

CONSOLIDATED ZINC LIMITED
ACN 118 554 359

OFFER DOCUMENT
RIGHTS ISSUE

Non-renounceable pro-rata entitlement to 1 New Share for every 6 Shares held at an issue price of 1.1 cents per New Share to raise up to approximately A\$2,481,127

Offer closes at 5.00pm WST on 2 October 2019

This Offer is fully underwritten by Pinnacle Corporate Finance Pty Ltd

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, the New Shares.

You should read the entire document before deciding whether to accept the offer of New Shares. If you have any questions about the Offer or the action you should take, you should speak to your professional adviser.

IMPORTANT NOTICE

This Offer Document has been prepared by Consolidated Zinc Limited and is issued pursuant to the requirements of section 708AA of the Corporations Act, as modified, for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document is dated 18 September 2019 and was lodged with ASX on this date.

This document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless this document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

Information about the Company

The Company is listed on ASX, and our Shares are granted official quotation by ASX. In preparing this Offer Document, we have had regard to the fact that we are a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult. Information about the Company is publicly available and can be obtained from ASIC and ASX. This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company. You should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares.

Not investment or financial product advice

The information in this document is not investment or financial product advice, does not purport to contain all the information that you require in evaluating a possible acquisition of New Shares in the Company and has been prepared without taking into account the investment objectives, financial situation, tax position and needs of you or any particular investor.

Before deciding whether to apply for New Shares, you should conduct your own independent review, investigation and analysis of the Company and New Shares in light of your personal circumstances (including financial and taxation issues). You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

Overseas shareholders

The Company has reviewed the register of Shareholders of the Company and has determined that this document will only be sent to Shareholders with a registered address in Australia or New Zealand on the Record Date. This document may not be distributed and does not constitute an offer in any other jurisdiction unless otherwise determined by the Company.

Disclaimer of representatives

No person is authorised to give any information or to make any representation, in connection with the Rights Issue that is not contained in this Offer Document. Any information or representation that is not in this Offer Document may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Rights Issue.

Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on the investment made pursuant to this Offer Document.

Defined terms

Terms used in this Offer Document are defined in the Glossary. The words "we", "our" and "us" refer to the Company. The words "you" or "your" refer to Shareholders.

CORPORATE DIRECTORY

DIRECTORS

Mr Stephen Copulos (Non-Executive Chairman)
Mr Brad Marwood (Managing Director)
Mr Andrew Richards (Executive Director)
Mrs Angela Pankhurst (Non-Executive Director)

SOLICITORS

Fairweather Corporate Lawyers
595 Stirling Highway
Cottesloe, Western Australia, 6011

COMPANY SECRETARY

Mr Anthony Italiano

SHARE REGISTRY*

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

Tel: +61 8 9211 6670

REGISTERED OFFICE

Level 13
37 St Georges Terrace
Perth, Western Australia, 6000

Tel: +61 8 9322 3406
Email: info@conzinc.com.au
Website: www.consolidatedzinc.com.au

* The name of the Share Registry is included for information purposes only. It has not been involved in the preparation of this Offer Document.

TABLE OF CONTENTS

CORPORATE DIRECTORY	3
1. KEY INFORMATION.....	5
2. TIMETABLE	7
3. DETAILS OF THE RIGHTS ISSUE	8
4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS	13
5. RISK FACTORS.....	15
6. ACTION REQUIRED BY SHAREHOLDERS	20
7. GLOSSARY	23

1. KEY INFORMATION

SUMMARY OF RIGHTS ISSUE OFFER	
Offer	1 New Share for every 6 Shares held on the Record Date. See Section 3.1.
Issue Price	1.1 cents per New Share. See Section 3.1.
Number of New Shares to be issued	Up to approximately 225,557,032 New Shares will be issued. See Section 3.1.
Funds raised	Up to approximately A\$2,481,127 will be raised by the Rights Issue. See Section 3.1.
Use of funds	<p>Funds raised (including existing funds) are intended to be used:</p> <ul style="list-style-type: none"> • to fund the Plomosas operations pending processing and sale of zinc and lead ores and concentrate; • to complete upgrade works to the Aldama concentrator facility; • for resource drilling and exploration; • to repay director loans; • for general working capital; and • to pay the costs of the rights issue process. <p>See Section 3.2.</p>
Entitlement to participate in Rights Issue	All Eligible Shareholders on the Record Date are entitled to participate in the Rights Issue. See Section 3.4.
Underwritten Offer	<p>The Rights Issue is fully underwritten by Pinnacle Corporate Finance Pty Ltd as the Underwriter.</p> <p>By the Underwriting Agreement, the Underwriter has agreed to fully underwrite 225,557,032 New Shares offered under the Offer representing an Underwritten Amount of A\$2,481,127.</p> <p>The Underwriter will be paid underwriting and management fees totalling 6% of the Underwritten Amount (A\$148,868) and will be issued with 10,000,000 Options (exercise price 2 cents and expiry date 30 September 2021).</p> <p>The Underwriter is not a related party and is not a current Shareholder.</p> <p>Neither the Underwriter nor any sub-underwriters will have a voting power beyond 20%.</p> <p>See Section 3.7.</p>

SUMMARY OF RIGHTS ISSUE OFFER

Shortfall

Eligible Shareholders who are not related parties may apply for Shortfall Shares. Application by Eligible Shareholders with moneys does not guarantee any issue of Shortfall Shares.

Subject to the terms of the Underwriting Agreement, the Underwriter is obliged to subscribe for Shortfall Shares. All decisions regarding the allocation and issue of Shortfall Shares will be made by the Underwriter in consultation with the Company.

See Section 3.8.

Placement in conjunction with Rights Issue

As announced on 10 September 2019, the Company is to undertake the Placement in conjunction with the Rights Issue. The Placement is to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporation Act.

The Placement is at the Issue Price and will raise A\$1,000,000 before costs.

The Placement will be settled after the Record Date so the placees will not participate in the Rights Issue.

Risks

The Rights Issue should be considered highly speculative as the Company group owns the Plomosas mine located in the northern Mexican state of Chihuahua. The Company has recommenced mining at the Plomosas mine and is mining ore featuring zinc, lead and silver and is processing ore at a third party concentrator facility. Some of the specific risks to an investment in the Company are going concern risk, future capital needs and additional funding risk, underground mining and operations risk, ore treatment risk and commodity price and volatility risk.

See Section 5.

The potential effect of the Rights Issue on control of the Company

The Company is of the view that the Rights Issue will not materially affect the control of the Company. By reason of existing shareholdings in the Company, the full underwriting of the Rights Issue and the Placement after the Record Date, the party with the highest voting power (being the Copulos Group interests (parties associated with Director, Stephen Copulos) with a current 29.51% voting power) will decrease its voting power by reason of the Rights Issue and otherwise no other Shareholder can increase their voting power beyond 20% by reason of the Rights Issue.

See Section 4.1.

2. TIMETABLE

Event	Date
Pro-rata Offer announced	10 September 2019
New Shares quoted on an "ex" basis (date from which the New Shares commence trading without the entitlement to participate in the Offer).	12 September 2019
Record Date (date for identifying Shareholders entitled to participate in the Offer).	13 September 2019
Placement Shares issued (approximately)	17 September 2019
Offer Document with Entitlement Form sent to Eligible Shareholders	18 September 2019
Offer opens	18 September 2019
Closing Date (last date for lodgement of Entitlement Forms and Application Money)	2 October 2019
Trading of New Shares commences on a deferred settlement basis	3 October 2019
Company to notify ASX notified of the Shortfall (if any)	7 October 2019
Issue of New Shares and end of deferred settlement trading	9 October 2019

The timetable outlined above is indicative only and subject to change. The Directors reserve the right to vary these dates including the Closing Date, subject to the Listing Rules and the Corporations Act. The Directors also reserve the right not to proceed with the whole or part of the Rights Issue at any time prior to the issue of New Shares. In that event, the Application Money will be returned without interest.

3. DETAILS OF THE RIGHTS ISSUE

3.1 The Rights Issue

Eligible Shareholders are invited to participate in a non-renounceable pro-rata entitlements rights issue on the basis of 1 New Share for every 6 Shares (1:6) held as at the Record Date (5.00pm WST on 13 September 2019), at an issue price of 1.1 cents per New Share.

The Company currently has 1,353,342,190 Shares on issue. Based on the current capital structure of the Company, up to approximately 225,557,032 New Shares will be issued under the Offer at Full Subscription to raise up to A\$2,481,127 (before the costs of the issue).

The New Shares will rank equally in all respects with existing Shares.

3.2 Purpose and use of proceeds

The Company has funds of approximately A\$222,541 at 31 August 2019. The Rights Issue will increase our cash reserves by up to A\$2,481,127 (before costs) and the Placement will increase our cash reserves by A\$1,000,000 (before costs).

The Company owns and operates the Plomosas mine in the northern Mexican state of Chihuahua. The Company recommenced mining in September 2018 and is mining ore featuring zinc, lead and silver and is processing the ore at a third-party owned Aldama concentrator facility.

Works to upgrade the capacity of the Aldama concentrator facility have led to a build-up of zinc and lead concentrate stockpiles, run-of-mine ore stockpiles and a delay in revenue being received from this ore. Pending the processing of the zinc and lead ore currently stockpiled and the subsequent receipt of revenue from the sale of zinc and lead concentrates, funds are to be raised from the Offer to primarily fund the Plomosas mine operations, complete upgrade works to the Aldama concentrator facility, for resource drilling and exploration, to repay unsecured director loans and for general working capital.

The table below sets out the proposed application of existing funds and funds raised under the Rights Issue.

Funds Available	Full Subscription (A\$2,481,127) (A\$)
Current cash on hand at 31 August 2019	222,541
Funds raised under the Placement	1,000,000
Funds raised under the Offer	2,481,127
Total funds available	A\$3,703,668
Use of Funds	Amount (A\$)
Funding Plomosas operations ¹	1,000,000
Completion of upgrade works to Aldama concentrator facility ²	\$150,000
Resource drilling and exploration	\$200,000
Repayment of unsecured director loans ³	\$841,439
General working capital ⁴	\$1,263,361

Cash costs of the Placement ⁵	60,000
Cash costs of the Offer including Underwriter fees ⁶	188,868
Total	A\$3,703,668

Notes:

1. Plomosas operations includes funding the mining and processing of ore until the revenue is received from the sale of zinc and lead concentrates.
2. Completion of upgrade works to Aldama concentrator includes the final elements of capital expenditure to optimise the ore processing and concentrate handling facilities.
3. This sum represents the repayment in full of unsecured loans of A\$800,000 plus interest of A\$41,439 (as at 31 August 2019) from directors, Stephen Copulos and Andrew Richards or entities associated with them.
4. General working capital includes corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax, audit, insurance and travel costs.
5. The cash costs of the Placement is A\$60,000 representing a 6% fee.
6. Cash costs of the Offer include the legal, share registry, printing and ASX expenses as well as Underwriter fees of A\$148,868. In the event that the Underwriter elects to be paid all or any of the Underwriting fees in Shares at the Issue Price, the reduced cash costs of the Offer will be applied to general working capital.

This table is a statement of our proposed application of the funds raised as at the date of this Offer Document. As with any budget, unexpected events and new circumstances have the potential to affect our decisions and we reserve the right to vary the way the funds are applied.

3.3 Capital structure

The effect of the Offer on the Company's current capital structure upon completion of the Offer assuming no Options or convertible securities are exercised or converted before the Record Date and given the Placement (where Shares are to be issued after the Record Date) is shown in the following table.

	Shares	Options	Performance Rights
Existing securities	1,353,342,190	103,283,882 ¹	136,000,000 ²
New Shares under Placement	90,909,091	10,000,000 ³	0
New securities issued as a result of the Rights Issue	225,557,032	10,000,000 ⁴	0
Total after completion of Rights Issue	1,669,808,313⁵	123,283,882	136,000,000

Notes:

1. The Company currently has 6 series of unlisted Options as follows:
 - (a) 2,500,000 Options (exercise price 6 cents and expiry date 5 June 2020);
 - (b) 57,283,882 Options (exercise price 2.5 cents and expiry date 31 December 2020);

- (c) 40,000,000 Options (exercise price 6 cents and expiry date 31 December 2020);
 - (d) 1,250,000 Options (exercise price 6 cents and expiry date 30 June 2023);
 - (e) 1,250,000 Options (exercise price 6 cents and expiry date 30 September 2023);
 - (f) 1,000,000 Options (exercise price 6 cents and expiry date 30 June 2020).
2. The Company has a total of 136,000,000 Performance Rights on issue. Each Performance Right entitles the holder to be issued with one Share upon the satisfaction of certain milestones. The expiry dates of the Performance Rights range from 31 December 2019 to 31 December 2021.
 3. Upon completion of the Placement, the Company will issue 10,000,000 Options (exercise price 2 cents and expiry date 30 September 2021) to the joint lead managers of the Placement.
 4. Upon completion of the Offer, the Company will issue 10,000,000 Options (exercise price 2 cents and expiry date 30 September 2021) to the Underwriter (see Section 3.7).
 5. The Company has issued convertible notes. The total of the loans and interest at 31 August 2019 is A\$1,177,539. There are 2 series of convertible notes. The first series of notes relates to a principal loan of A\$900,000, which notes mature on 30 June 2020 with the conversion price of 1 cent. The second series of notes relates to a principal loan of A\$152,630, which notes mature on 27 August 2020 with the conversion price of 1.5 cents. The holder of the notes has the election whether to seek repayment or to convert the outstanding moneys to Shares at the conversion price. Based on the loans and interest outstanding at 31 August 2019 and a conversion price of 1 cent on the first series of notes and 1.5 cents on the second series of notes, the number of Shares to be issued to repay these sums is 112,151,933 Shares.

3.4 Eligible Shareholders

The Rights Issue is available to all Shareholders whose registered address on the Record Date is situated in Australia or New Zealand. As a non-renounceable offer, Eligible Shareholders may not sell or otherwise dispose of their rights to apply for New Shares under the Offer.

3.5 Entitlements

Only Eligible Shareholders may apply for New Shares under the Offer. The Entitlement to participate will be determined on the Record Date. The number of New Shares to which you are entitled is shown on the personalised Entitlement Form which accompanies this Offer Document. Fractional Entitlements will be rounded up to the nearest whole number.

You are encouraged to apply for New Shares as early as possible. To apply for the New Shares under the Offer, you must complete your Entitlement Form and lodge it together with payment for the New Shares by no later than the Closing Date (5.00pm WST on 2 October 2019). Please see Section 6 of this Offer Document for further information regarding the acceptance of the Offer.

The Offer will lapse if you do not accept your Entitlement by the Closing Date.

3.6 Closing Date

We will accept applications from the Opening Date until 5.00pm (WST) on 2 October 2019 or such other date as the Directors may determine, subject to the requirements of the Corporations Act and the Listing Rules.

3.7 Underwritten

The Company has appointed the Underwriter under the Underwriting Agreement to fully underwrite 225,557,032 New Shares offered under the Offer representing an Underwritten Amount of A\$2,481,127. The Underwriter is not a related party of the Company and is not a current Shareholder.

Under the Underwriting Agreement the Underwriter is obliged to subscribe for the Shortfall (up to the Underwritten Amount of A\$2,481,127) after receiving notice from the Company as to the number of Shortfall Shares.

The Company is required to make the Offer in accordance with all relevant regulatory requirements and the Company has given various representations and warranties to the Underwriter, which are customary for an agreement of this kind.

The Underwriter has discretion to terminate its obligations under the Underwriting Agreement on the occurrence of a number of events, which may occur before the issue of the Shortfall. The termination events are customary for an agreement of this kind. The more significant termination events include the S&P/ASX 300 Index falling to a level that is 10% or more below the level at the close of trading on the business day before the date of the Underwriting Agreement and where a material adverse change occurs in respect of the Company including its assets and operations.

The Company will pay the Underwriter an underwriting fee of 4% and a management fee of 2% of the full amount underwritten (a total of A\$148,868) and the Company will issue the Underwriter or its nominee with 10,000,000 Options (exercise price 2 cents and expiry date 30 September 2021).

The Underwriter may appoint sub-underwriters that are not related parties to sub-underwrite the Underwriting Agreement. The Underwriter will be responsible for any fees to be paid to sub-underwriters. The failure of the Underwriter to appoint sub-underwriters will not relieve the Underwriter of its obligations.

Neither the Underwriter nor any sub-underwriters will have a voting power beyond 20%.

3.8 Shortfall

Any New Shares not applied for by Eligible Shareholders under the Rights Issue will form the Shortfall.

Eligible Shareholders who are not related parties may apply for Shortfall Shares by completing the *"additional New Shares"* section in the Entitlement Form. Application by Eligible Shareholders with moneys does not guarantee any issue of Shortfall Shares. All Application Moneys in relation to which Shortfall Shares are not issued will be returned without interest.

Subject to the terms of the Underwriting Agreement, the Underwriter is obliged to subscribe for Shortfall Shares. All decisions regarding the allocation and issue of Shortfall Shares will be made by the Underwriter following consultation with the Company.

Shortfall Shares will be issued at the same price as the New Shares offered under the Rights Issue. The offer of Shortfall Shares is an offer under this Offer Document.

It is your responsibility to ensure that you will not breach the takeovers provisions of the Corporations Act by applying for Shortfall Shares.

Directors and related parties cannot be issued Shortfall Shares without prior shareholder approval and will not participate in the issue of Shortfall Shares.

3.9 **Minimum Subscription**

Minimum Subscription under the Offer is A\$2,481,127.

3.10 **Continuous Disclosure Obligations**

The Company is a "*disclosing entity*" (as defined in Section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.consolidatedzinc.com.au or the ASX www.asx.com.au.

4. EFFECT OF RIGHTS ISSUE ON CONTROL AND DIRECTORS' INTERESTS

4.1 Effect on Control

The effect of the Rights Issue on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including the level of take up from Eligible Shareholders and the issue of the Placement Shares. The primary consequences will be as follows:

- (a) If all Eligible Shareholders as at the Record Date take up their full Entitlement, 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 Excluded Shareholders being unable to participate in the Rights Issue and from the issue of the Placement Shares.
- (b) In the more likely event that not all Eligible Shareholders subscribe for their full Entitlement (ie there is a Shortfall), those Eligible Shareholders who do not subscribe for their full Entitlement under the Rights Issue and Excluded Shareholders unable to participate in the Rights Issue will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement. The extent of the dilution will depend on the degree to which Eligible Shareholders take up their Entitlement.
- (c) The Company's largest shareholding group is the Copulos Group interests with a current voting power of 29.51%. The Copulos Group has advised the Company that it will apply for its full Entitlement. It will not apply for Shortfall. By reason of the Rights Issue being fully underwritten and the Placement, the voting power of the Copulos Group interest will decrease to approximately 27.90% after completion of the Rights Issue.
- (d) No Eligible Shareholder will be issued Entitlement or any Shortfall so as to contravene the 20% takeover threshold.
- (e) The Underwriter has no current voting power in the Company and its voting power as a result of the Rights Issue will not approach the 20% takeover threshold.

By reason of the above, the Company is of the view that the Rights Issue will not materially affect the control of the Company.

4.2 Directors' Interests

The relevant interest of each of the Directors in the securities of the Company as at the date of this Offer Document is set out in the table below.

Director	Shares	Options	Performance Rights	Entitlement Shares
Stephen Copulos	399,369,626	11,111,111 ¹	2,500,000 ²	66,561,604 ³
Brad Marwood	2,729,015	1,000,000 ⁴	54,750,000 ²	454,836
Andrew Richards	12,511,096	2,500,000 ⁵	21,250,000 ²	2,085,183
Angela Pankhurst	350,000	0	0	58,334

Notes:

1. The Options have an exercise price of 2.5 cents and an expiry date of 31 December 2020.
2. Each Performance Right entitles the holder to be issued with one Share upon the satisfaction of certain milestones.
3. Stephen Copulos has committed to the Company that the Copulos Group interests will take up all their Entitlement.
4. The Options have an exercise price of 6 cents and an expiry date of 30 June 2020.
5. The Options have an exercise price of 6 cents and an expiry date of 5 June 2020.

5. RISK FACTORS

5.1 Introduction

Applicants should be aware that an investment in the Company is highly speculative. The Company group own the Plomosas mine located in the northern Mexican state of Chihuahua. The Company has recommenced mining at the Plomosas mine is mining ore featuring zinc, lead and silver and is processing ore at a third-party concentrator facility.

The activities of the Company are subject to various risks that may impact on the future performance of the Company. The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities.

5.2 Specific risks

Going concern risk

The Company's annual report for the period ended 31 December 2018 ("Annual Report") includes an emphasis of matter with respect to the existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the "*going concern*" paragraph included in the Annual Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements.

Future capital needs and additional funding

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Offer Document.

The Company may need to raise further capital for operational or capital works. Any need to raise further capital for operational matters will depend on the Plomosas mine operations and resultant level of revenue.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the operations of the Plomosas mine, stock market and industry conditions, relevant commodity prices and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms it may impact of the ability of the Company to continue as a going concern.

Underground mining and operations risk

The Company conducts mining operations at the Plomosas underground mine in the northern Mexican state of Chihuahua. The Company recommenced mining in September 2018 and mines ore featuring zinc, lead and silver.

Underground mining is by its nature a high risk undertaking where operations can be affected by a number of factors. These include, but are not limited to, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables and inputs (including diesel), spare parts and plant and equipment, labour

disputes, industrial accidents including fire, flood and collapse, unusual or unexpected geological formations or hydrogeological conditions including flooding.

Ore treatment risk

As announced on 1 April 2019, the Company entered into a toll treatment agreement with the operator of the Aldama concentrator facility, located approximately 70 kilometres from the Plomosas mine. The term of the agreement is 18 months with a 6 month extension at the Company's election.

The effective treatment of the ore is reliant on the third party operator and the concentrator facility's ability to process ore effectively. Expansion works are being undertaken to upgrade the concentrator facilities capacity to process ore. These expansion works have been partly funded by the Company. The expansion works to increase capacity to 300 tonnes per day are to be completed using funds from this Offer.

Commodity price and volatility risk

Zinc, lead and silver is produced from the Plomosas mine. The success of the operations at the Plomosas mine is reliant on the prices of these commodities.

Commodity prices (including zinc, lead and silver) fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's activities, together with the ability to fund these activities.

Sale of Product risk

The concentrate products produced by the Company after mining and processing are zinc and lead concentrates. The Company sells the zinc and lead concentrates in Mexico.

The Company does not at the date of this Offer Document have an offtake agreement in place.

Resource and reserve estimates

The Plomosas Project features Mineral Resources. Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource and reserve estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource and reserve estimates may change over time as new information becomes available. If the Company encounters mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

Exploration risk

The Company may undertake further exploration at its Plomosas Project. Exploration is by its nature a high risk undertaking and is affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, land access, changing government regulations and other factors beyond the Company's control.

There can be no assurance of success from any exploration activities.

Reliance on key personnel

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry.

Title risks and licence conditions

The Plomosas Project covers 12 mining leases in the northern Mexican state of Chihuahua.

The Company's activities are dependent upon the maintenance of these concessions and any regulatory consents. The concessions are subject to renewal.

Additionally, the concessions are subject to a number of legislative conditions. The inability to meet these conditions could affect the standing of the concessions or restrict their ability to be renewed.

Loss of any concessions or licences may severely adversely affect the Company.

Land Access

The Plomosas Project covers 12 mining leases in the northern Mexican state of Chihuahua.

The Company has a land use agreement with a local rancher to enable appropriate land access for exploration and mining. The Company needs a valid and effective land use agreement in place to ensure appropriate access.

Environmental

The Plomosas Project is subject to laws and regulations regarding environmental matters. The authorities that administer and enforce environmental laws and regulations determine these requirements. As with all mining and exploration projects, the Company's activities are expected to have an impact on the environment. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Failure to obtain or maintain relevant environmental approvals will prevent the Company from undertaking its activities.

Foreign exchange risk

The Company's main business undertaking (the Plomosas mine) is in Mexico and as a result, any revenues, cash inflows, expenses, capital expenditure and commitments may occur in United States dollars or Mexican pesos.

The Company may be exposed to the fluctuations and volatility of these currencies together with the Australian dollar.

Sovereign risk

The Plomosas is located in the northern Mexican state of Chihuahua. Mexico is a federal presidential democratic republic.

The political conditions in Mexico are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the

Company including changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

Union disputes and unrest

Union disputes and unrest may occur in Mexico and restrict the ability of the Company to conduct its mining operations and the transport, processing and sale of its concentrate from the Plomosas mine.

Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure or obtain insurance against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

Legal proceedings

Legal proceedings may arise from time to time in the course of the Company's business.

A local rancher made a claim against the Company's Mexican subsidiary that operates the Plomosas mine. The claim relates to seeking termination of a land use agreement. As announced on 5 September 2019 the Appeals Court of Chihuahua has ruled in favour of the Company's subsidiary ruling against the rancher and confirming that the Company's subsidiary has a valid and enforceable land use agreement.

As announced on 10 August 2018, a claim has been threatened by Pandion Minerals Pty Ltd alleging it is entitled to a 10% free carried interest in the Plomosas Project until a definitive feasibility study is completed. The Company considers the claim to be unfounded.

As at the date of this Offer Document, there are no other material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

5.3 General investment risks

Securities investments and share market conditions

There are risks associated with any securities investment. The trading prices of securities trade fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for resource mining and exploration companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

Economic risk

Changes in Australia, Mexico and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

Legislative

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

6. ACTION REQUIRED BY SHAREHOLDERS

6.1 Acceptance of Offer

The number of New Shares to which you are entitled is shown on the Entitlement Form accompanying this Offer Document. If you are an Eligible Shareholder, you may:

- Take up your Entitlement in full or in part; or
- Allow your Entitlement to lapse.

Acceptance of the Offer must not exceed the Entitlement as shown on the Entitlement Form. However, you may apply for Shortfall Shares in accordance with Section 3.8. The Directors reserve the right to reject any applications for New Shares that are not made in accordance with the terms of this Offer Document or the instructions on the Entitlement Form. Fractional Entitlements to Shares will be rounded up.

6.2 Taking up your Entitlement in full or in part

If you wish to accept your Entitlement in full or in part either:

- Complete the Entitlement Form for the number of New Shares you wish to take up in accordance with the instructions on the form. Return your completed form, together with the Application Money to the Company's share registry (see Section 6.5 below). It must be received by no later than the Closing Date (5.00pm WST on 2 October 2019).

OR

- Make a payment of 1.1 cents for each New Share you wish to apply for by BPAY in accordance with the instructions on the Entitlement Form by no later than the Closing Date (5.00pm WST on 2 October 2019).

In addition to accepting your Entitlement, you may apply for further New Shares as part of the Shortfall in accordance with Section 3.8.

6.3 Allowing your Entitlement to lapse

If you do not wish to take up any of your Entitlement under the Offer, then you do not need to take any action. If you do nothing then your Entitlement will lapse. The New Shares not subscribed for will form part of the Shortfall.

Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

6.4 Payment for New Shares

The issue price of 1.1 cents per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque or by BPAY.

Cheques should be drawn on an Australian branch of a financial institution, made payable to "*Consolidated Zinc Limited*" and crossed "*Not Negotiable*".

BPAY payments should be made in accordance with the instructions on the Entitlement Form using the BPAY Biller Code and Customer Reference Number shown on the form. You are not required to return the Entitlement Form if you use BPAY to pay the Application Money.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment. You should take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by the Closing Date. The Customer Reference Number is used to identify your holding. If you have multiple holdings you will receive multiple Customer Reference Numbers. You must use the Customer Reference Number shown on each Entitlement Form to pay for each holding separately. If you pay by BPAY and do not pay your full Entitlement, your remaining Entitlement will lapse. Your completed BPAY acceptance, once paid, cannot be withdrawn. We do not accept any responsibility for incorrectly completed BPAY payments.

6.5 Address details and enquiries

Completed Entitlement Forms and cheques for the Application Money (if not paying by BPAY) should be mailed to the postal address or delivered by hand to the delivery address set out below by no later than the Closing Date (5pm WST on 2 October 2019):

Postal address:

Consolidated Zinc Limited
c/- Link Market Services Limited
GPO Box 3560
SYDNEY NSW 2001

Delivery address:

Consolidated Zinc Limited
c/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138

You should ensure that your Entitlement Form (and Application Money) is sent early to ensure that they arrive at the postal or delivery address specified above by the Closing Date. If we receive your Entitlement Form after the Closing Date, the Directors may, at their discretion, accept or reject your Application. If we reject your Application, we will refund your Application Money in full without interest.

If you have any questions about the Rights Issue or how to complete your Entitlement Form, please contact the Company Secretary.

6.6 Issue of New Shares and quotation on ASX

New Shares under the Rights Issue will be issued as soon as practicable after the Closing Date. It is expected that New Shares will be allotted and that transaction confirmation statements will be sent to you on or about 9 October 2019. However, if the Closing Date is extended then the date for allotment and posting may also be extended.

Application for official quotation by ASX of the New Shares offered under this Offer Document has been made. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Money will be refunded (without interest) as soon as practicable.

It is your responsibility to confirm your holdings before trading in New Shares. Any person who sells New Shares before receiving confirmation of their holding will do so at their own risk. The Company and the share registry disclaim all responsibility to any person who trades in New Shares before receiving their confirmation statement.

Application Money will be held in trust in a separate bank account on behalf of each Eligible Shareholder until the New Shares are issued. If necessary, Application Money will be refunded as soon as reasonably practicable, without interest. Interest earned on the Application Money will be retained by the Company, regardless of whether New Shares are issued under the Offer.

The Directors may at any time decide to withdraw this Offer Document and the offers made under the Rights Issue, in which case the Company will return all Application Money (without interest) as soon as practicable.

6.7 Excluded Shareholders

The Offer under the Rights Issue is not extended to Excluded Shareholders (any Shareholder whose registered address on the Record Date is situated outside Australia or New Zealand). There will be no appointment of a nominee for Excluded Shareholders to sell any Entitlement.

In making this decision, the Directors have taken into account the small number of Excluded Shareholders and the cost and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand.

This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) are responsible for ensuring that any dealing with their Entitlement and any New Shares issued do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlement or the distribution of this Offer Document or the Entitlement Form.

The making of an Application (whether by the return of a duly completed Entitlement Form or the making of a BPAY payment or otherwise) will constitute a representation that there has been no breach of such laws or regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed.

6.8 Taxation

There may be taxation implications in relation to the Rights Issue and subscribing for New Shares. These taxation implications vary depending on your individual circumstances.

You should seek and rely on your own taxation advice regarding an investment in the Company. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility with respect to the taxation consequences connected with the Rights Issue or the New Shares.

7. GLOSSARY

Where the following terms are used in this Offer Document they have the following meanings:

Applicant	A person who makes an Application.
Application	An application to subscribe for New Shares under this Offer Document.
Application Money	Money payable by Eligible Shareholders in respect of New Shares applied for under this Offer Document.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as applicable.
Board	The board of directors of the Company.
Closing Date	The last day for payment and return of Entitlement Forms, being 5.00pm (WST) on 2 October 2019 or such other date as may be determined by the Directors.
Company or CZL	Consolidated Zinc Limited (ACN 118 554 359) and, where the context requires, includes a subsidiary.
Constitution	The constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company and, where the context requires, includes a proposed director.
Eligible Shareholder	Shareholders with a registered address in Australia or New Zealand as at the Record Date.
Entitlement	The number of New Shares that an Eligible Shareholder may apply for under the Offer, as determined by the number of Shares held on the Record Date.
Entitlement Form	The entitlement and acceptance form accompanying this Offer Document.
Excluded Shareholder	A Shareholder whose registered address is not in Australia or New Zealand.
Full Subscription	The maximum amount to be raised under the Offer being the sum of A\$2,481,127.
Issue Price	1.1 cents per New Share.
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time.

Minimum Subscription	The sum of A\$2,481,127.
New Share	A Share to be issued under this Offer Document.
Offer	The offer to Eligible Shareholders of New Shares under the Rights Issue.
Offer Document	This offer document.
Option	An option to acquire a Share.
Performance Right	The right which entitles the holder to be issued with one Share upon satisfaction of certain milestones.
Placement	The placement of 90,909,091 New Shares at the Issue Price to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act to raise A\$1,000,000 before costs.
Record Date	5.00pm (WST) on 13 September 2019.
Rights Issue	The pro-rata non-renounceable offer conducted pursuant to this Offer Document under which up to approximately 225,557,032 New Shares will be offered to Eligible Shareholders on the basis of 1 New Share for every 6 Shares held at the Record Date at the Issue Price.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of Shares.
Shortfall	The number of New Shares not applied for under the Rights Issue before the Closing Date.
Underwriter	Pinnacle Corporate Finance Pty Ltd (ACN 149 263 543) (AFSL 403684).
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter.
Underwritten Amount	A\$2,481,127.
WST	Western Standard Time.
\$ or A\$	Australian dollars.
US\$	United States dollars.