

March 2018, Quarterly Activities Report

- High grade Zinc assays continue to be obtained from the drilling of Tres Amigos resource.
 - Drilling results to drive Resource extension and upgrade. Update on track for April 2018
 - Review of Scoping Study and enhancements of production scenarios well advanced
 - Strengthening of corporate structure and production skill sets with:
 - Appointment of Chief Executive Officer
 - Appointment of Technical Director
 - Strong support from shareholders at EGM
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Consolidated Zinc Limited (ASX: CZL) is pleased to present the following quarterly report.

OPERATIONS AND DEVELOPMENT - PLOMOSAS PROJECT, MEXICO

Scoping Study Extension

During the quarter the Scoping Study parameters and assumptions were revisited to assess the potential of bringing the mine back into production sooner through a staged development rather than delaying and commencing the anticipated large-scale mining operations in one step. The benefits of this approach are that:

- cashflow will be achieved sooner;
- initial capital requirements to first production would be significantly reduced;
- production rates would be better matched to identified resources;
- subsequent expansion stages may be expensed against income;
- existing infrastructure and facilities at site and in Mexico can be fully utilised, and
- profitability is enhanced through the reduced capital demand on CZL.

Site inspections were undertaken by various consultants and company executives leading to the conclusion that the existing plant can be refurbished to operate at 35,000 tonnes per annum (tpa). Based on testwork completed to date, ore sorting can be used to enhance the already high mine grades and reduce the tonnages that would be fed into the flotation plant. This could result in the flotation plant delivering 10,000tpa of Zinc in a 16,000tpa of Zinc concentrate from feed of 100,000tpa of run of mine ore. Further testwork is planned to detail the specific performance of the ore sorting process in advance of presenting the details of the Feasibility Study targeted for completion in July 2018.

With the highest proportion of currently identified resources at Plomosas, extensive mine infrastructure providing access and a proven metallurgical performance delivered high quality zinc concentrates, the Tres Amigos mineralisation makes it the best placed for first plant feed. Therefore, Tres Amigos will provide the initial focus to bring the Plomosas mine back into production. While resource definition of the Level 7 Orebody 32 Semi Oxide Ore (SOX) and Sulphide Ore (SUL) mineralisation will be advanced, production from these areas will be scheduled behind Tres Amigos.

Project development funding

Project funding solutions are well advanced but await the advancement of the technical aspects of the current studies prior to executing the preferred funding solution.

Sales and marketing agreements have been under discussion for a few months and will be finalised as the specifications for the flotation concentrate are better understood.

While the resource potential of Plomosas is significant and the project could potentially host multi-million tonnes of mineralisation the cost to develop the resources and proceed to completion of a Definitive Feasibility Study (DFS) presents significant challenges for CZL. A lower risk option is the development in stages as described above which better fits with the current resources of the company. Therefore, the Board of CZL has elected to proceed to production at a modest level as soon as possible with the free cash from these operations being invested in resource development to support the expansion of the processing facilities and mining activities. It is expected that this direction from the Board will deliver early cashflow and reduce shareholder dilution bringing self-funded resources to drive expansion rather than driving the expansion and seeking the resources.

Resource Extension and Infill Drilling Progress

During the quarter the Tres Amigos has been drilled with significant success as detailed in the announcements to the ASX during February and March and available on the CZL website. The results have confirmed our increasing knowledge and targeting of the mineralisation at Plomosas and resource extension drilling has delivered results above expectations. The Tres Amigos mineralisation now demonstrates potential continuity over 400m of strike length with potential for repetition below the Level 7 with similar resource tonnages between Levels 7 and 10 as is being seen above Level 7.

During February 2018 CZL announced:

- High grade zinc assays were obtained from infill and extensional drilling of Tres Amigos resource which aimed to convert inferred to indicated classifications and increase resource tonnages.
- Results up to 37.26% Zn + Pb (LV5040) were obtained in significant widths up to 5.65 mdh (LV5039) outside of the then existing JORC resource envelope.

LV5040 intercepted Tres Amigos mineralised horizon 120 m down dip of the Tres Amigos resource which would be included in the April 2018 resource update. Some of the better drill results reported during the quarter included:

• LV5038	3.00m at	16.55% Zn,	5.35% Pb,	22.53 g/t Ag
• LV5039	5.65m at	16.26% Zn,	7.60% Pb,	24.01 g/t Ag
• LV5040	4.50m at	36.50% Zn,	0.76% Pb,	9.27 g/t Ag
and	1.00m at	35.01% Zn,	0.97% Pb,	7.00 g/t Au
• LV5042	2.50m at	9.22% Zn,	5.04% Pb,	16.55 g/t Ag
• LV5043	2.70m at	12.00% Zn,	4.86% Pb,	19.84 g/t Ag

The results from LV5040 are particularly exciting as they represent a significant high-grade target extending the Tres Amigos mineralised horizon up to 120 metres down dip within the Juarez Limestone. This zinc dominant horizon below the No. 32 orebody (as mined by ASARCO) was neither identified nor mined by previous workers. The following plates demonstrate the potential of LV5040 link the Tres Amigos North and Tres Amigos mineralisation with high-grade mineralisation at depth.

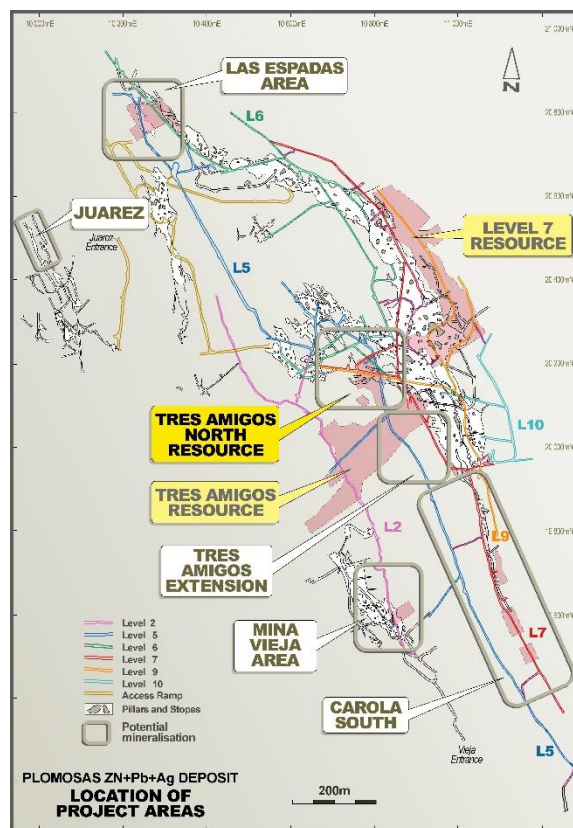


Figure 1. Plan view of Plomosas work areas and Mineral Resource outlines.

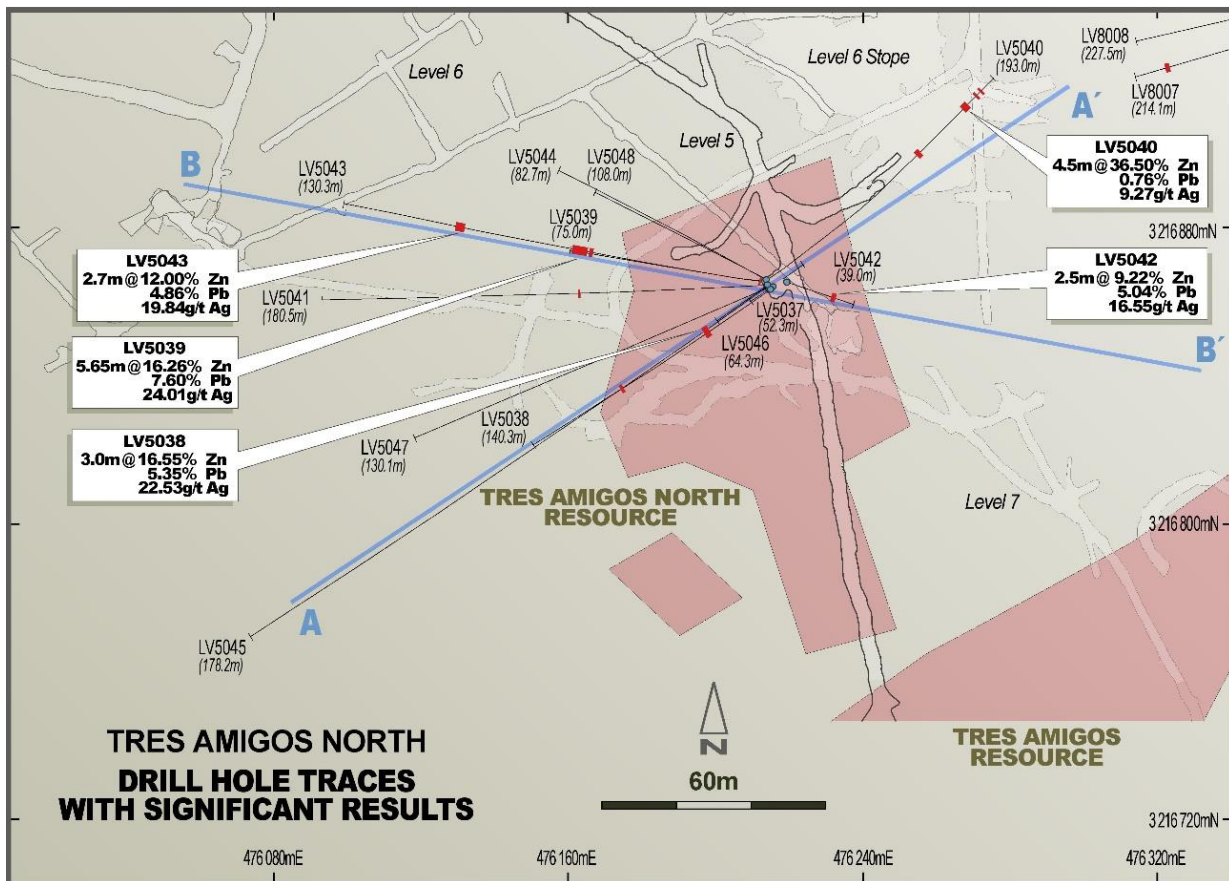


Figure 2. Plan view of Tres Amigos drilling from Level 5 targeting extensions and infill of the Tres Amigos and Tres Amigos North resource mineralisation.

REGIONAL EXPLORATION UPDATE

During the quarter drilling has focused on the resource definition and upgrade of Tres Amigos. Surface exploration continued with sample collection and mapping to further the regional understanding of the zinc and lead mineralisation in the geological sequence along trend from Plomosas. The Alfonsitos Prospect had been previously mapped with interesting results suggesting a mineralised continuity over economically exploited distances and drill targets have been identified. Future work will focus on the exploration potential for a parallel zone that could host economic mineralisation and potential mill feed for Plomosas.

The site based team are preparing a regional exploration program that will include surface and downhole induced polarity programs using the signature from the Plomosas mine to develop targets.

CORPORATE

Mr Eduardo Valenzuela was appointed Technical Director on 22 January 2018. He is a mining engineer who has brought to CZL a wealth of local expertise and a deep understanding of the small scale highly selective underground mining planned that will be required at Plomosas.

27 April 2018

On the 5 March 2018 Mr Bradley Marwood was appointed as Chief Executive Officer of CZL and brings to the company a wealth of expertise in transitioning exploration companies to operators. He has extensive international experience of underground mining and refurbishment of processing plants.

The Board welcomes these appointments and looks forward to an acceleration in the development of the Plomosas project from purely exploration and mine rehabilitation to a production phase.

During the quarter CZL held an Extraordinary Meeting where the shareholders passed the following resolutions:

	Resolution	For	At Proxy holders Discretion	Against	Abstain / Excluded
1	Ratification of issue of Tranche 1 Placement Shares	199,148,938	-	950,000	-
2	Authority to grant Placement Options to Tranche 1 Placement Participants	199,148,938	-	950,000	-
3	Authority to issue Tranche 2 Placement Securities	199,148,938	-	950,000	-
4	Authority for Mr Stephen Copulos to participate in Tranche 2 Placement	17,086,449	-	950,000	182,062,489
5	Authority to grant Adviser Options	199,148,938	-	950,000	-
6	Removal of Mr Luis Rogelio Martinez Valles as a Director	199,148,938	-	950,000	-
7	Re-election of Mr Eduardo Valenzuela as a Director	199,148,938	-	950,000	-
8	Authority to grant Performance Rights to Mr Eduardo Valenzuela	199,148,938	-	950,000	-



Brad Marwood
Chief Executive Officer

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 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 focus is to identify, explore and exploit new zones of mineralisation within and adjacent to the known mineralisation at Plomosas with a view to identifying new mineral resources that are exploitable.