CONSOLIDATED ZINC LTD

22 September 2015

New Massive Sulphide Zone intersected in First Drillholes

- **First three drillholes completed testing the Tres Amigos area mineralisation in the footwall of the main Plomosas mineralised horizon. This zone was previously untested in this area**
- **Drilling intersected:**
  - **Thick sulphide mineralisation in 2 drill holes (LV5DD001 and LV5DD003)**
  - **Zones of patchy disseminated sulphides in 3rd hole (LV5DD002)**
- **Mineralisation remains open along strike and down dip. Drilling is continuing.**
- **Assays expected around the end of September**

Consolidated Zinc Limited (ASX:CZL) is pleased to announce the intersection of massive sulphides and zones of disseminated and veined sulphides in the first three drillholes completed at the Tres Amigos zone which is part of the high grade Plomosas Zinc Project.

Tres Amigos represents an exciting opportunity for the Company as it is a previously untested and unmined horizon stratigraphically below the Main Marble Manto mined in the Cuevitas area of the Plomosas mine (Figures 5-7). CZL believes the upper reaches of this mineralised horizon was successfully mined at the Mina Vieja and Juarez areas (400m along strike to the SSE, and 800m to the NW respectively).

The drilling targeted Tres Amigos following mapping and rock chip sampling. Drill access and possible future mining access was enhanced by the existence of underground development that had already been established on Level 5 (Figure 7).

The first three drillholes of this program have been completed with visible sulphide mineralisation encountered in all holes to date. The core from these drillholes has been logged and samples submitted for analysis. Assay results are pending.

Holes LV5DD001 (Figures 1, 2) and LV5DD003 (Figures 3, 4) both intersected thick zones of massive sulphides recognised as sphalerite, galena and pyrite hosted in a shear zone within a silicified and brecciated limestone unit, named the Juarez Limestone. LV5DD002 intersected a thick sequence of weakly mineralised limestones containing disseminated sulphides

The details of the drill holes and intersections are listed in Table 1 below.

Level 1, 35 Havelock St, West Perth WA Australia 6005 PO Box 692, West Perth WA Australia 6872
T:+61 8 9322 3406 F: +61 8 9320 7501 E: info@conzinc.com.au
(ASX: CZL) ACN 118 554 359

Table 1. Summary description of drill intercepts, Tres Amigos area. (Plomosas Mine drilled from Level 5 Cuddy 1)

Hole ID	Co-ordinates	RL	Azim	Dip	From (m)	To (m)	Inters (mdh)	TW* (m)	Mineralisation
LV5DD001	476181.82mE 3216678.05mN	990.81m	235°	-10°	38.0	42.7	4.7	3.3	Massive sulphide (Sph/Gn)
LV5DD002	476181.82mE 3216678.05mN	990.81m	235°	-60°	28.3	31.5	3.2	3.2	Weak disseminated sulphide
LV5DD003	476181.82mE 3216678.05mN	990.81m	190°	-15°	21.75	26.50	4.75	3.5	Massive sulphide (Py+Sph/Gn)
					26.50	36.50	10.0	7.4	Weak disseminated sulphides and unmineralised bands.
					36.55	40.70	4.15	3.1	Massive sulphide (Py+Sph/Gn)

*Note: **TW** represents an approximate true width of the mineralisation based on structural assessment of contact information and drill orientations. **mdh**: metres down hole*

Hole LV5DD001 core notes

Massive sulphide mineralisation was intersected from 38.0m to 42.7m (approximately 3.3m true width), comprising sphalerite, zinc and pyrite was encountered in the first hole LV5DD001 within the massive Juarez Limestone. Mineralisation in this hole is texturally destructive, obliterating the original textures, shear and host rock. The contacts of mineralisation are sharp, indicating that intense replacement has occurred and that fluids had permeated into the country rock, replacing it over time.

Hole LV5DD002 core notes

Mineralisation in LV5DD002, is moderately to weakly disseminated, with no massive sulphide noted, except as pyrite veins related to strong stockwork breccias.

Hole LV5DD003 core notes

Hole LV5DD003 encountered 2 zones of massive sulphide the first being 4.75m from 21.75m to 26.5m (approximately 3.5 metres true width) comprising sphalerite and galena mineralisation with significant pyrite overprint. A second zone of 4.15m was intersected from 36.55m to 40.70m (approximately 3.0m true width). A brecciated limestone occurs within this mineralised zone, which is host to pyrite pods and veinlets with galena mineralisation. The mineralisation in this hole occurs on the margins of a carbonate-quartz stockwork zone, hosted within the Juarez Limestone unit. Presence of these massive sulphide zones in hole LV5DD003 demonstrate that there is strike continuity of mineralisation to the southeast and warrants follow up exploration.

Figure 1. LV5DD001 core trays showing massive sulphide interval starting at 39.05 to 43.78m. Note sulphides in upper breccia zone.

Mineralising fluids in the Tres Amigos zone are noted to be different both in metallurgical and geochemical attributes, suggesting that the fluids were derived from a hotter source than those related to the mineralising event seen in the main Manto Horizon.

Mineralisation is structurally controlled, with massive sulphide deposits occurring in areas of structural dislocations and shear flexures. Locating these structural discontinuities will be the focus of the exploration at Tres Amigos.

These holes have now highlighted the potential of the Tres Amigos area to host significant massive sulphide mineralisation, with mineralisation open in all directions from these drilling points.

Figure 2. Stick of NQ core comprising of massive sphalerite, galena and pyrite from the first CZL hole drilled into the Tres Amigos mineralised area. (Hole LV5DD001, 42.0 – 42.4m)

Figure 3. LV5DD003 core tray showing first massive sulphide interval starting at 21.75 to 26.50m.

Figure 4. NQ core comprising of massive sphalerite, galena and pyrite from the lower massive sulphide unit in LV5DD003.

The samples have been submitted to ALS Laboratories in Hermosillo, Mexico for base metal assay by ICP-OES and precious metal assay by aqua regia digest. Any samples grading over the upper threshold will be re-assayed. It is expected that the analytical results will be available at approximately the end of September.

Drilling of the Tres Amigos mineralisation will continue to scope out the extent and the geometry of the mineralisation over the next 4-6 weeks subject to the ongoing drilling results.

In parallel with the continuation of the Tres Amigos drilling, detailed surveying and sampling of the semi oxidised mineralisation exposed in Level 7 development will continue prior to the commencement of drilling in this area. It is expected that the drilling program of Level 7 and below will commence in November.

Managing Director Will Dix commented "*We are delighted with the intersection of massive sulphides where our model predicted which gives us further confidence in the planning of additional drilling. We look forward to reporting the final analytical results from these holes to the market when theybecome available and the continuation of drilling at Tres Amigos which is shaping up as a key component of our forward planning*".

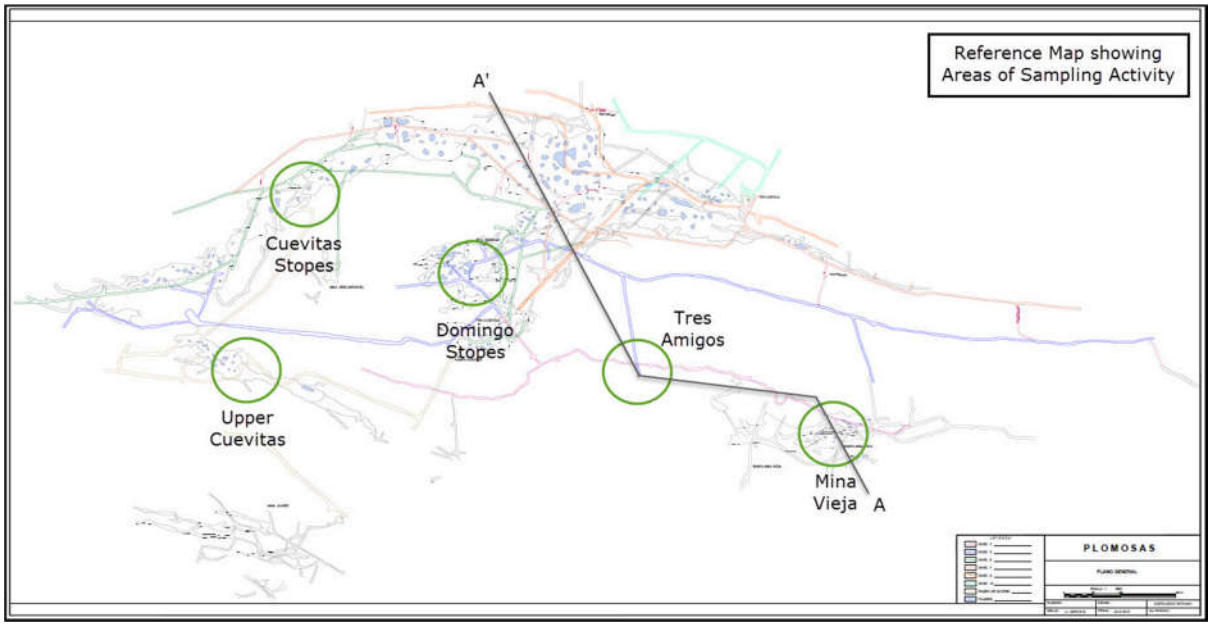

Figure 5. Plan view of the Plomosas mine area showing the main areas of previous mining, location of Tres Amigos and location of the section as shown below

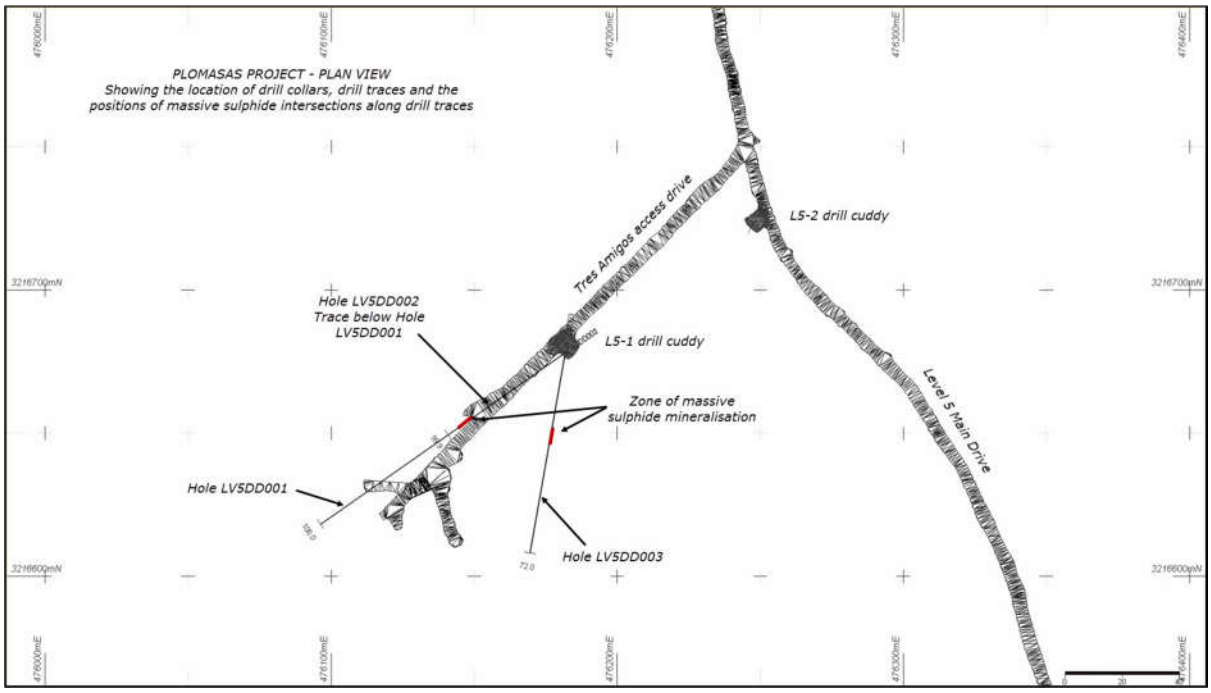

Figure 6. Plan view for the Tres Amigos drillhole locations and traces with respect to mineralised intersections

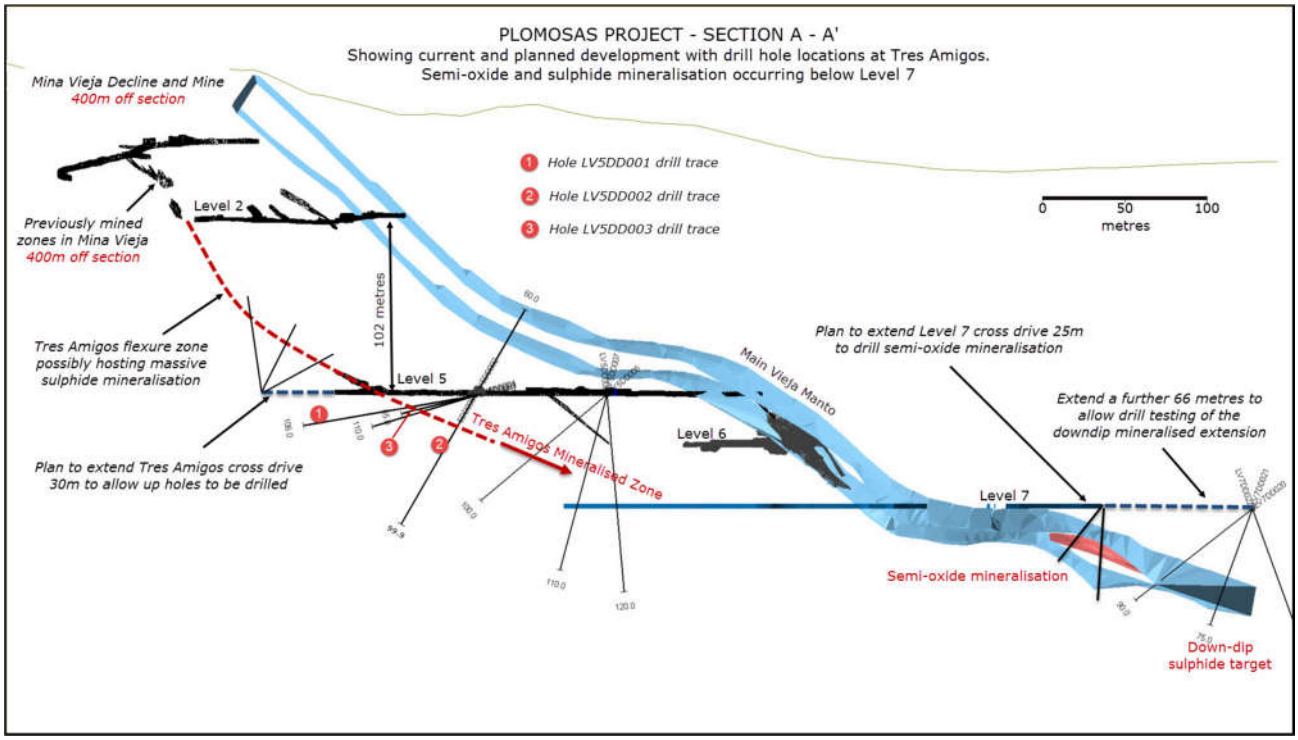

Figure 7. Showing the current and planned development with drill hole locations at Tres Amigos and the locations for the semi-oxide and sulphide mineralisation occurring below Level 7

Yours faithfully,

Will Dix
Managing Director

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.

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 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.
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 sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• 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 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.*	• 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

Criteria	JORC Code explanation	Commentary
	• *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.*	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 assay data is available for these intersections at the time of this report. • 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.
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*	• 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

Criteria	JORC Code explanation	Commentary
	applied. • *Whether sample compositing has been applied.*	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.