Consolidated Zinc Ltd

Scoping Paper

Set to benefit from post-COVID growth

Mining and exploration

Consolidated Zinc Ltd (CZL.ASX) is a junior mining and exploration company, listing on the ASX in June 2006, holding a 100% interest in Plomosas Zn-Pb-Ag mine in Chihuahua, Mexico, where commercial zinc production was re-established in December 2018. The company is set to realise greater economic returns from its Plomosas mine through 2021 by delivering improved commercial outcomes and profitability from increased metal recoveries, more optimal mining and cost reductions resulting from greater direct operational control. With global economic growth expected to be strong in a post-COVID world, the outlook for industrial metals remains robust although this remains a critical risk to the short-medium term outlook. Whilst CZL is a 'one-asset play' at the moment, its tenement holdings around Plomosas are highly prospective with a high probability of delivering project extensions and new deposits subject to successful regional exploration and evaluation.

Scope

This report has been commissioned by Consolidated Zinc Ltd to present investors with an explanation of the opportunities presented by its mining and exploration ventures in Mexico and the value created from a range of possible outcomes.

Business model

Consolidated Zinc is a junior minerals company with current production and cashflow from its 100% owned Plomosas mine located in Mexico and holding significant tenements east of the historically highly prospective Santa Eulalia mining district. The Company intends to deliver on its strategic plan to deliver optimal returns from Plomosas through debottlenecking and final commissioning of its purpose-built processing plant

Scenario analysis

Our analysis and review of Consolidated Zinc's opportunities **assumes delivery of operational improvements as guided.** We have evaluated the Plomosas project against a range of risk factors based on our assessment of the economic environment accounting for commodity prices, expected benefits through improved metallurgical recoveries and reduction of unit costs. We have applied where necessary discretionary risk weightings, and note our assumptions are subject to potentially significant adjustment as development data and operational outcomes become better defined.

Valuation of A$34mn (A$0.12/share)

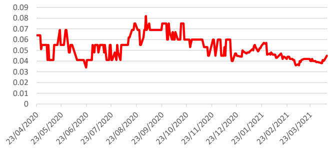
We set our base asset value against a risk-weighted operating (NPV) scenario underpinned by company guidance and targets, applying where appropriate a discretionary probability weighting reflecting pricing, volume and success uncertainties that may be unwound over the course of 2021 as 'actuals' support mining and processing targets. We assign a nominal value on the exploration potential appropriate for the early-stage nature of work programmes, in our view. We model a risked valuation of A$34mn (A$0.12/share) to the asset base against a **reference share price of A$0.039/share** and highlight the strong NAV to share price premium (>300%) likely reflecting investment uncertainty over the macro economic environment and delivery of improved Plomosas performance. It's worth highlighting **we have been conservative in our model assumptions on both operating and metals pricing** and note in our opinion strong upside risk to forecasts.

13th April 2021

Share details

ASX Code	CZL
Share price (12-April)	A$0.045
Market Capitalisation	A$13.23M
Shares on issue	293.9M
Net cash at 31 March 2021 (est)	A$0.8M
Free float	61.8%

Share performance (12 months)



Upside Case

- Delivery of operational improvements beyond guidance – higher metal recovery/lower costs
- Progress on the 'northern' block evaluation – the potential to double resource tonnages
- Metal prices higher than modelled through med-long term – the project is highly sensitive to price assumptions

Downside Case

- Mine operations underperform the guidance
- The global economic recovery is significantly slower than forecast with weaker demand for metals with consequent lower prices
- COVID shutdowns return impacting travel and the supply chain

Board of Directors

Brad Marwood	Managing Director
Andrew Richards	Chairman
Angela Pankhurst	Executive Director

Company contacts

Brad Marwood +61 8 9322 3406

info@consolidatedzinc.com.au

RaaS Advisory contacts

Andrew Williams +61 417 880 680 andrew.williams@raasgroup.com

Finola Burke +61 414 354 712 finola.burke@raasgroup.com

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Consolidated Zinc Ltd – A zinc value play

Consolidated Zinc Ltd (CZL.AX) is an ASX listed company, (from 19 June 2006) with its primary asset being the 100% owned Plomosas mine in Mexico, which commenced production in September 2018, delivering its initial zinc concentrate in December 2018. The critical advantage of the deposit is its high grade and indicated low cost which should drive superior operating margins. The current mine and process issues are being addressed by the company taking a more assertive approach over mining procedures and bringing the mineral processing under direct control. We expect 2021 to be a transitional year targeting processing rates of 200tpd as the base-line for future throughput. The mine is located within an extensive exploration tenement area running some 7km along strike, containing significant (but as yet unproven) gold potential which has been the subject of an independent review leading to current evaluation activities.

DCF Valuation at $0.12/share (implied capitalisation of A$34m)

We value CZL using a combination of a modelled NPV of the Plomosas Zinc Mine and a nominal value for exploration assets adjusted for our discretionary probability weighting (1-risk %), to derive a gross portfolio worth. Probability weightings are subject to change as the company delivers operational and exploration results. The assignment of probability weightings is subjective.

Where possible we model development outcomes based on broad guidance and historical precedents but note these are adjusted and overlain by a RaaS risk outlook reflecting our views of the technical and commercial uncertainties associated with delivering the projects as modelled.

This aggregates at ~A$34mn or A$0.12/share on a stand-alone, ungeared basis.

We note the Plomosas mine has been producing concentrate since late 2018, but the project has been impacted by excess dilution and bottlenecks in the contract operations. By subsuming more direct operational control, management is confident performance and profitability, currently being impacted by third parties, can be improved.

We have assigned a probability factor to reflect 2021 as a transition year. Delivery of production and financial outcomes as modelled should unwind the risk discount over the course of the next 12 months.

Exhibit 1: CZL NAV – increasing operational control can crystallise the NAV upside

		Pr	A$mn	A$/share	
Plomosas	100%	80%	$30	$0.10	Risk weighting to reflect 2021 as an operational transition year, particularly with new processing plant in final stages of commissioning
Exploration	100%		$5	$0.02	Large on strike acreage position in a known metalliferous province – a nominal value at this stage
			$35	**$0.12**	
Net Cash/(Debt) at 31-Mar)			$2	$0.01)	
Corporate			($3)	($0.01)	
TOTAL			**$34**	**$0.12**	
Shares issued (mn)*	294				

Source: RaaS analysis; Risked values based on look through Probabilities of Success (POS) for drilling and weighted by a RaaS risk overlay. Weightings at RaaS discretion.

There's roll forward upside to come

On an unrisked basis, assuming Plomosas can deliver improved, steady-state operations from 2022, there is upside to our NAV to 14-15cps.

Whilst there is a significant NAV premium to the share price, we also see further incremental upside to be captured on delivering operational success.

RaaS
Research as a Service

A quick SWOT – a high grade mining opportunity to deliver through 2021

As typical for any resource companies, there are offsetting strengths and weaknesses, opportunities, and threats. Plomosas sets a platform for growth and being able to independently pursue the exploration potential.

Exhibit 2: SWOT Analysis and Comments

Strengths	**Comments**
The resource base is high grade	Operating margins should stay high and the economics robust
Working in an historically strongly prospective region with significant opportunity down-dip and along strike	The potential for mine-life extensions accessed from existing underground operations is high
The mid-term mine life (5-6 years) on current resources estimates does not capture the upside potential.	... whilst shorter term projects maximise NPV we would add there is significant upside opportunity. In some respects the mine-life should be considered perhaps on a rolling 5-6 years basis.
There is opportunity beyond Plomosas	...there's more base metals opportunities and a potential gold play to pursue
Management taking back operational control	**More direct control over mining should minimise excessive ROM dilution whilst running it's own processing plant provides stronger returns through optimsation of the metallurgy**
Weaknesses	**Comments**
A strength can be a weakness...	
A moderate mine life on current reserves leaves no margin for operating error and capacity to bank investment for future growth	Expansion and acceleration of production may be capital, market and operationally constrained thereby capping the NAV
At the moment - a one asset play	Realisation of upside value is dependent on delivery of production rates as guided
Relatively low working capital position	Should optimisation plans 'underperform' or take longer to deliver the required output, further equity raisings cannot not be discounted
Somewhat understaffed?	With the Board assuming executive duties (even if only limited) there's potential conflict with issues of oversight and independence
Opportunities	**Comments**
Zinc and lead demand is expected to be cyclically strong through leverage to the post-COVID, global economic recovery.	There's potential for some upside risk to base metals prices on stronger realised, post COVID economic growth
Operations now under company control providing better QC across whole value chain	Value was being lost through uncontrolled dilution into the processing operations and poor cycle times in ROM operations...for a relatively modest investment CZL should be able to better capture the advantages of high grade ore
There's a gold play emerging	...but early results have been disappointing
Threats	**Comments**
Price opportunity has downside risk...	**Zinc** price potentially capped post the 4Q19 rally with supply expected to recover through 2021... **Lead** prices are expected to be impacted by increasing secondary availability **Silver** prices could show limited scope for further strength on a (currently and forecast) falling gold price
Persisting or returning COVID-19 restrictions	The virus has not gone! Restrictions on travel and the supply chain can flow through to project delivery

Source: RaaS analysis

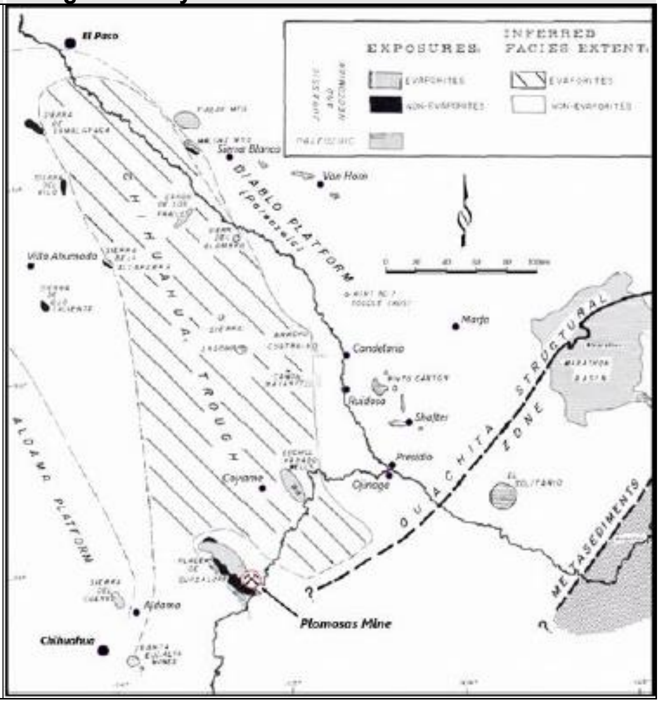
Exploring the right province

CZL holds and operates the Plomosas Zinc Project (100%) located in northern Mexico, some 120km from the Texas border, in state of Chihuahua and some 120km north-east of the city of Chihuahua. With a population of c.1mn people and a well-developed economy, the Plomosas operations are ideally located with respect to international access and; social, financial and technical services.

We would add that Mexico is a mining friendly jurisdiction with a favourable regulatory and investment environment.

Exhibit 3: An asset well located with respect to support and access

Mine situated at the southern end of the Chihuahua Trough as a key structural control



Source: Company data

The project covers more than 3,000 hectares in a mineralised province with an extensive history of base metals operations.

The Plomosas deposit is located at the south-east end of the Chihuahua Trough, in the Plomosa limestones of the La Casita Formation. It is one of the many carbonate replacement deposits that occur along an elongate 2,200km trend. It is a highly prospective zinc-lead-silver district on a regional basis.

Mineralisation occurs within a sequence of shales, sandstones, argillaceous limestones, reefal limestones and marbles of Ordovician to Permian age, approximately 1,600m. The Chihuahua Trough has been impacted by a series of structural (folding) events from the Permian through the Cretaceous. The region was finally subject to intrusions of calc-alkaline felsic magmas.

The regional mineralisation in the district can be broadly classified into two distinct styles –

- massive sulphide manto and chimney orebodies with local iron-calcic skarns which have accounted for more than 80% of the silver, lead and zinc production of the mineral province and;

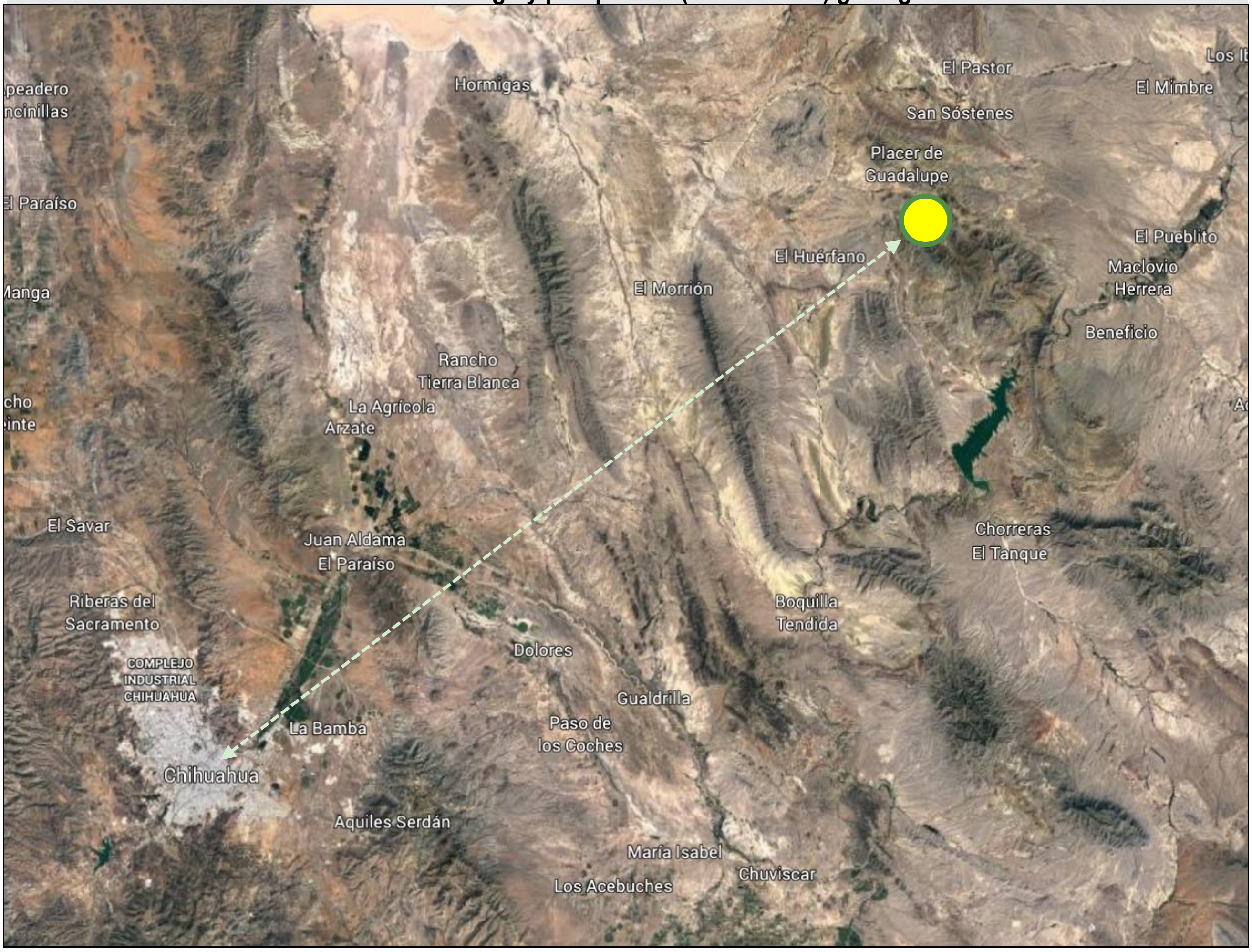
Manto-style mineralisation is generally structurally controlled and stratabound within permeable host rock.

- tabular calc-silicate skarn chimneys. Pods and manto's of massive sulphide are found locally along the lithological of the calc-silicates and limestone.

CZL has identified a number of additional opportunities but the primary base metals target with a similar IP (induced polarisation) signature to Plomosas is located some 4km to the north. Early exploration drilling has returned two holes with >4% zinc.

In broad terms, these opportunities should be classified as 'early-stage' exploration, with significantly more first principal geological work to be completed, however, the company is evaluating a geological model that would suggest faulting could represent mineralisation as offset to the main ore body rather than as independent occurrences…the implications being that offset ore bodies could provide significant resource upside at low capital cost.

Exhibit 4: Plomosas Mine located within a highly prospective (and obvious) geological terrain



Source: Google Earth (approximate location 120km north-east of Chihuahua)

The Plomosas Mine – can deliver significant upside

The Plomosas deposit and related mineralisation comprises a sequence of limestones, shales and conglomerates of Ordovician to Permian age with a thickness of 1,600m. It was discovered in 1883, but was undeveloped until 1942. Ore extraction is via underground operations through three shafts. The mine currently extends to some 300m subsurface with approximately 11,000m of tunnels and haul-ways.

The mine and surrounding licences are located on the southern end of the Chihuahua Trough within Sierra Plomosa, comprising a sequence of Ordovician to Permian, limestones, shales and conglomerates up to 1,600m thick

Mineralisation is somewhat strata bound within specific geological horizons as –

- low angle, stratiform sheets occurring in a number of limestone rich horizons ('manto' style deposits);
- high angle, crosscutting 'chimneys' controlled by linking faults;
- 'endo-skarns' related to shearing within carbonate hosts.

Exhibit 5: Typical mineralisation with well-defined pillar contacts (LHS) and manto style occurrences (LHS)

Source: Company data, (Analyst annotations)

The host rocks are predominantly limestone and shale with marbles present in areas including the hanging wall sequence. Mining has extensively focused on the limestone units in which the ore is highly visible with sharp contacts.

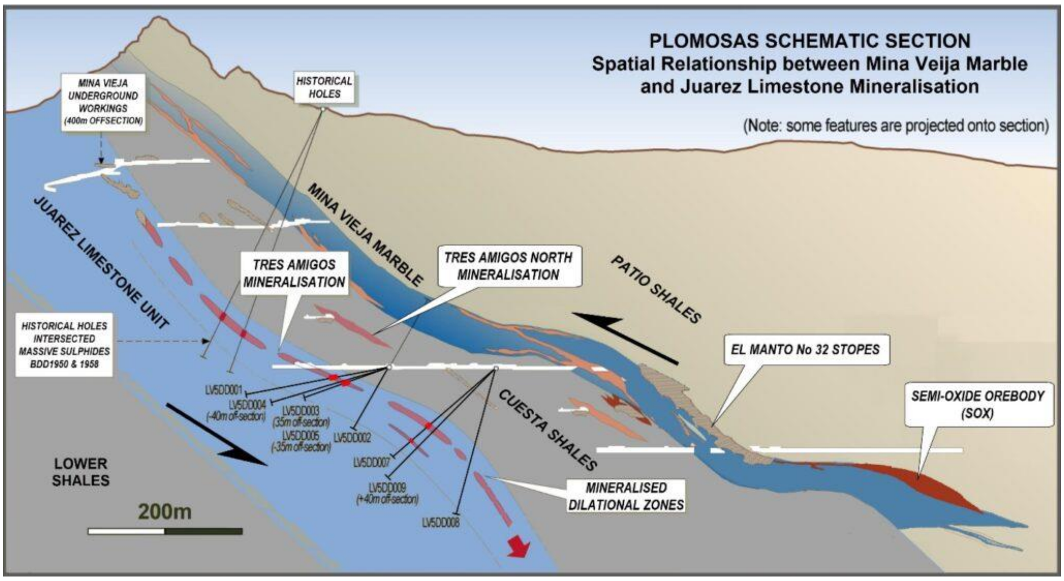
A skarn deposit is a lime-bearing siliceous rock produced from the metamorphic alteration of limestone by hot, chemically-active fluids. Scarn deposits are classified as either exo- or endo-skarns depending on the location of the mineralisation. An exo-skarn forms within the sediment, outside of the intruding magma. An endo-skarn forms within the igneous rock as the magma cools.

At Plomosas, the average thickness of the manto-style mineralisation is around 3m within a thicker sequence up to 25m thick containing limestone, shale and marble that dips at 10° – 40° to the north east. Strike lengths range from tens to several hundred metres and thickness from 0.5 to 15m (average 3-4m).

Plomosas is a rich deposit with some 2.5Mt of ore mined from 1942 up until the restart of the mine in 2018 at average recorded grades of 15-25% Zn, 2-7% Pb and 40-60 g/t Ag.

Refer **Exh 7** for current resource estimates and grades – Plomosas remains a mineral rich operation.

Exhibit 6: Cross-sectional view with mining at the lower-level SOX and El Manto zones



Source: Company data

We highlight commentary from recent operational updates -

'The mineralisation continues at depth and there is more than 7km strike of prospective stratigraphic horizon within the tenement package providing for excellent exploration potential and drill targeting outside the mine environment'.

Reserves and resources

The company has released an updated resource estimate, reporting a total tonnage 941kt @ 13.0% Zn, 3.4% Pb and 19.9g/t Ag all in the Indicated and Inferred categories. These estimates represent a decrease in booked tonnage versus 29 April 2020, as a result of mining operations in the Level 7 semi-oxide ("SOX") mineralised zones.

As highlighted by management *"(of)…significant importance is that some 40% of the 2020 production was mined from stopes outside of the existing Mineral Resource"* ie not included in the mine model.

Exhibit 7: Resource volumes are sufficient to drive growth within growth

	Indicated				Inferred				I + I			
	kt	Zn%	Pb%	Ag g/t	kt	Zn%	Pb%	Ag g/t	kt	Zn%	Pb%	Ag g/t
Level 7	72	19.4	9.3	57.0	136	13.2	6.1	30.9	208	15.3	7.2	39.9
Tres Amigos	42	7.7	2.3	12.0	439	14.0	1.2	11.6	481	13.5	1.3	11.6
Carola					59	11.5	5.1	31.4	59	11.5	5.1	31.4
Las Espadas					77	10.5	4.2	14.8	77	10.5	4.2	14.8
Tres Amigos North	38	7.8	3.6	13.1	78	10.1	3.6	16.7	116	9.4	3.6	15.5
	152	**13.3**	**6.0**	**33.6**	**788**	**13.0**	**2.9**	**17.2**	**941**	**13.0**	**3.4**	**19.9**

Source: Company data (JORC [2012] compliant)

The resource tonnages as booked represent only those mineralised zones defined and constrained by the company's mine model and *"…undiluted by external waste and reported above a Zn cut-off grade of 3%".*

We suggest the tonnages likely don't represent and significantly underestimate the extension and expansion potential of the operations as evidenced by the significant contribution to ROM output from outside of the model.

We recognise and value upside potential that could double projected mine life based on the extensive along strike resource opportunities as already identified through preliminary exploration activities.

The report notes that the resources are classified as Indicated and Inferred only, based on **data quality, sample spacing, and lode continuity.**

- **Indicated** resources are defined as those zones lying within areas of close spaced diamond drilling of less than 20 X 20m and where the continuity and predictability of the mineralised units was supported by development drives, mapping and channel sampling;
- **Inferred** resources are confined to areas where drill hole spacing was greater than 20 X 20m and less than 40 X 40m; where isolated pods of mineralisation occur outside the main zones; and to geologically complex zones.

A mining (and processing) quick-look

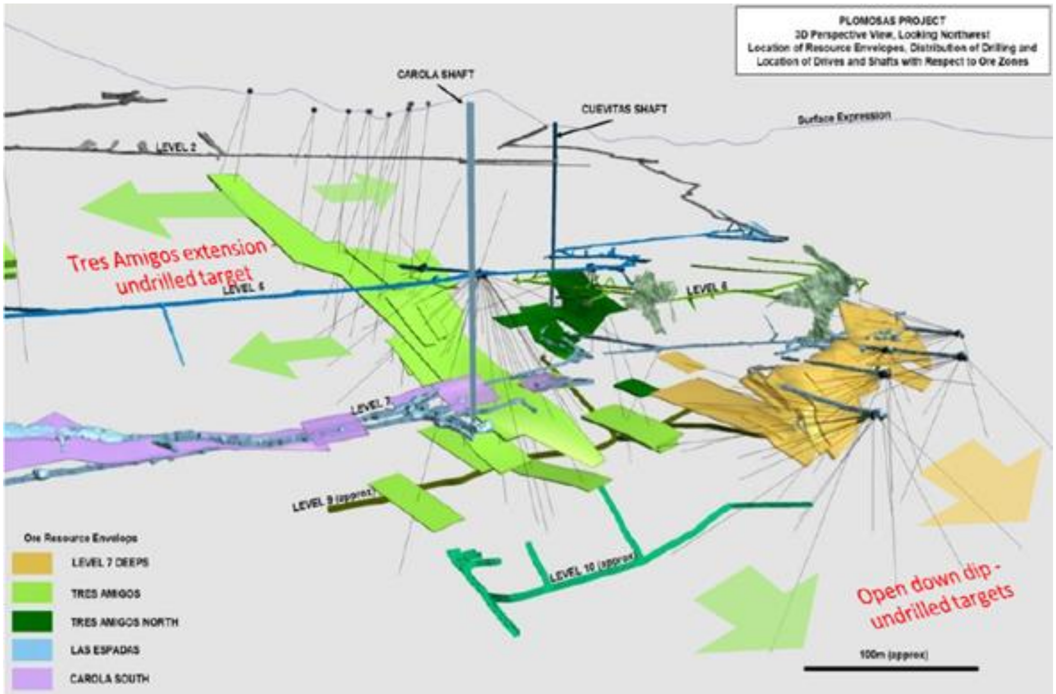
Historically Plomosas has been mined in several phases using room and pillar stopes and traditional air leg drill and blast techniques.

Room and pillar is ***a mining system in which the mined material is extracted across a horizontal plane, creating horizontal arrays of rooms and pillars.***

Since restarting production in late 2018, CZL is using overhand shrinkage as the mining technique, which appears well suited to the Level 7 mineralisation, which is the current focus of operations.

Shrinkage stoping *is a mining method used for steeply dipping, narrower ore bodies with self-supporting walls and ore. It is an overhand mining method that relies on broken ore being left in the stope to be used as the "working floor" and to support the walls.*

Exhibit 8: The diagram demonstrates the structural issues…small faults can make mining challenging



Source: Company data

The genesis of the Level 7 SOX mineralisation is thought to represent two phases of alteration with the initial sulphide ore formation affected by a later stage of oxidation by water flowing through localised faulting.

As described, this *"…manto-style sulphide mineralisation is present as 'kernels' within rinds of oxidised sulphides"* which can require a different 'metallurgical process' to that of pure fresh sulphides as found in the Tres Amigos Resource. The process changes are being addressed through the company's new plant which is in the final throes of commissioning.

Mining is currently contained to Level 7 which is structurally complex with extensive localised faulting.

Although the throws on the faults are small and in the order of 3-4m vertically, that is certainly sufficient to impact ore body continuity and add a layer of 'complexity' to the mining process. As noted *previously "the manto-style mineralisation is around 3m thick on average"*…faulting could drive full-zone displacement.

The mineralised zones are also characterised by a dip of ~20° – 30° to the southeast.

The plan for 2021 is to continue dewatering the mine from Level 7 (currently being mined) to Level 10 allowing access to 100% sulphide ore.

Processing rates targeting 200tpd

Since restarting the mine in late 2018, results have been inconsistent at both the ROM and processing phases, resulting in significant mining dilution and an aggregate stockpile of c.0.3Mt.

Exhibit 9: Operating data has been inconsistent…this should improve through 2021

		1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
ROM									
Ore	**tpd**	**125**	**175**	**82**	**99**	**110**	**28**	**109**	**117**
Zn %	%	10.7	14.8	13.5					14.5
Pb %	%	2.5	6.7	8.2					8.0
Processing									
Ore	**tpd**	**144**	**113**	**99**	**127**	**111**	**24**	**113**	**74**
Zn	%	10.9	13.2	12.5	16.1	16.6	16.6	12.2	14.4
Pb	%	2.0	4.7	7.9	8.4	8.4	9.2	7.9	8.0
Ag	g/t	18.0	34.8	37.4	44.5	46.1	64.4	48.1	50.0

Source: Company data (as per quarterly reports)

Management is targeting consistent mining output of around 200tpd by end-2021, noting the current bottleneck is considered to be underground truck access which is being addressed by the purchase of additional loading equipment. Poor utilisation and QC at the 'mine-face' has also resulted in significant ROM dilution through to the processing plant – note the mis-matched metals grades evident in the quarterly data.

The operations have been utilising contract processing since re-starting, which has been poor and to that end has completed its own processing plant, which is running through its final phase of commissioning.

Exhibit 10: A Plomosas look-through with 2021 representing a 'transition' year

		2020	2021	2022	2023	2024	2025	2026+	Aggregate
ROM t	**'000s**	**33.4**	**54.0**	**69.4**	**69.4**	**69.4**	**69.4**	**69.4**	**747,500**
Zn grade	%	14.5%	16.4%	18.0%	17.0%	15.0%	14.0%	13.0%	
Pb grade	%	8.2%	6.3%	7.0%	7.0%	5.0%	4.0%	3.0%	
Ag grade	g/t	50.6	47.7	50.0	45.0	40.0	35.0	35.0	
Zn	t	4,292	6,815	9,362	8,842	7,412	6,918	6,424	116,143
Pb	t	2,420	2,356	3,833	3,833	2,601	2,081	1,560	31,645
Ag	oz	46,582	36,873	49,657	44,691	39,726	34,760	34,760	601,071
Processing t	**'000s**	**29.5**	**52.0**	**73.0**	**73.0**	**69.4**	**69.4**	**69.4**	
Zn conc t	'000s	4.3	12.3	15.6	14.7	12.4	11.5	10.7	
Pb conc t	'000s	2.4	4.3	6.4	6.4	4.3	3.5	2.6	
Revenue	**US$'000s**		**18,649**	**26,412**	**25,550**	**18,814**	**16,864**	**14,913**	**195,766**
Operating Cost			(8,031)	(10,699)	(9,708)	(7,765)	(7,292)	(6,724)	(85,733)
Gross Profit			**10,618**	**15,712**	**15,842**	**11,049**	**9,572**	**8,189**	**110,033**
Operating Margin	%		57%	59%	62%	59%	57%	55%	56%

Source: RaaS analysis

It is anticipated that CZL will continue to avail itself of the current processing contract capacity through May in order to reduce stockpiles. By end-2021 management anticipates running the processing plant at an equivalent rate to the mining operations – 200tpd.

The drive to take more operational control of the processing stream has been driven by the under-performance of the third-party plant.

CZL has identified some simple tweaks to the beneficiation process (more optimal pre-conditioning resonance time for example) that should deliver stronger recovery outcomes. Certainly the reduction in contribution from the oxidised ores will help as the company hopes to move to 100% sulphides in 2022.

Recoveries of pure sulphide versus SOX ores should deliver an operational improvement in any case.

Zinc concentrate treatment costs (TC's) lowered

Lower zinc TC's are always a good thing and CZL has recently announced (12-Apr) after the conclusion of discussions between major miners and smelters, a reduction of ~47% in the benchmark TC for 2021 to US$159.00/t conc (previously US$299.75/t).

As highlighted by management *"…the 2021 TC reduction is expected to contribute to a US$0.15/lb of payable zinc cost reduction"* with a *"…positive impact on operating costs as treatment charges in 2020 represented 33% of total operating costs (before by-product credits)".*

We have modelled improving operating costs (both ROM and processing) in our financials in anticipation of the outcome of the renegotiation and stronger utility. The lower cost base assumption in combination with improved operational performance underpins our expected earnings rebound in the current year and through the forecast period **(refer Exh 12)**.

RaaS
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Financials – a breakout is on the way

Our financials and valuation are based on production/revenue/cost estimates as per broad guidance and forward targets. Our financial forecasts are based on the following commodity assumptions which are subject to periodic review and adjustment.

Exhibit 11: Commodity assumptions…is this perhaps a conservative view?

		2020	2021	2022	2023	2024	2025	L/T
Zinc	US$/t	2,577	2,312	2,312	2,158			2,158
Lead	US$/t	1,813	1,650	1,650	1,650			1,650
Silver	US$/oz	26.16	18.00	18.00	17.00			17.00
AUD		0.7705	0.7712	0.7708	0.7700	0.7691	0.7595	0.7500

Source: RaaS assumptions; investing.com, barchart.com

The delivery of our financial forecasts is strongly dependent on management being able to drive Plomosas production expansion and optimisation as outlined.

Revenue as forecast should deliver quantum upside through 2021 and beyond dominantly driven on stronger ROM output and plant recoveries. CZL should also benefit from the reset of treatment charges over from the beginning of this year (c.US$0.20/lb) and lower controllable costs running its own plant.

Exhibit 12: Summary profit/loss results (reporting currency USD, balance date 31-Dec)

P&L	2020	2021f	2022f	2023f	In US$000's
Revenue	**4,525**	**15,583**	**20,392**	**19,538**	
COGS	(4,807)	(6,711)	(9,332)	(8,851)	
Gross Profit	**(282)**	**8,872**	**11,060**	**10,687**	**Reflects operating margin improvements and better optimisation of mining and processing operations**
Proforma EBIT	(1,681)	6,208	8,760	7,637	
Profit before tax	**(2.415)**	**5,708**	**8,760**	**7,637**	
EPS (A$ cps)	(1.5)	3.4	4.3	4.1	

Source: RaaS analysis

The balance sheet should improve with the company effectively debt free by end-2021 with the potential for a cash build as margins and operations upside begins to manifest.

We do not model any capital management outcomes, but on stronger financials the potential for (say) a small but sustainable dividend payment is not unrealistic (RaaS assumption). The growth in equity would also put the company in a strong position to pursue an accelerated exploration strategy should results warrant it – or we speculate, asset additions

Exhibit 13: Summary Balance Sheet margin improvement will strengthen the balance sheet

BALANCE SHEET	2020	2021e	2022e	2023e	In US$000's
Cash & Equivalents	753	5,757	14,835	22,780	We model a cash build on improved margins and the potential for a dividend in the longer term
PP&E & Development/Exploration	2,051	2,000	2,000	2,653	
Total Assets	**5,291**	**9,308**	**18,387**	**26,935**	
Debt	94	0	0	0	On current forecasts the capital requirements are low and on a self-sustaining basis, we see the company as debt free
Total Liabilities	**3,105**	**2,030**	**2,471**	**3,085**	
Total Net Assets/Equity	**2,186**	**7,278**	**15,916**	**23,850**	**Building the equity base**
Net Cash/(Debt)	658	5,757	14,835	22,780	
Gearing ($d_n/(d_n+e)$)	na	na	na	na	

Source: RaaS analysis

A strengthening cash position

The company is in a relatively comfortable short-term cash position having recently raised ~US$1.7mn through a placement in Feb-21.

Capital requirements should remain somewhat modest from 2021. Development spending through this year should be largely confined to c.US$100k/month on dewatering operations and approximately US$1.1mn in 2023 on shaft refurbishment. Exploration commitments should remain relatively low across the forecast period.

Although the potential for additional equity capital requirements cannot be ruled out, should deliver operating guidance be delivered, then the company should be self-funding without recourse to debt or equity markets through the forecast period.

Exhibit 14: Summary cashflow statement – the outlook is healthy

CASHFLOW	2020	2021e	2022e	2023e	In US$000's
Operational Cash Flow	**(1,603)**	**7,648**	**9,676**	**9,146**	
Net Interest	(50)	(50)	25	31	
Net Operating Cashflow	**(1,653)**	**7,598**	**9,701**	**9,177**	
Operating margins		*57%*	*54%*	*55%*	*We forecast a return to profitability on strong operating margin improvements*
Exploration/Development	(538)	(2,500)	(1,000)	(1,600)	Capex requirement should be very manageable
Net Investing Cashflow	**(538)**	**(2,500)**	**(1,000)**	**(1,600)**	
Net Debt Drawdown	11	(94)			The small debt positioned should be repaid in 2021
Equity Issues/(Buyback)*	2,402				Not 'zero' but the probability of further equity issues should be low
Net Financing Cashflow	**2,413**	**(94)**			
Net Change in Cash	**222**	**5,004**	**8,701**	**7,577**	

Source: RaaS analysis

Research as a Service

A peer group review

We have assembled a peer group of zinc leveraged companies ostensibly to determine if there are a set of viable comparative metrics to underpin meaningful comparisons.

Whilst there are a significant number of ASX listed companies 'nominally' leveraged to zinc, the population of projects with relevant data in the public domain is surprisingly small and upon close examination we suggest 'like-for-like' comparison should be viewed in qualitative terms –

- projects are at different stages of evaluation and the development curve;
- financial jurisdictions can vary significantly;
- geological settings and mineralogy can vary significantly;
- not all projects are being developed or evaluated with zinc as the primary metals although the associated zinc can be material; and
- many of the holding companies are poly-metallic so zinc-based comparisons may only be somewhat indicative at best.

Although feasibility study economics can provide a basis for comparison and ranking, that data set is quite thin and naturally driven by a widely varying set of commodity and cost assumptions.

Given sufficient data a risked-value curve could likely be constructed against which projects could be assigned that would not only allow for a peer-peer comparison, but also provide a look-through to any potential unit-metrics uplift from say, declaration of first JORC resource to commencement of mining. It is beyond the scope of this research report to undertake that analysis.

We have restricted our comp-co group to 14 companies and projects as per **Exh. 15** but highlight a significant number of caveats to the data set holistically; and on a project specific basis.

Exhibit 15: There are many 'zinc' players on the ASX but few with organic growth

	Resources				Grades					
	Measured	Indicated	Inferred	TOTAL	Zn	Pb	Cu	Ag	Zn eq (RaaS est)	Commentary
	Mt				%			g/t	%	
Alta Zinc										
Gorno		2.1	1.2	3.3	4.9	1.3		27	6.2	*Plan to be in construction by mid-2022/ first product 1Q'24*
AuKing Mining										Proforma, assuming successful IPO
Koongie Park				6.8	4.1		1.3	26	7.5	*Staged farmin from Anglo Australian Resources*
Azure Minerals										Australian projects gold focussed - primary push is Project Andover
Oposura		2.5	0.6	3.1	5.0	2.7		18	7.0	*Feasibility study phase*
Europa Metals Ltd										PFS stage
Toral		3.8	13.0	17.0	4.2	3.3		27	6.8	*3-year trailing average metals prices of US$2,668/t for zinc, US$2,099/t for lead and US$16.5/oz for silver*
Heron Resources										Currently on care and maintenance awaiting a restart
Woodlawn	0.4	2.2	2.0	4.6	9.3	3.5	**0.2**	69	13.2	*Strategic options including divestment are being considered*
Ironbark Zinc										Undergoing banakable feasibility evaluation
Citronen	25.0	26.5	19.3	70.8	5.2	0.5		4	5.6	*Targeting FID by mid-2022*
Mount Burgess Mining										Resource and economic evaluation phase
Kihabe-Nxuu		11.4	13.9	25.3	3.0				3.0	
New Century Resources				86.6						Restarted Century mine
Century - mining operations		6.1	3.2	9.3	6.1	4.7		66	10.2	*Mining resumed in Sep-2017*
Century - tailings recovery				77.3	3.0			12	3.2	*Using US$1.25/ib*
Orion Minerals										Completed a Bankable feasibility Study in May-2020
Prieska		19.1	11.4	30.5	3.7		1.2		6.4	*Primarily a copper development but expected to deliver 88kt pa of Zn in conc*
Red River Resources										Thalanga in production Hillgrove gold first pour
Thalanga				7.1	6.8	2.1	0.9	42	10.9	
Superior Lake Resources										Bankable Feasibility Study concluded
Superior Lake Zinc		2.1	0.3	2.4	17.7		0.9	34	20.3	*Being vended into a TSXV listed company...direct look through market valuation of A$16.5mn*
Terramin Australia				69.8						DFS completed
Tala Hamza				68.6	4.6	1.2			5.4	*Potential to be one of the top ten zinc producers in the world.*
Angas				1.2	5.8				5.8	*Care and maintenance*
Venturex Resources										More copper than zinc but reasonable resource estimate for Zn. DFS summary available. Targeting FID in mid-2021
Sulphur Springs		9.4	4.4	13.8	3.8		1.5	18	7.5	
White Rock Minerals										Gold project at Mt Carrington deemed 'shovel ready'
Red Mountain			16.7	16.7	4.1	1.7	0.2	99	7.4	

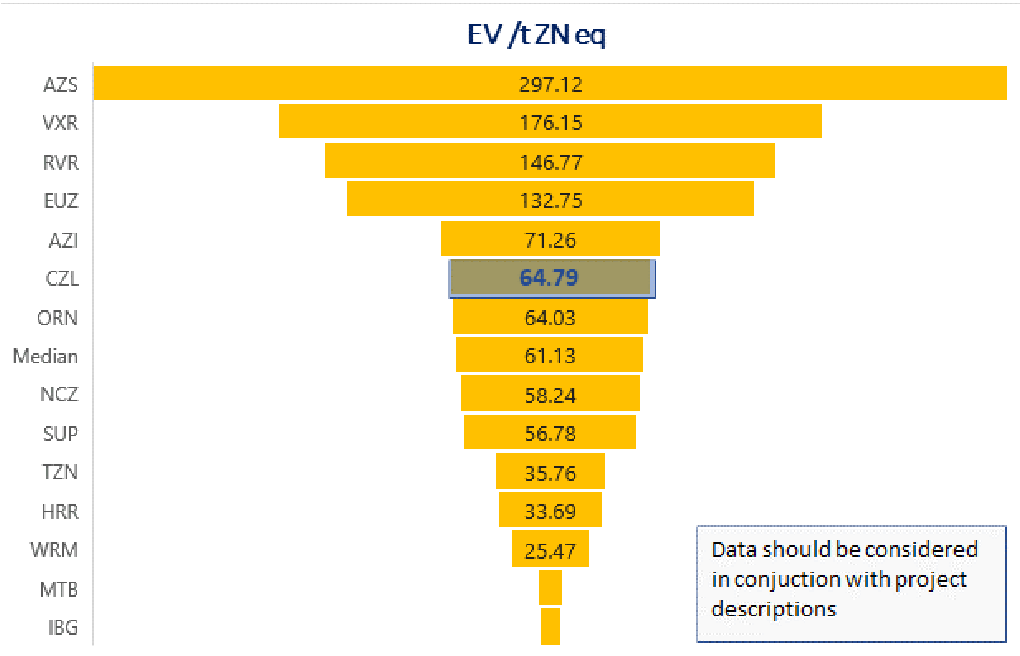
Source: ASX and company data; RaaS analysis

Of the group listed we would note –

- Only CZL, New Century Zinc (**NCZ.ASX**) and Red River Resources (**RVR.ASX**) are currently in production with NCZ largely operating a lower grade tailing recovery operation versus CZL operating an underground mine and RVR being poly-metallic with market focus likely to be primarily on the gold aspects of the portfolio.
- The Azure Minerals (**AZS.ASX**) *Opasura* project has worked through an initial feasibility study stage but the company focus has shifted to gold and it's likely the company is being (and will continue to be) priced on gold metrics rather than zinc.
- Heron Resources (**HRR.ASX**) *Woodlawn* has been on care and maintenance since Mar-2020 (COVID related).
- The Ironbark Zinc (**IBG.ASX**) *Citronen* project is now entering a bankable feasibility study stage but a FID point remains at or around mid-2022. The project will continue to undergo drilling with the last significant exploration having been conducted in 2011.
- Orion Minerals (**ORN.ASX**) *Prieska* project is essentially a copper project with significant zinc tonnage and will more likely be benchmarked in line with copper price sentiment.
- Terramin (**TZN.ASX**) *Tala Hamza* has completed a detailed feasibility study and is reported to have the potential to be "…one of the top ten zinc producers in the world".
- Venturex (**VXR.ASX**) *Sulphur Springs* is more of a copper play than zinc.
- Superior Lake Resources (**SUP.ASX**) provides the only 'look-through' transaction metric as its zinc operations are proposed to be vended into a new TSXV company at a price of A$16.5mn.

We note from **Exh. 16** that CZL prices at around the 'median value' of the peer group on ROM, Zn and Zn eq metrics, primarily we suggest as the resource tonnages (<1Mt) probably don't represent and significantly underestimate the extension and expansion potential.

Exhibit 16: 'Resource' values likely understate the potential upside in CZL



Source: ASX and company data; RaaS analysis

We note the ore processed in 2020 included some 40% of ore that was not captured in the previous resources estimates.

We would also highlight that we'd expect CZL to plot somewhat in line with producing peers – the metrics "should" reflect a higher unit metric (lower risk) in any respect.

We recognise and model upside potential that could double projected mine life based on the extensive along strike resource opportunities as already identified through preliminary exploration activities. We acknowledge this is a higher-risk assumption noting we ascribe a heavily risked value against this upside in our NAV.

The metrics are also unlikely to be capturing the expectation of resource extensions, the high-grade nature of the ore reserves and the margin benefits from controlling the mining and processing streams - operating cost savings and eliminating ROM dilution - which significantly impacted the economics of the project over the most recent 12months or so.

Refer **Appendix A** for methodology with respect to calculating the RaaS Zn equivalent values used in **Exh. 17**.

Research as a Service

Exhibit 17: CZL compares favourably but the metrics don't capture profitability and resource upside

		Financial Data						Resources				Grades					Contained Metal					A$			
	Ticker	Share Price	Shares Issued	Listed Options	Unlisted Options	Capitalisation	EV	Measured	Indicated	Inferred	TOTAL	Zn	Pb	Cu	Ag	Zn eq (RaaS est)	Zn	Pb	Cu	Ag	Zn eq	EV/t			Location
		A$ps	mn			A$mn		Mt				%			g/t	%	kt			koz		ROM	Zn	Zn eq	
Consolidated Zinc	CZL	0.042	211.4	68.1	7.8	**8.9**	9.4																		Mexico
Plomosas									*0.2*	*0.8*	*0.9*	*13.0*	*3.4*		*20*	15.5	*122*	*32*		*601*	**146**	*10.02*	*77.11*	*64.79*	
Alta Zinc	AZI	0.005	3,610.7	463.5	211.1	**18.1**	14.6																		Italy
Gorno									*2.1*	*1.2*	*3.3*	*4.9*	*1.3*		*27*	6.2	*162*	*43*		*898*	**205**	*4.42*	*90.21*	*71.26*	
AuKing Mining	AKN		967.6		17.5																				WA
Koongie Park											*6.8*	*4.1*		*1.3*	*26*	7.5	*279*		*88*	*1,768*	**508**				
Azure Minerals	AZS	0.330	308.1		3.8	**101.7**	64.7																		Mexico
Oposura									*2.5*	*0.6*	*3.1*	*5.0*	*2.7*		*18*	7.0	*155*	*84*		*558*	**218**	*20.86*	*417.21*	*297.12*	
Europa Metals Ltd	EUZ	0.176	49.1		11.5	**8.6**	8.6																		Spain
Toral		*translated from GB £ at a rate of 1.81*							*3.8*	*13.0*	*17.0*	*4.2*	*3.3*		*27*	6.8	*714*	*561*		*4,539*	**1,148**	*0.51*	*12.11*	*132.75*	
Heron Resources	HRR	0.064	428.7			**27.4**	20.4																		NSW
Woodlawn								*0.4*	*2.2*	*2.0*	*4.6*	*9.3*	*3.5*	***0.2***	*69*	13.2	*428*	*161*	*9*	*3,168*	**607**	*4.44*	*47.75*	*33.69*	
Ironbark Zinc	IBG	0.024	1,071.8			**28.0**	26.6																		Greenland
Citronen								*25.0*	*26.5*	*19.3*	*70.8*	*5.2*	*0.5*		*4*	5.6	*3,682*	*354*		*2,867*	**3,956**	*0.38*	*7.21*	*6.72*	
Mount Burgess Mining	MTB	0.007	660.1	34.7		**4.6**	6.1																		Botswana
Kihabe-Nxuu									*11.4*	*13.9*	*25.3*	*3.0*				3.0	*759*				**759**	*0.24*	*8.06*	*8.06*	
New Century Resources	NCZ	0.160	1,203.7			**192.6**	199.0				86.6						2,867				3,416	2.30	69.39	58.24	QLD
Century - mining operations									*6.1*	*3.2*	*9.3*	*6.1*	*4.7*		*66*	10.2	*567*	*437*		*6,138*	**952**				
Century - tailings recovery											*77.3*	*3.0*			*12*	3.2	*2,300*	*0*		*9,237*	**2,465**				
Orion Minerals	ORN	0.038	3,203.0	234.0		**121.7**	124.6																		Sth Africa
Prieska									*19.1*	*11.4*	*30.5*	*3.7*		*1.2*		6.4	*1,128*			*9,237*	**1,946**	*4.09*	*110.43*	*64.03*	
Red River Resources	RVR	0.245	519.5			**127.3**	113.0																		QLD
Thalanga											*7.1*	*6.8*	*2.1*	*0.9*	*42*	10.9	*481*	*149*	*64*	*2,972*	**770**	*15.97*	*234.87*	*146.77*	
Superior Lake Resources	SUP	0.165	164.3			**27.1**	27.1																		Canada
Superior Lake Zinc									*2.1*	*0.3*	*2.4*	*17.7*		*0.9*	*34*	20.3	*416*		*21*	*799*	**477**	*7.02*	*65.18*	*56.78*	
Terramin Australia	TZN	0.041	2,116.6			**86.8**	104.7				69.8						3,225				3,744	1.50	32.46	35.76	Algeria-Aust
Tala Hamza											*68.6*	*4.6*	*1.2*			5.4	*3,156*	*823*			**3,674**				
Angas											*1.2*	*5.8*				5.8	*70*				**70**				
Venturex Resources	VXR	0.435	420.9		15.8	**183.1**	181.7																		WA
Sulphur Springs									*9.4*	*4.4*	*13.8*	*3.8*		*1.5*	*18*	7.5	*524*		*207*	*2,484*	**1,031**	*13.16*	*346.40*	*176.15*	
White Rock Minerals	WRM	0.590	72.7	0.9	4.7	**42.9**	31.4																		USA
Red Mountain										*16.7*	*16.7*	*4.1*	*1.7*	*0.2*	*99*	7.4	*685*	*284*	*33*	*16,533*	**1,233**	*1.88*	*45.85*	*25.47*	

Source: ASX and company data; RaaS analysis

A risk assessment

The most critical factor in determining and delivering the value of the Plomosas project will be the realised base and precious metals prices. The 2020 year was challenging on a global basis with many operations operating at reduced capacity or put into a care and maintenance mode as global economic activity rapidly contracted. In addition, many feasibility and evaluation projects were stopped and or severely curtailed as capital conservation and constraints took precedence.

Commodity Prices

We make observations here in broad and generic terms only. It is beyond the scope of this report to determine absolute and definitive pricing models, but only to highlight the risks to our forecasts.

Commodity pricing is the most obvious area of risk for any resources company and particularly so as global economies recover from COVID related impacts.

In reviewing the commentary on the base metals outlook for 2021 and beyond, we see no real consensus in quantitative terms but general agreement that any 'return to normality' will be strongly dependent on global economic growth and demand pull driven by central government stimuli…this could (would) support upside opportunity to our forecasts.

There is a strong bullish case to be made on improving supply and demand dynamics but with caveats on the possibility of slower than expected economic growth and the potential for further disruptions from Covid-19. We could still experience further outbreaks on virus mutation through 2021 and issues associated with the long-term efficacy of vaccines currently being rolled out.

The potential for lingering trade tensions should not be discounted.

Are we on the cusp of another metals 'super-cycle'?

Is the global economic recovery in sight?

Industrial momentum has picked across many sectors of the global economy whilst vaccine rollout is gaining traction and government stimulus will likely underwrite growth in activity. However, sustainable growth will likely vary widely between countries and sectors

The OECD projects **global GDP growth to be 5.6%** in 2021 with world output expected to reach pre-pandemic levels by mid-2021 but **certainly COVID dependent**.

Unsurprisingly the outlook for base metals is based on views about what happens in China over the forecast period…massive stimulus in the construction and infrastructure sectors in 2020, underpinned demand growth and prices for metals.

However, there appears to be a growing consensus that China will slow down the rate of spending. **Capital Economics** forecasts industrial metal prices falling over the second half of 2021, dragged down by China.

The bear case would suggest that post the 'super rally' in the latter part of 2020 base metals may struggle to hold on to current prices let alone step up another leg, particularly in the short term. Some commentary suggests, the current misalignment of supply and demand has (can) triggered an over-supply of inventories, eventually leading to softer prices.

While the demand recovery is expected *"…to spread from China to the rest of the world'*, some analysts remain cautious in the face of uneven growth, expected high inventories and rising supply on capacity restarts and new projects rolling out.

www.reuters.com

Whilst mine output is expected to recover, it may be a slow process. Many of the disrupted mines in South America should bounce, but there is thought to be only a weak pipeline of large new incremental suppliers that could come on-stream in 2021.

It has been specifically noted that the demand recovery in Europe and the US may be hampered by a slow auto sector recovery.

Zinc outlook 2021: What's ahead

Some analyst commentary is highlighting the disconnect between concentrate prices and refined market fundamentals, noting that a tight (and tightening) concentrate market could support prices through 2021. The weak USD will also act as a price support.

"High zinc prices and low TCs suggest a relative windfall is on the cards for zinc concentrate suppliers"

www.investingnews.com

Lead outlook 2021: What's ahead

A recent report by **Woodmac** notes that although *'…the global recovery will continue,* [there are] *some doubts about the true strength of Chinese lead consumption in 2021'.*

…and that *'lead mine production won't fully recover to pre-pandemic levels for a couple of years yet'* but secondary sources will result in an oversupplied lead market.

Woodmac is expecting the price of lead to average a little under US$1,900 in 2021 "…(b)*ut with more upside risk than downside'.*

Focus Economics see lower lead prices through 2021 *'…with prices likely currently running slightly above fundamentals'.*

A look at the sensitivities

The broad data on commodity price forecasts available in the public domain, unsurprisingly reflects the market uncertainty as previously outlined. Our forecast are dependent on delivery of operational guidance and targets, but also on realised metals prices, which remain largely opaque until benchmarked against quarterly actuals.

Our price assumptions are outlined in **Exh. 11** and can be considered somewhat conservative, but we are comfortable being at the low end of the (very wide) consensus range during the COVID economic rebound.

In any respect, our modelling demonstrates a significant NAV/share price premium, that may be closed as we move through 2021.

Exhibit 18a: There's a 'multiplier' at work…on downside metal prices a significant NAV premium remains

	2021*	2022	2023	2021*	2022	2023
Commodity prices (all)		+5%			(5%)	
EBITDA	+6.5%	+8.8%	+8.7%	(8.2%)	(10.6%)	(10.5%)
NPAT	+7.8%	+10.8%	+11.7%	(11.6%)	(13.8%)	(15.3%)
NAV **[base = 12.0cps]**	+9.6% **[13.1cps]**			(11.9%) **[10.7cps]**		

Source: RaaS estimates; * after locking in 1Q'21 metal price assumptions

The NPAT and value outcomes are extremely sensitive to commodity assumptions as outlined with headline changes naturally multiplied through the P&L.

We have highlighted changes to earnings and value per a 5% move in all commodities (Zn, Pb, Ag) which continues to deliver earnings growth and an NAV premium.

Exhibit 18b: Sensitivity to the major commodity (Zn)…the natural key variable

	2021*	2022	2023	2021*	2022	2023
Commodity prices (Zn)		+5%			(5%)	
EBITDA	+4.9%	+6.5%	+6.4%	(6.0%)	(7.5%)	(7.3%)
NPAT	+6.0%	+8.1%	+8.7%	(7.4%)	(9.6%)	(10.5%)
NAV **[base = 12.0cps]**	+7.4% **[12.9cps]**			(8.7%) **[11.0cps]**		

Source: RaaS estimates; * after locking in 1Q'21 metal price assumptions

Our forecasts remain somewhat robust under the downside scenarios, highlighting the value disconnect evident in the share price.

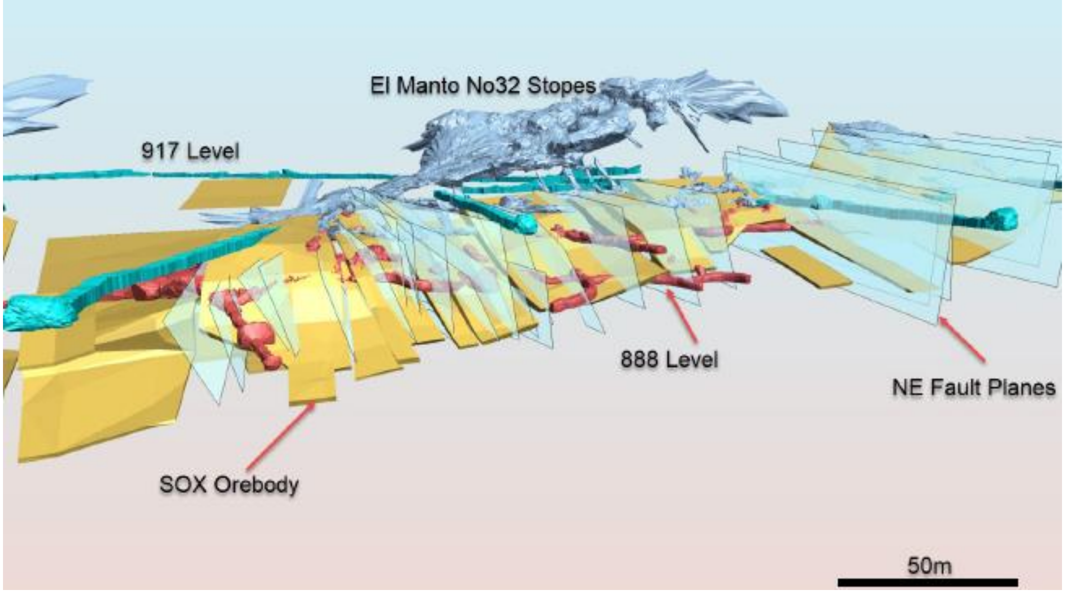
Geology and engineering

Much of the technical risk associated with any a mining operation should be uncovered and controlled through the resource definition and feasibility evaluation stages (by definition). But geology, mining and metallurgy can surprise when actuals have to meet the model...and have done so on numerous projects in the past. Generally, these risks though are small and somewhat within the margin of error.

However, data since the restart of Plomosas continues to throw up surprises with perhaps more complex faulting through the deposit than originally thought and the less than optimal processing flow. Of course, these issues can be solved by the application of time (research) and capital.

We have highlighted that management is currently evaluating a new geological model with respect to the faulting around the mine and it's control on mineralisation. Should the prevailing theory be proven then economic reserves could be 'doubled' with relatively little capital requirement.

Exhibit 19: Resource model demonstrating fault planes – there is a certain complexity to the deposit



Source: Company data

The Plomosas mine and surrounding tenements are located in a highly prospective province but delineation and definition of new commercial opportunities is not a given and subject to local variations of regional geology. We would note that whilst base-metals exploration has been encouraging, early gold exploration data has been disappointing, although surface sampling and mapping have outlined two prospects (Enrique and Chona) which will be subject to further investigation over 2021.

We reiterate that the tenements should be regarded classified as 'early-stage' exploration and that comes with significantly higher geological and engineering risk, with no guarantee of commercial success.

Underground mining is also inherently risky with respect to rock competency and stability. The potential for increased structural complexity could have some impacts in later mine-life that may not be uncovered until 'forward' ore body evaluations are completed...resource tonnages and mine plans can change throughout the life of an operation.

Financing

Financing issues will be an overlay for small-capitalisation resource companies, although with Plomosas in production there is significant opportunity to become independent in financing terms.

On our forecasts we highlight CZL will be cash positive and strongly profitable should it be able to deliver the operating enhancement projects as guided.

The most recent equity capital raising (Feb-2021) indicates the company is adequately financed under cash burn assumptions through its work programmes and commissioning to end-2021, but its financial position is ultimately dependent on delivery of projected operating outcomes.

Importantly the company is not constrained with onerous debt servicing obligations and is effectively debt free.

We think it's a low probability event and suggest the company will not seek additional equity capital in the short-term although we cannot categorically state this will not be the case if quarterly actually realised cash flows significantly underperform expectations.

We would also highlight the retail investor nature of the share register and at some point, the need to attract long-term, institutional investors with stronger financing capacity, if CZL has growth ambitions above its current NAV base.

Board and management

Consolidated Zinc has a small Board of Directors, fitting for a low capitalisation company with technical and financial expertise; and executive responsibility being assumed by the members as outlined following. In broad terms we feel this is appropriate for the position the company is in – optimising the operational performance of Plomosas to deliver higher and steady bottom line (NPAT) outcomes.

The extensive and varied experience of the board collectively, on projects in diverse geographies provide a strong knowledge base to handle the challenges of managing assets in remote and nominally foreign domains, particularly during the still COVID impacted operating environment

We highlight the recent announcement by the company, indicating that from 18-Jan-2021, *'…the majority of the board of CZL will be executive directors.'* Whilst this would nominally raise issues with respect to independence and oversight, the underlying reasoning cited by management that securing additional senior personnel with the '*…requisite general and specific skills'* is difficult in the current COVID restricted environment, is logical for the time being.

At some point it is likely to be necessary to add executive capacity directly or a non-executive board member.

Brad Marwood - Managing Director *(Qualifications: B.App.Sci – Mining Engineering)*

Brad brings a wealth of practical technical experience to the role of Managing Director from his >35 years in the industry in a variety of roles, including the delivery of copper mines into a production phase [Kipoi (DRC) and Rapu Rapu (Philippines)]; completing the development of the Svartliden gold mine (Sweden) and has managed numerous Feasibility Studies and advanced stage resource projects in Australia, Africa, North America and Asia.

Brad's extensive hands-on experience has been garnered in major mining companies including Normandy, Dragon Mining, Lafayette and Perseus Mining and recently as Managing Director of Tiger Resources.

Other Directorships (Listed companies)		Date Appointed
Ionic Rare Earths Limited	Non-executive Director	Dec-2020
Middle Island Resources Limited	Non-executive Director	Dec-2019

Brad Marwood received total remuneration of US$333,662 in 2020 of which 20% was performance based.

Shareholdings			
Ordinary Shares	247,417		
Listed Options	3,387	Expiry date - 1/06/23	Exercise Price - $0.09
Performance Rights	3.333.333		

Andrew Richards - Non-Executive Chair *(Qualifications: BSc (Hons) - Geology, Dip Ed)*

Andrew is a geologist with over 30 years' experience in the international mining industry in a variety of roles including company management and project finance. He has a diversified range of experience across gold, base metals, rare earths and industrial minerals in a variety of settings and jurisdictions including Australasia, Africa and South America.

He is an experienced director and is currently on the Boards of two (ASX and AIM) listed entities.

Other Directorships (Listed companies)		Date Appointed
Hunter Resources Plc	Non-executive Director	Jun-2014
Big River Gold Limited	Executive Chairman	Mar-2019

Andrew Richards received total remuneration of US$101,353 in 2020 of which 30% was performance based.

Shareholdings			
Ordinary Shares	1,442,423		
Listed Options	310,696	Expiry date - 1/06/23	Exercise Price - $0.09
Performance Rights	1,250,000		

Angela Pankhurst - Executive Director *(Qualifications BBus. MAICD)*

Angela has many years of executive experience in the mining industry having previously held positions as an executive or director in companies with wide-ranging geographical locations such as Kazakhstan, Nigeria, Vietnam, Central America and Australia, in roles ranging from senior executive, company secretarial, CFO and Managing Director

Other Directorships (Listed companies)		Date Appointed
Antilles Gold Limited	Non-executive Director	Apr-2012

Angela Pankhurst received total remuneration of US$38,874 in 2020.

Shareholdings			
Ordinary Shares	46,195		
Listed Options	12,373	Expiry date - 1/06/23	Exercise Price - $0.09
Performance Rights	Nil		

The company has recently announced Angela will be assuming some executive duties on a limited basis (one day per week) in the areas of investor relations and strategy implementation. Her remuneration will subsequently be increased to US$70,000pa.

Top 20

We note the retail investor nature of the share register and at some point, the need to transition the register towards long-term, institutional investors.

Exhibit 20: Top 20 Shareholders holding >55% of the issued capital (ordinary shares) – as at 11-Mar-2021

		Ordinary Shares	%	Listed Options	%
1.	EYEON INVESTMENTS PTY LTD	29,604,356	10.07	5,743,869	8.43
2.	COPULOS SUPERANNUATION PTY LTD	14,379,839	4.89	3,851,742	5.65
3.	EYEON NO 2 PTY LTF	13,971,953	4.75	1,351,239	1.98
4.	OODACHI PTY LTD	12,729,804	4.33	3,808,083	3.44
5.	WESTPARK OPERATIONS PTY LTD	10,515,627	3.58	2,341,950	3.58
6.	BNP PARIBAS NOMINEES PTY LTD	9,529,474	3.24		
7.	SPACETIME PTY LTD	9,302,379	3.17	2,491,708	3.66
8.	CITYWEST CORP PTY LTD	8,119,386	2.76	2,174,835	3.19
9.	HSBS CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,010,836	2.39		
10.	RETZOS EXECUTIVE PTY LTD	6,780,907	2.31	885,585	1.30
11.	CHRIKIM PTY LTD	6,553,973	2.23	1,111,957	1.63
12.	AKG (MIDLAND) PTY LTD	5,188,052	1.77	1,703,908	2.50
13.	CITICORP NOMINEES PTY LIMITED	5,119,534	1.74		
14.	MR BASIL CATSIPORDAS	5,000,000	1.70		
15.	SUPERMAX PTY LTD	4,333,333	1.47		
16.	FARJOY PTY LTD	4,200,000	1.43		
17.	MISS BELINDA LEES	3,375,000	1.15		
18.	SHAYDEN NOMINEES PTY LTD	2,758,905	0.94		
19.	NATIONAL NOMINEES LIMITED	2,500,000	0.85		
20.	ZW 2 PTY LTD	2,370,881	0.81	3,139,185	4.61
	GAZUMP RESOURCES PTY LTD			3,009,199	4.42
	MR JASON TANG			1,300,000	1.91
	MR CHRISTOPHER LINDSAY BOLLAM			1,172,455	1.72
	DOW DOW LIMITED			1,117,132	1.64
	MR STEPHEN JOHN DONALD			1,005,772	1.48
	MR MARK ANDREW TKOCZ			1,000,000	1.47
	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD			913,282	1.34
	MRS ANJANA NANDHA			909,000	1.32
	MR MOHAN SINGH NANDHA			833,000	1.22
		163,344,239	**55.59**	**39,863,901**	**58.52**

Source: Company data

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Appendix A – Calculating Zn equivalent grades

We calculate Zn equivalent grades using estimates of long-run commodity prices from company and broker forecasts as available, skewed towards the most recently dated assumptions.

We apply a discount to ROM grades to reflect the recoverable to reflect the nominal recoverable grades based on the range of estimates across the comp-co portfolio. This may somewhat under or over-estimate the result for any individual project. However, with only two of the projects as listed in production, there is no definitive operational data to support 'actuals' at this time and the estimates included in evaluation likely hold a reasonable error margin.

Using a consistent set of assumptions at least provides a common base for project comparisons.

We apply the following prices and recovery rates-

Zinc	US$ 2,400/t	Recovery rate = 88%
Lead	US$ 1,900/t	Recovery rate = 70%
Copper (where applicable)	US$ 5,900/t	Recovery rate = 80%
Silver	US$ 18.00/oz	Recovery rate = 65%

Calculation formula

US$Zn/t (X 1/100) = US$Zn per 1% X 88% X Zn grade = US$Zn [A]

US$Pb/t (X 1/100) = US$Pb per 1% X 70% X Pb grade = US$Pb [B]

US$Cu/t (X 1/100) = US$Cu per 1% X 80% X Cu grade = US$Cu [C}

US$Ag/oz (X 1/31.1) = US$Ag per gramme X 65% X Ag grade = US$ Ag [D}

Zn eq grade = (A + B + C + D) / A

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Exhibit 20 Financial Summary

CONSOLIDATED ZINC		CZN
YEAR END		Dec
NAV	A$	$0.12
SHARE PRICE	A$	$0.045
MARKET CAP	A$M	13.2
ORDINARY SHARES	M	294
OPTIONS	M	70

nm = not meaningful
na = not applicable

priced COT 12-Apr

COMMODITY ASSUMPTIONS		2019	2020	2021f	2022f	2023f
Zinc				2,577	2,312	2,312
Lead				1,813	1,650	1,650
Silver				26	18.00	18.00
AUD		0.6598	0.6989	0.7705	0.7712	0.7708
RATIO ANALYSIS		**2019**	**2020**	**2021f**	**2022f**	**2023f**
Shares Outstanding	M	1,670	238	294	294	294
EPS (pre sig items)	A$ cps	(2.1)	(2.3)	2.5	3.9	3.4
EPS (post sig items)	A$ cps					
PER (pre sig items)	x			1.8x	1.2x	1.3x
OCFPS	A$ cps	(1.6)	(1.5)	3.4	4.3	4.1
CFR	x			1.3x	1.1x	1.1x
DPS	A$ cps					
Dividend Yield	%					
BVPS	A$ cps	nm	nm	2.5	5.3	7.8
Price/Book	x			0.0x	0.0x	0.0x
ROE	%			na	nm	33%
ROA	%			na	nm	29%
(Trailing) Debt/Cash	x					
Interest Cover	x					
Gross Profit/share	A$ cps	nm	nm	3.0	3.8	3.6
EBITDAX	A$M	(970)	(168)	11,516	14,340	13,864
EBITDAX Ratio	%	na	na	57%	54%	55%
EARNINGS	**US$000s**	**2019**	**2020**	**2021f**	**2022f**	**2023f**
Revenue		7,589	4,525	15,583	20,392	19,538
Cost of sales		(8,285)	(4,807)	(6,711)	(9,332)	(8,851)
Gross Profit		**(695)**	**(282)**	**8,872**	**11,060**	**10,687**
Other revenue						
Other income						
Exploration written off		(180)	(308)	(1,500)	(1,000)	(1,600)
Finance costs		(461)	(734)	(500)		
Impairment		(100)				
Other expenses		89	(1,255)	(1,164)	(1,300)	(1,450)
Profit before tax		**(1,293)**	**(2,415)**	**5,708**	**8,760**	**7,637**
Taxes				0	0	0
NPAT Reported		**(1,293)**	**(2,415)**	**5,708**	**8,760**	**7,637**
Underlying Adjustments						
NPAT Underlying		**(1,293)**	**(2,415)**	**5,708**	**8,760**	**7,637**
CASHFLOW	**US$000s**	**2019**	**2020**	**2021f**	**2022f**	**2023f**
Operational Cash Flow		**(987)**	**(1,603)**	**7,648**	**9,700**	**9,177**
Net Interest		(22)	(50)	(50)	0	0
Taxes Paid						
Other						
Net Operating Cashflow		**(1,009)**	**(1,653)**	**7,598**	**9,700**	**9,177**
Exploration			0	(1,500)	(1,000)	(1,600)
PP&E		(283)	(538)	(1,000)		
Development		(362)				
Net Asset Sales/other						
Net Investing Cashflow		**(645)**	**(538)**	**(2,500)**	**(1,000)**	**(1,600)**
Dividends Paid						
Net Debt Drawdown		(121)	11	(94)		
Equity Issues/(Buyback)		2,121	2,402			
Other						
Net Financing Cashflow		**2,000**	**2,413**	**(94)**	**0**	**0**
Net Change in Cash		**345**	**222**	**5,004**	**8,700**	**7,577**
BALANCE SHEET	**US$000s**	**2019**	**2020**	**2021f**	**2022f**	**2023f**
Cash & Equivalents		530	753	5,757	14,456	22,033
PP&E & Development		1,917	2,051	2,051	2,051	2,653
Exploration						
Total Assets		**5,092**	**5,291**	**9,308**	**18,009**	**26,189**
Debt		1,258	94			
Total Liabilities		**4,373**	**3,105**	**2,030**	**2,546**	**3,157**
Total Net Assets/Equity		**720**	**2,186**	**7,278**	**15,463**	**23,031**
Cash/(Debt)		(728)	658	5,757	14,456	22,033
Gearing (dn/(dn+e)		50%	na	na	na	na

PRODUCTION		2019	2020	2021f	2022f	2023f
Product						
Zinc	t	3,243	2,309	6,815	9,362	8,842
Lead	t	769	710	2,356	3,833	3,833
Silver	oz	10,040	864	36,873	49,657	44,691
TOTAL						
Ave Unit Production Cost	per t Zn (payable)	(2,555)	(2,082)	(985)	(997)	(1,001)
Ave Unit Revenue	per t Zn (payable)	2,340	1,960	2,287	2,178	2,210
Operating Margin		**na**	**na**	**57%**	**54%**	**55%**

RESERVES & RESOURCES								Mar-2021
Mining Levels	Indicated				Inferred			
		Zn	Pb	Ag		Zn	Pb	Ag
	t	%	%	g/t	t	%	%	g/t
Level 7	72,000	19.4%	9.3%	57.0	136,000	13.2%	6.1%	30.9
Tres Amigos	42,000	7.7%	2.3%	12.0	439,000	14.0%	1.2%	11.6
Carola					59,000	11.5%	5.1%	31.4
Las Espadas					77,000	10.5%	4.2%	14.8
Tres Amigos North	38,000	7.8%	3.6%	13.1	78,000	10.1%	3.6%	16.7
	152,000	**13.3%**	**5.9%**	**33.6**	**789,000**	**12.9%**	**2.9%**	**17.2**
				Contained Metal				
		t	t	oz		t	t	oz
Level 7		13,968	6,696	131,947		17,952	8,296	135,110
Tres Amigos		3,234	966	16,204		61,460	5,268	163,724
Carola						6,785	3,009	59,562
Las Espadas						8,085	3,234	36,639
Tres Amigos North		2,964	1,368	16,005		7,878	2,808	41,880
		20,166	**9,030**	**164,155**		**102,160**	**22,615**	**436,916**

EQUITY VALUATION					
	Interest	Pr	A$M	Acps	
Plomosas	100%	80%	$30	$0.10	
Exploration	100%	25%	$13	$0.02	
				$0.12	
Net Cash/(debt)			$2		
Corporate costs			($3)		**P/NAV**
TOTAL			**$34**	**$0.12**	0.39
Cash Producing Assets					

Source: RaaS Advisory

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26th November 2018

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- how we transact with you
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Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

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