

8 March 2017

ZMI SECURES OPTION OVER GALMOY LEAD-ZINC PROCESSING PLANT

European base metals explorer Zinc of Ireland NL (ASX: ZMI) (“ZMI” or “the Company”) is pleased to announce that it has achieved a key infrastructure milestone for its 100%-owned Kildare MVT District Project (“Project”) in Ireland after securing an exclusive 18-month option (“Option”) to acquire the 650,000tpa Galmoy Lead-Zinc Processing Plant (“Plant”).

Highlights

- **18-month exclusive option granted.**
- **Plant originally commissioned at Galmoy Project, 70km from ZMI’s Kildare Project.**
- **Both Galmoy and Kildare are located on the Rathdowny mineralised trend.**
- **DD period aligned with ZMI’s aggressive exploration & regional development strategy.**
- **3,000m diamond drilling program about to commence at Kildare Project.**

The Plant is comprised of milling (SAG mill and two ball mills), flotation (sequential Lead and Zinc flotation circuits), product handling and other associated infrastructure which was originally commissioned at the Galmoy zinc mine in Ireland. The Galmoy zinc mine is located approximately 70km south-west of ZMI’s Kildare Project on the Rathdowny mineralised trend which also hosts the Lisheen mine and represents the centrepiece of ZMI’s asset portfolio (see Figure 1). The Galmoy ore comprised breccia bodies at the base of the Walsortian Reef and therefore shares several synergies with what is observed at Kildare.

In 2011, the Plant was sold and relocated from Ireland to Darwin, Australia, where it remains in storage ready for removal.

The grant of the Option is consistent with ZMI’s aggressive exploration and regional development strategy at Kildare, where it is about to commence a major new 3,000m diamond drilling program (as announced to ASX on 2 March 2017).

The key terms of the binding heads of agreement (“HoA”) whereby ZMI is granted the Option by a subsidiary of Northwest Nonferrous Mining Australia Pty Ltd (a Chinese state owned enterprise) are that:

- (a) ZMI is granted an exclusive option period of 12 months for \$100,000 which may be extended by 6 months for an additional payment of \$50,000 (“Option Period”) during which ZMI may conduct due diligence (including undertaking engineering and logistical studies on the Plant) and exercise the Option for the consideration in (b) below;
- (b) The consideration to be paid upon exercise of the Option is:

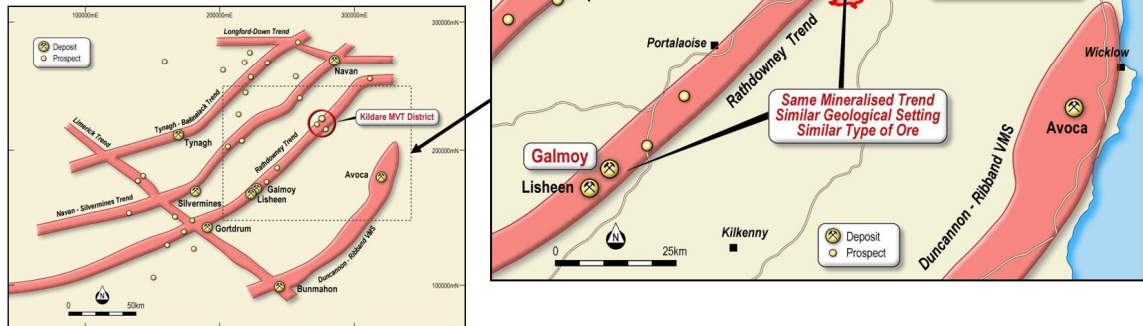
- a. \$6 million in cash; and
- b. \$2 million worth of ZMI shares based on the 20 day VWAP (at the time of the Option being exercised) or \$2 million in cash (at the sole election of ZMI);

upon exercise of the Option (amounts exclusive of GST).

(c) ZMI shall be entitled to possession on an as-is-where-is basis and ex warehouse.

The HoA also contains standard mutual representations and warranties, “no shop, no talk” clauses, and other standard provisions for an agreement of this nature.

Figure 1: Regional setting of the Kildare Project and Galmoy Mine along the Rathdowney Mineralised Trend.



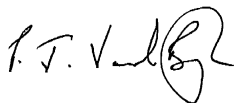
Commenting on the announcement, ZMI’s Managing Director, Peter van der Borgh, said: “This is an exciting time for ZMI shareholders as we prepare for a new phase of drilling at the Kildare Project and begin to put in place the key elements required to unlock its potential in the future. The option to acquire the Galmoy Plant complements our drilling plans, which are aimed at delineating a resource in the near term as well as testing completely new greenfields targets where we believe there is outstanding discovery potential.

“The Kildare MVT District Project is a high-quality exploration and development opportunity and we are looking forward to advancing it to the next stage against the backdrop of strong zinc market fundamentals and growing investor interest in new zinc projects.”

If ZMI elects to exercise the Option, a capital raising may be required (which may be in the form of equity, debt or otherwise) to pay the Consideration.

ZMI will provide updates in relation to the Option and the progress of the due diligence on the Plant.

Yours faithfully,



Peter van der Borgh
Managing Director
Zinc of Ireland NL

Investor Inquiries:

Peter van der Borgh
Zinc of Ireland NL
Tel: +44 7881 027 036
Email: peter@zincofireland.com

Media Inquiries:

Nicholas Read
Read Corporate
Tel: +61-8 9388 1474
Email: nicholas@readcorporate.com.au

Disclaimer

Certain statements contained in this announcement, including information as to the future financial or operating performance of ZMI and its projects, are forward-looking statements that:

- *may include, among other things, statements regarding targets, estimates and assumptions in respect of mineral reserves and mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions;*
- *are necessarily based upon a number of estimates and assumptions that, while considered reasonable by ZMI, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; and,*
- *involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements.*