



# ACHIEVING COMMERCIAL PRODUCTION OF ZINC

INVESTOR PRESENTATION  
January 2019



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## CAUTIONARY STATEMENT

The potential quantity and quality of the exploration and operational targets identified in this announcement are conceptual in nature, and there has been insufficient exploration to date to define Ore Reserves 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"). The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a Ore Reserves 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. Mr Bradley Marwood BE Mining, FAusIMM, GAICD has sufficient experience that is relevant to the style and type of deposit under consideration and the activity that is being undertaken to qualify as a Competent Person with respect to mining activities under the 2012 JORC Code.



# Ramping up high grade, low cost production



CZL is a Growth Stock operating one of the world's highest grade, low cost zinc mines in Chihuahua, Mexico.

Located in a rich but historically underexplored zinc region

90% ownership in Plomosas achieved December 2018

Commenced mining in September 2018 with production planned to ramp up to 10,000tpm by mid 2019.

Established relationship and treatment/offtake contracts with Mexico's largest miner, Grupo Mexico.

## **Now in growth phase with plans to:**

- **Increase production from 4,000tpm to 10,000tpm**
- **Focus on exploration of near mine potential**
- **Seek acquisition to strengthen regional position**



# Investor Highlights



## CZL owns 90% Plomosas Zinc Mine December 2018

- High grade zinc ore
- High quality concentrates – strong demand
- Low cost production

## Exploration potential significant for early success

- Resource extension and repeats
- Mine sequence and regional areas un-explored
- Acquisitions

## Value proposition:

- ❖ **Market Capitalisation only A\$20M**
- ❖ **Target C3 production costs US\$0.50/lb Zinc by the end of 2019.**

## Capital Structure

Share price	A\$0.018
Market Capitalisation	A\$20.9M
Shares on Issue	1,165,339,694
Options on Issue	101,033,882
Performance Rights	12,000,000
Cash & AR (31/12/2018)	A\$0.98M
Debt - Conv Notes	A\$2.7M

## Share Registry

Board/Management	26%
Other	74%

## Substantial Shareholders

Copulos Group	25%
Farjoy Pty Ltd	9%
Retec Guarú	6%

# Directors and Management



Led by a team of highly successful, experienced mining professionals

## CHAIRMAN

**Mr Stephen Copulos**

- More than 30 years' experience in business and investments
- ~16 years experience as a company Director of both listed and unlisted entities
- Successful businessman with history of performance in Mining and other business sectors.

## CHIEF EXECUTIVE OFFICER

**Mr Brad Marwood**

- Mining Engineer with over 30 years experience developing mines globally
- Grown ASX junior explorers to ASX 200 listed companies
- Specialist in large scale open cut and small scale underground mines in base metal and precious metals
- Served with public companies for the past 20 years.

## EXECUTIVE DIRECTOR

**Mr Andrew Richards**

- Over 30 years' experience geologist in exploration, mine production, corporate management and project finance with an international bank
- 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

**Ms Angela Pankhurst**

- A business manager with over 25 years experience in accounting and business management
- More recently Angela acted as, Managing Director MerGen Biopharma Director Pantarra Gold, Luri Gold.
- Expertise in transitioning explorers to miners and has operated in numerous countries.

## CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

**Mr Anthony Italiano**

- A Chartered Accountant with more than 15 years' corporate experience across senior finance roles in the resources sector
- Anthony has experience internationally in corporate governance, operations, financing, commodity marketing and trading.
- Extensive experience in transitioning junior explorers to producers.

## EXPLORATION MANAGER

**Mr Steve Boda**

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

# Corporate Structure



**Consolidated Zinc Ltd**  
90%



**Retec Guaru**  
10%  
(fully contributing after delivery  
of a BFS or dilute)



**Minera Latin America Zinc (MLAZ)**  
100% owner of Plomosas project

# Plomosas mine - overview

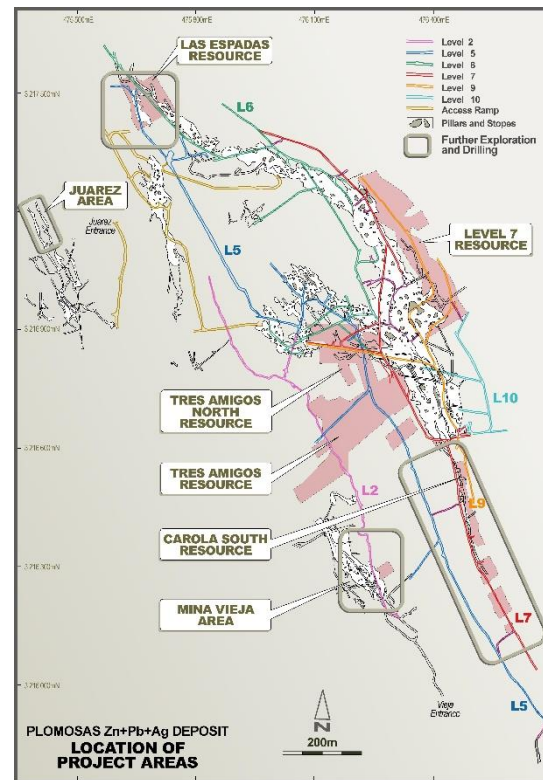




# Plomosas Mine – History to date



- +2M tonnes grading 22% Zn+Pb mined by ASARCO between 1945 and 1974.
- Historically high quality concentrates - demand for blending.
- Extensive system of underground access drives and shafts - immediate access for exploration and production.
- First systematic exploration and drillout by CZL.
- **JORC Resource 1.17Mt @14.3%Zn, 2.63%Pb, 17g/t Ag**
- Mining started September 2018



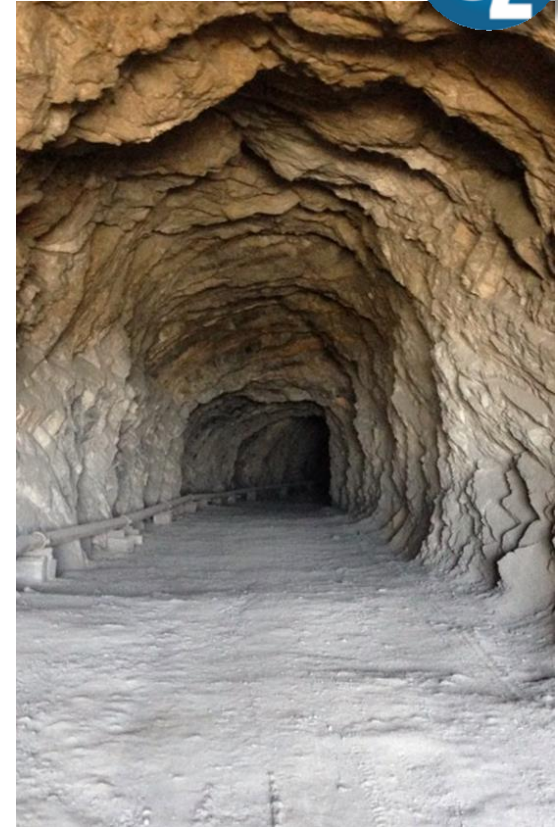


# Stage One Production – Commenced Sept 2018



## Stage 1 Initial production – ramping up in 2019

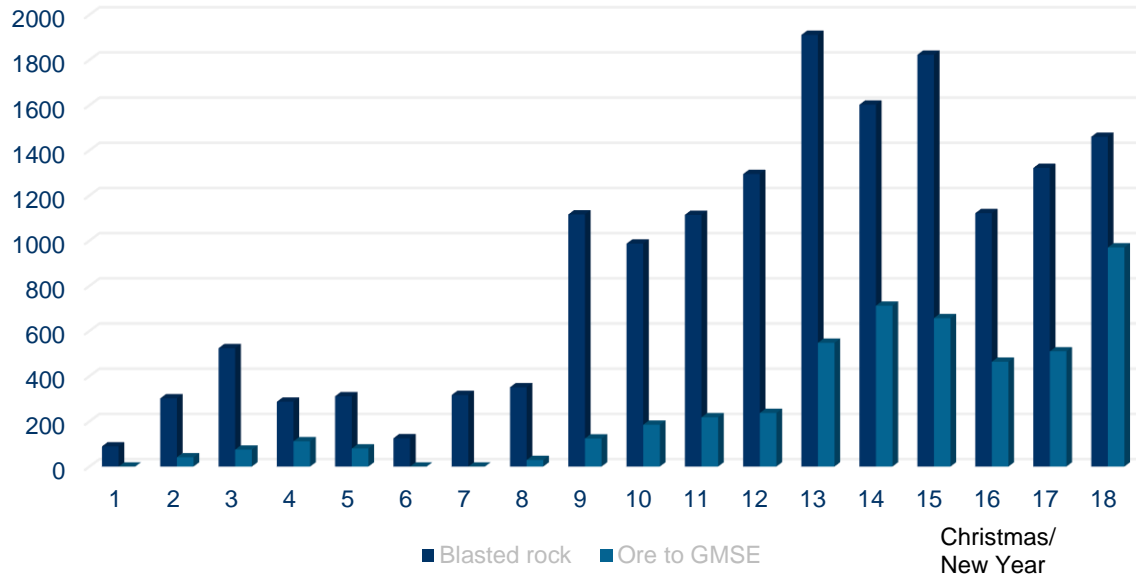
- Mining started at Tres Amigos, Level 5
- Schedule: 445,518t at 14.3% Zn, 2.61% Pb, 17 g/t Ag
- Room & Pillar mining via decline haulage until shaft refurbished by forecast H2 2019.
- Aim to produce 3,000tpm ramping up to 10,000t/month by mid 2019.
- Processing and Offtake Agreement with Grupo Mexico at a discount to zinc and lead concentrate benchmarks.



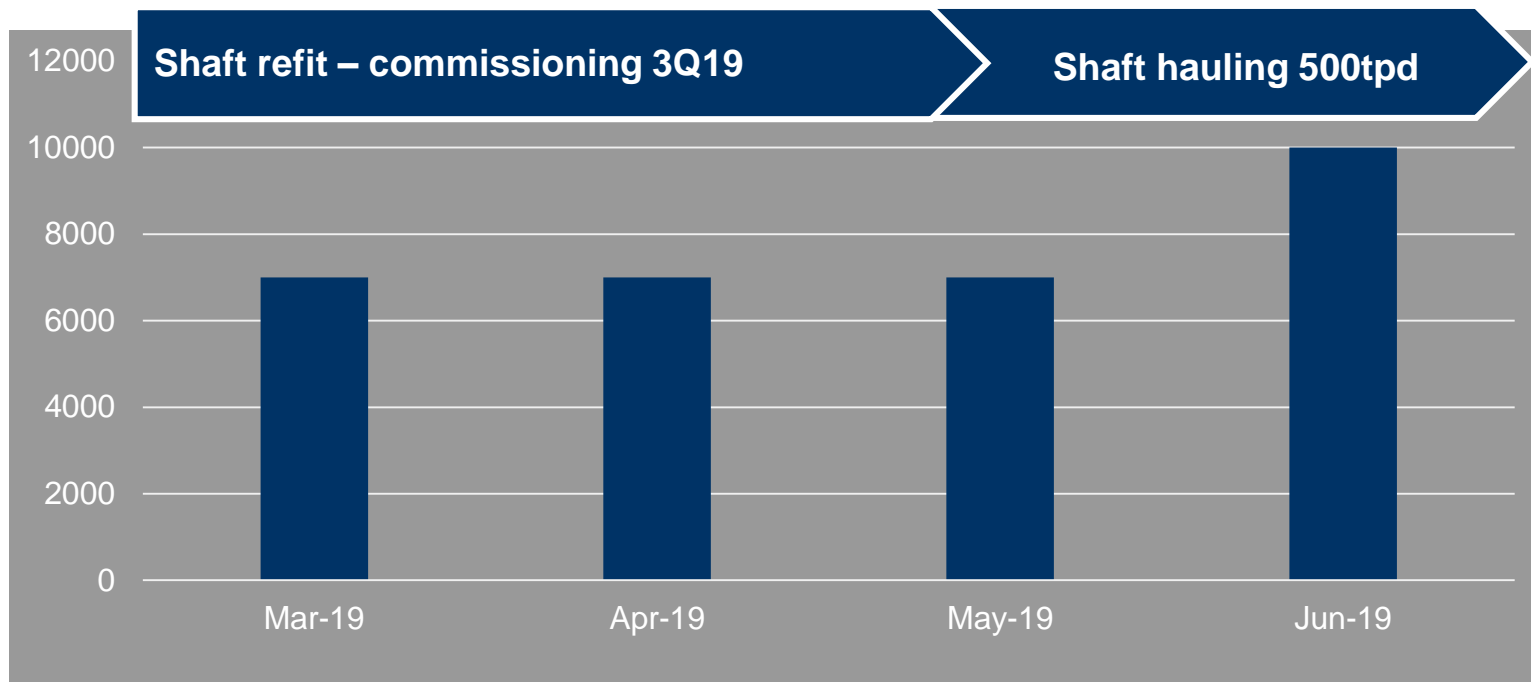
# Stage One Production – Sept 18 to Jan19



Plomosas Production  
Tonnes per week



# Stage Two Shaft refit & Production expansion



Planned 7,000 tpm production & 240m per month development

10,000 tpm production & ongoing development

# Plomosas Mine Layout



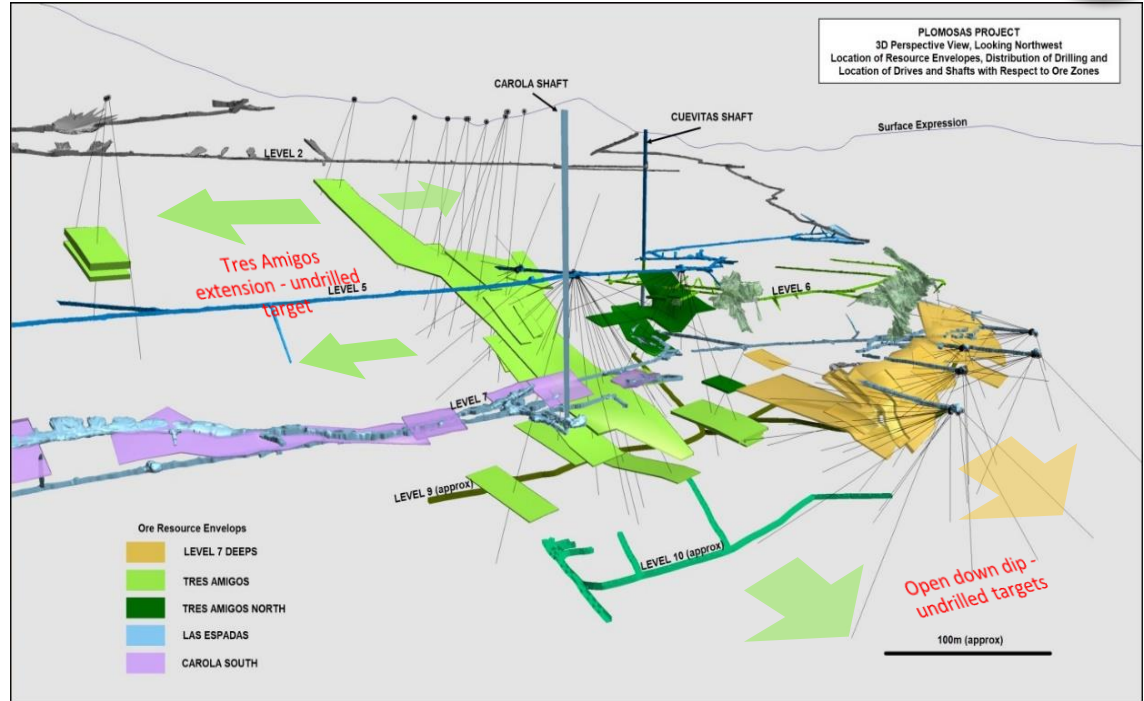
**Extensive underground access** to 290 metres below surface (mbs). In good condition for mining and exploration drilling.

**Initial haulage via decline, shaft to be refurbished by H2 2019**

**Stoping progressing** on Tres Amigos ore from level 5 3 stopes

**Decline bypass completed**

**Decline extension to 972mRL 60% completed**





# Mine Life - Immediate Exploration Upside



7km unexplored mine sequence within current leases

# Resource Expansion



## Resource update due H2 2019

### Additional Resources to be found:

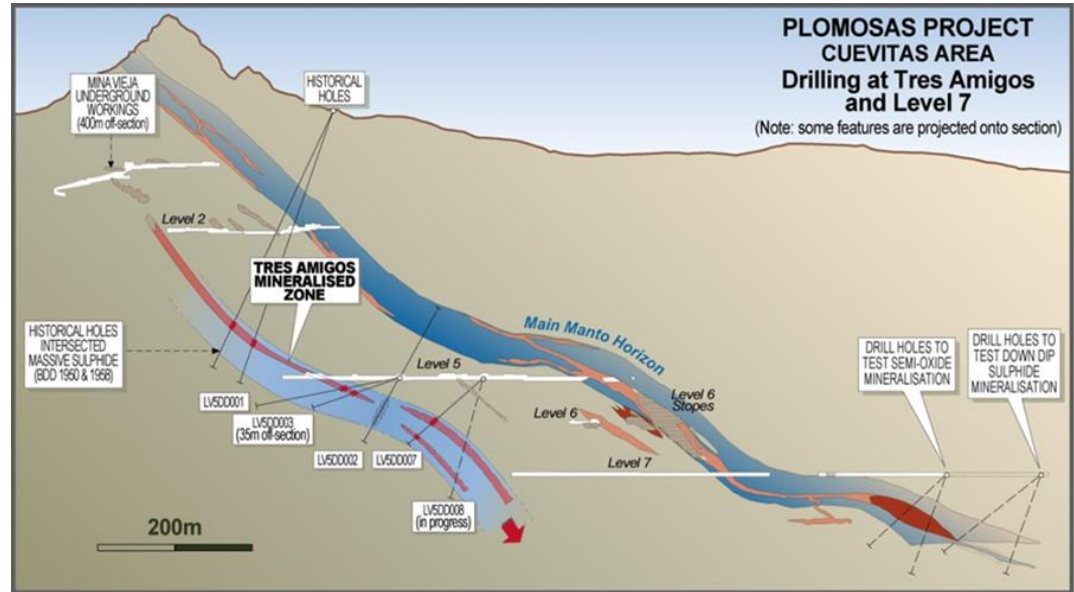
- In multiple geological layers
- Down dip of current resources
- Along strike

### Limited only by extent of drilling

Only 600m of 4,000m strike of immediate mine area has been part drilled – mapping and drilling to continue.

### Regional exploration along

remaining mine sequence within leases using surface and underground exploration.



# Resource Focus - Longer View Mine Life

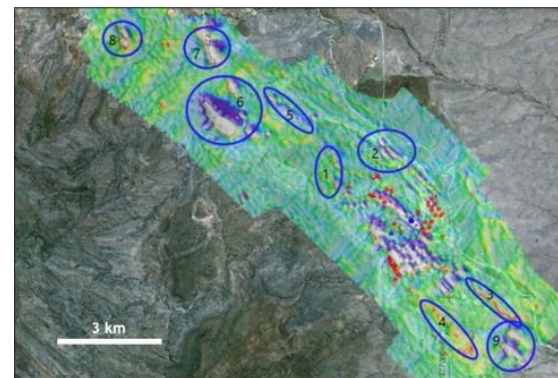


## Highly prospective Targets defined within immediate mine area

- Prospective sequence is 4,000m along strike and 900m down dip. Only partially drilled within 600m strike and ~400m down dip.
- Underground access is available for drilling along the 4km of strike,
- Require follow up drilling from available underground access

## Regional exploration potential confirmed by recent successful mapping with prospects defined.

- 7km of mineralised sequence largely undrilled and underexplored



Resources

Geology and mineralisation

Tenement holdings

Exploration upside & Targets





# JORC (2012) Mineral Resource



## April 2018 Mineral Resource Estimate (3% Zn Cut-off)

Prospect	Indicated Mineral Resource						
	Tonnes	%Zn	%Pb	g/t Ag	Zn tonnes	Pb tonnes	Ag oz
Level 7	107,000	18.5	8.6	55.1	19,900	9,300	190,300
Tres Amigos	97,000	12.5	1.8	15.9	12,000	1,800	49,400
Tres Amigos North	38,000	8.4	4.0	13.6	3,200	1,500	16,700
<b>Sub Total</b>	<b>242,000</b>	<b>14.5</b>	<b>5.2</b>	<b>32.9</b>	<b>35,100</b>	<b>12,500</b>	<b>256,400</b>
	Inferred Mineral Resource						
	Tonnes	%Zn	%Pb	g/t Ag	Zn tonnes	Pb tonnes	Ag oz
Level 7	212,000	10.9	5.0	32.3	23,100	10,600	220,000
Tres Amigos	507,000	12.9	1.9	13.4	65,400	9,600	218,300
Tres Amigos North	79,000	9.5	3.6	17.9	7,500	2,900	45,600
Carola	59,000	11.6	5.2	33.6	6,900	3,100	63,900
Las Espadas	79,000	11.7	5.0	14.3	9,200	3,900	36,200
<b>Sub Total</b>	<b>935,000</b>	<b>12.0</b>	<b>3.2</b>	<b>19.4</b>	<b>112,100</b>	<b>30,000</b>	<b>584,000</b>
	Total Mineral Resource						
	Tonnage	Zn	Pb	Ag	Zn	Pb	Ag
Level 7	319,000	13.5	6.2	40.0	43,000	19,900	410,300
Tres Amigos	603,000	12.8	1.9	13.8	77,400	11,400	267,700
Tres Amigos North	117,000	9.1	3.7	16.5	10,700	4,400	62,300
Carola	59,000	11.6	5.2	33.6	6,900	3,100	63,900
Las Espadas	79,000	11.7	5.0	14.3	9,200	3,900	36,200
<b>Total</b>	<b>1,178,000</b>	<b>12.5</b>	<b>3.6</b>	<b>22.2</b>	<b>147,100</b>	<b>42,600</b>	<b>840,400</b>

# Plomosas Geology & Mineralisation

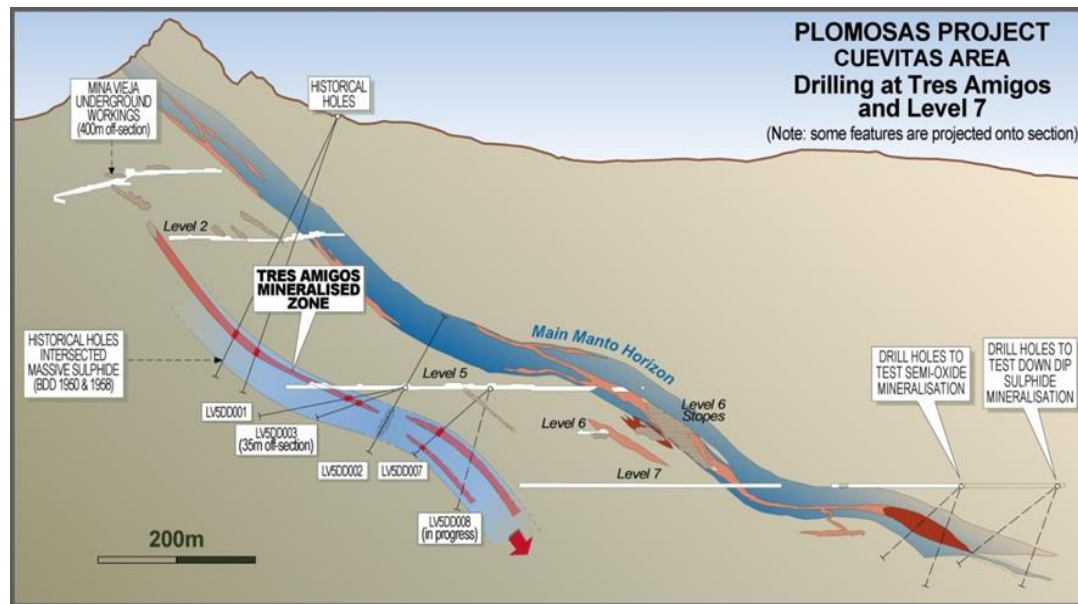


Zinc and lead sulphide **mineralisation is contained within carbonate rich units** such as limestones and marbles within a large basinal sedimentary sequence.

The mineralisation preferentially replaces the carbonate so **any of the multiple stacked limestone sequences are highly prospective** for Zn, Pb and Ag. Especially where cross cutting structure can provide plumbing pathways

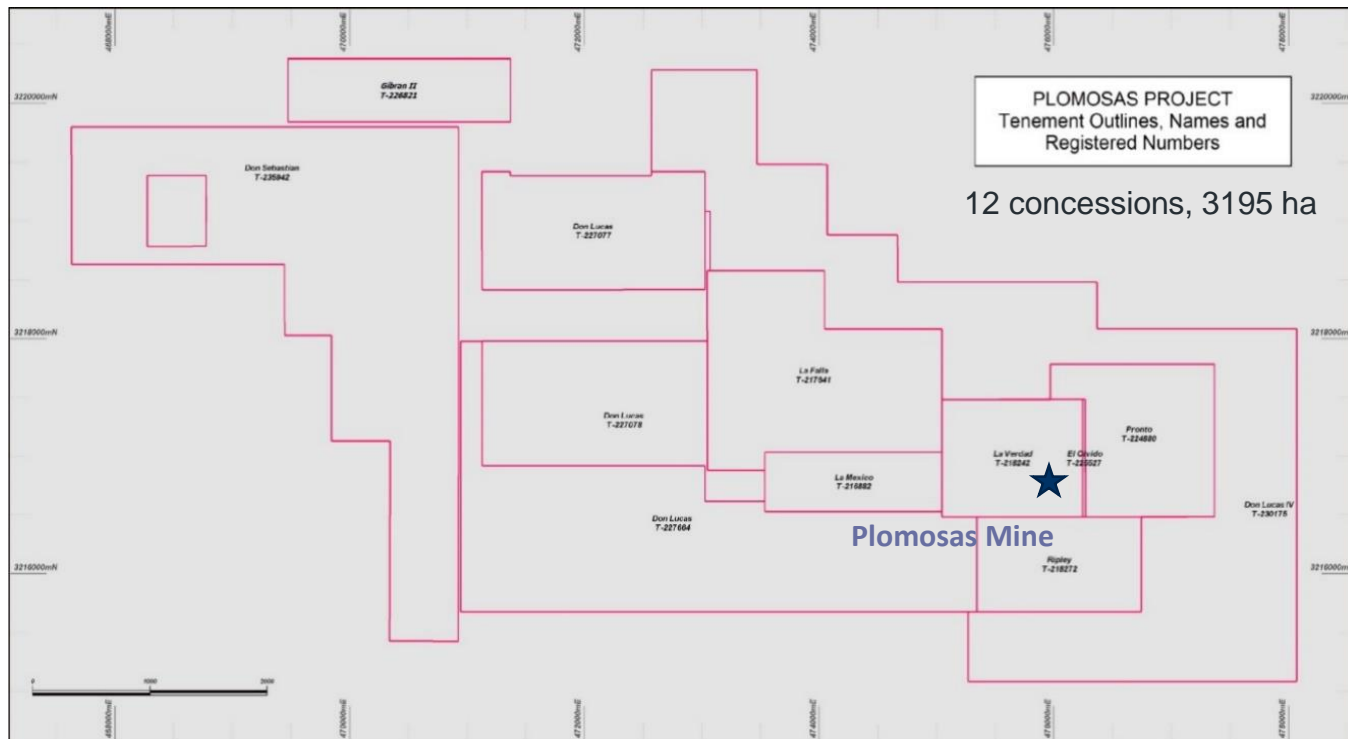
The **cross cutting structures** along which mineralised fluids migrate between limestone units are also prospective.

Flexures in the stratigraphy seems to **influence the thickness of the mineralisation** and some pinching and swelling can occur.

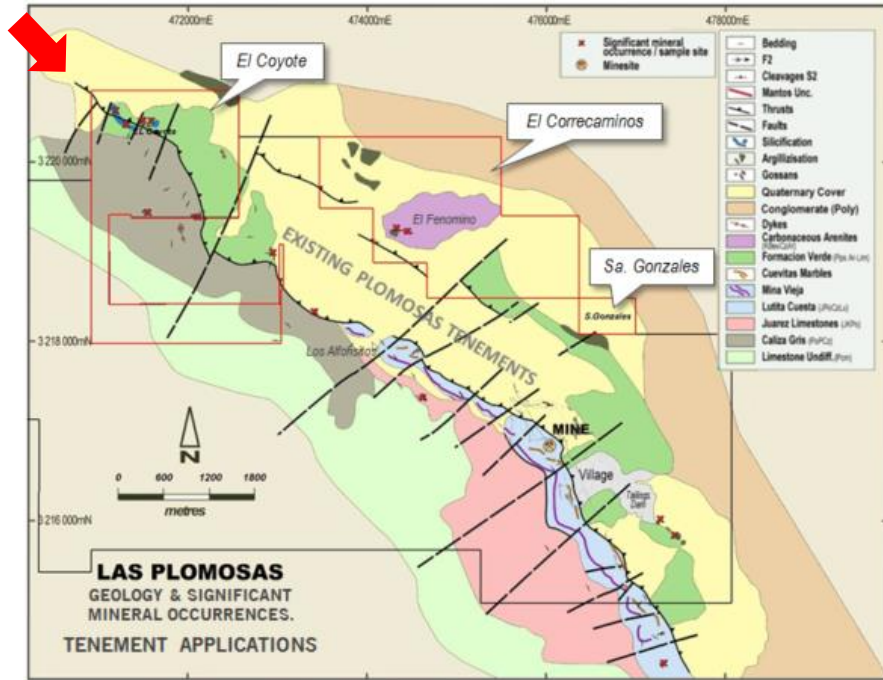


*Generalised cross section through Plomosas showing multiple limestone rich units and pinch and swell of the orebodies*

# Concessions – Plomosas Mine area

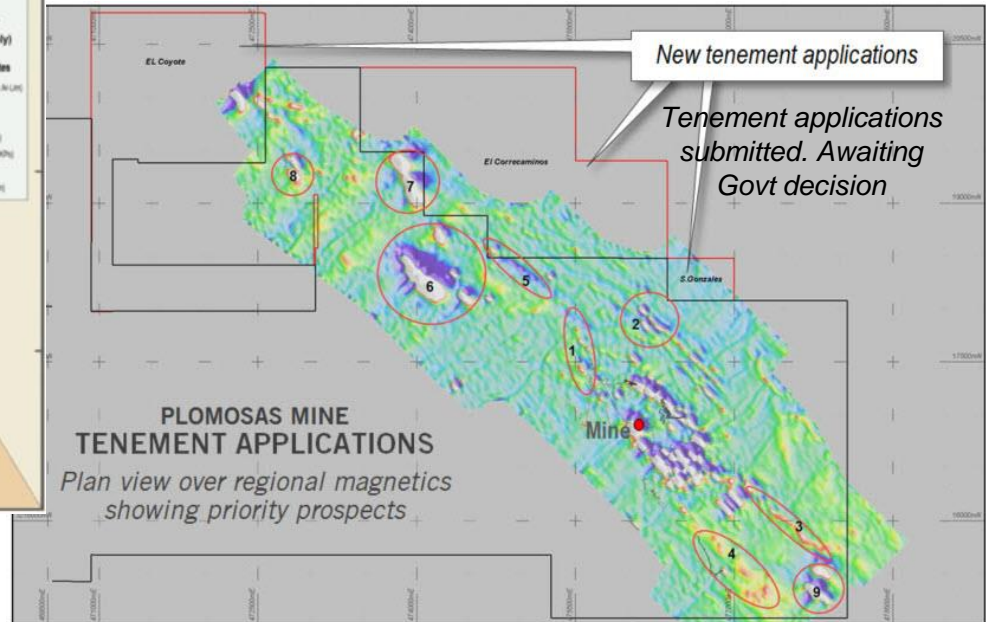


# Mine sequence mineralised targets



Stratigraphy of mine mineralised sequence  
(blue shows identified carbonate units)

Mine sequence within tenements showing prospective stratigraphy, structures and aeromag anomaly targets.





# Under-explored Mine Area

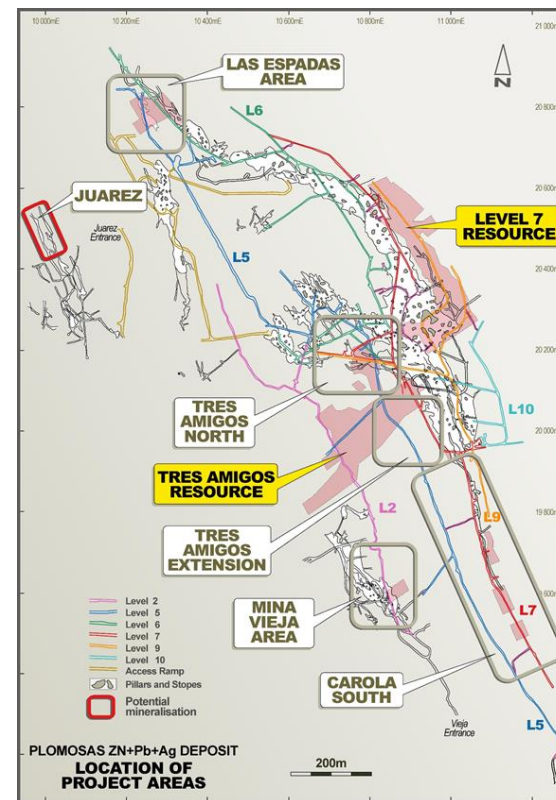


## First 5 priority target areas identified within mine area:

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

1. **Las Espadas East:** Grades up to **58.6% Zn+Pb** – **Undrilled**
2. **Carola South:** Grades up to **53.62% Zn+Pb**; **Undrilled 522m strike**



# Regional Exploration – Mine Sequence



## Outcropping prospects identified by CZL

### Alfonситos 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

## Additional drill targets to be identified 2019

CZL has demonstrated potential for significant new discoveries and additional resource tonnes within existing tenement portfolio

