

ASX Announcement

31 October 2019



QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 SEPTEMBER 2019

HIGHLIGHTS:

- New channel samples from Pian Bracca Zone return grades up to 47.8% Zn and 10.5% Pb
- Diamond drilling contractor, Edilmac, commences underground site preparations at Gorno
- Draft presentation of Mining Licence application well received by the Lombardy regulators
- Geraint Harris, former CEO, Adriatic Metals, appointed as new Managing Director of Alta Zinc
- Discovery Capital Partners appointed as strategic corporate advisors to the Company
- Cash on hand as at 30 September 2019 was \$1.515 million (excludes proceeds from c.\$1.9 million placement announced on 25 October 2019)

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

Gorno Zinc Project (Lombardy, Northern Italy)

The Company has collected new channel samples from the underground drives on the 1030m level within the Pian Bracca zone located within the Company's 100% owned Gorno Zinc Project (**Gorno**). These have returned high grade assays over significant thicknesses; with mineralisation sampled over the entire height of the underground drives. In both cases the mineralisation continued into the floor of the drive and at one location into the roof, implying that the mineralised zone is thicker than sampled. The results of the sampling are shown in Table 1 below and in Figures 1 and 2.

Furthermore, Alta has mobilised the Italian diamond drilling and mining contractor, Edilmac Srl, to commence preparatory works at Gorno ahead of the commencement of a comprehensive drilling campaign, from November, planned to better define the full extent of the mineralisation in the Pian Bracca Zone.

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Name	Easting (m)	Northing (m)	RL (m)	Length (m)	Zn (%)	Pb (%)	Ag (g/t)	Comments
C8	560,718	5,085,012	1,030	0.8	0.0	0.0	1	
				1.2	25.9	5.8	127	
				0.7	29.2	7.2	275	Mineral in floor
Wt. Ave				2.7	19.1	4.4	128	
C9	560,627	5,085,017	1,030	0.6	47.8	10.5	171	Mineral in roof
				0.8	41.8	9.7	110	
				0.6	28.1	8.1	109	Mineral in floor
Wt. Ave				2.0	39.5	9.4	128	

Table 1: 2019 Pian Bracca sampling results (as per ASX release dated 14 October 2019)

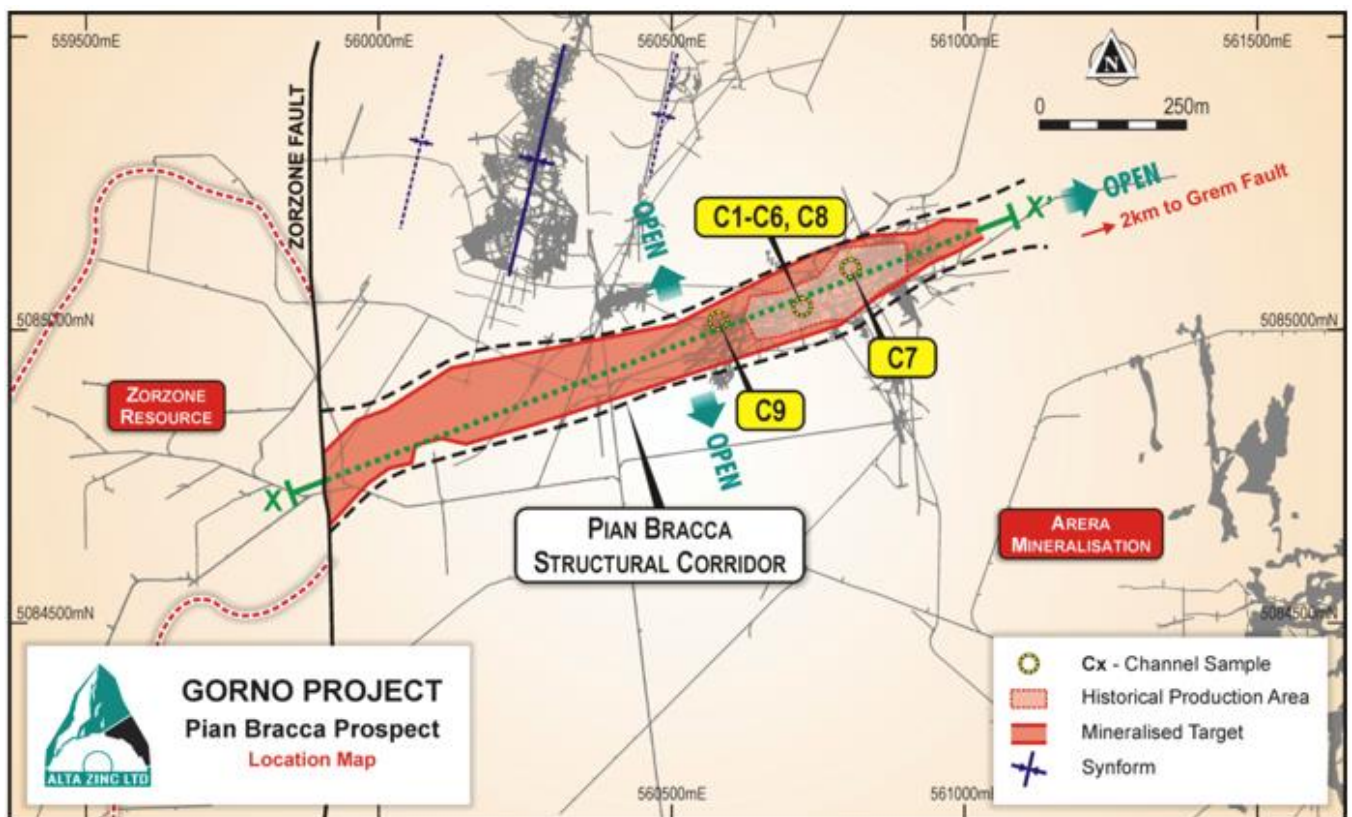


Figure 1: Plan view showing the location of the new channel samples (C8 & C9) within the Pian Bracca zone & the channel samples taken previously (C1 – C7)

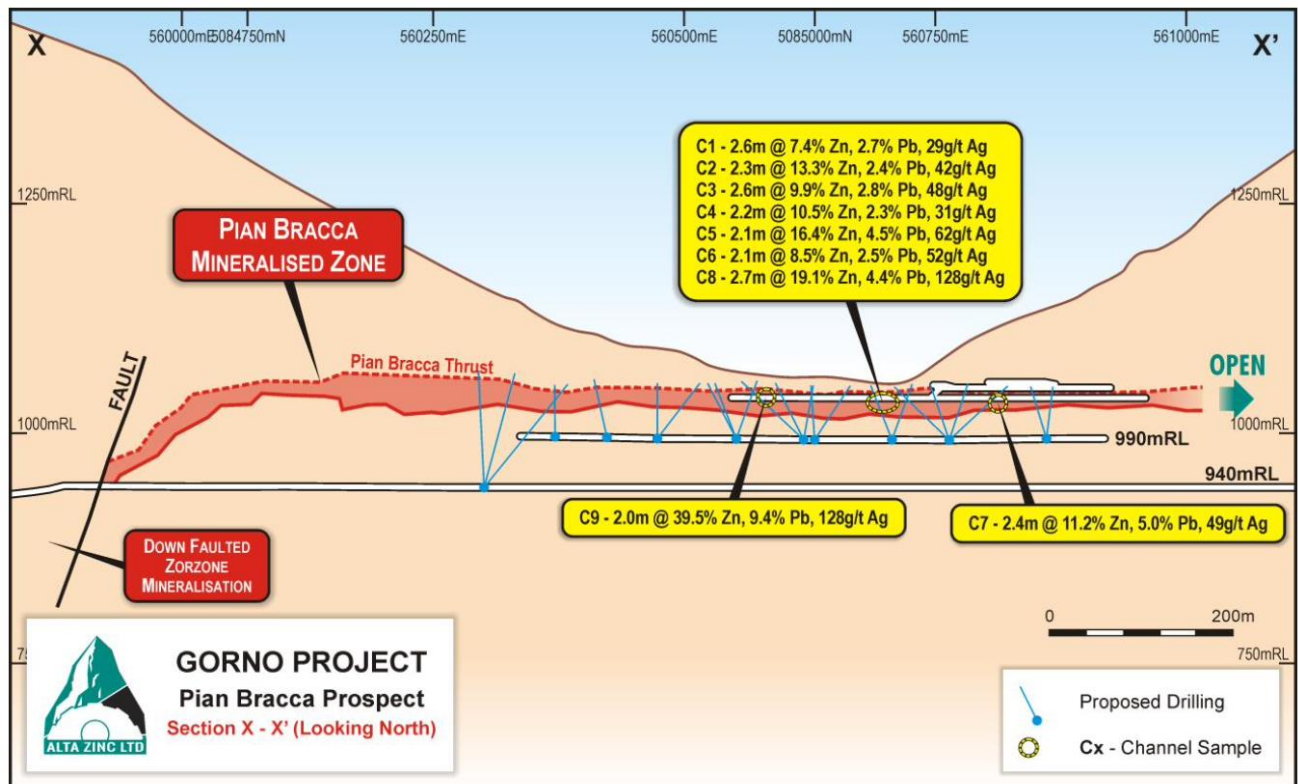


Figure 2: Long section through the Pian Bracca zone showing the new (C8 & C9) & previous (C1-C7) channel sample results & the proposed drilling of the zone from the existing access

Alta has a total of nine diamond saw-cut channels along the walls of the drives and stope pillars at multiple levels where mineralisation is exposed. The channel samples were collected over full wall exposures including any barren material in 0.5m to 1m lengths forming a composite sample. All samples were taken vertically and/or perpendicular to the mineralisation with recorded intervals being approximate true widths.

The mineralisation exposed in the stopes and drives is breccia style and hosted in sediments where fine grained sphalerite and galena are recrystallised and concentrated in multiple lenses showing replacement textures.

These channel sampling results provide material support for Alta's upcoming drill campaign of the Pian Bracca zone. Historical exploration by SAMIM (the parastatal operator of the Gorno project) in 1971-1975 shows mineralisation remains open to the north, south and east.

Table 2 outlines the 2018 channel sampling results at Pian Bracca (as reported in the ASX release 19 March 2018).

Name	Easting (m)	Northing (m)	RL (m)	Length (m)	Zn (%)	Pb (%)	Ag (g/t)	Comments
C1	560,721	5,085,028	1,040	0.8	14.7	5.0	55	
				1.0	4.5	1.9	23	
				0.8	3.9	1.4	10	Mineral in floor
Wt. Ave				2.6	7.4	2.7	29	
C2	560,799	5,085,112	1,034	0.5	0.1	0.1	3	
				1.0	29.7	5.1	82	
				0.8	1.0	0.5	16	
Wt. Ave				2.3	13.3	2.4	42	
C3	560,710	5,085,015	1,032	1.0	13.3	3.6	59	Mineral in roof
				0.8	13.4	3.8	63	
				0.8	2.2	0.8	18	Mineral in floor
Wt. Ave				2.6	9.9	2.8	48	
C4	560,721	5,085,003	1,040	0.7	22.9	3.8	52	
				0.8	8.1	2.8	37	
				0.7	0.7	0.3	2	
Wt. Ave				2.2	10.5	2.3	31	
C5	560,744	5,085,018	1,041	0.6	27.8	8.0	101	
				0.9	12.4	3.3	55	
				0.6	11.2	2.6	34	Mineral in floor
Wt. Ave				2.1	16.4	4.5	62	
C6	560,691	5,085,010	1,031	0.6	0.1	0.0	<1	
				0.7	15.2	4.6	105	
				0.8	9.0	2.6	45	Mineral in floor
Wt. Ave				2.1	8.5	2.5	52	
C7	560,717	5,085,054	1,040	0.7	5.6	3.1	23	
				1.0	17.2	7.8	77	
				0.7	8.2	2.8	36	Mineral in floor
Wt. Ave				2.4	11.2	5.0	49	

Table 2: 2018 Pian Bracca channel sampling results (as per Alta's ASX release dated 19 March 2018)

Mining Licence (ML) Renewal Application

Ahead of the ML renewal application submission, scheduled for Q4 2019, a presentation of the draft submission was given to the Regulators (the Regional Government of Lombardy) on the 3 October 2019. The presentation was positively received and several suggestions from the Regulators are being integrated into the final submission. Such open and constructive dialogues continue to build mutual understanding between the parties and help to craft an ultimate mine plan that will work for all stakeholders.

Exploration Projects

Punta Corna Cobalt Project (Piedmont, Northern Italy)

Alta holds two Exploration Licences covering a combined prospective exploration area of 29.8km² in the historic Usseglio area where cobalt was mined in the 18th century. Field work to sample and map the known mineralised lineaments was undertaken during the July-September field season. Geological mapping and a petrographical and mineralogical study are separately being undertaken in association with the University of Milan.

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 tenements cover highly prospective parts of the Broadhurst Formation and include the Eva Well prospect. Alta is continuing to evaluate possible exploration activities to follow up on targets identified by the detailed gravity survey completed over the tenement area.

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

Appointment of Managing Director

Mining executive, Geraint Harris, was appointed as Alta's new Managing Director from 16 September 2019. He is a Mining Engineer with over 24 years of mining industry experience across production and development operations, technical consultancy, funds management and project finance.

Geraint will assume responsibility for re-establishing the flagship Gorno Zinc Project by applying his extensive technical and operational experience with similar style Mississippi Valley Type (MVT) deposits and also his corporate and managerial skills to deliver shareholder value.

In his most recent role as the CEO of Adriatic Metals PLC (ASX: ADT), Geraint demonstrated a track record of delivering outperformance in shareholder value by overseeing the technical and commercial aspects of two Zn-Pb-Au-Ag-Cu exploration projects in Bosnia and Herzegovina that resulted in share price growth of more than 500% in the 12 months following the company's IPO.

He will also evaluate, and progress Alta's portfolio of strategic minerals projects located in Italy and Australia.

Mr Burns will be reverting to his original role as Executive Chairman with the balance of the Board and management of the Company remaining otherwise unchanged.

Appointment of Strategic Corporate Advisor

On 19 September 2019, the Company announced the appointment of well-regarded advisory firm, Discovery Capital Partners, to act as its strategic corporate advisor, with the aim of maximising shareholder value through ongoing corporate and capital markets advice.

Discovery is a dynamic strategic corporate advisor with a proven track record of identifying emerging companies with high potential assets and collaboratively working with management to unlock significant value for all shareholders.

Cash Balance

Cash on hand at 30 September 2019 was approximately \$1.515 million. (Please refer to the attached Appendix 5B). This figure excludes the proceeds from the recent c.\$1.9 million Placement announced on 25 October 2019.

Issued Capital

During the quarter 8,250,000 fully paid ordinary shares were issued in lieu of cash payment for consultancy fees. As at 30 September, the Company had had 1,829,884,311 fully paid ordinary shares on issue and 48,250,000 unlisted options.

Events Subsequent to the Period End

Following a well-received Australian-wide marketing roadshow, the Company announced on 25 October 2019 that it has completed a successful Placement to raise c.\$1.9 million.

The Placement was strongly supported and introduced a number of new, high quality domestic and international investors to the Alta share register. Strategic shareholder, Victor Smorgon Group, maintained their c.15.7% shareholding providing strong validation of the Gorno and the Company's revitalised brownfield exploration and resource growth strategy.

The funds raised under the Placement will be used to undertake an underground diamond drilling program at Pian Bracca testing multiple high priority targets generated by high-grade channel samples and historical structural and exploration data, as well as the reasonable costs of the offer and related matters. Drilling at Pian Bracca is expected to commence in early November and continue into 2020.

Tenements

Current tenement holdings, tenements disposed of and tenements acquired during the Quarter are shown in the attached Tables 1 to 3.

For and on behalf of Alta Zinc Limited.

Geraint Harris
Managing Director
info@altazinc.com

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 a strategy to define additional zones of high-grade mineralisation, which will enable development options to be reconsidered at the appropriate time and 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 Company also holds two ELs in Piedmont, Italy for the Punta Corna Cobalt Project and an exploration portfolio in Australia.

Competent Person Statement

The information in this release that refers to Exploration Results is based on, and fairly represents, information prepared or reviewed by Dr Marcello de Angelis as Competent Person in compliance with the JORC Code (2012 edition) and announced to the ASX on 14 October 2019. The original ASX announcement is available on Alta Zinc Limited's website (www.altazinc.com.au). The Company is not aware of any new information or data that materially affects the information included in the original ASX announcement. 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 ASX announcement.

Schedules of Tenements as at 30 September 2019

Table 1: 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	EL 31045	100%	Granted
McArthur	EL 31046	100%	Application
Italy			
Novazza	N/A	100%	Application
Val Vedello	N/A	100%	Application
Gorno – Monica Concession	Decree 845	100%	Granted
Gorno – Vedra	Decree 975	100%	Granted
Gorno – Zambra West	Decree 771	100%	Granted
Gorno – Riso	Decree 772	100%	Granted
Gorno – Parina	Decree 9966	100%	Granted
Punta Corna	Decree 628	100%	Granted
Balme	Decree 323	100%	Granted

Table 2: Schedule of mining tenements reduced

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

Table 3: 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 SEPTEMBER 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	-	-
1.2 Payments for		
(a) exploration & evaluation	(353)	(353)
(b) development	-	-
(c) production	-	-
(d) staff costs	(181)	(181)
(e) administration and corporate costs	(44)	(44)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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	-	-
1.9 Net cash from / (used in) operating activities	(577)	(577)

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

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,094	2,094
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(577)	(577)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(1)	(1)
4.6 Cash and cash equivalents at end of period	1,515	1,515

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	722	926
5.2 Call deposits	793	1,168
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)	1,515	2,094

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**

178

-

Included in item 1.2:

- Remuneration of the Executive Chairman/CEO, Finance Director and Non-Executive Director fees. \$147k.
- Payment of \$31k to Gilbert & Tobin Lawyers for legal services. Mr Cardaci, Non-Executive Director, is a consultant 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
- 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.

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

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

Nil

Nil

-

-

13

13

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	1,000
9.2	Development	-
9.3	Production	-
9.4	Staff costs	175
9.5	Administration and corporate costs	125
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,300

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

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



Sign here:
Director/Company secretary

Date: 31 October 2019

Print name: Stephen Hills

Notes

- 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.