

30 October 2017

Quarterly Activities Report for Period Ended 30 September 2017

Drilling in full swing with two rigs at Kildare Zinc Project having early success extending McGregor Prospect; focus now on defining shallower mineralisation at Celtic Tiger

HIGHLIGHTS

KILDARE MVT ZINC PROJECT, IRELAND (ZMI: 100%)

- Multiple zones of high-grade mineralisation discovered at Celtic Tiger, including:
 - *2.85m @ 21.1% Zn+Pb from 193.90m.*
- Celtic Tiger discovery, located on west of the Allenwood Graben, ~1km west of McGregor, offers outstanding potential to delineate shallower mineralisation at Kildare.
- Phase 3 drilling program commenced to test for extensions to zinc-lead mineralisation at the McGregor Prospect and to follow-up the Celtic Tiger discovery.
- New thick high-grade zinc intercept at McGregor confirms significant potential to expand the current Inferred Resource at Kildare (5.2Mt at 8.6% Zn+Pb):
 - *13.15m @ 10.3% Zn+Pb (True thickness 11.19m) – Hole Z_4069_008.*
 - *New results extend the Base-of-Reef mineralisation at McGregor.*
 - *Shallower mineralised intercepts recorded in 3 holes – assays awaited.*
- Two rigs continuing at Celtic Tiger, with further McGregor holes planned to target additional upside.

LEONORA GOLD PROJECT, WA

- Maiden drilling program completed by Roman Kings Ltd under the Earn-in Agreement announced on 21 November 2016.
- Significant results include 7m @ 5.39g/t gold from 49m, including 2m @ 14.2g/t gold from 47m (RKCRC002); and 6m @ 5.55g/t gold from 37m including 1m @ 21.1g/t gold (RKCRC007).

CORPORATE

- Rights Issue Shortfall and Placement completed, with a total of \$2.33M raised through the Rights Issue (inclusive of shortfall) and the additional placement.
- Funds raised to underpin the current Phase 3 drilling program at Kildare.
- Strengthening zinc price during the Quarter and positive short and medium-term outlook continues to provide a strong backdrop for ZMI's exploration and development activities at Kildare.

“It’s a great time to be exploring for zinc in a world-class base metal province,” said ZMI Managing Director, Peter van der Borgh. “Early in the quarter we discovered high-grade zinc at Celtic Tiger, and we’ve since kicked off our Phase 3 drilling program with some exciting early results. However, it’s important for investors to understand that we are really only just warming up at Kildare, with more results in the pipeline and drilling now gathering momentum at the exciting new Celtic Tiger prospect.”

“Initial results have already demonstrated clear potential to expand the current Resource inventory at McGregor, and there’s scope to improve any future economics of the deposit by extending the shallower mineralisation identified in Z_4069_003 – and we’re expecting those results any day. However, the real excitement is likely to come at Celtic Tiger, which has a chance of being a game-changer for the Company. This exciting prospect sits at the western end of the Allenwood Graben and our interpretation, and recent drilling, clearly shows the host stratigraphy of the high-grade zinc-lead mineralisation stepping up towards the surface in the area.”

“The discovery of significant zones of shallow, high-grade mineralisation at Celtic Tiger could very quickly transform the project and move us into a different league as an emerging zinc company.”



Figure 1: ZMI's projects (stars) and major zinc mines in Ireland

Kildare MVT Zinc Project, Ireland (100% ZMI; PLs 3846,3866, 4069, 4070, 4072, 4073, 890)

Phase 3 Drilling Program

The Phase 3 drilling program commenced in August at the Company's flagship 100%-owned **Kildare MVT Zinc Project**, located 40km south-west of Dublin in Central Ireland (Figure 1).

The overall objectives of the Phase 3 program are to test extensions to the Base-of-Reef zinc-lead mineralisation at the McGregor Prospect (Figure 2), which hosts the majority of the Kildare Inferred JORC Resource comprising 5.2Mt @ 8.6% Zn+Pb, follow up the shallower McGregor mineralisation identified in Z_4069_003, and to follow-up the recent discovery at the Celtic Tiger Prospect, located along the western margin of the Allenwood Graben, approximately 1km west of McGregor.

Drill holes Z_4069_006 and 008 were drilled to test along strike and eastwards of the spectacular intercept in hole 003 (reported last quarter), which returned an assay result in the Base of Reef target of **23.25m @ 12.7% Zn+0.8% Pb from 396.53m, including 7.69m grading 17.2% Zn+1.0% Pb from 401.33m (calculated true width)**.

Due to multiple zones of mineralisation being encountered, more than 200 samples from Z_4069_006 and 250 samples from 008 have been submitted for assay. A thick, high-grade zinc intercept comprising a calculated true thickness of **11.19m @ 10.3% Zn+Pb (9.71% Zn + 0.58% Pb)** in 008 was reported in the Company's ASX Announcement dated 16 October 2017. The intercept is located ~30m from the nearest drill hole, and in the same target area as hole Z_4069_003 (Target A, Figures 3 & 4), which intersected a true width of **23.25m @ 13.5% Zn+Pb**.

The continuity of thick, high-grade mineralisation between these two holes, and adjacent to historical drill holes, is expected to have a positive impact on the tonnes and grade of the ZMI's maiden JORC Inferred Resource of 5.2Mt @ 8.6% Zn+Pb (see ASX Announcement 1 June 2017).

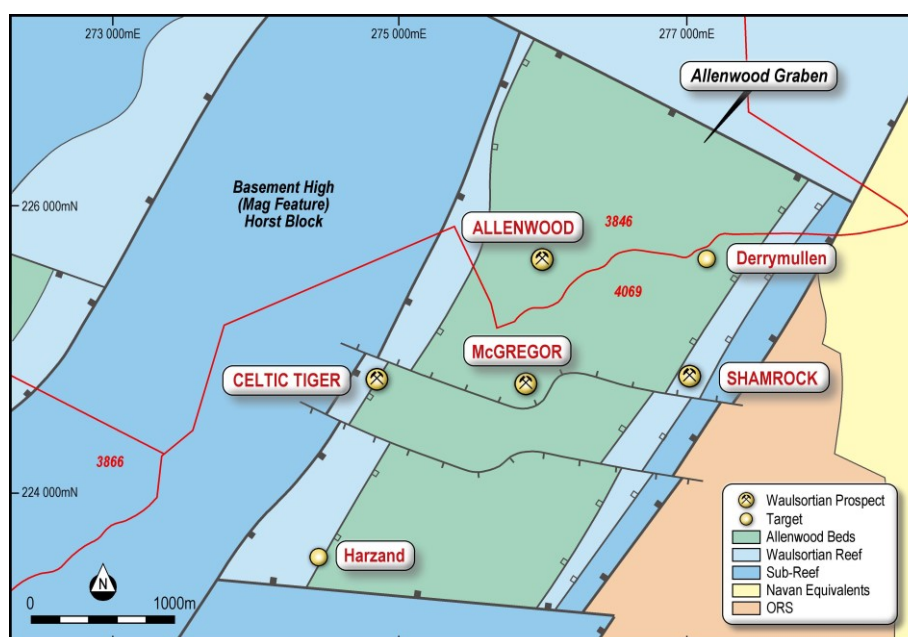


Figure 2: Allenwood Graben and key prospect locations including McGregor and Celtic Tiger, which are the focus of the current Phase 3 drilling program.

Drill-hole Z_4069_008 has also confirmed the presence of the mineralised McGregor Fault, which the Company believes played a significant role in the formation of the McGregor mineralisation. Similar faults are observed in many of the great structurally controlled Irish Zinc deposits such as Lisheen.

The remaining results for these two holes are due to be received imminently.

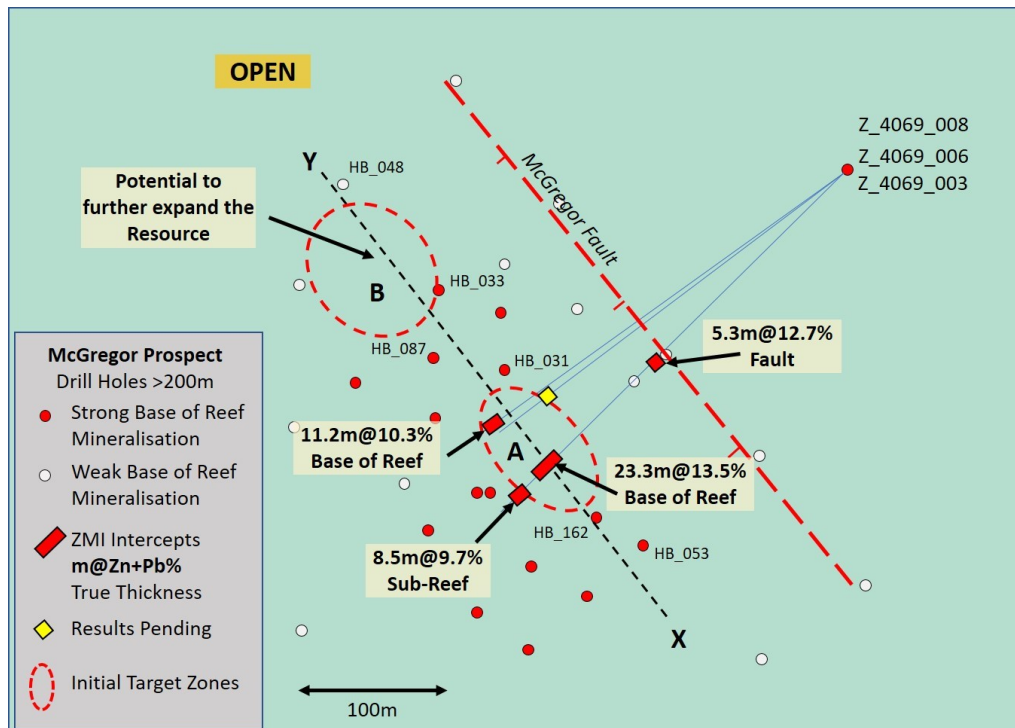


Figure 3: Collar Plan, McGregor Prospect, highlighting ZMI's thick, high-grade intercepts that extend the Base-of-Reef Mineralisation and confirm its continuity within Target Zone A. Note the trace of the X-Y long-section and targets shown in Figure 4.

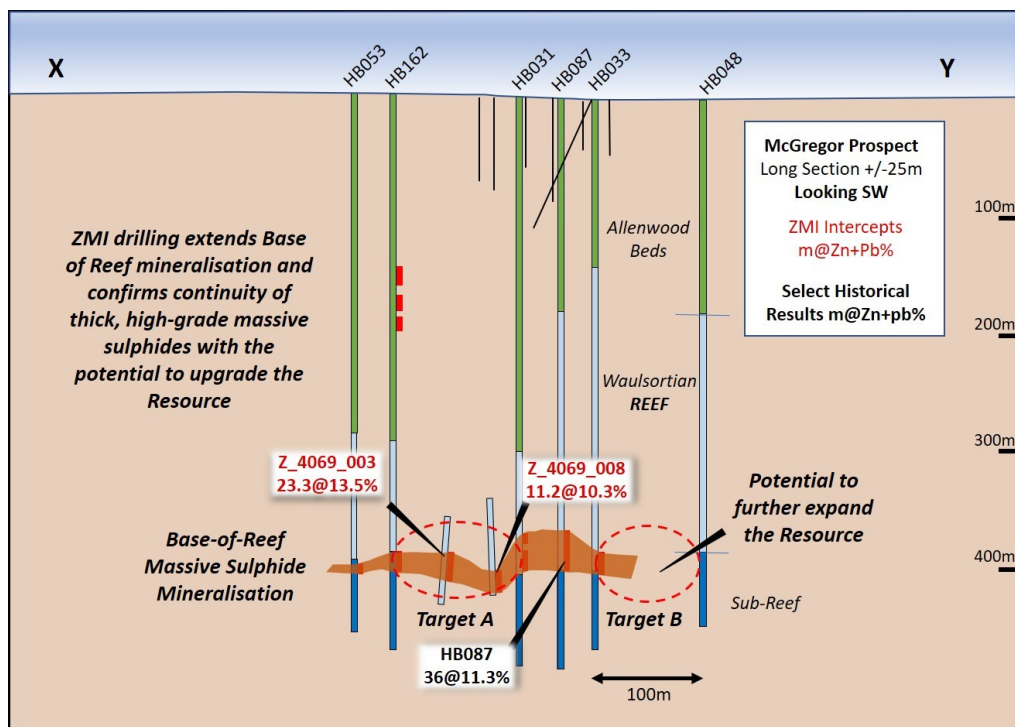


Figure 4: Long-Section highlighting high-grade Base-of-Reef intercepts (true widths) in holes Z_4069_003 and 008, which have successfully demonstrated continuity of mineralisation in target area A. Looking SE, section swathe +/- 25m.

The Phase 3 diamond program at Kildare continues with the two rigs currently operating at the Celtic Tiger prospect (Figure 2), which was targeted following ZMI's reinterpretation of the structural framework of the Kildare district and the recognition of the Allenwood Graben.

The model implies that there is a fault network running along the western margin of the Allenwood Beds and the Waulsortian Reef in this area (Figure 2), making it a highly favourable setting for structurally controlled zinc mineralisation. Drill hole Z_4069_004 intersected several zones of fault-related mineralisation including **2.85m @ 21.1% Zn+Pb from 193.90m**, confirming the presence of shallower mineralisation stepping up away from the McGregor prospect towards the edge of the Allenwood Graben.

The ongoing drilling is designed to test Base of Reef and Sub-Reef targets, and the potential that mineralisation is stepping up to shallower levels towards the west away from McGregor (Figure 5).

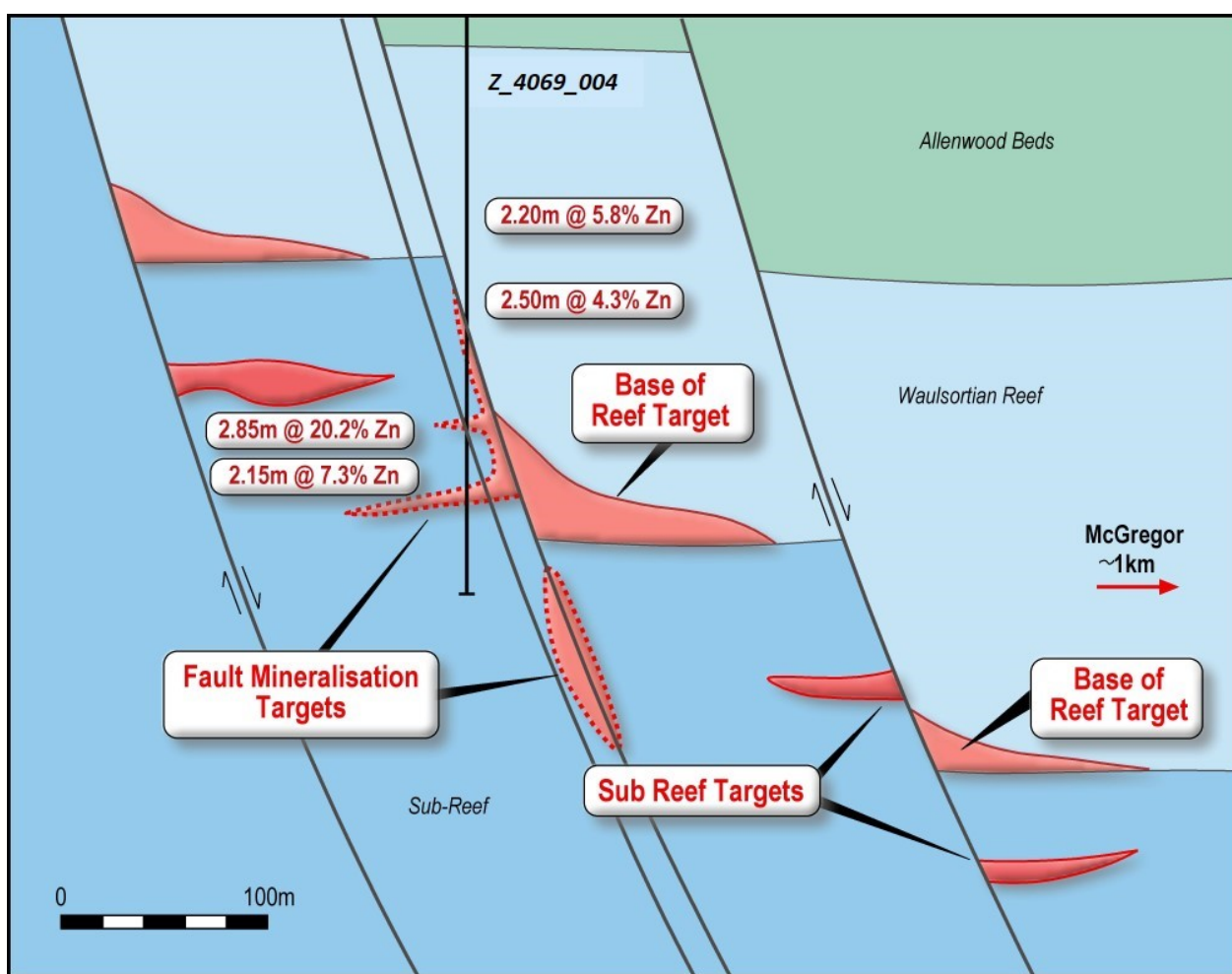


Figure 5: Schematic cross-section through the Celtic Tiger prospect highlighting a range of target types that ZMI believes could have developed in this structural setting.

Drill hole Z_4069_007 has intersected zinc mineralisation in several zones of massive sulphides, breccia mineralisation and fault mineralisation, and approximately 70 samples have been submitted for analyses. Results are expected to be with the Company very soon.

Navan Project (ZMI 100%; PLs 2386 and 1450)

ZMI has been conducting a multi-disciplinary prospectivity review of its Navan Project, with the objective being to identify similarities with the world-class Tara mine, located some 20km to the north-west.

A range of geological, geophysical and geochemical datasets have been acquired and reviewed in order to generate potential targets. ZMI will update shareholders in its next presentation.

The Company submitted the two-year review for the Navan Project, satisfying the conditions to continue for a further two years.

Ballinasloe Project (ZMI 100%; PLs 2105, 3163, 3459)

ZMI is undertaking a prospectivity analysis of the three Ballinalsoe licenses. An historical drill hole database has been collated, geophysical datasets acquired and surface geochemistry compiled. Key aspects under review include evidence for historical mineralisation, the distribution of black matrix breccias, and the depth to the base of Waulsortian Reef and Navan equivalents in the area.

The Company submitted the two-year review for the Ballinasloe Project, satisfying the conditions to continue for a further two years.

Galway Project (ZMI 100%; PLs 3251, 3459, 3880)

The Company submitted the two-year review for the Galway Project, satisfying the conditions to continue for a further two years.

Cork Project (ZMI 100%; PLs 2440, 3202)

The Company submitted the two-year review for the Cork Project, satisfying the conditions to continue for a further two years.

Monaghan Project (ZMI 100%; PLs 2193, 3027, 3397, 3870, 3871, 3526, 4248, 4251)

The Company submitted the two-year review for the Monaghan Project, satisfying the conditions to continue for a further two years.

Sligo Project

The Company elected to surrender the Sligo Licenses.

Leonora Gold Project, Western Australia (ZMI: 100%; Subject to earn-in agreement)

The Leonora Gold Project in Western Australia is the subject of an earn-in agreement between ZMI and Roman Kings Pty Ltd as announced to ASX on 21 November 2016. The principal terms of the Agreement are that Roman Kings is required to spend \$350,000 within 18 months of the Agreement to earn 51% of the Project (Stage 1). Roman Kings is also required to undertake all works necessary to calculate a Mineral Resource in Stage 1.

Following Stage 1, ZMI will have the option to retain its 49% interest and contribute to the development of the Project or to require Roman Kings to purchase a further 24% (reducing ZMI's interest in the Project to 25%) for \$250,000 in cash or shares, with ZMI being able to elect to receive no less than \$125,000 in cash (Stage 2). ZMI will also receive \$5 per ounce of gold contained in a Mineral Resource exceeding 20,000 ounces at more than 1.0g/t gold. It is a condition subsequent that Roman Kings must be admitted to the ASX (or similar stock exchange) within 18 months of the Agreement or any interest earned by Roman Kings in the Project will revert to ZMI.

During the Quarter, Roman Kings announced results from its maiden drilling campaign at the Crawfords deposit at Leonora, with best results including 7m @ 5.39g/t gold from 49m (RKCRC002; including 2m @ 14.2g/t gold) and 6m @ 5.55g/t gold from 37m (RKCRC007; including 1m @ 21.1g/t gold).

The drilling program is designed to underpin the delivery of a maiden Mineral Resource estimate.

CORPORATE

Rights Issue and Share Placement

During the Quarter, the Company received applications under the one-for-three non-renounceable rights issue announced on 18 July 2017 for 86,692,822 fully paid ordinary shares at an issue price of \$0.005 thereby raising \$433,464.11 (before costs).

In respect of those applications, the Shares were issued together with one free attaching option exercisable at \$0.015 each on or before 21 July 2021, equating to 86,692,822 New Options.

The shortfall under the Rights Issue represented 226,018,022 Shares and 226,018,022 Options.

The Company received significant interest from sophisticated investors for this shortfall, and as a result was able to place the Rights Issue shortfall as well as complete an additional share placement at the same terms as the Rights Issue.

A total of \$2,332,797 was raised via the Rights Issue (inclusive of shortfall) and the additional placement.

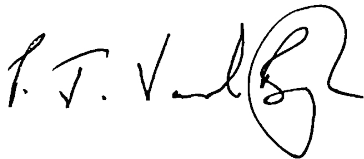
NEXT STEPS

The Company's focus in the December Quarter will be on the completion of the Phase 3 drilling program at the Kildare Zinc Project. This will include the completion of drilling at the McGregor deposit, as well as further testing of the exciting Celtic Tiger discovery announced early in the Quarter.

Information from the current drilling program will be used to assess a possible upgrade to the inferred Resource, and ZMI is keen to carry out metallurgical test work on the McGregor ore.

Due diligence is also continuing on the suitability of the Galmoy plant to form a key infrastructure component for the future development of the Kildare Project in keeping with ZMI's aggressive exploration and regional development strategy.

Yours faithfully,



Peter van der Borgh

Managing Director
Zinc of Ireland NL

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Competent Person Statement

The information in this document that relates to exploration results is based on information compiled by Mr Peter van der Borgh BSc (Hons, 1st Class), a Competent Person who is a Fellow of the Geological Society of London. Mr van der Borgh is a director and shareholder of Zinc of Ireland NL. Mr van der Borgh has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr van der Borgh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.*

TENEMENT DETAILS

PL Number	Owner	Status	County
3846	Raptor Resources Ltd. (100%)	Held	Kildare
3866	Raptor Resources Ltd. (100%)	Held	Kildare
4069	Raptor Resources Ltd. (100%)	Held	Kildare
4070	Raptor Resources Ltd. (100%)	Held	Kildare
4072	Raptor Resources Ltd. (100%)	Held	Kildare
4073	Raptor Resources Ltd. (100%)	Held	Kildare
890	Raptor Resources Ltd. (100%)	Held	Kildare
2440	Beal Na Blath Resources Ltd. (100%)	Held	Cork
3202	Beal Na Blath Resources Ltd. (100%)	Held	Cork
2724	Beal Na Blath Resources Ltd. (100%)	Held	Galway
3251	Beal Na Blath Resources Ltd. (100%)	Held	Galway
3459	Beal Na Blath Resources Ltd. (100%)	Held	Roscommon
3880	Beal Na Blath Resources Ltd. (100%)	Held	Galway
1450	Beal Na Blath Resources Ltd. (100%)	Held	Meath
2836	Beal Na Blath Resources Ltd. (100%)	Held	Meath
2193	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
3027	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
3871	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
2105	Beal Na Blath Resources Ltd. (100%)	Held	Roscommon
3163	Beal Na Blath Resources Ltd. (100%)	Held	Roscommon
1690	Beal Na Blath Resources Ltd. (100%)	Held	Sligo
3969	Beal Na Blath Resources Ltd. (100%)	Held	Sligo
3397	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
3870	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
4248	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
4251	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
3526	Beal Na Blath Resources Ltd. (100%)	Held	Monaghan
E37/893	Messina Resources (100%)	Held	Leonora
M37/1202	Messina Resources (100%)	Held	Leonora

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ZINC OF IRELAND NL

ABN

23 124 140 889

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(240)	(240)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(86)
(e) administration and corporate costs	(231)	(231)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(554)	(554)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,308	2,308
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(76)	(76)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,232	2,232

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,351	1,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(554)	(554)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,232	2,232
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,029	3,029

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	329	1,351
5.2 Call deposits	2,700	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,029	1,351

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	86
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' fees and wages – all payments are on normal commercial terms

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

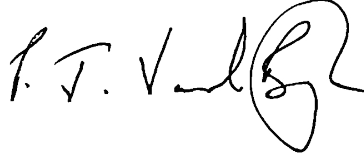
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production	-
9.4 Staff costs	140
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	840

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL 1690 PL 3969	-	100% 100%	0% 0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Managing Director

Date: 30 October 2017

Print name: **Peter van der Borgh**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.