

High Grade Maiden Zn-Pb JORC Mineral Resource

- Independent Indicated and Inferred Mineral Resource estimate completed containing 568,000 tonnes @ 16.9% Zn+Pb undiluted for 96,000t of contained Zn+Pb metal
- Indicated Resource of 99,000 tonnes @ 28.0% Zn+Pb below Level 7
- Resource is split approximately 60% Level 7 and 40% Tres Amigos
- Resource remains open and is limited only by the extent of drilling to the south and to the north
- Extensions to mineralisation already confirmed in ongoing drilling
- Prospective for additional pinch and swell mineralisation down dip
- All Resource tonnes immediately accessible from within current mine infrastructure
- Aggressive drilling program planned to extend the resource during Q1 and Q2 2017

CONSOLIDATED Zinc Limited (ASX:CZL; “Consolidated Zinc” or “the Company”) is pleased to announce its maiden Mineral Resource reported in compliance with the JORC code for its Plomosas zinc-lead-silver project in northern Mexico.

The resource estimate, independently completed by Runge Pincock Minarco Limited (RPM), is reported in accordance with the JORC (2012) reporting guidelines, contains **568,000 tonnes @ 16.9% Zn+Pb and 28.4g/t Ag for 96,000t of contained Zn+Pb metal in both Indicated and Inferred categories**. The Mineral Resource comes from the extensions both down dip and down plunge from existing mine development at Level 7 and the 2015 discovery of mineralisation at Tres Amigos. Table A breaks down the resource by area and category.



Figure 1. Location of Plomosas mine, Mexico

Managing Director Will Dix said the initial resource estimate is in accordance with historical mining performance and the Company is delighted with this first stage result that is based on drill targets within the existing mine at Plomosas.

“As planned this Stage 1 Mineral Resource provides an outstanding platform from which to expand the company’s resource base and commence mining studies in 2017 with a view to recommencing mining operations. The grade is outstanding compared to our peers, the mineralogy attractive and the geological model we have developed appears to be robust. On-going drilling subsequent to completing the estimate has continued to intersect sulphide mineralisation outside the limits of the Mineral Resource to the south and at depth which will be included in future updates (as assays are pending). This provides further evidence that we have a project with the potential to grow quickly. In addition our pipeline of regional drill targets for Q1 2017 will mean strong news flow next year.” Mr Dix said.

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Since completion of the estimate, additional drilling 20m to the south west of the Level 7 resource outline has intersected up to 2.5m of massive sulphides comprising sphalerite and galena. These are not currently included in the Mineral Resource and details will be made available as assays are received.

The greater understanding of geological controls and the geometry of the mineralisation established during the resource definition studies have led to the identification of numerous immediate drill targets when compared with the results of recent geophysical surveys and historical drillings. Figure 2 highlights these features which are discussed further below but these drill targets aim to identify resource extensions and additions and focus regional exploration.

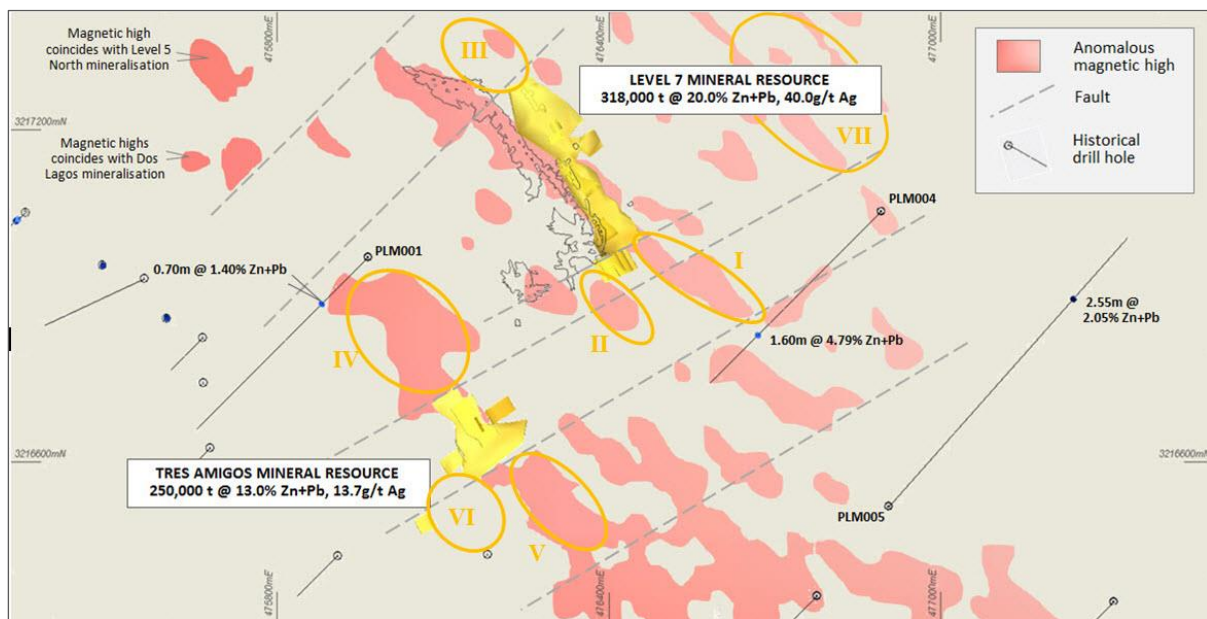


Figure 2: Compilation plan of geological, mineralisation and geophysical features identifying immediate drill targets for testing resource extensions. Mineral Resources shown in yellow block outline

Note coincidence of defined JORC Resources and historical mining areas with magnetic anomalies within the mine sequence. **Note** also the sparse drilling and the location of the few intercepts obtained in historical drilling with postulated resource extensions.

Targets I to VI have been identified as high priority targets adjacent to the mineral resources which follow anomalous magnetic features within the mine sequence and may, as in PLM004, demonstrate mineralisation encountered in historical drilling.

Mineral Resource Details and Parameters

Results of the independent Mineral Resource estimate by RungePincockMinarco Limited (“RPM”) for the Project are tabulated in the Statement of Mineral Resources in **Table A**. The Statement of Mineral Resources is reported in line with the requirements of the 2012 JORC Code and is therefore suitable for public reporting.

The Mineral Resource is reported above a cut-off grade of 3% Zn which was based on estimated mining and processing costs and recovery factors of similar projects in the region as discussed below.

A detailed discussion of the methodology and parameters used in estimating the Level 7 and Tres Amigos Mineral Resources is provided in sections below along with an analysis of drilling, sampling and laboratory procedures and QA/QC protocols.

In summary:

- Ordinary Kriging (OK) was used to estimate average block grades using Surpac software and parameters derived from modelled variograms. Parent block sizes were 10m x 5m x 2.5m.
- Linear grade estimation was deemed suitable due to the geological control on mineralisation. Maximum extrapolation of wireframes from drilling was 40m along strike and down-dip.
- The Mineral Resource estimate has been constrained by the wireframed mineralised envelope, is undiluted by external waste and reported above a Zn cut-off grade of 3%.
- The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The Indicated Mineral Resource was defined within areas of close spaced drilling of less than 20m by 20m, and where the continuity and predictability of the lode positions was good. The Inferred Mineral Resource was assigned to areas where drill hole spacing was greater than 20m by 20m and less than 40m by 40m, where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones.

**Table A: Plomosas Project Mineral Resource
December 2016 Mineral Resource Estimate (3% Zn Cut-off)**

Prospect	Indicated Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	99,000	19.3	9.0	57.9	19,000	9,000	183,000
Total	99,000	19.3	9.0	57.9	19,000	9,000	183,000

Prospect	Inferred Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	220,000	11.0	5.2	32.0	24,000	11,000	226,000
Tres Amigos	250,000	11.3	1.7	13.7	28,000	4,000	110,000
Total	470,000	11.2	3.4	22.2	52,000	16,000	335,000

Prospect	Total Mineral Resource						
	Tonnage t	Zn %	Pb %	Ag g/t	Zn t	Pb t	Ag Oz
Level 7	318,000	13.6	6.4	40.0	43,000	20,000	409,000
Tres Amigos	250,000	11.3	1.7	13.7	28,000	4,000	110,000
Total	568,000	12.6	4.3	28.4	71,000	25,000	519,000

Note:

All Mineral Resources figures reported in the table above represent estimates at December, 2016. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

The Mineral Resource has been estimated in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Geoscientists and Minerals Council of Australia (The JORC Code 2012).

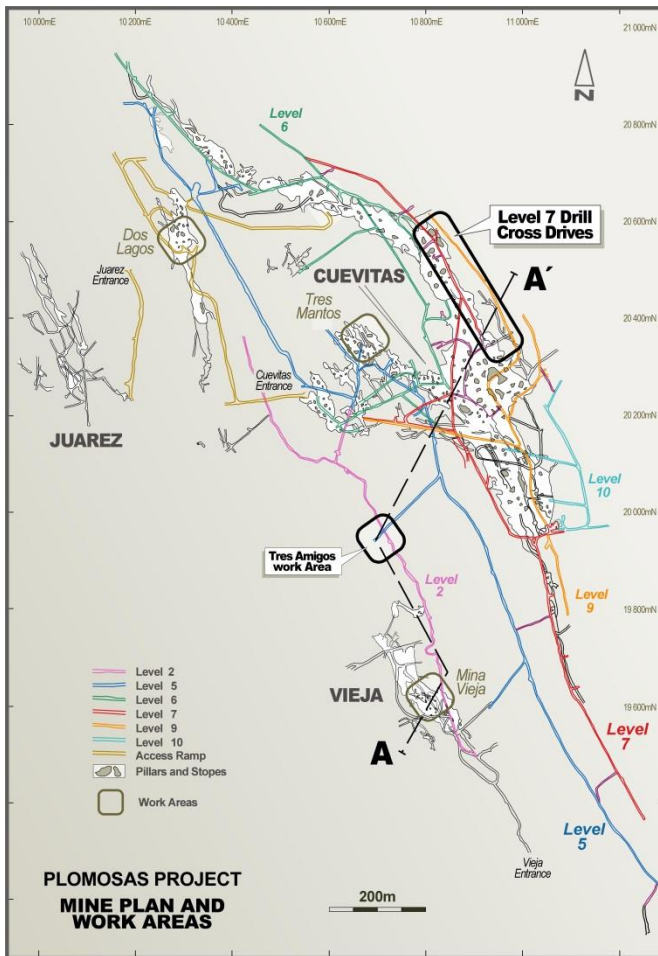


Figure 3. Plan view of the Plomosas mine showing location of the cross section in Figure 4 (trace A-A') and resource definition work areas referred to in the text including Level 7 and Tres Amigos.

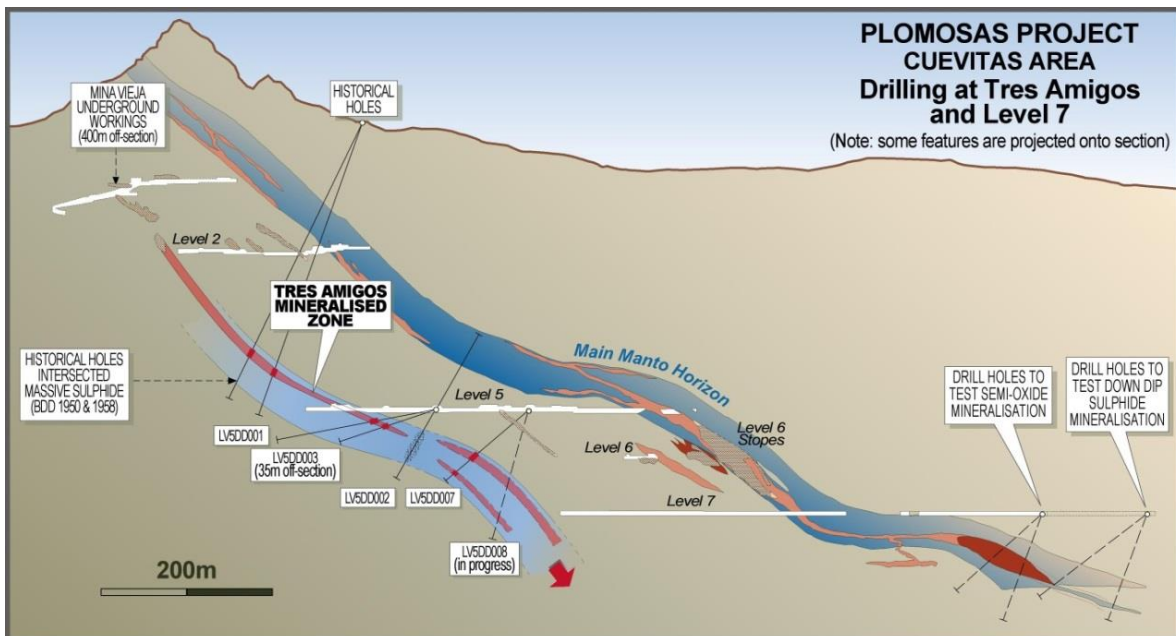


Figure 4. Section view of the Plomosas mine through Cuevitas area (A-A') showing the Tres Amigos zone, historical drilling and the drilling planned for Main Manto Horizon below Level 7.

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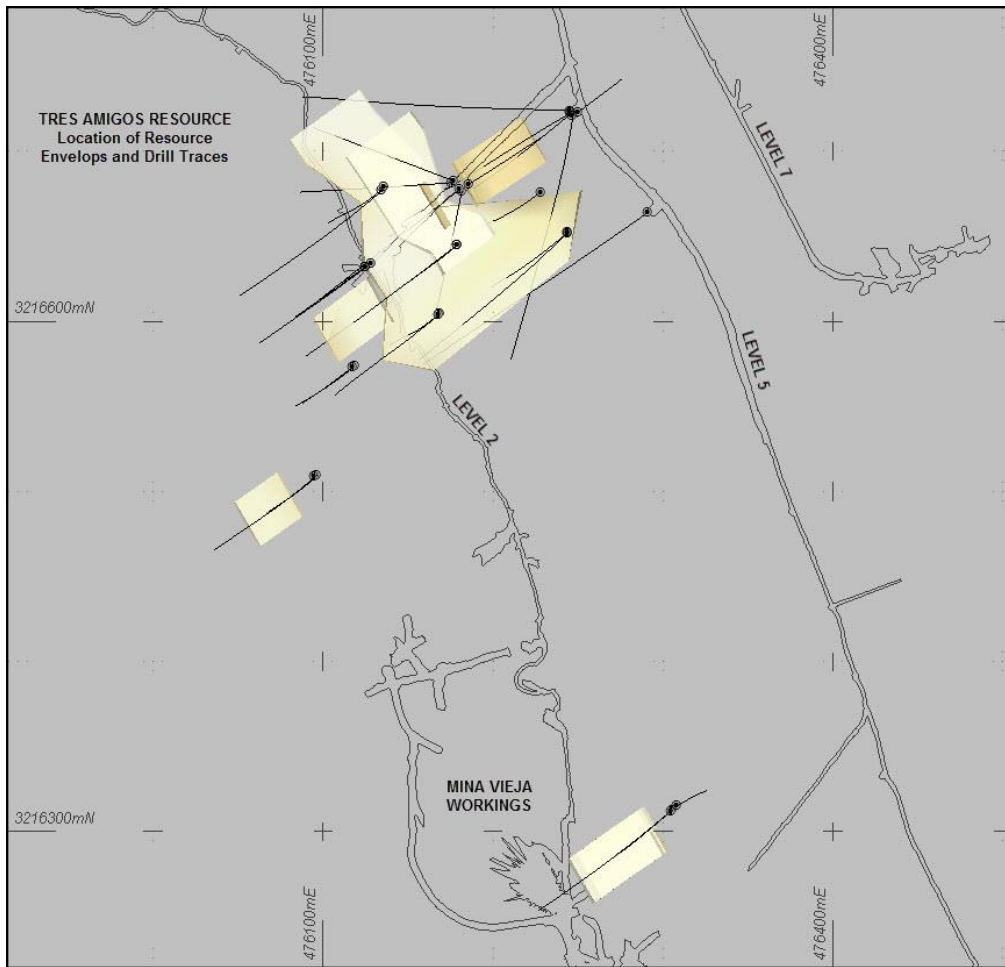


Figure 7: Plan view of Tres Amigos Mineral Resource wireframed solids showing drillhole traces

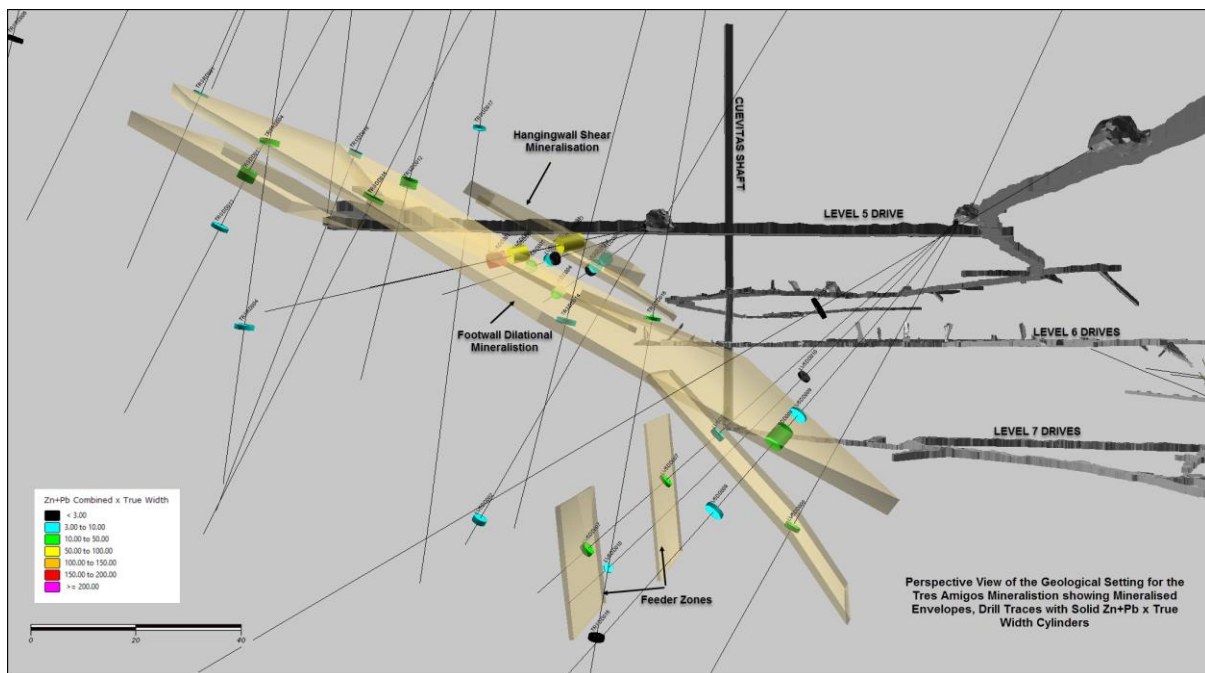


Figure 8: Oblique view of Tres Amigos Mineral Resource wireframed solids showing drillhole traces

Geology and Geological Interpretation

Mapping and drilling during the year has demonstrated that mineralisation is structurally controlled, developing a plunge component approximately 20°-30° to the southeast along a shallow dip plane defined by the marble host. The main factor in targeting the mineralisation in this system are flexures and dilatant zones that host the high grade mineralisation. The structural setting of the Plomosas mineralisation is made more complex by the presence of boudinaging that tends to create pinch-and-swell structures both down-dip (in the plunge-direction) and along strike. Level 7 Deeps has also undergone a later stage fracturing event that has enabled oxidisation of parts of the orebody, noted here by the term *semi-oxidised*.

Tres Amigos mineralisation is hosted within a very competent limestone unit referred to as the Juarez Limestone. This unit has been deformed along with the other units, but to a lesser extent due to its thickness and its inability to 'flex' as well as the other units. The result is a highly sheared contact with dilational fracturing within the Juarez Limestone which hosts high grade mineralisation. Since these are dilational features, they tend to be restricted in their dimensions both down-dip and along strike. However these features commonly occur as groups such as 'en echelon' events and can be quite rewarding when they are grouped together as minable units. Also associated with Tres Amigos is a separate type of mineralisation related to feeder zones. These are another target that need to be follow-up.

The geological settings of both the Level 7 Deeps and Tres Amigos will determine the future exploration procedures and techniques required to develop targets that will result in additional tonnes and grade for future mill plant feed.

On going drilling and work program

With the delineation of the JORC Maiden Resource completed, exploration will be concentrating in two areas, near-mine resource definition and regional targeting. Figure 2 above summarises the immediate near term targets arising from the compilation of geophysical and geological reviews and the better understanding of the mineralisation found in the resource models.

The near-mine exploration will focus on expanding the current resource along strike to the north and south of the current known envelope and hosted in the Mina Veija Manto. Structural analysis interpreted from both the underground and from airborne magnetics, shows that the Level 7 Deeps mineralisation has been offset by a series of northwest the north-northwest orientated structures with dextral strike-slip movement. This shows that the area to the north which has not been tested, will require drill holes collared at surface.

Additional work during the year involved magnetic susceptibility readings on core to investigate any slight magnetic variation within the mineralisation. It was found that the mineralisation had a slightly higher signature which also coincided with the airborne magnetic signatures. This correlation has created several high priority targets both in the near-mine area and in the regional setting. This is shown in Figure 2. These features may correspond to additional mineralisation, within and surrounding the current mine workings and represent a high priority of ongoing resource definition.

The target zones to the south can be accessed using previously established underground development that can be refurbished and utilised to drill additional holes from underground to test the southern extension areas. Small stopes have been noted in the far south, but these have not been fully investigated and would suggest the mineralisation extends further to the south near the Carola Shaft and beyond.

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Tres Amigos will continue to be defined and expanded. This is an exciting area since the mineralisation is hosted in the Juarez Limestone which also continues at depth directly below the Mina Veija Manto and has shown signs of high grade alteration associated with shearing and minor mineralisation at depth. This unit has not been tested below the mined out area of the Mina Veija Manto and below the Level 7 Deeps area and the potential is considered significant. It is also planned to return to the Level 7 area and re-use the current established cuddies to drill deeper holes that will test the Juarez Limestone at depth and to develop additional cuddies to enable drilling to test this unit directly beneath the old workings mined in the Asarco days.

Other targets that need to be defined include the Mina Veija Workings, where one drill hole TRSDD010 intersected high grade mineralisation related to what appears to be a feeder zone. This will require a follow up program.

The Juarez Workings are another area that requires additional work to prove up the known mineralisation located in the underground.

Regional targeting has identified several targets requiring further work that includes detailed mapping, sampling and drilling. This will commence early next year and provide excellent news feed for 2017.

Detailed Discussion of Resource Estimation Methodology and Parameters

Sampling and Sub-Sampling Techniques

Sampling of cut channels was conducted by locating a one metre sampling line, using spray paint across mineralisation and ensuring that the line began in hanging wall host, spanned mineralisation and terminated in footwall host. Where mineralisation was thicker than one metre, the line was adjusted accordingly. This was done to minimise the bias of the sample value. Channel sampling was then completed, using the line as a guide, without sampling the line itself. As much representative sample was taken from the length of the line to produce a two to four kilogram sample. For this level of exploration, the sample size and method of sampling was deemed adequate to represent in-situ material.

Sampling techniques employed at the Plomosas underground drilling program include saw cut NQ drill core samples. Diamond NQ3 core was sampled on geological intervals/contacts, with the minimum sample size of 0.5m and max 1.2m. Core was cut in half, with one half to be sent for analysis at an accredited laboratory, while the remaining half was stored in appropriately marked core boxes and stowed in a secure core shed. Duplicates were quarter core, sampled from the half sent for analysis.

Drilling Techniques

NQ triple tube core (NQ3) is currently being used to drill out the geological sequences and identify zones of mineralisation that may or may not be used in any Mineral Resource estimations, mining studies or metallurgical testwork.

Sample Analysis Method

All drill samples were submitted to ALS Laboratories in Chihuahua City for sample preparation with sample pulps sent to ALS in Toronto, Canada for multi-element analysis using a 30g charge with a multi-acid digest and ICP-MS or AAS finish (ME-ICP61). Over the limit results were routinely re-assayed by ore grade analysis OG62. Over the limit results for the ore grade were re-assayed by titration methods Cu-VOL61, Pb-VOL50 or Zn-VOL50.

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Analyses include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of economic interest. The methods and procedures are appropriate for the type of mineralisation and the techniques are considered to be total.

Estimation Parameters

Using parameters derived from modelled variograms, Ordinary Kriging (OK) was used to estimate average block grades in three passes using Surpac software. Linear grade estimation was deemed suitable for the Plomosas Mineral Resource due to the geological control on mineralisation. Maximum extrapolation of wireframes from drilling was 40m along strike and down-dip. This was equal to the drill hole spacing in these regions of the Project. Maximum extrapolation was generally half drill hole spacing.

The parent block dimensions used were 10m NS by 5m EW by 2.5m vertical with sub-cells of 2.5m by 1.25m by 0.625m. The model was rotated to align with the strike of the mineralisation on a bearing of 330°. The parent block size dimension was selected on the results obtained from Kriging Neighbourhood Analysis that suggested this was the optimal block size for the dataset.

The deposit mineralisation was constrained by wireframe solids constructed using a nominal 2% combined Zn and Pb cut-off grade with a minimum down-hole length of 1m. The wireframes were applied as hard boundaries in the estimate.

Statistical analysis was carried out on data from 18 domains. After review of the project statistics, it was determined that high grade cuts for Ag within a single domain was necessary. The cut applied was 300g/t Ag resulted in a single composite being cut.

An orientated 'ellipsoid' search was used to select data and adjusted to account for the variations in lode orientations, however all other parameters were taken from the variography derived from domain 1. Up to three passes were used for each domain. The first pass had a range of 20, with a minimum of 8 samples. For the second pass, the range was extended to 40m, with a minimum of 4 samples. For the final pass, the range was extended to 100m, with a minimum of 2 samples. A maximum of 20 samples was used for all three passes.

It is assumed that the bulk density will have some variation within the mineralised material types due to the host rock lithology and sulphide minerals present. Therefore a regression equation for Zn and density was used to calculate density in the block model.

Validation of the model included detailed comparison of composite grades and block grades by strike panel and elevation. Validation plots showed good correlation between the composite grades and the block model grades.

Mineral Resource Classification Criteria

The Mineral Resource estimate is reported here in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC). The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 20m by 20m, and where the continuity and predictability of the lode positions was good. In addition, the 20m distance is equal to approximately two thirds of the observed major direction variogram range of 30m. The Inferred Mineral Resource was assigned to areas where drill hole spacing was greater than

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20m by 20m and less than 40m by 40m, where small isolated pods of mineralisation occur outside the main mineralised zones, and to geologically complex zones.

Cut-off Grade, Mining and Metallurgy Methods and Parameters Considered to Date

The Mineral Resource estimate has been constrained by the wireframed mineralised envelope, is undiluted by external waste and reported above a Zn cut-off grade of 3%. The cut-off grade was estimated based on the following parameters which are based on an independent mining consultant's report, RPM internal cost pricing within Mexico and a preliminary metallurgical study completed:

- Zn price of US\$2,600/t, Pb price of US\$2,300/t and Ag price of US\$17/oz
- Mining cost of US\$50/t ore
- Processing costs of US\$20/t ore milled, and
- Processing recovery of 80% for a Zn and Pb concentrate.

A detailed mining schedule and mining option analysis has not been completed however, an underground mining method will be implemented at Plomosas using the available infrastructure if additional mine and processing design and more detailed and accurate cost estimates confirm the viability of extraction.

RPM applied the calculated cut-off grade in order to report the Mineral Resources contained within the mineralised envelope that demonstrate reasonable prospects for eventual economic extraction. RPM notes that the calculations do not constitute a scoping study or a detailed mining study which along with additional drilling and testwork, will be required to confirm economic viability. It is further noted that in the development of the Project, capital expenditure will be required and is not included in the mining cost assumed. RPM has utilised the operating costs and recoveries along with the prices noted above in determining the appropriate cut-off grade. Given the above analysis, RPM considers the Mineral Resource demonstrates reasonable prospects for eventual economic extraction however, highlights that additional studies and drilling is required to confirm economic viability.

Yours faithfully,



Will Dix
Managing Director
14 November, 2016

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX:CZL) is a minerals exploration company listed on the Australian Securities Exchange. The Company's major focus is in Mexico where it recently acquired 51% of the exciting high grade Plomosas Zinc Lead Silver Project through its majority owned subsidiary, Minera Latin American Zinc CV SAPI. 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

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the present day and the mineralised zones remain open at depth and along strike. The Company's main focus is to identify and explore new zones of mineralisation within and adjacent to the known mineralisation at Plomosas with a view to identifying new mineral resources that are exploitable.

In addition to Plomosas the Company also has interests in the Jailor Bore Uranium Project in Western Australia.

Competent Persons' Statement

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Steve Boda BSc (Hons), MAIG, MGSA, MSEG and Andrew Richards BSc (Hons), Dip Ed, MAusIMM, MAIG, MSEG, GAICD. Messrs Boda and Richards are both Members of Australian Institute of Geoscientists (AIG) and Mr Richards is also a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Both Messrs Boda and Richards have 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 Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Messrs Boda and Richards consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Robert Dennis who is a Member of the Australasian Institute of Geoscientists and Australian Institute of Mining and Metallurgy. Mr Dennis is a full time employee of RungePincockMinarco Limited. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dennis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • Sampling of cut channels was conducted by locating a one metre sampling line, using spray paint across mineralisation and ensuring that the line began in hanging wall host, spanned mineralisation and terminated in footwall host. Where mineralisation was thicker than one metre, the line was adjusted accordingly. This was done to minimise the bias of the sample value. Channel sampling was then completed, using the line as a guide, without sampling the line itself. As much representative sample was taken from the length of the line to produce a two to four kilogram sample. For this level of exploration, the sample size and method of sampling was deemed adequate to represent in-situ material. • Drilling sampling techniques employed at the Plomosas underground drilling program include saw cut NQ drill core samples. • Only NQ triple tube core (NQ3) is currently being used to drill out the geological sequences and identify zones of mineralisation that may or may not be used in any Mineral Resource estimations, mining studies or metallurgical testwork. • Diamond NQ3 core was sampled on geological intervals/contacts, with the minimum sample size of 0.5m and max 1.2m. • Core was cut in half, with one half to be sent for analysis at an accredited laboratory, while the remaining half was stored in appropriately marked core boxes and stowed in a secure core shed. Duplicates were quarter core, sampled from the half sent for analysis.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • Currently NQ3 triple tube using conventional wireline drilling is being used. • Core is being routinely orientated where possible, every 5th run (a run being 1.5 metres in length) using the Reflex ACT II RD core orientation system.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Diamond core was reconstructed into continuous runs where possible, in an angle iron cradle for orientation mark ups. Depths were checked against drillers blocks and rod counts were routinely carried out by the drillers. • The use of triple tube improved core recovery. • Measurements for core recoveries were logged and recorded on hard copy sheets, which were then loaded into excel sheets and sent for data entry. These measurements, in combination with core photography show the overall recoveries vary between 50-100%. • Due to the nature of the geology and the presence of large open-spaced breccias present in the vicinity of the mineralisation, the recovery of the mineralised core has been in some cases <60%. The use of

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Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<p>triple tube in these areas will not improve recovery.</p> <ul style="list-style-type: none"> • CZL system of logging core records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples. • Logging is both qualitative and quantitative depending on the field being logged. • All drill holes are logged in full to end of hole. • Diamond core is routinely photographed digitally
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • CLZ diamond core is NQ3 size, sampled on geological intervals (0.3 m to 1.2 m), sawn in half or quartered if duplicate samples are required. • Samples to be submitted to ALS Chemex for preparation. The sample preparation follows industry best practice where all drill samples are crushed and split to 1kg then dried, pulverized and (>85%) sieved through 75 microns to produce a 30g charge for 4-acid digest with an ICP-MS or AAS finish. A split will be made from the coarse crushed material for future reference material. • Field duplicates are routinely taken for core samples. CZL procedures include a minimum of one duplicate per approximately 20 samples.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • All drill samples were submitted to ALS Laboratories for multi-element analysis using a 30g charge with a multi-acid digest and ICP-MS or AAS finish (ME-ICP61). Over the limit results will be routinely reassayed by ore grade analysis OG62. Over the limit results for the ore grade will be reassayed by titration methods Cu-VOL61, Pb-VOL50 or Zn-VOL50. • Analytes include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of interest. • QAQC protocols for all drill sampling involved the use of Certified Reference Material (CRM) as assay standards. The insertion of CRM standards is visible estimation with a minimum of two per batch. Geostats standards were selected on their grade range and mineralogical properties. • Blanks are inserted at the bottom of relevant mineralised zones using the fine certified blank and immediately later the coarse blank, to identify any potential cross contamination. • All drill assays were required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Significant drilling intersections are noted in this report and are verified by qualified personnel from geological logging. • No twinned holes are being drilled as part of this program. • Geological and field data is collected using customised logging software on tablet computers. The data is validated by company geologists before the data is sent to Expedito data management

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Criteria	JORC Code explanation	Commentary
		consultants. The validated data is stored in Expedito's standardised SQL Server Database Schema. The data is exported by Expedito and sent to CZL in both Micromine and Access.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • Underground drill holes were located by using accurately surveyed drives and stopes. Once drill holes were located, mine survey crew resurveyed the cuddy and the hole locations. A final collar survey will be finalised when the holes are completed. • Down-hole surveys were taken at a nominal 20m interval (or as required) and a final survey was taken at end of hole using a Reflex EZ-TRAC digital camera. • Grid system used is WGS84 Zone 13
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • Hole spacing is currently limited by the confinements of the underground drives. Azimuths of holes are planned so significant intersections have adequate spacing between them to allow sufficient geological and grade continuity as appropriate for inclusion in any Minerals Resource estimations. Where underground access drives allows, drill cuddies have been established at 120 to 140 metre intervals to allow for adequate drill spacing. • No sample compositing has been applied
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • Drill orientations was designed to intersect any geological or geophysical contacts as high an angle as possible to reflect true widths as possible. • Sampling has been designed to cross structures as near to perpendicular as possible, minimising any potential in creating a bias sampling orientation.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Samples were bagged in pre-numbered plastic bags into each bag a numbered tag was placed and then bulk bagged in batches not to exceed 25kg, into larger polyweave bags, which were then also numbered with the respective samples of each bag it contained. • The bags were tied off with cable ties and stored at the core facility until company personnel delivered the samples to the laboratories preparation facility in Chihuahua.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • Both in-house and laboratory QAQC data is monitored in a batch by batch basis. All protocols have been internally reviewed.

Section 2 Reporting of Exploration Results

(Criteria in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. 	<ul style="list-style-type: none"> • Sampling was conducted over three adjoining tenements, La Verdad (T-218242), El Olvido (T-225527) and Ripley (T-218272). • Consolidated Zinc Ltd currently owns 51%

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Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No relevant information is available.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Plomosas is located in a historic zinc-lead-silver mining district, with mineralisation hosted by a Palaeozoic sequence of shales, argillaceous limestones, reefal limestones, 'conglomeratic' limestones and sandstones. This approximately 1600 metres-thick carbonate-rich sequence forms part of the Ouachita "Geosyncline", which was inverted in a thrust deformation phase during the Upper Palaeozoic Appalachian Orogeny. Characteristics of the deposit lead to the classification as an IRT III type mineralisation (Intrusive Related type III deposit) but may have some distal style affinities. The control on mineralisation is both lithological and structural, with structural flexures of the manto being important for focussing mineralising fluids. Structural trends are strongly folded in a relatively regular pattern, oriented north/north-west to west/north-west striking, with the best potential being north/north-west striking with a south-east plunge. This is best defined by the boudinaging that is present in the mineralised horizons. The mineralogy is simple, consisting of iron- poor sphalerite, galena, silver, pyrite, chalcopyrite, barite, and calcite. The ore bodies are hosted by shale and marble on the footwall and hanging wall respectively. Intense marblisation is characteristic of the host to mineralisation.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Appropriate information has been included in the report.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. 	<ul style="list-style-type: none"> No data aggregate methods were applied to the results.

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Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> The assumptions used for any reporting of metal equivalent values should be clearly stated. 	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The geometry of mineralisation was estimated by a combination of underground mapping and structural information gathered from orientated drill core. This was used to determine the true width of mineralisation estimated from down-hole widths. These are clearly stated in the report.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Appropriate diagrams are attached in the report
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All sample results are reported
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> No other relevant data has been reported
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Appropriate information has been included in the report.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Geological and field data is collected using customised logging software on tablet computers. The data is validated by company geologists before the data is sent to Expedio data management consultants. The validated data is stored in Expedio's standardised SQL Server Database Schema. The data is exported by Expedio and sent to RPM in Access format prior to Mineral Resource estimation in Surpac. RPM performed initial data audits in Surpac. RPM checked collar coordinates, hole depths, hole dips, assay data overlaps and duplicate records. Minor errors were found, documented and amended.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by 	<ul style="list-style-type: none"> A site visit was conducted by Shaun Searle of

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Criteria	JORC Code explanation	Commentary
	<p><i>the Competent Person and the outcome of those visits.</i></p> <ul style="list-style-type: none"> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<p>RPM, a representative of the Competent Person for Mineral Resources, during November 2016. The site visit included inspection of the geology, drill core, underground development/stoping and the topographic conditions present at the site as well as infrastructure. During the site visit, Mr Searle had open discussions with CZL's personnel on technical aspects relating to the relevant issues and in particular the geological data.</p>
Geological interpretation	<ul style="list-style-type: none"> <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> <i>Nature of the data used and of any assumptions made.</i> <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> <i>The factors affecting continuity both of grade and geology.</i> 	<ul style="list-style-type: none"> The confidence in the geological interpretation is considered to be good and is based on visual confirmation in underground development/ stoping, outcrop and drilling. Geochemistry and geological logging has been used to assist identification of lithology and mineralisation. The deposit consists of northeast dipping units. Infill drilling has supported and refined the model and the current interpretation is considered robust. Outcrops of mineralisation and host rocks confirm the geometry of the mineralisation. Infill drilling has confirmed geological and grade continuity.
Dimensions	<ul style="list-style-type: none"> <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i> 	<ul style="list-style-type: none"> The Tres Amigos Mineral Resource area extends over a southeast-northwest strike length of 320m (from 3,216,570mN – 3,216,740mN), has a maximum width of 190m (476,080mE – 476,250mE) and includes the 200m vertical interval from 1,090mRL to 890mRL. The Level 7 Mineral Resource area extends over a south-southeast – north-northwest strike length of 400m (from 3,216,930mN – 3,217,300mN), has a maximum width of 110m (476,230mE – 476,340mE) and includes the 90m vertical interval from 950mRL to 860mRL.
Estimation and modelling techniques	<ul style="list-style-type: none"> <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> <i>The assumptions made regarding recovery of by-products.</i> <i>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</i> <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> <i>Any assumptions behind modelling of selective mining units.</i> <i>Any assumptions about correlation between variables.</i> <i>Description of how the geological interpretation was used to control the</i> 	<ul style="list-style-type: none"> Using parameters derived from modelled variograms, Ordinary Kriging (OK) was used to estimate average block grades in three passes using Surpac software. Linear grade estimation was deemed suitable for the Plomosas Mineral Resource due to the geological control on mineralisation. Maximum extrapolation of wireframes from drilling was 40m along strike and down-dip. This was equal to the drill hole spacing in these regions of the Project. Maximum extrapolation was generally half drill hole spacing. Reconciliation could not be conducted due to the absence of mining production records. It is assumed that Ag can be recovered with Zn and Pb. It is assumed that there are no deleterious elements when considering the proposed processing methodology for the Plomosas mineralisation. The parent block dimensions used were 10m NS by 5m EW by 2.5m vertical with sub-cells of 2.5m by 1.25m by 0.625m. The model was rotated to align with the strike of the mineralisation on a bearing of 330°. The parent block size dimension was selected on the results obtained from Kriging Neighbourhood Analysis that suggested this was the optimal block size for the dataset. An orientated 'ellipsoid' search was used to select data and adjusted to account for the variations in

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Criteria	JORC Code explanation	Commentary
	<p><i>resource estimates.</i></p> <ul style="list-style-type: none"> • <i>Discussion of basis for using or not using grade cutting or capping.</i> • <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i> 	<p>lode orientations, however all other parameters were taken from the variography derived from domain 1. Up to three passes were used for each domain. The first pass had a range of 20, with a minimum of 8 samples. For the second pass, the range was extended to 40m, with a minimum of 4 samples. For the final pass, the range was extended to 100m, with a minimum of 2 samples. A maximum of 20 samples was used for all three passes.</p> <ul style="list-style-type: none"> • No assumptions were made on selective mining units. • Zn and Pb, as well as Pb and Ag had strong positive correlations. Zn and Ag had a moderate positive correlation. • The deposit mineralisation was constrained by wireframe solids constructed using a nominal 2% combined Zn and Pb cut-off grade with a minimum down-hole length of 1m. The wireframes were applied as hard boundaries in the estimate. • Statistical analysis was carried out on data from 17 domains. After review of the project statistics, it was determined that high grade cuts for Ag within a single domain was necessary. The cut applied was 300g/t Ag resulted in a single composite being cut. • Validation of the model included detailed comparison of composite grades and block grades by strike panel and elevation. Validation plots showed good correlation between the composite grades and the block model grades.
Moisture	<ul style="list-style-type: none"> • <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> • Tonnages and grades were estimated on a dry in situ basis.
Cut-off parameters	<ul style="list-style-type: none"> • <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> • The Mineral Resource has been reported at a 3% Zn cut-off. The cut-off was selected based on an RPM cut-off calculator assuming an underground mining method, a US\$2,600/t Zn price, US\$2,300 Pb price, US\$17/oz Ag price, a 80% metallurgical recovery for Zn and Pb and high level costs derived from a high level technical report supplied by an independent mining consultant to CZL.
Mining factors or assumptions	<ul style="list-style-type: none"> • <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i> 	<ul style="list-style-type: none"> • RPM has assumed that the deposit could potentially be mined using underground mining techniques. No assumptions have been made for mining dilution or mining widths, however mineralisation contacts are generally sharp and mining dilution is likely to be minimal if handheld mining methods are used. It is assumed that mining dilution and ore loss will be incorporated into any Ore Reserve estimated from a future Mineral Resource with higher levels of confidence.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made</i> 	<ul style="list-style-type: none"> • Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project.

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Criteria	JORC Code explanation	Commentary
	<p><i>when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></p>	
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> No assumptions have been made regarding environmental factors. CZL will work to mitigate environmental impacts as a result of any future mining or mineral processing.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> Various bulk densities have been assigned in the block model based on lithology and mineralisation. These densities were determined after averaging the density measurements obtained from diamond core. Bulk density was measured using the water immersion technique. Moisture is accounted for in the measuring process. A total of 3,862 bulk density measurements were obtained from core drilled at the Project. A total of 164 measurements were taken from mineralisation intervals. It is assumed that the bulk density will have some variation within the mineralised material types due to the host rock lithology and sulphide minerals present. Therefore a regression equation for Zn and density was used to calculate density in the block model. In addition, cavities are common in the limestone/marble host rock at Level 7. As a result, RPM estimated that approximately 5% of the mineralised material is cavernous (obtained from core logging), therefore deducted this factor from the measured densities when assigning bulk densities in the block model for the Level 7 prospect.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> The Mineral Resource estimate is reported here in compliance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' by the Joint Ore Reserves Committee (JORC). The Mineral Resource was classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, and lode continuity. The Indicated Mineral Resource was defined within areas of close spaced diamond and RC drilling of less than 20m by 20m, and where the continuity and predictability of the lode positions was good. In addition, the 20m distance is equal to approximately two thirds of the observed major direction variogram range of 30m. The Inferred Mineral Resource was assigned to areas where drill hole spacing was greater than 20m by 20m and less than 40m by 40m, where small isolated pods of mineralisation occur outside the main

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Criteria	JORC Code explanation	Commentary
		<p>mineralised zones, and to geologically complex zones.</p> <ul style="list-style-type: none"> The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The definition of mineralised zones is based on high level geological understanding producing a robust model of mineralised domains. Validation of the block model shows good correlation of the input data to the estimated grades. The Mineral Resource estimate appropriately reflects the view of the Competent Person.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> The lode geometry and continuity has been adequately interpreted to reflect the applied level of Measured, Indicated and Inferred Mineral Resource. The data quality is good and the drill holes have detailed logs produced by qualified geologists. A recognised laboratory has been used for all analyses. The Mineral Resource statement relates to global estimates of tonnes and grade. Reconciliation could not be conducted as no detailed historical mining production records were available.