



**CONSOLIDATED ZINC LTD**

**PLOMOSAS MINE DELIVERS**

**AGM PRESENTATION**

**May 2019**



# IMPORTANT INFORMATION

## FORWARD-LOOKING STATEMENTS AND 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.

## COMPETENT PERSONS' STATEMENT

The information in this report that relates to the Mineral Resources were first reported by the Company in compliance with JORC 2012 in market release dated 30 April 2018.

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 ore reserve and mineral resource estimates contained in those market releases continue to apply and have not materially changed.

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Andrew Richards who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Institute of Geoscientists (AIG). Mr Richards has 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 a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr Richards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Bradley Marwood BE Mining, FAusIMM, GAICD has sufficient experience that is relevant to the style and type of deposit under consideration and the activity that is being undertaken to qualify as a Competent Person with respect to mining activities under the 2012 JORC Code.

# RAMPING UP HIGH-GRADE PRODUCTION



Growth asset - operating one of the world's highest grade zinc mines in Chihuahua, Mexico

**90%**

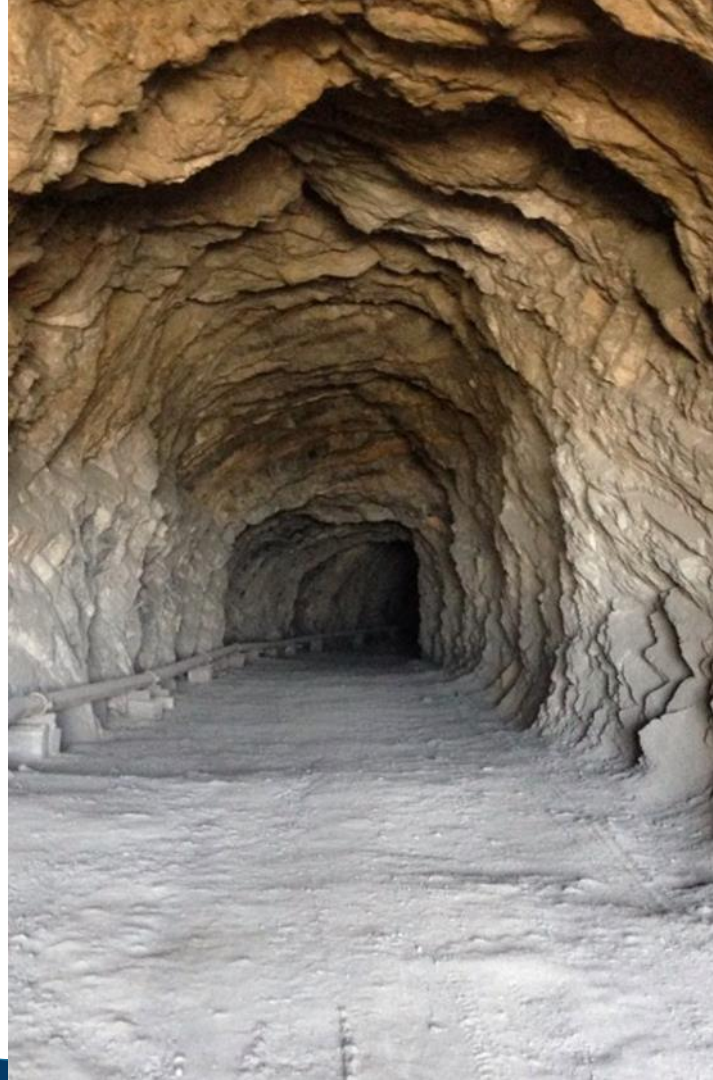
CZL achieved 90% ownership in Plomosas Mine in December 2018



Commenced mining in September 2018 with production planned to ramp up through 2019



Established relationship and treatment/offtake contracts with Mexico's leading smelters





# CORPORATE OVERVIEW



\* The completion and delivery of a bankable feasibility study to the Mexican Partners gives rise to a right of the Mexican Partners to sell its 10% interest in the company owning the Plomosas Project, or failing this the Mexican Partners must contribute to capital expenditure or dilute

## CAPITAL STRUCTURE

Share price	A\$0.014
Market Capitalisation	A\$16.5M
Shares on Issue	1,176,886,027
Options on Issue	107,033,882
Performance Rights	19,650,000
Cash & AR (31/03/19)	US\$1.378M
Debt & Con Notes (31/03/19)	US\$2.673M

## SUBSTANTIAL SHAREHOLDERS

Copulos Group	26%
Farjoy Pty Ltd	9%
Chris Retzos	7%
Retec Guarú	6%

## SHARE REGISTRY

Board/Management	27%
Other	73%



# DIRECTORS AND MANAGEMENT

LED BY A TEAM OF HIGHLY SUCCESSFUL, EXPERIENCED MINING PROFESSIONALS

## **CHAIRMAN** **Mr Stephen Copulos**

- 40 years' experience in business and investments
- 20 years experience as a company Director of both listed and unlisted entities
- Experience in Australia, NZ, USA, UK, Life time involvement, including Retail, Property Development, Fast Food, Hospitality, Manufacturing and Mining.

## **MANAGING DIRECTOR** **Mr Brad Marwood**

- Mining Engineer with over 30 years experience developing mines globally
- Grown ASX junior explorers to ASX 200 listed production companies
- Specialist in base metal and precious metals
- Served with public companies for the past 25 years.

## **EXECUTIVE DIRECTOR** **Mr Andrew Richards**

- Over 30 years' experience geologist in exploration, mine production, corporate management and project finance with an international bank
- Andrew has extensive international experience and has been on the boards of several unlisted and listed companies on the ASX and AIM.

## **NON-EXECUTIVE DIRECTOR** **Ms Angela Pankhurst**

- an experience executive and non-executive director with a background in corporate governance, accounting and business management
- Angela is Managing Director of MerGen Biopharma Limited, and a Director of PanTerra Gold Limited and Imritec Limited
- Expertise in transitioning explorers to miners in numerous countries.

## **CHIEF FINANCIAL OFFICER / COMPANY SECRETARY** **Mr Anthony Italiano**

- A Chartered Accountant with more than 15 years' corporate experience across senior finance roles in the resources sector
- Anthony has experience internationally in corporate governance, operations, financing, commodity marketing and trading
- Extensive experience in transitioning junior explorers to producers.

## **EXPLORATION MANAGER** **Mr Steve Boda**

- 20 years' experience in exploration and occupied senior management roles with mining and exploration in Australia, China, SE Asia and Zambia
- A track record in using structural geology to target economic mineralisation across a variety of commodities and estimation of JORC Resources.





# PLOMOSAS MINE, MEXICO





# PLOMOSAS MINE – HISTORY TO DATE

**+2Mt**

+2M tonnes of Semi Oxide and Sulphide ore grading 22% Zn+Pb mined by ASARCO between 1945 and 1974



Historically high quality concentrates – high demand



Extensive system of underground access drives and shafts  
- immediate access for exploration and production



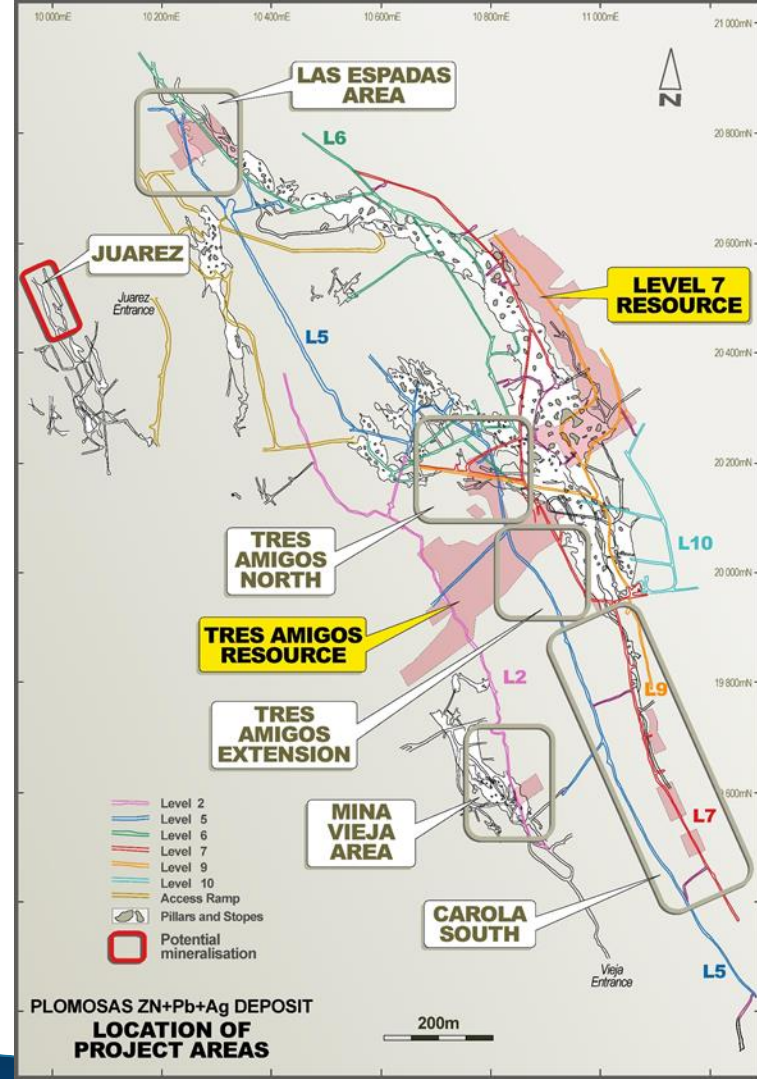
First systematic exploration and drill out by CZL in 2017-18



In April 2018, CZL defined a JORC Resource of 1.17Mt  
@ 14.3% Zn, 2.63% Pb, 17g/t Ag – updated December 2018

**09/18**

CZL commenced mining September 2018





# JORC (2012) MINERAL RESOURCE DEPLETED AS AT 31 DECEMBER 2018

## Mineral Resource Estimate (3% Zinc Cut-off)

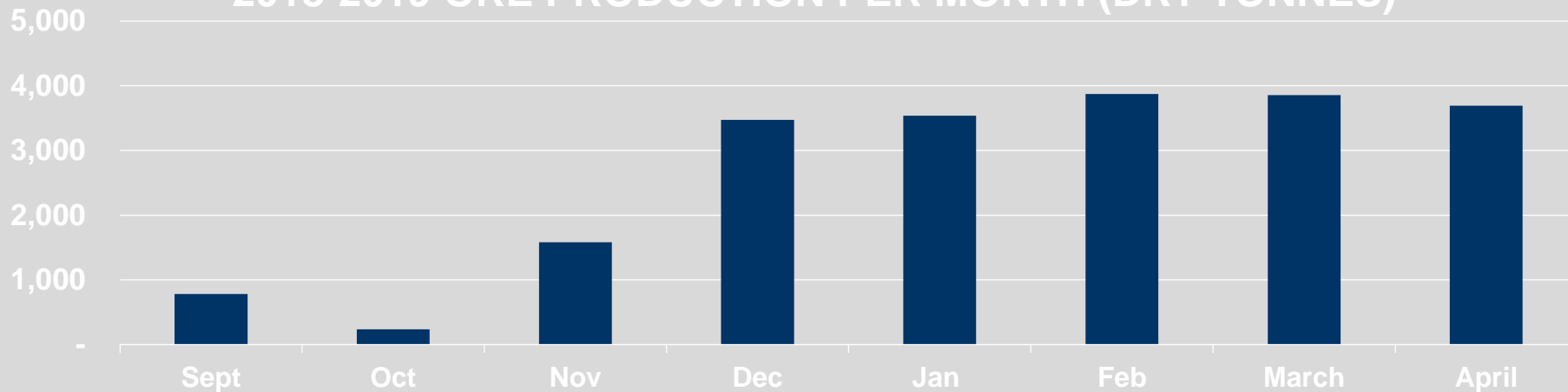
Prospect	Indicated Mineral Resource						
	Tonnes	%Zn	%Pb	g/t Ag	Zn tonnes	Pb tonnes	Ag oz
Level 7	107,000	18.5	8.6	55.1	19,900	9,300	190,300
Tres Amigos	97,000	12.5	1.8	15.9	12,000	1,800	49,400
Tres Amigos North	38,000	8.4	4.0	13.6	3,200	1,500	16,700
<b>Sub Total</b>	<b>242,000</b>	<b>14.5</b>	<b>5.2</b>	<b>32.9</b>	<b>35,100</b>	<b>12,500</b>	<b>256,400</b>
Inferred Mineral Resource							
	Tonnes	%Zn	%Pb	g/t Ag	Zn tonnes	Pb tonnes	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
<b>Sub Total</b>	<b>935,000</b>	<b>12.0</b>	<b>3.2</b>	<b>19.4</b>	<b>112,100</b>	<b>30,000</b>	<b>584,000</b>
Total Mineral Resource							
	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
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
<b>Total</b>	<b>1,178,000</b>	<b>12.5</b>	<b>3.6</b>	<b>22.2</b>	<b>147,100</b>	<b>42,600</b>	<b>840,400</b>





## STAGE ONE PRODUCTION – COMMENCED SEPT 2018

### 2018-2019 ORE PRODUCTION PER MONTH (DRY TONNES)



### STAGE 1: INITIAL PRODUCTION – RAMPING UP IN 2019

Mining started at  
Tres Amigos,  
Level 5

Schedule: 445,518t  
at 14.3% Zn, 2.61%  
Pb, 17 g/t Ag

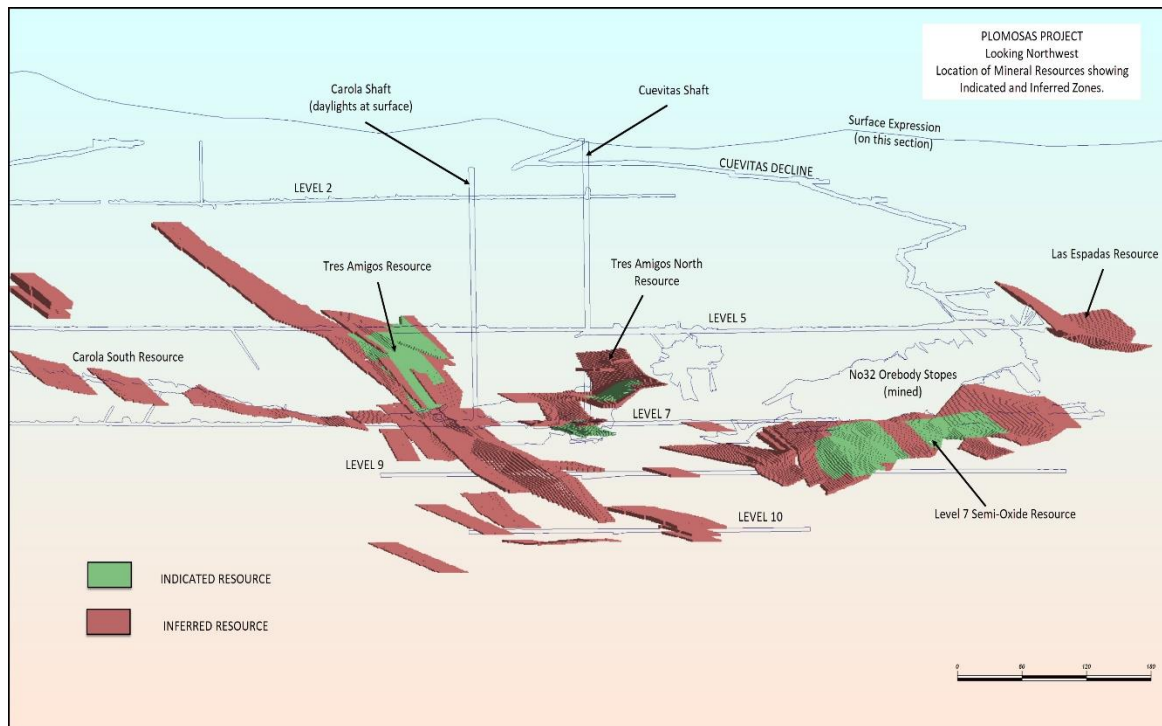
Room & Pillar mining  
via decline haulage  
until shaft refurbished  
forecast end 2019

Producing 4,000tpm  
ramping up to  
10,000t/month end  
2019

Processing and Offtake at  
zinc and lead benchmarks



# PLOMOSAS MINE LAYOUT



290m

**Extensive underground access** to 290 metres below surface (mbs) - in good condition for mining and exploration drilling



**Initial haulage via decline, shaft to be refurbished for future haulage**



**Stoping progressing** on Tres Amigos ore from Level 5: 3 stopes, Level 7: 4 stopes and SOX from Level 7



**Decline bypass completed**



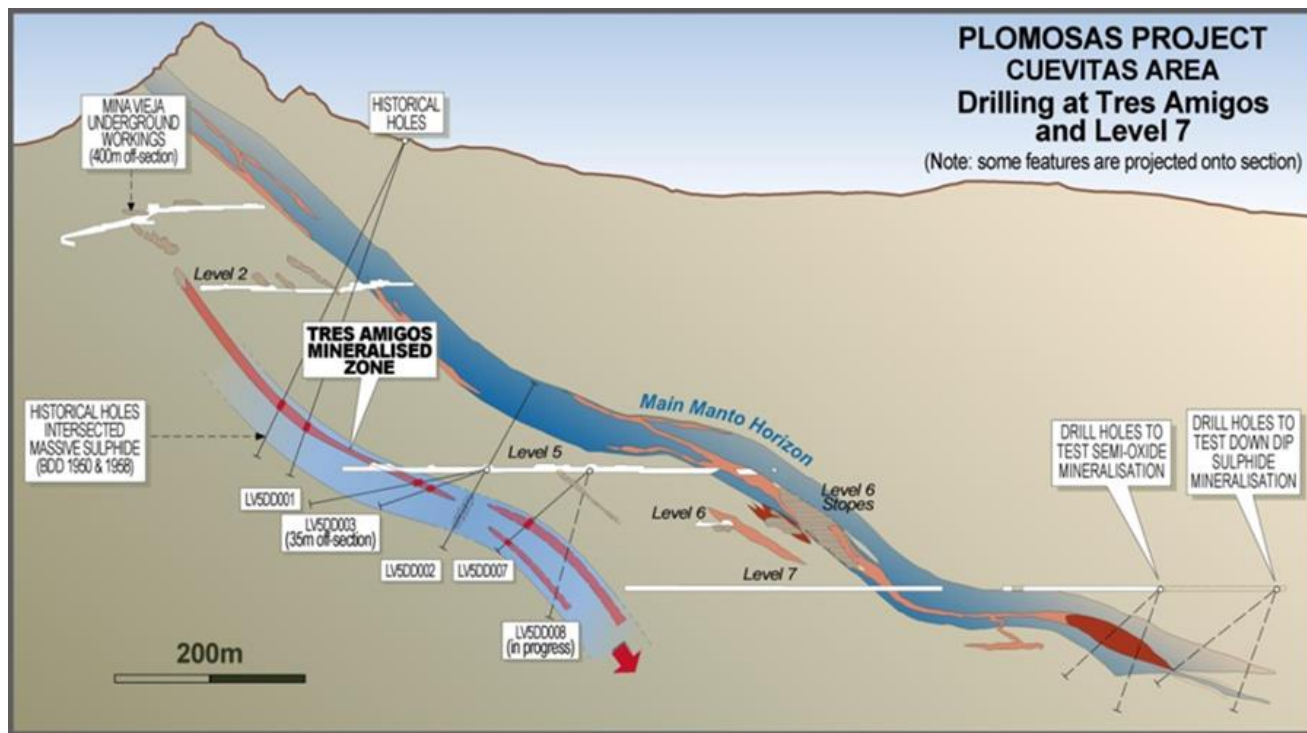
**Decline extension to 972mRL completed, stope development completed**

# IMMEDIATE EXPLORATION UPSIDE

7KM UNEXPLORED MINE SEQUENCE WITHIN CURRENT LEASES



# PLOMOSAS RESOURCE EXPANSION



## ADDITIONAL RESOURCES TO BE FOUND:

- In multiple geological layers
- Down dip of current resources
- Along strike

## LIMITED ONLY BY EXTENT OF DRILLING

- Only 600m of 4,000m strike of immediate mine area has been part drilled
- Mapping and drilling to continue

## REGIONAL EXPLORATION

- Along remaining mine sequence within leases using surface and underground exploration



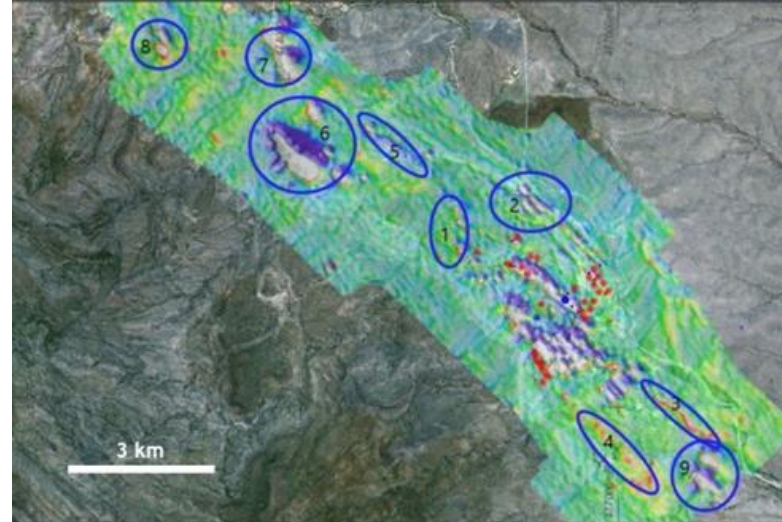
# RESOURCE FOCUS – LONGER VIEW MINE LIFE

## HIGHLY PROSPECTIVE TARGETS DEFINED WITHIN IMMEDIATE MINE AREA

- Prospective sequence is 4,000m along strike and 900m down dip
- Only partially drilled within 600m strike and ~400m down dip
- Underground access is available for drilling along the 4km of strike
- Require follow up drilling from available underground access

## REGIONAL EXPLORATION POTENTIAL CONFIRMED BY RECENT SUCCESSFUL MAPPING WITH PROSPECTS DEFINED

- 7km of mineralised sequence largely undrilled and underexplored





### **CZL EQUITY IN PLOMOSAS INCREASED TO 90% (Dec 2018).**

- Retec Guaru retained 10% interest.

### **RANCHER LAND RENTAL AGREEMENT**

- Current agreement until 2022 then subject to renewal
- Rancher wants to terminate the agreement in favour of a better deal
- Legal case now at final level of appeal to three judge bench of Federal Court
- Court appeal result expected during 4Q2019.

### **PANDION CLAIM**

- Pandion claiming 10% of Plomosas Mine
- CZL rejects claim and will defend any legal action vigorously.





# SOCIAL RESPONSIBILITY

## CZL HAS UNDERTAKEN ACTIVITIES IN:



Providing water to long term residents in the Chihuahua Desert



Assisting with waste management for local community Falomir



Maintaining the access road to the mine that is used for rancher and local residence access



Sustainable projects with Falomir and local community



Supporting local ranchers

**CZL IS COMMITTED TO WORKING WITH LOCAL GOVERNMENT FOR THE BENEFIT THE COMMUNITY**





CZL has commenced commercial operations at Plomosas Mine



The free cash will be used for exploration and future expansion



Plomosas Mine exploration potential to support a larger operation



Strategy to delineate sufficient mineral resources to support a 500ktpa concentrator



Major holders of ground in under-explored district



CZL is a proven explorer, proven developer



**CONSOLIDATED ZINC LTD**



# APPENDIX

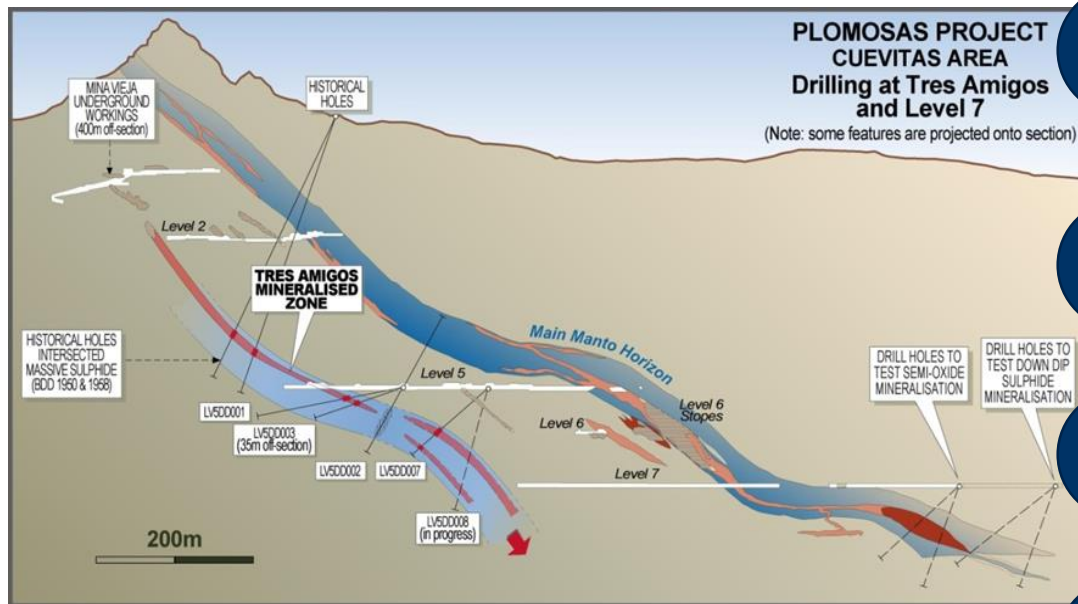
Geology and mineralisation

Tenement holdings

Exploration upside & Targets



# PLOMOSAS GEOLOGY & MINERALISATION



**GENERALISED CROSS SECTION THROUGH PLOMOSAS  
SHOWING MULTIPLE LIMESTONE RICH UNITS AND PINCH  
AND SWELL OF THE OREBODIES**

✓ Zinc and lead sulphide **mineralisation is contained within carbonate-rich units** such as limestones and marbles within a large basinal sedimentary sequence.

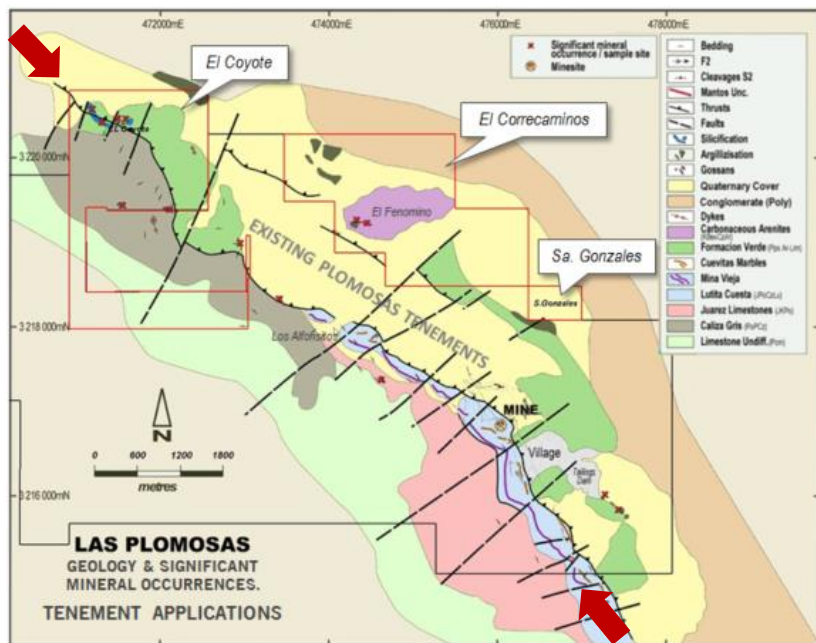
✓ Mineralisation preferentially replaces the carbonate so **multiple stacked limestone sequences are highly prospective** for Zn, Pb and Ag, especially where cross-cutting structure can provide plumbing pathways.

✓ The **cross-cutting structures** along which mineralised fluids migrate between limestone units are also prospective.

✓ Flexures in the stratigraphy seems to **influence the thickness of the mineralisation** and some pinching and swelling can occur.

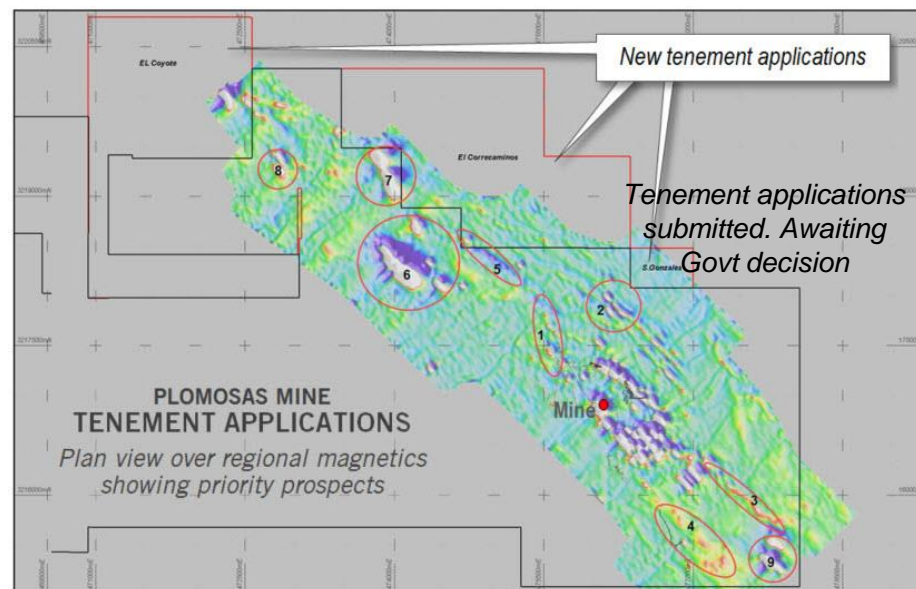


# MINE SEQUENCE MINERALISED TARGETS



**STRATIGRAPHY OF MINE MINERALISED SEQUENCE  
(BLUE SHOWS IDENTIFIED CARBONATE UNITS)**

## MINE SEQUENCE WITHIN TENEMENTS SHOWING PROSPECTIVE STRATIGRAPHY, STRUCTURES AND AEROMAG ANOMALY TARGETS.





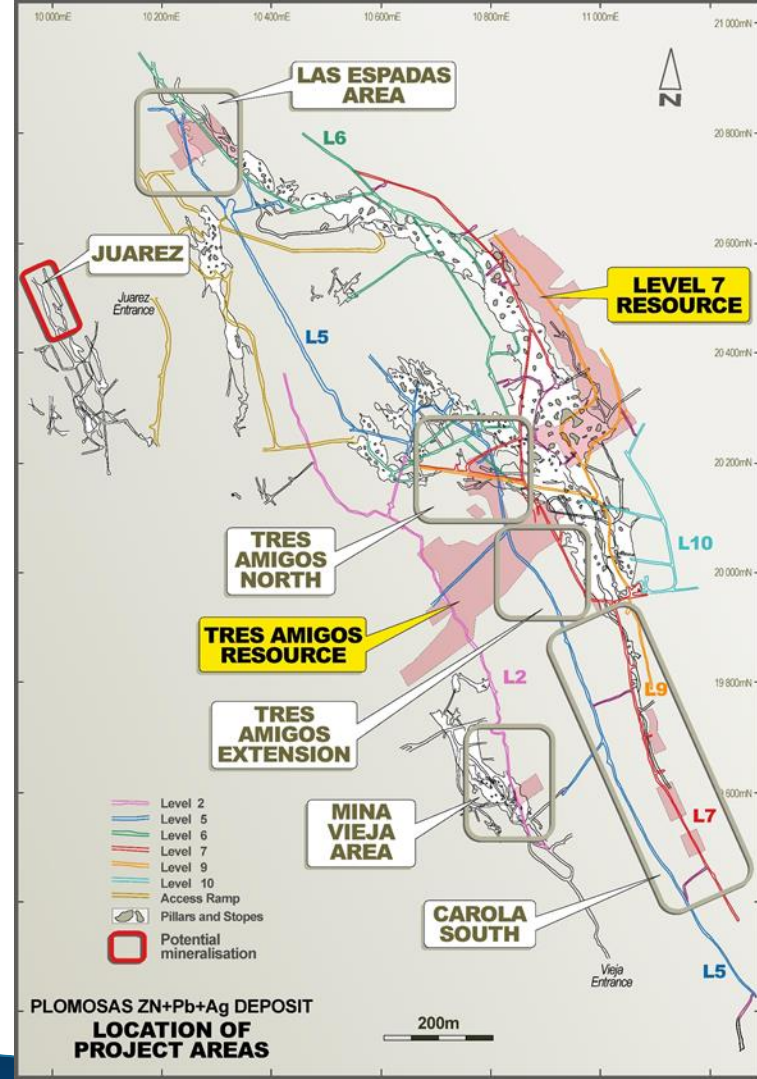
# UNDEREXPLORED MINE AREA

## PRIORITY TARGET AREAS IDENTIFIED WITHIN MINE AREA:

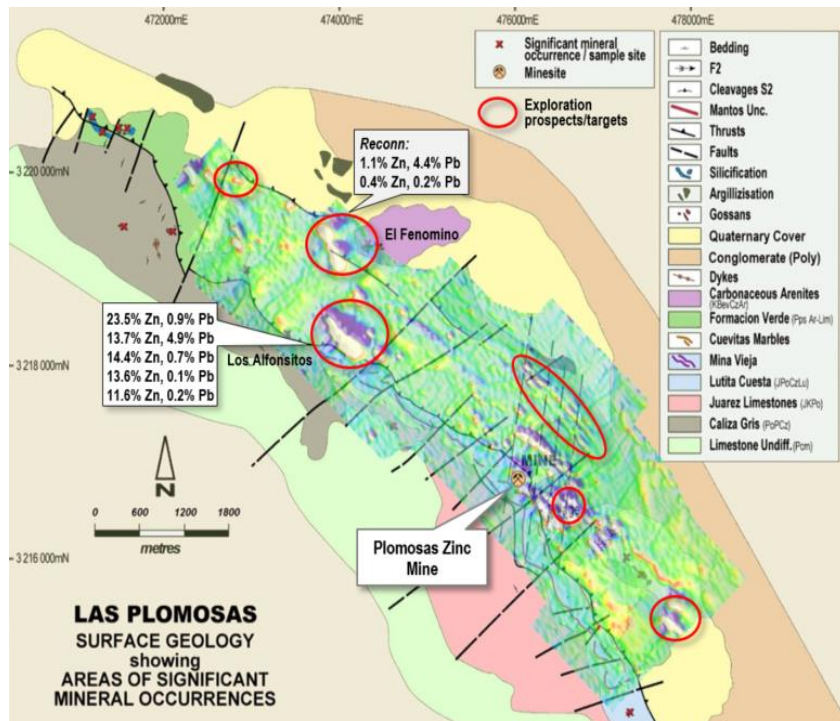
- 1 **Juarez:** Existing mineralisation in drives – **Not Drilled**
- 2 **Mina Vieja:** mineralisation requiring follow up – **Poorly Defined**
- 3 **Tres Amigos North:** High grade zones identified
- 4 **Las Espadas West:** grab samples of very high grades identified
- 5 **Level 7 Expansion:** Resource open down plunge and along strike

## SIGNIFICANT NEW DISCOVERIES ACCESSIBLE FROM UNDERGROUND

- 1 **Las Espadas East:** grab samples of very high grade– **Undrilled**
- 2 **Carola South:** samples of very high grades; **Undrilled 522m strike**



# CZL REGIONAL EXPLORATION – MINE SEQUENCE



## ADDITIONAL DRILL TARGETS TO BE IDENTIFIED 2019

- Alfonsitos Prospect – First of several
- 2.5km along trend from Plomosas
- First pass rock chip sampling found very high grades
- Same geological setting as Plomosas

**OUTCROPPING PROSPECTS IDENTIFIED BY CZL**

**CZL HAS DEMONSTRATED POTENTIAL FOR SIGNIFICANT NEW DISCOVERIES AND ADDITIONAL RESOURCE TONNES WITHIN EXISTING TENEMENT PORTFOLIO**