

13 April 2018



## Cornerstone Investors and Strategic Alliance to Progress Gorno Zinc Project

- Strategic Alliance Agreement and a mandate executed with Arete Capital Partners (“**Arete**”), a globally-focused natural mining and resources private equity group established by senior mining industry professionals, including Hugh Morgan, Campbell Olsen, Shaun Treacy, Graham Brown and Peter Johnston.
- Arete has introduced a consortium of investors who have committed to provide a cornerstone funding package of \$3 million by way of a placement of ordinary shares at an issue price of \$0.011 (1.1 cents) per share under a Placement Agreement.
- The funding package will ensure the continuing advancement of the Gorno Zinc Project in Northern Italy.
- Mr Campbell Olsen to be appointed as a non-executive director.

Alta Zinc Limited (**ASX: AZI** or “**the Company**”) is pleased to announce the execution of a Strategic Alliance Agreement and mandate with Arete.

### Placement

Under the Placement Agreement, the Company will receive equity funding of \$3 million by issuing 272,727,272 fully paid ordinary shares at \$0.011 (1.1 cents) per share (“**Placement**”) to a consortium of sophisticated and professional investors introduced by Arete (“**Consortium**”). On completion the Consortium will collectively hold approximately 19.9% of the issued capital of the Company.

The Placement is conditional on there being no indication from the ASX that it will not grant quotation of the Placement shares. The Placement Agreement includes warranties, terms and conditions usual for an agreement of this type. Termination events include a material breach by either party, an inability to issue the Placement shares or a material adverse change event occurring.

Under the Placement Agreement, from and while they hold or beneficially own at least 10% of the Company, the Consortium have the right to nominate a director approved by the Company – their nominee is Mr Campbell Olsen, who is expected to be appointed at Completion (see below). In the event and while the Consortium hold or beneficially own at least 20% of the Company, the Consortium have the right to nominate a second director, to be approved by the Company. The nominated directors will be paid an aggregate of at least \$60,000 per annum (inclusive of superannuation).

The Placement Agreement gives the Consortium members, subject to ASX granting a waiver of Listing Rule 6.18, an anti-dilution right on an issue of securities (other than to an employee or officer or on conversion or exercise of existing securities), while the Consortium members collectively hold 5% or more of the voting power in the Company.

Completion is expected to occur on Thursday, 19 April 2018.

The Placement will be made by utilising the Company’s issuing capacity under ASX Listing Rule 7.1 (164,435,765 shares) and the additional capacity available under ASX Listing Rule 7.1A (108,291,507 shares) as approved by shareholders at the last Annual General Meeting held 23 November 2017. Shareholder approval will not be sought for the issue.

The funds raised will be used for continuing the technical studies for the Gorno Project in 2018, finalising a mining work plan, outstanding work to achieve a Gorno Project financing decision, permitting, the reasonable costs of the offer and related matters and for associated development or operational costs.

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### **Strategic Alliance**

The Strategic Alliance Agreement provides the Company with a committed long-term partner that has a team of people with extensive experience in resource project development and operations to assist in executing its Gorno Project strategy (“**Strategic Alliance**”). In addition, Arete has the capacity to support the future growth of the Company through additional capital investment with the positive support of their strategic investment partners.

The Strategic Alliance Agreement becomes effective on completion of the Placement with the following key terms:

- **Placement fee**  
\$150,000 payable to Arete for facilitating the Placement, based on 5% of the funds raised.
- **Advisory Support**  
Arete agrees to make available to the Company their extensive, relevant sector and engineering technical and project finance advisory expertise on an as required basis to expedite a financing investment decision for the Gorno Project in consideration for a 1 year, fixed consultancy fee (“Fee”) of \$290,000 (the parties may agree to extend the advisory support services for a longer term and review the Fee for such extension).

### **Mandate**

Arete has been granted by the Company a right of first refusal to act as lead advisor for any financing requirements (whether by way of equity, debt or a combination of both) in excess of \$2 million in connection with the completion of studies and the development of the Gorno Project.

### **Appointment of Campbell Olsen as Non-Executive Director**

Upon completion of the Placement, Mr Campbell Olsen will be appointed as a non-executive Director of the Company.

Mr Olsen is the CEO of Arete Capital Partners and has had a long career in Private Equity and operational management in the mining industry. Mr Olsen has acquired, managed and run downstream mineral processing operations along with upstream resources assets both in Australia and abroad. His experience encompasses asset/opportunity identification, due diligence, negotiations of acquisition terms and structure, on-going operational reform & improvement through to exit strategies. He has managed exploration programs, JORC-compliant resource estimate programs, mine design and operations primarily across iron ore, silver and rare earth metals.

Mr Olsen has completed a Bachelor of Engineering from Victoria University and a Masters in Business Administration from Melbourne Business School.

### **Gorno Project Strategy**

The Placement and Strategic Alliance with Arete will enable Alta Zinc to continue to optimise a development pathway with the aim of restarting mining operations at Gorno on a timely and cost effective basis utilising:

- The extensive existing underground infrastructure;
- Existing Colonna Zorzone mineral resource prioritising the accessible, sulphide zones;
- Metallurgical and geological information obtained from previous internal technical evaluations; and
- The existing Monica mining concession parameters.

Alexander Burns, Executive Chairman and Chief Executive Officer of Alta Zinc, said “The funding and strategic support provided by Arete and the members of their consortium is a fresh endorsement of the significance of the Gorno Project and the work undertaken to date by our new management team and advisors. I warmly welcome Campbell Olsen to the board of Alta Zinc and look forward to working with him and the team at Arete Capital Partners in the future.”

Hugh Morgan, Chairman of Arete Capital Partners, said “We are pleased to be involved actively with Alex and his team at Alta Zinc. We very much like the project and its potential. Together with our strategic partners including the Victor Smorgon Group we believe our combined skill sets and experience will assist Alta positively.”

### **For and on behalf of the board:**

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