

10 September 2019

Non-Renounceable pro-rata Rights Issue

Notice under Section 708AA(2)(f) of the Corporations Act 2001 (Cth)

On 10 September 2019, Consolidated Zinc Limited ("Company") announced that it would make a non-renounceable pro-rata rights issue ("Rights Issue") of shares in the Company ("New Shares") to all shareholders with a registered address in Australia or New Zealand recorded on the Company's share register at the record date ("Eligible Shareholders").

In conjunction with the Rights Issue, the Company is to undertake a placement under its existing Listing Rule 7.1 capacity to sophisticated, professional and other exempt investors to raise \$1,000,000 before costs at 1.1 cents per Share ("Placement"). The Placement will be settled after the Record Date for the Offer so the placees will not participate in the Rights Issue.

The Rights Issue is fully underwritten by Pinnacle Corporate Finance Pty Ltd.

The Company confirms the Rights Issue is being made without a disclosure document pursuant to section 708AA of the Corporations Act 2001 (Cth) ("the Act") as varied by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84.

Pursuant to section 708AA the Company provides the following information:

- (a) the Company will offer the New Shares for subscription without disclosure to investors under Part 6D.2 of the Act;
- (b) the Company is providing this notice under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (2) the rights and liabilities attaching to the New Shares.
- (e) The potential effect the issue of the New Shares will have on the control of the Company, and the consequences of that effect, will depend upon a number of factors, including the level of take up from Eligible Shareholders and the issue of the Placement Shares. The primary consequences will be as follows:

- (i) If all Eligible Shareholders as at the record date take up their full entitlement, the Rights Issue will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company subject only to changes resulting from ineligible shareholders being unable to participate in the Rights Issue and from the issue of the Placement Shares.
- (ii) In the more likely event that not all Eligible Shareholders subscribe for their full entitlement (ie there is a shortfall), Eligible Shareholders who do not subscribe for their full entitlement under the Rights Issue and ineligible shareholders unable to participate in the Rights Issue will be diluted relative to those Eligible Shareholders who subscribe for some or all of their entitlement. The extent of the dilution will depend on the degree to which Eligible Shareholders take up their entitlement.
- (iii) The Company's largest shareholding group is the Copulos Group interests with a current voting power of 29.51%. The Copulos Group has advised the Company that it will apply for its full entitlement. It will not apply for shortfall. By reason of the Rights Issue being fully underwritten and the Placement, the voting power of the Copulos Group interests will decrease to approximately 27.90% after the completion of the Rights Issue.
- (iv) No Eligible Shareholder will be issued entitlement or any shortfall so as to contravene the takeover threshold.
- (v) The underwriter has no current voting power in the Company and its voting power as a result of the Rights Issue will not approach the takeover threshold.

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

Yours faithfully



Mr Brad Marwood
Managing Director
Consolidated Zinc Limited