

ASX Announcement

31 July 2019



Quarterly Activities Report Period Ending 30 June 2019

HIGHLIGHTS:

Gorno Zinc Project – Lombardy, Northern Italy

- Pian Bracca drilling program refined and local drilling contractor selected
- Necessary permits secured from the authorities for drilling to commence
- Winter baseline monitoring program completed in support of the EIA
- Advisors appointed to assist with preparation of ML renewal application

Punta Corna Cobalt Project – Piedmont, Northern Italy

- New Balme EL awarded over the northern strike extensions of Punta Corna
- Follow up field work planned for the July-Sept period to include:
 - Additional sampling & mapping of the mineralised lineaments
 - Petrological studies to ascertain the genesis of the mineralisation

Paterson Project, Western Australia

- Review of existing geophysical & other historical data underway
- Talks held with potential JV partners in relation to future planned work

CORPORATE:

- Cash on hand as at 30 June 2019 was approximately \$2.1 million

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Alta Zinc Limited (ASX: AZI) (Alta or the Company) is pleased to provide its Quarterly Activities Report for the period ending 30 June 2019.

Gorno Zinc Project (Lombardy, Northern Italy)

Drilling Program – Zorzone East & Pian Bracca

The mineralised zone to the east of Zorzone referred to as Zorzone East and Pian Bracca is Alta Zinc's priority exploration target. The objective of the Pian Bracca drilling program is to build upon the extensive database for this area which includes historical drilling, mapping, channel sampling and a geophysical survey.

During the Quarter, activities focused on detailed planning, the selection of contractors and finalisation of requisite approvals. A 2,200m (33 hole) diamond drilling program has been designed to test this zone. Drill pad locations will be established in the existing underground tunnels, utilising the existing 990RL access which will be rehabilitated to the extent necessary to enable transport of the drill rigs.

The necessary permits have been obtained from the authorities for the drilling campaign to proceed. Alta has selected local Bergamo-based EDILMAC Srl to carry out the drilling. EDILMAC are well qualified, having carried out previous drilling operations at Gorno, and are scheduled to commence drilling in September. First results from the drilling are expected during 4Q 2019.

Mining Licence (ML) Renewal

Alta has appointed a consortium of local mining and environmental specialists to assist with the finalisation of the application for the renewal of Gorno's existing ML. The basis of the mine plan used for purposes of the renewal application is the Advanced Technical Study completed earlier in the year by the Company in conjunction with AMC and Lycopodium. A key part of the application is the Environmental Impact Assessment (EIA) for which an outstanding winter environmental baseline monitoring programme was successfully completed during the Quarter. The ML renewal application is scheduled to be completed and lodged during 4Q 2019.

Punta Corna Cobalt Project (Piedmont, Northern Italy)

In May 2019, Alta was granted the Balme Exploration Licence (EL) in addition to the existing Punta Corna EL covering the historic Usseglio area where cobalt was mined in the 18th century, and now holds a combined prospective exploration area of 29.8km². The Balme EL overlays the northern strike of the mineralised lineaments extending from the Punta Corna EL. Previously reported exploration activities at Punta Corna have included the collection of preliminary grab and rock chip samples. These have returned positive assay results confirming Co-Ni-Cu-Sb-Ag mineralisation (refer to Figure 1 for more information).

Follow up field work is planned to be undertaken during the July-September field season. Helicopter support will be used to establish a base camp to carry out a more extensive sampling and mapping campaign of the known mineralised lineaments. Separately, geological mapping and a petrographical and mineralogical study has been commissioned in association with the University of Milan. This will assist by providing a better understanding of the genesis of the mineralisation at Punta Corna.

Notwithstanding that the cobalt price has retreated from its record high prices achieved at the beginning of 2018 of around US\$90,000/t (currently trading at approximately US\$25,000/t), cobalt remains a strategic metal for battery production to support growing demand for the electric vehicle (EV) sector within Europe. Regulators and consumers are concerned about the dependence on supply from the DRC, reputedly the source of approximately 72% of current global supply last year¹, and the ethical nature of sources of supply especially in the light of recent tragedies reportedly having resulted from artisanal mining. Consequently, Alta believes the Punta Corna Cobalt Project will be of interest to potential European-based JV partners and/or financiers in the future.

¹ 7 July 2019 Financial Times "Congo, child labour and your electric car".

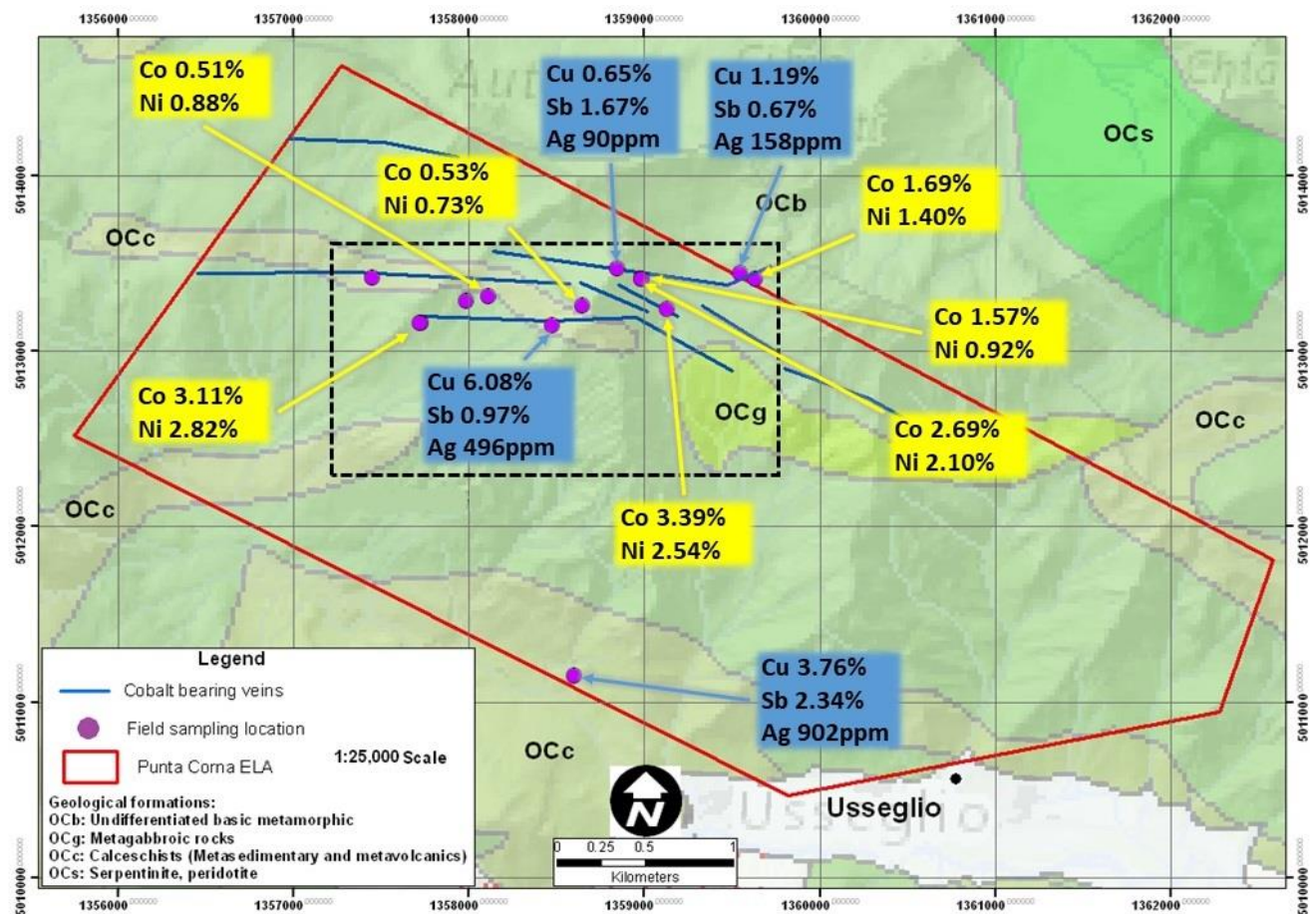


Figure 1: Punta Corna EL – general geology, sample locations & assay results to date

Exploration Projects – Australia

Alta is continuing to consider options with regards to the future of the Australian projects, including potential joint venture opportunities, in order to fund exploration that will be required to assess their attractiveness.

Paterson Project - Western Australia

The Paterson Project comprises two granted Exploration Licences (E45/4534 and E45/4543) covering 219km² in the east Pilbara region. The two tenements cover highly prospective parts of the Broadhurst Formation and include the Eva Well prospect. The broader Paterson Province, where the project is located, has attracted significant investor interest triggered by Rio Tinto's Winu recent copper-gold discovery and other exploration in the area. A detailed gravity survey of these tenements was carried out during the Quarter.

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. No work was carried out during the period.

Corporate

Cash Balance

Cash on hand as at 30 June 2019 was approximately \$2,094,000. As previously reported, the Company received proceeds of \$1.811 million (before costs) from the rights issue and an additional €640,000 (approximately A\$1.015 million) as a refund of Italian VAT during the Quarter. Please refer to the attached Appendix 5B for further information.

Issued Capital

The Company completed the allotment of 452,668,603 fully paid ordinary shares in April 2019 pursuant to the rights issue announced on 8 March 2019. The Directors elected not to place any of shortfall shares under the offer shortfall facility.

As at 30 June 2019, the Company had 1,821,634,311 fully paid ordinary shares on issue.

A balance of 48,250,000 unlisted options remains on issue following the expiry of 6,000,000 unlisted options on 30 April 2019.

Tenements

Current tenement holdings, tenements disposed of and tenements 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 favourable zinc market conditions. The Bergamo region of Italy has a long history of mining extending back to the Pre-Roman 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. The Company also holds two ELs in Piedmont, Italy for the Punta Corna Cobalt Project and an exploration portfolio in Australia.

Competent Person Statements

Information in this Quarterly Report that relates to Exploration Targets and Exploration Results is based on information prepared or reviewed by Dr Marcello de Angelis, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr de Angelis is a Director of Energia Minerals (Italia) S.r.l. and Strategic Minerals Italia Srl (controlled entities of Alta Zinc Limited), a consultant, shareholder and option holder of Alta Zinc Limited. Dr de Angelis 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 de Angelis consents to the inclusion in this release of the matters based on their information in the form and context in which it appears.

The information in this Quarterly Report that relates to the Exploration Targets for the Gorno Project is extracted from the ASX Announcement titled "Exploration Study Resets Exploration Target at Gorno" dated 25 January 2019. The information in this Quarterly Report that relates to the Exploration Results for the Punta Corna Cobalt Project is extracted from the ASX Announcement titled "Punta Corna Cobalt Project – Maiden Sampling Results" dated 9 November 2018.

The information in this release that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report which was prepared by Mr Stephen Godfrey as Competent Person in compliance with the JORC Code (2012 Edition) and released to ASX by the Company on 8 December 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original Announcement. All material assumptions and technical parameters underpinning the Zorzone Mineral Resource estimates in that previous release continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original Announcement, which contained the following Mineral Resource classification, at a cut-off grade above 1% Zn as Indicated and Inferred (below) in accordance with the guidelines in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC, 2012 Edition).

Table 1: December 2017 Zorzone Mineral Resource Estimate Summary

December 2017 OK Estimate Reported using a 1% Zinc Cut-off Grade Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated	2.1	5.1	107	1.4	29	30.9	2.1
Inferred	1.2	4.6	56	1.1	14	20.9	0.8
Indicated + Inferred	3.3	4.9	163	1.3	43	27.2	2.9

This table reproduced as it was first reported to the ASX on 8 December 2017.

Forward Looking Statements:

This release may contain certain forward-looking statements and opinions including projections, forecasts and estimates (together forward looking statements) which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, contingencies, assumptions and other factors, many of which are outside the control of the Company all which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Forward looking statements are inherently uncertain and may therefore differ materially from results ultimately achieved. Alta Zinc does not make any representations and provides no warranties concerning the accuracy of any forward looking statements or likelihood of achievement or reasonableness of any forward looking statements. Past performance is not necessarily a guide to future performance. The Company does not undertake any obligation to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Table 2: Schedule of mining tenements held

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 – Zambla West	Decree 771	100%	Granted
Gorno – Riso	Decree 772	100%	Granted
Gorno – Parina	Decree 1995	100%	Renewal Application
Punta Corna	Decree 628	100%	Granted
Balme	Decree 323	100%	Granted

Table 3: Schedule of mining tenements reduced

Area of Interest	Tenement	Entity's Interest	Comments
Nil	Nil	Nil	Nil

Table 4: Schedule of mining tenements increased

Area of Interest	Tenement	Entity's Interest	Comments
Nil	Nil	Nil	Nil

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")

30 JUNE 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	2
1.2 Payments for		
(a) exploration & evaluation	(756)	(2,203)
(b) development	-	-
(c) production	-	-
(d) staff costs	(188)	(850)
(e) administration and corporate costs	(76)	(411)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Refunds of Italian VAT received	1,018	1,392
1.9 Net cash from / (used in) operating activities	(1)	(2,052)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(7)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	(4)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	4	16
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	5

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,811	1,811
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	(39)	(40)
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	1,772	1,771

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	315	2,370
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1)	(2,052)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	3	5
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,772	1,771
4.5 Effect of movement in exchange rates on cash held	5	-
4.6 Cash and cash equivalents at end of period	2,094	2,094

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	926	142
5.2 Call deposits	1,168	173
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)	2,094	315

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**

150

-

Included in item 1.2:

- Remuneration of the Executive Chairman/CEO, Finance Director and Non-Executive Director fees. \$145k.
- Payment of \$5k to Gilbert & Tobin Lawyers for legal services. Mr Cardaci, Non-Executive Director, is a partner of Gilbert + Tobin. These legal services were not provided by Mr Cardaci.

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**

Nil

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.

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	585
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	85
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	770

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	Balme, Italy	Exploration Licence Granted	Nil	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: 31 July 2019

Print name: Stephen Hills

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.