

29 November 2016

Proposed Rights Issue and Notice under Section 708AA(2)(f) of the Corporations Act

Consolidated Zinc Limited (**CZL or the Company**) advises that it proposes to undertake a pro-rata non-renounceable entitlement issue of approximately 85,964,937 ordinary fully paid shares (**New Shares**) on the basis of one (**1**) New Share for every five (**5**) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.03 per New Share, to raise up to approximately \$2,578,948 (**Rights Issue or Offer**).

New Shares issued under the Rights Issue will rank equally with existing Shares on issue and the Company will apply for official quotation of the New Shares.

Optionholders are not entitled to participate in the Rights Issue without first exercising their options to be registered as a shareholder (**in Australia and New Zealand**) on the Record Date, in accordance with the terms and conditions of the options.

The funds raised via the Rights Issue will be used for the following:

- Resource Definition Drilling and Mine Sustaining Expenditure
- Regional Exploration
- Costs of the Offer
- General working capital

The proposed terms of the offer will be as follows:

Type of Offer:	Pro-rata non-renounceable rights issue
Eligible participants:	Shareholders on the Record Date whose registered addresses are in Australia and New Zealand
Basis of entitlement:	One (1) New Share for every five (5) existing Shares
Number of existing Shares:	429,824,687
Number of new Shares (full subscription):	85,964,937
Record Date to determine entitlements:	2 December 2016
Issue price:	\$0.03
No underwriting:	The Rights Issue is not underwritten

A detailed timetable for the Rights Issue is contained in the offer document for the Rights Issue, which has been released on the ASX platform at the same time as this announcement.

29 November 2016

Notice under Section 708AA(2)(f) of the Corporations Act

The Company hereby confirms, as per the requirements of section 708AA(2)(f) of the *Corporations Act 2001* (Act):

- (a) The Company will offer the New Shares under the Rights Issue without disclosure to investors under Part 6D.2 of the Act as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.
- (b) The Company is providing this notice under paragraph 2(f) of section 708AA of the Act as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*.
- (c) As at the date of this announcement, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company.
- (d) As at the date of this announcement, the Company has complied with section 674 of the Act.
- (e) As at the date of this announcement, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to the New Shares.
- (f) The issue of New Shares pursuant to the Rights Issue is not expected to have any material effect or consequence on the control of the Company, but is dependent on a number of factors including investor demand. However, given the structure of the Rights Issue as a pro rata offer the potential effect of the issue of the new Shares will have on the control of the Company is as follows:
 - (i) if all eligible shareholders take up their entitlement for New Shares under the Rights Issue, the Rights Issue will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholder being unable to participate in the Rights Issue;
 - (ii) in the event that there is a shortfall, eligible shareholders who do not take up their full entitlement to new Shares under the Rights Issue and ineligible shareholders unable to participate in the Rights Issue will be diluted relative to those shareholders who subscribe for some or all of their entitlement under the Rights Issue or other investors who subscribe for shortfall; and
 - (iii) in respect of any shortfall, eligible shareholders may seek to increase their shareholding by subscribing for additional New Shares to be issued from the shortfall. The Company shall determine the allocation of New Shares under the shortfall offer to eligible shareholders or other investors and accordingly there is no guarantee that eligible shareholders will receive their full subscription under the shortfall offer. The Company will only issue such New Shares pursuant to an application received where the Directors

29 November 2016

are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or any other applicable law.

Yours faithfully,



Will Dix
Managing Director