

## Status Of CZL's Equity in Plomosas Project

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Consolidated Zinc's ("CZL") current equity in the Plomosas zinc mine in Mexico and our pathway to increasing that equity is provided as follows:

1. CZL currently owns 51% of the Joint Venture Company (Minera Latin America Zinc or "MLAZ") which owns the Plomosas mine. The Mexican vendors, represented by Retec Guaru S.A.de C.V. ("Retec") currently own the other 49% of MLAZ.
2. CZL has the right to acquire an additional 39% of MLAZ bringing the total equity to 90%, through an option exercisable at CZL's sole election at any time up to December 2018.

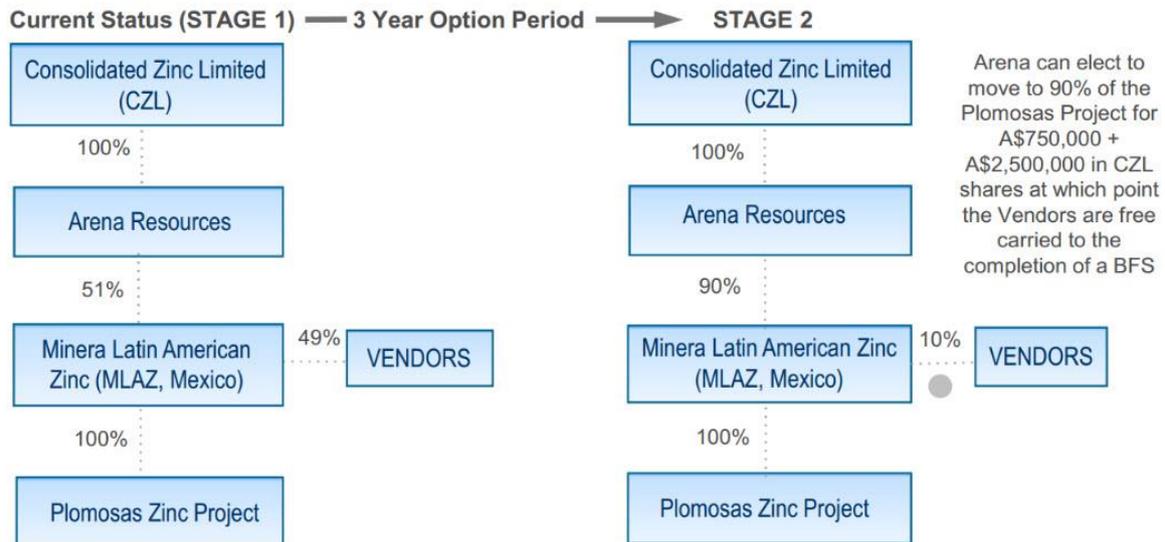
The consideration payable to Retec on exercise of the option is A\$750,000 cash and CZL shares to the value of A\$1.7 million for the additional 39% equity interest in MLAZ. An additional A\$800,000 in CZL shares are to be paid to the original shareholders of Arena Exploration Pty Ltd from whom CZL purchased the rights to acquire Plomosas.

3. On 27 September, 2016 CZL announced that an accelerated acquisition of the additional 39% of MLAZ had been negotiated with Retec however, on 15 November, 2016 CZL advised the market that this proposed accelerated acquisition had been cancelled. At this stage CZL has not yet exercised its option for the Tranche 2 acquisition of the additional 39% of MLAZ.
4. The remaining 10% of MLAZ held by Retec following exercise and completion of the option to acquire an additional 39% interest in MLAZ will be free carried until a decision is made to recommence mining at Plomosas at which point Retec must contribute to expenditure pro rata or dilute. Retec also has the option, exercisable subsequent to CZL acquiring 90% equity in MLAZ and upon completion of a Bankable Feasibility Study, to sell their 10% shareholding to CZL at an average valuation derived from up to 4 independent valuations in accordance with the Valmin Code (2005). Payment would be via a mix of cash and/or shares or failing to reach agreement, 50% cash and 50% shares in CZL. Completion of the acquisition of the additional 10% of MLAZ is subject to CZL shareholder approval. If shareholder approval is not obtained then Retec must contribute pro rata to expenditure or dilute.
5. A diagram illustrating the corporate entities and acquisition terms is provided below.



**Andrew Richards**  
Interim Managing Director

## Plomosas Acquisition Terms



- Upon completion of a BFS, the Vendors contribute pro rata or dilute.  
MLAZ 10% can be purchased by CZL/Arena for 10% of asset valuation (ROFR)

-Ends-