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ABN 27 118 554 359

Annual Report

Year ended 31 December 2022

(Yari Minerals Limited from 4th April 2023)

CORPORATE DIRECTORY

DIRECTORS

Brad Marwood – Executive Chairman
Anthony Italiano – Executive Director
Angela Pankhurst – Non-executive Director

COMPANY SECRETARY

Anthony Italiano

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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25 Richardson Street
WEST PERTH WA 6005

SHARE REGISTRY

Automic
Level 5, 191 St Georges Terrace
PERTH WA 6000

SECURITIES EXCHANGE (ASX: CZL)

Australian Securities Exchange
Level 40
152-158 St George's Terrace
PERTH WA 6000

SOLICITORS

AGH Legal
Level 1, 50 Kings Park Road
WEST PERTH WA 6005

AUDITORS

HLB Mann Judd (WA Partnership)
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CHAIRMAN'S LETTER

Dear Fellow Consolidated Zinc Shareholders

In 2022 Consolidated Zinc Limited achieved its aim of diversification, with the acquisition of Westoz Lithium Pty Ltd in July 2022 adding a portfolio of projects highly prospective for lithium and rare earths in the Pilbara region of Western Australia.

I am personally very excited by the exploration prospectivity of the Pilbara Lithium Projects, in particular the South Wodgina projects, which add lithium and rare earths potential to the zinc being mined, expanding the portfolio of battery minerals the Company has exposure to.

A hyperspectral evaluation of the Pilbara tenements was initiated with the acquisition of Advanced Spaceborne Thermal Emission and Reflection Radiometer ("ASTER") and Sentinel satellite data to assist in discriminating areas for on-ground exploration.

The analysis of South Wodgina has identified 49 and 55 anomalies on E45/5973 and E45/5974 respectively (Figure 1), including pre-targets are over 3,000m long. The analysis of Camel Creek and Ant Hill EL's interpreted 74 anomalies, that are being evaluated, with ground truthing +/- rock outcrop and soil sampling.

In 2023, the Company entered into a binding agreement (approved by Shareholders 20 March 2023) for the sale of the Plomosas Project in Mexico to Impact Silver Corp, for US\$6.0 million payable in cash and shares plus a 12.0% net profit interest (NPI) royalty for the life of the Plomosas mineral tenements. For full transaction details see ASX Announcement dated 10 February 2023.

We believe this transition will unlock significant value for the shareholders of Company, with a sale consideration of US\$6.0 million

The transaction provides the funds needed for exploration of the lithium and rare earths projects whilst retaining an interest in zinc production from Plomosas through the NPI royalty and shareholding in Impact Silver Corp. Impact Silver Corp is a successful operator of Mexican assets and we believe the transition will unlock significant value for our Shareholders.

I would also like to thank Mr Andrew Richards, who retired as Chairman of the Company at the end of August 2022, for his distinguished and dedicated service to the Company over the last 7 years. On behalf of the Consolidated Zinc team and shareholders, I wish Andrew a prosperous retirement.

Yours sincerely,



Brad Marwood
Executive Chairman

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REVIEW OF OPERATIONS

PILBARA LITHIUM PROJECTS – PILBARA, WESTERN AUSTRALIA

Westoz Lithium acquisition

Consolidated Zinc completed the acquisition of Westoz Lithium Pty Ltd (Westoz Lithium) on 29 July 2022.

Westoz Lithium holds 100% interests in approximately 1,400km² of 6 Exploration Licenses (“EL”) in the Pilbara and Gascoyne regions of Western Australia. The Pilbara Projects are approximately 1,000km² and are highly prospective for lithium, rare earth elements and base metals and are situated near two of the world’s largest hard rock lithium deposits (ASX: PLS – Pilgangoora & ASX: MIN – Wodgina) and other tenements near Marble Bar (ASX:GL1’s Archer Project).

The vendors of Westoz Lithium received A\$740,000 for the projects, paid by the issue of 24,000,000 CZL shares at \$0.025 per share and A\$140,000 cash.

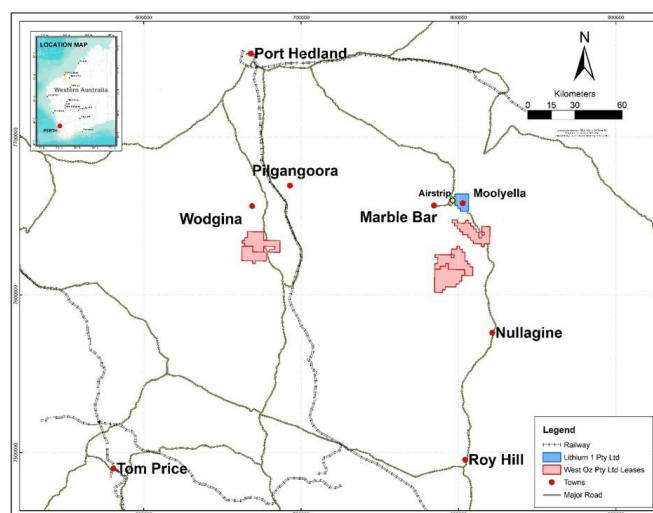


Figure 1: Location of the Pilbara Lithium tenements

South Wodgina

The South Wodgina EL’s (E45/5973 and E45/5974) are located approximately 150km south of Port Hedland, adjacent to Wodgina Lithium-Tantalum operation (Wodgina Indicated & Inferred Mineral Resources estimated at 259.2 Mt at 1.17% Li₂O operated in a joint venture between Mineral Resources and Ablemarle).

Pilgangoora and Wodgina are located near the south- western boundary of the East Pilbara Terrane of the Pilbara Craton. The western flank of the East Pilbara Terrane forms part of a globally significant pegmatite province extending over 120 km by 30km containing widespread rare and critical metal mineralisation.

The South Wodgina EL’s lie along the south-west extension of the Lithium/Tantalum deposits of the Wodgina operation. The area is characterised by swarms of pegmatite intrusions which contain Lithium-Caesium-Tantalum as well as some rare earth elements (REE) known as LCT-type pegmatites.

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Marble Bar

The Marble Bar EL (E45/5972, Figtree) and EL's (E45/5987, Camel Creek and E45/5986, Anthill) are located approximately 80km south of Marble Bar, close to Global Lithium's Marble Bar Lithium Project. They lie along the sealed highway and approximately 280km south-east of Port Hedland.

The Moolyella tin and tantalum deposits also lie directly north and have been historically mined over 100 years. The Numbana Monzogranite complexes that outcrop in the district are known to host lithium-bearing pegmatites which have been unexplored due to the past focus on base metal and gold exploration. The Anthill, Camel Creek, and Fig Tree licences lie within a corridor of known lithium and REE mineralisation. The 670 km² holding has been under explored for LCT pegmatite type deposits and thus are considered prospective for new discoveries.

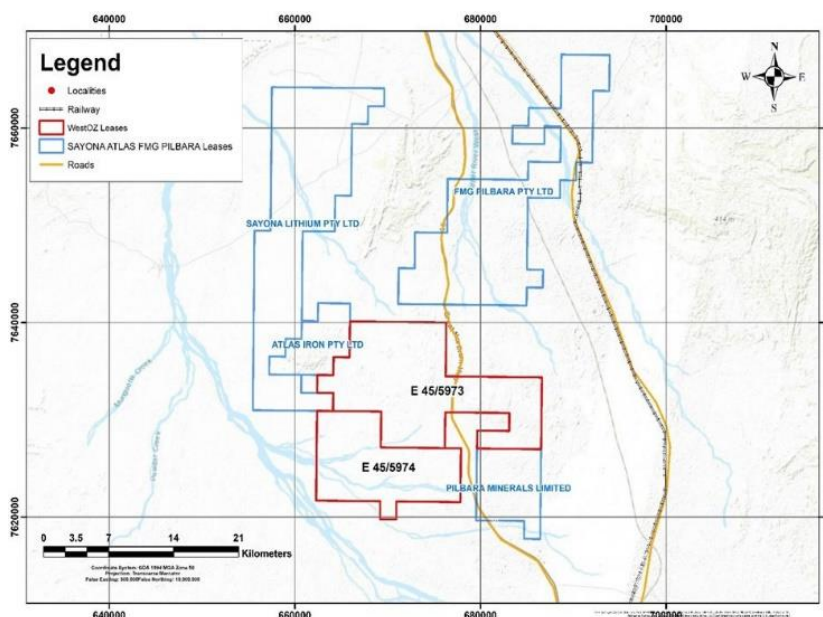


Figure 2: Location of the South Wodgina tenements

Wandagee

The Wandagee Project is located approximately 150km northeast of Carnarvon and 45km east of the Minilya Bridge Roadhouse, in the Gascoyne Region of Western Australia. The Wandagee Project consists of one EL (E09/2499) covering an area of ~400km². The EL is prospective for Rare-earth, Zinc-Lead-Silver/Copper-Lead-Silver base metals and has had limited exploration undertaken in the past.

Exploration Activities

Exploration activities commenced during the year, with a comprehensive surface reconnaissance program at the Marble Bar projects and hyperspectral evaluation of the South Wodgina and Marble Bar projects completed.

Surface Reconnaissance

Marble Bar Projects

Consolidated Zinc's exploration program commenced in September 2022 at the Camel Creek /Ant Hill licenses, followed by the Fig Tree license.

Due to a lack of relief (elevation difference) across the Camel Creek /Ant Hill/Fig Tree licences and hence lack of significant outcrops, a systematic stream sediment sampling was initiated to determine areas for more detailed follow-up. A total of 209 samples were collected and have been delivered to the laboratory. Results from the analysis of samples are pending.

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South Wodgina Projects

The Company’s two South Wodgina licences are located on the Yandeyarra Native Reserve, entry and consent for mine permissions must be received from the traditional owners Kariyarra Aboriginal Council (KAC) prior to the commencement of ground exploration. Heritage Agreements have already been signed. Discussions are ongoing with KAC and are expected to be finalised at the next meeting of the KAC council scheduled for mid-year 2023.

After the permits are approved by the KAC they must be approved by the State Minister for Mines and the State Minister for Aboriginal Affairs before CZL can commence evaluating the tenements.

Hyperspectral Evaluation

Hyperspectral evaluation of the Pilbara tenements was initiated with the acquisition of Advanced Spaceborne Thermal Emission and Reflection Radiometer (“ASTER”) and Sentinel satellite data to assist in discriminating areas for on-ground exploration.

Hyperspectral images allow efficient early desktop mapping of rock units and alteration minerals, potentially associated with mineral deposits.

South Wodgina Projects

The hyperspectral analysis of South Wodgina has identified 49 and 55 anomalies on E45/5973 and E45/5974 respectively (Figure 1), including pre-targets over 3,000m long.

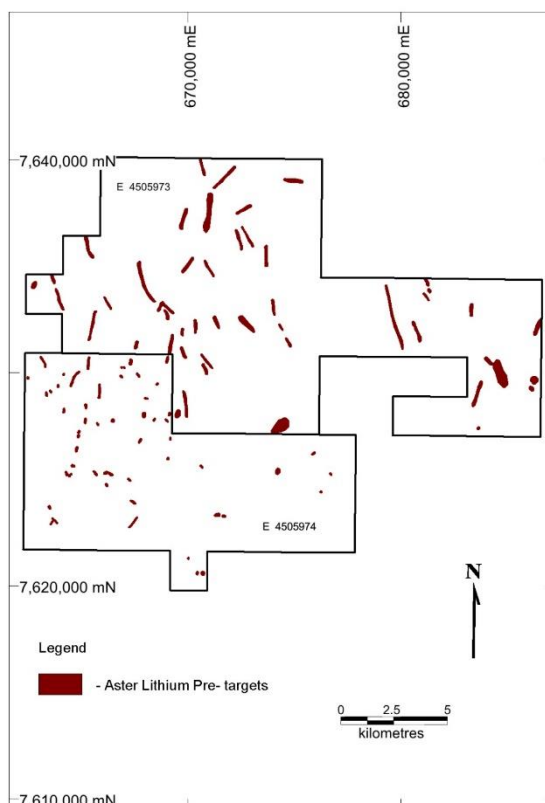


Figure 3: South Wodgina Project Hyperspectral Pre-targets

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Marble Bar Projects

The hyperspectral analysis of the Camel Creek and Ant Hill EL's interpreted 74 anomalies, that are being evaluated, with ground truthing +/- rock outcrop and soil sampling.

The hyperspectral data associated with the two Wodgina EL's and the Fig Tree application will now be evaluated to assist in discriminating areas for on-ground exploration that will be initiated once relevant access permits and the EL are granted.

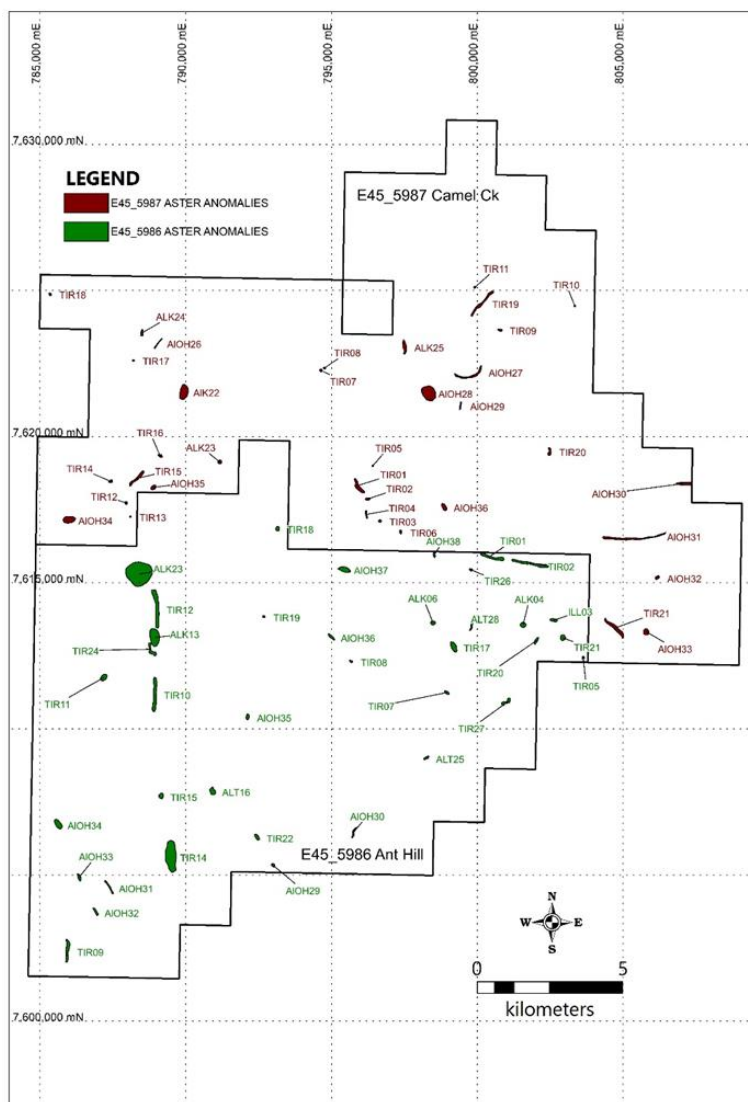


Figure 4: Ant Hill E45-5986 and Camel Creek E45-5987 hyperspectral anomalies.

RARE EARTHS PROJECTS – GASCOYNE, WESTERN AUSTRALIA

Wandagee

The Wandagee Project is located approximately 150km northeast of Carnarvon and 45km east of the Minilya Bridge Roadhouse, in the Gascoyne Region of Western Australia. The Wandagee Project consists of one EL (E09/2499) covering an area of ~400km². The EL is prospective for Rare-earth, Zinc-Lead-Silver/Copper-Lead-Silver base metals and has limited exploration undertaken in the past.

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No field exploration activities were undertaken during the quarter on Wandagee. Document review and development of the historical data for the area with respect to mining has been undertaken and will be part of the ongoing search for historical mining and exploration in the Licences.

MEXICO – The Plomosas Project

The Plomosas Project covers 11 mining concessions totalling 3,019ha in area with an extensive history of exploration and development in base metal operations. Plomosas is in the northern Mexican state of Chihuahua, which neighbours Texas, USA, and is accessed by a two-hour flight from Dallas. Records show the Plomosas Project to be in the global zinc industry's upper quartile for grade, with approx. 2.5 million tonnes of ore having been mined since 1943 with average historical grades of 15-25% Zinc (Zn) + 2-7% Lead (Pb) and 40-60 g/t Silver (Ag), and clean mineralogy.

Consolidated Zinc owns 100% of Plomosas through Minera Latin American Zinc S.A.P.I. de C.V. ("MLAZ"), until the sale to Impact Silver Corp is completed.

Mineralisation in the Plomosas district exists as stratiform sheets of manto-style mineralisation with cross-cutting "chimneys" influenced by the location of cross-cutting linking faults. The host rocks are predominantly limestone and shale with marbles present in areas including the hanging wall sequence. The hanging wall to the mineralisation is constrained by a zone of ductile-brittle deformation that is part of a larger 'horst' structure where a series of normal faults crosscut a sequence of folds and thrusts. This system of brittle deformation is evident along a series of normal sub vertical faults generally striking NW-SE.

Exploration activities focused on surface and near surface historical mining areas such as Mina Mexico and Alfonsitos 1,2,3&4.

Underground exploration was focused on defining the fault La Cata at the northern end of the Plomosas mine. This exciting development has now been confirmed and opens up the opportunity for discovery of similar mineralisation north of the La Cata fault as has been mined south of the fault, with 2.2mt previously mined south of the fault.

MINING OPERATIONS

During 2022, ore mined at Plomosas was 19,046 tonnes at 11.6% zinc and 5.8% lead.

Mining activities during 2022 continued focused on the Semi-Oxidised mineralisation (SOX) between Level 7 and the 900m RL sublevel, with fresh sulphide ore mined from Tres Amigos mined for blending with the SOX material.

Mining equipment maintenance and availability continued to be challenging with supply chain logistical issues resulting in equipment availability lower than expected, limiting mining productivity.

The mine dewatering system was budgeted to reduce the water level from 885mRL to 810mRL, however, this was not achieved due to unexpected damage to the mine dewatering pumps and piping in Q3 2022, resulting in repairs to the de-watering system that was fully recommissioned in January 2023.

PROCESSING

A total of 18,944 tonnes of ore were processed during the year, with sales of 1,291 tonnes of payable zinc, 336 tonnes of payable lead and 3,504 ounces of payable silver.

The Plomosas concentrator performed strongly, demonstrating its capacity to operate at optimal recoveries at 150 tonnes of ore per day, but was limited by unreliable delivery of ore from the underground mining operations.

EXPLORATION

Exploration during 2022 included surface exploration activities at Mina Mexico and Alfonsitos 1,2,3&4 prospects had been reviewed with potential to deliver commercial production from the surface.

During the year, the underground mining continued to evidence that the northern extension of the Plomosas mine has been subject to a transverse fault with an off-set of 130m approximately. North of the La Cata fault

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Juarez North Extension, Las Espadas and Lagos mineralised units have been mapped and are the extensions of the Juarez, Tres Amigos and Level 7 orebody 32.

DISPOSAL OF PLOMOSAS

On 10 February 2023, the Company announced it had executed a binding share sale agreement for the sale of the Plomosas Project to Impact Silver Corp. (Impact Silver), a TSX-V and FSE listed company domiciled in British Columbia, Canada and owner of various Mexican mining projects similar to the Plomosas Project.

The Company will receive the following consideration for the Plomosas Project:

- US\$3,000,000 in cash at completion of the Sale Agreement;
- Up to US\$3,000,000 in common shares in Impact Silver, based on the lower of the price per common share for the Impact Capital Raising or the volume weighted average price for the 20 trading days immediately prior to the date of execution of the Sale Agreement; and
- 12% of net profits from the Plomosas Project in cash from completion of the Sale Agreement, the terms of which will be set out in a fulsome net profits interest deed.

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DIRECTORS' REPORT

The directors present the financial report of Consolidated Zinc Limited (the "Company") and controlled entities (the "Group") for the year ended 31 December 2022 (the "reporting period").

DIRECTORS

Brad Marwood – Executive-Chairman (appointed Executive Chairman 1 September 2022, previously Managing Director)

Anthony Italiano – Executive Director and Company Secretary (appointed Executive Director 1 September 2022)

Angela Pankhurst – Non-executive Director

Andrew Richards – Non-Executive Chairman (retired 31 August 2022)

All directors were in office for the entire period unless otherwise stated.

INFORMATION ABOUT THE DIRECTORS

The names and further details of the Directors of Consolidated Zinc Limited during the financial period are:

Brad Marwood, *Executive Chairman, Bachelor of Applied Science (Mining Engineering)*

Mr Marwood is a mining engineer and resources industry executive with more than 30 years of experience. He was instrumental in bringing into production the copper mines at Kipoi (DRC) and Rapu (Philippines) completing 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.

He has worked in senior roles for groups such as Normandy Mining Ltd, Dragon Mining Ltd, Lafayette Mining Ltd, Moto Goldmines Ltd and Perseus Mining Ltd before his most recent role as Managing Director of Tiger Resources Ltd. Mr Marwood's involvement has seen growth in several companies with a significant increase in their market capitalisation and protecting investments through restarting suspended mine projects.

Mr Marwood also held directorship with the following listed companies in the 3 years immediately prior to the date of this report.

Name	Date Appointed	Tenure
Middle Island Resources Limited	December 2019	Current
Ionic Rare Earths Limited	December 2020	July 2021

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DIRECTORS' REPORT

Anthony Italiano, Executive Director and Company Secretary, Bachelor of Commerce, CA, GAICD (appointed Executive Director 1 September 2022)

Mr Italiano is a Chartered Accountant with over 18 years of experience in the mining sector, primarily in Australia, Africa and North America. He brings a wealth of expertise in corporate governance, operations, financing, commodity marketing and trading from numerous projects and transactions he has been involved in over the years.

Mr Italiano has not held directorships with any listed companies in the 3 years immediately prior to the date of this report.

Angela Pankhurst, Non-executive Director, Bachelor of Business

Ms Pankhurst was originally a Chartered Accountant undertaking audit and CFO roles, who increasingly took on non-executive and executive roles in the international resource sector becoming Managing Director of Central Asia Resources Limited in 2011 when she managed the development of that Company's gold project in Kazakhstan.

Ms Pankhurst has worked in both the resource and non-resource sectors in numerous countries, including Australia, Kazakhstan, Nigeria, Dominican Republic and others in Africa and Asia.

Ms Pankhurst also held directorships with the following listed companies in the 3 years immediately prior to the date of this report.

Name	Date Appointed	Tenure
Antilles Gold Limited	April 2012	Current

Andrew Richards, Non-executive Chairman, Bachelor of Science (Hons), Dip Ed (retired 31 August 2022)

Mr Richards is a geologist with more than 30 years of experience in the international mining industry which included company management and project finance. He has worked at a senior level in both production and exploration over a wide variety of areas and commodities and has undertaken technical reviews, project audits and monitored project construction. He is a member of the AusIMM, AIG, SEG and the AICD.

Mr Richards has worked extensively with gold, base metals, rare earths and industrial minerals in Australasia, Asia, Africa and South America. He is and has been on the boards of several listed companies on ASX and AIM and was previously Managing Director and CEO of two ASX listed companies operating in China.

Mr Richards also held directorships with the following listed companies in the 3 years immediately prior to the date of this report.

Name	Date Appointed	Tenure
Hunter Resources plc	July 2014	June 2022
Big River Gold Limited	February 2019	Current

PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the reporting period was the mining of zinc and lead ores at its Plomosas Project.

OPERATIONS REVIEW

For details of operations please see the Review of Operations pages 4 to 9 of this Annual Report.

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FINANCIAL REVIEW

The functional and presentation currencies of the Group is United States Dollars, as this is the currency that its revenue and a majority of its costs are denominated in.

Profit and Loss

The Group recorded a loss after tax attributable to the owners of the Company for the year ended 31 December 2022 of \$3.338 million (31 December 2021: loss of \$1.891 million), representing a loss per share of 0.89 cents (31 December 2021: loss per share of 0.65 cents).

Statement of Financial Position

Total current assets increased by \$2.454 million, mainly through the \$3.877 million increase as a result of the classification of current and non-current assets as held for sale, an increase in cash of \$0.401 million, partly offset by a decrease in trade receivables and inventory of \$0.418m and \$0.507m respectively.

Total non-current assets decreased by \$3.054 million, a result of the re-classification of the non-current assets as held for sale.

Total liabilities decreased by \$0.174 million to \$2.818 million primarily due to repayment of current borrowings.

Total equity interests attributable to the Company's shareholders decreased by \$0.426 million to \$1.868 million, primarily through the net loss attributable to the owners for the year, partly offset by capital raised.

Cashflow

As at 31 December 2022, the Group held cash on hand and deposit of \$0.716 million (31 December 2021: \$0.316 million).

Net cash outflows from operations and investing activities were \$1.570 million and \$0.179 million respectively. Financing activities raised \$2.286 million, comprising net proceeds from a capital raising.

Financing

In March 2022, a total of A\$1.550 million (before costs) was raised through placement of 50,000,000 shares at \$0.025 per share with 1 free attaching CZLOB option for every 2 placement shares, to fund the due diligence and acquisition costs of Westoz Lithium Pty Ltd and general working capital.

In September 2022, a total of A\$2.100 million (before costs) was raised through placement of 75,600,000 shares at \$0.022 per share with 1 free attaching option exercisable at A\$0.04 per share with an expiry date of 31 December 2024. Funds raised from the placement, to fund exploration activities and general working capital.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group announced on 10 February 2023 the sale of the Plomosas project to Impact Silver Corp. The Group will continue production at Plomosas in Mexico until the completion of the sale to Impact Silver in early April 2023, and thereafter the primary focus of the Group will be the exploration for lithium and rare earths in Western Australia and exposure to the Plomosas project from the Company's interest in the Plomosas 12% net profit royalty and shareholding in Impact Silver Corp.

In evaluating the likely achievement of these outcomes, the following risk factors should be taken into consideration:

Disposal of Plomosas Mine

The Group expects the sale of the Plomosas Mine, Mexico to complete in early April 2023. The risk of not completing is considered to be remote.

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DIRECTORS' REPORT

However, should the sale of Plomosas not be achieved, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will be able to realise its assets, its non-current assets classified as held for sale (\$2,776,861) and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Exploration risk

The Group will undertake further exploration at its Pilbara Lithium and Gascoyne Rare-Earths Projects.

Exploration is by its nature a high risk undertaking and is affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, land access, changing government regulations and other factors beyond the Group's control.

There can be no assurance of success from any exploration activities.

Title risk and licence conditions

The Pilbara and Gascoyne exploration projects cover 6 granted exploration licenses in Western Australia.

The Group's activities are dependent upon the maintenance of these concessions and any regulatory consents.

The concessions are subject to renewal.

Additionally, the concessions are subject to a number of legislative conditions. The inability to meet these conditions could affect the standing of the concessions or restrict their ability to be renewed.

Loss of any concessions or licences may severely affect the Group.

Land access

The Pilbara and Gascoyne exploration projects cover 6 granted exploration licenses in Western Australia. The company has entered into heritage agreements with the native title custodians.

Environmental

The Pilbara and Gascoyne Projects are subject to laws and regulations regarding environmental matters.

The authorities that administer and enforce environmental laws and regulations determine these requirements. As with all mining and exploration projects, the Group's activities are expected to have an impact on the environment.

The Group intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

Failure to obtain or maintain relevant environmental approvals will prevent the Group from undertaking its activities.

Foreign exchange risk

Exploration activities at the Pilbara and Gascoyne Projects are incurred in Australian Dollars.

On completion of the sale of Plomosas to Impact Silver Corp. the future consideration in the form of the 12.0% net profit interest and shareholding in Impact Silver Corp is exposed to United States Dollars, Mexican Pesos and the Canadian Dollar.

The Group is exposed to the fluctuations and volatility of these currencies.

Sovereign risk

The Pilbara and Gascoyne Projects are located in Western Australia. Australia is a constitutional monarchy with stable political conditions and minimal sovereign risks.

On completion of the sale of Plomosas to Impact Silver Corp. the Group will retain an interest in the Plomosas project through a 12.0% net profit royalty and shareholding in Impact Silver Corp. These interests have exposure to Mexico, which is a federal presidential democratic republic.

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DIRECTORS' REPORT

The political conditions in Mexico are generally stable, however, changes may occur in the political, fiscal and legal systems which may affect the ownership or operations of the Group including changes in exchange rates, control or fiscal regulations, regulatory regimes, political insurrection or labour unrest, inflation or economic recession.

Going Concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Working Capital Surplus

As at balance date, the consolidated entity had a net working capital surplus of \$1.889 million. Included in the working capital surplus are assets of the disposal group held for sale of \$1.100 million, non-current assets classified as held for sale \$2.776 million and liabilities directly associated with assets classified as held for sale \$2.527 million.

In relation to the liabilities directly associated with assets classified as held for sale as at the balance date includes a net amount of \$1.063 million in relation to a disputed claim by Caminos y Construcciones Ganti S.A. de C.V. (Ganti), the mining contractor at the Plomosas Project who was terminated in 2019.

The cash flow forecasts which the directors have relied upon for the purposes of the going concern assumptions, makes certain assumptions including the sale of the Company's 100% owned subsidiary Minera Latin American Zinc SAPI de CV, the owner of the Plomosas to Impact Silver Corp, as announced in the ASX announcement dated 10 February 2023.

Based on the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these financial statements.

The Group expects the sale of the Plomosas Mine, Mexico to complete in early April 2023. The risk of not completing is considered to be remote.

However, should the sale of Plomosas not be achieved, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The exploration and mining activities of entities in the consolidated entity are subject to environmental regulations imposed by various regulatory authorities, particularly those relating to ground disturbance and the protection of rare and endangered flora and fauna.

Entities in the consolidated entity have complied with all environmental requirements up to the date of this report.

CORPORATE STRUCTURE

Consolidated Zinc Limited (ACN 118 554 359) is a company limited by shares that is incorporated and domiciled in Australia. It listed on the Australian Securities Exchange on 15 June 2006 (ASX: CZL).

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DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than set out below, there have not been any other significant changes in the state of affairs of the Group during the financial year:

- On 30 March 2022, the Group announced it had executed non-binding indicative offers to purchase 100% of Westoz Lithium Pty Ltd and Pyramid Minerals Pty Ltd, subject to completion of due diligence. In addition, the Company announced a placement to raise A\$1.550 million (before costs) through the issue of 50,000,000 shares at \$0.025 per share with 1 free attaching CZLOB option for every 2 placement shares subscribed for and issued;
- On the 16 May 2022, the Company announced it had entered into a binding agreement to purchase 100% of Westoz Lithium Pty Ltd, the holder of the Pilbara Lithium and Gascoyne rare earths projects for a purchase consideration totalling A\$740,000 paid \$140,000 in cash and A\$600,000 in shares in CZL;
- On 1 August 2022, the Company announced it had completed the acquisition of 100% of Westoz Lithium Pty Ltd;
- On 10 August 2022, the Company announced the retirement of its Non-executive Chairman, Mr Andrew Richards. Mr Brad Marwood and Mr Anthony Italiano will be appointed Executive Chairman and Executive Director respectively, upon the retirement of Mr Andrew Richards effective 1 September 2022;
- On 23 September 2022, the Company completed a placement to raise A\$2.100 million (before costs) through the issue 75,600,000 shares at \$0.022 per share plus 1 free attaching option exercisable at A\$0.04 per share with an expiry date of 31 December 2024. Funds raised from the placement will be used for exploration activities and general working capital; and
- On 17 October 2022, the Company announced Penoles exercised its option to purchase 100% of the zinc concentrates produced from Plomosas for calendar year 2023.

EVENTS AFTER THE REPORTING DATE

Other than set out below, no matters or circumstances have arisen since end of the year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods:

- On 10 February 2023, the Company announced it had executed a binding share sale agreement for the sale of the Plomosas Project to Impact Silver Corp. (Impact Silver), a TSX-V and FSE listed company domiciled in British Columbia, Canada and owner of various Mexican mining projects similar to the Plomosas Project.

The Company will receive the following consideration for the Plomosas Project:

- US\$3,000,000 in cash at completion of the Sale Agreement;
 - Up to US\$3,000,000 in common shares in Impact Silver, based on the lower of the price per common share for the Impact Capital Raising or the volume weighted average price for the 20 trading days immediately prior to the date of execution of the Sale Agreement; and
 - 12% of net profits from the Plomosas Project in cash from completion of the Sale Agreement, the terms of which will be set out in a fulsome net profits interest deed.
- On 21 February 2023, the Company announced it had entered into an unsecured loan facility with an entity related to Mr Andrew Richards for A\$400,000 repayable by 15 May 2023, to fund general working capital.

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DIRECTORS' REPORT

INFORMATION ON DIRECTORS

The Table below sets out each Director's relevant interest in shares, performance rights and options over shares of the Company as at the date of this report:

Current Director	Number of ordinary shares	Number of options	Expiry date	Exercise price	Performance Rights
Brad Marwood					
- Ordinary Shares	1,047,417	-	-	-	-
- Listed Options (CZLOB)	-	3,387	1 June 2023	\$0.09	-
- Listed Option (CZLOD)	-	800,000	31 December 2024	\$0.04	-
- Unlisted Options	-	10,000,000	31 December 2024	\$0.04	-
- Performance Rights	-	-	-	-	3,500,000
Anthony Italiano					
- Ordinary Shares	454,545	-	-	-	-
- Listed Options (CZLOB)	-	454,545	31 December 2024	\$0.04	-
- Unlisted Options	-	10,000,000	31 December 2024	\$0.04	-
- Performance Rights	-	-	-	-	2,000,000
Angela Pankhurst					
- Ordinary Shares	46,195	-	-	-	-
- Listed Options (CZLOB)	-	12,373	1 June 2023	\$0.09	-
- Unlisted Options	-	6,000,000	31 December 2024	\$0.04	-
- Performance Rights	-	-	-	-	1,500,000

MEETINGS OF DIRECTORS

During the reporting period, 9 formal meetings of Directors (including committees of directors) were held. Attendances by each Director during the period were as follows:

Directors	Directors' Meetings	
	Eligible to attend	Attended
Brad Marwood	9	9
Anthony Italiano	4	4
Andrew Richards	5	5
Angela Pankhurst	9	9

The full Board fulfils the role of remuneration, nomination and audit committees.



DIRECTORS' REPORT

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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DIRECTORS' REPORT

Remuneration Report (Audited)

The full Board fulfils the roles of remuneration committee and is governed by the Group's adopted remuneration policy.

Remuneration Policy

This policy governs the operations of the Board. The Board shall review and reassess the policy at least annually and obtain the approval of the Board.

General Director Remuneration

Shareholder approval must be obtained in relation to the overall limit set for non-executive directors' fees. The Directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any broad-based equity-based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Executive Remuneration

The Group's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Group. Executives receive a base remuneration which is market related and may be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Group and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- a) reward reflects the competitive market in which the Group operates;
- b) individual reward should be linked to performance criteria; and
- c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- a) salary - executive directors and senior managers receive a sum payable monthly in cash;
- b) short term incentives - executive directors and nominated employees are eligible to participate in performance employee share option and performance rights schemes and a bonus or profit participation plan if deemed appropriate. Any option or performance right issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board, however, considers it appropriate to retain the flexibility to issue options and performance rights to executives and nominated employees outside of approved employee option and performance right plans in exceptional circumstances;
- c) long term incentives - executive directors may participate in share option and performance right schemes with the prior approval of shareholders. Nominated employees may also participate in employee share option and performance right schemes, with any option or performance right issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board, however, considers it appropriate to retain the flexibility to issue options and performance rights to executives and nominated employees outside of approved employee option and performance right plans in exceptional circumstances; and
- d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

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DIRECTORS' REPORT

Remuneration Report (Audited)

Non-executive Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for non-executive directors is currently A\$250,000.

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity-based remuneration. However, whilst the Group remains small and the full Board, including the non-executive directors, are included in the operations of the Group more closely than may be the case with larger companies the non-executive directors are entitled to participate in equity-based remuneration schemes.

All directors are entitled to have their indemnity insurance paid by the Group.

Bonus or Profit Participation Plan

Performance incentives may be offered to executive directors and senior management of the Group through the operation of a bonus or profit participation plan at the ultimate discretion of the Board.

Directors and Key Management Personnel

The following persons acted as Directors and/or Key Management Personnel (KMP) of the Group during or since the end of the financial period:

Directors

Brad Marwood	Executive Chairman (appointed 1 September 2022, previously Managing Director)
Andrew Richards	Chairman (Non-Executive, retired 31 August 2022)
Anthony Italiano	Executive Director (appointed 1 September 2022)
Angela Pankhurst	Non-executive Director (appointed Executive from 19 January 2021, returned to Non-executive Director from 1 February 2022)

Key Management Personnel

Anthony Italiano	Company Secretary and Chief Financial Officer (appointed Executive Director from 1 September 2022)
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DIRECTORS' REPORT

Remuneration Report (Audited)

Details of Remuneration for the period ended 31 December 2022

The remuneration for each Director and Executive of Consolidated Zinc Limited during the period and the previous year was as follows:

Key Management Person	Salary and Fees		Superannuation	Share based Payments	Total Remuneration	Performance-based Remuneration
	Short-term Benefits	Short-term Benefits Bonus	Post-employment Benefits			
	USD	USD	USD	USD	USD	%
31 December 2022						
Andrew Richards	30,269	-	3,065	12,474	45,808	27
Angela Pankhurst	26,085	-	2,655	44,791	73,531	61
Brad Marwood	161,000	-	-	82,967	243,67	34
Anthony Italiano	185,684	-	18,888	70,493	275,065	26
	403,038	-	24,608	210,725	638,371	
31 December 2021						
Andrew Richards	45,512	-	4,437	8,842	58,791	15
Angela Pankhurst	61,612	-	6,012	8,842	76,466	12
Brad Marwood	218,403	33,750	-	11,789	263,942	4
Anthony Italiano	179,550	24,638	17,491	20,631	242,310	9
	505,077	58,388	27,940	50,104	641,509	

Ordinary Shares held by KMP

Key Management Person	Held at start of year/ on appointment	Granted as compensation	Conversion of debt instrument	Acquired/ conversion of performance rights	Other changes ¹	Held at year end
31 December 2022						
Andrew Richards	1,442,423	-	-	-	(1,442,423)	-
Angela Pankhurst	46,195	-	-	-	-	46,195
Brad Marwood	247,417	-	-	-	-	247,417
Anthony Italiano	-	-	-	-	-	-
	1,736,035	-	-	-	-	293,612
31 December 2021						
Andrew Richards	1,442,423	-	-	-	-	1,442,423
Angela Pankhurst	46,195	-	-	-	-	46,195
Brad Marwood	247,417	-	-	-	-	247,417
Anthony Italiano	-	-	-	-	-	-
	1,736,035	-	-	-	-	1,736,035

¹ Other changes include shares: acquired and disposed on market as well as the shares held on the date of a person ceasing to be a KMP.



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DIRECTORS' REPORT

Remuneration Report (Audited)

Listed Options held by KMP

Key Management Person	Held at start of year/ on appointment	Granted as compensation	Acquired through rights issue	Converted	Other changes ¹	Held at year end
31 December 2022						
Andrew Richards	310,696	-	-	-	(310,696)	-
Angela Pankhurst	12,373	-	-	-	-	12,373
Brad Marwood	3,387	-	-	-	-	3,387
Anthony Italiano	-	-	-	-	-	-
	326,456	-	-	-	-	15,760
31 December 2021						
Andrew Richards	310,696	-	-	-	-	310,696
Angela Pankhurst	12,373	-	-	-	-	12,373
Brad Marwood	3,387	-	-	-	-	3,387
Anthony Italiano	-	-	-	-	-	-
	326,456	-	-	-	-	326,456

¹ Other changes include shares: acquired and disposed on market as well as the shares held on the date of a person ceasing to be a KMP.

Unlisted Options over ordinary shares held by KMP

Key Management Person	Held at start of year	Granted as compensation	Lapsed or expired	Other changes	Held at the end of year	Vested and exercisable at the end of the year
31 December 2022						
Andrew Richards	-	-	-	-	-	-
Angela Pankhurst	-	6,000,000	-	-	6,000,000	6,000,000
Brad Marwood	-	10,000,000	-	-	10,000,000	10,000,000
Anthony Italiano	-	10,000,000	-	-	10,000,000	10,000,000
	-	26,000,000	-	-	26,000,000	26,000,000
31 December 2021						
Andrew Richards	-	-	-	-	-	-
Angela Pankhurst	-	-	-	-	-	-
Brad Marwood	-	-	-	-	-	-
Anthony Italiano	-	-	-	-	-	-
	-	-	-	-	-	-

Unlisted options approved at the General Meeting held on 9 December 2022, were issued to the Directors on 28 December 2022.



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DIRECTORS' REPORT

Remuneration Report (Audited)

Performance Rights held by KMP

Key Management Person	Held at start of year	Granted as compensation	Exercised	Lapsed or expired	Other changes ¹	Held at the end of year	Vested and exercisable at the end of year
31 December 2022							
Andrew Richards	1,500,000	-	-	-	(1,500,000)	-	-
Angela Pankhurst	1,500,000	-	-	-	-	1,500,000	-
Brad Marwood	3,500,000	-	-	-	-	3,500,000	-
Anthony Italiano	2,000,000	-	-	-	-	2,000,000	-
	8,500,000	-	-	-	-	7,000,000	-
31 December 2021							
Andrew Richards	1,250,000	1,500,000	-	(1,250,000)	-	1,500,000	-
Angela Pankhurst	-	1,500,000	-	-	-	1,500,000	-
Brad Marwood	3,333,333	3,500,000	-	(3,333,333)	-	3,500,000	-
Anthony Italiano	1,666,666	2,000,000	-	(1,666,666)	-	2,000,000	-
	6,249,999	8,500,000	-	(6,249,999)	-	8,500,000	-

¹ Other changes include: performance rights held on the date of a person ceasing to be a KMP.

Shares Issued on Exercise of Compensation Options and Performance Rights

During the year no performance rights were exercised or converted.

During the year unlisted options were issued to the Directors as approved at the General Meeting held on 9 December 2022, with an exercise price of A\$0.04 per option and an expiry date of 31 December 2024.

Employment contracts of directors and senior executives

The Group has the following service agreements with directors and senior executives:

Brad Marwood

Fixed remuneration of US\$270,000, including statutory superannuation.

The service contract is open ended and can be terminated by either party on 6 months written notice.

Anthony Italiano

Fixed remuneration of US\$220,000, including statutory superannuation.

The service contract is open ended and can be terminated by either party on 3 months written notice.

Group performance and link to remuneration

There is no director cash remuneration directly linked to performance of the Group, with options and performance rights based remuneration linked to the performance of the Group. A portion of bonus and incentive payments are at the discretion of the Board.

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")

The 31 December 2021 Remuneration Report was voted for without any commentary or discussion at the 2022 AGM, on a show of hands with proxy votes for of 141,216,057 and votes against of 1,654,779.

[End of Remuneration Report - Audited]



DIRECTORS' REPORT

SHARES UNDER OPTION

At the date of this report, the unissued ordinary shares of Consolidated Zinc Limited under option are:

Grant Date	Date of Expiry	Exercise Price (A\$)	Number Under Option
Various	30 June 2023	\$0.90	166,666
Various	30 September 2023	\$0.90	83,333
Various	1 June 2023	\$0.09	99,118,998
9 December 2022	31 December 2024	\$0.04	26,000,000
6 January 2022	31 December 2024	\$0.04	100,000,000
Total options over ordinary shares			225,368,997

At the date of this report, the Company has following performance rights on issue:

Date of Expiry	Number of performance rights
31 December 2023	8,500,000
	8,500,000

Performance rights vest and are convertible into ordinary shares upon achieving performance targets, on or before their respective expiry dates.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the period.

NON-AUDIT SERVICES

No non-audit services were performed during the period.

Officers of the company who are former audit partners of HLB Mann Judd

There are no officers of the company who are former audit partners of HLB Mann Judd.

Auditors

HLB Mann Judd (WA Partnership) were appointed as auditors of the Company on 23 July 2019 and continue in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE

Section 307C of the Corporations Act 2001, requires our Auditors, HLB Mann Judd, to provide the Directors with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 62 and forms part of the Directors' report for the year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors pursuant to Section 306(3) of the Corporations Act 2001.

Brad Marwood
Executive Chairman
31 March 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Year ended 31-Dec-22 USD	Year ended 31-Dec-21 USD
Continuing Operations			
Other income		118,063	193,669
Exploration and evaluation expenses		(624,839)	-
Administrative expenses	5(a)	(413,490)	(322,838)
Personnel expenses	5(a)	(769,220)	(689,593)
Foreign exchange gain/(loss)		15,193	(221)
Interest expense		(10,528)	(13,538)
Loss from continuing operations before income tax expense		(1,684,821)	(832,521)
Income tax expense		-	-
Loss from continuing operations after income tax expense		(1,684,821)	(832,521)
Loss from discontinued operations after income tax expense	8	(1,653,193)	(1,058,178)
Net loss for the year		(3,338,014)	(1,890,699)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributed to members of the parent entity		(3,338,014)	(1,890,699)
Total comprehensive income for the year is attributable to:			
Continuing operations		(1,684,821)	(832,521)
Discontinued operations		(1,653,193)	(1,058,178)
		(3,338,014)	(1,890,699)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic and diluted loss per share (cents per share)	7(a)	(0.448)	(0.285)
Loss per share for loss from discontinued operations attributable to the ordinary equity holders of the parent entity:			
Basic and diluted loss per share (cents per share)	7(a)	(0.440)	(0.363)
Loss per share for loss attributable to the ordinary equity holders of the parent entity:			
Basic and diluted loss per share (cents per share)	7(a)	(0.888)	(0.648)

The accompanying notes form part of these financial accounts



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	As at 31-Dec-22 USD \$	As at 31-Dec-21 USD \$
Assets			
<i>Current assets</i>			
Cash & cash equivalents	24	716,744	315,681
Trade & other receivables	9	89,983	1,406,585
Inventory	10	-	507,169
Financial assets		1,439	1,977
Current-assets of disposal group classified as held for sale	11	1,100,549	-
Non-current assets classified as held for sale	12	2,776,418	-
Total current assets		4,685,133	2,231,412
<i>Non-current assets</i>			
Property, plant & equipment	13(a)	444	1,881,536
Mine and development property	13(b)	-	1,173,174
Total non-current assets		444	3,054,710
Total assets		4,685,577	5,286,122
Liabilities			
<i>Current liabilities</i>			
Trade & other payables	14	268,811	2,840,513
Borrowings	15	-	98,237
Liabilities directly associated with assets classified as held for sale	8	2,527,321	-
Total current liabilities		2,796,132	2,938,750
Non-current liabilities			
Provisions	16	21,691	53,559
Total non-current liabilities		21,691	53,559
Total liabilities		2,817,823	2,992,309
Net assets		1,867,754	2,293,813
Equity			
Issued capital	17(a)	39,358,995	36,684,091
Reserves	18	(6,977,383)	(7,215,039)
Accumulated losses		(30,513,858)	(27,175,239)
Total equity		1,867,754	2,293,813

The accompanying notes form part of these financial accounts



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Issued capital	Accumulated losses	Share-based Payments Reserve	Foreign Currency Translation Reserve	NCI Reserve	Total
	USD	USD	USD	USD	USD	USD
For the year ended 31 December 2022						
At 31 December 2021	36,684,091	(27,175,239)	298,364	(1,007,123)	(6,506,280)	2,293,813
Loss for the year after income tax from continuing operations	-	(1,684,821)	-	-	-	(1,684,821)
Loss for the year after income tax from discontinued operations	-	(1,653,193)	-	-	-	(1,653,193)
Other comprehensive (loss) for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	(3,338,014)	-	-	-	(3,338,014)
Transactions with owners in their capacity as owners:						
Issue of new shares net of issuance costs	2,674,904	-	-	-	-	2,674,904
Share-based payments	-	-	237,656	-	-	237,656
	2,674,904	-	237,656	-	-	2,912,560
At 31 December 2022	39,358,995	(30,513,213)	536,020	(1,007,123)	(6,506,280)	1,867,754



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022 (continued)

	Issued capital	Accumulated losses	Share-based Payments Reserve	Foreign Currency Translation Reserve	NCI Reserve	Total
	USD	USD	USD	USD	USD	USD
For the year ended 31 December 2021						
At 31 December 2020	34,838,110	(25,576,190)	437,304	(1,007,123)	(6,506,280)	2,185,821
Loss for the year after income tax from continuing operations	-	(832,521)				(832,521)
Loss for the year after income tax from discontinued operations	-	(1,058,178)	-	-	-	(1,058,178)
Total comprehensive income for the year	-	(1,890,699)	-	-	-	(1,890,699)
Transactions with owners in their capacity as owners:						
Issue of new shares net of issuance costs	1,845,981	-	-	-	-	1,845,981
Share based payments – expiry of unvested options	-	291,650	(291,650)	-	-	-
Share based payments	-	-	152,710	-	-	152,710
	1,845,981	291,650	(138,940)	-	-	1,998,691
At 31 December 2021	36,684,091	(27,175,239)	298,364	(1,007,123)	(6,506,280)	2,293,813

The accompanying notes form part of these financial accounts



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	For the twelve months ended 31-Dec-22 USD	For the twelve months ended 31-Dec-21 USD
Cash flows from operating activities			
Receipts from customers		5,336,000	7,594,685
Payments to suppliers and employees		(7,100,633)	(8,693,259)
Payment of interest		(26,878)	-
Refunds of VAT and other indirect taxes		221,193	81,579
Net cash (outflow) from operating activities	24	(1,570,318)	(1,016,995)
Cash flows from investing activities			
Payment for property, plant and equipment		(56,364)	(1,265,964)
Payment for acquisition of entities		(123,000)	-
Net cash (outflow) from investing activities		(179,364)	(1,265,964)
Cash flows from financing activities			
Proceeds from issue of shares		2,522,894	1,980,050
Payment of borrowings		(71,820)	-
Payment of capital raising expenses		(164,824)	(134,068)
Net cash inflow from financing activities		2,286,250	1,845,982
Reconciliation of cashflow movement for the year			
Cash and cash equivalents at the beginning of the year		315,681	752,658
Net (decrease)/increase in cash		536,568	(436,977)
Cash and cash equivalents held for sale movement	11	(135,505)	-
Cash and cash equivalents at the end of the year		716,744	315,681

The accompanying notes form part of these financial accounts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This financial report includes the financial statements and notes of Consolidated Zinc Limited (“the Company”) and its controlled entities (the “Consolidated Entity” or “Group”).

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The separate financial statements of the parent entity, Consolidated Zinc Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 31 March 2023 by the directors of the Company.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report is presented in United States Dollars (USD) which is considered to be the Group’s functional and presentation currency. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Presentation and functional currency

An entity’s functional currency is the currency of the primary economic environment in which the entity operates. The Group’s agreements for sale of zinc and lead concentrates are denominated in USD and the Group’s exposure to USD costs significant. Consequently, the Group’s functional and presentation currency is USD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern

These financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Working Capital Surplus

As at balance date, the consolidated entity had a net working capital surplus of \$1.889 million. Included in the working capital surplus are assets of the disposal group held for sale of \$1.100 million, non-current assets classified as held for sale \$2.776 million and liabilities directly associated with assets classified as held for sale \$2.527 million.

In relation to the liabilities directly associated with assets classified as held for sale as at the balance date includes a net amount of \$1.063 million in relation to a disputed claim by Caminos y Construcciones Ganti S.A. de C.V. (Ganti), the mining contractor at the Plomosas Project who was terminated in 2019.

The cash flow forecasts which the directors have relied upon for the purposes of the going concern assumptions, makes certain assumptions including the sale of the Company's 100% owned subsidiary Minera Latin American Zinc SAPI de CV, the owner of the Plomosas to Impact Silver Corp, as announced in the ASX announcement dated 10 February 2023.

Based on the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these financial statements.

The Group expects the sale of the Plomosas Mine, Mexico to complete in early April 2023. The risk of not completing is considered to be remote.

However, should the sale of Plomosas not be achieved, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Consolidated Zinc Limited as at 31 December 2022 and the results of all subsidiaries for the period then ended. Consolidated Zinc Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interests, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b) Income Tax

The income tax expense/(benefit) for the period comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

c) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

The carrying amount of plant and equipment is reviewed on each balance date by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the assets useful lives to the Group commencing from the time the asset is held ready for use.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%
Office equipment	10% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to accumulated losses.

d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure is expensed to the consolidated statement of profit or loss and other comprehensive income as and when it is incurred and included as part of cash flows from operating activities.

e) Mine and Development Properties

Mine development expenditure incurred is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises net direct costs and appropriate portion of related overhead expenditure but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest, which is expensed in the period it is incurred.

Development expenditure includes pre-commissioning costs, inclusive of costs and revenue incidental to the commissioning efforts. Development expenditure is reclassified to mine properties at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

No depreciation is recognised in respect of development expenditure until reclassified as mine properties. Development expenditure is tested for impairment in accordance with the policy in note 1(h).

When further development expenditure is incurred in respect of mine properties after the commencement of production, such expenditure is carried forward as part of the mining property when it is probable that additional future economic benefits associated with the expenditure will flow to the consolidated entity. Otherwise such expenditure is classified as a cost of production.

Depreciation is charged using the units-of-production method, with separate calculations being made for each area of interest. The units-of-production basis results in a depreciation charge proportional to the depletion of mineral resources. Mine properties are tested for impairment in accordance with the policy note 1(h).

f) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Group presents right-of-use assets and lease liabilities as separate line items in the relevant sections of the Statement of Financial Position and additional information is shown in notes to the financial statements.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

g) Financial Instruments*(i) Initial measurement*

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

(ii) Classification and subsequent measurement of financial assets

The classification of a financial asset is made at the time it is initially recognised and depends on whether the financial asset is an equity instrument or a debt instrument.

Equity instruments

All equity investments are measured at fair value in the consolidated statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the Group has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, the Group can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income (FVTOCI) with only dividend income recognised in profit or loss.

Debt instruments

The Group classifies debt instruments based on the Group's business model and cash flow characteristics of the debt instrument.

If both of the following conditions are met, then the debt instrument is measured at amortised cost:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if a debt instrument meets the two requirements to be measured at amortised cost or FVTOCI, the Group can designate, at initial recognition, a debt instrument as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(iii) Recognition and derecognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iv) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(v) Classification and subsequent measurement of financial liabilities

Financial liabilities held for trading are measured at fair value through profit or loss. All other financial liabilities are measured at amortised cost unless the fair value option is applied.

(vi) Derivatives

All derivatives, including those linked to unquoted equity investments, are measured at fair value. Value changes are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

h) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed on each balance sheet date for goodwill and intangible assets with indefinite lives.

i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

j) Employee Benefits

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date is recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

k) Equity-settled compensation

The Group provides benefits to Directors, employees and consultants in the form of shares, performance rights and option-based payments. The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation technique that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, and the risk free interest rate for the term of the option.

The fair value of options and performance rights granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options or performance rights granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

l) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

n) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

p) Inventories

Consumables, ore and concentrate stockpiles

Raw materials, stores, ore and concentrate stockpiles are stated at the lower of cost and net realisable value.

Inventories of ore and concentrate are initially physically measured by estimating the number of tonnes added and removed from the stockpile. At month end, the stockpiles are measured and adjustments are made to reflect the measured quantities. Cost represents weighted average cost encompassing direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortisation.

q) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Compound instruments (convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements. An option that is converted and that will be settled by the exchange of a fixed amount of cash or another financial asset or a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on the date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of the life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instruction as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in the profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction costs in equity is directly recognised in equity.

Where the fixed for fixed test is failed, the option will be classified as a financial liability. In this case, the derivative liability is separated from its host contract on the basis of the stated terms of the option feature. The initial carrying amount for the host instrument is the residual amount after separating the derivative.

r) Revenue

The Group generates sales revenue from the sale of zinc and lead concentrate and sales revenue is based on the concentrates sold to the buyer, based on the commercial terms of the contracts.

Revenue is allocated between the performance obligations and recognised as each performance obligation is met, which for the primary obligation occurs when the concentrates are delivered to the customer's location.

The Group's sale of zinc and lead concentrates incurs customary treatment and refining charges and other commercial costs consistent with industry practice. These items are in essence a deduction from the value of

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

metal contained within the concentrate. These items are generally variable in nature and linked either to an annual benchmark or spot pricing and are accounted for as a deduction to revenue when they are recognised.

As is industry practice, the Group typically makes sales whereby the final sales price for the primary performance obligation is determined based on the market price prevailing at a date in the future.

Revenue for the primary performance obligation is measured based on the fair value of the consideration specified in a contract with the customer at the time of settling the performance obligation and is determined by reference to forward market prices.

Provisional pricing adjustments, which occur between the fair value at the time of settling the primary performance obligation and the final price, are also recorded within revenue.

Gains and losses on hedge instruments related to sales contracts are also recorded in revenue and generally offset the movement as a result of provisional pricing adjustments.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

s) Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred.

t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Dividends are recognised when declared during the financial period and no longer at the discretion of the Company.

v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the owners the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued or capital consolidations completed during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

w) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

x) Goods and Services Tax ("GST") and Value Added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of associated GST or VAT, unless the GST or VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

y) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Recoverable amount of Mine Properties and Development

Balances disclosed in the financial statements and notes thereto related to mine properties and development are based on the best estimates of directors. Mine properties and development are recorded at the lower of cost or recoverable amount. During the year, the recoverable amount of mine properties and development was determined based on the fair value less costs of disposal based on the transaction announced on 9 February 2023 for the disposal of Minera Latin American Zinc S.A.P.I de C.V. to Impact Silver Corp. *Environmental Issues*

Balances disclosed in the financial statements and notes thereto comply with environmental legislation, and the directors understanding thereof. At the current stage of the Group's operations, its current environmental impact and the excising of rehabilitation obligation of the tailings dam with the former operators Asarco, the directors believe such treatment and recognition of any environmental rehabilitation costs are reasonable and appropriate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending assessments by the Australian and Mexican Taxation Authorities.

Key Judgements –Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by a combination of internal and external sources using a Black-Scholes option pricing model and independent third-party valuations which comprised of a trinomial barrier option model.

z) Operating segments

Identification and measurement of segments under AASB 8 *Operating Segments* requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

aa) Foreign Currency Transactions and balances

Functional and presentation currency

The Company and all entities it controls utilise United States Dollars (USD) as the functional currency.

The consolidated financial statements are presented in USD.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

bb) Non-current assets of disposal group held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

cc) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

dd) Adoption of New and Revised Standards

Amendments to AASBs and the new Interpretations that are mandatorily effective for the current period

In the year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements and have not been early adopted.

2. SIGNIFICANT CHANGES DURING THE YEAR

Other than set out below, there have not been any other significant changes in the state of affairs of the Group during the financial year:

- On 30 March 2022, the Group announced it had executed non-binding indicative offers to purchase 100% of Westoz Lithium Pty Ltd and Pyramid Minerals Pty Ltd, subject to completion of due diligence. In addition, the Company announced a placement to raise A\$1.550 million (before costs) through the issue of 50,000,000 shares at \$0.025 per share with 1 free attaching CZLOB option for every 2 placement shares subscribed for and issued;
- On the 16 May 2022, the Company announced it had entered into a binding agreement to purchase 100% of Westoz Lithium Pty Ltd, the holder of the Pilbara Lithium and Gascoyne rare earths projects for a purchase consideration totalling A\$740,000 paid \$140,000 in cash and A\$600,000 in shares in CZL;
- On 1 August 2022, the Company announced it had completed the acquisition of 100% of Westoz Lithium Pty Ltd;
- On 10 August 2022, the Company announced the retirement of its Non-executive Chairman, Mr Andrew Richards. Mr Brad Marwood and Mr Anthony Italiano will be appointed Executive Chairman and Executive Director respectively, upon the retirement of Mr Andrew Richards effective 1 September 2022;
- On 23 September 2022, the Company completed a placement to raise A\$2.100 million (before costs) through the issue 75,600,000 shares at \$0.022 per share plus 1 free attaching option exercisable at A\$0.04 per share with an expiry date of 31 December 2024. Funds raised from the placement will be used for exploration activities and general working capital; and

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- On 17 October 2022, the Company announced Penoles exercised its option to purchase 100% of the zinc concentrates produced from Plomosas for calendar year 2023.

3. OPERATING SEGMENTS

The Group considers that it has only operated in one reportable segment, being minerals exploration, development and production in Mexico.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is the Managing Director is responsible for allocating resources and assessing performance of the operating segments.

4. DIVIDENDS

The Company did not pay or propose any dividends in the full year ended 31 December 2022.

5. PROFIT AND LOSS INFORMATION

(a) Expenses

	Year ended 31-Dec-22 USD	Year ended 31-Dec-21 USD
Administrative expenses		
Administration	(119,375)	(77,188)
Consultancy and legal expenses	(20,034)	(5,408)
Compliance and regulatory expenses	(181,895)	(127,056)
Communication	(8,503)	(9,154)
Depreciation and amortisation	(222)	(222)
Occupancy	(6,273)	(12,687)
Travel and accommodation	(31,464)	(11,046)
Audit fees	(45,724)	(80,077)
	(413,490)	(322,838)
Personnel expenses		
Directors' salaries and fees	(216,462)	(340,297)
Employee expenses	(285,875)	(166,776)
Superannuation expenses	(29,227)	(29,810)
Share-based payments	(237,656)	(152,710)
	(769,220)	(689,593)

6. INCOME TAX

	Year ended 31-Dec-22 USD	Year ended 31-Dec-21 USD
Profit/(Loss) before income tax	(3,338,014)	(1,890,699)
Tax benefit at the 30% income tax rate	1,000,404	567,210
Non-deductible permanent differences	71,297	45,933
Income tax benefit not brought to account	(1,072,701)	(613,143)
Income tax attributable to operating loss	-	-

Potential deferred tax assets attributable to tax losses and exploration expenditure expensed as incurred, amount to approximately \$18,521,336 (2021: \$17,354,501) and capital losses of \$887,488 (2021: \$887,488) have not been brought to account at 31 December 2022 because the directors do not believe it is appropriate to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained when:

- i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the Group has a history of reporting profitability and its financial forecasts indicate it will report future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- iii. the Group continues to comply with conditions for deductibility imposed by law; and
- iv. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure

The Group has no imputation credits at 31 December 2022.

Consolidated Zinc Limited and its wholly owned subsidiaries Arena Exploration Pty Ltd and LAZ Holdings Pty Ltd implemented the tax consolidation regime from 1 July 2018. Westoz Lithium Pty Ltd joined the tax consolidated group on its acquisition as at 1 July 2022. Consolidated Zinc Limited is the head entity in the tax consolidated group. On adoption of tax consolidation, the entities in the tax consolidated group did not enter into a tax sharing agreement.

7. LOSS PER SHARE

	Year ended 31-Dec-22	Year ended 31-Dec-21
a) Basic loss per share attributable to the ordinary equity holders of the Company (cents per share)	(0.888)	(0.648)
Basic loss per share from continuing operations attributable to the ordinary equity holders of the Company (cents per share)	(0.448)	(0.285)
Basic loss per share from discontinued operations attributable to the ordinary equity holders of the Company (cents per share)	(0.440)	(0.363)
b) Net loss for the year attributable to the ordinary equity holders of the Company	(3,338,014)	(1,890,699)
Loss from continuing operations	(1,684,821)	(832,521)
Loss from discontinued operations	(1,653,193)	(1,058,178)
c) Weighted average number of shares on issue during the financial year used in the calculation of basic loss per share	375,378,137	291,607,809

Potential ordinary shares are not considered dilutive, therefore the same number of weighted average ordinary shares was used in calculating both basic and diluted loss per.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. DISCONTINUED OPERATIONS

On 10 February 2023, the consolidated entity announced the sale of Minera Latin American Zinc S.A.P.I de C.V. (incorporated in Mexico), a subsidiary of Consolidated Zinc Limited. The Company will receive the following consideration for the Plomosas Project:

- US\$3,000,000 in cash at completion of the Sale Agreement, subject to final working capital adjustment;
- Up to US\$3,000,000 in common shares in Impact Silver, based on the lower of the price per common share for the Impact Capital Raising or the volume weighted average price for the 20 trading days immediately prior to the date of execution of the Sale Agreement; and
- 12% of net profits from the Plomosas Project in cash from completion of the Sale Agreement, the terms of which will be set out in a fulsome net profits interest deed.

Concentrate sales agreements

The Group has an offtake agreement for 100% of its zinc concentrate, with Industrias Penoles S.A. de C.V. (Penoles) one of the world's leading zinc refiners. The offtake agreement is to 31 December.

The Group also entered into spot volume basis sales agreements with Metco Trading S.A. de C.V. ("Metco") for the sale of lead concentrates.

Revenue from the sale of zinc and lead concentrates are recognised when control of the concentrate passes to the customer, which is generally determined when the concentrate has been delivered to the nominated facility of the customer. Revenue is measured at fair value of the consideration received, net of treatment and refining charges and taking into account the contractually defined payment terms.

The Group's sale of zinc and lead concentrates allow for price adjustments based on the market price of the payable metal at the end of the relevant quotational period ("QP"). The period between the provisional invoicing and the end of the QP is one month for zinc concentrates and between one and four months for lead concentrates.

Financial Performance Information

	Year ended 31-Dec-22 \$	Year ended 31-Dec-21 \$
Zinc revenue	4,308,906	7,324,350
Lead revenue	714,216	1,327,885
Silver revenue	76,966	204,000
Treatment Charge - Zinc Concentrate	(736,167)	(921,121)
Treatment Charge - Lead Concentrate	(108,267)	(269,341)
Total Revenue	4,255,654	7,665,773
Cost of goods sold	(5,813,440)	(8,304,526)
Exploration expenses	-	(275,670)
Other expenses	(95,407)	(143,755)
Total expenses	(5,908,847)	(8,723,951)
Loss before income tax expense	1,653,193	(1,058,178)
Income tax expense	-	-
Loss after income tax expense	1,653,193	(1,058,178)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. DISCONTINUED OPERATIONS (continued)

Cashflow information

	Year ended 31-Dec-22 \$	Year ended 31-Dec-21 \$
Net cash from operating activities	(53,582)	1,396,882
Net cash used in investing activities	(56,364)	(1,237,633)
Net decrease in cash and cash equivalents from discontinued operations	(109,946)	159,249

Carrying amounts of assets and liabilities

	Year ended 31-Dec-22 \$
Cash & cash equivalents	135,505
Trade & other receivables	634,786
Inventory	329,721
Financial assets	537
Property, plant & equipment	1,632,908
Mine property & development	1,143,510
Total Assets	3,876,967
Trade & other payables	2,481,985
Provisions	45,336
Total liabilities	2,527,321
Net Assets	1,349,646

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TRADE AND OTHER RECEIVABLES

share	31-Dec-22 USD	31-Dec-21 USD
<i>Current</i>		
Trade receivables	-	480,926
Other receivable	16,924	3,027
Prepayments	71,791	71,296
Indirect taxes receivable ¹	-	821,336
Receivable from the Plomosas Project former joint venture partner ²	1,268	30,000
	89,983	1,406,585

¹ The indirect tax receivable balances are mostly comprised of Value Added Tax (VAT) receivable in Mexico. The amount claimed in Mexico is expected to be released as either a cash refund or offset against VAT payable to the Mexican tax authorities.

² The outstanding receivable from the Plomosas Project former joint venture partner is repayable from 36 equal monthly deductions from the 1% net smelter return royalty held by Retec Guaru S.A. ("Retec"). The current receivable includes the amount receivable within the next 12 months while the remaining balance is classified as non-current receivable.

10. INVENTORY

	31-Dec-22 USD	31-Dec-21 USD
Warehouse inventory – at cost	-	219,568
Ore stockpiles – at the lower of cost or net realisable value	-	180,825
Zinc and lead concentrates – at the lower of cost or net realisable value	-	106,776
	-	507,169

11. CURRENT-ASSETS OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	Year ended 31-Dec-22 \$
Cash & cash equivalents	135,505
Trade & other receivables	634,786
Inventory	329,721
Financial assets	537
Total Assets	1,100,549

The assets identified above represents the assets of Minera Latin American Zinc S.A.P.I de C.V. (incorporated in Mexico), a subsidiary of Consolidated Zinc Limited, and is expected to be disposed in April 2023, as a result of the sale agreement entered into between Consolidated Zinc Limited and Impact Silver Corp as announced on 10 February 2023. Refer to note 8 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Year ended 31-Dec-22 \$
Property, plant and equipment	1,632,908
Mine property and development	1,143,510
Total Assets	2,776,418

The property, plant and equipment and mine properties and development held by the Company's subsidiary Minera Latin American Zinc S.A.P.I de C.V. are currently held for sale and is expected to be disposed in April 2023, as a result of the sale agreement entered into between Consolidated Zinc Limited and Impact Silver Corp as announced on 10 February 2023.

13. NON-CURRENT ASSETS

a) Property, plant and equipment	31-Dec-22 USD	31-Dec-21 USD
Plant and Equipment		
At cost	2,175,004	2,216,309
Accumulated depreciation	(541,652)	(334,772)
Classified as held for sale (note 12)	(1,632,908)	-
	444	1,881,537
Movement in carrying amount		
Balance at the beginning of the year	1,881,537	870,185
Additions	(25,690)	1,217,090
Depreciation	(222,495)	(205,738)
Classified as held for sale (Note 12)	(1,632,908)	-
Balance at the end of the year	444	1,881,537

b) Mine and development property	31-Dec-22 USD	31-Dec-21 USD
Mine and development property		
At cost	1,664,673	1,664,673
Accumulated depreciation	(521,163)	(491,499)
Classified as held for sale (Note 12)	(1,143,510)	-
	-	1,173,174
Movement in carrying amount		
Balance at the beginning of the year	1,173,174	1,180,972
Additions	-	-
Rehabilitation obligation	-	38,801
Amortisation	(29,664)	(46,599)
Classified as held for sale (Note 12)	(1,143,510)	-
Balance at the end of the year	-	1,173,174

13. NON-CURRENT ASSETS (continued)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment

The Group identified an impairment indicator on its Plomosas Zinc-Lead-Silver Project given the loss for the year ending 31 December 2022.

Accordingly, a comparison has been made between the recoverable amount of the Plomosas cash-generating unit and its carrying amount. There were no changes to the composition of the cash-generating unit during the year. The recoverable amount of the project was determined based the fair value less costs of disposal based on the transaction announced on 10 February 2023 for the disposal of Minera Latin American Zinc S.A.P.I de C.V. to Impact Silver Corp. Based upon fair value less costs of disposal, an impairment charge was not required.

14. TRADE AND OTHER PAYABLES

		31-Dec-22 USD	31-Dec-21 USD
Trade creditors	(i)	100,513	2,313,006
Other payables and accruals		43,638	432,834
Employee leave provisions		124,660	94,673
		268,811	2,840,513

- (i) The Company terminated the mining contract with the service provider (“Ganti”) in November 2019. The Group has disputed the cost claims submitted by Ganti, as in the Company’s opinion it is not in accordance with the mining contract. Rather than follow contractual dispute resolution scheme, Ganti submitted proceedings in the Federal District Court of Mexico claiming Mexican Peso 23,632,639 (inclusive of 16% VAT). The Group’s Mexican subsidiary has recorded this claim in full, offset by the cost value of the inventory stolen by Ganti in January 2020 with a net amount (after deduction of theft of inventory and refundable VAT) of US\$1.063 million recorded as a trade payable to Ganti.

Legal opinion received by the Company is that there is a strong probability of success in defending against Ganti’s claims. If successful, the Group will derecognise the liability to Ganti.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. BORROWINGS

	31-Dec-22 USD	31-Dec-21 USD
Short-term loans from related parties		
Loan principal	-	72,560
Interest payable	-	25,677
	-	98,237
Reconciliation of movement		
Movement in loans from related parties		
Balance at the beginning of the year	72,560	77,020
Repayment of loan to related parties	(71,820)	-
Effect of foreign currency translation at period end	(740)	(4,460)
	-	72,560
Movement in interest on loans from related parties		
Balance at the beginning of the year	25,677	17,334
Interest for the period	1,049	9,414
Interest converted into fully paid shares	(26,878)	-
Effect of foreign currency translation at period end	152	(1,071)
	-	25,677
	-	98,237

The short-term loan was from an entity related to Mr Andrew Richards, of A\$100,000 principal plus accrued interest which was repaid in full during the year.

16. PROVISIONS

	31-Dec-22 USD	31-Dec-21 USD
Provisions for long service leave	21,691	14,758
Provision for rehabilitation	-	38,801
	21,691	53,559



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. ISSUED CAPITAL

a) Share capital

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Number of shares	USD	Number of shares	USD
Ordinary shares paid net of costs	462,921,450	39,358,995	301,357,813	36,684,091

<i>Reconciliation of movement in Issued capital</i>		Issue price (A\$ cents)	Number of shares	USD
Balance at 1 January 2021			237,607,802	34,838,110
15-Feb-21	Placement shares	4.0	56,250,000	1,748,778
18-May-21	Placement shares	4.0	7,500,000	231,270
18-May-21	Exercise of options (CZLOB)	9.0	11	1
	Issuance costs		-	(134,068)
Balance at 31 December 2021			301,357,813	36,684,091
Balance at 1 January 2022			301,357,813	36,684,091
1-Apr-22	Placement shares		50,000,000	941,490
3-Jun-22	Placement shares		12,000,000	215,040
31-Jul-22	WestOz share issue cost - Acquisition		24,000,000	319,518
30-Sep-22	Placement shares		75,563,637	1,074,577
	Issuance costs		-	(167,508)
Balance at 31 December 2022			462,921,450	39,067,208
Unissued shares at 31 December 2022			19,436,363	291,787
				39,358,995

b) Options over ordinary shares

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
<i>Options over ordinary shares</i>	Number of options	Exercise price per option (A\$)	Number of options	Exercise price per option (A\$)
Outstanding at the beginning of the period	68,368,981	0.09	69,702,325	0.09
Granted – Listed options	31,000,008	0.05	-	-
Granted – Unlisted options	26,000,000	0.04	-	-
Exercised – Listed options	-	-	(11)	-
Expired – unlisted options	-	-	(1,333,333)	-
Outstanding at the end of the period	125,368,989		68,368,981	
Exercisable at the end of the period	125,368,989		68,368,981	

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Weighted average remaining life of options over ordinary shares is 9.0 months (31 December 2021: 17.0 months).

Weighted average price of the remaining options is A\$0.08 per option (31 December 2021: A\$0.09).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. ISSUED CAPITAL (continued)

c) Capital management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

	31-Dec-22 USD	31-Dec-21 USD
Cash and cash equivalents	716,744	315,681
Financial assets	1,439	1,977
Inventory	-	507,169
Trade and other receivables	89,983	1,406,585
Trade and other payables	(268,811)	(2,840,513)
Borrowings	-	(98,237)
Working capital position	539,355	(707,338)

18. RESERVES

	31-Dec-22 USD	31-Dec-21 USD
Share-based payments reserve (i)	536,020	298,364
Foreign currency translation reserve	(1,007,123)	(1,007,123)
Non-controlling interest reserve	(6,506,280)	(6,506,280)
	(6,977,383)	(7,215,039)

(i) Movement in Share-based payments reserve	31-Dec-22 USD	31-Dec-21 USD
Balance at the beginning of the period	298,364	437,304
Reclassification to share capital for exercised options	-	-
Reclassification to accumulated losses for performance rights lapsed or expired	-	(291,650)
Share-based payment expense	237,656	152,710
Balance at the end of the period	536,020	298,364

The share-based payment reserve is in relation to the recognition of share-based payment expenses.

The foreign currency translation reserve represented the translation of Group's Mexican subsidiary functional currency of Mexican Pesos translated to Australian Dollars. The Group changes its functional and presentation currency to United States Dollars on 1 January 2019.

The non-controlling interest reserve represents the former Plomos joint venture partner's interest. The Group acquired a 100% interest in its Mexican subsidiary on 1 October 2019, eliminating any future non-controlling interest movements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. KEY MANAGEMENT PERSONNEL

Names and positions held of the entity's key management personnel in office at any time during the financial period and the comparative period are:

Mr. Brad Marwood	Executive Chairman (appointed 1 September 2022, previously Managing Director)
Mr. Andrew Richards	Non-Executive Chairman (retired 31 August 2022)
Ms. Angela Pankhurst	Non-executive Director
Mr. Anthony Italiano	Executive Director and Company Secretary (appointed 1 September 2022, previously Chief Financial Officer and Company Secretary)

Salary and fees

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	31-Dec-22 USD	31-Dec-21 USD
Short term benefits	403,038	563,465
Share-based payments	210,725	50,104
Post-employment benefits	24,608	27,940
	638,371	641,509

Other transactions with key management personnel

At 31 December 2022, all unsecured loans had been repaid, there were no other transactions with key management personnel.

20. SHARE-BASED PAYMENTS

a) Non-plan payments

The Company may at times issue share-based payments to Directors, Employees, consultants and/or service providers from time to time, not under any specific plan. The shares and options are issued for nil consideration and in accordance with the specific guidelines established by the Directors of the Company. Any share-based payment to Directors requires the approval of shareholders at a general meeting. The vesting period and maximum term of shares or options granted vary according to Board's discretion.

b) Performance Rights Plan (PRP)

Shareholders approved the Consolidated Zinc Limited PRP at the Annual General Meeting held on 23 May 2019. The PRP is designed to more closely align rewards for performance with the achievement of the Company's growth and strategic objectives. The Board believes that the grant of performance rights under the PRP to eligible participants will underpin the employment strategy of attracting and retaining high calibre staff capable of executing the Company's strategic plans, and will maximise the retention of key management and operational staff; enhance the Company's ability to attract quality staff in the future, link the rewards of key staff with the achievement of strategic goals and the long term performance objectives of the Company, and provide incentives to participants of the PRP to deliver superior performance that creates shareholder value.

The PRP provides for the issue of performance rights which, upon determination by the Board that the performance conditions attached thereto have been met and subject to the terms of the PRP, convert into fully paid ordinary shares. Where the participant is a Director or other related party of the Company, specific shareholder approval will have to be sought under the ASX Listing Rules prior to the grant of performance rights to such an individual.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. SHARE BASED PAYMENTS (continued)

The exercise price, if any, for performance rights will be determined by the Board in its discretion and set out in the related invitation. The exercise price may be any amount and may be as low as zero, in which case a statement to that effect will be set out in the related terms and conditions of the award of the performance rights.

c) Expenses arising from share-based payment transactions

During the period, \$237,656 recognised as a share-based payment expense (31 December 2021: (\$152,710)).

d) Shares granted as compensation

No shares were granted as compensation during the year.

e) Performance rights granted

No performance were granted as compensation during the year.

f) Options over ordinary shares granted

During the period, 26,000,000 unlisted options. The options have an expiry date of 31 December 2024, with an exercise price of A\$0.04 per option and have no vesting conditions.

21. RELATED PARTIES

The consolidated entity in this report consists of Consolidated Zinc Limited, a company domiciled in Australia, and the entities it controlled at the end of, or during the year ended 31 December 2022.

a) Group entities

Subsidiaries of Consolidated Zinc Limited	Country of Incorporation	Percentage Owned (%)	
		31-Dec-22	31-Dec-21
Arena Exploration Pty Ltd	Australia	100	100
Minera Latin American Zinc ("MLAZ")	Mexico	100	100
LAZ Holdings Pty Ltd	Australia	100	100
WestOz	Australia	100	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. PARENT INFORMATION

	31-Dec-22 \$	31-Dec-21 \$
Statement of Financial Position		
Current assets	806,260	1,224,696
Non-current assets	444	1,423,743
Total assets	806,704	2,648,439
Current liabilities	268,811	354,626
Non-current liabilities	21,691	-
Total liabilities	290,502	354,626
Net assets	516,202	2,293,813
Issued capital	39,358,927	36,684,091
Reserves	536,020	298,364
Accumulated losses	(39,378,745)	(34,688,642)
Total equity	516,202	2,293,813
Statement of Comprehensive Income		
Total loss	(4,529,547)	(1,599,049)
Total comprehensive loss	(4,690,103)	(1,599,049)

23. COMMITMENTS AND CONTINGENCIES

a) Commitments

The group has commitments in respect to its tenement annual rental and licence costs in Mexico:

	31-Dec-22 USD	31-Dec-21 USD
Not later than 12 months	156,032	148,155
Between 12 months and 5 years	624,129	592,621
Greater than 5 years	3,901,929	3,882,049
	4,682,090	4,622,825

The commitments relate to the Plomosas Project, Mexico, which has been classified as an asset held for sale.

b) Contingencies

Contingent Assets

There are no contingent assets.

Contingent LiabilitiesPandion

The Company announced on 10 August 2018 it received a claim by a company named Pandion Minerals Pty Ltd ("Pandion") pursuant to which Pandion claims to be conditionally entitled to 10% in the Plomosas Project in Mexico being free carried until the Definitive Feasibility Study ("DFS") is completed. The Plomosas Project is presently owned by a joint venture company Minera Latin America Zinc S.A.P.I de C.V. ("MLAZ"), in which the Group had a 51% interest. The pre-condition for the Pandion 10% to be issued is that the Company acquires a further 39% of MLAZ, which the Company acquired on 24 December 2018.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. COMMITMENTS AND CONTINGENCIES (continued)

Pandion relies on an alleged letter agreement dated 8 December 2014. The Company was not previously in possession of this alleged letter agreement and does not accept its authenticity.

The Company considers the claim to be unfounded, and, if the claim is pursued by Pandion, the Company will defend the claim vigorously.

Former Ganti Employees

Former employees of Ganti are claiming unpaid wages and termination benefits in a legal action against MLAZ and Ganti.

Under the Mexican labour laws, MLAZ would only be liable for the Ganti employee costs if the claimants can prove an exclusive labour relationship between the companies. It is the understanding of MLAZ that there was no such relationship between Ganti and MLAZ, as Ganti operated at multiple sites as a contractor within Mexico, however, this will be subject to judgements by the Mexican legal system.

The Ganti employees have made an ambit claim against MLAZ and Ganti, which MLAZ is vigorously defending. MLAZ also has indemnity for these costs under the mining contract with Ganti, however, the solvency of Ganti is uncertain.

24. CASH FLOW INFORMATION

a) Reconciliation of loss after income tax to net cash outflow from operating activities

	31-Dec-22 USD	31-Dec-21 USD
Reconciliation of (loss)/profit after income tax to net cash outflow from operating activities		
Loss after income tax	(3,338,014)	(1,890,699)
Share-based payment expense	237,656	152,710
Depreciation and amortisation	222,495	252,559
Impairment	77,741	-
(Gain)/Loss on foreign currency translation	(3,597)	(54,309)
Interest/Finance expense	8,598	(16,837)
NRV write-down in inventory	-	150,938
Change in assets and liabilities		
Decrease/(Increase) in current trade and other receivables	681,816	272,770
Decrease/(Increase) in inventories	178,697	264,942
Decrease/(Increase) in other assets	538	1,030
Decrease/(Increase) in non-current other receivables	-	32,651
Increase/(Decrease) in trade and other payable	363,752	(182,750)
Net cash flow used in operating activities	(1,570,318)	(1,016,995)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. CASH FLOW INFORMATION (continued)

b) Non-cash financing and investing activities

During the reporting period, the following financing and investing non-cash activities took place:

	31-Dec-22 USD	31-Dec-21 USD
<i>Purchase consideration of Westoz Lithium Pty Ltd</i>		
Issue of 24,000,000 shares as part of the purchase consideration	319,518	-
	319,518	-

25. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group is exposed to financial risks through the normal course of its business operations. The key risks impacting the Group's financial instruments are considered to be foreign currency risk, liquidity risk, commodity price risk and credit risk. The Group's financial instruments exposed to these risks are cash and cash equivalents, trade and other receivables, trade payables and borrowings.

The Managing Director and Chief Financial Officer monitor the Group's risks on an ongoing basis and report to the Board. The Group currently does not use derivative financial instruments as part of its risk management process.

(i) Foreign Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group's functional currency is US Dollar ("\$\$"); revenue from the sale of zinc and lead concentrates are denominated in US Dollars, as are the majority of the Group's operating costs, with other operating costs denominated and paid in Mexican Peso and/or Australian Dollars.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management's policy is to manage foreign exchange risk against the functional currency. Management manage foreign exchange risk by continuously monitoring forecasts and spot prices of foreign currency.

The carrying amounts of the Group's financial assets and liabilities are denominated in the US dollars except as set out below:

	31-Dec-22 USD	31-Dec-21 USD
Cash and cash equivalents held in MXN	46,969	6,143
Cash and cash equivalents held in AUD	659,242	8,944
Trade and other receivables in MXN	2,820	487
Trade and other receivables in AUD	14,553	5,197
Indirect taxes receivable in MXN	581,299	818,679
Trade and other payables in MXN	(2,400,782)	(1,427,846)
Trade and other payables in AUD	(104,555)	(118,490)
Borrowings in AUD	-	(98,237)
	(1,200,454)	(805,123)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. FINANCIAL INSTRUMENTS (continued)

Group sensitivity

Based on the financial instruments held at 31 December 2022, had the above currencies strengthened/weakened by 10% against the US Dollar with all other variables held constant, the Group's post tax loss for the year would have been \$120,045 higher/\$120,045 lower (31 December 2021: \$80,512 higher/\$80,512 lower), mainly as a result of foreign exchange gains/losses on translation of financial instruments denominated in Mexican Pesos and Australian Dollars. There would have been no impact on other equity had the same currencies weakened/strengthened by 10% against the US Dollar.

(i) *Interest rate risk*

The Group does not have any debt that may be affected by interest rate risk. Cash balances held by the group are subject to interest rate risk.

Market risks

(i) *Price risk*

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group's primary exposure is to commodity price risk arising from revenue derived from sales zinc, lead and silver. Commodity price risk associated with financial instruments relates primarily to changes in fair value caused by settlement adjustments to receivables.

At 31 December 2022, the Group had open quotational pricing risk for December zinc concentrate sales which average over the month of January 2022 and lead concentrate sales for December 2021 which have quotational period of four months after the month of delivery (unless price fixed with the offtaker once final assays are known).

Liquidity risks

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
25. FINANCIAL INSTRUMENTS (continued)

The totals for each category of financial instruments at 31 December 2022 were as follows:

<i>Financial assets and liabilities</i>	31-Dec-22 USD	31-Dec-21 USD
Financial assets		
Cash and cash equivalents	852,249	315,681
Equity investments through profit or loss	1,976	1,976
Trade and other receivables - current	724,769	1,406,585
Total Financial Assets	1,578,994	1,724,242
Financial Liabilities		
Trade and other payables	(2,750,796)	(2,840,513)
Borrowings	-	(98,237)
Total Financial Liabilities	(2,750,796)	(2,938,750)

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months	6-12 months	Total contractual	Carrying amount of liabilities
<i>Financial liabilities</i>	USD	USD	USD	USD
As at December 2022				
Non-derivatives				
Non-interest bearing	2,750,796	-	2,750,796	2,750,796
Interest bearing	-	-	-	-
Total non-derivatives	2,750,796	-	2,750,796	2,750,796
As at December 2021				
Non-derivatives				
Non-interest bearing	2,840,513	-	2,840,513	2,840,513
Interest bearing	98,237	-	98,237	98,237
Total non-derivatives	2,938,750	-	2,938,750	2,938,750

Credit risk

The Group's maximum exposures to credit risk in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of financial position. Credit risk arises from the non-performance by counterparties of contractual financial obligations. Credit risk arises from cash and cash equivalents, deposits with banks, credit exposures to customers, any outstanding receivables and committed transactions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. FINANCIAL INSTRUMENTS (continued)

Management assesses the credit quality of the customer by taking into account its financial position, past experience and other factors. For banks and financial institutions, management considers independent ratings. If there is no independent rating, risk control assesses the credit quality of the parties, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of financial position and notes to the financial statements.

<i>Credit risk</i>	31-Dec-22 USD	31-Dec-21 USD
Indirect taxes receivable in foreign jurisdictions	581,299	832,451
Trade receivables	50,436	320,551
	631,735	1,153,002

The Group has a material credit risk exposure to indirect taxes received from the Mexican Government.

The Group is also exposed to the risk of having a single offtake customer for all each of its zinc and lead concentrates.

(b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair values of the Group's non-derivative financial assets and financial liabilities approximate their carrying values.

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted effective interest rate
	USD	1 year or less USD	USD	USD	%
At 31 December 2022					
Financial assets					
Cash	-	-	852,249	852,249	0%
Investments held for trading	-	-	1,976	1,976	0%
Trade and other receivables - current	-	-	724,769	724,769	0%
Trade and other receivables - non-current	-	-	-	-	0%
Total non-derivative financial assets	-	-	1,578,994	1,578,994	
Financial liabilities					
Trade and other payables	-	-	(2,750,796)	(2,750,796)	0%
Borrowings	-	-	-	-	
Total non-derivative financial liabilities	-	-	(2,750,796)	(2,750,796)	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. FINANCIAL INSTRUMENTS (continued)

At 31 December 2021**Financial assets**

Cash	-	315,681	315,681	0%
Investments held for trading	-	1,976	1,976	0%
Trade and other receivables - current	-	1,406,585	1,406,585	0%
Trade and other receivables - non-current	-	-	-	0%
Total non-derivative financial assets	-	1,724,242	1,724,242	

Financial liabilities

Trade and other payables	-	2,840,513	2,840,513	0%
Borrowings	98,237	-	98,237	10%
Total non-derivative financial liabilities	98,237	2,840,513	2,938,750	

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than set out below, no matters or circumstances have arisen since end of the year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods:

- On 10 February 2023, the Company announced it had executed a binding share sale agreement for the sale of the Plomosas Project to Impact Silver Corp. (Impact Silver), a TSX-V and FSE listed company domiciled in British Columbia, Canada and owner of various Mexican mining projects similar to the Plomosas Project.

The Company will receive the following consideration for the Plomosas Project:

- US\$3,000,000 in cash at completion of the Sale Agreement;
 - Up to US\$3,000,000 in common shares in Impact Silver, based on the lower of the price per common share for the Impact Capital Raising or the volume weighted average price for the 20 trading days immediately prior to the date of execution of the Sale Agreement; and
 - 12% of net profits from the Plomosas Project in cash from completion of the Sale Agreement, the terms of which will be set out in a fulsome net profits interest deed.
- On 21 February 2023, the Company announced it had entered into an unsecured loan facility with an entity related to Mr Andrew Richards for A\$400,000 repayable by 15 May 2023, to fund general working capital.



DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 24 to 60 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the year ended on that date and
- (b) There are reasonable grounds to believe that Consolidated Zinc Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.

Brad Marwood
Executive Chairman
Perth
31 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Consolidated Zinc Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
31 March 2023

M R Ohm
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of Consolidated Zinc Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Consolidated Zinc Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter

How our audit addressed the key audit matter

Carrying value of Plomosas disposal group

Refer to Notes 8, 11 and 12

As at 31 December 2022, the Group had assets held for sale of \$3,876,967 and liabilities directly associated with assets classified as held for sale of \$2,527,321.

As at balance date, there were impairment triggers in existence in relation to the above assets due to ongoing losses generated by the Plomosas mine and other pertinent indicators. An impairment assessment was conducted by management due to the existence of these impairment indicators arising under AASB 136 *Impairment of Assets*.

On 10 February 2023, the Group announced the imminent sale of Minera Latin American Zinc S.A.P.I de C.V., a wholly owned subsidiary within the Group holding the Plomosas operation and the disposal group was classified as held for sale at balance date as the criteria under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* were met at that point in time.

The evaluation of recoverable amount is considered a key audit matter as it involved a comparison of carrying amount to recoverable amount based upon fair value less costs to sell and involved judgement in relation to the measurement and disclosure of the disposal group at balance date. The balances are material to the users of the financial statements and involved the most communication with management.

Our procedures included but were not limited to:

- Reviewing the existence of any impairment indicators at balance date;
- Considering the determination of recoverable amount by critically reviewing management's fair value less costs of disposal assessment;
- Reviewing the executed share purchase agreement and understanding the key terms therein;
- Reviewing the key components of the consideration and costs to sell and ensuring these had been accurately determined;
- Ensuring the carrying value of the cash-generating unit had been correctly determined;
- Comparing fair value less costs of disposal to the carrying amount of the cash-generating unit;
- Reviewing the status of conditions precedent to the completion of the transaction;
- Considering whether the criteria for classification as a disposal group held for sale and discontinued operation at balance date was appropriate and reviewing the determination of the relevant amounts; and
- Assessing the appropriateness of the disclosures included in the relevant notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation

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of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter

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should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Consolidated Zinc Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
31 March 2023**



**M R Ohm
Partner**

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Shareholder Information



Additional information required by the Australian Securities Exchange Limited Listing Rules, and not disclosed elsewhere in this report.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found on the Company's website at www.consolidatedzinc.com.au.

SHAREHOLDINGS

The names of the substantial shareholders listed on the Company's register as 18 April 2023:

Shareholder	Number	Percentage of issued capital held
Copulos Group	130,198,165	26.99%

CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- At a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- On a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

SECURITIES EXCHANGE LISTING

Quotation has been granted for 482,357,813 ordinary shares of Yari Minerals Limited (formerly Consolidated Zinc Limited) on all member exchanges of the *Australian Securities Exchange* and trade under the symbol YAR (Formerly CZL symbol).

RESTRICTED SECURITIES

There are currently no restricted securities on issue.

ON MARKET BUYBACK

There is currently no on-market buy-back program for any of the Company's securities.

DISTRIBUTION OF SHAREHOLDERS (as at 18 April 2023)

Shares Range	No of Holders	Units	%
100,001 and above	433	452,681,343	93.85%
10,001 – 100,000	683	27,800,952	5.76%
5,001 – 10,000	151	1,159,262	0.24%
1,001 – 5,000	243	665,998	0.14%
1 – 1,000	256	50,258	0.01%
Total	1,766	482,357,813	100.00%

Shareholder Information



There are 913 holders of unmarketable parcels comprising a total of 6,442,074 ordinary shares.

Optionholders (as at 18 April 2023)

Unlisted Options	Listed/Unlisted	No of Holders	Units on issue
Exercisable at \$0.90 on or before 30 June 2023	Unlisted	1	166,666
Exercisable at \$0.90 on or before 30 September 2023	Unlisted	1	83,333
Exercisable at \$0.09 on or before 1 June 2023	Listed (YAROB)	531	99,118,998
Exercisable at \$0.04 on or before 31 December 2024	Listed (YAROD)	56	100,000,000
Exercisable at \$0.04 on or before 31 December 2024	Unlisted	3	26,000,000
Total			225,368,997

TWENTY LARGEST ORDINARY SHAREHOLDERS - YAR

(As at 18 April 2023)

	Name	Number of Shares	%
1	SUPERMAX PTY LTD <SUPERMAX SUPER FUND A/C>	50,210,416	10.41%
2	COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C>	27,892,428	5.78%
3	SPACETIME PTY LTD <COPULOS EXEC S/F NO 1 A/C>	17,847,833	3.70%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	16,869,699	3.50%
5	EYEON NO 2 PTY LTD	16,468,315	3.41%
6	OODACHI PTY LTD <P & M KERR FAMILY A/C>	15,000,000	3.11%
7	CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>	13,164,841	2.73%
8	GEONOMIK PTY LTD	11,500,000	2.38%
9	AMRITA CAPITAL PTY LTD	10,739,151	2.23%
10	WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>	10,515,627	2.18%
11	MR PAUL HARTLEY WATTS	10,000,000	2.07%
12	MR AIDAN DANIEL MCAULEY	7,192,886	1.49%
13	MR JASON SEIT KADIR & MRS KATE HELEN KADIR	7,000,000	1.45%
14	RETZOS EXECUTIVE PTY LTD <RETZOS EXECUTIVE S/FUND A/C>	6,780,907	1.41%
15	CHRIKIM PTY LTD <GEOFFREY WRIGHT INCOME A/C>	6,713,973	1.39%
16	MR GLENN DAWSON	5,500,000	1.14%
17	MS CHUNYAN NIU	5,252,754	1.09%
18	FARJOY PTY LTD	4,200,000	0.87%
19	MR JUNLONG LIANG	3,396,000	0.70%
20	MS MARY ROSE BIPPUS	3,280,000	0.68%
	Totals	249,524,830	51.73%

Shareholder Information



TWENTY LARGEST LISTED OPTIONHOLDERS - YAROB

(As at 18 April 2023)

	Name	Number of Shares	%
1	EYEON INVESTMENTS PTY LTD <EYEON INVESTMENTS FAMILY A/C>	7,743,869	7.81%
2	COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C>	5,851,742	5.90%
3	MR JOHN RICHARD TURNER	5,000,000	5.04%
4	OODACHI PTY LTD <P & M KERR FAMILY A/C>	4,943,181	4.99%
5	SPACETIME PTY LTD <COPULOS EXEC S/F NO 1 A/C>	4,491,708	4.53%
6	ZW 2 PTY LTD	3,139,185	3.17%
7	WESTPARK OPERATIONS PTY LTD <WESTPARK OPERATIONS UNIT A/C>	2,341,950	2.36%
8	CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>	2,174,835	2.19%
9	CHRIKIM PTY LTD <GEOFFREY WRIGHT INCOME A/C>	2,111,957	2.13%
10	MS SAREH BASHAM	2,000,673	2.02%
11	MR STEVEN ANAGNOSTOU & MRS RIMA ANAGNOSTOU	2,000,000	2.02%
11	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,000,000	2.02%
12	MISS SIHONG ZENG	1,911,667	1.93%
13	SHAYDEN NOMINEES PTY LTD	1,738,992	1.75%
14	AKG (MIDLAND) PTY LTD <AKG FAMILY A/C>	1,703,908	1.72%
15	MR CRAIG MANNERS	1,617,786	1.63%
16	MR WILLIAM ANAGNOSTOU	1,600,000	1.61%
17	GEONOMIK PTY LTD	1,500,000	1.51%
18	MR ADAM WILLIAM CONNOR & MRS BELINDA ANN CONNOR	1,486,291	1.50%
19	MR ADAM WILLIAM CONNOR & MRS BELINDA ANN CONNOR	1,400,000	1.41%
19	MR MARK REX KOZEL	1,400,000	1.41%
20	EYEON NO 2 PTY LTD	1,351,239	1.36%
	Totals	59,508,983	60.04%

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Shareholder Information



TWENTY LARGEST LISTED OPTIONHOLDERS - YAROD

(As at 18 April 2023)

	Name	Number of Shares	%
1	MS CHUNYAN NIU	13,161,677	13.16%
2	MR HARLEY COILS	8,811,272	8.81%
3	MATTHEW BURFORD SUPER FUND PTY LTD <BURFORD SUPERFUND A/C>	6,187,967	6.19%
4	MR JASON TANG	5,500,000	5.50%
5	MR ANDREW TATE	5,000,000	5.00%
6	CITYWEST CORP PTY LTD <COPULOS SUNSHINE UNIT A/C>	4,545,455	4.55%
7	COPULOS SUPERANNUATION PTY LTD <COPULOS PROVIDENT FUND A/C>	4,545,455	4.55%
8	SPACETIME PTY LTD <COPULOS EXEC S/F NO 1 A/C>	4,545,454	4.55%
9	MR KOSTAS KATOUNAS	4,500,000	4.50%
10	SUPER SECRET PTY LIMITED <TKOCZ SF A/C>	4,000,000	4.00%
11	LIGUO CAPITAL PTY LTD <BENJO FAMILY A/C>	3,071,059	3.07%
11	GAZUMP RESOURCES PTY LTD	3,000,000	3.00%
12	XENIUS CAPITAL PTY LTD	2,700,313	2.70%
13	SUPERMAX PTY LTD <SUPERMAX SUPER FUND A/C>	2,272,727	2.27%
14	NORTHROCK CAPITAL PTY LTD <NORTHROCK CAPITAL UNIT A/C>	2,272,727	2.27%
15	INVENET PTY LTD <INVENET SUPER FUND A/C>	2,193,614	2.19%
16	MR MARK ANDREW TKOCZ	2,110,000	2.11%
17	YUCAJA PTY LTD <THE YOEGIAR FAMILY A/C>	1,621,797	1.62%
18	LYCD NO 1 PTY LTD <LYCD NO 1 SUPERFUND A/C>	1,247,772	1.25%
19	MR JASON SEIT KADIR & MRS KATE HELEN KADIR	1,200,000	1.20%
19	MR CRAIG MANNERS	1,060,000	1.06%
20	MR STEPHEN YOUSSEF BECHARA	1,025,000	1.03%
	Totals	84,572,289	84.57%

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Tenement Schedule



The schedule of tenements and concessions held by the Company as at 18 April 2023 are summarised in the Table below.

Tenement schedule						
Lease	Project	Name	Type	Lease Status	Expiry Date	CZL Equity
Australia						
EL09/2499	Wandagee	Wandagee	Exploration	Granted	01/06/2027	100%
EL45/5972	Figtree	Figtree	Exploration	Granted	10/03/2028	100%
EL45/5973	South Wodgina	South Wodgina	Exploration	Granted	03/07/2027	100%
EL45/5974	South Wodgina	South Wodgina	Exploration	Granted	03/07/2027	100%
EL45/5986	Ant Hill	Ant Hill	Exploration	Granted	26/05/2027	100%
EL45/5987	Camel Creek	Camel Creek	Exploration	Granted	26/05/2027	100%

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