CONSOLIDATED ZINC LTD

1 May 2017

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

Consolidated Zinc Limited (**CZL or the Company**) has today announced that it proposes to undertake a fully underwritten pro-rata renounceable entitlement issue of approximately 184,504,555 ordinary fully paid shares (**New Shares**) on the basis of two (**2**) New Shares for every five (**5**) Shares held by Eligible Shareholders on the Record Date at an issue price of $0.016 per New Share, to raise up to approximately $2,952,000 (**Rights Issue or Offer**).

Further details in relation to the Rights Issue are set out in the ASX Announcement titled "Consolidated Zinc Announces $2.95m Fully Underwritten Rights Issue".

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 for 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 potential effect the issue of New Shares pursuant to the Rights Issue will have on the control of the Company is dependent on a number of factors including investor demand and existing Shareholders. However, given the structure of the Rights Issue as a pro rata offer the primary consequences are that:

  (i) if all eligible shareholders take up their entitlement for New Shares under the Rights Issue, the Rights Issue will have no material effect on the control of the Company as Eligible Shareholders would continue to hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Rights Issue and their entitlement to New Shares being sold by the nominee on their behalf;

  (ii) if some eligible shareholders do not take up their full entitlement to new Shares under the Rights Issue, such shareholders' control would 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) the control of 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.

The Offer Document for the Rights Issue, which has been lodged on the ASX platform together with this notice, more fully describes the potential control consequences for the Company of the Offer, including the sub-underwriting arrangements with the Copulos Group. In particular, the Offer Document will describe the potential situation where the Offer is not fully subscribed and the Copulos Group takes up its full entitlement as a shareholder and also takes up shortfall in its capacity as sub-underwriter. A summary of the Copulos Group's interest, and the interest of Mr Stephen Copulos, a Director of the Company, who controls the Copulos Group, as at the date of this Notice is set out below.

(i) The Copulos Group currently holds:

  (A) 21.624% of the shares in the Company; and
  (B) convertible notes issued by the Company with an aggregate face value of $1,000,000 which, subject to Shareholder approval, can be converted into Shares at the same price as the Company's most recent capital raising at the Copulos Group's election at any time prior to the maturity date of 31 December 2017 (provided the conversion does not breach section 606 of the Corporation Act) (**Convertible Notes**).

(ii) In addition to having a relevant interest in the shares held by the Copulos Group, Mr Stephen Copulos also holds:

  (A) 2,500,000 Performance Rights which convert into Shares on a one for one basis upon satisfaction of performance milestones; and
  (B) 15,613,889 Options each exercisable at $0.06 on or before 31 December 2018.

(iii) Mr Copulos has informed the Company that:

  (A) the Copulos Group intends to fully take up its entitlement under the Offer; and
  (B) the Copulos Group does not currently intend to convert the Convertible Notes into Shares until later in 2017.

(iv) The Copulos Group has entered into an agreement with Patersons to sub-underwrite 22,602,350 Shares under the Offer ($361,637.60). The Copulos Group will receive a fee of $10,849,12 for the sub-underwriting commitment.

(v) The other Directors of the Company who hold Shares have advised that they intend to take up some of all of their entitlements under the Offer.

(vi) If the Offer is undersubscribed and the Copulos Group is required to take up its full sub-underwriting commitment (assuming none of the Performance Rights or the Convertible Notes are converted and no options are exercised) the Copulos Group (and Stephen Copulos) will have a relevant interest in 162,244,120 Shares in the Company and voting power of 25.124%.

Yours faithfully,

Will Dix
Managing Director