

12 November, 2018

Notice of General Meeting of Shareholders

Consolidated Zinc Limited (ASX: CZL, "Consolidated Zinc" or "the Company") wishes to advise that following the exercise of its option under the Shareholder Agreement to increase its ownership of the Plomosas zinc-lead-silver mine in Mexico from 51% to 90%, a General Meeting of shareholders will be held to seek shareholder approval for aspects of the transaction. Details were announced to the market on 30 October, 2018.

The General Meeting will be held at 11am on Tuesday 11 December 2018 at Level 13, 37 St Georges Tce, Perth, WA 6000. Further details are provided in the attached Notice of Meeting and Proxy Forms.

Under a June 2015 Shareholder Agreement, CZL through its wholly owned subsidiary Arena Exploration Pty Ltd has the option to acquire an additional 39% of Minera Latin American Zinc S.A.de C.V ("MLAZ") that owns 100% of the mine.

The key terms of the acquisition of the additional 39% interest in MLAZ are:

- Payment of A\$750,000 in cash to Retec;
- Issue of A\$1,700,000 of CZL shares to Retec ;
- Completion subject to CZL shareholder approval; and
- The remaining 10% of MLAZ held by Retec is fully contributing.

The move to 90% of MLAZ also triggers the issue of A\$800,000 of CZL shares to the vendors of Arena, at the same price as those issued to Retec, provided all conditions of the agreement have been met.

The General Meeting will seek shareholder approval of the acquisition. As part of the acquisition consideration described above 72,649,573 shares are to be issued to Retec at a 30 day VWAP price of \$0.0234.

The Board considers the acquisition will provide significant value and growth for the Company and recommends the acquisition to CZL shareholders.

For and on behalf of Consolidated Zinc Limited.



Brad Marwood
Chief Executive Officer

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX:CZL) owns 51% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico with the option to increase its ownership to 90% by the end of 2018. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. Historical mining at Plomosas between 1945 and 1974 extracted over 2 million tonnes of ore grading 22% Zn+Pb and 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 has recommenced mining at Plomosas and is committed to exploit the potential of the high grade zinc, lead and silver Mineral Resource through the identification, exploration and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.

CONSOLIDATED ZINC LIMITED
ACN 118 554 359

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at Level 13, 37 St Georges Terrace, Perth, 6000 on Tuesday, 11th December 2018 at 11:00am (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9322 3406.

CONSOLIDATED ZINC LIMITED

ACN 118 554 359

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Consolidated Zinc Limited (**Company**) will be held at Level 13, 37 St Georges Terrace, Perth, 6000 on Tuesday, 11th December 2018 at 11:00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 9 December 2018 at 11.00AM (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 9.

AGENDA

1. Resolution 1 – Approval to issue Tranche 2 MLAZ Consideration Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 72,649,573 Shares (**Tranche 2 MLAZ Consideration Shares**) to the Mexican Vendors (and/or their nominees) as consideration for the Tranche 2 MLAZ Acquisition on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associates of those persons

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval to issue Arena Vendor Consideration Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, subject to Resolutions 1 and 3 being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 20,512,820 Shares (**Arena Vendor Consideration Shares**) to the Arena Vendors (and/or their nominees) as deferred consideration for the Arena Acquisition on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associates of those persons

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Approval to issue Copulos Arena Vendor Consideration Shares to Stephen Copulos

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Resolutions 1 and 2 being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 13,675,214 Shares (**Copulos Arena Vendor Consideration Shares**) to a related party of Mr. Stephen Copulos (and/or his nominees) as deferred consideration for the Arena Acquisition on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Stephen Copulos and his related parties, and any associates of those persons

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 – Approval of convertibility of Copulos Group Convertible Loans

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the Copulos Group Convertible Loans held by the Copulos Group Companies to be convertible into up to 190,000,000 Shares (**Copulos Group Conversion Shares**) on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Copulos Group Companies and their nominees, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Ratification of Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 4,166,667 Shares each at an issue price of \$0.024 (**Placement Shares**) on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Farjoy Pty Ltd, and any of its associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Authority for Stephen Copulos to participate in the Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorize Mr. Stephen Copulos (and/or his nominees) to participate in the Placement to the extent of up to 4,375,000 each at an issue price of \$0.024 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr. Stephen Copulos and his nominees, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Authority for Andrew Richards to participate in the Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorize Mr. Andrew Richards (and/or his nominees) to participate in the Placement to the extent of up to 625,000 each at an issue price of \$0.024 on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Andrew Richards and his nominees, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 12 November 2018

BY ORDER OF THE BOARD



Andrew Richards
Executive Director

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 13, 37 St Georges Terrace, Perth 6000 on Tuesday, 11th December 2018 at 11.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Proxy Forms have been sent out with this Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Resolutions 1 – Approval to issue Tranche 2 MLAZ Consideration Shares

3.1 General

In December 2014 the Company entered into a binding heads of agreement to acquire 100% of Arena Exploration Pty Ltd (**Arena**). Arena was party to an agreement with the Mexican Vendors pursuant to which Arena had the right to acquire a 51% interest in the joint venture company, Minera Latin American Zinc S.A. de C.V (**MLAZ**) which owns the Plomosas Project in Mexico.

Following Shareholder approval on 5 June 2015, the Company completed the acquisition of Arena and subsequently acquired 51% of MLAZ, through Arena. The Mexican Vendors currently own the other 49% of MLAZ.

The Company, through Arena, has the right under the Shareholders Agreement with the Mexican Vendors to acquire an additional 39% of MLAZ (**Tranche 2 MLAZ Acquisition**), which will bring the Company's total equity in MLAZ to 90%, through an option exercisable at the Company's sole election (**Option**). If the Company exercises the Option, it must complete the Tranche 2 MLAZ Acquisition by 31 December 2018.

As per the notice of meeting for the Company's meeting on 5 June 2015 and the Company's ASX announcement on 2 January 2018 the consideration payable on exercise of the Options is \$750,000 cash and \$2,500,000 worth of Shares. Of this \$2,500,000 worth of Shares, \$1,700,000 worth of Shares will be issued to the Mexican Vendors subject to the approval of Resolution 1 and the remaining \$800,000 worth of Shares are to be issued to the Arena Vendors subject to the approval of Resolutions 2 and 3 (refer to Sections 4.1 and 5.1 below for further details).

As noted above, the consideration payable to the Mexican Vendors for the Tranche 2 MLAZ Acquisition on exercise of the Option is \$750,000 cash and, subject to Shareholder approval, \$1,700,000 worth of Shares at an issue price equivalent to the VWAP of Shares calculated over the 30 trading days on which trades of Shares were recorded on the ASX (**30 Day VWAP**) prior to the date the Company exercises the Option.

The Company exercised the Option on 29 October 2018. The 30 Day VWAP up to 26 October 2018 was \$0.0234. Accordingly, the Company will issue 72,649,573 Shares as part of the consideration for the Tranche 2 MLAZ Acquisition.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Tranche 2 MLAZ Consideration Shares to the Mexican Vendors as part of the consideration for the Tranche 2 MLAZ Acquisition.

Shareholder approval is being sought under Listing Rule 7.1 for Resolution 1 to preserve the Company's 15% capacity under Listing Rule 7.1. In addition, as the agreement to issue the Tranche 2 MLAZ Consideration Shares is conditional on Shareholder approval, the Company has relied on Listing Rule 7.1B.2 such that the Tranche 2 MLAZ Consideration Shares have not previously used the Company's 15% capacity under Listing Rule 7.1 and accordingly, the

Company must not issue the Tranche 2 MLAZ Consideration Shares without Shareholder approval.

Resolution 1 is an ordinary resolution.

3.2 Specific Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Shares the Company will issue under Resolution 1 is 72,649,573 Shares.
- (b) The Tranche 2 MLAZ Consideration Shares will be issued to the Mexican Vendors (and/or their nominees) none of whom are a related party of the Company.
- (c) The Tranche 2 MLAZ Consideration Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Tranche 2 MLAZ Consideration Shares will be issued on the same date, being the date of completion of the Tranche 2 MLAZ Acquisition.
- (d) The Tranche 2 MLAZ Consideration Shares will be issued for nil cash consideration as they are being issued as part of the consideration for the Tranche 2 MLAZ Acquisition. Accordingly, no funds will be raised from the issue of the Tranche 2 MLAZ Consideration Shares.
- (e) The Tranche 2 MLAZ Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) A voting exclusion statement is included in the Notice.

4. Resolutions 2 – Approval to issue Arena Vendor Consideration Shares

4.1 General

At the time of acquiring Arena, the Company agreed with the Arena Vendors that on completion of the Tranche 2 MLAZ Acquisition, the Company would issue \$800,000 worth of Shares at the same issue price as the Shares issued to the Mexican Vendors as deferred consideration for the Company's acquisition of 100% of the issued capital of Arena (**Arena Acquisition**).

As noted in Section 3.1 above, the issue price of Shares to the Mexican Vendors pursuant to the Tranche 2 MLAZ Acquisition is the 30 Day VWAP prior to the date the Company exercises the Option, being \$0.0234 per Share. Accordingly, the Company proposes to issue an aggregate of 34,188,034 Shares to the Arena Vendors. 20,512,820 of these Shares will be issued to the Arena Vendors (other than the related party of Stephen Copulos) subject to approval of Resolution 2. The remaining 13,675,214 Shares will be issued to the related party of Mr Stephen Copulos subject to approval of Resolution 3.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the

number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Arena Vendor Consideration Shares to the Arena Vendors as deferred consideration for the Company's Arena Acquisition.

Shareholder approval is being sought under Listing Rule 7.1 for Resolution 2 to preserve the Company's 15% capacity under Listing Rule 7.1.

Resolution 2 is an ordinary resolution.

4.2 Specific Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Shares the Company will issue under Resolution 2 is 20,512,820 Shares.
- (b) The Arena Vendor Consideration Securities will be issued to the Arena Vendors (other than the related party of Mr. Stephen Copulos) (and/or their nominees) who are not related parties of the Company. The issue of the Copulos Arena Vendor Consideration Shares to the related party of Mr. Copulos is subject to approval of Resolution 3 (see section 5 below).
- (c) The Arena Vendor Consideration Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended all of the Arena Vendor Consideration Shares will be issued on the same date.
- (d) The Arena Vendor Consideration Shares will be issued for nil cash consideration as they are being issued as deferred consideration for the Arena Acquisition. Accordingly, no funds will be raised from the issue of the Arena Vendor Consideration Shares.
- (e) The Arena Vendor Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) A voting exclusion statement is included in the Notice.

5. Resolution 3 – Approval to issue Copulos Arena Vendor Consideration Shares to Stephen Copulos

5.1 General

Resolution 3 seeks Shareholder approval under Listing Rule 10.11 to issue the Copulos Arena Vendor Consideration Shares to a related party of Mr Stephen Copulos (or his nominee).

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Mr. Copulos (and his related party) are related parties of the Company by virtue of being a Director (and a related party of a Director). Accordingly, Shareholder approval is required under Listing Rule 10.11 for the issue of Shares to the related party of Mr. Copulos as deferred consideration for the Arena Acquisition.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the issue of the Shares to the related party of Mr Copulos means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is an ordinary resolution.

5.2 Specific Information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) The maximum number of Shares to be issued to the related party of Mr. Copulos (or his nominees) is 13,675,214 Shares.
- (b) The Company will issue the Copulos Arena Vendor Consideration Shares no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that all of the Copulos Arena Vendor Consideration Shares and the Arena Vendor Consideration Shares will be issued on the same date.
- (c) Mr. Copulos (and his related party) are related parties of the Company by virtue of being a Director (or a related party of a Director).
- (d) The Copulos Arena Vendor Consideration Shares will be issued for nil cash consideration as they are being issued as part of the deferred consideration for the Arena Acquisition. Accordingly, no funds will be raised from the issue of the Copulos Arena Vendor Consideration Shares.
- (e) The Copulos Arena Vendor Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (f) A voting exclusion statement is included in the Notice.

6. Resolution 4 – Approval of convertibility of Copulos Group Convertible Loans

6.1 General

In April, June, July and August 2018 the Company entered into convertible loan facilities aggregating \$1,900,000 with the Copulos Group Companies to raise funds for the development of the Plomosas Zinc mine and working capital (**Copulos Group Convertible Loans**).

The key terms of the Copulos Group Convertible Loans are as follows:

- Each Copulos Group Loan was drawn down as a single drawdown on the relevant issue date.
- Interest of 10% p.a. is payable on maturity or conversion of the Copulos Group.
- \$900,000 of the Copulos Group Convertible Loans have a maturity date of 12 months from the issue date. \$1,000,000 of the Copulos Group Convertible Loans have a maturity date of 12 months from the issue date which can be extended to 24 months

from the issue date by agreement between the Company and the relevant Copulos Group Company

- Conversion of each Copulos Group Convertible Loan is at the election of the relevant Copulos Group Company at any time during the period commencing on the date that the Company obtains Shareholder approval and ending 10 business days prior to the Maturity Date.
- \$900,000 of the Copulos Group Convertible Loans are convertible at \$0.01 per Share (being the lesser of \$0.01 and the price of the Company's next capital raising which was the September 2018 placement of \$0.012). \$1,000,000 of the Copulos Group Convertible Loans are convertible at \$0.01 per Share where the convertible loan is converted within 12 months of the issue date and \$0.015 per Share where the convertible loan is converted within 12 and 24 months of the issue date.
- The Copulos Group Convertible Loans are transferable subject to the Company's consent.
- The Copulos Group Convertible Loans are repayable in full on the maturity date unless converted earlier.
- The Copulos Group Convertible Loans are unsecured.

Resolution 4 seeks Shareholder approval under Listing Rule 10.11 for the ability for the Copulos Group Companies to convert the Copulos Group Convertible Loans into Shares.

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies. Approval pursuant to Listing Rule 7.1 is not required in order to issue the 2015 Copulos Group Conversion Shares as approval is being obtained under Listing Rule 10.11.

Each of the Copulos Group Companies is a related party of the Company by virtue of being controlled by a Director of the Company, Mr. Stephen Copulos.

If Shareholder approval is given under Listing Rule 10.11 for the ability to convert the Copulos Group Convertible Loans, approval is not required under Listing Rule 10.11 for the issue of the Copulos Group Conversion Shares to the Copulos Group Companies on conversion of the Copulos Group Convertible Loans pursuant to exception 7 of Listing Rule 10.12.

Resolution 4 is an ordinary resolution.

6.2 Specific information required by Listing Rule 10.13

For the purposes of Shareholder approval of the ability to convert the Copulos Group Convertible Loans and the requirements of Listing Rule 10.13, information is provided as follows:

- (a) The Copulos Group Convertible Loans have been entered into with, and will be convertible by, the Copulos Group Companies.
- (b) The Copulos Group Convertible Loans will be convertible into a maximum of 190,000,000 Shares on conversion. If approved by Shareholders the Copulos Group Convertible Loans will become an equity security for the purposes of the Listing Rules

at the time of the approval being obtained. The issue price of the Copulos Group Convertible Loans Convertible Note is \$1,900,000.

- (c) In aggregate, \$1,900,000 has been drawn down by the Company pursuant to the Copulos Group Convertible Loans. \$900,000 of the Copulos Group Convertible Loans will be convertible into Shares at \$0.01 per Share (being the lesser of \$0.01 and the price of the Company's next capital raising, which was the September 2018 placement at \$0.012 per Share). \$1,000,000 of the Copulos Group Convertible Loans will be convertible into Shares each at an issue price of \$0.01 if converted within 12 month of the issue date or \$0.015 if converted between 12 and 24 months of the issue date.
- (d) Further terms and conditions of the Copulos Group Convertible Loans are set out in Section 6.1.
- (e) Each of the Copulos Group Companies are a related party of the Company by virtue of being controlled by Director, Mr Stephen Copulos.
- (f) The Copulos Group Convertible Loans will become convertible at the relevant Copulos Group Company's sole discretion from the date of the Meeting.
- (g) The funds raised from the issue of the Copulos Group Convertible Loans have been, or will be, used for the development of the Plomosas Zinc mine and working capital.
- (h) A voting exclusion statement is included in the Notice.

7. Resolution 5 - Ratification of Placement

7.1 General

As announced on 25 October 2018, the Company was proposing to conduct a placement of 9,166,667 Shares each at an issue price of \$0.024 to raise \$220,000 (before costs) (**Placement**). The funds raised from Placement will be used to fund the cash component of the Tranche 2 MLAZ Acquisition (see Section 3.1 for further details) and for general working capital.

The Placement approximates to the shortfall of Shares not subscribed for under the Company's share purchase plan which closed on 22 October 2018 (**Share Purchase Plan**). The issue price of Shares under the Placement is the same as the issue price of Shares under the Share Purchase Plan.

The Placement is to be completed in two tranches, comprising:

- (a) 4,166,667 Shares (being the Placement Shares) to Farjoy Pty Ltd, an existing Shareholder who is not a related party of the Company, (which are proposed to be ratified pursuant to Resolution 5); and
- (b) 5,000,000 Shares to Directors Mr Andrew Richards and Mr Stephen Copulos (together, **Participating Directors**) which will be issued subject to Shareholder approval (refer to Section 8 for further details).

The Company completed the issue of the Placement Shares to Farjoy Pty Ltd on 26 October 2018. The Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

A summary of Listing Rule 7.1 is set out in Section 3.1.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rules 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 5 seeks Shareholder approval for the ratification of the issue of the Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 5 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval.

Resolution 5 is an ordinary resolution.

7.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Placement Shares is provided as follows:

- (a) 4,166,667 Shares were issued by the Company on 26 October 2018.
- (b) The Placement Shares were issued at \$0.024 each.
- (c) The Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Placement Shares were issued to Farjoy Pty Ltd, an existing Shareholder who is not a related party of the Company.
- (e) The funds raised from the issue of the Placement Shares will be used to fund the cash component of the Tranche 2 MLAZ Acquisition (see Section 3.1. for further details) and for general working capital.
- (f) A voting exclusion statement is included in the Notice.

8. Resolutions 6 and 7 – Authority for Participating Directors to participate in the Placement

8.1 General

As set out in Section 7.1, it is proposed that Directors, Mr Andrew Richards and Stephen Copulos, (and/or their nominees) participate in the Placement. Accordingly, the Participating Directors wish to obtain Shareholder approval to subscribe for up to a total of \$120,000 worth of Shares under the Placement (being 5,000,000 Shares at \$0.024 per Share) (**Director Placement Shares**).

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. The Participating Directors are related parties of the Company by virtue of being Directors. Approval is therefore required under Listing Rule 10.11 for the issue of the Director Placement Shares to the Participating Directors.

Resolutions 6 and 7 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Placement Shares to the Participating Directors, (and/or their nominees). If

approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1. Shareholder approval of the issue of the Director Placement Shares means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolutions 6 and 7 are ordinary resolutions.

8.2 Specific Information Required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of the Director Placement Shares is provided as follows:

- (a) The maximum number of Shares to be issued to the Participating Directors (or their nominees) are as follows:
 - (i) 4,375,000 Shares to Mr Stephen Copulos and/or his nominees; and
 - (ii) 625,000 Shares to Mr Andrew Richards and/or his nominees.
- (b) The Company will issue the Director Placement Shares no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Participating Directors are related parties of the Company by virtue of being Directors.
- (d) The Director Placement Shares will be issued at an issue price of \$0.024 per Share (being the issue price under the Placement, which is the same as the issue price under the Share Purchase Plan) to raise \$120,000 in total (before costs).
- (e) The Director Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Director Placement Shares will be used to fund the cash component of the Tranche 2 MLAZ Acquisition (see Section 3.1 for further details) and for general working capital.
- (g) A voting exclusion statement is included in the Notice.

9. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

\$ means Australian Dollars.

Arena means Arena Exploration Pty Ltd ACN 127 186 912.

Arena Acquisition has the meaning in Section 4.1.

Arena Vendor Consideration Shares has the meaning in Resolution 2.

Arena Vendors means the shareholders of Arena Exploration Pty Ltd immediately prior to the acquisition of Arena by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Chair means the person appointed to chair the Meeting.

Company means Consolidated Zinc Limited ACN 118 554 359.

Copulos Arena Vendor Consideration Shares has the meaning in Resolution 3.

Copulos Group Companies means:

- (a) Citywest Corp Pty Ltd ACN 081 721 413 ATF Copulos (Sunshine) Unit Trust;
- (b) Eyeon Investments Pty Ltd ACN 096 482 781 ATF Eyeon Investments Family Trust;
and
- (c) Spacetime Pty Ltd ACN 105 191 777 ATF Copulos Executive Super Fund No. 1.

Copulos Group Convertible Loan has the meaning in Section 6.1.

Copulos Group Conversion Shares has the meaning in Resolution 4.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Director Placement Shares has the meaning in section 8.1

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Mexican Vendors means:

- (a) Mr Luis Martinez Valles;

(b) Mr Mauricio Martinez Ontiveros; and

(c) Retec Guarú, S.A. de C.V.

MLAZ has the meaning in Section 3.1.

Notice means this notice of meeting.

Participating Directors has the meaning in Section 7.1.

Placement has the meaning in Section 7.1.

Placement Shares has the meaning in Resolution 5.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Share Purchase Plan has the meaning in Section 7.1.

Shareholder means a shareholder of the Company.

Tranche 2 MLAZ Acquisition has the meaning in Section 3.1.

Tranche 2 MLAZ Consideration Shares has the meaning in Resolution 1.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL

Consolidated Zinc Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia


BY FAX

+61 2 9287 0309


BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138


ALL ENQUIRIES TO

Telephone: 1300 554 474

Overseas: +61 1300 554 474


X99999999999

PROXY FORM

I/We being a member(s) of Consolidated Zinc Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY


the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy



or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am (WST) on Tuesday, 11 December 2018 at Level 13, 37 St Georges Terrace, Perth, 6000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

1 Approval to issue Tranche 2 MLAZ Consideration Shares

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Ratification of Placement

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Approval to issue Arena Vendor Consideration Shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

6 Authority for Stephen Copulos to participate in the Placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

3 Approval to issue Copulos Arena Vendor Consideration Shares to Stephen Copulos

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

7 Authority for Andrew Richards to participate in the Placement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

4 Approval of convertibility of Copulos Group Convertible Loans

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------



* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CZL PRX1802A

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Sunday, 9 December 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Consolidated Zinc Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**