



**CONSOLIDATED ZINC LTD**



## **REVIVING A HIGH GRADE ZINC MINE**

**Stage 1 Scoping Study Underway**

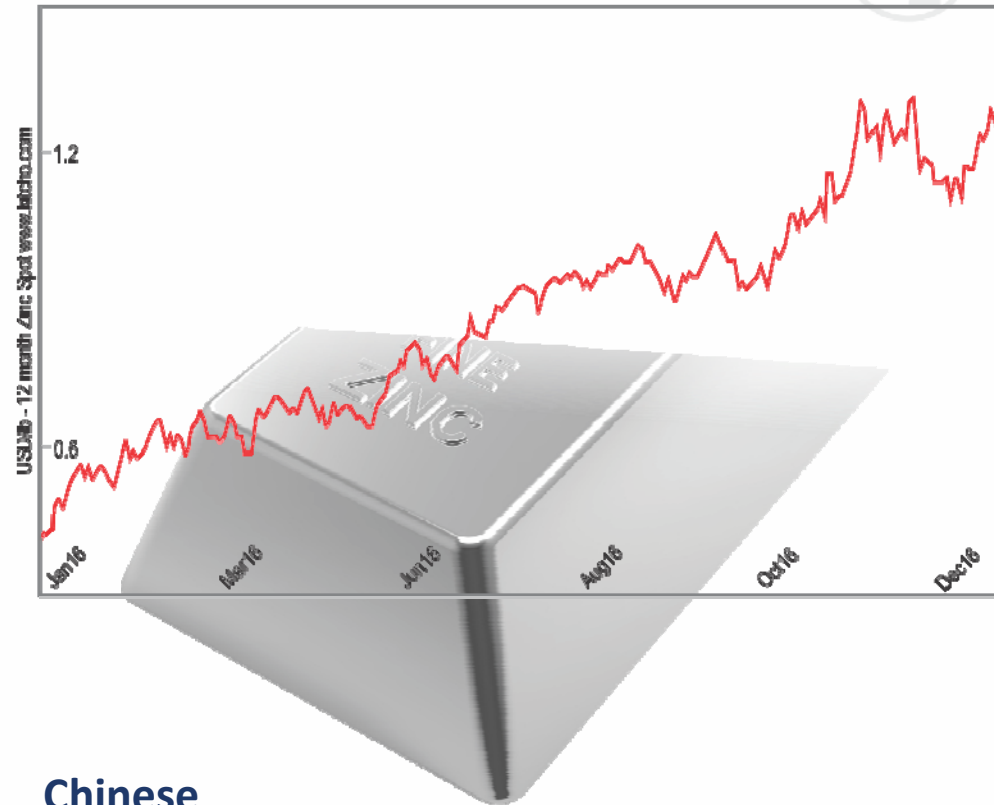


# ZINC IS IN SHORT SUPPLY



**BEST PERFORMER  
LONDON  
METALS EXCHANGE  
(LME) 2016**

**Goldman Sachs  
predicting  
worldwide shortage  
of zinc to increase to  
360,000t in 2017**



**Chinese  
infrastructure  
projects driving  
demand**

**LME warehouse  
stocks are low**



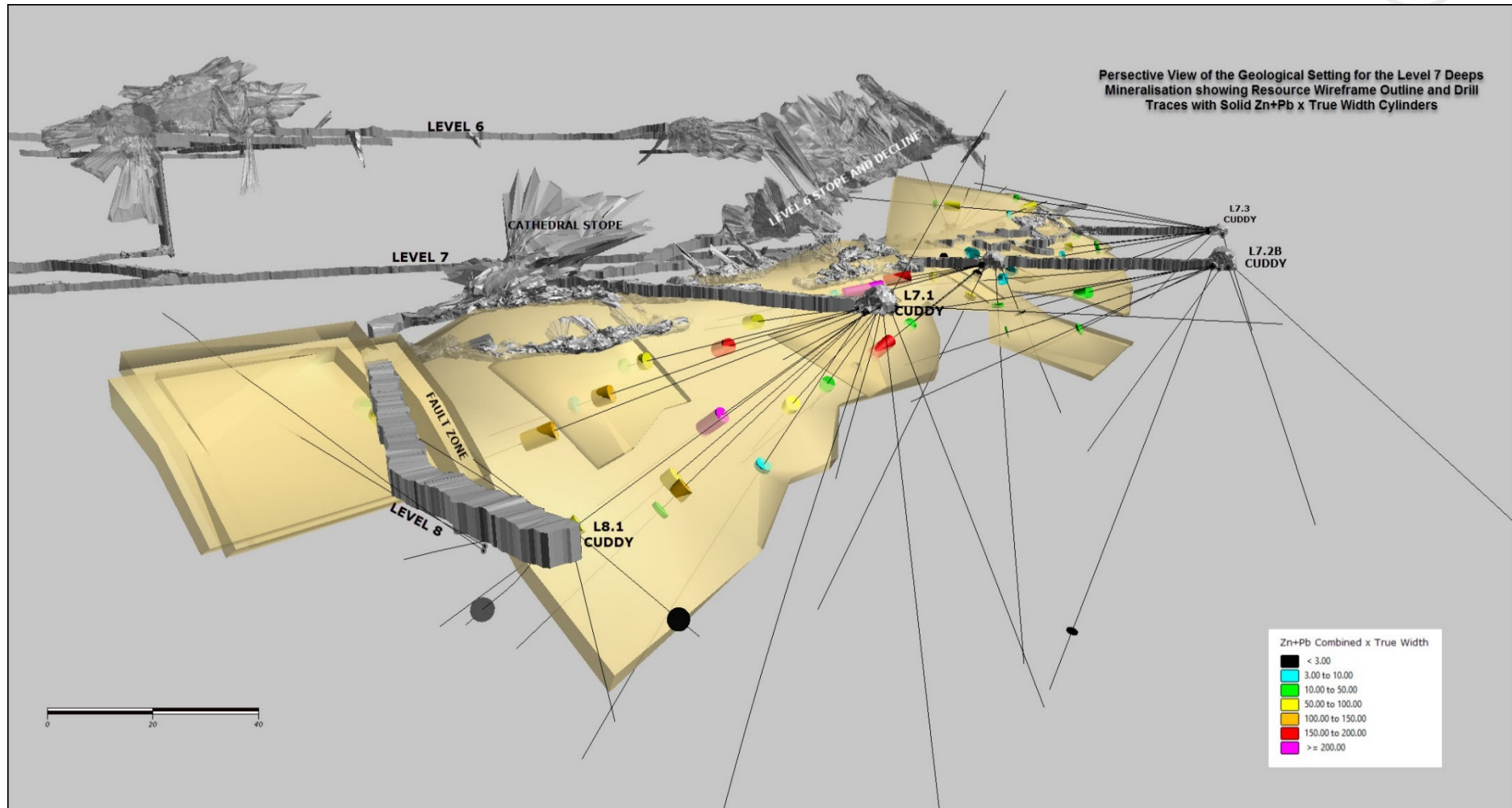
# STAGE 1 SCOPING STUDY UNDERWAY



- Focussing on fast tracking production of high grade semi-oxidised ore from Level 7
- Ore is already accessible from existing development – minimal underground work required
- Preliminary metallurgical test-work encouraging
- Potential to be producing in Q4 2017 to take advantage of buoyant Zn market
- **RungePincockMinarco** managing the overall study
- **BatteryLimits** managing the processing and metallurgy aspects of the study
- Results anticipated Q2 2017



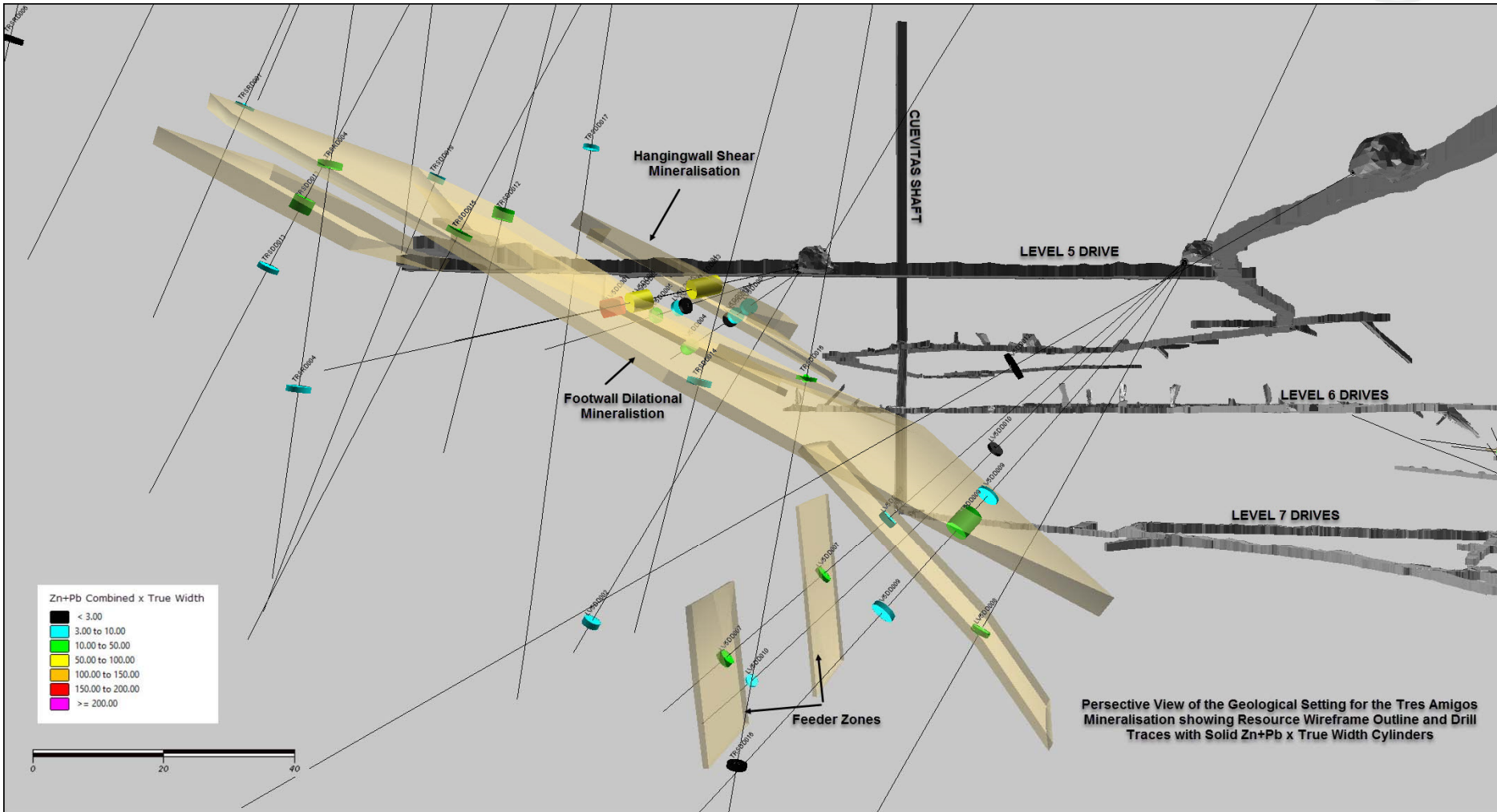
# MAIDEN JORC RESOURCE – Level 7



- Stage 1 resource 568Kt @ 16.7% Zn+Pb from Level 7 and Tres Amigos – open down plunge and down dip
- Includes 99Kt @ 28.3% Zn+Pb in indicated category from Level 7



# MAIDEN JORC RESOURCE – Tres Amigos



- Tres Amigos resource – new discovery in 2015 by CZL – hosted in Juarez limestone below main lode
- Multiple zone inferred resource open along strike and down dip – further drilling underway

# STAGE 1 PLANT ON SITE



Small scale plant on site built by Trafigura in 2006 and last operated in 2011 – has processed less than 100kT of ore

- **Aim to refurbish and expand to moderate throughput (circa 100K TPA)**
- Opportunity for early production from Level 7 indicated and inferred resource areas – immediate access to ore
- Can produce separate Zinc and Lead or bulk concentrate
- Potential to fund exploration from near-term cash flow
- Preliminary discussions underway with potential project and offtake partners



# LOCATION



## Plomosas Location

- 2 hour flight from Dallas/Houston
- 110km from Chihuahua City (95km on state highway)
- 7km from established grid power

## Chihuahua Province

- World class mining province
- Experienced work force
- Safe working environment
- The country's largest zinc producing state

## Mexico

- Favourable regulatory environment allows 100% ownership for foreign companies
- Ranked #5 in world for mining investment (2016)
- Ranked #6 for zinc production (2015)

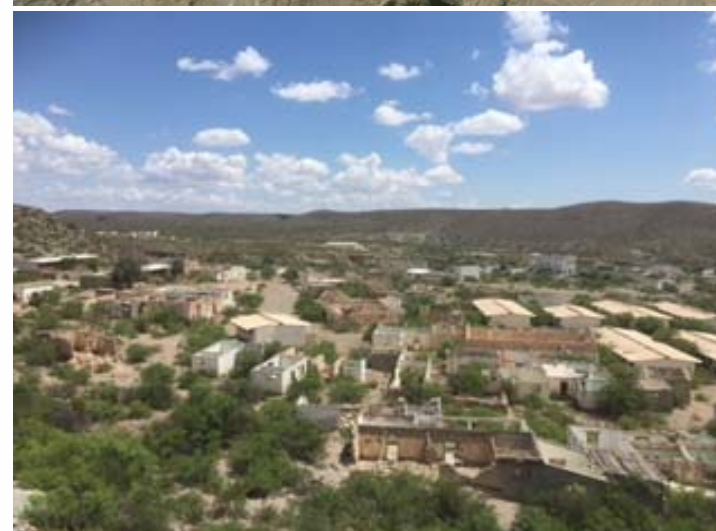
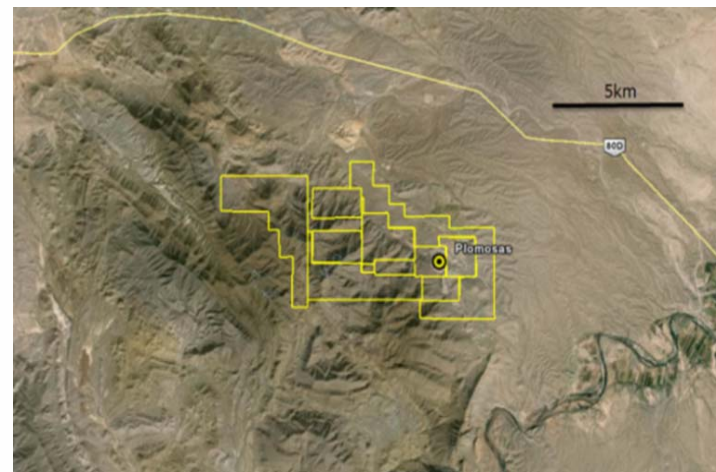




# HISTORY 1945-1974



- Grupo Mexico operated until 1974, Mined 2.5Mt ore to 260m vertical depth at 24% Zn+Pb and 80g/t Ag
- Martinez family acquired in 1978 (held 100% to 2015)
- Granted Mining Leases (to 2042)
- Intermittent remnant mining since 1978 focused only on mineralisation above level 5 (131mbs)
- Now dewatered for first time since 1980
- 3 shafts and multiple declines established and capable of extracting up to 1,000tpd (SRK report)
- **Historical concentrate information indicates very clean product and good recovery**
  - No deleterious elements (cadmium, mercury, arsenic etc.)
  - Highly sought after as a blending concentrate



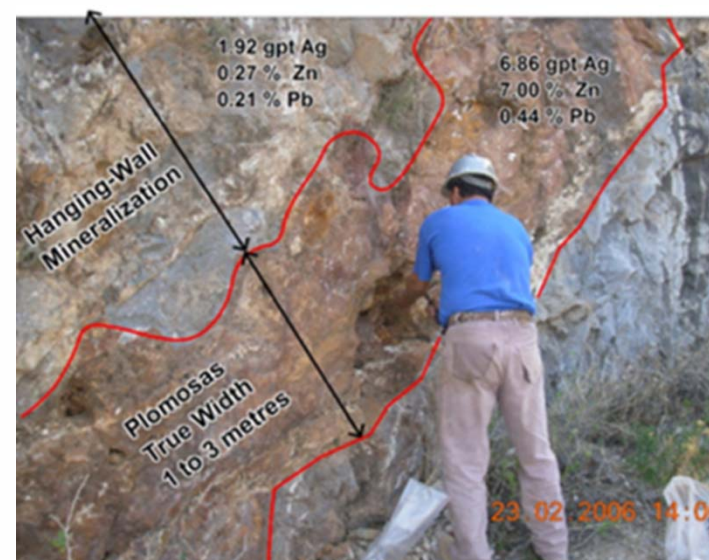
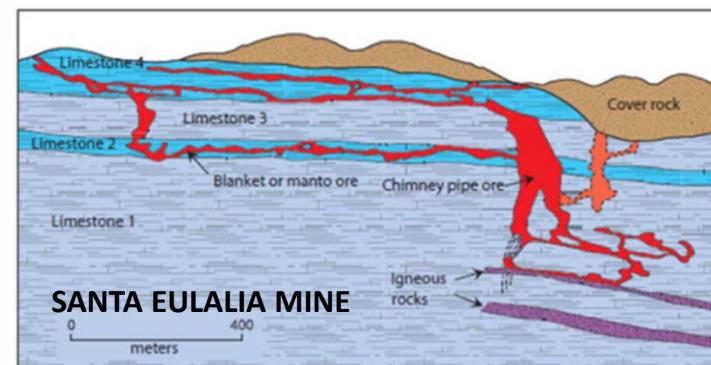
# SIMPLE GEOLOGY



- Shale-limestone units deposited at the margins of the major Chihuahua sedimentary basin
- Deposits formed by mineralised fluids migrating through district scale structures and replacing carbonate units in the shale-limestone sequence, affinities to MVT-style
- Mineralisation is confined to identifiable stratigraphic horizons as:
  1. *Low angle, stratiform sheets of mineralisation at several limestone-rich horizons in the sequence (**mantos**), or*
  2. *High angle, crosscutting mineralised bodies in linking structures (**chimneys**)*
  3. *Replacive-style endo-skarns related to shearing within carbonate hosts*

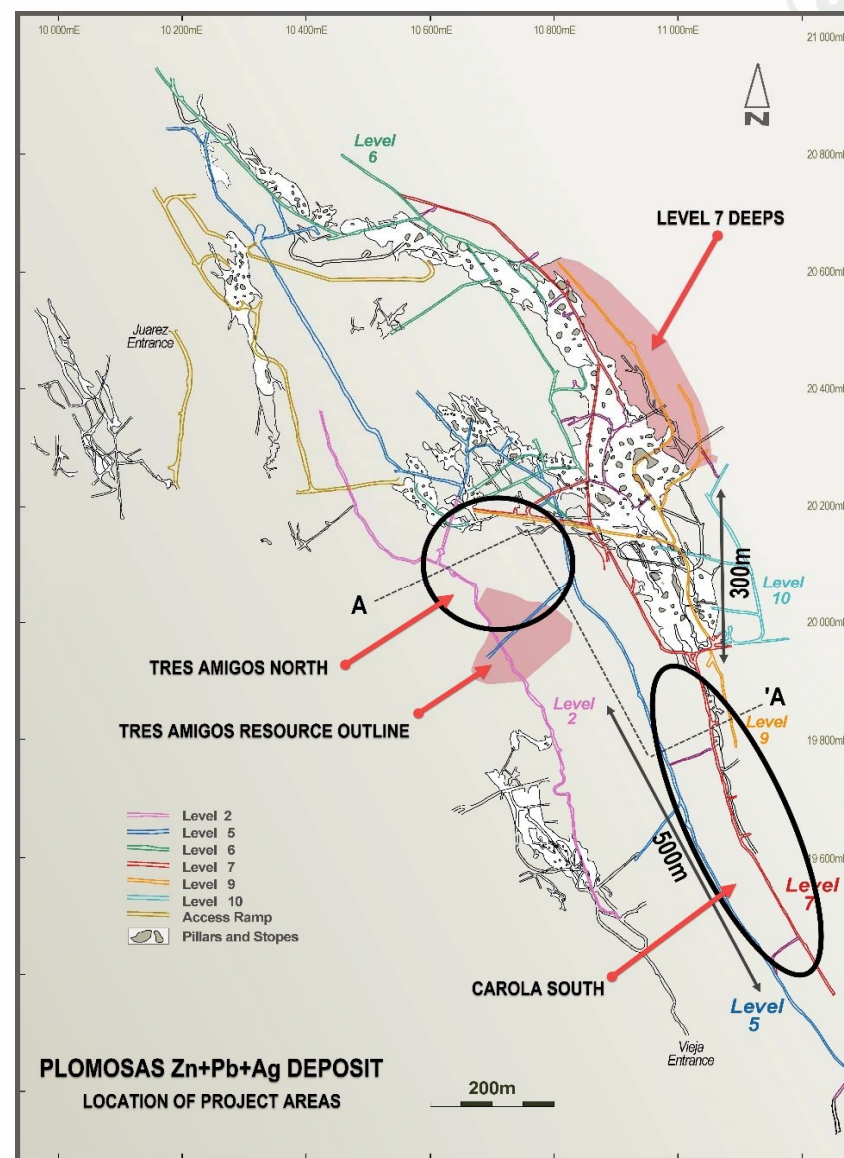
**Massive orebodies are found in groups with individual dimensions comprising:**

- Strike lengths from tens to several hundred metres, and
- Thicknesses from 0.5m to 15m (average ~3 - 4m)



# EXPLORATION AREAS

- Underground sampling areas showing the widespread nature of the high grade mineralisation
- Importantly no exploration drilling had been carried out below Level 7 and sub-levels
- Multiple target areas but focus Tres Amigos, Level 7 Deeps and Carola South
- Additional targets around the Juarez and Vieja mine areas – possible link up with Tres Amigos
- **New areas identified internal to the mine development with unmined ore – Tres Amigos North**
- Extensions to the south-east – Carola South

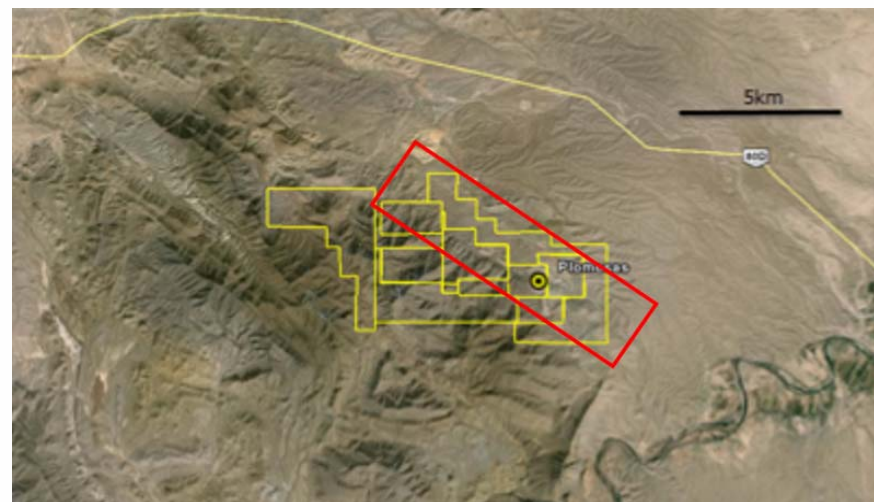




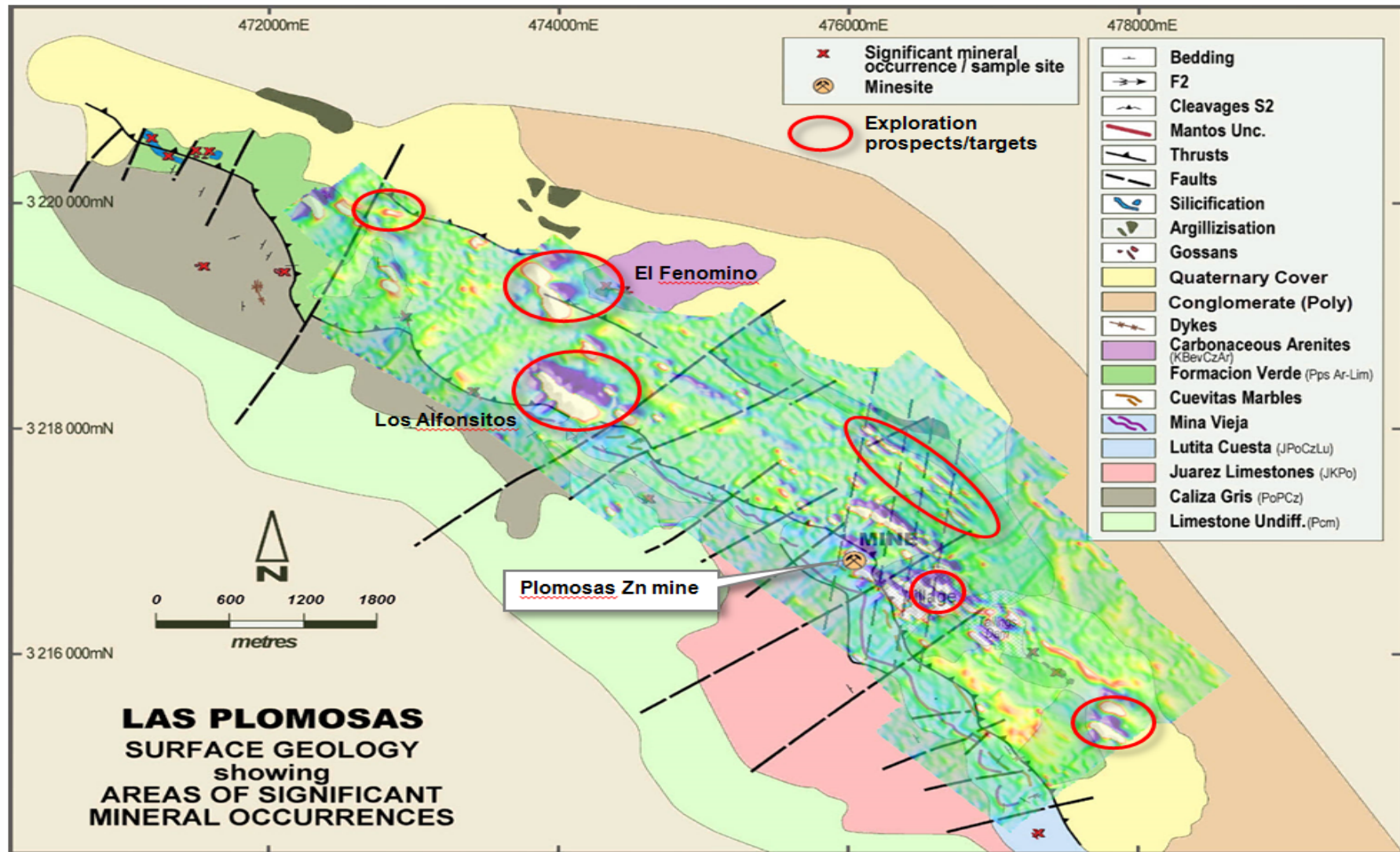
# REGIONAL EXPLORATION



- Regional Magnetics and Gravity Surveys recently completed
- Coverage focussed over the immediate mine corridor and parallel manto units
- Geological mapping and prospecting to provide context to geophysics
- Walk up drill targets immediately south-east and also north-west along strike from Plomosas in the mine stratigraphy
- Multiple zones of anomalism well away from the mine area including the El Fenomino area where +5% Zn and Pb has been identified in gossanous samples
- Additional tenure being investigated through Mexican Mining Authority



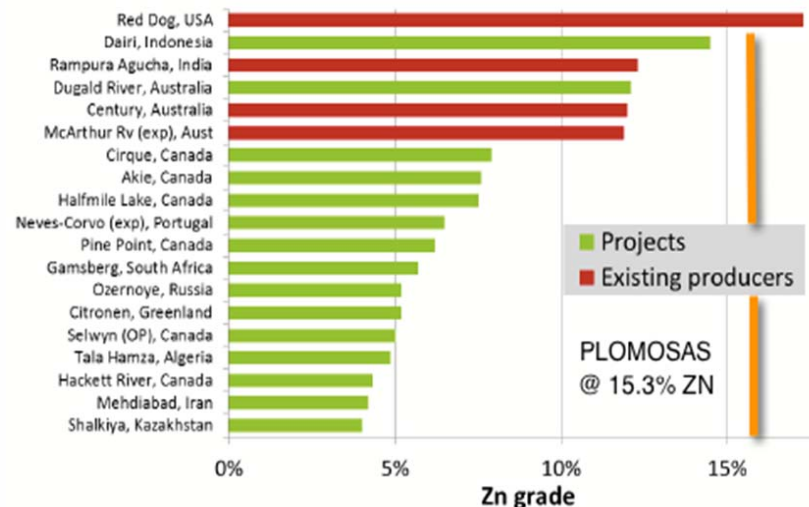
# REGIONAL TARGETS



# HOW DOES PLOMOSAS COMPARE?



- Combined Zinc and Lead grades higher than most deposits and competes with world class producers
- Short lead time to future production due to existing underground and surface infrastructure
- CRD deposits generally extensive and semi continuous – similar to MVT deposits
- The Plomosas style and size of Zn-Pb-Ag deposit has been highly profitable around the world including
  - Chihuahua region (e.g. Naica, Santa Eulalia)
  - Lennard Shelf, WA



Lennard Shelf Resources (December 2000)

Deposit	Tonnes	Zn %	Pb %	Zn+Pb%	Ag
Cadjebut	5,215.000	11.2	3.2	14.4	<10g/t
Cadjebut Splay Fault	390,000	1.4	14.4	15.8	<10g/t
Goongewa	2,571.000	8.5	2.8	11.3	40g/t
Kapok/Kapok E	4.636.000	9.4	8.6	18.0	10-15g/t
Kapok West	1,220.000	4.3	9.0	13.3	10-15g/t
Kutarta	2,340.000	7.2	0.5	7.7	40g/t
<b>CADJEBUT TREND</b>	<b>16,372,000</b>	<b>8.9</b>	<b>5.0</b>	<b>13.9</b>	
Pillara	18,786,000	7.8	2.6	10.4	15-20g/t
Napier Range	590,000	8.5	8.0	16.5	75g/t
Fossil Downs	1,460.000	10.1	1.6	11.7	30g/t
<b>TOTAL</b>	<b>37,208,000</b>	<b>8.4</b>	<b>3.7</b>	<b>12.1</b>	



# WHY CZL?



- Well established **high grade zinc mine** in low risk country with strong mining culture
- High grade thick mineralization below the current mine development – ongoing aggressive resource definition drilling
- Numerous in-mine exploration targets including new discovery in the footwall (Tres Amigos)
- Exploration potential and walk up drill targets along 7Km of untested strike and in parallel manto units
- Short timeline to production pending positive economic indicators from current studies
- **Zinc is in demand with forecast growth**



# THE COMPANY



## Capital Structure (ASX:CZL)

Shares on issue (approx)	461,261,388
Total unlisted options on issue	178,062,502
Available Funds (Dec. 31)	\$1.8 million
Share Price	\$0.027
<b>Approx Market Cap (undil)</b>	<b>\$12.0 million</b>
<b>EV</b>	<b>\$9.2 million</b>

## Major Shareholders

Copulos Group	19.6%
Farjoy Pty Ltd	10.6%
Retzos Group	8.8%

## Board and Management

- **Stephen Copulos** – Non Executive Chairman
- **Will Dix** – Managing Director
- **Andrew Richards** – Executive Director
- **Luis Rogelio Martinez Valles** – Non Exec Director
- **Andrew Beigel** – Company Secretary
- **Steve Boda** – Exploration Manager





# IMPORTANT NOTICE



## DISCLAIMER

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This document does not constitute in any way an offer or invitation to subscribe for securities in Consolidated Zinc Limited pursuant to the Corporations Act.

## CAUTIONARY STATEMENT:

The potential quantity and quality of the exploration targets identified in this announcement are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserve Committee 2012 ("JORC Code 2012"). Furthermore, it is uncertain if further exploration at its exploration targets will result in the determination of a mineral resource.

The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the exploration target itself will be realised.

## COMPETENT PERSONS' STATEMENT:

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Andrew Richards BSc (Hons), Dip Ed, MAusIMM, MAIG, MSEG, GAICD 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.





CONSOLIDATED ZINC LTD

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**[www.consolidatedzinc.com.au](http://www.consolidatedzinc.com.au)**



# Appendix – Additional Information

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# MAIDEN JORC RESOURCE



- Initial high grade resource of **568,000T @ 16.9% (Zn+Pb)+28g/t Ag**
- Split 60% from Level 7 deeps and 40% from Tres Amigos
- Includes 99,000T @ 28.3% (Zn+Pb)+60g/t Ag Indicated category
- Independently estimated by RungePincockMinarco
- 3% global cut-off grade used in estimate
- Positive additional drilling south of Level 7 resource envelope
- Work program to aggressively drill for 4-5 months of 2017
- Upside down plunge at Level 7 and also repeat “swells” down-dip
- Tres Amigos – multiple surfaces open down dip and down plunge
- Possible connectors to Mina Vieja and Juarez mineralisation



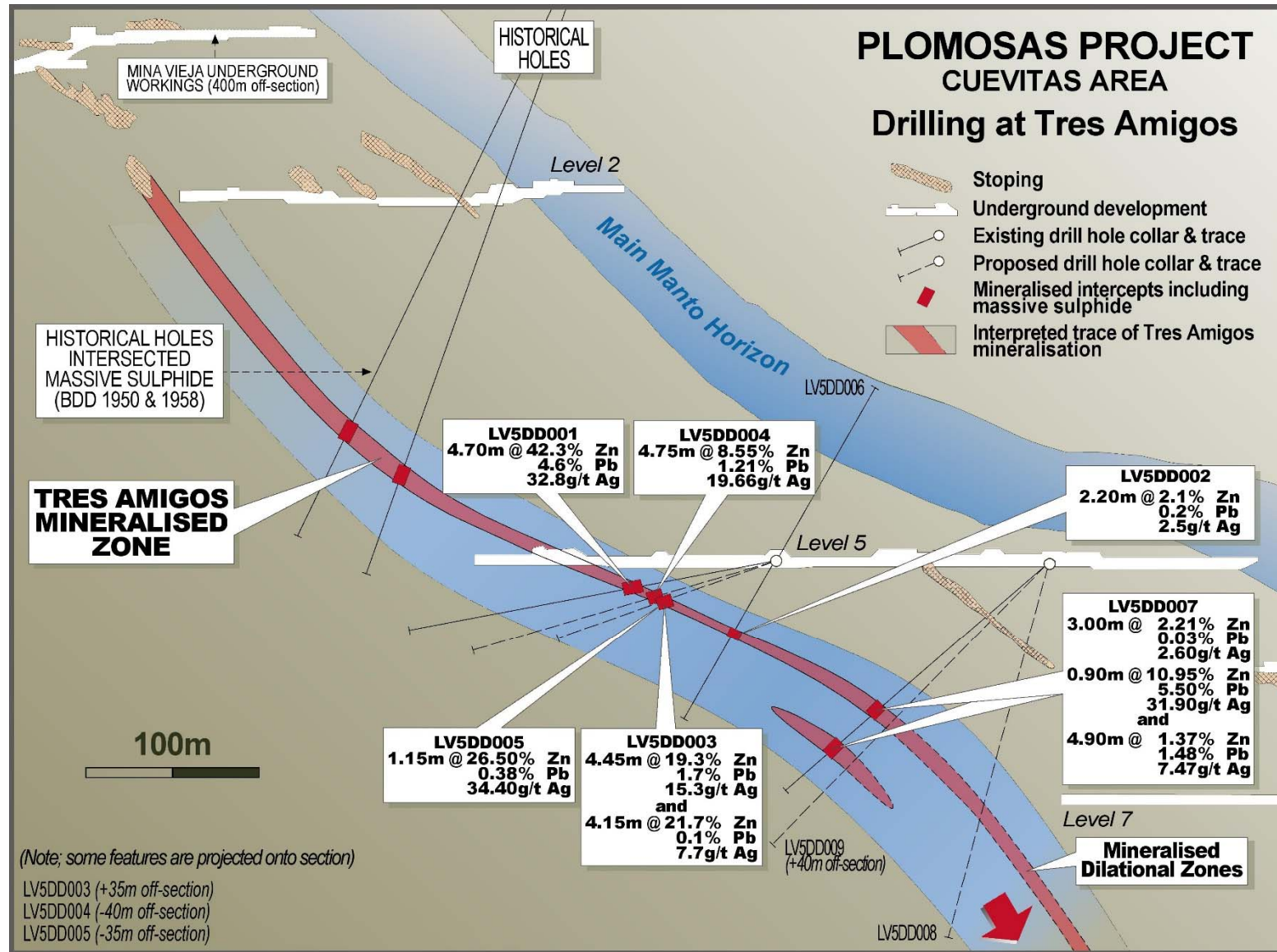


# MAIDEN JORC RESOURCE

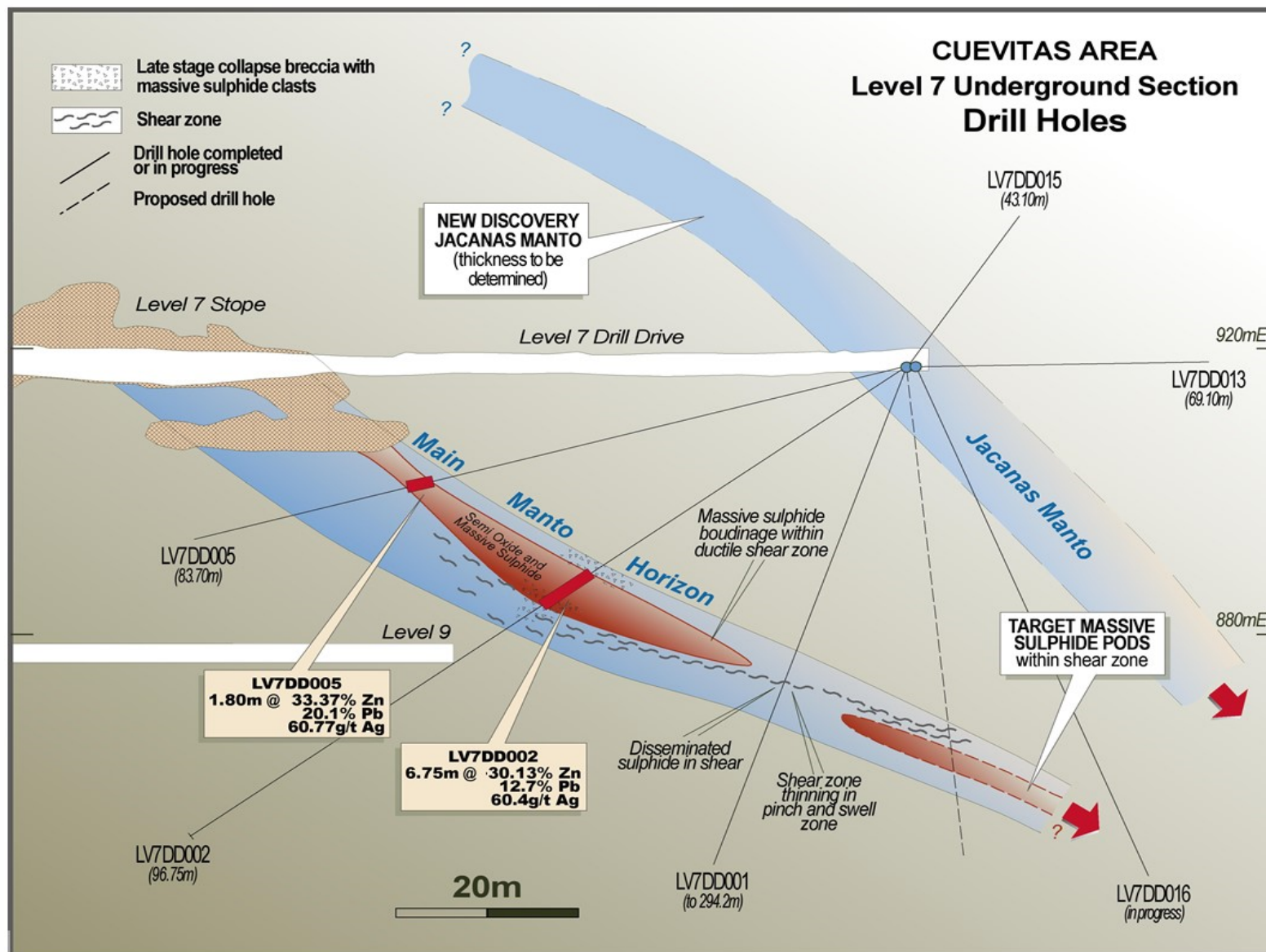


Table A: Plomosas Project Mineral Resource							
December 2016 Mineral Resource Estimate (3% Zn Cut-off)							
	Indicated Mineral Resource						
Prospect	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	Oz
Level 7	99,000	19.3	9.0	57.9	19,000	9,000	183,000
<b>Total</b>	<b>99,000</b>	<b>19.3</b>	<b>9.0</b>	<b>57.9</b>	<b>19,000</b>	<b>9,000</b>	<b>183,000</b>
	Inferred Mineral Resource						
Prospect	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	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
<b>Total</b>	<b>470,000</b>	<b>11.2</b>	<b>3.4</b>	<b>22.2</b>	<b>52,000</b>	<b>16,000</b>	<b>335,000</b>
	Total Mineral Resource						
Prospect	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	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
<b>Total</b>	<b>568,000</b>	<b>12.6</b>	<b>4.3</b>	<b>28.4</b>	<b>71,000</b>	<b>25,000</b>	<b>519,000</b>

# Additional Info

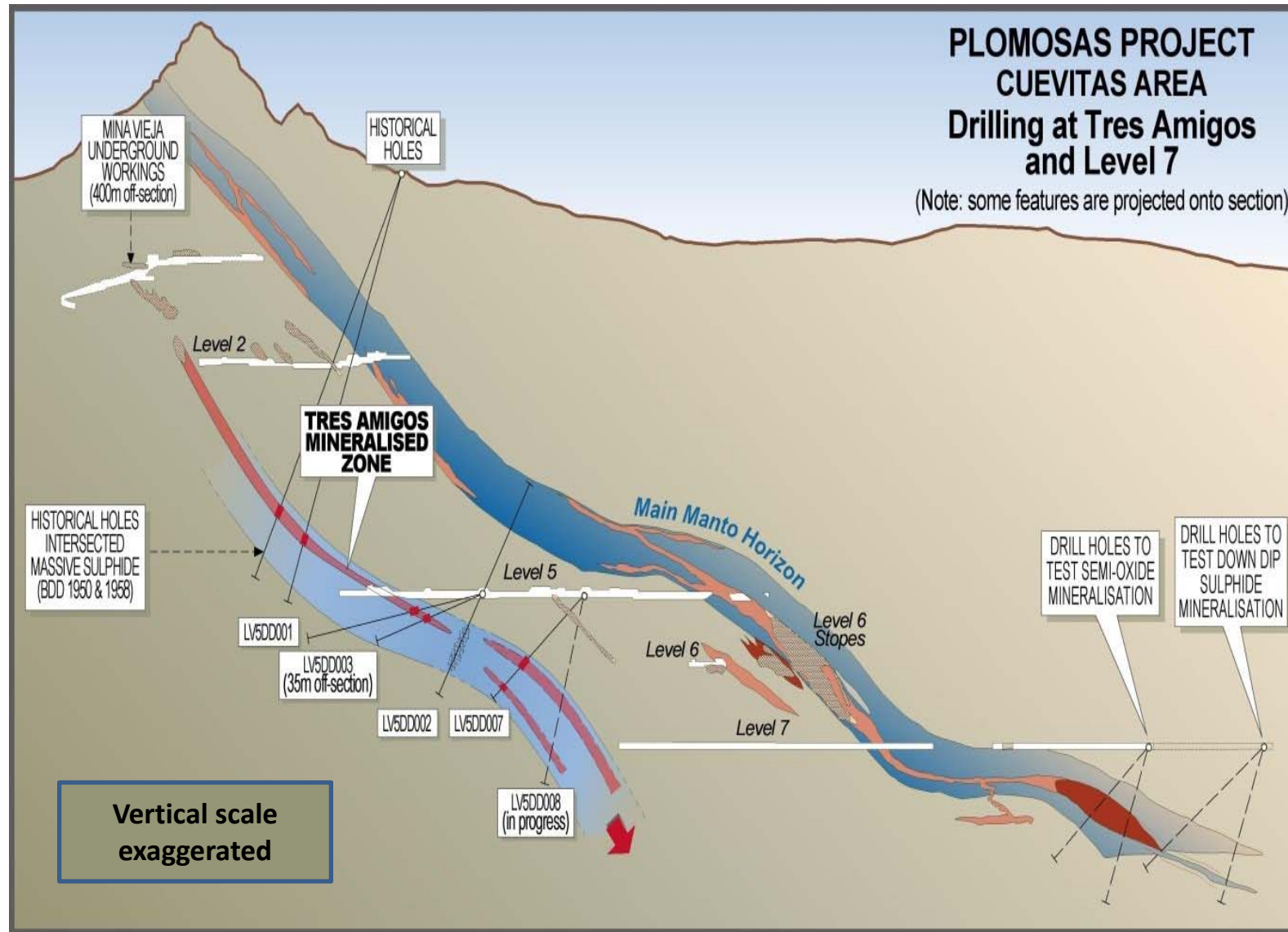


# Additional Info





# Additional Info – Overview Section



# Mining Features



<b>Mine infrastructure</b>	Excellent condition, some u/g rehab required and additions for short term production (shaft refurb, equipment upgrade).
<b>Production rate (e)</b>	Current infrastructure can handle up to 1,000 tpd from multiple headings.
<b>Mining method</b>	Room and pillar method or shrink stoping expected to maximise ore recovery.
<b>Operating costs</b>	Comparison & estimates suggest opex will be low (tbc by FS).
<b>Upside potential/Mine life</b>	Prospectivity for additional high grade resources have been re-affirmed - minimum 10 year mine life targeted.
<b>Immediate targets</b>	Ongoing exploration and resource definition programs in the Tres Amigos zone and at depth in sulphide and semi oxide zones.



# Processing features



<b>Processing plant</b>	Current plant is pilot scale – can be upgraded to 200tpd but a larger full scale operation requires a new concentrator.
<b>Plant upgrade</b>	Estimated low capex to upgrade current plant – US\$1.5M.
<b>Concentrate</b>	Historically very clean – Zn-Pb-Fe-Ag with very minor other elements. High recoveries and desirable blending properties.
<b>Process water</b>	Groundwater neutral and benign (pH 6.74).
<b>Permitting upgrade</b>	Full permitting expected to take around 6 months from submission.





# Directors and Management

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## CHAIRMAN

### **Mr Stephen Copulos**

Over 30 years' experience in business and investments and over 16 years experience as a company Director of both listed and unlisted entities. He is the major shareholder of Consolidated Zinc Limited and Chairman of Crusader Resources (ASX:CAS) and Black Rock Mining Ltd (ASX:BKT).

## MANAGING DIRECTOR

### **Mr Will Dix**

A geologist with over 23 years' international experience including as a Company Director in listed and unlisted companies. A proven track record of bringing projects from exploration to production and in funding junior resource companies.

## EXECUTIVE DIRECTOR

### **Mr Andrew Richards**

Over 30 years' experience as a geologist including senior management roles and project finance. 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

### **Mr Luis Rogelio Martinez Valles**

Mr Martinez is a mining entrepreneur with 40 years' experience in industrial minerals, base and precious metals. He holds an Industrial Engineer qualification from Chihuahuas Tech, with a Masters in Business Administration from Nuevo León University, and a Member of the Mining Association of Chihuahua.

## COMPANY SECRETARY

### **Mr Andrew Beigel**

Mr Beigel has more than fifteen years' corporate experience across a range of industries and has held executive positions with other ASX listed companies in the resources sector. He holds a Bachelor of Commerce from Murdoch University and is a member of CPA Australia.

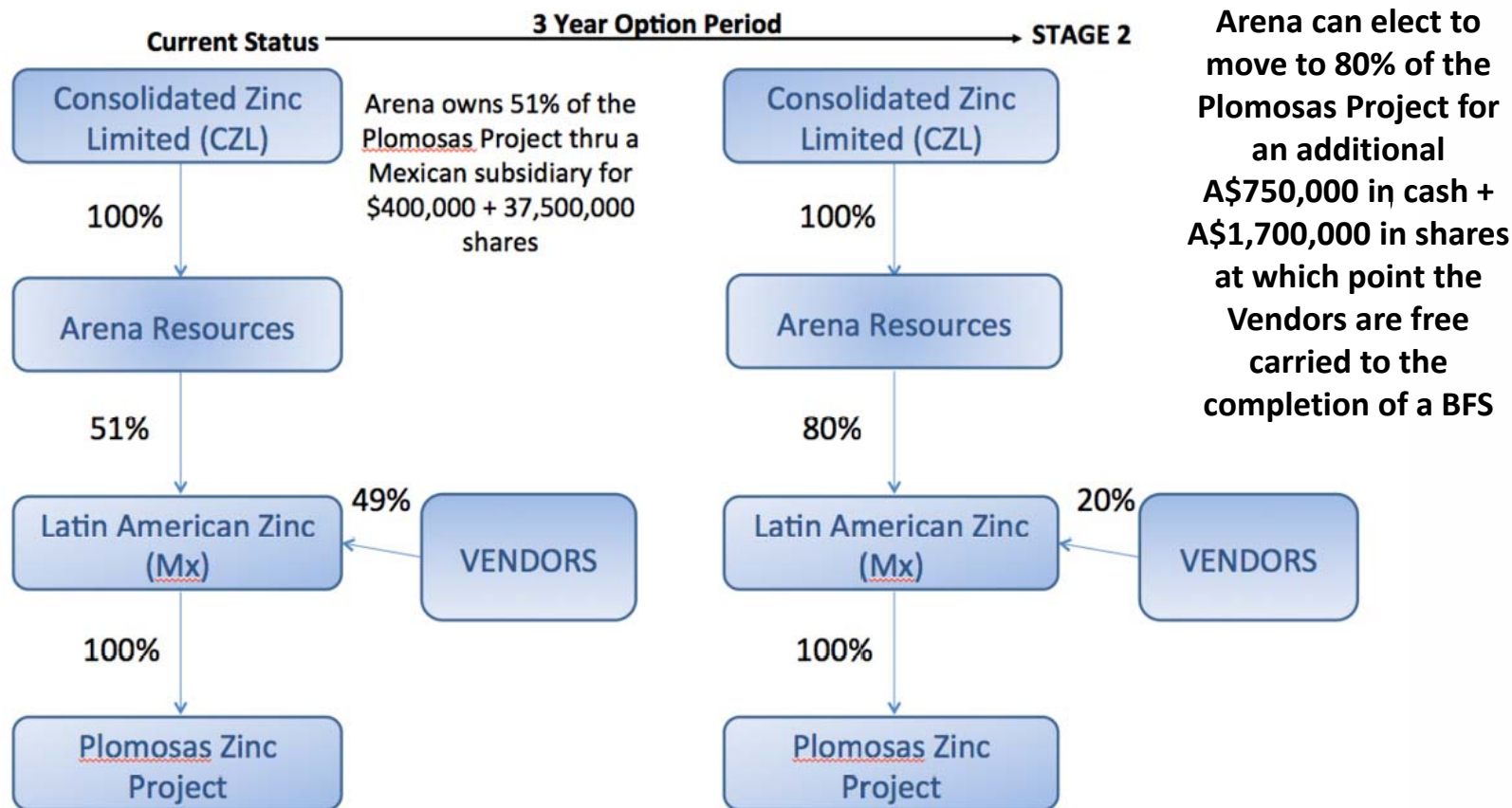
## EXPLORATION MANAGER

### **Mr Steve Boda**

Mr Boda has 25 years' experience in exploration and occupied senior management roles with mining and exploration in Australia, China, SE Asia and Zambia. He has a track record in using structural geology to target economic mineralisation across a variety of commodities and estimation of JORC resources.



# Acquisition Terms



Upon completion of a BFS, the vendors contribute or dilute or

- 1) MX 10% can be purchased by CZL for 10% of valuation of asset (at CZL election)
- 2) Arena 10% is a put/call for 10% of the EV of CZL (MC - \$\$ in bank)

