CONSOLIDATED ZINC LTD

23 April 2019

Maiden Ore Reserve - Plomosas Mine

Consolidated Zinc Limited (ASX: CZL or "the Company") is pleased to announce its Maiden Ore Reserve at the Plomosas Mine. The underground design and modifying factors have been applied by Cube Consulting Pty Ltd ("Cube") to the Plomosas Mineral Resources.

The Total Proven and Probable Ore Reserves based the current Mineral Resources as depleted 31 December 2018 for the Plomosas Mine are **73,850 tonnes at 13.82% Zinc, 2.38% Lead and 17.86g/t Silver.**

The modifying factors applied to the Mineral Resources include but not limited to the following parameters:

- Zinc Price: US$3,000/t;
- Lead Price: US$2,200/t;
- Silver Price: US$16.50/oz;
- Mexican profit based royalty tax: 7.5%

Resource Model: Mineral Resource Model as announced to the ASX on 30 April, 2018 and depleted as at 31 December 2018.

Ore Based Costs: The operating costs are based on the actual operating costs as seen at site developed over the past 6 months of operating.

Worthy of note is that a Net Smelter Return (NSR) cut-off of US$108.86/t for mine design purposes when building the Ore Reserves. The Stage 1 costs are based on the start-up production rate of 35,000tpa operations while Stage 2 production rate is 120,000tpa production rate.

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Ore Based Costs	Unit	Stage 1	Stage 2
Process Variable Costs			
Weathered (SOX)	$/t	12	10
Fresh	$/t	20	20
Plant Fixed Costs			
Labour and laboratory	$/t	13	4.8
General & Administration	$/t	12.32	12.32
Ore Transport Costs	$/t	10.00	10.00
Subtotal Plant Fixed Costs	**$/t**	**35.32**	**27.32**
Mining - Ore Based Costs			
Stoping Cost	$/t	29.85	29.85
Development Cost	$/t	6.5	6.5
Ore re-handle Cost	$/t	0.3	0.3
Percentage Ore Re-handle	%	100%	50%
Ore re-handle Cost per feed tonne	$/t	0.3	0.15
Mining Owners team cost	$/t	12.68	4.44
Mine Dewatering	$/t	4.11	1.44
Grade Control	$/t	0.10	0.10
Subtotal Mining Ore Costs	**$/t**	**53.54**	**42.48**
Total Ore Based Costs			
Weathered	$/t	100.86	81.80
Fresh	**$/t**	**108.86**	**89.80**

Metallurgical Recoveries:

Metallurgical Recoveries	Unit	All Stages
Recovery to Concentrate		
Zn	%	95.00
Pb	%	70.00
Ag	%	65.00
Payable from Concentrate		
Zn	%	85.00
Pb	%	95.00
Ag	%	95.00
Subtotal recovered payable metal		
Zn	%	80.75
Pb	%	66.50
Ag	%	61.75

Mining Costs:

- Stoping has been costed at US$29.85/t ore mined
- Development costs have been estimated at US$6.50/t ore mined

Geotechnical Parameters: The Underground conditions have been assessed and the recommendations for ground support and openings incorporated into the designs. Ore losses 11% while waste dilution will be minimal. The ground is considered competent and will require regular spot bolting and occasional meshing where openings are larger at tunnel intersections.

For and on behalf of Consolidated Zinc Limited.

Brad Marwood
Managing Director

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 90% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. 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 has recommenced mining at Plomosas and is committed to exploit the potential of the high-grade Zinc, Lead and Silver Mineral Resource through the identification, exploration and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.

Caution Regarding Forward Looking Statements and Forward Looking Information:

This report contains forward looking statements and forward looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of zinc and lead, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.

Except as required by law or regulation (including the ASX Listing Rules), Consolidated Zinc undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Competent Person Statement:

The information in this report that relates to Ore Reserves is based on, and fairly represents information and supporting documentation prepared by Mr Brad Marwood, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Marwood is a Director and full-time employee of the Company. Mr Marwood has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Marwood has approved the Statement as a whole and consents to its inclusion in this report in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on, and fairly represents information and supporting documentation prepared by Mr Andrew Richards, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Richards is a Director of the Company. Mr Richards has sufficient experience that is relevant to the style of mineralisation

and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Richards has approved the Statement as a whole and consents to its inclusion in this report in the form and context in which it appears.

The information in this report that relates to the Mineral Resources were first reported by the Company in compliance with JORC 2012 in market release dated 30 April 2018.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements referred to above and further confirms that all material assumptions and technical parameters underpinning the ore reserve and mineral resource estimates contained in those market releases continue to apply and have not materially changed.

Plomosas Zinc Project – Table 1 (JORC Code, 2012)

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.*	N/A
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	N/A
	Aspects of the determination of mineralisation that are Material to the Public Report.	N/A
	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.	N/A
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).*	N/A

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	N/A
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	N/A
	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.	N/A
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.*	N/A
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	N/A
	The total length and percentage of the relevant intersections logged.	N/A
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	N/A
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	N/A
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	N/A
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	N/A
	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.	N/A
	Whether sample sizes are appropriate to the grain size of the material being sampled.	N/A

Criteria	JORC Code explanation	Commentary
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.*	N/A
	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.	N/A
	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.	N/A
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	N/A
	The use of twinned holes.	N/A
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	N/A
	Discuss any adjustment to assay data.	N/A
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.*	N/A
	Specification of the grid system used.	N/A
	Quality and adequacy of topographic control.	N/A
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	N/A
	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.	N/A
	Whether sample compositing has been applied.	N/A

Criteria	JORC Code explanation	Commentary
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.*	N/A
	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.	N/A
Sample security	*The measures taken to ensure sample security.*	N/A
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	N/A

Section 2 Reporting of Exploration Results

(Criteria listed 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.*	N/A
	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.	N/A
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	N/A
Geology	*Deposit type, geological setting and style of mineralisation.*	N/A
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.*	N/A
	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.	N/A

Criteria	JORC Code explanation	Commentary
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.*	N/A
	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.	N/A
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	N/A
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	N/A
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	N/A
	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').	N/A
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.*	N/A
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.*	N/A
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;*	N/A

Criteria	JORC Code explanation	Commentary
	bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	N/A
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	N/A

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, 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.*	N/A
	Data validation procedures used.	N/A
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	N/A
	If no site visits have been undertaken indicate why this is the case.	N/A
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	N/A
	Nature of the data used and of any assumptions made.	N/A
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	N/A
	The use of geology in guiding and controlling Mineral Resource estimation.	N/A
	The factors affecting continuity both of grade and geology.	N/A
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.*	N/A
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.*	N/A
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	N/A
	The assumptions made regarding recovery of by-products.	N/A

Criteria	JORC Code explanation	Commentary
	Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	N/A
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	N/A
	Any assumptions behind modelling of selective mining units.	N/A
	Any assumptions about correlation between variables.	N/A
	Description of how the geological interpretation was used to control the resource estimates.	N/A
	Discussion of basis for using or not using grade cutting or capping.	N/A
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	N/A
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	N/A
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	N/A
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.*	N/A

Criteria	JORC Code explanation	Commentary
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.*	N/A
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.*	N/A
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.*	N/A
	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.	N/A
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	N/A

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	N/A
	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).	N/A
	Whether the result appropriately reflects the Competent Person's view of the deposit.	N/A
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	N/A
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.*	N/A
	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.	N/A
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	N/A

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.*	The Ore Reserve Estimate has been based on the Tres Amigos orebody within the Plomosas Mineral Resource estimate updated 30 April 2018 carried out by Ashmore Advisory Pty Ltd (Ashmore). No new drilling and/ or exploration information was incorporated in any of the above resource estimates. The Competent Person for the reporting of this Mineral Resource is Shaun Searle.
	Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	The Mineral Resources have been reported inclusive of the Ore Reserves estimated and stated here.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	The Competent Person has completed a number of site visits to the Plomosas Project, the most recent during April 2019.
	If no site visits have been undertaken indicate why this is the case.	N/A
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.*	A first phase of mining operation has been ongoing since 2018 with ore processed on an ore sale treatment basis through the Santa Eulalia processing facility.
	The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	Pre-feasibility Study work was conducted in 2017 toward defining the Plomosas Ore Reserves and determining appropriate mine plan considering applicable Modifying Factors. Modifying Factors used in the determination of these Ore Reserves have been compiled using pre-feasibility study level investigations.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	The cut-off grades used in the estimation of these Ore Reserves is the sum of mining and processing costs taking into account metallurgical recovery, site operating costs, royalties and revenues. Cut-off grades were calculated using a Net Smelter Return (in $/t) calculation for Zinc, Lead and Silver contributions the value of a tonne of material. For Plomosas, a cut-off grade of $98.86 /t was applied.
	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource	Detailed underground design for mining of the Tres Amigos orebody within the Plomosas mine has been undertaken in order to report Ore

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	*to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	Reserves. Designs are at a feasibility level of detail. Mining and processing of the Tres Amigos orebody at Plomosas since September 2018 has resulted in good reconciliation of tonnes and grade.
	The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	Mining method for Plomosas is based on hand-held underground mining which is amenable to mining narrow, shallow dipping orebodies such as the Tres Amigos orebody. Orebody dip averages approximately 30 degrees with local variability. Hand- held mining accounts for variability in dip as the miner can follow ore which is visually distinguishable from waste during mining along strike and up dip of the orebody. Development drift mining is designed for hand-held mining and mobile plant (rubber tyred loaders and trucks) which is operating on site.
	The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.	Stopes have been designed between a level spacing of 20 m vertical. Stopes are up to 50 m in length up-dip which is acceptable for the use of mechanical scrapers to extract broken ore from the stope. Ore loss of 11 % has been assumed on 5 m x 5 m pillars for every 15 m x 15 m stope panel based on previous mining spans at Plomosas.
	The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	No stope optimisation was undertaken for Plomosas. Detailed designs are based on a discrete boundary between high grade mineralisation and the surrounding host rock.
	The mining dilution factors used.	Planned dilution is accounted for within detailed stope designs. Unplanned dilution of zero is assumed due to selectivity of hand-held mining and the distinct visual differentiation between ore and waste.
	The mining recovery factors used.	Ore loss of 11 % to account for pillars is assumed.
	Any minimum mining widths used.	A minimum mining width of 1 m is used.
	The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	No Inferred material was included in the conversion of Mineral Resource to Ore Reserves. All Inferred material was treated as waste in the planning process.
	The infrastructure requirements of the selected mining methods.	The first phase of mining at Plomosas utilised a mining contractor and existing underground development. Additional development mining

Criteria	JORC Code explanation	Commentary
		has been undertaken to access the orebody. Accommodation, messing, survey, mine planning and all necessary infrastructure is available on site or in nearby towns.
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	The metallurgical process proposed for Plomosas is to float a zinc concentrate and a lead concentrate with silver credits though third party processing facilities as has been undertaken for Plomosas ore since mining was re-started in September 2018. Recoveries and payability assumptions are: Recovery to Concentrate Zn % 95.00 Pb % 70.00 Ag % 65.00 Payable metal from Concentrate before standard treatment charges Zn % 85.00 Pb % 95.00 Ag % 95.00 Subtotal recovered payable metal before standard treatment charges Zn % 80.75 Pb % 38.00 Ag % 61.75
	Whether the metallurgical process is well-tested technology or novel in nature.	The proposed floatation of a zinc concentrate and lead concentrate and subsequent refining is a well proven and understood metallurgical process.
	The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.	Plomosas ore has been processed through third party processing facilities with results supporting the assumptions used for Ore Reserves.
	Any assumptions or allowances made for deleterious elements.	No Assumptions have been made for deleterious elements.

Criteria	JORC Code explanation	Commentary
	The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.	12,500 tonnes of Plomosas ore have been processed since 2018. This ore is considered representative of Ore Reserves.
	For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	Yes. Processing of the Plomosas ore resulted in cost and recovery estimates which validate Reserve assumptions.
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	The underground mine discharges water and air to the environment. The ore is brought to the surface and then sent to the Santa Eulalia plant remotely located from the mine. The water discharged is clean and free from dangerous or damaging minerals and is freely discharged to the ranch. The air is heated due to the process of flowing through the mine. The diesel trucks and explosives add to the particulates in the air. The quantity is considered to have no impact 5 metres from the surface ventilation discharge.
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	The first phase of the project from September 2018 has operated with existing infrastructure. Mining of Ore Reserves will make use of this existing infrastructure.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.*	Capital cost for the project have been met by the completed funding plan including cash from existing operations and equity raised from the Australian Securities Exchange (ASX).
	The methodology used to estimate operating costs.	Mining operating costs are sourced from local contractor's quotes and have been validated by subsequent mining operations at Plomosas. Costs for Airleg stoping mining are $29.85 /t. Development cost is $850 /m plus 50 /m for bolting; resulting in a development ore based cost of $6.50 /t. Processing costs have been assumed by comparison with similar projects and validated based on recent processing of Plomosas ore.
	Allowances made for the content of deleterious elements.	No Allowance has been made for deleterious elements.
	The source of exchange rates used in the study.	All costs have been developed in United States Dollars.

Criteria	JORC Code explanation	Commentary
	Derivation of transportation charges.	Transport costs have been included within processing costs and are based on local contract rates and validated by road haulage to third party treatment facilities.
	The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	Treatment and refining charges are estimated based on industry benchmarks and have been validated during third party processing or Plomosas ore. Concentrate haulage cost is $124 /t. Other selling costs include allowance for transport, shipping, refining and penalties and sum to $220 /t.
	The allowances made for royalties payable, both Government and private.	Allowance for government profit based royalty of 7.5 % has been made.
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	No factors were applied in the application of metal prices. Mining recovery of 89 % has been applied for pillars as stated above. Dilution has been accounted for within stope designs.
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	Metal prices of $3,000 /t for zinc, $2,200 /t for lead and $16.50 /oz for silver have been used for a Net Smelter Return Calculation.
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.*	Zinc, lead and silver are commonly traded metalliferous commodities and the concentrate produced from Plomosas is not anticipated to contain any deleterious elements which may impact the ability to sell a concentrate. This has been confirmed during processing of Plomosas ore since 2018.
	A customer and competitor analysis along with the identification of likely market windows for the product.	An ore sale agreement has been reached with local processing facilities to treat Plomosas ore. Multiple potential processing facilities are within viable haulage distance of the Plomosas mine.
	Price and volume forecasts and the basis for these forecasts.	Price forecasts are in line with short and medium term consensus and spot commodity price forecasts.

Criteria	JORC Code explanation	Commentary
	For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	
Economic	*The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.*	The inputs for the NPV included the revenues , recoveries, operating costs, refining and treatment costs from smelters, payability and schedule production and plant feeds.
	NPV ranges and sensitivity to variations in the significant assumptions and inputs.	NPV was stress tested for a range of metal prices, recoveries, cost scenarios and the economics remain robust under the conditions tested.
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	Social licence is in good standing with positive feedback from community leaders.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*	
	Any identified material naturally occurring risks.	
	The status of material legal agreements and marketing arrangements.	All legal agreements have been executed; all commercial agreements have been executed. The Rancher who owns the surface rights to the property at Plomosas, commenced legal proceedings against the Company to terminate the land rental agreement. The legal case is currently under appeal within the Federal Courts of Mexico. If the legal appeal rules in favour of the Rancher and terminates the land use agreement, a new land use agreement will be required between the Company and the Rancher.
	The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	The government has approved the project development

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Classification	*The basis for the classification of the Ore Reserves into varying confidence categories.*	All designed Ore Reserves which have been reported as Probable have been derived directly from the Mineral Resource classified at the Indicated level of confidence. There are no reported Proved Ore Reserves. All Inferred Mineral Resources were treated as waste.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The competent person is satisfied that the estimated Ore Reserves as stated here reflect his view of the deposit.
	The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	There are no Proven Ore Reserves and therefore no Ore Reserves derived from Measured Mineral Resources.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	No audits or reviews have bene undertaken on the Ore Reserves.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve 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 reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.*	In estimating these Ore Reserves, the confidence level as expressed in the Mineral Resource estimates have been accepted in the respective resource classification categories.
	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.	The Ore Reserves estimate relates to global estimates in the conversion of Mineral Resources to Ore Reserves, due largely to the spacing of the drill data on which the estimates are based, relative to the intended local selectivity of the mining operations.
	Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	The modifying factors applied in the estimation of the Ore Reserves are considered to be of a sufficiently high level of confidence not to have a material impact on the viability of the estimated Ore Reserves.

Criteria	JORC Code explanation	Commentary
	It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	After 6 months of operating the Plomosas mine is yet to commence mining the Ore Reserves and continues to mine mineralisation outside of the Mineral Resources as defined and announced to the ASX on 30 April 2018. Thus it is not possible to assess the accuracy locally of the Ore Reserves reserves but as 12,500t of economic mineral have been extracted from the mine there is confidence that the current Ore Reserves will be exceeded.