

25 January 2017

December 2016, Quarterly Activities Report

- Maiden high grade JORC resource estimate released. Initial stage resource of 568,000 tonnes at 16.9% Zn+Pb and 28.4 g/t Ag defined
 - Drilling continues to identify additional mineralisation below Level 7
 - Walk-up drill targets identified in regional mapping and geophysics
 - Rights issue raised \$943,101 by the end of the quarter.
-

Consolidated Zinc Limited (CZL:ASX) is pleased to present the following quarterly report.

OPERATIONS AND DEVELOPMENT – PLOMOSAS PROJECT, MEXICO

PLOMOSAS MAIDEN JORC RESOURCE

On 15 December, 2016, the Company announced its maiden JORC compliant resource estimate for the Plomosas zinc-lead-silver project in northern Mexico. Readers are referred to this announcement for full details of the resource estimate.

The resource estimate, independently completed by Runge Pincock Minarco Limited (RPM), is reported in accordance with the JORC (2012) reporting guidelines, and contains **568,000 tonnes @ 16.9% Zn+Pb and 28.4 g/t Ag for 96,000 tonnes of contained Zn+Pb metal in both Indicated and Inferred categories**. The mineral resource comes from the extensions both down dip and down plunge from existing mine development at Level 7 (Figure 2) and the 2015 discovery of mineralisation at Tres Amigos. The ASX announcement of December 15 contains the details of the JORC resource estimate.



Figure 1. Location of Plomosas mine, Mexico

Subsequent to the December quarter and since completion of the estimate, additional drilling, 20m to the south west of the Level 7 resource outline (LV8006), intersected up to 2.5m of massive sulphides comprising sphalerite and galena. These are not currently included in the mineral resource and details will be made available as assays are received.

The greater understanding of geological controls and the geometry of the mineralisation established during the resource definition studies have led to the identification of numerous immediate drill targets when compared with the results of recent geophysical surveys and historical drillings. Figure 3 highlights these features which are discussed further below but these drill targets aim to identify resource extensions and additions and focus on regional exploration.

25 January 2017

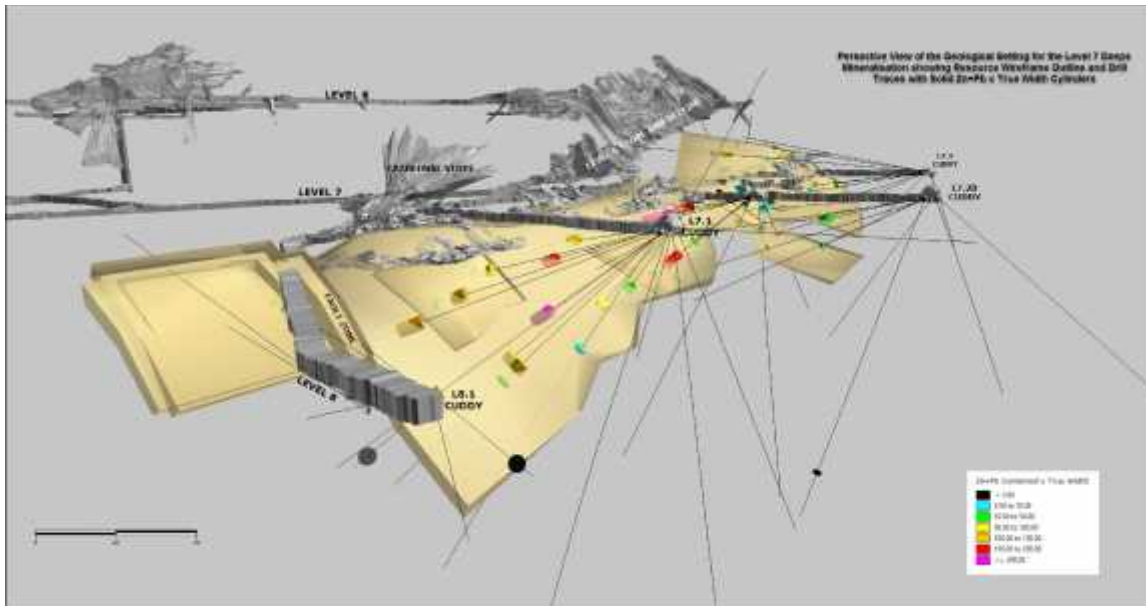


Figure 2: Oblique view of Level 7 Deeps mineral resource wireframed solids showing drillhole traces looking NW.

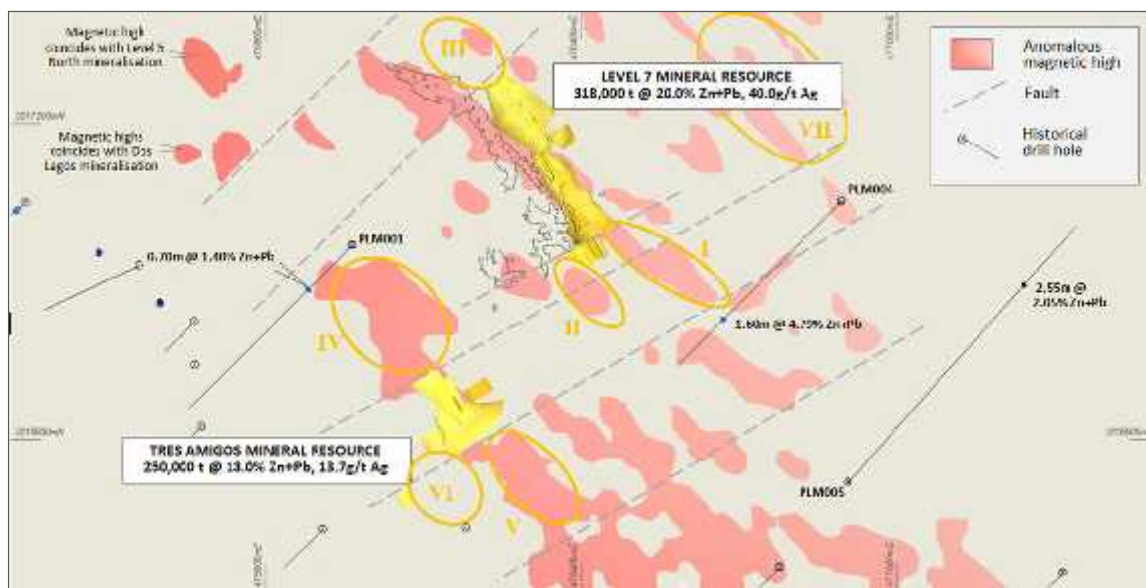


Figure 3 - Compilation plan of geological, mineralisation and geophysical features identifying immediate drill targets for testing resource extensions. Mineral Resources shown in yellow block outline

Note coincidence of defined JORC Resources and historical mining areas with magnetic anomalies within the mine sequence. **Note** also the sparse drilling and the location of the few intercepts obtained in historical drilling with postulated resource extensions.

Targets I to VI have been identified as high priority targets adjacent to the mineral resources which follow anomalous magnetic features within the mine sequence and may, as in PLM004, demonstrate mineralisation encountered in historical drilling.

CUEVITAS EXTENSIONAL DRILLING – LEVEL 7 DEEPS

Drilling continues to demonstrate that mineralisation extends over several hundred metres of strike and up to 80m down-dip. Underground drilling and development continued in Level 7 and the newly developed caddy L8.1 testing down plunge extensions from Level 8. The primary focus was to add to the drillhole database for resource definition and estimation towards the end of the quarter.

25 January 2017

2,178.5m of drilling was completed in 26 holes during the quarter, namely LV7043 to LV7063 and LV8001 to LV8005. Assays for all drillholes including LV7036 to LV7042 which were drilled in the previous quarter were received with the highlights summarised in Table 1. Table 2 provides additional hole details.

LV7037, LV7038, LV7040, LV7051 and LV8004 in particular intersected significantly high grades with LV7037 demonstrating that mineralisation extends above Level 7 towards Level 6:

• LV7037	6.55m at	13.45% Zn,	7.22% Pb,	26.05 g/t Ag
and	1.60m at	36.11% Zn,	11.75% Pb,	40.40 g/t Ag
• LV7038	1.25m at	45.80% Zn,	4.03% Pb,	38.00 g/t Ag
• LV7040	0.80m at	33.30% Zn,	19.50% Pb,	89.60 g/t Ag
• LV7051	3.30m at	19.63% Zn,	10.15% Pb,	32.45 g/t Ag
• LV8004	3.45m at	22.25% Zn,	10.83% Pb,	51.44 /t Ag

Significantly, the drilling to date continues to demonstrate that high grade mineralisation extends below Level 7 (Figures 4-8) which, at approximately 240m below surface, was the deepest of the main ore workings developed at Plomosas. Minor development down to Level 10 (310mbs) may provide additional access for future exploration of down dip extensions of massive sulphide mineralisation.

In addition, drillhole LV7037 has identified a new zone of mineralisation above Level 7 in an area of the mine located below Level 6 stopes. This demonstrates that although our focus is very much on the deeper extensions of the mineralisation, there are numerous opportunities within the existing mine environment to find additional areas that have previously been either ignored or previously deemed uneconomic for mining. This provides additional confidence for the ongoing investigations into the underground developments in sub-level 7 and sub-level 8.



Figure 4. Plan view of the Plomosas mine showing location of the cross section in Figure 5 (trace A-A') and resource definition work areas referred to in the text.

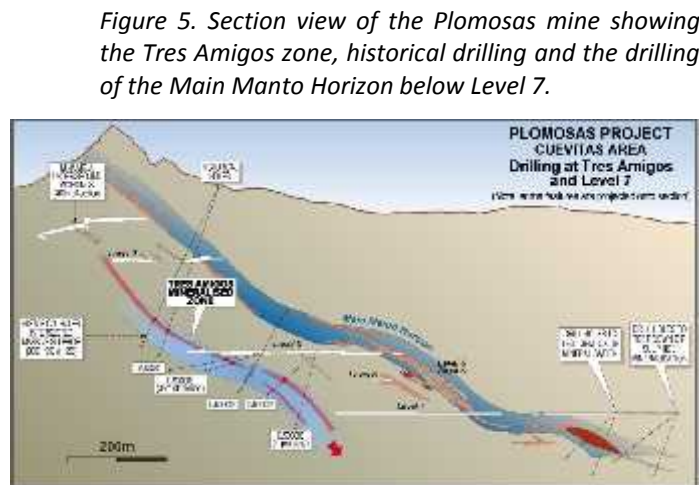


Figure 5. Section view of the Plomosas mine showing the Tres Amigos zone, historical drilling and the drilling of the Main Manto Horizon below Level 7.

25 January 2017

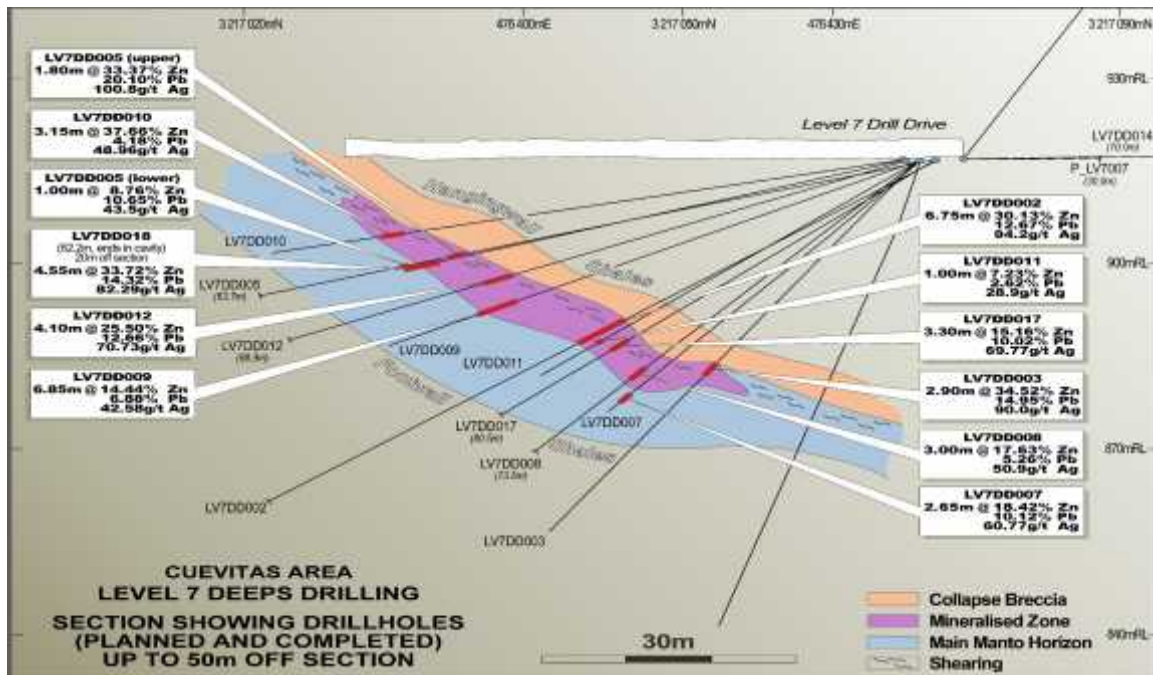


Figure 7. Cross section through Level 7, Cuddy 7.1 showing intercepts and stratigraphy.

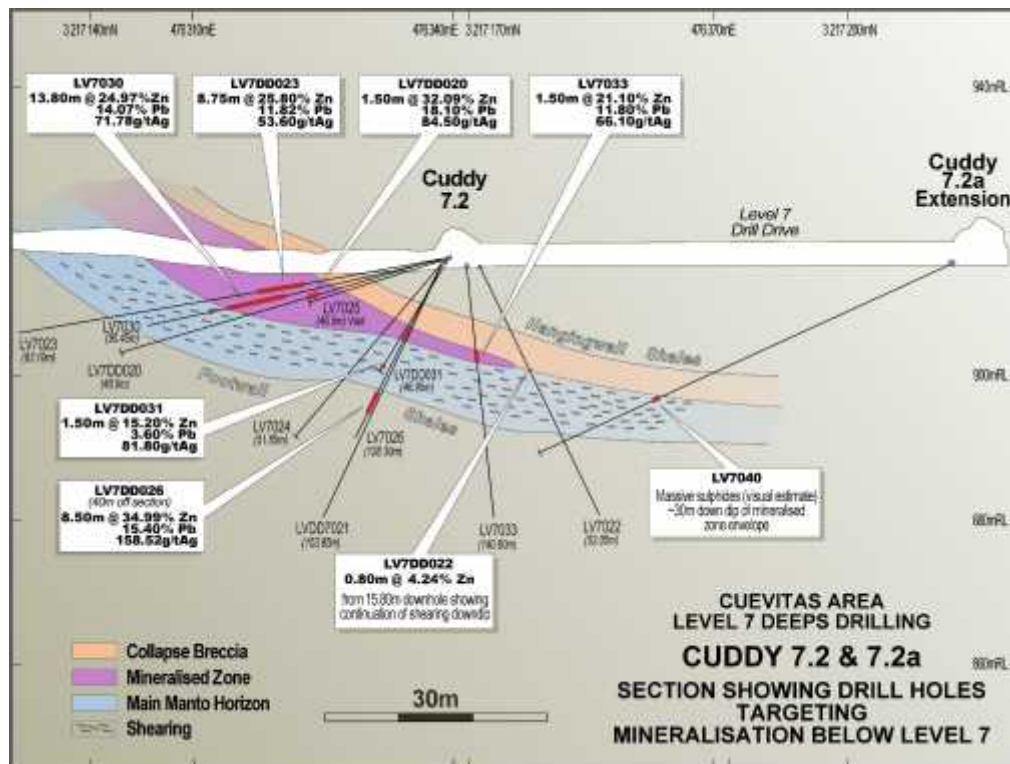


Figure 8. Section view of the Plomosas mine through Level 7 drill drive to Cuddy 7.2a showing the drilling completed Assays received and shown in the figure are from drill intercepts up to 50 metres off section.

Implications of drill intercepts from Level 8 drilling

Drilling from the Level 8 cuddy included hole LV8004 which intersected 3 significant zones of partially oxidised, massive sphalerite and galena with pyrite, including the target zone, comprising

25 January 2017

3.45m, 2.55m and 4.30m respectively. Subsequent review suggests these intercepts were possibly fault induced repetitions of the mine sequence in this area. Drilling recommenced from this cuddy in mid-January 2017.

Assays returned for LV8004 included a best result of 3.45m at 22.25% Zn, 10.83% Pb and 51.44 g/t Ag from 92.75mdh (Table 1).

Table 1. 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
LV7036					NSI	NSI	NSI	Hole drilled to NE to test for mineralisation. Hit mine sequence, minor diss sulphides
LV7037	103.00	109.55	6.55	2.94	13.45	7.22	26.05	Mineralisation located between Level 6 and Level 7
	112.80	114.40	1.60	0.71	36.11	11.75	40.40	
LV7038	44.00	45.25	1.25	0.89	45.80	4.03	38.00	Drilled slightly off from LV7034 to test for mineralisation outside of fault void
LV7039	61.25	62.75	1.50	0.89	6.68	2.89	9.90	Drilled below Level 7 stopes
LV7040	43.65	44.45	0.80	0.72	33.30	19.50	89.60	Mineralisation intersected down dip of hole LV7DD022
LV7041					NSI	NSI	NSI	Testing limits of mine sequence continuity
LV7042					NSI	NSI	NSI	Drilled to NE testing sequence for extensions.
LV7043					NSI	NSI	NSI	
LV7044	70.50	72.35	2.10	1.38	3.84	1.57	6.92	Very thin zone down dip of main mineralised zone.
LV7045					NSI	NSI	NSI	Intersected marble but no mineralisation
LV7046					NSI	NSI	NSI	Intersected marble below Level 6 stopes
LV7047	59.2	61.55	2.35	1.04	6.08	2.24	8.60	
LV7048					NSI	NSI	NSI	Intersected thick zone of marble, no sulphides
LV7049	93.85	94.9	1.05	0.47	16.65	14.00	45.9	Semi ox massive sulphide nr contact with HW shales
LV7050	62.75	63.25	0.50	0.4	13.10	37.86	820	Semi ox mass sulphide, coarse grained. Note high Pb and Ag
LV7051	54.60	57.90	3.30	2.10	19.63	10.15	32.45	Massive sulphides near contact to marbles
LV7052					NSI	NSI	NSI	No visible sulphides
LV7053					NSI	NSI	NSI	Sheared marble, no visible sulphides.
LV7054					NSI	NSI	NSI	Intersected marble no sulphides
LV7055					NSI	NSI	NSI	Down dip extent of marble intersected, no sulphides
LV7056					NSI	NSI	NSI	Thick marble intersected 100m down dip, no sulphides
LV7057	51.30	57.65	6.35	4.44	6.72	3.09	10.93	Thin zone of sulphides in HW to marble

25 January 2017

Table 1. 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
LV7058	34.80	41.80	7.00	3.84	11.70	4.63	19.72	Intersected HG mineralisation between Levels 6 and 7
LV7059					NSI	NSI	NSI	Intersected old stope between Level 6 and Level 7
LV7060	21.45	22.40	0.95	0.77	2.88	1.14	3.90	Thin mineralisation between Levels 6 and 7
LV7061					NSI	NSI	NSI	Intersected marble with disseminated sulphides below Level 6 stopes
LV7062					NSI	NSI	NSI	Intersected old stope between Level 6 and Level 7
LV7063					NSI	NSI	NSI	Intersected old stope between Level 6 and Level 7
LV8001					NSI	NSI	NSI	Brecciated Mina Vieja marble with clasts of massive sulphide
LV8002					NSI	NSI	NSI	Dissem sph+palena with weak patches of mass sulphide.
LV8003					NSI	NSI	NSI	Dissem sulph in marble with fault breccia in HW
LV8004	92.75	96.20	3.45	2.00	22.25	10.83	51.44	Part oxid mass sulphide
	106.60	113.30	6.70	3.92	5.76	4.37	19.38	Part oxid mass sulphide
	122.35	130.70	8.35	4.91	8.30	3.32	24.53	Part oxid mass sulphide This was targeted zone)
	159.80	160.30	0.50	0.29	4.38	2.56	9.10	Minor mass sulphide interval
LV8005					NSI	NSI	NSI	Marble intersected down dip- no sulphides noted

*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 from level 7.

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 first quarter of 2017.

REGIONAL EXPLORATION UPDATE

As detailed in the ASX announcement of November 3, 2016, an expansive regional exploration program was completed over the main mineralised corridor. Geophysical surveys were conducted to acquire both gravity and airborne magnetics data and these datasets coupled with geological mapping and widespread sampling identified numerous targets for follow-up.

The highest priority targets are outlined in Figure 9 and detailed in the following bullet points.

- The Los Alfonsitos area warrants further mapping and sampling, particularly to define the extents of the anomalous gossanous horizons which may be analogous to footwall mineralisation seen within the mine;

25 January 2017

- The El Fenomino Marble appears to be a possible fold or thrust repeat of the mine sequence. Since the samples have returned anomalous Pb and Zn results, further work in line with the interpretation of the aeromagnetics and gravity is planned;
- The subtle coincident magnetic anomalies that occur in the mine sequence and are related to the mineralisation are found elsewhere in the tenements and can be targeted for further work. Figure 9 shows at least six different targets generated from this work for immediate follow-up;
- Further enhancement work on the gravity will strengthen the current targets and generate additional targets for further work.

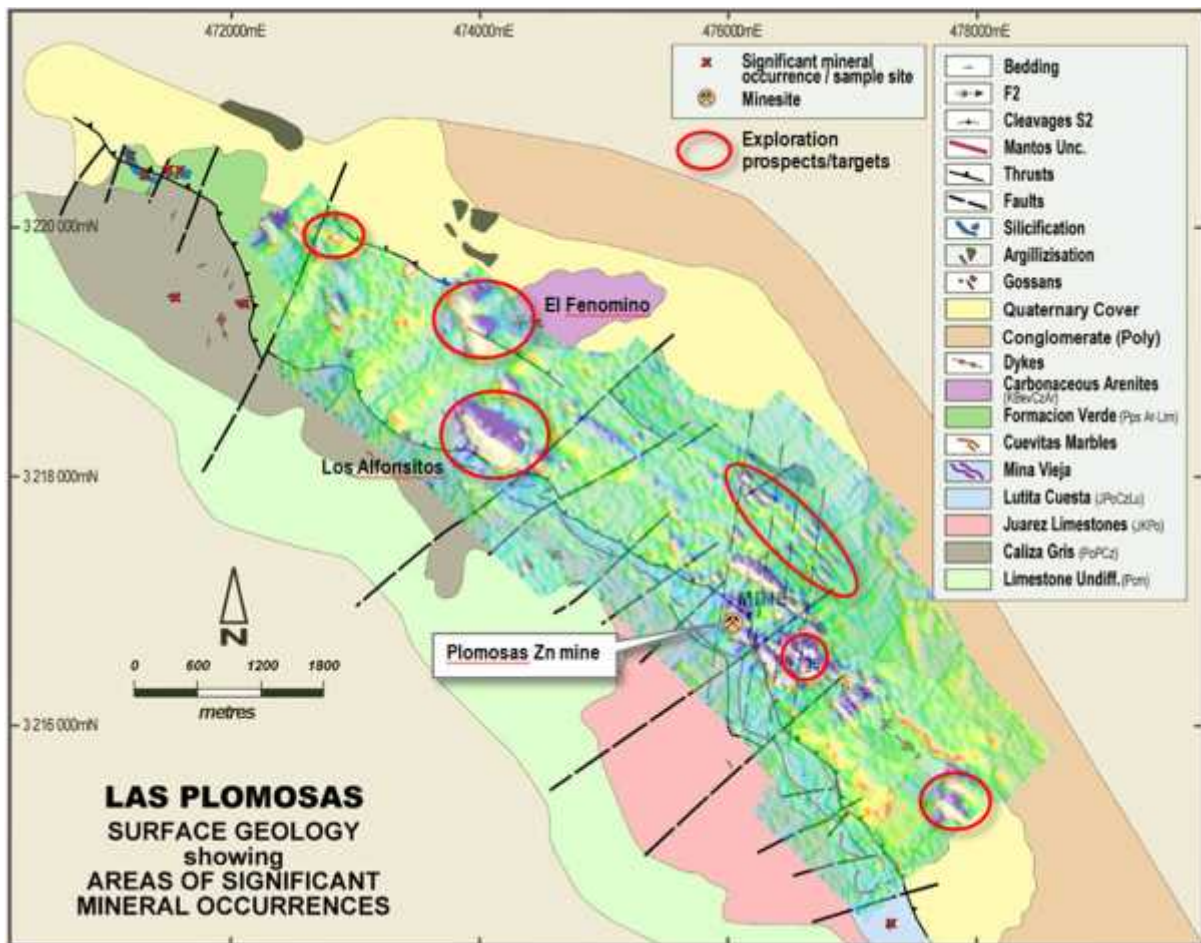


Figure 9: Plan view of regional geology overlain on recent aeromagnetic survey results. First pass near mine exploration program defined prospective geology including mine sequence extending from the Plomosas mine site along with encouraging anomalous rock chip samples. Several priority areas have been highlighted that warrant further follow up.

25 January 2017

The information gathered from the regional mapping and geophysical surveys confirms the potential for extensions or repetitions of the Plomosas mine sequence or similar mineralised limestone rich units. Furthermore, it has already identified numerous areas of interest within the tenements that warrant further investigation. These targets demonstrate structural and geological positions with associated geophysical features that require follow up by detailed mapping further sampling to confirm drill targets.

CORPORATE

During the December quarter the Company commenced a pro-rata non-renounceable entitlement issue of approximately 85,964,937 ordinary fully paid shares on the basis of 1 share for every 5 shares held by eligible shareholders at the time of the offer. The offer aimed to raise up to \$2.58M to provide additional working capital to fund ongoing drilling and exploration.

The offer closed late in the Quarter with applications for 31,436,701 new shares which raised \$943,101 (before costs) and represented 36% of new shares under the Rights Issue. The Company can now elect to place the 54,528,119 shortfall shares within 2 months of the closing date.

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, Mineral 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.

25 January 2017

Table 2. Plomosas Drill hole details								
HoleID	Easting WGS84	Northing WGS84	Elev (m)	Dip	Azimuth WGS	RC (m)	Diamond (m)	Total Depth (m)
LV7043	476309.410	3217306.330	920.900	-45.00	265.0	0.00	42.90	42.90
LV7044	476391.400	3217213.340	918.100	-6.60	245.5	0.00	106.90	106.90
LV7045	476309.230	3217305.900	921.494	-19.40	253.0	0.00	61.25	61.25
LV7046	476309.140	3217306.050	922.301	8.20	257.5	0.00	136.30	136.30
LV7047	476308.850	3217305.600	921.859	-2.80	244.6	0.00	92.50	92.50
LV7048	476391.330	3217213.410	917.883	-13.50	250.0	0.00	83.75	83.75
LV7049	476308.950	3217305.680	922.297	7.60	248.1	0.00	121.10	121.10
LV7050	476397.290	3217207.480	917.690	-19.60	219.3	0.00	82.30	82.30
LV7051	476312.460	3217299.690	921.804	-6.70	215.0	0.00	85.20	85.20
LV7052	476397.570	3217207.350	917.996	-10.00	222.1	0.00	103.30	103.30
LV7053	476399.590	3217207.890	917.191	-40.40	172.6	0.00	71.60	71.60
LV7054	476397.669	3217207.319	917.867	-16.60	201.39	0.00	97.15	97.15
LV7055	476397.768	3217207.174	917.809	-18.90	188.48	0.00	103.20	103.20
LV7056	476401.202	3217209.741	917.362	-44.90	113.18	0.00	82.40	82.40
LV7057	476390.685	3217214.384	917.823	-14.10	266.88	0.00	88.15	88.15
LV7058	476234.287	3217229.757	921.231	14.80	3.98	0.00	49.25	49.25
LV7059	476232.827	3217229.812	921.737	22.90	336.08	0.00	48.90	48.90
LV7060	476240.516	3217228.990	921.309	19.80	61.68	0.00	30.25	30.25
LV7061	476232.180	3217229.080	920.863	13.90	316.08	0.00	146.50	146.50
LV7062	476233.803	3217223.206	923.841	65.80	223.88	0.00	30.55	30.55
LV7063	476236.846	3217225.278	923.555	59.40	88.68	0.00	19.55	19.55
LV8001	476516.180	3216983.690	911.170	-20.50	264.19	0.00	101.65	101.65
LV8002	476516.070	3216984.140	910.930	-30.90	269.09	0.00	100.20	100.20
LV8003	476517.720	3216985.590	912.400	-44.00	287.00	0.00	70.00	70.00
LV8004	476520.263	3216976.090	912.397	-5.00	258	0.00	125.00	125.00
LV8005	476517.412	3216985.551	910.716	-32.30	297.78	0.00	98.65	98.65

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"> • <i>Nature and quality of sampling (e.g. 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> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30g 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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • 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. • Drilling sampling techniques employed at the Plomosas underground drilling program include saw cut NQ drill core samples. • 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. • Diamond NQ3 core was sampled on geological intervals/contacts, with the minimum sample size of 0.5m and max 1.2m. • 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.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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> 	<ul style="list-style-type: none"> • Currently NQ3 triple tube using conventional wireline drilling is being used. • 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.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <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> 	<ul style="list-style-type: none"> • 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. • The use of triple tube improved core recovery. • 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%. • 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 <60%. The use of

25 January 2017

Criteria	JORC Code explanation	Commentary
<i>Logging</i>	<ul style="list-style-type: none"> • 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. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. • The total length and percentage of the relevant intersections logged. 	<p>triple tube in these areas will not improve recovery.</p> <ul style="list-style-type: none"> • CZL system of logging core records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples. • Logging is both qualitative and quantitative depending on the field being logged. • All drill holes are logged in full to end of hole. • Diamond core is routinely photographed digitally
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • 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. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • 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. • 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 (>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. • Field duplicates are routinely taken for core samples. CZL procedures include a minimum of one duplicate per approximately 20 samples.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • 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. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • 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. • Analytes include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of interest. • 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. • 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. • All drill assays were required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Significant drilling intersections are noted in this report and are verified by qualified personnel from geological logging. • No twinned holes are being drilled as part of this program. • CZL logging and sampling data was captured and imported using excel sheets and data entered into Micromine. • All CZL drillhole and sampling data is stored in a Micromine based system. Manual backups are

25 January 2017

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> 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. Specification of the grid system used. Quality and adequacy of topographic control. 	<p>routinely carried out.</p> <ul style="list-style-type: none"> 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. 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. Grid system used is WGS84 Zone 13
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 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. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> 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 allow, drill cuddies have been established at 80 metre intervals to allow for adequate drill spacing. No sample compositing has been applied
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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. 	<ul style="list-style-type: none"> Drill orientations was designed to intersect any geological or geophysical contacts as high an angle as possible to reflect true widths as possible. Sampling has been designed to cross structures as near to perpendicular as possible, minimising any potential in creating a bias sampling orientation.
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> 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. 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.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> 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.

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"> 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. 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. 	<ul style="list-style-type: none"> Sampling was conducted over three adjoining tenements, La Verdad (T-218242), El Olvido (T-225527) and Ripley (T-218272). Consolidated Zinc Ltd currently owns 51%
<i>Exploration done by other</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No relevant information is available.

25 January 2017

Criteria	JORC Code explanation	Commentary
<i>parties</i>		
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • 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. • 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. • 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. • 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 marbleisation is restricted to a few meters from the hanging wall contact.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <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> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <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> 	<ul style="list-style-type: none"> • Appropriate information has been included in the report.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <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 aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • No data aggregate methods were applied to the results.

25 January 2017

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • No drilling was completed to enable any relationship between mineralisation width and intercept lengths
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Appropriate diagrams are attached in the report
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • All sample results are reported
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • No other relevant data has been reported
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Appropriate information has been included in the report.

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"> • <i>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.</i> • <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> • 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 Expedio data management consultants. The validated data is stored in Expedio's standardised SQL Server Database Schema. The data is exported by Expedio and sent to RPM in Access format prior to Mineral Resource estimation in Surpac. • 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.
<i>Site visits</i>	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken</i> 	<ul style="list-style-type: none"> • 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,

25 January 2017

Criteria	JORC Code explanation	Commentary
	<i>indicate why this is the case.</i>	drill core, underground development/stopping 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.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> The confidence in the geological interpretation is considered to be good and is based on visual confirmation in underground development/ stopping, outcrop and drilling. Geochemistry and geological logging has been used to assist identification of lithology and mineralisation. The deposit consists of northeast dipping units. Infill drilling has supported and refined the model and the current interpretation is considered robust. Outcrops of mineralisation and host rocks confirm the geometry of the mineralisation. Infill drilling has confirmed geological and grade continuity.
Dimensions	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 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.
Estimation and modelling techniques	<ul style="list-style-type: none"> 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. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using 	<ul style="list-style-type: none"> 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. Reconciliation could not be conducted due to the absence of mining production records. It is assumed that Ag can be recovered with Zn and Pb. It is assumed that there are no deleterious elements when considering the proposed processing methodology for the Plomosas mineralisation. 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. 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

25 January 2017

Criteria	JORC Code explanation	Commentary
	<p><i>grade cutting or capping.</i></p> <ul style="list-style-type: none"> <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> 	<p>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.</p> <ul style="list-style-type: none"> No assumptions were made on selective mining units. Zn and Pb, as well as Pb and Ag had strong positive correlations. Zn and Ag had a moderate positive correlation. 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. 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. 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.
Moisture	<ul style="list-style-type: none"> <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> Tonnages and grades were estimated on a dry in situ basis.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> 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.
Mining factors or assumptions	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> 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.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process 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</i> 	<ul style="list-style-type: none"> Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project.

25 January 2017

Criteria	JORC Code explanation	Commentary
	<p><i>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>Environmental factors or assumptions</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.
<p>Bulk density</p>	<ul style="list-style-type: none"> 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. 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. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> 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. 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. 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.
<p>Classification</p>	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (i.e. 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). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> 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 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

25 January 2017

Criteria	JORC Code explanation	Commentary
		<p>mineralised zones, and to geologically complex zones.</p> <ul style="list-style-type: none"> 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. The Mineral Resource estimate appropriately reflects the view of the Competent Person.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate.
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> <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> <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> <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> 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. The Mineral Resource statement relates to global estimates of tonnes and grade. Reconciliation could not be conducted as no detailed historical mining production records were available.