

30 November 2016

Dear Shareholder

### **Notice to Ineligible Shareholders of Non-Renounceable Entitlement Offer**

We write to you as the registered holder of shares in Consolidated Zinc Limited (**Company**) as at today's date whose address is registered outside of the Eligible Countries (defined below).

### **Entitlement Offer**

As advised in the ASX announcement dated 29 November 2016, the Company is undertaking a non-renounceable pro-rata offer on the basis of 1 fully paid ordinary share in the Company (**New Share**) for every 5 fully paid ordinary shares in the Company (**Share**) held by Eligible Shareholders (defined below) at an issue price of \$0.03 per New Share (**Entitlement Offer**) to raise up to approximately \$2.58 million (before costs).

The Entitlement Offer will be made by way of an offer document pursuant to section 708AA of the Corporations Act (**Offer Document**). Approval of the Company's shareholders is not required for the Entitlement Offer.

The Entitlement Offer is non-renounceable which means that the entitlements to participate in the offer are not transferable and therefore cannot be traded on the ASX or any other exchange or transferred privately. The Entitlement Offer is not underwritten.

### **Eligible Shareholders**

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at 5.00pm (AEDT) on 2 December 2016 (**Record Date**); and
- (b) have a registered address in Australia or New Zealand (together, **Eligible Countries**).

This Entitlement Offer is not being extended to any shareholder whose registered address is outside the Eligible Countries. Shareholders not satisfying the above criteria will not be eligible to participate in the Entitlement Offer.

### **Ineligible Shareholders**

The Company has determined that it would be unreasonable to extend participation in the Entitlement Offer to shareholders who do not have a registered address in the Eligible Countries on the Record Date (**Ineligible Shareholders**) having regard to:

- (a) the number of Ineligible Shareholders;
- (b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and
- (c) the costs of complying with overseas legal and regulatory requirements.

### **Effect of the Offer**

Below is a table showing the Company's current capital structure and the capital structure on completion of the Entitlement Offer (assuming all New Shares are issued under the Entitlement Offer and no convertible securities are converted or exercised into Shares prior to the Record Date).

	<b>Shares</b>	<b>Options</b>	<b>Performance Rights</b>
Current Balance	429,824,687	160,609,502 <sup>(1)</sup>	3,333,333 <sup>(2)</sup>
Balance on Completion of Entitlement Offer	515,789,624	160,609,502	3,333,333

Notes:

(1) Unlisted options with various exercise prices and expiry dates.

(2) Performance rights subject to various milestones and vesting conditions.

### Use of proceeds

The proceeds of the Entitlement Offer will be used for resource definition drilling and mine sustaining expenditure, regional exploration, general working capital and to pay the costs of the Entitlement Offer. Further details in relation to the use of the proceeds of the Entitlement Offer are set out in the Offer Document.

### Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Lodgment of Appendix 3B and s708AA notice	29 November 2016
Notice to Shareholders	30 November 2016
Existing Shares quoted on an "ex" basis	1 December 2016
Record Date	2 December 2016
Rights Issue Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	7 December 2016
Closing Date	16 December 2016
Securities quoted on a deferred settlement basis	19 December 2016
Company to notify ASX of under subscriptions (if any)	21 December 2016
Anticipated date for the issue of the Shares and sending of security holder statements	23 December 2016
Deferred settlement trading ends	23 December 2016
Normal (T+2) trading starts	28 December 2016
Settlement of on-market trades conducted on a deferred settlement basis and the first settlement of trades conducted on a T+2 basis	30 December 2016

This timetable is indicative only and may be subject to change. The Company reserves the right to amend this indicative timetable at any time (including to extend the Closing Date which will have a consequential effect on the anticipated date for the issue of New Shares) subject to the Corporations Act and the Listing Rules.

**Further details**

This letter is to inform you that you are not an Eligible Shareholder for the purposes of the Entitlement Offer and consequently you will not be able to subscribe for new Shares under the Entitlement Offer. This letter is not an offer to grant New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in respect to this letter.

For further information in relation to the Entitlement Offer:

- (a) see the Offer Document lodged with ASX on 29 November 2016 and available at [www.asx.com.au](http://www.asx.com.au); or
- (b) contact the Company Secretary on +61 (0)8 9322 3406 during business hours.

On behalf of the Board, we thank you for your continued support as a shareholder of the Company.

Yours sincerely



Stephen Copulos  
**Chairman**  
**Consolidated Zinc Limited**