



NOTICE OF MEETING AND EXPLANATORY STATEMENT

TIME: 9.00am (WST)

DATE: 17 May 2023

PLACE: PKF Perth
Level 5, 35 Havelock Street
WEST PERTH WA 6005

This Notice of Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9226 1110.

IMPORTANT INFORMATION IN REGARD TO SHAREHOLDER MEETING VOTING

Notice is hereby given that a general meeting of Shareholders of Zenith Minerals Limited (ACN 119 397 938) (**Zenith**) will be held at 9.00 am on 17 May 2023 at PKF Perth, Level 5, 35 Havelock Street, WEST PERTH WA 6005 (WST) (**Meeting**).

Zenith strongly encourages Shareholders to submit completed Proxy Forms prior to the Meeting in accordance with the instructions set out in the Proxy Form and the Notice. The Board also advises Shareholders to monitor Zenith's website and ASX announcements for any updates in relation to the Meeting.

In accordance with section 110D(1) of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Notice of Meeting to Shareholders, unless a shareholder has requested a hard copy of the Notice of Meeting or made an election for the purposes of section 110E of the Corporations Act to receive documents from the Company in physical form. Instead, Shareholders can access a copy of the Notice at the following link:

<https://www.zenithminerals.com.au/investor-centre/asx-announcements/>

How Shareholders Can Participate

1. Shareholders are urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business and the Chair must follow the Shareholder's instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder's attendance at the Meeting. Your proxy voting instructions must be received by 9.00 am (WST) on Monday, 15 May 2022.
2. Shareholders may submit questions in advance of the Meeting by email to the Company Secretary at **nic@zenithminerals.com.au**. Responses will be provided at the Meeting in respect of all valid questions received prior to 5.00pm (WST) on Monday, 15 May 2022. Shareholders who physically attend the Meeting, will also have the opportunity to submit questions during the Meeting.

Shareholders should contact the Company Secretary on +61 8 9226 1110 or by email at **nic@zenithminerals.com.au** if they have any queries in relation to the Meeting arrangements.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on Zenith's website at **www.zenithminerals.com.au**.

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IMPORTANT INFORMATION

Time and place of Meeting

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.00 am (WST) on 17 May 2023 at:

PKF Perth

Level 5, 35 Havelock Street

WEST PERTH WA 6005

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

Zenith may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

Zenith’s Directors have determined that all Shares of Zenith that are on issue at 5.00 pm (WST) on 15 May 2023 shall, for the purpose of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above. However, Zenith strongly encourages all Shareholders to participate in the Meeting by reading the Notice carefully and voting by proxy in accordance with instructions below.

Voting by proxy

Shareholders are strongly urged to appoint the Chair as their proxy. Shareholders can complete the Proxy Form to provide specific instructions on how a Shareholder’s vote is to be cast on the relevant item of business, and the Chair must follow a Shareholder’s instructions. Lodgement instructions (which include the ability to lodge proxies online) are set out in the Proxy Form attached to this Notice of Meeting. If a person other than the Chair is appointed as proxy, the proxy will revert to the Chair in the absence of the appointed proxy holder’s attendance at the Meeting. **Proxy Forms must be received prior to 9am (WST) on 15 May 2023.**

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ELECTION OF DIRECTOR – ANDREW BRUTON

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

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

2. RESOLUTION 2 – ELECTION OF DIRECTOR – GEOFF ROGERS

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

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

3. RESOLUTION 3 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR DAVID LEDGER

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

"That, for the purpose of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 4,000,000 ESOP Options to Mr David Ledger (or his nominee) under the Zenith Minerals Limited Employee Share Option Plan on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: a voting exclusion statement for this Resolution is provided after Resolution 5.

4. RESOLUTION 4 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR ANDREW BRUTON

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

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

Voting exclusion: a voting exclusion statement for this Resolution is provided after Resolution 5.

5. RESOLUTION 5 – ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN - MR GEOFF ROGERS

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

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

Voting Exclusion: The Company will disregard any votes cast in favour of Resolutions 3 to 5 by or on behalf of a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or an officer of the Company or any of its child entities who

is entitled to participate in a termination benefit or an Associate of that person or those persons (**Excluded Persons**). However, the Company need not disregard a vote if:

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

The Excluded Persons for Resolutions 3 to 5 under the ASX voting exclusions are set out in the table below.

Resolution	Excluded Persons
Resolution 3	Mr David Ledger or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 4	Mr Andrew Bruton or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme
Resolution 5	Mr Geoff Rogers or his Associates and any person referred to in Listing Rule 10.14, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme

Part 2D of the Corporations Act

For the purposes of Part 2D of the Corporations Act, a vote on Resolutions 3 to 5 must not be cast by or on behalf of Mr David Ledger, Andrew Bruton and Geoff Rogers or an associate of those persons for each of their respective Resolutions. However, this does not prevent the casting of a vote on Resolutions 3 to 5 if it is cast by a person as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a person referred to above.

The Company will disregard any votes cast on Resolutions 3 to 5 by any member of the Key Management Personnel, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolutions 3 to 5. However, the Company will not disregard any votes cast on Resolutions 3 to 5 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on a Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolutions 3 to 5 are connected with the remuneration of the Key Management Personnel.

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

6. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass, the following resolution as a **special** resolution:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new Constitution in its place in the form as signed by the Chair of the Meeting for identification purposes.”

BY ORDER OF THE BOARD

NICHOLAS ONG
COMPANY SECRETARY
14 April 2023

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

Unless stated otherwise, variable information (such as the number of Shares on issue, market capitalisation and Share price) is as at the date of the Notice of Meeting.

1. RESOLUTION 1 – ELECTION OF DIRECTOR – MR ANDREW BRUTON

In accordance with clause 12.7 of the Constitution, the Company may at any time appoint any person to be a Director. The Company appointed Mr Andrew Burton on 7 December 2022. Approval for his election is now being sought from shareholders.

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

Further details about Mr Andrew Bruton are set out in the Company's announcement dated 15 December 2022.

1.1 Board Recommendation

The Directors (other than Mr Andrew Bruton) unanimously recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – MR GEOFF ROGERS

In accordance with clause 12.7 of the Constitution, the Company may at any time appoint any person to be a Director. The Company appointed Mr Geoff Rogers on 20 March 2023. Approval for his election is now being sought from shareholders.

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

Further details about Mr Geoff Rogers are set out in the Company's announcement dated 20 March 2023.

2.1 Board Recommendation

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

3. ISSUE OF OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN

3.1 Background to Resolutions 3 to 5

The Company is proposing to issue ESOP Options under the Plan (as set out below) to the Directors; Messrs David Ledger, Andrew Bruton and Geoff Rogers, as set out below (**ESOP Issues**).

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

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

unless the company obtains approval of its shareholders.

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

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

- (a) 2,000,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to the Volume-Weighted Average Price (**VWAP**) on the five (5) trading days immediately preceding the issue date, and 2,000,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr David Ledger;
- (b) 500,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to the Volume-Weighted Average Price (**VWAP**) on the five (5) trading days immediately preceding the issue date, and 500,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr Andrew Bruton; and
- (c) 500,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to the Volume-Weighted Average Price (**VWAP**) on the five (5) trading days immediately preceding the issue date, and 500,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr Geoff Rogers,

under the Plan pursuant to Resolutions 3 to 5.

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

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

If Resolutions 3 to 5 are passed, the Company will be able to proceed with the respective ESOP Issue under the passed Resolutions.

If Resolutions 3 to 5 are not passed, the Company will not be able to proceed with the relevant ESOP Issue.

1.2 Regulatory requirements

Resolutions 3 to 5 seek Shareholder approval in order to comply with the requirements of Listing Rule 10.14 and sections 200B and 200E of the Corporations Act.

(a) Listing Rule 10.14

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

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

Under Resolutions 3 to 5, the Company seeks approval from Shareholders for the issue of ESOP Options to Messrs David Ledger, Andrew Bruton and Geoff Rogers (or their nominees) who by virtue of their positions as Directors of the Company are related parties of the Company.

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

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

The ESOP Options under Resolution 3 are to be issued to Mr David Ledger.

The ESOP Options under Resolution 4 are to be issued to Mr Andrew Bruton.

The ESOP Options under Resolution 5 are to be issued to Mr Geoff Rogers.

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

(ii) **Maximum number of securities that may be issued pursuant to Resolutions 3 to 5**

The maximum number of securities that may be issued to the Directors under Resolutions 3 to 5 are:

- (A) Resolution 3: 2,000,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to the Volume-Weighted Average Price (**VWAP**) on the five (5) trading days immediately preceding the issue date, and 2,000,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr David Ledger (or his nominee);
- (B) Resolution 4: 500,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to the VWAP on the five (5) trading days immediately preceding the issue date, and 500,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr Andrew Bruton (or his nominee); and
- (C) Resolution 5: 500,000 ESOP Options expiring 3 years from date of issue with an exercise price which is equivalent to 40% premium to VWAP on the five (5) trading days immediately preceding the issue date, and 500,000 ESOP Options expiring 4 years from date of issue with an exercise price which is equivalent to 65% premium to the VWAP on the five (5) trading days immediately preceding the issue date, to Mr Geoff Rogers (or his nominee).

Each ESOP Option is exercisable into one Share.

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

Previous issues under the Plan include:

- (A) 2,000,000 Options were issued in December 2022 to Mr Michael Clifford under the Plan for no consideration;
- (B) 4,000,000 Options were issued in December 2022 to Mr Stanley Macdonald under the Plan for no consideration; and
- (C) 1,000,000 Options were issued in December 2022 to Mr Julian Goldsworthy under the Plan for no consideration.

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

Mr David Ledger's remuneration package per annum is \$255,000 plus GST.

Mr Andrew Bruton's remuneration package per annum is \$45,000 plus superannuation.

Mr Geoff Rogers' remuneration package per annum is \$45,000 plus superannuation.

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

The terms of the ESOP Options are detailed at Schedule 1 of this Notice of General Meeting. The Company notes that no performance conditions are attached to the ESOP Options. 50% of the ESOP Options vest immediately upon issue and the remaining 50% of the ESOP Options vest 6 months from date of issue. The Company opted to issue the ESOP options as it is the only incentive plan that was previously approved by shareholders. The total value of ESOP Options, based on Black Scholes* valuation is \$696,119.

* share price of \$0.273 and \$0.32; risk free rate of 3.60%; volatility of 100% was used for the calculation.

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

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

(vii) **Issue date**

The latest date that the Company will issue the ESOP Options under Resolutions 3 to 5 will be no later than 12 months after the date of the General Meeting.

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

A summary of the material terms of the Plan is provided at Schedule 1 of this Notice of Meeting.

(ix) **Loan arrangements**

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

(x) **Voting exclusion statement**

A voting exclusion statement for Resolutions 3 to 5 is included in the Notice of General Meeting preceding this Explanatory Statement.

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

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

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

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

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

A “related party” is widely defined under the Corporations Act, and includes the directors of the public company. As such, Messrs David Ledger, Andrew Bruton and Geoff Rogers are related parties of the Company for the purposes of Section 208 of the Corporations Act by virtue of their directorships.

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

Shareholder approval is not being sought for the purposes of section 208 of the Corporations Act on the basis that the benefit is considered by the Board (in the absence of Messrs David Ledger, Andrew Bruton and Geoff Rogers to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that Shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the Company’s and the related party’s circumstances. Having considered the Company’s circumstances and each of the Directors’ position with the Company, the Board considers that the financial benefit conferred by the issue of ESOP Options to is reasonable given it constitutes reasonable compensation for the reduction in the Directors’ fees for the financial year ended 30 June 2022.

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

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

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

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan, including the discretion to determine the vesting or non-forfeiture of ESOP Options in certain circumstances. Resolutions 3 to 5 seek Shareholder approval for the purposes of section 200E of the Corporations Act for benefits which will arise in relation to the ESOP Options issued to Messrs David Ledger, Andrew Bruton and Geoff Rogers in respect of their remuneration for the financial year ending 30 June 2022.

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

The value of the benefit relating to any ESOP Options held by Messrs David Ledger, Andrew Bruton and Geoff Rogers which will arise in connection with their retirement cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (a) the market price of the Company’s Shares on ASX at the relevant time; and
- (b) the risk free rate of return in Australia and the estimated volatility of the Company’ Shares on ASX at the relevant time.

(d) **Board Recommendation**

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the ESOP Options to Messrs David Ledger, Andrew Bruton and Geoff Rogers (or their nominees) pursuant to Resolutions 3 to 5.

The Directors (other than Messrs David Ledger, Andrew Bruton and Geoff Rogers) who have no interest in the outcome of the Resolutions recommend that Shareholders vote in favour of Resolutions 3 to 5 on the basis that the grant of the ESOP Options will allow the Company to adequately reward and incentivise the Directors whilst preserving the Company’s limited cash reserves.

7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

7.1 Background

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

Resolution 6 is a special resolution that will enable Zenith to repeal its existing Constitution and adopt a new Constitution (**Proposed Constitution**), which is of the type required for a listed public company limited by Shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

The Board believes that it is more efficient in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The proposed changes are aimed at addressing certain changes to the Corporations Act, which permit companies to hold physical, virtual or hybrid general meetings. Recent changes to the Corporations Act require companies that seek to hold virtual general meetings to expressly provide for this in their constitutions. The Company seeks to update the Constitution to incorporate this change to the Corporations Act to permit it to hold virtual general meetings, if necessary, in the future.

The proposed changes address other changes to the Corporations Act with respect to the electronic provision of documents to members and voting requirements of listed companies. The Corporations Act now permits companies to send meeting-related documents to members by sending the member sufficient information in electronic form to allow the member to access the document electronically. Separately, other changes to the Corporations Act require certain resolutions to be put to a vote at general meeting to be decided on a poll. Zenith seeks to update the Constitution to incorporate these changes to the Corporations Act.

The proposed changes also address proposed changes to the ASX CHESS System which is due to be replaced in late 2024 (**CHESS Replacement**). As part of the CHESS Replacement, the new system will permit companies to register up to four joint holders per share, whereas currently the system only permits up to three joint holders. Despite this systematic change, ASX has not proposed any change to the ASX Settlement Operating Rules (**ASXSOR**) in this regard. Pursuant to the ASXSOR, a participant must not establish a joint holding with more than three holders unless permitted by an issuer's constitution. Zenith seeks to update the Constitution to permit up to four joint holders per share to avoid the practical challenge of monitoring compliance with the Constitution once the CHESS Replacement has occurred.

The Board believes these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed amendments is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website (www.zenithminerals.com.au) and at the office of Zenith. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (nic@zenithminerals.com.au).

Shareholders are invited to contact Zenith if they have any queries or concerns.

7.2 Adoption of proportional takeover rules (amended Article 9)

The Proposed Constitution contains Article 9 that enables the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a resolution of Shareholders. Provisions such as these require specific information to be provided to Shareholders at the time the provisions are adopted. This information is set out below.

A proportional takeover bid includes a bidder offering to buy a proportion only of each Shareholder's Shares in the Company. This means that control of the Company may pass without members having the chance to sell all of their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Constitution that:

- (a) in the event of a proportional takeover bid being made for Shares in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their Shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressured to accept the bid even if they do not want it to succeed.

The effect of Article 9 of the Proposed Constitution is that, if a proportional takeover offer is received, the Directors are required to convene a Meeting of Shareholders to vote on a resolution to approve the proportional bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast. The Meeting must be held at least 14 days before the bid closes so that holders know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

If the proportional bid is not approved, the registration of any transfer of Shares resulting from an offer made under the proportional bid will be prohibited and the bid will be deemed to be withdrawn. If the proportional bid is approved, the transfers will be registered, provided they comply with the other provisions of the Corporations Act and the Company's Proposed Constitution.

The bid will be taken to have been approved if the resolution is not voted on within the deadline specified under the Corporations Act.

The provisions of Article 9 do not apply to takeover bids for the whole of the issued Shares in the Company.

The proportional takeover approval provisions under Article 9 will cease to apply at the end of 3 years (or longer if it is subsequently renewed by a further resolution of Shareholders).

The reasons why the Board has proposed that the Proposed Constitution should provide for a Shareholder Resolution on proportional takeover bids are set out below as the advantages of the provisions. Each of the Directors consider that these advantages outweigh the disadvantages stated below.

The Board considers that Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the Shares. They believe that the resolution requirement is the best procedure available to Shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

Without Article 9, a proportional takeover bid may enable control of the Company to be acquired without Shareholders having an opportunity to dispose of all their Shares to the bidder. Shareholders therefore risk holding a minority interest in the Company. If the Shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. The proposed Article 9 will prevent this by permitting Shareholders in General Meeting to decide whether a proportional takeover bid should be permitted to proceed.

While the inclusion of Article 9 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The potential advantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (a) they give Shareholders their own say in determining, by a majority vote, whether a proportional takeover bid should proceed;
- (b) they enable Shareholders, by combining together, to veto a change of control that would lock them into a minority position;
- (c) the existence of the resolution requirement in the Proposed Constitution would make it more probable that any takeover bid will be a full bid for the whole Shareholding of each member, so that Shareholders may have the opportunity of disposing of all their Shares rather than of a proportion only;
- (d) if a proportional takeover bid should be made, the existence of the resolution requirement will make it more probable that a bidder will set its offer price at a level that will be attractive to the Shareholders who vote;
- (e) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid, and whether to accept or reject offers made under that bid; and
- (f) at present it is only the Directors who express on behalf of the Company any formal view on the adequacy or otherwise of a takeover bid. With the resolution requirement, the most effective view on a proportional takeover bid will become the view expressed by the vote of the Shareholders themselves at general meeting.

The potential disadvantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (a) proportional takeover bids may be discouraged, reducing the speculative element in the market price of the Company's Shares arising from the possibility of a takeover offer being made;
- (b) an individual Shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of Shareholders favour the proportional takeover bid; and

- (c) the inclusion of the provisions may be considered to constitute an unwarranted additional restriction on the ability of Shareholders to freely deal with their Shares.

Advantages and disadvantages of the proposal for the Directors are that:

- (a) if the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed; and
- (b) on the other hand, under the proportional takeover approval provisions, if a proportional takeover bid is commenced, the Directors must call a Meeting to seek the Shareholders' views, even though the Directors believe that the bid should be accepted.

As at the date of this Notice of General Meeting, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

7.3 Adoption of virtual meeting provisions (amended Article 10)

The Proposed Constitution contains amended Article 10 that enables the Company to hold general meetings physically, virtually or using a hybrid structure. Where the Company holds a virtual or hybrid general meeting using virtual meeting technology, Article 10 requires that the members as a whole are allowed a reasonable opportunity to participate in the meeting, both orally and in writing.

7.4 Amendment to notice provisions (amended Article 21)

The Proposed Constitution contains amended Article 21 that enables the Company to send documents to members by sending members sufficient information in electronic form to allow them to access the document electronically. For example, the Company will be enabled to send emails to members containing an electronic link to the document, rather than attaching the document directly to an email. This is practical when the Company does not wish to send the document by post and the file size of the document is too large to send by email or other electronic means.

7.5 Amendment to voting provisions (amended Article 11.14)

The Proposed Constitution contains amended Article 11.14 which requires the Company, if listed on the ASX, to decide certain resolutions at general meeting by poll rather than a show of hands. This applies where a resolution has been proposed in a notice of meeting; if the company has given notice of a members' resolution in accordance with section 249O of the Corporations Act or if a poll is demanded and the demand is not withdrawn. If the Company is not listed or if these circumstances do not apply (e.g. procedural resolutions), voting must be conducted by a show of hands.

7.6 Amendment to joint holder provisions (amended Article 2.5)

The Proposed Constitution contains amended Article 2.5 which permits the Company to register up to four joint holders per share, provided the prescribed CS Facility has the requisite functionality and the operating rules of the CS Facility permit it to occur. As stated above, this proposed change is to reflect systematic changes included in the CHES Replacement whereby the new system will permit registration of up to four joint holders per share. Despite this systematic change, the ASXSOR will continue to require the issuer's constitution to permit the registration of a joint holding of more than three people. The purpose of this amendment is for the Company to avoid the practical challenge of monitoring compliance with the Constitution once the CHES Replacement has occurred.

7.7 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

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

GLOSSARY

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

ASIC	Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Listing Rules.
ASX	ASX Limited.
Board	board of Directors.
Chair	chairperson of the General Meeting.
Company or Zenith	Zenith Minerals Limited can 119 397 938.
Company Secretary	the company secretary of the Company.
Constitution	the constitution of the Company adopted on 25 November 2020.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	director of the Company.
ESOP Option	means an Option to be issued to a Director under the Plan.
ESOP Issues	has the meaning given to that term in section 1.1 of this Notice of Meeting.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of General Meeting.
Listing Rules	listing rules of the ASX.
Meeting or General Meeting	the general meeting convened by this Notice of General Meeting.
Notice or Notice of General Meeting or Notice of Meeting	this notice of General Meeting.
Option	an option to subscribe for a Share.
Plan	means the Company's Employee Share Option Plan.
Proposed Constitution	has the meaning given to that term in section 2.1 of this Notice of Meeting.
Proxy Form	the proxy form enclosed with this Notice of General Meeting.
Resolution	Resolution contained in this Notice of General Meeting.
Schedule	Schedule to this Notice of General Meeting.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
VWAP	volume weighted average price.
WST	Australian Western Standard Time.

SCHEDULE 1 – SUMMARY OF TERMS OF SHARE OPTION PLAN

1.1 Eligibility

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

1.2 Terms of Options

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

1.3 Performance conditions

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

1.4 Vesting

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

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

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

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

1.5 Cashless Exercise Facility

Participants may, at their election and subject to the approval of the Board, elect to pay the exercise price for an ESOP Option by setting off the exercise price against the number of Shares which they are

entitled to receive upon exercise (**Cashless Exercise Facility**). By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the exercise price has been set off.

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

1.6 Disposal restrictions

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

1.7 Overriding restrictions

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

1.8 Lapse

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

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

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

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **9:00am (WST) on Monday, 15 May 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/loginsah>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution(s) 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolution(s) 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Resolutions		For	Against	Abstain
1.	Election of Director – Andrew Bruton	☐	☐	☐
2.	Election of Director – Geoff Rogers	☐	☐	☐
3.	Issue of Options Under the Employee Share Option Plan - Mr David Ledger	☐	☐	☐
4.	Issue of Options Under the Employee Share Option Plan - Mr Andrew Bruton	☐	☐	☐
5.	Issue of Options Under the Employee Share Option Plan - Mr Geoff Rogers	☐	☐	☐
6.	Replacement of Constitution	☐	☐	☐

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary Contact Name:	Director	Director / Company Secretary
Email Address:		
Contact Daytime Telephone		Date (DD/MM/YY)
		/ /

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).