



7th March 2017

UK Billionaire to Finance Zenith's American Lithium Portfolio

- ◆ Zenith has agreed to a funding deal with a private company controlled by prominent UK investor Jim Mellon (Bradda Head Ltd) to unlock the potential of Zenith's USA and Mexican lithium project portfolio;
- ◆ Consideration comprises:
 - Cash refund of Zenith's expenditure up to US\$500,000 (~A\$660,000), and
 - Initial US\$5 million (A\$6.6 million) exploration spend within 3 years by Bradda Head, Zenith can then elect to contribute at 45%, or be free carried at 30% interest to the completion of pre-feasibility studies on two projects;
- ◆ In addition, Jim Mellon and other sophisticated investors associated with Bradda Head have committed to a concurrent share placement of A\$1.5 million;
- ◆ Jim Mellon to be invited to join the Zenith Board as a Non-Executive Director;
- ◆ Key Zenith personnel will contribute up to 25% of their time (at cost) for first 2.5 years to ensure seamless progression of project management and allow transfer of technical knowledge base;
- ◆ Zenith has assembled an outstanding lithium project portfolio over the past 6 - 12 months, including five lithium brine, lithium pegmatite and lithium clay projects in the USA and Mexico. The projects are perfectly positioned to provide future supply to the growing USA domestic lithium battery market; and
- ◆ Zenith will continue to review opportunities for shareholders to benefit from this now well-funded lithium portfolio, including possible future spin out as projects are advanced and value is added.

Transaction Overview

Zenith Minerals Limited ("Zenith" or "the Company") has agreed to a funding deal with Bradda Head Ltd, a private company controlled by prominent UK investor Jim Mellon, to jointly unlock the potential of Zenith's USA and Mexican lithium project portfolio. The transaction includes a cash refund of Zenith's expenditure to date up to US\$500,000 (~A\$660,000), US\$5 million (A\$6.6 million) in exploration expenditures over 3 years by Bradda Head to earn 55% project interest, a one off right for Zenith to contribute at 45%, or be free carried at 30% to the end of pre-feasibility studies on two projects. Bradda Head must spend a minimum of US\$500,000 on exploration on the projects and drill at least one project before it can withdraw.

In addition, commitments have been received from Jim Mellon and other sophisticated investors for a concurrent share placement of A\$1.5 million comprising 15 million ZNC ordinary shares @ 10c plus one free attaching ZNCO listed option for every 5 shares issued. Key Zenith personnel will initially dedicate up to 25% of their time to the advancement of the American lithium projects at cost, to ensure seamless progression of the projects and allow transfer of the technical knowledge base. The partners have also agreed to collaborate on any additional lithium projects that either party acquires within the same jurisdictions.

Corporate Details

ASX: ZNC

(*Post Li Transaction Basis)

Issued Shares (ZNC)	189 M
Listed options (ZNCO)	24 M
Unlisted options	3.5M
Mkt. Cap. (\$0.10)	A\$19 M
Cash	A\$2.5 M
Debt	Nil

Directors

Michael Clifford:
Managing Director

Mike Joyce:
Non Exec Chairman

Stan Macdonald:
Non Exec Director

Julian Goldsworthy:
Non Exec Director

Major Shareholders

HSBC Custody. Nom.	7.2%
City Corp Nom	6.7%
Nada Granich	6.6%
Abingdon	4.5%
Miquilini	4.5%

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Benefits to Zenith's Shareholders

The deal provides immediate funding, with minimal dilution to existing holders, to accelerate the exploration of Zenith's American lithium assets, whilst preserving direct ongoing project exposure for shareholders. The transaction brings together the financial strength and market contacts of Bradda Head with the strong technical knowledge of the Zenith team and its USA and Mexican associates to advance these exciting lithium projects.

The Board of Zenith will also continue to consider whether shareholders' interests might be best served by the possible future spin out of this now well-funded lithium portfolio, once the projects are more advanced.

The A\$1.5M placement and cash refund of Zenith's expenditure to date of US\$500,000 (A\$660,000) also provides a timely cash injection to allow Zenith to progress its Turkish gold, Australian lithium and base metal projects.

Commentary

Zenith's Managing Director, Michael Clifford said: *"Having evaluated several alternative funding models for these high class offshore lithium projects, including spin-out at this relatively early stage, we are very pleased to have concluded a landmark deal that provides funding to rapidly advance the portfolio and also provides us with a timely cash injection. We believe aggressive exploration has the potential to add considerable value to these projects, and we very much look forward to a successful partnership with Bradda Head, as together we now accelerate ground work on the projects."*

Jim Mellon, CEO and Founder of Bradda Head commented: *"I am delighted to be part of this exciting venture; Bradda Head is a newly formed vehicle for my partners and I to develop lithium deposits and this is the perfect start to our venture. Zenith, in which our group is taking a substantial interest, has assembled first class lithium prospects in stable, close to market territories and we expect to generate news flow at a rapid pace as we move the exploration process forward."*

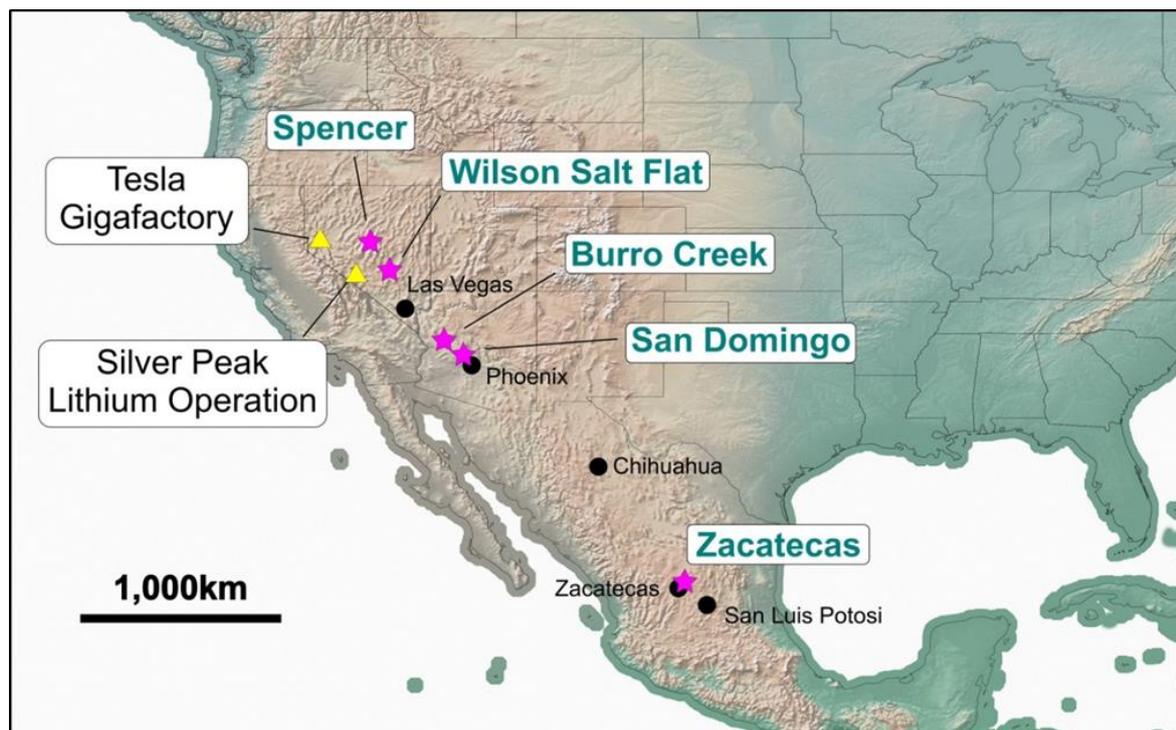
Background on Bradda Head / Jim Mellon

Jim Mellon better known to some as the Master Investor has been described by the investing community as the UK's answer to Warren Buffet. He successfully predicted the 2007-2008 credit crunch and has a flair for identifying up and coming companies and projects in their early stages. Zenith will invite Mr Mellon to join its Board of Directors as a Non-Executive following completion of the transaction.





American Lithium Portfolio



Location Map - Zenith's USA/Mexico Lithium Projects

Zenith has assembled an outstanding 100% owned lithium project portfolio over the past 6 - 12 months, including lithium brine, lithium pegmatite and lithium clay targets in the USA and Mexico.

Lithium projects worldwide are of three types: brines, pegmatites and clays. The major lithium brine operations are located in South America (Chile, Argentina and Bolivia), China and Nevada, USA. Traditionally lithium brines are extracted from salt lakes into surface ponds where they are concentrated by solar evaporation and then fed into a processing facility with output as lithium carbonate for sale to battery manufacturers. Zenith's Mexican and Nevada lithium projects are lithium brine plays. Zenith's **Spencer** and **Wilson Salt Flat** brine projects in Nevada, USA are close to both Tesla's Gigafactory and to Albermarle Corporation's Silver Peak-Clayton Valley lithium brine operation, the only operational lithium project in the USA. Zenith's three new concessions: Illescas, San Juan and San Vicente make up the **Zacatecas** lithium brine project in the emerging lithium brine district of San Luis Potosi State, Mexico.

Lithium pegmatite projects are exploited as traditional hard rock open pit mines (eg Australia's Greenbushes Mine) where concentrates of the primary lithium mineral spodumene are sold to third party processors who convert the concentrates to lithium compounds suitable for use by battery manufacturers. Zenith's **San Domingo** project in Arizona contains abundant spodumene bearing lithium pegmatites over 9 km strike.

Zenith's **Burro Creek** lithium clay project in Arizona is comparable to other lithium clay projects in the USA and Mexico subject to resource and development studies (e.g: Sonora project (Banacora –TSX).

Zenith's Nevada, Arizona and Mexico lithium projects are perfectly positioned to provide future supply to the growing USA domestic lithium battery market. Tesla Corporation has commenced construction of its lithium battery manufacturing facility (Gigafactory) outside Reno Nevada, whilst Faraday has set aside land in the Las Vegas industrial park for its battery plant.

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Zenith is advancing its project portfolio of high-quality, gold, lithium and base metal projects:

Kavaklitepe Gold Project, Turkey (ZNC 30%, Teck 70%)

- Recent (2013) grass roots gold discovery in Tethyan Belt
- Continuous rock chip sampling to: 54m @ 3.33g/t gold, including 21.5m @ 7.2 g/t gold
- Initial 2016 drill results include: 9 m @ 5.2 g/t Au from surface, 7.8 m @ 7.3 g/t Au from 3.3 m and 16.4m @ 4.7 g/t Au from 82.1m depth

USA Mexico Lithium Projects

Zacatecas Lithium Brine Project, Mexico (ZNC 100%)

- New tenure (26,000 acres) staked over extensive system of salt lakes within an emerging lithium brine district at Zacatecas in central Mexico
- Lithium brines to 2.1% lithium reported in sampling conducted by the Mexican Government from solar evaporation ponds for salt production (10km west of Zenith's new tenure).
- Geophysical surveys and infill sampling in progress

San Domingo Lithium, Arizona USA (ZNC 100%)

- 9km x 1.5km lithium pegmatite field, initial surface sampling returned: 5m @ 1.97%Li₂O including 2.4m @ 2.49% Li₂O - Surface sampling and mapping prior to drill testing

Spencer & Wilson Salt Flat Lithium Brine Projects, Nevada USA (ZNC 100%)

- Two lithium brine targets in producing lithium region - Geophysical surveys and infill sampling prior to drill testing

Burro Creek Lithium, Arizona USA (ZNC option to acquire 100%)

- Large scale lithium (Li) clay target under exclusive option - Metallurgical testwork to assess ease of extracting lithium, permitting for trenching and drilling in progress

Australian Projects

Develin Creek Copper-Zinc-Silver-Gold, QLD (ZNC 100%)

- 3 known VHMS massive sulphide deposits - JORC resources, 50km of strike of host rocks.
- 2011 drilling: 13.2m @ 3.3% copper, 4.0% zinc, 30g/t silver & 0.4g/t gold - Drilling planned to extend known deposits, geophysics, geochemistry to detect new targets

Split Rocks Lithium & Gold, WA (ZNC 100%)

- New 100% owned applications covering 500km² in emerging Forrestania lithium district - Review of previous work and surface sampling to precede drill testing

Earaheedy Manganese Project, WA (ZNC 100%)

- New manganese province discovered by ZNC, potential DSO drill intersections (+40%Mn)

Mt Alexander Iron Ore, WA (ZNC 100%)

- JORC magnetite Resource 566 Mt @ 30.0% Fe close to West Pilbara coast, 50% of target untested - Seeking development partner/ buyer for iron project

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