

29 April 2020



QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 MARCH 2020

HIGHLIGHTS:

- Pian Bracca drilling program has delivered high-grade and thick intercepts which have defined multiple stacked mineralised lenses.
- Mineralisation to-date has been defined over a total strike length of c. 300m.
- Selected drill-hole intercepts in Pian Bracca are:
 - 15.0m at 14.1% Zn and 4.2% Pb (18.3% Zn+Pb) and 70g/t Ag from 65.3m (PBD13A);
 - 8.8m at 9.7% Zn and 4.9% Pb (14.6% Zn+Pb) and 36g/t Ag from drill collar (PBD09);
 - 8.7m at 13.3% Zn and 3.7% Pb (17.0% Zn+Pb) and 22g/t Ag from 5.2m (PBD11);
 - 10.7m at 11.8% Zn and 3.0% Pb (14.8% Zn+Pb) and 52g/t Ag from 58.0m (PBD03);
 - 12.1m at 15.1% Zn and 4.3% Pb (19.4% Zn+Pb) and 60g/t Ag from 59.5m (PBD05); and
 - 8.5m at 17.0% Zn and 2.0% Pb (19.1% Zn+Pb) and 19g/t Ag from 23.4m (PBD02).
- Channel sampling at Pian Bracca has also returned some of the highest grades yet at the Gorno Project:
 - 2.8m at 30.4% Zn and 5.0% Pb (35.4% Zn+Pb) and 41g/t Ag (PBCH14), with mineralisation continuing into the floor and roof for many of the samples.
- 70% of the planned meters have been drilled to-date, with every hole drilled having intersected significant mineralisation.
- Cash as at 31 March 2020 of \$0.93 million.

Alta Zinc Limited (ASX: AZI) (Alta or the Company) is pleased to provide its Quarterly Activities Report for the period ended 31 March 2020.

Alta Zinc Limited | ASX Code AZI | ABN 63 078 510 988

Level 3, Suite 3.5, 9 Bowman Street, South Perth, WA 6151, Australia

Email: info@altazinc.com | Tel: +61 (0)8 9321 5000 | Fax: +61 (0)8 9321 7177

Website: www.altazinc.com

Gorno Zinc Project (Lombardy, Northern Italy)

Pian Bracca diamond drilling program

Diamond drilling and channel sampling from the Pian Bracca Zone has resulted in the known mineralisation being extended by an additional c.250m along strike during this quarter (see Figure 1).

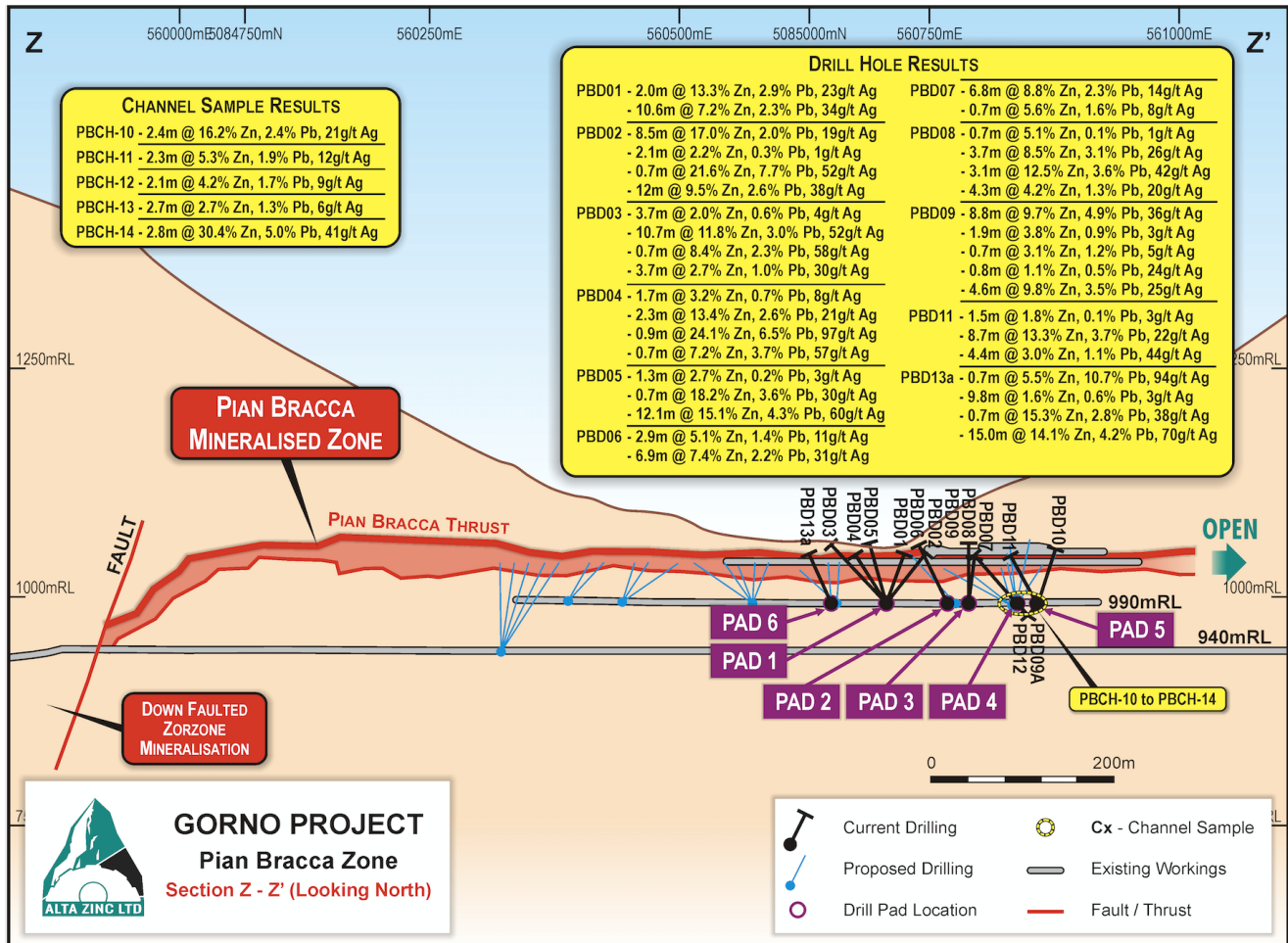


Figure 1: Long-section showing the highlighted diamond drill results & channel samples from the Pian Bracca campaign

The underground drilling campaign for Pian Bracca commenced in November 2019. Approximately 70% of the first phase campaign's total drilling meters were drilled during the March 2020 quarter. As exploration progressed towards the east the drilling discovered that the stratabound mineralisation not only hosts high grades but also significantly thickens around the 990m level and remains open below that level (see Figure 2).

The drilling has confirmed the existing geologic interpretation very successfully, with a drill density of approximately 50m or closer and with every drill hole intersecting significant mineralisation (see Table 2). Diamond drilling has also demonstrated the presence of hitherto undiscovered mineral lenses which are vertically stacked in close proximity to the existing underground development and have shown that the mineralisation is continuous both beneath and between the multiple levels of historic development (see Figure 2).

The drilling results have substantiated the high-grade nature of both the thrust and the stratabound mineralisation. These drilling assays have also closely matched the assay grades obtained from channel sampling of mineralisation exposed in the underground drives at Pian Bracca (see Table 1 and 2). This helps confirm that disciplined channel sampling is an accurate and predictive exploration tool at Gorno, with both drilling and underground channel sampling being methods that can support a future Resource estimate.

Drill hole PBD13A (see ASX announcement 2 April 2020), is a step-out hole extending the Pian Bracca mineralisation 35m to the west. The results returned the highest grade and longest sample interval drilled to date (true thickness approximately 10m) and highlights the quality of the mineralisation that has been recently intersected from drilling at the Gorno Project. Drilling continues to the west and the Pian Bracca Zone remains open in all directions (see Figure 2).

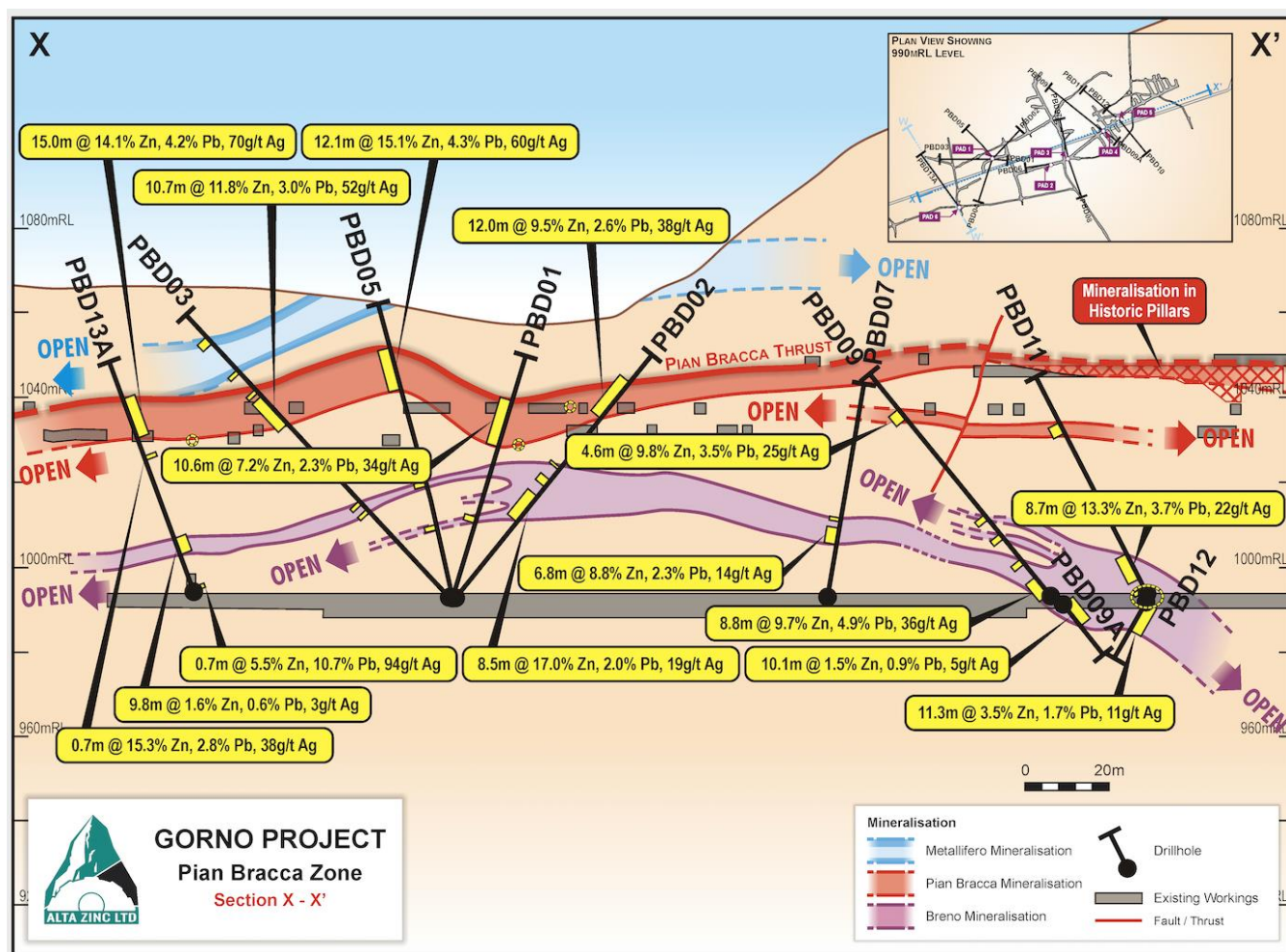


Figure 2: Long-section of Pian Bracca showing stacked mineral lenses & the highlighted drill results

At Pian Bracca, geological mapping and channel sampling have been successful at increasing Alta's understanding and confidence in the location and quality of the mineralisation prior to commencement of drilling. Therefore, the decision was taken to extend the mapping and channel sampling program to other areas of the mine which were also identified as being prospective. Hence, during the quarter a review of historical data in the Ponente area was made, 850m to the north west of Pian Bracca, and following positive analysis geological mapping and channel sampling were conducted to better define that area's potential (see Figure 3).

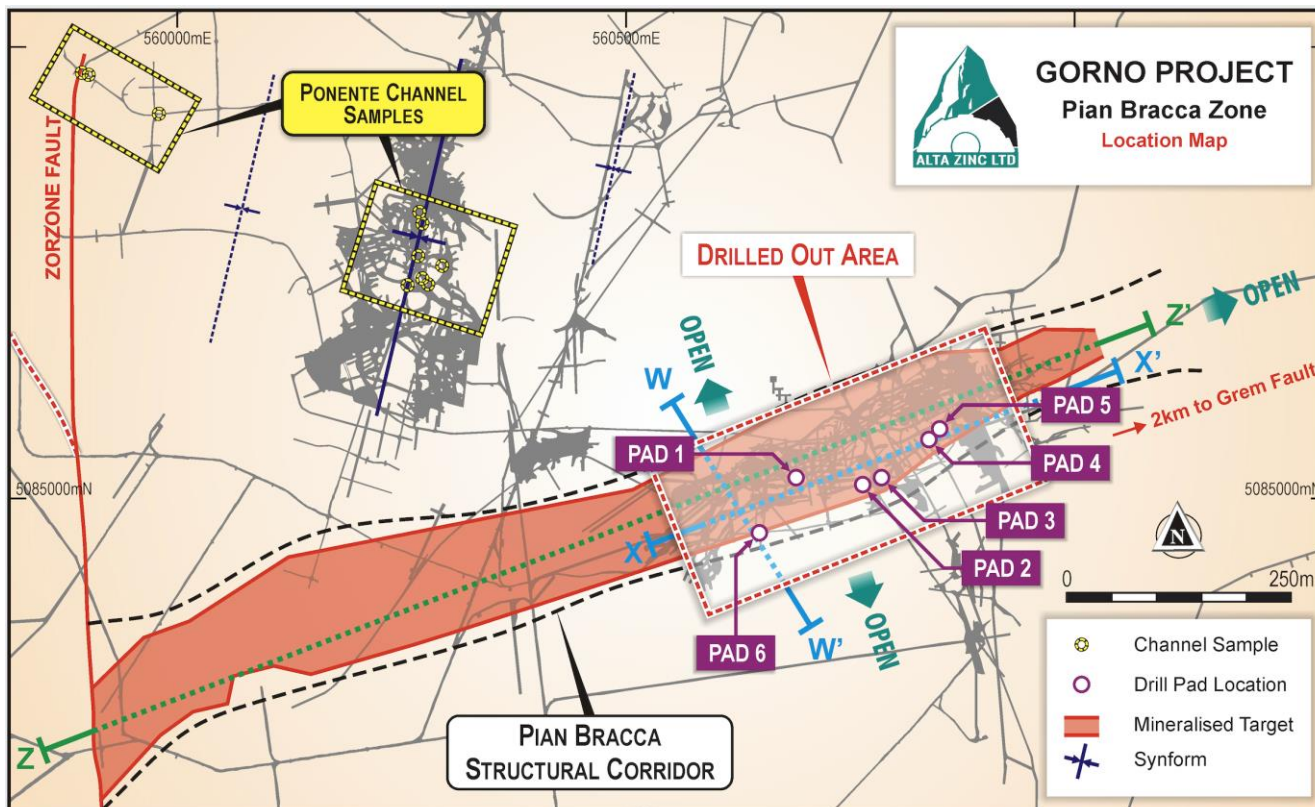


Figure 3: Plan view of Pian Bracca Zone & the location of the Ponente channel samples

Table 1: Pian Bracca Channel Samples (cut orthogonal to mineralisation at full drive height incl. dilution)

| Hole ID | From m | To m | Intercept m | Ag g/t | Zn % | Pb % | Pb+Zn % |
|---------|-----------|---------|----------------|-----------|---------|---------|------------|
| PBCH01 | 0.0 | 2.6 | 2.6 | 29 | 7.4 | 2.7 | 10.1 |
| PBCH02 | 0.0 | 2.3 | 2.3 | 42 | 13.3 | 2.4 | 15.6 |
| PBCH03 | 0.0 | 2.6 | 2.6 | 48 | 9.9 | 2.8 | 12.7 |
| PBCH04 | 0.0 | 2.2 | 2.2 | 31 | 10.5 | 2.3 | 12.8 |
| PBCH05 | 0.0 | 2.1 | 2.1 | 62 | 16.4 | 4.5 | 20.9 |
| PBCH06 | 0.0 | 2.1 | 2.1 | 52 | 8.5 | 2.5 | 11.0 |
| PBCH07 | 0.0 | 2.4 | 2.4 | 49 | 11.2 | 5.0 | 16.2 |
| PBCH08 | 0.0 | 2.7 | 2.7 | 128 | 19.1 | 4.4 | 23.5 |
| PBCH09 | 0.0 | 2.0 | 2.0 | 128 | 39.5 | 9.4 | 48.9 |
| PBCH10 | 0.0 | 2.4 | 2.4 | 21 | 16.2 | 2.4 | 18.6 |
| PBCH11 | 0.0 | 2.3 | 2.3 | 12 | 5.3 | 1.9 | 7.2 |
| PBCH12 | 0.0 | 2.1 | 2.1 | 9 | 4.2 | 1.7 | 5.8 |
| PBCH13 | 0.0 | 2.7 | 2.7 | 6 | 2.7 | 1.3 | 4.0 |
| PBCH14 | 0.0 | 2.8 | 2.8 | 41 | 30.4 | 5.0 | 35.3 |

Table 2: Highlighted Results of all drill-holes (PBD01 to PBD13A, down hole thickness)

| Hole ID | From | To | Intercept | Ag | Zn | Pb | Pb+Zn |
|---------|------|------|-----------|-----|------|------|-------|
| | m | m | m | g/t | % | % | % |
| PBD01 | 18.0 | 20.0 | 2.0 | 23 | 13.3 | 2.9 | 16.1 |
| PBD01 | 36.6 | 47.2 | 10.6 | 34 | 7.2 | 2.3 | 9.5 |
| PBD02 | 23.4 | 31.9 | 8.5 | 19 | 17.0 | 2.0 | 19.1 |
| PBD02 | 40.3 | 41.0 | 0.7 | 52 | 21.6 | 7.7 | 29.3 |
| PBD02 | 56.9 | 68.9 | 12.0 | 38 | 9.5 | 2.6 | 12.1 |
| PBD03 | 58.0 | 68.7 | 10.7 | 52 | 11.8 | 3.0 | 14.8 |
| PBD03 | 74.7 | 75.4 | 0.7 | 58 | 8.4 | 2.3 | 10.6 |
| PBD04 | 54.7 | 57.0 | 2.3 | 21 | 13.4 | 2.6 | 16.0 |
| PBD04 | 64.2 | 67.5 | 3.3 | 39 | 8.1 | 2.6 | 10.8 |
| PBD05 | 31.4 | 32.1 | 0.7 | 30 | 18.2 | 3.6 | 21.8 |
| PBD05 | 59.5 | 71.6 | 12.1 | 60 | 15.1 | 4.3 | 19.4 |
| PBD06 | 13.9 | 16.8 | 2.9 | 11 | 5.1 | 1.4 | 6.5 |
| PBD06 | 52.8 | 59.6 | 6.9 | 31 | 7.4 | 2.2 | 9.6 |
| PBD07 | 16.3 | 23.0 | 6.8 | 14 | 8.8 | 2.3 | 11.1 |
| PBD07 | 25.7 | 26.4 | 0.7 | 8 | 5.6 | 1.6 | 7.1 |
| PBD08 | 27.7 | 31.4 | 3.7 | 26 | 8.5 | 3.1 | 11.6 |
| PBD08 | 34.0 | 37.1 | 3.1 | 42 | 12.5 | 3.6 | 16.2 |
| PBD08 | 64.2 | 68.5 | 4.3 | 20 | 4.2 | 1.3 | 5.4 |
| PBD09 | 0.0 | 8.8 | 8.8 | 36 | 9.7 | 4.9 | 14.6 |
| PBD09 | 80.5 | 85.1 | 4.6 | 25 | 9.8 | 3.5 | 13.4 |
| PBD09A | 0.0 | 10.1 | 10.1 | 5 | 1.5 | 0.9 | 2.4 |
| PBD10 | 0.0 | 0.7 | 0.7 | 6 | 8.2 | 1.5 | 9.8 |
| PBD11 | 5.2 | 13.9 | 8.7 | 22 | 13.3 | 3.7 | 17.0 |
| PBD11 | 55.4 | 59.8 | 4.4 | 44 | 3.0 | 1.1 | 4.0 |
| PBD12 | 0.0 | 11.3 | 11.3 | 11 | 3.5 | 1.7 | 5.2 |
| PBD13a | 0.0 | 0.7 | 0.7 | 94 | 5.5 | 10.7 | 16.2 |
| PBD13a | 55.1 | 55.8 | 0.7 | 38 | 15.3 | 2.8 | 18.0 |
| PBD13a | 65.3 | 80.3 | 15.0 | 143 | 14.1 | 4.2 | 18.3 |

COVID-19

As advised by Alta on 13 March, drilling operations were suspended following the Italian government decree to introduce restrictions aimed at controlling the severity and spread of the Covid-19 virus. While restrictions currently remain in force, our drilling contractor Edilmac has retained its equipment at site with the objective of restarting drilling once the assessment of risks allows.

At that time of the decree, a significant number of samples were either at the laboratory or were being assessed prior to dispatch for analysis. The assay results of these samples continue to be received by our geology team, who have been able to make good use of the hiatus in drilling to undertake an in-depth review of the drilling results in the context of the historic data from the wider project area. This has enabled them to further develop the geological interpretation of both the Pian Bracca zone and the wider Gorno Zinc district.

Corporate

Cash Balance

Cash on hand at 31 March 2020 was \$0.93 million. Please refer to the attached Appendix 5B.

In response to the Covid-19 pandemic Alta's staff have been working from home and adhering to government directives. A detailed review has been undertaken of all expenditures and all possible cost saving measures have been put in place. Where applicable, government funding is being sought to support the Company in maintaining its skilled workforce and to ensure that that drilling operations can be seamlessly resumed once conditions permit.

In addition, the directors of Alta Zinc have agreed to have their cash compensation reduced by 50 per cent for a period of up to 6 months with effect from 1 April 2020. In lieu of the reduction in cash compensation, the Directors are considering a proposal for their deferred fees for the period to be satisfied by the issue of equity compensation subject to shareholder approval.

Issued Capital

The Company has 2,202,148,728 fully paid ordinary shares on issue and 116,500,000 unlisted options as at 31 March 2020.

Tenements

Current tenement holdings, tenements disposed of and tenements acquired during the quarter are shown in the attached Tables 3 to 5.

By the board 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 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). 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 3: 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 – on hold |
| Val Vedello | N/A | 100% | Application – on hold |
| Gorno – Monica Concession | Decree 845 | 100% | Renewal & extension in process |
| Gorno – Vedra | Decree 975 | 100% | Combined re-application in process |
| Gorno – Zambra West | Decree 771 | 100% | |
| Gorno – Riso | Decree 772 | 100% | |
| Gorno – Parina | Decree 4358 | 100% | Granted |
| Punta Corna | Decree 628 | 100% | Granted |
| Balme | Decree 323 | 100% | Granted |

Table 4: Schedule of mining tenements reduced

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

Table 5: Schedule of mining tenements increased

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALTA ZINC LIMITED

ABN

Quarter ended ("current quarter")

63 078 510 988

31 MARCH 2020

| 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 (if expensed) | (828) | (2,095) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (189) | (557) |
| | (e) administration and corporate costs | (61) | (269) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 1 | 2 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (1,077) | (2,919) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (3) | (14) |
| | (d) exploration & evaluation (if capitalised) | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) 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) | (14) |

| | | | |
|-------------|---|----------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 1,864 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | (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) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | 1,752 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,985 | 2,094 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,077) | (2,919) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (3) | (14) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 1,752 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | 21 | 13 |
| 4.6 | Cash and cash equivalents at end of period | 926 | 926 |

| 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 | 126 | 785 |
| 5.2 | Call deposits | 800 | 1,200 |
| 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) | 926 | 1,985 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

220

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Included in item 1.2:

- Payments to Executive Chairman, Managing Director, Finance Director for remuneration, and Non-Executive Director fees, \$220k.
- Payments to Gilbert & Tobin Lawyers for legal services, \$2k. 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, \$7k. Mr Harris (Managing Director), is a director of Orme Mineral Services Ltd.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | |
|---|---|--|
| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> | | |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other – Bank Guarantee | 13 | 13 |
| 7.4 Total financing facilities | 13 | 13 |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |

| | |
|---|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (1,077) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (1,077) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 926 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 926 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 0.86 |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Drilling operations in Italy have been suspended following the introduction of restrictions by the Italian govt to restrict the spread of COVID 19. The Company has instituted measures including cost reductions, deferment of remuneration payments to directors and the application for relevant government economic relief measures in order to reduce net cash outflows. As a result, the Board expects that funding available will be sufficient to meet forecast reduced operating cash flows for the next two quarters.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has an active dialogue with its shareholders and the investment community in relation to future funding. The Board is confident that the entity will be able to secure funding, through equity or other form of financing, sufficient to maintain the entity's operations.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its operations for the foreseeable future (refer to response to question 2). The meeting of business objectives is dependent on the outcomes of planned activities including the results of drilling, technical studies and permitting procedures. The availability and timing of funding for planned activities will be a determining factor in the entity meeting its business objectives.

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.

Date: 29 April 2020

Authorised by: By the Board of Alta Zinc Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.