

10 September 2018

Dear Shareholder,

RE: COMMENCEMENT OF PRODUCTION AT PLOMOSAS

I am writing to thank you for your commitment to Consolidated Zinc Limited (ASX: CZL) over the past three years while we have developed the Plomosas project through exploration to discovery, culminating in the commencement of operations this week.

I joined CZL in March of this year as Chief Executive Officer with a clear mandate from the Board to bring the Plomosas Project into production. In April, your Company presented the results of two years of exploration delivering 1.17Mt of Resources at very attractive zinc grades with good by-product potential from the lead and silver. As of this week, we are producing ore from the Plomosas Mine.

Your executive management have been working to complete detailed plans for the implementation of the Plomosas Mine and completed a Detailed Costing Study (DCS) for mining and processing. The DCS enabled the team to assess the opportunity presented by Grupo Mexico which will see the Plomosas ore processed through the nearby Santa Eulalia concentrator and the concentrate purchased by Grupo Mexico on competitive terms.

CZL had completed a mining contract tender process as part of the DCS which enabled us to establish mining in a very short timeframe. The tender process presented three competitive contractor quotes and the Company selected local mining contractor, SERVIMIN SARA who had worked previously at Plomosas providing drill stations and ground support over the past two years. Their in-depth knowledge of the mine was the deciding factor in their selection as the Plomosas Mining Contractor. They have proven to be a reliable business partner over the past two years and we have no doubt they will continue to deliver in their new role as mining contractor.

Mexico has a long history of mining predating the arrival of the Spanish. As the fifteenth largest world economy and the largest in Latin America, Mexico has a mature mining sector containing all the skills required for the efficient operation of the Plomosas Mine.

The opportunity for CZL to work with Mexico's biggest miner, Grupo Mexico, is exciting and presents opportunities for working together on other Mexican projects. This is the Mexican equivalent of CZL working with BHP and as such, your Company will explore future opportunities over the years to come.

Grupo Mexico built their zinc smelter late last century and is designed to produce 90,000tpa of zinc metal. The Plomosas concentrate produced at Santa Eulalia concentrator will be smelted in Mexico at the Grupo Mexico smelter for zinc and the Penoles smelter for lead.

The cashflow from production will be used to complete the systematic exploration of the mineralisation over the 7km of known strike length within the tenements, with initial focus on the extension of the Tres Amigos zone to the Carola South zone in the immediate mine area.

CZL will pump the water to below level 10 so that exploration can be undertaken on the depth extension of Tres Amigos below level 7 along with the Orebody 32 depth extension. Subsequent exploration will focus along strike, addressing the remaining 6,500 metres of unexplored potential in the Juarez limestones.

CZL also intends to acquire the minority interests in the joint venture company by the end of the year as prescribed in the Shareholder Agreement. CZL will move to 90% interest in the Plomosas joint venture and will actively pursue the remaining 10% on appropriate terms.

Your executive and senior management have brought the Plomosas mine back to life and now seek to make it a vibrant and secure source of income moving forward into the foreseeable future, through the development of the relationship with Grupo Mexico, successful exploration and the acquisition of the minority interests.

I look forward to meeting with you at our Annual General Meeting in November and undertake to provide regular updates detailing the business activities of Consolidated Zinc Limited as we drive this business forward.

Yours sincerely,



Brad Marwood
Chief Executive Officer
Consolidated Zinc Limited.