



# Accelerating towards large-scale, high-grade production in 2019

November 2017



# Important information

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## 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.



# PLOMOSAS

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One of world's highest grade zinc projects

# About Plomosas Project

- Highest-grade zinc exposure on ASX
- Combined Zinc and Lead grades higher than most deposits world-wide
- Located, Chihuahua, Mexico - a world-class mining province
- Historic mine - excellent underground infrastructure to only 260m. Open at depth and along strike.

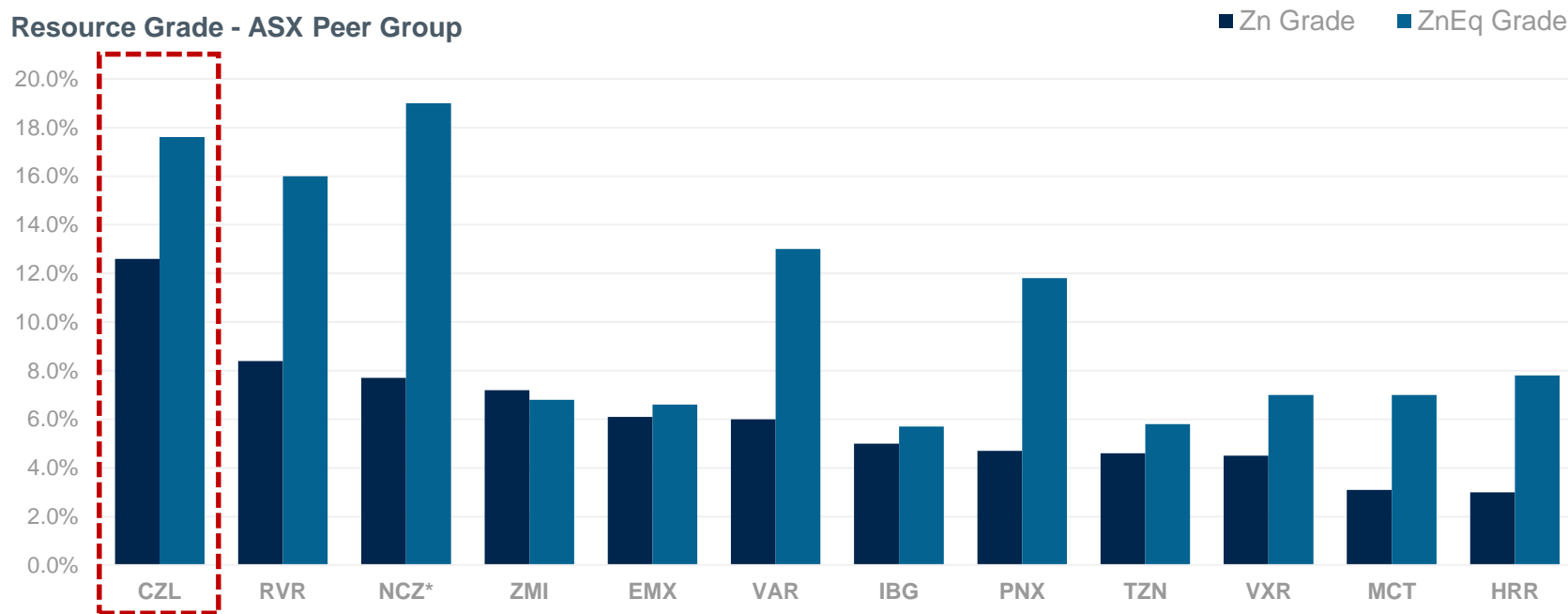
## Since CZL took over:

- Dewatered and rehabilitated mine. Undertook aggressive mine and regional exploration. Identified Resource lenses open in multiple directions
- JORC Resource of **968,000 tonnes @ 15.9% Zn+Pb** (154,000t contained metal)
- Resource grew 70% (tonnage) and 60% (contained metal) <8 months after maiden resource
- Resource upgrade scheduled Q2 2018
- **Increasing equity ownership in 2018 - from 51% to 90%**



# How Plomosas' Grades Compare

Resource Grade - ASX Peer Group



# Resource potential

## Resource upside

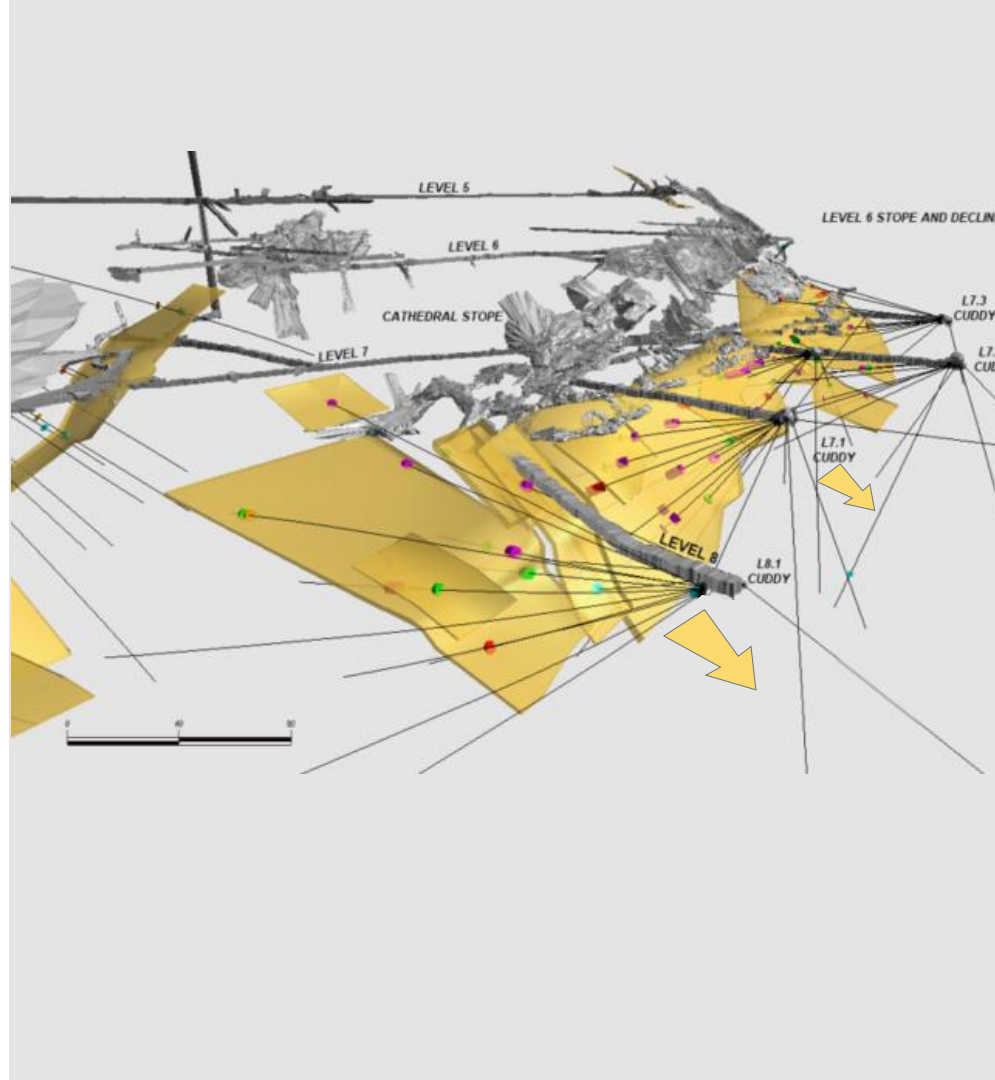
- Active exploration only began 24 months ago
- Multiple zones identified
- Resource open along strike, down plunge and down dip
- Aggressive Resource drilling into 2018
- Significant additional targets close to resource

## Prospects within resource area

- Level 7: **results up to 4.65m at 78% Zn+Pb**
- Tres Amigos: excellent metallurgy
- Carola: **grades up to 54% Zn+Pb**
- Las Espadas: Underexplored /easily accessible

## Regional exploration success

- Alfonsitos, Fenomino





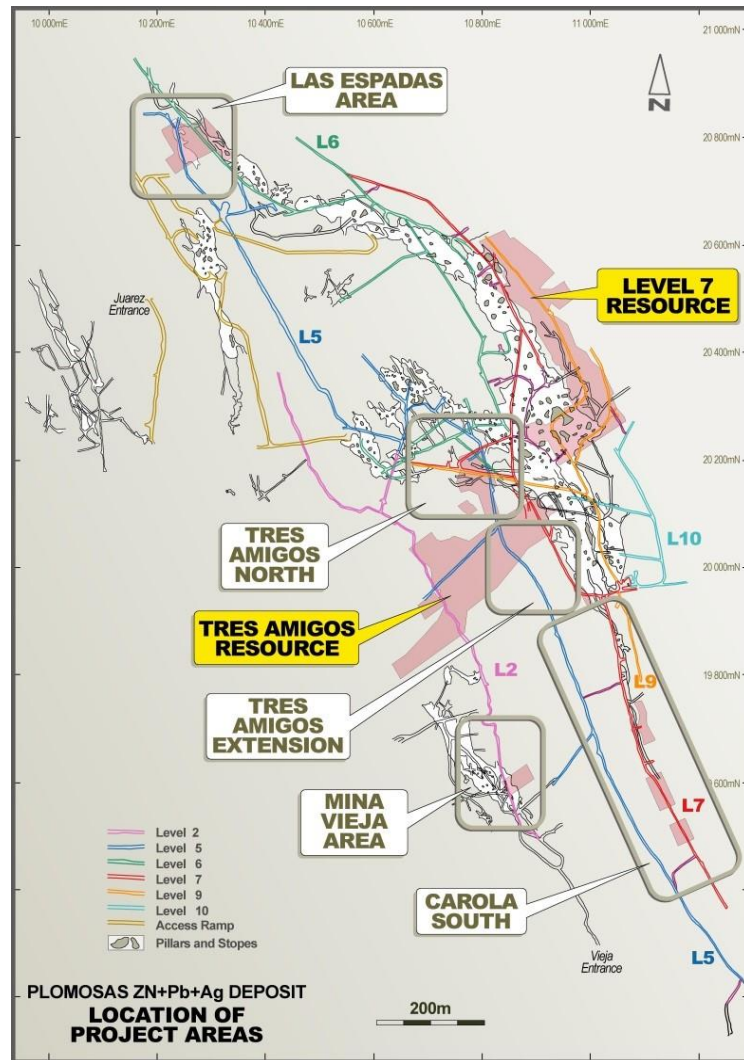
# Under explored mine area

## First 5 priority target areas identified within mine area:

1. **Juarez:** Existing mineralisation in drives – **Not Drilled**
2. **Mina Vieja:** Probable extension of **Tres Amigos**
3. **Tres Amigos North:** grades up to **33.2% Zn+Pb**
4. **Las Espadas West:** Untested and grades up to **50.2% Zn+Pb**
5. **Level 7 Expansion:** Resource open down plunge and down dip

## Significant new discoveries accessible from underground

- **Las Espadas East:** Grades up to **58.6% Zn+Pb** - **Undrilled**
- **Carola South:** Grades up to **53.62% Zn+Pb**; **Undrilled over 522m strike**



# Zinc at a ten year high



## Low supply

- Continued global production cuts
- Glencore 'No plans to increase production'

## High demand

- Strong demand in China & India
- India's zinc consumption averaging 4.8% p.a.

**We estimate prices averaging \$3,500 a ton between 2018 and 2020'**

**Wood Mackenzie**  
commodities-industry consultancy





# Targeting 250,000 TPA

New large-scale production strategy

# Targeting significant production in 2019

## New production strategy:

Follows Exploration success.

Scoping Study confirmed viability of a small scale operation using upgraded infrastructure.

Highlighted opportunity to proceed straight to large-scale operation.

Larger Production offers opportunity to:

- Improve and refine metallurgical recoveries
- Improve and streamline mining method and mine schedule
- Reduce Unit Capital Costs
- Reduce Operating Costs



## Targeting

- ☐ ≥ 250K TPA production
- ☐ 50K to 100K TPA concentrate production
- ☐ Double Resource size to >2MT in 2018
- ☐ 7 to 10 year mine life
- ☐ New processing plant
- ☐ First production 2019



## Underpinned by:

- ☐ Ongoing exploration success, possible acquisitions
- ☐ Advancing mine studies
- ☐ Excellent metallurgy
- ☐ Counterparty Relationships
- ☐ Increased Equity in Asset

# Drivers of large-scale production

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## Exploration success

- From no resource to ~1MT in <8 months
- Aggressive drilling: on track to expand Resource next year
- Consistent high-grade results up to 31.5% Zn+Pb
- Regional high-grade prospects may add tonnes

2

## Advancing mine studies

- Scoping study for 100KTPA complete
- Lower cost project; better economies of scale
- Optimised process design and CAPEX

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## Counterparties

- Preliminary discussions with potential offtake partners underway
- Positive initial feedback - highly sought after concentrate
- Establish partners
- Finance sources

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## Excellent metallurgy

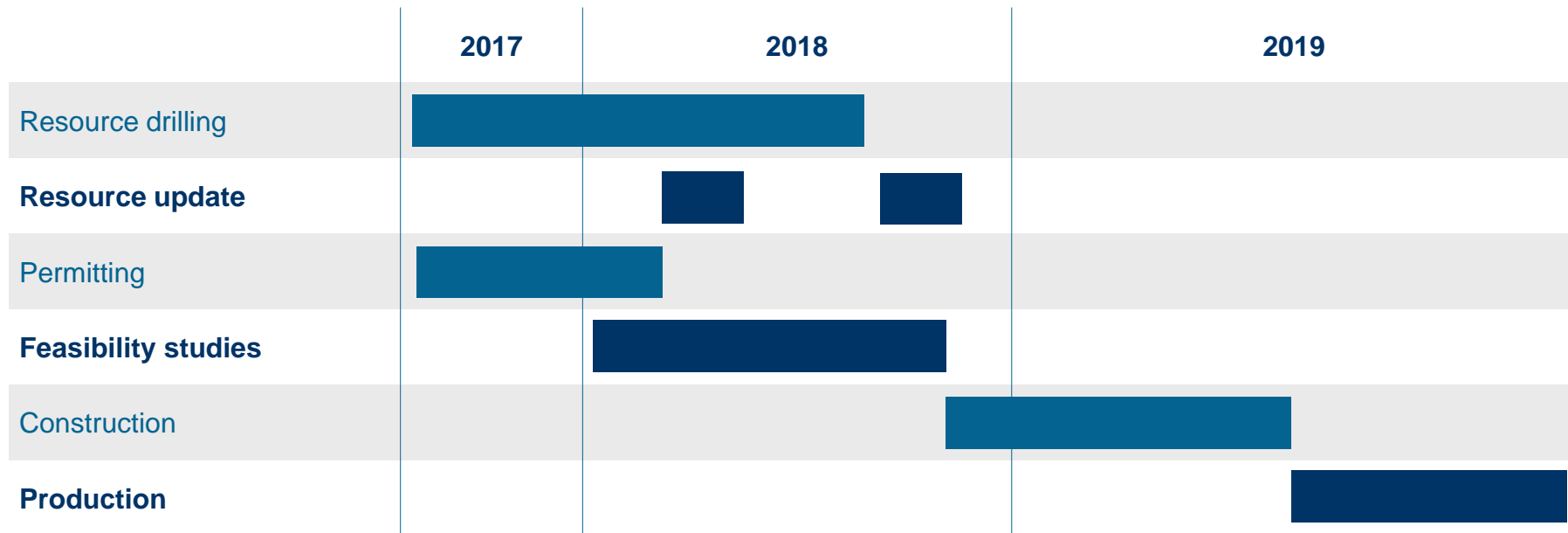
- Scoping study confirmed positive metallurgy: +90% recoveries
- Clean concentrate: contained grades of approx. 55% Zn, 4% Pb
- No deleterious elements

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## Increased Equity

- Move to 90% project equity in 2018

# Pathway to large-scale production





# Exploration potential

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Regional program finding exciting results

# Regional exploration

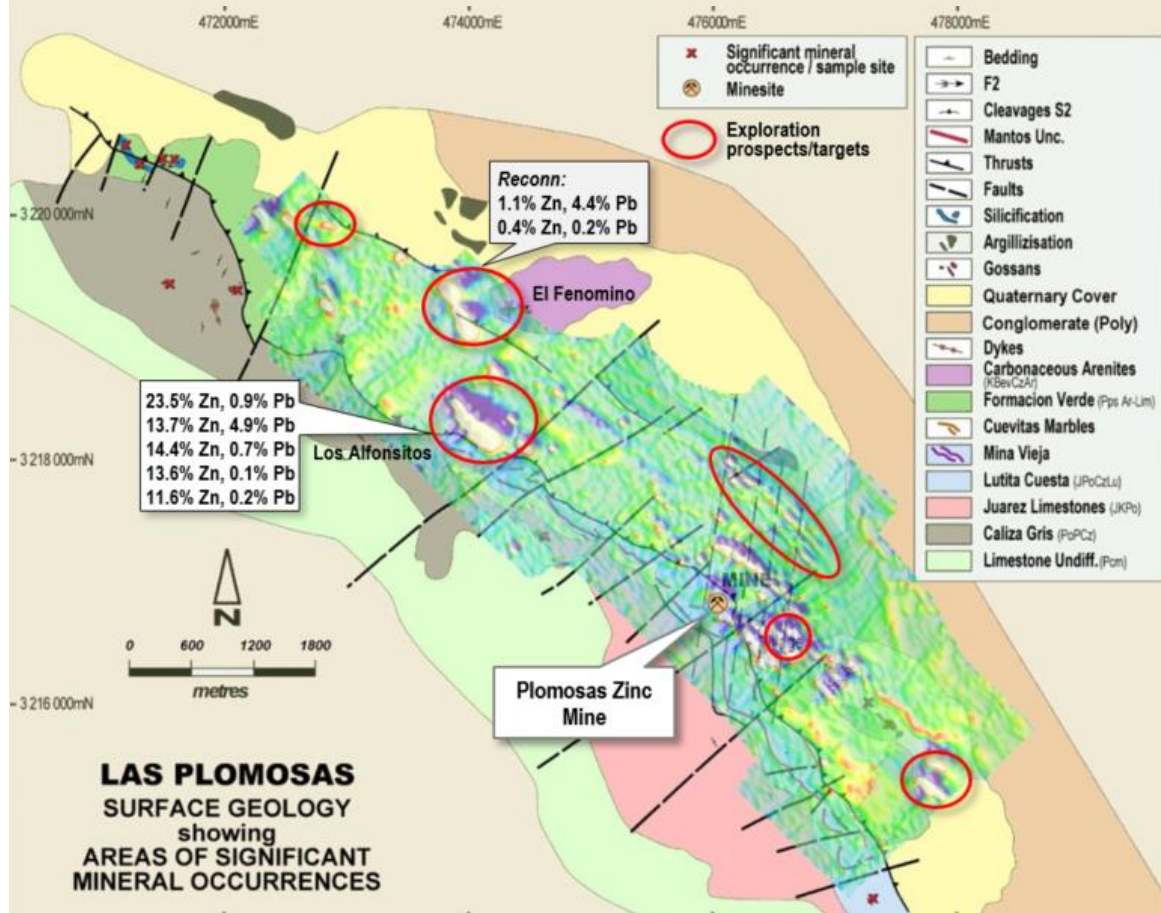
Outcropping prospects identified by CZL

## Alfonsitos Prospect – First of several

- ❑ 2.5km along trend from Plomosas
- ❑ First pass rock chip sampling found grades up to **24.34% Zn+Pb**
- ❑ Same geological setting as Plomosas
- ❑ Drilling early 2018

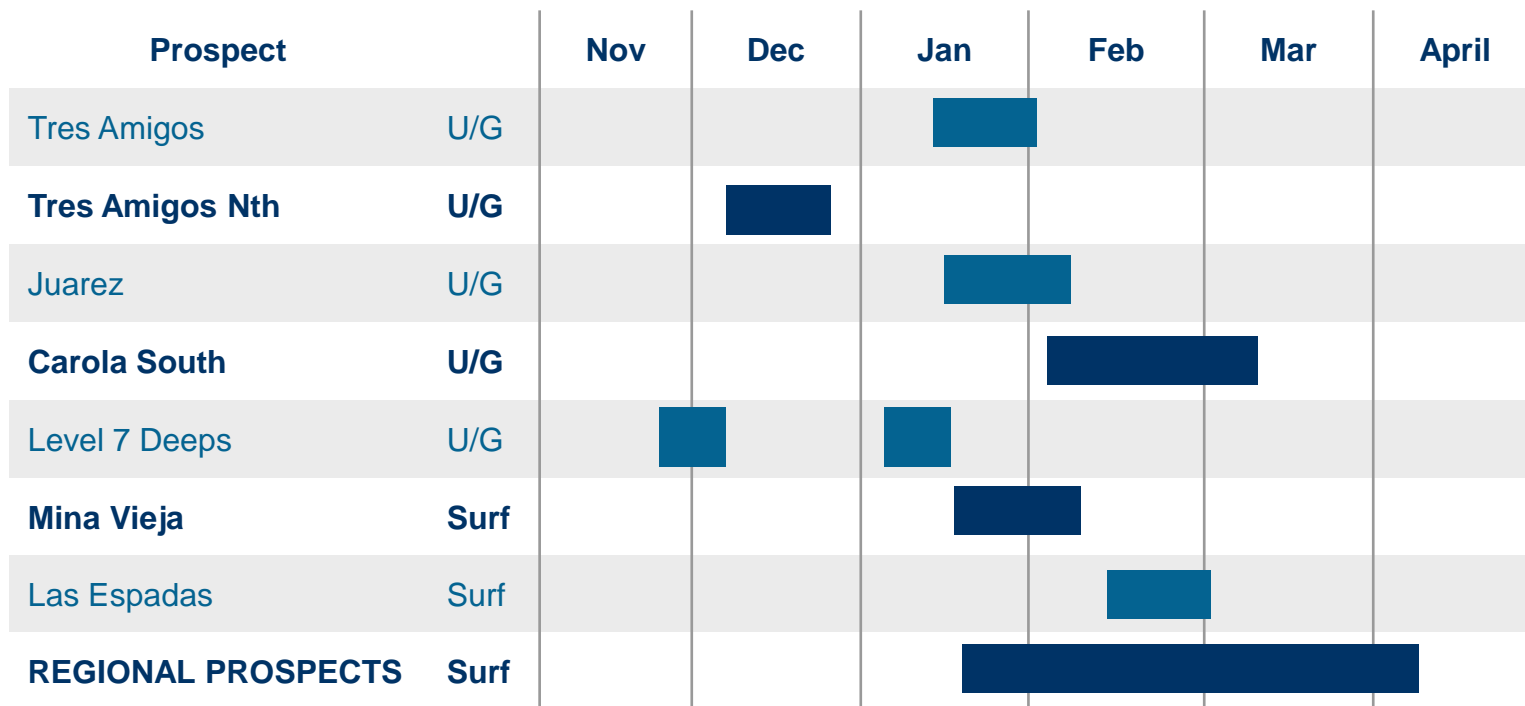
## Additional drill targets to be tested in 2018

...[these results] demonstrate potential for significant new discoveries and additional resource tonnes within existing tenement portfolio





# Exploration drilling program – Next 6 months



# Corporate Snapshot

## Capital Structure (ASX:CZL)

Shares on Issue	726,211,447
Total unlisted options on issue	166,776,168
Share Price	\$0.016
Available Funds (September 30)	\$1.6 million
<b>Approx Market Cap (undil)</b>	<b>\$11.6 million</b>
<b>EV</b>	<b>\$10 million</b>

## Major Shareholders

Copulos Group	21.4%
Farjoy Pty Ltd	9.4%
Retzos Group	9.3%
Jetosea Pty Ltd	5.3%
<b>Top 20</b>	<b>58.3</b>

## Board and Management

Stephen Copulos	Non-Executive Chairman
Will Dix	Managing Director
Andrew Richards	Executive Director
Luis Rogelio Martinez Valles	Non-Executive Director
Steve Boda	Exploration Manager

## JORC Resource Summary

Plomosas Mineral Resource Summary (September, 2017)								
	Tonnes	Indicated Category	Zn %	Pb %	Ag (g/t)	Zn tonnes	Pb tonnes	Ag oz
<b>Total</b>	<b>968,000</b>	<b>16%</b>	<b>12.1</b>	<b>3.8</b>	<b>24</b>	<b>117,000</b>	<b>37,000</b>	<b>748,000</b>

# Investment case



Developing one of the world's highest grade zinc projects



Increasing project ownership to 90% next year



Numerous exciting in-mine and regional targets



Excellent metallurgy and clean concentrates



Aggressive resource expansion drilling underway



Targeting large-scale production in 2019



Located in a safe area of northern Mexico



Experienced Board and management team



Assessing acquisition opportunities



# APPENDICES

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JORC Resource  
Board and management  
Project History

# JORC resource

Plomosas Mineral Resource Summary (September, 2017)								
Prospect	Tonnes	Indicated Category	Zn %	Pb %	Ag (g/t)	Zn tonnes	Pb tonnes	Ag oz
Level 7	319,000	34%	13.5	6.3	40.2	43,000	20,000	412,000
Tres Amigos	544,000	9%	11.2	2.1	13.9	61,000	12,000	242,000
Carola	28,000	0%	13	5.7	64.7	4,000	1,600	58,000
Las Espadas	77,000	0%	11.8	5	14.4	9,000	4,000	36,000
Total	968,000	16%	12.1	3.8	24	117,000	37,000	748,000

# Directors and Management

## 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.



# Plomosas Project: History

- Grupo Mexico mined 2.5Mt @ 24% Zn+Pb without drilling a hole
- Mined 1945-1974 then intermittently – see timeline below
- CZL rehabilitated and dewatered for access

