

ASX Announcement

25 June 2020



ALTA ZINC SECURES \$3.6MILLION TO FUND GORNO ZINC PROJECT EXPLORATION

HIGHLIGHTS

- Alta receives binding commitments for a Placement to raise c.\$3.6M, including oversubscriptions of c.\$1.4M
- Bids were received for in excess of \$4.9M, indicating strong demand
- The Placement received strong support from globally based new and existing resources-focussed institutional and sophisticated investors, which provides endorsement of Alta's brownfields exploration strategy in Australian and international markets
- Existing strategic shareholder Victor Smorgon Group participated in the Placement (subject to shareholder approval) representing a continued endorsement of Alta's strategy and management
- Alta's Director/s (or their associates / related parties) subscribed for shares worth a total of \$650,000 in the Placement, subject to shareholder approval
- The Placement positions Alta with a strong cash balance to commence an underground diamond drilling programme starting in early July and aiming to extend the thick high grade mineralisation at Pian Bracca and test Ponente (and other high priority targets) generated by the high grade channel samples and historical exploration data
- Existing shareholders can participate via a Share Purchase Plan (SPP) to raise additional funds up to \$0.5M on the same terms as the Placement

Alta Zinc Limited (ACN 078 510 988) (ASX:AZI) (**Alta** or the **Company**) is pleased to announce that it has received firm commitments from eligible professional and sophisticated investors for a Placement of new fully paid ordinary shares in Alta (**Shares**) together with (subject to shareholder approval) one free attaching option for every three Shares issued (**Options**), to raise up to c.\$3.6M before costs (**Placement**). The Placement will occur in two tranches and comprise the issue of up to c.890.5M Shares in Alta at an issue price of 0.40c per share and c.296.85M listed Options at an exercise price of 1.0c per Option as follows:

- Unconditional placement of c.550.5M shares to raise c.\$2.2M under the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A ("**Tranche 1**"); and

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- Conditional placement of an additional 340M shares to raise a further c.\$1.4M, which will be issued subject to shareholder approval at a meeting of shareholders scheduled to take place around mid-August 2020 (“**General Meeting**”)(“**Tranche 2**”). This includes:
 - 162.5M shares and c.54.2M Options to Alta Directors (or their associates / related parties), to raise \$0.65M; and
 - 177.5M shares to two select institutions, to raise \$0.71M.

The Placement was strongly supported by existing shareholders and introduced a number of new, high quality domestic and international resources-focussed institutions and sophisticated investors to the Alta share register including major shareholder, Victor Smorgon Group, subject to shareholder approval. This provides strong validation of the Gorno Zinc Project (“**Gorno**”) and the Company’s brownfield exploration and resource growth strategy.

The Placement ensures Alta is well funded to continue the underground diamond drilling programme, aiming to extend the thick and high grade mineralisation identified to date at Pian Bracca and to explore for extensions of that mineralisation at Ponente and other high priority targets which have been generated by the Company’s high grade channel sampling and historical structural and exploration data. Funds raised will also be used for costs associated with the drilling programmes, corporate costs, general working capital requirements and costs associated with the Placement and SPP. Drilling is expected to commence in early July and continue throughout 2020.

Alta’s Managing Director Geraint Harris commented:

“I am delighted with the overwhelming demand from institutional and sophisticated investors which is a strong endorsement of Alta’s flagship Gorno Zinc project and its team. This Placement provides us with significant balance sheet support for our underground drilling programs at the high grade Pian Bracca and Ponente zones. We welcome our new shareholders and are very appreciative of the support that our existing shareholders continue to provide. We intend to build shareholder value through the exploration of our highly prospective zones of identified mineralisation and also to look for opportunities to step out our exploration into new areas, this is with the ultimate aim of increasing the mineable Resource inventory at Gorno which will enable us to consider its development options at the appropriate time.”

PLACEMENT DETAILS

Shares under the Placement will be issued at \$0.004 (**Placement Price**), representing a 20% discount to Alta’s last traded price of \$0.005 on 22 June 2020 and a 20% discount to Alta’s 5-day volume weighted average price (**VWAP**) of \$0.005 based on the last trading date of 22 June 2020. Options will be issued for no additional consideration (each with an exercise price of \$0.01, expiring on or before 31 January 2022) and Alta intends to seek quotation of the Options.

The issue of Shares under the Placement will be undertaken in two tranches, with Tranche 1 utilising the Company’s ASX Listing Rule placement capacity. 220,214,872 Shares will be issued under ASX Listing Rule 7.1A¹ and the remaining up to 330,322,309 Tranche 1 Shares will be issued within the Company’s existing placement capacity under ASX Listing Rule 7.1. Settlement of Tranche 1 is expected to occur on 30 June 2020. The Shares to be issued under the conditional portion of the Placement comprises up to 340,000,000 Shares

¹ The offer price of \$0.004 meets the requirement of ASX Listing Rules 7.1A.3 and represents a discount of 23.1% to the volume weighted average price of shares over the last fifteen trading days, being greater than 75%.



and is subject to shareholder approval. All Placement Shares issued will rank equally with the then existing ordinary shares.

Discovery Capital Partners and Foster Stockbroking Pty Ltd acted as joint lead managers (**JLMs**) to the Placement.

DIRECTOR PARTICIPATION

Director/s (or their associates / related parties) intend to participate for a total of \$650,000 in the Placement subject to shareholder approval at the General Meeting. The respective allocations to each Director/s (or their associates / related parties) are as follows:

- The Executive Chairman, Mr Alexander Burns, has confirmed that he or his related parties will subscribe for \$350,000 in the Placement;
- Mr Marcello Cardaci, who is a non-executive Director of Alta and has an indirect interest in shares held by Malvasia Pty Ltd (as a beneficiary of the Spyder Super Fund), has confirmed that he has been advised that Malvasia Pty Ltd will subscribe for \$200,000 in the Placement; and
- Mr Geraint Harris, the Managing Director, has confirmed that he or his related parties will subscribe for \$100,000 in the Placement.

SHARE PURCHASE PLAN (SPP)

Alta will offer all eligible shareholders (including eligible retail shareholders) in jurisdictions including Australia, New Zealand, the United Kingdom and any other jurisdiction at the Company's election (**Eligible Shareholders**) the opportunity to subscribe for Shares, by way of a share purchase plan (**Share Purchase Plan**) at \$0.004 per Share, being the same as the Placement Price. Investors under the SPP will also be eligible to receive one free attaching option for every three Shares issued on the same terms as the Placement shares, subject to shareholder approval. The Options issued under the Share Purchase Plan will be in the same class of Options proposed to be issued under the Placement. The Options will be offered under a prospectus which will accompany the Share Purchase Plan offer booklet and are subject to shareholder approval.

Under the Share Purchase Plan, each Eligible Shareholder on Alta's register at 5:00pm (WST) on Wednesday, 24 June 2020 ("**Record date**"), will be entitled to apply for up to \$30,000 worth of new Shares in the Company with one free attaching Option for every three Shares subscribed for, with the Options subject to shareholder approval.

Alta is targeting to raise up to \$500,000 under the Share Purchase Plan. Alta reserves the right (in its absolute discretion) to scale back applications under the Share Purchase Plan if demand exceeds \$500,000, or to raise a higher amount. Shares issued under the SPP will rank equally with existing shares of Alta.

The Share Purchase Plan offer period is intended to be from 24 June 2020 and will be open subject to Alta's discretion. Further information regarding the Share Purchase Plan (including terms and conditions of the Share Purchase Plan) will be provided to eligible shareholders in the Share Purchase Plan offer booklet and accompanying prospectus, which will be dispatched to shareholders shortly. Participation in the Share Purchase Plan is optional.



OPTIONS TO JLM'S

The JLMs (or their nominees) will be issued c.46.39M unlisted options in the Company (each with a subscription price of A\$0.0001, an exercise price of A\$0.01 expiring on or before 28 February 2022) for their role as joint lead manager to the Placement. The issue of the options is subject to shareholder approval.

KEY DATES*

Summary of Key Dates	Date/Time (AWST)
SPP Record Date	5:00pm Wednesday, 24 June 2020
Settlement of New Shares Issued Under Tranche 1	Tuesday, 30 June 2020
Allotment of New Shares Issued Under Tranche 1	Wednesday, 1 July 2020
Notice of General Meeting Dispatched	On or around early July 2020
Anticipated General Meeting to approve Tranche 2	On or around mid-August 2020
Anticipated issue of Options and Tranche 2 DvP settlement date	5 business days following the GM

**The above dates are indicative only. Alta reserves the right to changes these dates.*

This announcement was authorised for release to ASX by the Board of Directors of Alta Zinc Limited.

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