

Revised strategy: A note from the Chairman

RECENTLY, Consolidated Zinc announced plans to amend the strategy outlined in our recent Scoping Study.

The change comes on the back of positive new exploration results and indications in the Scoping Study that larger scale production was possible in a slightly longer timeframe than proposed for initial production.

The reason for this change is quite simple – Consolidated Zinc’s aim is to become a major global zinc producer.

The board and management believes we can achieve that aim within a workable timeframe and our ongoing exploration and drilling results continue to provide us with confidence that it is a readily achievable goal.

It is not a decision that has been made lightly. Significant analysis has been undertaken by the board, management team and our consultants on the back of recent results.

There are two driving considerations that have led to this decision.

Firstly, while the option of a staged approach could lead to cash flow within the 2018 calendar year, the capital expenditure required to refurbish the current pilot plant would offset some of the short-term gains. More efficient use of that CAPEX will be achieved by moving directly to development of larger-scale production.

Secondly, the Company is devoted to providing best value for our investors. A further increase of the mineral resource and more than doubling annual throughput will provide a far better outcome for shareholders.

The revised strategy has strong economic rationale, mitigating any potential exposure to a drop in commodity prices, while strengthening our position to thrive while prices are high.

It also allows the Company time to finalise the increase to 90 per cent ownership of the project, again to ensure better outcomes for shareholders.

Consolidated Zinc also recently announced the resignation of Managing Director Will Dix. Mr Dix has been instrumental in leading the Company through its exploration and resource definition phase and has delivered a highly successful project ready for development.

The Company is fortunate to have interim Managing Director Andrew Richards, who has also played a leading role in developing the project. Given Mr Richards’ experience and understanding of the project, there will be no delays as the Company continues its move towards development. At the same time, with Mr Richards in charge of operational requirements, the Board is in the process of identifying suitable candidates to replace Mr Dix.

It is an exciting time for Consolidated Zinc as our plans start to come to fruition.

We thank you, our valued shareholders, for your ongoing support and patience and look forward to bringing you more good news over the coming months.

Stephen Copulos

Stephen Copulos
Chairman