

Plomosas Mine Production Planned for 2018

- Mining scoping studies continued with a focus on the sulphide mineralisation of the updated Mineral Resource
- Results of the mining and cost studies underpin the Company's decision to refurbish the existing plant and commence Stage 1 pilot plant production by the end of 2018 with a planned Stage 2 expansion approximately 7 months later in 2019
- Capital cost for Stage 1 is expected to be low at less than US\$5.0 million based on tenders received for mining, plant refurbishment and tailings dam upgrades (if required at Stage 1)
- Mine plan and mining schedule has been completed for operations to commence with Tres Amigos for Stage 1
- Results of the ongoing studies will be incorporated into a Detailed Costing Study to be reported this quarter
- High grade sulphide mineralisation is immediately available for mining
- Environmental Permits for operations proceeding
- Discussions have commenced with potential offtake counterparties and funders

Consolidated Zinc Limited (ASX:CZL; "Consolidated Zinc" or "the company") is pleased to announce progress in its mining studies for the Mineral Resources at its Plomosas zinc-lead-silver project in northern Mexico.

An updated Mineral Resource Estimate was announced to the ASX on 30 April, 2018 and contains **1,174,000 tonnes @ 16.1% Zn+Pb and 22.2g/t Ag for 189,700 tonnes of contained Zn+Pb metal in both the Indicated category (16.6%) and Inferred category (83.4%) (Table 1).**

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 contained a **Stage 1 Mineral Resource readily exploitable of 20,400t at 13.8% Zn and 2.4% Pb, which is all in the Indicated category.**

The mine design also contains additional mineralisation derived from indicated and inferred category mineralisation that would support the Stage 2 expansion in 2019 for future years.

The mine design provided by Cube based on the current Mineral Resource contains sufficient mineralisation to justify a staged operation over several years while continuing resource definition and extension drilling from underground and surface. 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.



Figure 1. Location of Plomosas mine, Mexico

It is worth noting that Plomosas Mine has operated for 30 years to 1974 with no more than one year's ore reserves in advance of mining, which provides support for the possible future conversion of the Inferred Mineral Resources to Indicated Mineral Resources.

CORPORATE STRATEGY FOR PRODUCTION

Mexico has a 500 year history of mining with strong local expertise and very mature mining support services. Low cost, modern mining methods are employed extensively through the mineral rich state which will benefit CZL.

Plomosas Mine is located one and a quarter hours drive from Chihuahua via a sealed highway. It has a population close to one million and is the home of the automotive industry and other major USA supply companies utilising the highly skilled workforce available. Chihuahua is a mining service centre / hub similar to Kalgoorlie with extensive services available ranging from equipment suppliers to EPCM contractors.

Tenders received from local mining contractors are now being negotiated and fine tuned for the Cube mine schedule but they indicate that mine development and operating costs will be significantly lower than in Australia.

As a consequence of the improved results obtained through the additional mining studies and costings received to date, combined with a review of the existing processing plant, Company has revisited its stated plans to target a large production facility by 2019-20.

Instead the Company has identified an opportunity to commence a Stage 1 pilot operation in 2018 for a period of approximately 7 months before a planned Stage 2 expansion is undertaken in 2019. Commencement of Stage 1 could be achieved with a modest capital cost of less than US\$5.0 million based on tenders received and would provide cashflow to meet ongoing mine standing costs and additional exploration.

This staged approach is considered by the Board to be in the best interests of the shareholders.

MINE DESIGN

The Cube study recommends airleg stoping with the use of scrapers for the 30° dipping orebody presenting in 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 Grade

The mining cut-off grades (COG) were determined using the Net Smelter Return (NSR) calculation for the mined material blocks. The cut-off for Tres Amigos, Tres Amigos North and Orebody 32 Sul was estimated at US\$98.86/t.

As the mineralised grades can transition from < 1% to above 10% within 10cm nearly all of the mineralisation is above the NSR cut-off.

Mining Methods and Schedule

Figure 2 shows the Mineral Resources available for mining at the Plomosas Mine. Noting the strong continuity of Tres Amigos from Level 2 to Level 9, mining will commence from Level 5 moving up dip then start at Level

7 as the decline development progress to Level 7. The Cuevitas Shaft will be refurbished and developed for hoisting in Stage 2 while Carola Shaft will provide services and upcast ventilation.

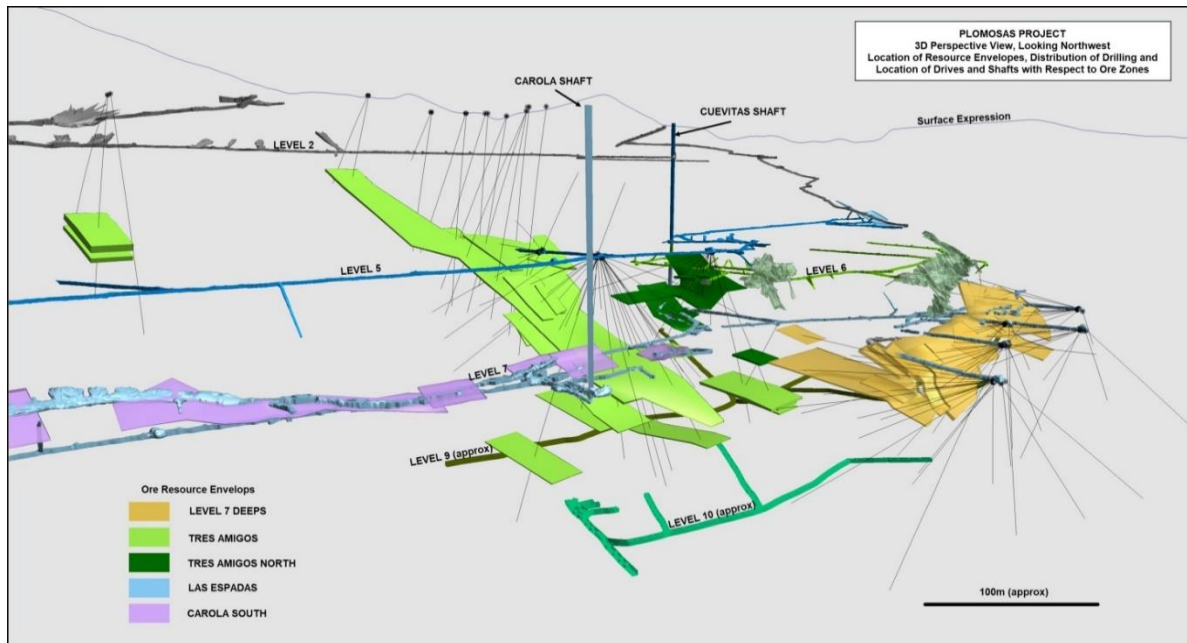


Figure 2: Oblique view looking NW of Plomosas Mineral Resource wireframed solids. Relative spatial locations of resources are shown with proximity of shafts and underground development and areas with potential for future extension and infill resource drilling. Note extensive down dip extent identified for Tres Amigos whose strike extent remains untested and is confined by the lack of drilling.

Cube has designed rooms up to 50m 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. Where the dip of the mineralisation is less than 25°, access from the internal decline will be more regular allowing for ore drive mining to be undertaken.

Figure 3 shows a typical Tres Amigos cross section with stope design including the ore drives at 20m vertical intervals. Note the three distinct parallel mineralised units. The discontinuous stoping is a result of insufficient drilling rather than pinching of the mineralisation.

The orebody will be blocked out using conventional inclined rising techniques with ore drives every 20m vertically. Access to the ore drives will be via an internal decline set in the footwall limestones below Tres Amigos. This methodology allows ore to be blasted to a free face improving breakage and reducing powder factors and in-stope ore transfers. Figure 4 displays the stope layout design.

DEVELOPMENT DESIGN

The development design has focused on utilising much of the existing underground infrastructure including the existing Cuevitas decline, Cuevitas shaft and Carola shaft. Access to the Tres Amigos mineral resource will commence through a Level 5 development crosscut that directly accesses Tres Amigos. This will result in very quick access to ore and stoping will commence within weeks of mobilisation of the mining contractor.

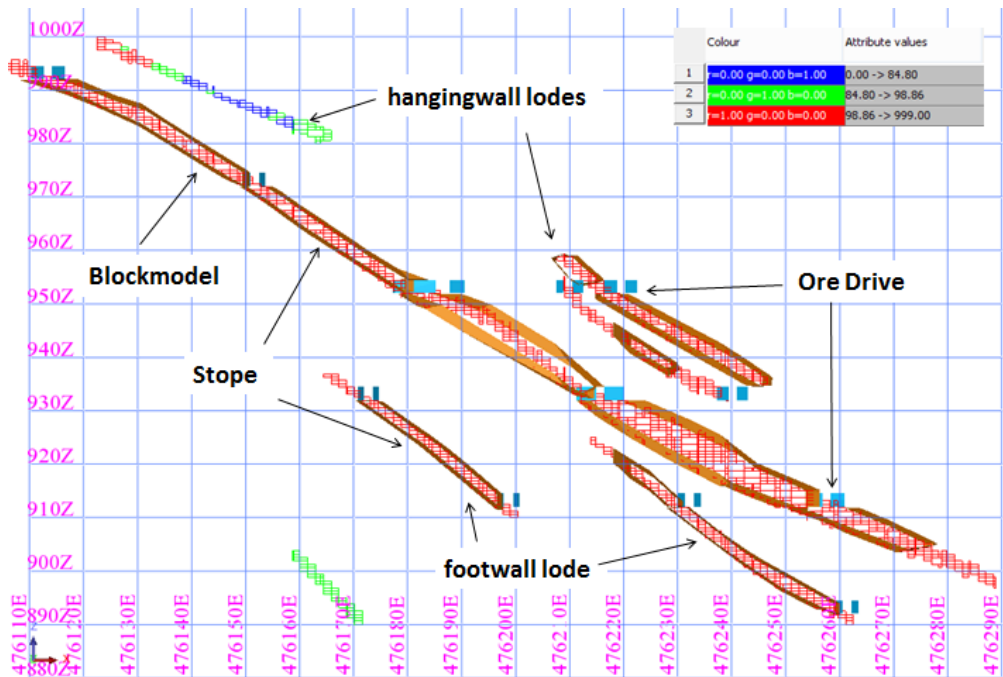


Figure 3. Tres Amigos cross section of blocks mined in latest stope design by Cube. Note access available from planned ore drives.

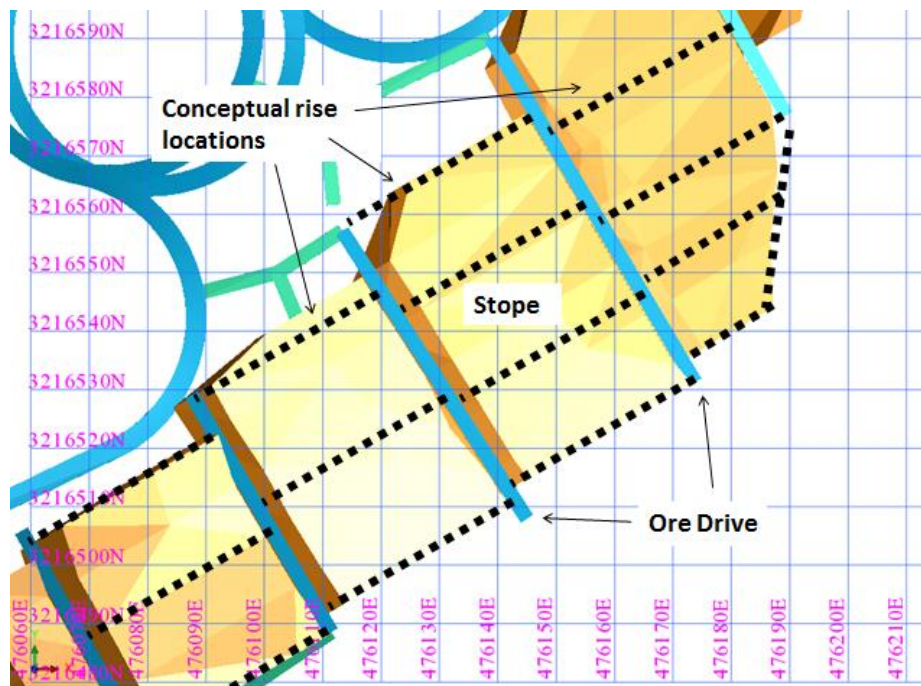


Figure 4. Plan of Tres Amigos stope layout design.

The development required to ensure sustained operations has been assessed, and with a staged startup sustained, production is expected to commence two weeks after mining contractor mobilisation. Ore will be hauled from Level 5 to the surface via the Cuevitas Decline until the Cuevitas Shaft refurbishment has been

completed (approximately 6 months). To improve ore haulage from Level 5, a direct access decline will be installed to bypass the stope that the decline passes through above Level 5. This 269m decline development can be accessed from below and above with waste being placed in old stopes which will reduce the haulage to surface by 600m.

The haulage decline development will link to an internal decline sitting in the footwall of Tres Amigos running from above Level 5 to below Level 7. The internal decline will have ore drives connecting to the Tres Amigos stopes each 20m vertically. Figure 5 shows the planned development with the cross section through Tres Amigos (TA) (Fig 5a) and a Level 5 Level Plan (Fig 5b). Figure 6 shows the development planned for Level 7.

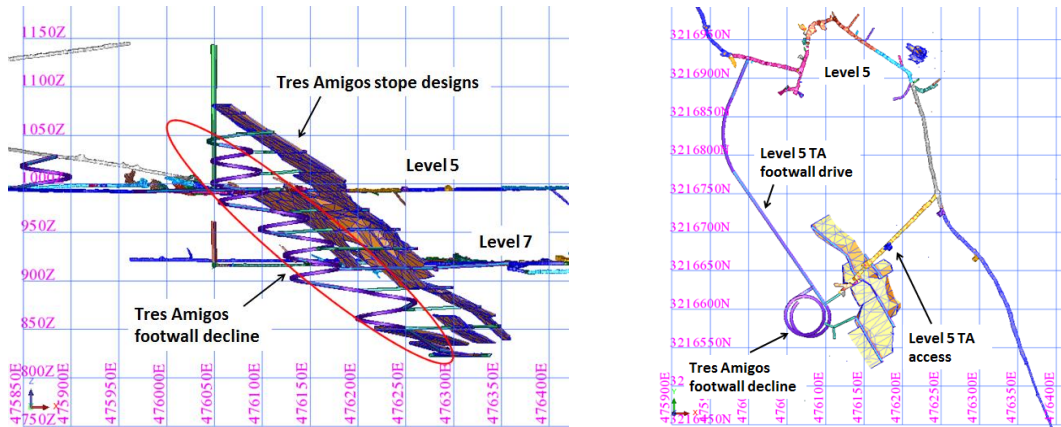


Figure 5. Planned development designed for Tres Amigos

The Level 5 footwall drive will create a second access to the footwall decline allowing primary ventilation to flow through the work area, removing diesel fumes and gasses, and reducing personnel re-entry times after blasting.

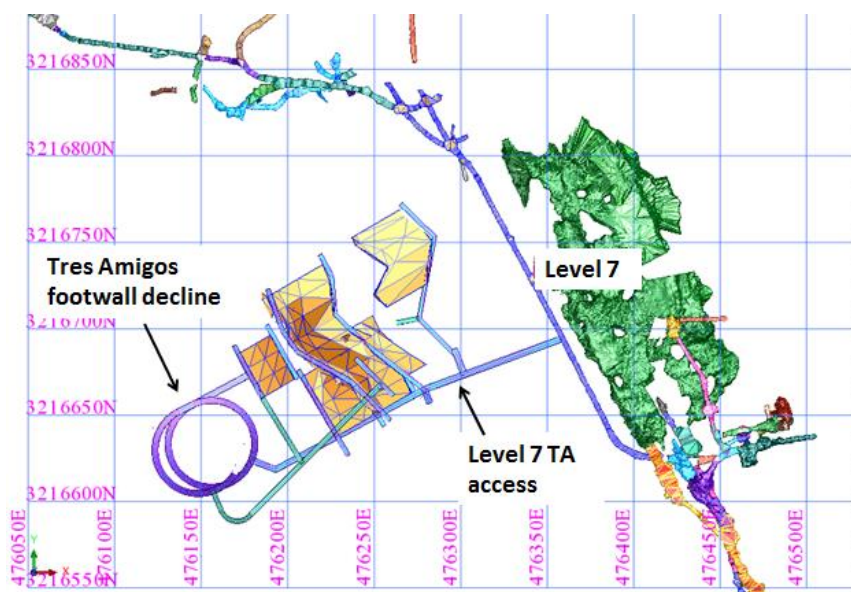


Figure 6. Planned development designed for Level 7

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.

DEVELOPMENT AND OPERATING SCHEDULE

The mining schedule for Stage 1 of operations only, and excluding any of the potential Stage 2 development, will include the very modest:

- Development of 1,383m of decline and access accomodating requirements for both Stages 1 and 2;
- Development ore of 2,030t;
- Stope production ore of 21,000t;
- Waste mined of 30,870t, with backfill in underground stopes dependant on capacity; and
- Total material broken of 53,900t.

CAPITAL REQUIREMENTS

Capital costs of getting to Stage 1 production are considered to be low at less than US\$5.0M million given the available mine infrastructure and plant availabe at site. The contractor tenders received to date 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.

Approximately 40% of the capital cost estimate of US\$5.0 million comprises tailings dam expenditure required by local authorities. The tailings dam design and construction would be staged to match the production rate. CZL anticipates only a small tailings dam will be required for Stage 1 as part of the refurbishment and will upgrade the existing tailings storage. However, if the authorities require the full tailings facility for both Stages 1 and 2 to be constructed at the start of Stage 1 then that has been included in the above estimate. The budget is a conservative number and could be substantially less if the tailings dam design for a possible Stage 2 expansion is not required to be implemented during Stage 1.

The balance of estimated capital expenditure will meet development and access requirements that would be shared by any proposed Stage 2 ramp up.

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 and plant operating permits from the original operation remain in force and only the environmental permits remain to be completed. The Company does not believe any other permit will be required to commence operations.
- 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 envrionmental permitting is expected to be secured before the end of November 2018.

Fast tracking the project under these parameters may result in Stage 1 production prior to the end of 2018. The tailings dam permitting is driving the timing.

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

The Scoping Studies referred to in this announcement have been undertaken by Cube, addressing the mining and scheduling works while other studies have been completed internally. These studies are preliminary technical and economic studies of the potential viability of the Plomosas Mine redevelopment. They are based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. Further exploration and evaluation work and appropriate studies are required before the Company will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case.

To achieve the outcomes indicated in the Mining and Scheduling Scoping Study, additional funding up to US\$5 million will be required. The Company is currently in advanced discussions with potential funders and offtake counterparties with a view to providing development finance and concentrate sales. Investors should note that there is no certainty that the Company will be able to raise the necessary amount of funding when needed. It is also likely that such funding may only be available on terms that may be dilutive to or otherwise affect the value of CZL existing shares. It is also possible that the Company could pursue other 'value realisation' strategies.

Given the uncertainties involved, investors should not make any decisions based solely on the results of the Mining and Scheduling Scoping Study.

CEO Brad Marwood said *"The Mining and Scheduling Scoping Study presents a preferred mine implementation plan that CZL will work towards implementing in 2018. The mature mining industry in Mexico has developed proven pathways for funding mining projects and CZL are well advanced in securing a funding solution for the development of the Plomosas Mine. By fast tracking the Stage 1 production we seek to provide a return to our shareholders through providing cashflow which will also underpin expanding production."*



Brad Marwood
Chief Executive Officer
10 August 2018

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 in June 2015. 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 and bring these new resources to production.

Table 1: Plomosas Project Mineral Resource Estimate (April 2018)
(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 Plomosas Mineral Resource was updated in April, 2018 and reported in compliance with the JORC (2012) guidelines. Please refer to the ASX announcement dated 30 April, 2018 for full details.

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 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.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred to above and further confirms that all material assumptions and technical parameters underpinning the mineral resource estimates contained in those market releases continue to apply and have not materially changed.

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.