

30 April 2020

Quarterly Activities Report March 2020

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- 9,987 tonnes ore mined during the quarter grading 16.6% zinc 8.4%, lead and 51.3 g/t silver, up from the December quarter.
 - 10,132 tonnes of ore processed at 16.6% zinc 8.4%, lead and 46.1 g/t silver, down from the December quarter.
 - Payable metal sold of 787 tonnes of zinc and 164 tonnes of lead in concentrate.
 - Inventory stockpiles at quarter end which will be realised in Q2 2020.
 - 738 tonnes of high-grade run-of-mine ore stockpiled for processing
 - 315 tonnes zinc concentrate, 191 tonnes lead concentrate available for sale and sold in Q2 2020
 - Q1 2020 C1 cash cost of payable zinc sold \$1.05/lb, down 29% from \$1.48/lb in the December quarter.
 - Exploration drilling completed to improve confidence on the Inferred SOX mineralisation located between Level 7 and Level 9.
 - Gold mineralisation regional sampling in the north west of the Plomosas concession holding returned high grade assays up to 61.0 g/t Au and 27.5 g/t Au.
 - Cash balance at 31 December 2019 of US\$0.298 million plus concentrate trade receivable of \$0.473 million plus VAT refundable of \$1.388 million.
 - Post quarter end, the Mexican government halted non-essential business activities (including mining) until the second half of May, following which operations will recommence. Maintenance, overhauls and efficiency measures undertaken during shutdown provide confidence that the Company will re-start operations at a lower cost base.
 - Post quarter end, launched a re-priced fully underwritten Entitlement Issue is on the basis of one (1) New Share for every three (3) shares held at A\$0.003 per Share to raise up to approximately A\$1.7 million. Subscribers will receive one (1) free-attaching option for every one (1) New Share subscribed for and issued, exercisable at A\$0.006 per Option on or before the date which is three years from the date of issue.

All references in this report are to US\$, unless otherwise stated.

Consolidated Zinc Limited (CZL:ASX or “the Company”) is pleased to present its March 2020 quarterly activities report.

All references in this report are to US\$, unless otherwise stated.

OPERATIONS - PLOMOSAS MINE, CHIHUAHUA STATE, MEXICO (100% OWNED)

Health, Safety and Environment

There were no reportable environmental or safety incidents during the quarter.

Mining

During the quarter, 9,987 tonnes of ore were mined at Plomosas, which was higher than the previous quarter of 9,062 tonnes, validating the decision to terminate the mining contractor and move to owner operated mining, despite the inevitable disruptions during the changeover.

Stope mining of the semi -oxide ore (“SOX”) between Level 7 and Level 9 is well underway using room and pillar mining with gallery stopes developed where the ground support allows. Stoping now proceeds above the 900mRL.

Key staff were secured early in the quarter to complement the mining team at Plomosas. During January equipment availability impacted production which otherwise rose above 200t/day. Of particular note is the first 17 days of March when the average production was 195t/day. Mechanical issues and availability of spare parts impacted the remainder of the month’s production.

Mining costs started the quarter at US\$155/t hauled to the surface and by March had reduced to US\$60/t, with the average quarterly mining costs at US\$85/t. Mining costs are trending favourably with tonnes mined increasing and the unit cost per tonne reducing.

Processing

During the quarter 10,132 tonnes of ore were processed at average milled grades of 16.6% zinc, 8.4% lead and 46.1 g/t silver.

Significant operational improvements were made at the Aldama concentrator under the Company’s guidance. In January the plant operated for 24 days at an average of 126 tonnes per day, increasing in February to 25 days at 143 tpd and March with 24 days at 146 tpd. Daily production was down on other days due power outages and the impact of COVID-19 on the availability of spare parts, reagents and key staff.

These issues are currently being addressed to improve availability, operability and costs of operating the plant.

At the end of the quarter inventory stockpiles were 738 tonnes of ROM ore available for processing and 315 tonnes of zinc concentrate and 191 tonnes of lead concentrate.

Operating Costs

March Quarter 2020 C1 operating costs were \$1.05 per payable pound of zinc which was 29% lower than the previous quarter (\$1.48/lb), due to the following factors:

- Owner operated mining allowed for improved efficiencies however, partly offset by rental equipment used during the transition while awaiting for delivery of mining equipment not having the mechanical availability required.; and
- Plant production days was limited to 73 days in 91 days, 80% availability partly offsetting the improved costs and efficiencies realised during the quarter.

The operating costs at the start of the quarter were US\$1.23/lb and reduced to US\$0.98/lb in March. The Company expects this trend to continue as cost savings related to the reduction in hire equipment, labour efficiencies and exchange rate benefits take effect from the end of March 2020.

TABLE 1. QUARTER ENDED 31 DECEMBER 2019 PRODUCTION STATISTICS

			Q4 2019	Q1 2020	Year to date
MINED	Ore	MT	9,062	9,987	9,987
	Waste	MT	4,793	1,921	1,921
	Development	Metres	346	171	171
ORE PROCESSED	Ore	MT	11,712	10,132	10,132
	Zinc	%	16.1%	16.6%	16.6%
	Lead	%	8.4%	8.4%	8.4%
	Silver	Grams/t	44.5	46.1	46.1
SALES	Payable Zinc	MT	863	788	788
	Payable Lead	MT	128	164	164
	Payable Silver	Oz	5	425	425
C1 CASH COST PER PAYABLE ZINC SOLD	Mining, Processing and G&A	\$/lb payable Zinc sold	\$1.24	\$0.82	\$0.82
	Treatment & Transport Charges	\$/lb payable Zinc sold	\$0.36	\$0.39	\$0.39
	By Product Credits	\$/lb payable Zinc sold	\$(0.12)	\$(0.16)	\$(0.16)
	C1 Cash Cost	\$/lb payable Zinc sold	\$1.48	\$1.05	\$1.05

Concentrate Sales

1,723 tonnes of zinc concentrates and 430 tonnes of lead concentrates were sold in the quarter.

At the end of the quarter, 315 tonnes of zinc concentrate, and 191 tonnes of lead concentrate were stockpiled and scheduled for sale in Q2 2020.

EXPLORATION

During the quarter \$0.211 million of exploration and resource definition expenditure was incurred as detailed below.

Resource Update

The main zones targeted by drilling and channel sampling are shown in Figure 1, which illustrates the areas of Inferred category Mineral Resources that were drilled and sampled to convert to Indicated category. Results from this drilling and channel sampling have converted sections of the Inferred resources to Indicated totalling 26,000 tonnes at 22.6% Zn, 12.8% Pb and 72.5g/t Ag.

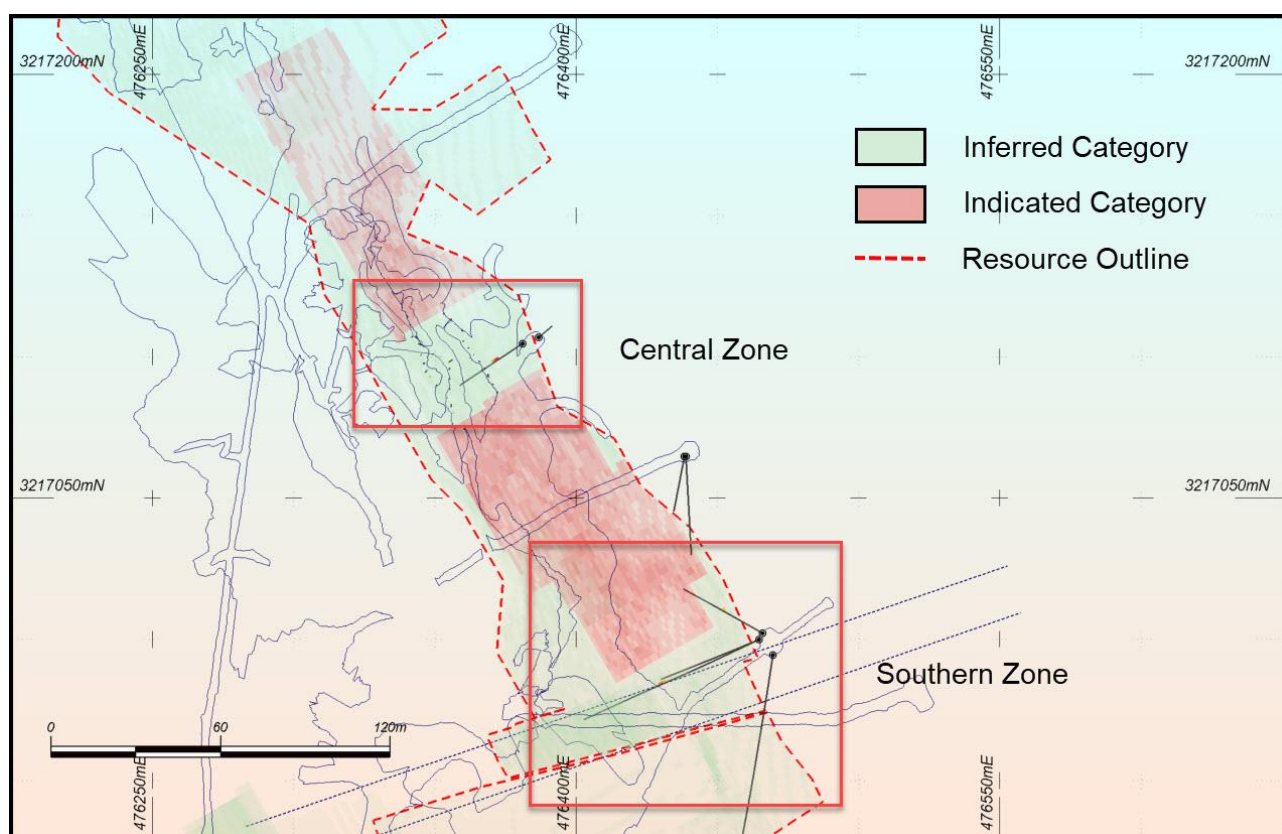


Figure 1: Location of zones in the Level 7 Deeps SOX where drilling and channel sampling have taken place for the Inferred to Indicated Category upgrade. Channel sampling has been completed in the Central Zone only. Resource model shown here is the 2018 outline to show areas of Inferred for reference.

SOX Extensional Drilling – Level 7

Underground resource drilling comprised eight holes for 435 metres of drilling. The Inferred to Indicated category conversion drilling was completed in the quarter with assays returned after the end of the quarter (Refer Figure 1 and Table 2 for details).

The results from the Inferred to Indicated resource category conversion drilling have been incorporated into the updated resource model. The results of the resource model update were announced to the ASX subsequent to the quarter end on 29 April 2020 to which the reader is referred for full details.

Massive sulphide mineralisation was visually identified in holes with thicker units observed in holes LV7065 and LV8023. Highlights of the downhole results from these holes are shown below;

- **LV7065** **3.30m at 24.80% Zn, 8.31% Pb, 68.78g/t Ag**
- **LV8023** **5.10m at 14.20% Zn, 5.39% Pb, 48.68g/t Ag**
- **LV8025** **3.50m at 22.54% Zn 7.46% Pb 35.64g/t Ag**

Table 2 summarises the results encountered in drill holes reported and details the assays results.

Table 2 - LEVEL 7 SOX								
Resource drilling results received, all holes (cut off 3% Zn)								
Hole ID	From (m)	To (m)	Inters* (m)	TW** (m)	Zn %	Pb %	Ag g/t	Comment
LV7065	12.00	15.30	3.30	3.21	24.80	8.31	68.78	Fine to medium grained semi-oxide massive sulphide with medium grained semi-massive mineralisation of pyrite-galena-sphalerite with carbonated patches.
LV7066					NSI	NSI	NSI	Disseminated sulphides in manto.
LV7067					NSI	NSI	NSI	Disseminated sulphides in manto.
LV7068					NSI	NSI	NSI	No sulphide mineralisation.
LV8023	34.30	39.40	5.10	3.74	14.20	5.39	48.68	Upper zone is medium grained semi-oxide massive sulphide mineralisation of pyrite-galena-sphalerite with carbonate patches widths of 20cm separated by variable waste. Lower zone is fine to medium grained semi-massive sulphide mineralisation with semi-oxide medium grained sphalerite-galena massive sulphide mineralisation with minor pyrite, strongly leached and vuggy texture
LV8024					NSI	NSI	NSI	Very thin stringers, strongly oxidised galena-sphalerite massive sulphide
LV8025	22.0	25.5	3.50	2.62	22.54	7.46	35.64	Medium grained semi-oxide massive sulphide mineralisation of pyrite-galena and sphalerite.
LV8026					NSI	NSI	NSI	Thin bands of medium grained, vuggy semi-massive sulphide mineralisation of sphalerite and galena, strongly leached and vuggy, (assays returned values below 3% Zn).

*Intervals of mineralisation <0.5m are logged as true downhole widths, with sampling done at a minimum of 0.5m.

**TW is True Width and represents the best estimate of the intercept based on the geological interpretation of the sequence.

NSI is No Significant Intersection

Styles of mineralisation intersected in the drilling show the presence of massive to semi-massive sulphides occurring at the hanging wall contact to the Cuesta shales and the Mina Vieja marble unit (hole LV8023). Drill holes targeting mineralisation at 20 metres down dip to these sulphide units, intersected units of thinning mineralisation, confirming that although mineralisation thins towards the 055° azimuth direction (hole LV8024), mineralisation pitches and plunges towards the southeast, as noted by the thicker unit of sulphide intersected in hole LV8023.

Significantly, the drilling to date continues to demonstrate that thicker units of high-grade mineralisation occur within the current resource model at Level 7 which is the deepest of the main ore workings developed at Plomosas at approximately 240m below surface.

Resource Channel Sampling

As part of the resource upgrade, a sampling program targeting ore exposed in existing levels was completed as it would provide a more representative profile and be cheaper and faster than drilling. The program was planned to target the down dip ore projected between levels 910, 900 and 907 with the intention of converting the current Inferred category to Indicated in an area of 35 x 32 meters located in the central zone of the SOX orebody.

Sampling these levels showed that ore zones were robust and up to three metres in thickness. In some instance the ore zones exhibit strong to isoclinal folding that effectively thickens the ore zone. Channel sampling had targeted massive sulphide mineralisation in each of these levels and hole LV8023 had intersected ca. 5.1 metres of ore downdip from level 907. Mineralisation then continues below the mineralised interval intersected in LV8023.

Some significant assays results (true width) are shown below (refer to ASX announcement dated 23 April 2020 for full details).

- Sample LV913006: 2.2m @ 43.02% Zn, 13.5% Pb, 83.25g/t Ag
- Sample LV913012: 1.8m @ 36.61% Zn, 20.41% Pb, 139.22g/t Ag
- Sample LV907006: 1.9m @ 36.44% Zn, 19.36% Pb, 80.41g/t Ag
- Sample LV907005: 1.9m @ 35.18% Zn, 19.94% Pb, 79.9g/t Ag
- Sample LV907009: 1.8m @ 34.07% Zn, 27.96% Pb, 79.96g/t Ag
- Sample LV907010: 1m @ 32.68% Zn, 23.47% Pb, 99g/t Ag
- Sample LV913008: 2.5m @ 31.92% Zn, 23.68% Pb, 92.11g/t Ag

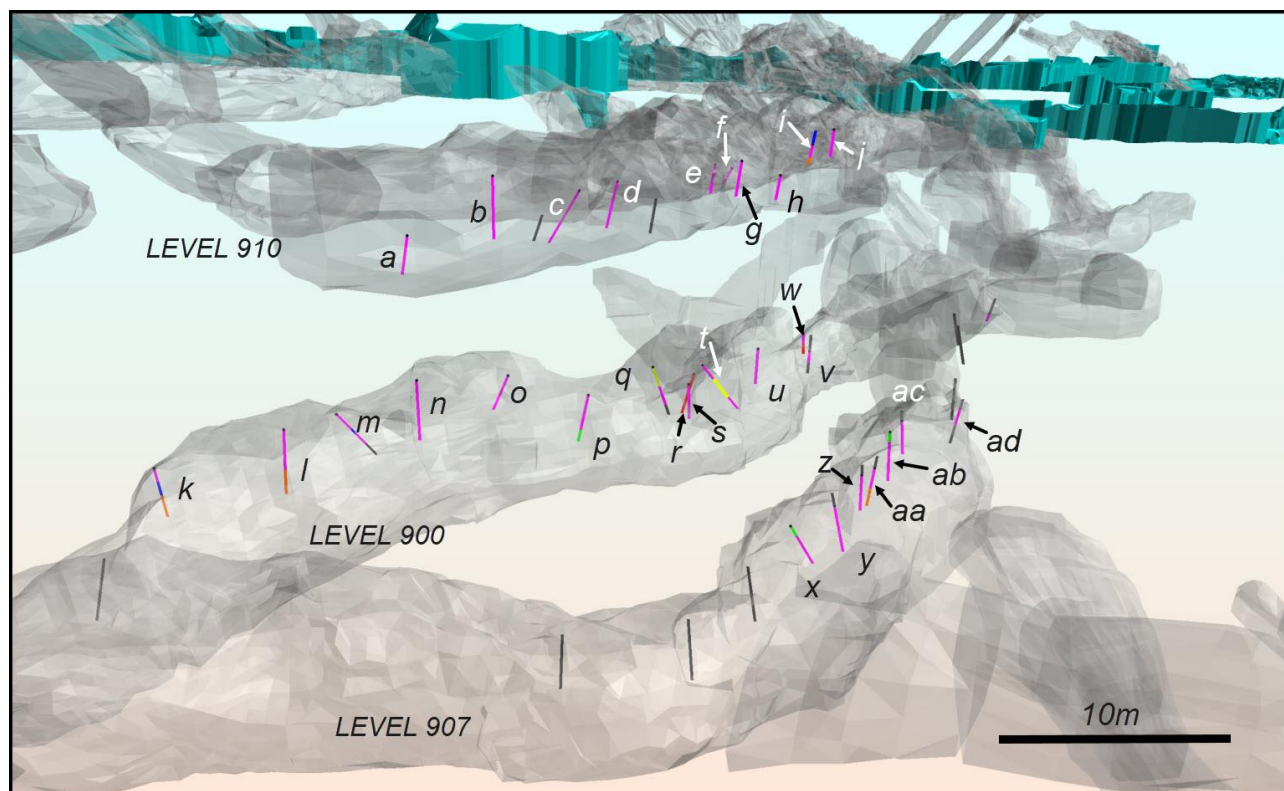


Figure 2: Oblique view of channel sample locations taken on respective levels located in the central inferred zone.

REGIONAL EXPLORATION

Gold focussed exploration completed during the quarter concentrated in the north western tenement areas of Don Lucas, Don Lucas IV and Don Sebastian concessions (refer Figure 3). A total of 94 samples were collected over two campaigns.

The prospect areas to the north west of Plomosas mine and within the Company's concessions are prospective for gold as evidenced by the assay results returned. The area has undergone structural brittle deformation resulting in auriferous quartz, hematite veins containing variable copper mineralisation and related alteration occurring during deformation. The confirmed presence of intrusive granite to the north may be the driver for mineralised fluids leading to potential mineralisation occurrences in the northern areas.

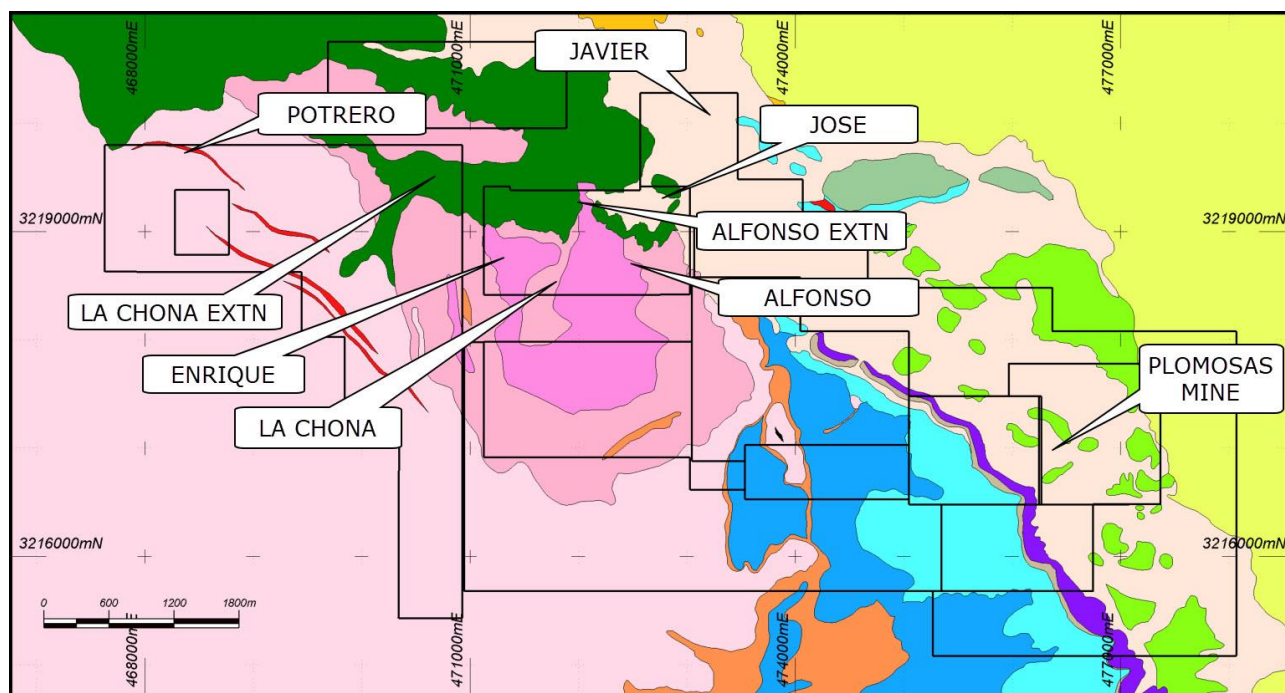


Figure 3: Regional prospect locations in relation to the Plomosas mine

The best results came from the La Chona-Enrique trend and from additional structures located to the immediate north of this trend. First pass reconnaissance at La Chona returned results as follows:

Prospect	Sample No	East WGS84	North WGS84	Rocktype	Au (g/t)	Ag (g/t)	Cu %
La Chona-Enrique	38161	471680	3218564	Qtz-Hm Vein	61.00	6.9	2.88
La Chona-Enrique	38160	471680	3218562	Qtz-Vein	27.50	4.1	2.19
La Chona-Enrique	38153	472115	3219431	Qtz Veinlets	11.30	2.9	3.90
La Chona-Enrique	38162	471720	3218531	Qtz Vein	7.42	4.2	2.91
La Chona-Enrique	38158	471685	3218555	Drusy Qtz Vein	4.77	3.8	4.06
Potrero	38175	467859	3219681	Alt Limit	2.55	0.03	0.00

Follow up sampling concentrated on the main La-Chona-Enrique trend and the area to the immediate north returned very good assay results as summarised below:

Location	Sample No	East WGS84	North WGS84	Rocktype	Au (g/t)	Ag (g/t)	Cu %
La Chona-Enrique	26260	471470	3218864	Gossan	6.21	8.00	0.04
La Chona-Enrique	26262	471313	3218778	Lst/Qtz Veining	4.75	8.00	3.39
La Chona-Enrique	26264	471293	3218784	Lst/Qtz Veining	3.32	6.00	0.03
La Chona-Enrique	26214	471644	3218616	Lst/Qtz Veining	2.32	6.00	0.01
La Chona-Enrique	26257	471508	3218931	Lst w/ OxFE-Cu	1.45	6.00	0.64
La Chona-Enrique	26259	471483	3218887	Lst w/ OxFE-Cu	0.82	3.00	0.60

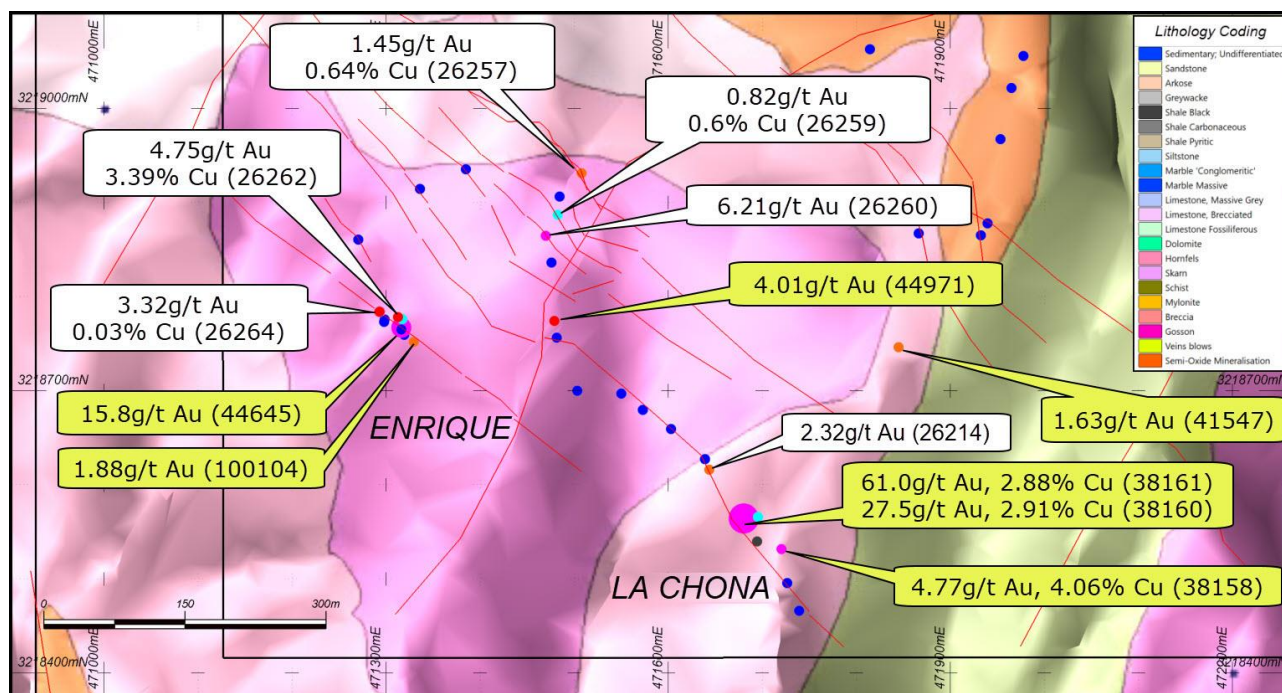


Figure 42: Location of the sampling points with assays along the La Chona-Enrique trend. Sampling to the north has shown that there are sub-parallel structures to the La Chona-Enrique trend. Samples in yellow are first pass program and historic samples. Please refer to tables for sample number referencing.

The **La Chona-Enrique** mineralised trend occurs on a defined lineament that is cut by several north-westerly trending structures. The gold results obtained in the most recent program are located in quartz veining along tightly constrained structures. Dilational zones such as those occurring at the intersection of structures are likely to host the higher-grade mineralisation (similar to that occurring at La Chona).

Results from this program are very encouraging and further exploration is planned to develop the interpretation of the mineralised systems. The discovery of additional mineralised systems to the northeast and parallel to the La Chona-Enrique trend also opens up the area and warrants further exploration to identify high grade shoots.

The **Potrero project** (Figures 3 and 5) will also be assessed in the next exploration campaign. CZL are in discussions with landholders to discuss access for exploration within the Don Sebastian Concession as well as landowners to the immediate north of the Concession area.

The Potrero project is considered highly prospective and a high priority due to the presence of intrusive felsics and highly deformed host rocks, along with coincident high-grade results from historic workings which returned values up to 14.65g/t Au (previously announced on 30 January 2020).

Exploration will be focussed on the +3km strike length of exposed felsic intrusives in this area as shown in Figure 5.

Refer to the ASX announcement dated 23 April 2020 for the full details of the gold regional exploration results.

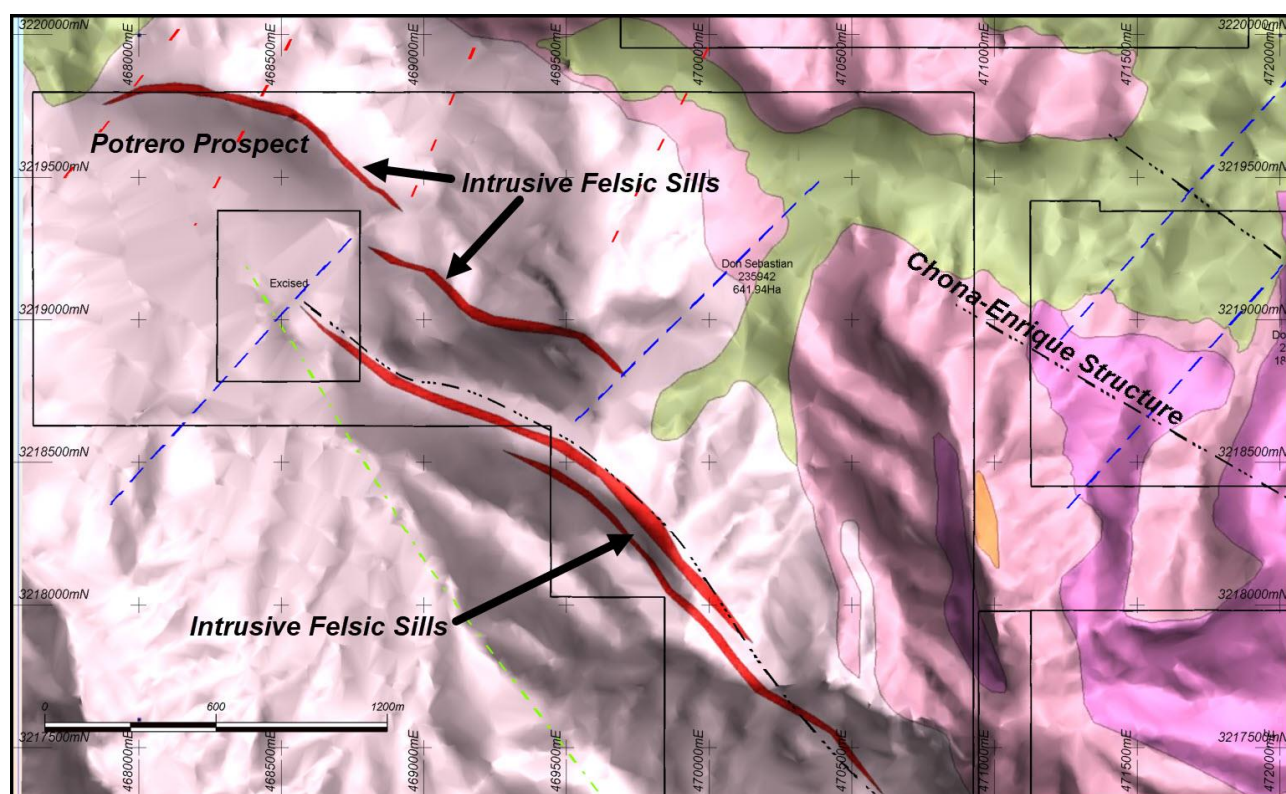


Figure 5: Further work will concentrate on the felsic intrusive sills located in the Potrero Prospect area and additional sills located to the south for a total linear length of around 3km.

CORPORATE

Board Changes

On 1 January 2020, Andrew Richards was appointed the non-executive Chairman of the Company with the resignation of Stephen Copulos. Andrew was a longstanding Executive Director of the Company and brings a wealth of experience in natural resources over 35 years.

Board Fees and Executive Salaries

The Board and management recognise the impact of the COVID-19 on shareholder value and cashflow and in response have voluntarily reduced non-executive Directors fees by 50%, and Managing Director and Chief Financial Officer salaries by 20% until business operations can return to normal.

COVID 19 Activities

During the quarter, the Company has implemented all recommendations of the state and federal governments of Australia and Mexico. The Company has closed its Perth and Chihuahua Offices, with all staff working remotely and meetings held by video conference.

In addition, the Company has implemented strict social distancing and health monitoring at the Plomosas Mine and Aldama third-party concentrator. All staff are provided with personal protective equipment and additional measures have been implemented to enhance hygiene healthcare standards to comply with Mexican Government COVID-19 requirements. Visitors to the Plomosas and Aldama sites have been suspended with only essential production and maintenance personnel permitted access.

On 6 April 2020, the Mexican government announced its COVID-19 increased restrictions including that all non-essential business activities were to stop until the end of April. The Mexican government has subsequently extended the non-essential business activities suspension until the second half of May, with a re-start date dependant on the presence of COVID-19 in the proximity to each council municipality by a colour code system green (no cases and borders yellow zone), yellow (no cases but borders a red zone) and red (known COVID-10 cases).

The Plomosas mine and Aldama third-party concentrator are located in the Aldama municipality, which is currently deemed a yellow zone.

The Company has applied to the Undersecretary of Mining, to be exempted from the non-essential business activities suspension due to the remote location and full compliance with the Mexican government COVID-19 health response plan.

Rights Issue

During the quarter, the Company announced an Entitlements Offer priced at A\$0.005 per share however, due to the market volatility the offer was withdrawn on 7 April 2020.

A new fully underwritten Entitlements Offer was announced on 23 April 2020 (New Offer). The New Offer is on the basis of one (1) New Share for every three (3) shares held by eligible shareholders on the record date at an issue price of A\$0.003 per New Share to raise up to approximately A\$1.7 million. The Lead Manager and Underwriter to the New Offer is Pinnacle Corporate Finance Pty Ltd.

Subscribers in the New Offer will receive one (1) free-attaching option for every one (1) New Share subscribed for and issued, exercisable at A\$0.006 per Option on or before the date which is three years from the date of issue. Subject to meeting the requirements of the ASX Listing Rules, the Company intends to apply for quotation of the New Options.

Funds raised from the Offer will be used for exploration of gold prospects at the Plomosas project, to repay unsecured loans, for working capital and to meet Offer expenses.

Cash

The Company's closing cash at the end of the quarter was US\$0.298 million (prior quarter \$0.530 million).

Trade Receivables

The Company's trade receivables due from the sale of zinc and lead concentrates was \$0.473 million (prior quarter \$0.617 million) and VAT refundable of \$1.388 million (prior quarter \$1.237 million).

VAT refunds from the Mexican government are recoverable through a combination of cash refunds and offsetting against any monthly VAT payable amounts due to the Mexican government.

Convertible Notes

The closing balance of convertible notes on issue at the end of the quarter was A\$0.735 million inclusive of capitalised interest.

The convertible notes on issue have a principal value of A\$0.628 million, with:

- A\$0.475 million with a maturity 30 June 2020 at a conversion price of A\$ 1.0 cent per share; and
- A\$0.152 million with a maturity date of 27 August 2020 at a conversion price of A\$ 1.5 cent per share.

Unsecured borrowings

The Company has A\$1.2 million unsecured loan facilities fully drawn (prior quarter A\$0.8 million) with the following facilities:

- A\$0.8 million unsecured facility from entities related to Mr Stephen Copulos (former non-executive Chairman) and Mr Andrew Richards (non-executive Chairman), with a maturity date of 30 June 2021 and an interest rate of 10.0% per annum; and
- A\$0.4 million of unsecured working capital facilities from entities related to the Copulos and Retzos Group's. The working capital facilities are to be repaid from the proceeds of the Entitlements Issue. Should the working capital facilities not be repaid, at the option of the lenders the working capital facilities may convert into equity at the lower of A\$0.003 per share or the next capital raising price.

Payments to Related Parties

During the quarter, payments of US\$126,248 were made for salaries and PAYG withholding tax related to the Managing Director and non-executive Directors.

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

For further information please contact:

Brad Marwood
Managing Director
08 9322 3406

ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 100% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State. 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.

Production Targets:

Production targets referred to in this report are underpinned by estimated Mineral Resources which have been prepared by competent persons in accordance with the requirements of the JORC Code. The production targets in this report are sourced from both Indicated and Inferred Mineral Resources and it should be noted that there is a low geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on the Company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

Competent Person Statement:

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Steve Boda BSc (Hons), MAIG, MGSA, MSEG. Mr Boda is a Member of Australian Institute of Geoscientists (AIG).

Mr Boda 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 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 Boda consents to the inclusion in this report of the matters based on their information 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 Steven Boda, a Competent Person who is a Member of Australian Institute of Geoscientists (AIG). Mr Boda 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 Boda 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 29 April 2020.

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.