

CAPITAL RAISING UPDATE

Highlights

- **New Offer: Fully underwritten Entitlement issue on the basis of 1 New Share for every 3 Shares held at Issue Price of \$0.003 per Share with 1 free attaching option for every 1 share subscribed, exercisable at \$0.006 within 3 years from the date of issue.**
- **Major shareholders, the Copulos Group and the Retzos Group have each committed to apply for full entitlement (approximately 39% of the Company being A\$0.68 million) in the Offer, a strong show of support from two of the Company's largest shareholders.**
- **Funds raised from the Offer will be used for exploration of gold prospects at the Plomosas project, to repay unsecured loans, for working capital and to meet Offer expenses.**

Consolidated Zinc Limited ("**Company**") (ASX:CZL) advises shareholders that it intends to undertake a new fully underwritten Entitlement Issue on the basis of one (1) New Share for every three (3) shares held by eligible shareholders on the record date at a new issue price (**New Issue Price**) of \$0.003 per New Share to raise up to approximately \$1.7 million (**New Offer**). The Lead Manager and Underwriter to the New Offer is Pinnacle Corporate Finance Pty Ltd ("**Pinnacle**").

Subscribers in the New Offer will receive one (1) free-attaching option (New Option) for every one (1) New Share subscribed for and issued, exercisable at \$0.006 per Option on or before the date which is three years from the date of issue. Subject to meeting the requirements of the ASX Listing Rules, the Company intends to apply for quotation of the New Options.

Funds raised from the Offer will be used for exploration of gold prospects at the Plomosas project, to repay unsecured loans, for working capital and to meet Offer expenses. Announcements with further details and updates on the Company's operations, Resource drilling and gold exploration activities are being released today, concurrently with this announcement.

Brad Marwood, Managing Director said "Whilst disappointed that market volatility globally necessitated the delay and change of terms from the Rights Issue announced in March, we remain excited about the high grade nature of the Plomosas project and especially the potentially high grade gold exploration aspect of the Plomosas Project.

The Board believes the New Offer represents a good opportunity for shareholders to maintain their shareholding at a compelling price. We thank our major shareholders for their continued support of the Company and are pleased to be able to offer existing eligible shareholders the ability to participate at the New Offer price and to be entitled to the New Options.

Capital Raising

The New Offer will result in 575,311,104 New Shares and 575,311,104 New Options being issued.

The Company expects to lodge a prospectus for the purpose of the New Offer ("**Prospectus**") with ASIC on or about 24 April 2020.

Level 13, 37 St Georges Terrace, Perth WA Australia 6000, PO Box Z5273, Perth WA Australia 6831
T: +61 8 9322 3406 F: +61 8 9320 7501 E: info@conzinc.com.au
(ASX: CZL) ACN 118 554 359

Two of the Company's largest shareholder groups, the Copulos Group with a current voting power of 31.91% and the Retzos Group with a current voting power of 7.42%, have re-committed to apply for their full entitlement under the New Offer. The directors consider this a strong show of support from two of the Company's largest shareholders and thank them for their continued commitment.

The Company intends to use the funds raised from the New Offer as follows:

Item	Amount ¹
Expenses of the Offer	\$200,000
Exploration of gold prospects at the Company's Plomosas Project ²	\$600,000
Repayment of the Working Capital Facility ³	\$400,000
Working capital ⁴	\$525,933
Total	\$1,725,933

Notes:

1. The above table is a statement of the Board's current intention as at the date of this announcement and the Board reserves the right to alter the way the funds are applied.
2. Exploration of high-grade gold system identified at Plomosas (refer announcements dated 30 January 2020 and 23 April 2020)
3. This sum represents the repayment in full of unsecured loans of \$400,000 from Stephen Copulos and Chris Retzos or entities associated with them. The Company proposes to offset this amount against the same amount payable by the Copulos Group and the Retzos Group under their entitlements under the Offer. In these circumstances, no interest will be payable by the Company to those lenders.
4. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves but excludes sales which may be used in connection with the Company's activities, as determined by the Board at the relevant time.

The timetable for the New Offer is as follows:

Announcement of Entitlement Offer	23 April 2020
Appendix 3B lodged with ASX	23 April 2020
Lodgement of Prospectus with ASIC	24 April 2020
Ex date	29 April 2020
Record Date for determining Entitlements	30 April 2020
Prospectus sent to Eligible Shareholders	5 May 2020
Opening Date of the Offer	
Last day to extend the Closing Date	21 May 2020
Closing Date of the Offer	26 May 2020
Securities quoted on a deferred settlement basis	27 May 2020
Announcement of results of issue	28 May 2020
Issue date of Securities under the Offer (before 12:00pm (AEST))	1 June 2020
Dispatch of holding statements	
Appendix 2A to be lodged with ASX applying for quotation of actual number of Securities issued	1 June 2020
Quotation of Securities issued under the Offer	2 June 2020

Subject to the Listing Rules, the above dates may be changed without notice.

The New Offer will be made to the Company's shareholders with a registered address in Australia or New Zealand on the Record Date ("**Eligible Shareholders**").

Assuming that no Options or convertible securities are exercised or converted before the Record Date, the effect of the New Offer on the Company's issued share capital is shown in the following table:

Shares	Full Subscription
Existing Shares	1,725,933,313
New Shares issued under the Offer	575,311,104
Total Shares on issue after completion of the Offer	2,301,244,417
Options	Full Subscription
Existing Options	123,283,882
New Options issued under the Offer	575,311,104
New Options issued to Pinnacle	15,000,000
Total Options on issue after completion of the Offer	713,594,986

Shareholders may view all the Company's ASX announcements, including those relating to the New Offer, on the ASX's website at www.asx.com.au or alternatively on the Company's website at www.consolidatedzinc.com.au.

It is anticipated that the Prospectus offering the New Shares and New Options for subscription will be mailed to Eligible Shareholders on or about 6 May 2020.

Application will be made to ASX for official quotation of the New Shares and New Options. No shareholder approval is required to the New Offer.

Overseas Shareholders

The New Offer is only made to Eligible Shareholders (shareholders with a registered address in Australia or New Zealand at the Record Date). Therefore, if you are a shareholder with a registered address other than Australia or New Zealand, no offer will be made to you. In making this decision, the directors have taken into account the small number of overseas shareholders and the costs and administrative complexity of complying with applicable regulations in jurisdictions outside Australia and New Zealand.

Capital Raising Fees

In consideration for acting as Lead Manager and underwriting the New Offer, Pinnacle will be paid a management fee of 2% and underwriting fee of 4% on the aggregate amount underwritten and will be issued 15,000,000 New Options.

This announcement was authorised for issue to the ASX by the Directors of the Company.

For further information please contact:

Brad Marwood
Managing Director
08 9322 3406

Appendix 1 – summary of termination events

The Underwriter may terminate the Underwriting Agreement if:

- (a) **(Company default)**: the Company fails to perform an obligation under this Agreement;
- (b) **(Indices fall)**: the S&P ASX 300 Index closes on any Business Day from the date of this Agreement at a level that is 10% or more below the level of the Index at the close of trading on the Business Day before the date of this Agreement;
- (c) **(Zinc Price fall)**: the price of zinc (London Metals Exchange 3 months as quoted on Bloomberg under Bloomberg ticker 'LMZSDS03:COM') closes on any Business Day from the date of this Agreement at a level that is 10% or more below the level at the close of trading on the Business Day before the date of this Agreement;
- (d) **(Mining operations)**: as at the Settlement Date, the Company's mining operations in Mexico are subject to a Government issued ban(s) or restriction(s), which preclude the Company from resumption of mining operations at pre-shutdown rates;
- (e) **(Prospectus)**: the Company does not lodge the Prospectus with ASIC on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company;
- (f) **(Supplementary Prospectus)**:
 - (i) Pinnacle, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 10.2(p)(v), forms the view on reasonable grounds that a Supplementary Prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as Pinnacle may reasonably require; or
 - (ii) the Company lodges a Supplementary Prospectus without the prior written agreement of Pinnacle;
- (g) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; andthe rights and liabilities attaching to the Underwritten Securities;
- (h) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (i) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was materially false, misleading or deceptive or that there was a material omission from them;

- (j) **(proceedings)** ASIC or any other person conducts any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Offer or the Offer Materials, or publicly foreshadows that it may do so;
- (k) **(Unable to issue Securities)** the Company is prevented from allotting and issuing the Underwritten Securities within the time required by the Timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a Government Authority;
- (l) **(future matters)** Any statement or estimate in the Offer Materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of Pinnacle, unlikely to be met in the projected timeframe;
- (m) **(No Quotation Approval):** the Company fails to lodge an Appendix 2A and/or Appendix 3B in relation to the Underwritten Securities with ASX by the time required by the Corporations Act, the Listing Rules or any other regulation;
- (n) **(ASIC application):** an order is made under Section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (o) **(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, which in Pinnacle' reasonable opinion has a Material Adverse Effect;
- (p) **(Authorisation):** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to Pinnacle acting reasonably;
- (q) **(Indictable offence):** a director of the Company is charged with an indictable offence; or
- (r) **(Termination events):** The events listed below do not entitle the Underwriter to exercise its rights of termination unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act:
 - (i) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, the Democratic People's Republic of Korea, or the Peoples Republic of China or any member of the European Union;
 - (ii) **(Default):** default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;
 - (iii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect in a material respect;
 - (iv) **(Contravention of constitution or Act):** a contravention by a Relevant Company 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;

- (v) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company;
- (vi) **(Error in Due Diligence Results)**: it transpires that any of the Due Diligence Results or any part of the Verification Material was materially false, misleading or deceptive or that there was a material omission from them;
- (i) **(Significant change)**: a "new circumstance" as referred to in Section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements)**: without the prior approval of Pinnacle a public statement is made by the Company in relation to the Offer or the Prospectus, other than a statement the Company is required to make in order to ensure its disclosure obligations under the Listing Rules and the Corporations Act;
- (viii) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to Pinnacle in respect of any aspect of the Offer or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified)**: the official quotation is qualified or conditional other than as set out in clause **Error! Reference source not found.**;
- (x) **(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;
- (xi) **(Prescribed Occurrence)**: a Prescribed Occurrence occurs, other than as disclosed in the Prospectus;
- (xii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency)**: an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company)**: a judgment in an amount exceeding \$500,000 is obtained against a Relevant Company and is not set aside or satisfied within 14 days;
- (xv) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against any Relevant Company, except as disclosed in the Prospectus;
- (xvi) **(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 the date of issue of the Underwritten Securities without the prior written consent of Pinnacle (such consent not to be unreasonably withheld);

- (xvii) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer, a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable)**: there is a delay in any specified date in the Timetable which is greater than 2 Business Days;
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under this agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed)**: a Relevant Company 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 Pinnacle;
- (xxi) **(Capital structure)**: any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Breach of Contracts)**: any of the Contracts are terminated or substantially modified; or
- (xxiii) **(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 or other international financial markets.

The Underwriting Agreement contains a number of conditions that must be satisfied by the Company before the Underwriter obligation to underwrite the Entitlement Offer commences that are considered standard for an agreement of this type, such as procurement of sub-underwriters to the Entitlement Offer and the timely lodgement of documents by the Company in accordance with the timetable.

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