

31 January 2020



## QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 DECEMBER 2019

### HIGHLIGHTS:

- **First hole (PBD01) drilled in the Pian Bracca Zone defined two stacked lenses, and returned results including:**
  - 9.5% Zn+Pb and 34.1g/t Ag over 10.6m from 36.6m and
  - 16.1% Zn+Pb and 23.4g/t Ag over 2m from 56.9m
- **Diamond drilling contractor, Edilmac, completed the first five holes of the campaign**
- **Mining Licence application completed and submitted to the Lombardy regulators on schedule**
- **Successful \$1.9 million placement to institutional and sophisticated investors**
- **Cash as at 31 December 2019 of c.\$2 million**

Alta Zinc Limited (ASX: AZI) (Alta or the Company) is pleased to provide its Quarterly Activities Report for the period ended 31 December 2019.

### Gorno Zinc Project (Lombardy, Northern Italy)

#### Pian Bracca diamond drilling program – maiden results

During the quarter, Alta commenced a 30-hole diamond drilling program at the Gorno Project targeting the high priority Pian Bracca zone, where recent high-grade channel sampling from access points within the drilling target zone had returned high-grade assays over significant thicknesses (see announcement on 14 October 2019).

In December 2019, Alta announced the maiden results of the campaign. The first two holes were drilled in the central part of the Pian Bracca zone in the vicinity of previous channel sampling. Both holes intersected the Pian Bracca mineralisation over significant thicknesses, and in addition also intersected a highly mineralised lower lens. The results confirmed the thickness and high-grade nature of the mineralisation present in the zone. They substantiated the assay grades obtained from the nearby channel samples of exposed mineralisation, and further, that the mineralisation is continuous both beneath and between the multiple levels of historic development.

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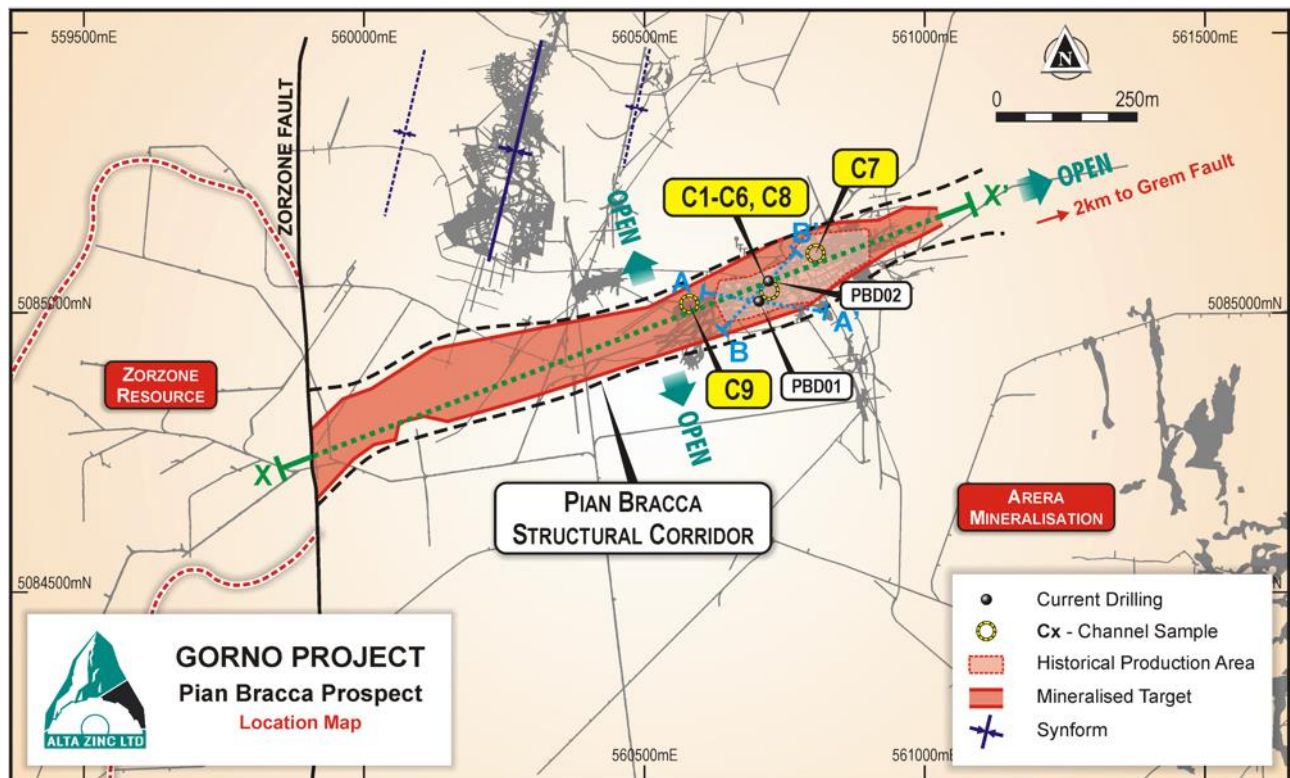
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The mineralisation intersected is highly visible and clearly consists of sphalerite and galena which are hosted within the well-known Metallifero Formation. The Metallifero Formation is found extensively throughout the Gorno district where it is consistently a host to zinc and lead mineralisation. Figures 1 and 2 below show the position of the holes and the mineralisation contained. Figure 3 shows the mineralised core from the lower lens of the second hole, PBD02, which demonstrates the clearly visible zinc sphalerite mineralisation.

**Table 1: Drill hole results from PBD01, drilling intersections are angled approximately 70 degrees to horizontal, meaning true thickness is interpreted to be 1.9m & 10.0m respectively**

Hole ID	From m	To m	Intercept m	Pb %	Zn %	Pb+Zn %	Ag g/t
PBD01	18.0	20.0	2.0	2.9	13.3	16.1	23.4
PBD01	36.6	47.2	10.6	2.3	7.2	9.5	34.1



**Figure 1: Plan view showing the location of the new drill holes (PBD01, PBD02) within the Pian Bracca Zone and the channel samples taken previously (C1-C9)**

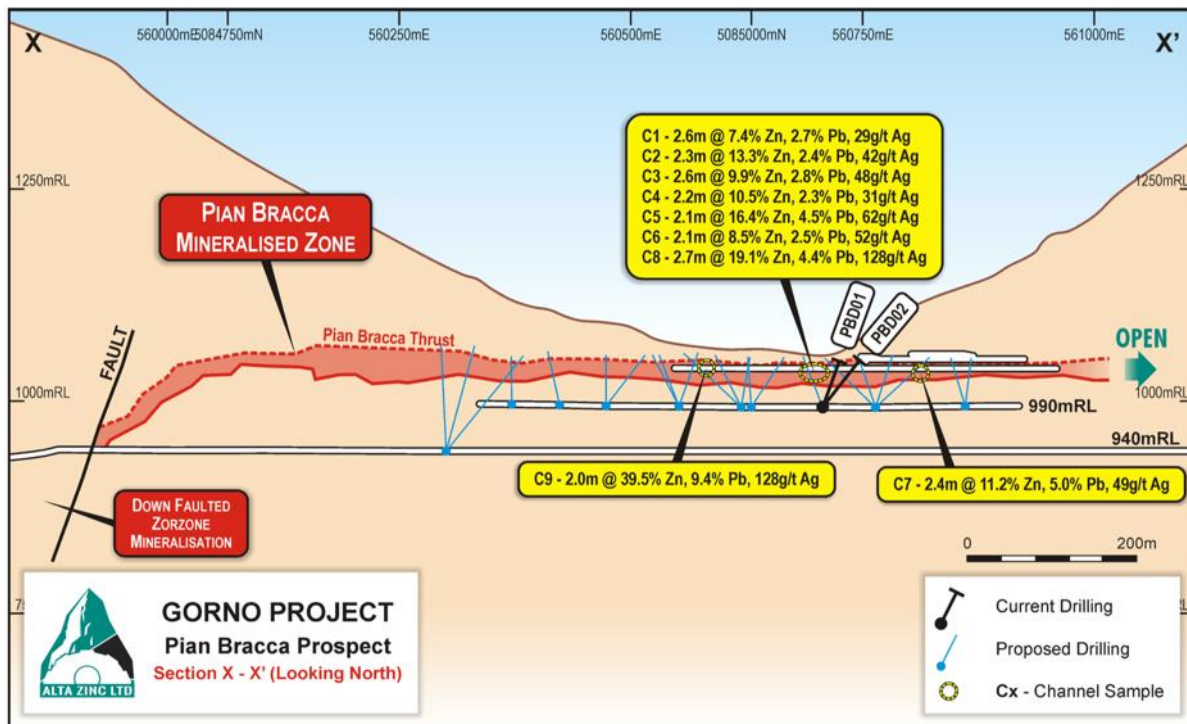


Figure 2: Long-section through the Pian Bracca zone showing the new drill holes (PBD01, PBD02) central to the previous (C1-C9) channel sample results & the proposed drilling of the zone from the existing access

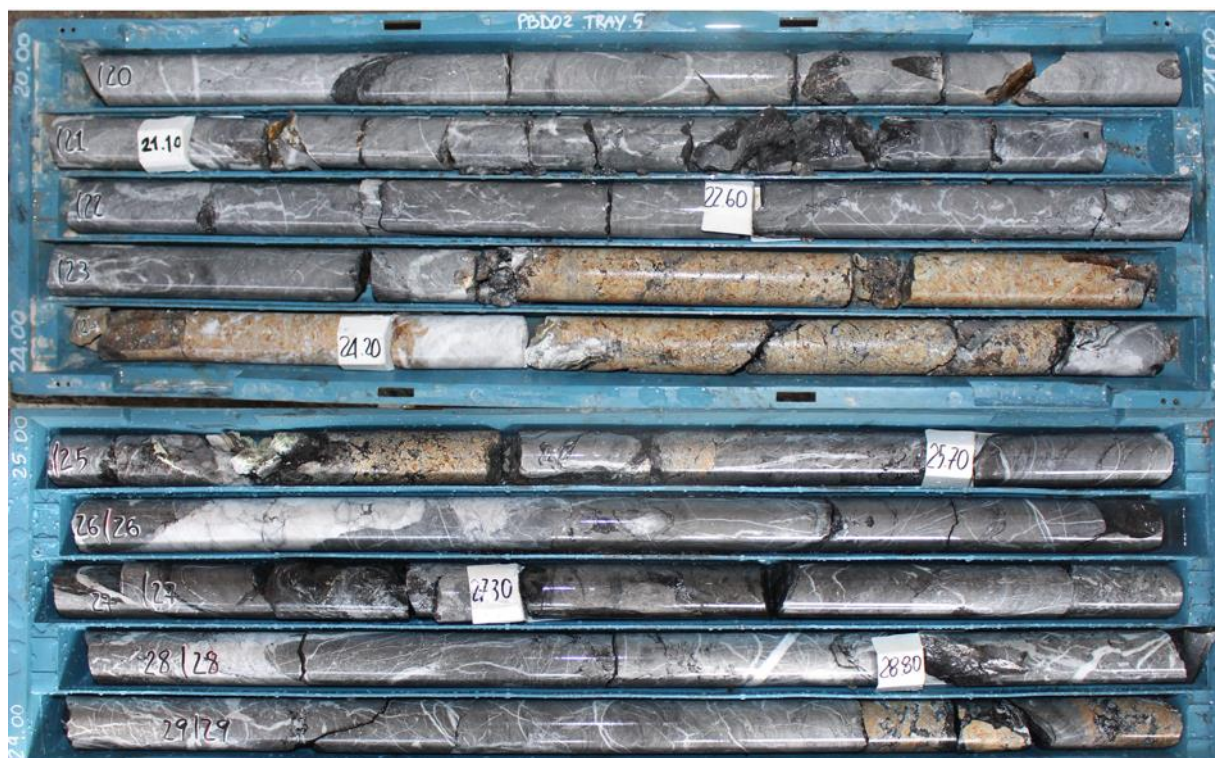


Figure 3: Core photography of hole PBD02, showing the lower mineralised lens (sphalerite distinctly visible as light brown rock)



## Further drilling results from Pian Bracca

Subsequent to the quarter end, on 21 January 2020 Alta announced the results of a further four drill-holes (PBD02 to PBD05) drilled during the month of December. Highlights of these are as follows:

- 12.1% Zn+Pb and 38g/t Ag over 12m from 56.9m (PBD02)
- 14.8% Zn+Pb and 52g/t Ag over 10.7m from 58.0m (PBD03)
- 19.4% Zn+Pb and 60g/t Ag over 12.1m from 59.5m (PBD05)

These drilling results also demonstrate the continuity of a second layer of high-grade mineralisation beneath the Pian Bracca mineralisation, including:

- 19.1% Zn+Pb and 19g/t Ag over 8.5m from 23.4m (PBD02)

While not the focus of the current campaign, the drilling has clearly demonstrated the continuity and high-grade nature of the second layer of mineralisation (Breno) which lies approximately 20m below the Pian Bracca zone. This style of mineralisation was mined historically at the Gorno Project.

Also, a previously unknown third horizon of mineralisation has been discovered above the Pian Bracca thrust, which illustrates the untapped exploration potential of the Gorno Project. Figure 4 is a long section through the Pian Bracca Zone and shows the drilling results.

All holes were drilled upwards from the initial drill pad in the east-central part of the zone. All the holes analysed to date have intersected significant zinc and lead mineralisation. The entire maiden drilling campaign is expected to run until the middle to end of Q2-CY2020 and results will be released on a regular basis as assays become available from the laboratory.

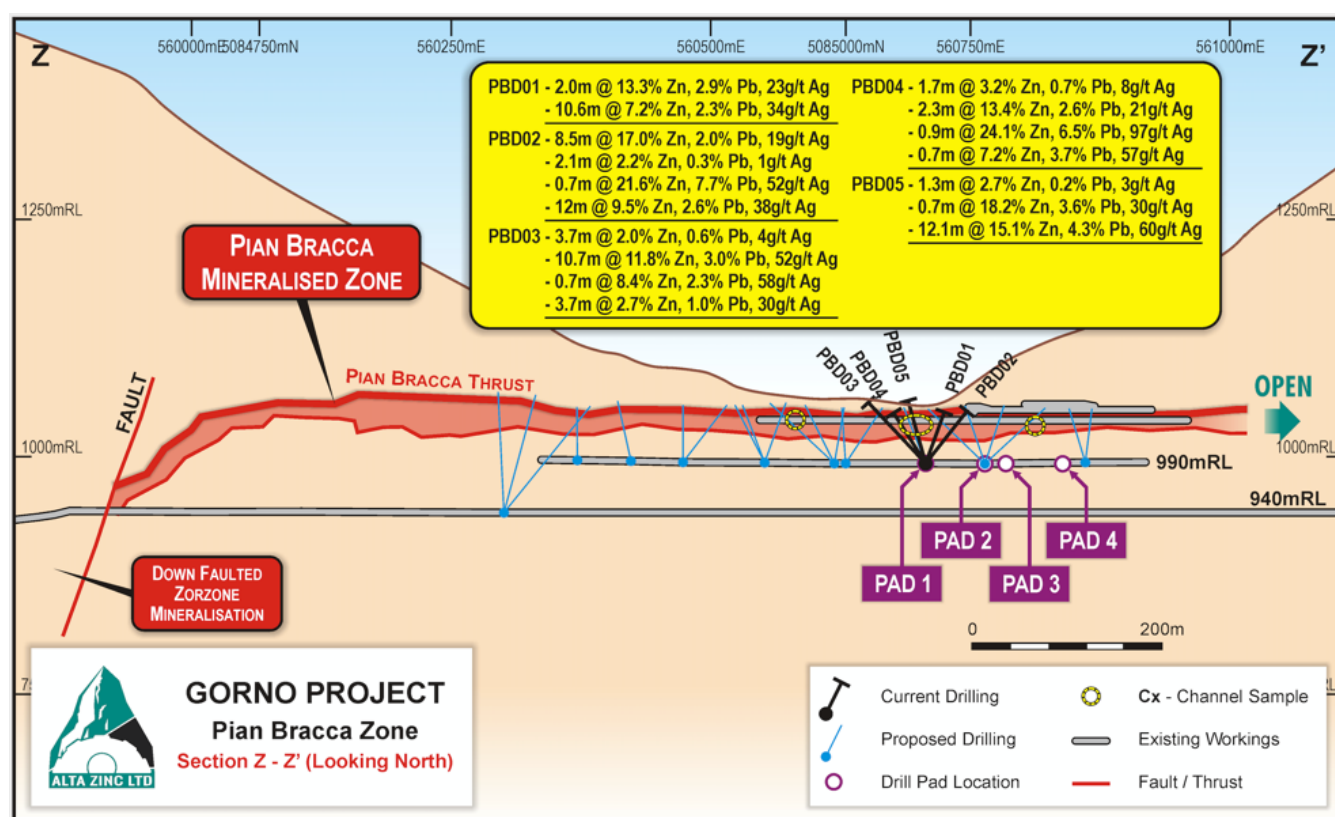


Figure 4: Long-section showing the first five holes of the current campaign & their drilling results

## **Mining Licence (ML) Renewal Application**

Alta has continued to advance the Gorno project's permitting status and as such was pleased to submit on schedule the application for the renewal and expansion of the Company's existing mining licence at Gorno (the Monica Mining Licence). Submission of the application is a significant milestone which demonstrates that the permitting process for the Gorno Project mine is well advanced. The application is highly detailed and contains a full Environmental and Social Impact Assessment and baseline data analysis. The submission included several additional items included at the request of the regulators (the Regional Government of Lombardy). It will now be reviewed, and a process of discussion and analysis will be conducted between the Company and the regulators.

## **Corporate**

### **Successful completion of oversubscribed Placement to raise c.\$1.9M**

On 25 October 2019, the Company announced that it completed a successful Placement to raise c.\$1.9 million at an issue price of \$0.005 per share. The Placement was strongly supported and introduced a number of new, high quality domestic and international investors to the Company's share register. Strategic shareholder Victor Smorgon Group maintained their c.15.7% shareholding, providing strong validation of the Gorno Project and the Company's revitalised brownfield exploration and resource growth strategy.

The Placement included the issue of 342.3 million shares under the Company's existing placement capacity and an additional issue of 30 million shares to Alta's Managing Director, Geraint Harris, to raise \$150K, as approved by shareholders at the AGM on 29 November 2019. The Placement proceeds, together with existing cash reserves, is sufficient to fund the ongoing diamond drilling program at Pian Bracca as well as cover corporate costs and general working capital requirements.

### **Cash Balance**

Cash on hand at 31 December 2019 was \$1.985 million, including the proceeds of the Placement. Please refer to the attached Appendix 5B.

### **Issued Capital**

During the quarter a total of 372,264,417 fully paid ordinary shares were issued pursuant to the Placement, and a total of 75,000,000 unlisted options were issued. As at 31 December, the Company had 2,202,148,728 fully paid ordinary shares on issue and 123,250,000 unlisted options.

## **Tenements**

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

By the board of Alta Zinc Limited.

Geraint Harris  
Managing Director  
[info@altazinc.com](mailto: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 Statements

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 4 December 2019 and 21 January 2020. The original ASX announcements are available on Alta Zinc Limited's website ([www.altazinc.com](http://www.altazinc.com)). 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.

**Table 2: Schedule of mining tenements held**

Project	Tenement	Entity's Interest	Comments
<b>Western Australia</b>			
Moses Chair	E45/4534	100%	Granted
Broadhurst Range	E45/4543	100%	Granted
<b>Northern Territory</b>			
McArthur	EL 25272	100%	Application
McArthur	EL31045	100%	Granted
McArthur	EL31046	100%	Application
<b>Italy</b>			
Novazza	N/A	100%	Application – on hold
Val Vedello	N/A	100%	Application – on hold
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 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
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### ABN

63 078 510 988
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### Quarter ended ("current quarter")

31 DECEMBER 2019
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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(914)	(1,267)
(b) development	-	-
(c) production	-	-
(d) staff costs	(187)	(368)
(e) administration and corporate costs	(164)	(208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,265)</b>	<b>(1,842)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(11)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(10)</b>	<b>(11)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,864	1,864
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	(112)	(112)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,752</b>	<b>1,752</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,515	2,094
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,265)	(1,842)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10)	(11)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,752	1,752
4.5 Effect of movement in exchange rates on cash held	(7)	(8)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,985</b>	<b>1,985</b>



5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	785	722
5.2	Call deposits	1,200	793
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,985</b>	<b>1,515</b>

**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**

284

-

Included in item 1.2:

- Payments to Executive Chairman, Managing Director, Finance Director for remuneration, and Non-Executive Director fees, \$230k.
- Payments to Gilbert & Tobin Lawyers for legal services, \$17k. Mr Cardaci, Non-Executive Director, is a consultant of Gilbert & Tobin. The legal services were not provided by Mr Cardaci.
- Payments to Orme Mineral Services Ltd in reimbursement of Company-related travel and other expenses, \$37k. Mr Harris (Managing Director), is a director of Orme Mineral Services Ltd.

**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.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	175
9.5 Administration and corporate costs	100
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,275</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 January 2020

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.