

Consolidated Zinc Limited
ACN 118 554 359

Prospectus

Entitlement Offer

For a non-renounceable pro rata entitlement offer of 1 Share for every 3 Shares held by Eligible Shareholders as at the Record Date at an issue price of \$0.003 per Share to raise approximately \$1,725,933, together with 1 free attaching New Option for every Share subscribed for and issued (**Offer**).

The Offer is fully underwritten by Pinnacle Corporate Finance Pty Ltd ACN 149 263 543 (**Underwriter**). Refer to section 7.1 for details regarding the Underwriting Agreement.

Important

The Offer closes at 5.00pm AEST on 26 May 2020. Valid acceptances must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This is an important document that should be read in its entirety. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under this Prospectus. The Securities offered under this Prospectus should be considered highly speculative.

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Important Information

General

This Prospectus is issued by Consolidated Zinc Limited ACN 118 554 359 (**Company**).

The Prospectus is dated 26 April 2020 and a copy of this Prospectus was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities, and has been prepared in accordance with section 713 of the Corporations Act.

No Securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Securities pursuant to the Offer must do so using the Entitlement and Acceptance Form attached to or accompanying this Prospectus. Before applying for Securities, investors should carefully read this Prospectus.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under the Offer.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

Prospectus availability

ASIC has confirmed that the Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.consolidatedzinc.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be a resident in Australia or New Zealand and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of

this Prospectus free of charge by contacting the Company on +61 8 9322 3406.

Risk factors

Before deciding to invest in the Company, investors should read the entire Prospectus and in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. Refer to section 6 details certain risk factors which are considered to be relevant for the purposes of the Offer.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at www.asx.com.au). The contents of any website, ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. 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 in Securities or the Company.

Financial amounts

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to Australian currency unless otherwise stated.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

Definitions and time

A number of terms and abbreviations used in this Prospectus have defined meanings which are set out in section 9.

All references to time relate to the time in Sydney, New South Wales unless otherwise stated or implied.

Governing law

This Prospectus and the contracts that arise from the acceptance of applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Corporate Directory

Directors

Bradley Marwood
Managing Director

Andrew Richards
Non-Executive Chairman

Angela Pankhurst
Non-Executive Director

Company Secretary

Anthony Italiano

Registered Office

Level 13, 37 St Georges Terrace
Perth WA 6000

Phone: +61 8 9322 3406

Website

www.consolidatedzinc.com.au

ASX Code

CZL

Underwriter

Pinnacle Corporate Finance Pty Ltd
Level 28, 140 St Georges Terrace
Perth WA 6000

Share Registry

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
Perth WA 6000

Auditor

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Legal Adviser

AGH Law
Level 2, 66 Kings Park Road
West Perth WA 6005

1 Timetable

Key events	Date
Announcement of the Offer Appendix 3B lodged with ASX	23 April 2020
Lodgement of the Prospectus with ASIC and ASX	26 April 2020
Ex date	29 April 2020
Record Date for determining Entitlements	30 April 2020
Prospectus sent to Eligible Shareholders Opening Date of the Offer	5 May 2020
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 the Offer	29 May 2020
Issue date of Securities under the Offer Dispatch of holding statements	1 June 2020
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	3 June 2020

Note: The above timetable is indicative only. The Company reserves the right, subject to the Corporations Act, the Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

2 Chairman's Letter

26 April 2020

Dear Shareholder

As you are aware, the last 12 months have been difficult for the zinc market and Consolidated Zinc's operations at its wholly owned Plomosas zinc mine in Mexico. On 6 April 2020, the Mexican government decreed all non-essential businesses to stop operating as a measure to minimise the consequences of the COVID-19 pandemic leading to a suspension of all mining operations in the country, which latest indications suggest will be lifted during the second half of May for Plomosas.

However, I am pleased to say that the time is being used well to implement changes aimed at improving productivity at Plomosas when operations recommence. I am further encouraged by the recent stability and potential improvements in the zinc price due to ongoing supply side pressures. In addition, we plan to start unlocking the exploration potential that lies within the Plomosas project concessions, in terms of both zinc resource definition and the recently announced gold exploration results.

As part of that process I am pleased to advise details of a non-renounceable entitlement offer to Eligible Shareholders to raise approximately \$1.73 million (before costs) and which is fully underwritten by Pinnacle Corporate Finance Pty Ltd who have committed to subscribe for any Shortfall (**Offer**).

The Offer, the details of which are outlined in this Prospectus, is made on the basis of 1 Share for every 3 Shares held on the Record Date, at an issue price of \$0.003 per Share. Eligible Shareholders will also be entitled to subscribe for Shares under the Shortfall Offer in addition to their Entitlement.

Subscribers in the Offer will also be issued 1 free-attaching New Option for every Share subscribed for and issued, exercisable at \$0.006 each and expiring 3 years from the date of issue. The New Options will be listed subject to meeting ASX requirements.

I am delighted to support this fundraising, along with major Shareholders and stakeholders, as it will not only assist with optimising operations following the change from contract to owner mining but importantly follow up the excellent gold potential recently outlined by our geological team. Recent rock chip results from early stage exploration demonstrate the presence of a gold mineralised system within the Company's existing Plomosas concessions. These results are encouraging and certainly warrant further exploration.

This Prospectus includes further details of the Offer, the effect of the Offer on the Company, and a statement of the risks associated with investing in the Company. These include risks associated with the Company's financial position, its operations at Plomosas, its mineral resource, zinc and other commodity prices and the Coronavirus (COVID-19) pandemic. Please refer to section 6 for further information on the risk factors.

This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your stockbroker, accountant, solicitor or other professional advisor to evaluate whether or not to participate.

Please read in full the details on how to submit your application, which are set out in this Prospectus. Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9322 3406.

We have a clear strategy to improve operations at Plomosas, and there is an opportunity to focus on gold mineralisation within our existing concessions at a time when the global gold market is very strong. We believe the signs are encouraging and I would like to thank all our Shareholders for their ongoing support. I hope you continue with us as we strive to deliver value. We expect the remainder of 2020 to be significant for the Company and I endorse your contribution to this Offer.

Yours sincerely

A handwritten signature in cursive script, appearing to read "A Richards", written in dark ink on a light background.

Andrew Richards
Chairman
Consolidated Zinc Limited

3 Details of the Offer

3.1 Entitlement Offer

The Company is making a non-renounceable pro rata entitlement offer to Eligible Shareholders on the basis of 1 Share for every 3 Shares held at 5:00pm (AWST) on the Record Date at an issue price of \$0.003 per Share to raise approximately \$1,725,933, together with 1 free attaching New Option for every Share subscribed for and issued (**Offer**). The New Options are intended to be quoted, and will be exercisable at \$0.006 each on or before the date that is 3 years from the date of issue.

The Underwriter is Pinnacle Corporate Finance Pty Ltd ACN 149 263 543 (**Underwriter**). The Underwriter has agreed to fully underwrite the Offer by subscribing for any Shortfall. Please refer to section 7.1 for more details.

At the date of this Prospectus, the Company has on issue 1,725,933,313 Shares and 123,283,882 unquoted Options with various exercise prices and expiry dates as set out in section 5.2.

Assuming that no Options are exercised before the Record Date, the Company proposes to offer 575,311,104 Shares under the Offer. If all of the Options currently on issue were exercised before the Record Date, up to an additional 24,656,776 Shares would be offered under the Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

Shares issued under the Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing Shares on issue. Further details on the rights and liabilities attaching to the Shares proposed to be issued under the Offer are contained in section 7.4. New Options issued under the Offer will be issued on the terms and conditions contained in section 7.5.

3.2 Proposed use of funds

The purpose of the Offer is to raise approximately \$1,725,933 (before costs). The funds raised are planned to be used in accordance with the table set out below.

Item	Amount
Expenses of the Offer (excluding GST) ¹	\$190,000
Exploration of gold prospects at the Plomosas Project ²	\$600,000
Repayment of unsecured loans ³	\$400,000
Working capital ⁴	\$535,933
Total	\$1,725,933

Notes:

- 1 Refer to section 7.9 of this Prospectus.
- 2 Exploration of the high grade gold system identified at Plomosas as announced to ASX on 30 January 2020 and 23 April 2020.
- 3 This sum represents the repayment in full of the unsecured loans totalling \$400,000 from major Shareholders, the Copulos Group and the Retzos Group. The Company proposes to offset this amount against the same amount payable by those Shareholders under their Entitlements under the Offer. In these circumstances, no interest will be payable by the Company on the loans. The Copulos Group and the Retzos Group have committed to taking up their full Entitlements under the Offer
- 4 Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and ASX fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves as determined by the Board at the relevant time.

The above table is a statement of the Board's current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of exploration, operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.3 Details of substantial holders

As at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below.

Shareholder	Amount	%
Copulos Group ¹	550,729,086	31.91%
Retzos Group ²	128,114,241	7.42%

Notes:

- 1 Comprising:
- (a) 93,809,990 Shares held indirectly through Spacetime Pty Ltd <ATF Copulos Executive Super Fund No 1>, whereby Mr Copulos controls the corporate trustee;
 - (b) 127,107,505 Shares held indirectly through Copulos Superannuation Pty Ltd <Copulos Provident Fund A/C>, whereby Mr Copulos controls the corporate trustee;
 - (c) 204,214,358 Shares held indirectly through Eyeon Investments Pty Ltd <Eyeon Investments Family Trust>, whereby Mr Copulos controls the corporate trustee;
 - (d) 10,451,389 Shares held indirectly through Eyeon No 2 Pty Ltd, an entity controlled by Mr Copulos;
 - (e) 29,261,745 Shares held indirectly through HSBC Custody Nominees (Australia) Ltd as custodian for Eyeon No 2 Pty Ltd, an entity controlled by Mr Copulos;
 - (f) 71,769,578 Shares held indirectly through Citywest Corp Pty Ltd <Copulos Sunshine Unit A/C>, whereby Mr Copulos controls the corporate trustee;
 - (g) 9,114,521 Shares held indirectly through HSBC Custody Nominees (Australia) Ltd as custodian for Citywest Corp Pty Ltd, an entity controlled by Mr Copulos; and
 - (h) 5,000,000 Shares held indirectly through Supermax Pty Ltd <Supermax Super Fund A/C>, whereby Mr Copulos controls the corporate trustee.
- 2 Comprising:
- (a) 23,673,012 Shares held indirectly through Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>, whereby Mr Retzos controls the corporate trustee;
 - (b) 22,916,667 Shares held indirectly through Retzos Family Pty Ltd <Retzos Family S/Fund A/C>, whereby Mr Retzos controls the corporate trustee;
 - (c) 1,557,400 Shares held indirectly through Mrs Melissa Martin;
 - (d) 1,725,400 Shares held indirectly through Mr Retzos;
 - (e) 1,557,400 Shares held indirectly through Mrs Jaclyn Stojanovski; and
 - (f) 76,684,362 Shares held indirectly through Westpark Operations Pty Ltd <Westpark Operations Unit A/C>, whereby Mr Retzos controls the corporate trustee.

In the event all Entitlements are accepted in full there will be no change to the substantial holders on completion of the Offer. The holdings of the substantial holders may increase as a result of any participation in the Shortfall Offer, however no holder will receive Shares in contravention of the takeover prohibition in section 606 of the Corporations Act. See section 5.3 for further information on the effect of the Offer on control of the Company.

3.4 Eligible Shareholders

Eligible Shareholders for the purposes of the Offer are those persons who:

- are registered as a holder of Shares as at 5.00pm (AEST) on the Record Date; and
- have a registered address in Australia or New Zealand.

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;
- the small number and value of the Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Offer is not being extended to any Shareholders outside Australia and New Zealand. The Company will notify all Ineligible Shareholders of the Offer and advise that the Company is not extending the Offer to those Shareholders.

3.5 Minimum subscription

As the Offer is fully underwritten (subject to certain conditions), there is no minimum subscription for the Offer.

3.6 Offer period

The Offer will open on the Opening Date and close on the Closing Date.

3.7 ASX quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the Securities offered under this Prospectus. If approval for quotation of the Securities is not granted within 3 months after the date of this Prospectus (or any later time in accordance with applicable laws), the Company will not issue any Securities and will repay all Application Monies without interest as soon as practicable.

The fact that ASX may grant quotation of the Securities being offered is not to be taken in any way as an indication by ASX as to the merits of the Company or the Securities.

3.8 Application Monies

All Application Monies for Shares to be issued pursuant to the Offer will be held in trust on behalf of applicants until the Securities are issued or, if the Securities are not issued, until the Application Monies are returned to applicants. All interest earned on Application Monies (including those which do not result in the issue of Securities) will be retained by the Company.

3.9 No rights trading

Entitlements under the Offer are non-renounceable and accordingly cannot be traded on the ASX or any other stock exchange, or privately transferred.

If you do not take up your Entitlement under the Offer by the Closing Date, the Offer to you will lapse.

3.10 Underwriting

The Offer is fully underwritten by the Underwriter.

The Underwriting Agreement is subject to certain conditions including circumstances under which the Underwriter may terminate its obligations. The terms and conditions of the Underwriting Agreement, including underwriting fees, are summarised in section 7.1 of this Prospectus.

If for any reason the Underwriting Agreement is terminated before completion, the Company reserves the right to place the Shortfall at its discretion within 3 months after the close of the Offer.

3.11 Shortfall

Eligible Shareholders may, in addition to their Entitlement, apply for additional Shares from any Shortfall that becomes available, by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form (**Shortfall Offer**). Successful applications will also be issued 1 free attaching New Option for every Share received under the Shortfall Offer.

It is possible that there will be few or no Shortfall available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Shortfall Shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Shortfall will be bound to accept a lesser number of Shortfall allocated to them than applied for, if so allocated. If a lesser number of Shortfall is allocated to them than applied for, excess application monies will be refunded without interest. The Company together with the Underwriter reserve the right to scale back any applications for Shortfall in their absolute and sole discretion. When determining the amount (if any) by which to scale back an application, the Company and the Underwriter may take into account a number of factors, including the size of an applicant's shareholding in the Company, the extent to which an applicant has sold or bought Shares in the Company before and after both the announcement of the Offer and the Record Date, as well as when the application was made.

No Shortfall will be issued to any person under this Prospectus if the issue of the Shortfall would contravene the takeover prohibition in section 606 of the Corporations Act.

3.12 Foreign investor restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit the offering of securities in any jurisdiction outside Australia and New Zealand. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant laws and regulations for the issue to them of Securities offered pursuant to this Prospectus. Return of an Entitlement and Acceptance Form will constitute a representation and warranty that there has been no breach of such laws and regulations.

3.13 Nominees, trustees and custodians

The foreign Shareholder restrictions referred to in section 3.13 apply to the underlying beneficial holder of Shares. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Shareholders who hold Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that accepting the Offer and receiving Securities does not breach any laws or regulations in the relevant overseas jurisdictions. Return of a completed Entitlement and Acceptance Form or payment via BPAY® will constitute a representation by the applicant that there has been no breach of such laws and regulations with respect to the Offer.

Shareholders who are nominees, trustees and custodians are therefore advised to seek independent advice as to how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws and regulations.

3.14 Issues of Securities

Issues of Securities under this Prospectus are proposed to occur in accordance with the timetable set out in section 1. Following this, holding statements will be sent to applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Securities. Applicants who sell their Securities before they receive their holding statement will do so at their own risk.

3.15 CHES and issuer sponsorship

The Company operates an electronic CHES sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHES (for security holders who elect to hold Shares on the CHES sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHES sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

3.16 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Securities, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

3.17 Taxation

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company or the Directors accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

4 How to Apply

This section 4 sets out the choices for an Eligible Shareholder with respect to applying for Securities under the Offer. Please refer to section 3.5 to determine who is an Eligible Shareholder.

4.1 Choices available

Eligible Shareholders may do any of the following:

- take up all or part of their Entitlement under the Offer (refer to section 4.2);
- if they take up all of their Entitlement, subscribe for Shortfall Shares (refer to section 4.3); or
- do nothing (refer to section 4.4).

The Offer is a non-renounceable pro rata offer to Eligible Shareholders. Eligible Shareholders are entitled to 1 free attaching New Option for every Share subscribed for and issued under the Offer.

The Offer is fully underwritten (please see section 7.1 for further details). The issue of Shares may dilute the percentage holdings of Shareholders. For further details on the effects of the Offer, please refer to section 5.

4.2 Take up all or part of Entitlement

Eligible Shareholders who wish to take up all or part of their Entitlement under the Offer should complete the Entitlement and Acceptance Form in respect of the number of Shares they wish to subscribe for and arrange for payment of the Application Monies in accordance with section 4.5.

4.3 Subscribe for all of Entitlement plus Shortfall Shares

Eligible Shareholders who take up all of their Entitlement and who wish to subscribe for Shortfall Shares (with free attaching New Options) under the Shortfall Offer (see section 3.12) should fill in the number of Shortfall Shares they wish to accept in the space provided on the Entitlement and Acceptance Form and arrange for payment of the Application Monies in accordance with section 4.5.

4.4 Allow all or part of Entitlement to lapse

If Eligible Shareholders decide not to accept all or part of their Entitlement to Shares, or fail to accept by the Closing Date, the part of their Entitlement not accepted will lapse. The Shares not subscribed for will form part of the Shortfall Offer, which will be taken up by the Underwriter or those Eligible Shareholders that subscribe for Shortfall Shares.

Eligible Shareholders should note that if they do not take up their Entitlement then although they will continue to own the same number of Shares, their percentage holding in the Company will be diluted.

4.5 Making an application

Eligible Shareholders have 2 payment options in order to take up their Entitlements under the Offer.

4.5.1 **Option 1:** Submit a completed Entitlement and Acceptance Form together with a cheque, bank draft or money order.

To follow option 1, applicants should:

- complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form, and indicate the number of Shares they wish to subscribe for; and

- return the form to the Share Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.003 multiplied by the number of Shares and Shortfall Shares (if applicable) they wish to subscribe for);
 - in Australian currency drawn on an Australian branch of a financial institution; and
 - made payable to 'Consolidated Zinc Limited – Application Account' and crossed 'Not Negotiable'.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of the cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay for the number of Shares and Shortfall Shares (if applicable) applied for in the Entitlement and Acceptance Form in full, the applicant will be taken to have applied for the lower number of whole Shares as the cleared Application Monies will pay for (and to have specified that number of Shares in the Entitlement and Acceptance Form). Alternatively, the application will be rejected.

Cash payments will not be accepted. Receipts for payment will not be issued.

Applicants need to ensure that their completed Entitlement and Acceptance Form and cheque, bank draft or money order reaches the Share Registry at the address below by no later than 5.00pm (AEST) on the Closing Date.

Completed Entitlement and Acceptance Forms should be returned to the Share Registry at the following address:

By post:

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

By hand:

Consolidated Zinc Limited
c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Entitlement and Acceptance Forms (and payment of Application Monies) may not be accepted if received after 5.00pm (AWST) on the Closing Date.

4.5.2 **Option 2: Pay via BPAY® payment**

To follow option 2, applicants should pay the full Application Monies, being \$0.003 multiplied by the number of Shares and Shortfall Shares (if applicable) the applicant wishes to subscribe for, via BPAY® payment in accordance with the instructions set out on the personalised Entitlement and Acceptance Form (which includes the biller code and the applicant's unique customer reference number). Applicants can only make a payment via BPAY® if they are the holder of an account with an Australian financial institution.

Please note that if payment is made by BPAY®:

- the applicant does not need to submit the personalised Entitlement and Acceptance Form but is taken to make the statements on that form; and
- if the applicant subscribes for less than its Entitlement or does not pay for its full Entitlement, the applicant is taken to have taken up its Entitlement in respect of such whole number of Shares which is covered in full by the Application Monies.

Applicants need to ensure that their BPAY® payment is received by the Share Registry by no later than 5.00pm (AWST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above.

4.6 Effect of making an application

Returning a completed Entitlement and Acceptance Form or making a BPAY® payment will be taken to constitute a representation by the applicant that it:

- has received a printed or electronic copy of this Prospectus accompanying the Entitlement and Acceptance Form and has read it in full;
- agrees to be bound by the terms of this Prospectus and the Constitution;
- makes the representations and warranties in sections 3.13 and 3.14 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Securities under the Offer;
- declares that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Entitlement and Acceptance Form;
- acknowledges that once the Entitlement and Acceptance Form is returned or a BPAY® payment is made its acceptance may not be withdrawn;
- agrees to being issued the number of Securities it applies for at the offer price (or a lower number issued in a way described in this Prospectus);
- authorises the Company to register it as the holder(s) of the Securities issued to it;
- acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Securities are suitable for it, given its investment objectives, financial situation or particular needs; and
- authorises the Company and its officers or agents to do anything on its behalf necessary for Securities to be issued to it, including correcting any errors in its Entitlement and Acceptance Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Entitlement and Acceptance Form.

4.7 Enquiries

This document is important and should be read in its entirety. Shareholders who are in any doubt as to the course to follow should consult their stockbroker, lawyer, accountant or other professional adviser without delay. Shareholders who:

- have questions relating to the calculation of their Entitlement;
- have questions on how to complete an Entitlement and Acceptance Form or take up their Entitlements; or
- have lost an Entitlement and Acceptance Form and would like a replacement form,

should call the Share Registry on +61 8 9211 6670 between 9.00am (AWST) to 5.00pm (AWST) Monday to Friday before the Closing Date.

5 Effect of the Offer

5.1 Effect on cash reserves

Assuming full subscription under the Offer (on the basis that it is fully underwritten), the potential effect of the Offer will be that:

- cash reserves will increase by approximately \$1,135,933 (after costs and the offset against the loan repayment of A\$400,000 to the Copulos Group and the Retzos Group);
- the number of Shares on issue will increase from 1,725,933,313 to 2,301,244,417; and
- the number of Options on issue will increase from 123,283,883 to 713,594,987.

Shareholders should note that due to rounding of Entitlements under the Offer on the Record Date, among other things, the exact number of Securities to be issued will not be known until completion of the Offer.

Funds raised from the Offer are proposed to be used in accordance with the table set out in Section 3.2.

5.2 Effect on capital structure

The indicative capital structure of the Company, assuming the Offer completes fully subscribed and no Options are exercised prior to the Record Date, is set out below.

Shares	Number
Existing Shares	1,725,933,313
Shares issued under the Offer ¹	575,311,104
Total	2,301,244,417

Options	Number
Existing Options (unquoted) ¹	123,283,882
New Options issued under the Offer	575,311,104
New Options issued to the Underwriter ²	15,000,000
Total	713,594,987

Notes:

- 1 This figure is comprised of the following unquoted Options:
- 40,000,000 Options exercisable at \$0.06 on or before 31 December 2020;
 - 1,250,000 Options exercisable at \$0.06 on or before 30 June 2023;
 - 1,250,000 Options exercisable at \$0.06 on or before 30 September 2023;
 - 2,500,000 Options exercisable at \$0.06 on or before 5 June 2020;
 - 57,283,882 Options exercisable at \$0.025 on or before 31 December 2020;
 - 1,000,000 Options exercisable at \$0.06 on or before 30 June 2020; and

(g) 20,000,000 Options exercisable at \$0.02 on or before 30 September 2021.

2 Refer to the summary of the Underwriting Agreement in section 7.1.

Other security	Number
Existing performance rights ¹	129,750,000
Other securities issued under the Offer	Nil
Total²	129,750,000

Notes:

- 1 The Company has a total of 129,750,000 performance rights on issue. Each Performance Right entitles the holder to be issued with one Share upon the satisfaction of certain milestones. The expiry dates of the performance rights range from 30 June 2020 to 31 December 2021.
- 2 As set out in its Quarterly Activities Report announced to ASX on 3 February 2020, the Company has various convertible notes on issue which have an aggregate balance of approximately \$1,220,000 and may be converted by the holder into Shares.

5.3 Effect on control

The Offer is fully underwritten by the Underwriter, being approximately 575,311,104 Shares and 575,311,104 free attaching New Options (**Underwritten Securities**). Refer to section 7.1 for details of the terms of the underwriting.

The Underwriter currently holds 214,952 Shares and 10,000,000 unquoted Options exercisable at \$0.02 on or before 30 September 2021.

The extent to which Shares are issued pursuant to the underwriting will affect the Underwriter's voting power in the Company. The Underwriter is not a related party of the Company for the purpose of the Corporations Act. The Underwritten Securities may be taken up by sub-underwriters of the Underwriter in accordance with the Underwriting Agreement.

The maximum potential increase in voting power of the Underwriter as a result of its underwriting arrangement is set out below (assuming the Underwriter does not exercise any Options prior to the Record Date).

Take up by Underwriter	Underwritten Shares	Underwritten Options	Underwritten Value	Shares held post-Offer	Current voting power	Voting power post-Offer
100%	575,311,104	575,311,104	\$1,725,933	575,526,056	0.12%	25.01%
75%	431,483,328	431,483,328	\$1,294,450	431,698,280	0.12%	18.75%
50%	287,655,552	287,655,552	\$862,967	287,870,504	0.12%	12.50%
25%	143,827,776	143,827,776	\$431,483	144,042,728	0.12%	6.25%
0%	-	-	-	214,952	0.12%	0.01%

As set out in the table above, depending on the level of acceptances by Eligible Shareholders of their Entitlements, the take up of Shortfall Shares and the Underwriter's ability to secure sub-underwriters, the maximum potential increase in the voting power of the Underwriter may exceed 20%.

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of a company if, because of a transaction in relation to securities of that company, a person's voting power in the company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%.

There are certain exceptions to the above prohibition in section 611 of the Corporations Act. Item 13 of section 611 (**Underwriting Exception**) provides an exception for an acquisition that results from an issue of securities to a person as underwriter or sub-underwriter when:

- the issue is made under a disclosure document; and
- the effect of the acquisition on the person's voting power is disclosed in the disclosure document.

The table above indicates that the underwriting of the Offer by the Underwriter may result in the Underwriter increasing its voting power to more than 20% of the issued share capital of the Company.

However, the Underwriter has engaged various sub-underwriters for the Offer. Pursuant to the Underwriting Agreement, the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer.

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus). Examples of how the dilution may impact Shareholders, assuming no Options are exercised before the Record Date, are set out in the table below.

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holdings if Entitlement Not Taken Up	% Post Offer
Shareholder 1	100,000,000	5.79%	33,333,333	100,000,000	4.35%
Shareholder 2	50,000,000	2.90%	16,666,667	50,000,000	2.17%
Shareholder 3	10,000,000	0.58%	3,333,333	10,000,000	0.43%
Shareholder 4	5,000,000	0.29%	1,666,667	5,000,000	0.22%

Notes:

- 1 The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer or taken up by the Underwriter.

No Shares will be issued under this Prospectus if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act.

5.4 Effect on financial position

Set out below is the audited statement of financial position as at 31 December 2019 and the unaudited pro forma statement of financial position as at 31 December 2019. The unaudited pro forma statement of financial position has been prepared on the basis and assumption that there have been no material movements in the assets and liabilities of the Company between 31 December 2019 and completion of the Offer other than:

- the receipt of working capital loans from the Copulos Group and the Retzos Group totalling A\$400,000 which was used to manage cashflow, effectively reducing accounts payable;
- the issue of 50,000,000 Shares upon the conversion of convertible notes held by the Copulos Group at a conversion price of A\$0.01 per Share;
- the issue of 575,311,104 Shares pursuant to the Offer which will raise A\$1,325,933 before costs but after the offset against the loan repayment of A\$400,000 to the Copulos Group and the Retzos Group; and

- the estimated expenses of the Offer of approximately A\$190,000, which amount is shown as a deduction against issued capital.

The pro forma consolidated statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted below. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	AUDITED 31 DEC 2019 US\$	UNAUDITED PRO-FORMA 31 DEC 2019 US\$
CURRENT ASSETS		
Cash ¹	529,686	1,227,788
Other current assets	2,575,106	2,575,106
TOTAL CURRENT ASSETS	3,104,792	3,802,894
NON-CURRENT ASSETS		
Property, plant & equipment	416,273	416,273
Other non-current assets	1,571,116	1,571,116
TOTAL NON-CURRENT ASSETS	1,987,389	1,987,389
TOTAL ASSETS	5,092,181	5,790,283
CURRENT LIABILITIES		
Creditors and borrowings	4,215,978	3,645,288
Other current liabilities	156,684	156,684
TOTAL CURRENT LIABILITIES	4,372,662	3,801,972
NON-CURRENT LIABILITIES		
Creditors and borrowings	-	-
TOTAL NON-CURRENT LIABILITIES	-	-
TOTAL LIABILITIES	4,372,662	3,801,972
NET ASSETS	719,519	1,988,311
EQUITY		
Share capital	30,931,000	32,199,792
Options Reserve	(7,050,207)	(7,050,207)
Accumulated losses	(23,161,274)	(23,161,274)
Non-controlling interest	-	-

	AUDITED 31 DEC 2019 US\$	UNAUDITED PRO-FORMA 31 DEC 2019 US\$
TOTAL EQUITY	719,519	1,988,311

Notes

1. The conversion rate used for the Offer is AUD:USD 0.6341.

6 Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the matters summarised in this section 6, which is not exhaustive, represent some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Investors should carefully consider the following factors in addition to the other information presented in this Prospectus.

6.1 Specific risks

6.1.1 Going concern risk

The Company's annual financial report for the period ended 31 December 2019 (**Financial Report**) includes an emphasis of matter with respect to the existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the "going concern" paragraph included in the Financial Report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements.

6.1.2 Future capital needs and additional funding

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus.

The Company may need to raise further capital for operational or capital works. Any need to raise further capital for operational matters will depend on the Plomosas mine operations and resultant level of revenue.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the operations of the Plomosas mine, stock market and industry conditions, relevant commodity prices and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms it may impact the ability of the Company to continue as a going concern.

6.1.3 Coronavirus (COVID-19) risk

Global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The Company's Share price may also be adversely affected by the economic uncertainty caused by COVID-19.

Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

As a result of COVID-19, the Mexican government has restricted all non-essential businesses and as such the Company has been prevented from operating at the Plomosas Project since 6 April 2020. Based on Mexican government decrees as at the date of this Prospectus, the Company expects to be able to resume its mining and processing operations during the second half of May 2020. There is no guarantee that the Mexican government will not delay this timeframe further. Any delay extending

to completion of the Offer gives the Underwriter a right to terminate the Underwriting Agreement. Refer to Section 7.1 for a summary of the Underwriting Agreement.

6.1.4 Resource and reserve estimates

The Plomosas Project features Mineral Resources. Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience, and resource modelling. As such, resource and reserve estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource and reserve estimates may change over time as new information becomes available. If the Company encounters mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

The Company notes that it is in the process of updating its Mineral Resource at the Plomosas Project, which was initially announced to ASX on 15 December 2016 and then updated on 30 April 2018. The Company anticipates that it will be in a position to announce the update to ASX in the coming days and, in any case, before the Opening Date. As at the date of this Prospectus, and at a very preliminary stage, the Company anticipates that the Mineral Resource at the Plomosas Project will be downgraded. Investors are encouraged to check and monitor any announcements made by the Company to ASX in relation to the update.

6.1.5 Underground mining and operations risk

The Company conducts mining operations at the Plomosas underground mine in the northern Mexican state of Chihuahua. The Company recommenced mining in September 2018 and mines ore featuring zinc, lead and silver.

Underground mining is by its nature a high risk undertaking where operations can be affected by a number of factors. These include, but are not limited to, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables and inputs (including diesel), spare parts and plant and equipment, labour disputes, industrial accidents including fire, flood and collapse, unusual or unexpected geological formations or hydrogeological conditions including flooding.

6.1.6 Ore treatment risk

As announced on 1 April 2019, the Company entered into a toll treatment agreement with the operator of the Aldama concentrator facility, located approximately 70 kilometres from the Plomosas mine. The term of the agreement is 18 months with a 6 month extension at the Company's election.

The effective treatment of the ore is reliant on the third party operator and the concentrator facility's ability to process ore effectively. Expansion works were undertaken to upgrade the concentrator facility's capacity to process ore. These expansion works were partly funded by the Company. Ore treatment is by its nature a high risk undertaking where operations can be affected by a number of factors. These include, but are not limited to, unanticipated technical and operational difficulties, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables and inputs (including reagents and power), spare parts and plant and equipment, labour disputes, and industrial accidents.

6.1.7 Exploration risk

The Company will undertake further exploration at its Plomosas Project. Exploration is by its nature a high risk undertaking and is affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, land access, changing government regulations and other factors beyond the Company's control.

There can be no assurance of success from any exploration activities.

6.1.8 Commodity price and volatility risk

Zinc, lead and silver (in concentrates) are produced from the Plomosas mine. The success of the operations at the Plomosas mine is reliant on the prices of these commodities.

Commodity prices (including zinc, lead, silver, and gold) fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, forward selling by producers and production cost levels, general world economic conditions and the outlook for interest rates, inflation, and other economic factors on both a regional and global basis. These factors may have a positive or negative-effect on the Company's activities, together with the ability to fund these activities.

The price for zinc, in particular, is currently being negatively impacted by the global economic impacts of the COVID-19 virus.

6.1.9 Sale of product risk

The concentrate products produced by the Company after mining and processing are zinc and lead concentrates. The Company has an offtake agreement for 100% of its zinc concentrate, with Industrias Penoles S.A. de C.V. (**Penoles**), one of the world's leading zinc refiners. The zinc offtake agreement runs to 31 December 2020 with options, at Penoles' election, to be extended for a further 2 years. Lead concentrate is sold to global commodity trading houses at spot volumes on short term contracts. The failure of Penoles to exercise its option to extend the zinc offtake agreement or any unfavourable movements in the spot volumes of lead concentrate may negatively impact the Company.

6.1.10 Treatment charges

Treatment charges apply to zinc and lead concentrates. The Plomosas zinc concentrate treatment charges are linked to the international benchmark, which is reset annually in approximately April of each year. The lead treatment charge is negotiated on a spot volume basis and is subject to prevailing market conditions at the time of agreeing a spot sale. If there is a material change in the treatment charges that apply to zinc and lead concentrates this could adversely impact the Company's cost base.

6.1.11 Legal proceedings

Legal proceedings may arise from time to time in the course of the Company's business.

As announced on 10 August 2018, a claim has been threatened by Pandion Minerals Pty Ltd alleging it is entitled to a 10% free carried interest in the Plomosas Project until a definitive feasibility study is completed. The Company considers the claim to be unfounded.

The Mexican legal system is based on French Napoleonic law, which differs significantly from English based legal systems. Legal disputes like the two below can take more than one year to resolve and there can be no reliable timeframe for resolution. The Company continues to operate with all its rights in place whilst the disputes are on-going.

As announced on 3 December 2019, Caminos y Construcciones Ganti S.A. de C.V. (**Ganti**) was terminated as the mining contractor at the Plomosas Project. The Company's decision to terminate the mining contract was a result of an annual review which identified significant overcharging and underperformance by Ganti. Rather than follow the contractual conflict resolution scheme in relation to disputed cost claims, Ganti submitted legal proceedings in the Federal District Court of Mexico claiming final costs outstanding of Mexican Peso 23,632,639 (inclusive of 16% VAT) (approximately US\$1,255,719). This action is being defended, details and updates have been announced on 13 January 2020, 3 February 2020 and 7 February 2020.

Further, the Company notes that a local rancher made a claim against the Company's Mexican subsidiary that operates the Plomosas mine. The claim relates to seeking termination of a land use agreement. As announced on 5 September 2019 the Appeals Court of Chihuahua has ruled in favour of the Company's subsidiary against the rancher and confirmed that the Company's subsidiary has a

valid and enforceable land use agreement. Subsequently, the local rancher's wife has made a claim seeking termination of the land use agreement. She was not a party to the land use agreement but has based her claim on recent legislative changes in Mexico in relation to marital assets. The Company has received legal advice that there is no basis for the claim and as such the Company will defend its rights and considers the claim vexatious.

As at the date of this Prospectus, there are no other material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

6.1.12 Reliance on key personnel

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the resource industry.

6.1.13 Title risk and licence conditions

The Plomosas Project covers 11 mining leases in the northern Mexican state of Chihuahua. The Company's activities are dependent upon the maintenance of these concessions and any regulatory consents. The concessions are subject to renewal.

Additionally, the concessions are subject to a number of legislative conditions. The inability to meet these conditions could affect the standing of the concessions or restrict their ability to be renewed.

Loss of any concessions or licences may severely adversely affect the Company.

6.1.14 Land access

The Plomosas Project covers 11 leases in the northern Mexican state of Chihuahua.

The Company has a land use agreement with a local rancher to enable appropriate land access for exploration and mining on the mining leases. The Company needs a valid and effective land use agreement in place to ensure appropriate access.

6.1.15 Environmental

The Plomosas Project is subject to laws and regulations regarding environmental matters. The authorities that administer and enforce environmental laws and regulations determine these requirements. As with all mining and exploration projects, the Company's activities are expected to have an impact on the environment. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Failure to obtain or maintain relevant environmental approvals will prevent the Company from undertaking its activities.

6.1.16 Foreign exchange risk

The Company's main business undertaking (the Plomosas mine) is in Mexico and as a result, any revenues, cash inflows, expenses, capital expenditure and commitments may occur in United States dollars or Mexican pesos.

The Company may be exposed to the fluctuations and volatility of these currencies together with the Australian dollar.

6.1.17 Sovereign risk

The Plomosas is located in the northern Mexican state of Chihuahua. Mexico is a federal presidential democratic republic.

The political conditions in Mexico are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Company including

changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

6.1.18 Union disputes, blockages and unrest

Union disputes, blockages and unrest may occur in Mexico and restrict the ability of the Company to conduct its mining operations and the transport, processing and sale of its concentrate from the Plomosas mine.

6.1.19 Insurance

The Company may maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to cost-effectively insure or obtain insurance against all risks associated with such activities. The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks, the Company's business, financial condition and results of operations and the market price of the Shares may be materially adversely affected.

6.1.20 Climate change

The operations and activities of the Company are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

6.2 General Risks

6.2.1 Economic

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research, development and production activities, as well as on its ability to fund those activities.

6.2.2 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:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- fear of global pandemics; and
- 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 resources 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.

6.2.3 Additional requirements for capital

Additional funding may be required in the event that costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its business. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

6.2.4 Dividends

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

6.2.5 Unforeseen expenditure

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

6.2.6 General economic climate

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, and stock market prices. The Company's future revenues and security price may be affected by these factors, which are beyond the Company's control.

6.2.7 Global credit and investment market

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's Shares trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

6.2.8 Force majeure risk

Events may occur within or outside the markets in which the Company operates that could impact upon the global and Australian economies, the operations of the Company and the market price of its securities. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

6.2.9 Taxation

The acquisition and disposal of securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors of the Company are urged to obtain independent financial advice about the consequences of acquiring securities in the Company from a taxation point of view and generally.

6.2.10 Speculative nature of investment

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors before deciding whether to participate in the Offer.

Whether or not future income will result from the Company's operations is dependent on the successful implementation of the Company's business plan.

Changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on the ASX.

Shareholders should consider that an investment in the Company is speculative and should consult their professional advisors. The Shares to be allotted pursuant to this Prospectus should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

7 Additional Information

7.1 Underwriting Agreement

The Offer is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter (or its nominee(s)) will be entitled to the following fees:

- (a) an underwriting fee of 4% of the Underwritten Amount;
- (b) a management fee of 2% of the Underwritten Amount;
- (c) a monthly retainer of \$10,000 for a period of 3 months, which has already been paid by the Company; and
- (d) 15,000,000 New Options (**Underwriter Options**).

The Company will also pay the Underwriter its reasonable costs and expenses incidental to the Offer.

The Underwriting Agreement provides that:

- (a) the Underwriter may procure such persons to sub-underwrite the Offer as the Underwriter, in its sole and absolute discretion, thinks fit;
- (b) the Underwriter will ensure that no person will acquire, through participation in sub-underwriting the Offer, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer; and
- (c) the Underwriter may terminate the Underwriting Agreement and be relieved of its obligations if certain events occur, which are usual and appropriate for agreements of this nature in the circumstances.

The Underwriter may terminate the Underwriting Agreement if:

- (a) (**Company default**): the Company fails to perform an obligation under the Underwriting Agreement;
- (b) (**Indices fall**): the S&P ASX 300 Index closes on any Business Day from the date of the Underwriting 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 the Underwriting 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 issue date (indicatively 1 June 2020), 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 by 27 April 2020 or the Prospectus or the Offer is withdrawn by the Company;
- (f) (**Supplementary Prospectus**):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement, 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 the Underwriter may reasonably require; or

- (ii) the Company lodges a supplementary Prospectus without the prior written agreement of the Underwriter;
- (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:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Shares and New Options;
- (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 Shares and New Options 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 the Underwriter, unlikely to be met in the projected timeframe;
- (m) **(No Quotation Approval)**: the Company fails to lodge an Appendix 2A in relation to the Shares and New Options 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 the Underwriter's 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 the Underwriter acting reasonably;
- (q) **(Indictable offence)**: a director of the Company is charged with an indictable offence; or
- (r) **(Termination events)**: any of the following events occurs:
 - (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 the Underwriting 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 the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in a material respect;
- (iv) **(Contravention of constitution or Act)**: a contravention by the 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 the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the 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;
- (vii) **(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;
- (viii) **(Public statements)**: without the prior approval of the Underwriter 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;
- (ix) **(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 affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (x) **(Official Quotation qualified)**: the official quotation is qualified or conditional;
- (xi) **(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;
- (xii) **(Prescribed Occurrence)**: a prescribed occurrence occurs, other than as disclosed in the Prospectus;
- (xiii) **(Suspension of debt payments)**: the Company suspends payment of its debts generally;
- (xiv) **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company or any its subsidiaries;
- (xv) **(Judgment against the Company)**: a judgment in an amount exceeding \$500,000 is obtained against the Company and is not set aside or satisfied within 14 days;

- (xvi) (**Litigation**): litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company or any its subsidiaries, except as disclosed in the Prospectus;
- (xvii) (**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 Shares and New Options without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xviii) (**Change in shareholdings**): there is a material change in the major or controlling shareholdings of the Company or any its subsidiaries (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 the Company or any its subsidiaries;
- (xix) (**Timetable**): there is a delay in any specified date in the timetable which is greater than 2 Business Days;
- (xx) (**Force Majeure**): a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xxi) (**Certain resolutions passed**): the Company or any 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;
- (xxii) (**Capital structure**): the Company or any its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus;
- (xxiii) (**Breach of Contracts**): any of the Contracts are terminated or substantially modified; or
- (xxiv) (**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 events listed in (r) above 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.

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

7.2 Continuous disclosure

As the Company is admitted to the official list of ASX, the Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website

after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to Securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- it is subject to regular reporting and disclosure obligations;
- copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - the annual financial report of the Company for the financial year ended 31 December 2019;
 - any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - the rights and liabilities attaching to the securities the subject of this Prospectus; and
- would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 31 December 2019 on 1 April 2020.

Date	Title
23/04/2020	Proposed issue of Securities - CZL

Date	Title
23/04/2020	Proposed issue of Securities - CZL
23/04/2020	Reinstatement to Official Quotation
23/04/2020	Capital Raising Update
23/04/2020	Widespread Gold with high-grade potential identified
23/04/2020	Resource Drilling Update
23/04/2020	Operations Update
17/04/2020	Voluntary suspension extension
09/04/2020	Voluntary Suspension Extension
07/04/2020	Capital raising update
07/04/2020	Voluntary Suspension
07/04/2020	Supplementary Prospectus
01/04/2020	Trading Halt
01/04/2020	Corporate Governance Statement
01/04/2020	Appendix 4G
01/04/2020	Full Year Statutory Accounts

7.3 Market price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

High – 12 February 2020	Low – Various Dates ¹	Last – 24 April 2020
\$0.010	\$0.003	\$0.005

Notes:

1 12 March 2020 – 17 March 2020, 20 March 2020 – 24 March 2020 and 26 March 2020 – 31 March 2020.

7.4 Rights and liabilities attaching to Shares

The rights attaching to Shares are described in the Constitution and, to the extent applicable, are regulated by the Corporations Act, the Listing Rules and general law. The following is a summary of certain rights attaching to Shares.

7.4.1 Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote and upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every fully paid up Share held by them. In the case of a partly paid share, a fraction of a vote equivalent to the proportion which the amount paid up

on that member's share bears to the total amounts paid and payable (excluding amounts credited) on that share.

7.4.2 Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- the directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- the person entitled to a dividend on a Share is entitled to:
 - if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
 - if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

7.4.3 Winding up

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them regardless of the amounts paid up on the Shares.

7.4.4 Further Increases in Capital

Subject to restrictions on the issue or grant of securities contained in the Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise, as the directors think fit.

7.4.5 Variation of Rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.4.6 Transfer of securities

Generally, the shares and options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the Listing Rules.

7.4.7 Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of shares in the Company to effect an orderly sale of those shares in the event that holders do not take steps to retain their holdings.

The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the Listing Rules.

7.4.8 Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7.5 Terms of the New Options

The terms and conditions of the New Options are:

7.5.1 Entitlement

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

7.5.2 Exercise Price

Subject to section 7.5.9, the amount payable upon exercise of each New Option will be \$0.006 (**Exercise Price**).

7.5.3 Expiry Date

Each New Option will expire at 5:00pm (AWST) on the date that is three years from the date of issue under the Offer (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

7.5.4 Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

7.5.5 Notice of Exercise

The New 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 New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

7.5.6 Exercise Date

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 New Option being exercised in cleared funds (**Exercise Date**).

7.5.7 Timing of issue of Shares on exercise

Within 10 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under 7.5.7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

7.5.8 Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

7.5.9 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a New Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

7.5.10 Participation in new issues

There are no participation rights or Entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising New Options.

7.5.11 Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

7.5.12 Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

7.5.13 Quotation

The Company will seek to have the New Options quoted by ASX.

7.6 Director interests

Other than as set out below or elsewhere in this Prospectus, no existing or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offer.

7.6.2 Remuneration

The cash remuneration (including superannuation) paid or to be paid to the Directors for the 2 years prior to the date of this Prospectus is set out below.

Director	Position	12 months ended 31 December 2018 ¹	Financial year ended 31 December 2019 ²	3 months ended 31 March 2020
Bradley Marwood	Managing Director	A\$224,740	US\$264,139	US\$67,500
Andrew Richards	Non-Executive Chairman	A\$226,356	US\$94,442	US\$25,000
Angela Pankhurst	Non-Executive Director	A\$18,250	US\$48,434	US\$12,500

Notes:

- 1 Cash remuneration paid to Directors for the 12 months ended 31 December 2018 is unaudited and in Australian Dollars. The Company changed its annual balance date to 31 December, as at 31 December 2018.
- 2 Cash remuneration paid to Directors for the 12 months ended 31 December 2019 is audited and in US Dollars.
- 3 Cash remuneration paid to Directors for the 3 months ended 31 March 2020 is unaudited and in US Dollars.

7.6.3 Securities

The securities in the Company in which the Directors and their associates have relevant interests in at the date of this Prospectus are set out below.

Director	Shares ¹	Voting power	Performance Rights ²	Options
Andrew Richards	13,885,011 ³	0.80%	20,750,000	2,500,000
Bradley Marwood	3,558,851 ⁴	0.21%	53,000,000	1,000,000
Angela Pankhurst	408,334 ⁵	0.02%	-	-

Notes:

- 1 Each Director's relevant interest in the securities of the Company will increase to the extent they take up their Entitlements under the Offer.
- 2 Each Performance Right entitles the holder to be issued with one Share upon the satisfaction of certain milestones.
- 3 Comprising:
 - (a) 7,000,000 Shares held indirectly by Ankemala Superannuation Fund; and
 - (b) 6,885,011 Shares held indirectly by Arc Resources Pty Ltd <AK Growth Trust>, whereby Mr Richards controls the corporate trustee.
- 4 Comprising:
 - (a) 558,851 Shares held directly; and
 - (b) 3,000,000 Shares held indirectly by Corporate Mining Resources Pte Ltd, an entity controlled by Bradley Marwood.
- 5 Comprising:
 - (a) 350,000 Shares held indirectly by Dent Financial Pty Ltd <Angela Dent Superannuation Fund>, whereby Ms Pankhurst controls the corporate trustee; and
 - (b) 58,334 Shares held directly by Angela Pankhurst <The Angela Dent Investment Trust>.

7.7 Expert and adviser interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offer.

Pinnacle Corporate Finance Pty Ltd is the underwriter to the Offer, in respect of which it is entitled to receive fees and commissions under the Underwriting Agreement as set out in section 7.1. The Underwriter has received other fees of \$208,868 (exclusive of GST) and 10,000,000 Options for services provided to the Company over the 2 years prior to the date of this Prospectus (before payment to sub-underwriters and brokers).

AGH Law has acted as the legal adviser to the Company in relation to the Offer. The estimated fees payable to AGH Law for these services are \$10,000 (exclusive of GST). AGH Law has received fees of \$20,000 for services provided to the Company over the 2 years prior to the date of this Prospectus.

7.8 Consents

Each of the parties referred to below:

- does not make the Offer;
- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

Pinnacle Corporate Finance Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as underwriter to the Company in relation to the Offer in the form and context in which it is named. Pinnacle Corporate Finance Pty Ltd has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

AGH Law has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the legal adviser to the Company in relation to the Offer in the form and context in which it is named. AGH Law has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than references to its name.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

7.9 Offer expenses

The estimated expenses of the Offer (exclusive of GST) are set out below.

Item	Amount
ASIC fees	\$3,206
ASX fees	\$19,985
Legal fees	\$10,000
Underwriting fees ¹	\$133,556
Printing, registry and other costs	\$23,253
Total	\$190,000

Notes:

- 1 This figure includes the \$30,000 in retainer fees under the Underwriting Agreement which have been paid to the Underwriter prior to the date of this Prospectus.

7.10 Litigation

As at the date of this Prospectus, other than as disclosed in section 6.1.11, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8 Authorisation

26 April 2020

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

Signed for and on behalf of the Company.

A handwritten signature in black ink, appearing to read "A Richards", is written over a light grey rectangular background.

Andrew Richards
Chairman
Consolidated Zinc Limited

9 Definitions

AEST means Australian Eastern Standard Time, being the time in Sydney, New South Wales.

Application Monies means the monies payable by and received from persons applying for Shares under the Offer and the Shortfall Offer (if applicable).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

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

Board means the board of Directors.

Business Day means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the date that the Offer close being 5.00pm (AEST) on 26 May 2020 or such other time and date as the Company determines.

Company means Consolidated Zinc Limited ACN 118 554 359.

Constitution means the constitution of the Company from time to time.

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

Director means a director of the Company.

Eligible Shareholder means a Shareholder as at the Record Date with a registered address in Australia or New Zealand.

Entitlement means the number of Shares for which an Eligible Shareholder is entitled to subscribe for under the Offer, being 1 Share for every 3 Shares held on the Record Date, together with 1 free attached New Option for every Share issued.

Entitlement and Acceptance Form means the personalised "Entitlement and Acceptance Form" in the form accompanying this Prospectus pursuant to which a person may apply for Securities under the Offer and the Shortfall Offer (if applicable).

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Listing Rules means the official listing rules of the ASX.

New Option means an Option exercisable at \$0.006 on or before the date that is 3 years from the date of issue, and otherwise on the terms set out in section 7.5.

Offer means the non-renounceable pro rata offer of approximately 575,311,104 Shares to Eligible Shareholders at an issue price of \$0.003 each to raise approximately \$1,725,933, together with 1 free attaching New Option for every Share issued.

Opening Date means the first date for receipt of applications under the Offer being 8.00am (AEST) on 5 May 2020, or such other time and date as the Company determines.

Option means an option to acquire a Share.

Plomosas Project means the Company's 11 mining concessions in Chihuahua, Mexico.

Prospectus means this prospectus dated 27 April 2020.

Record Date means the date for determining Entitlements being 5.00pm (AEST) on 30 April 2020.

Securities means Shares and New Options (as applicable).

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

Shareholder means a registered holder of one or more Shares.

Share Registry means Link Market Services Limited ACN 083 214 537.

Shortfall or **Shortfall Shares** means those Shares under the Offer not applied for by Eligible Shareholders pursuant to their Entitlements by the Closing Date.

Shortfall Offer means the offer of Shortfall Shares to Eligible Shareholders who wish to take up more than their Entitlement under the Offer.

Underwriter means Pinnacle Corporate Finance Pty Ltd ACN 149 263 543 (AFSL 403 684).

Underwriting Agreement means the underwriting agreement dated 22 April 2020 between the Underwriter and the Company (as amended).

Underwritten Amount means the total amount to be raised under the Offer, being approximately \$1,725,933.

Underwritten Securities has the meaning given in section 5.3.