

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CONSOLIDATED ZINC LIMITED

ABN

27 118 554 359

Quarter ended ("current quarter")

30 SEPTEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(676)	(676)
(b) development	(251)	(251)
(c) production		-
(d) staff costs	(198)	(198)
(e) administration and corporate costs	(116)	(116)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,241)	(1,241)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(35)	(35)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(35)	(35)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	1,550	1,550
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,550	1,550

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	335	335
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,241)	(1,241)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(35)	(35)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,550	1,550
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	609	609

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	609	335
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	609	335

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	77
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees paid

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Convertible Notes	3,527	3,527
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has issued convertible notes to existing substantial shareholders including related entities to Directors of the Company, Mr Stephen Copulos and Mr Andrew Richards. The convertible notes have been issued in a series of tranches, each with similar terms including an interest rate of 10% p.a., unsecured, and convertible at the election of the convertible note holder. The conversion share price varies per tranche of issue and ranges from 1.0 - 1.5 cents per share or the last capital raising prior to the maturity date of the convertible note. Refer to the September 2018 Quarterly Activities Report for a summary of the full key terms of the Tranche C & D convertible notes issued during the quarter.


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	(205)
9.3 Production	(2,090)
9.4 Staff costs	(250)
9.5 Administration and corporate costs	(316)
9.6 Increase of interest in Plomosas Project	(750)
9.7 Total estimated cash outflows	(3,611)

Revenue from the sale of zinc and lead Concentrates to Grupo Mexico under the Tolling and Offtake Agreements, A\$1.5 million in proceeds raised from the Share Purchase Plan and Placement that closed on 22 October 2018 and cash on hand at the end of the quarter are forecast to provide sufficient funding of the forecast cash outflows during the December 2018 quarter.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 29 October 2018

(Director/Company secretary)

Print name: Andrew Beigel

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Annexure 1 - Schedule of Tenements

Consolidated Zinc Limited Current Tenement Schedule			
Lease	Project	Type	Status
Mexico			
235942	Plomosas	Mining	Granted
230175	Plomosas	Mining	Granted
217641	Plomosas	Exploitation	Granted
218242	Plomosas	Exploitation	Granted
225527	Plomosas	Exploitation	Granted
218272	Plomosas	Exploitation	Granted
216882	Plomosas	Exploitation	Granted
227664	Plomosas	Mining	Granted
227078	Plomosas	Mining	Granted
227077	Plomosas	Mining	Granted
224880	Plomosas	Exploitation	Granted