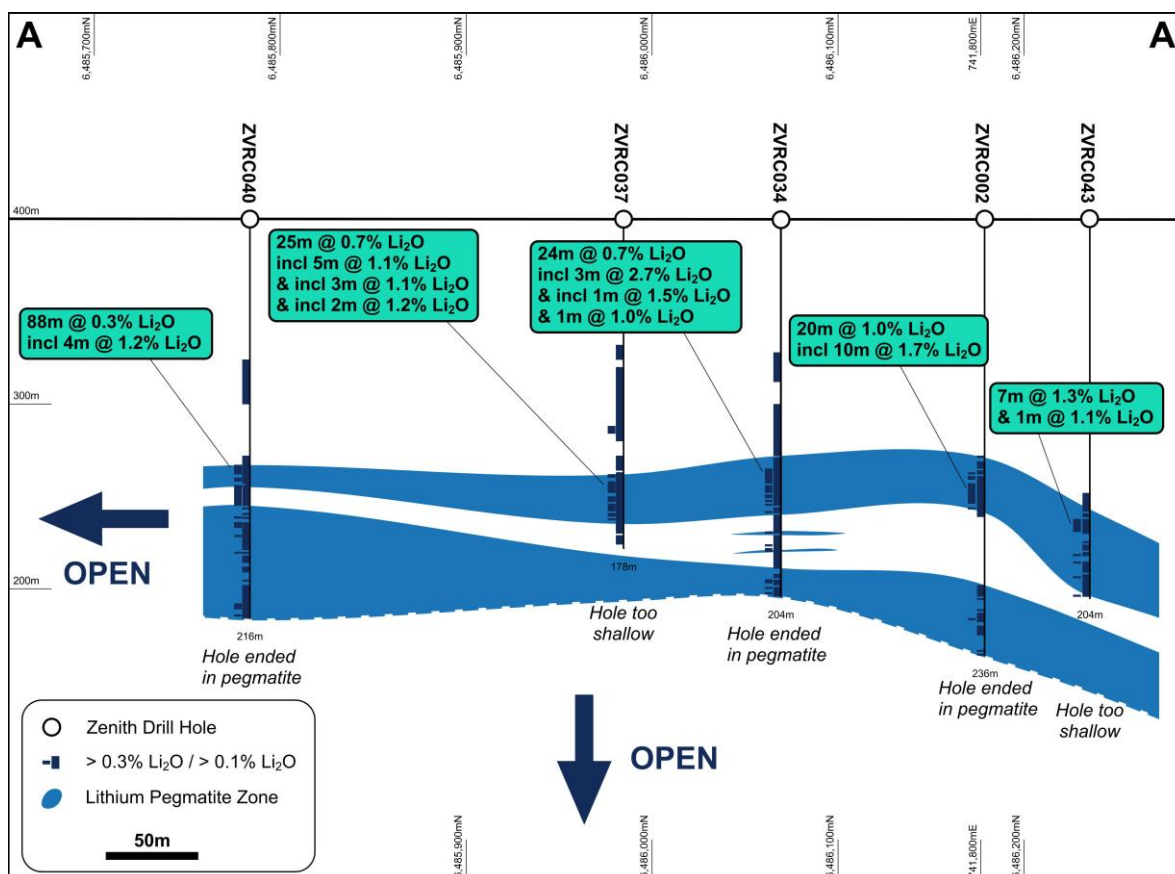
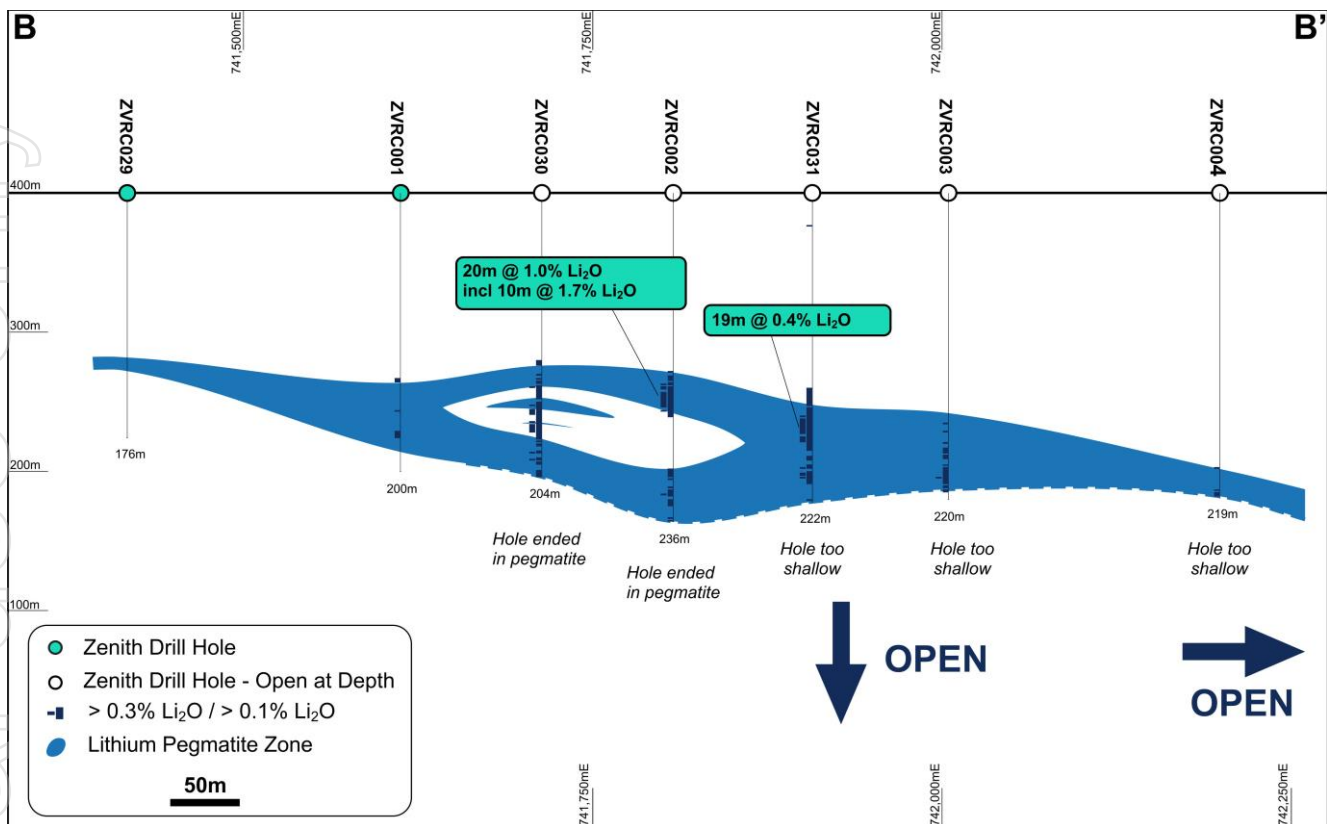


Figure 4: Rio Pegmatite – Long Section with Significant Lithium Drill Results



**Figure 5: Rio Pegmatite – Cross Section with Significant Lithium Drill Results**

## WARATAH WELL LITHIUM-TANTALUM PROJECT – WA (EVM Earning 60%)

The Waratah Well Project is located approximately 20km northwest of the regional town of Yalgoo in the Murchison Region of Western Australia.

An initial drilling program in early 2022 confirmed the presence of widespread lithium-bearing pegmatite dykes over a 4km zone, open to the north and east under soil cover at Waratah Well (ASX Release 10-Mar-22).

Subsequent follow-up drilling, in mid-calendar year 2022, confirmed the presence of thick pegmatites under soil cover in the northeast portion of the project area. 22 out of the 47 holes in that program intersected pegmatites, ranging in thickness from 1m up to 24m, the thickest pegmatite identified in the project area to date. Significant lithium results were intersected in 3 drill holes. The higher lithium zones occurred at the base of the pegmatites in fresh rock, implying that the lithium may be depleted in the near surface weathered zone (ASX Release 6-Jul-22). Better results include:

- ZWWRC029 - 7m @ 0.67% Li<sub>2</sub>O, including 3m @ 1.31% Li<sub>2</sub>O at the base of the 24m thick pegmatite, with the upper portion being strongly weathered.
- ZWWRC030 – 22m @ 0.22% Li<sub>2</sub>O including 1m @ 0.61% Li<sub>2</sub>O, upper portion of the pegmatite also weathered
- ZWWRC016 – 11m @ 0.13% Li<sub>2</sub>O

XRD analysis shows that the lithium minerals, of the better mineralised zones, are predominantly petalite with only minor lithium mica and holmquistite. The chemistry and conditions of formation of petalite are more like those of spodumene than the lithium micas.

This is a very positive change in lithium mineralogy and now forms a focus area with a follow-up drill program (2000m) now planned to commence in October 2022.



## Background on the Waratah Well Project

The key lithium target at Waratah Well is blind lithium spodumene mineralisation beneath the outcropping tantalum bearing dykes, a geological architecture like that noted at the Bald Hills lithium mine (formerly owned by ASX:TAW). A similar picture is also noted at Liontown's (ASX:LTR) Kathleen Valley lithium project whereby relatively narrow surface pegmatite dykes merge at depth to form a thick, flat-lying lithium spodumene rich sill (ASX Release 24-Jan-22).

A new Ni-Cu-PGE drill target has been identified by Zenith's technical team as part of a holistic approach to exploration on the Waratah Well project area (ASX Release 6-Sep-22). The target is defined by a strong Ni-Cu-PGE surface soil anomaly with coincident EM conductors, hosted within a mafic-ultramafic intrusion. The intrusion is also the host to lithium-rich pegmatites that are the focus of exploration at Waratah Well.

## AUSTRALIAN LITHIUM ALLIANCE

Zenith and EV Metals Group have also agreed to work together on a non-exclusive basis to assess lithium opportunities in Australia under a strategic initiative referred to herein as the Australian Lithium Alliance (ALA). Zenith and EV Metals Group will each fund their respective share of costs on assessing, exploring and any future development capital on a 40% - 60% basis respectively, with EV Metals Group owning marketing rights to any offtake. Each party will bring to the arrangement their respective technical, financial and management skills to assess lithium opportunities. The Mt Ida North option agreement announced to the ASX on 23-May-22 is being pursued under the ALA partnership.

## MT IDA NORTH LITHIUM PROJECT – WA (ZNC 40%)

The Mt Ida North Project is located approximately 95km west of the regional town of Leonora in the Goldfields Region of Western Australia.

Reconnaissance mapping and sampling by Zenith's technical team have identified a zone of high rubidium and tantalum-bearing pegmatite dykes that crop out over a 1km x 1km area, with a cluster with very high density focused in an area 1km x 500m in the southeast of the project area. The generally sub-vertical pegmatite dykes are up to 20m thick and lie close to the greenstone - Copperfield granite contact.

The geological setting of Mt Ida North is like that of a recent lithium pegmatite discovery at Mt Ida by ASX listed Red Dirt, located approximately 15km along strike to the south (ASX Release 23-May-22).

Drill testing is planned with an initial 12-hole RC program now scheduled to commence in late-September 2022 (Figure 6).

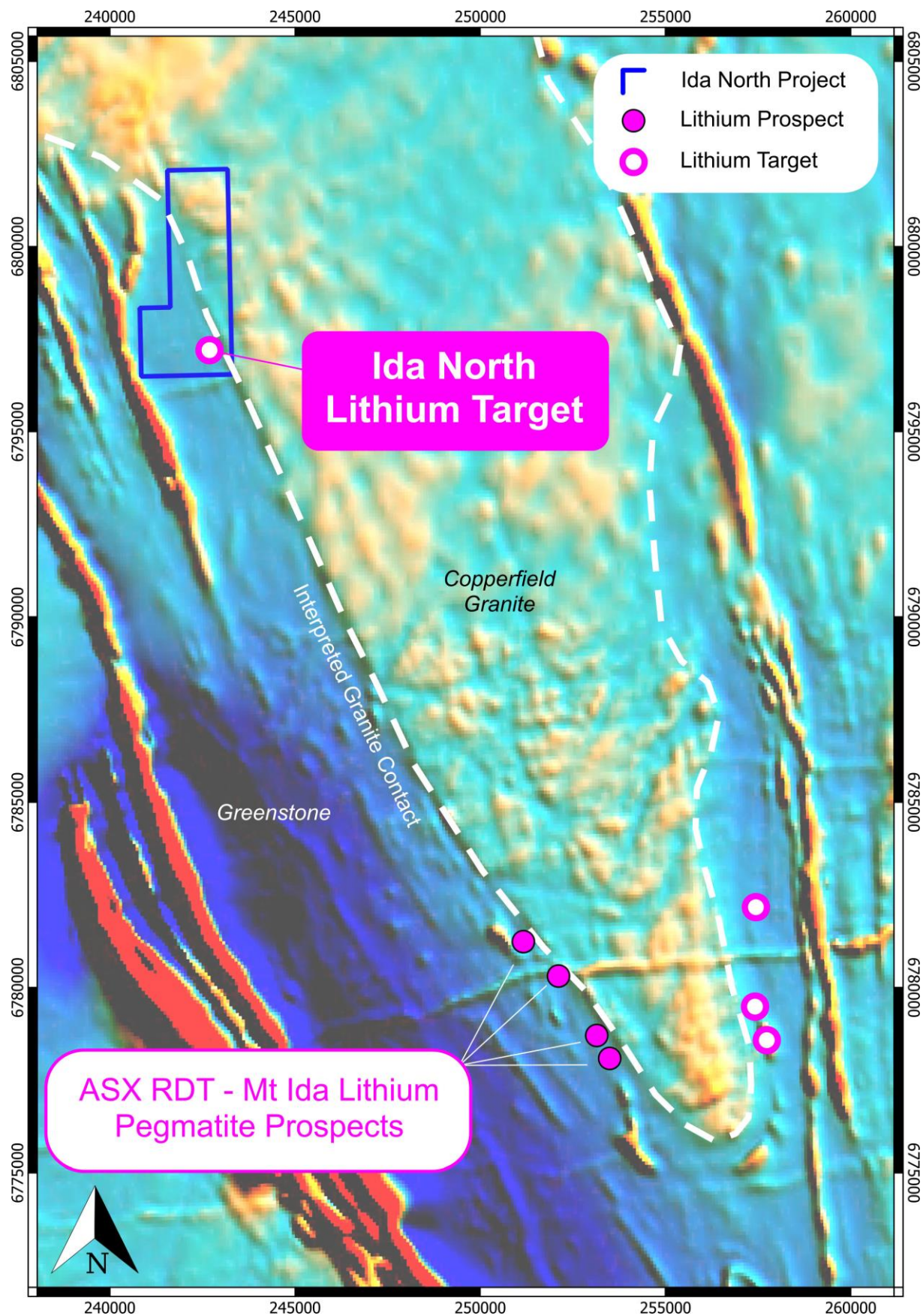


Figure 6: Mt Ida North Project Location

## GOLD-COPPER & ZINC PROJECTS

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

Zenith Minerals Ltd (ASX: ZNC) owns a 25% free-carried interest in the Earahedy Joint Venture zinc project, whilst Rumble owns 75%.

A 50,000m drilling program in 2021 to further drill and scope the new Tonka zinc discovery (ASX Release 13-Dec-21 & 21-Dec-22) was quickly followed up by a second 50,000m drill program that commenced in early 2022.

Work to date has been successful in defining very widespread flat-lying zinc-lead mineralised bodies such as Chinook, Tonka and Navajoh as well as defining multiple discrete, continuous high-grade zinc-lead zones including: Kalitan, Spur, Colorado and Magazine, that remain open ended.

#### Earahedy Project Background

The Earahedy Zinc project forms a key component of Zenith's base metal and gold portfolio for which an application has been submitted to ASX to be demerged into a separate listed entity (Mackerel Metals), so that Zenith may focus on its core lithium business.

Programs at Earahedy are conducted under management by our JV partner, Rumble Resources Ltd. Work to date has been successful in defining very widespread flat-lying zinc-lead mineralised bodies such as Chinook, Tonka and Navajoh as well as defining multiple discrete, continuous high-grade zinc-lead zones including: Kalitan, Spur, Colorado and Magazine.

#### Next Steps

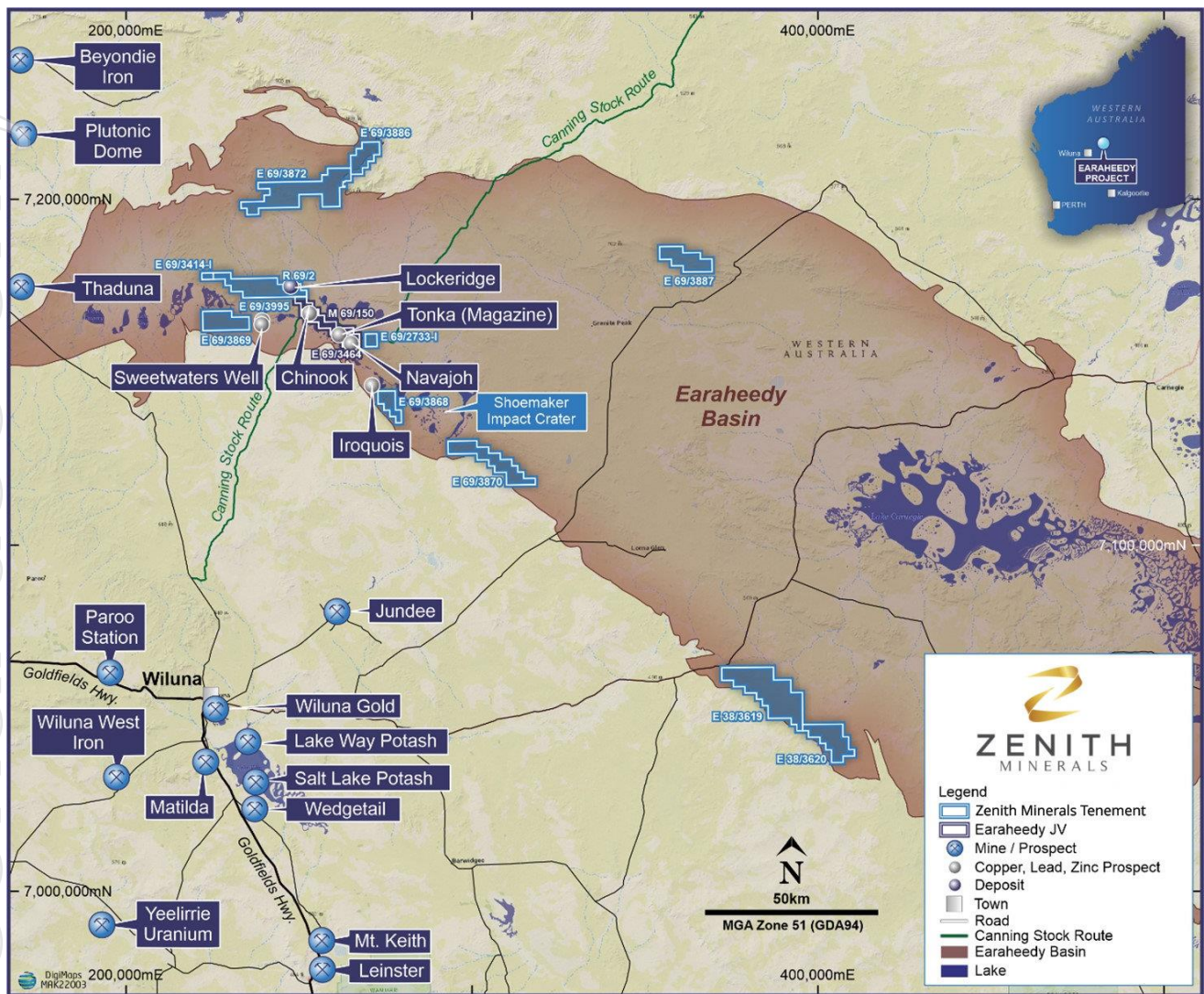
- A further 38 RC and diamond holes from infill and extensional drilling at the Colorado and Magazine Fault Zones, remain to be reported.
- Early interpretation of the preliminary Airborne Gravity Gradiometric (AGG) data has highlighted the Fault Zones as potentially a series of stacked high grade east-west mineralising structures within the extensive broad mineralised envelope (8km x 2km) at Tonka -Navajoh. Multiple new targets are being generated from this preliminary data and the Company is currently planning further RC/DDH drilling to test these areas in the near term.
- Sighter metallurgical test work to develop a preliminary flowsheet for the sulphide flotation concentrate is progressing well.
- An independent technical study to determine the optimum drill spacing for a maiden resource has commenced.

Further details of these new Earahedy Joint Venture highlights are detailed in the appended RTR ASX Release dated 30-Aug-22.

### EARAHEEDY ZINC PROJECT – WA (Zenith 100%)

The Earahedy Zinc Project (EZIP) covers an area of ~673km<sup>2</sup> within the emerging base metal province and comprises six exploration licences granted to a wholly-owned subsidiary of Zenith. The Company is well advanced in planning and permitting a maiden reconnaissance drilling programme to commence testing, over 100km of strike, within the highly zinc prospective Frere Formation and Yelma Formation contact. The contact is one of the key controls to zinc mineralisation at the adjacent Earahedy Zinc joint venture (Figure 7).





**Figure 7: Project Location Map – Showing 100% Owned Earaheedy Zinc Project and Joint Venture (Note Applications E69/3868 and E69/3870 are second in time and Zenith retains second priority right).**

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

Zenith's Split Rocks project is located within the Southern Cross region in the Forrestania greenstone belt, approximately halfway between Perth and Kalgoorlie. Several very large current and formerly operated gold mines located north and south along strike from Zenith's project area attest to the regional gold endowment of this area (Figure 8).

Drilling to date by Zenith has tested 14 targets with outstanding results returned to date at 6 prospects – Figure 9 (ASX Releases 5-Aug-20, 2-Sep-20, 19-Oct-20, 28-Oct-20, 15-Jan-21, 11-Mar-21, 21-Apr-21, 24-Jun-21, 13-Jul-21, 30-Sep-21, 16-Jan-22, 14-Jun-22):

- Dulcie North: 32m @ 9.4 g/t Au, incl 9m @ 31.4 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 and 3m @ 17.9 g/t Au
- Estrela Prospect: 2m @ 9.8 g/t Au
- Dulcie Far North: 7m @ 7.8 g/t Au incl 5m @ 10.6 g/t Au, 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au, 4m @ 10.2 g/t Au, 5m @ 7.4 g/t Au, 8m @ 4.2 g/t Au

- Water Bore: 3m @ 6.6 g/t Au
- Scott's Grey: 8m @ 4.1 g/t Au, 12m @ 1.7 g/t Au

Note Zenith retains gold rights at Dulcie Far North, Dulcie North, Dulcie Laterite Pit Zone and Scott's Grey below 6m, subject to the Dulcie option agreement (refer to ASX Release 21-Mar-19). Extensive gold-focused drill programs are planned with a key focus on the Dulcie Far North high-grade gold zone. Permitting for drilling is in progress.

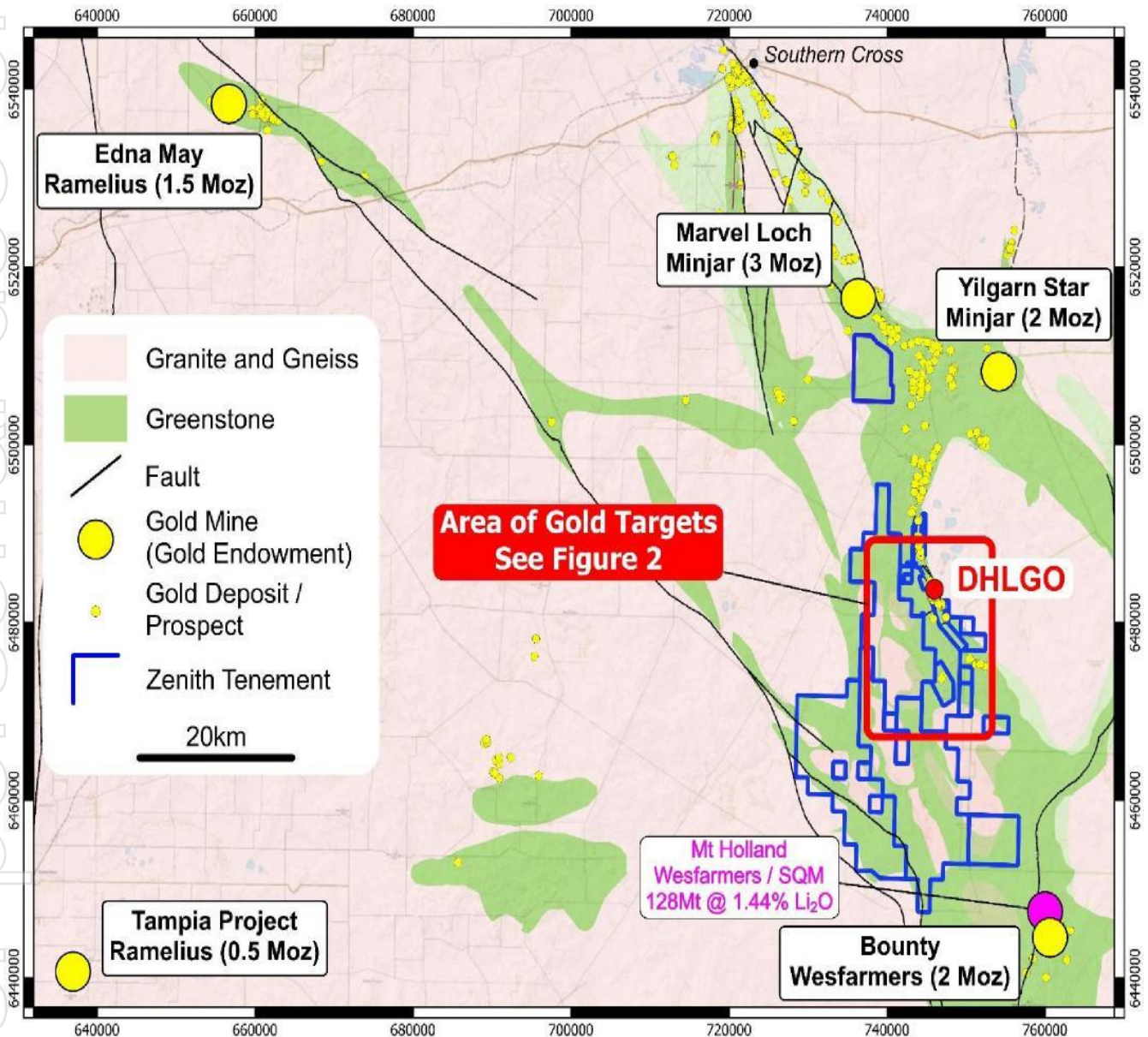


Figure 8: Split Rocks Project Location Map Showing Zenith tenements, Dulcie Heap Leach Gold Operation (DHLGO\*) Prospect and Regional Gold Endowment. (\*Gold rights below 6m subject to option agreement).





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

Following Zenith drilling at Develin Creek in 2014, 2021 and 2022, an updated Mineral Resource estimate has been completed for the Company's 100% owned Develin Creek project located in Queensland (ASX Release 8-Aug-22).

The Zenith drilling verified the past results that extended and improved the geological interpretation. The Mineral Resource is interpreted and reported at a 0.5% Cu eq (copper equivalent) cut-off suitable for open pit assessment.

The updated Mineral Resource for the Sulphide City – Scorpion – Window copper – zinc deposits at the 0.5% Cu eq cut-off includes:

Indicated	2.2 Mt @ 1.3% Cu, 1.3% Zn, 0.2 g/t Au and 8 g/t Ag
Inferred	2.7 Mt @ 1.1% Cu, 1.4% Zn, 0.2 g/t Au and 7 g/t Ag
Total	4.9 Mt @ 1.2% Cu, 1.4% Zn, 0.2 g/t Au and 7 g/t Ag

Copper equivalence Cu eq =  $(\text{Cu} + 0.45 \times \text{Zn})$  and based on current rounded metal prices in June 2022 of A\$8400/tonne Cu, A\$3300/t Zn and preliminary recoveries for Cu of 72% and Zn of 82%.

This update represents a 90% increase in tonnage and a 30% increase in overall contained metal from the previous estimate announced on 15-Feb-2015. This difference is attributed in part to a lower cut-off grade for reporting but is also the result of some resource extensions from recent Zenith drilling as well as a more robust interpretation that captures more of the mineralisation.

The estimate does not include the massive copper-zinc sulphide mineralisation identified at Snook and other prospects to the south, also within the Develin Creek project area.

### Develin Creek Project Background

The Develin Creek project is in central Queensland. Drilling at the Sulphide City and Scorpion deposits by Zenith during the year has returned strong massive copper-zinc sulphides (ASX Release 5-Jul-21), including:

- 34m @ 3.5% Cu+Zn, incl 10m @ 6.0% Cu+Zn, and
- 29m @ 3.5% Cu+Zn, incl 12.3m @ 6.7% Cu+Zn

This drilling program is part of a broader plan to build upon the existing JORC resource and add potential tonnage to the Develin Creek copper-zinc volcanogenic massive sulphide (VMS) inventory.

Zenith's technical team outlined the Snook target located 30km south of the existing JORC resources. An initial maiden drill test intersected 3m of massive and semi-massive sulphides at a depth of only 20m downhole. This zone returned: 3m @ 1.57% Cu, 1.07% Zn, 0.37% Pb, 43 g/t Ag and 0.2 g/t Au, including 2m of massive sulphide grading: 1.95% Cu, 1.34% Zn, 0.48% Pb, 55 g/t Ag and 0.3 g/t Au (ASX Release 7-Dec-20).

Subsequent follow-up drilling during the year has now extended the footprint of massive sulphides to a length of 150m (ASX Release 16-Dec-21 and 24-Mar-22), with the zone remaining open along strike to the south (Figures 10).

The Snook drill program and that completed at the nearby Wilsons North prospect now confirm a cluster of massive sulphides is present within the Company's landholdings, reaffirming the highly prospective nature of the Develin Creek project.

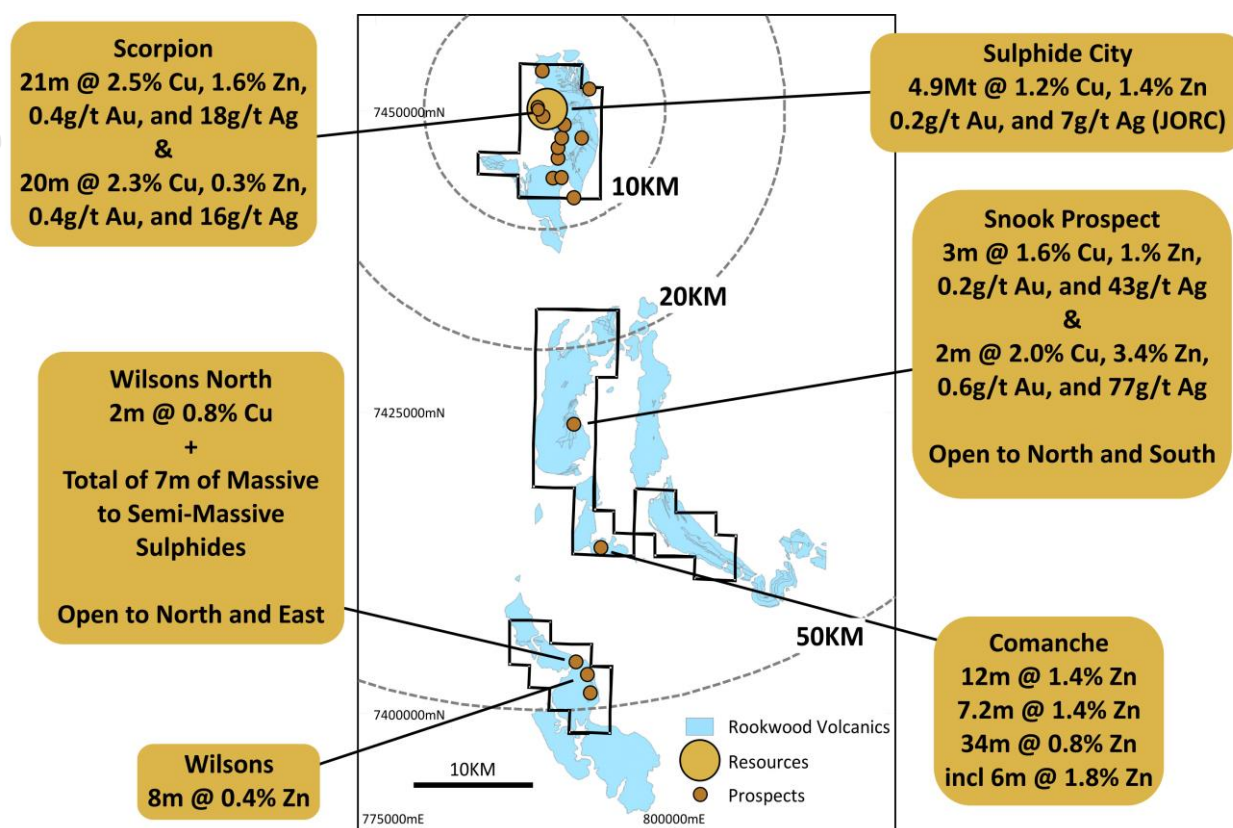


Figure 10: Develin Creek Project Outline and Areas Subject to Drill Testing in 2021

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

A zone of surface gold and silver mineralisation was discovered by Zenith at Red Mountain in SE Queensland, in a previously unrecognised felsic volcanic breccia complex first identified by Zenith's field team.

Drilling to date has outlined a discrete sub-vertical high-grade gold zone (Western Zone) to a vertical depth of 200m. Results include (ASX Releases 3-Aug-20 & 13-Oct-20, 9-Nov-20, 21-Jan-21, 13-May-21):

- 13m @ 8.0 g/t Au from surface, incl. 6m @ 16.7 g/t Au
- 15m @ 3.5 g/t Au, incl. 2m @ 22.4 g/t Au
- 12m @ 4.9 g/t Au, incl. 6m @ 9.4 g/t Au
- 5m @ 10.4 g/t Au, incl 1m @ 49.9 g/t Au
- 5m @ 3.5 g/t Au & 54.3 g/t Ag
- 10m @ 2.7 g/t Au from surface, incl. 4m @ 4.9 g/t Au
- 7m @ 4.4 g/t Au

The zone remains open at depth below hole ZRMDD044 where a wide zone of gold (88m @ 0.3 g/t Au from 223m to 311m) was intersected, associated with rhyolite dykes.

The Red Mountain project is located between two gold mines, Cracow (Aeris Resources Limited (ASX:AUR) and Mount Rawdon (ASX:EVN). Mineralisation at Red Mountain is considered by Zenith to be analogous to known gold deposits in Queensland, including the Mt Wright gold deposit. Mt Wright was exploited by Resolute Mining Limited as an underground operation, with mineralisation having a strike length of only 200m but vertical extent of over 1.2km.

Gold mineralisation (Western High-Grade Zone) remains open vertically below the current drilling, and will be the focus of further planned step-out testing along with drill testing of the copper-gold target in the core of the breccia pipe in early 2023.

### **PRIVATEER GOLD PROJECT – Queensland (Zenith 100%)**

The Privateer gold project in Queensland was secured via a 100% owned exploration licence (ASX Release 30-Mar-22). Zenith sampling during the year has confirmed the presence of high-grade gold at surface, with rock samples returning up to 3.5 g/t Au and 2.5 g/t Ag associated with epithermal style quartz veining.

Limited sparse historic (30 years ago) shallow drilling returned very high-grade, near surface gold and silver results including:

- 0.5m @ 28.5 g/t Au and 35 g/t Ag from only 58m below surface, that has never been followed up (diamond drill hole).
- 3m @ 2.6g/t Au from 38m downhole (percussion hole)
- 2m @ 1.0 g/t Au and 70.5 g/t Ag from 64m downhole

The geochemical association, host rocks and quartz vein textures at Privateer point towards a low-sulphidation epithermal gold style geological target with a well know analogue being the Cracow Gold Mine located some 70km to the west.

### **AUBURN GOLD PROJECT – Queensland (Zenith 100%)**

The Auburn gold project in Queensland was also secured via a 100% owned exploration licence (ASX Release 12-Apr-22) during the year. Zenith's reconnaissance sampling has confirmed the presence of high-grade gold at surface. From a total of 49 rock samples, 9 returned results greater than 1 g/t Au with a peak value of 23.3 g/t Au.

An initial soil sampling program over the central portion of the project area has defined several strong gold anomalies. Three of these are associated with, and extending from, historic gold mines, with strike lengths of up to 600m, and another three anomalies away from known gold workings. Peak soil result of 1.1 g/t Au. No on-ground exploration has been reported for over 25 years.

Mineralisation is hosted within sheared granitic rocks. All gold mineralised rock specimens (> 1 g/t Au) are strongly altered with no or very rare quartz veining. Host rocks, alteration, paucity of quartz veining and trace elements indicate potential for an intrusion related gold system (IRGS).

### **COWARRA GOLD PROJECT – New South Wales (Zenith 22.3%, earning up to 47%)**

A 10-hole RC program for a total of ~1,200m was completed during the year, with 7 holes completed at the Victoria prospect, 2 at Democrat and 1 at the King prospect. Final assays results are anticipated in late-September 2022.

#### **Cowarra Project Background**

The Cowarra gold project is located between Canberra and Cooma and consists of one granted exploration licence and comprises multiple gold zones hosted in Lachlan Orogenic Belt sedimentary rocks associated with gold mineralised strike extensive shear zones. Host rocks and structural setting are like that of some of the major Victorian gold deposits.

Previous drilling results from the Cowarra-Victoria gold deposit include:

- 35m @ 2.3 g/t Au from 23m depth in CRC001
- 15m @ 4.2 g/t Au from 57m depth in CRC022



Multiple regional prospects and targets extend for over 8km of strike around the Victoria gold deposit with rock chip sampling up to 23 g/t Au and previous drill results providing significant project upside, including:

**Democrat Prospect**

- 4m @ 10.5 g/t Au in CRC029
- 12m @ 1.9 g/t Au in CRC013

**Ambassador Prospect**

- 8.1m @ 4.3 g/t Au in 10CWD-A1
- 1m @ 12.0 g/t Au & 5m @ 3.0 g/t Au in CWD101

**Vanderbilt Prospect**

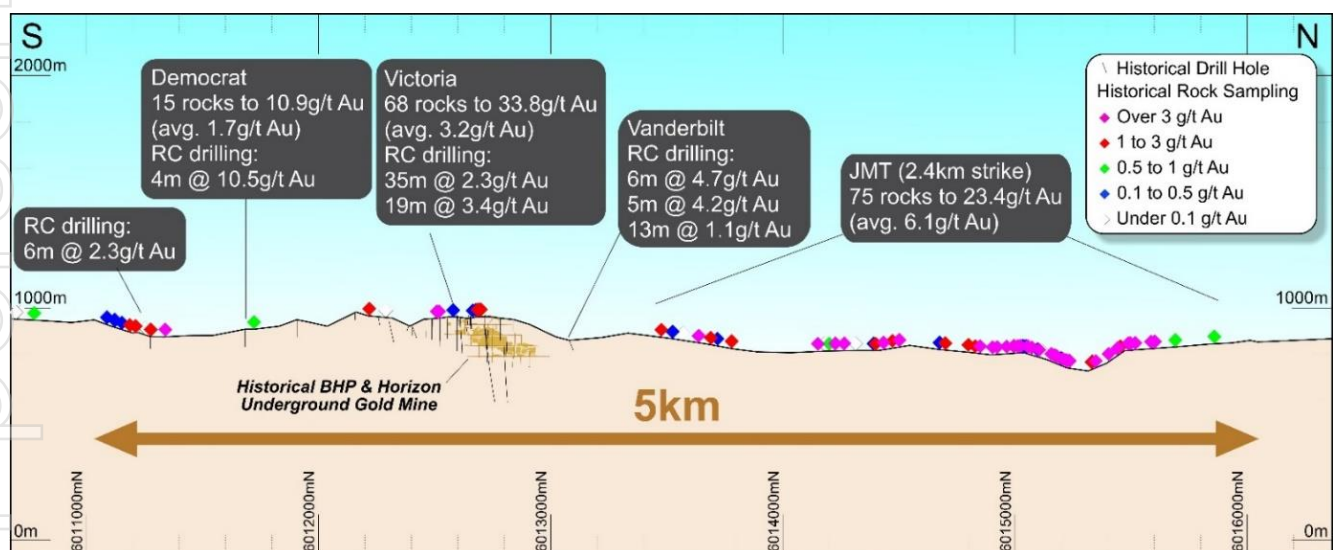
- 5m @ 4.2 g/t Au in CRC014

JMT Target – 75 rock samples over 1km of strike, average 6.1 g/t Au, no drilling to date.

The Cowarra gold project is situated on NSW State Lands set aside for minerals. Permitting for drilling is well advanced, with drilling anticipated to commence in the third quarter of 2022.

The Cowarra gold project was previously mined by BHP in the 1930's and later Horizon Pacific in the 1980's with average run-of mine grades between 6 – 8 g/t Au, with gold recovered by an industry standard carbon in leach (CIL) on site processing plant.

Gold mineralisation at Cowarra extends over some 8km within the granted EL with soil and rock chip anomalies requiring follow-up (Figure 11).



**Figure 11: Long Section of the Cowarra Gold Project – Democrat Prospect to JMT Prospect through Victoria Mine with Significant Drill and Rock Sample Gold Results**

Zenith has an option to provide staged funding to the Cowarra Project owner Oxley Resources Limited. On 24-Sep-21, the Company completed Stage 1 investment of \$140k into Oxley and in January 2022 (11-Jan-22) completed a further subscription in Oxley of \$70k, taking its current equity to 22.3%.

In addition, the Company has agreed with Oxley that it may subscribe for new or offer to purchase existing Oxley shares (to the value of \$750k at ZNC's sole election), such that its total holdings could increase to 47% of Oxley. Refer to ASX Release 13-May-21 for background on the transaction.

## KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith ~20%)

The Company is seeking to divest its share of the Kavaklitepe gold project, located in Turkey. Exploration and evaluation of the Kavaklitepe gold project is now managed by Gubretas Maden, a Turkish mining company that owns the nearby Sogut gold mine (under development).

Drilling to date on two prospect areas at Kavaklitepe has returned encouraging results:

### Kuzey Zone drill intersections:

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

### Continuous Kuzey Zone surface rock chip results:

- 54m @ 3.33 g/t Au,
- 10m @ 12.2 g/t Au,
- 44m @ 3.37 g/t Au,
- 15m @ 10.1 g/t Au and 6.5m @ 5.18 g/t Au.

## New Opportunities and Divestments

Divestments completed during the year included:

- Flanagan's copper project to ASX:BIM (BIM ASX Release 24-Jun-22)
- Vivash Iron project to LSE AIM:UFO (ASX Release 31-May-22)
- Jackadgery option to ASX:TG1 (ASX Release 16-May-22)

The Company advises that it is currently in ongoing and incomplete negotiations in connection with several potential project acquisitions and disposals. This work has included assessment of various 3rd party lithium properties in Australia.

Project generation is a core skill of the Company with new rare earth element prospective tenements secured during the year for which the Company is seeking a partner.

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

## Mineral Resource Statement

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

Following Zenith drilling at Develin Creek in 2014, 2021 and 2022, an updated Mineral Resource estimate has been completed for the Company's 100% owned, Develin Creek project located in Queensland (ASX Release 8-Aug-22).

The Zenith drilling verified the past results that extended and improved the geological interpretation. The Mineral Resource is interpreted and reported at a 0.5% Cu eq (copper equivalent) cut-off suitable for open pit assessment.

The updated Mineral Resource for the Sulphide City – Scorpion – Window copper – zinc deposits at the 0.5% Cu eq cut-off includes:

Indicated	2.2 Mt @ 1.3% Cu, 1.3% Zn, 0.2 g/t Au and 8 g/t Ag
Inferred	2.7 Mt @ 1.1% Cu, 1.4% Zn, 0.2 g/t Au and 7 g/t Ag
Total	4.9 Mt @ 1.2% Cu, 1.4% Zn, 0.2 g/t Au and 7 g/t Ag

Copper equivalence Cu eq = (Cu + 0.45\*Zn) and based on current rounded metal prices in June 2022 of A\$8400/tonne Cu, A\$3300/t Zn and preliminary recoveries for Cu of 72% and Zn of 82%.



This update represents a 90% increase in tonnage and a 30% increase in overall contained metal from the previous estimate announced on 15-Feb-2015. This difference is attributed in part to a lower cut-off grade for reporting, but is also the result of some resource extensions from recent Zenith drilling, as well as a more robust interpretation that captures more of the mineralisation.

The estimate does not include the massive copper-zinc sulphide mineralisation identified at Snook and other prospects to the south, also within the Develin Creek project area.

### Red Lake Manganese Mineral Resource

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

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

### Lockeridge Manganese Mineral Resource

There was no change to the Lockeridge Inferred Mineral Resource for manganese previously released to the ASX on 15-Apr15.

Lockeridge Manganese Mineral Resource Estimate as at April 2015									
Classification	Reporting Cut-off Grade	Tonnes (Mt)	Mn %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0
Note: The Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.									

### Mineral Resource Governance and Internal Controls

Zenith Minerals Limited ensures that the Mineral Resource estimates quoted are subject to governance arrangements and internal controls. All the Company's Mineral Resources have been estimated by independent third-party competent persons, or for selected inferred resources, by suitably qualified and experienced Company personnel.

All resources have been subject to review by Zenith Minerals Limited technical staff and by a subcommittee appointed by the Board of Directors. The Company re-affirms that its Mineral Resources are reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

## Competent Persons Statement

*The information in this report that relates to Exploration Results and Mineral Resources 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.*

*The information in this report that relates to the Develin Creek Mineral Resources is based on information compiled by Mr John Horton, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a full time employee of ResEval Pty Ltd. Mr Horton 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 Horton consents to the inclusion in the report of the matters based on his information, in the form and context in which it appears.*

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

## Investments

The Company holds investments in various listed entities because of project-based transactions.

Bradda Head Holdings Ltd (LON:BHL) 43.9M shares	NickelX Limited (ASX:NKL) 0.5M shares
Rumble Resources Ltd (ASX:RTR) 3.8M shares	Techgen Limited (ASX:TG1) 0.22M shares
American Rare Earths Ltd (ASX:ARR) 2.5M shares	Alien Metals Ltd (LSE AIM:UFO) 7.827M shares
	Bindi Metals Limited (ASX:BIM) 1.25M shares

## Covid-19

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

The Company continues to act on advice provided by the Federal and State Governments, with the health and safety of Zenith's crew, contractors, and local stakeholders a priority.

## 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.

The Directors present their report, together with the financial statements of the consolidated entity, being Zenith Minerals Limited and subsidiaries ("the Consolidated Entity") it controlled at the end of, or during, the year ended 30 June 2022, and the auditors' report thereon.

## 1. DIRECTORS

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

### **David J E Ledger**

Executive Chairman, appointed 2 May 2022

Qualifications:

Experience:

David Ledger has spent over 35 years in investment banking with experience working in the United Kingdom and Australia. He is a former Executive Director of a major European Bank and has been advising institutional and corporate clients throughout his career. He currently works in Sydney in his own advisory firm, working across multiple sectors.

Other Current Directorships:

None

Former Directorships (last 3 years):

None

Special Responsibilities:

Corporate and investor relations

Interest in Shares:

350,000

Interest in Options

4,000,000 Unlisted Options subject to shareholder approval.

Contractual Right to Shares:

None

### **Michael J Clifford**

Managing Director, appointed 18 March 2014

Qualifications:

BSc. (Hons), 1987, MSc

Experience:

Mick Clifford is a geologist with over 30 years' experience in the exploration industry. Mick held senior technical and business development roles and explored for most major metal commodities during a successful career with Billiton Australia, Acacia Resources and AngloGold Ashanti, rising to the position of Regional Exploration Manager Australia. Mick was Managing Director of ASX listed PacMag Metals Ltd from 2005 until its takeover in 2010, when he co-founded private explorer S2M2 Coal Pty Ltd. He is experienced in international exploration, exploring for gold, copper and coal and has had exposure to mining and exploration in Australia, USA, Brazil, Indonesia, PNG, Angola, Democratic Republic of Congo, Mexico, Mongolia and Turkey.

Other Current Directorships:

None

Former Directorships (last 3 years):

None

Special Responsibilities:

Technical & Corporate

Interest in Shares:

3,317,988 Ordinary Shares

Interest in Options

4,500,000 Unlisted Options. 2,000,000 Unlisted Options subject to shareholder approval.

Contractual Right to Shares:

None

**Stanley A Macdonald**

Non-Executive Director, appointed 24 April 2006

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

Other Current Directorships: None

Former Directorships (last 3 years): Gascoyne Resources Limited (Non-Executive Director from 20 April 2011, resigned 8 October 2018)

Special Responsibilities: Company promotion and project acquisition

Interest in Shares: 5,570,072 Ordinary Shares

Interest in Options: 1,250,000 Unlisted Options. 4,000,000 Unlisted Options subject to shareholder approval.

Contractual Right to Shares: None

**Julian D Goldsworthy**

Non-Executive Director, appointed 29 August 2013

Qualifications: B. App. Sc. (Geology)

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

Other Current Directorships: None

Former Directorships (last 3 years): Gascoyne Resources Limited (Executive Director appointed 2 June 2019, resigned on 2 June 2019)

Special Responsibilities: Technical and Corporate

Interest in Shares: 2,726,180 Ordinary Shares

Interest in Options: 1,250,000 Unlisted Options. 1,000,000 Unlisted Options subject to shareholder approval.

Contractual Right to Shares: None

**Emma J Scotney**

Non-Executive Director, appointed 5 May 2022

Qualifications: LLB (Hons), B.A, GAICD, GradDipMgmt (Strategy and Finance)

Experience: Emma Scotney is a highly experienced Business Advisor and Corporate Lawyer, who has over 25 years' combined experience in the property, agricultural and mining industries. She provides in-house counsel services to an ASX-listed global mining technology company, advising on corporate and commercial matters, including mergers and acquisitions and corporate governance policy. Emma is also a Commissioner of the Insurance Commission of Western Australia.

Other Current Directorships: Minerals 260 Limited (Non-Executive Director from 1 November 2021)

Former Directorships (last 3 years): Nil

Special Responsibilities: Corporate governance

Interest in Shares: Nil

Interest in Options: Incentive Options – 1,000,000 Unlisted Options subject to shareholder approval.

Contractual Right to Shares: Nil

**Peter J Bird**

Non-Executive Director, appointed 30 March 2020  
Non-Executive Chairman, appointed 30 September 2020  
Executive Chairman, appointed 16 October 2020  
Stepped down on 30 October 2021

Qualifications:

BSc (Hons) (Geology)

Experience:

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

Other Current Directorships:

None

Former Directorships (last 3 years):

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

Special Responsibilities:

Technical and Corporate

Interest in Shares:

None

Interest in Options

1,250,000 Unlisted Options

Contractual Right to Shares:

None

**Graham D Riley**

Non-Executive Director, appointed 2 May 2018  
Retired on 30 November 2021

Qualifications:

B. Juris LLB

Experience:

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

Other Current Directorships:

None

Former Directorships (last 3 years):

Gascoyne Resources Limited (Non-Executive Director from 19 October 2009, resigned 8 October 2018).

Special Responsibilities:

Legal, Technical and Corporate

Interest in Shares:

9,000,000 Ordinary Shares

Interest in Options

None

Contractual Right to Shares:

None

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

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

## 2. COMPANY SECRETARY

### Nicholas Ong

Nicholas Ong was appointed Company Secretary on 16 November 2020.

He is experienced in mining project finance, mining and milling contract negotiations, mine CAPEX & OPEX management, and toll treatment gold reconciliation. Nicholas is a Fellow of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. Nicholas is currently a Company Secretary of several ASX listed companies.

## 3. DIRECTORS' MEETINGS

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

	MEETINGS	
	A	B
Mr D J E Ledger	1	1
Mr M J Clifford	5	5
Mr S A Macdonald	5	5
Mr J D Goldsworthy	5	5
Ms E J Scotney	1	1
Mr P J Bird	4	4
Mr G D Riley	4	4

**A** = Number of meetings attended

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

## 4. REMUNERATION REPORT – AUDITED

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

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

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

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

### A. Principles of Compensation - Audited

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

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

The Board ensures that remuneration satisfies the following criteria:

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

## A. Principles of Compensation – Audited (cont.)

The full Board acts on behalf of Nomination and Remuneration Committee matters and is responsible for determining and reviewing the remuneration packages for its directors and executives. Remuneration of key management personnel for the year ended 30 June 2022 has been determined by the Board. In this respect consideration is given to normal commercial rates of remuneration for similar levels of responsibility that is market competitive and complementary to the reward strategy of the consolidated entity. Alignment to shareholders interests focuses on pursuing long term growth in shareholder wealth, consisting of growth in share price and success of the Company within an appropriate control framework. The structure of non-executive directors' remuneration and executive remuneration are separate as recommended by Corporate Governance Council best practice.

### Executive Remuneration

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

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

### Fixed Compensation

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

### Performance Linked Compensation

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

### Long-Term Incentive

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

### Consequences of Performance on Shareholder Wealth

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

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

	2022 \$	2021 \$	2020 \$	2019 \$	2018 \$
Profit/(Loss) attributable to owners of the Group	1,465,147	2,010,141	(383,397)	(695,492)	(682,929)
Basic Profit/(Loss) per Share	0.0044	0.0027	(0.002)	(0.003)	(0.003)
Share Price at financial year end (\$)	0.28	0.25	0.12	0.08	0.18
Changes in share price (from initial listing of 25 cents)	0.03	-	-0.13	-0.17	-0.07

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

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

**Non-Executive Compensation**

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

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

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

**Voting and comments made at The Consolidated Entity's 2021 Annual General Meeting ('AGM')**

At the 2021 AGM, 99.25% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. There was no specific feedback received at the AGM, regarding its remuneration practices.

**B. Key Management Personnel Remuneration - Audited**

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

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

- Mr D J E Ledger – Executive Chairman (appointed 2 May 2022)
- Mr M J Clifford – Managing Director
- Mr S A Macdonald – Non-Executive Director
- Mr J D Goldsworthy – Non-Executive Director
- Ms E J Scotney – Non-Executive Director (appointed 2 May 2022)
- Mr P J Bird – Executive Chairman (retired 30 October 2021)
- Mr G D Riley - Non-Executive Director (retired 30 November 2021).



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

		Short-Term Benefits			Post-Employment Benefits	Other Long Term Benefits	Share-Based Payments	TOTAL	S300A(1)(e)(i)	S300A(1)(e)(vi)
		Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options		Proportion of Remuneration Performance Related %	Value of Options as Proportion of Remuneration %
		\$	\$	\$	\$	\$	\$	\$		
<b>Non- Executive Directors:</b>										
S A Macdonald	<b>2022</b>	<b>33,750</b>	-	-	<b>3,450</b>	-	-	<b>37,200</b>	-	-
	2021	32,500	-	-	3,088	-	98,103	133,691	-	73.38%
J D Goldsworthy	<b>2022</b>	<b>86,850</b>	-	-	<b>8,685</b>	-	-	<b>95,535</b>	-	-
	2021	32,500	-	-	3,088	-	98,103	133,691	-	73.38%
EJ Scotney	<b>2022</b>	<b>7,500</b>	-	-	<b>750</b>	-	-	<b>8,250</b>	-	-
	2021	-	-	-	-	-	-	-	-	-
G D Riley	<b>2022</b>	<b>12,500</b>	-	-	<b>1,250</b>	-	-	<b>13,750</b>	-	-
	2021	32,500	-	-	3,088	-	-	35,588	-	-
<b>Executive Director:</b>										
D J E Ledger	<b>2022</b>	<b>42,500</b>	-	-	-	-	-	<b>42,500</b>	-	-
	2021	-	-	-	-	-	-	-	-	-
PJ Bird	<b>2022</b>	<b>218,428</b>	-	-	<b>8,067</b>	-	-	<b>226,495</b>	-	-
	2021	183,090	-	-	17,394	-	98,103	298,587	-	32.86%
M J Clifford	<b>2022</b>	<b>244,658</b>	-	-	<b>24,466</b>	-	<b>19,084</b>	<b>288,207</b>	-	<b>6.62%</b>
	2021	254,075	-	2,065	24,137	-	156,965	437,242	-	35.90%
<b>Other Key Management Personnel:</b>										
M J Nelmes	<b>2022</b>	-	-	-	-	-	-	-	-	-
	2021	66,960	-	-	5,531	-	-	72,491	-	-
<b>TOTAL</b>	<b>2022</b>	<b>646,186</b>	-	-	<b>46,668</b>	-	<b>19,084</b>	<b>711,938</b>	-	-
<b>TOTAL</b>	2021	619,940	-	2,065	58,066	-	451,274	1,131,345	-	-

### Analysis of Bonuses Included in Remuneration – Audited

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

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

	Fixed Remuneration		Remuneration linked to performance	
	2022	2021	2022	2021
<b>Non-Executive Directors:</b>				
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
E J Scotney			-	-
G D Riley	100%	100%	-	-
<b>Executive Director:</b>				
P J Bird	100%	100%	-	-
D J E Ledger	100%	-	-	-
M J Clifford	100%	100%	-	-

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

### Service Contracts

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

<b>David JE Ledger</b>	<ul style="list-style-type: none"> <li>- Executive Chairman, appointed 2 May 2022</li> <li>- Annually renewable contract</li> <li>- Base salary of \$255,000 per annum.</li> <li>- Issue of unlisted options, subject to shareholder approval</li> <li>- Three month notice period is prescribed on termination, with or without cause.</li> </ul>
<b>Stanley A Macdonald</b>	<ul style="list-style-type: none"> <li>- Non-Executive Director, appointed 24 April 2006</li> <li>- Annually renewable contract</li> <li>- Base salary of \$45,000 per annum plus superannuation of 10%</li> <li>- No notice period is prescribed on termination.</li> </ul>
<b>Julian D Goldsworthy</b>	<ul style="list-style-type: none"> <li>- Non-Executive Director, appointed 29 August 2013</li> <li>- Annually renewable contract</li> <li>- Base salary of \$45,000 per annum plus superannuation of 10%</li> <li>- Additional consulting paid at daily rate.</li> <li>- No notice period is prescribed on termination.</li> </ul>
<b>Emma J Scotney</b>	<ul style="list-style-type: none"> <li>- Non-Executive Director, appointed 2 May 2022</li> <li>- Annually renewable contract</li> <li>- Base salary of \$45,000 per annum plus superannuation of 10%</li> <li>- No notice period is prescribed on termination.</li> </ul>
<b>Michael J Clifford</b>	<ul style="list-style-type: none"> <li>- Managing Director appointed 18 March 2014</li> </ul>
<b>Terms of Agreement</b>	<ul style="list-style-type: none"> <li>- The agreement is annually renewable. To terminate the agreement, the Consolidated Entity must provide six months' notice, or the Managing Director must provide three months' notice.</li> </ul>

**Analysis of Bonuses Included in Remuneration – Audited (cont.)****Michael J Clifford (cont)**

If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.

**Remuneration and Benefits**

- Annual base salary of \$255,000 inclusive of 10% superannuation for the financial year to 30 March 2022 and adjusted to \$308,000 from 1 April 2022. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.

**C. Equity Instruments – Audited****Share-Based Compensation***i) Issue of shares*

There were no shares issued to the directors and other key management personnel as part of compensation during the year ended 30 June 2022 (2021: Nil)

Options were exercised during the year using the cashless exercise method. The unpaid amount expensed as Share-Based Compensation.

*ii) Options*

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

**2022:** Nil

**2021:**

Name	Number Options Granted	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting Date
M Clifford	2,000,000	25 Nov 2020	14 May 2023	\$0.1097	\$0.078483	Vests at date of grant
S A Macdonald	1,250,000	25 Nov 2020	14 May 2023	\$0.1097	\$0.078483	Vests at date of grant
J D Goldsworthy	1,250,000	25 Nov 2020	14 May 2023	\$0.1097	\$0.078483	Vests at date of grant
P J Bird	1,250,000	25 Nov 2020	14 May 2023	\$0.1097	\$0.078483	Vests at date of grant

Options granted carry no dividend or voting rights.

**Share-Based Compensation (cont.)**

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

**2022:**

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
<b>Director:</b>				
M J Clifford	19,084	-	-	6.62%
S A Macdonald	-	-	-	-
J D Goldsworthy	-	-	-	-
P J Bird	-	-	-	-

**2021:**

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
<b>Director:</b>				
M J Clifford	156,965	-	-	35.90%
S A Macdonald	98,103	-	-	73.38%
J D Goldsworthy	98,103	-	-	73.38%
P J Bird	98,103	-	-	32.86%

*Shares issued on exercise of options*

1,705,828 options granted under Zenith Minerals Limited's Employee Option Plan were exercised into ordinary shares during the year ended 30 June 2022 using the cashless exercise mechanism (2021: Nil).

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

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

2022	Ordinary Shares				
Name	Balance at the start of the year	Received as part of remuneration	Additions	Other changes	Balance at the end of the year
<b>Directors:</b>					
Stanley A Macdonald	5,570,072	-	-	-	5,570,072
Julian D Goldsworthy	2,726,180	-	-	-	2,726,180
Graham D Riley	9,000,000	-	-	(9,000,000)	-
Michael J Clifford	2,867,524	-	450,464	-	3,317,988
David J E Ledger	-	-	350,000	-	350,000
Peter J Bird	-	-	-	-	-
Emma J Scotney	-	-	-	-	-
<b>Total</b>	20,163,776	-	800,464	(9,000,000)	11,964,240

**Option Holding**

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

**2022**

Name	Balance at the start of the year	Granted as Remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year**
<b>Directors:</b>					
Stanley A Macdonald	1,250,000	-	-	-	1,250,000
Julian D Goldsworthy	1,250,000	-	-	-	1,250,000
Michael J Clifford	5,500,000	-	(1,000,000)	-	4,500,000
Graham D Riley	-	-	-	-	-
Peter J Bird	1,250,000	-	(1,250,000)	-	-
<b>Total</b>	9,250,000	-	(2,250,000)	-	7,000,000

\*\* All options are vested and exercisable at 30 June 2022.

**Other Transactions With Key Management Personnel And Their Related Parties**

During the financial year ended 30 June 2022, other transactions with key management personnel and their related parties were as follows:

- i) Provision of Serviced Office – During the financial year ended 30 June 2022, fees of \$3,872 (2021: \$7,745) were received from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald and fees of \$2,827 from Satinbrook Pty Ltd, a director related entity of Mr G D Riley (2021: \$7,025).

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

There are no loans to directors and executives

***This concludes the remuneration report, which is audited.***



## **5. ACTIVITIES**

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

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

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

## **6. OPERATING & FINANCIAL REVIEW**

### **Overview**

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

### **Objectives**

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

### **Financial Results**

The profit for the financial year ended 30 June 2022, attributable to members of the Consolidated Entity, after income tax is \$1,465,147 (2021: \$2,010,141).

No dividends were paid or recommended for payment during the financial year ended 30 June 2022 (2021: Nil).

### **Review of Financial Condition**

During the year, the net assets of the Consolidated Entity increased by \$13,539,191 from \$12,980,910 at 30 June 2021 to \$26,520,101 at 30 June 2022.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2022 of \$11,096,281 (2021: \$6,714,651). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$158,137 (2021: \$443,758) following its review of its portfolio of mineral tenements.

In relation to COVID-19, Zenith's Board is mindful of the significant impact the virus is having on the community and is continuing to assess the potential risks associated with its activities. Zenith's projects are in remote country areas or on grazing properties where Zenith's crew are geographically isolated. The Company will continue to act on advice provided by Federal and State Governments with the health and safety of Zenith's crew, contractors and local stakeholders a priority.

## **7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year ended 30 June 2022.

## **8. EVENTS SUBSEQUENT TO REPORTING DATE**

On 29 September 2022, Zenith entered into a deed of variation with Oxley Resources Ltd, to remove remaining of tranche 2 placement and amend tranche 3 placement to 1,875,000 shares for \$150,000 at \$0.08 per share. Tranche 3 placement will complete by 30 September 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Consolidated Entity up to date, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or material event has arisen since 30 June 2022, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

## **9. LIKELY DEVELOPMENTS**

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

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

## **10. ENVIRONMENTAL REGULATION**

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

## **11. INDEMNITY AND INSURANCE OF OFFICERS**

The Consolidated Entity has indemnified the Directors and Officers for costs incurred by them in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity, of the Consolidated Entity, and any other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a willful breach of duty by the Directors or Officers of the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Consolidated Entity.

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

## **12. INDEMNITY AND INSURANCE OF AUDITORS**

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

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

### 13. SHARE OPTIONS

#### *Shares Under Option*

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

Date options granted	Expiry date	Exercise Price	Number under option
16 July 2021	14 July 2024	\$0.379	750,000
14 May 2020	14 May 2023	\$0.1097	700,000
25 November 2019	24 November 2022	\$0.087	3,300,000
13 July 2020	31 December 2023	\$0.14	2,000,000
13 July 2020	31 December 2023	\$0.16	2,000,000
25 November 2020	14 May 2023	\$0.1097	4,500,000

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

### 14. SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were 2,495,272 ordinary shares issued by Zenith Minerals Limited during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted.

### 15. PROCEEDINGS ON BEHALF OF THE GROUP

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

### 16. DIVIDENDS

No dividends were paid or provided for during the year.

### 17. NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor (PKF) for non-audit services provided during the financial year are outlined in Note 9 to the financial statements.

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

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

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

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

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

**19. AUDITORS' INDEPENDENCE DECLARATION**

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

**20. AUDITOR**

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

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

On behalf of the directors



**Mr David J E Ledger**  
**Executive Chairman**

Dated: 30 September 2022  
Perth, WA.

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

In relation to our audit of the financial report of Zenith Minerals Limited for the year ended 30 June 2022, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*PKF Perth*  
**PKF PERTH**

*Simon Fermanis*

**SIMON FERMANIS**  
**AUDIT PARTNER**

30 SEPTEMBER 2022  
WEST PERTH  
WESTERN AUSTRALIA

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	Consolidated Entity	
		2022	2021
		\$	\$
<b>Revenue from continuing operations</b>	5	1,118,444	247,239
Profit on part disposal of equity investment in Associate	16	-	159,776
Net fair value gain on other financial assets	14	2,436,574	3,063,086
Other revenue	6	-	2,370
Interest revenue		10,084	4,165
<b>Expense</b>			
Employee benefits expenses		(579,339)	(683,268)
Share option based payment	27	(305,594)	(451,276)
Depreciation	17	(6,341)	(7,587)
Premises costs		(113,937)	(58,255)
Exploration expenditure expensed		(39,739)	(21,367)
Impairment loss on exploration & evaluation expenditure	18	(158,137)	(443,758)
Loss on recognition of associate	16	(114,421)	-
Impairment on investment in associate	16	-	(428,636)
Amortisation expense	19	-	(12,668)
Share of losses of Associate accounted for using equity method	16	10,437	(3,950)
Other operating expenses	7	(792,884)	(570,580)
<b>Profit from continuing operations before income tax</b>		<b>1,465,147</b>	<b>795,291</b>
Income tax expense	11	-	-
<b>Profit from continuing operations after income tax benefit for the year</b>		<b>1,465,147</b>	<b>795,291</b>
Net profit after tax from discontinued operations	8	-	1,214,850
<b>Net profit for the year</b>		<b>1,465,147</b>	<b>2,010,141</b>
<b>Other comprehensive income</b>			
<i>Items that might be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	22(a)	-	(75,246)
Other comprehensive loss for the year (net of tax)			(75,246)
<b>Total comprehensive profit/(loss) for the year</b>		<b>1,465,147</b>	<b>1,934,895</b>
<b>Profit/(Loss) per share</b>		<b>Cents</b>	<b>Cents</b>
Continuing operations			
Basic profit/(loss) per share	10	0.44	0.27
Diluted profit/(loss) per share	10	0.43	0.26
Discontinued operations			
Basic profit/(loss) per share	10	-	0.42
Diluted profit/(loss) per share	10	-	0.39
Continuing and discontinued operations			
Basic profit/(loss) per share	10	0.44	0.69
Diluted profit/(loss) per share	10	0.43	0.65

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	NOTE	Consolidated Entity	
		2022	2021
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	7,906,087	1,832,183
Trade and other receivables	13	171,630	98,426
Financial asset at fair value through profit or loss	14	7,467,583	4,636,593
Interest in associate	16	127,710	-
Other current assets	15	38,260	18,899
<b>TOTAL CURRENT ASSETS</b>		<b>15,711,270</b>	<b>6,586,101</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	17	16,356	20,834
Exploration and evaluation expenditure	18	11,096,281	6,714,651
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,112,637</b>	<b>6,735,485</b>
<b>TOTAL ASSETS</b>		<b>26,823,907</b>	<b>13,321,586</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	156,451	210,786
Employee benefits	20	147,355	129,890
<b>TOTAL CURRENT LIABILITIES</b>		<b>303,806</b>	<b>340,676</b>
<b>TOTAL LIABILITIES</b>		<b>303,806</b>	<b>340,676</b>
<b>NET ASSETS</b>		<b>26,520,101</b>	<b>12,980,910</b>
<b>EQUITY</b>			
Issued capital	21	38,780,371	26,543,450
Reserves	22(a)	704,773	867,650
Accumulated losses	22(b)	(12,965,043)	(14,430,190)
<b>TOTAL EQUITY</b>		<b>26,520,101</b>	<b>12,980,910</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2021</b>	<b>26,543,450</b>	<b>867,650</b>	<b>(14,430,190)</b>	<b>12,980,910</b>
Profit/(Loss) for the period	-	-	1,465,147	1,465,147
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,465,147	1,465,147
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 21)	11,634,514	-	-	11,634,514
Exercise of options	602,407	(281,645)	-	320,762
Issue of employee options (note 22)	-	118,768	-	118,768
<b>Balance at 30 June 2022</b>	<b>38,780,371</b>	<b>704,773</b>	<b>(12,965,043)</b>	<b>26,520,101</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2020</b>	<b>22,134,472</b>	<b>98,636</b>	<b>(16,440,331)</b>	<b>5,792,777</b>
Profit/(Loss) for the period	-	-	2,010,141	2,010,141
Other comprehensive income	-	(75,246)	-	(75,246)
Total comprehensive income	-	(75,246)	2,010,141	1,934,895
<i>Transactions with owners, recorded directly in equity</i>				
Issue of shares, net of transaction costs (note 21)	4,408,978	-	-	4,408,978
Issue of employee options (note 22)	-	451,276	-	451,276
Issue of broker options	-	392,984	-	392,984
<b>Balance at 30 June 2021</b>	<b>26,543,450</b>	<b>867,650</b>	<b>(14,430,190)</b>	<b>12,980,910</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	Consolidated Entity	
		2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		650,236	100,447
Cash paid to suppliers and employees		(1,542,378)	(1,150,993)
Payments for capitalised exploration and expenditure		(4,767,424)	(3,379,570)
Government grants and tax incentives		-	131,000
Interest received		10,084	4,165
Tax paid		-	(88,147)
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>	28	<b>(5,649,462)</b>	<b>(4,383,098)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of investments		-	487,064
Proceeds on sale of tenements		191,446	15,000
Payments for equity investments		(231,694)	-
Payments for plant and equipment		(4,836)	(9,929)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(45,084)</b>	<b>492,135</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issues of equity securities		12,000,000	5,100,000
Cost of issuing equity securities		(365,486)	(298,037)
Proceeds from exercise of options		133,934	-
Repayment of lease liability		-	(46,923)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>11,768,448</b>	<b>4,755,040</b>
Net increase in cash and cash equivalents		6,073,904	864,077
Cash and cash equivalents at the beginning of the financial period		1,832,183	968,107
Effect of movement in exchange rates on cash held		-	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	12	<b>7,906,087</b>	<b>1,832,183</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022****1. REPORTING ENTITY**

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

The Consolidated Entity is involved in mineral exploration.

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

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

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

The Consolidated Financial Statements were approved by the Board of Directors on 30 September 2022. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2020 to 30 June 2021.

**(b) Basis of Measurement**

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

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity with supplementary information about the parent entity being included in at note 31.

**(c) Functional and Presentation Currency**

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

**(d) Use of Estimates and Judgements**

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

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

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. Consideration extends to the suppliers, staffing and geographic regions in which the consolidated entity operates. The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the consolidated entity up to date, it is not practicable to estimate the potential impact, positive or negative, after the reporting date.

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

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

*Recovery of deferred tax assets*

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

*Exploration and evaluation expenditure*

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

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

As at 30 June 2022, the carrying value of capitalised exploration expenditure is \$11,096,281 (2021: \$6,714,651).

*Impairment of Non-Financial Assets*

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less cost of disposal or value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Impairment loss recorded in the current financial year was \$23,336 (2021: \$443,758).

*Share Based Payments*

The Consolidated Entity measures the cost of equity settled transactions with consultants and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share-based payments would not impact carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity (note 27).

*Estimation of Useful Lives of Assets*

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



## 2. BASIS OF PREPARATION (cont.)

### *Fair Value Measurement Hierarchy*

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### **New or Amended Accounting Standards and Interpretations Adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact on the financial report as a result of adopting the new accounting standards.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The impact has not yet been determined.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zenith Minerals Limited (the "Company") as at 30 June 2022 and the results of all subsidiaries for the year then ended. Zenith Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or the 'Group'.

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

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

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

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

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

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

**Associates**

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

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

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

**Operating segments**

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

**Foreign currency translation**

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

*Foreign Currency Transactions*

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

*Foreign Operations*

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Investments and other financial assets**

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

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

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

*Financial assets at fair value through profit or loss*

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

*Financial assets at fair value through other comprehensive income*

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

**Loans**

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

**Finance costs**

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

**Revenue***Revenue from contracts with customers*

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

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

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

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

*Rendering of services*

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

*Interest*

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

*Other revenue*

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

**Government grants**

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

*Rent*

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

**Income tax**

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

*Current tax*

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

*Deferred tax*

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

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

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and in the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

**Current and non-current classification**

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

The asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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

**Impairment***(i) Financial Assets*

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

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

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

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

**(ii) Non-Financial Assets**

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

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

**Cash and cash equivalents**

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

**Receivables**

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

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

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

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

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

**Contract assets**

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



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Customer acquisition costs**

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

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

**Customer fulfilment costs**

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

**Joint ventures**

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

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

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

*(i) Subsequent Costs*

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

*(ii) Derecognition*

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

*(iii) Depreciation*

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

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

The following rates are used in the calculation of depreciation:

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

**Right-of-use assets**

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

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

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

**Lease liabilities**

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

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Exploration and evaluation expenditure**

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

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

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Trade and other payables**

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

**Contract liabilities**

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

**Provisions**

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

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

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

**Employee benefits***(i) Short term employee benefits*

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

*(ii) Other long term employee benefits*

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

*(iii) Share-based payment transactions*

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

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Employee benefits (cont.)**

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

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

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

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

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

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

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

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

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

***Defined contribution superannuation expense***

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Fair value measurement**

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)****Fair value measurement**

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

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

**Share capital**

Ordinary shares are classified as equity.

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

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

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

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and services tax**

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

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

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

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

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

**4. OPERATING SEGMENTS***Identification of Reportable Operating Segments*

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

*Identification of Reportable Operating Segments*

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

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

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

**Geographical Information**

	Sales to external customers		Geographical non-current assets	
	2022 \$	2021 \$	2022 \$	2021 \$
Australia	1,118,444	247,239	11,124,301	6,735,464
	<b>1,118,444</b>	<b>247,239</b>	<b>11,124,301</b>	<b>6,735,464</b>

**5. REVENUE**

	Consolidated Entity	
	2022 \$	2021 \$
<b>Other Revenue</b>		
Exploration Income - Profit on Sale of Tenement Interest	404,477	94,411
Exploration Income – JV Contributions	617,139	-
Government Grant – COVID-19	-	81,000
Other revenue	96,828	71,828
Revenue from Continuing operations	<b>1,118,444</b>	<b>247,239</b>

**6. OTHER REVENUE**

	Consolidated Entity	
	2022 \$	2021 \$
Profit on part disposal of right of use asset	-	2,370
	<b>-</b>	<b>2,370</b>

## 7. OTHER OPERATING EXPENSE

		Consolidated Entity	
		2022	2021
		\$	\$
Accounting and Admin Services		91,800	67,642
Auditors Remuneration	9	46,825	50,456
Computer Expenses		48,938	25,389
Consulting Fee		54,000	36,000
Legal Expenses		257,328	11,413
Motor Vehicle Expense		11,415	3,940
Share Registry and Securities Exchange		82,924	54,543
Fringe Benefits Tax		118	4,916
Subscriptions, Publications, Memberships		9,424	11,190
Insurance		2,834	51,180
Interest on lease liability		-	1,073
Marketing and Media		62,002	156,207
Sundry Administration Expenses		125,276	94,631
		<b>792,884</b>	<b>570,580</b>

## 8. DISCONTINUED OPERATIONS

		Consolidated Entity	
		2022	2021
		\$	\$
<b>30 June 2022</b>			
<b>30 June 2021</b>			
<b>Sale of Wyoming Rare Pty Ltd</b>			
Proceeds		-	281,250
Carrying value of exploration expenditure		-	(108,461)
Profit on sale		-	172,789
<b>Sale of interest in Zenolith (USA) LLC</b>			
Proceeds			
- Cash (250,000 USD)		-	322,514
- Shares in Bradda Head Lithium Limited		-	726,067
		-	1,048,581
Carrying value of investment in Zenolith (USA)		-	(6,520)
Profit on sale		-	1,042,061
Net profit from discontinued operations		-	1,214,850



9. AUDITOR'S REMUNERATION

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

	Consolidated Entity	
	2022 \$	2021 \$
<b>Audit services</b>		
Auditors of the Group		
Audit and review of financial report – payable to PKF Perth	46,825	44,670
Audit and review of financial report – payable to other audit firms	-	5,786
Total remuneration for audit services	46,825	50,456
<b>Non-audit services</b>	-	-
Total Audit Services	46,825	50,456

10. PROFIT/(LOSS) PER SHARE

	Consolidated Entity	
	2022 (Cents)	2021 (Cents)
Continuing operations		
Basic profit/(loss) per share – cents	0.44	0.27
Diluted profit/(loss) per share – cents	0.43	0.26
Discontinued operations		
Basic profit/(loss) per share – cents	-	0.42
Diluted profit/(loss) per share – cents	-	0.39
Continuing and discontinued operations		
Basic profit/(loss) per share – cents	0.44	0.69
Diluted profit/(loss) per share – cents	0.43	0.65

	Consolidated Entity	
	2022 \$	2021 \$

The profit/(loss) and weighted average number of ordinary shares used in the calculation of basic and diluted profit/(loss) per share are as follows:

Profit/(Loss) used in calculation of earnings per share		
- continuing operations	1,465,147	795,291
- discontinued operations	-	1,214,850
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	329,577,580	292,683,318
Weighted average number of ordinary shares for the purposes of diluted profit/(loss) per share	344,721,432	309,233,318

11. INCOME TAX EXPENSE

	Consolidated Entity	
	2022 \$	2021 \$
a) <b>Income Tax Expense</b>		
Current tax	-	-
Aggregate Income tax expense	-	-

# 11. INCOME TAX EXPENSE (cont.)

Income tax expense is attributable to:

Profit from continuing operations

Profit from discontinued operations

Aggregate income tax expense

Deferred tax - origination and reversal of temporary

Differences

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

Loss before tax	1,465,147	2,010,141
Prima facie tax benefit on profit/(loss) at 25% (2021: 26%)	366,287	522,637
Add:		
Tax effect of:		
Other non-allowable items	25,696	(306,462)
Share based payments	76,399	117,332
Overs/unders from prior year	1,217	3,164
Tax losses not recognised	1,180,684	1,089,239
Deferred tax balances (recognised)	(1,650,283)	(1,425,909)
Income tax expense on pre-tax net profit/(loss)	-	-

## Consolidated Entity

2022 2021

The applicable average weighted tax rates are as follows:

0% 0%

## Deferred Tax Assets

At 25% (2021: 25%)

## Consolidated Entity

2022 2021

\$ \$

Carry forward losses	7,741,330	6,557,900
Provisions and accruals	47,124	39,838
Merger/acquisition costs	4,069	4,069
Lease liability	-	213
Right of use asset	-	2,575
	<b>7,792,523</b>	<b>6,604,595</b>

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

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

## 11. INCOME TAX EXPENSE (cont.)

	Consolidated Entity	
	2022 \$	2021 \$
<b>Deferred Tax Liabilities</b>		
<b>At 25% (2021: 25%)</b>		
Exploration expenditure	2,605,815	1,532,300
Capital raising costs	34,591	38,610
Property, plant and equipment	4,089	5,209
Financial asset	1,429,930	820,787
Prepayments	5,313	472
	<b>4,079,738</b>	<b>2,397,378</b>

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

## 12. CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2022 \$	2021 \$
Cash at bank and in hand	7,905,087	1,831,183
Deposits at call	1,000	1,000
	<b>7,906,087</b>	<b>1,832,183</b>

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

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

Balances as above	7,906,087	1,832,183
Cash and cash equivalents in statement of cash flows	7,906,087	1,832,183

The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 25.

## 13. TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2022 \$	2021 \$
<i>Current</i>		
Other receivables (i)	171,630	98,426
	<b>171,630</b>	<b>98,426</b>

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

None of the consolidated entity's other receivables are past due (2021: Nil).

## 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated Entity	
	2022 \$	2021 \$
<i>Current</i>		
Listed ordinary shares – at fair value through profit and loss.	7,467,583	4,636,593
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	4,636,593	630,742
Additions	394,416	1,018,318
Disposals	-	(75,650)
Revaluation increment	2,436,574	3,063,183
Closing fair value	7,467,583	4,636,593
<i>Non-Current</i>		
Unlisted investment – at fair value through profit and loss	-	-
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	-	6,520
Revaluation decrement	-	(6,520)
Closing fair value	-	-

## 15. OTHER CURRENT ASSETS

	Consolidated Entity	
	2022 \$	2021 \$
Bonds & deposits	17,010	17,010
Prepayments	21,250	1,889
	38,260	18,899

## 16. INTEREST IN ASSOCIATE

The consolidated entity has a 22.5% (2021: nil) interest in Oxley Resources Pty Ltd. The consolidated entity's investment in Oxley Resources Pty Ltd is accounted for using the equity method in the consolidated financial statements.

Summarised statement of financial position of Oxley Resources Pty Ltd

	Consolidated Entity	
	2022 \$	2021 \$
Cash and cash equivalents	240,844	-
Trade and other receivables	25,499	-
Exploration and evaluation expenditure	494,430	-
Non-current assets	-	-
Trade and other payables	(194,169)	-
Net assets/ equity	566,604	-
Zenith's 22.5% share	127,710	-
Impairment recognised	-	-
Zenith's carrying account of investment in Oxley Resources Pty Ltd	127,710	-

## 16. INTEREST IN ASSOCIATE (cont.)

Summarised statement of profit or loss of Oxley Resources Pty Ltd

Administration Costs	-	-
Loss for the period	-	-

**Movement Reconciliation:**

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	-	-
Payments for investment	231,694	-
Share of loss recognised	10,437	-
Impairment	(114,421)	-
Balance at end of financial year	127,710	-

The consolidated entity has a 20% (2021: 20%) interest in Kavak Madencilik A.Ş., which is a for-profit joint venture established to explore mineral resources in Turkey. The consolidated entity's investment in Kavak Madencilik A.Ş. is accounted for using the equity method in the consolidated financial statements. During the year the consolidated entity's interest in Kavak Madencilik A.Ş. was fully impaired from the prior year as management are not intending to contribute further to this investment.

Summarised statement of financial position of Kavak Madencilik:

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	-	64,465
Trade and other receivables	-	3,729
Other current assets	-	322,672
Exploration and evaluation expenditure	-	1,867,411
Trade and other payables	-	(115,105)
Net assets/ equity	-	2,143,172
Zenith's 20% share (2021:20%) of Kavak Madencilik's net assets	-	428,634
Impairment recognised	-	(428,634)
Zenith's carrying account of investment in Kavak Madencilik	-	-

Summarised statement of profit or loss of Kavak Madencilik:

Administration Costs	-	(16,337)
Loss for the period	-	(16,337)

**Movement Reconciliation:**

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of financial year	-	348,055
Payments for investment	-	-
Share of loss recognised	-	(3,950)
Profit on part disposal of investment	-	159,776
Foreign exchange loss	-	(75,246)
Impairment	-	(428,636)
Balance at end of financial year	-	-

## 17. PLANT AND EQUIPMENT

	Consolidated Entity	
	2022 \$	2021 \$
Plant and equipment – at cost	25,822	25,822
Less: Accumulated depreciation	(24,843)	(24,354)
	979	1,468
Motor vehicles – at cost	99,570	99,570
Less: Accumulated depreciation	(92,242)	(89,597)
	7,328	9,973
Computer equipment and software – at cost	36,211	34,348
Less: Accumulated depreciation	(28,162)	(24,955)
	8,049	9,393
Carrying Amount	16,356	20,834

## a) Movement Reconciliation

	Plant & Equipment \$	Motor Vehicles \$	Computer Equipment & Software \$	Total \$
<b>Cost</b>				
Balance at 1 July 2020	25,822	94,652	29,337	149,811
Additions	-	4,918	5,011	9,929
Disposals/Write-off	-	-	-	-
Balance at 30 June 2021	25,822	99,570	34,348	159,740
Balance at 1 July 2021	25,822	99,570	34,348	159,740
Additions	-	-	1,863	1,863
Disposals/Write-off	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>25,822</b>	<b>99,570</b>	<b>36,211</b>	<b>161,603</b>
<b>Depreciation</b>				
Balance at 1 July 2020	23,620	86,273	21,426	131,319
Depreciation for the year	734	3,324	3,529	7,587
Depreciation on asset write off	-	-	-	-
Balance at 30 June 2021	24,354	89,597	24,955	138,906
Balance at 1 July 2021	24,354	89,597	24,955	138,906
Depreciation for the year	489	2,646	3,206	6,341
Depreciation on asset write off	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>24,843</b>	<b>92,243</b>	<b>28,161</b>	<b>148,220</b>
<b>Carrying Amount</b>				
At 30 June 2021	1,468	9,973	9,393	20,834
<b>At 30 June 2022</b>	<b>979</b>	<b>7,327</b>	<b>8,050</b>	<b>16,356</b>

## 18. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity	
	2022	2021
	\$	\$
Balance at beginning of financial year	6,714,651	3,993,265
Capitalised expenditure	4,728,608	3,294,194
Less capitalised expenditure written against proceeds	(188,841)	(129,050)
Less impairment of exploration expenditure	(158,137)	(443,758)
Balance at end of financial year	<b>11,096,281</b>	<b>6,714,651</b>

## Exploration and Evaluation Assets

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

During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of \$158,137 (2021: \$443,758) following its review of its portfolio of mineral tenements, whereby decisions have been made for certain areas of interest, not to incur substantial expenditure on further exploration for and evaluation of mineral resources.

Capitalised expenditure written off totaling \$nil (2021: \$nil) is as a result of decisions being made for certain areas of interest being abandoned or the right to explore has expired or will not be renewed.

## 19. TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2022	2021
	\$	\$
<i>Current</i>		
Other payables (a)	79,145	122,895
Accrued fees and employment expenses (b)	77,306	87,889
	<b>156,451</b>	<b>210,784</b>

## Terms and Conditions

Terms and conditions relating to the above financial instruments

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

## 20. EMPLOYEE BENEFITS

	Consolidated Entity	
	2022	2021
	\$	\$
<i>Current liabilities</i>		
Employee benefits	147,355	129,891
	<b>147,355</b>	<b>129,891</b>



## 21. ISSUED CAPITAL

	2022 Shares No.	2022 \$	2021 Shares No.	2021 \$
<b>(a) Share capital</b>				
Fully paid ordinary shares	294,360,030	26,543,450	243,360,030	22,134,472
Balance at beginning of year				
Issue of ordinary shares (i)	47,906,977	12,000,000	51,000,000	5,100,000
Exercise of options (ii)	2,495,272	602,407	-	-
Costs of issue	-	(365,486)	-	(691,022)
<b>Total</b>	<b>344,762,279</b>	<b>38,780,371</b>	<b>294,360,030</b>	<b>26,543,450</b>

**2022**

During the year to 30 June 2022, the following changes to equity securities took place:

- (i) On 5 August 2021 the Company completed a capital raising via the placement of 27,906,977 shares at \$0.215 per share raising \$6,000,000 (before costs).  
On 19 January 2022 the Company completed a capital raising via the placement of 20,000,000 shares at \$0.30 per share raising \$6,000,000 (before costs).
- (ii) 2,495,272 shares were issued on exercise of 4,000,000 options under the Employee Option Plan (note 27).

**(b) Ordinary Shares**

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

**(c) Options**

Information relating to Zenith Minerals Limited's Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 27.

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

## 22. RESERVES AND RETAINED LOSSES

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Reserves</b>		
<i>Options reserve</i>		
Balance at beginning of financial year	1,053,133	208,873
Issue of Staff Options	118,768	451,276
Issue of Broker Options	-	392,984
Exercise of options	(281,645)	-
<b>Balance at end of financial year</b>	<b>890,256</b>	<b>1,053,133</b>
<i>Foreign Currency Translation Reserve</i>		
Balance at beginning of financial year	(185,483)	(110,237)
Foreign currency translation	-	(75,246)
<b>Balance at end of financial year</b>	<b>(185,483)</b>	<b>(185,483)</b>
<b>Total Reserves</b>	<b>704,773</b>	<b>867,650</b>

**22. RESERVES AND RETAINED LOSSES (cont.)****(b) Accumulated losses**

Movements in accumulated losses were as follows:

Balance at beginning of financial year	(14,430,190)	(16,440,331)
Profit for the year	1,465,147	2,010,141
<b>Balance at end of financial year</b>	<b>(12,965,043)</b>	<b>(14,430,190)</b>

*Options Reserve*

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

*Foreign Currency Reserve*

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

**23. FINANCIAL INSTRUMENTS****Overview**

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

- Credit risk
- Liquidity risk
- Market risk
- 

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

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

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

**Credit Risk**

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

The consolidated entity does not hold any collateral.

**Cash and Cash Equivalents**

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

**Trade and Other Receivables**

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

**23. FINANCIAL INSTRUMENTS (cont.)****Exposure to Credit Risk**

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

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	7,906,087	1,832,183
Other receivables	171,630	98,426
Financial asset at fair value through profit or loss	7,467,583	4,636,593
	<b>15,545,300</b>	<b>6,567,203</b>

**Impairment Losses**

None of the Consolidated Entity's other receivables are past due (2021: Nil). The allowance accounts in respect of financial assets are used to record impairment losses unless the Consolidated Entity is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2022 the Consolidated Entity does not have any collective impairment on its other receivables (2021: Nil).

**Guarantees**

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

**Liquidity Risk**

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

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

**Consolidated Entity – 30 June 2022**

<b>Non-derivatives</b>	<b>Weighted Average Interest</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
<i>Non-interest bearing Other payables*</i>	-	156,451	156,451	-	-	-
<i>Interest bearing Lease liability</i>	-	-	-	-	-	-

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

**Consolidated Entity - 30 June 2021**

<b>Non-derivative Non Interest Bearing</b>	<b>Weighted Average Interest Rate</b>	<b>Contractual cash flows</b>	<b>1 year or less</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
<i>Non-interest bearing Other payables*</i>	-	210,785	210,785			
<i>Interest bearing Lease liability</i>	-	-	-	-	-	-

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

**23. FINANCIAL INSTRUMENTS (cont.)****Market Risk**

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

**Currency Risk**

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

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

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Financial Assets</i>		
Cash and cash equivalents denominated in US dollars	-	-

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by \$Nil (2021: \$3,396).

**Interest Rate Risk**

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

**Cash Flow Sensitivity Analysis for Variable Rate Instruments**

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis as for 2021.

	<b>2022</b>		<b>2021</b>	
	<b>Profit or Loss</b>		<b>Profit or Loss</b>	
	<b>100 bp Increase</b>	<b>100 bp Decrease</b>	<b>100 bp Increase</b>	<b>100 bp Decrease</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash & cash equivalents	100	(100)	42	(42)

**Fair Values**

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

**Fair Value Hierarchy**

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

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

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

Level 3: Unobservable inputs for the asset or liability.

**23. FINANCIAL INSTRUMENTS (cont.)****Consolidated –  
30 June 2022**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	7,467,583	-	-	-
Total Assets	7,467,583	-	-	-

**Consolidated –  
30 June 2021**

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets at fair value through profit or loss	4,636,593	-	-	-
Total Assets	4,636,593	-	-	-

There were no transfers between levels during the financial year.

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

**Valuation techniques for fair value measurements categorised within level 2:**

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

**Capital Management**

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

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

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

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

**24. EXPLORATION COMMITMENTS**

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately \$629,478 during the next 12 months (2021: \$789,000). There are no commitments beyond 12 months in relation to tenements. These obligations may be varied from time to time, subject to approval and are expected to be fulfilled in the normal course of operations of the entity.

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

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	646,186	619,940
Post-employment benefits	46,668	60,131
Share-based payments	19,084	451,274
	<b>711,938</b>	<b>1,131,345</b>

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

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

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

**(b) Subsidiaries**

Interests in subsidiaries are set out in Note 30.

**(c) Key Management Personnel**

Disclosures relating to key management personnel are set out in Note 25.

**(d) Transactions with Related Parties**

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

- i) Provision of Serviced Office – During the financial year ended 30 June 2022, there was fee revenue of:
  - a. \$3,873 (2021: \$7,745) from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald;
  - b. \$2,827 (2021: \$7,025) from Satinbrook Pty Ltd, a director related entity of Mr G D Riley.

**(e) Outstanding balances arising from transactions with related parties**

The following balances arising from transactions with related parties are outstanding as at 30 June 2022:

	<b>Consolidated Entity</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current receivables:</i>		
Trade and other receivables	-	3,795
<i>Current payables:</i>		
Accrued fees and employment expenses	51,105	25,208

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

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

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

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

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

**27. SHARE BASED PAYMENTS (cont.)**

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

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

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

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

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

**2022:**

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
01 Dec 2020	14 May 2023	\$0.1097	5,750,000	-	(1,250,000)	-	4,500,000	4,500,000
14 May 2020	14 May 2023	\$0.1097	1,200,000	-	(500,000)	-	700,000	700,000
25 Nov 2019	24 Nov 2022	\$0.087	3,950,000	-	(650,000)	-	3,300,000	3,300,000
28 Sep 2018	28 Sep 2021	\$0.18	1,650,000	-	-	(1,650,000)	-	-
16 Jul 2021	14 Jul 2024	\$0.3790	-	750,000	-	-	750,000	750,000
			12,550,000	750,000	(2,400,000)	(1,650,000)	9,250,000	9,250,000

**2021:**

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired or Forfeited during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
01 Dec 2020	14 May 2023	\$0.1097	-	5,750,000	-	-	5,750,000	5,750,000
14 May 2020	14 May 2023	\$0.1097	1,200,000	-	-	-	1,200,000	1,200,000
25 Nov 2019	24 Nov 2022	\$0.087	3,950,000	-	-	-	3,950,000	3,950,000
28 Sep 2018	28 Sep 2021	\$0.18	1,650,000	-	-	-	1,650,000	1,650,000
			6,800,000	5,750,000	-	-	12,550,000	12,550,000



## 27. SHARE BASED PAYMENTS (cont.)

Zenith Minerals Limited	Weighted average exercise price	Number of Options	Weighted average exercise Price	Number of options
	2022	2022	2021	2021
Outstanding at the beginning of the period	\$0.11	12,550,000	\$0.11	6,800,000
Exercised during the period	\$0.13	(4,050,000)	-	-
Granted during the period	\$0.38	750,000	\$0.1097	5,750,000
Forfeited during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Outstanding at end of the period	\$0.12	9,250,000	\$0.11	12,550,000
Exercisable at the end of the period	\$0.12	9,250,000	\$0.11	12,550,000

For the options granted during the 2022 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

**2022:**

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16 Jul 2021	14 Jul 2024	\$0.26	\$0.3790	113.00%	-	0.25%	\$0.158358

**2021:**

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01 Dec 2020	14 May 2023	\$0.130	\$0.1097	100.00%	-	0.25%	\$0.078483

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

Total expense recognised as share-based payments for the 2022 financial year was \$305,594 (2021: \$451,276).

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.8 years (2021: 1.8 years).

The weighted average exercise price during the financial year was \$0.12 (2021: \$0.12).

**28. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE TO NET CASH USED IN OPERATING ACTIVITIES**

	Consolidated Entity	
	2022 \$	2021 \$
Profit/(Loss) for the year	1,465,147	2,010,141
Add:		
Non-cash items		
Share of losses of Associate accounted for using equity method	-	3,950
Net fair value (gain)/loss on other financial assets	(2,436,574)	(3,063,086)
Impairment of investment in associate	-	428,636
Depreciation and amortisation	9,314	7,587
Depreciation of right of use asset	-	12,668
Interest on unwinding of lease liabilities	-	1,073
Share based payment	305,594	451,276
Profit on sale of discontinued operations	-	(1,214,849)
Profit on disposal of party equity investment in associate	-	(159,776)
Profit on sale of tenements	(404,477)	(94,411)
Profit on part disposal of right-of-use asset	-	(2,370)
<b>Changes in operating liabilities:</b>		
Decrease/(Increase) in trade and other receivables	(92,565)	2,604
Decrease/(Increase) in exploration expenditure capitalised	(4,464,185)	(2,850,435)
Increase/(Decrease) in trade and other payables	(49,181)	113,058
Increase/(Decrease) in provisions	17,465	(29,163)
<b>Net cash (used in) operating activities</b>	<b>(5,649,462)</b>	<b>(4,383,098)</b>

(a) Non-cash investing and financing activities.

During 2022, there were no non-cash investing and financing activities to disclose other than those in Note 29.

**29. SUBSEQUENT EVENTS**

On 29 September 2022, Zenith entered into a deed of variation with Oxley Resources Ltd, to remove remaining of tranche 2 placement and amend tranche 3 placement to 1,875,000 shares for \$150,000 at \$0.08 per share. Tranche 3 placement will complete by 30 September 2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the Consolidated Entity up to date, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or material event has arisen since 30 June 2022, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

**30. SUBSIDIARIES**

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

Name	Principal place of business/country of incorporation	Ownership interest	
		2022 %	2021 %
Nanutarra Minerals Pty Ltd	Australia	100%	100%
Earaheedy Minerals Pty Ltd	Australia	100%	100%
S2M2 Coal Pty Ltd	Australia	100%	100%
Mackerel Metals Pty Ltd	Australia	100%	100%
Mamucoal Pty Ltd	Australia	100%	100%
S2M2 Eastern Coal Pty Ltd	Australia	100%	100%
BlackDragon Energy (Aus) Pty Ltd	Australia	100%	100%
Zacatecas Minerals Pty Ltd	Australia	100%	100%
Fossil Prospecting Pty Ltd	Australia	100%	100%

Name	Principal place of business/country of incorporation	Ownership interest	
		2022 %	2021 %
Caldera Metals Pty Ltd	Australia	100%	100%
Wyoming Rare Pty Ltd	Australia	100%	100%
Lighthouse Min Pty Ltd	Australia	100%	100%
Reel Min Pty Ltd	Australia	100%	100%
Lifeboat Min Pty Ltd	Australia	100%	100%

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

### 31. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2022, the parent entity of the Group was Zenith Minerals Limited.

	2022 \$	2021 \$
<b>Result of Parent Entity:</b>		
Profit (loss) for the period	1,216,770	1,816,656
Other comprehensive income (loss)	-	-
<b>Total Comprehensive Income (loss) for the period</b>	<b>1,216,770</b>	<b>1,816,656</b>
	2022 \$	2021 \$
<b>Financial Position of Parent Entity at Year End:</b>		
Current assets	15,579,991	6,585,958
<b>Total Assets</b>	<b>25,754,412</b>	<b>12,399,739</b>
Current liabilities	303,798	340,675
<b>Total Liabilities</b>	<b>303,798</b>	<b>340,675</b>
<b>Total Equity of the Parent Entity Comprising of:</b>		
Share capital	38,780,371	26,543,440
Reserves	890,256	1,053,133
Retained earnings/(losses)	(14,220,013)	(15,537,509)
	<b>25,450,614</b>	<b>12,059,064</b>

The Parent Entity has no guarantees at 30 June 2022 (2021: Nil)

#### *Contingent Assets and Liabilities*

There are no contingent assets and liabilities at reporting date (2021: Nil) other than what is disclosed in Note 33.

### 32. DIVIDENDS

No dividends have been paid or provided for.

### 33. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at reporting date (2021: Nil).

1. In the opinion of the directors of Zenith Minerals Limited:
- (a) the Financial Statements and notes thereto, are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and Remuneration Report marked as audited, and its performance for the financial year ended on that date; and
    - ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - (b) the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a);
  - (c) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



**David J E Ledger**  
**Executive Chairman**

Dated: 30 September 2022  
PERTH, WA

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZENITH MINERALS LIMITED

### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of Zenith Minerals Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

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

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

#### Independence

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

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## Key Audit Matter

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

### 1. Valuation of Capitalised Exploration Expenditure

#### Why significant

As at 30 June 2022 the carrying value of exploration and evaluation assets was \$11,096,458 (2021: \$6,714,651), as disclosed in Note 18. This represents 41% of total assets of the consolidated entity.

The consolidated entity's accounting policies in respect of:

- its use of estimates and judgements in exploration and evaluation expenditure is outlined in Note 2 (d), and;
- recognition of exploration and evaluation expenditure is outline in Note 3

Significant judgement is required:

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

#### How our audit addressed the key audit matter

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

- conducting a detailed review of management's assessment of impairment trigger events prepared in accordance with AASB 6 including:
  - assessing whether the rights to tenure of the areas of interest remained current at reporting date as well as confirming that rights to tenure are expected to be renewed for tenements that will expire in the near future;
  - holding discussions with the directors and management as to the status of ongoing exploration programmes for the areas of interest, as well as assessing if there was evidence that a decision had been made to discontinue activities in any specific areas of interest; and
  - obtaining and assessing evidence of the consolidated entity's future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes.
- considering whether exploration activities for the areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- testing, on a sample basis, exploration and evaluation expenditure incurred during the year for compliance with AASB 6 and the consolidated entity's accounting policy; and
- reviewing the impairment calculations provided and related assumptions and disclosures in Note 3 and 18 for accuracy and completeness.

## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of Directors' for the Financial Report

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

## Responsibilities

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

PKF Perth  
PKF PERTH

*Simon Fermanis*

SIMON FERMANIS  
AUDIT PARTNER

30 SEPTEMBER 2022  
WEST PERTH  
WESTERN AUSTRALIA

## **CORPORATE GOVERNANCE STATEMENT**

Zenith Minerals Limited and its subsidiaries ('Group') Corporate Governance Statement outlines the main corporate governance practices of Zenith Minerals Limited and its subsidiaries ('Group') in place throughout the financial year ended 30 June 2021, which comply with the 3<sup>rd</sup> Edition of the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, unless otherwise stated.

The Group's Corporate Governance Statement for the financial year ending 30 June 2022 is current as at 30<sup>th</sup> September 2022 and has been approved by the Board of Directors of Zenith Minerals Limited.

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

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

**In Compliance with ASX Requirements**

The shareholder information set out below was applicable as at 29 September 2022.

**1. DISTRIBUTION OF EQUITY SECURITIES**

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

Holding Ranges	Holders	Total Units	% Issued Share Capital
0 up to and including 1,000	458	159,408	0.05%
1,000 up to and including 5,000	790	2,087,341	0.61%
5,000 up to and including 10,000	359	2,933,097	0.85%
10,000 up to and including 100,000	962	33,055,033	9.59%
> 100,000	311	306,527,400	88.91%
<b>Totals</b>	<b>2,880</b>	<b>344,762,279</b>	<b>100.00%</b>

b) Number of shareholders holding less than a marketable parcel – 685 (at 29 September 2022).

**2. PARTICULARS OF TWENTY LARGEST SHAREHOLDERS**

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

Shareholder Shares Issued		Fully Paid Ordinary Shares	
		Number held	% of total
1	HSBC Custody Nominees (Australia) Limited	32,432,449	9.41%
2	Citicorp Nominees Pty Limited	28,172,404	8.17%
3	BNP Paribas Noms Pty Ltd <DRP>	27,307,049	7.92%
4	Ms Nada Granich	8,883,404	2.58%
5	Ms Suzi Queli Miquilini	8,283,446	2.40%
6	Abingdon Nominees Pty Ltd <Abingdon Noms Invest A/C>	7,446,353	2.16%
7	Breamlea Pty Ltd <J & E Macdonald>	6,826,364	1.98%
8	Greenhill Road Investments Pty Ltd	5,052,823	1.47%
9	GDR Pty Ltd <The Riley Super Fund A/C>	5,000,000	1.45%
10	Custodial Services Limited <Beneficiaries Holding A/C>	4,664,452	1.35%
11	Mr Austin Sydney Evan Miller	4,151,853	1.20%
12	Mr John Bevan Tilbrook	4,050,000	1.17%
13	Tintern (Vic) Pty Ltd <A & P Miller Family A/C>	4,028,228	1.17%
14	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	3,992,727	1.16%
15	EV Metals Group Plc	3,654,677	1.06%
16	Struven Nominees Pty Ltd <Alan Strunin Staff S/F A/C>	3,647,834	1.06%
17	Yandal Investments Pty Ltd	3,588,417	1.04%
18	Mr John Bevan Tilbrook & Mrs Pauline Tilbrook & Mr John Edwin Tilbrook <Tilbrook Superfund A/C>	3,450,000	1.00%
19	Grey Willow Pty Ltd	3,450,000	1.00%
20	Abingdon Nominees Pty Ltd <Abingdon Noms Invest A/C>	2,931,976	0.85%
<b>TOTAL FOR TOP 20:</b>		<b>173,814,456</b>	<b>50.42%</b>

### 3. VOTING RIGHTS

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

Options: No voting rights

### 4. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

Ordinary Shares	Number held	% Interest
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,432,449	9.41%
CITICORP NOMINEES PTY LIMITED	28,172,404	8.17%
BNP PARIBAS NOMS PTY LTD <DRP>	27,307,049	7.92%

### 5. UNQUOTED EQUITY SECURITIES

The following unquoted options are on issue:

	Number on Issue	Number of Holders
Options issued under the Company's Employee Option Plan to take up ordinary shares:		
- Exercisable at 8.87 cents each by 24 November 2022	3,250,000 <sup>(1)</sup>	4
- Exercisable at 10.97 cents each by 14 May 2023	5,150,000 <sup>(2)</sup>	8
- Exercisable at 37.9 cents each by 14 July 2024	750,000 <sup>(3)</sup>	4
- Exercisable at 14 cents expiring 31 December 2023	2,000,000 <sup>(4)</sup>	1
- Exercisable at 16 cents expiring 31 December 2023	2,000,000 <sup>(5)</sup>	1
<sup>(1)</sup> Persons holding 20% or more: M J Clifford Melinda Nelmes	77% 23%	
<sup>(2)</sup> Persons holding 20% or more:- M J Clifford	29%	
<sup>(3)</sup> Persons holding 20% or more:- A D'Huist P Snook	67% 20%	
<sup>(4)</sup> Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	100%	
<sup>(5)</sup> Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	100%	

### 6. On-market buyback

There is no current on-market buyback.

**7. Restricted securities**

There are no restricted securities on issue.

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## INTERESTS IN MINING TENEMENTS

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy Zinc JV	WA	E69/3464	Rumble Resources Ltd Fossil Prospecting Pty Ltd	75% 25%	Granted
Earaheedy Mn	WA	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy Mn	WA	E69/3414	Zenith Minerals Limited	100%	Granted
Earaheedy Mn	WA	R69/2	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E38/3620	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E69/3872	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E69/3886	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E69/3887	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E69/3869	Zenith Minerals Limited	100%	Granted
Earaheedy Zinc	WA	E38/3619	Zenith Minerals Limited	100%	Granted
Develin Creek	QLD	EPM16749	Mackerel Metals Limited	100%	Granted
Develin Creek	QLD	EPM17604	Mackerel Metals Limited	100%	Granted
Auburn	QLD	EPM27517	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Privateer	QLD	EPM27552	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Red Mountain	QLD	EPM26384	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Waratah Well	WA	E59/2170	Black Dragon Energy (AUS) Pty Ltd	Lithium JV (ZNC 100%, EVM earning 60%) other minerals 100%	Granted
Waratah Well	WA	E59/2321	Black Dragon Energy (AUS) Pty Ltd	As Above	Granted
Mt Ida North	WA	E29/994	Mark Selga	Aust Lithium Alliance option to acquire - ZNC 40%, EVM 60%, ZNC other minerals 100%	Granted
Yalgoo Potash	WA	E59/2622	Zenith Minerals Limited	100%	Granted
Yalgoo Potash	WA	E59/2623	Zenith Minerals Limited	100%	Granted
Yalgoo Potash	WA	E59/2624	Zenith Minerals Limited	100%	Granted
Split Rocks	WA	E77/2375	Black Dragon Energy (AUS) Pty Ltd	Lithium JV (ZNC 100%, EVM earning 60%) other minerals 100%	Granted
Split Rocks	WA	E77/2394	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2395	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2386	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2388	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2453	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2454	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2455	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2456	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2457	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2513	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2514	Black Dragon Energy (AUS) Pty Ltd	As above	Granted



## INTERESTS IN MINING TENEMENTS cont.

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Split Rocks	WA	E77/2515	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2555	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2598	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/2616	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	P77/4506	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	P77/4507	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	P74/379	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E74/634	Black Dragon Energy (AUS) Pty Ltd	As above	Granted
Split Rocks	WA	E77/4490	Black Dragon Energy (AUS) Pty Ltd	Aust Lithium Alliance ZNC 40%, EVM 60% ZNC other minerals 100%	Granted
Split Rocks-Dulcie	WA	M77/1292	RR & Assoc & Highscore PL	ZNC Gold rights to sub-6m subject to option agreement	Granted
Split Rocks-Dulcie	WA	M77/1250	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/226	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	P77/4368	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/256	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/244	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1267	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1246	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1290	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/581	RR & Assoc & Highscore PL	As above	Granted
Kavaklitepe	Turkey	EL20079861	Gubretas Maden Yatirimlari Anonim Siketi	~20%	Granted