

23 September 2022

A\$2.1 CAPITAL RAISING TO FUND LITHIUM EXPLORATION PROGRAMME AT PILBARA TENEMENTS

Key Information:

- Firm commitments received to raise approximately A\$2.1 million (before costs) (**Placement**) comprising:
 - 75.6 million fully paid ordinary shares (**Shares**) at \$0.022 per Share together with, subject to shareholder approval, one (1) free attaching option (**New Option**) (with an exercise price of \$0.04 each, an expiry date of 31 December 2024 and proposed to be quoted on ASX) for every Share subscribed to raise \$1.66 million (before costs).
 - A further \$0.43 million to be raised from Directors and major shareholder, Copulos Group, on the same terms as the Placement (**Related Party Participation**), subject to shareholder approval.
- Proceeds from the Placement to be applied towards exploration expenditure at the Pilbara Lithium Project, which represents a large landholding (~1,400km²) of exploration licenses (1,000km² granted and 400km² in application) in the Pilbara and Gascoyne Regions in Western Australia, general working capital and offer costs

Consolidated Zinc Limited (**Company** or **CZL**) (ASX:CZL) is pleased to advise that it has firm commitments to raise approximately \$2.1 million in a capital raising from sophisticated and professional investors, as further detailed below.

Executive Chairman, Mr Brad Marwood said “We are pleased to raise this capital which will allow us to commence exploration at our vast landholding of tenements prospective for lithium, located nearby to some of the world’s largest hard rock lithium mines such as Pilbara Minerals Limited’s (ASX:PLS) Pilgangoora Mine and Minerals Resources Limited’s (ASX:MIN) Wodgina Mine, and exciting new discoveries such as Global Lithium Resources Limited’s (ASX:GL1) Archer Project and other active lithium explorers such as Minrex Resources Limited (ASX:MRR).

An aggressive exploration programme is set to commence shortly and includes initial reconnaissance outcrop rock chip sampling and inspection of known and suspected areas of mineralization which aims to assess and prioritise the possible lithium tenor/ grade of the outcrops. We have sourced field staff, 3 crews over a 9-week exploration program, that will have a staggered commencement from late-September 2022.

A hyperspectral evaluation of the 5 Pilbara Project tenements via the acquisition of ASTER and Sentinel satellite data which will be evaluated by Aimex Geophysics Pty Ltd, has commenced. The results of the survey will be used to assist in discriminating areas for on-ground exploration.

Geological mapping and comprehensive follow-up sampling / assaying is planned on the higher priority areas defined by the hyperspectral survey and initial reconnaissance.

The aim of this programme is to locate and sample LCT pegmatites that contain spodumene lithium mineralization which will be followed up by a maiden drilling programme to follow target generation in the dry season (March / April 2023).

Placement

The Company has received firm commitments from sophisticated and professional investors pursuant to section 708 of the *Corporations Act 2001* (Cth) to raise \$1.66 million (before costs) under the Placement, through the issue of 75.6 million Shares at \$0.022 per Share together with, subject to shareholder approval, one (1) free attaching New Option (with an exercise price of \$0.04 each, an expiry date of 31 December 2024 and proposed to be quoted on ASX) for every Share subscribed. Furthermore, Directors and major shareholder, Copulos Group, have committed for a total of 19.4 million Shares at \$0.022 per Share to raise a further \$0.43 million for the Company, on the same terms as the Placement, subject to shareholder approval.

Funds raised from the Placement will be applied towards exploration expenditure at the Pilbara Lithium Project, general working capital and offer costs.

Shares issued under the Placement are at an issue price of \$0.022 each which is equal to the last traded price per Share on 19 September 2022 and a 6.8% discount to the 30 day VWAP of \$0.0236.

The Shares under the Placement will be issued pursuant to the Company's existing ASX Listing Rule 7.1 and 7.1A capacity with settlement expected to occur on or around Thursday 29 September 2022 and allotment on or around Friday 30 September 2022.

Under the Related Party Participation:

- major shareholder, Copulos Group, has committed to purchase 18,181,818 Shares to raise \$400,000 for the Company;
- Executive Chairman, Brad Marwood, has committed to purchase 800,000 Shares to raise \$17,600 for the Company; and
- Executive Director, Anthony Italiano, has committed to purchase 454,545 Shares to raise \$10,000 for the Company.

The Related Party Participation is subject to shareholder approval under ASX Listing Rule 10.11 as:

- major shareholder, Copulos Group, is deemed to be a person of influence, given it held a greater than 30% shareholding in the preceding 6 months, and is otherwise considered a related party as it might be said to control the Company given its voting power exceeds 20%; and
- the Executive Chairman, Brad Marwood, and Executive Director, Anthony Italiano, are related parties of the Company by virtue of being Directors of the Company.

Shareholder approval will be sought at an Extraordinary General Meeting (**EGM**) to be held in or about November 2022, with the notice of meeting expected to be sent to shareholders soon.

Copulos Group's shareholding pre-Placement was 28.9% and post-Placement, assuming shareholder approval is granted, will be 27.0%.

The Company expects that the Shares (following approval by shareholders at the EGM in the case of Related Party Participation) will be listed for trading on the ASX immediately after issue, subject to ASX Listing Rule requirements.

The issue of the New Options under the Placement (including the Related Party Participation) will be subject to shareholder approval at the EGM and, to facilitate their proposed quotation on ASX, are intended to be issued pursuant to a prospectus, which will be lodged with ASIC once that approval is obtained.

RM Corporate Finance Pty Ltd acted as the Lead Manager to the Placement and will be paid a management and capital raising fee totalling 6.0% of gross funds raised (plus GST).

Potential Transaction – Plomosas Project

As previously highlighted, the Company has and will continue to consider transactions and other opportunities with a view to creating value for shareholders.

Although nothing legally binding has been signed at this stage, the Company is currently in discussions with an unrelated third party in relation to a potential sale of the Plomosas Project.

These discussions are still ongoing, uncertain and incomplete, and there is no guarantee that a transaction will materialise. In particular, it is noted that any transaction would be subject to various conditions and approvals, including shareholder approval under the ASX Listing Rules. Further, the Company will only continue such discussions and, potentially, enter into any transaction on commercial terms that it considers are in the best interests of shareholders.

The Company will keep the market informed of any developments in relation to the above and otherwise in accordance with its continuous disclosure obligations.

This announcement was authorised for issue to the ASX by the Directors of the Company.

For further information please contact:

Brad Marwood
Executive Chairman
08 6400 6222

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 100% of the Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation. Historical mining at Plomosas (between 1945 and 1974) extracted over 2 million tonnes of ore grading 22% Zn+Pb, plus over 80g/t Ag. Only small - scale mining continued to the present day and the mineralised zones remain open at depth and along strike. The Company recommenced mining at Plomosas and to intends to exploit its potential by mining the high- grade zinc, lead and silver Mineral Resource and through the identification, exploration and exploitation of new zones of mineralisation.

The Company also owns 100% interests in the Pilbara Lithium and Wandagee Projects, which comprise approximately 1,400km² in 5 granted exploration licenses (plus 1 EL Application), located in the Pilbara and Gascoyne regions of Western Australia. The Pilbara

Projects are highly prospective for lithium and are situated near two of the world's largest hard rock lithium deposits/ mines (ASX: PLS – Pilgangoora & ASX: MIN – Wodgina) and other deposits and occurrences near Marble Bar (ASX:GL1's Archer Project).

Caution Regarding Forward Looking Statements and Forward-Looking Information:

This report contains forward looking statements and forward-looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of zinc and lead, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated. Except as required by law or regulation (including the ASX Listing Rules), Consolidated Zinc undertakes no obligation to provide any additional or updated information whether as a result of new information, future events, or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Competent Person Statement:

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Brad Marwood. Mr Marwood is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Marwood has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr Marwood consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.