

CZL to move to 90% ownership of Plomosas Mine

Consolidated Zinc Limited (ASX: CZL, “Consolidated Zinc” or “the Company”) is pleased to advise it will increase its ownership of the Plomosas zinc-lead-silver mine in Mexico from 51% to 90%.

Under a June 2015 Shareholder Agreement, CZL through its wholly owned subsidiary Arena Exploration Pty Ltd has the option to acquire an additional 39% of Minera Latin American Zinc S.A.de C.V (“MLAZ”) that owns 100% of the mine. Accordingly, the Company has issued the required notice to Retec Guarú, S.A. de C.V (“Retec”) and MLAZ.

The key terms of the acquisition of the additional 39% interest in MLAZ are:

- Payment of A\$750,000 in cash to Retec;
- Issue of A\$1,700,000 of CZL shares to Retec;
- Completion subject to CZL shareholder approval; and
- The remaining 10% of MLAZ held by Retec is fully contributing.

The move to 90% of MLAZ also triggers the issue of A\$800,000 of CZL shares to the vendors of Arena, at the same price as those issued to Retec, provided all conditions of the agreement have been met.

The cash purchase consideration is fully funded with the successful completion of the recent Share Purchase Plan (SPP) that closed on 22 October, 2018.

Over the past six weeks, the Company has brought the Plomosas Mine into production, delivering plant feed to the Santa Eulalia concentrator for processing under an offtake agreement with Grupo Mexico, Mexico’s largest miner. During the next six months, new working faces and stopes will be developed at Plomosas to enable production to increase from the 3,000t per month to 10,000t per month during the second quarter of CY2019.

The CZL Board elected to exercise the option to increase its ownership of Plomosas based on the work the Company has completed at the mine to date which has established the commercial viability and growth potential of the project and surrounding area.

CZL CEO Brad Marwood said, *“This is an exceptional opportunity for CZL to increase value for shareholders and is by far the best opportunity identified to increase production of zinc, lead and silver in the near term. We continue to execute our plan to rapidly grow CZL into a mid-tier zinc producer, and we will be ramping up production at Plomosas over the coming months to build on this plan.”*

The Company will convene an Extraordinary General Meeting in December 2018 (date to be advised) to seek shareholder approval of the acquisition. As part of the acquisition consideration described above 72,649,573 shares are to be issued to Retec at a 30 day VWAP price of \$0.0234.

Documentation including the Notice of the Extraordinary General Meeting is being finalised and will be issued in the near term explaining the details of the deal. The Board considers the acquisition will provide significant value and growth for the Company and recommends the acquisition to CZL shareholders.

For and on behalf of Consolidated Zinc Limited.

Brad Marwood
Chief Executive Officer

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX:CZL) owns 51% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico with the option to increase its ownership to 90% by the end of 2018. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. 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 has recommenced mining at Plomosas and is committed to exploit the potential of the high grade Zinc, Lead and Silver Mineral Resource through the identification, exploration and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.

Caution Regarding Forward Looking Statements and Forward Looking Information:

This ASX release contains forward looking statements and forward looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of zinc and lead, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.

Except as required by law or regulation (including the ASX Listing Rules), Consolidated Zinc undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Production Targets:

Production targets referred to in this ASX release are underpinned by estimated Mineral Resources which have been prepared by competent persons in accordance with the requirements of the JORC Code. The production targets in this ASX release are sourced from both Indicated and Inferred Mineral Resources and it should be noted that there is a low geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.