

1 April 2019

## CZL EXECUTES NEW TOLL TREATMENT AGREEMENT FOR PLOMOSAS

Consolidated Zinc Limited (ASX: CZL or “the Company”) is pleased to announce it has executed a new Toll Treatment agreement for its Plomosas Mine, Chihuahua State, Mexico, and is negotiating new offtake agreements for Plomosas concentrates.

On Friday 22 March, CZL received a copy of an email sent to Minera Latin American Zinc S.A.P.I. de C.V. (“MLAZ”), operator of the Plomosas Mine, from the legal representatives of Grupo Mexico, with which the MLAZ has had a toll treatment and offtake agreement in place since September 2018. The email formally notified that the Grupo Mexico Toll Treatment and Offtake Agreement would terminate in 60 days.

On 29 March, MLAZ executed a toll treatment agreement with a well-established toll treatment provider Triturado y Minerales La Piedrera S.A. de CV, who operate the Aldama concentrator facility (the “Aldama Plant”), located close to the Plomosas Mine.

Key details of the new tolling treatment agreement with the Aldama Plant include:

- Ore processing capacity of up to 300t per day or 9,000t per month
- Plomosas ore will fully utilise this capacity, with no blending of Plomosas ore with other material
- Term of 18 months with 6 month extensions at MLAZ election
- Termination notice period of 6 months by the Aldama Plant, 1 month by MLAZ
- Plomosas ore will be marketed and sold by MLAZ, and
- Plomosas ore processing commences on 22 April 2019.

CZL will process Plomosas ore at both the Aldama Plant and Grupo Mexico Santa Eulalia concentrators for approximately a month under its contracts.

Zinc and lead concentrates produced from Plomosas have very low levels of impurities and are within all deleterious impurity limits. The Company is currently in advanced negotiations with a number of parties, including Industrias Penoles S.A.B. de C.V. and Trafigura Beheer BV, to sell the Plomosas Zinc and Lead Concentrates and will provide an update to shareholder’s once these formal offtake agreements have been executed.

CZL Managing Director Brad Marwood said, “The opportunity to replace the Grupo Mexico contract with a longer-term contract with improved conditions has been an opportunity that delivers process certainty for the next 18 months. I am very pleased that our Mexican team have secured this opportunity in such a timely manner.”

The Aldama Plant has operated for over 30 years, with Plomosas ore successfully toll treated through the Aldama Plant prior to the Company acquiring ownership of the Plomosas.

For and on behalf of Consolidated Zinc Limited.



**Brad Marwood**  
**Managing Director**

1 April 2019

## ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 90% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. 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 has recommenced mining at Plomosas and is committed to exploit the potential of the high-grade Zinc, Lead and Silver Mineral Resource through the identification, exploration and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.

### **Caution Regarding Forward Looking Statements and Forward Looking Information:**

*This report 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.*