
CONSOLIDATED ZINC LIMITED

ACN 118 554 359

NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at Level 1, 35 Havelock Street, West Perth, Western Australia on Friday 2 March 2018 at 10:00am (AWST).

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

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

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CONSOLIDATED ZINC LIMITED

ACN 118 554 359

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Consolidated Zinc Limited (**Company**) will be held at Level 1, 35 Havelock Street, West Perth, Western Australia on Friday 2 March 2018 at 10:00am (AWST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday 28 February at 4:00pm (AWST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 12.

AGENDA

1. Resolution 1 – Ratification of issue of Tranche 1 Placement Shares

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

*"That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 107,681,717 Shares (**Tranche 1 Placement Shares**) each at an issue price of \$0.012 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Tranche 1 Placement Participant and any of their associates.

However, the Company will not disregard a vote if:

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

2. Resolution 2 – Authority to grant Placement Options to Tranche 1 Placement Participants

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to and 35,893,905 Placement Options (**Tranche 1 Placement Options**) each exercisable at \$0.025 on or before 31 December 2020 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Tranche 1 Placement Participants and a person who will obtain a material benefit as a result of the issue of the Tranche 1 Placement Options (except a benefit solely by reason of being a holder of ordinary securities in the Company) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

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

3. Resolution 3 – Authority to issue Tranche 2 Placement Securities

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 55,773,333 Shares (**Tranche 2 Placement Shares**) each at an issue price of \$0.012 and 18,591,111 Placement Options (**Tranche 2 Placement Options**) each exercisable at \$0.025 on or before 31 December 2020 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the Tranche 2 Placement (except a benefit solely by reason of being a holder of ordinary securities in the Company) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

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

4. Resolution 4 – Authority for Mr Stephen Copulos to participate in the Tranche 2 Placement

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

*"That, subject to Resolution 3 being passed, for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise Mr Stephen Copulos (and/or his nominees) to participate in the Tranche 2 Placement by subscribing for up to 33,333,333 Tranche 2 Placement Shares (**Copulos Tranche 2 Placement Shares**) each at an issue price of \$0.025 and 11,111,111 Placement Options (**Copulos Tranche 2 Placement Options**) each exercisable at \$0.025 on or before 31 December 2020 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

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

However, the Company will not disregard a vote if:

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

5. Resolution 5 – Authority to grant Adviser Options

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to grant up to 40,000,000 Adviser Options to the Advisers (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Advisers and any of their associates.

However, the Company will not disregard a vote if:

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

6. Resolution 6 – Removal of Mr Luis Rogelio Martinez Valles as a Director

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

"That, pursuant to and in accordance with the clause 13.5 of the Constitution and section 203D of the Corporations Act, and for all other purposes, Mr Luis Rogelio Martinez Valles is hereby removed as a Director effective immediately on the passing of this Resolution."

7. Resolution 7 – Re-election of Mr Eduardo Valenzuela as a Director

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

“That Mr Eduardo Valenzuela, who retires in accordance with clause 13.4 of the Constitution and, being eligible and offering himself for re-election, be re-elected as a Director effective immediately on the passing of this Resolution.”

8. Resolution 8 – Authority to grant Performance Rights to Mr Eduardo Valenzuela

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

“That, subject to Resolution 7 being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval is given for the Company to grant a total of 1,500,000 Performance Rights (comprising 500,000 Class A Performance Rights, 500,000 Class B Performance Rights and 500,000 Class C Performance Rights) under the Performance Rights Plan to Mr Eduardo Valenzuela (or his nominees) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to participate in the Performance Rights Plan and any of their associates.

However, the Company will not disregard a vote if:

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

Dated 29 January 2018

BY ORDER OF THE BOARD

Andrew Beigel
Company Secretary

CONSOLIDATED ZINC LIMITED

ACN 118 554 359

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, 35 Havelock Street, West Perth, Western Australia on Friday 2 March 2018 at 10:00am (AWST).

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

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

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

2.1 Proxies

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

Please note that:

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

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

3. Background

As announced on 15 December 2017, the Company has received firm commitments for a two tranche placement of 163,455,050 Shares to new and existing sophisticated and professional investors at an issue price of \$0.012 per Share to raise approximately \$1,961,460 (before costs) (**Placement**). Subject to Shareholder approval, all participants in the Placement will be entitled

to one free attaching Placement Option for every three Shares subscribed for under the Placement.

Application will be made to ASX for official quotation of the Placement Options.

The Company has appointed Patersons Securities Limited to act as lead manager to the Company in relation the Placement.

The funds raised from the Placement will be used to accelerate resource drilling that is currently underway both below the underground mine workings in the Cuevitas Zone at Tres Amigos and at several new areas within the mine at the Company's Plomosas Zinc Project in Northern Mexico and provide general working capital.

4. Resolution 1 – Ratification of issue of Tranche 1 Placement Shares

4.1 General

The Company completed the first tranche of the Placement on 22 December 2017, by issuing 107,681,717 Shares, being the Tranche 1 Placement Shares, to raise approximately \$1,292,180 (before costs).

The funds raised from the issue of the Tranche 1 Placement Shares will be used for the purposes set out in Section 3.

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

The Tranche 1 Placement Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

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

Resolution 1 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Placement Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

Resolution 1 is an ordinary resolution.

4.2 Information required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the Tranche 1 Placement Shares is provided as follows:

- (a) 107,681,717 Shares were issued by the Company pursuant to the Tranche 1 Placement.

- (b) The Tranche 1 Placement Shares were issued at \$0.012 per Share.
- (c) The Tranche 1 Placement Shares comprise fully paid ordinary shares in the capital of the Company ranking equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 1 Placement Shares were issued to the Tranche 1 Placement Participants, none of whom are related parties of the Company.
- (e) The funds raised from the issue of the Tranche 1 Placement Shares will be used to accelerate resource drilling that is currently underway both below the underground mine workings in the Cuevitas Zone at Tres Amigos and at several new areas within the mine at the Company's Plomosas Zinc Project in Northern Mexico and general working capital.
- (f) A voting exclusion statement is included in the Notice.

5. Resolution 2 – Authority to grant Placement Options to Tranche 1 Placement Participants

5.1 General

As part of Tranche 1 of the Placement, the Company agreed, subject to Shareholder approval, to grant 35,893,905 Placement Options to the participants in tranche 1 of the Placement as free attaching Options on the basis of one Option for every three Shares issued under tranche 1 of the Placement.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of the Tranche 1 Placement Options.

Given the grant of the Tranche 1 Placement Options would result in the Company exceeding the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

A summary of Listing Rule 7.1 is set out in Section 4.1.

Resolution 2 is an ordinary resolution.

5.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the grant of the Tranche 1 Placement Options is provided as follows:

- (a) The maximum number of securities that the Company may issue under Resolution 2 is 35,893,905 Placement Options.
- (b) The Tranche 1 Placement Options may be granted no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Tranche 1 Placement Options will be granted on the same date.
- (c) The Tranche 1 Placement Options will be granted as free attaching Options on the basis of one Placement Option for every three Shares subscribed for pursuant to

tranche 1 of the Placement. Accordingly, no funds will be raised from the grant of the Tranche 1 Placement Options.

- (d) The Tranche 1 Placement Options are each exercisable at \$0.025 on or before 31 December 2020 and otherwise have the terms and conditions in Schedule 1. The Company intends to apply for official quotation of the Tranche 1 Placement Options by ASX so that the Tranche 1 Placement Options will be listed Options.
- (e) The Tranche 1 Placement Options will be granted to the Tranche 1 Placement Participants, none of whom are related parties of the Company.
- (f) A voting exclusion statement is included in the Notice.

6. Resolution 3 - Authority to issue Tranche 2 Placement Securities

6.1 General

Further to the issue of the Tranche 1 Placement Shares, the Company intends to issue up to 55,773,333 Shares each at an issue price of \$0.012, and 18,591,111 Placement Options, to sophisticated and professional investors to raise up to \$669,280 (before costs) as the second tranche of the Placement.

The funds raised from the issue of the Tranche 2 Placement Shares and the Tranche 2 Placement Options (together, **Tranche 2 Placement Securities**) will be used for the purposes set out in Section 3.

A summary of Listing Rule 7.1 is set out in Section 4.1.

Given the Tranche 2 Placement Securities to be issued under Resolution 3 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 3 is an ordinary resolution.

6.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of the Tranche 2 Placement Securities is provided as follows:

- (a) The maximum number of securities that the Company may issue under the Tranche 2 Placement is 55,773,333 Shares and 18,591,111 Placement Options.
- (b) The Tranche 2 Placement Securities may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Tranche 2 Placement Securities will be issued on the same date.
- (c) The Tranche 2 Placement Shares will be issued at \$0.012 per Share and the Tranche 2 Placement Options will be granted as free attaching Options on the basis of one Placement Option for every three Shares subscribed for.
- (d) The Tranche 2 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue. The Tranche 2 Placement Options are each exercisable at \$0.025 on or before 31 December 2020 and otherwise have the terms and conditions in Schedule 1. The

Company intends to apply for official quotation of the Tranche 2 Placement Options by ASX so that the Tranche 2 Placement Options will be listed Options.

- (e) The Tranche 2 Placement Securities will be issued to sophisticated and professional investors, none of whom will be related parties of the Company (other than the Copulos Tranche 2 Placement Securities to be issued to Director, Mr Stephen Copulos or his nominees. See Section 7 for further details).
- (f) The funds raised from the issue of the Tranche 2 Placement Securities will be aggregated with and used for the same purpose as the funds raised by the Tranche 1 Placement.
- (g) A voting exclusion statement is included in the Notice.

7. Resolution 4 – Authority for Mr Stephen Copulos to participate in Tranche 2 Placement

7.1 General

It is proposed that Director, Mr Stephen Copulos and/or his nominees, participate in the Tranche 2 Placement by subscribing for up to 33,333,333 Tranche 2 Placement Shares and up to 11,111,111 Tranche 2 Placement Options (together, the **Copulos Tranche 2 Placement Securities**). Further details of the Tranche 2 Placement are set out in Section 6.1.

Listing Rule 10.11 provides that a company must not (subject to specified exceptions) issue or agree to issue equity securities to a related party without the approval of shareholders. Mr Stephen Copulos is a related party of the Company by virtue of being a Director and therefore approval is required under Listing Rule 10.11 for the issue of Securities to him.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Copulos Tranche 2 Placement Securities to Mr Stephen Copulos. If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (although approval for 100% of the Tranche 2 Placement Securities is being sought under Listing Rule 7.1 under Resolution 3). Shareholder approval of the issue of the Copulos Tranche 2 Placement Securities means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is an ordinary resolution and is subject to Resolution 3 being passed.

7.2 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13 information regarding the issue of the Copulos Tranche 2 Placement Securities to Mr Stephen Copulos (and/or his nominees) is provided as follows:

- (a) The maximum number of securities to be issued to the Mr Stephen Copulos and/or his nominees is 33,333,333,000 Shares and 11,111,111 Placement Options.
- (b) The Copulos Tranche 2 Placement Securities may be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that all of the Copulos Securities will be issued on the same date, being on completion of the Tranche 2 Placement.
- (c) Mr Copulos is a related party of the Company by virtue of being a Director.

- (d) The Copulos Tranche 2 Placement Shares will be issued at an issue price of \$0.012 per Share and the Copulos Tranche 2 Placement Options will be granted as free attaching Options on the basis of one Placement Option for every three Shares subscribed for.
 - (a) The Copulos Tranche 2 Placement Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue. The Copulos Tranche 2 Placement Options are each exercisable at \$0.025 on or before 31 December 2020 and otherwise have the terms and conditions in Schedule 1. The Company intends to apply for official quotation of the Copulos Tranche 2 Placement Options (as well as the other Placement Options to be issued under this Notice) by ASX so that the Copulos Tranche 2 Placement Options will be listed Options.
 - (e) The funds raised from the issue of the Copulos Tranche 2 Placement Shares will be aggregated with and used for the same purpose as the funds raised by the Tranche 2 Placement. The Copulos Tranche 2 Placement Options will be issued as free attaching Options. Accordingly, no funds will be raised from the grant of the Copulos Tranche 2 Placement Options.
 - (f) A voting exclusion statement is included in the Notice.
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8. Resolution 5 – Authority to grant Adviser Options

8.1 General

The Company is proposing to grant up to 40,000,000 Adviser Options to the Advisers as consideration for advisory and professional services provided in connection with the Placement.

A summary of Listing Rule 7.1 is provided in Section 4.1.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the grant of the Adviser Options to the Advisers.

Resolution 5 is an ordinary resolution.

8.2 Specific information required by Listing Rule 7.3

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

- (a) The maximum number of Placement Options to be granted under Resolution 5 is 40,000,000.
- (b) The Company will grant the Adviser Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Adviser Options will be granted on the same date.
- (c) The Adviser Options will be granted for nil cash consideration as the fees for advisory and professional services provided by the Advisers to the Company in connection with the Placement. Accordingly no funds will be raised from the grant of the Adviser Options.
- (d) The Adviser Options will be granted to the Advisers (or their nominees) none of whom are related parties of the Company.

- (e) The Adviser Options will each be exercisable at at \$0.06 on or before 31 December 2020 and otherwise have the terms and conditions in Schedule 2.
- (f) A voting exclusion statement is included in the Notice.

9. Resolution 6 – Removal of Mr Luis Rogelio Martinez Valles as a Director

On 16 January 2018, each of the Directors, other than Mr Luis Rogelio Martinez Valles, gave the Company a notice under section 203D(2) of the Corporations Act notifying the Company that they intend to move a resolution for the removal of Mr Luis Rogelio Martinez Valles as a Director at the next general meeting to be called by the Company.

Each of the Directors, other than Mr Luis Rogelio Martinez Valles, do not believe that it is appropriate that Mr Valles remain as a Director.

Clause 13.5 of the Constitution provides that the Company may by resolution remove any Director before the expiration of his period of office.

Furthermore, pursuant to section 203D(1) of the Corporations Act, a public company may by resolution remove a director from office regardless of any provision in that company's constitution or any agreement between the director and the company or the director and any or all of the shareholders of the company.

Resolution 6 seeks the removal of Mr Luis Rogelio Martinez Valles as a Director pursuant to section 203D of the Corporations Act and clause 13.5 of the Constitution.

Each of the Directors (other than Mr Luis Rogelio Martinez Valles) recommend that Shareholders vote in favour of Resolution 6.

10. Resolution 7 – Re-election of Mr Eduardo Valenzuela as a Director

As announced by the Company on 9 January 2018, Mr Eduardo Valenzuela was appointed as a technical Director effective from 22 January 2018.

Clause 13.4 of the Constitution requires that any Director appointed to fill a casual vacancy or as an addition to the existing Directors holds office until the next general meeting of the Company. A director so appointed is then eligible for re-election at that general meeting.

As Mr Valenzuela was appointed as an additional Director effective 22 January 2018, Mr Valenzuela now retires and seeks re-election as a Director at the Meeting.

Eduardo Valenzuela is a mining engineer who graduated from the University of Chile and also has a Master of Business in International Management from Curtin University in Western Australia. He has extensive industry experience in Australia, Latin America, USA, Asia, and the Middle East, with senior roles including Manager Strategic Planning and Project Manager Phase IV Expansion with BHP Minerals (Escondida, Chile); Manager Latin America with BHP Engineering; Mine Manager at Murrin Murrin in WA; Mining Industry Specialist with the International Finance Corporation (IFC) in the USA and Senior Project Manager and Project Director with SKM (now Jacobs).

Mr Valenzuela's corporate experience has included roles as Technical Director, Non-executive Director and Non-executive Chairman was ASX listed companies such as Sundance Resources, Southern Hemisphere Mining and Lithium Australia (formerly Cobre Montana).

Mr Valenzuela is currently Manager, Mining and Geology with Wood (formerly Amec Foster Wheeler) based in Perth.

Resolution 7 is an ordinary resolution. The Board (other than Mr Valenzuela) recommend that Shareholders vote in favour of Resolution 7.

11. Resolution 8 – Authority to grant Performance Rights to Mr Eduardo Valenzuela

As announced by the Company on 9 January 2018, the Company has agreed, subject to Shareholder approval, to grant Mr Eduardo Valenzuela a total of 1,500,000 Performance Rights, comprising:

- (a) 500,000 Class A Performance Rights;
- (b) 500,000 Class B Performance Rights; and
- (c) 500,000 Class C Performance Rights),

under the Performance Rights Plan (as approved by Shareholders on 30 November 2016) as a long term incentive in connection with his appointment as technical Director.

The Performance Rights will be granted for nil cash consideration. It is proposed that the Performance Rights will have the following performance based milestones:

Class of Performance Right	Performance Condition	Expiry Date
Class A Performance Rights	Upon the Company announcing a JORC Code 2012 compliant reserve of containing not less than 1,200,000 tonnes of mineralisation at a combined grade of at least 17% (Zn+Pb).	30 September 2019
Class B Performance Rights	Upon the commencement of construction of a mine at the Company's Plomosas Project.	30 September 2019
Class C Performance Rights	Upon the Company's Shares achieving a 10 day VWAP of \$0.15 or more for a period of 10 consecutive Trading Days.	30 September 2019

On achievement of the applicable Performance Condition, each Performance Right will convert into a Share.

If a Performance Condition of a Performance Right is not achieved by the end date of the specified period, then the Performance Right will lapse.

If a Takeover Event (as described in Schedule 3) occurs prior to the expiry or conversion of a Performance Right, then the Performance Right will convert.

See Schedule 3 for the full terms and conditions of the Performance Rights.

The Company has considered the remuneration structures of several of its ASX listed peer companies to determine a suitable quantum and structure of an incentive based remuneration plan for management and executive and non-executive members of the Board. As a result of this review the Company believes that the issue of the Performance Rights is a fair and reasonable incentive based remuneration package. In considering the above remuneration package, the Company has researched and considered recent incentive plans implemented by the Company's peers.

11.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Performance Rights constitutes giving a financial benefit and Mr Valenzuela is a related party of the Company by virtue of being a Director.

After a review of publicly available information relating to the remuneration structures of several of its ASX listed peer companies, the Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights because the grant of the Performance Rights is considered reasonable remuneration in the circumstances.

11.3 Listing Rule 10.14

Shareholder approval is required for the grant of the Performance Rights to Mr Valenzuela under Listing Rule 10.14 because he is a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Performance Rights to the Proposed Directors will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

Resolution 8 seeks Shareholder approval for the grant of the Performance Rights to Mr Valenzuela (or his nominees).

Resolution 8 is an ordinary resolution which is subject to Resolution 7 being passed.

11.4 Specific Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 8:

- (a) The maximum number of securities to be issued to Mr Valenzuela is a total of 1,500,000 Performance Rights, comprising:
 - (i) 500,000 Class A Performance Rights;
 - (ii) 500,000 Class B Performance Rights; and

- (iii) 500,000 Class C Performance Rights.
- (b) The terms and conditions of the Performance Rights are set out in Schedule 3. Further terms and conditions of the Performance Rights are contained in the Performance Rights Plan.
- (c) The Performance Rights will be issued for nil cash consideration as they are being issued as incentive based remuneration. Accordingly, no funds will be raised from the issue of the Performance Rights. Upon conversion of the Performance Rights, Shares will be issued on a one for one basis on the same terms as the Company's existing Shares.
- (d) A total of 5,500,000 Performance Rights (comprising 1,916,667 Class A Performance Rights, 1,916,667 Class B Performance Rights and 1,666,666 Class C Performance Rights) have been granted by the Company under the Performance Rights Plan to date.
- (e) Under the Performance Rights Plan, only Eligible Employees or their nominees (subject to Board approval), are entitled to participate in the Performance Rights Plan. Mr Valenzuela Eligible Employee for the purposes of the Plan.
- (f) Mr Valenzuela is a related party of the Company by virtue of being a Director.
- (g) A voting exclusion statement is included in the Notice.
- (h) The Company will grant the Performance Rights no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

12. Definitions

Adviser Options has the meaning in Resolution 5.

Advisers means various sophisticated or professional investors who provided advisory and professional services to the Company in connection with the Placement.

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

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

Board means the board of Directors.

Chairman means the person appointed to chair the Meeting.

Company means Consolidated Zinc Limited ACN 118 554 359.

Constitution means the constitution of the Company.

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

Copulos Tranche 2 Placement Options has the meaning in Resolution 4.

Copulos Tranche 2 Placement Securities has the meaning in Section 7.1

Copulos Tranche 2 Placement Shares has the meaning in Resolution 4.

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

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

Notice means this notice of meeting.

Option means an option to acquire a Share in the Company.

Performance Right means a performance right on the terms and conditions in Schedule 3.

Performance Rights Plan means the Consolidated Zinc Performance Rights Plan approved by Shareholders on 30 November 2016.

Placement has the meaning in Section 3.

Placement Option means an Option exercisable at \$0.025 on or before 31 December 2020 and otherwise with the terms and conditions in Schedule 1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Securities means Shares, Options and/or Performance Rights.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Tranche 1 Placement Options has the meaning in Resolution 2.

Tranche 1 Placement Participants means sophisticated and professional investors who participated in the tranche 1 of the Placement.

Tranche 1 Placement Shares has the meaning in Resolution 1.

Tranche 2 Placement has the meaning in Section 6.1.

Tranche 2 Placement Options has the meaning in Resolution 3.

Tranche 2 Placement Securities has the meaning in Section 6.1.

Tranche 2 Placement Shares has the meaning in Resolution 3.

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

Schedule 1 – Terms and Conditions of Placement Options

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

- (a) The amount payable upon exercise of each Option will be \$0.025 (“Exercise Price”).
- (b) Each Option will expire at 5.00pm (AWST) on 31 December 2020 (“Expiry Date”). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Options are exercisable at any time on or prior to the Expiry Date (“Exercise Period”).
- (d) The 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 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) 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 Option being exercised in cleared funds (“Exercise Date”).
 - (i) Within 15 Business Days after the later of the following:
 - (ii) the Exercise Date; and
 - (iii) when excluded Information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded Information.
- (f) Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (g) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (h) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (j) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (k) Application will be made to ASX for Official Quotation of the Options. However, it is not guaranteed that the Options will be listed on the ASX.
- (l) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Schedule 2 – Terms and Conditions of Adviser Options

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

- (a) The amount payable upon exercise of each Option will be \$0.06 (“Exercise Price”).
- (b) Each Option will expire at 5.00pm (AWST) on 31 December 2020 (“Expiry Date”). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Options are exercisable at any time on or prior to the Expiry Date (“Exercise Period”).
- (d) The 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 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) 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 Option being exercised in cleared funds (“Exercise Date”).
 - (i) Within 15 Business Days after the later of the following:
 - (ii) the Exercise Date; and
 - (iii) when excluded Information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded Information.
- (f) Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (g) Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (h) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (i) There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (j) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (k) The Company will not apply to ASX for Official Quotation of the Options.
- (l) The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Schedule 3– Terms and Conditions of Performance Rights

The Performance Rights will be granted in three milestone based classes as follows:

Class of Performance Rights	Performance Condition	Expiry Date
Class A Performance Rights	(a) Upon the Company announcing a JORC Code 2012 compliant reserve of containing not less than 1,200,000 tonnes of mineralisation at a combined grade of at least 17% (Zn+Pb); or (b) a Takeover Event occurs.	30 September 2019
Class B Performance Rights	(a) Upon the commencement of construction of a mine at the Company's Plomosas Project; or (b) a Takeover Event occurs.	30 September 2019
Class C Performance Rights	(c) Upon the Company's Shares achieving a 10 day VWAP of \$0.15 or more for a period of 10 consecutive Trading Days; or (d) a Takeover Event occurs.	30 September 2019

On achievement of the applicable Performance Condition, each Performance Right will convert into a Share.

If a Performance Condition of a Performance Right is not achieved by the specified Expiry Date, then the Performance Right will lapse.

The achievement of a Performance Condition is to be determined by the Board. Performance Rights will convert as soon as the achievement of a relevant performance condition has been determined. For the avoidance of doubt, this may occur before the specified Expiry Date.

"Takeover Event" means a takeover bid for the Company pursuant to Chapter 6 of the Corporations Act where at least 50% of the holders of ordinary shareholders accept the bid and such bid is free of conditions or an Australian court grants orders approving a compromise or scheme of arrangement where the Shares are either cancelled or transferred to a third party (not a scheme of arrangement simply for the purposes of a corporate restructure).

Other terms

(No Voting rights) A Performance Right does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.

(No dividend rights) A Performance Right does not entitle a Holder to any dividends.

(Rights on winding up) A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(Not transferable) A Performance Right is not transferable.

(Reorganisation of capital) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.

(Quotation of shares on conversion) An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Right within the time period required by the Listing Rules.

(Participation in entitlements and bonus issues) A Performance Right does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.

(No other rights) A Performance Right does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

CONSOLIDATED ZINC LIMITED

ACN 118 554 359

PROXY FORM

The Company Secretary
Consolidated Zinc Limited

By delivery:

Level 1
35 Havelock Street
WEST PERTH WA 6005

By post:

PO Box 692
WEST PERTH WA 6872

By facsimile:

+61 8 9320 7501

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and address of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting to be held at Level 1, 35 Havelock Street, West Perth, Western Australia on Friday 2 March 2018 at 10:00am (AWST) and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit, except for as set out below).

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

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Step 2 – Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Ratification of issue of Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Authority to grant Placement Options to Tranche 1 Placement Participants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Authority to issue Tranche 2 Placement Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Authority for Mr Stephen Copulos to participate in Tranche 2 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to grant Adviser Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Removal of Mr Luis Rogelio Martinez Valles as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Re-election of Mr Eduardo Valenzuela as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Authority to grant Performance Rights to Mr Eduardo Valenzuela	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

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

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

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of Shareholder

Proxy Notes:

A Shareholder entitled to attend and vote at the General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting. If the Shareholder is entitled to cast 2 or more votes at the General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that General Meeting, the representative of the body corporate to attend the General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding: where the holding is in more than one name all of the holders should sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the General Meeting (AWST).

Hand deliveries: Level 1
35 Havelock Street
WEST PERTH WA 6005

Postal address: PO Box 692
WEST PERTH WA 6872

Facsimile: (08) 9320 7501 if faxed from within Australia or + 61 8 9322 7602 if faxed from outside Australia.