

Consolidated Zinc Limited
ACN 118 554 359

Prospectus

For offers by the Company of:

- 100 New Options at an issue price of nil each to remove trading restrictions on New Options issued before the Closing Date (**Option Offer**); and
- 4 New Convertible Notes with a deemed aggregate face value of \$1,127,826 convertible into Shares at a price of \$0.003 each in discharge of the Relevant Debt (**Convertible Note Offer**).

Important: This is an important document that should be read in its entirety. If you are in any doubt or have any questions about this document, you should promptly consult your stockbroker, accountant or other professional adviser.

Contents

Important Information	3
Key Numbers and Dates	4
1 Offer Details	5
2 Offer Effects	11
3 Risk Factors	14
4 Additional Information	20
5 Definitions	32
Corporate Directory	34

Important Information

General

This Prospectus is issued by Consolidated Zinc Limited ACN 118 554 359 (**Company**).

The Prospectus is dated 3 August 2020, and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction-specific prospectus for offers of continuously quoted securities (as defined in the Corporations Act), options over continuously quoted securities and securities convertible into continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act (as modified by *ASIC Corporations (Offers of Convertibles) Instrument 2016/83*).

No securities will be issued under this Prospectus later than 13 months after the date of this Prospectus.

The Offers will only be extended to specific persons as set out in sections 1.1.2 and 1.2.2. Before applying for securities, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the securities offered, and the assets, liabilities, financial position, financial performance, profits, losses and prospects of the Company.

Any investment in the Company should be considered highly speculative. Investors who are in any doubt or have any questions about this document should promptly consult their stockbroker, accountant or other professional adviser before deciding to apply for securities under an Offer.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Company or its Directors.

Prospectus availability

The Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.consolidatedzinc.com.au. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 9322 3406.

Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of their personal circumstances (including financial and tax issues). See section 3 for further information.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offers. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest in the Company or its securities.

Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in section 5.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

Governing law

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Key Numbers and Dates

Key Numbers	Amount
Issue price of Shares under the Placement	\$0.003
Shares issued under the Placement	190,000,000
Issue price of New Options under the Placement	Nil
New Options to be issued under the Placement	190,000,000
Funds raised under the Placement (before costs)	\$570,000
New Options offered under the Option Offer	100
New Convertible Notes offered under the Convertible Note Offer (various face values)	4
Issue price of New Convertible Notes	Nil
Relevant Debt discharged by issue of New Convertible Notes (approximate)	\$1,127,826
Deemed aggregate face value of New Convertible Notes	\$1,127,826
Conversion price of Shares issued upon conversion of New Convertible Notes	\$0.003
Maximum Shares issued upon conversion of New Convertible Notes (approximate)	451,130,333
Interest rate applicable to New Convertible Notes	10% per annum
Maturity of New Convertible Notes (from deemed issue date of 1 July 2020)	2 years

Key Events	Date
Issue of Shares under the Placement	18 June 2020
Annual General Meeting	31 July 2020
Lodgement of this Prospectus with ASIC	3 August 2020
Opening Date	3 August 2020
Issue of New Options under the Placement	4 August 2020
Closing Date	5 August 2020
Issue of New Convertible Notes under the Convertible Note Offer	6 August 2020

Note: The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date of an Offer or accepting late acceptances, either generally or in particular cases, without notice.

1 Offer Details

1.1 Option Offer

1.1.1 Background

As announced to ASX on 11 June 2020, the Company has undertaken a placement of 190,000,000 Shares to the Placement Investors at an issue price of \$0.003 each to raise \$570,000 (before costs), which it completed on 18 June 2020. Under the terms of the Placement, the Company is also required to issue 1 free attaching New Option for each Share issued to the Placement Investors (as applicable), for a total of 190,000,000 New Options.

Having obtained Shareholder approval at the Annual General Meeting, the Company intends to complete the Placement by issuing the 190,000,000 New Options to the Placement Investors before the Closing Date.

1.1.2 Overview

Under the Option Offer, the Company is offering a nominal amount of 100 New Options at an issue price of nil each to remove trading restrictions on New Options issued before the Closing Date. The Option Offer will only be extended to persons who are directly invited by the Company. An Option Application Form will only be provided to these persons, together with a copy of this Prospectus.

The New Options offered under the Option Offer will rank equally with New Options on issue at the date of this Prospectus, which were issued under the Recent Prospectus via the Entitlement Offer on 1 June 2020. The terms of the New Options are set out in section 4.6.

Upon New Options being exercised, the Shares issued will rank equally with other Shares on issue at the time. A summary of the rights and liabilities attaching to Shares is set out in section 4.4.

1.1.3 Purpose

The New Options have an issue price of nil and, therefore, the purpose of the Option Offer is not to raise capital. Instead, the primary purpose of the Option Offer is to remove trading restrictions on the 190,000,000 New Options that are proposed to be issued to the Placement Investors under the Placement before the Closing Date, and which were approved by Shareholders at the Annual General Meeting.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities for sale within 12 months of their issue. This trading restriction is particularly significant for New Options as they are a quoted class of security (ASX:CZLOB).

The Corporations Act provides an exception to section 707(3) where an entity issues a cleansing notice under section 708A(5) for the securities within 5 business days of their issue, provided that the relevant securities are in a class that has been quoted for at least 3 months. As New Options were first issued and quoted on 1 June 2020 under the Recent Prospectus via the Entitlement Offer, a further issue of New Options (including under the Placement) cannot be cleansed by a notice issued under section 708A(5) until 1 September 2020 at the earliest.

Section 708A(11) provides another exception to the general trading restriction in section 707(3) where:

- the relevant securities are in a class that is already quoted (n.b. there is no 3 month quotation requirement);
- a prospectus is lodged with ASIC either:

- on or after the day on which the relevant securities were issued but before they are on-sold; or
- before the day on which the relevant securities are issued where offers of securities under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- the prospectus is for an offer of securities that are in the same class as the relevant securities.

As New Options are being offered under this Prospectus via the Option Offer, this Prospectus removes the trading restrictions that would otherwise apply to New Options issued to the Placement Investors under the Placement before the Closing Date, as well as any Shares issued upon the exercise of such New Options in accordance with *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80*.

1.2 Convertible Note Offer

1.2.1 Background

The Company is party to the following Loan Agreements with the following Note Investors under which it owes the following approximate amounts as at 30 June 2020 (as applicable) (together with any other liabilities under the Loan Agreements, the **Relevant Debt**):

Date	Note Investor	Debt owing
29 June 2018	Citywest Corp Pty Ltd <ATF Copulos (Sunshine) Unit Trust>	\$91,388
3 August 2018	Eyeon No 2 Pty Ltd	\$238,411
27 December 2018	Eyeon No 2 Pty Ltd	\$465,935
18 July 2019	Eyeon Investments Pty Ltd	\$332,092
Total		\$1,127,826

As announced to ASX on 2 July 2020, the Company has entered into the Convertible Note Agreement with the Note Investors, which is summarised in section 4.7. Under the Convertible Note Agreement, and having obtained Shareholder approval at the Annual General Meeting, the Company proposes to issue the 4 New Convertible Notes to the Note Investors as follows:

New Convertible Note	Note Investor	Deemed face value
No. 1	Citywest Corp Pty Ltd <ATF Copulos (Sunshine) Unit Trust>	\$91,388
No. 2	Eyeon No 2 Pty Ltd	\$238,411
No. 3	Eyeon No 2 Pty Ltd	\$465,935
No. 4	Eyeon Investments Pty Ltd	\$332,092
Total		\$1,127,826

No cash consideration is payable by the Note Investors for the New Convertible Notes as they will be issued in full discharge of the Relevant Debt, which is due between 30 June 2020 and 30 June 2021 (as applicable).

Each New Convertible Note will:

- accrue interest at 10% per annum with effect from 1 July 2020;
- be convertible into Shares by the Note Investor at a conversion price of \$0.003 each; and
- mature on 30 June 2022.

1.2.2 Overview

Under the Convertible Note Offer, the Company is offering 4 New Convertible Notes which are convertible into Shares at a price of \$0.003 each to discharge the Relevant Debt. The Convertible Note Offer will only be extended to the Note Investors (as applicable). A Convertible Note Application Form will only be provided to the Note Investors, together with a copy of this Prospectus.

The New Convertible Notes are to be issued on the terms set out in the New Convertible Note Agreement, which is summarised in section 4.7.

Upon New Convertible Notes being converted, the Shares issued will rank equally with other Shares on issue at the time. A summary of the rights and liabilities attaching to Shares is set out in section 4.4.

1.2.3 Purpose

Among other things, the issue of the New Convertible Notes will effectively defer the Company's obligation to repay the Relevant Debt to 30 June 2022, and provide an opportunity for the Relevant Debt to be repaid in Shares rather than in cash only. The New Convertible Notes will not, however, be issued for cash consideration and, therefore, the purpose of the Convertible Note Offer is not to raise capital.

Instead, the primary reason for offering the New Convertible Notes under this Prospectus via the Convertible Note Offer is to remove trading restrictions on any Shares issued upon the conversion of a New Convertible Note in accordance with *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80*.

1.3 Offer period

The Offers will open on the Opening Date and close on the Closing Date.

1.4 Applications

1.4.1 Application monies

No application monies are payable under the Offers.

1.4.2 Application Forms

An application under an Offer may only be made by an eligible person using an Application Form (as applicable).

A completed Application Form must be sent to the Company by:

- post or delivery to Level 2, 35 Outram Street, West Perth WA 6005; or
- email to aitaliano@consolidatedzinc.com.au,

so that it is received before the Closing Date.

The Company may accept or reject an application under an Offer in its absolute discretion. The Company's decision as to whether to treat an application as valid and how to construe, amend or complete an Application Form is final.

1.4.3 Investor representations

Sending an Application Form to the Company or otherwise applying for securities under an Offer will be taken by the Company to constitute a representation by the investor that it (as applicable):

- has received a printed or electronic copy of this Prospectus accompanying the Application Form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- has obtained all necessary approvals and complied with all relevant laws and regulations for the purposes of section 1.5 (to the extent that they are applicable) and confirms its eligibility in respect of the offer of securities under the Offer;
- declares that all details and statements in the Application Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Application Form;
- acknowledges that its application may not be withdrawn once received by the Company;
- agrees to being issued the number of new securities that it applies for (or such other number issued in accordance with this Prospectus);
- authorises the Company to register it as the holder of the securities issued to it under the Offer;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the securities are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for the securities to be issued to it, including correcting any errors in the Application Form or other form sent by it and acting on instructions received by the Share Registry using the contact details in the Application Form.

1.5 Foreign restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the offering of securities in any jurisdiction outside Australia.

It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of securities offered under this Prospectus. The return of an Application Form will constitute a representation and warranty that there has been no breach of such laws and regulations.

1.6 Minimum subscription

The Offers do not have minimum subscriptions.

1.7 Oversubscriptions

The Offers do not allow for oversubscriptions.

1.8 Capital raising fees

No capital raising fees are payable by the Company in relation to the Offers. However, the Company paid a 2% management fee and a 4% capital raising fee with respect to the amount raised under the Placement to its lead manager, Lazarus Corporate Finance.

1.9 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Options offered under this Prospectus. If approval for quotation of the New Options is not granted within 3 months after the date of this Prospectus (or any later time permitted by law), the Company will not issue any New Options under the Option Offer.

The Company will not apply for quotation of the New Convertible Notes.

1.10 Issue date

Any issue of securities under an Offer is anticipated to occur in accordance with the timetable set out in this Prospectus. Following this, holding statements will be sent to investors as required by ASX. It is the responsibility of investors to determine their allocation prior to trading in the securities. Investors who sell their securities before they receive their holding statement will do so at their own risk.

1.11 CHESS and issuer sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be sent to security holders as soon as practicable after the issue date. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Share Registry (for security holders who elect to hold Shares on the issuer sponsored sub-register). The statements will set out the number of securities issued under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold Shares on the issuer sponsored sub-register). Updated holding statements will also be sent to a security holder following the month in which the balance of its security holding changes, and otherwise as required by the Listing Rules and the Corporations Act.

1.12 Privacy

Persons who apply for securities under this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities, to provide facilities and services to security holders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for securities will not be processed.

In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

1.13 Tax

It is the responsibility of all investors to satisfy themselves of the particular tax treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither Company

or its Directors accept any liability or responsibility in respect of any tax consequences to an investor relating to this Prospectus.

1.14 Enquiries

Enquiries relating to this Prospectus can be directed to the Company by telephone on +61 8 9322 3406.

2 Offer Effects

2.1 Cash reserves

As discussed in sections 1.1 and 1.2, no funds will be raised from the Offers. The estimated costs set out in section 4.12 will be met from the Company's existing cash reserves.

2.2 Financial position

2.2.1 Reduced cash balance

As no funds are being raised under the Offers, and associated costs will be paid from its existing cash reserves, the Offers are expected to reduce the cash balance item in the Company's statement of financial position by the amount set out in section 4.12.

2.2.2 Current liabilities become non-current liabilities

The issue of the New Convertible Notes will be in discharge of the Relevant Debt. As the Relevant Debt is due from 30 June 2020 to 30 June 2021 (as applicable), and the New Convertible Notes mature on 30 June 2022, the Convertible Note Offer will effectively mean that the Relevant Debt is classified as a non-current liability rather than a current liability in the Company's statement of financial position as the Relevant Debt is no longer payable within 12 months.

2.2.3 Statement of financial position

As the impact of the Offers on the Company's statement of financial position are limited to those described in sections 2.2.1 and 2.2.2, the Company has not included a pro forma statement of financial position in this Prospectus.

2.3 Capital structure

The capital structure of the Company at the date of this Prospectus, and its anticipated capital structure upon completion of the Offers, is set out below.

Security	Existing	Completion
Shares	2,491,244,944	2,491,244,944
Total Shares	2,491,244,944	2,491,254,944
New Options ¹	590,311,631	780,311,631
Other Options ²	119,783,882	119,783,882
Performance Rights ³	96,750,000	96,750,000
New Convertible Notes ⁴	Nil	451,130,333
Fully diluted Share capital	3,298,090,457	3,939,220,790

Notes:

1 New Options are quoted (ASX:CZLOB), have an exercise price of \$0.06 each, expire on 1 June 2023 and are otherwise on the terms set out in section 4.6. It is not anticipated that the Company will issue any New Options under the Option Offer, however the Company does intend to issue 190,000,000 New Options to the Placement Investors under the Placement before the Closing Date.

2 Options other than New Options are unquoted and:

- 40,000,000 have an exercise price of \$0.06 each and expire on 31 December 2020;

- 1,250,000 have an exercise price of \$0.06 each and expire on 30 June 2023;
 - 1,250,000 have an exercise price of \$0.06 each and expire on 30 September 2023;
 - 57,283,882 have an exercise price of \$0.025 each and expire on 31 December 2020; and
 - 20,000,000 have an exercise price of \$0.02 each and expire on 30 September 2021.
- 3 The Performance Rights are unquoted and:
- 1,500,000 (Class F) convert into Shares upon the Company achieving a JORC (2012) Mineral Resource of either 2.5Mt or 400kt Zinc + Lead contained and expire on 31 December 2020;
 - 1,500,000 (Class I) convert into Shares upon the Company achieving production of 16,000 tonnes in a month and expire on 31 December 2020;
 - 56,250,000 (Class O) convert into Shares upon the Company reaching a market capitalisation of A\$100,000,000 for a period of over 20 consecutive days and expire on 31 December 2021; and
 - 37,500,000 (Class P) convert into Shares upon the Company reaching a market capitalisation of A\$200,000,000 for a period of over 20 consecutive days and expire on 31 December 2021.
- 4 The Company proposes to issue 4 New Convertible Notes to the Note Investors (as applicable) under the New Convertible Note Agreement and the Convertible Note Offer. The New Convertible Notes will be issued in discharge of the Relevant Debt, and will have a deemed aggregate face value of \$1,127,826. The Note Investors may convert the New Convertible Notes into Shares at a price of \$0.003 each and otherwise on the terms set out in section 4.7. The figure for New Convertible Notes in the above table represents the anticipated maximum number of Shares that may be issued to the Note Investors if they fully convert the New Convertible Notes (including accrued interest) into Shares upon their maturity on 30 June 2022. See section 2.4 for further information.

2.4 Control

The Offers in themselves are not expected to have a material impact on control (as defined by section 50AA of the Corporations Act) of the Company.

However, conversion of the New Convertible Notes into Shares will have a dilutionary impact on Shareholders other than the Note Investors, which are controlled by the Company's largest Shareholder, the Copulos Group. Further, if the Note Investors elect to convert the New Convertible Notes into Shares, the voting power of the Copulos Group will likely increase, which will in turn dilute the voting power of other Shareholders.

The table below demonstrates the impact that full conversion of the New Convertible Notes assuming different conversion dates up to maturity may have on the Copulos Group's voting power and dilution to other Shareholders.

Conversion date	Aggregate face value plus interest	Shares issued to Copulos Group	Voting power increase for Copulos Group	New voting power of Copulos Group	Dilution to other Shareholders
31 December 2020	\$1,184,217	394,739,000	9.43%	40.45%	15.8%
30 June 2021	\$1,240,609	413,536,333	9.82%	40.84%	16.6%
31 December 2021	\$1,297,000	432,333,333	10.20%	41.22%	17.4%
30 June 2022	\$1,353,391	451,130,333	10.57%	41.59%	18.1%

Notes:

- 1 The table assumes that there are 2,491,244,944 Shares on issue, being the number of Shares on issue at the date of this Prospectus. If Shares are issued to persons other than the Copulos Group in the future then the impact of the New Convertible Notes on dilution and voting power will likely be reduced accordingly.
- 2 At the date of this Notice, the Copulos Group has a relevant interest in 772,694,349 Shares for a voting power in the Company of 31.02%. If Shares are issued to the Copulos Group in the future for reasons other than the New Convertible Notes (e.g. the exercise of Options) then its new voting power following conversion of the New Convertible Notes may be higher than the figures in the table.

- 3 The table assumes full conversion of the deemed aggregate face value and accrued interest under the New Convertible Notes as at the relevant conversion date. Please note that:
- the Copulos Group may partially convert a New Convertible Note from time to time before maturity; and
 - conversion of a New Convertible Note is subject to the takeover prohibition in section 606 of the Corporations Act (e.g. shareholder approval under item 7 of section 611 of the Corporations Act, the 3% creep exception under item 9 of section 611 of the Corporations Act, etc), the Corporations Act generally and the Listing Rules.

3 Risk Factors

3.1 Overview

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Company considers that the matters summarised in this section 3, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

3.2 Specific risks

3.2.1 Going concern

The Company's annual financial report for the period ended 31 December 2019 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.

The Company has since undertaken the Entitlement Offer and the Placement, which have resulted in the Company raising a total of \$2,295,933 (before costs). Further, the Company has entered into the New Convertible Note Agreement which, among other things, effectively defers the timeframes for payment of the Relevant Debt.

The Company considers that it has sufficient funds to adequately meet its current expenditure commitments and short-term working capital requirements.

3.2.2 Future capital needs

Additional funding may be required by the Company to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which it may incur. 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.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its business. Further, if adequate funds are not available on acceptable terms, it may impact the ability of the Company to continue as a going concern.

3.2.3 Coronavirus (COVID-19)

Global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Company's Share price may also be adversely affected by the economic uncertainty caused by COVID-19.

Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

As a result of COVID-19, the Mexican government restricted all non-essential businesses and as such the Company was prevented from operating at the Plomosas Project from 6 April 2020 to 1 June 2020. On 1 June 2020, the Mexican government announced that all mining operations would be deemed essential. Therefore, the Company has been permitted to recommence mining activities.

Although mining activities have now been deemed an essential service in Mexico, there is no guarantee that the Mexican government will maintain this position, which could again adversely affect the Company's operations.

3.2.4 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.

3.2.5 Underground mining and operations

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.

3.2.6 Ore treatment

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 were undertaken to upgrade the concentrator facility's capacity to process ore. These expansion works were partly funded by the Company. Ore treatment 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, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables and inputs (including reagents and power), spare parts and plant and equipment, labour disputes, and industrial accidents.

3.2.7 Exploration

The Company will 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.

3.2.8 Commodity price and volatility

Zinc, lead and silver (in concentrates) are 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, silver, and gold) 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.

The price for zinc, in particular, is currently being negatively impacted by the global economic impacts of the COVID-19 virus.

3.2.9 Sale of product

The concentrate products produced by the Company after mining and processing are zinc and lead concentrates. The Company has an offtake agreement for 100% of its zinc concentrate, with Industrias Penoles S.A. de C.V. (**Penoles**), one of the world's leading zinc refiners. The zinc offtake agreement runs to 31 December 2020 with options, at Penoles' election, to be extended for a further 2 years. Lead concentrate is sold to global commodity trading houses at spot volumes on short term contracts. The failure of Penoles to exercise its option to extend the zinc offtake agreement or any unfavourable movements in the spot volumes of lead concentrate may negatively impact the Company.

3.2.10 Treatment charges

Treatment charges apply to zinc and lead concentrates. The Plomosas zinc concentrate treatment charges are linked to the international benchmark, which is reset annually in approximately April of each year. The lead treatment charge is negotiated on a spot volume basis and is subject to prevailing market conditions at the time of agreeing a spot sale. If there is a material change in the treatment charges that apply to zinc and lead concentrates this could adversely impact the Company's cost base.

3.2.11 Legal proceedings

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

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.

The Mexican legal system is based on French Napoleonic law, which differs significantly from English based legal systems. Legal disputes like the two below can take more than one year to resolve and there can be no reliable timeframe for resolution. The Company continues to operate with all its rights in place whilst the disputes are on-going.

As announced on 3 December 2019, Caminos y Construcciones Ganti S.A. de C.V. (**Ganti**) was terminated as the mining contractor at the Plomosas Project. The Company's decision to terminate the mining contract was a result of an annual review which identified significant overcharging and underperformance by Ganti. Rather than follow the contractual conflict resolution scheme in relation to disputed cost claims, Ganti submitted legal proceedings in the Federal District Court of Mexico claiming final costs outstanding of Mexican Peso 23,632,639 (inclusive of 16% VAT) (approximately US\$1,255,719). This action is being defended, details and updates have been announced on 13 January 2020, 3 February 2020 and 7 February 2020.

Further, the Company notes that 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 against the rancher and confirmed that the Company's subsidiary has a

valid and enforceable land use agreement. Subsequently, the local rancher's wife has made a claim seeking termination of the land use agreement. She was not a party to the land use agreement but has based her claim on recent legislative changes in Mexico in relation to marital assets. The Company has received legal advice that there is no basis for the claim and as such the Company will defend its rights and considers the claim vexatious.

At the date of this Prospectus, there are no other material legal proceedings affecting the Company, and neither the Company or its Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

3.2.12 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.

3.2.13 Title and licence conditions

The Plomosas Project covers 11 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.

3.2.14 Land access

The Plomosas Project covers 11 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 on the mining leases. The Company needs a valid and effective land use agreement in place to ensure appropriate access.

3.2.15 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.

3.2.16 Foreign exchange

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.

3.2.17 Jurisdiction

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.

3.2.18 Union disputes, blockages and unrest

Union disputes, blockages 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.

3.2.19 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.

3.2.20 Climate change

The operations and activities of the Company are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

3.3 General risks

3.3.1 Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research, development and production activities, as well as on its ability to fund those activities.

3.3.2 Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- fear of global pandemics; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular. Neither the Company or its Directors warrant the future performance of the Company or any return on an investment in the Company.

3.3.3 Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

3.3.4 Unforeseen expenditure

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

3.3.5 General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and security price may be affected by these factors, which are beyond the Company's control.

3.3.6 Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

3.3.7 Force majeure

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

3.3.8 Tax

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

3.3.9 Speculative investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Investors should consider an investment in the Company as highly speculative and should consult their professional advisors before deciding whether to participate in an Offer. The securities offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

4 Additional Information

4.1 Continuous disclosure

Being admitted to the official list of ASX, the Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offers. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

4.2 Transaction-specific prospectus

Under section 713 of the Corporations Act (as modified by *ASIC Corporations (Offers of Convertibles) Instrument 2016/83*), the Company is entitled to issue a transaction-specific prospectus in respect of the Offers.

In general terms, a transaction-specific prospectus is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - the annual financial report of the Company for the financial year ended 31 December 2019;
 - any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

Other than as set out in this Prospectus, there is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- would reasonably require for the purpose of making an informed assessment of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- the rights and liabilities attaching to the securities the subject of this Prospectus; and
- would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offers. If investors require further information in relation to the Company, they are encouraged to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX by the Company since the Company lodged its annual financial report for the financial year ended 31 December 2019 on 1 April 2020.

Date	Title
31/07/2020	Annual General Meeting Presentation
31/07/2020	Results of Meeting
31/07/2020	Constitution
31/07/2020	Quarterly Cashflow Report
31/07/2020	Quarterly Activities Report
30/07/2020	Permits granted for Plomosas to move to onsite processing
28/07/2020	Details of Company Address
21/07/2020	Change in substantial holding – Copulos Group
17/07/2020	Operations and exploration update
02/07/2020	Finance facilities consolidated
02/07/2020	Letter to Shareholders – Annual General Meeting
02/07/2020	Operational Update & COVID-19
29/06/2020	Change of Director's Interest Notice – Brad Marwood
29/06/2020	Change of Director's Interest Notice – Andrew Richards
19/06/2020	Change in substantial holding – Copulos Group
18/06/2020	Change in substantial holding – Retzos Group
18/06/2020	Appendix 2A
11/06/2020	Proposed issue of Securities – CZL
09/06/2020	Trading Halt
01/06/2020	Top 20 securityholders – CZLOB
01/06/2020	Change of Director's Interest Notice – Andrew Richards

Date	Title
01/06/2020	Change of Director's Interest Notice – Angela Pankhurst
01/06/2020	Appendix 2A
01/06/2020	Update – Proposed issue of Securities – CZL
29/05/2020	Entitlement Offer – Closed
21/05/2020	Shareholder Presentation – Plomosas Potential and Position
21/05/2020	Entitlement Issue Closing
14/05/2020	COVID-19 Update – Plomosas Potential and Position
13/05/2020	Entitlement Issue – Online Application Form Available
06/05/2020	COVID-19 Update
30/04/2020	Quarterly Cashflow Report
30/04/2020	Quarterly Activities Report
29/04/2020	Annual Report to shareholders
29/04/2020	Updated Mineral Resource
27/04/2020	Letter to Optionholders
27/04/2020	Letter to ineligible shareholders
27/04/2020	Prospectus - Non-Renounceable Issue
23/04/2020	Proposed issue of Securities - CZL
23/04/2020	Proposed issue of Securities - CZL
23/04/2020	Reinstatement to Official Quotation
23/04/2020	Capital Raising Update
23/04/2020	Widespread Gold with high-grade potential identified
23/04/2020	Resource Drilling Update
23/04/2020	Operations Update
17/04/2020	Voluntary suspension extension
09/04/2020	Voluntary Suspension Extension
07/04/2020	Capital raising update
07/04/2020	Voluntary Suspension
07/04/2020	Supplementary Prospectus

Date	Title
01/04/2020	Trading Halt
01/04/2020	Corporate Governance Statement
01/04/2020	Appendix 4G
01/04/2020	Full Year Statutory Accounts

4.3 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months before the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

Shares	Price	Date
High	\$0.004	Various
Low	\$0.003	Various
Last	\$0.004	Various

4.4 Market price of New Options

The highest and lowest closing prices of New Options on the ASX before the date of this Prospectus since first being quoted and issued on 1 June 2020, and the closing price on the trading day before the date of this Prospectus, are set out below.

New Options	Price	Date
High	\$0.001	Various
Low	\$0.001	Various
Last	\$0.001	Various

4.5 Rights attaching to Shares

4.5.1 Overview

A summary of the rights and liabilities attaching to Shares is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

4.5.2 Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up

on that member's share bears to the total amounts paid and payable (excluding amounts credited) on that share.

4.5.3 Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- the Directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- the person entitled to a dividend on a Share is entitled to:
 - if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

4.5.4 Winding up

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

4.5.5 Further increases in capital

Subject to restrictions on the issue or grant of securities contained in the Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the Directors think fit.

4.5.6 Variation of rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

4.5.7 Transfer of securities

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under the Constitution or the Listing Rules.

4.5.8 Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of shares in the Company to effect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

4.5.9 Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.5.10 Shareholder liability

As Shares are fully paid shares, they are not subject to any calls for money by the Company and will therefore not become liable for forfeiture.

4.6 Terms of New Options

4.6.1 Overview

The terms of the New Options are as set out in section 7.5 of the Recent Prospectus and are restated below, except that the actual Expiry Date has been specified and section numbering has been updated (as applicable) below.

4.6.2 Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

4.6.3 Exercise Price

Subject to section 4.6.10, the amount payable upon exercise of each New Option will be \$0.006 (**Exercise Price**).

4.6.4 Expiry Date

Each New Option will expire at 5:00pm (AWST) on 1 June 2023 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4.6.5 Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

4.6.6 Notice of Exercise

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

4.6.7 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

4.6.8 Timing of issue of Shares on exercise

Within 10 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under 4.6.8(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

4.6.9 Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

4.6.10 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

4.6.11 Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising New Options.

4.6.12 Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

4.6.13 Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4.6.14 Quotation

The Company will seek to have the New Options quoted by ASX.

4.7 Terms of New Convertible Notes

4.7.1 Overview

The terms of the New Convertible Notes are set out in the New Convertible Note Agreement, which is summarised below.

4.7.2 Issue

Within 7 days of Shareholder approval (n.b. this approval was obtained at the Annual General Meeting), the Company will issue 4 New Convertible Notes to the Note Investors as follows:

New Convertible Note	Note Investor	Deemed face value
No. 1	Citywest Corp Pty Ltd <ATF Copulos (Sunshine) Unit Trust>	\$91,388
No. 2	Eyeon No 2 Pty Ltd	\$238,411
No. 3	Eyeon No 2 Pty Ltd	\$465,935
No. 4	Eyeon Investments Pty Ltd	\$332,092

4.7.3 Relevant Debt

No cash consideration is payable by the Note Investors for the New Convertible Notes as they will be issued in full discharge of the Relevant Debt. The Note Investors release the Company from any liabilities in relation to the Loan Agreements with effect from 1 July 2020.

4.7.4 Interest

A New Convertible Note will accrue interest at 10% per annum with effect from 1 July 2020.

4.7.5 Maturity

A New Convertible Note will mature on 30 June 2022 (**Maturity Date**).

4.7.6 Conversion into Shares

Subject to section 4.7.7, until maturity, a New Convertible Note (including accrued interest) may be converted wholly or partly (**Relevant Amount**) into Shares at a conversion price of \$0.003 each (**Conversion Price**) by the Note Investor (as applicable) giving written notice (**Conversion Notice**) to the Company.

Within 14 days of receiving a Conversion Notice, the Company must issue Shares to the Note Investor (or its nominee) in accordance with the following formula:

$$S = RA / CP$$

Where:

- (a) **S** is the number of Shares to be issued;
- (b) **RA** is the Relevant Amount; and
- (c) **CP** is the Conversion Price.

4.7.7 Restrictions on conversion

A Note Investor must not give the Company a conversion notice if the number of Shares to be issued under it would cause the Note Investor to breach section 606 of the Corporations Act.

If an issue of Shares upon conversion would contravene the Listing Rules or the Corporations Act then, to the extent that such issue would do so, the Company's obligation to issue the Shares is deferred until such time or times that the issue would not contravene the Listing Rules or the Corporations Act.

4.7.8 Redemption for cash

If the Note Investor decides to redeem a New Convertible Note for cash, the Company will have 3 months from the Maturity Date to pay the amount due.

4.7.9 Prepayment

The Company may prepay all or any part of a New Convertible Note in cash to the Note Investor at any time without incurring any penalty or fee.

4.7.10 Reorganisation

If there is a reorganisation of the issued capital of the Company (including any consolidation, subdivision, bonus issue, reduction, cancellation or return) then the conversion price will be adjusted by the Company as appropriate and consistent with the reorganisation to ensure that:

- (a) the proportion which the Shares to be issued to a Note Investor on conversion after the reorganisation has occurred bears to the total Shares on issue is the same as it would have been had the reorganisation not occurred; and
- (b) it complies with the Listing Rules, the Corporations Act and any other applicable laws.

4.7.11 Shares issued

Shares issued on any conversion of a New Convertible Note will rank equally with other Shares on issue at the time.

4.8 Substantial holders

Based on publicly available information at the date of this Prospectus, those persons with a voting power in the Company of at least 5% are set out below.

Shareholder	Shares	Voting power
Copulos Group	772,694,349	31.02%
Retzos Group	170,818,990	6.86%

4.9 Director interests

4.9.1 Overview

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years before the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offers.

4.9.2 Remuneration

The cash remuneration (including superannuation) paid or to be paid to the Directors for the 2 years before the date of this Prospectus is set out below.

Director	Position	12 months to 31 Dec 2018 ¹	Financial year ended 31 Dec 2019 ²	7 months to 31 Jul 2020 ³
Bradley Marwood	Managing Director	A\$224,740	US\$264,139	US\$139,500
Andrew Richards	Non-Executive Chairman	A\$226,356	US\$94,442	US\$41,667
Angela Pankhurst	Non-Executive Director	A\$18,250	US\$48,434	US\$21,688

Notes:

- 1 Cash remuneration paid to Directors for the 12 months ended 31 December 2018 is unaudited and in Australian Dollars. The Company changed its annual balance date to 31 December as at 31 December 2018.
- 2 Cash remuneration paid to Directors for the 12 months ended 31 December 2019 is audited and in US Dollars.
- 3 Cash remuneration paid to Directors for the 7 months ended 31 July 2020 is unaudited and in US Dollars.

4.9.3 Security holdings

The securities in the Company in which the Directors have relevant interests at the date of this Prospectus are set out below.

Director	Shares	Voting power	Performance Rights	Options
Andrew Richards ¹	17,000,001	0.68%	19,750,000	3,114,990
Bradley Marwood ²	3,558,851	0.14%	51,000,000	-
Angela Pankhurst ³	524,450	0.02%	-	136,116

Notes:

- 1 The Performance Rights (Classes F, I, O and P) convert into Shares upon the achievement of various milestones and on various dates, as described in Section 2.3 of this Prospectus. The Options have an exercise price of \$0.006 each and expire on 1 June 2023.
- 2 The Performance Rights (Classes F, I, O and P) convert into Shares upon the achievement of various milestones and on various dates, as described in Section 2.3 of this Prospectus.
- 3 The Options have an exercise price of \$0.006 each and expire on 1 June 2023.

4.10 Expert and adviser interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years before the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or

- the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offers.

AGH Law has acted as the legal adviser to the Company in relation to the Offers. The estimated fees payable to AGH Law for these services are \$5,000 (exclusive of GST). Further amounts may be paid to AGH Law in accordance with its usual time based rates.

4.11 Consents

Each of the parties referred to below:

- does not make the Offers;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

AGH Law has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Offers in the form and context in which it is named. AGH Law has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

4.12 Costs

The estimated costs of the Offers (exclusive of GST) are set out below.

Item	Amount
ASIC fees	\$3,206
ASX fees	\$5,000
Legal fees	\$5,000
Printing, registry and other costs	\$1,000
Total	\$14,206

4.13 Litigation

At the date of this Prospectus, other than as disclosed in section 3.2.11, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

4.14 Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each existing and proposed Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

5 Definitions

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

Annual General Meeting means the annual general meeting of the Company held on 31 July 2020.

Application Forms means the Option Application Form and the Convertible Note Application Form, and **Application Form** means any one or more of them (as applicable).

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Operating Rules means the official settlement and operating rules of ASX Settlement.

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

Board means the board of Directors.

Business Day means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement.

Closing Date means the date that the Offers close, being 5:00pm (AWST) on 4 August 2020 or any other time and date determined by the Company.

Company means Consolidated Zinc Limited ACN 118 554 359.

Constitution means the constitution of the Company.

Convertible Note Application Form means the application form accompanying this Prospectus titled "Convertible Note Application Form" under which a Note Investor may apply for a New Convertible Note under the Convertible Note Offer (as applicable).

Convertible Note Offer means the offer of 4 New Convertible Notes under this Prospectus.

Copulos Group means Stephen Copulos and his controlled entities (including the Note Investors).

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

Director means a director of the Company.

Entitlement Offer means the non-renounceable pro rata entitlement offer announced to ASX on 23 April 2020 under which eligible Shareholders were offered 1 Share for every 3 Shares held at an issue price of \$0.003 each to raise (including by discharging debt) \$1,725,933 (before costs), together with 1 free attaching New Option for each Share issued.

Listing Rules means the official listing rules of the ASX.

Loan Agreements means the agreements between the Company and the Note Investors (as applicable) described in section 1.2.1.

New Convertible Note means a convertible note to be issued by the Company under the New Convertible Note Agreement and the Convertible Note Offer.

New Convertible Note Agreement means the convertible note agreement between the Company and the Note Investors announced to ASX on 2 July 2020, as summarised in section 4.7.

New Option means a quoted Option (ASX:CZLOB) on the terms set out in section 4.6.

Note Investors means Citywest Corp Pty Ltd ACN 081 721 413 <ATF Copulos (Sunshine) Unit Trust>, Eyeon No 2 Pty Ltd ACN 147 903 446 and Eyeon Investments Pty Ltd ACN 096 482 781 (each of which is a member of the Copulos Group), and **Note Investor** means any one or more of them (as applicable).

Offers means the Option Offer and the Convertible Note Offer, and **Offer** means any one or more of them (as applicable).

Opening Date means the date that the Offers open, being 10:00am (AWST) on 3 August 2020 (AWST), or any other time and date determined by the Company.

Option Application Form means the application form accompanying this Prospectus titled "Option Application Form" under which a person who is directly and specifically invited by the Company may apply for New Options under the Option Offer.

Option Offer means the offer of 100 New Options under this Prospectus.

Placement means the placement announced to ASX on 11 June 2020 under which 190,000,000 Shares were issued to the Placement Investors at an issue price of \$0.003 each to raise \$570,000 (before costs), and under which the Company proposes to issue 1 free attaching New Option for each Share issued to the Placement Investors under the Placement before the Closing Date.

Placement Investor means an investor who has participated in the Placement.

Prospectus means this prospectus dated 3 August 2020.

Recent Prospectus means the prospectus dated 26 April 2020 that was issued by the Company in relation to the Entitlement Offer.

Relevant Debt means all debt and any other liabilities payable by the Company to the Note Investors (as applicable) under the Loan Agreements, which amounts to approximately \$1,127,826 as at 30 June 2020.

Retzos Group means Chris Retzos and his controlled entities.

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

Shareholder means a registered holder of a Share.

Share Registry means Link Market Services Limited ACN 083 214 537.

Corporate Directory

Directors

Bradley Marwood
Managing Director

Andrew Richards
Non-Executive Chairman

Angela Pankhurst
Non-Executive Director

Company Secretary

Anthony Italiano

Registered Office

Level 2, 35 Outram Street
West Perth WA 6005

Phone: +61 8 9322 3406

Website

www.consolidatedzinc.com.au

ASX Code

CZL

Share Registry

Link Market Services Limited
Level 4, 130 Stirling Street
Perth WA 6000

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Legal Adviser

AGH Law
Level 2, 66 Kings Park Road
West Perth WA 6005