

29 April 2016

## March 2016 Quarterly Activities Report

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- Drilling below the Level 7 development continues and results received to date returned high grade zinc-lead mineralisation over encouraging widths;
- Best results include:
  - LV7DD002: 6.75m @ 30.13% Zn, 12.67% Pb, 94.2 g/t Ag
  - LV7DD003: 2.90m @ 34.52% Zn, 14.95% Pb, 90.0 g/t Ag
  - and: 0.95m @ 29.10% Zn, 11.50% Pb, 61.3 g/t Ag
  - LV7DD005: 1.8m @ 33.37% Zn, 20.10% Pb, 100.8 g/t Ag
- Drilling has also continued at Tres Amigos with holes drilled from surface targeting the up-dip and along strike extensions of the previously identified mineralisation. Results received during the quarter include:
  - TRSRD004: 1.1m @ 5.02% Zn, 28.71% Pb, 76.10 g/t Ag
  - TRSD008: 2.0m @ 13.90% Zn, 1.27% Pb, 15.75 g/t Ag
  - TRSD010: 4.0m @ 11.68% Zn, 0.13% Pb, 5.68 g/t Ag
- Establishment of the second drill drive and drilling position in Level 7 completed;
- In March the Company secured A\$550,000 in additional finance to maintain drilling momentum while discussions continued with selected investor groups.

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Consolidated Zinc Limited (CZL:ASX) is pleased to present the following quarterly report.

### CORPORATE

During the March quarter the Company secured an additional A\$550,000 in short term funding while discussions with the Singapore based Funan Group are on-going (see ASX announcement 22 March 2016).

### OPERATIONS AND DEVELOPMENT

#### Plomosas Project, Mexico

#### *Cuevitas Extensional drilling, Level 7 Deeps*

Underground development in Level 7 was completed to establish a platform for drilling from the hangingwall. Drilling commenced targeting the down-dip extension of mineralisation below the current mine infrastructure. The progress of the drilling and results as they came to hand are detailed in ASX announcements dated February 2 and March 16.

Significantly, the drilling to date has demonstrated that high grade mineralisation continues below Level 7 (Figure 2) which, at approximately 240m below surface, was the deepest ore drive developed at Plomosas. This is a major step in technically de-risking the project and additional results received post the end of the March quarter provided further evidence for the extension of mineralisation at depth. Drilling highlights for the quarter are summarised in Table 1, with further hole details in Table 2 below.

29 April 2016

Assay results received after the completion of the March quarter are included for Holes LV7DD009 to LV7DD012 which were completed during the quarter.

LV7DD009	6.85m @ 14.44% Zn, 6.88% Pb, 42.58 g/t Ag from 68.45 mdh <i>Including:</i> 1.00m @ 30.59% Zn, 16.90% Pb, 127 g/t Ag from 68.45 mdh
LV7DD010	3.15m @ 37.86% Zn, 4.18% Pb, 48.96 g/t Ag from 67.50 mdh <i>Including</i> 2.15m @ 47.92% Zn, 5.09% Pb, 63.03 g/t Ag from 67.50 mdh
LV7DD012	4.10m @ 25.20% Zn, 12.66% Pb, 70.73 g/t Ag from 57.15 mdh <i>Including</i> 1.55m @ 37.18% Zn, 17.25% Pb, 101.0 g/t Ag from 57.15 mdh

A second drilling position to the north of the first station, which is located in the Level 7 Drill Cross Drive, was also completed after the end of the quarter t. Drilling is planned from this position to infill an additional 160m of strike in a panel below Level 7 Figure 1.

Table 1; Summary of Level 7 Underground Drilling									
Hole ID	Coordinates	Azi/Dip	From (m)	To (m)	Width (m)	TW* (m)	Zn %	Pb %	Ag g/t
LV7DD001	476440.31mE	235/-70					NSI	NSI	NSI
	3217067.06mN								
LV7DD002	476440.31mE	235/-35	45.25	52.00	6.75	6.15	30.13	12.67	94.20
	3217067.06mN								
LV7DD003	476440.31mE	190/-40	50.20	53.10	2.90	2.45	34.52	14.95	89.99
	3217067.06mN								
			56.90	57.85	0.95	0.85	29.10	11.50	61.30
LV7DD004	476440.31mE	290/-40					NSI	NSI	NSI
	3217067.06mN								
LV7DD005	476440.31mE	235/-15	58.20	60.00	1.80	1.28	33.37	20.10	100.83
	3217067.06mN								
LV7DD006	476440.31mE	235/-55	42.70	44.50	1.80	1.80	3.37	2.70	30.22
	3217067.06mN								
LV7DD007	476439.91mE	188/-33	71.60	74.25	2.65	2.00	18.42	10.12	60.77
	3217064.68mN								
LV7DD008	476436.46mE	270/-10	52.50	54.00	1.50	1.34	28.40	7.53	85.20
	3217067.01mN								
LV7DD009	476437.66mE	285/-25	68.45	75.30	6.85	4.70	14.44	6.88	42.58
	3217067.71mN								
LV7DD010	476436.46mE	270/-10	67.50	70.65	3.15	2.80	37.86	4.18	48.96
	3217067.01mN								
LV7DD011	476437.66mE	285/-25	59.20	62.20	3.00	2.20	4.15	1.73	17.80
	3217067.71mN								

29 April 2016

Table 1 (continued)

Hole ID	Coordinates	Azi/Dip	From (m)	To (m)	Width (m)	TW* (m)	Zn %	Pb %	Ag g/t
LV7DD012	476438.48mE	213/-20	57.15	61.25	4.10	3.65	25.20	12.66	70.73
	3217064.16mN								
LV7DD013	476443.11mE	000/55					NSI	NSI	NSI
	3217068.30mN								

\* Approximate true width

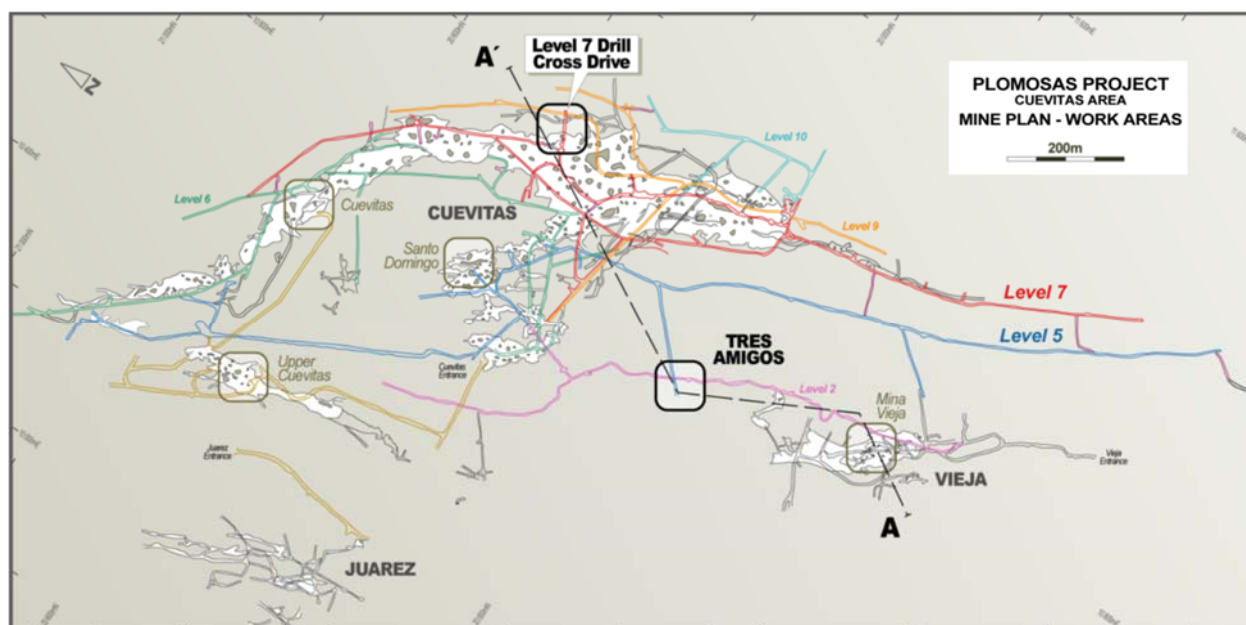


Figure 1. Plan view of the Plomosas mine showing location of the cross section in Figure 3 (trace A-A') and work areas referred to in the text including the Tres Amigos zone and the drill drive access being established for the Main Manto Horizon drilling below Level 7.

29 April 2016

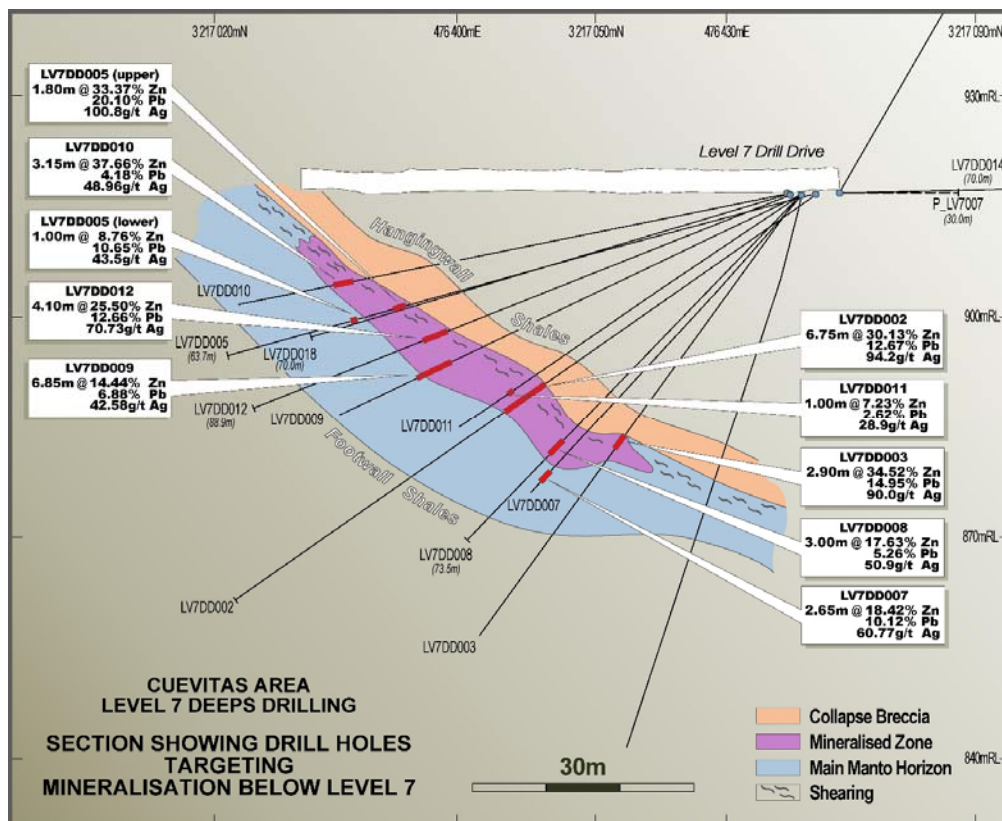


Figure 2. Section view of the extension of mineralisation below Level 7 in the main Cuevitas zone of the Plomosas mine.

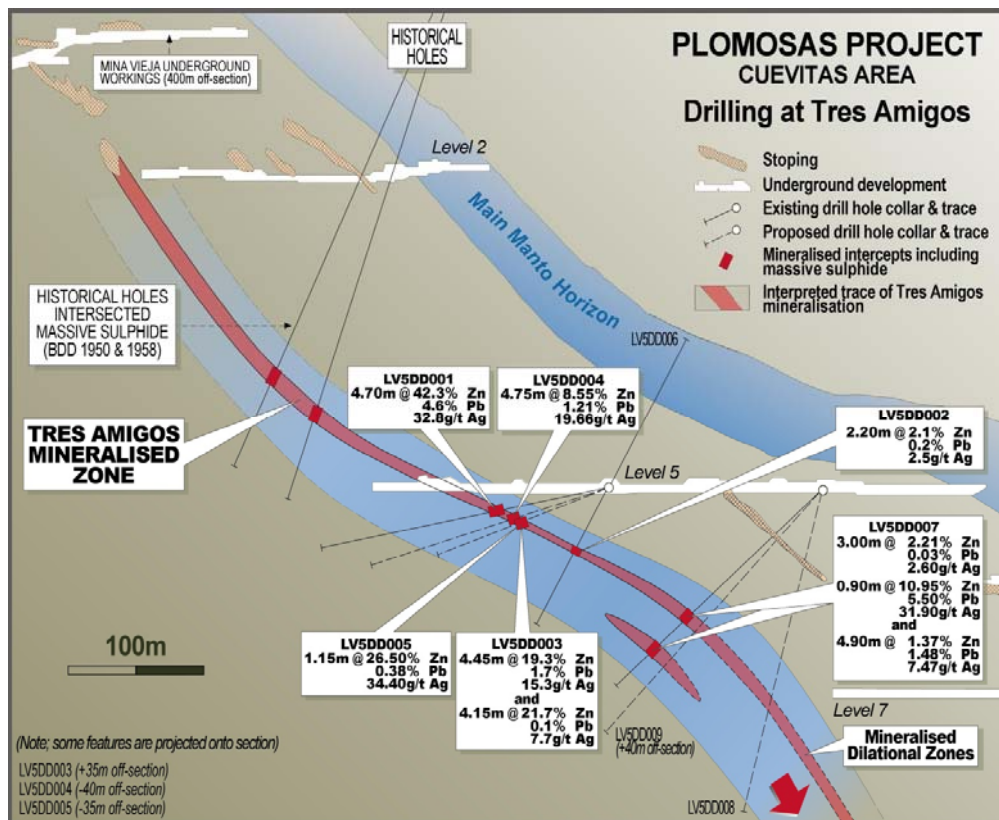


Figure 3. Section view of the Plomosas mine through the Tres Amigos zone, highlighting intersections of interest



29 April 2016

### Tres Amigos Drilling

Testing of the Tres Amigos horizon continued with holes drilled from surface testing the up-dip and strike extensions of the previously identified mineralisation. Tres Amigos is located approximately 100m into footwall below the main Cuevitas mineralisation in the Main Manto Horizon (Figures 3 and 4).

Mineralisation in the Tres Amigos area is strongly controlled by shearing within the competent Juarez limestone unit, with consistently high Zn grades being returned from recent drilling. Further drilling is planned to follow the extension of mineralisation to the south of the current drilling collar locations.

Drilling highlights for the quarter are summarised in Table 2.

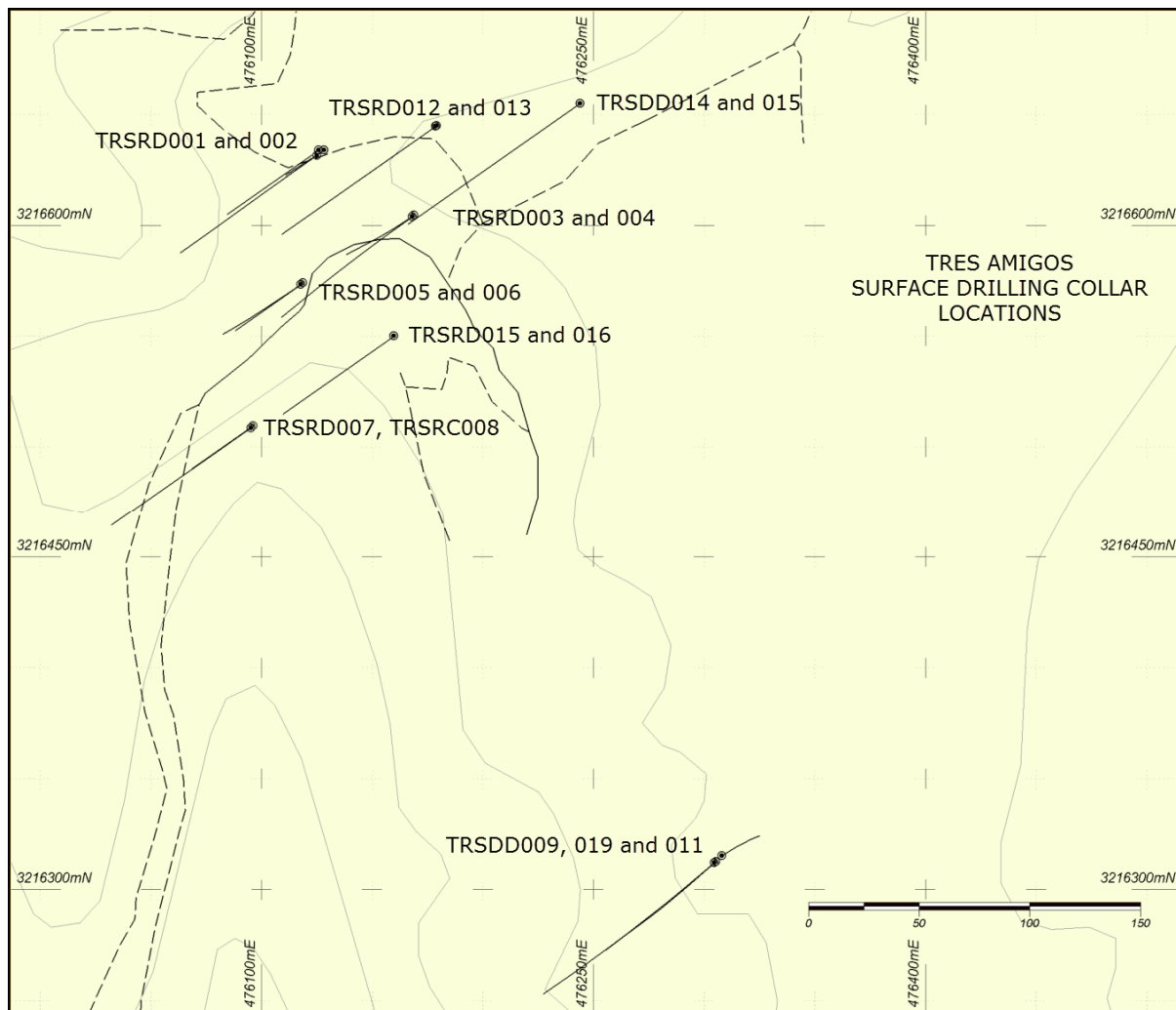


Figure 4. Plan view of the Tres Amigos drill collar location and drill traces

29 April 2016

Table 2; Tres Amigos Surface Holes									
Hole ID	Coordinates	Azi/Dip	From (m)	To (m)	Width (m)	TW* (m)	Zn %	Pb %	Ag g/t
TRSRD001	476126.0mE	253/-65	122.10	122.80	0.70	0.70	8.22	1.36	16.20
	3216634.00mN								
TRSRD002	476125.07mE	235/-80	32.00	33.00	1.00	1.00	4.50	1.00	7.50
	3216631.65mN								
TRSRD003	476168.22mE	235/-65	33.00	34.00	1.00	1.00	7.37	8.26	29.10
	3216603.92mN								
TRSRD004	476168.80mE	235/-80	134.20	135.30	1.10	1.10	5.02	28.71	76.10
	3216604.43mN								
TRSRC005	476117.78mE	235/-55					Precollar Hole Only		
	3216573.17mN								
TRSRD006	476118.85mE	235/-65					NSI	NSI	NSI
	3216573.89mN								
TRSRC007	476095.21mE	235/-50					Precollar Hole Only		
	3216508.51mN								
TRSRC008	476095.21mE	235/-70	93.00	95.00	2.00	2.00	13.90	1.27	15.75
	3216508.51mN								
TRSD009	476309.00mE	230/-50					NSI	NSI	NSI
	3216320.00mN								
TRSD010	476309.00mE	230/-70	113.00	115.00	2.00	2.00	18.95	0.11	8.15
	3216320.00mN								
			121.00	123.00	2.00	2.00	10.37	0.54	12.40
TRSD011	476309.00mE	055/-85					NSI	NSI	NSI
	3216320.00mN								

\* Approximate true width

### Jacanas Manto

As previously reported, a previously unknown mineralised manto unit termed the Jacanas Manto, was encountered during establishment of the Level 7 drill drive. A single drillhole was completed into this limestone unit and did not identify any significant base metal mineralisation however, trace sulphides have been identified in the core and additional holes are planned for the future. The manto itself contains variable amounts of pale yellow sulphur, similar to the mineralised manto mined at nearby Mina Vieja. Also notable are patchy galena and other sulphides observed throughout the unit.

### General Exploration and Development Activities

In addition to completion of the second drilling position in Level 7, further mapping and in-mine sampling was undertaken which has identified thick massive sulphides approximately 160m to the south of drill position 1 in the main mineralised zone (Figure XX). This area will be targeted for drilling once required development and ground support is established. Ongoing work at the project includes:

29 April 2016

- Geological modelling of the Cuevitas extensions and Tres Amigos mineralisation in preparation for resource estimation ongoing with new drilling;
- Continued surveying of underground development in Level 7 is complete and Level 7 sub-levels on-going;
- Metallurgical testwork of samples taken from the mineralisation that remains in Level 7 continued to provide input for process design. Processing is expected to require only industry standard and proven processes and methods. Additional testwork is also planned for the Tres Amigos mineralisation and sulphide mineralisation to incorporate into the process planning.
- Geotechnical study in Level 7 completed with reporting to be finalised – no major issues identified at this point;
- Geological mapping and interpretation are ongoing.

Yours faithfully,



**Will Dix**  
**Managing Director**  
**29 April 2016**

#### **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.

In addition to Plomosas the Company also has interests in the Jailor Bore Uranium Project in Western Australia.

#### **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.*

29 April 2016

HoleID	EastWGS84	NorthWGS84	Elev (m)	Dip	AzimWGS	RC	Diam	TDepth
LV7DD001	476438.128	3217066.882	918.083	-78.51	231.50	0.00	294.70	294.70
LV7DD002	476436.368	3217065.610	917.979	-35.00	235.00	0.00	96.75	96.75
LV7DD003	476439.152	3217063.491	918.160	-45.16	189.86	0.00	98.20	98.20
LV7DD004	476437.111	3217068.463	918.201	-40.00	290.00	0.00	81.90	81.90
LV7DD005	476437.579	3217062.957	919.006	-15.00	235.00	0.00	83.70	83.70
LV7DD006	476438.558	3217063.661	918.192	-55.00	235.00	0.00	156.05	156.05
LV7DD007	476440.222	3217063.735	918.710	-33.00	188.00	0.00	104.15	104.15
LV7DD008	476439.569	3217063.691	918.411	-40.00	206.00	0.00	73.50	73.50
LV7DD009	476439.806	3217063.580	919.086	-20.00	200.00	0.00	108.45	108.45
LV7DD010	476436.629	3217067.990	919.341	-10.00	270.00	0.00	109.50	109.50
LV7DD011	476436.971	3217068.324	918.820	-25.00	285.00	0.00	88.00	88.00
LV7DD012	476437.688	3217062.954	919.008	-20.00	213.00	0.00	88.90	88.90
LV7DD013	476442.990	3217068.665	919.799	0.00	55.00	0.00	69.10	69.10
TRSDD015	476244.000	3216655.000	1138.000	-60.00	235.00	0.00	190.00	190.00
TRSDD014	476244.000	3216655.000	1138.000	-75.00	235.00	0.00	205.00	205.00
TRSDD012	476179.218	3216644.987	1135.965	-75.00	235.00	0.00	180.00	170.00
TRSDD013	476178.808	3216644.706	1136.039	-60.00	235.00	0.00	170.00	170.00
TRSRD001	476125.031	3216631.589	1167.072	-65.00	235.00	99.50	76.80	176.30
TRSRD002	476128.292	3216633.844	1167.072	-80.00	235.00	27.50	118.55	146.05
TRSRD003	476168.177	3216603.860	1138.345	-65.00	235.00	141.80	26.20	168.00
TRSRD004	476168.823	3216604.487	1138.285	-80.00	235.00	99.50	110.45	209.95
TRSRD005	476117.799	3216573.206	1142.767	-55.00	235.00	63.00	0.00	63.00
TRSRD006	476118.754	3216573.990	1142.630	-75.00	235.00	93.90	65.65	159.55
TRSRD007	476095.200	3216508.514	1160.126	-50.00	235.00	120.00	0.00	120.00
TRSRC008	476096.235	3216509.469	1160.061	-70.00	235.00	99.00	0.00	99.00
TRSDD009	476304.692	3216312.172	1133.337	-50.00	230.00	0.00	149.00	149.00
TRSDD010	476305.351	3216312.569	1133.273	-70.00	230.00	0.00	176.00	176.00
TRSDD011	476308.190	3216315.194	1133.965	-85.00	55.00	0.00	185.00	185.00



29 April 2016

## 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
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Drilling sampling techniques employed at the Plomosas underground drilling program include saw cut NQ drill core samples.</li> <li>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.</li> <li>Diamond NQ3 core was sampled on geological intervals/contacts, with the minimum sample size of 0.5m and max 1.2m.</li> <li>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.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Currently NQ3 triple tube using conventional wireline drilling is being used.</li> <li>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.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The use of triple tube improved core recovery.</li> <li>Measurements for core recoveries were logged and 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 vary between 50-95%.</li> <li>Due to the nature of the geology and the presence of large open-spaced breccias present in the vicinity of the mineralisation, the recovery of the mineralised core has been in some cases &lt;60%. The use of triple</li> </ul>

29 April 2016

Criteria	JORC Code explanation	Commentary
<i>Logging</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<p>tube in these areas will not improve recovery.</p> <ul style="list-style-type: none"> <li>CZL system of logging core records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples.</li> <li>Logging is both qualitative and quantitative depending on the field being logged.</li> <li>All drill holes are logged in full to end of hole.</li> <li>Diamond core is routinely photographed digitally</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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 (&gt;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.</li> <li>Field duplicates are routinely taken for core samples. CZL procedures include a minimum of one duplicate per approximately 20 samples.</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Analytes include 51 elements and include Ag, Au, Cu, Pb, Zn as the main elements of interest.</li> <li>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.</li> <li>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.</li> <li>All drill assays were required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Significant drilling intersections are noted in this report and are verified by qualified personnel from geological logging.</li> <li>No twinned holes are being drilled as part of this program.</li> <li>CZL logging and sampling data was captured and imported using excel sheets and data entered into Micromine.</li> <li>All CZL drillhole and sampling data is stored in a Micromine based system. Manual backups are</li> </ul>

29 April 2016

Criteria	JORC Code explanation	Commentary
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<p>routinely carried out.</p> <ul style="list-style-type: none"> <li>Underground drill holes were located by Micromine using accurately surveyed drives and stopes. Once drill holes were located, mine survey crew resurveyed the caddy and the hole locations. A final collar survey will be finalised when the holes are completed.</li> <li>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.</li> <li>Grid system used is WGS84 Zone 13</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>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 caddies have been established at 80 metre intervals to allow for adequate drill spacing.</li> <li>No sample compositing has been applied</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drill orientations was designed to intersect any geological or geophysical contacts as high an angle as possible to reflect true widths as possible.</li> <li>Sampling has been designed to cross structures as near to perpendicular as possible, minimising any potential in creating a bias sampling orientation.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Sampling was conducted over three adjoining tenements, La Verdad (T-218242), El Olvido (T-225527) and Ripley (T-218272).</li> <li>Consolidated Zinc Ltd currently owns 51%</li> </ul>

29 April 2016

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>No relevant information is available.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>Plomosas is located in a historic zinc-lead-silver mining district, with mineralisation hosted by a Palaeozoic sequence of shales, argillaceous limestones, reefal limestones, 'conglomeratic' limestones and sandstones. This approximately 1600 metres-thick carbonate-rich sequence forms part of the Ouachita "Geosyncline", which was inverted in a thrust deformation phase during the Upper Palaeozoic Appalachian Orogeny.</li> <li>Characteristics of the deposit lead to the classification as an IRT III type mineralisation (Intrusive Related type III deposit) but may have some distal style affinities.</li> <li>The control on mineralisation is both lithological and structural, but local structural bending of the manto is very important as it is strongly folded in a relatively regular pattern, oriented north/north-west to west/north-west striking. The segment of the fossiliferous horizon with the best potential is north/north-west striking with a south-east plunge. The N/NW orientation of sections of the stratigraphy (due to folding) is considered important in localising mineralisation.</li> <li>The mineralogy is simple, consisting of iron-poor sphalerite, galena, silver, pyrite, chalcopryite, barite, and calcite. The ore bodies are hosted by shale and marble on the footwall and hanging wall respectively. Intense marblisation is restricted to a few meters from the hanging wall contact.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>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:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Appropriate information has been included in the report.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>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 examples of such</i></li> </ul>	<ul style="list-style-type: none"> <li>No data aggregate methods were applied to the results.</li> </ul>



29 April 2016

Criteria	JORC Code explanation	Commentary
	<p>aggregations should be shown in detail.</p> <ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	<ul style="list-style-type: none"> <li>No drilling was completed to enable any relationship between mineralisation width and intercept lengths</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate diagrams are attached in the report</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All sample results are reported</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>No other relevant data has been reported</li> </ul>
Further work	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Appropriate information has been included in the report.</li> </ul>