

21 May 2018

Attention: Elizabeth Harris
ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

By Email

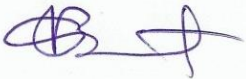
Dear Elizabeth

Appendix 5B Query

We refer to your letter dated 16 May 2018 and advise as follows:

1. Yes
2. The company continues to evaluate various funding options to meet its planned activities and expenditure commitments. CZL has a track record of securing adequate funding including capital raisings and convertible note instruments and believes it will continue to be successful in securing adequate funding.
3. Yes
4. Confirmed
5. Confirmed

Yours sincerely



Andrew Beigel
Company Secretary

16 May 2018

Andrew Beigel
Consolidated Zinc Limited
Level 1, 35 Havelock Street
WEST PERTH WA 6005

By email: abeigel@conzinc.com.au

Dear Mr Beigel

Consolidated Zinc Limited ("CZL"): Appendix 5B Query

I refer to CZL's Appendix 5B quarterly report for the period ended 31 March 2018 lodged on the ASX Market Announcements Platform on 27 April 2018 (the "Appendix 5B").

ASX notes that CZL has reported:

- negative net operating cash flows for the quarter of \$1,400,000
- cash at the end of the quarter of \$180,000; and
- estimated cash outflows for the next quarter of \$1,450,000

I also refer to CZL's announcement entitled "\$800k additional funding from existing key shareholders", released on 3 May 2018 (the "Announcement"), in which CZL disclosed that it has secured \$800,000 from existing shareholders and directors with the execution of convertible notes.

It is possible to conclude, based on the information provided in the Appendix 5B and the Announcement, that if CZL were to continue to expend cash at the rate indicated by the Appendix 5B, CZL may not have sufficient cash to continue funding its operations. In view of that, ASX asks CZL to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does CZL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CZL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CZL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CZL is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.

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5. Please confirm that CZL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CZL with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that CZL considers may be relevant to ASX forming an opinion on whether CZL is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **7.30 am AWST on Monday, 21 May 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CZL's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CZL's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to CZL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CZL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CZL's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

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- the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Elizabeth Harris

Principal Adviser, Listings Compliance (Perth)

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