

## OPERATIONAL UPDATE PLOMOSAS MINE

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### Highlights:

- **Operations at Plomosas Mine and Aldama Plant expected to recommence in the second half of May 2020**
  - **Maintenance, overhauls and efficiency measures completed during shutdown period**
  - **Operations expected to restart at a lower cost base**
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Consolidated Zinc Limited (ASX: CZL or “the Company”) advises that due to the COVID-19 pandemic, the Mexican Government has instructed all non-essential services to suspend operations until 30 April 2020. After that businesses will be allowed to restart on varying dates from 1 May to 31 May 2020, based on the pandemic status in their location.

The Mexican Government has issued a map showing Red Zones (COVID-19 active), Yellow Zones (neighbouring Red Zones) and Green Zone (no reported COVID-19 cases and limited exposure). The Plomosas mine and Aldama plant are located in Yellow Zones which are scheduled to return to business in the second half of May 2020.

Unless its zoning changes, or the state health authority approves an earlier return to work due to the remoteness of the mine, the Plomosas mine will recommence operations during the second half of May 2020.

During the enforced closure of the mine and plant since the 6 April 2020 essential services have repaired key equipment, replaced pumps, completed overhauls on generated power supply equipment and maintained the mine ready to operate when the Mexican Government allows a return to work.

The Aldama plant has been maintained and made ready to commence operations once authorised.

Combined with contract renegotiations and other efficiency measures, when operations recommence it is expected that significant improvements will be delivered due to:

- Mining costs have reduced 50% per tonne of ore mined, after the transition to owner operating mining
- Negotiations ongoing to reduce ore processing costs
- Negotiations advanced to reduce lead concentrate treatment charges for the remainder of 2020
- A large majority of costs excluding ore tolling fees are denominated in Mexican Peso, which has devalued approx. 25-30% in comparison to the US Dollar, supporting a reduction in US dollar operating costs.
- Further real cost reductions are expected from recent world oil price reductions particularly in relation to fuel and energy costs and labour headcount reduction to improve efficiency.

Overall, operations are expected to restart at a lower cost base.

Key personnel have been retained and all other staff have been sent home and staff will execute new contracts of work once the mine restarts.

This announcement was authorised for issue to the ASX by the Directors of the Company.

23 April 2020

For further information please contact:

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#### **ABOUT CONSOLIDATED ZINC**

Consolidated Zinc Limited (ASX: CZL) owns 100% 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 commenced 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.