



ALTA ZINC LIMITED

ABN 63 078 510 988

AND CONTROLLED ENTITIES

**HALF YEARLY REPORT
FOR THE SIX MONTHS ENDED
31 DECEMBER 2020**

Results for announcement to the market

This half-year information is given to the ASX under *Listing Rule 4.2A*

**The information contained in this report should be read in conjunction with
the Annual Report for the year ended 30 June 2020**

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DIRECTORS' REPORT

The Directors of Alta Zinc Limited (Alta Zinc, Alta or the Company) submit herewith the financial report of Alta Zinc Limited and its subsidiaries (the Group) for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of the Directors of the Company during or since the end of the half-year are:

Name

Mr Alexander Burns

Mr Geraint Harris

Mr Stephen Hills

Mr Marcello Cardaci

Mr Campbell Olsen – resigned 27 November 2020

The Directors were in office for the entire period unless stated otherwise.

Review of Operations

This review summarises the Company's activities for the six months to 31 December 2020. The Company's key focus was to resume the drilling program at the Gorno Zinc Project to define additional zones of high-grade mineralisation in accordance with the Company's brownfield exploration and resource growth strategy.

Drilling restarted in early July 2020 following a hiatus caused by COVID 19 restrictions in northern Italy, and was focused initially on extending the Pian Bracca mineralisation towards the Zorzzone Mineral Resource and thereafter continued to expand the mineralisation at Pian Bracca by testing targets in the west and the east. The latest drilling has focused on the newly discovered Pian Bracca South exploration corridor where results have confirmed new thick, high-grade extensions to the south of the central Pian Bracca zone.

Updated structural modelling of the greater Gorno Project area significantly expanded and extended the current exploration target to include the Fontanone area, with a demonstrated extension of 2.5km strike length and 750m down-dip from Pian Bracca.

In July 2020, the Exploration Licence (EL) areas at Gorno were consolidated into a single licence, the Cime EL, and renewed until 5 July 2023 with the right to extend for a further three years to expiry in 2026.

At the Punta Corna Project in Piedmont, the Company undertook a detailed geological field campaign in September 2020 to map and sample new veins referred to in historical documentation only recently discovered by the Company. Several of these veins have been historically mined for nickel and cobalt over a considerable strike length.

During the half year the Company completed capital raising activities to raise \$5.6 million (before costs). These activities included a placement to raise approximately \$3.6 million and an oversubscribed share purchase plan (SPP) from which the Company accepted proceeds of \$2 million. (See Capital Structure below).

There were no matters or circumstances that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Gorno Zinc Project, Italy

Drilling Program – Pian Bracca

Drilling focused initially on extending the Pian Bracca mineralisation towards the Zorzzone Mineral Resource and thereafter continued to expand the mineralisation at Pian Bracca by testing targets in the west and the east. The latest drilling has focused on the area to the south of the central Pian Bracca zone, where results have returned thick, high-grade extensions, confirming the new discovery of a Pian Bracca South exploration corridor.

Outside of the Pian Bracca/Zorzone interface, drill hole PBD27 intersected a new and previously unknown multi-layered zone of Pian Bracca style mineralisation to the south of the southern Pian Bracca fault. The hole contained four mineralised intervals totalling 17.9m, three of which returned the following stand-out grades:

- 5.9m at 9.7% Zn and 3.0% Pb (12.7% Zn+Pb) and 54g/t Ag from 79.0m
- 2.3m at 9.3% Zn and 1.7% Pb (11.1% Zn+Pb) and 10g/t Ag from 94.9m including:
 - 0.7m at 29.8% Zn and 4.8% Pb (34.6% Zn+Pb) and 28g/t Ag from 95.6m
- 7.1m at 7.9% Zn and 2.7% Pb (10.6% Zn+Pb) and 8g/t Ag from 107.9m

This discovery was predicted by structural analysis and demonstrates the benefit of the recent work done by Alta in better understanding and defining the structural controls in this area. It also emphasises the capacity for further discoveries of highly mineralised pockets beyond the known mineralised boundaries, despite the complexity caused by faulting in this zone.

As announced subsequent to the half year, to the south east drill hole PBD36 intersected thick and high-grade Pian Bracca style mineralisation a further 160m south from the central Pian Bracca corridor returning the following stand-out grades:

- 10.5m at 14.3% Zn and 3.3% Pb (17.6% Zn+Pb) and 39g/t Ag from 60.0m (PBD36), including:
 - 4.4m at 31.0% Zn and 6.3% Pb (37.4% Zn+Pb) and 62g/t Ag from 61.7m

and in the south west, drill hole PBD37 intersected two intervals of significant mineralisation with the 18.3m upper interval now the longest mineralised interval yet drilled at Pian Bracca. This drill hole also links the Pian Bracca South area with the Zorzone Mineral Resource, returning the following intervals:

- 1.6m at 10.8% Zn and 2.4% Pb (13.2% Zn+Pb) and 22g/t Ag from 124.6m (PBD37); and
- 18.3m at 3.5% Zn and 1.0% Pb (4.5% Zn+Pb) and 13g/t Ag from 148.5m (PBD37), including:
 - 6.6m at 7.0% Zn and 1.6% Pb (8.6% Zn+Pb) and 15g/t Ag from 148.5m

Table 1: Highlighted drill results (down hole thickness)

Hole ID	From	To	Intercept	Ag	Zn	Pb	Pb+Zn
	m	m	m	g/t	%	%	%
PBD27	79.0	84.9	5.9	54	9.7	3.0	12.7
PBD27	94.9	97.2	2.3	10	9.3	1.7	11.1
PBD27	99.3	103.5	4.2	21	6.7	2.6	9.3
PBD27	107.9	115.0	7.1	8	7.9	2.7	10.6
PBD37	124.6	126.2	1.6	22	10.8	2.4	13.2
PBD37	148.5	166.8	18.3	13	3.5	1.0	4.5
including	148.5	150.5	2.1	10	7.0	0.8	7.9
including	148.5	155.0	6.6	15	7.0	1.6	8.6
including	162.0	166.8	4.8	20	3.3	1.2	4.5
PBD36	60.0	70.5	10.5	39	14.3	3.3	17.6
including	61.7	66.1	4.4	62	31.0	6.3	37.4

Drilling penetration rates and efficiency was improved with two drill rigs deployed at the Pian Bracca South zone, with drilling in the west from the 940m level (Sandvik 130) and the east from the 990m level (Diamec 230). In parallel with the drilling activities, the contractor and owner's team worked to establish access, drilling platforms and services in the Ponente area, located 800m to the north west of Pian Bracca. This area has been identified by Alta as the next drilling priority of the current campaign.

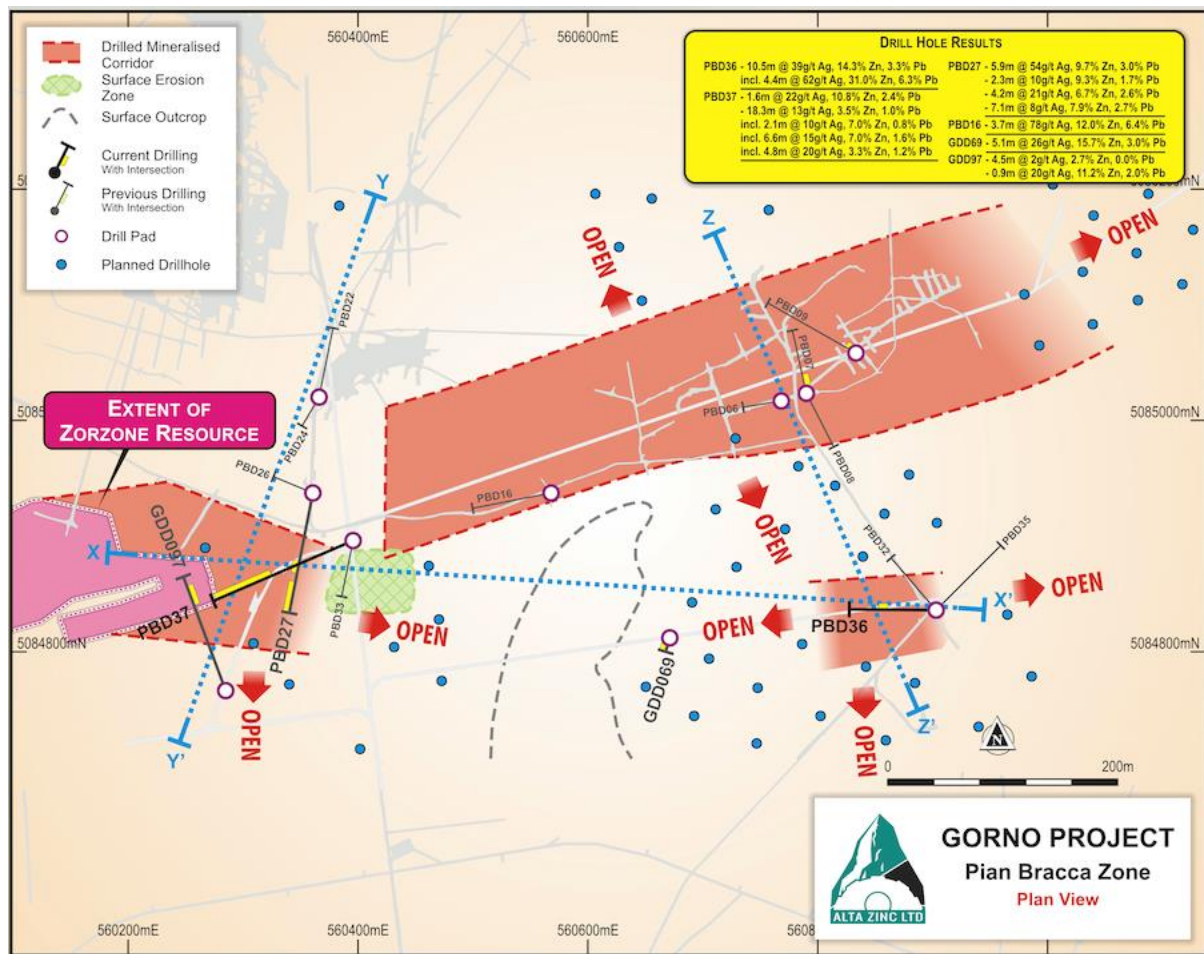


Figure 1: Plan view of hole PBD27, PBD36 & PBD37 located in the new Pian Bracca-South Corridor

Gorno Project Area - Structural Analysis and Exploration Footprint

During the half year, Alta announced the results of sampling from new mineralised areas that significantly expand the current exploration footprint of the greater Gorno Project area. The latest structural model includes the areas identified by recent sampling at Alera, the mineralised extensions at Fontanone and the Zorzone resource area and confirms the presence of high-grade sulphide mineralisation throughout the greater Gorno Project area.

The structural model extends the current exploration target to include the Fontanone area, with a demonstrated extension of 2.5km strike length and 750m down-dip from Pian Bracca, which is readily accessible from the current 940m and 990m level drilling positions. These extensional zones will form part of the exploration focus in the drill program for 2021.

Reconnaissance sampling at Alera confirmed that whilst historical mining focused on the extraction of oxide mineralisation the surrounding sulphide mineralisation remains in-situ. This work has demonstrated historical oxide-mining areas can host untapped sulphide mineralisation and provides a further useful targeting technique to guide ongoing exploration for additional areas of potential mineral resources.

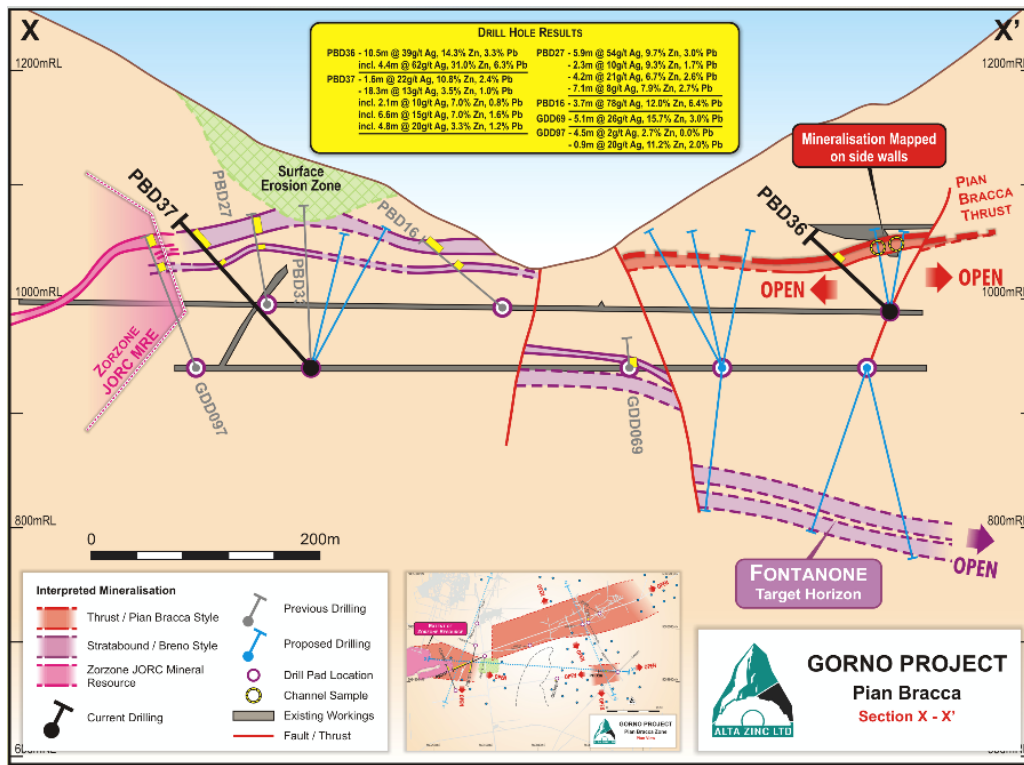


Figure 2: East-west long-section illustrating drill holes PBD27, PBD37 and PBD36 & also highlighting the nearby drill-ready potential of the Fontanone Target Horizon

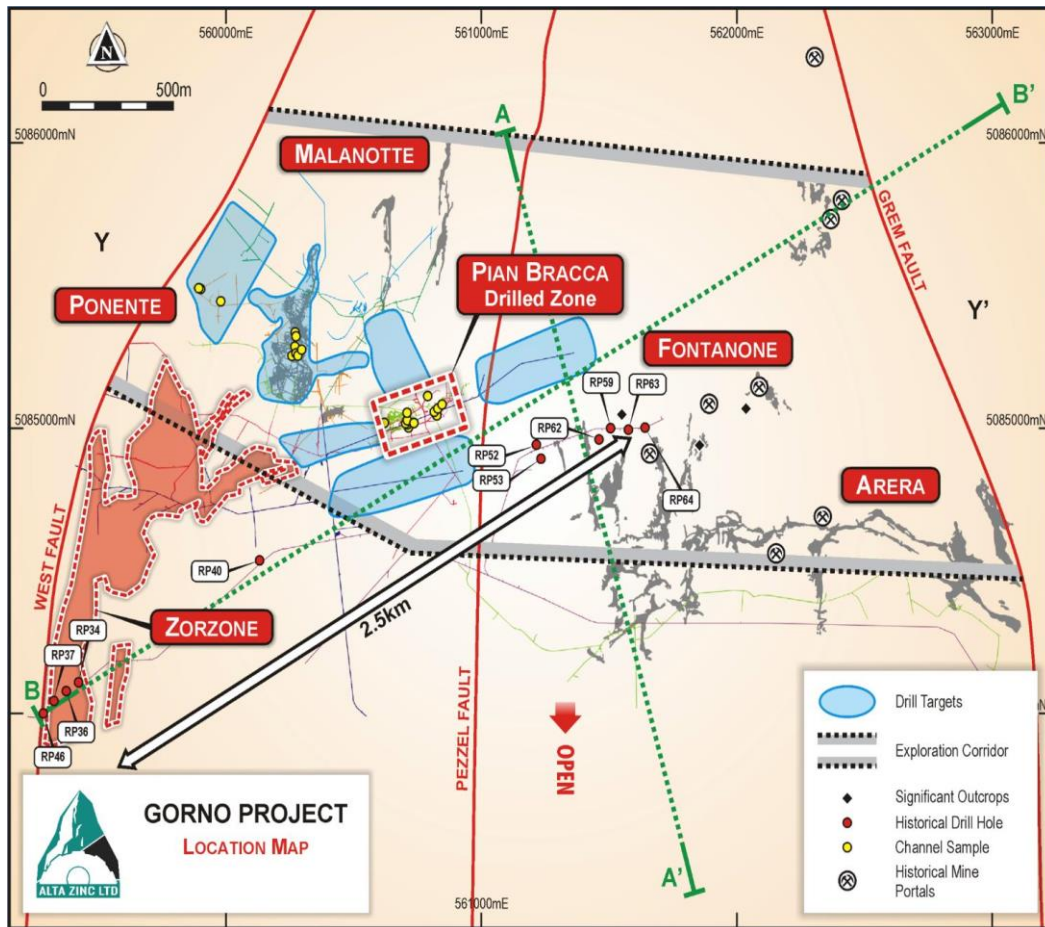


Figure 3: Plan view showing the highlighted historical drill holes, the existing underground development and extensive historical zinc oxide mining at Arera

Environmental Studies and Permitting Activities

In July 2020, the exploration licence (EL) areas at Gorno, which previously comprised three contiguous but separate licences, were consolidated into one licence, called the Cime EL, and renewed until 5 July 2023 with the right to extend for a further three years to expiry in 2026.

The EL grants the Company the right to explore for lead, zinc, copper, silver and all associated metals, and covers approximately 1,200 hectares centred over the Gorno mine encompassing the historical underground workings and areas of near-mine prospectivity.

The EL footprint is similar to the area of the Mining Licence (ML) which is currently under application. Once approved, the ML will also allow the Company to continue exploration for the life of the ML which is expected to be 20+ years.

Punta Corna Cobalt Project, Piedmont, Italy

The Punta Corna Cobalt Project consists of two granted Exploration Licences (ELs) which cover the historic Usseglio cobalt mining area (active from circa 1756 to 1759) in Piedmont, northern Italy. The Project area is located in the Italian Alps at an elevation of approximately 2,800m and is a short distance from the northern Italian town of Usseglio, less than four hours' drive from Alta's Gorno Zinc Project.

In September 2020, Alta geologists undertook a detailed geological field campaign at Punta Corna to map and sample new veins referred to in historical documentation only recently discovered by the Company. Several of these veins have been mined historically for nickel and cobalt over a considerable strike length.

Research shows that the mineralisation is hosted in a series of parallel well-defined hydrothermal veins of extensive strike length (multiple km's). In several areas these veins show outcropping cobalt/nickel/copper mineralisation that was historically mined from surface. The historic mining was of a limited extent determined by the primitive technology available at the time and the complete lack of any systematic exploration ahead of the working face.

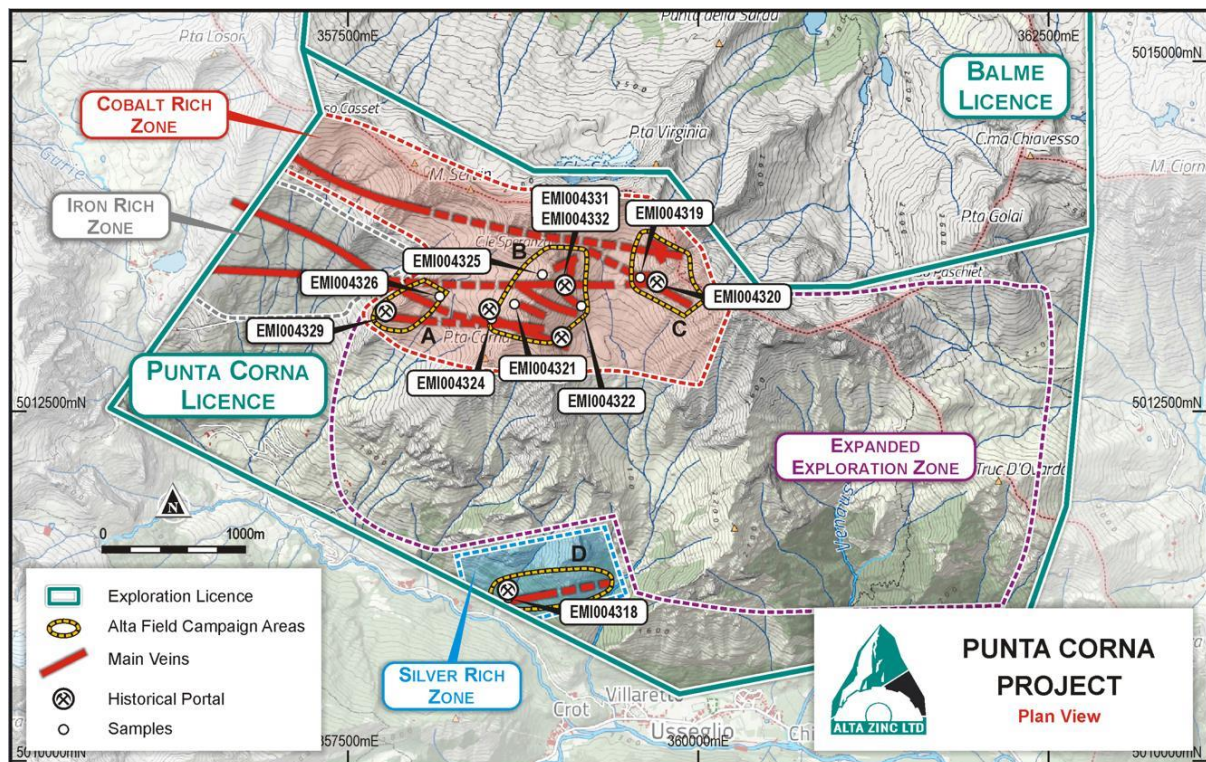


Figure 4: Plan map of Punta Corna exploration areas showing cobalt/nickel vein locations

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A comprehensive 3-year EL renewal application and plan of work, including a detailed diamond drilling program, has been prepared and was submitted to authorities in December 2020. Alta anticipates that approval of the application could be received in time for commencement of the high altitude 2021 drilling season (June/July). Alta is confident that the planned programme will significantly increase the knowledge of the mineralisation at depth and along strike from historical mining areas. This is with the intention of potentially defining a significant new mineral deposit containing the raw materials which are now critically important for the European EV supply-chain.

Paterson Project, Western Australia

The Paterson Project currently comprises of one granted exploration licence, namely E45/4543. No work was undertaken on the tenement during the period.

McArthur River Project, Northern Territory

The exploration licence Nathan River EL31045 was surrendered on 2 October 2020 and the applications for exploration licences McArthur EL25272 and Bauhinia EL31046 were withdrawn on 29 September 2020. The Company has received notices from the Department of Industry, Tourism and Trade (DITT) confirming withdrawal of the applications and the surrender of EL31045 with all requirements under the *Mineral Titles Act 2010* completed to their satisfaction.

Operating Results for the Half-Year

The consolidated net loss of the Group for the half-year ended 31 December 2020 was \$2,559,849 after tax (2019: \$1,910,517).

Exploration expenditure for the period was \$2,341,657 (2019: \$1,660,681).

Cash on Hand

As at 31 December 2020, cash on hand was \$3,466,820 (30 June 2020: \$2,261,264).

Capital Structure

As at 31 December 2020, the Company had 3,610,699,176 (30 June 2020: 2,202,148,728) fully paid ordinary shares on issue, 463,512,394 listed options and 211,140,289 (30 June 2020: 101,000,000) unlisted options over ordinary shares.

During the half-year ended 31 December 2020, the Company issued 1,408,550,448 ordinary shares. A total of 175,513,267 shares were issued to Key Management Personnel, of which 157,500,000 as a result of participating in the share placements and 18,013,267 in lieu of outstanding directors' and executives' remuneration.

On 25 June 2020, the Company announced a capital raising comprising a placement to raise approximately \$3.6 million and a share purchase plan (SPP) to raise approximately \$0.5 million, with both the placement and SPP shares to be issued at \$0.004 each with free attaching options on the basis of one option for every three shares issued (each with an exercise price of \$0.01 and expiry date of 31 January 2022).

The placement was undertaken in two tranches: on 1 July 2020 the Company issued 550,537,181 tranche 1 shares and on 27 August 2020 the Company issued 340,000,000 tranche 2 shares. A total of 296,845,727 attaching listed options was issued under the placement.

Having closed the SPP oversubscribed, on 4 September 2020 the Company issued 500,000,000 ordinary shares at \$0.004 together with 166,666,667 attaching options after accepting SPP proceeds of \$2 million.

In total, the capital raising activities outlined above raised \$5.6 million (before costs).

On 27 August 2020, the Company issued 18,013,267 ordinary fully paid shares to Directors in lieu of unpaid fees and salaries for the period 1 April to 30 June 2020 as approved by shareholders at a General Meeting held on 20 August 2020. The shares were issued at \$0.004 each, for a total value of \$72,053.

On 31 August 2020, the Company issued Discovery Capital Partners and Foster Stockbroking, who acted as joint lead managers to the placement, a total of 46,390,289 unlisted options for \$0.0001 per option (each with an exercise price of \$0.01 and expiry date of 28 February 2022).

On 2 December 2020, the following unlisted options have been issued to Mr Hills after seeking approval during the shareholders' meeting on 27 November 2020:

- 7,000,000 unlisted options at exercisable price of \$0.012 each vesting 1 March 2021 and expiring 16 September 2024;
- 7,000,000 unlisted options at exercisable price of \$0.016 each vesting 1 September 2021 and expiring 16 September 2024; and
- 7,000,000 unlisted options at exercisable price of \$0.02 each vesting 1 June 2022 and expiring 16 September 2024

Other than as detailed above no other securities were issued during the half-year.

Additional information regarding unlisted options granted during the period is provided in Note 10 of the consolidated financial statements.

Board Structure

In November 2020, the Company instituted changes to the board structure which will deliver a 17% reduction of board and executive personnel costs on an annualised basis, which savings will be redirected towards Alta's exploration activities in Italy. Following the expiry of his Executive Chairman contract, Mr Burns' role transitioned to Non-executive Chairman with effect from 1 December 2020. As announced on 27 November 2020, Mr Campbell Olsen resigned from the board following the AGM on account of his increased management commitments with other ventures.

These changes follow a benchmarking exercise undertaken by BDO Australia, using the BDO Board and Executive Remuneration database which surveys remuneration practices from over 1,800 ASX companies, which has provided independent confirmation that Alta's revised non-executive remuneration sits within the relevant market pay zone and that executive remuneration is market competitive within a market median pay related range.

Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and the realisation of assets and the settlement of liabilities in the normal course of business.

Further information on the basis for this assumption is provided in Note 2 of the consolidated financial statements.

Events After the Reporting Period

No matters or circumstances have arisen since the end of the half-year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

Auditor's Independence Declaration

The Auditor's Independence Declaration under s307C of the *Corporations Act 2001* has been received for the half-year ended 31 December 2020 and is included on page 11.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Alexander Burns
Non-executive Chairman

2 March 2021

Competent Person Statement:

Information in this Interim Report that relates 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.

These Announcements are available on the Company's website at www.altazinc.com or through the ASX website at www.asx.com.au (using code "AZI").

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original Announcements and that all material assumptions and technical parameters underpinning the Announcements continue to apply and have not materially changed.

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO DIRECTORS OF ALTA ZINC LIMITED**

As lead auditor for the review of the half year financial report of Alta Zinc Limited and its controlled entities for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, that there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, 2 March 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2020			
	Note	2020 \$	2019 \$
Other income		138,900	-
Administrative expenditure	4	(257,629)	(121,569)
Exploration expenditure		(2,341,657)	(1,660,681)
Marketing expenditure		(99,468)	(124,159)
Unrealised foreign exchange (loss)/gain		(113)	(2,878)
Other losses - net		-	-
Operating loss		(2,559,967)	(1,909,287)
Finance Income	6	1,315	1,302
Finance Expense	6	(1,197)	(2,532)
Loss from continuing operations after income tax		(2,559,849)	(1,910,517)
<i>Income tax expense</i>		-	-
Net loss for the period		(2,559,849)	(1,910,517)
Other comprehensive income			
<i>Items that may be re-classified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(17,257)	(12,083)
Total comprehensive loss for the period, net of income tax		(2,577,106)	(1,922,600)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	5	(0.08)	(0.10)
Diluted loss per share (cents)	5	(0.08)	(0.10)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents		3,466,820	2,261,264
Receivables	7	345,103	355,289
Total Current Assets		3,811,923	2,616,553
Non-current Assets			
Receivables	7	130,180	78,443
Plant and equipment		135,077	133,351
Right of use asset		59,022	100,992
Exploration and evaluation expenditure	8	431,347	442,499
Total Non-current Assets		755,626	755,285
TOTAL ASSETS		4,567,549	3,371,838
LIABILITIES			
Current Liabilities			
Trade and other payables		1,120,765	590,509
Capital raising proceeds held in trust		-	2,202,149
Provisions		226,113	231,958
Lease liabilities		60,997	102,446
Total Current Liabilities		1,407,875	3,127,062
Non-current Liabilities			
Provisions		18,721	37,993
Total Non-current Liabilities		18,721	37,993
TOTAL LIABILITIES		1,426,596	3,165,055
NET ASSETS		3,140,953	206,783
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	9(a)	47,291,166	41,794,229
Reserves	9(b)	355,977	358,895
Accumulated losses		(44,506,190)	(41,946,341)
TOTAL EQUITY		3,140,953	206,783

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Total \$
Balance at 1 July 2019	40,171,027	(39,001,453)	175,740	933,821	2,279,135
Change in accounting policy	-	(1,763)	-	-	(1,763)
Balance at 1 July 2019, restated	40,171,027	(39,003,216)	175,740	933,821	2,277,372
Loss for the period	-	(1,910,517)	-	-	(1,910,517)
Other comprehensive income	-	-	(12,083)	-	(12,083)
Total comprehensive loss for the period	-	(1,910,517)	(12,083)	-	(1,922,600)
Transactions with owners in their capacity as owners:					
Issue of shares	1,889,072	-	-	-	1,889,072
Issuance costs	(110,108)	-	-	-	(110,108)
Share based payments	-	-	-	22,546	22,546
At 31 December 2019	41,949,991	(40,913,733)	163,657	956,367	2,156,282
Balance at 1 July 2020	41,794,229	(41,946,341)	164,247	194,648	206,783
Loss for the period	-	(2,559,849)	-	-	(2,559,849)
Other comprehensive income	-	-	(17,257)	-	(17,257)
Total comprehensive income/(loss) for the period	-	(2,559,849)	(17,257)	-	(2,577,106)
Transactions with owners in their capacity as owners:					
Issue of shares	5,638,841	-	-	-	5,638,841
Issuance costs	(141,904)	-	-	-	(141,904)
Share based payments	-	-	-	14,339	14,339
At 31 December 2020	47,291,166	(44,506,190)	146,990	208,987	3,140,953

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2020

	2020	2019
Note	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	-	1,861
Payments to suppliers and employees (inclusive of GST)	(2,164,243)	(1,796,021)
Interest received	1,315	1,302
Net refund of IVA	76,164	-
Other receipts	138,900	-
Net cash flows used in operating activities	(1,947,864)	(1,792,858)
Cash flows from investing activities		
Payments for security deposits	-	-
Proceeds from reduction in security deposit	-	-
Net proceeds from disposal of financial assets	-	-
Purchase of plant and equipment	(16,693)	(11,385)
Net cash flows used in investing activities	(16,693)	(11,385)
Cash flows from financing activities		
Proceeds from issue of shares	3,364,639	1,864,322
Transaction costs on issue of shares	(141,904)	(110,108)
Lease payments	(34,880)	(51,210)
Net cash flows from financing activities	3,187,855	1,703,004
Net increase/(decrease) in cash and cash equivalents	1,223,298	(101,239)
Net foreign exchange difference	(17,742)	(7,709)
Cash and cash equivalents at beginning of period	2,261,264	2,094,318
Cash and cash equivalents at end of period	3,466,820	1,985,370

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Alta Zinc Limited (Alta Zinc or the Company) is a limited company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ticker code: AZI). The principal activity of the Company and its subsidiaries (the Group) is exploration in Italy and Australia to identify mineral deposits of a size and nature that are commercially viable for extraction.

The interim financial statements of the Group for the six months ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 2 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These general purpose interim financial statements have been prepared in accordance with the *Corporations Act 2001* and AASB 134 “*Interim Financial Reporting*”. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 “*Interim Financial Reporting*”. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the Group’s most recent annual financial report and any public announcements made during the half year. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except where revaluation is required in accordance with accounting standards. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with Australian Accounting Standards and with International Financial Reporting Standards and consistent with those adopted and disclosed in the Group’s annual financial report for the year ended 30 June 2020, except for the new and revised standards set out below.

Adoption of new and revised accounting standards

In the half year ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has a net loss after tax for the half year ended 31 December 2020 from continuing operations of \$2,559,849 (2019: \$1,910,517). During the reporting period, the net cash and equivalents increased by \$1,223,298. The increase is primarily attributable to inflows from financial activities as the Company raised a \$3,222,735 of additional capital (net of costs), which was offset by cash outflows of \$1,947,864 (2019: \$1,792,858) used in operating activities. At 31 December 2020, the Group had Cash on Hand of \$3,466,820 (30 June 2020: \$2,261,264).

Based on the Group’s cash flow forecast, the Directors acknowledge that the Group will require additional capital in the next 12 months to undertake its business activities and to continue to progress its exploration interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Directors are confident that the Group will be able to raise additional funds through the issue of new equity and/or debt capital. The Directors consider this to be reasonable on the basis of the Group's recent and historical abilities to raise such capital. The Directors acknowledge that there may be a risk that equity markets may not be favourably disposed when equity raisings are required to be undertaken and that this may impact on the Group's ability to fund its planned and minimal expenditure commitments and may accordingly cast doubt over the Group's ability to continue as a going concern.

Should the Group be unable to raise additional funds through the avenues mentioned above in order to meet its contracted and forecast expenditure there is material uncertainty that the Group will continue as a going concern and therefore whether the Group will be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in this financial report.

3. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group considers that it has only operated in one reportable segment, being minerals exploration and evaluation. The segment financial information is as per the Group's consolidated financial statements.

4. ADMINISTRATION EXPENSE

	For the six months ended	
	31 Dec 2020	31 Dec 2019
	\$	\$
Legal fees	9,228	33,839
Audit fees	10,000	4,500
Depreciation	19,275	19,917
Leases	-	-
Employee benefits	(i) 510,527	504,362
Other corporate and administration	98,974	124,494
	648,004	687,112
Exploration-related admin and employee costs	(390,375)	(565,543)
	257,629	121,569
<i>(i) Employee benefits</i>		
Wages, salaries and directors' fees	475,840	448,032
Superannuation and pension contributions	30,546	32,213
Movement in long service leave provision	(19,272)	6,231
Movement in annual leave provision	7,169	383
Share-based payments	14,185	9,548
Other employment taxes	2,059	7,955
	510,527	504,362

5. EARNINGS PER SHARE

	For the six months ended	
	31 Dec 2020	31 Dec 2019
	\$	\$
Basic and diluted loss from continuing operations per share attributable to the ordinary equity holders of the Company (cents per share)	(0.08)	(0.10)
Net loss used in the calculation of basic and dilutive earnings per share from continuing operations	(2,559,849)	(1,910,517)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares on issue during the half-year used in calculating basic earnings per share:		
Ordinary shares on issue at the beginning of the period	2,202,148,728	1,821,634,311
Effect of shares issued during the period	1,121,013,729	123,737,195
Weighted average number of ordinary shares at 31 December	3,323,162,457	1,945,371,506

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Alta Zinc Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding at 31 December 2020.

Diluted earnings per share

All of the options on issue have exercise prices greater than the average market price of the fully paid ordinary shares during the reporting period and are therefore considered anti-dilutive.

6. FINANCE INCOME AND EXPENSE

	For the six months ended	
	31 Dec 2020	31 Dec 2019
	\$	\$
Interest income	1,315	1,302
Interest expense	(1,197)	(2,532)
	118	(1,230)

7. RECEIVABLES

	Note	As at	
		31 Dec 2020 \$	30 Jun 2020 \$
Current			
Prepayments		18,415	53,450
Security deposits		10,326	8,957
Receivable indirect taxes	(i)	315,418	292,331
Other receivables		944	551
		345,103	355,289
Non-current			
Security deposits		40,743	40,691
Receivable indirect taxes		89,437	37,752
		130,180	78,443

(i) Receivable indirect taxes includes Goods and Services Tax (GST) of \$3,443 receivable in Australia and Value Added Tax (VAT) of \$401,412 recoverable from the Italian Agency of Revenue. The balance of the Italian VAT is recovered through offsetting various Italian employee taxes, social security contributions and a refund process upon the lodgement of the annual VAT return. The current receivable amount is estimated to be recovered through the offsetting mechanism and refund process within the next 12 months.

8. EXPLORATION AND EVALUATION EXPENDITURE

	As at	
	31 Dec 2020 \$	30 Jun 2020 \$
Carrying value as at 1 July	442,499	438,196
Effect of foreign currency translation	(11,152)	4,303
Total exploration and evaluation expenditure	431,347	442,499

The recoverability of the carrying amount of exploration assets is dependent on the continuance of the rights to tenure of the areas of interest, the successful exploration and development or sale of the respective areas of interest.

9. EQUITY

a) Issued Capital

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Shares on issue		50,109,247	44,467,877
Issuance costs		(2,818,081)	(2,673,648)
		47,291,166	41,794,229

Reconciliation of movement in share capital

	31 Dec 2020		30 Jun 2020	
	Number of Shares	\$	Number of Shares	\$
At start of the period	2,202,148,728	41,794,229	1,821,634,311	40,171,027
Issued during the period	1,408,550,448	5,638,841	380,514,417	1,889,072
Transaction costs on issue of shares	-	(141,904)	-	(265,870)
At end of the period	3,610,699,176	47,291,166	2,202,148,728	41,794,229

b) Reserves

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Share-based payment reserve	<i>i</i>	208,987	194,648
Foreign currency translation reserve	<i>ii</i>	146,990	164,247
		355,977	358,895

Reconciliation of movement in reserves

	31 Dec 2020 \$	30 Jun 2020 \$
<i>(i) Share-based payments reserve</i>		
Balance at 1 July	194,648	933,821
Equity settled share-based payment transactions	14,339	79,036
Reclassified to retained earnings for expired options	-	(818,209)
Balance at 31 December	208,987	194,648
<i>(ii) Foreign currency translation reserve</i>		
Balance at 1 July	164,247	175,740
Effect of translation of foreign currency operation to group presentation currency	(17,257)	(11,493)
Balance at 31 December	146,990	164,247

10. SHARE BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for share based payments included in administration expenses during the period is shown in the table below:

	For the six months ended	
	31 Dec 2020	31 Dec 2019
	\$	\$
Expense arising from equity-settled share-based payment transactions	14,339	22,546
	14,339	22,546

The total expense of \$14,339 for these shares is included in the other corporate and administration expenses (note 4) and the corresponding amount in reserves.

(b) General terms of share-based payments

Employee Incentive Plan

During the reporting period, the Company granted 46 million options to a supplier (Brokers Options), 21 million options to a director (Director Options) and 51 million options to employees (Employee Options). Director Options and Employee Options were issued under the Employee Incentive Plan (EIP). The grant of Director Options was approved by shareholders at the Annual General Meeting on 27 November 2020.

Broker options were issued at a subscription price of \$0.0001, while Director Options and Employee Options were granted for no consideration. The options issued during the period hold no voting or dividend rights and are not transferrable without Board approval.

The fair value of all options granted during the six months to 31 December 2020 is estimated at the date of grant as \$32,902. The options were valued using the Black & Scholes model and the following assumptions:

	Director options			Employee options			Broker options
No. of options	7,000,000	7,000,000	7,000,000	17,000,001	17,000,001	16,999,998	46,390,289
Grant date	27-Nov-20	27-Nov-20	27-Nov-20	14-Dec-20	14-Dec-20	14-Dec-20	31-Aug-20
Issue price (cents)	-	-	-	-	-	-	0.01
Expiry Date	16-Sep-24	16-Sep-24	16-Sep-24	16-Sep-24	16-Sep-24	16-Sep-24	28-Feb-22
Share price (cents)	0.7	0.7	0.7	0.5	0.5	0.5	0.6
Exercise price (cents)	1.2	1.6	2.0	1.2	1.6	2.0	1.0
Expected volatility	38.82%	38.82%	38.82%	46.44%	46.44%	46.44%	34.87%
Option life (years)	3.81	3.81	3.81	3.76	3.76	3.76	1.5
Dividend yield	-	-	-	-	-	-	-
Risk free interest rate	0.29%	0.29%	0.29%	0.34%	0.34%	0.34%	0.26%
Fair value per option (cents)	0.10	0.05	0.03	0.06	0.04	0.02	0.0003

Vesting conditions for all options are based on period of continuous service.

10. SHARE BASED PAYMENTS (Cont'd)

The following table illustrates the number and weighted average exercise prices of, and movements in share options during the half-year to 31 December 2020:

	For the six months ended			
	31 Dec 2020		31 Dec 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the half-year	101,000,000	\$0.04	48,250,000	\$0.09
Granted during the half-year	118,390,289	\$0.01	75,000,000	\$0.01
Forfeited/lapsed during of the half-year	(8,250,000)	\$0.15	-	-
Exercised during of the half-year	-	-	-	-
Outstanding at the end of the half-year	211,140,289	\$0.02	123,250,000	\$0.04
Exercisable at the end of the half-year	124,140,289	\$0.02	36,500,000	\$0.13

11. KEY MANAGEMENT PERSONNEL AND RELATED PARTY TRANSACTIONS

Remuneration arrangements of key management personnel (KMP) are disclosed in the annual financial report.

On 27 August 2020, 18,013,267 ordinary shares in the Company were granted to Directors at an issue price of \$0.004, in lieu of unpaid fees and salaries for the period of 1 April to 30 June 2020.

Mr Campbell Olsen resigned on the 27 November 2020 after the Annual General Meeting.

On 2 December 2020, Mr Hills was granted 21,000,000 unlisted options expiring on 16 September 2024. The options were issued in three tranches of 7,000,000 options with exercise price of \$0.012, \$0.016 and \$0.02. These unlisted options have been approved during the Annual General Meeting on 27 November 2020. Details of the options granted to KMP are disclosed in Note 10.

12. FINANCIAL RISK MANAGEMENT

This note presents information about the Group's financial assets and financial liabilities, its exposure to financial risks, and the policies and processes for measuring and managing those risks.

During the half-year ended 31 December 2020, the Group's principal financial assets were cash, short-term deposits and trade and other receivables, comprised primarily of the Italian VAT receivable. The Group's principal financial liabilities comprised trade and other payables. The financial instruments of the Group predominantly arise directly from its operations.

The Group's activities expose it primarily to the following financial risks:

- Market risk including interest rate risk and foreign currency exchange risk;
- Credit risk; and
- Liquidity risk.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing identified risks. The Group uses different methods to manage the different types of risks to which it is exposed. These include monitoring exposure to currency risk and undertaking an assessment of market forecasts. The Group monitors liquidity risk through the preparation and monitoring of cash flow forecasts.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk for the Group comprise interest rate risk and foreign currency risk.

12. FINANCIAL RISK MANAGEMENT (Cont'd)

(i) Interest Rate Risk

The Group's exposure to the interest rate risk is minimal; it does not have interest-bearing debt and its exposure to the risk is limited to changes in interest rates on cash and term deposits the Group holds with the Australian banks.

	Floating interest rate	Fixed interest rate 1 year or less	Non-interest bearing	Total	Weight effective interest rate %
31-Dec-20	\$	\$	\$	\$	%
Financial Assets					
Cash	3,466,820	-	-	3,466,820	0.04
Receivables	-	-	438,259	438,259	
Security Deposits	-	37,024	-	37,024	1.12
Total financial assets	3,466,820	37,024	438,259	3,942,103	
Financial Liabilities					
Payables	-	-	1,120,765	1,120,765	
Leases	-	-	60,997	60,997	
Total financial liabilities	-	-	1,181,762	1,181,762	
Net financial assets	3,466,820	37,024	(743,503)	2,760,341	

	Floating interest rate	Fixed interest rate 1 year or less	Non-interest bearing	Total	Weight effective interest rate %
30-Jun-20	\$	\$	\$	\$	%
Financial Assets					
Cash	205,829	-	2,055,435	2,261,264	0.01
Receivables	-	-	396,856	396,856	
Restricted Cash	-	36,876	-	36,876	1.78
Total financial assets	205,829	36,876	2,452,291	2,694,996	
Financial Liabilities					
Payables	-	-	590,509	590,509	
Leases	-	-	102,446	102,446	
Total financial liabilities	-	-	692,955	692,955	
Net financial assets	205,829	36,876	1,759,336	2,002,041	

(ii) Foreign Currency Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to currency risk on financial assets and liabilities held by the controlled entity in Italy. The Group's expenditure obligations in Italy are primarily in Euro and as a result the Group is exposed to fluctuations in the Euro to Australian dollar. These exposures are not subject to a hedging program. Exposure to negative currency fluctuations has been partially mitigated through the maintenance of a Euro denominated cash position.

The Group is also exposed to foreign exchange risk arising from the translation of its foreign operations. The Group's investment in its overseas subsidiary is not hedged as it is considered to be long-term in nature.

12. FINANCIAL RISK MANAGEMENT (Cont'd)

The carrying amounts of the Group's financial assets and liabilities are denominated in Australian dollars, except for the amounts set out below, which are held in Euro (EUR):

	31 Dec 2020	30 Jun 2020
	\$	\$
Financial Assets		
Cash	720,469	13,919
Receivables	424,832	353,038
Financial Assets	1,145,301	366,957
Financial Liabilities		
Payables	924,682	272,357
Lease liabilities	29,809	54,762
Financial Liabilities	954,491	327,119

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of the AUD to the Euro with all other variables held constant. The 10% sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	31-Dec-20	31-Dec-20	30-Jun-20	30-Jun-20
	\$	\$	\$	\$
	Profit	Equity	Profit	Equity
+10% increase in AUD:EUR	(318)	(18,782)	(669)	(8,791)
-10% decrease in AUD:EUR	318	18,782	669	8,791

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

As the Group is yet to commence mining operations, it currently has no significant exposure to customer credit risk. The class of assets described as Receivables is considered to be the main source of credit risk to the Group. Included in Receivables is Italian value added tax receivable (VAT) from expenditure incurred in Italy, which will be recovered via a mechanism of offsetting employment tax liabilities and refunds through lodgment of annual VAT claims.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset in the Statement of Financial Position.

The credit risk in relation to cash balances with banks is managed through the assessment of the credit quality of the institution with whom the funds are deposited. Currently the Group only invests cash with counterparties assessed with high credit ratings. Funds are transferred to Italy to meet the working capital needs of the controlled entity Energia Minerals (Italia) Srl. The cash needs of the controlled entity's operations are monitored by the parent company and funds are advanced to the Italian operations as required.

The Directors believe this is the most efficient method of combining the monitoring and mitigation of potential credit risks arising out of holding cash assets in overseas jurisdictions, and the funding mechanisms required by the Group.

Financial assets pledged as collateral

Certain financial assets have been pledged as security for finance facilities associated with bank guarantees. The realisation of these financial assets into cash may be restricted and subject to terms and conditions attached to the relevant finance facilities.

12. FINANCIAL RISK MANAGEMENT (Cont'd)

Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in liquid short-term deposits. The Group's liquidity needs are currently met through cash and cash equivalents. Future liquidity needs can potentially be met through equity raisings.

The Group's liquidity risk exposure relates to trade payables, which are payable within one year from the reporting date.

Fair value measurement

The carrying value of all financial assets and financial liabilities approximate their fair values. In particular, the fair value of cash, trade receivables and payables is considered to approximate their carrying amount due to their short-term maturity.

Set out below is a comparison of the carrying amount and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Amount 31 Dec 2020 \$	Fair Value 31 Dec 2020 \$	Carrying Amount 30 Jun 2020 \$	Fair Value 30 Jun 2020 \$
Financial Assets				
Receivables - Italian VAT	401,412	401,412	186,842	186,842
Total	401,412	401,412	186,842	186,842

No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

Fair value measurement hierarchy

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2020.

The Group classifies all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

There have been no transfers between the fair value hierarchy levels during the reporting period. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of each reporting period.

13. COMMITMENTS AND CONTINGENCIES

Exploration Expenditure Commitments

Ongoing exploration expenditure is required to maintain title to the Group's mineral exploration tenements. No provision has been made in the financial statements for these amounts as the amounts are expected to be fulfilled in the normal course of the operations of the Group.

At 31 December 2020, the exploration expenditure commitments are as follows:

	As at	
	31 Dec 2020	30 Jun 2020
	\$	\$
Minimum expenditure commitments		
Not later than 12 months	31,314	268,760
After one year but not more than five years	31,314	79,963
	62,628	348,723

The minimum exploration expenditure commitments include the estimated cost of permit fees and tenement lease costs required to maintain title to the Group's tenements in Italy and Australia.

For Australian tenements, they include the minimum expenditure statutory requirements. No statutory expenditure commitments are specified by the mining legislation in Italy.

Other than as detailed above, there have been no material changes to contingent assets, contingent liabilities or commitments since 30 June 2020.

14. EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the half-year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

DIRECTORS' DECLARATION

The directors of Alta Zinc Limited declare that in the opinion of the directors:

- (a) The financial statements and notes of the Group, as set out on pages 12 to 26, are in accordance with the *Corporations Act 2001*, including:
- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and the performance for the half-year ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the board



Alexander Burns
Non-executive Chairman

2 March 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTA ZINC LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Alta Zinc Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Alta Zinc Limited and its controlled entities does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial report which indicates the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Crowe Perth



Sean McGurk
Partner

Signed at Perth, 2 March 2021

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CORPORATE DIRECTORY

Directors

Mr Alexander Burns	Non-executive Chairman
Mr Geraint Harris	Managing Director
Mr Stephen Hills	Finance Director
Mr Marcello Cardaci	Non-executive Director

Company Secretary

Mr Stephen Hills

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Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Code: **AZI**

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