CONSOLIDATED ZINC LTD

31 January 2018

December 2017, Quarterly Activities Report

- **Plomosas Scoping Study completed with positive results**
- **Feasibility Studies ongoing targeting larger scale production than that assessed in the scoping study, along with drilling to increase resource tonnes during H1 2018**
- **Ongoing regional exploration reveals more high-grade zinc mineralisation up to 34.96% Zn+Pb at the underexplored Alfonsitos prospect within the Plomosas project tenements**
- **High grade zinc assays up to 42.75% Zn+Pb from face sampling have been received from recently identified underground areas and the nearby Juarez Mine**
- **Acquisition opportunities for additional zinc projects being assessed**
- **Project ownership to increase to 90% during 2018**
- **The Company raised $1.96 million from new and existing investors to help fund accelerated drilling and working capital requirements**

Consolidated Zinc Limited (CZL:ASX) is pleased to present the following quarterly report.

OPERATIONS AND DEVELOPMENT – PLOMOSAS PROJECT, MEXICO

Scoping Study

During the quarter the Scoping Study into recommencing mining at its Plomosas mine in Mexico was completed with positive results at a base-case level as well as several potential areas where returns might be improved. Readers are referred to CZL's announcement to the ASX dated 27 October, 2017, for full details.

Figure 1. Location of Plomosas mine, Mexico

The study focussed on mining the Tres Amigos resource on Level 5 using existing infrastucture. The Tres Amigos resource curretly comprises a total resource of 544,000 tonnes grading 11.2% zinc, 2.1% lead and 13.9 g/t silver (Table 5). Of this, 10% falls into the indicated category and the usual cautionary statements apply when considering scoping studies based on inferred resources.

While slightly lower grade than the other resources at Plomosas, this material was prioritised due to its proximity to surface, the ability to immediately access the ore via existing infrastructure, the high (90%-95%) metallurgical zinc recoveries that had previously been identified and the quality concentrate that testwork has established can be obtained.

The strategy underpinning the Scoping Study was to recommission the mine and plant with an early start up at Tres Amigos while optimising and drilling to expand the remaining resource to provide higher grade millfeed in years 2 and 3 onwards.

However, following a review of the Scoping Study results, Consolidated Zinc revised its strategy to expand on the plans considered. This decision was also influenced by the recent positive exploration results and expansions to the project resource, previously announced to the ASX.

Rather than commence small-scale mining as an initial step in 2018, the Company now sees an opportunity to move directly to more significant production in 2019, targeting 200,000 to 250,000+ tonnes per annum over a minimum mine life of 7 to 10 years.

Resource Extension and Infill Drilling Recommences

In conjunction with the planned additional feasibility studies, extensional and infill resource definition drilling at Plomosas recommenced in November, 2017. They will initially target the Tres Amigos and Tres Amigos North mineralisation using relatively short drill holes with the aims of converting JORC resources classified as inferred to indicated as well as extending the identified resource both up and down dip.

The Tres Amigos North area represents an exciting opportunity for the Company as it is a previously untested and unmined horizon stratigraphically below the mineralised Mina Vieja Manto. Previously announced high grade face sampling results were located in an area that is immediately accessible by existing workings and was not included in the current resource estimate.

The first two holes completed, LV5039 and LV5040, intersected thick massive sulphide intervals associated with the Juarez Limestone over 5.60m and 4.35m respectively. Assays are pending but visual analysis shows mineralisation comprises banded, textured massive sulphides with very fine to fine-grained pyrite overprinted by coarse-grained yellow to reddish sphalerite (visual est: 15% - 25%) and minor galena (visual est: 1% - 5%) associated with carbonates. Refer to Table 1 for drillhole details and description of mineralisation.

Both mineralised zones are outside of and will potentially extend the current JORC mineral resource envelope (Figure 3). The mineralised unit in LV5039 occurs 25 metres above the Tres Amigos North resource envelope, while the mineralised unit in LV5040, occurs 75 metres below Level 7.

Full assay results will be reported when they come to hand in approximately late January or early February, 2018.

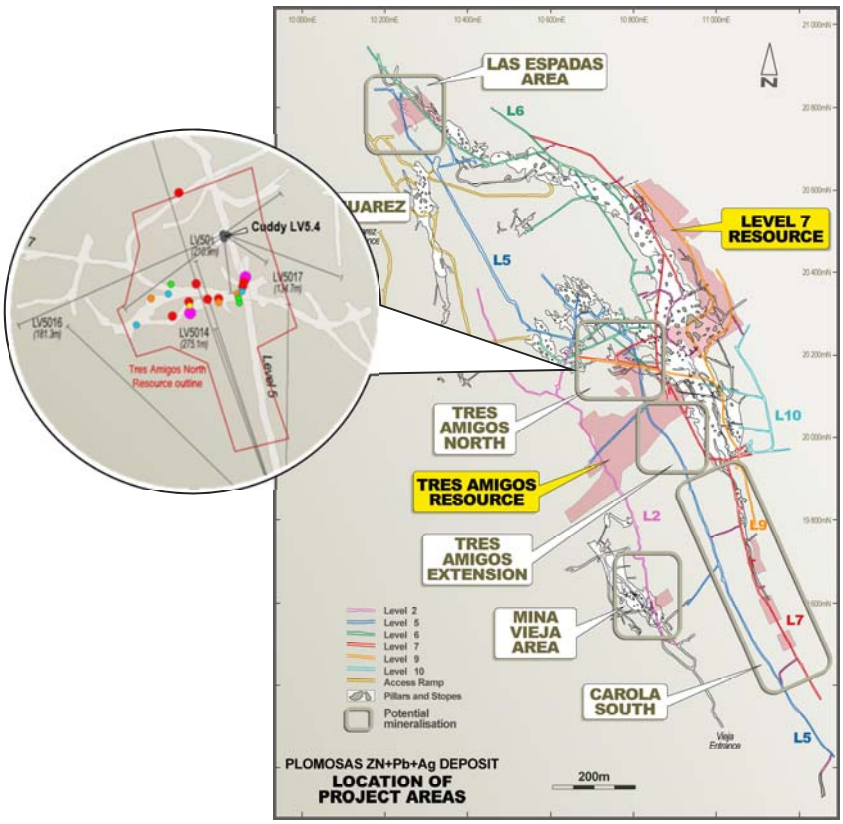

Figure 2. Plan view of Plomosas work areas, Mineral Resource outlines and proposed holes collared in LV5.4 cuddy targeting extensions and infill to the Tres Amigos North resource.

Table 1. Plomosas Drill hole details – Latest drilling Tres Amigos North area (all UG diamond holes)							
HoleID	**Easting WGS84**	**Northing WGS84**	**Elev (m)**	**Dip**	**Azim WGS**	**Total Depth (m)**	**Description of mineralisation (assays pending)**
LV5039	*476213.32*	*3216865.34*	*991.85*	-45.0	278.87	75.05	*(68.25 – 73.85m):* Semi-massive to massive sulphides with banded texture; mainly very fine to fine-grained pyrite overprinted in fine to coarse-grained, yellow to reddish sphalerite (15-20%) and minor galena (3-5%) associated with carbonate patches. Banded texture locally with graphitic remnants.
LV5040	*476217.62*	*3216865.77*	*991.54*	-64.0	055.00	193.00	*(164.15 - 168.50m):* Massive sulphides includes very fine to fine-grained pyrite with fine to coarse-grained, yellow to pink sphalerite (20-25%) and galena traces (1-2%).

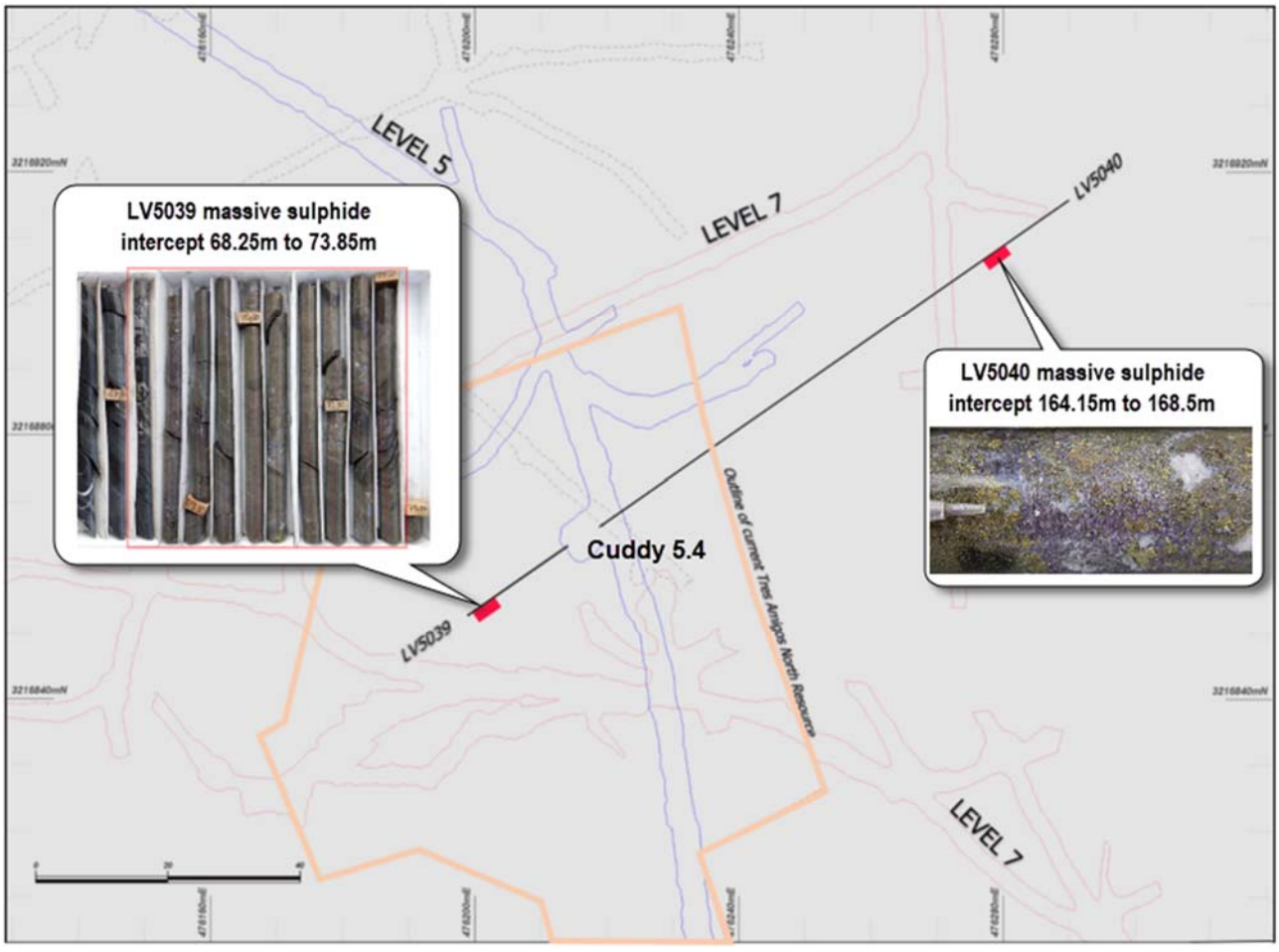

Figure 3. Plan of latest campaign drilling from cuddy 5.4 targeting extensions and infill to the Tres Amigos North resource. LV5039 and LV5040 intersected thick massive sulphides outside of and potentially extending the resource envelope

<u>High grade results from regional exploration sampling and new underground areas.</u>

High grade rock chip results up to 42.72% Zn+Pb were obtained from the first systematic mapping undertaken at Juarez Mine, as part of the on-going near mine exploration program.

Additional high grade assay results were also returned from the regional exploration program, particularly the Alfonsitos prospect which obtained results up to 34.96% Zn+Pb, that continue to support the prospectivity of this area.

Juarez Mine

Juarez Mine is located approximately 550 metres northwest of the Plomosas plant site with easy access from the portal to the mine by road. The mine development remains geotechnically sound, with the majority of the drives and stopes occurring within the competent Juarez Limestone unit, which also hosts the Tres Amigos mineralisation.

Mining was previously undertaken by ASARCO with approximately 77,000 tonnes of high grade ore estimated to have been removed. No systematic exploration has previously been undertaken in this area.

Recent mapping by CZL has identified several massive sulphide horizons exposed underground. Highlights of the sampling assay results are shown in Table 2 with additional results provided in Table 6.

Table 2: Juarez Underground sampling highlights

Sample	Material	Width (m)	% Zn+Pb	%Zn	%Pb	g/t Ag
425756	Fault gouge from massive and brecciated limestone contact	1.0	42.72	28.47	14.25	52.60
425745	Brecciated Juarez Limestone, Sphalerite bands	1.0	26.92	26.80	0.12	3.50
425751	Brecciated Juarez Lst, Galena bands and Sphalerite patches	0.5	19.16	9.90	9.26	28.70
425750	Brecciated Juarez Lst, patches Zn-Pb	1.0	16.36	16.10	0.26	5.00
425737	Massive Juarez Lst; mass sulphides	0.5	15.93	14.15	1.78	14.80
425749	Brecciated Juarez Lst, mass sulphides	0.5	14.50	14.30	0.20	62.00

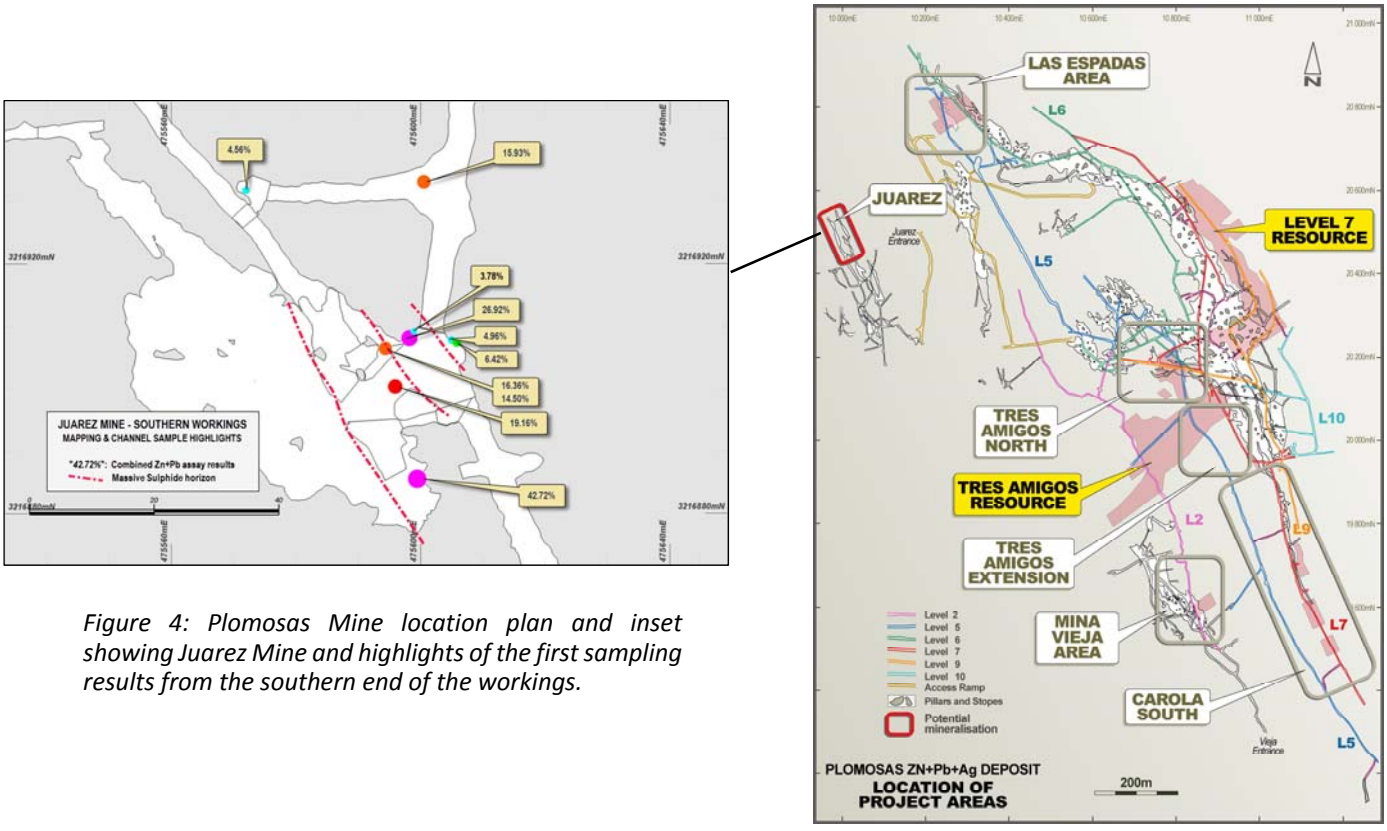

Figure 4: Plomosas Mine location plan and inset showing Juarez Mine and highlights of the first sampling results from the southern end of the workings.

Ongoing work in the area will include;

- Cleaning of the Juarez Mine drives for underground drilling stations
- Continuation of underground mapping,
- Interpretation of the structures and relevance to mineralisation,
- Generation of drill targets.

Regional Exploration – Alfonsitos, Mina Mexico

First pass rock chip sampling at the Alfonsitos prospect in October 2017 returned very good results with grades up to 18.53% and 24.34% Zn+Pb from workings and 15.05% Zn+Pb from outcrop. (refer ASX announcement 9 November, 2017). Alfonsitos is the first of several prospects identified by reconnaissance exploration and geophysical surveys previously reported to the ASX in November 2016.

Follow up mapping and sampling in the Alfonsitos area during the quarter confirmed those results and returned high values up to 34.96% Zn+Pb from Alfonsitos and 28.75% Zn+Pb from the Mina Mexico prospect, 600m to the north west of Alfonsitos. Figure 5 and Tables 3, 4 and 7 provide details of the sampling and results in the region.

Additional new sampling results received from Afonsitos prospect include best results of:

Table 3: Alfonsitos assay highlights

Sample	Material	% Zn+Pb	%Zn	%Pb	g/t Ag
38557	Alfonsitos structure: 0.5m, irregular calcite and mass sulphides	32.30	16.60	15.70	50.00
38558	Alfonsitos structure: 1.0m, oxidised, irregular calcite and scarce mass sulphides	16.61	6.63	9.98	30.80
38559	Alfonsitos structure: 0.45m, oxidised irregular calcite open space fill	24.81	4.88	19.93	48.00
38560	Alfonsitos structure: oxidised irregular calcite open space fill	34.96	34.00	0.96	7.60
38562	Fine grained limestone with remnants, Mn	10.16	9.66	0.50	0.60
38563	Fine grained limestone with calcite veinlets and patches of recrystallisation	26.55	24.80	1.75	17.20

Surface sampling at Mina Mexico returned high grades up to 28.75% Zn+Pb, averaging 22.36% Zn+Pb and mineralisation was mapped over a 50m length. Historical information suggests that mined grades from historical workings averaged 11.6% Zn and 1.4% Pb. Best assay results from recent sampling include:

Table 4: Mina Mexico assay highlights

Sample	Material	% Zn+Pb	%Zn	%Pb	g/t Ag
38543	Dump sample – gossan in interbedded sandstone	28.75	28.70	0.05	0.8
38544	Dump sample – fault gouge material	23.55	23.50	0.05	1.1
38545	Fault zone parallel to main structure	23.44	23.30	0.14	3.7
38546	Upper mine zone – 0.6m wide, strong becciation	13.69	13.55	0.14	9.9

The 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.

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.

Geological Setting

Gossanous units were described as comprising jasperoids 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.

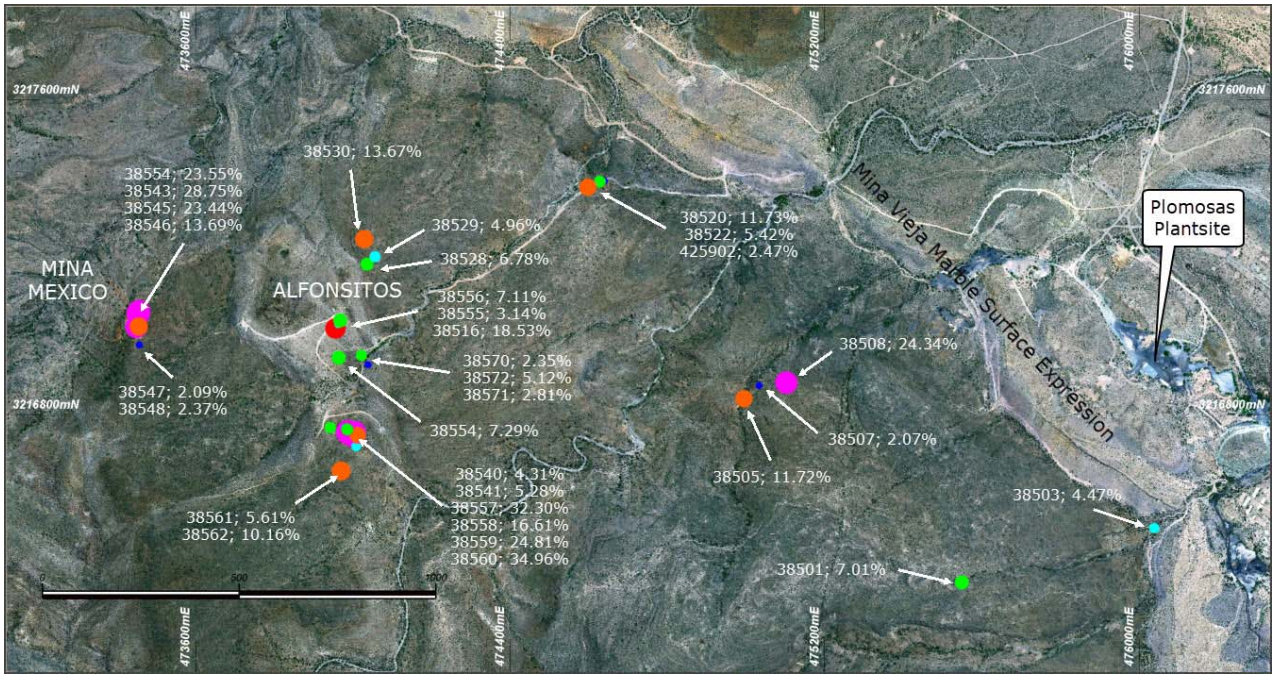

Figure 5: Regional exploration assay results from surface sampling to the north west of Plomosas mine. Mostly rock chip, channel and occasional dump samples are shown. Samples up to #38541 were previously announced to the market on 9 November, 2017.

CORPORATE

Fundraising

During the quarter CZL raised $1.96 million through the issue of 163,455,050 fully paid ordinary shares at $0.012 per share (with a free 1 for 3 unlisted 2.5c, 31 December 2020 option). This was done in two tranches, the second of which comprises 55,773,333 shares and 54,485,013 options (consisting of all free attaching options from tranche 1 and tranche 2 placements). Tranche 2 will be subject to shareholder approval.

Resignation of Managing Director and Board changes

The Company undertook a review of its organisational and technical structure as it increases its focus on near term production. This is designed to make sure the experience and skill set of management will meet the future requirements of the company as it moves to project development.

Managing Director Will Dix elected to step down and continued in his role until the end of 2017 to assist the Company through this transition period. Mr Andrew Richards will be the interim Managing Director while this restructure is undertaken. Mr Richards is already an Executive Director of the Company having held that role since June 2015.

On 22 January, 2018, Mr Eduardo Valenzuela was appointed to the Board as Technical Director. Mr Valenzuela is a mining engineer with extensive technical and corporate experience in underground and base metal projects around the world, particularly in Latin America.

Andrew Richards
Interim Managing Director

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.

The information in this document that relates to the interpretation of metallurgical test work, process plant and infrastructure design for a Scoping Study level assessment is based on information compiled and reviewed by Mr David Pass, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pass is an employee of BatteryLimits. Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

The information is extracted from the report entitled "70% Increase in Zinc Resource, Positive Metallurgical Testwork Results" created on 4 September, 2017 and is available to view on the Company's and ASX websites. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Table 5. Plomosas Project

September 2017 Mineral Resource Estimate (3% Zn Cut-off)

Prospect	Indicated Mineral Resource						
	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	Oz
Level 7	107,000	18.5	8.6	54.8	20,000	9,000	189,000
Tres Amigos	51,000	17.6	1.8	19.5	9,000	1,000	32,000
Total	**158,000**	**18.2**	**6.4**	**43.4**	**29,000**	**10,000**	**220,000**

Prospect	Inferred Mineral Resource						
	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	Oz
Level 7	212,000	11.0	5.1	32.8	23,000	11,000	224,000
Tres Amigos	493,000	10.6	2.2	13.3	52,000	11,000	211,000
Carola	28,000	13.0	5.7	64.7	4,000	1,600	58,000
Las Espadas	77,000	11.8	5.0	14.4	9,000	4,000	36,000
Total	**810,000**	**10.9**	**3.3**	**20.3**	**88,000**	**27,000**	**528,000**

Prospect	Total Mineral Resource						
	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
	t	%	%	g/t	t	t	Oz
Level 7	319,000	13.5	6.3	40.2	43,000	20,000	412,000
Tres Amigos	544,000	11.2	2.1	13.9	61,000	12,000	242,000
Carola	28,000	13.0	5.7	64.7	4,000	1,600	58,000
Las Espadas	77,000	11.8	5.0	14.4	9,000	4,000	36,000
Total	**968,000**	**12.1**	**3.8**	**24.0**	**117,000**	**37,000**	**748,000**

Note:

The Mineral Resource has been compiled under the supervision of Mr. Robert Dennis who is a full-time employee of RPM and a Member of the AIG and AusIMM. Mr. Dennis has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he has undertaken to qualify as a Competent Person as defined in the JORC Code.

All Mineral Resources figures reported in the table above represent estimates at September, 2017. 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).

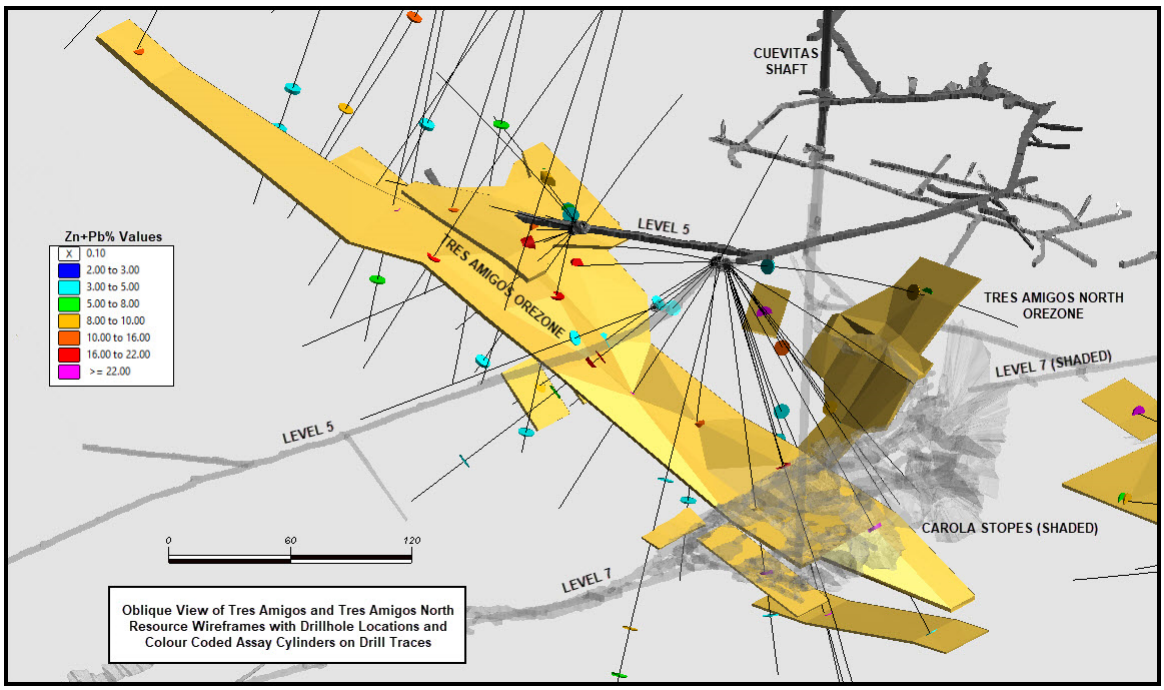

Figure 6: Oblique view looking NW of increased Tres Amigos Mineral Resource wireframed solids showing drillhole traces and intercepts.

Table 6. Details of Juarez mine sampling reported to date

Sample No	East WGS84	North WGS84	Elev (m)	Sample Type	Width (m)	Rocktype	Zn+Pb Comb (%)	Zn (%)	Pb (%)	Ag (ppm)
425737	475600.6	3216933.1	1137.7	Channel	0.6	Massive sulphide zone	15.93	14.15	1.78	14.80
425738	475603.1	3216928.3	1137.1	Channel	0.6	Massive pyrite with Zn-Pb traces occurring on calcite patches	1.00	0.89	0.11	2.90
425739	475602.5	3216927.9	1136.9	Channel	1.0	Brecciated limestone at footwall of massive sulphide	1.37	0.94	0.43	2.00
425740	475601.6	3216911.2	1136.4	Channel	0.5	Bx limestone with sulphide traces on patches	0.15	0.11	0.03	1.00
425741	475601.3	3216910.8	1136.1	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	1.51	1.48	0.03	1.30
425742	475600.5	3216910.4	1135.9	Channel	1.1	Bx limestone with sulphide traces on patches	0.28	0.20	0.08	1.10
425743	475599.7	3216909.8	1135.3	Channel	1.1	Bx limestone with massive sulphide on patches and thin bands	0.57	0.42	0.15	1.50
425744	475599.0	3216909.2	1134.7	Channel	1.1	Bx limestone with massive sulphide on patches and thin bands	3.78	3.62	0.16	1.30
425745	475598.3	3216908.2	1134.6	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	26.92	26.80	0.12	3.50
425746	475606.3	3216907.0	1135.3	Channel	1.0	Bx limestone with sulphide traces occurring on patches	0.52	0.35	0.17	1.80
425747	475605.9	3216907.4	1134.5	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	6.42	1.57	4.85	11.90

Table 6. Details of Juarez mine sampling reported to date										
Sample No	East WGS84	North WGS84	Elev (m)	Sample Type	Width (m)	Rocktype	Zn+Pb Comb (%)	Zn (%)	Pb (%)	Ag (ppm)
425748	475605.0	3216907.8	1133.8	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	4.96	3.23	1.73	9.60
425749	475594.4	3216906.5	1137.1	Channel	0.5	Massive pyrite with Zn patches	14.50	14.30	0.20	62.00
425750	475594.4	3216906.5	1136.5	Channel	1.0	Brecciated limestone with sulphide patches	16.36	16.10	0.26	5.00
425751	475596.0	3216900.4	1136.3	Channel	0.5	Thin band of massive sulphide (0.15m) hosted in limestone	19.16	9.90	9.26	28.70
425753	475573.4	3216932.7	1137.4	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	1.32	1.12	0.20	2.10
425754	475572.6	3216932.2	1136.9	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	0.40	0.30	0.10	1.20
425755	475572.0	3216931.8	1136.4	Channel	1.0	Bx limestone with massive sulphide on patches and thin bands	4.56	4.37	0.19	2.40
425756	475599.6	3216885.6	1138.6	Channel	1.0	Fault zone strongly oxidised with massive sulphides	42.72	28.47	14.25	52.60

Table 7. Details of Alfonsitos prospect sampling reported to date									
Sample No	East WGS84	North WGS84	Elev (mas)	Description	Sample Type	Width (m)	Zn+Pb Comb (%)	Zn (%)	Pb (%)
38501	475550	3216373	1347	Gossan Moderate FeOx, hem>jar	Chip	1.5	7.01	6.47	0.541
38502	474574	3216380	1482	Limestone massive texture not alterated (background value)	Chip	1.5	0.02	0.01	0.006
38503	476039	3216511	1192	Old Working-Dump sample of Gossan High FeOx contend	Grab	0	4.47	3.74	0.728
38504	475197	3217198	1247	Limestone massive with stck calcie veins	Grab	0	0.49	0.33	0.163
38505	474996	3216839	1348	Gossan brecciated texture, Strong FeOx, Py traces	Chip	1.5	11.72	11.55	0.167
38507	475034	3216872	1353.	Gossan brecciated texture, Strong FeOx, Py traces,Structure 55-55°	Chip	1.5	2.07	1.69	0.383
38508	475103	3216880	1361	Old Working-Dump sample of Gossan High FeOx with jasperoid intervals, Structure 75-75°	Grab	0	24.34	23.50	0.843
38509	474109	3217030	1379	Limestone massive texture not alterated (background value)	Chip	1.2	0.04	0.04	0.004
38510	474110	3217039	1382	Gossan Moderate FeOx,brecciated texture, Structure 100-75°	Channel	0.9	0.21	0.16	0.054
38511	474082	3217053	1396	Gossan Moderate Fe-Mn Ox,brecciated texture,Py traces, Structure 80-60°	Chip	1	0.16	0.14	0.019
38512	474174	3217016	1384	Gossan High FeOx with jasperoid intervals,Structure 35-70°	Chip	1	0.06	0.01	0.052
38513	474121	3216948	1391	Gossan High FeOx, brecciated texture with jasperoid intervals,Structure 115-70°	Chip	1	0.26	0.15	0.109

Table 7. Details of Alfonsitos prospect sampling reported to date

Sample No	East WGS84	North WGS84	Elev (mas)	Description	Sample Type	Width (m)	Zn+Pb Comb (%)	Zn (%)	Pb (%)
38514	474040	3216926	1388	Gossan High FeOx, brecciated texture with jasperoid intervals, Structure 45-72°	Channel	1	2.48	1.77	0.718
38515	473978	3217018	1395	Old Working-Dump sample of Gossan High FeOx with jasperoid intervals, Structure 305-62°	Grab	0	0.14	0.12	0.014
38516	473956	3217017	1398	Old Working-Dump sample of Gossan High FeOx with jasperoid intervals	Grab	0	18.53	13.65	4.880
38517	473767	3217008	1451	Gossan High FeOx with moderate silicification, Structure 305-62°	Channel	1	0.05	0.02	0.029
38518	473989	3216838	1397	Old Working-Dump sample of Gossan High FeOx with pegmatitic pyrite crystals	Grab	0	1.82	0.85	0.972
38520	474598	3217377	1314	Gossan High FeOx with jasperoid intervals, Structure 320-34°	Channel	0.65	11.73	11.20	0.527
38521	474598	3217377	1314	Gossan High FeOx with jasperoid interval, Structure 320-34°	Channel	1	1.39	0.66	0.728
38522	474628	3217391	1305	Gossan High FeOx with jasperoid intervals,Structure 105-80°	Channel	0.9	5.42	0.32	5.100
38523	474672	3217389	1298	Gossan High FeOx with jasperoid intervals, Structure 95-60°	Channel	1	1.99	0.87	1.125
38524	474693	3217380	1292	Gossan High FeOx with jasperoid intervals, CuOx traces, Structure 40-50°	Channel	0.6	1.78	0.99	0.784
38525	473986	3217074	1421	Limestone terrigenous facie, not alterated (background value)	Channel	1	0.74	0.47	0.263
38526	473985	3217074	1421	Gossan High FeOx with jasperoid intervals with brecciated texture, Structure 340-55°	Channel	1	0.84	0.70	0.138
38527	473984	3217074	1421	Limestone terrigenous facie, not alterated (background value)	Channel	1	0.04	0.02	0.018
38528	474037	3217181	1433	Gossan Moderate FeOx, hem>jar, Structure 320-63°	Channel	1	6.78	5.86	0.915
38529	474057	3217200	1435	Gossan Moderate FeOx, hem>jar, CuOx weak, Structure 200-70°	Channel	1	4.96	3.71	1.245
38530	474030	3217244	1428	Gossan Moderate FeOx, hem>jar, Structure 170-65°	Chip	1	0.55	0.51	0.049
38531	474030	3217244	1428	Gossan Moderate FeOx, hem>jar, Structure 75-75°	Chip	0.5	13.67	13.55	0.116
38532	474379	3217190	1341	Limestone-sandstone with moderate FeOx	Channel	1	0.06	0.049	0.011
38533	474583	3217367	1318	Limestone-sandstone with moderate FeOx, Fault plane	Channel	1	0.03	0.02	0.008
38534	473594	3216588	1519	Limestone terrigenous facie, not alterated (background value)	Chip	0.5	0.09	0.09	0.003
38535	473579	3216584	1520	Limestone terrigenous facie, moderate silicification with stock of calcedonic quartz	Channel	1	0.02	0.02	0.002
38536	473351	3216243	1486	Limestone terrigenous facie, weak silicification	Chip	0.8	0.01	0.01	0.000
38537	473858	3216574.	1459	Gossan Moderate FeOx, hem>jar, Structure 255-55°	Channel	0.6	0.47	0.45	0.019
38538	473970	3216655	143	Gossan High FeOx with jasperoid intervals, Top of Alfonsitos area-Structure 255-55°	Channel	0.6	0.71	0.68	0.035
38539	473970	3216655	1438	Gossan High FeOx with brecciated texture; Alfonsitos hanging wall Structure 305-43°	Channel	1	15.05	14.35	0.701

Table 7. Details of Alfonsitos prospect sampling reported to date

Sample No	East WGS84	North WGS84	Elev (mas)	Description	Sample Type	Width (m)	Zn+Pb Comb (%)	Zn (%)	Pb (%)
38540	473984	3216764	1421	Gossan High FeOx with jasperoid intervals; Alfonsitos faul plane Structure 305-40°	Channel	0.7	4.31	3.16	1.150
38541	473987	3216761	1421	Gossan High FeOx with jasperoid intervals; Alfonsitos foot wall Structure 305-40°	Channel	0.8	5.28	2.76	2.520
425901	474604	3217380	1150	Gossan High FeOx with brecciated texture (2016 Mapping)	Grab	0	1.34	0.64	0.702
425902	474640	3217392	1150	Gossan High FeOx with brecciated texture (2016 Mapping)	Grab	0	2.47	0.57	1.900
425903	474672	3217389	1150	Gossan High FeOx with brecciated texture (2016 Mapping)	Grab	0	1.54	0.63	0.906
425909	474372	321749	1150	Cuevitas Marble sheared texture not alterated (background value). (2016 Mapping)	Grab	0	0.01	0.01	0.001

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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *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. • 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	• *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).*	• 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	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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.*	• 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 50-95%. • 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 triple tube in these areas will not improve recovery.

Criteria	JORC Code explanation	Commentary
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• 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	• *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.*	• 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	• *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.*	• 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	• *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.*	• 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. • CZL logging and sampling data was captured and imported using excel sheets and data entered into Micromine. • All CZL drillhole and sampling data is stored in a Micromine based system. Manual backups are routinely carried out.

Criteria	JORC Code explanation	Commentary
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Underground drill holes were located by Micromine 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 30m interval 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	• *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.*	• 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 80 metre intervals to allow for adequate drill spacing. • No sample compositing has been applied
Orientation of data in relation to geological structure	• *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.*	• 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 bais sampling orientation.
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. • 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.* • *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 three adjoining tenements, La Verdad (T-218242), El Olvido (T-225527) and Ripley (T-218272). • Consolidated Zinc Ltd currently owns 51%

Criteria	JORC Code explanation	Commentary
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. • 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, 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 sections of the stratigraphy (due to folding) is considered important in localising mineralisation. • 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 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:* • *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.*	• 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.* • *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*	• No data aggregate methods were applied to the results.

Criteria	JORC Code explanation	Commentary
	aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *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').*	• 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
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).* • *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

(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.* • *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. • 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.

Criteria	JORC Code explanation	Commentary
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *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.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *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. • 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	• *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.*	• 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	• *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.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.*	• 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.

Criteria	JORC Code explanation	Commentary
	• *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• 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. • 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	• *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*	• Metallurgical testing has been initiated to confirm reasonable processing options for the Plomosas Project.

Criteria	JORC Code explanation	Commentary
	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.	
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 with an explanation of the environmental assumptions made.*	• 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	• *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.*	• 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	• *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*	• 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

Criteria	JORC Code explanation	Commentary
	deposit.	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. • 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	• *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 accuracy/ confidence	• *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.*	• 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.