

# **CONSOLIDATED ZINC LIMITED**

ACN 118 554 359

## **RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT**

A fully underwritten renounceable pro rata offer of New Shares at an issue price of \$0.016 each on the basis of 2 New Shares for every 5 Shares held on the Record Date to raise up to approximately \$2,952,072.

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

**THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM AEDT ON 19 MAY 2017**

**VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Rights Issue Offer Document and on the Entitlement and Acceptance Form regarding the acceptance of Shares under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL FINANCIAL ADVISER BEFORE DECIDING TO ACCEPT OR DECLINE THE OFFER.**

**THE SHARES OFFERED BY THIS RIGHTS ISSUE OFFER DOCUMENT SHOULD BE CONSIDERED SPECULATIVE IN NATURE.**

## **IMPORTANT INFORMATION**

This Rights Issue Offer Document is dated 1 May 2017. No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Rights Issue Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### **Eligibility**

Applications for New Shares by Eligible Shareholders can only be made on the original Entitlement and Acceptance Form, as sent with this Rights Issue Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### **Privacy**

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities. If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **Overseas Shareholders**

No Offer will be made to Shareholders resident outside Australia and New Zealand.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **New Zealand**

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. This document is not a prospectus or investment statement under New Zealand law and has not been registered or filed with, or approved by, any New Zealand

regulatory authority under or in accordance with the New Zealand Securities Act 1978 or any other relevant law in New Zealand. This document may not contain all the information that an investment statement, or a prospectus under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Rights Issue Offer Document or any Entitlement and Acceptance Form in any country outside Australia or New Zealand, except in such other country as the Company may determine it is lawful and practical to make the Offer. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

**This document is not a prospectus.** It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

This document has been prepared in accordance with section 708AA of the Corporations Act and applicable *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* which in general terms, permits certain companies to undertake entitlement offers without being required to use or provide to shareholders a prospectus or other disclosure document.

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## 1. Details of Offer

### 1.1 Offer

The Company is making a renounceable pro-rata offer of Shares to Eligible Shareholders on the basis of 2 New Shares for every 5 Shares held at the Record Date, each at an issue price of \$0.016 (**Offer**). The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**).

As at the Record Date, the Company will have on issue 461,261,388 Shares (assuming no Options are exercised prior to the Record Date). The Company expects that up to 184,504,555 New Shares will be issued under the Offer to raise approximately \$2,952,072 (before costs of the Offer).

The Company will accept Entitlement and Acceptance Forms until 5.00pm AEDT on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Where the determination of the entitlement of Eligible Shareholders results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Rights Issue Offer Document. You may accept the Offer only by applying for Shares on the Entitlement and Acceptance Form.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

Eligible Shareholders who take up their Entitlement in full may also apply for additional Shares under the Shortfall Offer. Please refer to section 1.8 for more information.

The Underwriter has the right to determine who is to receive any New Shares not subscribed for by Eligible Shareholders under the Offer in consultation with the Company pursuant to the Underwriting Agreement. Details regarding the Underwriting Agreement are set out in Section **Error! Reference source not found.**

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted or deemed to be accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed by the Applicant to be legally binding. The Offer and contract formed on acceptance are governed by the laws of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by this Rights Issue Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 1.2.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

## 1.2 Indicative Timetable

Lodgment of Appendix 3B and s708AA notice	1 May 2017
Notice to Shareholders	3 May 2017
Existing Shares quoted on an "ex" basis	4 May 2017
Record Date	5 May 2017
Rights Issue Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	10 May 2017
Rights trading ends	12 May 2017
Closing Date	19 May 2017
Company to notify ASX of under subscriptions (if any)	24 May 2017
Anticipated date for the issue of the Shares and sending of security holder statements	26 May 2017
Deferred settlement trading ends	26 May 2017
Normal (T+2) trading starts	29 May 2017
Settlement of on-market trades conducted on a deferred settlement basis and the first settlement of trades conducted on a T+2 basis	31 May 2017

Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

## 1.3 Use of Funds

It is proposed that the current cash reserves of the Company and the proceeds raised from the Offer be allocated as follows:

	\$
Pre Offer cash available <sup>(1)</sup>	114,543
Funds raised from the Offer	2,952,072
<b>Total funds available</b>	<b>3,066,615</b>
Scoping Study and Permitting	800,000
Ongoing Resource Definition Drilling and Exploration	1,600,000
Expenses of the Offer	240,000

General working capital	426,615
Total funds applied	3,066,615

(1) As at 20 April 2017.

#### **1.4 Rights trading**

The entitlements to Shares under the Offer are renounceable. Accordingly, there will be trading of Rights on ASX and you may dispose of your Entitlement to subscribe for Shares to another party. If you do not take up your Entitlement or dispose of your Rights to Shares under the Offer by the Closing Date, the Offer to you will lapse. The New Shares in your Entitlement that are not taken up by you, or any person that you dispose of your Rights to, will form part of the Shortfall.

#### **1.5 ASX quotation**

Application will be made to ASX for the Official Quotation of the Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares to be issued under the Offer, the Company will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

#### **1.6 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

#### **1.7 Underwriting**

The Offer is fully underwritten by the Underwriter on the terms of the Underwriting Agreement. Details regarding the Underwriting Agreement are set out in Section 4.1.

#### **1.8 Shortfall Offer**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will revert to the Underwriter unless it is allocated to other Eligible Shareholders as follows.

If you take up your Entitlement in full, you may also apply for additional Shares out of the Shortfall (**Shortfall Shares**) in excess of your Entitlement pursuant to a top-up facility (**Shortfall Offer**) by completing the relevant part of the Entitlement and Acceptance Form relevant to the Shortfall Offer. Refer to Section 2.7 for instructions as to how to apply for Shortfall Shares.

Shortfall Shares will only be available where there is a Shortfall between Entitlement and Acceptance Form applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Shortfall Shares will be issued at the issue price of \$0.016 per Shortfall Share, being the same price as New Shares under the Offer. The Shortfall Shares will have the same rights as the New Shares.

Eligible Shareholders who apply for Shortfall Shares may be allocated a lesser number of Shortfall Shares than applied for, or may be allocated no Shortfall Shares at all, in which case excess Application Monies will be refunded without interest. To the extent any Shares under the Offer remain unallocated, the Underwriter will (subject to the terms of the Underwriting Agreement) be required to subscribe for those Shares or procure sub-underwriters to do so on the Underwriter's behalf.

Shortfall Shares will be allocated in priority to Eligible Shareholders who apply for Shortfall Shares under the Shortfall Offer. All decisions regarding the allocation of Shortfall Shares will be made by the Underwriter in consultation with the Company and will be final and binding on all Eligible Shareholders.

The Offer is fully underwritten. In the event the Underwriting Agreement is terminated and there is a Shortfall, the Directors reserve the right to place the Shortfall Shares at their discretion.

### **1.9 Effect of the Offer on control of the Company**

The potential effect the Offer will have on each Shareholder's percentage interest in the total issued capital of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlement, each Eligible Shareholder's percentage in the total issued Shares of the Company will remain the same and will not be diluted; and
- (b) If some but not all Eligible Shareholders take up their entitlement, and the Shortfall is taken up under the Shortfall Offer and the Underwriting Agreement, the percentage interest in the total issued Shares of each Eligible Shareholder who does not take up their Entitlement will be diluted and the percentage interest of the total issued Shares of each Eligible Shareholder who does take up their Entitlement will remain the same; and
- (c) Ineligible Shareholders, who are not entitled to participate in the Offer, will be diluted (refer to Section 1.13 for further details).

The Copulos Group (various entities controlled by Director, Stephen Copulos) (**Copulos Group**) is currently a substantial Shareholder in the Company. The Copulos Group currently has a relevant interest in 99,744,122 Shares, representing approximately 21.624% of the Shares currently on issue. In addition, the Copulos Group holds convertible notes with an aggregate face value of \$1,000,000 which, subject to Shareholder approval, can be converted into Shares at the same price as the Company's most recent capital raising at the Copulos Group's election at any time prior to the maturity date of 31 December 2017 (provided the conversion does not breach section 606 of the Corporation Act) (**Convertible Notes**). Mr Copulos has advised the Company that the Copulos Group does not currently intend to convert the Convertible Notes into Shares until later in 2017. Mr Copulos also holds 2,500,000

Performance Rights which convert into Shares on a one for one basis upon satisfaction of performance milestones and 15,613,889 Options each exercisable at \$0.06 on or before 31 December 2018 (refer to Section 4.3 for further details).

Mr Copulos has advised the Company that it is his current intention that the Copulos Group will take up all of its Entitlement, being 39,897,649 Shares. In addition, the Copulos Group has entered into an agreement with the Underwriter to sub-underwrite 22,602,350 Shares under the Offer (\$361,637.60). The Copulos Group will receive a fee of \$10,849.12 for the sub-underwriting commitment.

The relevant interest of the Copulos Group (and Stephen Copulos) in Shares following completion of the Offer may vary depending upon the take-up under the Offer as follows (assuming no other Shares are issued prior to completion of the Offer, including as a result of the exercise of any Options or conversion of any Performance Rights or Convertible Notes).

Event	No. of Shares in which the Copulos Group (and Stephen Copulos) has a relevant interest	Voting power of the Copulos Group (and Stephen Copulos)
At the date of this Offer Document	99,744,122	21.624%
Offer is fully subscribed (no Shortfall)	139,641,770	21.624%
Offer is undersubscribed and the Copulos Group takes 50% of its sub-underwriting commitment <sup>(1)</sup>	150,942,945	23.374%
Offer is undersubscribed and the Copulos Group takes full sub-underwriting commitment <sup>(1)</sup>	162,244,120	25.124%

(1) Inclusive of Shares issued to the Copulos Group on taking up its full Entitlement under the Offer.

If the relevant interest of the Copulos Group (and Stephen Copulos) is greater than 21.624% post completion of the Offer, the Copulos Group (and Stephen Copulos) intend to rely on the exception in item 10 of section 611 of the Corporations Act to increase its voting power from a starting point above 20%.

Following completion of the Offer the Copulos Group (and Stephen Copulos) will have a relevant interest in Shares representing between 21.624% and 25.124%.

Stephen Copulos is currently a Director and Chairman of the Company. Neither Stephen Copulos, nor the Copulos Group, currently propose to make any changes to the Company's management or Board or alter the business of the Company or its activities.

No other Shareholder will acquire an interest in 20% or more of the issued capital of the Company as a result of the Offer.

### 1.10 Effect on capital structure of the Company

Below is a table showing the Company's current capital structure and the capital structure upon completion of the Offer, assuming none of the existing Options are exercised prior to the Record Date.

	Shares	Options	Performance Rights
Balance at the date of this Rights Issue Offer Document	461,261,388	160,109,502 <sup>(1)</sup>	8,333,333 <sup>(2)</sup>
To be issued under the Offer	184,054,555	0	0
Balance following completion of the Offer	645,315,943	160,109,502	8,333,333

(1) Comprises the following:

- (a) 22,437,500 Options exercisable at \$0.064 on or before 6 March 2018.
- (b) 4,000,000 Options exercisable at \$0.06 on or before 20 July 2018.
- (c) 126,172,002 Options exercisable at \$0.06 on or before 31 December 2018.
- (d) 7,500,000 Options exercisable at \$0.06 on or before 5 June 2020.

(2) Comprises the following:

- (e) 1,666,667 Performance Rights which convert into Shares on a one for one basis upon the Company announcing a JORC compliant resource containing not less than 2,000,000 tonnes of mineralisation at combined grade of at least 17% (Zn+Pb) by 30 June 2017 (**Tranche 1 Performance Rights**).
- (f) 1,666,666 Performance Rights which convert into Shares on a one for one basis upon the 10 day volume weighted average price of Shares being equal to or greater than \$0.10 for a period of 10 consecutive days by 30 June 2018 (**Tranche 2 Performance Rights**).
- (g) 1,666,667 Performance Rights which convert into Shares on a one for one basis upon the Company announcing a JORC compliant resource of not less than 1,200,000 tonnes of mineralisation at a combined grade of at least 17% (Zn+Pb) by 30 September 2019 (**Tranche 3 Performance Rights**).

- (h) 1,666,667 Performance Rights which convert into Shares on a one for one basis upon the commencement of construction of a mine at the Company's Plomosas Project by 30 September 2019 (**Tranche 4 Performance Rights**).
- (i) 1,666,666 Performance Rights which convert into Shares on a one for one basis upon the 10 day volume weighted average price of Shares being equal to or greater than \$0.15 for a period of 10 consecutive days by 30 September 2019 (**Tranche 5 Performance Rights**).

### 1.11 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale price of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document is as follows:

	\$	Date
Highest	\$0.03	3 February 2017
Lowest	\$0.018	6 April 2017
Last	\$0.021	26 April 2017*

\* Being the last trading day prior to the Company going into trading halt prior to announcing the Offer.

### 1.12 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Rights Issue Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Rights Issue Offer Document.

### 1.13 Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia and New Zealand. The Company has decided that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand having regard to the small number of Shareholders with addresses in other jurisdictions, the small number and value of the Shares they hold and the cost of complying with the legal requirements and the requirements of regulatory authorities in those other jurisdictions and the amount to be raised under the Offer.

This Rights Issue Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such

an offer or to issue this Rights Issue Offer Document. The distribution of this Rights Issue Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Rights Issue Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

However, pursuant to ASX Listing Rule 7.7, the Company has appointed a nominee, Patersons Securities Limited, to sell the Entitlements to which Ineligible Shareholders are entitled. The Company has applied to ASIC to approve the appointment of Patersons Securities Limited as nominee for the purposes of section 615 of the Corporations Act. At the date of this Offer Document, ASIC has not yet approved the appointment. The nominee must sell the Entitlements and will have the absolute and sole discretion to determine the timing and price at which the Entitlements are sold and the manner of any such sale. In consideration for its services as nominee, Patersons Securities Limited will be paid a fee of the greater of \$1,000 (exclusive of GST) or 1.5% brokerage on the Entitlements that it sells.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholders as described below.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the nominee may sell Entitlements, Ineligible Shareholders may, nevertheless, receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Neither the Company nor the nominee will be subject to any liability for failure to sell the Entitlements or to sell them at a particular price. If, in the reasonable opinion of the nominee, there is no viable market for the Entitlements of the Ineligible Shareholders, or a surplus over the expenses of the sale cannot be obtained in relation to the Entitlements that would have been offered to the Ineligible Shareholders, then those Entitlements will be allowed to lapse. The Shares not taken up will form part of the Shortfall Shares to be offered under the Shortfall Offer.

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **1.14 CHES and issuer sponsorship**

The Company participates in the Clearing House Electronic Subregister System, known as CHES. All trading on ASX in Shares will be settled through CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and the ASX Settlement Rules.

The Company's Registry operates an electronic issuer-sponsored sub-register and an electronic CHES sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHES, ASX Settlement will send you a CHES statement. The CHES statement will set out the number of Shares issued under this Rights Issue Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares, including a notice to exercise the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Company's Registry and will contain the number of Shares issued to you under this Rights Issue Offer Document and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

#### **1.15 Continuous disclosure obligations**

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

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

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

information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website [www.consolidatedzinc.com.au](http://www.consolidatedzinc.com.au) or the ASX [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the nonexclusive jurisdiction of the courts of Western Australia.

#### **1.16 Entitlement Offer Notice**

The Company has lodged with ASX a notice in accordance with section 708AA of the Corporations Act which sets out, amongst other information, the effect of the Offer on the control of the Company. This notice may be reviewed on the websites of the Company and ASX.

#### **1.17 Enquiries**

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting the company secretary by telephone on +61 (0)8 9322 3406

The addresses for the Registry are:

**Mailing Address**

Consolidated Zinc Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

**Delivery Address**

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

General enquires in relation to the Company can be made to the company secretary by telephone on +61 (0)8 9322 3406 and by visiting the Company's website at [www.consolidatedzinc.com.au](http://www.consolidatedzinc.com.au).

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## **2. Action Required**

### **2.1 Acceptance of Shares under this Rights Issue Offer Document**

Should you wish to accept all of your Entitlement to Shares, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY® payment, in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque, in Australian dollars, for the Application Monies indicated on the Entitlement and Acceptance Form, crossed "Not Negotiable" and made payable to "Consolidated Zinc Limited" and lodged and received at any time after the issue of this Rights Issue Offer Document and no later than 5.00pm (AEDT) on the Closing Date at the Company's share registry (by post) at:

By Post            Consolidated Zinc Limited  
                         C/- Link Market Services Limited  
                         GPO Box 3560  
                         Sydney NSW 2001

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your Entitlement upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY®, you should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by 5.00pm (AEDT) on the Closing Date. Please read the instructions carefully.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

### **2.2 If you wish to sell all your Entitlement on the ASX**

Should you wish to sell all of your Entitlement on the ASX, complete the section on the back of the accompanying Entitlement and Acceptance Form marked "Instructions to Your Broker" and lodge the form with your stockbroker.

Rights trading on the ASX commenced on 4 May 2017 and the sale of your Rights must be completed by the close of trading on the ASX on 12 May 2017 when Rights trading ceases.

### **2.3 If you wish to take up part of your Entitlement and sell the balance of your Entitlement on the ASX**

Should you wish to take up part of your Entitlement and sell the balance of your Entitlement on the ASX, complete the accompanying Entitlement and Acceptance Form for that part of your Entitlement that you wish to accept, and also complete the section on the back of the Entitlement and Acceptance Form marked "Instructions to your Stockbroker" for the balance of the Entitlement that you wish to sell on the ASX. Lodge the completed Entitlement and Acceptance Form with your stockbroker, together with your payment for the amount due in respect of the Entitlement you intend to take up (being the number of Shares which you wish to accept multiplied by \$0.016).

Rights trading on the ASX commenced on 4 May 2017 and the sale of your Rights must be completed by the close of trading on the ASX on 12 May 2017 when Rights trading ceases.

### **2.4 If you wish to transfer all or part of your Entitlement to another person other than on the ASX**

Should you wish to transfer all or part of your Entitlement to another person other than on the ASX, forward a completed standard renunciation form (obtainable from your stockbroker or from the Company's share registry) together with your Entitlement and Acceptance Form completed by both the transferor and transferee and the transferee's payment for the amount due in respect of the Entitlement to be taken up by the transferee (being the number of Shares taken up by the transferee multiplied by \$0.016) to the share registry so that it is received at any time after the issue of this Offer Document and on or before the Closing Date at the Company's share registry (by post) at the address listed in Section 2.1.

### **2.5 If you wish to take up part of your Entitlement**

Should you wish to only take up part of your Entitlement, then applications for Shares under this Rights Issue Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document or by completing a BPAY® payment in respect of the portion of your Entitlement you wish to take up, in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you wish to pay by cheque please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the Application Monies (calculated at \$0.016 per Share accepted). Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Consolidated Zinc Limited" and lodged and received at any time after the issue of this Rights Issue Offer Document and no later than 5.00pm (AEDT) on the Closing Date at the Company's share registry (by post) at the address listed in Section 2.1.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your Entitlement upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY®, you should check the processing cut off-time for Bpay® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by 5.00pm (AEDT) on the Closing Date. Please read the instructions carefully.

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

## **2.6 If you do not wish to take up you Entitlement**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything and your Entitlement will automatically lapse. In that case, New Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement, however your percentage holding in the capital of the Company will be diluted.

## **2.7 Shortfall**

If you wish to apply for Shares in excess of your Entitlement by applying for Shortfall Shares you may do so by completing the relevant sections of the Entitlement and Acceptance Form which accompanies this Rights Issue Offer Document, in accordance with the instructions referred to in this Rights Issue Offer Document and on the Entitlement and Acceptance Form (see Section 1.8).

Eligible Shareholders who take up their Entitlement in full may apply for Shortfall Shares on the Entitlement and Acceptance Form enclosed with this Rights Issue Offer Document. Shortfall Shares will be offered at an issue price of \$0.016 per Shortfall Share (the same issue price as under the Offer). Please read the instructions carefully.

Any Shares applied for in excess of your Entitlement will be made under the Shortfall Offer. The Company reserves the right to issue an Eligible Shareholder a lesser number of Shortfall Shares than applied for or no Shortfall Shares at all. All decisions regarding the allocation of Shortfall Shares will be made by the Underwriter in consultation with the Company and will be final and binding on all applicants for Shortfall Shares under the Shortfall Offer.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Consolidated Zinc Limited" and lodged and received at any time after the issue of this Rights Issue Offer Document and no later than 5.00pm (AEDT) on the Closing Date at the Company's share registry (by post) at the address listed in Section 2.1.

Further details regarding the Shortfall Offer are set out in Section 1.8.

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### **3. Risk Factors**

This Section discusses some of the key risks associated with an investment in Shares. A number of risks and uncertainties, which are both specific to the Company and of a more general nature, may adversely affect the operating and financial performance or position of the Company, which in turn may affect the value of Shares and the value of an investment in the Company.

The risks and uncertainties described below are not an exhaustive list of the risks facing the Company or associated with an investment in the Company. Additional risks and uncertainties may also become important factors that adversely affect the Company's operating and financial performance or position.

Before investing in the Company, you should consider whether an investment in the Company is suitable for you. Potential investors should consider publicly available information on the Company (such as that available on the websites of the Company and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

#### **3.1 Specific Risks associated with the Company**

(a) **Exploration and Development Risk**

Although there has been an extensive history of exploration and development in the area where the Company's Plomosas Project is located, there is no certainty that any mineral reserve will be realised. Further, there is no guarantee that any scoping and feasibility studies will confirm the grade, size or distribution of existing resource or exploration results. Until a deposit is actually mined and processed, the quantity of mineral resources and reserves, and grades, must be considered estimates only.

There is a risk that the proposed exploration activity on the Company's Plomosas Project will be unsuccessful and will not result in the discovery, mining or processing of a viable resource. Mineral exploration by its nature is a high risk activity and there can be no guarantee of success in relation to the project.

Whilst the Directors will make every effort to reduce this risk, the fact remains that the discovery and development of a commercially viable resource is the exception rather than the rule.

(b) **Operations in Mexico**

The Plomosas Project is located in northern Mexico and is held through Latin American Zinc S.A.P.I de C.V, the Mexican company that owns 100% of the Plomosas Project with Retec Guarú S.A. de C.V, the Company's Mexican partner.

There are risks associated with operating in Mexico, including various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licences, permits and contracts, illegal mining, changes in taxation policies, changes to

mining or investment policies and legislation or a shift in political attitudes, restrictions on foreign exchange and repatriation and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

(c) **Legal System in Mexico**

The legal system operating in Mexico may be less developed than more established countries, which may result in political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute.

(d) **Refurbishment and Replacement of Mine Infrastructure**

The Company currently estimates that moderate capital will be required to refurbish the existing mine infrastructure on the Plomosas Project, including production and ventilation shafts, many kilometres of underground mine development and the existing processing facilities. There is no guarantee that the Company will be successful in refurbishing or replacing the existing mine infrastructure on the project or that the Company will have sufficient capital to do so. Using or operating such infrastructure and facilities will also expose the Company to operational risks described in more detail below.

Further, it may be possible for the existing processing facilities on the Plomosas Project to be refurbished to treat ore up to a rate of 200 tonnes per day for potential early production. However, the processing facilities will need to be largely replaced if or when production is increased to 500 or more tonnes per day, which would require significant capital from the Company.

The Company currently estimates that any capital and operating costs will be low on a global comparison and in line with other operations in the immediate region. However further work is required through scoping and feasibility studies to confirm and quantify these estimates and there is a risk that refurbishing, replacing or operating the existing infrastructure will not be viable in the future.

(e) **Budget Risk**

The Company's exploration, development and operational cost estimates in respect of the Plomosas Project are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### **3.2 Risks Specific to Companies operating in the Industry**

(a) **Environmental Risk**

The minerals and mining industry has become subject to increasing environmental regulations and liability. The potential for liability is an ever present risk.

Further exploration work on the Plomosas Project will be carried out in a way that has minimal impact on the environment. It may be required for the Company to conduct baseline environmental studies prior to certain exploration or mining activities, so that environmental impact can be monitored and minimised wherever possible.

Moreover, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(b) **Operating Risk**

The Company's operations on the Plomosas Project may be disrupted by a number of events that are beyond the control of the Company. These include but are not limited to:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration or mining;
- (iii) operational and technical difficulties, including underground mining conditions and geological, geotechnical and seismic factors;
- (iv) access issues, including land access and access to power and water; and
- (v) industrial, mechanical, equipment and environmental hazards and difficulties.

It cannot be guaranteed that the further exploration to be carried out will bring about any new commercial or profitable mining operations. If a decision is made to commence operations on the project, the risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability for the Company.

As is common with all mining operations, there is uncertainty and risk associated with the Company's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Company's control. If such risks actually occur, the Company's business, financial condition and/or results of operations may be materially and adversely affected.

(c) **Commodity Price Volatility and Foreign Exchange Risk**

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for zinc and related minerals, forward selling by producers, and production cost levels in major metal-producing regions.

Commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(d) **Permits and other Regulatory Consents**

The Company's mining and exploration activities are dependent upon the grant and subsequently the maintenance of relevant licences, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of the consents, obtaining renewals, or getting licences granted, typically depends on the Company's success in obtaining required approvals for its proposed activities and that its licences, leases, permits or consents will be kept in good order and renewed as and when required.

There is no assurance that such grants and renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed.

### **3.3 General Risks**

(a) **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:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) 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 technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the resources industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the resources sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(c) **Litigation**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of the Company.

(d) **Taxation**

Any current rates of taxes imposed on the Company is likely to affect returns to Shareholders. An interpretation of taxation laws by the relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax to be paid. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Investors are encouraged to obtain professional tax advice in connection with any investment in the Company.

(e) **Investment risk**

The Shares to be issued pursuant to this Right Issue Offer Document should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. While the Directors commend the Offer, prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

### **3.4 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not

specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Rights Issue Offer Document. Therefore, the Shares to be issued pursuant to this Rights Issue Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Rights Issue Offer Document.

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## 4. Additional Information

### 4.1 Underwriting Agreement

The Company and the Underwriter have entered into an underwriting agreement (**Underwriting Agreement**) pursuant to which the Underwriter has agreed to fully underwrite the Offer.

The Company must pay to the Underwriter:

- (a) an underwriting fee equal to 6% of the total amount of the Offer (**Underwritten Amount**) less 5% of the amount sub-underwritten or subscribed for by Directors or Company-introduced investors; and
- (b) a lead manager fee of \$30,000 for its services in managing the Offer.

Additionally, the Company will reimburse the Underwriter for all reasonable costs and expenses of, and incidental to, the Offer provided that the Underwriter must obtain the Company's consent to specific individual items greater than \$1,000.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (c) **Indices fall:** any of the All Ordinaries Index or the S&P/ASX Small Resources Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- (d) **Share Price:** the Shares of the Company that trade on the ASX under the ASX code of "CZL" close on any day at a price that is less than \$0.016;
- (e) **No Official Quotation:** the Company fails to lodge an Appendix 3B in relation to the New Shares with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation;
- (f) **New Circumstance:** an obligation arises on the Company to give ASX a notice in accordance with subsection 708AA(12) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), in relation to a matter that the Underwriter reasonably considers to be adverse, or a new circumstance that the Underwriter reasonably considers to be adverse, arises or becomes known which, if known at the time of issue of this

Rights Issue Offer Document and the Cleansing Notice would have been included in this Rights Issue Offer Document or the Cleansing Notice;

- (g) **Cleansing Notice:** the Cleansing Notice is defective, or a supplementary statement is issued or is required to be issued under the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84));
- (h) **Misleading Offer Document:** it transpires that there is a statement in this Offer Document that is misleading or deceptive or likely to mislead or deceive in a material respect, or that there is an omission from this Offer Document or if any statement in this Offer Document becomes misleading or deceptive or likely to mislead or deceive in a material respect or if the issue of this Offer Document is or becomes misleading or deceptive or likely to mislead or deceive in a material respect (having regard to the provisions of s708AA of the Corporations Act and any other applicable requirement);
- (i) **Restriction on allotment:** the Company is prevented from allotting the New Shares under the Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (j) **ASIC application:** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Offer Document, the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (k) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (l) **Authorisation:** any authorisation which is material to anything referred to in this Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (m) **Indictable offence:** a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence;
- (n) **other termination events:** any of the following events occur which, in the reasonable opinion of the Underwriter reached in good faith, has, or is likely to have or two or more termination events together have or are likely to have: (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Securities under the Offer (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in those Securities), (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole, (c) the Underwriter's obligations under the Underwriting Agreement becoming materially more onerous than those

which existed at the date of the Underwriting Agreement, or (d) a material adverse effect on the tax position of either the Company and its subsidiaries either individually or taken as a whole, or an Australian resident Shareholder:

- (i) **Default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (ii) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (iii) **Contravention of constitution or Act:** a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (iv) **Adverse change:** an event occurs which gives rise to a material adverse effect (see (a) to (d) in paragraph (n) above) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any of its subsidiaries including, without limitation, if any forecast in this Offer Document becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **Error in Due Diligence Results:** it transpires that any of the due diligence results or any part of the verification material prepared in relation to the Offer was false, misleading or deceptive or that there was an omission from them;
- (vi) **Public statements:** without the prior approval of the Underwriter (such approval not to be unreasonably withheld) a public statement is made by the Company in relation to the Offer, the issue of the New Shares offered under the Offer or this Offer Document unless such statement is required by law or the Listing Rules;
- (vii) **Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the issue of the New Shares offered under the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive;
- (viii) **Official Quotation qualified:** the Official Quotation of the New Shares by the ASX is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement;
- (ix) **Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal

policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement;

- (x) **Prescribed Occurrence:** a Prescribed Occurrence occurs (see below) other than as disclosed in this Offer Document;
- (xi) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (xii) **Event of Insolvency:** an event of insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company or any of its subsidiaries;
- (xiii) **Judgment against the Company or any of its subsidiaries:** a judgment in an amount exceeding \$25,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days;
- (xiv) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any of its subsidiaries, other than any claims disclosed to the Underwriter in writing prior to the date of the Underwriting Agreement or foreshadowed in this Offer Document;
- (xv) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xvi) **Change in shareholdings:** there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries;
- (xvii) **Timetable:** there is a delay in any specified date in the Offer timetable which is greater than 3 Business Days and the delay has not been caused by the Underwriter or agreed to in writing by the Underwriter;
- (xviii) **Force Majeure:** any act of God, war, revolution, or any other unlawful act against public order or authority, an industrial dispute, a governmental restraint, or any other event which is not within the control of the Company or the Underwriter affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xix) **Certain resolutions passed:** the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;

- (xx) **Capital Structure:** the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by this Offer Document;
- (xxi) **Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of a the Company or any of its subsidiaries;
- (xxii) **Market Conditions:** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, the European Union or other international financial markets; or
- (xxiii) **Hostilities:** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Japan, Russia, the United Kingdom, the United States of America, Mexico, North Korea, the People’s Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world.

For the purposes of sub-paragraph (n)(x) above, **Prescribed Occurrence** means:

- (o) the Company or any of its subsidiaries converting all or any of its shares into a larger or smaller number of shares;
- (p) the Company or any of its subsidiaries resolving to reduce its share capital in any way;
- (q) the Company or any of its subsidiaries:
  - (i) entering into a buy back agreement or;
  - (ii) resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
- (r) the Company or any of its subsidiaries making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement;
- (s) the Company or any of its subsidiaries issuing, or agreeing to issue, convertible notes;
- (t) the Company or any of its subsidiaries disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (u) the Company or any of its subsidiaries charging, agreeing to charge, the whole, or a substantial part, of its business or property;
- (v) the Company or any of its subsidiaries resolving that it be wound up;

- (w) the appointment of a liquidator or provisional liquidator to the Company or any of its subsidiaries;
- (x) the making of an order by a court for the winding up of the Company or any of its subsidiaries;
- (y) an administrator of the Company or any of its subsidiaries, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (z) the Company or any of its subsidiaries executing a deed of company arrangement; or
- (aa) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company or any of its subsidiaries.

The Underwriting Agreement also contains a number of undertakings, indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

#### 4.2 Sub-underwriting Agreements

The Underwriter has entered into sub-underwriting agreements with various sub-underwriters, including the Copulos Group (refer to Section 1.9 above), pursuant to which the sub-underwriters have agreed to subscribe for the entire Offer. All fees to be paid to the sub-underwriters will be paid by the Underwriter.

Following the allocation of Shortfall Shares to Eligible Shareholders who apply for shortfall, if a shortfall still exists, the remaining Shortfall Shares will be allocated to the sub-underwriters.

#### 4.3 Directors' interests in Company securities

The Directors or their nominees currently hold Shares, Options and Performance Rights.

Set out in the table below are details of the Directors' relevant interests in Securities of the Company at the date of this Rights Issue Offer Document and their proposed participation in the Offer.

	No. of Shares held <sup>(1)</sup>	No. of Options held <sup>(2)</sup>	No. of Performance Rights held	Entitlement <sup>(6)</sup>	Entitlement and Sub-Underwriting Commitment
Stephen Copulos	99,744,122	15,613,889 <sup>(2)</sup>	2,500,000 <sup>(4)</sup>	39,897,649 <sup>(7)</sup>	62,499,999
William Dix	1,950,000	5,000,000 <sup>(3)</sup>	3,333,334 <sup>(5)</sup>	780,000 <sup>(8)</sup>	-
Andrew Richards	2,016,000	2,500,000 <sup>(3)</sup>	2,500,000 <sup>(4)</sup>	806,400 <sup>(9)</sup>	-
Luis Rogelio Martinez Valles	0	0	0	-	-

- (1) Held directly or indirectly by the Director or a related party of the Director.
- (2) Options exercisable at \$0.06 on or before 31 December 2018.
- (3) Options exercisable at \$0.06 on or before 5 June 2020.
- (4) Comprises 500,000 Tranche 1 Performance Rights, 500,000 Tranche 2 Performance Rights, 500,000 Tranche 3 Performance Rights, 500,000 Tranche 4 Performance Rights and 500,000 Tranche 5 Performance Rights.
- (5) Comprises 666,667 Tranche 1 Performance Rights, 666,666 Tranche 2 Performance Rights, 666,667 Tranche 3 Performance Rights, 666,667 Tranche 4 Performance Rights and 666,666 Tranche 5 Performance Rights.
- (6) Entitlement to subscribe for Shares that will be held directly or indirectly.
- (7) At the time of lodging this Offer Document, the Copulos Group (companies related to Director, Stephen Copulos) have advised that they intend to take up all of their Entitlements under the Offer and the Copulos Group has entered into a sub-underwriting agreement with the Underwriter pursuant to which the Copulos Group has agreed to sub-underwrite an additional 22,602,350 New Shares. The Copulos Group will receive a fee of \$10,849.12 for the sub-underwriting commitment.
- (8) At the time of lodging this Offer Document Will Dix has advised that he (or his nominees) intend to take up all of their full Entitlement under the Offer. Mr Dix has not entered into any sub-underwriting agreement with the Underwriter in this regard.
- (9) At the time of lodging this Offer Document Andrew Richards has advised that he (or his nominees) intend to take up some or all of their Entitlement under the Offer. Mr Richards has not entered into any sub-underwriting agreement with the Underwriter in this regard.

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## 5. Glossary of terms

**\$** means Australian dollars.

**AEDT** means Australian Eastern Daylight Time.

**Applicant** means a person who submits an Entitlement and Acceptance Form.

**ASIC** means Australian Securities and Investments Commission.

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

**ASX Settlement** means ASX Settlement Pty Ltd ACN 008 504 532.

**Business Day** has the same meaning as in the Listing Rules.

**CHESS** means ASX Clearing House Electronic Subregister System.

**Closing Date** means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

**Company** or **CZL** means Consolidated Zinc Limited ACN 118 554 359.

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

**Directors** mean the directors of the Company as at the date of this Rights Issue Offer Document.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

**Entitlement** means an Eligible Shareholder's entitlement to Shares under the Offer as determined on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Rights Issue Offer Document.

**Ineligible Shareholder** means a Shareholder as at the Record Date whose registered address is not in Australia or New Zealand.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Listing Rules** means the Listing Rules of ASX.

**New Share** means a Share proposed to be issued pursuant to this Offer.

**Offer** is as defined in Section 1.1

**Official List** means the official list of ASX.

**Official Quotation** means quotation of New Shares on the Official List.

**Opening Date** means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

**Option** means an unlisted option to acquire a Share.

**Performance Right** means performance rights which convert on a one for one basis to Shares upon achievement of certain performance milestones prior to the relevant expiry date.

**Record Date** means 5:00pm (AEDT) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

**Registry** means the Company's share registry, Link Market Services.

**Rights** means the right to an Entitlement.

**Rights Issue Offer Document** or **Offer Document** means this document.

**Section** means a section of this Rights Issue Offer Document.

**Securities** means Shares, Options and Performance Rights.

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

**Shareholder** means a holder of Shares.

**Shortfall** or **Shortfall Shares** means those New Shares for which valid Applications have not been received by the Closing Date.

**Shortfall Offer** is as defined in Section 1.8.

**Underwriter** is as defined in Section 1.1.

**Underwriting Agreement** is as defined in Section Error! Reference source not found..