CONSOLIDATED ZINC LTD

3 November 2016

Multiple Zn-Pb Prospects Identified in First Pass Regional Exploration Program

- **Regional exploration commences with preliminary results indicating potential extensions and repetitions of Plomosas-style mineralisation;**
- **Mapping of mine sequence, collection of gravity and magnetic data completed;**
- **Numerous geological, structural and geophysical targets identified for follow-up.**

REGIONAL exploration work at Consolidated Zinc's Plomosas project has identified some encouraging potential extensions and repetitions to the current mineralisation.

Managing Director Will Dix said while the review of data was in its preliminary stages, numerous geological, structural and geophysical targets had been identified for follow-up work. The exploration was being undertaken in parallel with the company's resource definition drilling and mine-based studies.

Figure 1. Location of Plomosas mine, northern Mexico

"This is an exciting new step for the company," Mr Dix said. "While we have seen success from the drilling activity below the existing mine, we have also been keen to progress the regional exploration activity and this first phase has given us great encouragement that the environment is conducive to hosting additional mineralisation."

The exploration commenced with geological mapping in August followed by gravity and helicopter-borne magnetic surveys within the area outlined in red in Figure 2. The focus was on finding repetitions or extensions of the Plomosas-style ore bodies within the mineralised geological mine sequence trending north-west and south-east over 7km within the Plomosas tenements.

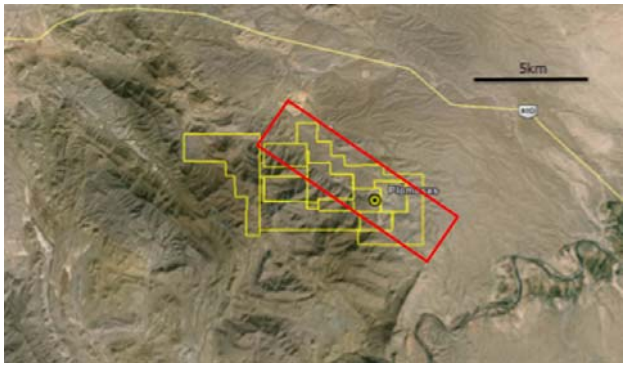

Figure 2. Plomosas project tenements (yellow) with area of completed heli-magnetics and detailed gravity surveys outlined in red.

Geological mapping

An independent consulting geologist with extensive experience in Mexico and base metal exploration was appointed by CZL to commence a 1:10,000 scale mapping program. This was undertaken from 16 July to 8 August, during which time a total of 40 samples (including QA/QC) were sent for analysis. These samples were taken from areas of mapped alteration, gossanous horizons or areas of veining observed during the mapping program. Figure 3 shows the locations of the samples relative to geology.

Mine Sequence

The ore deposits at Plomosas demonstrate a replacive style mineralisation, preferentially hosted within carbonate units at different horizons. The main mineralised horizon at Plomosas is a marble unit called the Mina Veija Marble (MVM - locally the Main Manto Horizon). The MVM is prominent in the area as high ridges which dip to the north-east in the mine area and strike to the north-west. This unit follows and defines one of the main thrust zones within the tenements and introduction of zinc-lead-silver mineralisation has probably been influenced by this later structural event.

Although the MVM is the obvious main target for finding additional ore, mineralisation is not just confined to this horizon but can also be found in carbonate rich units stratigraphically above and below. The mine sequence is therefore defined by several carbonate-rich units which are found in the Plomosas mine and extend both to the north-west and south-east. These units were mapped for at least 2.5km to the north-west of Plomosas at Los Alfontinos, where the sequence may be obscured by colluvium cover or possibly displaced by faulting. However, magnetic signatures in the area provide encouragement that the units continue and this warrants further exploration below cover and at depth.

Gossanous Occurrences

A number of gossan horizons were found hosted within limestone units extending up to 50m x 10m. No boxworks were noted and the gossans were generally massive, limonite rich with subordinate haematite and occasional magnetite, and in some cases were brecciated.

Several zones of pervasive argillization were mapped and sampled as well as zones of silicification and veining in arenaceous horizons within the Formacion Verde.

The most notable areas containing significant gossans are El Fenomino and Los Alfonsitos.

The El Fenomino area is 2km north-north-west of the mine and comprises outcropping marbles hosted in arenites and carbonaceous arenites. Several small workings were found on the extreme northern end of the outcropping marble with occasional Cu and Zn oxides in spoils from these workings. The manto outcrops over more than 100m and is 5 to 7 metres thick. Adjacent to the marbles numerous examples of highly ductile rootless intrafolial folding were noted along with metre scale tight folds.

CZL's mapping confirms previous work by the Mexican Survey that this area appears younger than the Plomosas mine sequence and the Formacion Verde, and is in thrust contact with both units. Mapping has identified at least two marble/manto horizons demonstrating intense ductile deformation from which anomalous sample results were returned.

Geochemical sampling from El Fenomino returned anomalous results including Pb (4.41%) and Zn (1.06%) but at detection limits for Ag and low values for Cu and Au. These samples were taken from the manto/marble proper and not from the old workings. Zinc grades are commonly leached in weathering zones, so grades are expected to be higher if fresh sulphides are encountered at depth. No evidence of previous drilling in this area was sighted during the mapping and prospecting work.

Table 1. El Fenomino Prospect. Highlights of regional exploration reconnaissance sampling					
Sample No	Easting WGS84	Northing (WGS84)	Zn (%)	Pb (%)	Ag (g/t)
425911	474349	3219255	1.060	0.095	BLD
425912	474351	3219255	0.733	4.410	0.5
425913	474181	3219209	0.411	0.179	BLD
425939	474505	3219215	0.143	0.029	BLD

Los Alfonsitos Mine; Several gossanous outcrops were noted during the mapping program. In particular, a mineralised gossan is located at 474625mE; 3217388mN apparently within the Juarez Limestone from which historically, samples are reported to have returned 7.00% Zn, 0.44% Pb and 6.86gpt Ag. The Los Alfonsitos Mine is located in another gossan approximately 1.1km to the west (473432mE; 3217042mN). This mine comprises extensive workings which exploited the oxidised mineralisation. Table 2 provides highlights of anomalous samples taken from gossans within both the Juarez Limestone and Mina Vieja Marbles. These were not located within the old workings.

The Los Alfonsitos area is considered prospective as it is along strike from the Plomosas mine and includes a section of the Mina Vieja Marble mine sequence. The fact that there are few drill holes and little systematic exploration undertaken in this area suggests that further mapping and sampling is warranted to establish the extent of the mineralisation in the Juarez Limestones and Mina Vieja Marbles.

Table 2. Los Alfonsitos Prospect. Highlights of regional exploration reconnaissance sampling					
Sample No	Easting WGS84	Northing (WGS84)	Zn (%)	Pb (%)	Ag (g/t)
425901	474604	3217380	0.636	0.702	29.4
425902	474640	3217392	0.570	1.900	22.7
425903	474672	3217389	0.634	0.906	8.4
425917	474533	3217767	0.756	0.468	12
425918	474535	3217769	1.085	1.175	38.8

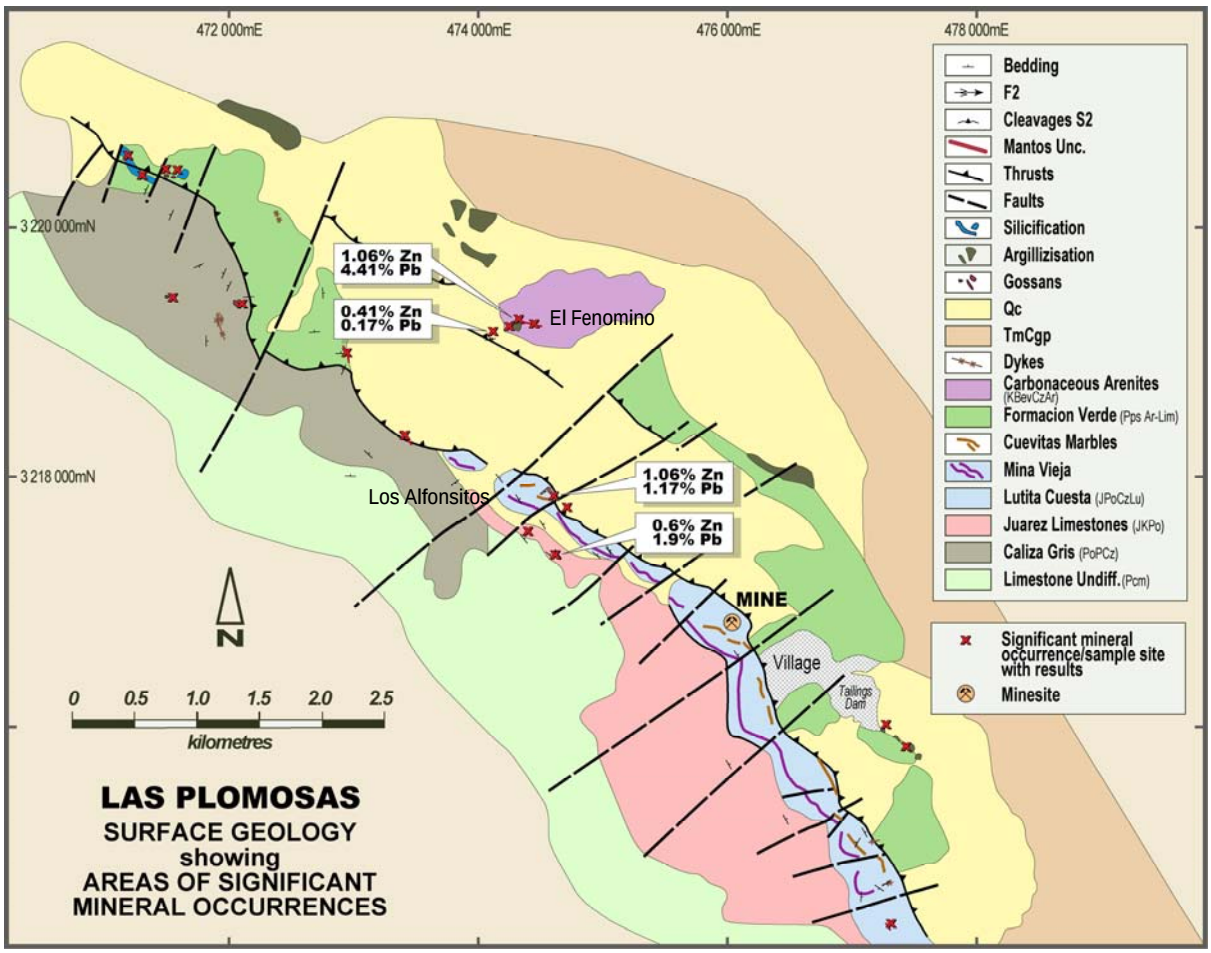

Figure 3. Geological plan of the Plomosas mine tenements showing prospective NW-SE trending mine sequence along thrust zone.

Magnetic data

A detailed 1628 line km magnetics/radiometric survey was undertaken over the area (Figure 5) including an ultra-detailed (50m line spacing) area over the mine sequence and potential mine hosting sequences to the north-west and south-east.

Data was collected by using a stingermagnetic sensor attached to a Bell Jetranger helicopter. Acquisition and processing of data was performed by TerraQuest based out of Markham, Canada.

Only preliminary data is available with data review and assessment ongoing but findings to date have already shown high value for highlighting structures that interrupt the mineralisation and revealing magnetic stratigraphy that appears to be associated with mineralisation. Final processing and further enhancements will improve the resolution of the data.

Significantly:

- New areas along strike from the mine with a similar magnetic signature to the mine sequence have been identified. These present as new direct drill targets;
- The magnetic survey has confirmed structures detected by the detailed gravity survey that interrupt the mine stratigraphy.

Figure 5 shows the magnetic data overlaid on the geological plan presented in Figure 3. The magnetic features are often distinct and prominent and, in conjunction with the underlying geology and gravity survey, helped to define exploration anomalies and prospects that warrant further investigation. These prospects are highlighted in Figure 7.

Figure 4. Bell Jetranger helicopter undertaking the heli-mag survey.

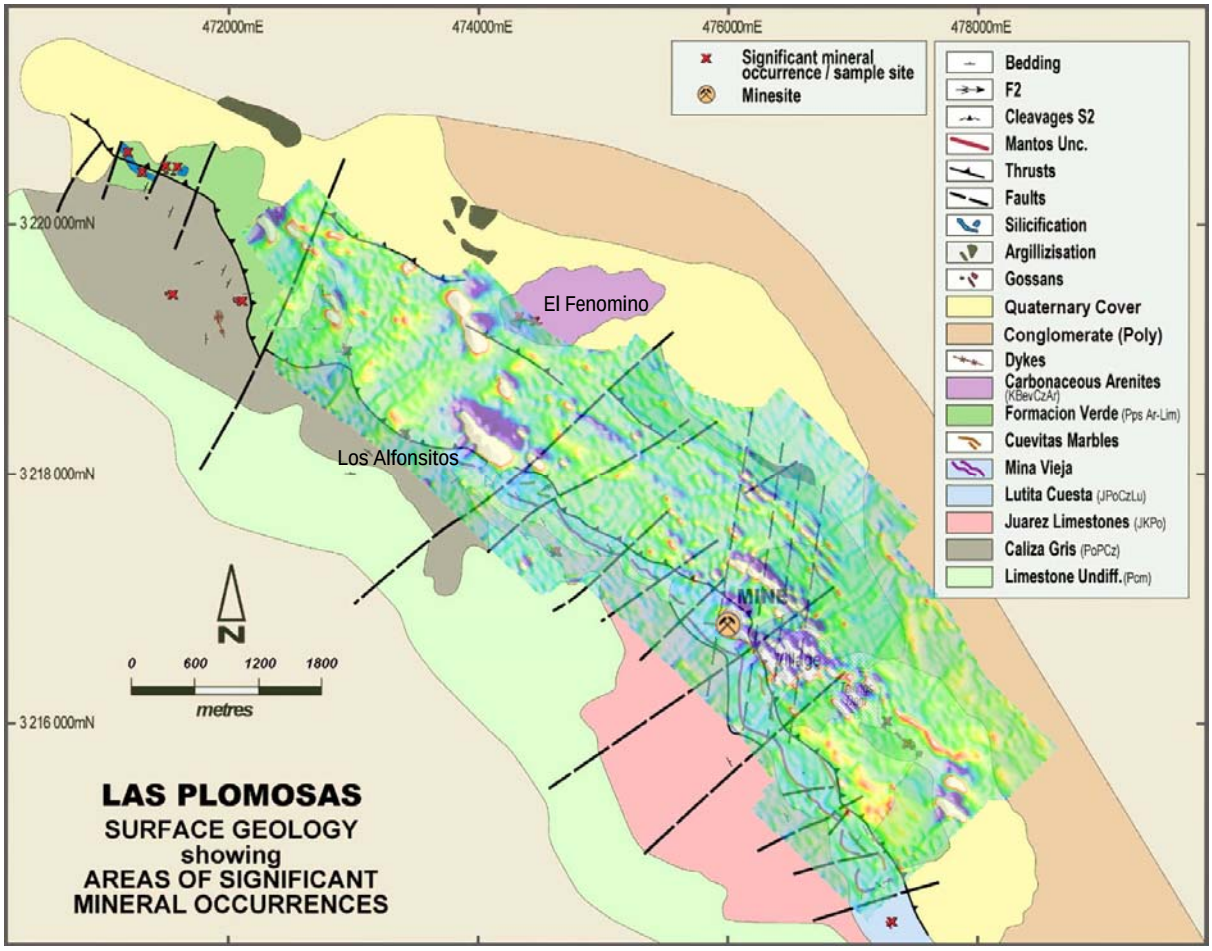

Figure 5. Geological plan of the Plomosas mine tenements with the magnetic data overlaid (VD1).

Gravity Survey

Acquisition of the gravity survey data was from a total of 3123 stations covering 18.4km^2 (Figures 2 and 6). The survey was conducted between 4th - 30th July 2016 by Atlas Geophysics, based in Perth Western Australia. An unmanned aerial vehicle (UAV) survey was also conducted over the area for topographic corrections to the gravity survey.

Two crews from Atlas used a Scintrex CG-5 instrument, traversing the countryside and surveying each point where a gravity reading was taken. Data was loaded and processed on site before the data was sent to Atlas head office for assessment.

The gravity survey is being further processed to produce a 3D Inversion model, however preliminary interpretations suggest that the marble units and sequences are highlighted by the survey, along with cross cutting structures and thrust features that affect the mine sequences. An isolated island of gravity high to the east of the mine is related either to a dislocated mine sequence or a possible heat source such as an intrusive.

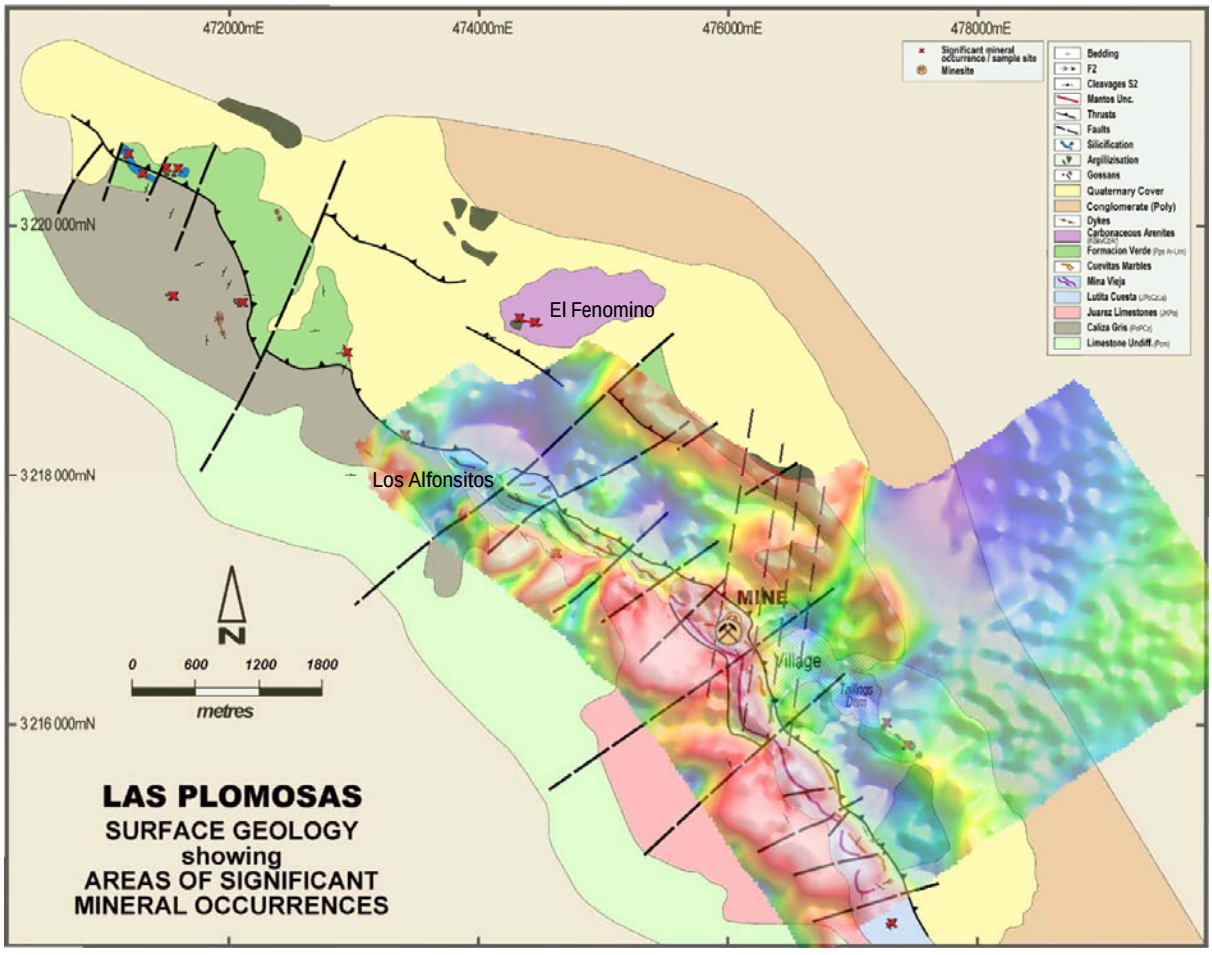

Figure 6. Geological plan of the Plomosas mine tenements with the preliminary gravity data overlaid.

Although the El Fenomino area was not covered by the gravity survey, the data nearby suggests there may be a gravity high emerging near the area. The gravity has highlighted the marbles to the southeast of El Fenomino as well. This would suggest that a repeated sequence of prospective marbles is occurring to the northeast of the mine.

Further work on the interpretation will continue once the gravity 3D inversion model is completed.

Opinions and Recommendations

Opinions and recommendations derived from this work are summarised below while Figure 7 provides a compilation of data acquired from the mapping and geophysics used to identify and prioritise exploration targets.

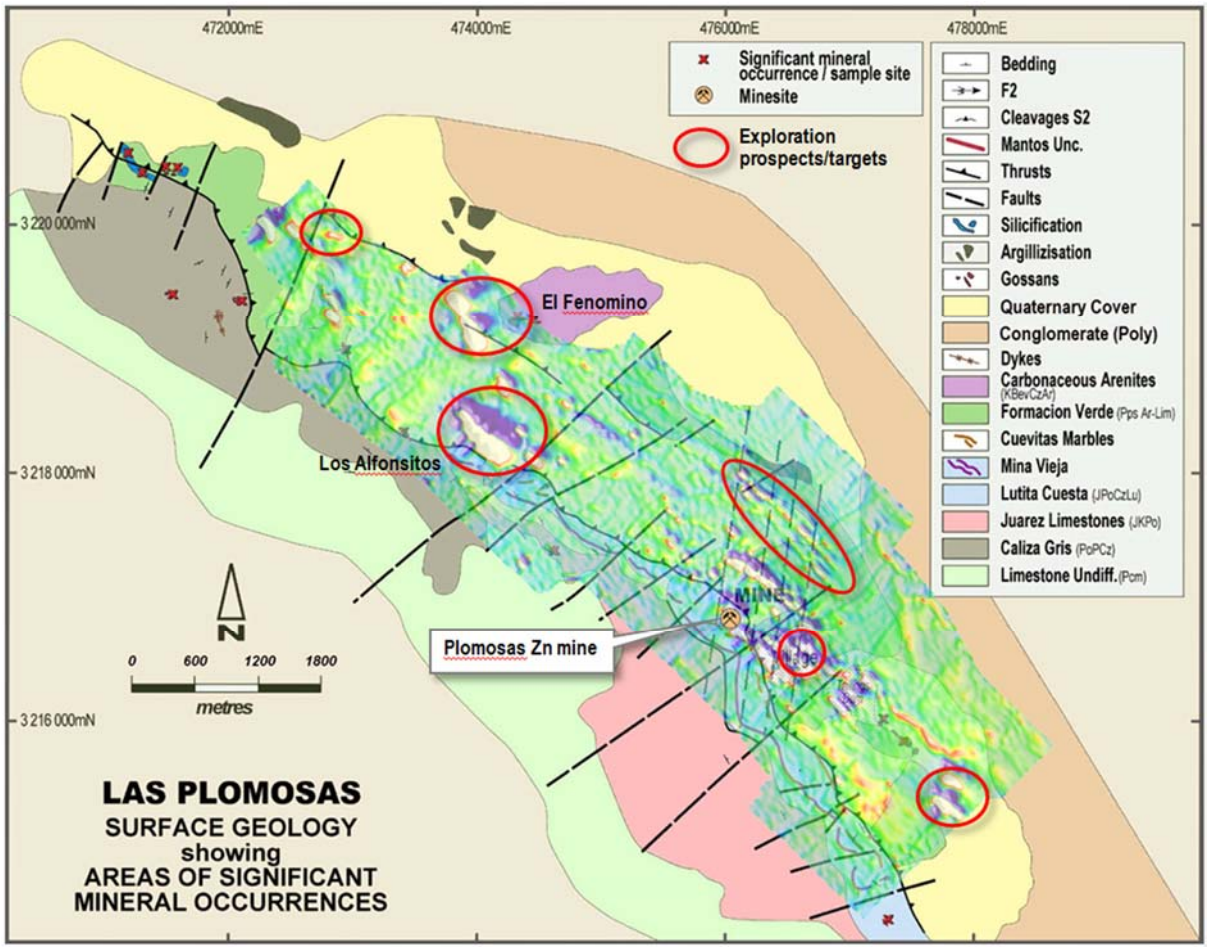

Figure 7. Geological plan of the Plomosas mine area with the magnetic data overlaid highlighting structural interpretation and target zones.

- The Los Alfonsitos area warrants further mapping and sampling, particularly to define the extents of the anomalous gossanous horizons which may be analogous to footwall mineralisation seen within the mine;
- The El Fenomino Marble appears to be a possible fold or thrust repeat of the mine sequence. Since the samples have returned anomalous Pb and Zn results, further work in line with the interpretation of the aeromagnetics and gravity is planned;
- The subtle coincident magnetic anomalies that occur in the mine sequence and are related to the mineralisation are found elsewhere in the tenements and can be targeted for further work. Figure 7 shows at least six different targets generated from this work for immediate follow-up;
- Further enhancement work on the gravity will strengthen the current targets and generate additional targets for further work.

Exploration Strategy

The information gathered from the regional mapping and geophysical surveys confirms the potential for extensions or repetitions of the Plomosas mine sequence or similar mineralised limestone rich units. Furthermore it has already identified numerous areas of interest within the tenements that warrant further investigation. These targets demonstrate structural and geological positions with associated geophysical features that require follow up by detailed mapping and further sampling to confirm drill targets.

Funding of Exploration

The recent exploration work, even at this early stage, has been successful in defining numerous prospects that would justify significant exploration expenditure including drilling. The Board has determined to prioritise this expenditure along with that directed to ongoing resource definition drilling.

Mr Dix commented: "*The discovery of +5% combined zinc and lead coincident with a gravity feature in a host unit well away from the mine, as well as the additional anomalism several kilometres along strike within the mine sequence, gives us a great platform from which to launch further work at the end of this year and into 2017."*

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.

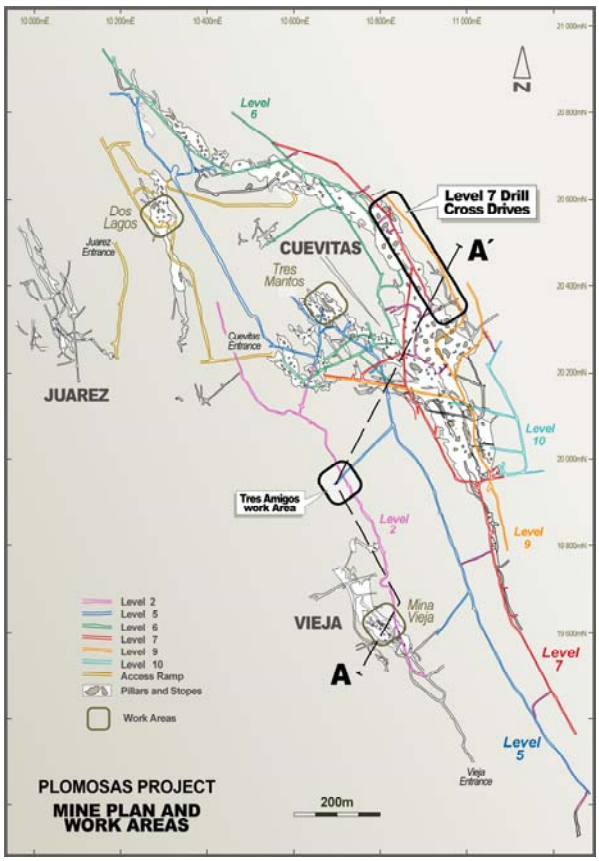

Figure 8. Plan view of the Plomosas mine showing location of the cross section in Figure 9 (trace A-A') and work areas referred to in the text including Level 7 access for drilling the Main Manto Horizon deeps.

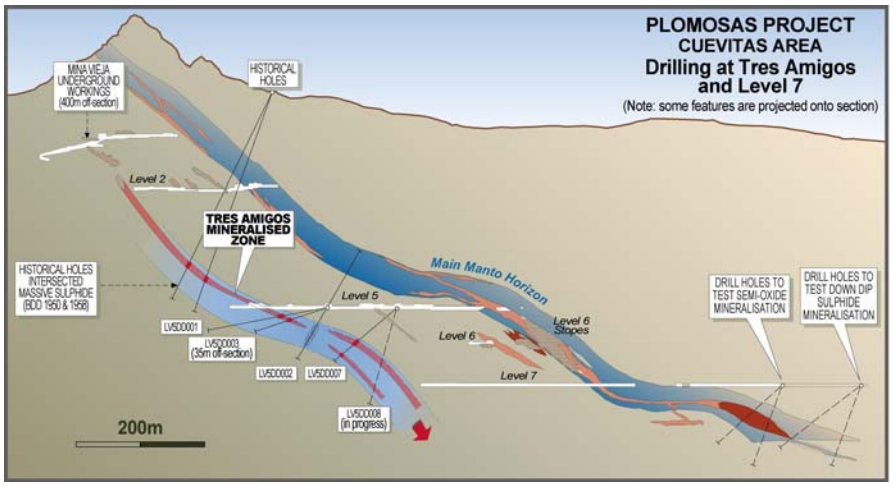

Figure 9. Section view of the Plomosas mine through Cuevitas area (A-A') showing the Tres Amigos zone, historical drilling and the drilling planned for Main Manto Horizon below Level 7.

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 0.3m 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. • Rock chip samples taken in regional exploration programs away from the mine area were sent to ALS Laboratories in Chihuahua, Mexico were they were analysed for Au via fire assay fusion and ICP AES finish and 32 multielement suite via four acid digest and ICPMS finish. One standard and one blank were inserted within the sample run for QA/QC purposes, both returned results within tolerances of the quoted values.
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*	• 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. • Use of triple tube improves core recovery. • Measurements for core recoveries were logged and

Criteria	JORC Code explanation	Commentary
	sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	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 at >95%.
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 the 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.*	• The Plomosas project is located in the northern Mexican State of Chihuahua, 110km north east of Chihuahua City, and comprises 11 concessions covering 3019 hectares including 5 Mining concessions, 4 Exploitation concessions and 2 Exploration concessions. Consolidated Zinc Ltd (formerly Newera Resources Ltd) acquired a 51% beneficial interest in the Project through Latin American Zinc S.A.P.I. DE C.V. (LAZ), a Joint Venture company, from the original holders Compania Retec Guaru S.A. de CV (Retec) and related principals. Under the terms of the Joint Venture agreement, CZL is the operator and has the rights to increase its equity in the Project up to 100%. Details of the concessions, JV Agreement and acquisition terms have been released to the ASX by CZL.

Criteria	JORC Code explanation	Commentary
		• The concessions do not host any historic sites, wilderness or national parks and standard access agreements have been reached with the rancher on whose property the Project is located. • All concessions are current and in good standing and have expiry dates ranging from 2052 to 2060. There are no impediments to obtaining licences to operate in the area or extend those operating permits and licences already held by the Project.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• Most work at Plomosas since discovery of surface mineralisation in 1843 involved large scale underground mining operations between 1943 and 1974 by ASARCO Gruppo de Mexico who extracted 1.7Mt at 15.6% Zn, 7.9% Pb and 60g/t Ag down to a depth of approximately 270m. The only exploration undertaken was related to the immediate needs of the mine development and grade control. Intermittent small to medium scale mining of the remnant mineralisation occurred between 1975 and 2015 by various operators culminating in the present owners, Retec. No exploration was undertaken by the operators at this time. • Several potential purchasers undertook short exploration programs including Kennecott (1976-81), North Minera (2000) and Mineras Penoles S.A. de C.V (Penoles) in 2014-15. Kennecott completed 6 shallow vertical reverse circulation holes over a 2.5km strike length and reportedly obtained one sulphide intercept of interest. North undertook detailed gravity and magnetic geophysical surveys and planned diamond drilling but left for corporate reasons. Penoles completed 20 diamond holes in the area around and away from Plomosas and encountered zinc, lead and silver mineralisation along strike of mineralisation seen in Level 7 of the Cuevitas workings at Plomosas. They did not drill down plunge of the main mineralised horizon. • Despite past exploration and an extensive history of mechanised underground mining since at least 1943, the historical data available for analysis is incomplete, requires verification and occasionally comprises extracts from sources with uncertain provenance. Verification and documentation to JORC or NI43-101 standard is required for historical exploration data.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Plomosas deposit is located on the western margin of the major Chihuahua Basin where it outcrops along the eastern margin of the Sierra Monillas mountains, which are characterised by a series of tilted fault blocks forming elongated, assymetric ridges or mountains with broad intervening basins. The Chihuahua Basin is considered a pull-apart basin developed by major tectonic shears and lineaments within the basement rocks which are considered important for the Plomosas style of mineralisation as it provides large regional coverage, major faulting and other structures that provide pathways for mineralising fluids, as well as extensive platforms of carbonate (limestone) sequences deposited between other sedimentary units • The concessions encompass an exposure of 7 km of Paleozoic, Mesozoic and Cenozoic strata. These units strike NW to NNW in the mine area and dip shallowly to moderately to the north east. Overturning and overthrusting are the dominant forms of structural deformation within the Sierra Monillas and thrust

Criteria	JORC Code explanation	Commentary

		sheets have resulted in a flat-iron ridge type morphology of the range.
		• Mineralization is considered to be a Limestone Replacement Style of deposit which is similar in morphology to MVT and Intrusive Related Carbonate Hosted (IRCH) deposits Sub volcanic units have been mapped and North proposed a deep igneous intrusive near Plomosas from their geophysical interpretation.
		• Individual deposits are hosted by a Paleozoic (Ordovician to Permian) sequence of shales, argillaceous limestones, reefal limestones, conglomeratic limestones and sandstones. Units are disrupted by a number of high angle cross-faults of apparently minor displacement.
		• Deposits are formed by mineralised fluids migrating through district scale structures and preferentially replacing or overprinting carbonate units in the shale-limestone sequence.
		• Mineralisation as spahalerite, galena, pyrite and occasionally minor chalcopyrite is confined to identifiable stratigraphic horizons as:
		  • Low angle, stratiform sheets of mineralisation at several limestone-rich horizons in the sequence (mantos), or
		  • High angle, crosscutting mineralised bodies in linking structures (chimneys).
		• Massive orebodies are found in groups with individual dimensions comprising:
		  • Strike lengths ranging from tens to several hundred metres, and
		  • Thicknesses from 0.5m to 15m (average ~3 - 4m)

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.*
		• Information material to the understanding of the exploration results is provided in the text of the release.
		• Drill collar information, dip and azimuth and sampled intervals are tabulated.
		• No information has been excluded.

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*	• A nominal low cut grade of 10% Zn+Pb has been chosen to differentiate mineralised material from unmineralised material, once assays are returned. • Aggregates were calculated as weighted averages using the above cut off grade typically allowing only 2m of total internal dilution to be included, with a maximum individual length of waste thickness not exceeding 1m. • Grades used for calculating significant intersections are uncut.

Criteria	JORC Code explanation	Commentary
	examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Higher grade intercepts contained within aggregated intervals are also reported. • No metal equivalents are used.
Relationship between mineralization 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').*	• The geometry of the mineralisation relative to the drill holes, is targeted to be as close to perpendicular as practicable and is subject to availability of drill rig positions underground. Drill intercepts are quoted with both downhole lengths and estimated True Widths subject to geological understanding at the time. • The mineralisation is stratiform within tabular horizons and forms discrete sheets and lenses. Typical physical dimensions have been described in this Section 2 above.
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*	• Please refer to Figures included in this report for this data. Appropriate maps and sections with scale are included within the body of the accompanying document.
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.*	• The accompanying document is considered to represent a balanced report. The results are reported in a comprehensive manner.
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.*	• Other exploration data collected is not considered as material to this document at this stage or is inadmissable to be quoted under JORC guidelines. • Potentially material data will be reviewed, verified and reported if considered material and/or appropriate under the JORC Code Reporting Guidelines.
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.*	• Future work at Plomosas includes rehabilitation and establishment of explorations drives at Level 7 and Level 5 with the intention of establishing drill cuddies to permit resource drillouts of both the Main Manto Horizon and the Tres Amigo Footwall zones of mineralisation. • The sections and diagrams in the accompanying document provide details of the areas of possible extensions and exploration activity, including main geological interpretations.