

CZL Investor Update April 2016

PLOMOSAS UNDERGROUND ZINC MINE, MEXICO

High grade zinc mine with silver, lead credits, targeting JORC resource and near term production with significant exploration potential



CONSOLIDATED ZINC LTD

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CAUTIONARY STATEMENT:

The potential quantity and quality of the exploration targets identified in this announcement are conceptual in nature, and there has been insufficient exploration to date to define a mineral resource in accordance with the Australian Code for Reporting of Mineral Resources and Ore Reserves published by the Joint Ore Reserve Committee 2012 ("JORC Code 2012"). Furthermore, it is uncertain if further exploration at its exploration targets will result in the determination of a mineral resource.

The potential quantity and grade of an exploration target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of mineral resources or that the exploration target itself will be realised.

COMPETENT PERSONS' STATEMENT:

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Andrew Richards BSc (Hons), Dip Ed, MAusIMM, MAIG, MSEG, GAICD who is a Member of the Australasian Institute of Mining and metallurgy (AusIMM) and Institute of Geoscientists (AIG). Mr Richards has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr Richards consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company



Capital Structure (ASX:CZL)

Shares on issue (approx)	255,993,847
Total options on issue including listed options	57,329,310 23,350,152
Available Funds as at April 7	\$2,500,000*
Share Price	\$0.04
Approx Market Cap (undil)	\$10.2 million
EV	\$7.3 million

Major Shareholders

Copulos Group	22.9%
Mexican Vendors	9.8%
Retzos Group	9.7%
Farjoy Pty Ltd	6.4%

Board and Management

- **Stephen Copulos** – Non Executive Chairman
- **Will Dix** – Managing Director
- **Andrew Richards** – Executive Director
- **Luis Rogelio Martinez Valles** – Non Exec Director
- **Andrew Beigel**– Company Secretary
- **Steve Boda** – Exploration Manager

*CZL entered into a A\$2.2M draw down facility with Funan Group, an experienced trading Group based in Singapore to fast track the resource drilling at Tres Amigos and follow up resource estimation work.

The Project

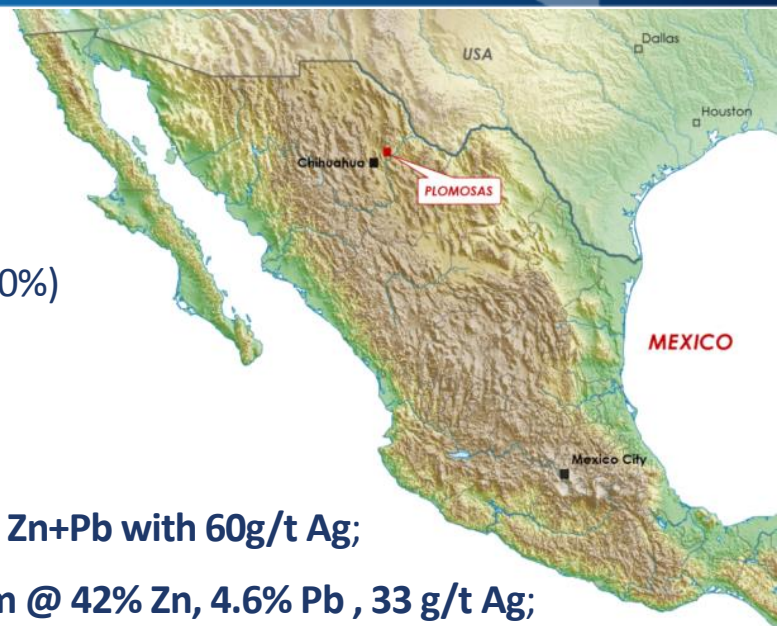


CZL owns 51% of the high grade Plomosas Zn-Pb-Ag mine in Mexico

With the rights to acquire up to 80% interest (and ultimately 100%) for additional \$750,000 cash and \$1,700,000 shares.

Plomosas – Key Project Attractions

- Multiple, very high grade Zn-Pb-Ag deposits grading **18-25% Zn+Pb with 60g/t Ag**;
- Newly Identified Tres Amigos Zone - intersections **up to 4.7m @ 42% Zn, 4.6% Pb , 33 g/t Ag**;
- Significant additional exploration upside with immediate drill targets;
- A near term production asset with UG access to mineralisation already established;
- Excellent infrastructure;
- Historically clean mineralogy and high metallurgical recoveries;
- Low cost and low capex mining and processing options (TBC).



Location



Plomosas Location

- 2 hour flight from Dallas/Houston;
- 110 Km from Chihuahua City (95Km on state highway);
- 7 Km from established grid power

Chihuahua Province

- World class mining province;
- Experienced work force;
- The country's largest zinc producing state.

Mexico

- Favourable regulatory environment allows 100% ownership for foreign companies;
- Ranked #5 in world for mining investment (2015);
- Ranked #6 for zinc production (2014).



Mining history



ASARCO Grupo Mexico operated until 1974.
Mined 2.2Mt ore at 16% Zn, 8% Pb and 60 g/t Ag.

Up to 20,000t ore per vertical metre at 24% Zn + Pb

Intermittent mining since 1975 focused only on remnant mineralisation above level 5 (131 mbs).

CZL work in progress:

Ongoing underground geological mapping and sampling

Surveying underground development and stopes

Stabilising Level 7 and developing additional drives

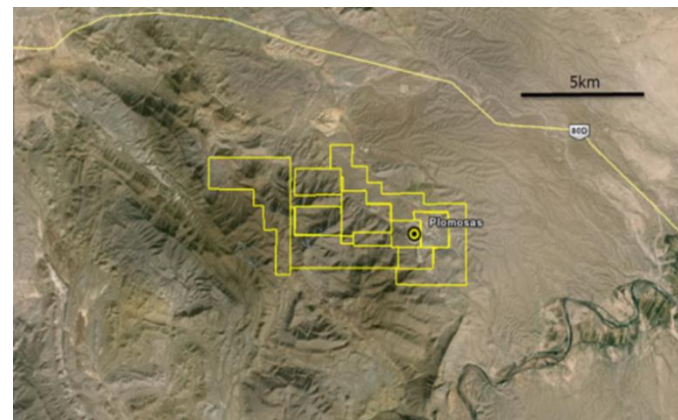
- First stage development complete – 2 drill cuddies.

Accessed Level 5 to:

- Drill newly identified footwall zone (Tres Amigos);
- Assess potential for early extraction.

Surface drilling:

- In progress to define mineralisation from Tres Amigos to Mina Veija



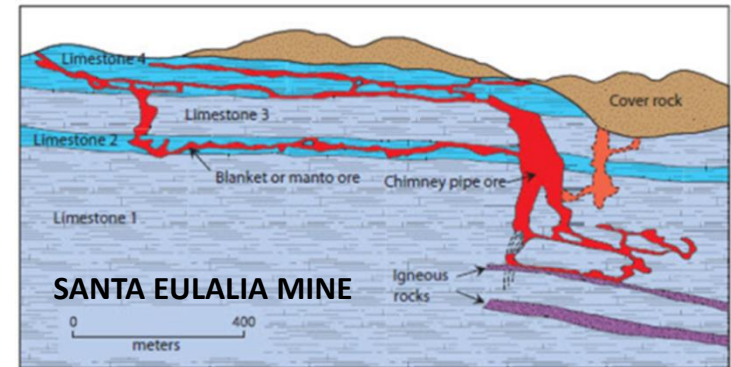
Simple Geology



- Shale-limestone units deposited at the margins of the major Chihuahua sedimentary basin.
- Deposits formed by mineralised fluids migrating through district scale structures and replacing carbonate units in the shale-limestone sequence, affinities to MVT-style.
- Mineralisation is confined to identifiable stratigraphic horizons as:
 1. *Low angle, stratiform sheets of mineralisation at several limestone-rich horizons in the sequence (**mantos**), or*
 2. *High angle, crosscutting mineralised bodies in linking structures (**chimneys**).*
 3. *Replacive-style endo-skarns related to shearing within carbonate hosts.*

Massive orebodies are found in groups with individual dimensions comprising:

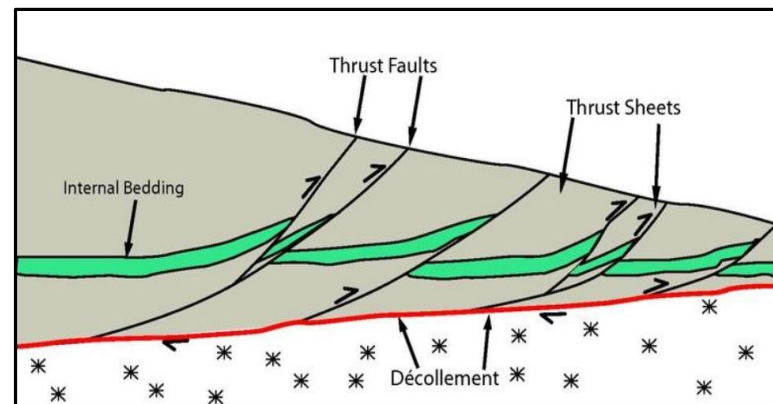
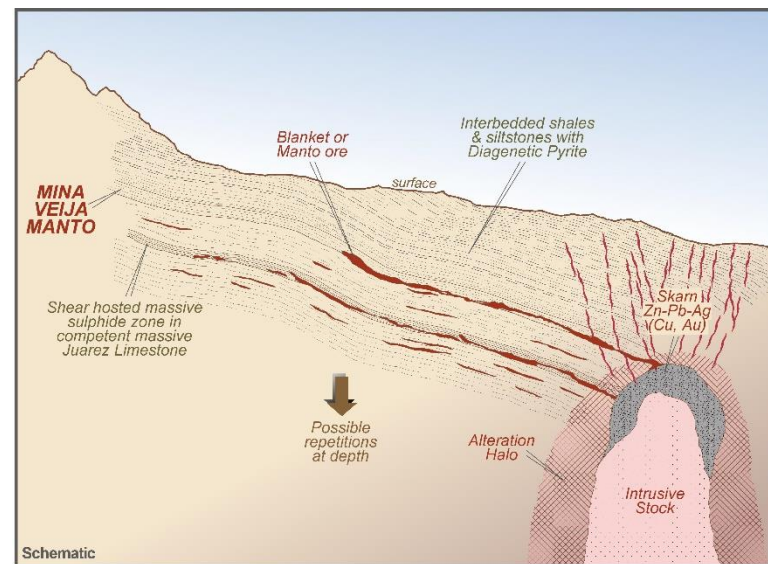
- Strike lengths from tens to several hundred metres, and
- Thicknesses from 0.5m to 15m (average ~3 - 4m)



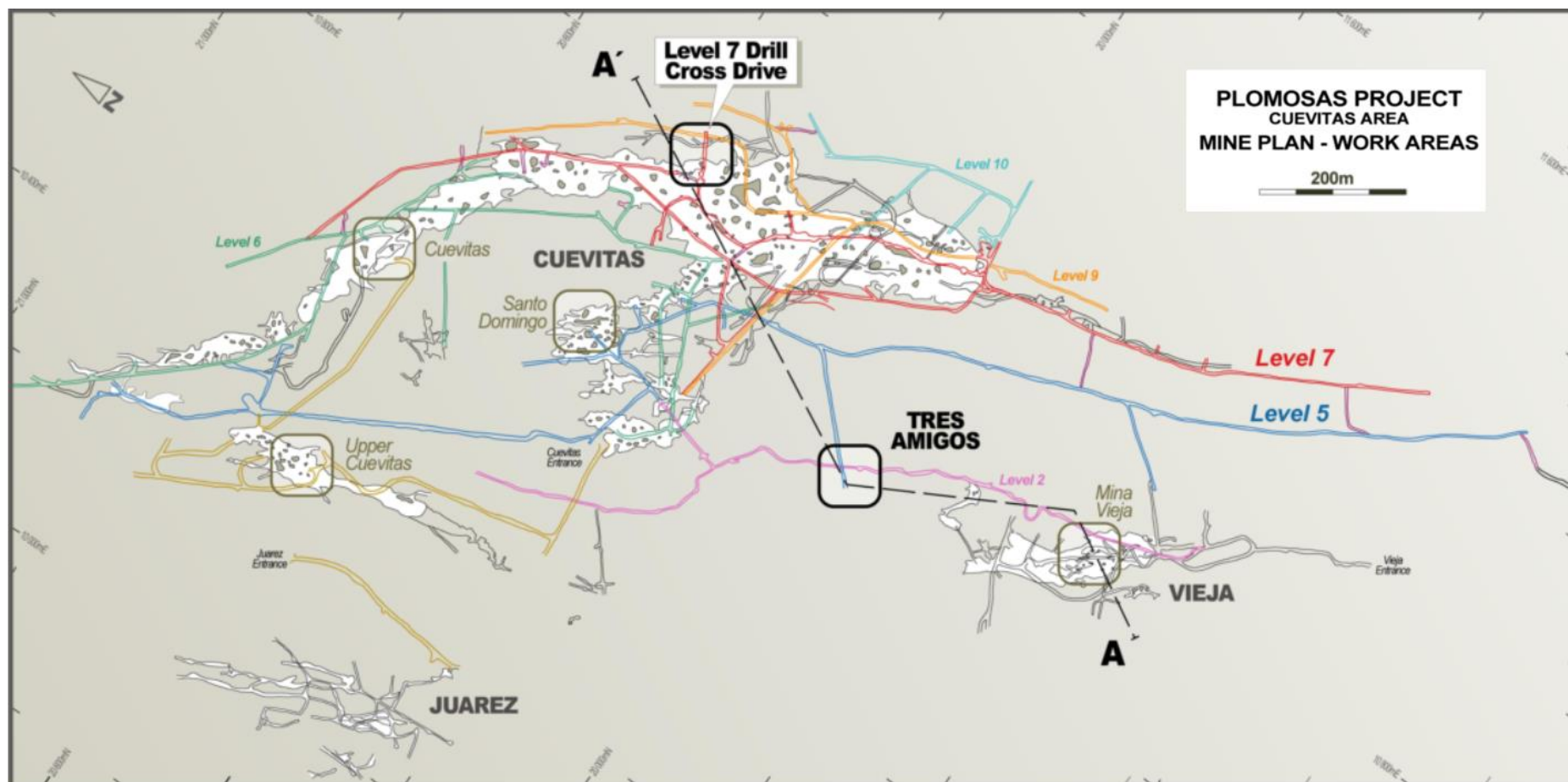
Structural Geology



- Major structural upheaval during the Laramide Orogeny (80 Ma to 55Ma), compressional regime.
- Regional decollement structures formed, along with thrust zones. Allochthons moved several kilometres.
- Two mineralising events noted at Plomosas;
 - *Initial formation of Main Manto related mineralisation that is remobilised into structural anomalies*
 - *style, skarns in dilatant zone related mineralisation.*
- It is possible during the Laramide Orogeny, a heat engine intruded at depth.
- Later phase may be IRCH-style.
- Semi-Oxide zone forms when regional northeast brittle structures intersect mineralisation, allowing meteoric waters to infiltrate and create collapse breccia karsts at depth.



Exploration Areas



- Underground Sampling areas showing the widespread nature of the high grade mineralisation;
- Importantly no exploration drilling has been carried out below Level 9;
- Drilling at depth from Level 7 requires additional underground development which is now complete.

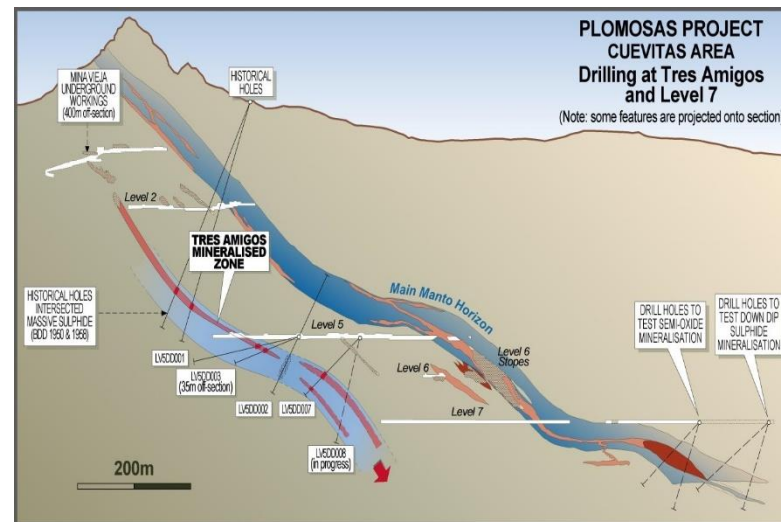
Exploration Targets



Zinc-Lead-Silver targets

Prospective mineralised horizon up to 40m thick dips at low to moderate angles (Main Manto Horizon).

- Mineralised sequence within horizon averages over 3m ;
- Plomosas concessions contain over 6km strike of the mineralised horizon(s). Under-explored and requires drill testing;
- Expect additional mineralisation down dip and as repetitions along strike, or higher/lower in sequence.

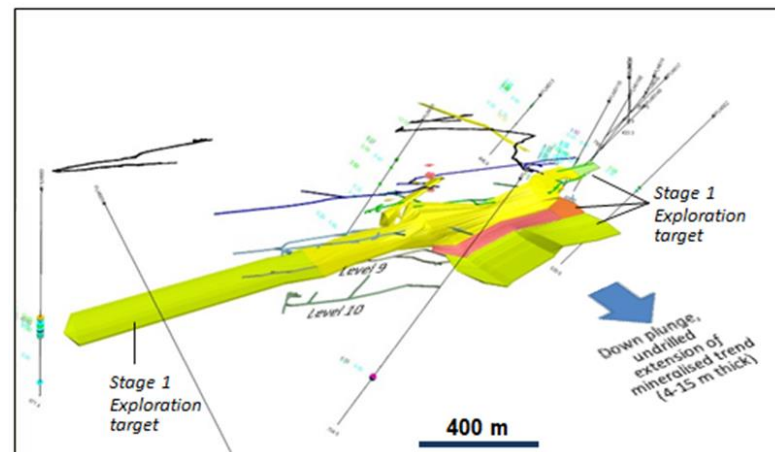


INITIAL EXPLORATION TARGET – STAGE 1* 2.8–3.2 Mt at 15%-25% Zn+Pb and 60-80gt Ag.

Down dip of existing mine workings (assuming advance additional 125-215mbs at 20kt per vertical metre).

*Does not include Tres Amigos mineralisation identified to date.

The exploration target is conceptual in nature and there is no certainty that it will be realised. Further drilling is required to determine a mineral resource.



Level 7



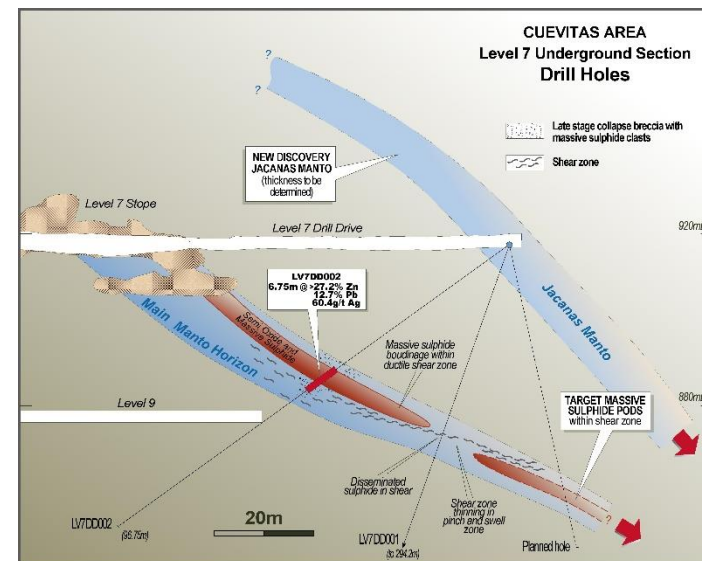
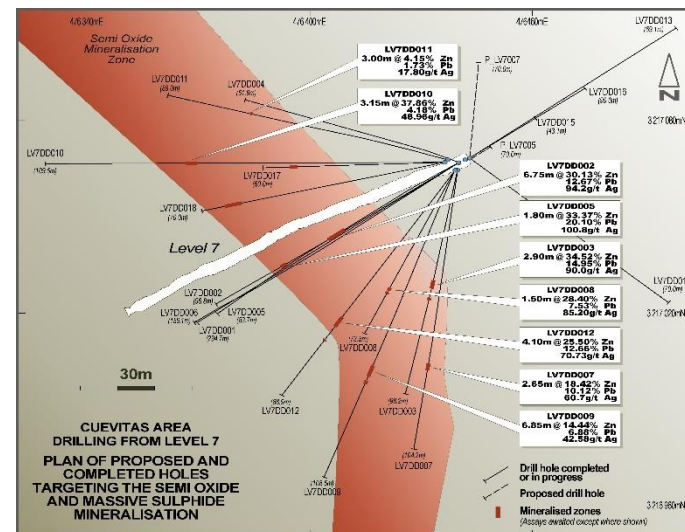
Semi-Oxide Zone

Mapping and exploration work shows that mineralisation extends down dip from the upper levels down to Level 7 and Level 9.

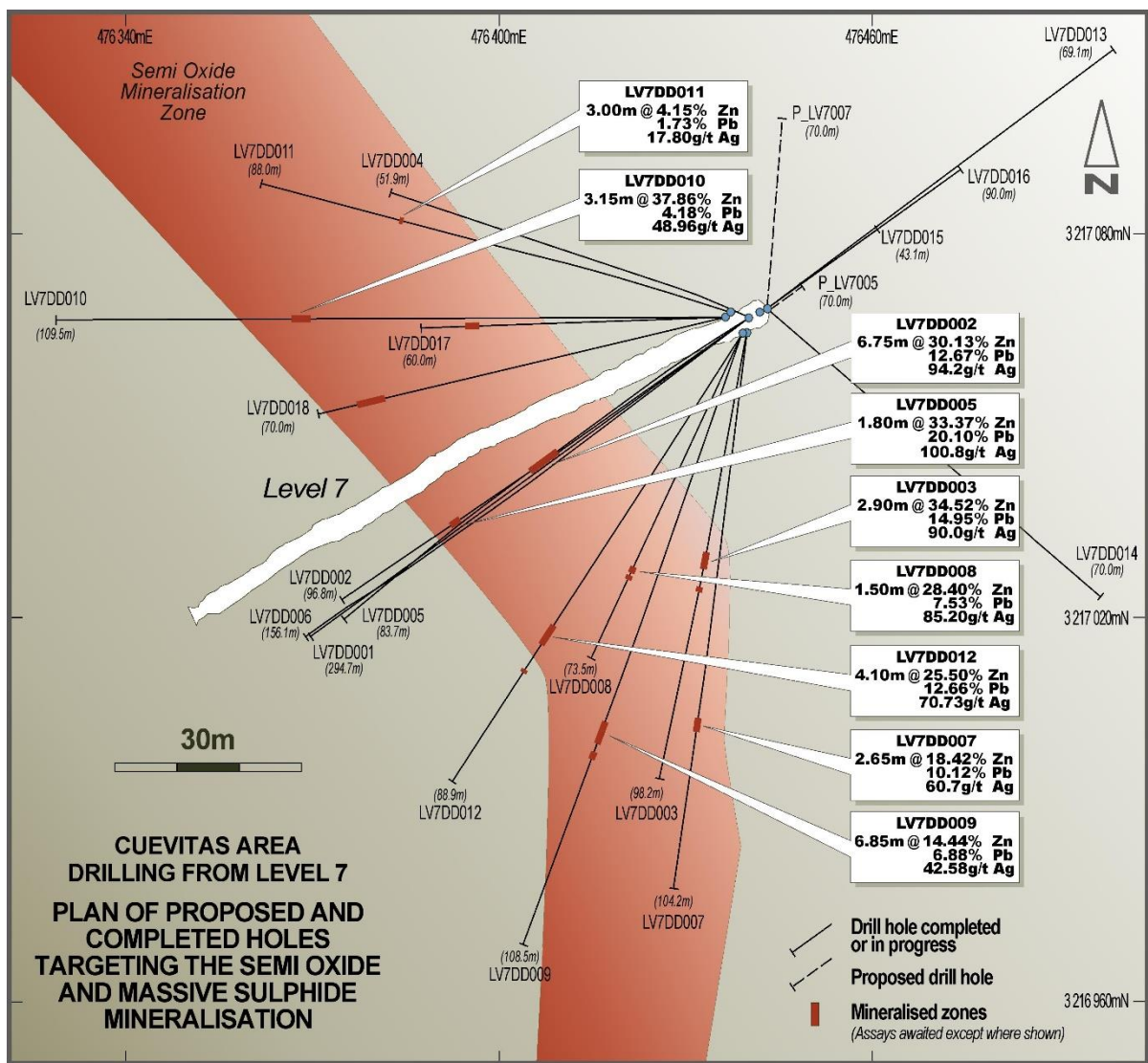
- Semi-Oxide zone exists due to late-stage brittle fracturing confined to a zone. Sulphides are also noted
- New geological model suggests orezone is boudinaged within a larger persistent shear zone, hosted within the manto
- Current mineralised zone is +400m in length, plunging to the south-east.
- Historic assay values returned ave grades of 13.9 % Zn. Recent sampling returned ave of 32.8% Zn.
- Currently drilling orezone from hangingwall access drive

EXPLORATION TARGET
2.5 Mt at 22% Zn+Pb and 86g/t Ag.

Down dip of existing mine workings (assuming advance additional 125-215mbs at 20kt per vertical metre).



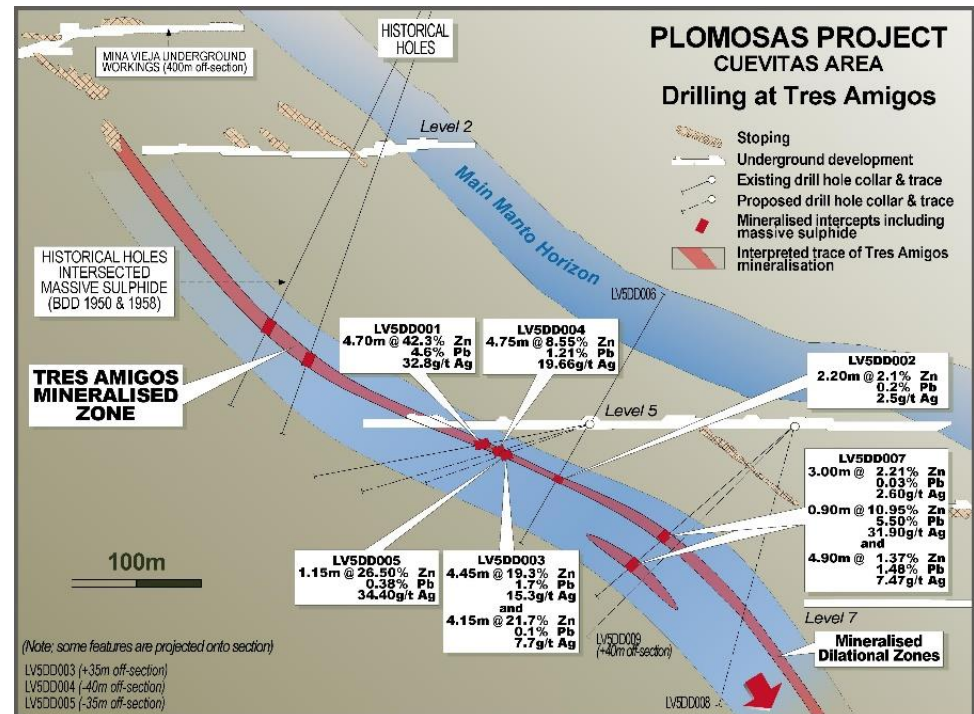
Level 7 Drilling



Tres Amigos Drilling



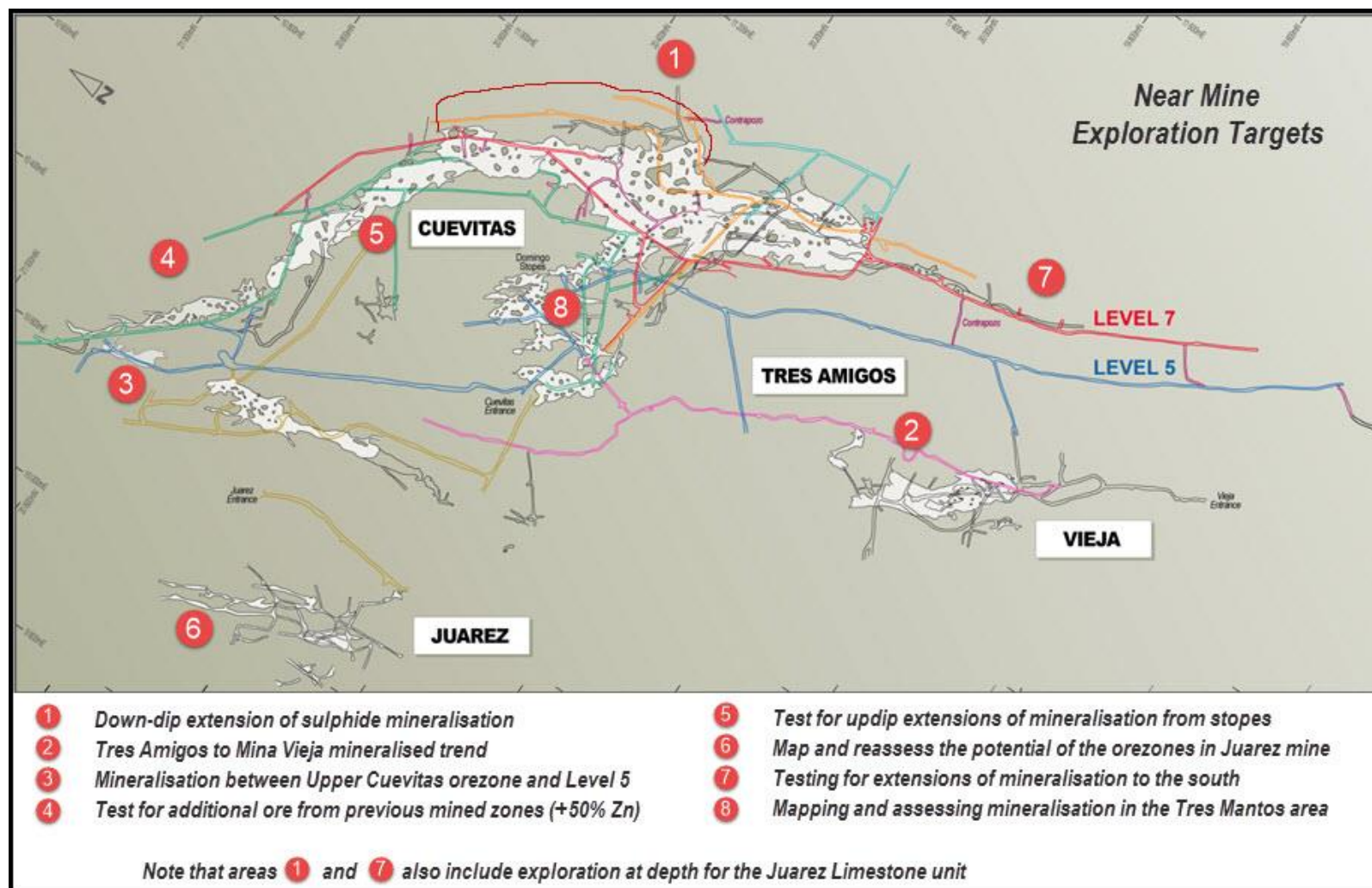
- New footwall zone discovery
- Hosted in sheared Juarez Limestone contains significant pyrite, higher temp style.
- Metallurgically different to Main Manto style mineralisation
- **Potential for strike extensions towards Mina Veija, ~400m to the south**



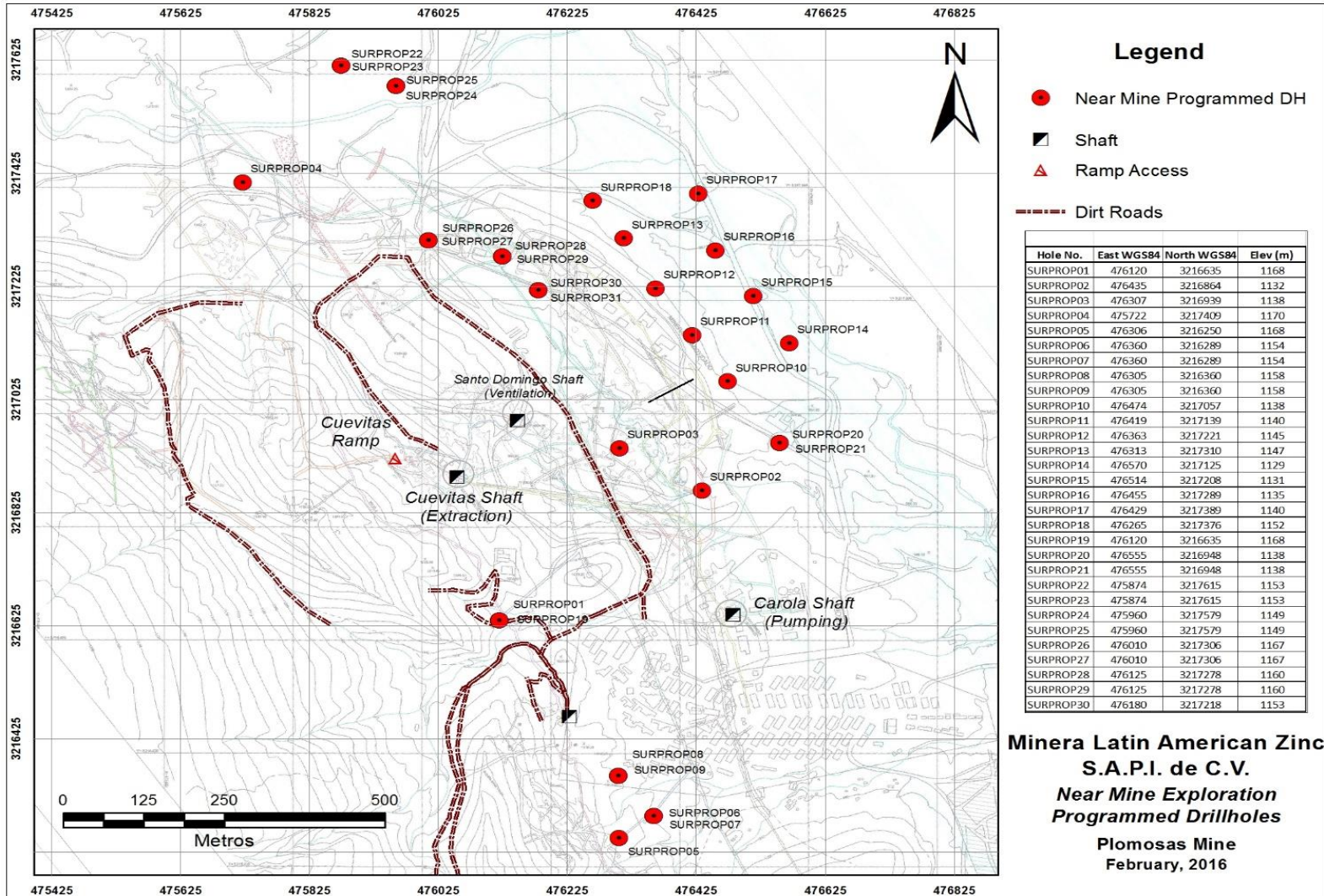
LV5DD001	4.70m @ 42.3% Zn, 4.6% Pb, 32.8 g/t Ag (TW~3.3m)
LV5DD003	4.45m @ 19.3% Zn, 1.7% Pb, 15.3 g/t Ag (TW~2.7m) 4.15m @ 21.7% Zn, 0.1% Pb, 7.7 g/t Ag (TW~2.5m) (35m off section and along strike of LV5DD001)
LV5DD004	4.75m @ 8.55%Zn, 1.21% Pb, 19.66g/t Ag (TW ~4.0m)
LV5DD005	1.15m @ 26.5% Zn, 0.4% Pb, 34. g/t Ag (TW~1.15m)
LV5DD007	0.90m @ 10.9% Zn, 5.5% Pb, 32.0 g/t Ag (TW~0.90m)



Exploration Programs



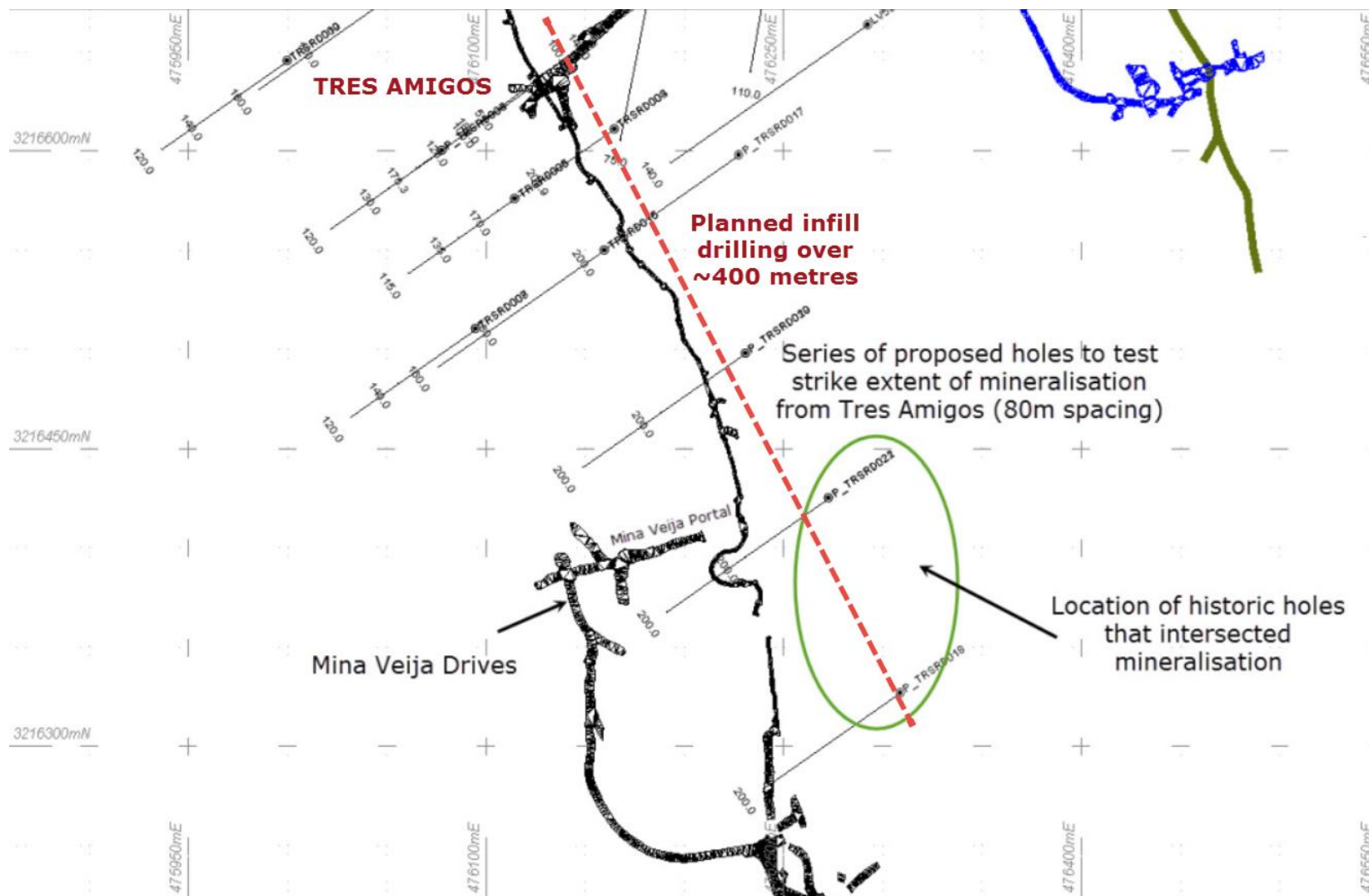
Exploration Programs



Hole No.	East WGS84	North WGS84	Elev (m)
SURPROP01	476120	3216635	1168
SURPROP02	476435	3216864	1132
SURPROP03	476307	3216939	1138
SURPROP04	475722	3217409	1170
SURPROP05	476306	3216250	1168
SURPROP06	476360	3216289	1154
SURPROP07	476360	3216289	1154
SURPROP08	476305	3216300	1158
SURPROP09	476305	3216360	1158
SURPROP10	476474	3217057	1138
SURPROP11	476419	3217139	1140
SURPROP12	476363	3217221	1145
SURPROP13	476313	3217310	1147
SURPROP14	476570	3217125	1129
SURPROP15	476514	3217208	1131
SURPROP16	476455	3217289	1135
SURPROP17	476429	3217389	1140
SURPROP18	476265	3217376	1152
SURPROP19	476120	3216635	1168
SURPROP20	476555	3216948	1138
SURPROP21	476555	3216948	1138
SURPROP22	475874	3217615	1153
SURPROP23	475874	3217615	1153
SURPROP24	475960	3217579	1149
SURPROP25	475960	3217579	1149
SURPROP26	476010	3217306	1167
SURPROP27	476010	3217306	1167
SURPROP28	476125	3217278	1160
SURPROP29	476125	3217278	1160
SURPROP30	476180	3217218	1153

Minera Latin American Zinc S.A.P.I. de C.V.
Near Mine Exploration Programmed Drillholes
Plomosas Mine
February, 2016

Exploration Program - TA



Pilot Plant



Pilot plant on site built by Trafigura in 2006 and last operated in 2011

- Nameplate 120 tpd;
- **Upgradeable to 200 tpd (75,000 tpa) – SRK due diligence report;**
- Opportunity for early production from Tres Amigos;
- Potential to fund exploration from level 7 from near term cash flow;
- All subject to further drilling, resource and scoping study work 1st Q 2016.



Timeline for a Stage 1 Start-up



- Initial drilling campaigns commenced in footwall horizon (**August 2015**);
- Expand drill programs into Level 7 to assess semi-oxide and sulphide deeps mineralisation (**November 2015 and continuing**);
- Stage 1 JORC resource (Tres Amigos) (**Mid 2016**);
- Scoping Study to run partly in parallel (**3rd Q 2016**);
- Aiming to complete a significant drilling program at depth during the **second half 2016** which would expand on an initial resource.

Milestone	2016										2017		
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Stage 1 Tres Amigos Exploration and Resource Drillout	Yellow	Yellow											
Resource Study and JORC		Yellow	Yellow										
Mine Planning and Mine Design				Yellow									
Metallurgical Testwork													
Permitting - construction, extraction, process, explosives													
Scoping Study			Yellow	Yellow	Yellow								
Development Decision					Orange								
Funding and Offtake						Blue							
Construction of plant and underground infrastructure							Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	
First underground mining and stockpiling of plant feed										Red			
first concentrate production												Red	
First concentrate sales												Red	

Summary

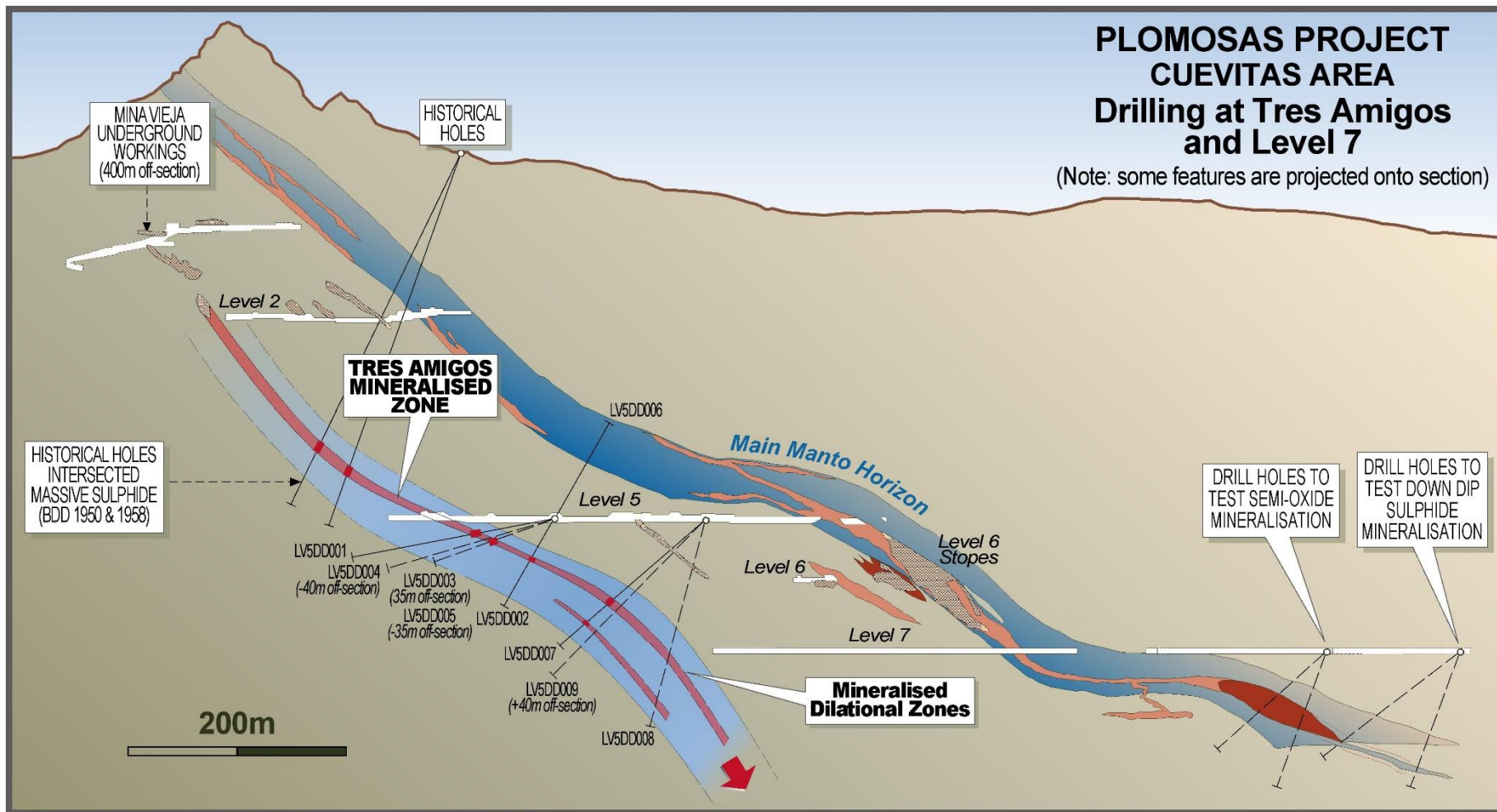


The Plomosas project provides ConZinc with:

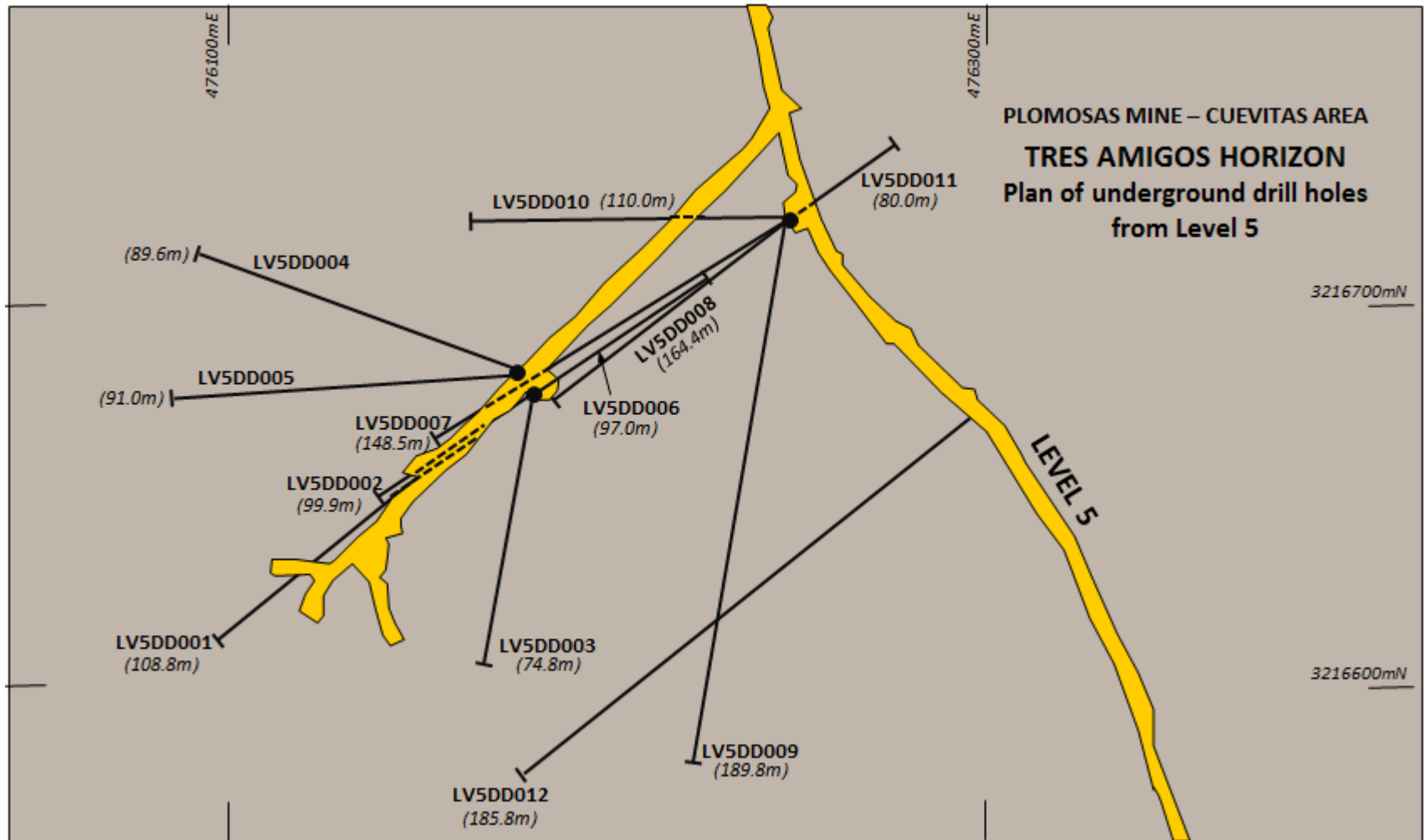
- Low risk country with strong mining culture;
- Previously operated high grade base metal mine;
- Semi-Oxide Zone highly prospective;
- New discovery in the footwall (Tres Amigos);
- Ability to drill out mineral resources in short term;
- Potential for near term cash flow;
- Exploration upside at depth;



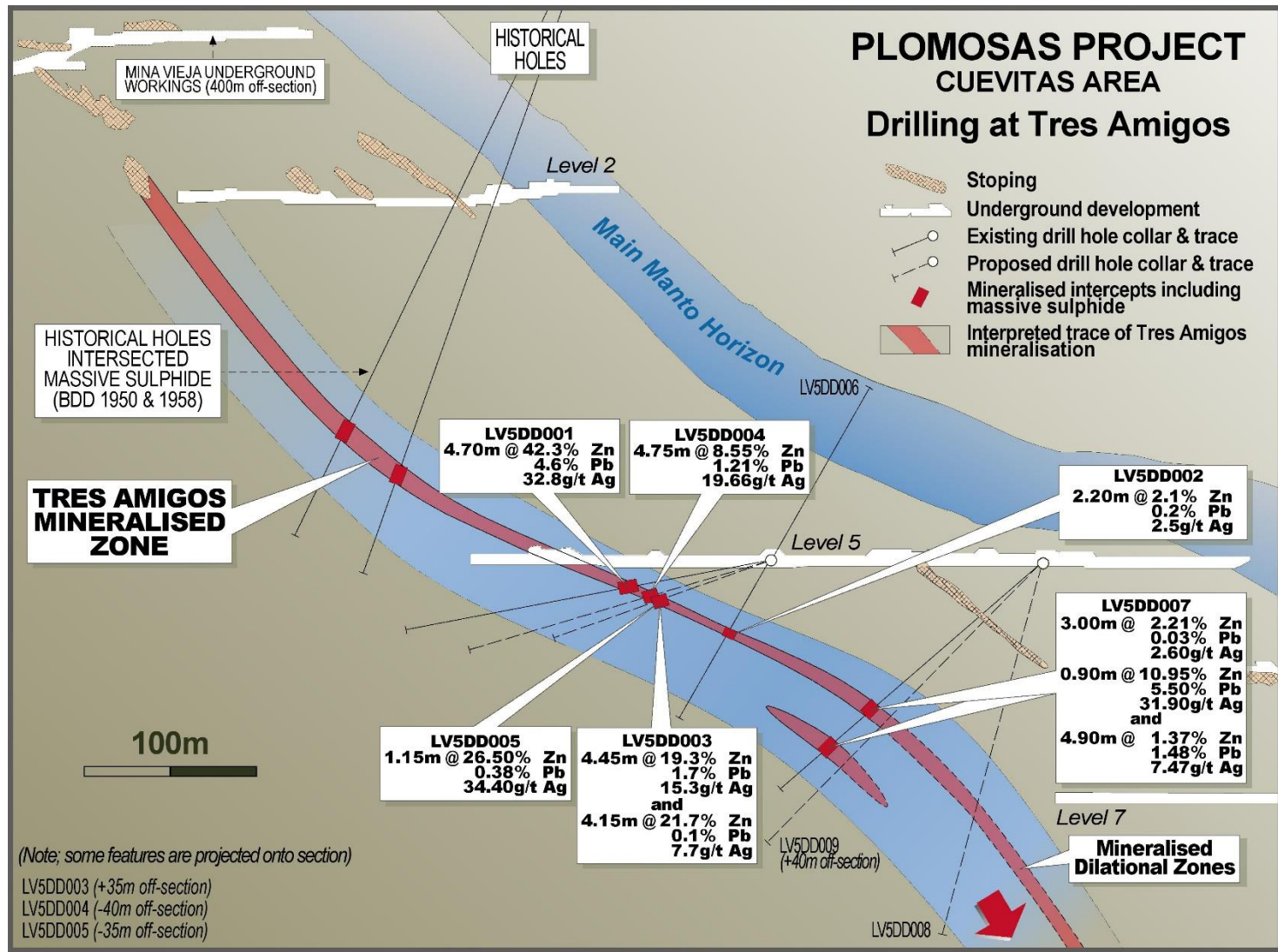
Additional Info



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» FOR FURTHER INFORMATION PLEASE CONTACT:

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