

30 April 2018



Quarterly Activities Report Period Ending 31 March 2018

Gorno Zinc Project – Revised Development Strategy

- Internal Engineering Study completed with the objective of more efficiently restarting mining operations using a phased development approach to minimise capital costs
- Phase 1 prioritises mining of the higher-grade sulphide zones that are accessible and already well defined within the Colonna Zorzone mineral resource
- Underground crushing, pre-concentration & transport utilising existing development, orepass and Riso Parina railway to optimise material handling (ore and waste)
- Conventional above-ground plant to be constructed at Riso processing plant site to facilitate future phased expansions and for efficient transport to market
- Phase 1 development strategy conforms with previous operations and the parameters of Alta's existing Monica Mining Licence thereby minimising permitting procedures
- Funded work program commencing in Q2 with the aim of finalising a mining work plan and outstanding work in 2018 to enable a Gorno Phase 1 financing decision

Gorno Zinc Project – New Sulphide Zone at Pian Bracca

- Newly identified zinc-lead mineralised sulphide zone outside of the current resource
- Overall thickness of the new zone conservatively estimated to range from 6m to 14m
- Channel sample results returned combined grades at PBCH02 of 2.3m @ 15.6% Zn+Pb, at PBCH05 of 2.1m @ 20.9% Zn+Pb, and at PBCH07 of 2.4m @ 16.2% Zn+Pb

Punta Corna Cobalt Project

- New EL application over a historic cobalt mining area in the Piedmont region of Italy to complement Alta's project portfolio for strategic metals in Italy and Australia

Gorno Zinc Project Strategy

Work undertaken during the Quarter by Alta Zinc (ASX: AZI (“Alta” or the “Company”)) focused on defining the optimal mine schedule, project configuration and plant location, with the aim of restarting mining operations at Gorno in a timely and cost-effective basis.

These workstreams were developed following the Technical and Economic Assessment (“TEA”) of the Gorno Zinc Project completed in December 2017, which was based on the option of locating an underground processing plant adjacent to the Colonna Zorzone resource, and incorporated known mineralised zones in a mineplan that are outside of the current JORC-compliant mineral resource.

A revised internal study (“Engineering Study”) has been completed that is based on a phased development strategy. This is focused on exploiting the accessible high-grade sulphide zones within the current Colonna Zorzone mineral resource (see Figure 1) to produce a zinc sulphide concentrate and a lead sulphide concentrate. These zones can be mined using the existing mine development infrastructure and efficient methods to produce ROM material for underground crushing and pre-concentration. The simplified processing plant is now to be located above-ground at the historical Riso site, near the town of Gorno.

The Phase 1 development strategy is summarised below:

- Mining operations to be restarted within the boundaries of the existing Monica Mining Licence;
- Up-front development capital to be minimised by using re-established underground mine access;
- The 12km Riso Parina tunnel at the 600mRL to be refurbished for transport of ore and rail access;
- Higher-grade sulphide zones to be prioritised from within the existing Colonna Zorzone mineral resource;
- Mining equipment selection will be appropriate for the dimensions of the existing underground access;
- ROM ore to be crushed and pre-concentrated underground, with waste returned to voids as backfill;
- The upgraded ore to be transported via the orepass by rail to a modular flotation plant at Riso; and
- Concentrate to be loaded in containers and transported to market via road to port or rail networks.

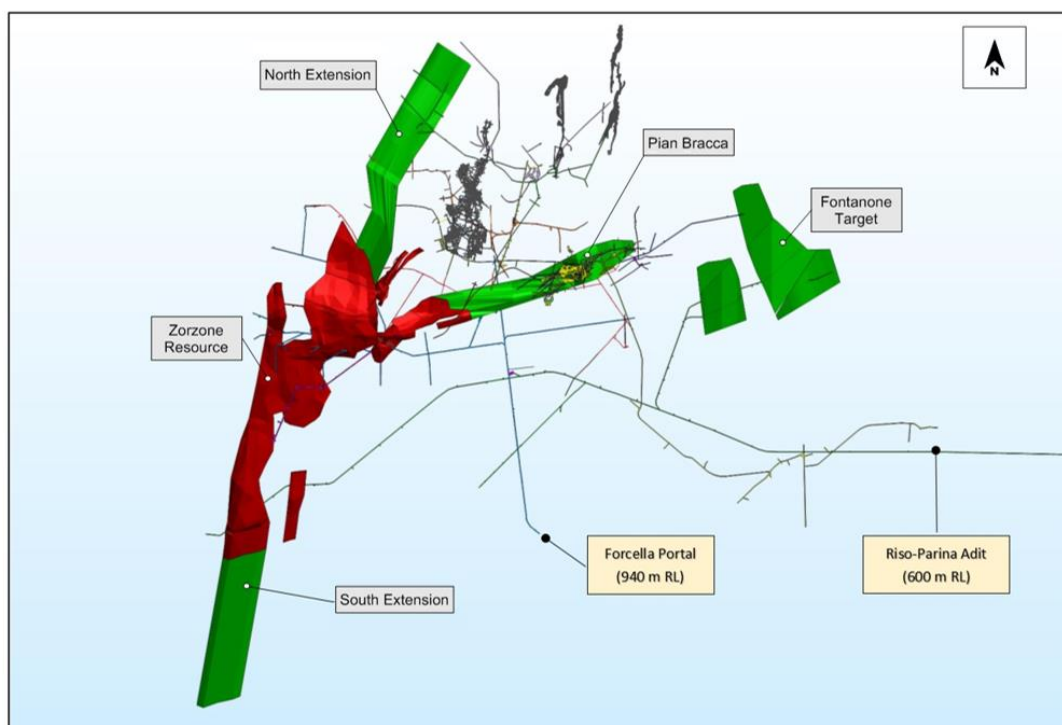


Figure 1: Colonna Zorzone Mineral Resource, Mineralised Extensions and Targets

As an outcome of the Engineering Study, the Company has committed to undertake a work plan designed to continue the technical studies for Phase 1 of the Gorno Project in 2018, including finalising a mining work plan and all outstanding work necessary to achieve a financing decision and permitting.

In Phase 2, the focus will be to deliver significant project scale enhancements through operating multiple mine headings and increasing the capacity of the initial plant throughput capacity. This concept envisages adding to the existing Mineral Resource by drilling the zones identified to the north, east and south of Zorzone, and in particular the new Pian Bracca zone identified 300m to the east of Zorzone and further to the east at Colonna Fontanone. These zones are depicted graphically in Figure 1.

Newly Identified Sulphide Zone at Pian Bracca

Sampling, mapping and geological interpretation of a new zinc-lead mineralised zone during the Quarter confirmed and upgraded the potential of Pian Bracca within the Gorno Project Area.

The identification of this zone through archival research in December 2017 resulted in the discovery of historical drilling data, highlighting extensive drives in an unsampled and unmapped zone of thick sulphide mineralisation that appears to be significantly thicker compared with other mineralised zones identified at Gorno.

Subsequent mapping and sampling have confirmed the presence of an extensive mineralised zone over multiple levels (from 1040mRL to 1028mRL) that is accessible by foot from surface via portal access.

The mineralisation at Pian Bracca, about 300m to the east of Zorzone, appears to be wider and thicker than previously interpreted as well as being significantly thicker than the typical stratabound style mineralisation in Zorzone (averaging 3-4m thickness).

Geological observations suggest there is vertical continuity from the already recognized zones of mineralisation at 990mRL, up to the 1040mRL drive. Based on visible evidence to date within the drives, the overall thickness of the mineralised package is interpreted to range from 6m to 14m.

The newly identified zone has distinctive features including fine grained sphalerite mineralisation, minimal presence of oxide, tight folding and thickening due to a localised shear.

The zone appears to strike east-west and gently dips to the south. Due to its thickness, this upper portion of Pian Bracca was partially mined in the past using the room and pillar bulk mining method.

Underground channel sampling (floor to ceiling intervals) from seven locations along the exposed walls of the 1040mRL, 1034mRL & 1028mRL drives at Pian Bracca returned the following assay results:

Channel Sample	Interval (m)	Zn (%)	Pb (%)	Zn+Pb (%)
PBCH01	2.6	7.43	2.70	10.13
PBCH02	2.3	13.25	2.38	15.64
PBCH03	2.6	9.90	2.78	12.68
PBCH04	2.2	10.46	2.30	12.76
PBCH05	2.1	16.44	4.48	20.92
PBCH06	2.1	8.84	2.73	11.01
PBCH07	2.4	11.18	4.99	16.17

Table 1: Pian Bracca Channel Sample Results

For further information refer to the ASX Announcement of 19 March 2018.

While these sample results cannot be used in a resource estimate¹ at the current time, they provide support for Alta's geological interpretation to upgrade the resource potential of the Pian Bracca target zone.

Historical drilling by SAMIM in 1971-1975 shows that the mineralisation also remains open to the east and down dip. Mine inspection and mapping activity will be continued in this zone during the June Quarter.

¹ They do not fully describe or encompass the true width of the mineralisation at the sample point, vertical sample (and channel) intervals are limited to the height of the drives.

Punta Corna Cobalt Project – New EL Application in Northern Italy

During the Quarter, the Company submitted an application for an Exploration Licence (EL) in the Usseglio municipality, Piedmont region.



Figure 2: Punta Corna Project in Relation to Other Alta Zinc Project Locations

The area covers old cobalt mining sites in the Punta Corna mountain area. The peak of mining activity occurred during the so-called Age of Cobalt (1753-1823). According to archival records, the mines produced approximately 55 tonnes of cobalt that were exported to Wurttemberg in Germany as dye medium (cobalt blue).

The EL area includes a number of steeply dipping veins outcropping in a NNW-SSE striking regional lineament, forming part of brittle deformation events that affected greenstone formations (metabasites of the Piemonte Zone). In these fractures, believed to be generated at the end of the Alpine orogeny, hydrothermal fluids circulated and deposited Co-Fe-Ni as well as siderite.

Other Exploration Projects – Italy

Salafossa and Predil

Alta holds an Exploration Licence (EL) covering the historic Salafossa Mine located in northern Italy, within 7km of the Austrian border and approximately 400km from the flagship Gorno Project. Salafossa was discovered in 1957 and mined by Societa Mineraria e Metallurgica di Pertusola SpA from 1964 until its closure in 1986 due to depletion of reserves and resources. During the mine's life Salafossa produced 11Mt of sulphide ore grading 5.0% zinc and 1.0% lead at an average production rate of approximately 500,000 tonnes per annum.

Salafossa comprised a single sub-horizontal, Mississippi Valley Style (MVT) deposit that supported historical production from a single, mineralised body with dimensions of 750m in length, 50m-200m wide and 50m-100m thick. This facilitated mining by large-scale open stoping, which is typically a low-cost mining method. Potential exists for structural repeats of the mineralisation, both vertically and horizontally, as has been proven to be the case for Gorno and in similar MVT deposits.

The Exploration Licence application at Predil is still being processed by the Regione.

No work was carried out on these projects during the period. It is anticipated that a site visit, detailed review of archival records and selective sampling will be undertaken for Salafossa in the June Quarter.

Other Exploration Projects – Australia

McArthur Project - Northern Territory

The project encompasses three tenements totalling 1,238km². One tenement (EL31045) is granted. The grant of the remaining two applications is pending the outcome of discussions with Traditional Owners. A meeting is currently scheduled to be held with the Northern Land Council in August 2018 to progress these discussions. No work was carried out during the period.

Paterson Project - Western Australia

The Paterson Project comprises two granted tenements (E45/4534 and E45/4543) covering 219km². The two tenements cover highly prospective parts of the Broadhurst Formation and include the Eva Well prospect. In November 2017, a geophysical contractor was mobilised to site. Unfortunately, due to a number of fires in the region, the gravity survey was terminated prior to commencement. It is anticipated that a detailed gravity survey of these tenements will be undertaken in 2018.

Nyang ISR Uranium Project - Western Australia

No work was carried out on the application during the quarter. In February 2018, the decision was made to surrender the application.

Corporate

Cash on Hand and Issued Capital

Cash on hand as at 31 March 2018 was approximately \$0.517 million.

On 16 March 2018, Alta Executive Chairman and Chief Executive Officer Mr Alexander Burns and Non-Executive Director Mr Marcello Cardaci each agreed to provide a \$250,000 loan facility to the Company ("Loan Facilities") for working capital purposes. The Loan Facilities are unsecured and attract a variable interest rate based on the overnight money market interest rate published by the Reserve Bank of Australia plus 2% per annum. Repayment is to be made the earlier of 12 months following initial drawdown under the Loan Facilities or upon receipt of funds on completion of a capital raising by the Company. Repayment can be made at any time at the Company's discretion. The Loan Facilities remained undrawn at 31 March 2018.

Subsequent to the Quarter end, Alta entered into a strategic alliance with Arete Capital Partners ("Arete"), a globally focused natural mining and resources private equity group. Arete has introduced professional and sophisticated investors who have provided a cornerstone funding package of \$3 million, by way of a placement of 272,727,272 ordinary shares at an issue price of \$0.011 (1.1 cents) per share completed on 19 April 2018. These funds will be used primarily for continuing the Gorno Project development strategy.

In addition, the Chief Executive Officer of Arete, Mr Campbell Olsen, has been appointed as a Non-Executive Director of the Company. Mr Olsen has had a long career in Private Equity and operational management in the mining industry, and has acquired, managed and run downstream mineral processing operations along with upstream resources assets in Australia and overseas. Mr Olsen has completed a Bachelor of Engineering from Victoria University and a Masters in Business Administration from Melbourne Business School.

As at 31 March 2018 and prior to the Arete placement, the Company had 1,096,238,436 fully paid ordinary shares on issue and 30,750,000 unlisted options. Please refer to the attached Appendix 5B for further information.

Tenements

Current tenement holdings, tenements disposed of and acquired during the quarter are shown in the attached Tables 2 to 4.

For and on behalf of Alta Zinc Limited.



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About Alta Zinc Limited

Alta Zinc Limited owns 100% of the historic Gorno Zinc Project, near Bergamo in the Lombardy region of northern Italy. The Company is committed to resuming mining activities, taking advantage of strong local support, excellent metallurgy, established infrastructure and strengthening zinc market conditions. The Company also has an extensive zinc and base metals exploration portfolio in Italy and Australia. The Bergamo region of Italy has a long history of mining extending back to the Pre-Roman (Celtic) times. The Gorno underground zinc mine ceased operations in the early 1980s following a government directive for its then-owner SAMIM (a state-owned company and part of the ENI group) to focus solely on oil and gas. The intrinsic mineral economics had little to do with Gorno's premature closure, rather SAMIM was directed by the government to divest all its mineral projects globally and focus exclusively on oil and gas.

Competent Person Statement

Information in this release that relates to Exploration Results is based on information prepared by Dr Fabio Granitzio, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Granitzio is a full-time employee of Alta Zinc Limited. Dr Granitzio has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being 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". Dr Granitzio consents to the inclusion in this release of the matters based on their information in the form and context in which it appears.

Project	Tenement	Entity's Interest	Comments
Western Australia			
Moses Chair	E45/4534	100%	Granted
Broadhurst Range	E45/4543	100%	Granted
Northern Territory			
McArthur	EL 25272	100%	Application
McArthur	EL31045	100%	Granted
McArthur	EL31046	100%	Application
Italy			
Novazza	N/A	100%	Application
Val Vedello	N/A	100%	Application
Gorno – Monica Concession	Decree 845	100%	Granted
Gorno – Vedra	Decree 5846	100%	Renewal Application
Gorno – Zambra West	Decree 2869	100%	Granted
Gorno – Riso	Decree 3365	100%	Granted
Gorno – Parina	Decree 1995	100%	Granted
Gorno – Pano Orso	N/A	100%	Application
Gorno – Oltre Il Colle	N/A	100%	Application
Gorno – Zambra South	N/A	100%	Application
Gorno – Riso West	N/A	100%	Application
Gorno – Brembo	N/A	100%	Application
Gorno – Serio	N/A	100%	Application
Predil	N/A	100%	Application
Salafossa	Decree 1481	100%	Granted
Punta Corna	N/A	100%	Application

Table 2: Schedule of Mining Tenements Held

Area of Interest	Tenement	Entity's Interest	Comments
Nyang	E08/2923	100%	Relinquished
Gorno – Gorno NE	Decree 3910	100%	Surrendered
Gorno – Gorno NW	Decree 3917	100%	Surrendered
Gorno – Monte Golla	Decree 3921	100%	Surrendered
Gorno – Zambra	Decree 3920	100%	Surrendered
Gorno – Parina Nord	Decree 3366	100%	Surrendered
Gorno – Vedra Nord	Decree 2872	100%	Surrendered

Table 3: Schedule of Mining Tenements Reduced

Area of Interest	Tenement	Entity's Interest	Comments
Punta Corna	N/A	100%	Application

Table 4: Schedule of Mining Tenements Increased

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

ALTA ZINC LIMITED

ABN

63 078 510 988

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1	7
1.2 Payments for		
(a) exploration & evaluation	(414)	(1,906)
(b) development	-	-
(c) production	-	-
(d) staff costs (see item 6.1)	(379)	(893)
(e) administration and corporate costs	(111)	(445)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	6
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	(902)	(3,231)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	(13)	(13)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(b) tenements (see item 10)	-	-
	(c) investments	-	59
	(d) other non-current assets	45	45
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	32	84

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,132
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	-	(57)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(10)	(65)
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	(10)	3,010

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,381	648
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(902)	(3,231)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	32	84
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	3,010
4.5	Effect of movement in exchange rates on cash held	16	6
4.6	Cash and cash equivalents at end of period	517	517

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	472	563
5.2 Call deposits	45	818
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)	517	1,381

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

277

-

6.1 Being the remuneration (including superannuation) of the Executive Chairman/CEO and Finance Director plus Non-Executive Director fees and superannuation.
From 1 April 2017 to 31 December 2017 the Executive Chairman/CEO, Mr Burns and Mr Cardaci, Non-Executive Director deferred the payment of their remuneration. During the quarter a payment of \$164,863 was made to settle all outstanding deferred remuneration.

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

- 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

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify) – Bank Guarantee

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

500

nil

-

-

13

13

- 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.

- 8.1 On 16 March 2018, Alex Burns, Executive Chairman/Chief Executive Officer and Marcello Cardaci, Non- Executive Director have each agreed to provide a \$250,000 loan facility to the Company (Loan Facilities) for working capital purposes. The Loan Facilities are unsecured and attract a variable interest rate based on the overnight money market interest rate published by the Reserve Bank of Australia plus 2% per annum. Repayment is to be made the earlier of 12 months following initial drawdown under the Loan Facilities or upon receipt of funds on completion of a capital raising by the Company. Repayment can be made at any time at the Company's discretion. The Loan Facilities remained undrawn at 31 March 2018.
- 8.3 The facility is associated with an unconditional bank guarantee provided by the National Australia Bank. The guarantee is provided by way of a fully utilised finance facility secured by a fixed term cash deposit. No interest is currently paid on the facility.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	520
9.2	Development	-
9.3	Production	-
9.4	Staff costs	215
9.5	Administration and corporate costs	175
9.6	Other (provide details if material)*	150
9.7	Total estimated cash outflows	1,060

*On 19 April 2018, the Company completed a placement of 272,727,272 fully paid ordinary shares at an issue price of \$0.011 to raise \$3 million (before costs). A placement fee of \$150,000 is payable for facilitating the placement.

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	E08/2923, WA Decree 3910, Italy Decree 3917, Italy Decree 3921, Italy Decree 3920, Italy Decree 3366, Italy Decree 2872, Italy	Application Withdrawn Surrendered Surrendered Surrendered Surrendered Surrendered Surrendered	100% 100% 100% 100% 100% 100% 100%	- - - - - - -
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Punta Corna, Italy	Application	-	100%

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:
(~~Director~~/Company secretary)

Date: 30 April 2018

Print name: Jamie Armes

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.