

Quarterly Activities Report June 2019

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- 15,881 tonnes ore mined 14.8% zinc and 6.7% lead
 - 10,273 tonnes ore processed at 13.2% zinc and 4.7% lead
 - Payable metal sold of 567 tonnes of zinc, 149 tonnes of lead and 4,052 ounces of silver
 - Sales of the zinc and lead concentrates produced from Aldama delayed to Q3 2019
 - C1 cash cost of payable zinc sold \$0.78/lb
 - 742 tonnes of zinc concentrate and 246 tonnes of lead concentrate stockpiled and available for sale at 30 June 2019
 - 6,599 tonnes of high grade run of mine ore stockpiled for processing at 30 June 2019
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Consolidated Zinc Limited (CZL:ASX or “the Company”) is pleased to present its June 2019 quarterly activities report.

All references in this report are to US\$, unless otherwise stated.

OPERATIONS - PLOMOSAS MINE, CHIHUAHUA STATE, MEXICO

Health, Safety and Environment

There were no reportable environmental or safety incidents during the quarter.

Mining

During the quarter, Plomosas mined 15,881 tonnes of ore at 14.8% zinc and 6.7% lead and completed 579.7m of development. Plomosas achieved record production in May, with 7,088 tonnes of ore mined at 14.5% zinc and 6.0% lead.

The ramp up in mining volumes during the quarter, was a result of the commencement of mining in the Level 7 Semi-Oxide (SOX) stope zone early in May. The SOX mineral resource is over 4 metres wide, allowing direct access of loaders to the stopes and increasing productivity. The Tres Amigos mineral resource was mined from the Level 5 stopes and sub level 972m RL during the quarter, which required scraping to draw out the ore from the stope areas which reduces the productivity of mining in comparison to the SOX mineral resource.

TABLE 1. QUARTER ENDED 30 JUNE 2019 PRODUCTION STATISTICS

			Q2 2019	Q1 2019	YTD
MINED	Ore	MT	15,881	11,267	27,148
	Waste	MT	4,970	9,067	14,037
	Development	Metres	580	612	1,192
MINED GRADE**	Zinc**	%	14.8%	10.7%	13.1%
	Lead**	%	6.7%	2.5%	4.9%
TOTAL METAL MINED	Zinc	MT	2,351	1,205	3,556
	Lead	MT	1,061	278	1,339
ORE PROCESSED	Ore	MT	10,273	12,992	23,265
	Zinc	%	13.2%	10.9%	11.9%
	Lead	%	4.7%	2.0%	3.2%
	Silver	Grams/t	34.8	18.0	25.4%
SALES	Payable Zinc	MT	567	1,041	1,608
	Payable Lead	MT	149	219	219
	Payable Silver	Oz	4,052	5,129	5,129
C1 CASH COST PER PAYABLE ZINC SOLD	Mining, Processing and G&A	\$/lb payable Zinc sold	\$0.78	\$0.78	\$0.78
	Treatment Charges	\$/lb payable Zinc sold	\$0.23	\$0.23	\$0.23
	By Product Credits	\$/lb payable Zinc sold	\$(0.16)	\$(0.16)	\$(0.16)
	C1 Cash Cost	\$/lb payable Zinc sold	\$0.78	\$0.78	\$0.78

** Mine grade impacted by high level of development ore drives included in ore quantities in Q1 2019.

Processing

During the quarter, the Company processed the Tres Amigos ore at the Grupo Mexico Santa Eulalia ("Santa Eulalia") concentrator up to the cessation of the contract deliveries on 18 May 2019. Subsequently, the higher value SOX was processed at the Aldama concentrator facility operated by Triturado y Minerales La Piedrera S.A. de CV, ("Aldama") located approximately 70km from the Plomosas mine.

A total of 7,258 tonnes of Tres Amigos ore was processed at Santa Eulalia at 11.1% zinc, 1.9% lead and 22.6g/t silver, with 3,015 tonnes of SOX ore processed at Aldama at 18.2% zinc, 11.4% lead and 64.2g/t silver.

The Aldama concentrator was commissioned on 16 May 2019, commencing operations at a capacity of 100 tonnes per day, whilst works to upgrade the capacity to 200t/d continued in parallel with ore processing. During the quarter, Aldama operated at between 80 to 89 tonnes per day ore processing capacity, due to shut-downs required for upgrades to be incorporated into the plant.

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The works to increase the ore processing throughput at Aldama include the installation of a second ball mill, expanded lead preconditioning capacity, doubling the float circuit to handle the extremely high grades of SOX ore delivered, pumps and services. The second ball mill installation was in progress at the end of the quarter and will commission in Q3 2019, with the upgrade works targeting a daily ore processing capacity of 150 tonnes per day by the end of August 2019.

A high-grade run-of-mine (ROM) stockpile of 6,599 tonnes was available at 30 June to be processed through Aldama in the following quarter. At the end of the quarter, 742 tonnes of zinc concentrate and 246 tonnes of lead concentrate were stockpiled awaiting signing of a sales agreement expected in Q3 2019.

Exploration

No exploration activities were undertaken during the quarter, with the focus on mining operations and planning future exploration activities.

Corporate

Annual General Meeting

The Company held its Annual General Meeting (“AGM”) on 23 May 2019, with all resolutions approved at the AGM. For further details of the resolutions approved by shareholders, refer to the ASX announcement dated 23 May 2019.

Cash

The Company’s closing cash at the end of the quarter was \$0.203 million (prior quarter \$0.387 million). The reduction in closing cash was primarily due to the delay of sales revenue from the stockpile of 742 tonnes of zinc and 246 tonnes of lead concentrates produced from Aldama into Q3 2019, with payment received subsequent to quarter end.

Convertible Notes

The convertible notes on issue at the end of the quarter (inclusive of capitalised interest) were \$2.038 million, with no change from the prior quarter except for capitalised interest and foreign exchange valuation as the principal value of the convertible notes on issue is denominated in Australian Dollars of A\$2,650,000.

Unsecured borrowings

The Jetosea Pty Ltd unsecured borrowing was fully repaid and extinguished during the quarter with a final principal and interest repayment of \$0.224 million.

The Company, through its subsidiary MLAZ, has assisted with the funding of Aldama upgrades so that the additional capacity is available as quickly as possible to process its ore. To enable the Company to fund these upgrades at Aldama, Eyeon Investments Pty Ltd, an entity related to the Chairman of CZL, Mr Stephen Copulos, has provided an additional short-term unsecured facility of A\$300,000 to the Company.

The terms of the unsecured facility are a 10% interest rate maturing on 30 September 2019 and the use is for general working capital to assist with the build-up of run of mine and concentrate inventories during the month.

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In addition, the maturity date of the A\$500,000 unsecured loan facilities from entities related to the Company's directors, Mr Stephen Copulos and Andrew Richards have been extended to 30 September 2019, from 31 July 2019.

For and on behalf of Consolidated Zinc Limited



Brad Marwood
Managing Director

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 90% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State. 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.

Competent Person Statement:

The information in this report that relates to Mineral Resources is based on, and fairly represents information and supporting documentation prepared by Mr Andrew Richards, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Richards is a Director of the Company. Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Richards has approved the Statement as a whole and consents to its inclusion in this report in the form and context in which it appears.

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.