

CZL TRANSITIONS TO OWNER-OPERATED MINING

- **Plomosas mining to be directly managed and operated by the Company**
 - **Move to owner operated mining expected to significantly reduce mining costs**
 - **Transition will improve oversight and control of all mining related activities**
 - **Capex to be funded by equipment leases and operating cashflow**
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Consolidated Zinc Limited (ASX: CZL or “the Company”) is pleased to advise that it will move to directly managing mining at its wholly owned Plomosas zinc-lead-silver mine in Mexico, and has terminated the mining contractor.

The annual review of the contractor’s performance, productivity and review of their progress claims identified significant deficiencies in their performance at the Plomosas mine. After operational, financial and risk assessments the Company resolved to bring the mining contracting services in-house.

The potential savings of owner operating the Plomosas mine include:

- Single on-site management team managing all aspects of mining to maximise performance;
- Improved performance from focus on quality over quantity of material delivered to the surface;
- Improved equipment maintenance with supplier maintenance implemented; and
- Elimination of contractor profit margin, several performance issues and related risks.

The capital required for mining equipment and spares is less than US\$320,000. Equipment leases are available for major items and the balance will be funded from operating cashflow.

The Company is confident it can deliver improved performance from the mine before the end of December. During this short transition period processing ore and concentrate from existing stockpiles will continue to provide revenue.

Brad Marwood, Managing Director CZL said “Utilising a mining contractor to start the Plomosas mine was the right decision and after 12 months of growth I am confident that the Company can deliver superior outcomes from the Plomosas mine. We will enter 2020 with a renewed focus and increased determination to achieve strong returns to shareholders.”

This announcement was authorised to be given to the ASX by the Directors of Consolidated Zinc Limited.

For further information please contact:

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ABOUT CONSOLIDATED ZINC

Consolidated Zinc Limited (ASX: CZL) owns 100% of the historic Plomosas Mine, located 120km from Chihuahua City, Chihuahua State, Mexico. Chihuahua State has a strong mining sector with other large base and precious metal projects in operation within the state. Historical mining at Plomosas between 1945 and 1974 extracted over 2 million tonnes of ore grading 22% Zn+Pb and over 80g/t Ag. Only small-scale mining continued to the present day and the mineralised zones remain open at depth and along strike.

The company has recommenced mining at Plomosas and is committed to exploit the potential of the high-grade Zinc, Lead and Silver Mineral Resource through the identification, exploration and exploitation of new zones of mineralisation within and adjacent to the known mineralisation with a view to identify new mineral resources that are exploitable.

Caution Regarding Forward Looking Statements and Forward Looking Information:

3 December 2019

This report contains forward looking statements and forward looking information, which are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of zinc and lead, the actual results of current exploration, the availability of debt and equity financing, the volatility in global financial markets, the actual results of future mining, processing and development activities, receipt of regulatory approvals as and when required and changes in project parameters as plans continue to be evaluated.

Except as required by law or regulation (including the ASX Listing Rules), Consolidated Zinc undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Production Targets:

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

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