

Consolidated Zinc Limited  
ACN 118 554 359

## Notice of Meeting

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Notice is given that a general meeting of the Company will be held at:

<b>Time</b>	10:00am (AWST)
<b>Date</b>	Monday, 14 December 2020
<b>Place</b>	Level 2, 35 Outram Street West Perth WA 6005

**Important:** This Notice is an important document that should be read in its entirety. If you are in any doubt or have any questions about this document, you should promptly consult your stockbroker, accountant or other professional adviser.

## Notice of Meeting

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Notice is given that a general meeting of Consolidated Zinc Limited ACN 118 554 359 (**Company**) will be held at 10.00am (AWST) on Monday, 14 December 2020 at Level 2, 35 Outram Street West Perth WA 6005.

## Agenda

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### 1 Capital Consolidation

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#### Resolution 1

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

*"That, for the purposes of section 254H of the Corporations Act, Listing Rules 7.20, 7.21 and 7.22.1, and for all other purposes, approval is given for the Company to consolidate its capital on a 1 for 15 basis so that every:*

- (a) 15 Shares are consolidated into 1 Share;*
- (b) 15 Options are consolidated into 1 Option;*
- (c) 15 Performance Rights are consolidated into 1 Performance Right; and*
- (d) Convertible Note is consolidated on analogous terms,*

*with any fractional entitlements to Shares rounded down to the nearest whole number, with effect from 15 December 2020, and otherwise as described in the Explanatory Statement."*

## Voting entitlements

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The Company has determined that, in accordance with section 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Meeting, Shares will be taken to be held by the persons who are the registered holders at 10:00am (AWST) on Saturday, 12 December 2020. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## Voting instructions

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- (a) Votes at the Meeting may be given personally or by proxy, attorney or representative.
- (a) A proxy need not be a Shareholder of the Company.
- (b) The Proxy Form sent with this Notice should be used for the Meeting.
- (c) Each Shareholder who is entitled to cast 2 or more votes at the Meeting may appoint up to 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes that each proxy may exercise, then each proxy will be entitled to exercise half of that Shareholder's votes. An additional Proxy Form will be supplied by the Company on request. No Shareholder may appoint more than 2 proxies.

- (d) In the case of a Shareholder who is an individual, a Proxy Form must be executed under the hand of the individual or their attorney duly authorised in writing and, in the case of a member that is a corporation, a Proxy Form must be executed by the corporation under common seal, pursuant to section 127 of the Corporations Act or under the hand of its duly authorised officer or attorney.
- (e) Any Shareholder may by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or a certified copy of it must be received by the Company in accordance with this Notice.
- (f) Any corporation that is a Shareholder may appoint a representative to attend and vote for that corporation at the Meeting. Appointments of corporate representatives must be received by the Company in accordance with this Notice or handed in at the Meeting when registering as a corporate representative.
- (g) Any directed proxies that are not voted on a poll at the Meeting by a Shareholder's appointed proxy will automatically default to the Chair, who is required to vote proxies as directed on a poll.
- (h) Proxy Forms (including any instruments under which they have been executed) and powers of attorney granted by Shareholders must be lodged with the Company's share registry, Link Market Services, by:
  - (i) post to Link Market Services, Locked Bag A14, Sydney South, NSW 1235;
  - (ii) hand at Link Market Services, 1A Homebush Bay Drive, Rhodes, NSW 2138;
  - (iii) visiting [linkmarketservices.com.au](http://linkmarketservices.com.au) and following the links; or
  - (iv) facsimile to +61 2 9287 0309,so that they are received no later than 48 hours before the commencement of the Meeting.
- (i) The Chair intends to exercise all available proxies in favour of the Resolution, unless the Shareholder has expressly indicated a different voting intention.

## Document components

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This document includes this Notice and the accompanying Explanatory Statement and Proxy Form.

## Authorisation

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By order of the Board.

**Anthony Italiano**  
Company Secretary and Chief Financial Officer

12 November 2020

# Explanatory Statement

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This Explanatory Statement sets out the information which the Directors believe is material to Shareholders in deciding whether or not to pass the Resolution.

## 1 COVID-19 relief

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In accordance with section 5(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, the Company will not send hard copies of this Notice to Shareholders. Instead, this Notice can be viewed or downloaded via the Company's website at [consolidatedzinc.com.au](http://consolidatedzinc.com.au).

## 2 Capital Consolidation

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### 2.1 Background

Resolution 1 seeks Shareholder approval for the Company to consolidate its capital on a 1 for 15 basis (**Consolidation**) to give the Company a more appropriate capital structure going forward.

At the date of this Notice, the Company has 3,170,675,383 Shares on issue which closed at \$0.004 each on 11 November 2020. The Company also has Options, Performance Rights and Convertible Notes on issue.

### 2.2 Section 254 of the Corporations Act

Section 254H of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number by resolution passed in a general meeting. The conversion takes effect on the day the resolution is passed (unless a later date is specified in the resolution).

If passed, the Company will lodge a copy of this Resolution with ASIC within 1 month of the Meeting.

### 2.3 Listing Rules

The Listing Rules summarised below also apply to a capital consolidation undertaken by a company.

#### (a) Listing Rule 7.20

The company must disclose:

- (i) the effect of the consolidation on the number of securities and the amount paid (if any) on them;
- (ii) the proposed treatment of any fractional entitlements; and
- (iii) the proposed treatment of any convertible securities.

#### (b) Listing Rule 7.21

Convertible securities (other than options) must be consolidated so that the holder will not receive a benefit that shareholders do not receive.

#### (c) Listing Rule 7.22.1

Options must be consolidated on the same ratio as shares, with the exercise price adjusted at the inverse ratio.

## 2.4 Capital structure

The indicative impact of the Consolidation on the Company's capital structure is set out below.

Equity Security	Pre-Consolidation		Post-Consolidation (subject to rounding)	
	Number	Market Price	Number	Market Price
<b>Shares</b>	<b>3,170,675,383</b>	<b>\$0.004</b>	<b>211,378,359</b>	<b>\$0.06</b>
<b>Convertible Securities</b>	<b>Number</b>	<b>Exercise / Conversion Price</b>	<b>Number</b>	<b>Exercise / Conversion Price</b>
<b>Options</b>	<b>1,141,572,337</b>		<b>76,104,822</b>	
– 31/12/20	57,283,882	\$0.025	3,818,925	\$0.375
– 31/12/20	40,000,000	\$0.06	2,666,667	\$0.90
– 30/09/21	20,000,000	\$0.02	1,333,333	\$0.30
– 01/06/23 (quoted)	1,021,788,455	\$0.006	68,119,230	\$0.09
– 30/06/23	1,250,000	\$0.06	83,333	\$0.90
– 30/09/23	1,250,000	\$0.06	83,333	\$0.90
<b>Performance Rights</b>	<b>96,750,000</b>		<b>6,450,000</b>	
– 31/12/20 (class F)	1,500,000	Nil  (subject to a JORC mineral resource of either 2.5Mt or 400kt zinc and lead contained)	100,000	Nil  (subject to a JORC mineral resource of either 2.5Mt or 400kt zinc and lead contained)
– 31/12/20 (class I)	1,500,000	Nil  (subject to production of 16,000 tonnes in a month)	100,000	Nil  (subject to production of 16,000 tonnes in a month)
– 31/12/21 (class O)	56,250,000	Nil  (subject to a market cap of A\$100,000,000 for over 20 consecutive days)	3,750,000	Nil  (subject to a market cap of A\$100,000,000 for over 20 consecutive days)
– 31/12/21 (class P)	37,500,000	Nil  (subject to a market cap of A\$200,000,000 for over 20 consecutive days)	2,500,000	Nil  (subject to a market cap of A\$200,000,000 for over 20 consecutive days)
<b>Convertible Notes</b>	<b>451,130,333</b>	<b>\$0.003</b>	<b>30,075,356</b>	<b>\$0.045</b>
– 30/06/22 (face value \$1,127,826, interest 10%)	(estimate assuming max conversion)		(estimate assuming max conversion)	
<b>Total Equity Securities</b>	<b>4,860,128,053</b> (estimate)		<b>324,008,537</b> (estimate)	

## 2.5 Fractional entitlements

Not all holdings in or entitlements to Shares can be evenly divided by 15. For simplicity, where a fractional entitlement arises, the Company will round the fraction down to the nearest whole number.

## 2.6 Holder interests

The Consolidation applies equally (or analogously) to all holders of Shares, Options, Performance Rights and Convertible Notes, subject only to the rounding of fractions as described in section 2.5. The Consolidation will therefore not have a material impact on the percentage interests of Shareholders and holders of other Equity Securities.

For example, a holder of 10,000,000 Options exercisable at \$0.006 before the Consolidation will have that holding reduced to 666,666 Options (i.e. 15 times less), with the exercise price of each Option increased to \$0.09 (i.e. 15 times greater).

Similarly for Performance Rights, the number held by the holder will reduce by 15 times. As the milestones linked to the Performance Rights are not directly impacted positively or negatively by the Company's Share price they do not require adjustment under the Consolidation.

In the case of Convertible Notes, the increase to the conversion price by 15 times ensures that their face value will convert into the number of Shares that is commensurate with the holder's pre-Consolidation position.

## 2.7 Market price

Theoretically, the market price of each Share following the Consolidation should increase by 15 times its current value. Practically, the actual effect on the market price of each Share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each Share following Consolidation being higher or lower than the theoretical post-Consolidation price.

## 2.8 Timetable

The indicative timetable for the Consolidation is set out below.

Event	Date
Consolidation announced to ASX	12 November 2020
Letter sent to Shareholders regarding access to Notice of Meeting	12 November 2020
General Meeting and approval of Consolidation announced to ASX	14 December 2020
Effective date of Consolidation	15 December 2020
Last day for trading on pre-Consolidation basis	16 December 2020
First day for trading on post-Consolidation and deferred settlement basis	17 December 2020
Last day to register transfers on pre-Consolidation basis	18 December 2020
First day to update register and send post-Consolidation holding statements	21 December 2020
Last day to update register, send post-Consolidation holding statements, announce to ASX and trading on deferred settlement basis	29 December 2020
First day for normal trading on post-Consolidation basis	30 December 2020

**Note:** The timetable is subject to change in accordance with the Listing Rules and applicable laws.

## **2.9 Holding statements**

From the date of the Consolidation, all existing holding statements will cease to have effect, except as evidence of an entitlement to a certain number of Shares or other Equity Securities (as applicable) on a pre-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued in accordance with the Listing Rules.

## **2.10 Tax**

It is not expected that any tax implications will arise for Shareholders or holders of other Equity Securities from the Consolidation. However, independent tax advice should be sought, and neither the Company nor its Directors accept any responsibility for the individual tax implications arising from the Consolidation.

## **2.11 Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

## Definitions

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

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires.

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

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting.

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

**Consolidation** has the meaning given in section 2.1.

**Convertible Note** means a note convertible into one or more Shares.

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

**Director** means a director of the Company.

**Equity Security** has the meaning given in the Listing Rules.

**Explanatory Statement** means the explanatory statement (including all section references, definitions, schedules, attachments and similar components within this document) which forms part of the Notice.

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

**Meeting** or **General Meeting** means the meeting convened by the Notice.

**Notice** means this notice of general meeting.

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

**Performance Right** means a right to acquire a Share subject to one or more performance milestones.

**Proxy Form** means the proxy form attached to or accompanying the Notice.

**Resolution** means a resolution referred to in the Notice.

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

**Shareholder** means a holder of one or more Shares.