

Quarterly Activities Report for Period Ended 31 March 2018

Highlights:

- Kildare project review identifies new opportunities for 2018 field season
- Exploration model refined, structural corridors interpreted
- Preparations underway for major drilling program
- Gravity survey underway along the Western Platform

KILDARE ZINC PROJECT, IRELAND (ZMI: 100%)

Project Review

ZMI's technical team has undertaken a systematic project review, incorporating information from the three phases of drilling in 2016 and 2017 with a range of historical datasets across the project as a whole.

A new interpretation of regional aeromagnetic data has identified a series of roughly east-west regional structures that transect the Kildare Mineralised Block, resulting in three fault corridors. One of these coincides with the *Celtic Tiger – McGregor – Shamrock* string of deposits. A second fault corridor correlates with the *Allenwood East* and *West* prospects to the north, while a third correlates with the *Ballyteage* and *Hill Zone* prospects to the south.

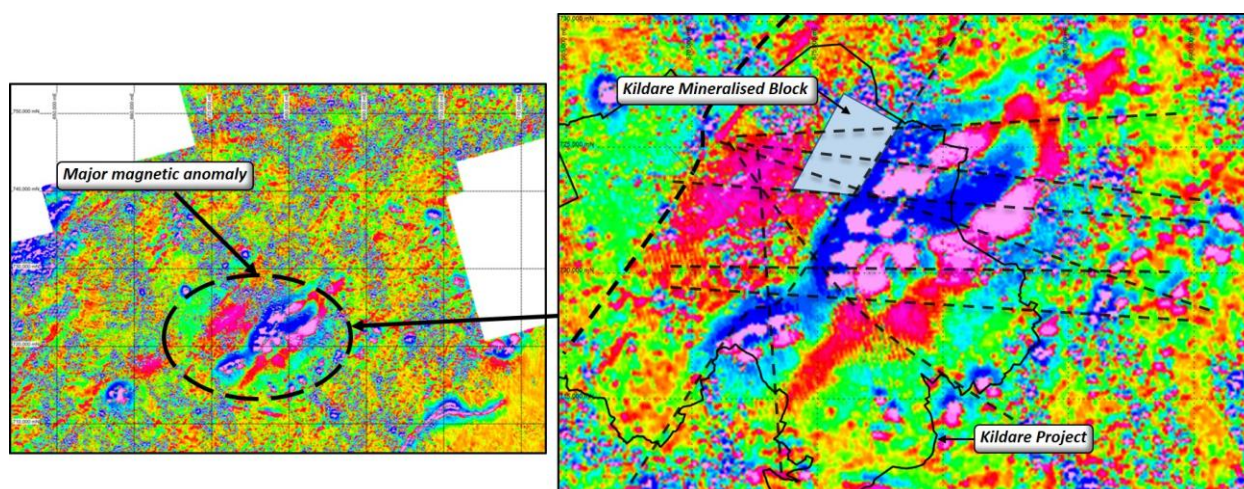


Figure 1: Regional aeromagnetic image highlighting the major anomaly at Kildare (left), and regional faults cutting the Allenwood Mineralised Block (right).

Sporadic historical exploration that coincided with these corridors targeted vertical ‘pipe-like’ structures akin to MVT’s, and only rarely tested the Base of Reef target horizon. ZMI’s 2017 discovery of the mineralised McGregor Fault adjacent to the McGregor deposit resulted in the Company developing a model more in line with Irish-type deposits such as Lisheen and Galmoy. This was the basis for the Celtic Tiger target, which resulted in the 2017 discovery of a new zones of thick, high grade mineralisation at the Base of Reef 1km west of McGregor including **23.95m @ 8.0% Zn+Pb from 166.0m**.

This Celtic Tiger discovery also confirmed that the Base of Reef target geology “steps-up” and is shallower west of McGregor towards the western margin of the Kildare Mineralised Block. This stepped-up terrain along the western margin comprises the shallower “Western Platform” and is an area of particular interest to ZMI given the potential for targeting mineralisation which will be cheaper and quicker to explore.

A review of historical deep overburden sampling has highlighted significant zinc anomalism along the *Allenwood Corridor*, and where sampled, the *Ballyteague Corridor*, adding further weight to its prospectivity. The corridors are also recognised by down-faulting along ~N-S and ~E-W faults, a key feature of Irish-type mineralisation, and ZMI believes that the interplay between these fault-sets was a principal driver for upward flow of zinc bearing fluids, followed by lateral fluid migration along the base of reef horizon.

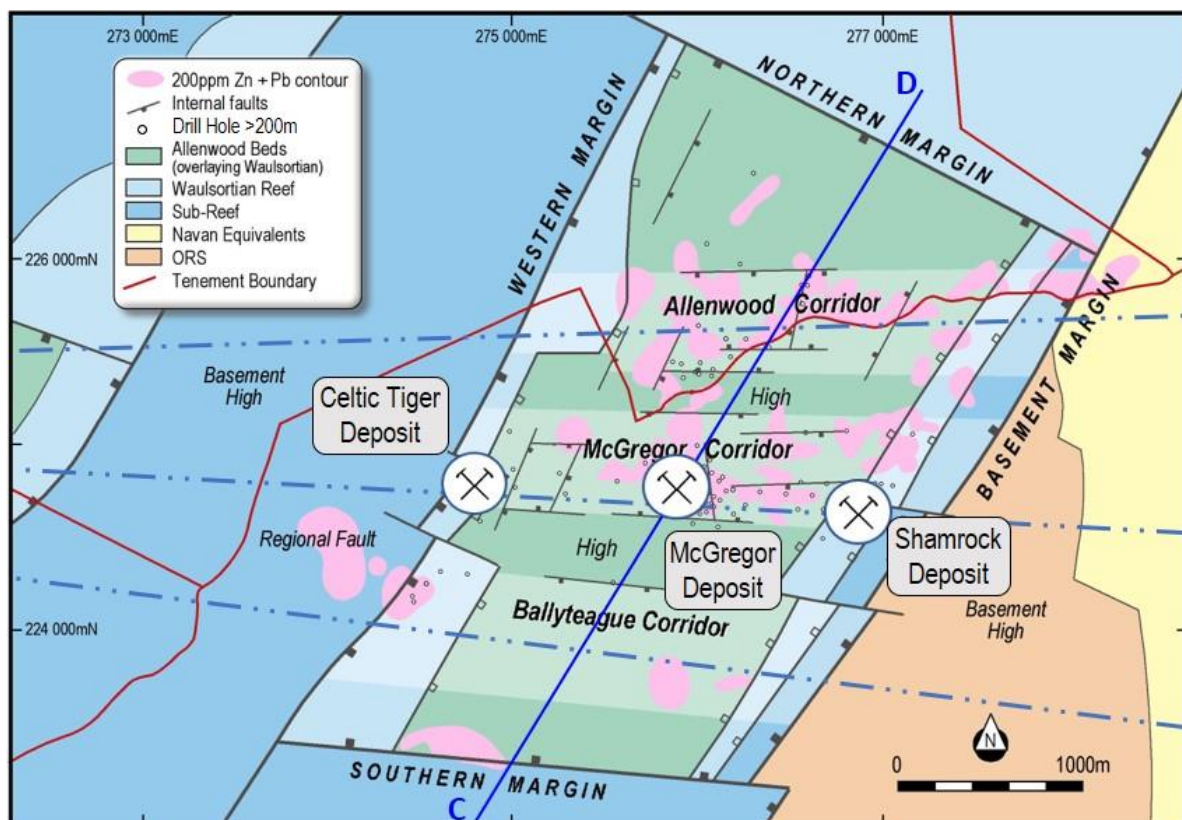


Figure 2: Geology plan of the Kildare Mineralised Block, highlighting the Fault Corridors interpreted from the regional aeromagnetics, with coincident zinc anomalism from historical deep overburden sampling. Note the string of deposits along the McGregor Fault Corridor.

Database Update

Finishing the regional Kildare database is an ongoing process, and the project review highlighted several data gaps in the Company's original database compilation, most importantly in the Allenwood area. Much of the missing data has since been located and incorporated into the database. These improvements have added to the Company's understanding of historical exploration and the refined exploration model.

Structural Study

In light of the Company's recognition of faulting as a key component in the mineralisation processes at Kildare, ZMI has embarked on a study into the structural controls of the Kildare mineralization, led by the structural geologist Dave Collier (Earth Tectonics) and Jennifer Allen (BRG). The ongoing study is already delivering concepts that should further improve the Company's exploration targeting.

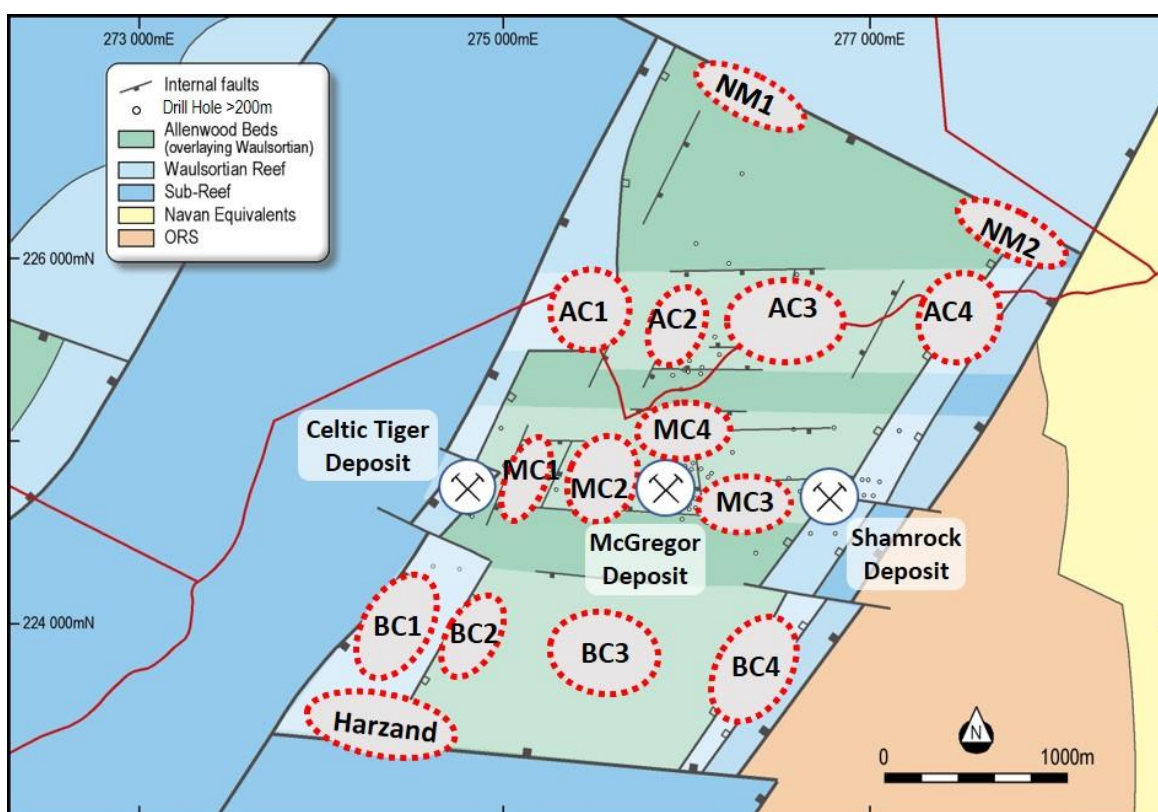


Figure 3: Geology plan of the Kildare Mineralised Block highlighting a range of targets that have been identified by the Company's project review and refined exploration model.

Gravity Survey

ZMI has commissioned a ground gravity survey along the Western Platform of the Kildare Mineralised Block. The survey could better define the location of key structures and further refine exploration targets.

Option to Acquire the Galmoy Processing Plant

After reviewing its processing requirements at the Kildare Project, the Company elected not to extend its Option to acquire the Galmoy processing plant, which is in storage in Darwin, Australia. The funds will be redirected into the Company's 2018 drilling program.

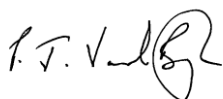
OTHER IRISH PROJECTS

The Company continues to review its other projects and develop suitable exploration programs.

Looking Ahead

Following a successful project review, ZMI has identified a range of prospective areas, and the Company is now defining collar positions for the impending Phase 4 drilling program. A discovery in either the Allenwood or Ballyteague corridors would be a significant development for the Kildare Project.

Yours faithfully,



Peter van der Borgh

Managing Director
Zinc of Ireland NL

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Competent Person Statement

The information in this document 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

Location	Project Name	Tenement #	Ownership	Titleholder*
Ireland	Meath	1450	100%	Beal Na Blath Resources Ltd
Ireland	Roscommon	2105	100%	Beal Na Blath Resources Ltd
Ireland	Monaghan	2193	100%	Beal Na Blath Resources Ltd
Ireland	Cork	2440	100%	Beal Na Blath Resources Ltd
Ireland	Galway	2724	100%	Beal Na Blath Resources Ltd
Ireland	Meath	2836	100%	Beal Na Blath Resources Ltd
Ireland	Monaghan	3027	100%	Beal Na Blath Resources Ltd
Ireland	Roscommon	3163	100%	Beal Na Blath Resources Ltd
Ireland	Cork	3202	100%	Beal Na Blath Resources Ltd
Ireland	Galway	3251	100%	Beal Na Blath Resources Ltd
Ireland	Monaghan	3397	100%	Beal Na Blath Resources Ltd
Ireland	Galway	3459	100%	Beal Na Blath Resources Ltd
Ireland	Longford	3526	100%	Beal Na Blath Resources Ltd
Ireland	Kildare	3846	100%	Raptor Resources Ltd
Ireland	Kildare	3866	100%	Raptor Resources Ltd
Ireland	Monaghan	3870	100%	Beal Na Blath Resources Ltd
Ireland	Monaghan	3871	100%	Beal Na Blath Resources Ltd
Ireland	Galway	3880	100%	Beal Na Blath Resources Ltd
Ireland	Kildare	4069	100%	Raptor Resources Ltd
Ireland	Kildare	4070	100%	Raptor Resources Ltd
Ireland	Kildare	4072	100%	Raptor Resources Ltd
Ireland	Kildare	4073	100%	Raptor Resources Ltd
Ireland	Kildare	890	100%	Raptor Resources Ltd
Ireland	Monaghan	4248	100%	Beal Na Blath Resources Ltd
Ireland	Monaghan	4251	100%	Beal Na Blath Resources Ltd
Australia	Leonora	M37/1202	*100%	Messina Resources Ltd
Australia	Leonora	E37/893	*100%	Messina Resources Ltd

Beal na Blath Resources Ltd and Raptor Resources Ltd are wholly-owned subsidiaries of Zinc Mines of Ireland Limited. Zinc Mines of Ireland Limited is a wholly-owned subsidiary of Zinc of Ireland NL (ZMI).

*Messina Resources Ltd is a wholly owned subsidiary of ZMI. The Leonora Project is subject to a 'farm-in' Agreement with Roman Kings Ltd.

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")

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		
1.2 Payments for		
(a) exploration & evaluation	(176)	(1,191)
(b) development	-	-
(c) production	-	-
(d) staff costs	(92)	(271)
(e) administration and corporate costs	(105)	(455)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	20
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	(371)	(1,897)

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 (9 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	25	2,333
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)
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	25	2,257

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,057	1,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(371)	(1,897)
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)	25	2,257
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,711	1,711

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	461	2,057
5.2 Call deposits	1,250	-
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)	1,711	2,057

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	92
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

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	400
9.2 Development	-
9.3 Production	-
9.4 Staff costs	92
9.5 Administration and corporate costs	98
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	590

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	-	-	-	-
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 April 2018

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.