

**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2017**

## CONSOLIDATED ZINC LIMITED

ACN 118 554 359

### CORPORATE DIRECTORY

#### **Registered and Corporate Office**

Level 1, Suite 1  
35-37 Havelock Street  
West Perth WA 6005  
Telephone: (+61 8) 9322 3406  
Facsimile: (+61 8) 9320 7501  
Internet: [www.consolidatedzinc.com.au](http://www.consolidatedzinc.com.au)

#### **Share Registry**

Link Market Services Limited  
Level 4, 152 St George's Terrace  
Perth WA 6000

#### **Securities Exchange listing**

Australian Securities Exchange Limited  
ASX Code: CZL

#### **Solicitors to the Company**

GTP Legal  
60 Aberdeen Street  
Northbridge WA 6003

#### **Auditors**

Butler Settineri (Audit) Pty Ltd  
Unit 16, First Floor  
100 Railway Road  
Subiaco WA 6008

**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

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## DIRECTORS' REPORT

The directors present the financial report of Consolidated Zinc Limited and controlled entities (the "Group") for the half year ended 31 December 2017.

### DIRECTORS

The names of the directors who held office during or since the end of the half year are:

Mr Stephen Copulos – Chairman

Mr William Dix – Managing Director (resigned 9 January 2018)

Mr Andrew Richards – Executive Director

Mr Eduardo Valenzuela – Technical Director (appointed 22 January 2018)

Mr Luis Rogelio Martinez Valles – Non-executive Director (ceased 2 March 2018)

All directors were in office for the entire period unless otherwise stated.

### COMPANY SECRETARY

Mr Andrew Beigel

### REVIEW AND RESULTS OF OPERATIONS

The net loss of the consolidated entity after income tax for the half year ended 31 December 2017 amounted to a loss of \$672,525 (2016: \$903,785).

### REVIEW OF OPERATIONS

During the half year the Company announced a resource upgrade of the Plomosas resource that increased the overall tonnage by 70% (Table 1). The resource contains 968,000 tonnes @ 15.9% Zn+Pb and 24.0g/t Ag for 154,000t of contained metal in both Indicated and Inferred categories. Full details of the estimated resource are provided in the Company's announcement to the ASX dated 4 September 2017.

Table 1. Plomosas Project  
September 2017 Mineral Resource Estimate (3% Zn Cut-off)

Prospect	Indicated Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	107,000	18.5	8.6	54.8	20,000	9,000	189,000
Tres Amigos	51,000	17.6	1.8	19.5	9,000	1,000	32,000
Total	158,000	18.2	6.4	43.4	29,000	10,000	220,000

Prospect	Inferred Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	212,000	11.0	5.1	32.8	23,000	11,000	224,000
Tres Amigos	493,000	10.6	2.2	13.3	52,000	11,000	211,000
Carola	28,000	13.0	5.7	64.7	4,000	1,600	58,000
Las Espadas	77,000	11.8	5.0	14.4	9,000	4,000	36,000
Total	810,000	10.9	3.3	20.3	88,000	27,000	528,000

Prospect	Total Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	319,000	13.5	6.3	40.2	43,000	20,000	412,000
Tres Amigos	544,000	11.2	2.1	13.9	61,000	12,000	242,000
Carola	28,000	13.0	5.7	64.7	4,000	1,600	58,000
Las Espadas	77,000	11.8	5.0	14.4	9,000	4,000	36,000
Total	968,000	12.1	3.8	24.0	117,000	37,000	748,000

## CONSOLIDATED ZINC LIMITED

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### DIRECTORS' REPORT (CONTINUED)

The Company also completed the Scoping Study into recommencing mining at its Plomosas mine in Mexico was completed with positive results at a base-case level as well as several potential areas where returns might be improved.

The study focussed on mining the Tres Amigos sulphide resource on Level 5 using existing infrastructure. The Tres Amigos resource currently comprises a total resource of 544,000 tonnes grading 11.2% zinc, 2.1% lead and 13.9 g/t silver. Of this, 10% falls into the indicated category and the usual cautionary statements apply when considering scoping studies based on inferred resources.

While slightly lower grade than the other resources at Plomosas, this material was prioritised due to its proximity to surface, the ability to immediately access the ore via existing infrastructure, the high (90%-95%) metallurgical zinc recoveries that had previously been identified and the quality concentrate that testwork has established can be obtained.

The strategy underpinning the Scoping Study was to recommission the mine and plant with an early start up at Tres Amigos while optimising and drilling to expand the remaining resource to provide higher grade millfeed in years 2 and 3 onwards.

However, following a review of the Scoping Study results, Consolidated Zinc revised its strategy to expand on the plans considered. Rather than commence small-scale mining as an initial step in 2018, the Company now sees an opportunity to move directly to more significant production in 2019 possibly in a staged approach, targeting 200,000 to 250,000+ tonnes per annum over a minimum mine life of 7 to 10 years. Metallurgical and other feasibility studies are planned to commenced in the first quarter of 2018.

In conjunction with the additional feasibility studies, extensional and infill resource definition drilling at Plomosas recommenced in November 2017. They initially targeted the Tres Amigos and Tres Amigos North mineralisation using relatively short drill holes with the aims of extending the Mineral Resource up and down dip and converting portions of the inferred category resource to an Indicated Classification in accordance with the guidelines of the JORC Code (2012).

### Corporate

During December 2017 the Company completed a capital raising to existing and new sophisticated investors to raise \$1,292,181 before costs. At that time the Company's major Shareholder, the Copulos Group, also converted part of its loan facility with the group (\$322,500) to ordinary shares, at the same price as the capital raising, in accordance with the terms of the agreement and shareholder approval.

### Corporate Strategy

Consolidated Zinc's corporate strategy for growing the Company is to continue to advance the Plomosas project through evaluation and exploration, while simultaneously searching out and evaluating new opportunities as they are identified.

### SUBSEQUENT EVENTS

On the 9 March 2018, the Company issued 47,503,333 shares and 51,728,349 unlisted options (exercisable \$0.025, expiring 31 December 2020) to complete the capital raising announced on 19 December 2017.

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2017 that have significantly affected or may significantly affect:

- the Group's operations in future years; or
- the results of those operations in future years; or
- the Group's state of affairs in future years.

## CONSOLIDATED ZINC LIMITED

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### DIRECTORS' REPORT (CONTINUED)

#### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the directors of the consolidated entity on page 16 forms part of the Directors' report for the half year ended 31 December 2017.

This report is signed in accordance with a resolution of the Board of Directors.



Stephen Copulos  
Chairman

16 March 2018

#### *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.*

*The information in this document that relates to the interpretation of metallurgical test work, process plant and infrastructure design for a Scoping Study level assessment is based on information compiled and reviewed by Mr David Pass, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pass is an employee of BatteryLimits. Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.*

**CONSOLIDATED ZINC LIMITED**

ACN 118 554 359

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half year ended 31 December 2017	Half year ended 31 December 2016
	\$	\$
Revenue	4,299	110
Foreign exchange gain/(loss)	(37,774)	(38,201)
Administrative expenses	(50,534)	(59,747)
Consultancy and legal expenses	(84,525)	(291,349)
Compliance and regulatory expenses	(50,665)	(56,650)
Depreciation and amortisation	(276)	(2,621)
Director and employee related expenses	(333,106)	(247,474)
Occupancy related expenses	(4,533)	(3,697)
Exploration expenditure	(1,467)	(85)
Travel and accommodation related expenditure	(84,204)	(60,308)
Equity based payments	(27,375)	(111,667)
Impairment of financial assets	(200)	200
Interest and finance expense	(2,165)	(32,296)
Loss before income tax	(672,525)	(903,785)
Income tax	-	-
Net loss for the period	(672,525)	(903,785)
<b>Other comprehensive Income</b>		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Translation difference on foreign exchange	(911,207)	(358,766)
Total comprehensive loss for the period	(1,583,732)	(1,262,551)
<b>Net loss is attributable to:</b>		
Owners of Consolidated Zinc Limited	(679,609)	(779,497)
Non-controlling interests	7,084	(124,288)
Net loss for the period	(672,525)	(903,785)
<b>Total comprehensive loss attributable:</b>		
Owners of Consolidated Zinc Limited	(1,650,709)	(1,155,355)
Non-controlling interests	66,977	(107,196)
Net loss for the period	(1,583,732)	(1,262,551)
<b>Overall Operations</b>		
Basic and diluted loss per share (cents per share)	(0.09)	(0.21)

The accompanying condensed notes form part of these financial statements.

**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Notes	31 December 2017	30 June 2017
<b>CURRENT ASSETS</b>		\$	\$
Cash and cash equivalents		899,587	3,083,992
Trade and other receivables		1,013,285	631,344
Financial assets		2,200	2,400
<b>TOTAL CURRENT ASSETS</b>		<u>1,915,072</u>	<u>3,717,736</u>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		1,430,440	1,313,189
Plant and equipment		156,894	51,138
Exploration and asset acquisition expenditure	6	13,292,591	11,995,894
<b>TOTAL NON-CURRENT ASSETS</b>		<u>14,879,925</u>	<u>13,360,221</u>
<b>TOTAL ASSETS</b>		<u>16,794,997</u>	<u>17,077,957</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		961,679	890,940
Equity refundable		469,849	469,849
Borrowings		677,500	1,000,000
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,109,028</u>	<u>2,369,789</u>
<b>TOTAL LIABILITIES</b>		<u>2,109,028</u>	<u>2,369,789</u>
<b>NET ASSETS</b>		<u>14,685,969</u>	<u>14,717,168</u>
<b>EQUITY</b>			
Issued capital	4	33,631,530	32,106,372
Reserves		(712,520)	231,205
Accumulated losses		(17,612,824)	(16,933,215)
<b>Total capital and reserves attributable to the owners of Consolidated Zinc Limited</b>		<u>15,306,186</u>	<u>15,404,362</u>
Non-Controlling Interests		(620,217)	(687,194)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>14,685,969</u>	<u>14,717,168</u>

The accompanying condensed notes form part of these financial statements.



**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Issued Capital	Accumulated Losses	Reserves	Foreign Exchange Reserve	Total	Non controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	26,719,651	(15,490,798)	594,468	(360,675)	11,462,646	(78,281)	11,384,365
Loss for the year	-	(779,497)	-	-	(779,497)	(124,288)	(903,785)
Other Comprehensive income	-	-	-	(375,858)	(375,858)	17,092	(358,766)
<b>Total comprehensive loss for the period</b>	-	(779,497)	-	(375,858)	(1,155,355)	(107,196)	(1,262,551)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	508,438	-	-	-	508,438	-	508,438
Options issued during the period (net of costs)	-	-	312,604	-	312,604	-	312,604
Performance rights issued during the period (net of costs)	-	-	111,667	-	111,667	-	111,667
<b>Balance at 31 December 2016</b>	27,228,089	(16,270,295)	1,018,739	(736,533)	11,240,000	(185,477)	11,054,523
	Issued Capital	Accumulated Losses	Reserves	Foreign Exchange Reserve	Total	Non controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	32,106,372	(16,933,215)	1,018,739	(787,534)	15,404,362	(687,194)	14,717,168
Loss for the year	-	(679,609)	-	-	(679,609)	7,084	(672,525)
Other Comprehensive income	-	-	-	(971,100)	(971,100)	59,893	(911,207)
<b>Total comprehensive loss for the period</b>	-	(679,609)	-	(971,100)	(1,650,709)	66,977	(1,583,732)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued during the period (net of costs)	1,525,158	-	-	-	1,525,158	-	1,525,158
Options issued during the period (net of costs)	-	-	11,875	-	11,875	-	11,875
Performance rights issued during the period (net of costs)	-	-	15,500	-	15,500	-	15,500
<b>Balance at 31 December 2017</b>	33,631,530	(17,612,824)	1,046,114	(1,758,634)	15,306,186	(620,217)	14,685,969

The accompanying condensed notes form part of these financial statements.

**CONSOLIDATED ZINC LIMITED**

ACN 118 554 359

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Half year ended 31 December 2017	Half year ended 31 December 2016
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(661,813)	(744,188)
Interest received	-	110
Payments for exploration expenditure	(2,502,153)	(3,083,853)
<b>Net cash used by operating activities</b>	<b>(3,163,966)</b>	<b>(3,827,931)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant and equipment	(127,088)	(24,195)
<b>Net cash used by investing activities</b>	<b>(127,088)</b>	<b>(24,195)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from equity issue (net of costs)	1,202,658	286,254
Proceeds from convertible notes issued	-	-
<b>Net cash provided by financing activities</b>	<b>1,202,658</b>	<b>286,254</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(2,088,396)</b>	<b>(3,565,872)</b>
Cash at the beginning of the financial period	3,083,992	4,582,756
Exchange rate changes on the balance of cash held in foreign currencies	(96,009)	(92,556)
<b>Cash and cash equivalents at 31 December</b>	<b>899,587</b>	<b>924,328</b>

The accompanying condensed notes form part of these financial statements.

## CONSOLIDATED ZINC LIMITED

ACN 118 554 359

### CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the consolidated entity. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2017, together with any public announcements made during the half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as disclosed below.

##### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

##### Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$672,525 and had net cash outflows from operating activities of \$3,163,966 for the period ended 31 December 2017. As at that date, the consolidated entity had a net current asset deficiency of \$193,956.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- i. The ability of the Group to raise capital by the issue of additional shares under the Corporation Act 2001;
- ii. The ability to curtail administration and operational cash out flows as required.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**CONSOLIDATED ZINC LIMITED**

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017****NOTE 2: OPERATING SEGMENTS**

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is mineral exploration.

**NOTE 3: CONTINGENT LIABILITIES**

The directors are not aware of any contingent liabilities as at 31 December 2017 other than those disclosed in the 2017 Annual Financial Report.

**NOTE 4: ISSUED CAPITAL**

	31 December 2017 \$	30 June 2017 \$
Ordinary fully paid Shares	33,631,530	32,106,372

	31 December 2017		30 June 2017	
	Number of shares	\$	Number of shares	\$
<b>(a) Movements in ordinary share capital</b>				
Balance 1 July	726,211,447	32,106,372	410,639,291	26,719,651
Issued during the period:				
– Shares issued	134,556,717	1,614,681	315,572,156	6,009,209
Capital raising costs	-	(89,523)	-	(622,488)
Balance 31 December	860,768,164	33,631,530	726,211,447	32,106,372

	31 December 2017		30 June 2017	
	Number of options	\$	Number of options	\$
<b>(b) Movements in options</b>				
Balance 1 July	160,609,502	890,920	151,126,533	578,316
Options issued	1,250,000	11,875	32,833,111	312,604
Exercised during the period	-	-	(1,174)	-
Expired during the period	-	-	(23,348,968)	-
Balance 31 December	161,359,502	902,797	160,609,502	890,920

**CONSOLIDATED ZINC LIMITED**

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**NOTE 4: ISSUED CAPITAL (Continued)**

(c) Movements in performance rights	31 December 2017		30 June 2017	
	Number of rights	\$	Number of rights	\$
Balance 1 July	6,666,666	127,819	5,000,000	16,152
Issued during the period:				
– Issued to directors and employees	500,000	15,500	5,000,000	111,667
Expired during the period:	-	-	(3,333,334)	-
Balance 31 December	7,166,666	143,319	6,666,666	127,819

Refer to Note 10 for assumptions and details of the issue of options and performance rights during the period.

**NOTE 5: DIVIDENDS**

The Company did not pay or propose any dividends in the half year to 31 December 2017.

**NOTE 6: RECONCILIATION OF EXPLORATION EXPENDITURE**

	31 December 2017	30 June 2017
Opening balance	11,995,894	8,078,016
Exploration incurred during the year	1,995,686	3,796,847
Foreign exchange effect	(698,989)	121,031
Closing balance	<u>13,292,591</u>	<u>11,995,894</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

**NOTE 7: CONVERTIBLE NOTES**

	31 December 2017	30 June 2017
Opening balance	1,000,000	1,505,000
Issued during the year	-	-
Converted during the year	(322,500)	(505,000)
	<u>677,500</u>	<u>1,000,000</u>

- Conversion of the notes shall be subject to compliance with section 606 of the Corporations Act

**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**NOTE 8: SUBSEQUENT EVENTS**

On the 9 March 2018, the Company issued 47,503,333 shares and 51,728,349 unlisted options (exercisable \$0.025, expiring 31 December 2020) to complete the capital raising announced on 19 December 2017.

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- the Group's operations in future years; or
- the results of those operations in future years; or
- the Group's state of affairs in future years.

**NOTE 9: COMMITMENTS**

Commitments remain as those disclosed in the 30 June 2017 Annual Financial Report.

**NOTE 10: OPTIONS AND PERFORMANCE RIGHTS**

During the half year, the following performance rights and options were issued:

- 1,250,000 Unlisted Options were issued to management personnel exercisable at \$0.06 each on or before 30 June 2023
- 500,000 Performance Rights Options granted to key management personnel

**CONSOLIDATED ZINC LIMITED**

**ACN 118 554 359**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 14 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the period ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Stephen Copulos  
Chairman

16 March 2018

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Consolidated Zinc Limited for the half year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Consolidated Zinc Limited and the entities it controlled during the half year period.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth  
Date: 16 March 2018



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CONSOLIDATED ZINC LIMITED

### Conclusion

We have reviewed the accompanying half year financial report of Consolidated Zinc Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2017 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Emphasis of matter – material uncertainty related to going concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report (which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern). These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the ordinary course of business.

### Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half year financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

BUTLER SETTINERI (AUDIT) PTY LTD



LUCY P GARDNER  
Director

Perth

Date: 16 March 2018