9 November 2017

# New Regional Exploration Results Drive Accelerated Drilling Program

- **Ongoing regional exploration reveals more high-grade zinc mineralisation at the underexplored Alfonsitos prospect**
- **Mineralisation style and Geology similar to the mine sequence at Plomosas**
- **Regional exploration continues with drilling imminent**

Consolidated Zinc Limited (ASX:CZL) has discovered further high-grade zinc mineralisation 2.5km along strike from the Plomosas underground mine at its project in northern Mexico.

First pass rock chip sampling at the Alfonsitos prospect returned exciting results with grades up to 18.53% and 24.34% Zn+Pb from workings and 15.05% Zn+Pb from outcrop.

Alfonsitos is the first of several prospects identified by reconnaissance exploration and geophysical surveys previously reported to the ASX in November 2016.

"The ongoing regional exploration in proximity to the existing underground mine continues to reveal promising results," Managing Director Will Dix said.

"The Alfonsitos area, located north west of the current Plomosas mine, has the same geological setting to the mine itself and displays a similar style of mineralisation at surface. This provides further encouragement that there is potential for significant new discoveries and additional resource tonnes at Alfonsitos and within the existing tenement portfolio.

"Our immediate intention is to move straight to exploration drilling at Alfonsitos to determine the extent of the surface mineralisation at depth and continue assessment of other prospects identified within the region."

This is the first modern exploration undertaken at Alfonsitos, although artisanal shallow workings have been located, which date from pre-1940s.

ASARCO also carried out a limited exploration program in the area in 1976, but despite positive results, no follow up work or drilling was undertaken.

CZL undertook a sampling program at Alfonsitos in October that returned anomalous samples which are highlighted in Table 1.

Alfonsitos and several other specific targets have been outlined which will be drilled from surface as soon as permits are approved by the Mines Department.

Additional surface exploration planned for other prospects identified in the region is continuing.

| Table 1. Alfonsitos Regional Mapping, October 2017 - Significant values (>2% Zn+Pb) (Full table is attached at the end of this report) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Sample No** | **Rock Type** | **Gossan Type** | **Sample Type** | **Width (m)** | **Zn+Pb Comb (%)** | **Zn (%)** | **Pb (%)** | **Ag (g/t)** | **Fe(%)** |
| 38508 | Mine dump Gossan | Dispersion | Grab | - | 24.34 | 23.50 | 0.84 | 2.6 | 12.95 |
| 38516 | Mine dump Gossan | Main | Grab | - | 18.53 | 13.65 | 4.88 | 37.3 | 14.35 |
| 38539 | Gossan | Main | Channel | 1 | 15.05 | 14.35 | 0.70 | 1.4 | 4.23 |
| 38531 | Gossan | Dispersion | Chip | 0.5 | 13.67 | 13.55 | 0.12 | 0.25 | 12.65 |
| 38520 | Gossan | Main | Channel | 0.65 | 11.73 | 11.20 | 0.53 | 4.1 | 26.6 |
| 38505 | Gossan Bx Texture | Dispersion | Chip | 1.5 | 11.72 | 11.55 | 0.17 | 4.5 | 10.3 |
| 38501 | Gossan | Dispersion | Chip | 1.5 | 7.01 | 6.47 | 0.54 | 3.3 | 12.6 |
| 38528 | Gossan | Main | Channel | 1 | 6.78 | 5.86 | 0.92 | 4.4 | 13.9 |
| 38522 | Gossan | Main | Channel | 0.9 | 5.42 | 0.32 | 5.10 | 135 | 18.5 |
| 38541 | Gossan | Main | Channel | 0.8 | 5.28 | 2.76 | 2.52 | 3 | 25.2 |
| 38529 | Gossan | Dispersion | Channel | 1 | 4.96 | 3.71 | 1.25 | 10.5 | 11.1 |
| 38503 | Mine dump Gossan | Main | Grab | - | 4.47 | 3.74 | 0.73 | 14 | 27.5 |
| 38540 | Gossan | Main | Channel | 0.7 | 4.31 | 3.16 | 1.15 | 8.4 | 9.97 |
| 38514 | Gossan Bx Texture | Dispersion | Channel | 1 | 2.48 | 1.77 | 0.72 | 2.1 | 29.9 |
| 425902 | Gossan | N/A | Grab | - | 2.47 | 0.57 | 1.90 | 22.7 | 26.2 |
| 38507 | Gossan Bx Texture | Dispersion | Chip | 1.5 | 2.07 | 1.69 | 0.38 | 2.5 | 45 |

**Alfonsitos Prospect**

***Location and Setting***

Alfonsitos is located approximately 2km directly west of the Plomosas plant site at 474003mE; 3216853mN, within the Plomosas Mountain area. This area is interpreted to be part of the Plomosas Uplift, which resulted in thrust belts and associated strong folding that may repeat sequences and hence mineralisation as well.

It exhibits significant carbonate limestone units of the Juarez Limestone which are preferentially mineralised and which host parts of the extensive high grade mineralisation mined at Plomosas over more than 70 years.

***CZL Exploration***

Recent exploration by CZL follows up the regional mapping program completed in November 2016 which identified Alfonsitos as being prospective and possibly hosting similar style mineralisation as the Juarez Limestone at the Plomosas mine. Several anomalous samples were obtained as reported to the ASX on November 3 2016 and geophysical surveys confirmed the area as a target.

The current sampling was completed by either biased grab sampling or channel sampling of weathered and gossanous material across mineralised intervals and details of those returning significant assay results >2% Zn+Pb combined are provided in Table 1. Figure 1 shows the location of these samples while Table 3 provides full details of the sampling program.

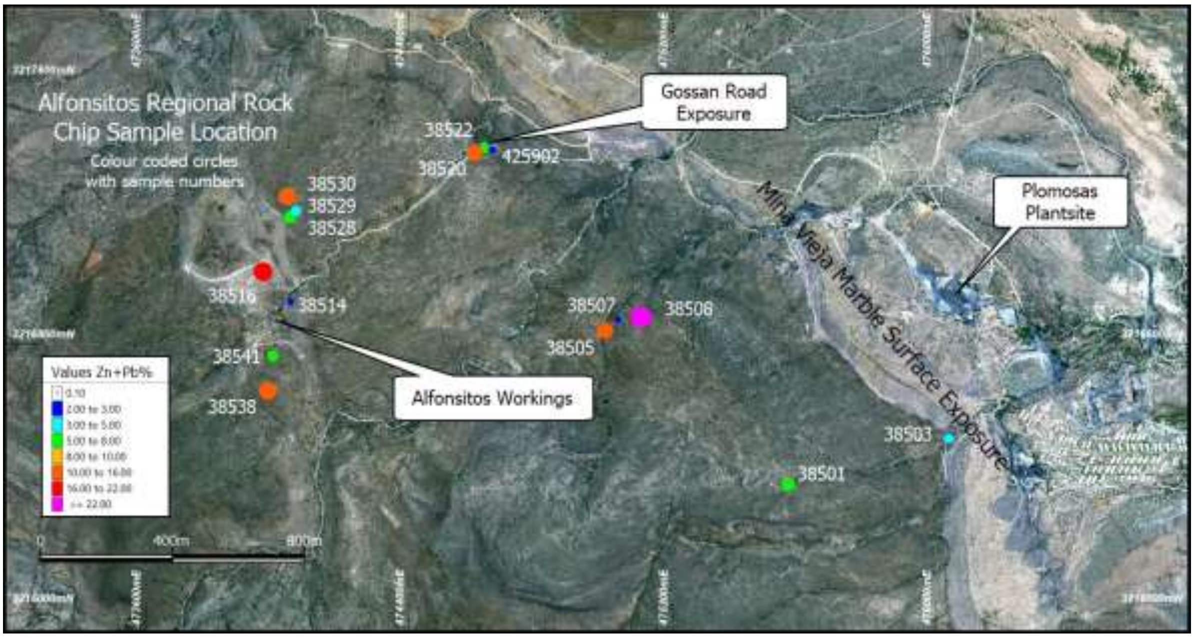


*Figure 1 – Sample locations at the Alfonsitos Prospect.*

***Geology Setting***

Gossanous units were described as comprising jasperiods and hematite-jarosite-limonites after sulphides. Minor manganese is also noted.

Two structural zones are noted in the area;

1) Northwest orientated structures that are parallel to the main thrust zones responsible for the mineralisation event at Plomosas
2) Northwest orientated structures that are late stage fractures, crosscutting northwest structures and may be responsible for allowing mineralisation leakage along their lengths.

***Continuation of Work***

Further work in the area will include;

- Continuation of mapping at the Alfonsitos Prospect,
- Continuation of the mapping and sampling over the regional areas and other prospects identified within it,
- Interpretation of the structures and relevance to mineralisation,
- Generation of drill targets.

*Figure 1. Photo looking northwest showing location of thrust zone at Alfonsitos. Alfonsitos workings are in the foreground*

*Figure 2. Mineralised fractures comprising dominantly sphalerite+galena in carbonate veining within the Alfonsitos workings*

*Figure 3. Adit opening into the main chamber of the Alfonsitos workings*


*Figure 4. Sample 38508 from old workings, returned grades of 24.34% Zn+Pb Combined*


*Figure 5. Sample 38520 located at the gossan road access returned grades of 11.73% Zn+Pb combined*


*Figure 6. Sample 38505 returned grades of 11.72% Zn+Pb combined*

**Table 2: Alfonsitos samples (October 2017) – Location and assay full details**

| Sample No | East WGS84 | North WGS84 | Elevation (mas) | Description | Rock Type | Gossan Type | Sample Type | Width_m | Zn+Pb Comb (%) | Zn (%) | Pb (%) | Ag (ppm) | Fe(%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 38501 | 475550.00 | 3216373.00 | 1347.00 | Gossan Moderate FeOx, hem>jar | Gossan | Dispersion | Chip | 1.5 | 7.01 | 6.470 | 0.541 | 3.3 | 12.6 |
| 38502 | 474574.00 | 3216380.00 | 1482.80 | Limestone massive texture not altered (background value) | Limestone | N/A | Chip | 1.5 | 0.02 | 0.012 | 0.006 | 0.25 | 0.31 |
| 38503 | 476039.00 | 3216511.00 | 1192.30 | Old Working-Dump sample of Gossan High FeOx contend | Mullock Gossan | Main | Grab | 0 | 4.47 | 3.740 | 0.728 | 14 | 27.5 |
| 38504 | 475197.00 | 3217198.00 | 1247.70 | Limestone massive with stck calcie veins | Limestone | N/A | Grab | 0 | 0.49 | 0.329 | 0.163 | 1.5 | 3.01 |
| 38505 | 474996.00 | 3216839.00 | 1348.80 | Gossan brecciated texture, Strong FeOx, Py traces | Gossan Bx Texture | Dispersion | Chip | 1.5 | 11.72 | 11.550 | 0.167 | 4.5 | 10.3 |
| 38507 | 475034.28 | 3216872.60 | 1353.55 | Gossan brecciated texture, Strong FeOx, Py traces,Structure 55-55° | Gossan Bx Texture | Dispersion | Chip | 1.5 | 2.07 | 1.690 | 0.383 | 2.5 | 45 |
| 38508 | 475103.78 | 3216880.10 | 1361.84 | Old Working-Dump sample of Gossan High FeOx with jasperoid intervals, Structure 75-75° | Mullock Gossan | Dispersion | Grab | 0 | 24.34 | 23.500 | 0.843 | 2.6 | 12.95 |
| 38509 | 474109.00 | 3217030.00 | 1379.10 | Limestone massive texture not altered (background value) | Limestone | N/A | Chip | 1.2 | 0.04 | 0.040 | 0.004 | 0.25 | 1.51 |
| 38510 | 474110.00 | 3217039.00 | 1382.50 | Gossan Moderate FeOx,brecciated texture, Structure 100-75° | Gossan Bx Texture | Main | Channel | 0.9 | 0.21 | 0.160 | 0.054 | 7.2 | 10.25 |
| 38511 | 474082.55 | 3217053.09 | 1396.64 | Gossan Moderate Fe-Mn Ox,brecciated texture,Py traces, Structure 80-60° | Gossan Bx Texture Py traces | Dispersion | Chip | 1 | 0.16 | 0.138 | 0.019 | 2.2 | 5.14 |
| 38512 | 474174.00 | 3217016.00 | 1384.50 | Gossan High FeOx with jasperoid intervals,Structure 35-70° | Gossan | Main | Chip | 1 | 0.06 | 0.009 | 0.052 | 2.8 | 1.87 |
| 38513 | 474121.73 | 3216948.63 | 1391.27 | Gossan High FeOx, brecciated texture with jasperoid intervals,Structure 115-70° | Gossan Bx Texture | Main | Chip | 1 | 0.26 | 0.150 | 0.109 | 3.5 | 10.15 |
| 38514 | 474040.12 | 3216926.22 | 1388.43 | Gossan High FeOx, brecciated texture with jasperoid intervals, Structure 45-72° | Gossan Bx Texture | Dispersion | Channel | 1 | 2.48 | 1.765 | 0.718 | 2.1 | 29.9 |
| 38515 | 473978.82 | 3217018.87 | 1395.39 | Old Working-Dump sample of Gossan High FeOx with jasperoid intervals, Structure 305-62° | Mullock Gossan | Main | Grab | 0 | 0.14 | 0.124 | 0.014 | 1.1 | 2.87 |
| 38516 | 473956.82 | 3217017.81 | 1398.71 | Old Working-Dump sample of Gossan High FeOx with jasperoid intervals | Mullock Gossan | Main | Grab | 0 | 18.53 | 13.650 | 4.880 | 37.3 | 14.35 |
| 38517 | 473767.89 | 3217008.93 | 1451.36 | Gossan High FeOx with moderate silicification, Structure 305-62° | Gossan | Main | Channel | 1 | 0.05 | 0.022 | 0.029 | 0.7 | 1.11 |
| 38518 | 473989.12 | 3216838.80 | 1397.51 | Old Working-Dump sample of Gossan High FeOx with pegmatitic pyrite crystals | Mullock Gossan | N/A | Grab | 0 | 1.82 | 0.849 | 0.972 | 38.5 | 27.3 |
| 38520 | 474598.21 | 3217377.23 | 1314.91 | Gossan High FeOx with jasperoid intervals, Structure 320-34° | Gossan | Main | Channel | 0.65 | 11.73 | 11.200 | 0.527 | 4.1 | 26.6 |
| 38521 | 474598.21 | 3217377.23 | 1314.91 | Gossan High FeOx with jasperoid interval, Structure 320-34° | Gossan | Main | Channel | 1 | 1.39 | 0.658 | 0.728 | 9.9 | 4.79 |
| 38522 | 474628.21 | 3217391.68 | 1305.10 | Gossan High FeOx with jasperoid intervals,Structure 105-80° | Gossan | Main | Channel | 0.9 | 5.42 | 0.318 | 5.100 | 135 | 18.5 |
| 38523 | 474672.00 | 3217389.81 | 1298.57 | Gossan High FeOx with jasperoid intervals, Structure 95-60° | Gossan | Main | Channel | 1 | 1.99 | 0.866 | 1.125 | 11.9 | 23.5 |
| 38524 | 474693.10 | 3217380.12 | 1292.91 | Gossan High FeOx with jasperoid intervals, CuOx traces, Structure 40-50° | Gossan | Dispersion | Channel | 0.6 | 1.78 | 0.992 | 0.784 | 3.3 | 15.65 |
| 38525 | 473986.92 | 3217074.36 | 1421.89 | Limestone terrigenous facie, not altered (background value) | Limestone | N/A | Channel | 1 | 0.74 | 0.472 | 0.263 | 2.2 | 5.65 |
| 38526 | 473985.92 | 3217074.36 | 1421.89 | Gossan High FeOx with jasperoid intervals with brecciated texture, Structure 340-55° | Gossan | Main | Channel | 1 | 0.84 | 0.704 | 0.138 | 8.9 | 17.4 |
| 38527 | 473984.92 | 3217074.36 | 1421.89 | Limestone terrigenous facie, not altered (background value) | Limestone | N/A | Channel | 1 | 0.04 | 0.019 | 0.018 | 0.9 | 0.76 |
| 38528 | 474037.68 | 3217181.71 | 1433.56 | Gossan Moderate FeOx, hem>jar, Structure 320-63° | Gossan | Main | Channel | 1 | 6.78 | 5.860 | 0.915 | 4.4 | 13.9 |
| 38529 | 474057.19 | 3217200.28 | 1435.50 | Gossan Moderate FeOx, hem>jar, CuOx weak, Structure 200-70° | Gossan | Dispersion | Channel | 1 | 4.96 | 3.710 | 1.245 | 10.5 | 11.1 |
| 38530 | 474030.33 | 3217244.77 | 1428.78 | Gossan Moderate FeOx, hem>jar, Structure 170-65° | Gossan | Dispersion | Chip | 1 | 0.55 | 0.506 | 0.049 | 0.7 | 6.99 |
| 38531 | 474030.33 | 3217244.77 | 1428.78 | Gossan Moderate FeOx, hem>jar, Structure 75-75° | Gossan | Dispersion | Chip | 0.5 | 13.67 | 13.550 | 0.116 | 0.25 | 12.65 |
| 38532 | 474379.50 | 3217190.69 | 1341.61 | Limestone-sandstone with moderate FeOx | Terrigenous Limestone | N/A | Channel | 1 | 0.06 | 0.049 | 0.011 | 1.6 | 3.16 |
| 38533 | 474583.49 | 3217367.95 | 1318.06 | Limestone-sandstone with moderate FeOx, Fault plane | Terrigenous Limestone | N/A | Channel | 1 | 0.03 | 0.020 | 0.008 | 1.3 | 2.93 |
| 38534 | 473594.17 | 3216588.54 | 1519.12 | Limestone terrigenous facie, not altered (background value) | Terrigenous Limestone | N/A | Chip | 0.5 | 0.09 | 0.090 | 0.003 | 0.25 | 2.2 |
| 38535 | 473579.18 | 3216584.80 | 1520.12 | Limestone terrigenous facie, moderate silicification with stock of calcedonic quartz | Terrigenous Limestone | N/A | Channel | 1 | 0.02 | 0.017 | 0.002 | 0.25 | 0.79 |
| 38536 | 473351.51 | 3216243.42 | 1486.40 | Limestone terrigenous facie, weak silicification | Terrigenous Limestone | N/A | Chip | 0.8 | 0.01 | 0.008 | 0.000 | 0.25 | 5.86 |
| 38537 | 473858.39 | 3216574.30 | 1459.03 | Gossan Moderate FeOx, hem>jar, Structure 255-55° | Gossan | Dispersion | Channel | 0.6 | 0.47 | 0.450 | 0.019 | 4.7 | 27.4 |
| 38538 | 473970.79 | 3216655.48 | 1438.19 | Gossan High FeOx with jasperoid intervals, Top of Alfonsitos area-Structure 255-55° | Gossan | Dispersion | Channel | 0.6 | 0.71 | 0.676 | 0.035 | 7 | 12 |
| 38539 | 473970.79 | 3216655.48 | 1438.19 | Gossan High FeOx with brecciated texture; Alfonsitos hanging wall Structure 305-43° | Gossan | Main | Channel | 1 | 15.05 | 14.350 | 0.701 | 1.4 | 4.23 |
| 38540 | 473984.01 | 3216764.15 | 1421.55 | Gossan High FeOx with jasperoid intervals; Alfonsitos faul plane Structure 305-40° | Gossan | Main | Channel | 0.7 | 4.31 | 3.160 | 1.150 | 8.4 | 9.97 |
| 38541 | 473987.01 | 3216761.15 | 1421.55 | Gossan High FeOx with jasperoid intervals; Alfonsitos foot wall Structure 305-40° | Gossan | Main | Channel | 0.8 | 5.28 | 2.760 | 2.520 | 3 | 25.2 |
| 425901 | 474604.00 | 3217380.00 | 1150.00 | Gossan High FeOx with brecciated texture (2016 Mapping) | Gossan | N/A | Grab | 0 | 1.34 | 0.636 | 0.702 | 29.4 | 12.05 |
| 425902 | 474640.00 | 3217392.00 | 1150.00 | Gossan High FeOx with brecciated texture (2016 Mapping) | Gossan | N/A | Grab | 0 | 2.47 | 0.570 | 1.900 | 22.7 | 26.2 |
| 425903 | 474672.00 | 3217389.00 | 1150.00 | Gossan High FeOx with brecciated texture (2016 Mapping) | Gossan | N/A | Grab | 0 | 1.54 | 0.634 | 0.906 | 8.4 | 16.65 |
| 425909 | 474372.00 | 3217497.00 | 1150.00 | Cuevitas Marble sheared texture not altered (background value). (2016 Mapping) | Cuevitas marble | N/A | Grab | 0 | 0.01 | 0.005 | 0.001 | 0.25 | 0.47 |

**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 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.

***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.*



*Figure 8. Location of Plomosas mine, Mexico*

*Figure 9. Plan view of the Plomosas mine showing location of the cross section in Figure 10 (trace A-A') and work areas referred to in the text including Level 7 access for drilling the Main Manto Horizon deeps.*

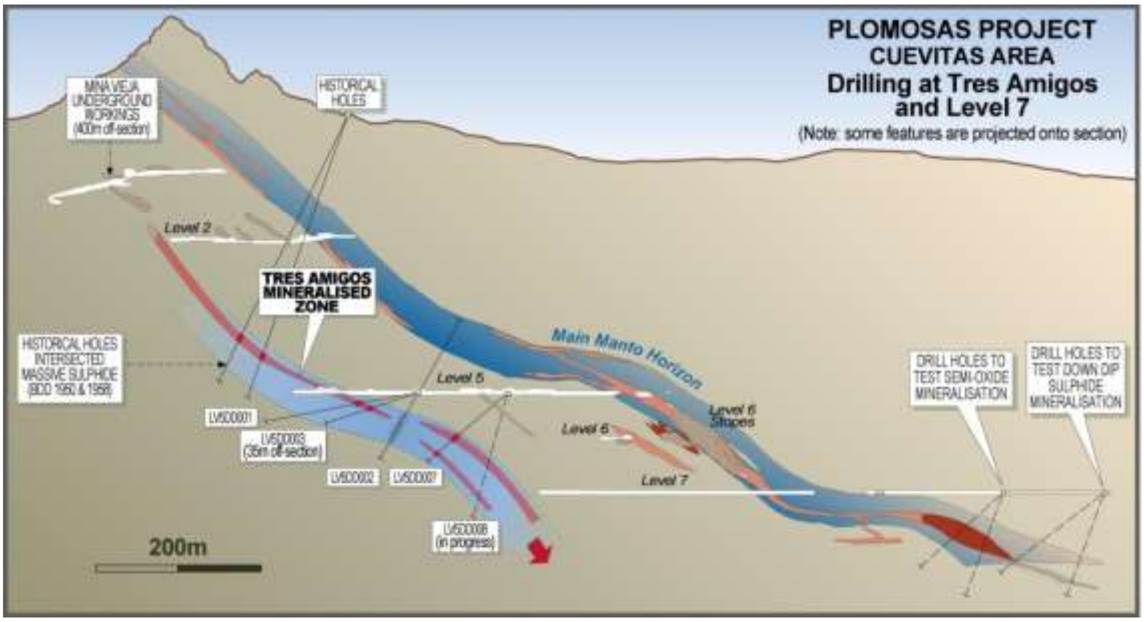


*Figure 10: Section view of the Plomosas mine through Cuevitas area (A-A') showing the Tres Amigos zone, historical drilling and the drilling planned for Main Manto Horizon below Level 7.*

# 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* | • *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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *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.* | • 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.<br>• Exploration sampling in the Regional Exploration program followed the protocols:<br>  • All sample types were recorded into the sample table, which described whether the samples were in situ, float or mullock.<br>  • Samples were then described and placed into pre-numbered sample bags and then transported back to the geology yard.<br>  • Samples were then grouped and placed into polyweave bags, which were then numbered and sent to ALS in Chihuahua for crushing and pulverising. |
| *Drilling techniques* | • *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).* | • No drilling was completed |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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.* | • No drilling was completed |
| *Logging* | • *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.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • Rock samples were described, and photos taken as appropriate<br>• No drill samples were taken |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • 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. |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *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.*<br>• *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.* | • All 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.<br>• Analytes include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of interest.<br>• No QAQC protocols were necessary |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Not applicable |
| *Location of data points* | • *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.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Location of the samples were taken by hand held GPS |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • Not Applicable |
| *Orientation of data in relation to* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is* | • Not Applicable |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *geological structure* | *known, considering the deposit type.*<br>• *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.* | |
| *Sample security* | • *The measures taken to ensure sample security.* | • 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.<br>• 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* | • *The results of any audits or reviews of sampling techniques and data.* | • No audits have been completed to date, but both in-house and laboratory QAQC data will be 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* | • *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.*<br>• *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.* | • Sampling was conducted over five adjoining tenements, La Verdad (T-218242), Don Lucas (T-227664), Ripley (T-218272), La Mexico (T-195345) and La Falla (T-217641)<br>• Consolidated Zinc Ltd currently owns 51% |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • No relevant information is available. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • 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.<br>• 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.<br>• The control on mineralisation is both lithological and structural, but local structural bending of the manto is very important as it is strongly folded in a relatively regular pattern, oriented north/north-west to west/north-west striking. The segment of the fossiliferous horizon with the best potential is north/north-west striking with a south-east plunge. The N/NW orientation of |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | sections of the stratigraphy (due to folding) is considered important in localising mineralisation.<br>• 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 marbleisation is restricted to a few meters from the hanging wall contact. |
| *Drill hole Information* | • *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:*<br>• *easting and northing of the drill hole collar*<br>• *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>• *dip and azimuth of the hole*<br>• *down hole length and interception depth*<br>• *hole length.*<br>• *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.* | • Appropriate information has been included in the report. |
| *Data aggregation methods* | • *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.*<br>• *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.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • No data aggregate methods were applied to the results. |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *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').* | • No drilling was completed to enable any relationship between mineralisation width and intercept lengths |
| *Diagrams* | • *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.* | • Appropriate diagrams are attached in the report |
| *Balanced reporting* | • *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.* | • All sample results are reported |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Other substantive exploration data* | • *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.* | • No other relevant data has been reported |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Appropriate information has been included in the report. |

## Section 3 Estimation and Reporting of Mineral Resources (Not Applicable)

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

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Database integrity*** | • *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.*<br>• *Data validation procedures used.* | • 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.<br>• 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*** | • *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*<br>• *If no site visits have been undertaken indicate why this is the case.* | • A site visit was conducted by Shaun Searle of 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. |
| ***Geological interpretation*** | • *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*<br>• *Nature of the data used and of any assumptions made.*<br>• *The effect, if any, of alternative interpretations on Mineral Resource estimation.*<br>• *The use of geology in guiding and controlling Mineral Resource estimation.*<br>• *The factors affecting continuity both of grade and geology.* | • The confidence in the geological interpretation is considered to be good and is based on visual confirmation in underground development/ stoping, outcrop and drilling.<br>• Geochemistry and geological logging has been used to assist identification of lithology and mineralisation.<br>• The deposit consists of northeast dipping units. Infill drilling has supported and refined the model and the current interpretation is considered robust.<br>• Outcrops of mineralisation and host rocks confirm the geometry of the mineralisation.<br>• Infill drilling has confirmed geological and grade continuity. |
| ***Dimensions*** | • *The extent and variability of the Mineral* | • The Tres Amigos Mineral Resource area extends |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.* | 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.<br>• 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*** | • *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.*<br>• *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*<br>• *The assumptions made regarding recovery of by-products.*<br>• *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).*<br>• *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.*<br>• *Any assumptions behind modelling of selective mining units.*<br>• *Any assumptions about correlation between variables.*<br>• *Description of how the geological interpretation was used to control the resource estimates.*<br>• *Discussion of basis for using or not using grade cutting or capping.*<br>• *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.* | • 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.<br>• Reconciliation could not be conducted due to the absence of mining production records.<br>• It is assumed that Ag can be recovered with Zn and Pb.<br>• It is assumed that there are no deleterious elements when considering the proposed processing methodology for the Plomosas mineralisation.<br>• 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.<br>• 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.<br>• No assumptions were made on selective mining units.<br>• Zn and Pb, as well as Pb and Ag had strong positive correlations. Zn and Ag had a moderate positive correlation.<br>• 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.<br>• 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 |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | was 300g/t Ag resulted in a single composite being cut.<br>• 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*** | • *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.* | • Tonnages and grades were estimated on a dry in situ basis. |
| ***Cut-off parameters*** | • *The basis of the adopted cut-off grade(s) or quality parameters applied.* | • 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*** | • *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.* | • 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*** | • *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 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.* | • Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project. |
| ***Environmental factors or assumptions*** | • *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* | • 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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *with an explanation of the environmental assumptions made.* | |
| ***Bulk density*** | • *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.*<br>• *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.*<br>• *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.* | • 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.<br>• 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.<br>• 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*** | • *The basis for the classification of the Mineral Resources into varying confidence categories.*<br>• *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).*<br>• *Whether the result appropriately reflects the Competent Person's view of the deposit.* | • 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 mineralised zones, and to geologically complex zones.<br>• 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.<br>• The Mineral Resource estimate appropriately reflects the view of the Competent Person. |
| ***Audits or reviews*** | • *The results of any audits or reviews of Mineral Resource estimates.* | • Internal audits have been completed by RPM which verified the technical inputs, methodology, parameters and results of the estimate. |
| ***Discussion of relative*** | • *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an* | • The lode geometry and continuity has been adequately interpreted to reflect the applied level of Measured, Indicated and Inferred Mineral |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***accuracy/ confidence*** | *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.*<br>• *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.*<br>• *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.* | 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.<br>• The Mineral Resource statement relates to global estimates of tonnes and grade.<br>• Reconciliation could not be conducted as no detailed historical mining production records were available. |