

Sale of Small Holdings of Shares

Consolidated Zinc Limited (“**Company**”) (ASX:CZL) is pleased to announce that it has entered into an agreement (“**Agreement**”) with Retzos Executive Super Fund (“**Purchaser**”) under which the Purchaser has agreed to make an offer to buy the ordinary shares of shareholders who hold shares in the Company valued at less than a “marketable parcel” (defined in the ASX Listings Rules as a parcel of securities of not less than \$500) (“**Small Holding**”) who do not elect to retain their shareholding.

The sale will be offered to shareholders with holdings of 13,157 fully paid ordinary shares in the Company or less, based on the Company’s closing share price of \$0.038 on the record date of 4 August 2015 (“**Record Date**”). The price for each share sold through this facility will be the greater of \$0.04 and the simple average of the last sale prices of Consolidated Zinc shares on ASX for each of the ten trading days immediately preceding the end of the notice periods to the relevant shareholders.

The Company has instituted this sale to assist shareholders with Small Holdings to sell their shares without having to use a broker or pay brokerage, and to reduce the administrative costs with maintaining a large number of Small Holdings. The Company will pay for the costs of the sale for shareholders who wish to sell their Small Holdings. Any individual taxation consequences arising from the sale of a Small Holding will be the shareholder’s responsibility.

Attached is a copy of the letter that will be mailed to shareholders who held a Small Holding on the Record Date. Shareholders can choose to retain their Small Holdings by following the instructions in the letter.

For and on behalf of Consolidated Zinc Limited

Chris Watts

Company Secretary

5 August 2015

Dear Consolidated Zinc Shareholder,

Notice of Intention to sell Shares of Less than Marketable Parcel

The Board of Directors of Consolidated Zinc Limited (ASX: CZL) ("Consolidated Zinc" or the "Company") are pleased to announce the Company will commence the process for the sale of ordinary shares ("shares") for holders who hold less than a "marketable parcel" (as defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) ("Less Than Marketable Parcel") ("Less Than Marketable Parcel Sale").

This offer applies to shareholders who at 5:00pm (WST) on 4 August 2015 ("Record Date") were holders of shares in Consolidated Zinc valued at less than \$500 based on the closing price of Consolidated Zinc shares of \$0.038 cents per share on the Record Date. Our records show that you are the holder of less than a marketable parcel as at the Record Date and accordingly your shareholding is eligible to participate in this share sale facility.

Consolidated Zinc is offering this facility as it provides the following benefits:

- holders of less than a marketable parcel have the opportunity to sell their shares without incurring any brokerage or handling costs which, in proportion to the value of their holding, may otherwise render a sale unattractive or uneconomical; and
- the expense and administration involved in maintaining shareholders with less than a marketable parcel is reduced.

The Company has approximately 1,515 shareholders of which approximately 1,153 hold less than a marketable parcel of shares that in aggregate represent approximately 0.96% of all issued shares.

You may choose to sell all of your holding or retain your existing holding as explained below.

1. Sell all of your Less Than Marketable Parcel

If you wish to sell your shares without incurring brokerage or handling costs, you do not need to take any action. Consolidated Zinc is authorised under Clauses 3.4 and 3.5 of its Constitution to sell your shares following the Closing Date of 25 September 2015 ("Closing Date").

Unless you take one of the steps outlined in section 2 of this letter by the Closing Date, Consolidated Zinc will issue a further notice of its intention to sell your Less Than Marketable Parcel ("Second Notice") and if you do not complete and return the Share Retention Form within five business days of the date of the Second Notice, and you still hold a Less Than Marketable Parcel at the date immediately following the expiry date in the Second Notice ("Date of Effect"), Consolidated Zinc will be entitled to sell your shares under this facility. Your shares will be pooled with other shares under this facility and sold as soon as practicable after the Date of Effect.

Consolidated Zinc will appoint an execution-only broker on behalf of shareholders to effect any sales under this facility. The price ("Authorised Price") you receive for each share sold through this facility will be the greater of \$0.04 and the simple average of the last sale prices of Consolidated Zinc shares on ASX for each of the ten trading days immediately preceding the date of any offer received by Consolidated Zinc.

You will be paid your sale proceeds in Australian dollars by cheque sent by post as soon as practicable following completion of the sale to your address as shown on the share register at the time the payment is made.

All costs associated with the sale of your shares will be borne by the Company. No brokerage will be payable by you.

If your shares are held in a CHESS holding, Consolidated Zinc may, after the Date of Effect initiate a holding adjustment to move your shares to the issuer sponsored sub-register for the purpose of this facility.

Any tax consequences arising from the sale of your shares will be your responsibility.

2. Retain your existing holding (Exemption from Clause 3)

If you wish to retain your existing holding then you must:

- correctly complete, sign and return the enclosed Share Retention Form so that it is received by 5.00pm WST on 25 September 2015, being the Closing Date of this facility.

You may also:

- arrange to have multiple holdings consolidated into the one holding which has at least \$500 in value on the Date of Effect. As an example, using the share price at the Record Date, being \$0.038, you would need to hold 13,158 or more shares in one holding on the Date of Effect (this number is indicative only and is subject to changes in the share price between the Record Date and Date of Effect); or
- make your own arrangements outside this facility to purchase additional shares so that on the Date of Effect you are the registered holder of shares of at least \$500 in value under the holder number stated on the Share Retention Form. As an example, using the share price at the Record Date, being \$0.038, you would need to hold 13,158 or more shares on the Date of Effect (this number is indicative only and is subject to changes in the share price between the Record Date and Date of Effect).

If you successfully take one of these steps, Consolidated Zinc will not be entitled to sell your shares.

Important information

Consolidated Zinc reserves the right to vary, delay or terminate this sale facility by notice to the ASX.

Consolidated Zinc is not bound to sell any or all of the shares that may be available for it to sell under this facility, and there is no guarantee that Consolidated Zinc will be able to sell your shares. In addition, the sale proceeds may differ from the market value of your shares on the Record Date, depending on movements in the market price of the shares and on the Company appointed brokers' ability to procure purchasers.

If you have a Less Than Marketable Parcel as at the Record Date, then unless you take one of the steps outlined in section 2 of this letter by the Closing Date, Consolidated Zinc will issue a Second Notice to you of its intention to sell your Less Than Marketable Parcel and if you do not complete and return the Share Retention Form within five business days of the date of the Second Notice, and you still hold a Less Than Marketable Parcel at the Date of Effect, Consolidated Zinc will be entitled to sell your shares under this facility.



Consolidated Zinc does not make any recommendation or provide any advice to you regarding whether to sell your holding under this facility or retain your existing holding.

If you require advice as to whether to sell your shares, please consult your legal, financial or taxation adviser.

For further information, please contact the Company on +61 8 9382 3100 between the hours of 8.30am and 5.00pm WST Monday to Friday.

Yours faithfully

On behalf of the Board of Directors of Consolidated Zinc Limited

Will Dix
Managing Director

**SRN/HIN:****Number of Shares held as at
the Record Date, 7:00pm (AEST)
on 4 August 2015:**

Dear Shareholder

IMPORTANT NOTICE – Sale of your Consolidated Zinc Limited Shares.

I am writing to advise you that Consolidated Zinc Limited is putting in place a Share Sale Facility for holders of Shares valued at less than \$500 as at 4 August 2015.

Consolidated Zinc Limited is offering this facility to assist holders of unmarketable parcels of Shares to sell them without brokerage costs and to reduce the expense to the company of maintaining almost 1,150 Shareholders with unmarketable parcels.

Unless you advise Consolidated Zinc Limited that you want to retain your Shares as set out below, your Shares will be sold and you will be sent the sale proceeds.

The Share Sale Facility is being established in accordance with Consolidated Zinc Limited's constitution and the ASX Listing Rules.

If you want to sell your Shares under the facility – you need take no action.

Your Shares will be sold on your behalf after 25 September 2015. You will not need to appoint a broker nor pay the brokerage and handling costs associated with the sale of Shares under the facility. Any tax consequences from the sale of your Shares will be your responsibility.

If you wish to retain your Shareholding in Consolidated Zinc Limited you must detach this retention slip and return it to Consolidated Zinc Limited's Registry, so that it is received no later than 5:00pm (AEST), on 25 September 2015.

If you require further information, please contact the Consolidated Zinc Limited Information Line on (08) 9322 3406 (within Australia) or +61 8 9322 3406 (from outside Australia) between 8:30am and 5:30pm (WST) Monday to Friday.

If you are in any doubt, or if you require information regarding possible taxation implications from participating in the facility, please consult your legal, financial or taxation adviser.

Yours sincerely

Company Secretary

RETENTION SLIP

If you wish to retain your Shareholding in Consolidated Zinc Limited you must detach this retention slip and return it to Consolidated Zinc Limited's Registry, so that it is received no later than 5:00pm (AEST), on 25 September 2015.

The slip can be returned using any of the methods set out on the reverse of this slip.

SRN/HIN:**DO NOT SELL MY SHARES**

MORE INFORMATION ON THE FACILITY

1. When will my Shares be sold?

It is intended that any Shares sold under the facility will be sold as soon as practicable after 25 September 2015.

2. What is an unmarketable parcel of Shares?

A parcel of Shares valued at less than \$500.

3. What price will I receive for Shares sold under the facility?

The price for each share sold through this facility will be the greater of A\$0.04 and the simple average of the last sale prices of Consolidated Zinc shares on ASX for each of the ten trading days immediately preceding the end of the notice periods to the relevant shareholders.

4. What is the price of Consolidated Zinc Limited Shares?

The last sale price of Consolidated Zinc Limited Shares on 4 August 2015 was A\$0.038. The Share price changes frequently and more recent prices are available in newspapers and from the ASX website (www.asx.com.au) under the ASX code "CZL".

5. When will the proceeds from the sale of Shares be sent to me?

Payment will be sent to you within 10 business days after the last sale under the facility. Payment will be made in Australian dollars by cheque. Link Market Services Limited will notify you, by way of a transaction confirmation statement, of the number of your Shares sold and the price and total sale proceeds you have received. The transaction confirmation statement (and cheque) will be sent by post, at your risk, to your address as shown on the register.

6. If I buy more Shares, will I retain my holding?

Yes, we will treat any movement in your Shareholding as an indication that you do not want your Shares to be sold under the facility. For a purchase to be an effective notification that you wish to retain your Shares, any additional Shares must be registered by 5:00pm (AEST), on 25 September 2015 under the same name and address and with the same holder number (SRN or HIN) as set out in this letter.

7. Where can I get further information?

If you require further information, please contact the Consolidated Zinc Limited Information Line on (08) 9322 3406 (within Australia) or +61 8 9322 3406 (from outside Australia) between 8:30am and 5:30pm (WST) Monday to Friday.

8. Important notes

Consolidated Zinc Limited reserves the right to change any of the dates referred to in this letter by notice to the ASX.

This letter does not constitute advice nor a recommendation to buy, sell or hold Shares nor that the facility is the best way to sell Consolidated Zinc Limited Shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.

RETENTION SLIP

Mailing Address

Consolidated Zinc Limited
C/- Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery

Consolidated Zinc Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
RHODES NSW 2138 **(Do not use this address for mailing purposes)**

This form must be received by Consolidated Zinc Limited's Registry no later than 5:00pm (AEST), on 25 September 2015, or your Shares will be sold.