

## 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

**ABN**

27 118 554 359

**Quarter ended ("current quarter")**

31 DECEMBER 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(8)	(684)
(b) development	(644)	(895)
(c) production	(350)	(350)
(d) staff costs	(221)	(419)
(e) administration and corporate costs	(342)	(458)
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,565)</b>	<b>(2,806)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(18)	(53)
(b) tenements (see item 10)	-	-
(c) investments	(750)	(750)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(768)</b>	<b>(803)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,509	1,509
3.2	Proceeds from issue of convertible notes	-	1,550
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(23)	(23)
3.5	Proceeds from borrowings	500	500
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,986</b>	<b>3,536</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	609	335
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,565)	(2,806)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(768)	(803)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,986	3,536
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>262</b>	<b>262</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	262	609
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>262</b>	<b>609</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	124
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. <b>Payments to related entities of the entity and their associates</b>	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	

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	970	970
8.2 Credit standby arrangements	-	-
8.3 Convertible Notes	2,735	2,735
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.		

**Loan Facilities:**

The company has entered into unsecured loan facilities at an interest rate of 10.0% p.a. with the following terms:

- 1) \$500,000 working capital facility provided by Directors of the Company Mr Stephen Copulos and Mr Andrew Richards; repayment in two equal instalments at the end of February and March 2019;
- 2) \$469,845 loan facility entered into to repay the equity refundable recorded as a liability in the 30 June 2018 Annual Report. The loan will be repaid in 5 instalments commencing at the end of February 2019, concluding at 30 June 2019.

**Convertible Notes**

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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	(676)
9.3 Production	(2,412)
9.4 Staff costs	(236)
9.5 Administration and corporate costs	(204)
9.6 Other (Unsecured loan repayments)	(650)
<b>9.7 Total estimated cash outflows</b>	<b>(4,178)</b>

Revenue from the sale of Zinc and Lead Concentrates to Grupo Mexico under the Tolling and Offtake Agreement, and cash on hand at the end of the quarter are forecast to provide sufficient funding of the forecast cash outflows during the March 2019 quarter.

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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	235942 230175 217641 218242 225527 218272 216882 227664 227078 227077 224880 Plomosas Mexico	Increase in ownership of the Mexican subsidiary Minera Latin America Zinc SAPI de CV that owns the Tenements comprising of the Plomosas Project, Mexico.-	51%	90%

### 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 January 2019

Company secretary

Print name: Anthony Italiano

### 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

<b>Consolidated Zinc Limited Current Tenement Schedule</b>			
<b>Lease</b>	<b>Project</b>	<b>Type</b>	<b>Status</b>
<b>Mexico</b>			
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