

9 January 2018

Appointment of Mr Eduardo Valenzuela as Technical Director

Consolidated Zinc Limited (“Company” or “CZL”) is pleased to announce the appointment to the Board of Mr Eduardo Valenzuela as Technical Director effective from 22 January 2018.

Eduardo Valenzuela is a mining engineer who graduated from the University of Chile and also has a Master of Business in International Management from Curtin University in Western Australia. He has extensive industry experience in Australia, Latin America, USA, Asia, and the Middle East, with senior roles including Manager Strategic Planning and Project Manager Phase IV Expansion with BHP Minerals (Escondida, Chile); Manager Latin America with BHP Engineering; Mine Manager at Murrin Murrin in WA; Mining Industry Specialist with the International Finance Corporation (IFC) in the USA and Senior Project Manager and Project Director with SKM (now Jacobs).

Eduardo’s corporate experience has included roles as Technical Director, Non-executive Director, and Non-executive Chairman with ASX listed companies such as Sundance Resources, Southern Hemisphere Mining and Lithium Australia (formerly Cobre Montana).

He is currently the Manager, Mining and Geology with Wood (formerly Amec Foster Wheeler) based in Perth.

Commenting on the appointment, the Company’s Non-Executive Chairman, Mr Stephen Copulos, said: *“We are excited to have Eduardo join the Company as we move to re-establishing expanded production at the Plomosas zinc mine in Mexico. He has considerable experience as a director and senior executive and brings extensive mining and project construction experience as well as an understanding of the Latin American mining culture to the Company.”*

A summary of the key terms of the Technical Director’s engagement are attached.

Key Terms of Technical Director's Engagement

Remuneration

Mr Valenzuela's remuneration package as Technical Director has been structured as follows:

- Commencement date 22 January 2018 and a term of 3 years.
- Remuneration of \$100,000 inclusive of base salary, superannuation contributions, taxes and non-cash benefits. The Executive will work a minimum of 12 days per month with any additional work requested by the Company paid at the rate of \$1,000 per day.
- Subject to the shareholder approval, the Company will issue performance rights to Mr Valenzuela on the following terms:

| Number Performance Rights | Performance conditions | Expiry Date |
|---------------------------|---|--------------------|
| 500,000 | (a) Upon the Company announces a JORC Code compliant reserve of not less than 1,200,000 tonnes of mineralisation at a combined grade of at least 17% (Zn+Pb); (b) A Takeover Event occurs. | 30 September, 2019 |
| 500,000 | (a) Upon the commencement of construction of a mine at the Company's Plomosas Project; or (b) A Takeover Event occurs | 30 September, 2019 |
| 500,000 | (a) Upon the Company's shares achieving a 10 day VWAP of \$0.15 or more for a period of 10 consecutive trading days; or (b) A Takeover Event occurs | 30 September, 2019 |

Termination

Mr Valenzuela may terminate the agreement by providing one month written notice to the Company.

The Company may terminate the agreement by providing two months' written notice to the Executive and, assuming no breach of conditions, payment of the following:

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- a sum equal to 3 months Remuneration if termination occurs within 12 months of the Commencement Date; or
- a sum equal to 50% of the Remuneration for the balance of the contract if termination occurs after the first 12 months from Commencement Date

In the event that the Plomosas project does not continue to hold commercial merit for the Company within a period of 2 years or a similar replacement project is not acquired by the Company in that period, the Company may terminate the agreement without penalties.

The Company also has standard summary dismissal rights in the event of wilful or gross misconduct.

The Company may elect to pay in lieu all or any part of any notice period, subject to the limitations imposed in Part 2D.2 of the Corporations Act.