

## March 2017, Quarterly Activities Report

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- **Two new significant areas of mineralisation identified outside of the current JORC resource**
  - **In addition, drilling identifies additional mineralisation extending the resource below Level 7**
  - **Scoping Study progressing and expected delivery remains June Quarter 2017**
  - **Fully underwritten Rights Issue to raise up to \$2.95 million initiated after Quarter end. Managed and underwritten by Patersons Securities Limited.**
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Consolidated Zinc Limited (CZL:ASX) is pleased to present the following quarterly report.

### **OPERATIONS AND DEVELOPMENT – PLOMOSAS PROJECT, MEXICO**

#### ***Scoping Study Commences***

On 22 February 2017, the Company announced that it had commenced a Scoping Study, led by RungePincockMinarco Ltd and BatteryLimits Pty Ltd to investigate the potential for fast-tracking development utilising the immediate access to the high-grade ore in Level 7 and the refurbishment of the small scale plant on-site.

The study will assess mining and infrastructure options, including the possible re-establishment of past mine operations, and refurbishment and potential future expansion of an existing onsite pilot processing plant, targeting a throughput of between 200-400 tonnes per day, or approximately 75,000-150,000 tonnes per annum.

Independent global consultant RungePincockMinarco Pty Ltd (“RPM”), which has intimate knowledge of Plomosas from previous work completed with Consolidated Zinc, has been appointed to manage the study. In addition, BatteryLimits Pty Ltd will continue metallurgical testwork and develop the metallurgical and process engineering options.

The work is progressing in line with the expected timetable and initial results are expected before the end of the June quarter 2017.

Upon receipt of the Scoping Study, the Company anticipates being able to make a decision on re-starting mining operations in the 2<sup>nd</sup> half of 2017, given the reduced capital requirements and lead time, the plant refurbishment and upgrade and access to the ore.

#### ***New Areas of Mineralisation Identified***

Underground mapping and sampling along the Level 7 drives has outlined new areas of significant high-grade mineralisation at **Tres Amigos North** and **Carola South** areas (Figure 1). These are immediately accessible from underground development on Levels 5 and 7 respectively and located outside the existing JORC (2012) Mineral Resource announced to the market on 15 December, 2016 (Table 3). Extensive mapping and sampling was undertaken of these areas and the presence of high-

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grade mineralisation was confirmed by face sample assays returned to date as summarised in Table 1. Drilling from surface is planned to follow up these encouraging drill targets.

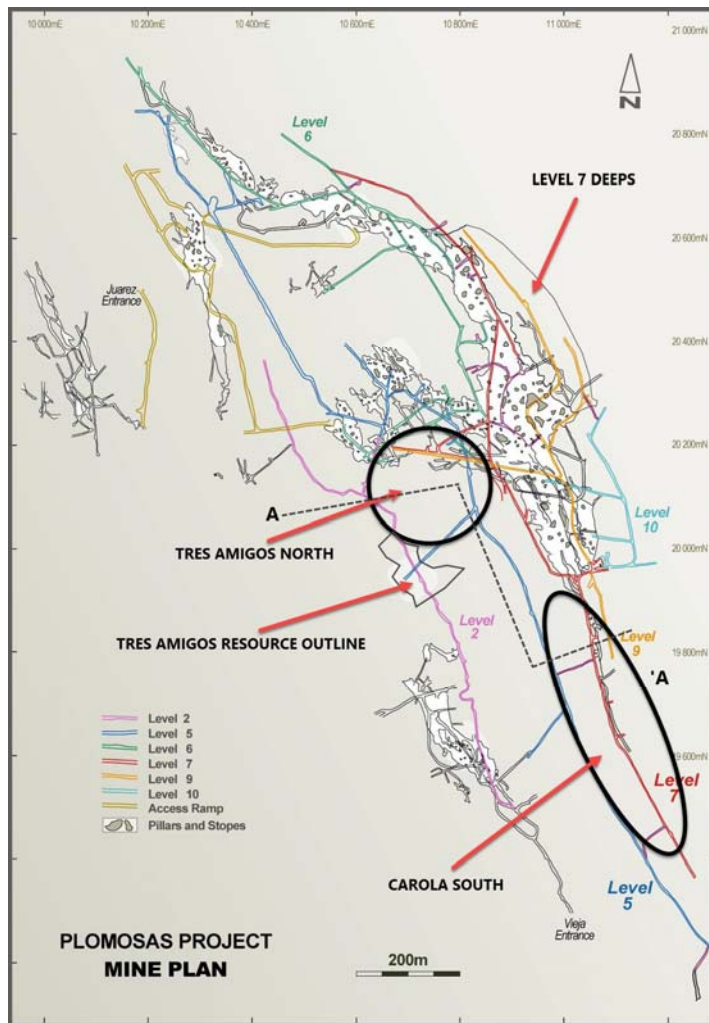


Figure 1. Zinc-lead mineralisation outlined and samples in the areas of Tres Amigos North and Carola South underground development.

Sampling was completed by continuous end-to-end one metre samples across the strike of mineralisation. In areas of smaller exposures, panel sampling was completed to reduce the amount of bias.

Table 1. Tres Amigos North assay results					
Sample No	Rocktype	Zn+Pb Comb (%)	Zn (%)	Pb (%)	Ag (ppm)
425998	Graphitic and carbonaceous shale with sulphides layers	24.83	19.25	5.58	23.2
425501	Limestone with sulphide patches	22.98	18.1	4.88	17.3
425979	Limestone? Patches of sulphides (Pb-Zn)	22.52	7.52	15	38
425973	Massive sulphides (Pb-Zn-Py).	22.51	16.65	5.86	29
425503	Massive sulphides	21.55	9.9	11.65	22.6
425505	Graphitic shales bedding 10% of thin bands sulphides	21.48	14.85	6.63	24.7
425966	Limestone with massive sulphides	21.4	10.4	11	37.9

The **Tres Amigos North** mineralisation occurs on the hanging wall contact to the Juarez Limestone and may be an offset extension (faulted) of the Tres Amigos mineralisation identified by the Company in drilling during 2015-16.

Mineralisation in this area is hosted near the hanging wall contact to the Juarez Limestone and Cuesta Shale units and can also occur within the limestone itself, similar to the style drilled in Tres Amigos in Level 5 in 2016.

The area is structurally complex and appears to be the result of hanging wall shales deforming over the Juarez contact, creating dilatant zones that host high grade zones of mineralisation. Thicker zones (up to four metres) of lower grade mineralisation have been noted and are formed from mineralising fluids penetrating bedding planes of the hanging wall shale units. These are similar in style to the mineralisation encountered in drilling near the Mina Vieja Mine, about 500m to the south.

Resource definition drilling has commenced in this area in order to extend the resource estimated for Tres Amigos and the results of the latest findings at Tres Amigos North will be incorporated into this program.

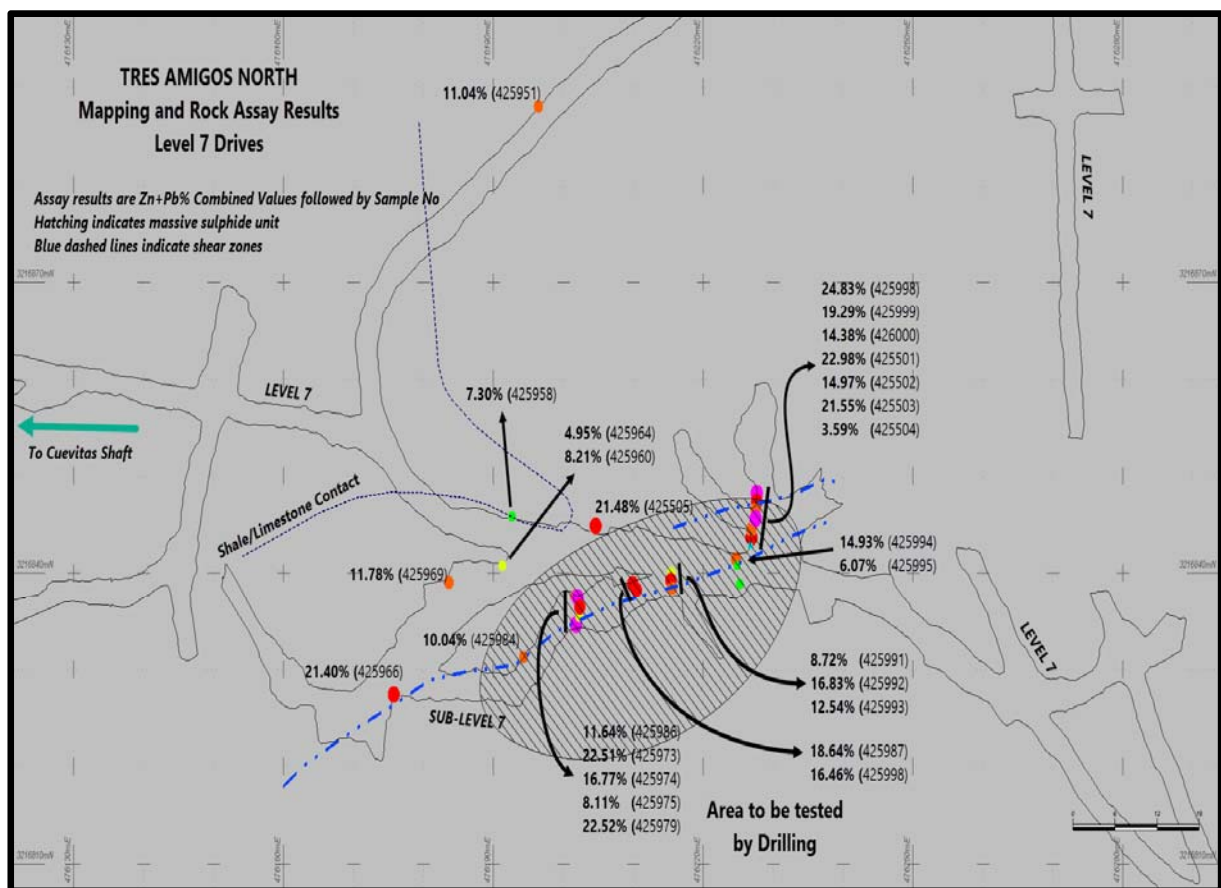


Figure 2; Location and assay results from the rock sampling program completed on Level 7 targeting the Tres Amigos North Area. Figure can be related to the assay result table located in Appendix I.

Excellent assay results from **Carola South** have since been received and confirmed the visual assessment with grades ranging up to 53.62% combined zinc and lead (Zn+Pb) (sample 425611) and a

median of 20.69% Zn+Pb within the mineralised zone. The mineral exposure extends over 522m in this area 300m south of the current Mineral Resource. Tables 1 and 2 summarise the assay statistics and highlights while Figure 2 shows the sample locations. Full details of the samples and assay results are included as Appendix 1.

14 of 40 samples within the mineralised sequence returned over 30% Zn+Pb.

<b>Table 2. Summary of assay results from within Carola South mineralised zone (40 samples)</b>				
	<b>Zn+Pb% (Combined)</b>	<b>Zn%</b>	<b>Pb%</b>	<b>Ag g/t</b>
Range	0.02% - <b>56.32%</b>	0.02% - <b>41.36%</b>	0.01% - <b>15.40%</b>	6.3 – <b>83.4</b>
Median	20.69%	14.23%	5.71%	34.75
Average (all)	20.38%	14.45%	5.94%	35.98
Average (Top 75%)	<b>27.02%</b>	<b>19.16%</b>	<b>7.86%</b>	<b>38.34</b>

Mineralisation in the Carola South area is an extension to the south of the massive sulphides previously mined by Asarco and extends the identified mineralisation by approximately 800m (Figure 1). No large scale mining was undertaken with an exploration drive developed and only occasional, minor mining from this drive when mineralisation was encountered. The Carola South exploration drive does not encounter the footwall or hanging wall contacts of the Mina Vieja Manto, which are the main areas of mineralisation occurrence.

<b>Table 3. Highlights of Carola South assay results</b>					
<b>Sample No</b>	<b>Rocktype</b>	<b>Zn+Pb Comb (%)</b>	<b>Zn (%)</b>	<b>Pb (%)</b>	<b>Ag (ppm)</b>
425611	Semi-oxide and massive mineralisation	53.62	38.22	15.40	68.3
425612	Massive sulphides	51.91	41.36	10.55	49.2
425537	Massive sulphide zone	48.70	33.65	15.05	66.6
425548	Carbonaceous shale with semi massive sulphides	41.80	29.10	12.70	60.9
425547	Massive sulphides	40.30	27.20	13.10	63.8
425613	Semi-oxide and semi-massive mineralisation	39.73	32.37	7.36	35.7
425643	Semi-oxide mineralisation hosted on conglomeratic marble	35.95	22.40	13.55	69.3
425564	Massive sulphide zone	35.35	25.80	9.55	83.4
425592	Semi-oxide to massive mineralisation	33.85	23.70	10.15	57.6
425559	Massive sulphides hosted on carbonaceous shale	33.20	20.00	13.20	50.9
425544	Massive sulphides	32.93	26.00	6.93	35.1
425538	Massive sulphide zone	32.20	20.80	11.40	49.3
425551	Semi massive to massive sulphides mineralisation	32.14	23.00	9.14	39.7
425605	Massive marble with semi-massive sulphides	30.01	29.30	0.70	20.2
425568	Carbonaceous shale with semi-massive sulphide band	29.85	19.60	10.25	39.5
425619	Semi-oxide mineralisation	29.35	19.70	9.65	36.8
425604	Semi-oxide and massive mineralisation	24.60	19.00	5.60	44.9
425631	Semi-massive sulphides hosted on massive marble	23.40	16.65	6.75	31.9
425554	Carbonaceous shale with massive sulphides bands	22.66	15.10	7.56	41.8
425625	Semi-oxide mineralisation hosted on conglomeratic marble	20.86	15.05	5.81	34.4
425556	Massive sulphides hosted on carbonaceous shale	20.52	12.90	7.62	25.6

Mineralisation here has similar attributes to the mineralised mine sequence recognised in Level 7 Deeps. Massive sulphides are oxidised in places and occur on the hanging wall to a leached marble, similar to that mapped at Level 7.. (Figure 6).

The total length of the mineralisation that occurs within the Carola South area so far is 522m.

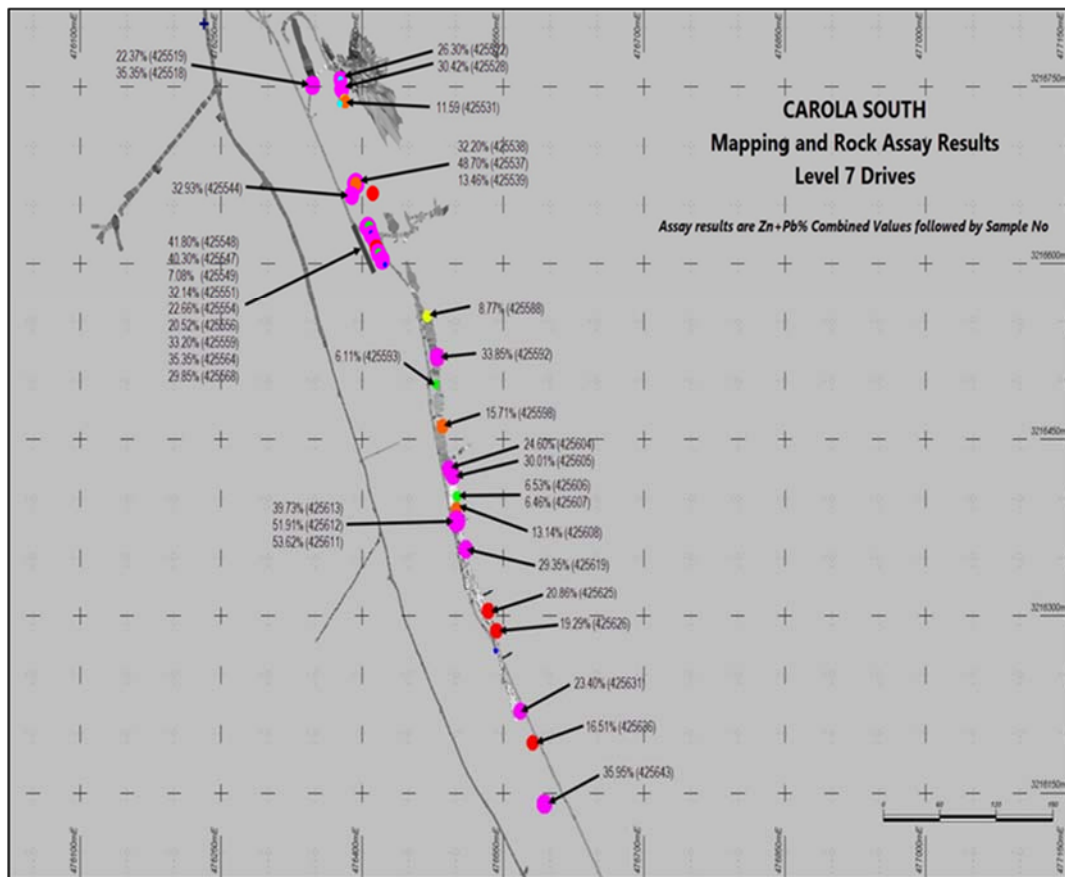


Figure 3; Sample locations and combined (Zn+Pb%) grade results for Carola South

### DRILLING UPDATES

A total 2,892.1m of drilling was completed in 19 holes (LV8006 – LV8022 and LV5013 – LV5014), during the quarter. These holes are summarised in Table 4. Table 5 provides additional hole details. Assay results are outstanding for LV5013 and LV5014.

#### Level 7 Deeps Drilling

Drilling continues to demonstrate that mineralisation extends on strike from the currently defined resource and up to 80m down-dip. Underground drilling and development continued from cuddy L8.1 testing down plunge extensions from Level 8. The primary focus was to increase the known resource tonnage and add to the drillhole database for resource definition and estimation towards the end of the quarter.

Underground drilling continued in Level 8 from Cuddy 8.1 to test the southern extension of the Level 7 Resource mineralisation. North east trending faults interfered with that program and there was a brief hiatus as the rigs were moved to alternative positions.

Table 2 summarises the highlights encountered in drillholes reported above and details the assays returned and awaited. Table 4 provides additional hole details.

Drilling aimed to extend the recently announced JORC (2012) compliant resource to the south where mineralisation may be displaced by NE trending faults. Several of the drillholes encountered a wide

fault zone rendering identification of the mineralised extension difficult. Where drilling intersected the mineralised sequence outside of the faulting, significant mineralisation was encountered, such as in the previously reported LV8006 and LV8008, while hole LV8014 and LV8019 returned:

• LV8006	2.75m at	25.70% Zn,	10.52% Pb,	64.00 g/t Ag	from 157.50mdh
• LV8014	1.30m at	4.48% Zn,	1.66% Pb,	14.85 g/t Ag	from 83.25 mdh
	and:	4.70m at	11.60% Zn	6.63% Pb,	30.76 g/t Ag
					from 99.80 mdh
• LV8019	3.95m at	3.78% Zn	0.11% Pb,	1.20g/t Ag	from 163.65 mdh

Drilling to date continues to demonstrate that high grade mineralisation extends below Level 7 which, at approximately 240m below surface, was the deepest of the main ore workings developed at Plomosas. However, fault displacement has made drilling from Cuddy 8.1 difficult and further drilling will step back to test for mine displacements and what appears to be coincident magnetic highs reflective of the mine sequence and massive sulphide mineralisation.

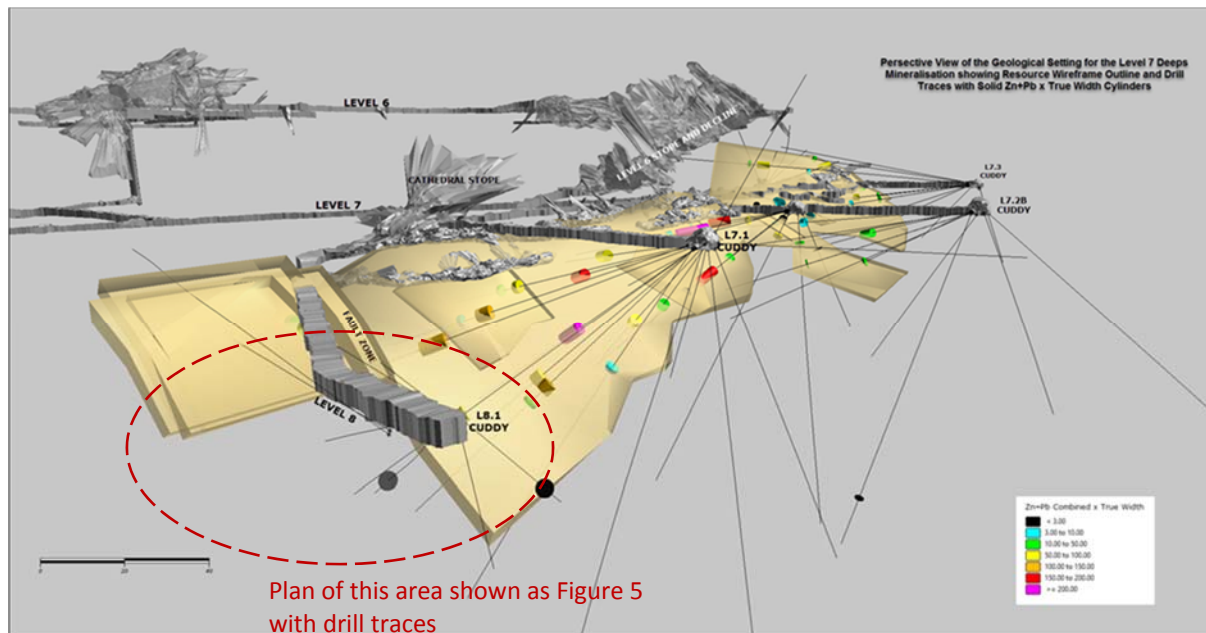


Figure 4: Oblique view looking NW, of Level 7 Deeps Mineral Resource wire framed solids showing drillhole traces and Cuddy 8.1.

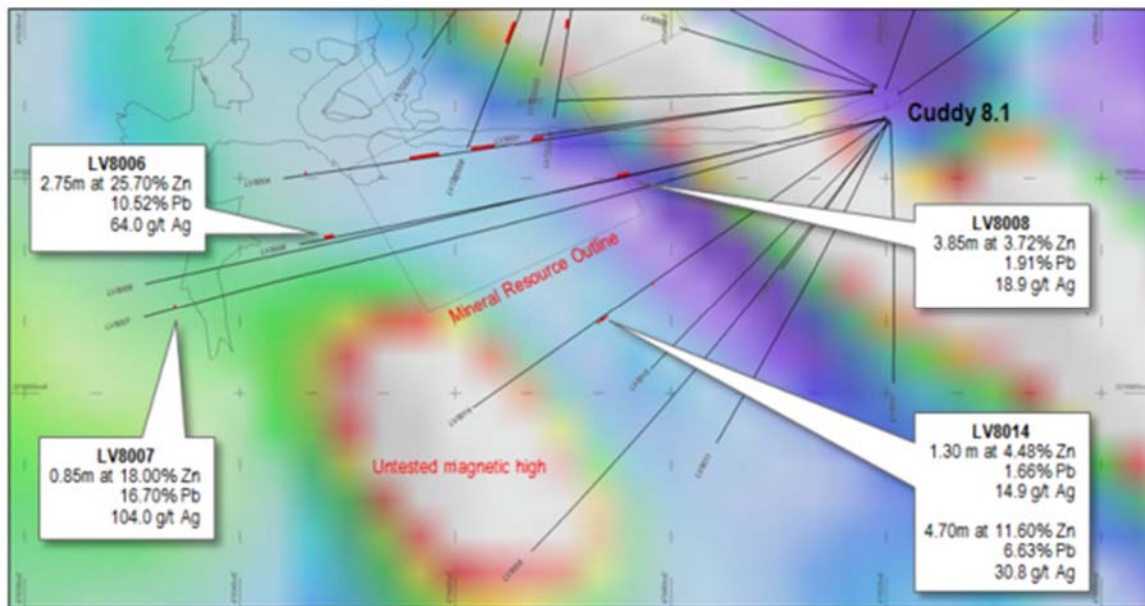


Figure 5: Plan view of Level 8 drill cuddy 8.1, showing drillhole traces, assay results and geophysical targets.

### **Tres Amigos North Drilling**

Drilling has now commenced in the Tres Amigos North area to follow up on the rock sampling program completed in the quarter.

Massive sulphides were intersected in the first drill hole, approximately 35m down dip from the Level 7 sampling, (Hole LV5013). Another hole was drilled further down dip to hole LV5013, only encountered a very thin zone of mineralisation 74 metres down dip, (Hole LV5014). Assays are pending for these holes.

The Tres Amigos North mineralisation occurs on the hanging wall contact to the Juarez Limestone and maybe an offset extension (faulted?) of the Tres Amigos mineralisation identified by the Company in drilling during 2015-16.

Mineralisation in this area is hosted near the hanging wall contact to the Juarez Limestone and Cuesta Shale units and can also occur within the limestone itself, similar to the style drilled in Tres Amigos in Level 5 in 2016.

The area is structurally complex and appears to be the result of hanging wall shales deforming over the Juarez contact, creating dilatant zones that host high grade zones of mineralisation. Thicker zones (up to four metres) of lower grade mineralisation have been noted and are formed from mineralising fluids penetrating bedding planes of the hanging wall shale units. These are similar in style to the mineralisation encountered in drilling near the Mina Vieja Mine, about 500m to the south.

There are additional plans to drill on strike and down dip to the mineralisation at Tres Amigos North to try and add additional tonnage to the growing resource at Plomosas.

Table 4. LEVEL 7 DEEPS								
Highlights of resource definition drilling results received								
Hole ID	From (m)	To (m)	Inters (m)	TW* (m)	Zn %	Pb %	Ag g/t	Comment
LV8006	157.5	160.25	2.75	1.65	25.70	10.52	64.0	Massive sulph, hole terminated in void
LV8007	204.45	205.3	0.85	0.45	18.00	16.70	104.0	Massive sulphide, hole terminated in void
LV8008	77.50	81.35	3.85	2.98	3.72	1.91	18.9	Semi oxide and semi massive sulph in marble
LV8009					NSI	NSI	NSI	
LV8010					NSI	NSI	NSI	
LV8011					NSI	NSI	NSI	
LV8012					NSI	NSI	NSI	
LV8013					NSI	NSI	NSI	
LV8014	83.25 95.90 99.80	84.55 96.50 104.50	1.30 0.60 4.70	0.98 0.45 3.51	4.48 5.61 11.60	1.66 3.63 6.63	14.9 11.8 30.8	Semi massive to massive mineralisation in Mina Vieja Marble
LV8015					NSI	NSI	NSI	
LV8016					NSI	NSI	NSI	
LV8017					NSI	NSI	NSI	
LV8018					NSI	NSI	NSI	
LV8019	163.65 166.70	164.65 167.60	1.00 0.90	0.68 0.61	8.21 5.47	0.04 0.33	1.4 3.2	Mina Vieja Marble
LV8020	73.35	73.90	0.55	0.50	14.05	7.23	39.3	Semi-oxide mineralisation on margin of breccia and marble
LV8021					NSI	NSI	NSI	
LV8022	76.30 93.25	80.00 93.75	3.70 0.50	2.64 0.36	16.54 4.60	7.11 1.68	30.7 14.6	Semi-massive and semi-oxide mineralisation within marble
LV5013					TBA	TBA	TBA	
LV5014					TBA	TBA	TBA	

\*TW is True Width and represents the best estimate of the intercept based on the geological interpretation of the sequence.

### TRES AMIGOS DRILLING

No additional drilling was completed at the Tres Amigos area during the quarter as work concentrated on the resource definition drilling below level 7 and the new areas of mineralisation identified at Tres Amigos North and Carola South.

Drilling from surface is planned for the area between Tres Amigos and the Mina Vieja mineralisation to the north west and will utilise reverse circulation (RC) rigs. This drilling is planned to commence in the second half of 2017.

### REGIONAL EXPLORATION UPDATE

Drilling targets have been identified and prioritised following the interpretation and inversion modelling of the magnetics collected late last year. Environmental permitting to commence drilling activities in new areas is underway and it is expected the first holes will be drilled early in Q3 2017.

### CORPORATE



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Post quarter end the Company commenced an underwritten renounceable entitlement issue of approximately 184,504,555 ordinary fully paid shares on the basis of 2 new shares for every 5 shares held by eligible shareholders at the time of the offer at \$0.016 per share. The offer aims to raise up to \$2.95M to provide additional working capital to fund ongoing drilling and exploration. The Rights Issue is fully underwritten by Patersons Securities Limited (“**Patersons**”).

The rights issue underwriting was significantly oversubscribed by Australian and International institutional and sophisticated investors, highlighting the strong interest in Consolidated Zinc as it advances Plomosas towards a potential production scenario in 2017.

## **ABOUT CONSOLIDATED ZINC**

Consolidated Zinc Limited (ASX:CZL) is a minerals exploration company listed on the Australian Securities Exchange. The Company’s major focus is in Mexico where it recently acquired 51% of the exciting high grade Plomosas Zinc Lead Silver Project through its majority owned subsidiary, Minera Latin American Zinc CV SAPI. Historical mining at Plomosas between 1945 and 1974 extracted over 2 million tonnes of ore grading 22% Zn+Pb and over 80g/t Ag. Only small scale mining continued to the present day and the mineralised zones remain open at depth and along strike. The Company’s main focus is to identify and explore new zones of mineralisation within and adjacent to the known mineralisation at Plomosas with a view to identifying new mineral resources that are exploitable.

In addition to Plomosas the Company also has interests in the Jailor Bore Uranium Project in Western Australia.

### **Competent Persons’ Statement**

*The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Steve Boda BSc (Hons), MAIG, MGSA, MSEG and Andrew Richards BSc (Hons), Dip Ed, MAusIMM, MAIG, MSEG, GAICD. Messrs Boda and Richards are both Members of Australian Institute of Geoscientists (AIG) and Mr Richards is also a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).*

*Both Messrs Boda and Richards have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as Competent Person as defined in the 2012 edition of the ‘Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves’ (JORC Code). Messrs Boda and Richards consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Robert Dennis who is a Member of the Australasian Institute of Geoscientists and Australian Institute of Mining and Metallurgy. Mr Dennis is a full time employee of RungePincocKMinarco Limited. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Dennis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

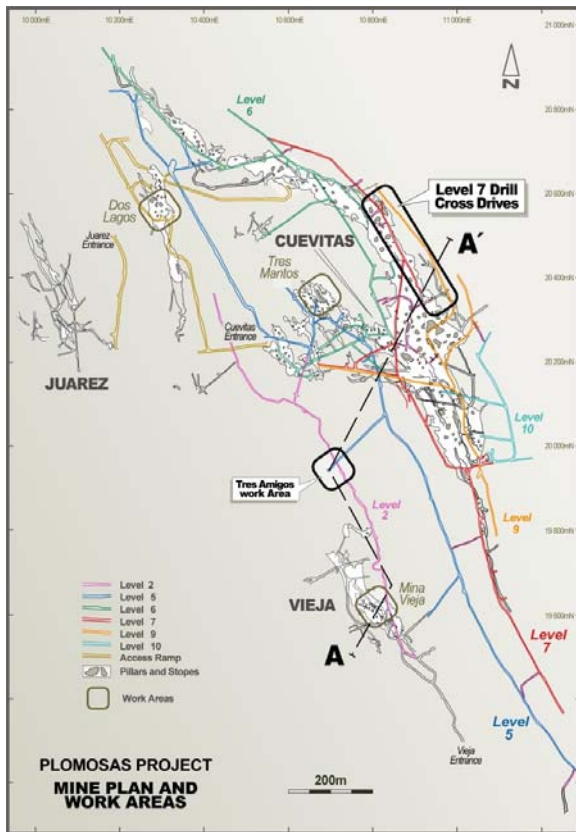


Figure 6. Location of Plomosas mine, Mexico

Figure 7. Plan view of the Plomosas mine showing location of the cross section in Figure 8 (trace A-A') and work areas referred to in the text including Level 7 access for drilling the Main Manto Horizon deeps.

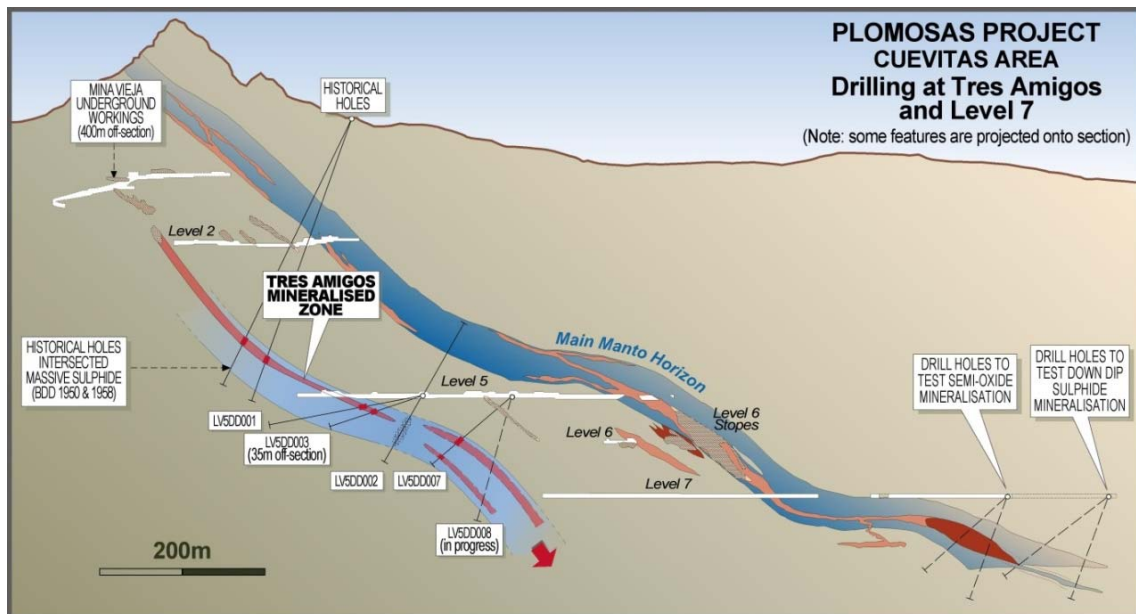


Figure 8: Section view of the Plomosas mine through Cuevitas area (A-A') showing the Tres Amigos zone, historical drilling and the drilling planned for Main Manto Horizon below Level 7.

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Table 5. Plomosas Drill hole details							
HoleID	Easting WGS84	Northing WGS84	Elev (m)	Dip	Azimuth WGS	Diamond (m)	Total Depth (m)
Level 7 Drilling of sulphide mineralisation at depth							
LV8006	476519.57	3216976.61	911.34	-5.10	257.08	167.40	167.40
LV8007	476520.25	3216976.13	911.48	0.90	253.68	214.10	214.10
LV8008	476519.93	3216976.42	911.04	-20.00	258.06	227.50	227.50
LV8009	476520.51	3216975.78	910.59	-41.60	215.77	203.65	203.65
LV8010	476520.65	3216975.94	910.24	-59.40	214.96	98.60	98.60
LV8011	476520.65	3216975.57	910.82	-29.50	205.86	115.30	115.30
LV8012	476521.25	3216975.08	910.12	-47.60	177.96	106.75	106.75
LV8013	476523.72	3216983.36	910.97	-80.0	55.0	70.10	70.10
LV8014	476519.98	3216976.45	912.40	-18.00	235.00	147.70	147.70
LV8015	476520.57	3216975.75	910.86	-26.10	224.46	113.80	113.80
LV8016	476521.80	3216986.83	910.33	-39.20	28.06	142.45	142.45
LV8017	476526.29	3216977.86	910.29	-37.00	97.26	120.60	120.60
LV8018	476519.41	3216976.73	911.37	-39.60	130.86	95.70	95.70
LV8019	476519.41	3216976.73	911.37	-5.50	234.06	175.10	175.10
LV8020	476519.39	3216976.78	910.83	-30.30	236.25	101.90	101.90
LV8021	476519.94	3216976.33	911.17	-15.30	216.45	178.20	178.20
LV8022	476519.23	3216976.89	911.13	-14.90	254.35	127.20	127.20
LV5013	476248.73	3216727.66	992.79	-49.10	340.65	210.95	210.95
LV5014	476248.77	3216727.49	992.43	-66.00	340.05	275.10	275.10

Note; 85.5m of hole LV5014 was drilled in April

## JORC Code, 2012 Edition – Table 1 report template

### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sampling of cut channels was conducted by locating a one metre sampling line, using spray paint across mineralisation and ensuring that the line began in hanging wall host, spanned mineralisation and terminated in footwall host. Where mineralisation was thicker than one metre, the line was adjusted accordingly. This was done to minimise the bias of the sample value. Channel sampling was then completed, using the line as a guide, without sampling the line itself. As much representative sample was taken from the length of the line to produce a two to four kilogram sample. For this level of exploration, the sample size and method of sampling was deemed adequate to represent in-situ material.</li> <li>• Drilling sampling techniques employed at the Plomosas underground drilling program include saw cut NQ drill core samples.</li> <li>• Only NQ triple tube core (NQ3) is currently being used to drill out the geological sequences and identify zones of mineralisation that may or may not be used in any Mineral Resource estimations, mining studies or metallurgical testwork.</li> <li>• Diamond NQ3 core was sampled on geological intervals/contacts, with the minimum sample size of 0.5m and max 1.2m.</li> <li>• Core was cut in half, with one half to be sent for analysis at an accredited laboratory, while the remaining half was stored in appropriately marked core boxes and stowed in a secure core shed. Duplicates were quarter core, sampled from the half sent for analysis.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i></li> </ul>	<ul style="list-style-type: none"> <li>• Currently NQ3 triple tube using conventional wireline drilling is being used.</li> <li>• Core is being routinely orientated where possible, every 5th run (a run being 1.5 metres in length) using the Reflex ACT II RD core orientation system.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Diamond core was reconstructed into continuous runs where possible, in an angle iron cradle for orientation mark ups. Depths were checked against drillers blocks and rod counts were routinely carried out by the drillers.</li> <li>• The use of triple tube improved core recovery.</li> <li>• Measurements for core recoveries were logged and recorded on hard copy sheets, which were then loaded into excel sheets and sent for data entry. These measurements, in combination with core photography show the overall recoveries vary between 50-95%.</li> <li>• Due to the nature of the geology and the presence of large open-spaced breccias present in the vicinity of the mineralisation, the recovery of the mineralised core has been in some cases &lt;60%. The use of triple</li> </ul>

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Criteria	JORC Code explanation	Commentary
		tube in these areas will not improve recovery.
<i>Logging</i>	<ul style="list-style-type: none"> <li>• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>• CZL system of logging core records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples.</li> <li>• Logging is both qualitative and quantitative depending on the field being logged.</li> <li>• All drill holes are logged in full to end of hole.</li> <li>• Diamond core is routinely photographed digitally</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• CLZ diamond core is NQ3 size, sampled on geological intervals (0.3 m to 1.2 m), sawn in half or quartered if duplicate samples are required.</li> <li>• Samples to be submitted to ALS Chemex for preparation. The sample preparation follows industry best practice where all drill samples are crushed and split to 1kg then dried, pulverized and (&gt;85%) sieved through 75 microns to produce a 30g charge for 4-acid digest with an ICP-MS or AAS finish. A split will be made from the coarse crushed material for future reference material.</li> <li>• Field duplicates are routinely taken for core samples. CZL procedures include a minimum of one duplicate per approximately 20 samples.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• All drill samples were submitted to ALS Laboratories for multi-element analysis using a 30g charge with a multi-acid digest and ICP-MS or AAS finish (ME-ICP61). Over the limit results will be routinely reassayed by ore grade analysis OG62. Over the limit results for the ore grade will be reassayed by titration methods Cu-VOL61, Pb-VOL50 or Zn-VOL50.</li> <li>• Analytes include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of interest.</li> <li>• QAQC protocols for all drill sampling involved the use of Certified Reference Material (CRM) as assay standards. The insertion of CRM standards is visible estimation with a minimum of two per batch. Geostats standards were selected on their grade range and mineralogical properties.</li> <li>• Blanks are inserted at the bottom of relevant mineralised zones using the fine certified blank and immediately later the coarse blank, to identify any potential cross contamination.</li> <li>• All drill assays were required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• Significant drilling intersections are noted in this report and are verified by qualified personnel from geological logging.</li> <li>• No twinned holes are being drilled as part of this program.</li> <li>• CZL logging and sampling data was captured and imported using excel sheets and data entered into Micromine.</li> <li>• All CZL drillhole and sampling data is stored in a Micromine based system. Manual backups are</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control.</li> </ul>	<p>routinely carried out.</p> <ul style="list-style-type: none"> <li>• Underground drill holes were located by Micromine using accurately surveyed drives and stopes. Once drill holes were located, mine survey crew resurveyed the cuddy and the hole locations. A final collar survey will be finalised when the holes are completed.</li> <li>• Down-hole surveys were taken at a nominal 30m interval and a final survey was taken at end of hole using a Reflex EZ-TRAC digital camera.</li> <li>• Grid system used is WGS84 Zone 13</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• Data spacing for reporting of Exploration Results.</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• Hole spacing is currently limited by the confinements of the underground drives. Azimuths of holes are planned so significant intersections have adequate spacing between them to allow sufficient geological and grade continuity as appropriate for inclusion in any Minerals Resource estimations. Where underground access drives allows, drill cuddies have been established at 80 metre intervals to allow for adequate drill spacing.</li> <li>• No sample compositing has been applied</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>• Drill orientations was designed to intersect any geological or geophysical contacts as high an angle as possible to reflect true widths as possible.</li> <li>• Sampling has been designed to cross structures as near to perpendicular as possible, minimising any potential in creating a bias sampling orientation.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>• Samples were bagged in pre-numbered plastic bags into each bag a numbered tag was placed and then bulk bagged in batches not to exceed 25kg, into larger polyweave bags, which were then also numbered with the respective samples of each bag it contained.</li> <li>• The bags were tied off with cable ties and stored at the core facility until company personnel delivered the samples to the laboratories preparation facility in Chihuahua.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>• No audits have been completed to date, but both in-house and laboratory QAQC data will be monitored in a batch by batch basis. All protocols have been internally reviewed.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>• Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>• Sampling was conducted over three adjoining tenements, La Verdad (T-218242), El Olvido (T-225527) and Ripley (T-218272).</li> <li>• Consolidated Zinc Ltd currently owns 51%</li> </ul>

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Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>No relevant information is available.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>Plomosas is located in a historic zinc-lead-silver mining district, with mineralisation hosted by a Palaeozoic sequence of shales, argillaceous limestones, reefal limestones, 'conglomeratic' limestones and sandstones. This approximately 1600 metres-thick carbonate-rich sequence forms part of the Ouachita "Geosyncline", which was inverted in a thrust deformation phase during the Upper Palaeozoic Appalachian Orogeny.</li> <li>Characteristics of the deposit lead to the classification as an IRT III type mineralisation (Intrusive Related type III deposit) but may have some distal style affinities.</li> <li>The control on mineralisation is both lithological and structural, but local structural bending of the manto is very important as it is strongly folded in a relatively regular pattern, oriented north/north-west to west/north-west striking. The segment of the fossiliferous horizon with the best potential is north/north-west striking with a south-east plunge. The N/NW orientation of sections of the stratigraphy (due to folding) is considered important in localising mineralisation.</li> <li>The mineralogy is simple, consisting of iron-poor sphalerite, galena, silver, pyrite, chalcopyrite, barite, and calcite. The ore bodies are hosted by shale and marble on the footwall and hanging wall respectively. Intense marblisation is restricted to a few meters from the hanging wall contact.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>Appropriate information has been included in the report.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such</i></li> </ul>	<ul style="list-style-type: none"> <li>No data aggregate methods were applied to the results.</li> </ul>

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Criteria	JORC Code explanation	Commentary
	<p><i>aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>No drilling was completed to enable any relationship between mineralisation width and intercept lengths</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate diagrams are attached in the report</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>All sample results are reported</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>No other relevant data has been reported</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate information has been included in the report.</li> </ul>

## Section 3 Estimation and Reporting of Mineral Resources

(Criteria in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</li> <li>Data validation procedures used.</li> </ul>	<ul style="list-style-type: none"> <li>Geological and field data is collected using customised logging software on tablet computers. The data is validated by company geologists before the data is sent to Expedito data management consultants. The validated data is stored in Expedito's standardised SQL Server Database Schema. The data is exported by Expedito and sent to RPM in Access format prior to Mineral Resource estimation in Surpac.</li> <li>RPM performed initial data audits in Surpac. RPM checked collar coordinates, hole depths, hole dips, assay data overlaps and duplicate records. Minor errors were found, documented and amended.</li> </ul>



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Criteria	JORC Code explanation	Commentary
<b>Site visits</b>	<ul style="list-style-type: none"> <li>• <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></li> <li>• <i>If no site visits have been undertaken indicate why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>• A site visit was conducted by Shaun Searle of RPM, a representative of the Competent Person for Mineral Resources, during November 2016. The site visit included inspection of the geology, drill core, underground development/stoping and the topographic conditions present at the site as well as infrastructure. During the site visit, Mr Searle had open discussions with CZL's personnel on technical aspects relating to the relevant issues and in particular the geological data.</li> </ul>
<b>Geological interpretation</b>	<ul style="list-style-type: none"> <li>• <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i></li> <li>• <i>Nature of the data used and of any assumptions made.</i></li> <li>• <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i></li> <li>• <i>The use of geology in guiding and controlling Mineral Resource estimation.</i></li> <li>• <i>The factors affecting continuity both of grade and geology.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The confidence in the geological interpretation is considered to be good and is based on visual confirmation in underground development/stoping, outcrop and drilling.</li> <li>• Geochemistry and geological logging has been used to assist identification of lithology and mineralisation.</li> <li>• The deposit consists of northeast dipping units. Infill drilling has supported and refined the model and the current interpretation is considered robust.</li> <li>• Outcrops of mineralisation and host rocks confirm the geometry of the mineralisation.</li> <li>• Infill drilling has confirmed geological and grade continuity.</li> </ul>
<b>Dimensions</b>	<ul style="list-style-type: none"> <li>• <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Tres Amigos Mineral Resource area extends over a southeast-northwest strike length of 320m (from 3,216,570mN – 3,216,740mN), has a maximum width of 190m (476,080mE – 476,250mE) and includes the 200m vertical interval from 1,090mRL to 890mRL.</li> <li>• The Level 7 Mineral Resource area extends over a south-southeast – north-northwest strike length of 400m (from 3,216,930mN – 3,217,300mN), has a maximum width of 110m (476,230mE – 476,340mE) and includes the 90m vertical interval from 950mRL to 860mRL.</li> </ul>
<b>Estimation and modelling techniques</b>	<ul style="list-style-type: none"> <li>• <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i></li> <li>• <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i></li> <li>• <i>The assumptions made regarding recovery of by-products.</i></li> <li>• <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i></li> <li>• <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></li> <li>• <i>Any assumptions behind modelling of selective mining units.</i></li> <li>• <i>Any assumptions about correlation between variables.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Using parameters derived from modelled variograms, Ordinary Kriging (OK) was used to estimate average block grades in three passes using Surpac software. Linear grade estimation was deemed suitable for the Plomosas Mineral Resource due to the geological control on mineralisation. Maximum extrapolation of wireframes from drilling was 40m along strike and down-dip. This was equal to the drill hole spacing in these regions of the Project. Maximum extrapolation was generally half drill hole spacing.</li> <li>• Reconciliation could not be conducted due to the absence of mining production records.</li> <li>• It is assumed that Ag can be recovered with Zn and Pb.</li> <li>• It is assumed that there are no deleterious elements when considering the proposed processing methodology for the Plomosas mineralisation.</li> <li>• The parent block dimensions used were 10m NS by 5m EW by 2.5m vertical with sub-cells of 2.5m by 1.25m by 0.625m. The model was rotated to align with the strike of the mineralisation on a bearing of 330°. The parent block size dimension was selected on the results obtained from Kriging Neighbourhood Analysis that suggested this was the optimal block size for the dataset.</li> </ul>

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Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>• <i>Description of how the geological interpretation was used to control the resource estimates.</i></li> <li>• <i>Discussion of basis for using or not using grade cutting or capping.</i></li> <li>• <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></li> </ul>	<ul style="list-style-type: none"> <li>• An orientated 'ellipsoid' search was used to select data and adjusted to account for the variations in lode orientations, however all other parameters were taken from the variography derived from domain 1. Up to three passes were used for each domain. The first pass had a range of 20, with a minimum of 8 samples. For the second pass, the range was extended to 40m, with a minimum of 4 samples. For the final pass, the range was extended to 100m, with a minimum of 2 samples. A maximum of 20 samples was used for all three passes.</li> <li>• No assumptions were made on selective mining units.</li> <li>• Zn and Pb, as well as Pb and Ag had strong positive correlations. Zn and Ag had a moderate positive correlation.</li> <li>• The deposit mineralisation was constrained by wireframe solids constructed using a nominal 2% combined Zn and Pb cut-off grade with a minimum down-hole length of 1m. The wireframes were applied as hard boundaries in the estimate.</li> <li>• Statistical analysis was carried out on data from 17 domains. After review of the project statistics, it was determined that high grade cuts for Ag within a single domain was necessary. The cut applied was 300g/t Ag resulted in a single composite being cut.</li> <li>• Validation of the model included detailed comparison of composite grades and block grades by strike panel and elevation. Validation plots showed good correlation between the composite grades and the block model grades.</li> </ul>
<b>Moisture</b>	<ul style="list-style-type: none"> <li>• <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Tonnages and grades were estimated on a dry in situ basis.</li> </ul>
<b>Cut-off parameters</b>	<ul style="list-style-type: none"> <li>• <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The Mineral Resource has been reported at a 3% Zn cut-off. The cut-off was selected based on an RPM cut-off calculator assuming an underground mining method, a US\$2,600/t Zn price, US\$2,300 Pb price, US\$17/oz Ag price, a 80% metallurgical recovery for Zn and Pb and high level costs derived from a high level technical report supplied by an independent mining consultant to CZL.</li> </ul>
<b>Mining factors or assumptions</b>	<ul style="list-style-type: none"> <li>• <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i></li> </ul>	<ul style="list-style-type: none"> <li>• RPM has assumed that the deposit could potentially be mined using underground mining techniques. No assumptions have been made for mining dilution or mining widths, however mineralisation contacts are generally sharp and mining dilution is likely to be minimal if handheld mining methods are used. It is assumed that mining dilution and ore loss will be incorporated into any Ore Reserve estimated from a future Mineral Resource with higher levels of confidence.</li> </ul>
<b>Metallurgical factors or assumptions</b>	<ul style="list-style-type: none"> <li>• <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process</i></li> </ul>	<ul style="list-style-type: none"> <li>• Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project.</li> </ul>

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Criteria	JORC Code explanation	Commentary
	<p><i>of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></p>	
<p><b>Environmental factors or assumptions</b></p>	<ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>No assumptions have been made regarding environmental factors. CZL will work to mitigate environmental impacts as a result of any future mining or mineral processing.</li> </ul>
<p><b>Bulk density</b></p>	<ul style="list-style-type: none"> <li>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</li> <li>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<ul style="list-style-type: none"> <li>Various bulk densities have been assigned in the block model based on lithology and mineralisation. These densities were determined after averaging the density measurements obtained from diamond core.</li> <li>Bulk density was measured using the water immersion technique. Moisture is accounted for in the measuring process. A total of 3,862 bulk density measurements were obtained from core drilled at the Project. A total of 164 measurements were taken from mineralisation intervals.</li> <li>It is assumed that the bulk density will have some variation within the mineralised material types due to the host rock lithology and sulphide minerals present. Therefore a regression equation for Zn and density was used to calculate density in the block model. In addition, cavities are common in the limestone/marble host rock at Level 7. As a result, RPM estimated that approximately 5% of the mineralised material is cavernous (obtained from core logging), therefore deducted this factor from the measured densities when assigning bulk densities in the block model for the Level 7 prospect.</li> </ul>
<p><b>Classification</b></p>	<ul style="list-style-type: none"> <li>The basis for the classification of the Mineral Resources into varying confidence categories.</li> <li>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</li> <li>Whether the result appropriately reflects the Competent Person's view of the</li> </ul>	<ul style="list-style-type: none"> <li>The Mineral Resource estimate is reported here in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC). The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 20m by 20m, and where the continuity and predictability of the lode positions was good. In</li> </ul>

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Criteria	JORC Code explanation	Commentary
	<p><i>deposit.</i></p>	<p>addition, the 20m distance is equal to approximately two thirds of the observed major direction variogram range of 30m. The Inferred Mineral Resource was assigned to areas where drill hole spacing was greater than 20m by 20m and less than 40m by 40m, where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones.</p> <ul style="list-style-type: none"> <li>• The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The definition of mineralised zones is based on high level geological understanding producing a robust model of mineralised domains. Validation of the block model shows good correlation of the input data to the estimated grades.</li> <li>• The Mineral Resource estimate appropriately reflects the view of the Competent Person.</li> </ul>
<p><b>Audits or reviews</b></p>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of Mineral Resource estimates.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate.</li> </ul>
<p><b>Discussion of relative accuracy/confidence</b></p>	<ul style="list-style-type: none"> <li>• <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></li> <li>• <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></li> <li>• <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The lode geometry and continuity has been adequately interpreted to reflect the applied level of Measured, Indicated and Inferred Mineral Resource. The data quality is good and the drill holes have detailed logs produced by qualified geologists. A recognised laboratory has been used for all analyses.</li> <li>• The Mineral Resource statement relates to global estimates of tonnes and grade.</li> <li>• Reconciliation could not be conducted as no detailed historical mining production records were available.</li> </ul>