ZENITH MINERALS LIMITED
(ABN 96 119 397 938)

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2021

TABLE OF CONTENTS

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Julian D Goldsworthy (Non-Executive Director)
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Code: ZNC

Dear fellow shareholders,

In the early part of CY 2020 the Company refined its Strategy to a core focus on the precious and base metal commodity suites.

We strongly support the longer-term "high demand - short supply" thematic for base metals and their very important contribution to a more sustainable future particularly when coupled to commodities targeting cleaner electrification of major sectors such as transport.

From an internal perspective and in keeping with the Strategy, non-core assets in the portfolio continue to be evaluated with the view to creating value events and restructuring our exposures. This process will continue into the forthcoming year.

For all of us the past year has not been without its challenges because of the pandemic, but in spite of this we can point to achieving a number of very positive milestones within the business.

Some of these milestones include;

- *Delivering a suite of very strong exploration results from wholly owned precious and base metal projects;*
- *Ensuring the Company was placed on a very robust fiscal footing with a capital raising post year end of $6M and the restructuring of non-core assets (currently worth an additional appx. $6M);*
- *Maintaining a very significant exposure to a major Tier 1 base metals discovery by way of a free carried joint venture interest;*
- *Resultant recognition of performance with strong value accretion for the business overall reflected in a doubling of the share price; and*
- *Introducing institutional investor support into the business.*

The key assets in a bit more detail

The focus on precious and base metals has seen significant progression and exploration results including:

- *EJV - A major zinc-lead discovery within the Earaheedy Joint Venture (Zenith 25%). The Earaheedy Zinc Joint Venture (EJV) is managed by Rumble Resources Ltd (ASX:RTR) and the EJV exploration lease (E69/3464) covers approximately 45 lineal kilometres of the prospective zinc host rock sequence. Zenith is free carried all the way to the completion of a Bankable Feasibility Study on any deposit discovered within the EJV ground.*

  A 40,000m, multi-rig drill program is now well underway at the EJV with the initial aim of defining the limits of the zinc mineralisation. The second phase follow-up drilling has already doubled the footprint of zinc mineralisation at the Chinook prospect to over 3km x 1.8km. Chinook is one of three main targets under assessment within the EJV.

  Subsequent to the EJV discovery, Zenith secured seven wholly owned exploration licences totalling 100 lineal kilometres of what is interpreted to be the prospective zinc host rock sequence within the Earaheedy Basin. The new exploration licence applications were selected based on key geological and geochemical criteria supported by previous exploration the Company has completed within the basin for both zinc and manganese.

- *100% owned Develin Creek Copper-Zinc project (QLD) - strong copper-zinc sulphides were intersected in a twin hole program completed at the Sulphide City resource area, that may lead to a resource revision once further drilling is completed late this year. Importantly, we have now identified eight drill targets extending over the full length of the project area (50km of strike) that are ready for drill testing in a 40-hole program which commenced shortly after year end. The goal is to build upon the current defined Sulphide City Inferred Mineral Resource 2.57Mt @1.76% Cu, 2.01% Zn, 0.24g/t Au & 9.6g/t Ag.*

- *100% owned Red Mountain Gold project (QLD) - We have continued to define strong gold zones in step-out drilling at the Red Mountain breccia pipe. Mineralisation remains open at depth and is the focus of Further work. Recent modelling of geophysical data and integration of geological information defines a new drill target in the centre of the Red Mountain gold project. The Company will drill test the magnetic core zone as part of the ongoing Red Mountain gold drilling campaign.*

- *100% owned Split Rocks Gold project (WA) – Ongoing drilling within a shallow dipping three kilometer long shear zone continues to generate good gold results in what is regarded as a very strategic gold play.*

Non-Core Assets

As mentioned earlier we have also re-structured our portfolio in relation to some of our non-core assets which included some lithium and REE projects This was undertaken by way of a series of cash, or cash plus equity transactions. As a direct result of these actions our investments are now worth appx. $6m[1] versus no tangible value within our investment portfolio 12 months ago, and in doing so adding additional support to the balance sheet.

Looking forward and what we are striving to do

As we advance into a new financial year, we anticipate that the speed of change within our portfolio will not slow. We would anticipate that our business will continue to mature as we strive to bring projects into the maiden resource and evaluation stage. This change will also require changes within the human resource piece of the business to cater for new value generating initiatives.

I would like to extend my thanks to the commitment of the Board members and CEO Mick Clifford. Mick in-turn has been supported by a small but dedicated, hard-working management and field-based team.

The upcoming year will be exciting, and I look forward to your ongoing support in the year ahead. We will continue to strive to deliver high impact results and create value for all shareholders.

Peter Bird
Executive Chairman
28 September 2021

REVIEW OF OPERATIONS
FOR THE YEAR ENDING 30th JUNE 2021

MAJOR ZINC DISCOVERY & ONGOING EXPLORATION SUCCESS AT THREE GOLD & COPPER PROJECTS

MAJOR ZINC DISCOVERY

- **Following the announcement in mid-April of a major zinc-lead discovery at Earaheedy in Western Australia the first phase follow-up drilling has now doubled the footprint of zinc mineralisation at the Chinook prospect to over 3km x 1.8km. Chinook is one of three main targets under assessment in the Earaheedy Zinc Joint Venture (EJV). Drill results from the follow-up phase include: 49m @ 2.45% Zn+Pb (oxide) from 18m below surface (ASX Release 8-Jul-21). These near surface oxide results compliment earlier sulphide results including: 17m @ 5.21% Zn+Pb, 9m @ 5.3% Zn+Pb and 6m @ 6.57% Zn+Pb.**

- **A 40,000m, multi-rig drill program is now underway with the initial aim of defining the limits of the zinc mineralisation. The EJV comprises Zenith and Rumble Resources Limited (ASX:RTR). Zenith holds a 25% free carried interest in the EJV until completion of a Bankable Feasibility Study. Both partners hold a pre-emptive right.**

COPPER RESOURCE

- **Develin Creek Copper-Zinc Project Queensland (ZNC 100%). Strong massive copper-zinc sulphides were intersected in a twin hole program completed at the Sulphide City resource area including: 34m @ 3.5% Cu+Zn and 29m @ 3.5% Cu+Zn (ASX Release 5-Jul-21). Eight drill targets extending over the full length of the project area (50km of strike) are ready for drill testing in a 40-hole program which commenced shortly after year end.**

GOLD PROJECTS

- **Red Mountain Gold Project Queensland (ZNC 100%). Drilling to date has outlined a discrete sub-vertical high-grade gold zone (Western Zone) to a vertical depth of 200m, with the zone remaining open at depth and subject to ongoing testing. Near surface high-grade drilling intersections (ASX Releases 3-Aug-20 & 13-Oct-20, 9-Nov-20, 21-Jan-21), include:**
  - **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**
  - **10m @ 2.7 g/t Au from surface, incl. 4m @ 4.9 g/t Au**

- **Split Rocks Gold Project Western Australia (ZNC 100%). Drilling throughout the year returned, high-grade near surface gold mineralisation at multiple targets (ASX Release 5-Aug-20, 2-Sep-20, 19-Oct-20, 28-Oct-20, 15-Jan-21, 11-Mar-21, 21-Apr-21, 24-Jun-21), including:**
  - **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**
  - **Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south)**
  - **Dulcie Far North: 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au, 3m @ 70 g/t Au**
  - **Water Bore: 3m @ 6.6 g/t Au**

  Infill and extensional aircore drilling is now required at Dulcie Far North to be followed by RC drilling on the significant near surface gold results at the 4 Dulcie targets, Dulcie Laterite Pit, Dulcie North, Dulcie Far North & Water Bore. A further 7 of the 18 gold targets generated by Zenith extending over 18km of strike are yet to have first pass drill testing.

- **During the financial year Zenith raised $5.1 million (before cost) in an oversubscribed placement in July 2020 to accelerate exploration with focus on its core gold, copper and base metal projects. The Company also completed the raising of $6m (before cost) in August 2021 from Australian and international institutional and sophisticated investors. The new funds will be directed towards exploration program with a focus on Develin Creek VMS Copper Project and the Red Mountain and Split Rocks gold projects.**

- **On 18 February 2021, the Company announced that it had sold its USA lithium assets to joint venture partner, Bradda Head Lithium Limited (LON:BHL), for $250k cash and 15% equity position in Bradda Head. Bradda Head subsequently listed on the AIM market of the London Stock Exchange in July 2021. Zenith has 43,947,507 shares in Bradda Head valued at $6.4M as at the date of this report. The Bradda Head shares are subject to escrow (refer to ASX announcement 20-07-21).**

- **Post year end the Company entered into an amended share purchase agreement for the sale of the Laramie project in return for $50k cash and 2.5m shares in American Rare Earths Limited (ASX:ARR). The Transaction was completed on 30 June 2021. The Company held 2.5m ARR shares valued at $197.5k at year end.**

- **The Company has entered into a binding heads of agreement with Bindi Metals Limited for the sale of non-core Flanagans copper-gold tenement in Queensland for $450,000, which consist of $200k cash and IPO shares valued at $250k. The agreement is conditional on the successful listing via an initial public offering (IPO) of Bindi on the Australian Securities Exchange (ASX) before 31 December 2021, and other customary regulatory approvals such as ASX admission and ministerial approval to transfer tenement title (refer ASX announcements 23 & 24-Jun-21).**

COVID-19 Impact Update

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

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

SUMMARY OF ACTIVITIES AND RESULTS

In line with its vision Zenith Minerals has an extensive project portfolio of gold and base metals broadly subdivided as follows:

Gold
- ***Split Rocks 100%**
- ***Red Mountain 100%**
- **Jackadgery earning 90%**
- **Cowarra 16 - 22.5%**

Copper-Zinc
- ***Develin Creek 100%**

JV's
- ***Earaheedy Zinc (25%) and other gold, polymetallic & battery minerals**

***Depicts active drilling and exploration during the year**

CORE PROJECTS - HIGHLIGHTS

Develin Creek Copper-Zinc QLD (ZNC 100%)

Resource upside and 8 targets ready for drill testing

An initial program of 3 diamond drill holes at the Sulphide City resource area (Figure 2) confirmed high-grade copper and zinc zones with associated gold and silver in massive sulphides (ASX Release 5-Jul-21). Results include:

- **ZDCDD002 - 29m @ 2.3% Cu, 1.2% Zn, 0.3 g/t Au & 4.2 g/t Ag incl. 12.3m @ 4.2% Cu, 2.5% Zn, 0.6 g/t Au & 7.3 g/t Ag**
- **ZDCDD003 - 34m @ 2.0% Cu, 1.5% Zn, 0.2 g/t Au & 4.9 g/t Ag incl. 10m @ 3.9% Cu, 0.4% Zn, 0.3 g/t Au & 6.9 g/t Ag.**

Results point towards a potential increase in copper grade within the higher-grade portions of the existing Inferred Mineral Resource although additional drilling is required to see if this trend can be extrapolated throughout the deposit.

New diamond drill holes also define discrete zones of high-grade zinc within the copper rich intervals noted above. These zones were not identified in the historic resource drilling, and include:

- **ZDCDD002 - 4m @ 4.7% Cu, 6.1% Zn, 1.2 g/t Au & 9.8 g/t Ag**
- **ZDCDD003 - 10m @ 1.8% Cu, 4.2% Zn, 0.2 g/t Au & 5.4 g/t Ag**

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

Both this drilling and the recently released geophysical targets provide strong justification for continued drill evaluation.

Acceleration of exploration programs

Planned Programs

A large-scale drill program (40-holes) commenced shortly after year end. The program has the key aims of infill drilling the high-grade copper zones at the Sulphide City resource area as well as testing the four high-quality near resource and four high conviction regional targets at Snook and Wilsons outlined in late June stemming from recently completed geophysical surveys (ASX Release 28-Jun-21).

Metallurgical testwork in progress

Twin hole diamond drilling at the Sulphide City JORC resource area also provided material for metallurgical testwork, which is in progress.

Red Mountain Gold – QLD (ZNC 100%)

Diamond Drill program ongoing with high-grade gold zone open down plunge to NE

Ongoing exploration activity at the 100% owned Red Mountain gold project located in Queensland (ASX Release 19-May-21) continues to provide highly encouraging high-grade gold drill assay results. Drilling to date (44-holes totalling 6,378m) has outlined a discrete sub-vertical high-grade gold zone (Western Zone) to a vertical depth of 200m, with the zone remaining open at depth.

The confirmation of extensive visible gold and strong gold grades in what we believe to be the upper levels of a breccia pipe system will now lead us to push the drilling program to explore much deeper – that is below the 200 vertical metre level. As illustrated in Figure 5, we are potentially still only exposing the upper portion of a breccia pipe system if other similar well documented systems such as the Mt Wright gold mine are a proxy.

Drilling to continue in CY 2021-2022

Planned Programs

Red Mountain is a maiden discovery by Zenith and is located within a very prospective and proven geological region. We anticipate that drilling campaigns at the Red Mountain Project will continue well into CY2021-2022.

Split Rocks Gold Project – WA (ZNC 100%)

380 drill holes completed in the last 12 months intersecting multiple high-grade gold zones at 6 prospect areas that are high priority follow-up targets

A total of 321 AC holes (15,857m) and 59 RC holes (5,819m) were completed across the Split Rocks target areas to test for new zones of gold mineralisation and to extend other zones which had been poorly defined by previous wide-spaced or ineffective historic drilling. Drilling has been highly successful in outlining high-grade gold mineralisation at multiple target zones throughout the year. (Figures 7-8) refer to 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).

Dulcie Laterite Pit
The large-scale gold bearing bedrock shear zone at the Dulcie Laterite Pit area has been confirmed to extend over 2km in strike and remains open down dip (at 300) with a thickness ranging from 4 to 40m (refer to ASX 15-Jan-21 and 21-Apr-21). Drill results include: 3m @ 17.9 g/t Au, 19m @ 1.6 g/t Au, 14m @ 3.5 g/t Au and 8m @ 4.8 g/t Au.

Dulcie Far North - AC holes along with previous Zenith AC and historic drilling on lines 100m to 200m apart outline a zone of gold mineralisation 1km long x 300m wide. Results include: **3m @ 70 g/t Au, 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au** (as previously reported 24-Jun-21).

Scott's Grey - results from extensional drilling at Scott's Grey provide very strong encouragement for further work. Results announced during the year include **8m @ 4.1 g/t Au** – an up-dip extension to gold zones previously defined by Zenith surrounding the Scott's Grey workings, **10m @ 0.9 g/t Au (eoh) incl. 4m @ 1.6 g/t Au** – a potential new gold zone southwest of Scott's Grey, and **4m @ 4.8 g/t Au** a new zone of gold mineralisation 100m northeast of the historic workings that remains open to the east, north and south.

Dulcie North - results from confirmatory and extensional drilling, in an area where there is some doubt as to the location of historic drill holes, outlined strong near surface gold mineralisation that requires follow-up aircore and RC testing, including: **16m @ 1.3 g/t Au incl 4m @ 2.9 g/t Au and 4m @ 1.7 g/t Au, and 4m @ 1.6 g/t Au**. These results are in addition to those intersected earlier in the year including **32m @ 9.4 g/t Au (incl 9m @ 31.4 g/t Au**).

Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south) and Water Bore: 3m @ 6.6 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 (ASX Release 21-Mar-19).

Planned Programs
Drilling is set to continue in CY2021-22 with the view to defining a mineral resource.

EARAHEEDY ZINC

Major zinc discovery

Following the announcement in mid-April of a major zinc-lead discovery at Earaheedy in Western Australia - first phase follow-up drilling part of an ongoing 40,000m drill campaign, doubled the footprint of zinc mineralisation at the Chinook prospect to over 3km x 1.8km.

Doubling of mineralised footprint

Once overall extent of mineralisation is better understood drilling will then focus on defining zones of higher-grade Zn-Pb-Mn-Ag mineralisation, including targeting inferred high-grade feeder faults.

Upgrade of Exploration Target Size

Rumble's Zn-Pb Exploration Target at the Earaheedy Project is between 100 to 120 million tonnes at a grade ranging between 3.5% Zn-Pb to 4.5% Zn-Pb. The Exploration Target is at a shallow depth (80m), and over 45kms of prospective strike (completely open) has been defined within the Earaheedy Project (ZNC & RTR ASX Releases 8-Jul-21). The Exploration Target, being conceptual in nature, takes no account of geological complexity, possible mining method or metallurgical recovery factors. The Exploration Target has been estimated to provide an assessment of the potential for large-scale Zn-Pb deposits within the Earaheedy Project. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

Earaheedy Zn-Pb Project – Exploration Target

Range	Tonnes	Grade
Upper	120,000,000	4.5% Zn+Pb
Lower	100,000,000	3.5% Zn+Pb

Near surface exploration target down to 100 metre - shallow depth.

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Target is very large, near surface open pit zinc-lead-silver mineralisation

The Exploration Target is based on the current geological understanding of the mineralisation geometry, continuity of mineralisation and regional geology. This understanding is provided by an extensive drill hole database, regional mapping, coupled with understanding of the host stratigraphic sequence and a feasibility study completed at the nearby Paroo Pb deposit. Included in the data on which this Exploration Target has been prepared is recent RC drilling of 17 holes for approximately 2500m (RC/Diamond) (assays returned for 4 and 13 holes assays pending), 30 holes for 2690m (three RC stages), 33 holes for 3593m recently completed and diamond drilling of 4 holes for 1199.8m completed by Rumble along with 64 historic RC drill holes completed within the project area (E69/3464) by previous explorers (refer exploration results in previous RTR & ZNC ASX announcements dated 5 February 2019 and 12 October 2017, 23rd January 2020, 19 April 2021 and 2 June 2021 which continue to apply and have not materially changed). Some of the considerations in respect of the estimation of the Exploration Target include:

A multi-rig 40,000m drill program is underway

- Drilling results have demonstrated strong continuity of shallow, flat lying mineralisation;
- Over 45km's of prospective strike and open (refer image 7);

- Minimum 600m of width (based on shallow 7.5° and shallow depth to 120m, based on drilling results.
- True width (thickness) of mineralisation up to 52 metres received in drilling results; and
- Specific gravity (SG) of 2.5 (world average SG of sandstone – not accounting for metal).

The Company intends to test the Exploration Target with drilling and this further drilling is expected to extend over approximately 12 months. Grade ranges have been either estimated or assigned from lower and upper grades of mineralisation received in drilling results. A classification is not applicable for an exploration target.

Mineralisation remains open and unconstrained in all directions.

Assays have been received from the first 4 RC drill holes with laboratory assays pending on the remaining 9 holes. All 13 holes tested positive using pXRF (ASX Release 8-Jul-21). Results include very thick mineralised intersections:

- EHRC083 - 49m @ 2.45% Zn+Pb from 18m
  - Incl. 38m @ 2.78% Zn+Pb, 4.6% Mn, 2.9g/t Ag from 23m
  - with 9m @ 3.67% Zn+Pb, 7.44% Mn, 3.6 g/t Ag from 46m
  - this is near surface oxide Zn-Pb-Mn-Ag mineralisation at the up-dip position on the south-western limit of drilling.
- EHRC087 - 52m of 1.78% Zn+Pb from 126m to EOH
  - Incl. 8m @ 3.43% Zn+Pb, 5.1 g/t Ag from 129m
  - with 5m @ 4.21% Zn+Pb, 3.7 g/t Ag from 131m
  - first RC drill-hole 500m northwest along strike from previous drilling limit.

These results complement earlier results (ASX Release 2-Jun-21) including:

- EHRC061 – 23m @ 4.1% Zn+Pb from 103m
  - incl –17m @ 5.21% Zn+Pb, 6.2 g/t Ag from 103m
- EHRC059 – 18m @ 3.06% Zn+Pb from 56m
  - incl - 9m @ 5.3% Zn+Pb, 6.6 g/t Ag from 64m
- EHRC055 – 11m @ 3.98% Zn+Pb from 68m
  - incl - 6m @ 6.57% Zn+Pb, 16 g/t Ag from 69m
- EHRC051 – 38m @ 1.12% Zn+Pb from 38m
  - incl - 7m @ 4.05% Zn+Pb, 5.3 g/t Ag from 48m
- EHRC060 – 52m @ 1.65% Zn+Pb from 50m to EOH
  - incl - 16m @ 3.32% Zn+Pb, 2.7 g/t Ag from 75m

ZNC has 25% interested free carried to end BFS and pre-emptive right

The Earaheedy zinc project is a Joint Venture between Zenith and Rumble Resources Limited (ASX:RTR). Zenith holds a 25% free carried interest until completion of a Bankable Feasibility Study. Both partners hold a pre-emptive right.

Discovery to be fast tracked via an extensive accelerated exploration program, underpinned by partners (RTR) $40M capital raise

The exploration program is to be solely funded by project partner Rumble Resources Limited (ASX:RTR) using funds from a $40m capital raising announced by RTR on the 28-April-21.

Subsequent to the EJV discovery Zenith secured seven wholly owned exploration licences totalling 100 lineal kilometres of what is interpreted to be the prospective zinc host rock sequence within the Earaheedy Basin. The new exploration licence applications were selected based on key geological and geochemical criteria supported by previous exploration the Company has completed within the basin for both zinc and manganese.

BACKGROUND ON CORE PROJECTS

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

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

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

Develin Creek Project Background

The Devein Creek project contains a VMS copper-zinc deposit with an Inferred Mineral Resource (JORC 2012) of: 2.57Mt @ 1.76% copper, 2.01% zinc, 0.24g/t gold and 9.6g/t silver (2.62% CuEq) released to ASX on 15- -Feb-2015.

A program of 3 diamond drill holes at the Sulphide City resource area by the Company confirmed high-grade copper and zinc zones (Figure 1) with associated gold and silver in massive sulphides (ASX Release 5-Jul-21). Results include:

- **ZDCDD002 - 29m @ 2.3% Cu, 1.2% Zn, 0.3 g/t Au & 4.2 g/t Ag incl. 12.3m @ 4.2% Cu, 2.5% Zn, 0.6 g/t Au & 7.3 g/t Ag**
- **ZDCDD003 - 34m @ 2.0% Cu, 1.5% Zn, 0.2 g/t Au & 4.9 g/t Ag incl. 10m @ 3.9% Cu, 0.4% Zn, 0.3 g/t Au & 6.9 g/t Ag.**

Results point towards a potential increase in copper grade within the higher-grade portions of the existing Inferred Mineral Resource although additional drilling is required to see if this trend can be extrapolated throughout the deposit. New diamond drill holes also define discrete zones of high-grade zinc within the copper rich intervals noted above. These zones were not identified in the historic resource drilling, and include:

- **ZDCDD002 - 4m @ 4.7% Cu, 6.1% Zn, 1.2 g/t Au & 9.8 g/t Ag**
- **ZDCDD003 - 10m @ 1.8% Cu, 4.2% Zn, 0.2 g/t Au & 5.4 g/t Ag**

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

Figure 1: Develin Creek –New Zenith Diamond Drill Hole ZDCDD002 Example of Results Showing Consistent High-grade Copper values (116m – 124.8m) – refer ASX Release 5-Jul-21 for further details).

The Company holds exploration permits that cover the highly prospective host rocks over 50km north – south (Figure 2). Zenith's technical team outlined the Snook target located 30km south of the existing JORC resources.

An initial maiden drill test of 7 shallow RC holes has been a success, with hole ZSRC001 intersecting 3m of massive and semi-massive sulphides close to surface, 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 0.2g/t Au, including 2m of massive sulphide grading: 1.95% Cu, 1.34% Zn, 0.48% Pb, 55 g/t Ag and 0.3g/t Au, within a broader interval of disseminated and stockwork sulphides assaying 12m @ 0.81% Cu, 0.56% Zn. 0.19% Pb, 22g/t Ag & 0.1 g/t Au (see ASX Release 7-Dec-20).

An IP geophysical survey completed during the year shows a small coincident chargeability high associated with the Snook massive sulphide zone with a deeper much stronger IP target lying beneath the current drilling and another strong target to the east (refer to ASX Release 28-Jun-21). The latter, targets S1 & S2 are now ready for drill testing as part of the planned expanded drill program.

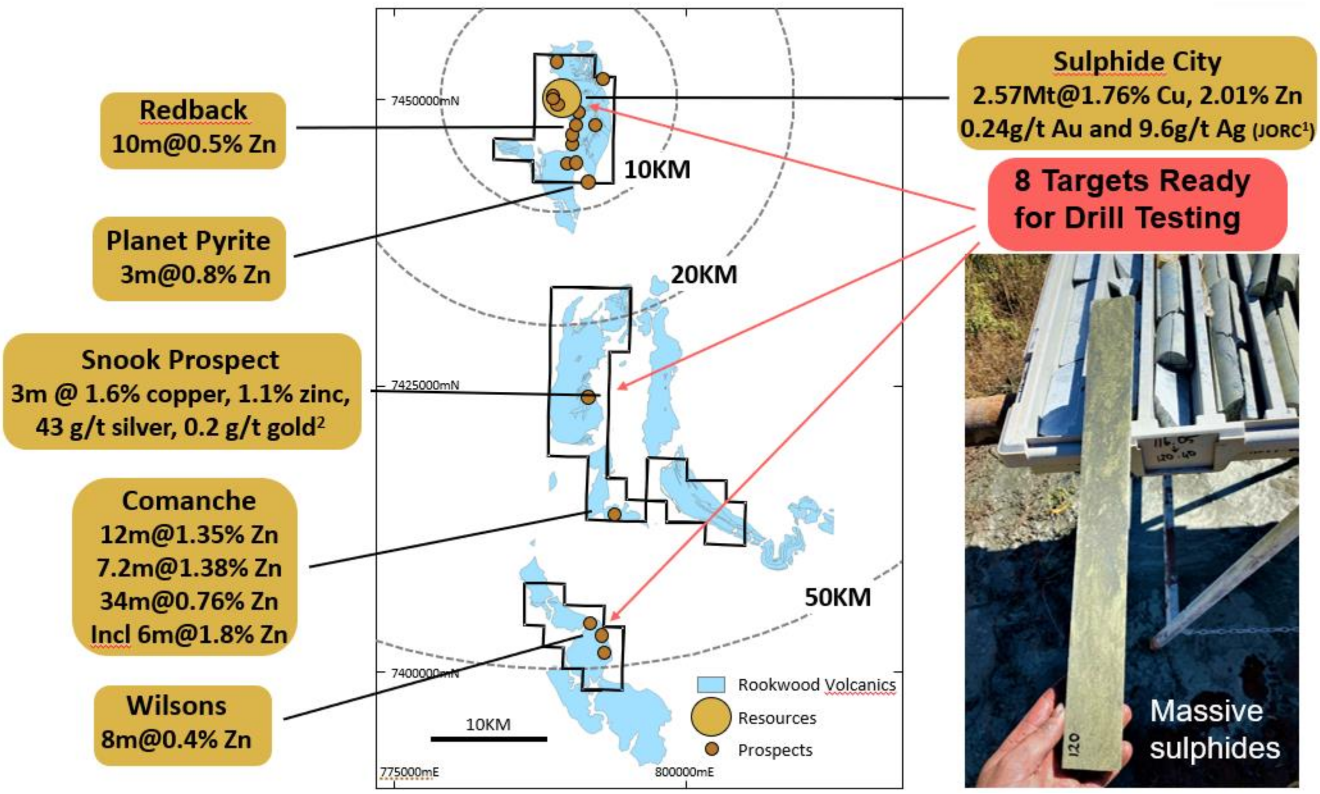


Figure 2: Develin Creek Prospects and Geochemical Anomalies

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

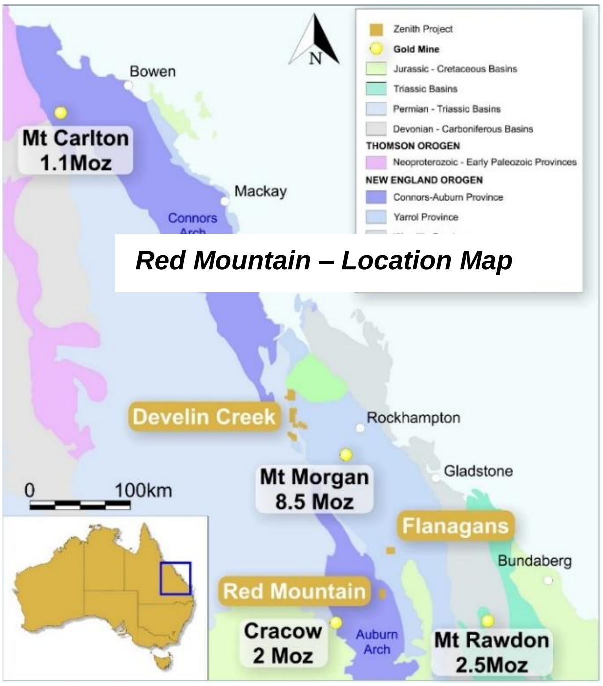
Background on Red Mountain Gold Project

A zone of surface gold and silver mineralisation was discovered by Zenith at Red Mountain in SE Queensland, in a previously unrecognised felsic volcanic breccia complex comprising rhyolite radial dykes, rhyolite ring breccia as well as granite and gabbro breccias, first identified by Zenith's field team.

Highly encouraging gold and silver rock chip sample results up to 2.01 g/t gold and 52.5 g/t silver are supported by systematic geochemical sampling that outlined a large 2km by 1.5km zoned soil anomaly with peak soil gold result of 2.2 g/t Au, refer to ZNC ASX release 24-Sep-2019 (Figure 3).

Ongoing exploration activity at the 100% owned Red Mountain gold project located in Queensland (see ASX release 19-May-21) continues to provide highly encouraging high-grade gold drill assay results. Drilling to date has outlined a discrete sub-vertical high-grade gold zone (Western Zone) to a vertical depth of 200m, with the zone remaining open at depth (Figures 4 -5).

Results from the most recent hole (ASX Release 19-May-21) include: 21m @ 1.9 g/t Au incl. 2.0m @ 10.8 g/t Au & 1.3m @ 5.0 g/t Au a zone of 9m @ 3.2 g/t Au (ZRMDD042). This intersection is 80m below a previous result of 5m @ 10.4 g/t Au, defining a NE plunging gold shoot some 250m long and open. Gold mineralisation remains open down plunge and will be the focus of further planned step-out drilling.



In addition, new very high-grade silver results were received for hole ZRMDD041 with 0.3m @ 4.0 g/t Au and 270 g/t Ag. Gold results were previously reported in ASX Release 13-May-21 including 7.7m @ 4.4 g/t Au with new silver results over that interval returning 11.8 g/t Ag.

These results are in addition to previously announced near surface high-grade drilling intersections (ASX Releases 3-Aug-20 & 13-Oct-20, 9-Nov-20, 21-Jan-21), including:

- 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

Strong silver (Ag) grades associated with gold mineralisation, include: 15m @ 0.4 g/t Au with 20.4 g/t Ag and 4m @ 0.5 g/t Au with 82.0 g/t Ag, 5m @ 3.5 g/t Au with 54.3 g/t Ag and a new result of 5m @ 0.3 g/t Au with 30.6 g/t Ag.

High-grade gold mineralisation is associated with a stockwork of base metal (sphalerite-galena) stringer veins in altered diorite, granodiorite and granite on the margin of a rhyolite breccia.

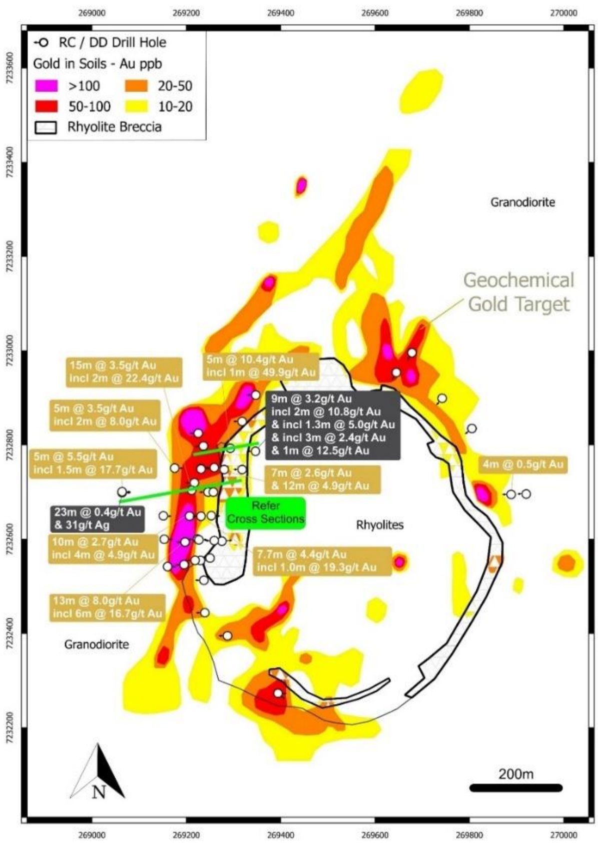


Figure 3: Red Mountain Breccia Pipe Target Showing Gold Soil Anomalies and Drill Collar Locations with Planned DD Holes

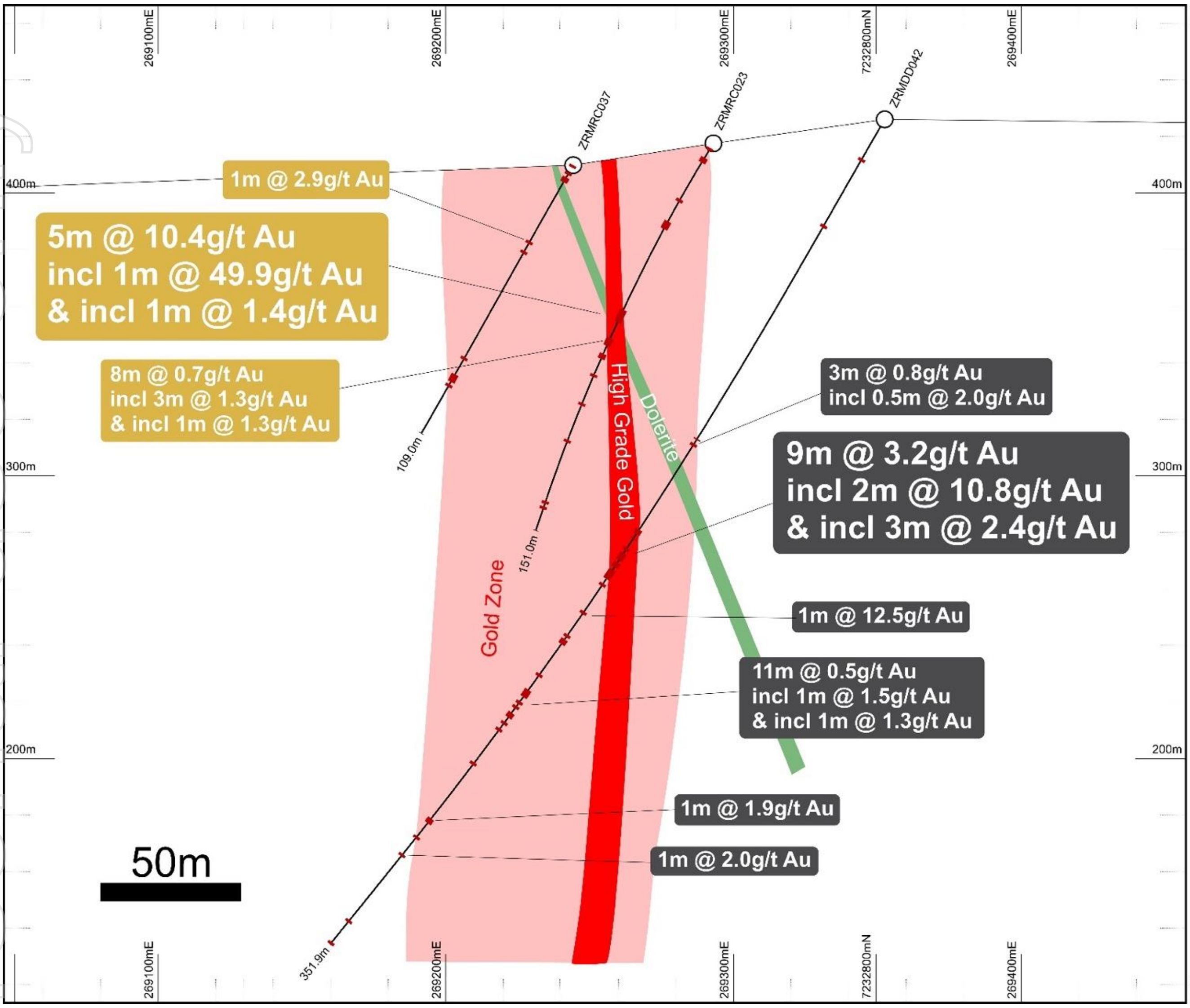


Figure 4: Cross Section - Red Mountain Western Zone High-Grade Gold Zone with Diamond Hole ZRMDD042

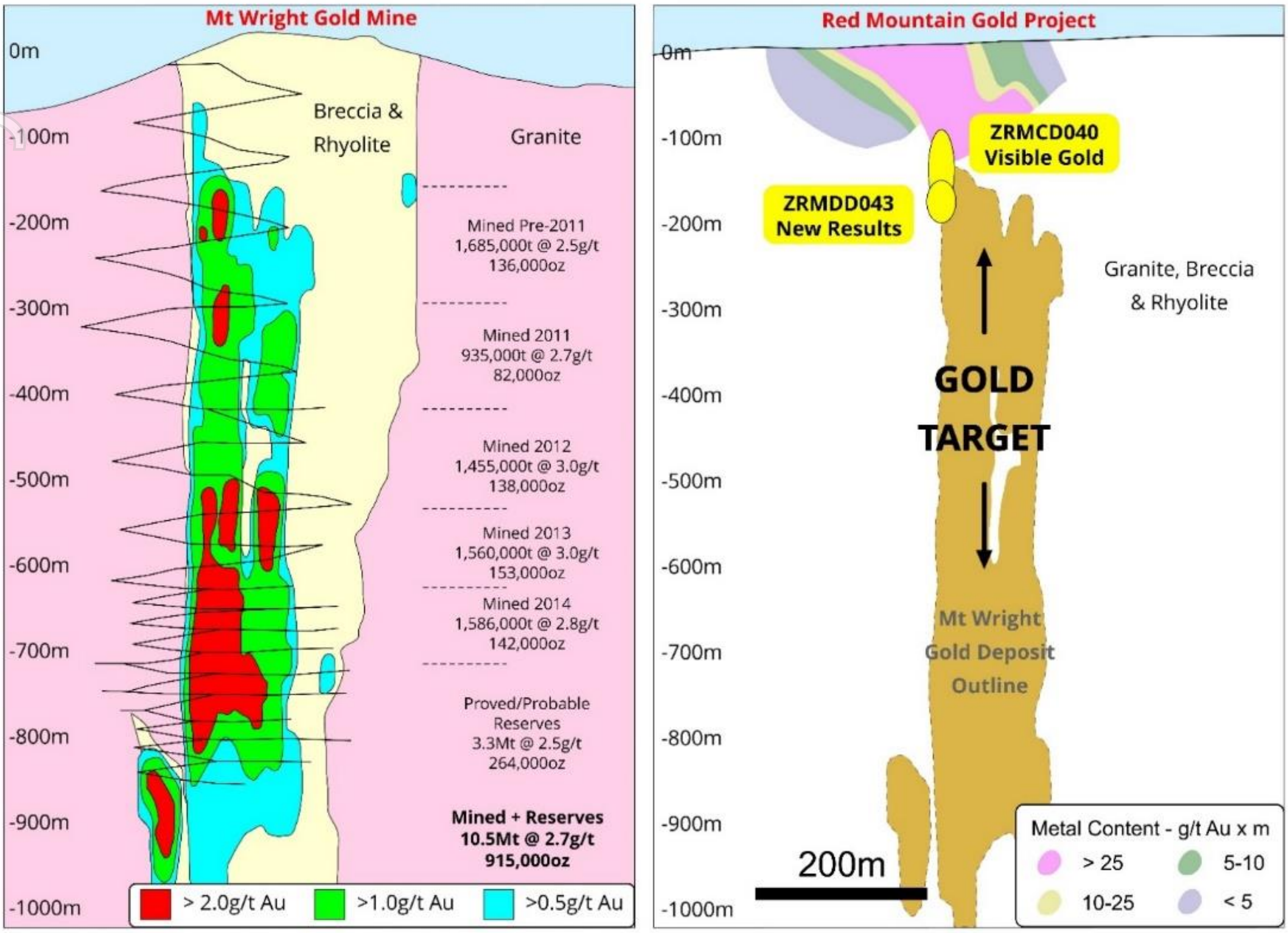
Geological Vectors

The Red Mountain project is located between two gold mines Cracow (Aeris Resources Limited (ASX:AUR) and Mount Rawdon (ASX:EVN).

Cracow is a low-sulphidation epithermal gold deposit whilst Mount Rawdon is described in the literature as an epizonal intrusion-related gold deposit.

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

The Mt Wright gold deposit 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 (Figure 5).



Modified from Resolute Mining Ltd 2014 Annual Report & Mt Wright Information Poster, June 2014

Figure 5: Comparative Cross Sections – Mt Wright Gold Mine (not an asset of the Company) and Red Mountain Gold Project with Location of New Diamond Drill Results

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

Background on Split Rocks Project - Gold

Zenith's Split Rocks project is located within the Southern Cross region in the 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 6).

A major targeting exercise by the Company's geological team identified 18 high-quality gold drill targets in the north-eastern sector of the Company's 100% owned Split Rocks project (Figures 7 & 8). First pass testing of 11 of those 18 targets has been completed to date.

A total of 321 AC holes (15,857m) and 59 RC holes (5,819m) were completed across the Split Rocks target areas to test for new zones of gold mineralisation and to extend other zones which had been poorly defined by previous wide-spaced or ineffective historic drilling. Drilling has been highly successful in outlining high-grade gold mineralisation at multiple target zones throughout the year. (Figures 7-8) refer to 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).

Dulcie Laterite Pit

The large-scale gold bearing bedrock shear zone at the Dulcie Laterite Pit area has been confirmed to extend over 2km in strike and remains open down dip (at 300) with a thickness ranging from 4 to 40m (refer to ASX 15-Jan-21 and 21-Apr-21). Drill results include: **3m @ 17.9 g/t Au, 19m @ 1.6 g/t Au, 14m @ 3.5 g/t Au and 8m @ 4.8 g/t Au.**

Dulcie Far North - AC holes along with previous Zenith AC and historic drilling on lines 100m to 200m apart outline a zone of gold mineralisation 1km long x 300m wide. Results include: **3m @ 70 g/t Au, 5m @ 5.6 g/t Au incl. 4m @ 6.8 g/t Au** (as previously reported 24-Jun-21).

Scott's Grey - results from extensional drilling at Scott's Grey provide very strong encouragement for further work. Results announced during the year include **8m @ 4.1 g/t Au** – an up-dip extension to gold zones previously defined by Zenith surrounding the Scott's Grey workings, **10m @ 0.9 g/t Au (eoh) incl. 4m @ 1.6 g/t Au** – a potential new gold zone southwest of Scott's Grey, and **4m @ 4.8 g/t Au** a new zone of gold mineralisation 100m northeast of the historic workings that remains open to the east, north and south.

Dulcie North - results from confirmatory and extensional drilling, in an area where there is some doubt as to the location of historic drill holes, outlined strong near surface gold mineralisation that requires follow-up aircore and RC testing, including: **16m @ 1.3 g/t Au incl 4m @ 2.9 g/t Au and 4m @ 1.7 g/t Au, and 4m @ 1.6 g/t Au**. These results are in addition to those intersected earlier in the year including **32m @ 9.4 g/t Au (incl 9m @ 31.4 g/t Au).**

Estrela Prospect: 2m @ 9.8 g/t Au (open to north & south) and Water Bore: 3m @ 6.6 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 (ASX Release 21-Mar-19).

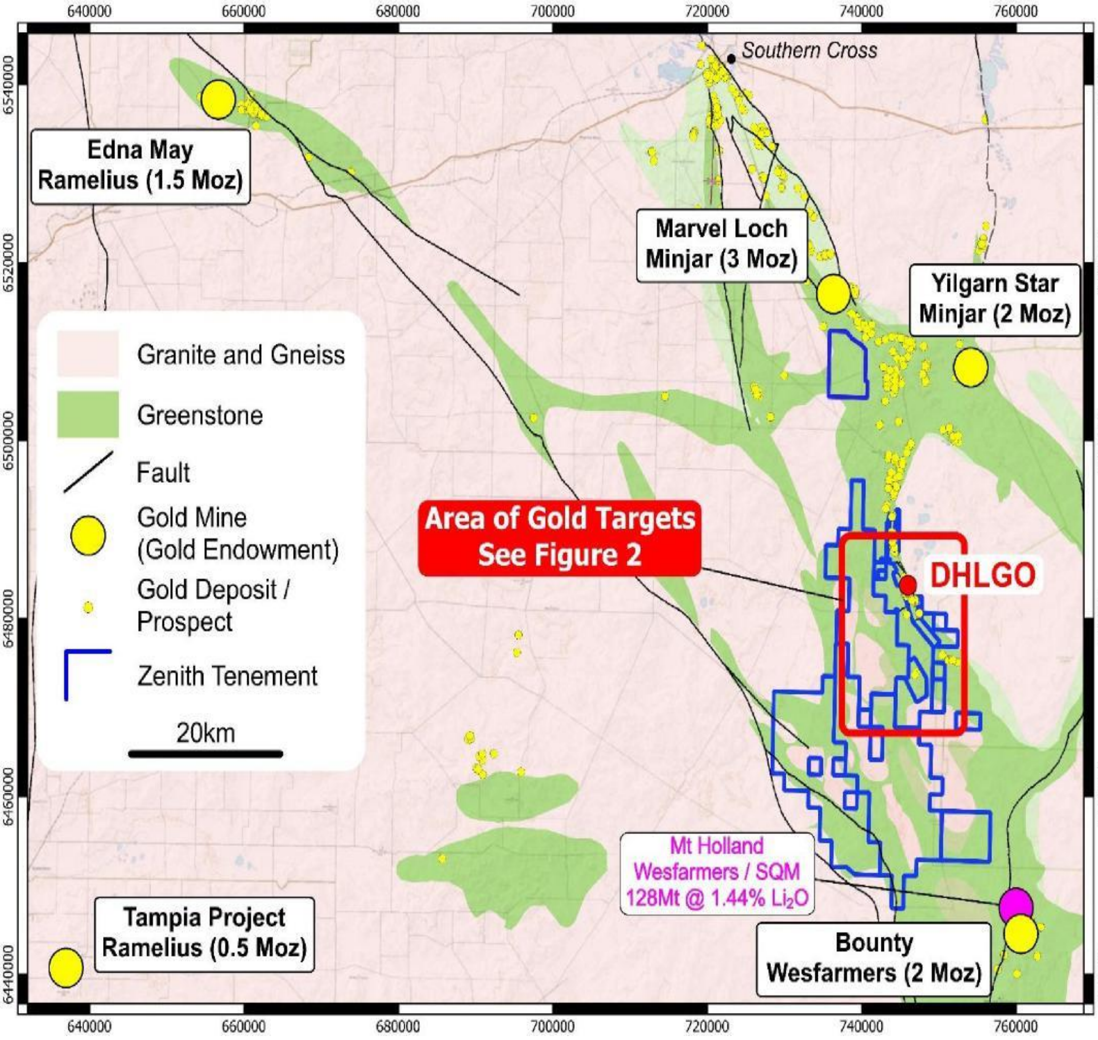


Figure 6: Split Rocks Project Location Map Showing Zenith tenements, DHLGO Prospect and Regional Gold Endowment

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

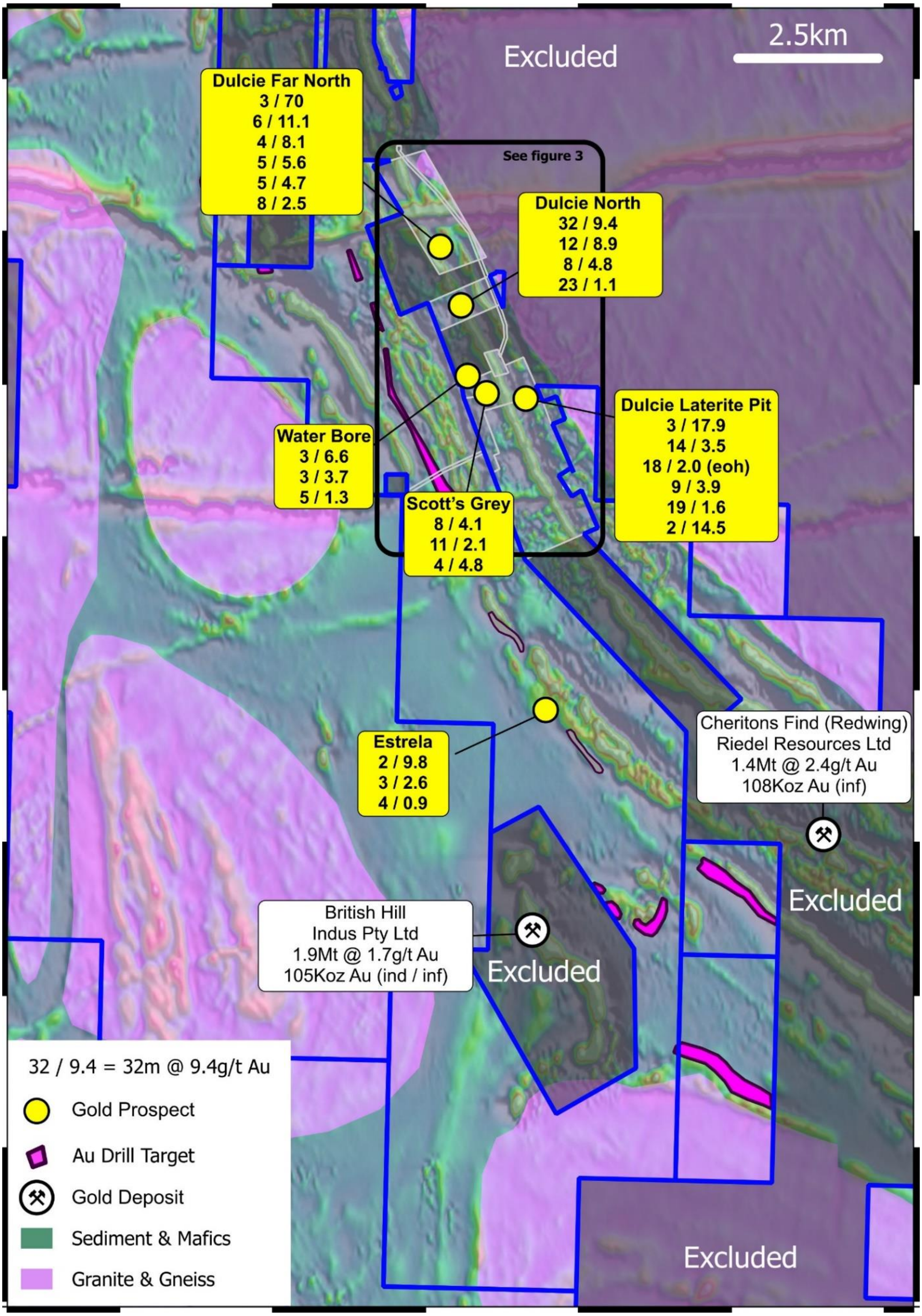


Figure 7: Split Rocks Project Gold Targets and Significant RC - Aircore Drill Results (yellow captions) showing gold drill targets, and areas of Planned Drilling

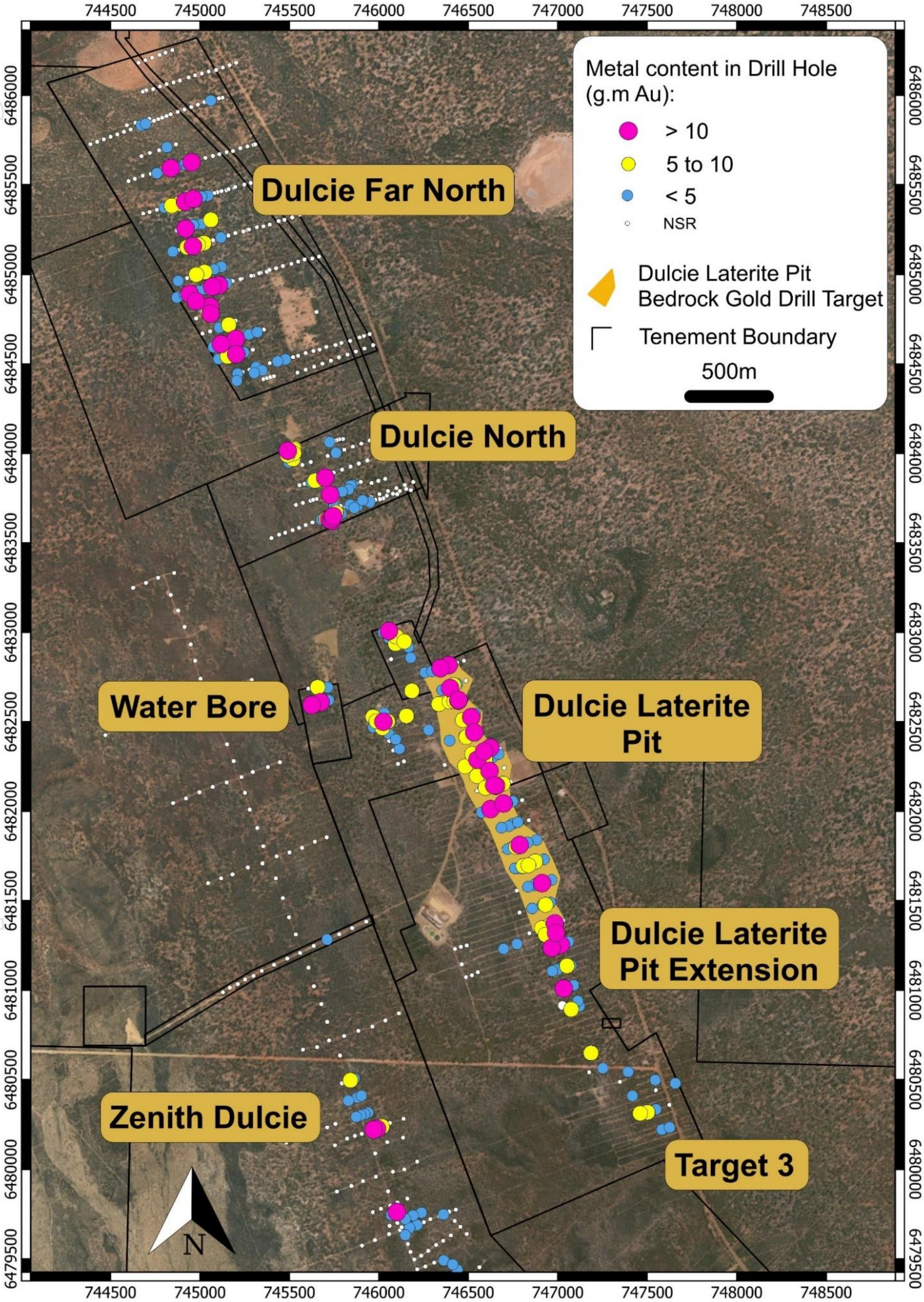


Figure 8: Split Rocks Gold Project Drill Results and Target Areas (Dulcie Laterite Pit Area shallow third party <75m depth and ineffective drill holes are not shown)

Background on Split Rocks Project - Lithium

In addition to the gold targeting exercise, Zenith has also been systematically exploring its 100% owned Split Rocks project with landholdings of approximately 600 sqkm in the Forrestania greenstone belt for lithium. This emerging lithium district is host to SQM-Kidman's Mt Holland/Earl Grey lithium deposit containing 189Mt @ 1.5% Li_2O (KDR:ASX Release 19-Mar-2018).

Planned Programs

Drilling is set to continue in CY2021-22 with the view to defining a mineral resource.

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

Jackadgery Prospect Background

The privately owned Jackadgery gold project is located east of Glen Innes in northern New South Wales (Figure 9).

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

Quartz veining at surface is relatively widespread with veins dipping generally eastward at 400 to 600. Sulphides comprise almost entirely pyrite-arsenopyrite +/- pyrrhotite.

The last significant exploration activity was carried out in 1983-85 by Kennecott and Southern Goldfields Ltd. Activity included a 220m long backhoe trench into weathered quartz veined bedrock across the main (northern) area of alluvial gold sluicing, which averaged 1.2 g/t Au across the interval 0-160m (with 5m composite assay intervals ranging up to 18.0 g/t and 7.1 g/t Au) (Figure 10). Sample assay repeats of higher-grade zones indicate some degree of variability in results which is commonly associated with the presence of coarse gold.

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

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

From the available data the style of gold mineralisation is consistent with intrusion related gold systems. An existing drill permit will be revised to allow for an initial fence of drill holes to effectively test beneath the wide zone of near surface gold mineralisation outlined by the historic backhoe trench and the surface rock chip channel samples. This project is fully permitted for drilling and will proceed once COVID border restrictions are lifted.

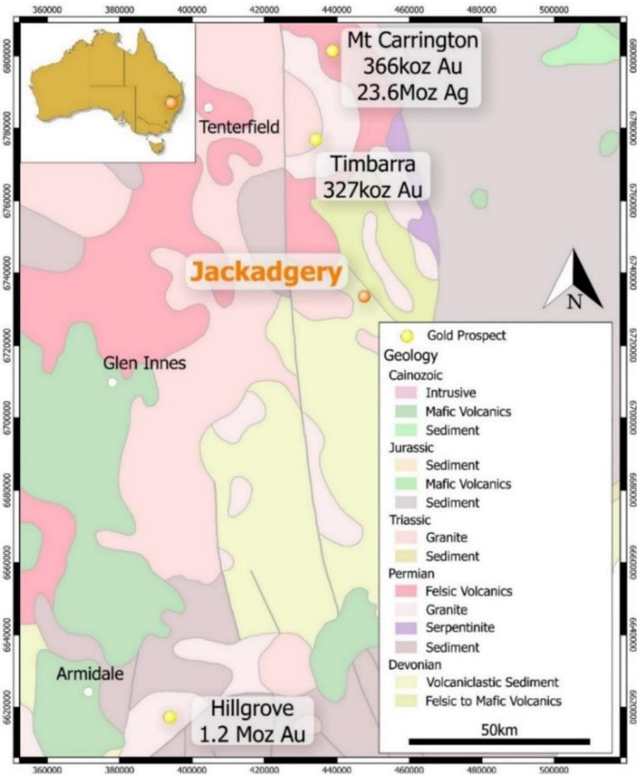


Figure 9: Jackadgery Location Map, Geology Base & Regional Gold Endowment

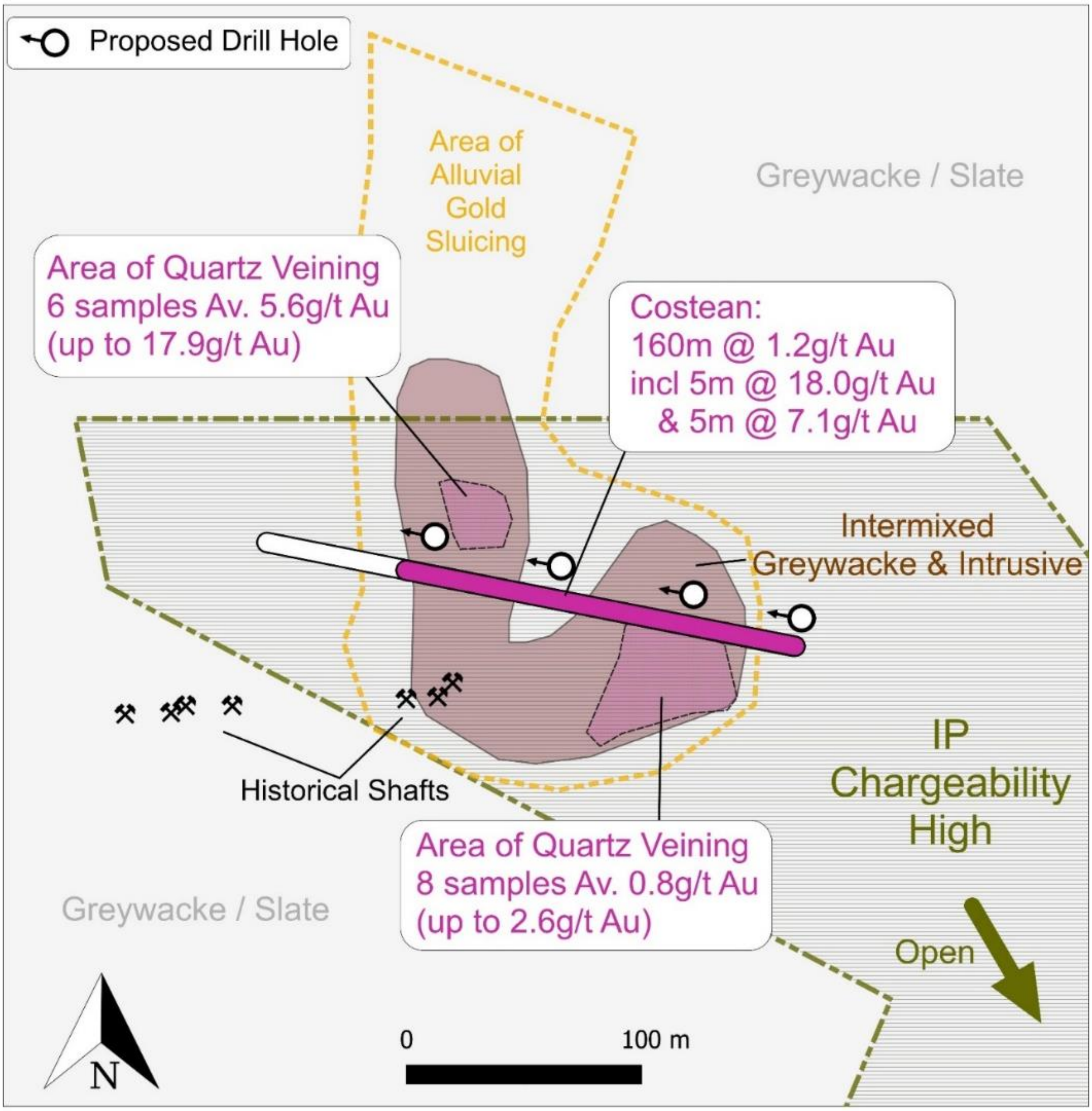


Figure 10: Jackadgery Project – Target Summary
(Zenith planned drill hole locations are subject to final design, access & permitting)

PARTNERED PROJECTS

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

Increased Spending
Increasing Chance of Success
Sharing Risk

Current joint ventures where partners are funding exploration include:

- Earaheedy Zinc – Australia (Rumble ASX:RTR)
- Kavaklitepe Gold - Turkey (Teck affiliate)

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

Activities During the Year

Assay results from the remaining 24 drill holes from the initial Chinook drill program were announced early June 21 (ASX release 2-Jun-21) refer to highlights section of this report. This announcement was quickly followed by assays from the first 2 holes accompanied by commentary on a further 9 holes that tested positive using pXRF (ASX release 8-Jul-21).

The results reported in the early July release expanded the surface expression of the mineralised envelope at Chinook to over 3km x 1.8km, to more than double what was previously known. The program is summarised as follows:

- The mineralisation envelope (based on laboratory assays and pXRF/visual) has been increased to 3km by 1.8km a doubling in areal extent from what was previously known (previous dimensions 2km by 1.2km) and remains unconstrained
- Very wide near surface up-dip oxide mineralisation highlights the potential for large scale oxide resource(s).
- The first RC drill hole 500m along strike to the northwest intersected a very thick vertical zone of mineralisation with a higher-grade core.
- On the eastern drill limits of the Chinook prospect, normal faults have lifted the mineralisation on multiple occasions to open pit-type depths and remains completely open.
- The initial gravity survey has confirmed NW to NNW orientated gravity trends correlating with the previously inferred feeder faults that underlie Chinook.
- Only approximately 8% of the planned drill program has been completed to date.

Planned Activities

- Ongoing RC and Diamond drilling scoping out the extent or limits of the Zn-Pb-Mn-Ag mineralisation along strike and down dip at the Chinook prospect- part of a 40,000m drill campaign.
- 1 RC and diamond drill rig onsite at present, RC rig 2 and 3 are planned to arrive over the coming weeks
- A trial sonic drilling program to focus on twinning drill-holes EHRC044, EHRC050 and EHRC061 to improve recovery of cored material.
- A gravity survey is planned along strike between Chinook and Magazine to aid in targeting the prospective Zn-Pb-Mn-Ag mineralisation.

Earaheedy Project Background

The Earaheedy project is located approximately 110km north of Wiluna, Western Australia. The project area covers the inferred unconformity contact between the overlying Frere Iron Formation and underlying Yelma Formation of the Palaeoproterozoic Earaheedy Basin. Zn-Pb-Ag mineralisation occurs at two prospects located approximately 10km apart, Chinook and Magazine. Mineralisation is hosted within near flat lying siltstone, shale, marl and minor sandstone.

The new drilling results have allowed the RTR team to formulate an initial interpretation of a new sedimentary exhalative (SEDEX) variant geological model for the Earaheedy project. SEDEX deposits are host to some of the largest zinc accumulations worldwide. The revised model will greatly assist in the exploration and deposit delineation process moving forward.

Earaheedy Joint Venture

Zenith Minerals Ltd (ASX: ZNC) owns a 25% free carried interest in the EJV whilst Rumble owns 75%. The project area (E69/3464) covers the inferred unconformity contact between the overlying Frere Iron Formation and underlying Yelma Formation of the Palaeoproterozoic Earaheedy Basin.

On April 2021 the EJV partners each announced a major Zinc-Lead Discovery with 'Tier 1' potential at the Earaheedy Project (refer ASX release 19-Apr-21) and followed this up announcing a Large Sedex Style System Emerging at the Earaheedy Project (ASX Release 25-May-21). There are 2 main prospects within the EJV, Chinook and Magazine which lie 12km apart. Within the broader region, Zenith controls 100km of prospective mineralised strike which also has the potential to contain multiple large tonnage Zn – Pb deposits (Figure 11).

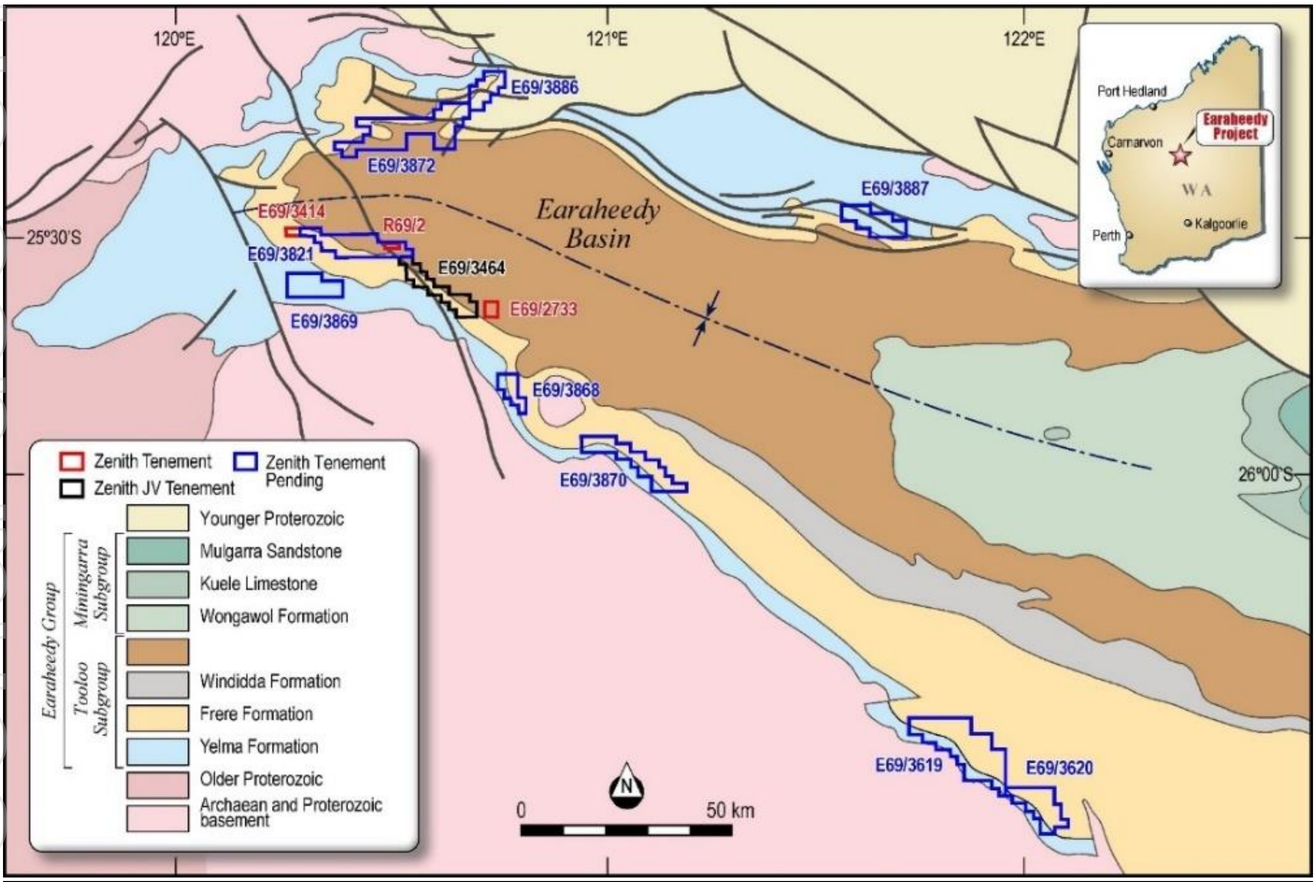


Figure 11: Earaheedy Project Location (black - EJV, red – ZNC 100% granted, blue – ZNC100% applications)

FLANAGANS GOLD PROJECT – Queensland (Zenith 100%)

During the year the Company announced that it has signed a binding heads of agreement with unrelated unlisted public company Bindi Metals Limited (Bindi) for the sale of the non-core Flanagans copper-gold tenement in Queensland for $450,000 (ASX Release 23-Jun-21).

The sale is conditional on the successful listing via an initial public offering (IPO) of Bindi on the Australian Securities Exchange (ASX) before 31 December 2021, and other regulatory approvals. Upon completion Zenith will receive $200,000 cash and IPO shares valued at $250,000. Shares to be issued to Zenith are likely to subject to escrow.

LARAMIE RARE EARTH PROJECT – WYOMING USA

Activities During the Year

State mineral leases for rare earth minerals were transferred to dedicated American REE explorer American Rare Earths Limited (ASX:ARR) during the year and the Company received final sale consideration, refer to ASX Release 22-Dec-20 for details.

KAVAKLITEPE GOLD PROJECT – TURKEY (Zenith ~20%)

Activities During the Year

The Company is seeking to divest its share of the Kavaklitepe gold project.

Background on Kavaklitepe Gold Project

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

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

whilst continuous surface rock chip results include:

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

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

AMERICAN LITHIUM JOINT VENTURE

Activities During the Year

During the year the Company advised that Bradda Head Lithium Ltd ("Bradda Head"), a North America-focused lithium development group, had been admitted to trading on the AIM of the London Stock Exchange (ASX Release 20-Jul-21).

Zenith holds 15% of the issued capital of Bradda Head, which recently raised £6.2 million through the placement of new ordinary shares at 5.5 pence to fund the phased exploration work programs across its lithium projects, located in the USA.

Based on the closing price of 5.75 pence (A$0.107), at the close of the first day of trading on AIM (20-Jul-21), the market capitalisation of Bradda Head was £16.9 million, valuing Zenith’s investment in Bradda Head (43,947,507 ordinary shares*) at $A4.7M.

VIVASH GORGE IRON PROJECT – WA (Zenith100%)

Activities During the Year

The Company is currently assessing options to divest the project to a dedicated iron ore explorer.

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

Activities During the Year

The Company is currently assessing options for the project including drilling the Waratah Well lithium target and assessing the platinum group elements (PGE) potential of the project.

INVESTMENTS

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

- Bradda Head Lithium Limited (LON:BHL) 43.9M shares – refer to ASX Release 20-Jul-21 for details.
- Rumble Resources Limited (ASX:RTR) 3.8M shares
- American Rare Earths Limited (ASX:ARR) 2.5M shares
- NickelX Limited (ASX:NKL) 0.5M shares

NEW OPPORTUNITIES

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

- Assessment of various 3rd party gold properties in Australia.
- Potential divestment of the Kavaklitepe gold project in Turkey.
- Potential divestment of the Vivash Gorge iron ore project in Western Australia.

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

MINERAL RESOURCE STATEMENT

Mineral Resource Statement

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

There was no change to the Inferred Mineral Resource for the Develin Creek Copper-Zinc-Gold-Silver Projects previously released to the ASX on the 15-Feb-15. An initial program of 3 diamond drill holes at the Sulphide City resource area were completed during the year by the Company confirming high-grade copper and zinc zones with associated gold and silver in massive sulphides (ASX Release 5-Jul-21). Results include: ZDCDD002 - 29m @ 2.3% Cu, 1.2% Zn, 0.3 g/t Au & 4.2 g/t Ag incl. 12.3m @ 4.2% Cu, 2.5% Zn, 0.6 g/t Au & 7.3 g/t Ag and ZDCDD003 - 34m @ 2.0% Cu, 1.5% Zn, 0.2 g/t Au & 4.9 g/t Ag incl. 10m @ 3.9% Cu, 0.4% Zn, 0.3 g/t Au & 6.9 g/t Au.

The new diamond hole results point towards a potential increase in copper grade within the higher-grade portions of the existing Inferred Mineral Resource although additional drilling is required to see if this trend can be extrapolated throughout the deposit.

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

Red Lake Manganese Mineral Resource

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

Red Lake Manganese Mineral Resource Estimate as at August 2014									
Classification	**Reporting Cut-off Grade**	**Tonnes (Mt)**	**Mn %**	**Fe %**	**SiO2 %**	**Al_2O_3 %**	**P %**	**S %**	**LOI %**
Inferred	25% Mn	0.2	30.0	14.1	13.8	7.9	0.24	0.03	12.1
	20% Mn	0.5	25.1	16.1	17.0	8.9	0.25	0.06	11.9
	15% Mn	1.1	20.8	17.7	20.5	9.3	0.24	0.17	11.5
	10% Mn	1.4	19.0	19.1	20.8	9.6	0.26	0.19	11.4
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 %**	**$Si0_2$%**	**Al_2O_3 %**	**P %**	**S %**	**LOI %**
Inferred	20% Mn	1.0	30.2	7.0	18.9	4.1	0.12	0.01	5.7
	15% Mn	1.9	23.4	6.7	25.4	4.7	0.15	0.01	10.4
	10% Mn	2.6	20.6	6.9	27.6	5.1	0.16	0.01	12.0
Note: The Mineral Resource was estimated within constraining wireframe solids based on the specified nominal lower cut-off grade for Mn. The Mineral Resource is quoted from all blocks above the specified Mn cut-off grade %. Differences may occur due to rounding.									

Burro Creek East Mineral Resource

The Burro Creek Project was sold during the year, refer to ASX Release dated 20-Jul-21 for details.

Mineral Resource Governance and Internal Controls

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

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

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Zenith Exploration Results and Exploration Targets and 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.

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

The 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 2021, 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:

Peter J Bird	Non-Executive Director, appointed 30 March 2020 Non-Executive Chairman, appointed 30 September 2020 Executive Chairman, appointed 16 October 2020
Qualifications:	BSc (Hons) (Geology)
Experience:	Peter Bird has a wide experience in operational mining geology and exploration in large multinational corporations. He has worked in business development and treasury, with extensive experience as a mining analyst and in investor relations and human resources before becoming a company director. Peter was Deputy Chairman and CEO of Asiamet Resources Limited, Australia, from 2017 (listed on the AIM market of the London Stock Exchange), prior to joining Zenith. He has previously served as Managing Director of Heemskirk Consolidated Ltd, of which he was a joint founder, and was Non-Executive Chairman of Excelsior Gold Ltd.
Other Current Directorships:	None
Former Directorships (last 3 years):	Asiamet Resources Limited, Australia, listed on the AIM market of the London Stock Exchange (Deputy Chairman and CEO, appointed 20 February 2017, resigned 31 January 2020)
Special Responsibilities:	Technical and Corporate
Interest in Shares:	None
Interest in Options	1,250,000 Unlisted Options
Contractual Right to Shares:	None
Michael J Clifford	Chief Executive Officer, 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
Interest in Shares:	2,867,524 Ordinary Shares
Interest in Options	5,500,000 Unlisted Options
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
Contractual Right to Shares:	None

Julian D Goldsworthy	Non-Executive Director, appointed 29 August 2013
Qualifications:	B. App. Sc. (Geology)
Experience:	Julian was formerly Exploration Manager at Giralia Resources NL prior to its takeover by Atlas Iron Ltd, and is currently Chief Geologist at Gascoyne Resources Limited. He has substantial prior experience in the minerals industry with Newcrest Mining (and its predecessor Newmont Australia) where he led and conducted successful exploration programs for gold in Australia and South America.
Other Current Directorships:	None
Former Directorships (last 3 years):	Gascoyne Resources Limited (Executive Director appointed 2 June 2019, resigned on 2 June 2019)
Special Responsibilities:	Technical and Corporate
Interest in Shares:	2,726,180 Ordinary Shares
Interest in Options	1,250,000 Unlisted Options
Contractual Right to Shares:	None

Graham D Riley	Non-Executive Director, appointed 2 May 2018
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

Rodney M Joyce	Non-Executive Director, appointed 6 December 2006 Non-Executive Chairman, appointed 9 October 2013 Retired on 25 November 2020
Qualifications:	BSc (Hons), MSc, DIC
Experience:	Mike Joyce is a geologist with over 40 years' experience in mineral exploration, following graduation in 1979 with a BSc (Hons) degree in Geology from Monash University. He also holds a MSc in Mineral Exploration from the Royal School of Mines, University of London, UK. He was the leader of a successful gold exploration team at Aberfoyle Resources Ltd, responsible for significant gold discoveries at Carosue Dam and Davyhurst in Western Australia prior to joining Giralia Resources NL, initially as exploration manager. He later became Managing Director of Giralia Resources NL, prior to its takeover by Atlas Iron Limited.
Other Current Directorships:	None
Former Directorships (last 3 years):	Gascoyne Resources Limited - (Non-Executive Director appointed 20 April 2011 and Non-Executive Chairman from 5 October 2012 to 8 October 2018, retired 30 April 2020).
Special Responsibilities:	Technical and Corporate
Interest in Shares:	13,383,404 ordinary shares
Interest in Options:	None
Contractual Right to Shares:	None

'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 P J Bird	7	7
Mr M J Clifford	7	7
Mr S A Macdonald	7	7
Mr J D Goldsworthy	7	7
Mr G D Riley	7	7
Mr R M Joyce	3	3

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

4. REMUNERATION REPORT – AUDITED

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

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

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

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

A. Principles of Compensation - Audited

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

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

The Board ensures that remuneration satisfies the following criteria:
- competitiveness and reasonableness
- transparency
- acceptability to shareholders
- attracts and retains high caliber executives
- rewards capability, experience and performance
- performance alignment of executive compensation.

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

Executive Remuneration

The consolidated entity aims to reward executives with a level of remuneration based on their position and responsibility, which has a mix of both fixed and variable components. The remuneration of executives and reward framework comprises a combination of:
- base pay and non-monetary benefits
- performance linked incentives
- share based payments
- other remuneration such as superannuation and long service leave.

Fixed Compensation

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

A. Principles of Compensation – Audited (cont.)

Performance Linked Compensation

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

Long-Term Incentive

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

Consequences of Performance on Shareholder Wealth

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

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

	2021 $	2020 $	2019 $	2018 $	2017 $
Profit/(Loss) attributable to owners of the Group	2,010,141	(383,397)	(695,492)	(682,929)	(952,932)
Basic Profit/(Loss) per Share	0.0027	(0.002)	(0.003)	(0.003)	(0.005)
Share Price at financial year end ($)	0.25	0.12	0.08	0.18	0.10
Changes in share price (from initial listing of 25 cents)	-	-0.13	-0.17	-0.07	-0.15

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

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

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

A. Principles of Compensation – Audited (cont.)

Voting and comments made at The Consolidated Entity's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, 99.29% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. 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 P J Bird – Executive Chairman
- Mr M J Clifford – Chief Executive Officer
- Mr S A Macdonald – Non-Executive Director
- Mr J D Goldsworthy – Non-Executive Director
- Mr G D Riley - Non-Executive Director
- Mr R M Joyce – Non-Executive Director

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		S300A(1)(e)(i)	S300A(1)(e)(vi)
		Cash Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options	TOTAL	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
		$	$	$	$	$	$	$	%	%
Non- Executive Directors:										
R M Joyce	**2021**	**18,315**	**-**	**-**	**1,740**	**-**	**-**	**20,055**	**-**	**-**
	2020	36,250	-	-	3,444	-	-	39,694	-	-
S A Macdonald	**2021**	**32,500**	**-**	**-**	**3,088**	**-**	**98,103**	**133,691**	**-**	**73.38%**
	2020	27,500	-	-	2,612	-	-	30,112	-	-
J D Goldsworthy	**2021**	**32,500**	**-**	**-**	**3,088**	**-**	**98,103**	**133,691**	**-**	**73.38%**
	2020	27,500	-	-	2,612	-	-	30,112	-	-
G D Riley	**2021**	**32,500**	**-**	**-**	**3,088**	**-**	**-**	**35,588**	**-**	**-**
	2020	27,500	-	-	2,612	-	-	30,112	-	-
Executive Director:										
PJ Bird	**2021**	**183,090**	**-**	**-**	**17,394**	**-**	**98,103**	**298,587**	**-**	**32.86%**
	2020	5,000	-	-	475	-	-	5,475	-	-
M J Clifford	**2021**	**254,075**	**-**	**2,065**	**24,137**	**-**	**156,965**	**437,242**	**-**	**35.90%**
	2020	211,678	-	4,762	20,109	-	28,395	264,944	-	10.72%
Other Key Management Personnel:										
M J Nelmes	**2021**	**66,960**	**-**	**-**	**5,531**	**-**	-	**72,491**	**-**	**-**
	2020	109,660	-	-	10,418	-	47,455	167,533	-	28.33%
TOTAL	**2021**	**619,940**	**-**	**2,065**	**58,066**	**-**	**451,274**	**1,131,345**	**-**	
TOTAL	2020	445,088	-	4,762	42,282	-	75,850	567,982	-	

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	
	2021	2020	2021	2020
Non-Executive Directors:				
R M Joyce	100%	100%	-	-
S A Macdonald	100%	100%	-	-
J D Goldsworthy	100%	100%	-	-
G D Riley	100%	100%	-	-
Executive Director:				
P J Bird	100%	100%	-	-
M J Clifford	100%	100%	-	-
Other Key Management Personnel:				
M J Nelmes	100%	100%	-	-

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

Service Contracts

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

Peter J Bird
- Executive Chairman, appointed 16 October 2020
- Annually renewable contract
- Base salary of $40,000 per annum plus superannuation of 9.50% to 15 October 2020
- Base salary of $242,009 per annum plus superannuation of 9.50% from 15 October 2020
- Six month notice period is prescribed on termination.

Rodney Michael Joyce
- Non-Executive Director, appointed 6 December 2006, resigned 25 November 2020
- Annually renewable contract
- Base salary of $40,000 per annum plus superannuation of 9.50%
- No notice period is prescribed on termination.

Stanley A Macdonald
- Non-Executive Director, appointed 24 April 2006
- Annually renewable contract
- Base salary of $30,000 per annum plus superannuation of 9.50%
- No notice period is prescribed on termination.

Julian D Goldsworthy
- Non-Executive Director, appointed 29 August 2013
- Annually renewable contract
- Base salary of $30,000 per annum plus superannuation of 9.50%
- No notice period is prescribed on termination.

Graham D Riley
- Non-Executive Director, appointed 2 May 2018
- Annually renewable contract
- Base salary of $30,000 per annum plus superannuation of 9.50%
- No notice period is prescribed on termination.

Service Contracts (cont.)

Michael J Clifford - Managing Director appointed 18 March 2014

Terms of Agreement - The agreement is annually renewable. To terminate the agreement, the Consolidated Entity must provide three months' notice, or the Managing Director must provide three months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.

Remuneration and Benefits - Annual base salary of $255,000 inclusive of 9.50% superannuation for the financial year ended 30 June 2021. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.

Melinda J Nelmes - Company Secretary and Chief Financial Officer, appointed 20 March 2014, resigned 16 November 2020.

Terms of Agreement - The agreement is reviewed annually. To terminate the agreement, either party must provide one months' notice. If serious misconduct is committed by the executive, the agreement may be immediately terminated by the Consolidated Entity. On termination, the Consolidated Entity may provide the executive with a payment in lieu of notice of termination for all or part of the notice period.

Remuneration and Benefits - Permanent part-time agreement of base of 0.4 of a full time equivalent employee with annual base salary of $200,000 (0.4 of a full time equivalent: $80,000) inclusive of 9.50% superannuation for the year ending 30 June 2020. Salary is reviewed annually by the Board acting as the Nomination and Remuneration Committee.

C. Equity Instruments – Audited

Share-Based Compensation

i) Issue of shares

There were no shares issued to the directors and other key management personnel as part of compensation during the year ended 30 June 2021 (2020: Nil)

ii) Options

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

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

C. Equity Instruments – Audited (cont.)

2020:

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

Options granted carry no dividend or voting rights.

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:

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 %
Director:				
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%

2020:

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

Shares issued on exercise of options

No options granted under Zenith Minerals Limited's Employee Option Plan were exercised into ordinary shares during the year ended 30 June 2021 (2020: 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.

C. Equity Instruments – Audited (cont.)

2021	Ordinary Shares				
Name	**Balance at the start of the year**	**Received as part of remuneration**	**Additions**	**Other changes**	**Balance at the end of the year**
Directors:					
Rodney M Joyce	13,383,404	-	-	(13,383,404)	-
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	-	-	-	2,867,524
Peter J Bird	-	-	-	-	-
Other Key Management Personnel:					
Melinda J Nelmes	240,126	-	-	(240,126)	-
Total	33,787,306	-	-	(13,623,530)	20,163,776

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:

2021

Name	Balance at the start of the year	Granted as Remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year**
Directors:					
Rodney M Joyce	-	-	-	-	-
Stanley A Macdonald	-	1,250,000	-	-	1,250,000
Julian D Goldsworthy	-	1,250,000	-	-	1,250,000
Michael J Clifford	3,500,000	2,000,000	-	-	5,500,000
Graham D Riley	-	-	-	-	-
Peter J Bird	-	1,250,000	-	-	1,250,000
Other Key Management Personnel:					
Melinda J Nelmes	1,600,000	-	-	(1,600,000)	-
Total	5,100,000	5,750,000	-	(1,600,000)	9,250,000

** All options are vested and exercisable at 30 June 2021.

Other Transactions With Key Management Personnel And Their Related Parties

During the financial year ended 30 June 2021, 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 2021, fees of $7,745 (2020: $7,164) were received from Minasola Pty Ltd, a director related entity of Mr R M Joyce; fees of $7,745 (2020: $7,164) were received from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald and fees of $7,025 from Satinbrook Pty Ltd, a director related entity of Mr G D Riley (2020: $7,164).

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 2021, attributable to members of the Consolidated Entity, after income tax is $2,010,141 (2020: loss of $383,397).

No dividends were paid or recommended for payment during the financial year ended 30 June 2021 (2020: Nil).

Review of Financial Condition

During the year, the net assets of the Consolidated Entity increased by $7,188,133 from $5,792,777 at 30 June 2020 to $12,980,910 at 30 June 2021.

The directors consider that the Consolidated Entity holds a valuable portfolio of mineral tenements with a carrying value at 30 June 2021 of $6,714,651 (2020: $3,993,265). During the financial year, the consolidated entity booked an impairment loss on capitalised exploration and evaluation expenditure of $443,758 (2020: $21,027) 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 2021.

8. EVENTS SUBSEQUENT TO REPORTING DATE

Completion of a capital raising announced to the Australian Securities Exchange ('ASX') on 7th July 2021, resulted in the issue of 27,906,977 ordinary shares at $0.215 per share for $6 million before cost. Funds raised will be used to accelerate an active exploration program at Zenith's core projects, being the Develin Creek VMS Copper Project, Red Mountain Gold Project and the Split Rocks Gold Project.

On 16 July 2021, the Company announced the issue of 750,000 options exercisable at $0.379 expiring 14 July 2024, as incentive options to various employees.

8. EVENTS SUBSEQUENT TO REPORTING DATE (cont.)

On 20 July 2021, the Company announced the admission of trading of Bradda Head Lithium Ltd on the AIM of the London Stock Exchange. Zenith owns 43,947,507 shares in Bradda Head, valued at $6.4M as at the date of this report.

On 24 September 2021, the Company has completed Stage 1 investment of $140k into Oxley Resources Limited (refer ASX announcement dated 13 May 2021).

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 2021, 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	1,200,000
25 November 2019	24 November 2022	$0.087	3,950,000
28 September 2018	28 September 2021	$0.18	1,650,000
13 July 2020	31 December 2023	$0.14	2,000,000
13 July 2020	31 December 2023	$0.16	2,000,000
25 November 2020	14 May 2023	$0.1097	5,750,000

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

14. SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares issued by Zenith Minerals Limited during the year ended 30 June 2021 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

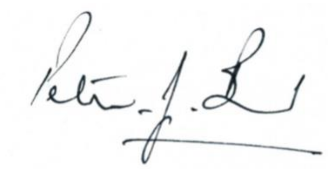
A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

20. AUDITOR

PKF 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 P J Bird
Executive Chairman

Dated: 28 September 2021
Perth, WA.

Advisory • Audit
Business Solutions

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 2021, 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
AUDIT PARTNER

28 SEPTEMBER 2021
WEST PERTH
WESTERN AUSTRALIA

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PO Box 609, West Perth, WA 6872
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	Consolidated Entity 2021 $	2020 $
Revenue from continuing operations	5	247,239	514,525
Profit on part disposal of equity investment in Associate	16	159,776	107,123
Net fair value gain on other financial assets	14	3,063,086	259,772
Other revenue	6	2,370	6,897
Interest revenue		4,165	1,506
Expense			
Employee benefits expenses		(683,268)	(350,374)
Share option based payment	30	(451,276)	(138,313)
Depreciation	17	(7,587)	(8,219)
Premises costs		(58,255)	-
Exploration expenditure expensed		(21,367)	(6,122)
Exploration expenditure write off	18	-	(336,467)
Impairment loss on exploration & evaluation expenditure	18	(443,758)	(21,027)
Impairment on investment in associate	16	(428,636)	-
Amortisation expense	19	(12,668)	(22,811)
Share of losses of Associate accounted for using equity method	16	(3,950)	(9,135)
Other operating expenses	7	(570,580)	(283,844)
Profit/(Loss) from continuing operations before income tax		**795,291**	(286,489)
Income tax expense	11	-	(88,147)
Profit/(Loss) from continuing operations after income tax benefit for the year		**795,291**	(374,636)
Net profit/(loss) after tax from discontinued operations	**8**	**1,214,850**	(8,761)
Net profit for the year		**2,010,141**	(383,397)
Other comprehensive income			
Items that might be reclassified subsequently to profit or loss:			
Foreign currency translation	24(a)	(75,246)	(48,320)
Other comprehensive income for the year (net of tax)		(75,246)	(48,320)
Total comprehensive profit/(loss) for the year		**1,934,895**	**(431,717)**

Profit/(Loss) per share		**Cents**	**Cents**
Continuing operations			
Basic profit/(loss) per share	10	0.27	(0.16)
Diluted profit/(loss) per share	10	0.26	(0.16)
Discontinued operations			
Basic profit/(loss) per share	10	0.42	(0.004)
Diluted profit/(loss) per share	10	0.39	(0.004)
Continuing and discontinued operations			
Basic profit/(loss) per share	10	0.69	(0.17)
Diluted profit/(loss) per share	10	0.65	(0.17)

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 2021

	NOTE	Consolidated Entity	
		2021 **$**	**2020** **$**
CURRENT ASSETS			
Cash and cash equivalents	12	1,832,183	968,107
Trade and other receivables	13	98,426	113,035
Financial asset at fair value through profit or loss	14	4,636,593	630,742
Other current assets	15	18,899	6,894
TOTAL CURRENT ASSETS		**6,586,101**	**1,718,778**
NON-CURRENT ASSETS			
Investment in associate	16	-	348,055
Financial asset at fair value through profit or loss	14	-	6,520
Plant and equipment	17	20,834	18,492
Right of use asset	19	-	14,919
Exploration and evaluation expenditure	18	6,714,651	3,993,265
TOTAL NON-CURRENT ASSETS		**6,735,485**	**4,381,251**
TOTAL ASSETS		**13,321,586**	**6,100,029**
CURRENT LIABILITIES			
Trade and other payables	20	210,786	97,728
Lease liability	21	-	50,471
Provision for income tax	11	-	88,147
Employee benefits	22	129,890	70,906
TOTAL CURRENT LIABILITIES		**340,676**	**307,252**
TOTAL LIABILITIES		**340,676**	**307,252**
NET ASSETS		**12,980,910**	**5,792,777**
EQUITY			
Issued capital	23	26,543,450	22,134,472
Reserves	24(a)	867,650	98,636
Accumulated losses	24(b)	(14,430,190)	(16,440,331)
TOTAL EQUITY		**12,980,910**	**5,792,777**

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 2021

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2020	**22,134,472**	**98,636**	**(16,440,331)**	**5,792,777**
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
Transactions with owners, recorded directly in equity				
Issue of shares, net of transaction costs (note 23)	4,408,978	-	-	4,408,978
Issue of employee options (note 24)	-	451,276	-	451,276
Issue of broker options	-	392,984	-	392,984
Balance at 30 June 2021	**26,543,450**	**867,650**	**(14,430,190)**	**12,980,910**

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

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2019	**20,475,655**	**138,131**	**(16,178,034)**	**4,435,752**
Adjustment for change in accounting policy	-	-	(8,388)	(8,388)
Restated balance at 1 July 2019	20,475,655	138,131	(16,186,422)	4,427,364
Profit/(Loss) for the period	-	-	(383,397)	(383,397)
Other comprehensive income	-	(48,320)	-	(48,320)
Total comprehensive income	-	(48,320)	(383,397)	(431,717)
Transactions with owners, recorded directly in equity				
Issue of shares, net of transaction costs (note 23)	1,658,817	-	-	1,658,817
Issue of employee options (note 24)	-	138,313	-	138,313
Expiry/Cancellation of staff options (note 24)	-	(129,488)	129,488	-
Balance at 30 June 2020	**22,134,472**	**98,636**	**(16,440,331)**	**5,792,777**

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 2021

	NOTE	Consolidated Entity 2021 $	Consolidated Entity 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		100,447	78,036
Cash paid to suppliers and employees		(1,150,993)	(695,054)
Payments for capitalised exploration and expenditure		(3,379,570)	(1,165,533)
Government grants and tax incentives		131,000	86,000
Interest received		4,165	1,627
Interest and other finance costs paid		-	(4,400)
Tax paid		(88,147)	-
NET CASH (USED IN) OPERATING ACTIVITIES	30	**(4,383,098)**	**(1,699,324)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of investments		487,064	22,176
Proceeds on sale of tenements		15,000	-
Payments for plant and equipment		(9,929)	(3,185)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**492,135**	**18,991**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		5,100,000	1,663,494
Cost of issuing equity securities		(298,037)	(29,677)
Repayment of lease liability		(46,923)	(71,550)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**4,755,040**	**1,562,267**
Net increase in cash and cash equivalents		864,077	(118,066)
Cash and cash equivalents at the beginning of the financial period		968,107	1,063,317
Effect of movement in exchange rates on cash held		-	22,856
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**12**	**1,832,183**	**968,107**

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 2021

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 28 September 2021. The directors have the power to amend and reissue the financial statements. Comparative information is for period 1 July 2019 to 30 June 2020.

(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 34.

(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 2021, the carrying value of capitalised exploration expenditure is $6,714,651 (2020: $3,993,265).

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 $443,758 (2020: $21,027).

Share Based Payments

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

Estimation of Useful Lives of Assets

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

2. BASIS OF PREPARATION (cont.)

Fair Value Measurement Hierarchy

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

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

Lease term

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

Incremental borrowing rate

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New or Amended Accounting Standards and Interpretations Adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. 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 2021. 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 2021 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’.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Principles of consolidation (cont.)

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

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

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

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

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

Associates

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Foreign currency translation (cont.)

Foreign Currency Transactions

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

Foreign Operations

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

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

Investments and other financial assets

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

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

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. .

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Finance costs

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

Revenue

Revenue from contracts with customers

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

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

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

Rendering of services

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

Interest

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

Other revenue

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

Government grants

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

Income tax

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

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Deferred tax

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

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

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

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

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

Current and non-current classification

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

The asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

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.)

(iii) Depreciation (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.)

(iii)Share-based payment transactions (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.

Fair value measurement

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Fair value measurement (cont.)

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.

4. OPERATING SEGMENTS (cont.)

Identification of Reportable Operating Segments (cont.)

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	
	2021 $	2020 $	2021 $	2020 $
Australia	94,411	345,215	6,735,464	3,486,571
USA	-	-	-	114,835
Turkey	-	-	-	779,845
	94,411	**345,215**	**6,735,464**	**4,381,251**

5. REVENUE

	Consolidated Entity	
	2021 $	2020 $
Other Revenue		
Exploration Income - Profit on Sale of Tenement Interest	94,411	328,091
Exploration Income – Other	-	17,124
Government Grant – COVID-19	81,000	141,000
Other revenue	71,828	28,310
Revenue from Continuing operations	**247,239**	**514,525**

6. OTHER REVENUE

	Consolidated Entity	
	2021 $	2020 $
Profit on part disposal of right of use asset	2,370	6,897
	2,370	**6,897**

7. OTHER OPERATING EXPENSE

		Consolidated Entity	
		2021 $	2020 $
Accounting and Admin Services		67,642	39,950
Auditors Remuneration	8	50,456	42,641
Computer Expenses		25,389	16,165
Consulting Fee		36,000	11,400
Legal Expenses		11,413	7,547
Motor Vehicle Expense		3,940	3,786
Share Registry and Securities Exchange		54,543	41,235
Fringe Benefits Tax		4,916	4,884
Subscriptions, Publications, Memberships		11,190	7,120
Insurance		51,180	20,869
Interest on lease liability		1,073	4,400
Marketing and Media		156,207	32,001
Sundry Administration Expenses		94,631	51,846
		570,580	283,844

8. DISCONTINUED OPERATIONS

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
30 June 2021		
Sale of Wyoming Rare Pty Ltd		
Proceeds	281,250	-
Carrying value of exploration expenditure	(108,461)	-
Profit on sale	172,789	-
Sale of interest in Zenolith (USA) LLC		
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	-
30 June 2020		
Profit/(Loss) from discontinued operations	-	(8,761)
	-	(8,761)

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 2021 $	Consolidated Entity 2020 $
Audit services		
Auditors of the Group		
Audit and review of financial report – payable to PKF Perth	44,670	37,400
Audit and review of financial report – payable to other audit firms	5,786	5,241
Total remuneration for audit services	50,456	42,641
Non-audit services	-	-
Total Audit Services	**50,456**	**42,641**

10. PROFIT/(LOSS) PER SHARE

	Consolidated Entity 2021 (Cents)	Consolidated Entity 2020 (Cents)
Continuing operations		
Basic profit/(loss) per share – cents	**0.27**	**(0.16)**
Diluted profit/(loss) per share – cents	**0.26**	**(0.16)**
Discontinued operations		
Basic profit/(loss) per share – cents	**0.42**	**(0.004)**
Diluted profit/(loss) per share – cents	**0.39**	**(0.004)**
Continuing and discontinued operations		
Basic profit/(loss) per share – cents	**0.69**	**(0.17)**
Diluted profit/(loss) per share – cents	**0.65**	**(0.17)**

10. PROFIT/(LOSS) PER SHARE (cont.)

	Consolidated Entity	
	2021 $	2020 $
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	795,291	(374,636)
- discontinued operations	1,214,850	(8,761)
Weighted average number of ordinary shares for the purposes of basic profit/(loss) per share	292,683,318	231,206,707
Weighted average number of ordinary shares for the purposes of diluted profit/(loss) per share	309,233,318	238,006,707

11. INCOME TAX EXPENSE

	Consolidated Entity	
	2021 $	2020 $
a) **Income Tax Expense**		
Current tax	-	88,147
Aggregate Income tax expense	**-**	**88,147**
Income tax expense is attributable to:		
Profit from continuing operations	-	88,147
Profit from discontinued operations	-	-
Aggregate income tax expense	-	88,147
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	2,010,141	(295,250)
Prima facie tax benefit on profit/(loss) at 26% (2020: 27.5%)	522,637	(81,194)
Add:		
Tax effect of:		
Other non-allowable items	(306,462)	(73,366)
Share based payments	117,332	38,036
Overs/unders from prior year	3,164	876
Tax losses not recognised	1,089,239	464,707
Deferred tax balances (recognised)	(1,425,909)	(260,912)
Income tax expense on pre-tax net profit/(loss)	-	88,147

	Consolidated Entity	
	2021	2020
The applicable average weighted tax rates are as follows:	0%	30%

11. INCOME TAX EXPENSE (cont.)

Deferred Tax Assets
At 25% (2020: 27.5%)

	Consolidated Entity	
	2021 **$**	**2020** **$**
Carry forward losses	6,557,900	5,352,208
Provisions and accruals	39,838	24,862
Merger/acquisition costs	4,069	4,475
Lease liability	213	1,210
Right of use asset	2,575	4,376
	6,604,595	**5,387,131**

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

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

Deferred Tax Liabilities
At 25% (2020: 27.5%)

	Consolidated Entity	
	2021 **$**	**2020** **$**
Exploration expenditure	1,532,300	907,176
Capital raising costs	38,610	23,586
Property, plant and equipment	5,209	5,085
Financial asset	820,787	68,795
Prepayments	472	1,343
	2,397,378	**1,005,985**

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	
	2021 **$**	**2020** **$**
Cash at bank and in hand	1,831,183	952,107
Deposits at call	1,000	1,000
	1,832,183	**953,107**

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:

	2021	2020
Balances as above	1,832,183	968,107
Cash and cash equivalents in statement of cash flows	1,832,183	968,107

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 2021 $	Consolidated Entity 2020 $
Current		
Lease receivables (i)	-	33,601
Other receivables (ii)	98,426	79,434
	98,426	**113,035**

(i) The Company has a number of sub-leases with various parties which are the same term as the Company's lease.

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

None of the consolidated entity's other receivables are past due (2020: Nil).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Current		
Listed ordinary shares – at fair value through profit and loss.	**4,636,593**	**630,742**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	630,742	43,147
Additions	1,018,318	350,000
Disposals	(75,650)	(22,176)
Revaluation increment	3,063,183	259,771
Closing fair value	4,636,593	630,742
Non-Current		
Unlisted investment – at fair value through profit and loss	**-**	**6,520**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial years.		
Opening fair value	6,520	10,015
Revaluation decrement	(6,520)	(3,495)
Closing fair value	-	6,520

15. OTHER CURRENT ASSETS

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Bonds & deposits	17,010	2,010
Prepayments	1,889	4,884
	18,899	**6,894**

16. INTEREST IN ASSOCIATE

The consolidated entity has a 20% (2020: 23%) interest in Kavak Madencilik A.Ş., which is a for-profit joint venture established to explore mineral resources in Turkey. The consolidated entity's investment in Kavak Madencilik A.Ş. is accounted for using the equity method in the consolidated financial statements.

Summarised statement of financial position of Kavak Madencilik:

	Consolidated Entity	
	2021 $	**2020 $**
Cash and cash equivalents	64,465	61,373
Trade and other receivables	3,729	-
Other current assets	322,672	376,447
Exploration and evaluation expenditure	1,867,411	2,132,283
Trade and other payables	(115,105)	(1,056,822)
Net assets/ equity	2,143,172	1,513,281
Zenith's 20% share (2020:23%) of Kavak Madencilik's net assets	428,634	348,055
Impairment recognised	(428,634)	-
Zenith's carrying account of investment in Kavak Madencilik	**-**	**348,055**

Summarised statement of profit or loss of Kavak Madencilik:

Administration Costs	(16,337)	(32,448)
Loss for the period	(16,337)	(32,448)

	Consolidated Entity	
Movement Reconciliation:	**2021 $**	**2020 $**
Balance at beginning of financial year	348,055	275,337
Payments for investment	-	23,050
Share of loss recognised	(3,950)	(9,135)
Profit on part disposal of investment	159,776	107,123
Foreign exchange loss	(75,246)	(48,320)
Impairment	(428,636)	-
Balance at end of financial year	-	348,055

17. PLANT AND EQUIPMENT

	Consolidated Entity	
	2021 $	**2020 $**
Plant and equipment – at cost	25,822	25,822
Less: Accumulated depreciation	(24,354)	(23,620)
	1,468	2,202
Motor vehicles – at cost	99,570	94,652
Less: Accumulated depreciation	(89,597)	(86,273)
	9,973	8,379
Computer equipment and software – at cost	34,348	29,337
Less: Accumulated depreciation	(24,955)	(21,426)
	9,393	7,911
Carrying Amount	**20,834**	**18,492**

17. PLANT AND EQUIPMENT (cont.)

a) Movement Reconciliation

	Plant & Equipment $	Motor Vehicles $	Computer Equipment & Software $	Total $
Cost				
Balance at 1 July 2019	25,822	94,652	54,892	175,366
Additions	-	-	-	-
Disposals/Write-off	-	-	(25,555)	(25,555)
Balance at 30 June 2020	**25,822**	**94,652**	**29,337**	**149,811**
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**
Depreciation				
Balance at 1 July 2019	22,518	83,480	42,097	148,095
Depreciation for the year	1,102	2,793	4,324	8,219
Depreciation on asset write off	-	-	(24,995)	(24,995)
Balance at 30 June 2020	**23,620**	**86,273**	**21,426**	**131,319**
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**
Carrying Amount				
At 30 June 2020	2,202	8,379	7,911	18,492
At 30 June 2021	**1,468**	**9,973**	**9,393**	**20,834**

18. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated Entity	
	2021 $	2020 $
Balance at beginning of financial year	3,993,265	3,199,220
Capitalised expenditure	3,294,194	1,194,934
Less capitalised expenditure written against proceeds	(129,050)	(21,909)
Less capitalised exploration expenditure recognised as equity	-	(21,486)
Less capitalised expenditure written off	-	(336,467)
Less impairment of exploration expenditure	(443,758)	(21,027)
Balance at end of financial year	**6,714,651**	**3,993,265**

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 $443,758 (2020: $21,027) 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 (2020: $336,467) 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. RIGHT OF USE ASSET

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Land and buildings – right of use asset	-	37,730
Less: Accumulated depreciation	-	(22,811)
	-	**14,919**

The company leased land and buildings for its offices under a two-year agreement which expired in February 2021. There is an option to renew for a further twelve months at the discretion of the landlord. The Company sub-leased 68.8% of the offices, and has thus reclassified this portion of the right-of-use asset to lease receivables (refer note 13).

20. TRADE AND OTHER PAYABLES

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Current		
Other payables (a)	122,895	36,827
Accrued fees and employment expenses (b)	87,889	60,901
	210,784	**97,728**

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.

21. LEASE LIABILITIES

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Current liabilities		
Lease Liabilities	-	50,471
	-	**50,471**

22. EMPLOYEE BENEFITS

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Current liabilities		
Employee benefits	129,891	70,906
	129,891	**70,906**

23. ISSUED CAPITAL

	2021 Shares No.	2021 $	2020 Shares No.	2020 $
(a) Share capital				
Fully paid ordinary shares Balance at beginning of year	243,360,030	22,134,472	212,762,128	20,475,655
Issue of ordinary shares	51,000,000	5,100,000	30,597,902	1,688,494
Costs of issue		(691,022)	-	(29,677)
Total	**294,360,030**	**26,543,450**	**243,360,030**	**22,134,472**

23. ISSUED CAPITAL (cont.)

2021

During the year to 30 June 2021, the following changes to equity securities took place:

(i) On 7 July 2020, the Company announced a capital raising by way of a placement of 51,000,000 share at an issue price of $0.10 raising $5,100,000 before costs.

(b) Ordinary Shares

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

(c) Options

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

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

24. RESERVES AND RETAINED LOSSES

	Consolidated Entity	
	2021	**2020**
(a) Reserves	**$**	**$**
Options reserve		
Balance at beginning of financial year	208,873	200,048
Issue of Staff Options	451,276	138,313
Issue of Broker Options	392,984	138,313
Expired/cancelled staff options (refer note 29)	-	(129,488)
Balance at end of financial year	**1,053,133**	**208,873**
Foreign Currency Translation Reserve		
Balance at beginning of financial year	(110,237)	(61,917)
Foreign currency translation	(75,246)	(48,320)
Balance at end of financial year	**(185,483)**	**(110,237)**
Total Reserves	**867,650**	**98,636**
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of financial year	(16,440,331)	(16,178,034)
Adjustment for change in accounting policy	-	(8,388)
Expired staff options (refer note 29)	-	129,488
Profit/(loss) for the year	2,010,141	(383,397)
Balance at end of financial year	**(14,430,190)**	**(16,440,331)**

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.

25. FINANCIAL INSTRUMENTS

Overview

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

- Credit risk
- Liquidity risk
- Market risk

25. FINANCIAL INSTRUMENTS (cont.)

Overview (cont.)

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.

Exposure to Credit Risk

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

	Consolidated Entity	
	2021 $	2020 $
Cash and cash equivalents	1,832,183	968,107
Other receivables	98,426	113,035
Financial asset at fair value through profit or loss	4,636,593	637,262
	6,567,203	1,718,404

Impairment Losses

None of the Consolidated Entity's other receivables are past due (2020: 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 2021 the Consolidated Entity does not have any collective impairment on its other receivables (2020: Nil).

Guarantees

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

25. FINANCIAL INSTRUMENTS (cont.)

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 2021

Non-derivatives	Weighted Average Interest Rate	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	Over 5 years
Non-interest bearing Other payables*	-	210,785	210,785			
Interest bearing Lease liability	-	-	-	-	-	-

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

Consolidated Entity - 30 June 2020

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

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

Market Risk

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

Currency Risk

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

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

	Consolidated Entity	
	2021 $	2020 $
Financial Assets		
Cash and cash equivalents denominated in US dollars	-	4,420

A 5% movement in foreign exchange rates would increase or decrease the loss before tax by $3,396 (2020: $221).

25. FINANCIAL INSTRUMENTS (cont.)

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 2020.

	2021 Profit or Loss		2020 Profit or Loss	
	100 bp Increase $	100 bp Decrease $	100 bp Increase $	100 bp Decrease $
Cash & cash equivalents	42	(42)	9,681	(9,681)

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.

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	-	-	-

Consolidated –
30 June 2020

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

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.

25. FINANCIAL INSTRUMENTS (cont.)

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.

26. EXPLORATION COMMITMENTS

The Consolidated Entity has certain obligations to perform minimum exploration work and expend minimum amounts on works on mining tenements in order to retain its interests in these tenements, which would be approximately $789,000 during the next 12 months (2020: $616,000). 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.

27. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key Management Personnel Compensation

	Consolidated Entity	
	2021 **$**	**2020** **$**
Short-term employee benefits	619,940	449,850
Post-employment benefits	60,131	42,282
Share-based payments	451,274	75,850
	1,131,345	**567,982**

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

28. RELATED PARTY TRANSACTIONS

(a) Parent Entity and Ultimate Controlling Parent

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 32.

(c) Key Management Personnel

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

(d) Transactions with Related Parties

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

i) Provision of Serviced Office – During the financial year ended 30 June 2021, there was fee revenue of:

a. $7,745 (2020: $7,164) from Minasola Pty Ltd, a director related entity of Mr R M Joyce;
b. $7,745 (2020: $7,164) from Creekwood Nominees Pty Ltd, a director related entity of Mr S A Macdonald;
c. $7,025 (2020: $7,164) from Satinbrook Pty Ltd, a director related entity of Mr G D Riley.

28. RELATED PARTY TRANSACTIONS (cont.)

(e) Outstanding balances arising from transactions with related parties

The following balances arising from transactions with related parties are outstanding as at 30 June 2021:

	Consolidated Entity 2021 $	Consolidated Entity 2020 $
Current receivables:		
Trade and other receivables	3,795	-
Current payables:		
Accrued fees and employment expenses	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.

29. SHARE BASED PAYMENTS

Employee Option Plan

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

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

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:

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

29. SHARE BASED PAYMENTS (cont.)

Employee Option Plan (cont.)

2020:

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

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

Zenith Minerals Limited	Weighted average exercise price	Number of Options	Weighted average exercise Price	Number of options
	2021	2021	2020	2020
Outstanding at the beginning of the period	$0.11	6,800,000	$0.17	4,150,000
Exercised during the period	-	-	-	-
Granted during the period	$0.1097	5,750,000	$0.092	5,150,000
Forfeited during the period	-	-	-	-
Lapsed during the period	-	-	$0.161	(2,500,000)
Outstanding at end of the period			$0.11	6,800,000
Exercisable at the end of the period	$0.11	12,550,000	$0.11	6,800,000

For the options granted during the 2021 financial year, the valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

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

2020:

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

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 2021 financial year was $451,276 (2020: $138,313).

In July 2020 the Consolidated Entity issued 4,000,000 options to brokers in connection with the capital raising. These options were valued using a Black-Scholes valuation and the capital raising costs recognised in full in the consolidated statement of changes in equity at their grant dates is $392,984.

29. SHARE BASED PAYMENTS (cont.)

Employee Option Plan (cont.)

The valuation model inputs used in the Black-Scholes Model to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
					-		
13 July 2020	31 December 2023	$0.105	$0.16	100.00%	-	0.25%	$0.060156
13 July 2020	31 December 2023	$0.105	$0.14	100.00%		0.25%	$0.062771

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.8 years (2020: 2.2 years).

The weighted average exercise price during the financial year was $0.12 (2020: $0.11).

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

	Consolidated Entity	
	2021 $	**2020 $**
Profit/(Loss) for the year	2,010,141	(383,397)
Add:		
Non-cash items		
Share of losses of Associate accounted for using equity method	3,950	9,135
Net fair value (gain)/loss on other financial assets	(3,063,086)	(259,772)
Exploration expenditure written off	-	336,467
Impairment loss on exploration & evaluation expenditure	-	21,027
Impairment of investment in associate	428,636	-
Depreciation and amortisation	7,587	31,030
Depreciation of right of use asset	12,668	-
Interest on unwinding of lease liabilities	1,073	-
Plant and equipment written off	-	561
Foreign exchange (gain)/loss	-	(22,856)
Share based payment	451,276	138,313
Profit on sale of discontinued operations	(1,214,849)	3,496
Profit on disposal of party equity investment in associate	(159,776)	(107,123)
Profit on sale of tenements	(94,411)	(328,091)
Profit on part disposal of right-of-use asset	(2,370)	-
Changes in operating liabilities:		
Decrease/(Increase) in trade and other receivables	2,604	(106,524)
Decrease/(Increase) in other assets	-	(105)
Decrease/(Increase) in exploration expenditure capitalised	(2,850,435)	(1,159,412)
Decrease/(Increase) in right of use asset	-	(37,730)
Increase/(Decrease) in trade and other payables	113,058	(40,881)
Increase/(Decrease) in provision for income tax	-	88,147
Increase/(Decrease) in provisions	(29,163)	4,758
Increase/(Decrease) in lease liabilities	-	113,633
Net cash (used in) operating activities	**(4,383,098)**	**(1,699,324)**

(a) Non-cash investing and financing activities.
During 2021, there were no non-cash investing and financing activities to disclose other than those in Note 29.

31. SUBSEQUENT EVENTS

Completion of a capital raising announced to the Australian Securities Exchange ('ASX') on 7th July 2021, resulted in the issue of 27,906,977 ordinary shares at $0.215 per share for $6 million before cost. Funds raised will be used to accelerate an active exploration program at Zenith's core projects, being the Develin Creek VMS Copper Project, Red Mountain Gold Project and the Split Rocks Gold Project.

On 16 July 2021, the Company announced the issue of 750,000 options exercisable at $0.379 expiring 14 July 2024, as incentive options to various employee.

On 20 July 2021, the Company announced the admission of trading of Bradda Head Lithium Ltd on the AIM of the London Stock Exchange. Zenith owns 43,947,507 shares in Bradda Head, valued at $6.4 million as at the date of this report.

On 24 September 2021, the Company has completed Stage 1 investment of $140k into Oxley Resources Limited (refer ASX announcement dated 13 May 2021).

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 2021, which has significantly affected or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's future state of affairs.

32. SUBSIDIARIES

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

Name	Principal place of business/country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Nanutarra Minerals Pty Ltd	Australia	100%	100%
Earaheedy Minerals Pty Ltd	Australia	100%	100%
S2M2 Coal Pty Ltd	Australia	100%	100%
Kalicoal Pty Ltd	Australia	100%	100%
Mamucoal Pty Ltd	Australia	100%	100%
S2M2 Eastern Coal Pty Ltd	Australia	100%	100%
BlackDragon Energy (Aus) Pty Ltd	Australia	100%	100%
Zacatecas Minerals Pty Ltd	Australia	100%	100%
Fossil Prospecting Pty Ltd	Australia	100%	100%
Caldera Metals Pty Ltd	Australia	100%	100%
Wyoming Rare Pty Ltd	Australia	100%	100%
Wyoming Rare (USA) Inc. (1)	USA	0%	100%

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

(1) Wyoming Rare (USA) Inc. was incorporated in Wyoming on 1st August 2019 and disposed in June 2021.

33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 30 June 2021, the parent entity of the Group was Zenith Minerals Limited.

	2021 $	2020 $
Result of Parent Entity:		
Profit (loss) for the period	1,816,656	(723,856)
Other comprehensive income (loss)	-	-
Total Comprehensive Income (loss) for the period	1,816,656	(723,856)
Financial Position of Parent Entity at Year End:		
Current assets	6,585,958	1,717,759
Total Assets	12,399,739	5,208,285
Current liabilities	340,675	219,105
Total Liabilities	340,675	219,105
Total Equity of the Parent Entity Comprising of:		
Share capital	26,543,440	22,134,472
Reserves	1,053,133	208,873
Retained earnings/(losses)	(15,537,509)	(17,354,165)
	12,059,064	**4,989,180**

The Parent Entity has no guarantees at 30 June 2021 (2020:Nil)

Contingent Assets and Liabilities

There are no contingent assets and liabilities at reporting date (2020: Nil) other than what is disclosed in Note 36.

34. DIVIDENDS

No dividends have been paid or provided for.

35. CONTINGENT ASSETS AND LIABILITIES

On 23 June 2021 the Consolidated Entity signed a binding heads of agreement with an unrelated unlisted public company Bindi Metals Limited (Bindi) for the sale of the non-core Flanagans copper-gold tenement in Queensland for $450,000.

The sale is conditional on the successful listing via an initial public offering (IPO) of Bindi on the Australian Securities Exchange (ASX) before 31 December 2021 and other regulatory approvals. Upon completion Zenith will receive $200,000 cash and IPO shares valued at $250,000.

There are no other contingent assets and liabilities at reporting date (2020: 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 2021 and Remuneration Report marked as audited, and its performance for the financial year ended on that date; and

      ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) the Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a);

   (c) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors

Mr P J BIRD
Executive Chairman

Dated: 28 September 2021
PERTH, WA

PKF Perth

Advisory • Audit
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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 2021, 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 2021 and of its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Independence

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

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Key Audit Matters

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

1. Valuation of Capitalised Exploration Expenditure

Why significant	How our audit addressed the key audit matter

As at 30 June 2021 the carrying value of exploration and evaluation assets was $6,714,651 (2020: $3,993,265), as disclosed in Note 18 This represents 50% of total assets of the consolidated entity, after an impairment of capitalised exploration expenditure of $443,758 had been recorded.
 	
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:
  o whether the particular areas of interest meet the recognition conditions for an asset; and
  o which elements of exploration and evaluation expenditures qualify for capitalisation for each area of interest.
	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:
	  o 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;
	  o 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
	  o 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.

2. Valuation of Interest in Associate

Why significant	How our audit addressed the key audit matter
The consolidated entity has a 20% interest in an associate, Kavak Madencilik, which is a for-profit joint venture established for mineral exploration activities in Turkey. As at 30 June 2021, the value of the investment in the consolidated entity is $nil (2020: $348,055), after an impairment of $428,634 had been recorded as detailed in Note 16. The consolidated entity's accounting policy in respect of joint ventures is outlined in Note 3. The estimates and judgements in relation to the valuation of the capitalised exploration and evaluation expenditure have a significant impact on Kavak Madencilik's position and performance, which affects the consolidated entity's investment in Kavak Madencilik and its share of the loss recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income totalling $3,950 (2020: $9,135) as detailed in Note 16.	Our work included, but was not limited to, the following procedures: • considering the control relationship to confirm that equity accounting is appropriate; • addressing the capitalisation of exploration costs in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources; and • addressing the potential impact of the impairment triggers within AASB 6. • reviewing the foreign exchange translation of the movements within the investment during the year, to confirm that it is reasonable and in accordance with AASB 121 The Effect of Changes in Foreign Exchange Rates; • reviewing the calculation of the part disposal of the interest in associate reducing its interest from 23% to 20%, to ensure that this was in accordance with AASB 128 Investments in Associates and Joint Ventures; and • reviewing the impairment calculations provided and related assumptions and disclosures in Notes 3 and 16 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 2021, 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.

Directors' Responsibilities 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 a 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 2021.

In our opinion, the Remuneration Report of Zenith Minerals Limited for the year ended 30 June 2021, 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
AUDIT PARTNER

28 SEPTEMBER 2021
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 3rd Edition of the Australian Securities Exchange ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council, unless otherwise stated.

The Group's Corporate Governance Statement for the financial year ending 30 June 2021 is current as at 28th September 2021 and has been approved by the Board of Directors of Zenith Minerals Limited.

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

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

In Compliance with ASX Requirements

The shareholder information set out below was applicable as at 13 September 2021.

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	451	162,180	0.05%
1,000 up to and including 5,000	569	1,496,572	0.46%
5,000 up to and including 10,000	296	2,437,783	0.76%
10,000 up to and including 100,000	835	30,402,669	9.43%
> 100,000	288	287,767,803	89.29%
Totals	**2,439**	**322,267,007**	**100.00%**

b) Number of shareholders holding less than a marketable parcel – 640 (at 13 September 2021).

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	32,127,367	9.97%
2	CITICORP NOMINEES PTY LIMITED	24,816,300	7.70%
3	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	17,784,806	5.52%
4	MS NADA GRANICH	12,083,404	3.75%
5	MS SUZI QUELI MIQUILINI	9,858,001	3.06%
6	GDR PTY LTD <THE RILEY SUPER FUND A/C>	9,000,000	2.79%
7	ABINGDON NOMINEES PTY LTD <ABINGDON NOMS INVEST A/C>	7,446,353	2.31%
8	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	7,029,043	2.18%
9	BREAMLEA PTY LTD <J & E MACDONALD>	6,826,364	2.12%
10	MR AUSTIN SYDNEY EVAN MILLER	6,279,171	1.95%
11	YANDAL INVESTMENTS PTY LTD	5,588,417	1.73%
12	TINTERN (VIC) PTY LTD <A & P MILLER FAMILY A/C>	4,028,228	1.25%
13	STRUVEN NOMINEES PTY LTD <ALAN STRUNIN STAFF S/F A/C>	3,647,834	1.13%
14	MR JOHN BEVAN TILBROOK & MRS PAULINE TILBROOK & MR JOHN EDWIN TILBROOK <TILBROOK SUPERFUND A/C>	3,301,014	1.02%
15	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	2,994,051	0.93%
16	ABINGDON NOMINEES PTY LTD <ABINGDON NOMS INVEST A/C>	2,931,976	0.91%
17	MR JOHN BEVAN TILBROOK	2,731,355	0.85%
18	MR STANLEY ALLAN MACDONALD	2,725,602	0.85%
19	GREENHILL ROAD INVESTMENTS PTY LTD	2,583,000	0.80%
20	COBALT CONSULTING PTY LTD <THE CLIFFORD FOUR A/C>	2,452,286	0.76%
	TOTAL FOR TOP 20:	166,234,572	51.58%

3. VOTING RIGHTS

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

Options: No voting rights

4. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

Ordinary Shares	Number held	% Interest
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	32,127,367	9.97%
CITICORP NOMINEES PTY LIMITED	24,816,300	7.70%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	17,784,806	5.52%

5. UNQUOTED EQUITY SECURITIES

The following unquoted options are on issue:

	Number on Issue	Number of Holders
Options issued under the Company's Employee Option Plan to take up ordinary shares: - Exercisable at 18 cents each by 28 September 2021 - Exercisable at 8.87 cents each by 24 November 2022 - Exercisable at 10.97 cents each by 14 May 2023 - Exercisable at 37.9 cents each by 14 July 2024 Unlisted options exercisable at 14 cents expiring 31 December 2023 Unlisted options exercisable at 16 cents expiring 31 December 2023	 1,650,000(1) 3,950,000(2) 6,950,000(3) 750,000(4) 2,000,000(5) 2,000,000(6)	 4 4 8 4 1 1
(1) Persons holding 20% or more: M J Clifford M J Nelmes	 61% 21%	
(2) Persons holding 20% or more: M J Clifford	 63%	
(3) Persons holding 20% or more:- M J Clifford	 29%	
(4) Persons holding 20% or more:- A D'Hulst P Snook	 67% 20%	
(5)Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	 100%	
(6)Persons holding 20% or more: C G Nominees (Australia) Pty Ltd	 100%	

INTERESTS IN MINING TENEMENTS

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Earaheedy	WA	E69/2733	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	E69/3414	Zenith Minerals Limited	100%	Granted
Earaheedy	WA	R69/2	Zenith Minerals Limited	100%	Granted
Vivash Gorge	WA	E47/3071	Zenith Minerals Limited	100%	Granted
Develin Creek	QLD	EPM16749	Kalicoal Pty Ltd	100%	Granted
Develin Creek	QLD	EPM17604	Kalicoal Pty Ltd	100%	Granted
Flanagans	QLD	EPM27487	Zenith Minerals Limited	100%	Granted
Red Mountain	QLD	EPM26384	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Waratah Well	WA	E59/2170	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Waratah Well	WA	E59/2321	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2375	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2394	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2395	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2386	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2388	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2453	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2454	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2455	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2456	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2457	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2513	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2514	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2515	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2598	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E77/2616	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4506	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P77/4507	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	P74/379	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks	WA	E74/634	Black Dragon Energy (AUS) Pty Ltd	100%	Granted
Split Rocks-Dulcie	WA	P77/4102	RR & Assoc & Highscore PL	# 100% below 6m subject to option agreement & royalty	Granted
Split Rocks-Dulcie	WA	M77/1250	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/226	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	P77/4368	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/256	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	L77/244	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1267	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/1246	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	P77/4032	RR & Assoc & Highscore PL	As above	Granted
Split Rocks-Dulcie	WA	M77/581	RR & Assoc & Highscore PL	As above	Granted

PROJECT	LOCATION	TENEMENT NUMBER	HOLDER	ZENITH MINERALS INTEREST	STATUS
Kavaklitepe	Turkey	EL20079861	Empire International AnadoluMadencilikAnonim Sirketi	~20%	Granted

 # Refer to ASX Release dated 21st March 2019