



CONSOLIDATED ZINC LTD

# REVIVING A HIGH GRADE ZINC MINE

Expanding a rich resource in Mexico

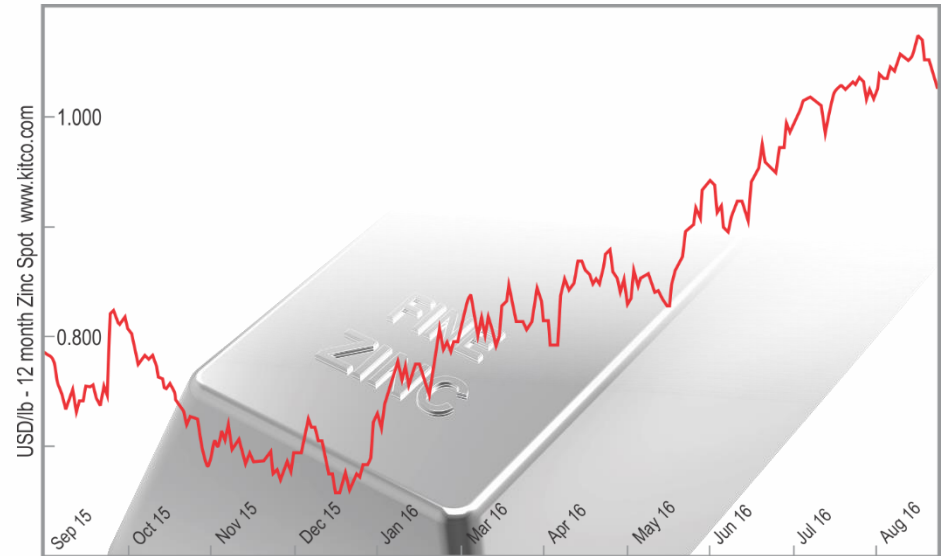


# ZINC IS IN DEMAND



**BEST PERFORMER  
LONDON  
METALS EXCHANGE  
(LME) 2016**

**Goldman Sachs  
predicting  
worldwide shortage  
of zinc to increase to  
360,000t in 2017**



**Chinese  
infrastructure  
projects driving  
demand**

**LME warehouse  
stocks are down**

# THE PLOMOSAS PROJECT



- Multiple, very high grade Zn-Pb-Ag deposits grading **18-25% Zn+Pb with 60g/t Ag**
- Granted Mining Leases (to 2042)
- Significant exploration upside, immediate drill targets, 7km strike
- Near-term production asset
- Established underground access to mineralization
- Excellent infrastructure
- Historically clean mineralogy and high metallurgical recoveries
- Low cost and low capex mining and processing options
- CZL 80% ownership, rights to acquire 100%





# GRADE IS KING



- Widespread in-mine sampling confirm high grade resource
- Historic mine grade averaged **24% Zn+Pb** plus Ag credits
- Produced clean concentrate – no deleterious elements
- Drilling to establish resource tonnes – maiden JORC end 2016



# LOCATION



## Plomosas

- 2 hour flight from Dallas/Houston
- 110km/70mi from Chihuahua City (95km/60mi on highway)
- 7km/4mi from established grid power

## Chihuahua Province

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

## Mexico

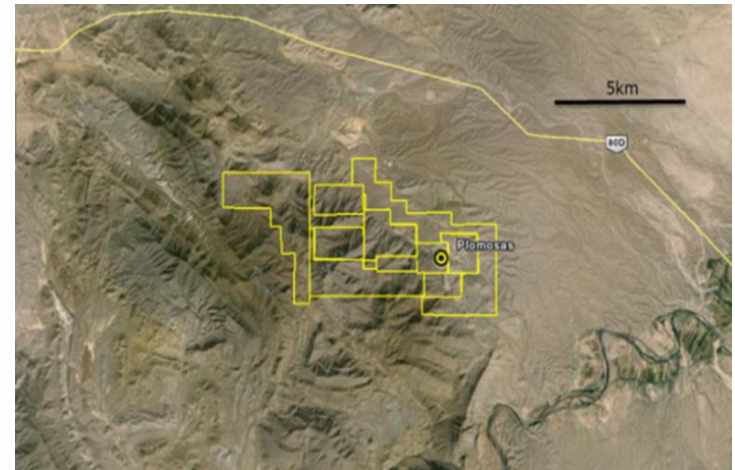
- Favorable regulatory environment allows 100% ownership for foreign companies
- Ranked #5 in world for mining investment (2015)
- Ranked #6 for zinc production (2014)



# HISTORY 1945-1974



- ASARCO Grupo Mexico operated until 1974, Mined 2.5Mt ore at 24% Zn+Pb and 80g/t Ag
- **Up to 20,000t ore per vertical metre**
- Martinez family owned since 1978
- Intermittent remnant mining since 1978 focused only on mineralisation above level 5 (131mbs)
- Never dewatered
- 3 shafts and multiple declines established and capable of extracting up to 1,000tpd (SRK report)
- **Historical concentrate information indicates very clean product and good recovery**
  - No deleterious elements (cadmium, mercury, arsenic etc)
  - Highly sought after as a blending concentrate
  - Established off-take agreement expires June



# THE COMPANY



## Capital Structure (ASX:CZL)

Shares on issue (approx)	429,873,513
Total unlisted options on issue	178,062,502
Available Funds (June 30)	\$4.9 million
Share Price	\$0.040
<b>Approx Market Cap (undil)</b>	<b>\$17.0 million</b>
<b>EV</b>	<b>\$12.1 million</b>

## Major Shareholders

Copulos Group	19.2%
Farjoy Pty Ltd	9.9%
Retzos Group	8.2%
Mexican Vendors	6.1%

## 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 – FIRST 15 MONTHS

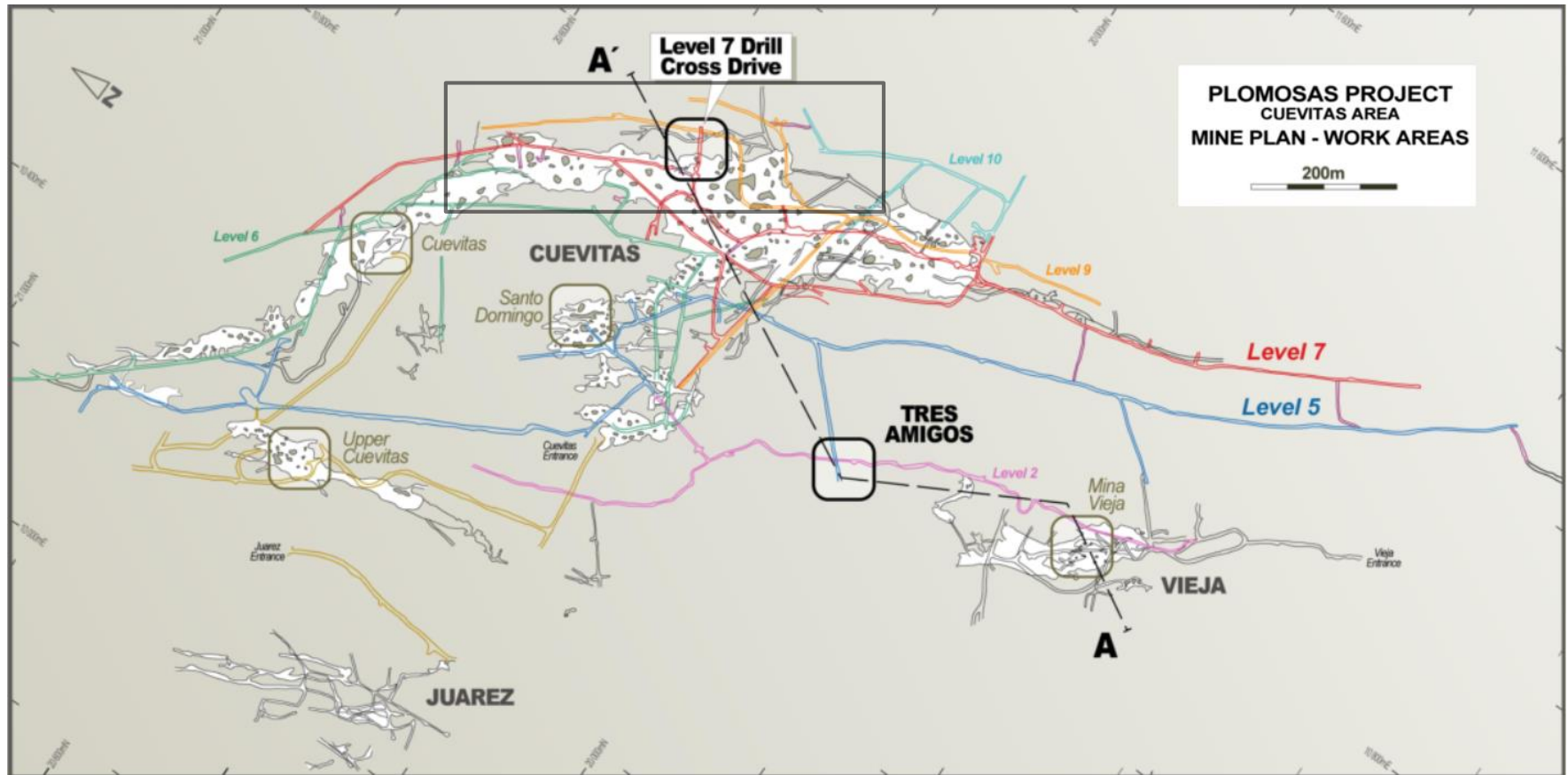


- **Completed whole of mine dewatering**
- Ongoing geological mapping, sampling and surveying – building on 3D model
- Identified new mineralization in footwall – Tres Amigos (TA)
- Completed drilling TA from underground phase 1 – high grades, variable thickness
- Surface drilling ongoing to determine dip and strike extensions
- Rehab complete in Level 7, developing additional drives for drilling positions
- **Significant mineralization confirmed below Level 7 – significant de-risking step**
- Initial metallurgical sampling complete
- Drilling ongoing from multiple positions
- **Commenced regional exploration**





# EXPLORATION AREAS

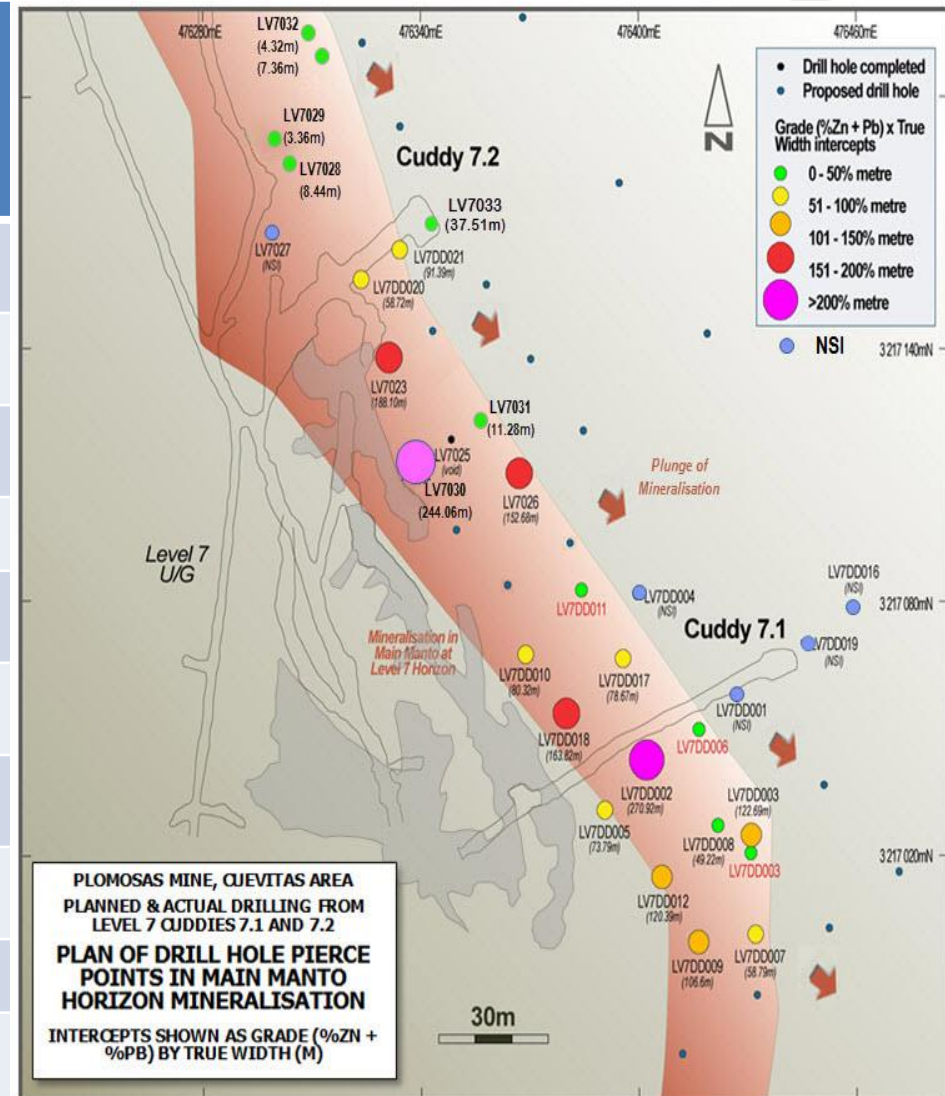


- Underground sampling areas showing the widespread nature of the high grade mineralization
- Importantly no exploration drilling has been carried out below Level 7 and sub-levels
- Drilling at depth from Level 7 underway

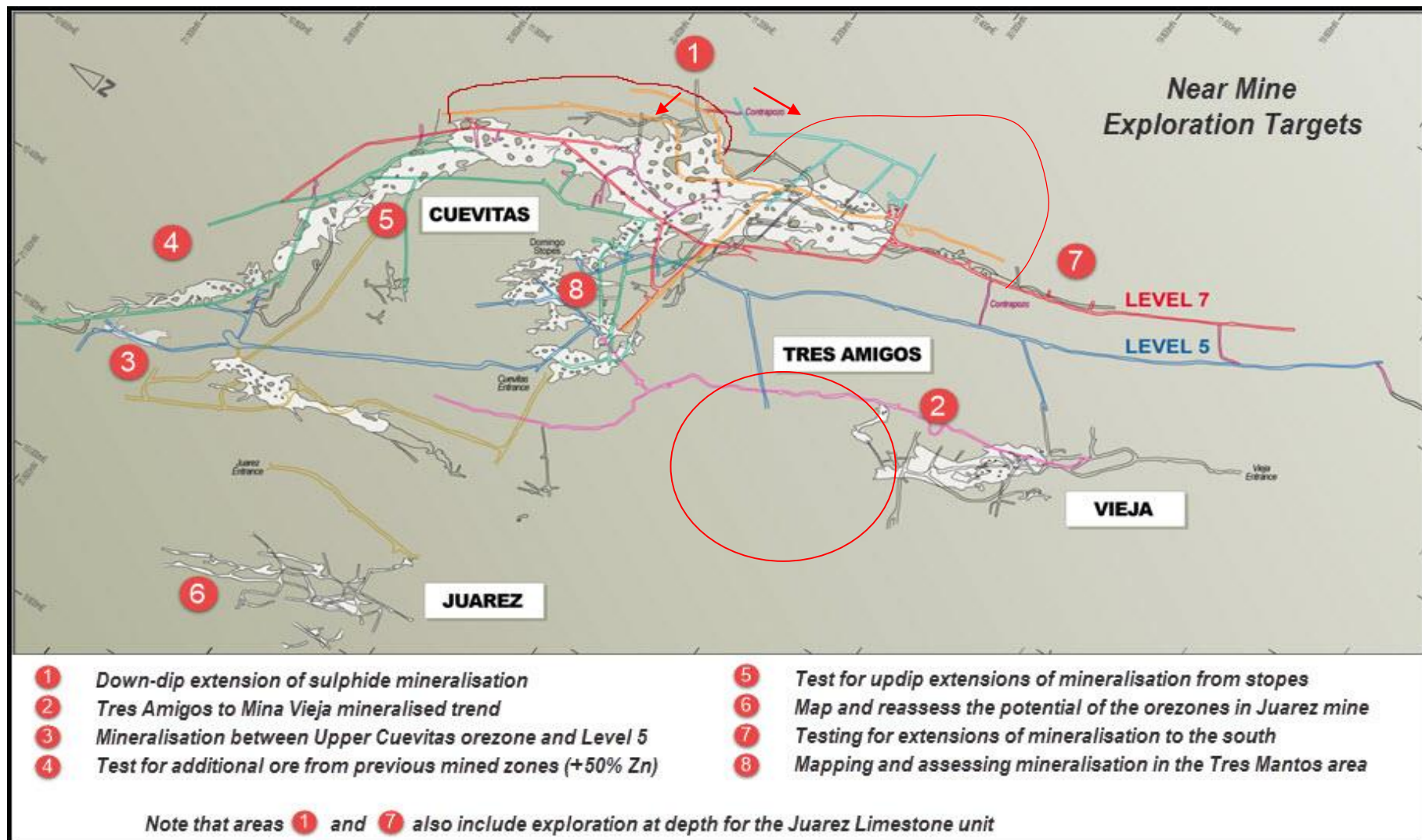
# LEVEL 7 – DRILLING RESULTS



Hole ID	From (m)	To (m)	Width (m)	TW* (m)	Zn %	Pb %	Ag g/t
LV7DD002	45.25	52.00	6.75	6.15	30.13	12.67	94.20
LV7DD003	50.20	53.10	2.90	2.45	34.52	14.95	89.99
	56.90	57.85	0.95	0.85	29.10	11.50	61.30
LV7DD007	71.60	74.25	2.65	2.00	18.42	10.12	60.77
LV7DD010	67.50	70.65	3.15	2.80	37.86	4.18	48.96
LV7DD012	57.15	61.25	4.10	3.30	25.20	12.66	70.73
LV7DD018	57.60	62.15	4.55	3.36	33.72	14.32	82.29
LV7DD023	24.85	33.6	8.75	5.02	25.80	11.82	53.60
LV7DD026	59.3	67.8	8.50	3.02	34.99	15.40	158.52
LV7DD030	38.25	52.05	13.8	6.25	24.97	14.07	71.78



# IN-MINE EXPLORATION PROGRAMS

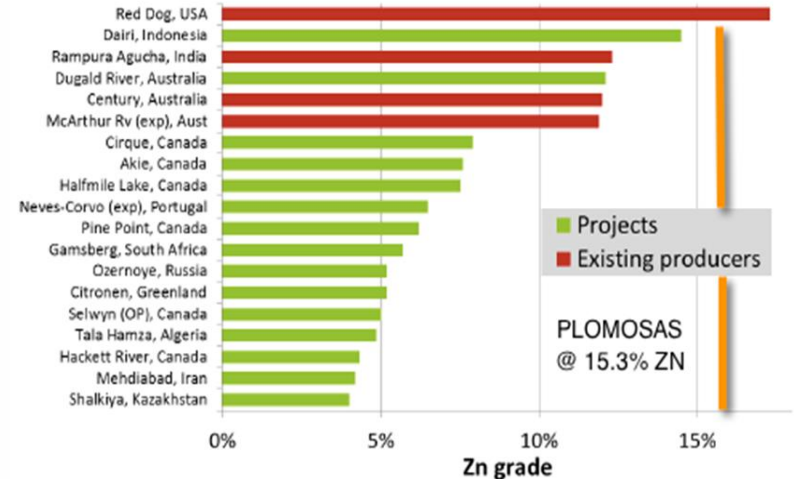




# HOW DOES PLOMOSAS COMPARE?



- Zinc grade higher than most deposits and competes with world class producers
- Silver content offers significant credits to reduce operating costs
- Profitable size and grade
- The Plomosas style and size of Zn-Pb-Ag deposit has been highly profitable around the world including
  - Chihuahua region (eg Naica, Santa Eulelia)
  - Lennard Shelf, WA



Lennard Shelf Resources (December 2000)					
Deposit	Tonnes	Zn %	Pb %	Zn+Pb%	Ag
Cadjebut	5,215,000	11.2	3.2	14.4	<10g/t
Cadjebut Splay Fault	390,000	1.4	14.4	15.8	<10g/t
Goongewa	2,571,000	8.5	2.8	11.3	40g/t
Kapok/Kapok E	4,636,000	9.4	8.6	18.0	10-15g/t
Kapok West	1,220,000	4.3	9.0	13.3	10-15g/t
Kutarta	2,340,000	7.2	0.5	7.7	40g/t
<b>CADJEBUT TREND</b>	<b>16,372,000</b>	<b>8.9</b>	<b>5.0</b>	<b>13.9</b>	
Pillara	18,786,000	7.8	2.6	10.4	15-20g/t
Napier Range	590,000	8.5	8.0	16.5	75g/t
Fossil Downs	1,460,000	10.1	1.6	11.7	30g/t
<b>TOTAL</b>	<b>37,208,000</b>	<b>8.4</b>	<b>3.7</b>	<b>12.1</b>	

# PILOT PLANT OPTION



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

- Nameplate 120tpd
- **Upgradeable to 200 tpd (75,000 tpa) – SRK due diligence report (US\$1M)**
- 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 Q1 2017



# WHY INVEST IN CZL?



- Well established **high grade zinc mine** in low risk country with strong mining culture
- High grade thick mineralization below the current mine development – ongoing aggressive drilling program
- Numerous in-mine exploration targets including new discovery in the footwall (Tres Amigos)
- Exploration potential along strike over 7km untested
- Ability to drill out mineral resources in short term
- **Zinc is in demand with forecast growth**





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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.



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