

June 2018, Quarterly Activities Report

- Updated Independent Mineral Resource estimate was completed which contains 1,178,000 tonnes @ 16.1% Zn+Pb for 189,700t of contained metal in Indicated and Inferred categories;
- This represents an increase of 22% in total tonnage and 53% in the Indicated category;
- Mining Scoping Studies were completed with a focus on early recommencement of mining sulphide mineralisation at Tres Amigos and Tres Amigos North, where resource tonnage increased by 32% and the Indicated category tonnages by 165%;
- Scoping Studies were extended with mine design and schedules completed for an initial pilot production start-up with potential for an expansion to approximately 100,000 tpa in 2019 (subject to further development studies and exploration);
- High grade sulphide mineralisation is immediately available for mining;
- Preparation of Environmental Permits for operations is proceeding
- Tenders received for mining and plant refurbishment and mine infrastructure;
- Results of the ongoing studies will be incorporated into a Detailed Costing Study to be reported this quarter;

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

OPERATIONS AND DEVELOPMENT - PLOMOSAS PROJECT, MEXICO

Mineral Resource upgrade to 1.178 million tonnes

Following the Scoping Study recommendations of 2017 additional drilling was undertaken to expand and better define the mineral resource with a particular focus on the sulphide mineralisation around Tres Amigos and Orebody 32 zone. Tres Amigos was of particular interest as it was exposed for immediate availability by mining and relatively shallow at 100mbs.

Details of the drilling results were previously released to the market as the program progressed but results from LV5040 (4.5m at 36.5% Zn, 0.76% Pb) were particularly exciting as they represent the first significant high-grade target extending the Tres Amigos mineralised horizon up to 120 metres down dip within the Juarez Limestone (Figure 2).



Figure 1. Location of Plomosas mine, Mexico

This zinc dominant horizon below the No. 32 orebody (as mined by ASARCO) was neither identified nor mined by previous workers and demonstrate the potential the Tres Amigos North and Tres Amigos high-grade mineralisation with depth.

The updated mineral resource estimate, independently completed by Ashmore Advisory Pty Ltd (“ASH”) in accordance with the JORC (2012) reporting guidelines, contains **1,178,000 tonnes @ 16.1% Zn+Pb and 22.2g/t Ag for 189,700 tonnes of contained Zn+Pb metal in both Indicated and Inferred categories**. This was reported to the market on 30 April, 2018 and the reader is referred to that ASX announcement for full details. Table 1 breaks down the resource by area and category.

This update is an increase of 23% of contained metal and represents an overall increase of 22% in resource tonnages over the previous resource estimate. The additional Mineral Resource comes from the extensions to the Tres Amigos and Tres Amigos North mineralised horizons both down dip, along strike and down plunge of existing mine development at Levels 5 and 7. The focus of recent drilling of these mineralised zones also saw an increase in the Indicated category around the Tres Amigos area from 51,000 tonnes to 135,000 tonnes.

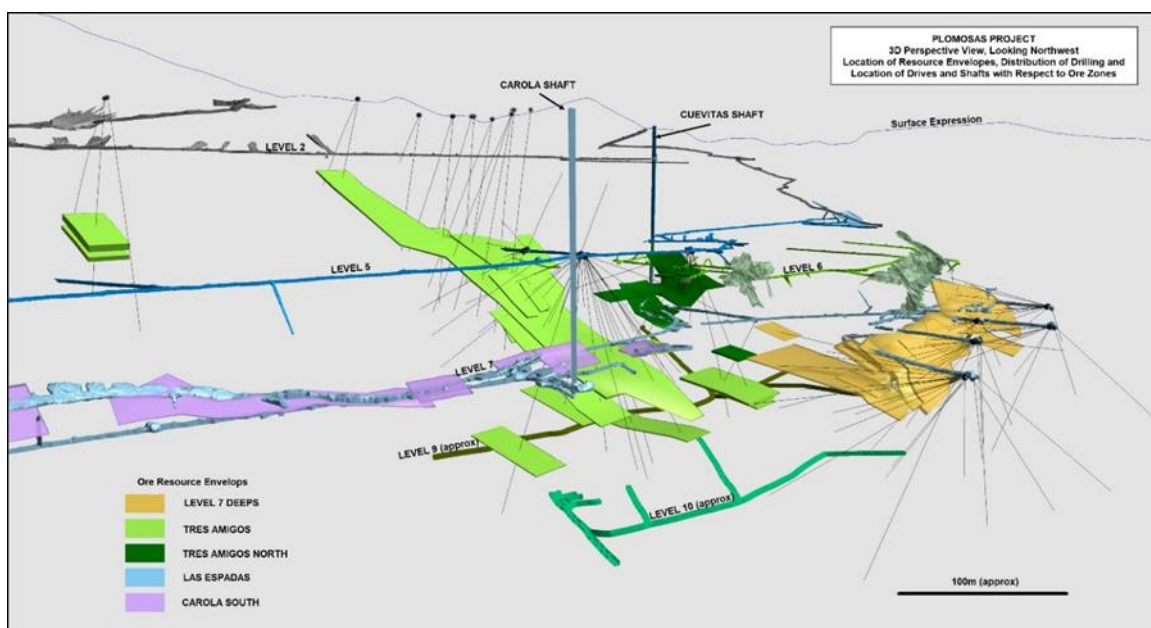


Figure 2: Oblique view looking NW of Plomosas Mineral Resource wireframed solids. Relative spatial locations of resources are shown with proximity of shafts and underground development and areas with potential for future extension and infill resource drilling. Note previously unknown, down dip extension of Tres Amigos high grade mineralisation from above Level 5 to Level 9, identified by drilling. Strike extension are currently limited by lack of drilling.

Ongoing mine development studies

While the growth in defined resources for Plomosas has been significant and the project retains significant exploration potential for high grade sulphide mineralisation proceeding to complete a Definitive Feasibility Study (DFS) presents significant challenges for CZL in terms of cost, time and opportunity cost.

A lower risk option is the development of the mine and production in stages which better fits with the current access to capital 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 utilising self-funded resources to drive expansion rather than driving the expansion and seeking the resources through shareholder support.

During the quarter the 2017 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
- value to shareholders is enhanced through the reduced capital demand on CZL.

Process plant refurbishment

Site inspections were undertaken by various consultants and company executives leading to the conclusion that the existing plant can be refurbished for a low capital cost. Based on testwork completed to date, ore sorting can also be used to enhance the already high mine grades and reduce the tonnages that would be fed into the flotation plant. Further testwork is planned to detail the specific performance of the ore sorting process in August 2018.

Mining studies

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 became 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.

Independent consultant Cube Consulting Pty Ltd (“Cube”) were commissioned in May 2018 to assess the mining options and prepare a mining plan and schedule for the pure sulphide component of the Mineral Resources at Plomosas. The results of this mining and scheduling study will be detailed in subsequent announcements but the design contains sufficient Indicated category mineralisation to support a small initial production start up with additional mineralisation derived from Indicated and Inferred category mineralisation that would support an expansion in future years (subject to further development studies and exploration).

The mine design provided by Cube based on the current Mineral Resource contains mineralisation that could be readily mined by airleg stoping with potential for room and pillar mining in the flatter areas. Their report recommended that prior to the initiation of mining, further assessment of the ventilation requirements and a geotechnical study to address the shaft pillar sterilisation zones and open spanning of stopes be undertaken.

Main features of the Cube mine design are:

- development design has focused on utilising much of the existing underground infrastructure including the existing Cuevitas decline, Cuevitas shaft and Carola shaft. Direct access to the Tres Amigos resource will commence through a Level 5 development crosscut.
- The Cube Study recommends airleg stoping with the use of scrapers for the 30° dipping orebody presenting in Tres Amigos. At Tres Amigos North and Orebody 32 SUL, where the mineralisation dips from 5° to 25° would also employ airleg stoping but there is potential for room and pillar mining in

the flatter areas. All stopes have been assumed to incur 11% ore loss in pillars and very little dilution as the manual mining method offers the highest level of selectivity.

- Cut-off grades were determined using the Net Smelter Return (NSR) calculation estimated here to be US\$98.96/tonne.
- Declines will be developed at 3.5m wide by 3m high, with smaller drives, ore drives and strike drives developed at 2.5m wide x 2.5m high. Once the internal decline is connected to Level 7 the primary ventilation circuit will provide stope ventilation of the decline.
- Cube has designed rooms up to 50 m long within the Tres Amigos mineralisation as the host hanging walls comprise strong limestone and may extend up to 20m vertical up-dip. Pillars will be left as dictated by the local geotechnical conditions. A single room of these dimensions may contain 20,000t of economic mineralisation and take 2.5 months to mine.
- The Cuevitas Shaft could be refurbished and developed when required for hoisting to obtain higher production rates while Carola Shaft will provide services and upcast ventilation.

Detailed Costing Studies

The scope and timing for the development for sustained production has been designed in sufficient detail to secure tendered prices for the mining activities. Tenders received from local mining contractors are now being negotiated and fine tuned in light of the Cube mine schedule but they indicate that mine development costs and operating costs will be significantly lower than in Australia.

Capital costs of getting to Stage 1 production are also considered to be low given the available mine infrastructure and plant available at site. The contractor tenders received are being reviewed and finalised in light of the mine design as is pricing of the minor equipment requirements to commence operations as soon as possible. The Detailed Costing Study (DCS) will be finalised during this quarter and be presented to the Board and approval requested to commence development of the plan.

PROJECT DEVELOPMENT TIMING

Based on the additional studies and quotes received to date;

- Cube has provided a schedule for mining to commence within a few weeks of mobilisation of the Mining Contractor.
- Firm quotes have been received for contract mining, shaft rehabilitation, refurbishment of plant, transport of product, offtake sales proforma agreements, tailings dam construction including liner quotes for supply and installation, power supply and installation of a diesel generator power station, site civil works, refurbishment of site accommodation, light vehicles and mobile equipment and project management.
- The mining permits have been secured.
- Plant refurbishment permits have been secured.
- The revised Environmental Management Plan (EMP) and Environmental Impact Assessment (EIA) are currently being finalised and will be submitted during August with the finalisation of the revised Tailings Dam Design. All operational permitting is expected to be secured before the end of November 2018.

Fast tracking the project under these parameters may result in commencing small scale production prior to the end of 2018. The Tailings Dam permitting is driving the timing.

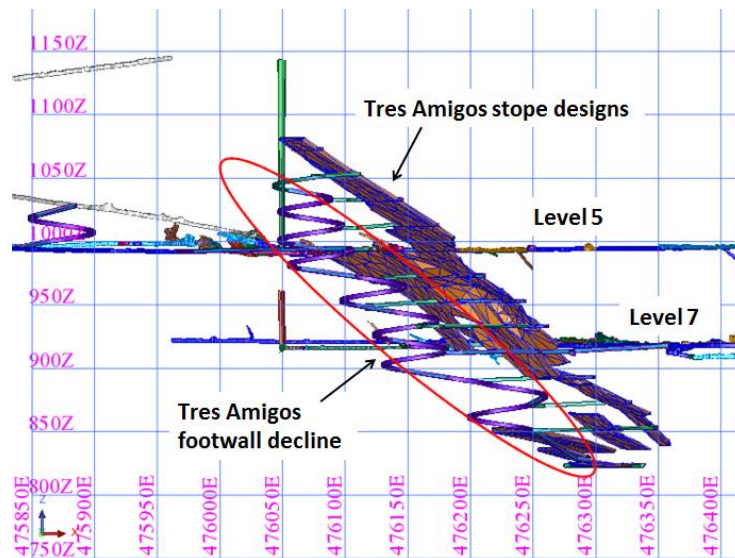


Figure 3. Planned development designed for Tres Amigos

Project development funding

Project funding solutions are well advanced with sales, marketing and funding arrangements having been under discussion for a few months. CZL hopes to finalise these during the third quarter.

Ongoing tasks and objectives

Several tasks are well underway and scheduled to be finalised in August and September:

August:

- Detailed Costing Study for mine development
- Submission of EIA and EMP
- Completion of executable contracts for mining and plant refurbishment
- Establishment of Offtake Agreements

September

- Finalisation of funding solution for mine development

CORPORATE

Ms Angela Pankhurst was appointed as a Non Executive Director commencing on 1 August 2018 and brings a wealth of international mining, financial and corporate experience to the Board.

During the quarter Mr Eduardo Valenzuela resigned as a Technical Director for personal reasons.

Mr Andrew Beigel was appointed as a director stepping up from the Company Secretary and CFO functions and will maintain these functions while he serves on the Board.

During the quarter CZL raised A\$1.3M funds through convertible notes with the following key terms:

- Convertible at the 12 month anniversary or by election by lender
- Interest payable at 10% p.a.

- Convertible at the lower of A\$0.01 and the price that the next capital raising is completed at for each share, subject to shareholder approval

The total value of convertible notes held by the company at the end of June 2018 was A\$1.78M



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.

Table 1. Plomosas Project
April 2018 Mineral Resource Estimate (3% Zn Cut-off)

Prospect	Indicated Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	107,000	18.5	8.6	55.1	19,900	9,300	190,300
Tres Amigos	97,000	12.5	1.8	15.9	12,000	1,800	49,400
Tres Amigos North	38,000	8.4	4.0	13.6	3,200	1,500	16,700
Total	242,000	14.5	5.2	32.9	35,100	12,500	256,400

Prospect	Inferred Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	212,000	10.9	5.0	32.3	23,100	10,600	220,000
Tres Amigos	507,000	12.9	1.9	13.4	65,400	9,600	218,300
Tres Amigos North	79,000	9.5	3.6	17.9	7,500	2,900	45,600
Carola	59,000	11.6	5.2	33.6	6,900	3,100	63,900
Las Espadas	79,000	11.7	5.0	14.3	9,200	3,900	36,200
Total	935,000	12.0	3.2	19.4	112,100	30,000	584,000

Prospect	Total Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	319,000	13.5	6.2	40.0	43,000	19,900	410,300
Tres Amigos	603,000	12.8	1.9	13.8	77,400	11,400	267,700
Tres Amigos North	117,000	9.1	3.7	16.5	10,700	4,400	62,300
Carola	59,000	11.6	5.2	33.6	6,900	3,100	63,900
Las Espadas	79,000	11.7	5.0	14.3	9,200	3,900	36,200
Total	1,178,000	12.5	3.6	22.2	147,100	42,600	840,400

The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

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, Minerals 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 Shaun Searle who is a Member of the Australasian Institute of Geoscientists. Mr Searle is a full time employee of Ashmore Advisory Pty Ltd. Mr Searle 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 Searle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements and Forward Looking Information:

This announcement 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 Report 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 report 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.

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
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (eg 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 (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g 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 (eg 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.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg 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.
Drill sample recovery	<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

Criteria	JORC Code explanation	Commentary
		core has been in some cases <60%. The use of triple tube in these areas will not improve recovery.
Logging	<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. 	<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
Sub-sampling techniques and sample preparation	<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.
Quality of assay data and laboratory tests	<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 (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie 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.
Verification of sampling and assaying	<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

Criteria	JORC Code explanation	Commentary
		Micromine based system. Manual backups are routinely carried out.
Location of data points	<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. 	<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
Data spacing and distribution	<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 allows, drill cuddies have been established at 80 metre intervals to allow for adequate drill spacing. No sample compositing has been applied
Orientation of data in relation to geological structure	<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.
Sample security	<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.
Audits or reviews	<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
Mineral tenement and land tenure status	<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%

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> No relevant information is available.
<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 marblisation 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> <ul style="list-style-type: none"> <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 (eg 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</i> 	<ul style="list-style-type: none"> No data aggregate methods were applied to the results.

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

Criteria	JORC Code explanation	Commentary
<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 indicate why this is the case.</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, drill core, underground development/stoping 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.
<i>Geological interpretation</i>	<ul style="list-style-type: none"> • <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> • <i>Nature of the data used and of any assumptions made.</i> • <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> • <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> • <i>The factors affecting continuity both of grade and geology.</i> 	<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/stoping, 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.
<i>Dimensions</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<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.
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> • <i>The assumptions made regarding recovery of by-products.</i> • <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i> • <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> • <i>Any assumptions behind modelling of selective mining units.</i> • <i>Any assumptions about correlation between variables.</i> 	<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.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<ul style="list-style-type: none"> • 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 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. • 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"> • Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<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"> • The basis of the adopted cut-off grade(s) or quality parameters applied. 	<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"> • 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. 	<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"> • The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process 	<ul style="list-style-type: none"> • Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project.

Criteria	JORC Code explanation	Commentary
	<i>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 always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	
<i>Environmental factors or assumptions</i>	<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.
<i>Bulk density</i>	<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.
<i>Classification</i>	<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 (ie 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 	<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

Criteria	JORC Code explanation	Commentary
	<p><i>deposit.</i></p>	<p>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 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.
<p><i>Audits or reviews</i></p>	<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.
<p><i>Discussion of relative accuracy/ confidence</i></p>	<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.