



(Formerly Energia Minerals Limited)
AND CONTROLLED ENTITIES

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

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Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at <http://www.altazinc.com/about-us/corporate-governance>.

CHAIRMAN'S LETTER



Dear Shareholders,

During the last financial year Alta Zinc has continued to progress the development and potential of its Gorno Project as its primary focus with the ultimate aim of re-establishing mining operations.

To achieve this the Company has focussed on two aspects:

- Determining project development and operational parameters that would optimise the project under different scenarios, and
- Understanding the regional exploration potential of the Gorno Project.

The outcomes from various internal studies completed during the year has resulted in the decision to commence a Feasibility Study in June 2018 that is based on a phased development approach. The first phase will be based on high-grade sulphide areas within the existing Zorzone Mineral Resource utilising existing infrastructure to the maximum extent possible to minimise upfront capital costs. Based on current timing, this Feasibility Study will be completed during the December 2018 quarter.

Our Italian geological team has spent a great deal of time searching for and reviewing historical records, as well as mapping and sampling accessible underground areas, to gain a better understanding of the exploration potential that could provide future resources to support the second stage of a phased development.

This exploration work has identified an area named Pian Bracca, located approximately 300m to the east of the existing mineral resource. The discovery of Pian Bracca is an exciting development based on its proximity to Zorzone and the thickness of the sulphide mineralisation visibly observed.

During the year Alta Zinc decided to leverage off its significant presence and experience in Italy and applied for an exploration licence known as Punta Corna in an area prospective for Cobalt. The area located in the Piedmont Region of northern Italy was historically mined around 200 years ago. Whilst the price of Cobalt has recently retreated from its historical highs, Cobalt is still seen as a mineral of strategic importance by the European Union.

We appreciate the support provided by shareholders that participated in the \$3.132 million rights issue completed in August 2017 and welcome the new shareholders that participated in the \$3 million placement completed in April 2018. This recent placement has enabled the current Feasibility Study to be undertaken.

In April 2018, it was announced that Alta Zinc entered into a strategic alliance with Arete Capital Partners ("Arete"). This was an important vote of confidence in the Gorno Project and has provided the Company with access to a distinguished advisory panel that consists of Hugh Morgan, Peter Johnston, Graham Brown and Shaun Treacy. I thank them for their support and look forward to continuing to work with Arete in the future.

The Board formally welcomed Mr Campbell Olsen as a non-executive director of Alta Zinc during the year. Mr Olsen is currently the CEO of Arete and his wealth of experience in private equity and mining operations is a significant asset to the Company.

In concluding, I would like to thank all shareholders, employees, contractors as well as the local communities and regulatory authorities for their continued support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'A. Burns', with a stylized, flowing script.

Alexander Burns
Executive Chairman/Chief Executive Officer

27 September 2018

OPERATIONS REPORT

ITALIAN PROJECTS

Gorno Zinc Project

The Gorno Zinc Project (Gorno Project) is located in the Lombardy Region of northern Italy and encompasses an extensive Mississippi Valley Type (MVT) zinc-lead geological system (see Figure 1).

The Lombardy Region has a long history of mining extending back over 2,500 years to the Celtic period and the Gorno licences cover a number of partly inter-connected zinc-lead mines that were exploited up until the early 1980's.

Investigation of historical records has established that the Gorno Project area contains more than 230km of underground workings and recorded historical production of over 800,000 tonnes of zinc metal contained in very high quality zinc concentrates (55-57% Zn for sulphide concentrates and 38-40% Zn for oxide concentrates) from ore averaging 14.5% Zn+Pb over a production life of 102 years from 1883 to 1985. The concentrating plant closed in 1985, with significant unmined ore remaining and operations have been dormant since then.

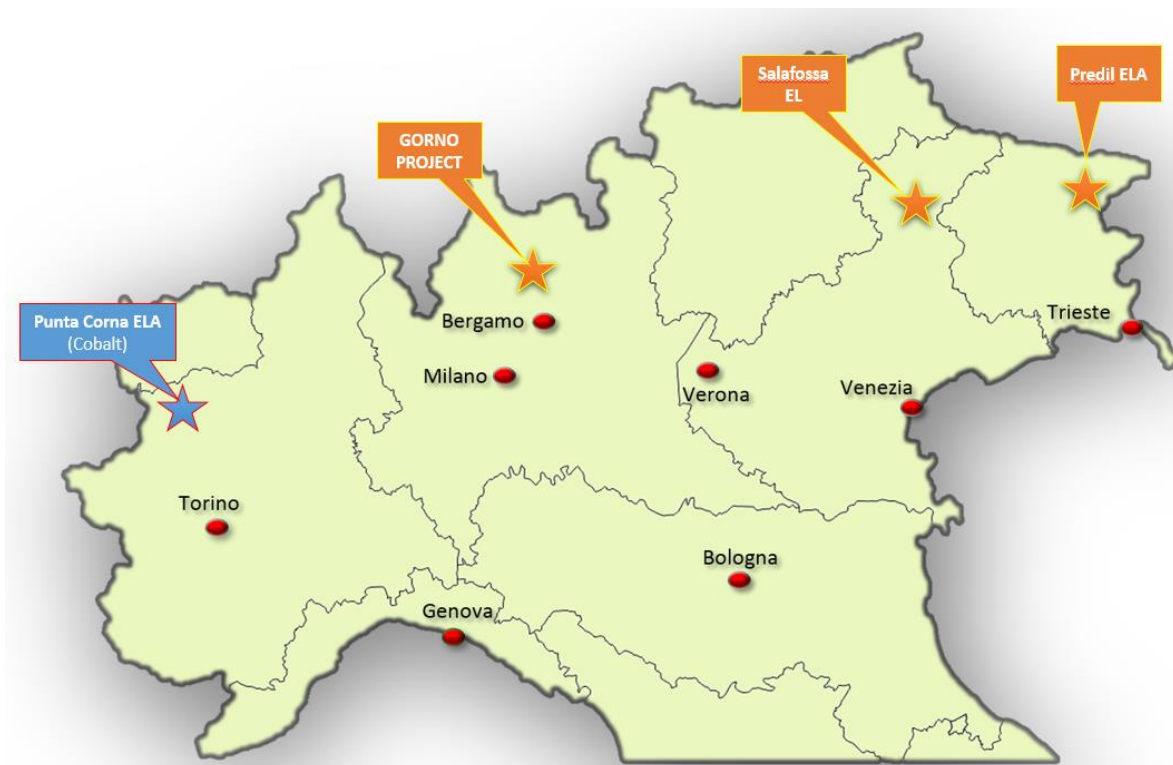


Figure 1: Location of Italian Project Areas

Alta Zinc established an in-country presence in early 2015, and has since made significant progress in securing permitting for work, understanding the regulatory environments and requirements, and creating a rapport with stakeholders and the community.

Phased Development Strategy

During the year, the Company completed a number of internal studies on the Gorno Project with the primary aim of restarting mining operations, with the initial goal being to complete a Feasibility Study to a level necessary to achieve a funding and development decision.

These studies investigated a number of development scenarios and considered various operational aspects including the location of the processing plant, mining methods, process flowsheet, scheduling and reducing capital costs. As an outcome of these studies the Company resolved to undertake a Feasibility Study based on a phased development approach.

In June 2018, the Company commenced a Feasibility Study for the Phase 1 “starter” project, which is focussed on exploiting the accessible high-grade sulphide zones within the existing Zorzone Mineral Resource to produce a premium zinc sulphide concentrate and a lead sulphide concentrate. In this phase of the overall development strategy, the plan is to minimise the development time and upfront capital costs by utilising the existing infrastructure to the maximum extent possible including basing the processing plant where the old processing plant is located near the town of Gorno and by reusing the existing Riso-Parina rail tunnel.

Phase 2 will focus on delivering significant project scale enhancements after commissioning of Phase 1. It is envisaged that this will be accomplished through operating multiple mine headings and increasing the initial plant throughput capacity for modest incremental expenditure. This second phase will be dependent on adding additional mineral resources through drilling the mineralised zones identified near to the current Zorzone Mineral Resource.

Following a rigorous selection process the Company appointed AMC Mining Consultants to undertake the mining, backfill design and scheduling elements and Lycopodium to undertake the metallurgy and process engineering design elements, of the Feasibility Study.

The Feasibility Study is scheduled to be completed in Quarter 4 of 2018.

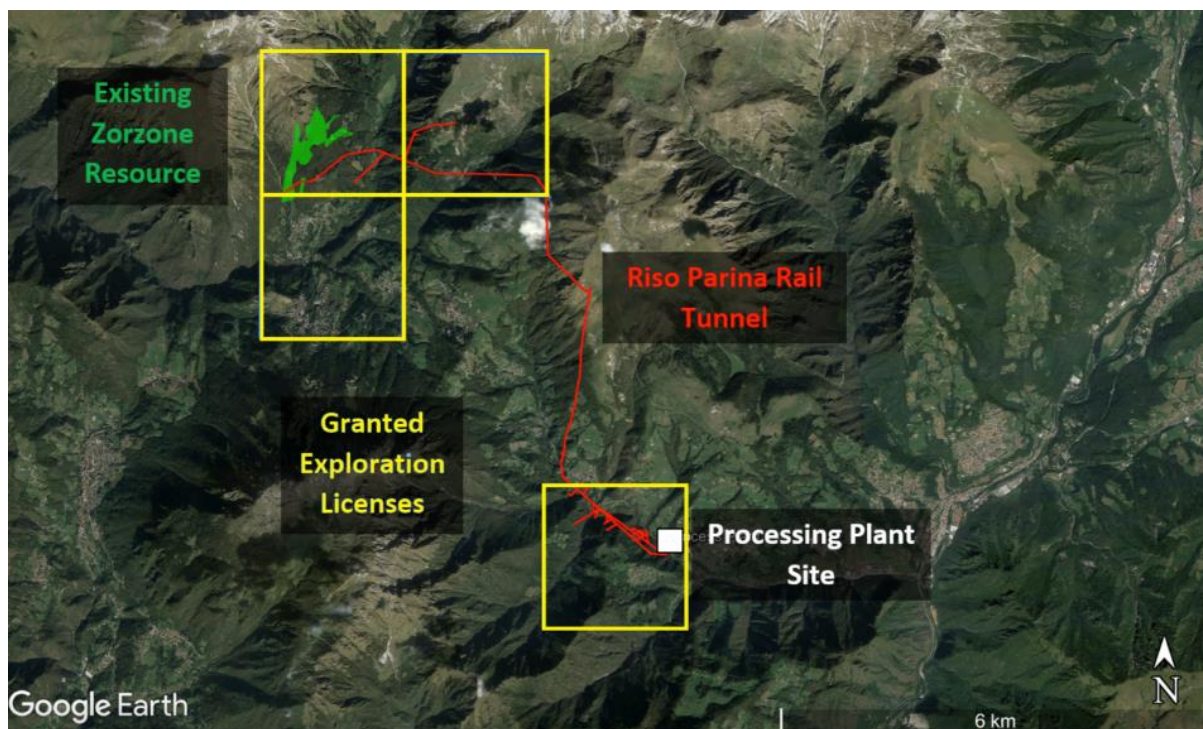


Figure 2: Location of Zorzone Resource and Proposed Processing Plant Site

Near Resource Exploration Program

Exploration on Gorno has continued to focus on areas of identified mineralisation using existing access to historical underground access.

Pian Bracca (east of Zorzone Resource)

During the year, ongoing archival research resulted in the discovery of a new zone of sulphide mineralisation known as Pian Bracca which is situated approximately 300m to the east of the existing Zorzone Mineral Resource (See Figure 3).

The upper portion of Pian Bracca was partially mined in the past using the room and pillar bulk mining method. The zone appears to strike east-west and gently dips to the south. Historical drilling by SAMIM in 1971-1975 shows that the mineralisation also remains open to the east and down dip. Geological observations suggest there is vertical continuity from recognised zones of mineralisation at 990mRL up to the 1040mRL drive. Based on visible evidence within the drives the overall thickness of the mineralised package is interpreted to range from 6m to 14m.

As announced on 19 March 2018, underground channel sampling (taken from floor to ceiling at intervals) from seven locations along the exposed walls of the 1040mRL, 1034mRL and 1028mRL drives at Pian Bracca returned the following assay results:

Channel Sample	Interval (m)	Zn (%)	Pb (%)	Zn+Pb (%)
PBCH01	2.6	7.43	2.70	10.13
PBCH02	2.3	13.25	2.38	15.64
PBCH03	2.6	9.90	2.78	12.68
PBCH04	2.2	10.46	2.30	12.76
PBCH05	2.1	16.44	4.48	20.92
PBCH06	2.1	8.84	2.73	11.01
PBCH07	2.4	11.18	4.99	16.17

Table 1: Pian Bracca Channel Sample Results

During June 2018, a geophysical resistivity survey was commissioned with the aim of better defining the extension of the mineralisation beyond the known adit surface exposures, and also to verify the continuity of the mineralisation between the lower and upper levels.

The geophysical survey covered an area of approximately 10 hectares (0.1km²), from surface to the lower mine level at 940mRL and shows a significant correlation between the known mineralisation and the electrical conductivity and chargeability anomalies. The data will be used to develop a three-dimensional model of the mineralisation which will be used to refine target generation for drilling of Pian Bracca.

Piazzole (north of Zorzone Resource)

As announced to the ASX on 31 October 2017, underground sampling was also undertaken during the year at Piazzole (North Extension), an area located about 300m to the north of the existing Zorzone Mineral Resource (See Figure 3).

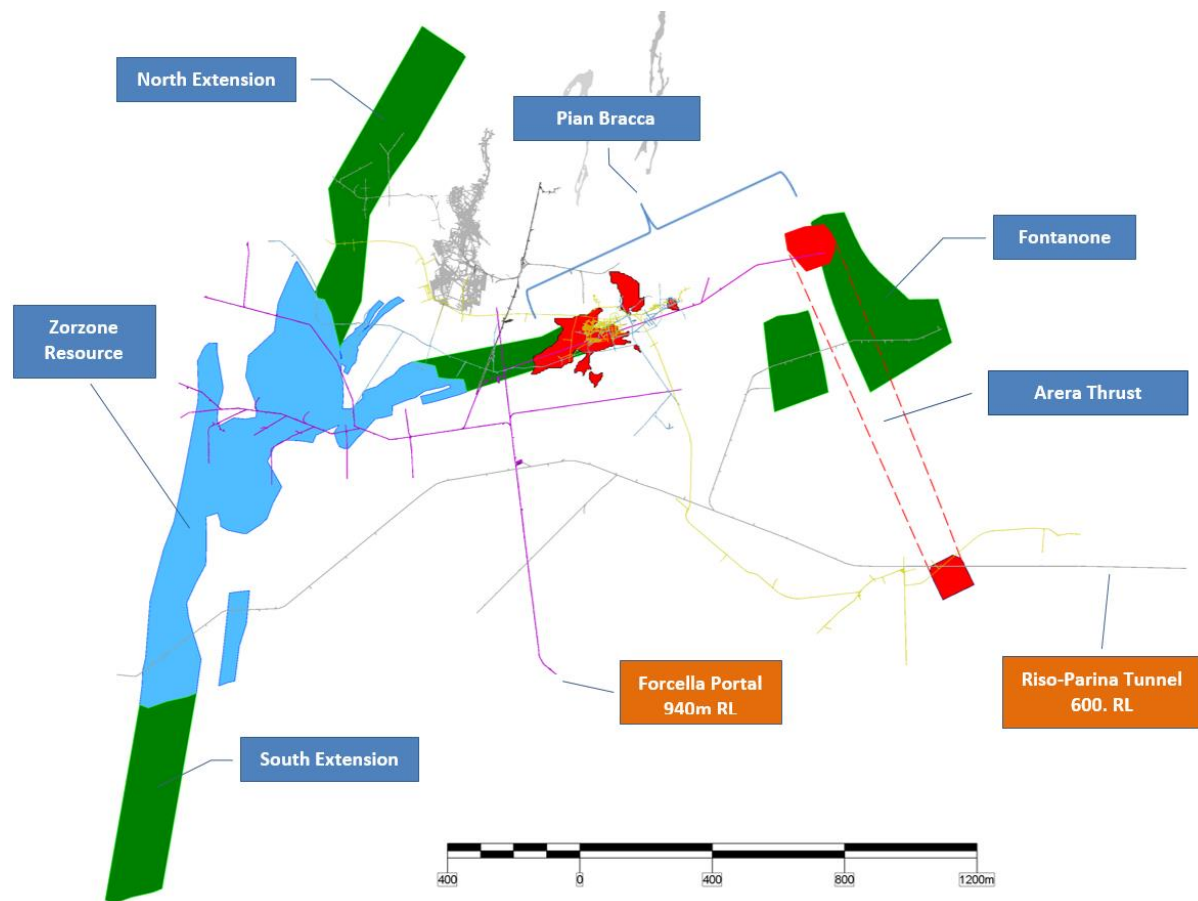


Figure 3: Existing Zorzone Mineral Resource and Targeted Mineralised Extensions

A total of 32 samples were collected at Piazzole. The mineralised zone is interpreted to be at least 170m long and up to 110m wide, with thickness ranging from 1m to 3m with an average of 2m. The original interpretation by ENI was of two discrete columns within this zone. However, examination of historical drilling and structural measurements shows that the gently folded shallow dipping mineralised horizon, which undulates above and below the drive, is potentially continuously mineralised and wider than initially believed.

Underground sampling results from Piazzole include:

- 15.7% Zn, 4.3% Pb, and 47ppm Ag
- 18.6% Zn, 4.1% Pb, and 42ppm Ag
- 20.8% Zn, 5.7% Pb, and 83ppm Ag

The Piazzole mineralisation appears open to the north, with the host Metallifero Formation continuing up plunge to outcrop 4km to the north of the current resource.

Mineral Resource Update

A mineral resource estimation revision was completed during December 2017. This estimate included all drilling results obtained during the programs completed in April 2017. The revision primarily focussed on using the resource estimation to inform metallurgical and mining parameters and to increase the level of geological knowledge in the mineral resource.

December 2017 OK Estimate Reported using a 1% Zinc Cut-off Grade Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade	Metal	Grade	Metal	Grade	Metal
Indicated	2.1	5.1	107	1.4	29	30.9	2.1
Inferred	1.2	4.6	56	1.1	14	20.9	0.8
Indicated + Inferred	3.3	4.9	163	1.3	43	27.2	2.9

Table 2: December 2017 Mineral Resource Estimate

Salafossa Zinc Project

In October 2017, Alta Zinc was granted an Exploration Licence (EL) covering the historic Salafossa Mine located in northern Italy, within 7km of the Austrian border and approximately 400km from the flagship Gorno Project (see Figure 1).

Salafossa was discovered in 1957 and mined by Societa Mineraria e Metallurgica di Pertusola SpA (Pertusola) from 1964 until its closure in 1986 due to depletion of reserves. Over the life of the mine, Salafossa produced 11Mt of sulphide ore grading 5.0% zinc and 1.0% lead at an average production rate of approximately 500,000 tonnes per annum.

Salafossa comprised a single sub-horizontal, Mississippi Valley Style (MVT) deposit that supported historical production from a single, mineralised body with dimensions of 750m in length, 50m-200m wide and 50m-100m thick. This facilitated mining by large-scale open stoping, typically a low-cost mining method. Potential exists for structural repeats of the mineralisation, both vertically and horizontally, as has been proven to be the case for Gorno and similar MVT endowed regions.

During the year a review and digitisation of historical reports obtained from the mining archives of Regione Veneto was completed. This review identified an area known as Val Vissende, situated approximately 1km north of the Salafossa mine where drilling was previously undertaken by Pertusola in 1983. These historical drill locations remain accessible and suitable for further exploration activity, however, due to the topography, further mapping and sampling activities can only be taken during periods of low river flows.

The Salafossa mine contains several underground areas that contain liquid tailings sealed by concrete walls. Further investigation of these areas needs to be made to determine whether the tailings can be sampled to identify whether they contain mineralised waste that could potentially be exploited.

Predil Zinc Project

The Company has lodged an exploration licence application over the historic zinc mine of Predil located in north-east Italy (see Figure 1). The Predil mine (previously known as Raibl), has a long production history dating back to the eleventh century and was closed in 1991 by ENI as part of the Italian government's strategy for ENI to limit its activities to oil and gas. Predil is estimated to have produced 30Mt of ore grading 5.0% zinc and 1.2% lead (1.9Mt of contained Zn+Pb) and, at the time of its closure, was producing approximately 50,000 tonnes of zinc and lead concentrates annually. These concentrates were transported to Gorno to be treated through the Ponte Nossa refinery. The Predil deposit potentially remains open at depth.

No work was carried out on the Predil project during the year.

Punta Corna Cobalt Project

In early 2018, the Company submitted an application for an Exploration Licence in the Usseglio municipality, Piedmont region of northern Italy (see Figure 1). The application covers 14.3km² and contains a number of old cobalt mining sites in the Punta Corna mountain area.

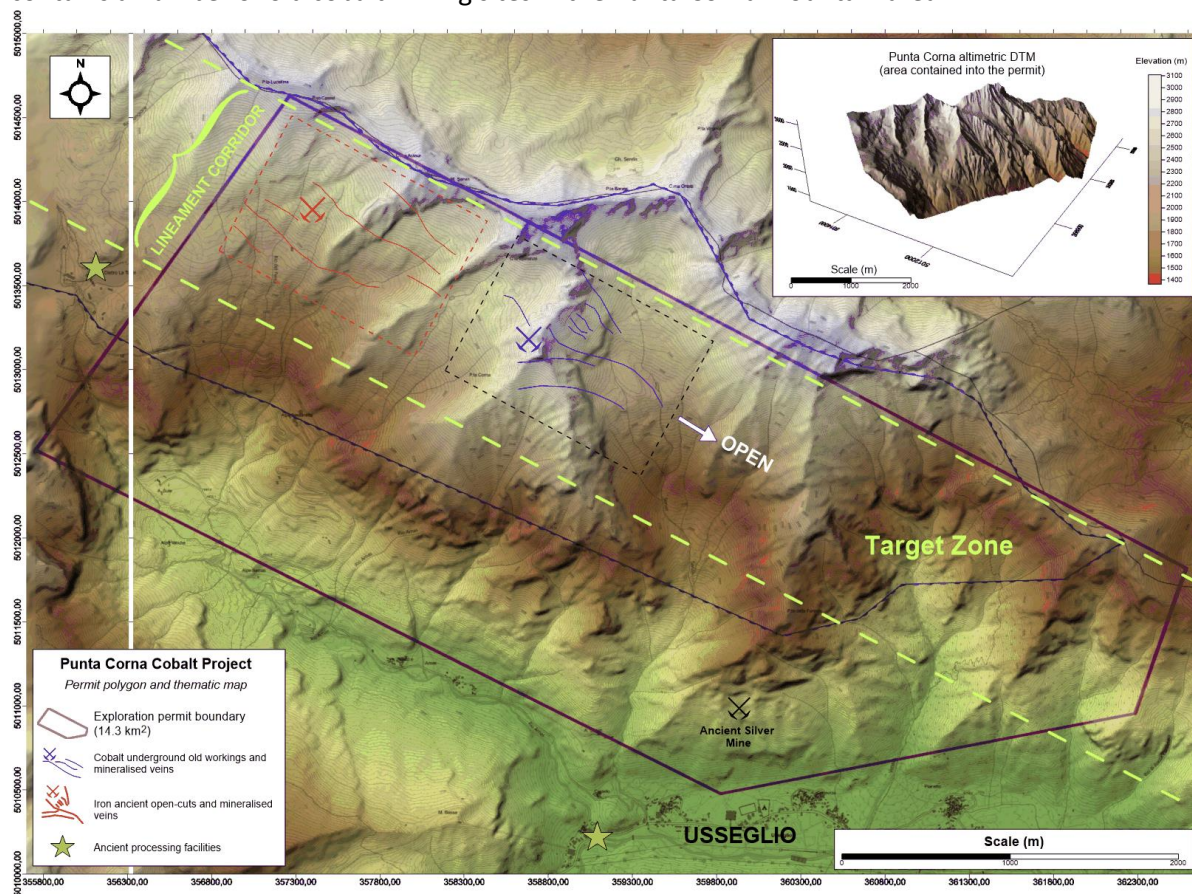


Figure 4: Punta Corna Project – Exploration Licence Area

The peak of historic mining activity occurred during the Age of Cobalt (1753-1823). According to archival records, the mines produced approximately 55 tonnes of cobalt that were exported to Wurttemberg in Germany as dye medium (cobalt blue).

The licence application area includes evidence of old mine workings at surface with a number of steeply dipping veins that outcrop in a NNW-SSE direction. The area is considered highly prospective for Co-Fe-Ni.

Notice was received that the preliminary Environmental Impact Statement lodged with the Minister of Environment in Rome has received a “no-objection” decree, and preliminary preparations have been undertaken to satisfy archaeological monitoring and related reporting requirements.

Upon grant of the Exploration Licence a sampling program is planned to be undertaken.

AUSTRALIAN PROJECTS

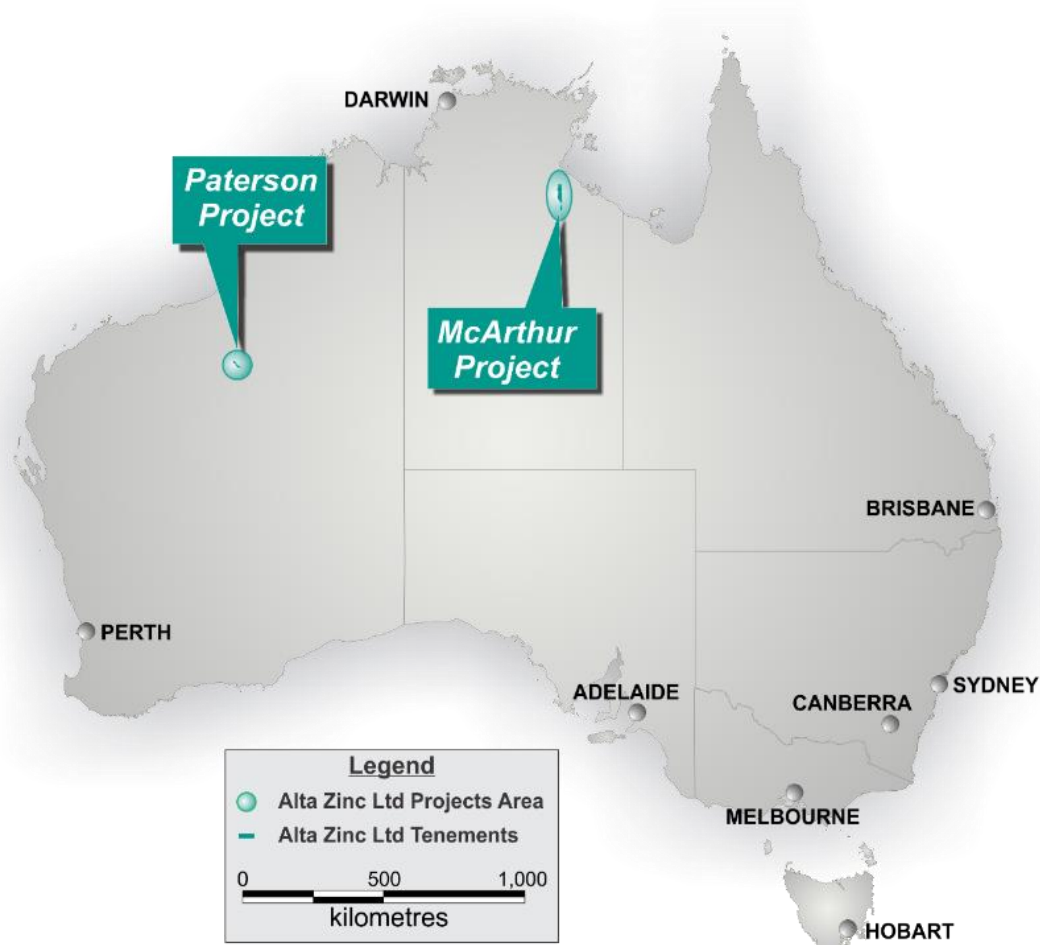


Figure 5: Location of Australian Projects

Paterson Zinc Project, Western Australia

The Paterson Project comprises two granted Exploration Licences (E45/4534 and E45/4543) covering 219km² (See Figure 6). The two tenements cover highly prospective parts of the Broadhurst Formation and include the Eva Well prospect.

During the year a heritage survey was completed to clear access for camping to facilitate on-ground exploration activities. In November 2017, a geophysical contractor was mobilised to site. Unfortunately, due to a number of fires in the region, the gravity survey was terminated prior to commencement.

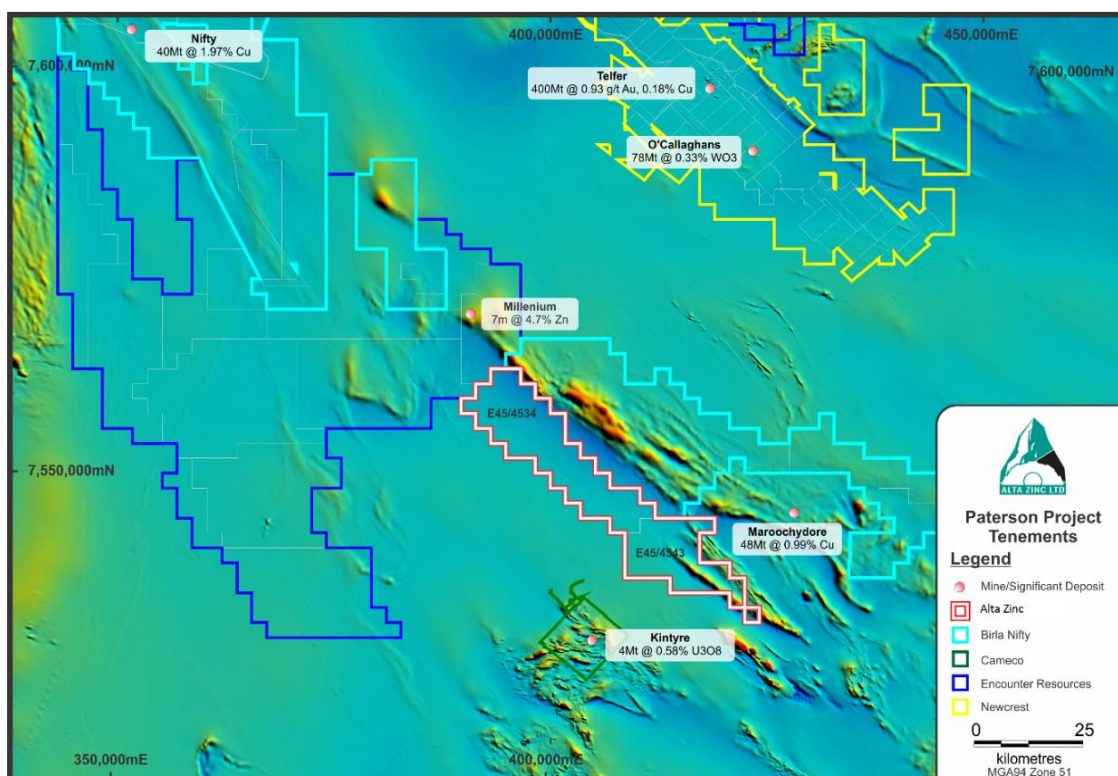


Figure 6: Location of Paterson Project Tenements – Western Australia

McArthur River Project, Northern Territory

The McArthur River Project encompasses three tenements totaling 1,238km² (See Figure 7). One tenement (EL31045) is granted. The grant of the remaining two applications is pending the outcome of discussions with Traditional Owners. The Northern Land Council is yet to commit to a definitive date to progress these discussions. No work was carried out during the period.

The westerly dipping Barney Creek formation at Pacifico Mineral Ltd's Four Mile Prospect, which is host to lead-zinc mineralisation elsewhere in the MacArthur Basin, is interpreted to pass into Alta Zinc's ground at around 250m depth.

Nyang Uranium Project, Western Australia

No work was carried out on the Nyang Uranium Project during the year. In February 2018, the exploration licence was surrendered.

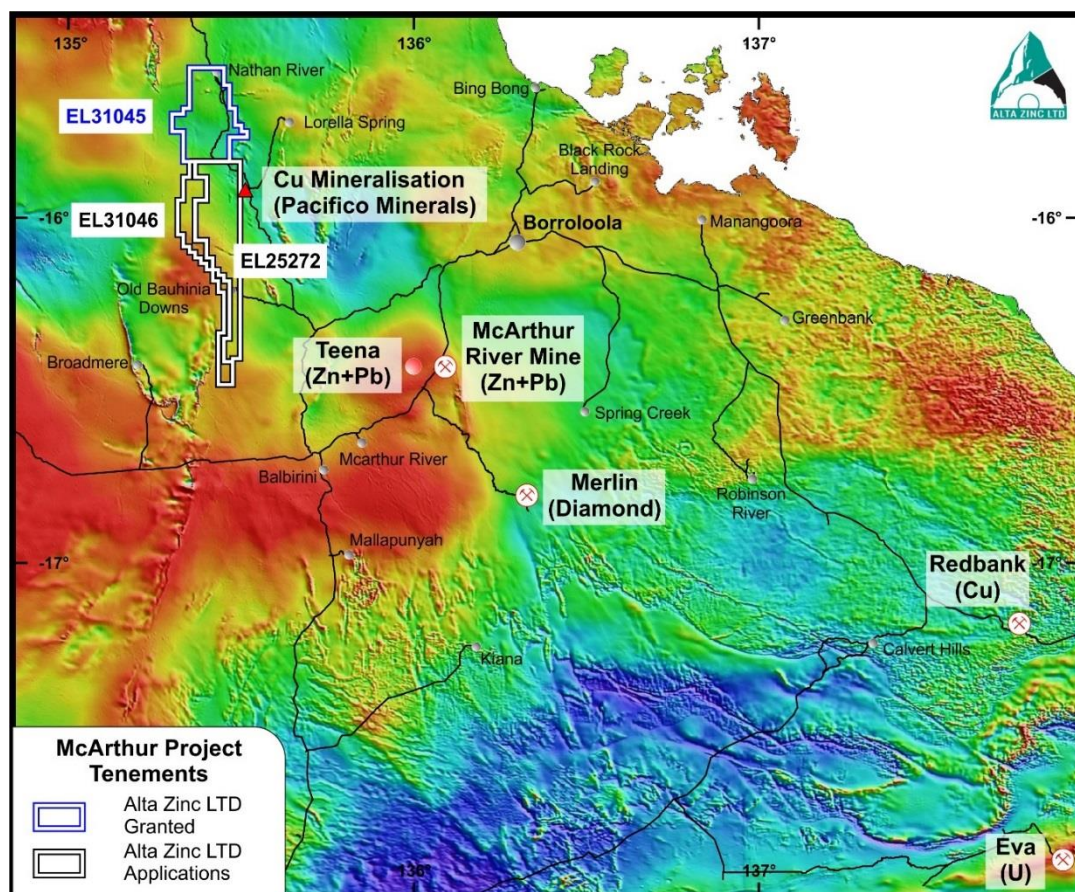


Figure 7: Location of McArthur River Project – Northern Territory

CORPORATE

Strategic Alliance to Progress the Gorno Zinc Project

In April 2018, Alta Zinc entered into a Strategic Alliance Agreement (“Strategic Alliance”) and mandate with Arete Capital Partners (“Arete”), a globally focussed natural mining and resources private equity group established by senior mining industry professionals, including Hugh Morgan, Campbell Olsen, Shaun Treacy, Graham Brown and Peter Johnston. In conjunction, the Company completed a placement of \$3 million (before costs) to sophisticated and professional investors introduced by Arete, including the Victor Smorgon Group through V B S Exchange Pty Limited (“VBS”). Under the agreed terms of the placement, VBS has the right to nominate a director approved by the Company in the event and while they beneficially own at least 10% of the Company and a second director in the event and while they beneficially own at least 20% of the Company. On completion of the placement VBS held 11.65% of the issued capital of the Company and Mr Campbell Olsen was appointed as a non-executive director in accordance with these terms.

The Strategic Alliance provides the Company with a committed long-term partner that has a team of people with extensive experience in resource project development and operations to assist in executing its Gorno Project strategy. In addition, Arete has the capacity to support the future growth of the Company through additional capital investment with the positive support of their strategic investment partners.

Competent Person Statements

Information in this Annual Report that relates to Exploration Results is based on information prepared or reviewed by Dr Fabio Granitzio, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Granitzio is a full-time employee of Alta Zinc Limited. Dr Granitzio 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 Granitzio consents to the inclusion in this release of the matters based on their information in the form and context in which it appears.

The information in this Annual Report that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by Mr Stephen Godfrey as Competent Person in compliance with the JORC Code (2012 edition) and released to ASX by the Company on 8 December 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original Announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous release continue to apply and have not materially changed. 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 Announcement.

Forward-looking Statement

Certain statements made in this Annual Report, contain or comprise certain forward-looking statements regarding Alta Zinc Limited's exploration operations, economic performance and financial condition. Although Alta Zinc believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices, exchange rates and business and operational risk management. Alta Zinc undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

DIRECTORS' REPORT

The directors submit their report for Alta Zinc Limited (formerly Energia Minerals Limited) and its controlled entities ("Alta Zinc" or "the Group") for the year ended 30 June 2018.

Directors

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Alexander Burns – Executive Chairman and Chief Executive Officer (appointed Executive Chairman 7 October 2014, appointed Chief Executive Officer 26 June 2017)

MBA

Mr Burns was Managing Director of Sphere Minerals Limited from 1998 – 2010. During this period, the company acquired and evaluated iron ore properties in Mauritania, West Africa. Sphere was subsequently taken over by Xstrata PLC in November 2010 for \$514 million. Mr Burns was also a non-executive Chairman of Shield Mining Limited (Shield), which was spun out of Sphere in 2006. Shield was a gold and base metals exploration company active in Mauritania and was taken over by Gryphon Minerals Limited in mid-2010.

During the past three years, Mr Burns has not served as a director of any other listed companies.

Mr Stephen Hills – Finance Director (appointed 26 June 2017)

B.Com B. Compt (Hons) CA

Mr Hills was appointed to the board after having initially joined the Group on 1 March 2017 as Chief Financial Officer. He has extensive experience in senior finance roles in public companies listed on the ASX and TSX, the past fourteen years of which have been with mining companies with gold, nickel and copper producing assets. Before joining Alta Zinc he was with the Democratic Republic of Congo based copper producer Tiger Resources Limited from 2010, where he was involved with the financing, commissioning and operations of the Kipoi Copper Project. Prior to this, he was Chief Financial Officer and Company Secretary of Mirabela Nickel Limited from 2006, where he was involved in the company's listing on the TSX and subsequent capital raisings and the initial syndicated project financing completed in 2009 for the Santa Rita nickel mine in Brazil. From 2003 he was the Chief Financial Officer of Botswana-based gold producer Gallery Gold Limited, and since the early 1990's was Chief Financial Officer of Scientific Services Limited which provided laboratory services to the resources sector.

During the past three years, Mr Hills has also served as a director of the following listed companies:

Tiger Resources Limited – appointed 21 February 2013 and resigned 25 May 2016

Mr Marcello Cardaci – Non-executive Director (appointed 7 October 2014)

BJuris, LLB, B.Com

Mr Cardaci is a partner of Gilbert & Tobin's Corporate Advisory Group. Mr Cardaci advises on a range of corporate and commercial matters including public and private equity fund raisings and public and private mergers, acquisitions and divestment. Mr Cardaci also regularly advises on issues relating to *Corporations Act* and *Australian Securities Exchange Listing Rules*. He has cross-border experience, having advised on numerous overseas transactions including capital raisings, takeovers, schemes of arrangements and the structuring of acquisitions and joint ventures in numerous countries. Mr

Cardaci has also lectured in the securities law course conducted by the *Securities Institute of Australia* and is a past committee member of the State Branch of the *Australian Mining and Petroleum Law Association Limited*.

Mr Cardaci is the Chairman of the Remuneration Committee, Nomination Committee and Audit & Risk Committee when the full board meets in its capacity as these committees.

During the past three years, Mr Cardaci has also served as a director of the following listed companies:

- Manhattan Corporation Limited* – appointed December 2006;
- Arc Exploration Ltd* – appointed 31 May 2018, and
- Style Limited - appointed May 2013 and resigned 10 August 2015.

* denotes current directorship

Mr Campbell Olsen – Non-executive Director (appointed 19 April 2018)

B Eng, MBA

Mr Olsen is Chief Executive Officer, Director of Arete Capital Partners Pty Ltd, a resource-focussed global private equity firm. He has had a long career in Private Equity and operational management in the mining industry. He has deep experience in international private equity practice and process having spent several years as an Investment Manager with Nomura Jafco and then General Manager (Australasia) with Advent International, a Boston-based multi-billion dollar international private equity company.

In 2003, Mr Olsen established Polarity Capital, a private equity and advisory firm that specialized in a “hands-on” approach to its investments, with Mr Olsen regularly assuming the CEO role of investee companies for varying durations to provide turnaround and expansion strategies as well as drive and directional clarity. From an operational perspective, he has acquired, managed and run downstream mineral processing operations along with upstream resources assets both in Australia and abroad. His experience encompasses asset/opportunity identification, due diligence, negotiations of acquisition terms and structure, on-going operational reform and improvement through to exit strategies. He has managed exploration programs, JORC- compliant resource estimate programs, mine design and operations primarily across iron ore, silver and rare earth metals.

During the past three years, Mr Olsen has not served as a director of any other listed companies.

Interests in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the directors in the shares and options of Alta Zinc were:

	Number of Ordinary Shares		No. of Options Over Ordinary Shares	
	Direct	Indirect	Direct	Indirect
A Burns	-	251,724,730	-	-
S Hills	-	-	6,000,000	-
M D Cardaci	-	73,722,061	-	-
C Olsen	-	-	-	-

Company Secretary

Jamie M Armes - appointed 1 July 2015

BBus, CA

Mr Armes is a Chartered Accountant with a Bachelor of Business from the University of Tasmania. He has over 20 years' experience within the accounting profession and the administration of public listed companies in the mining and exploration industry.

Principal Activities

The principal activity of the entities within the Group during the year was the exploration of a suite of tenements located throughout Italy and Australia.

Review of Operations

Operating Review, Business Strategy and Prospects

The Group's operations, business strategies and prospects are discussed in detail in the *Operations Report* on page 1.

Operating Results for the Year

The consolidated net loss after tax of the Group for the year was \$3,628,474 (2017: \$10,715,180).

Exploration expenditure for the year was \$2,287,569 (2017: \$8,000,228). The significant decrease in exploration expenditure is due to the completion of drilling activities on the Gorno Project. During the year ended 30 June 2018 exploration activities focussed on sampling of areas adjacent to the existing Zorzone Mineral Resource and technical studies on the development of the Gorno Project. Further information about these activities is discussed in the *Operations Report* attached to this *Directors' Report* on Page 1.

Administration expenditure for the year was \$1,408,323 (2017: \$1,755,883).

Capital Structure

As at the date of this report, the Group had 1,368,965,708 (2017: 1,096,238,436) fully paid ordinary shares on issue.

On 4 August 2017, the Group issued 313,210,982 ordinary fully paid shares at \$0.01 each for cash under a 2 for 5 non-renounceable rights issue to raise approximately \$3.132 million (before costs).

On 19 April 2018, the Group issued 272,727,272 ordinary fully paid shares at \$0.011 each for placement issue to raise approximately \$3 million (before costs).

Other than detailed above, no other share issues were undertaken during the year ended 30 June 2018.

Cash on Hand

Cash on hand at 30 June 2018 was \$2,369,848 (2017: \$647,710).

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 can continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Group to execute current anticipated exploration activities requires the Group to raise additional capital. Additional information is provided in Note 2 of the consolidated financial statements.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Company other than those detailed elsewhere in this Review of Operations.

Significant Events after the Balance Date

There were no matters or circumstances that have arisen since the end of the financial year which is 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.

Likely Developments and Expected Result

For the year ended 30 June 2018, the Group will continue to undertake mineral exploration to advance the status of its projects, with a primary focus on the advancement and development of the Gorno Zinc Project in Italy.

Environmental Regulation and Performance

The Group holds exploration tenements issued by the relevant regulatory authorities in which the Group operates, being the various states of Australia and Italy. The conditions attaching to these tenements and/or the relevant legislation in those jurisdictions impose obligations on the Group in relation to the environmental management of its operations on the tenements. There have been no known breaches of the Group's environmental obligations to which it is subject.

Share Options

Unissued Shares - Options

As at the date of this report, there were 48,250,000 (2017: 30,750,000) unlisted options over ordinary shares (30,750,000 at the reporting date). Refer to Note 24 of the consolidated financial statements for further details of the options outstanding at 30 June 2018.

No unlisted options were granted during the financial year.

On 2 August 2018, 17.5 million unlisted options over ordinary shares were granted by the Company under the *2015 Employee Incentive Plan*. The terms of the options were as follows:

No. of Options	Expiry Date	Exercise Price	Vesting Date
8,750,000	30 June 2020	\$0.025	30 June 2019
8,750,000	30 June 2022	\$0.05	30 June 2020

The Key Management Personnel detailed below received the following options under the grant completed on 2 August 2018:

Recipient	No. Options	Expiry Date	Exercise Price	Vesting Date
Mr S Di Giovanni	1,500,000	30 June 2020	\$0.025	30 June 2019
	1,500,000	30 June 2022	\$0.05	30 June 2020
Mr J Armes	1,500,000	30 June 2020	\$0.025	30 June 2019
	1,500,000	30 June 2022	\$0.05	30 June 2020

Option holders do not have any right, by virtue of the option, to participate in any issue of shares by the Group or any related body corporate.

Shares Issued as a Result of the Exercise of Options

During and since the end of the financial year, no ordinary shares were issued as the result of the exercise of options.

Indemnification and Insurance of Directors' and Officers

The Group has entered into a Deed of Access, Insurance and Indemnity (Deed) with each Director and the Company Secretary (Officers). Under the Deed, the Group indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the Officers in connection with the Officers being an officer of the Group, the employment of the Officer with the Group or a breach by the Group of its obligations under the Deed.

Also, pursuant to the Deed, the Group must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Group.

During, or since the financial year, the Group has paid premiums in respect of a contract insuring all the directors, company secretary, executives and employees of Alta Zinc against legal costs incurred in defending proceedings for conduct other than:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*; as permitted by section 199B of the *Corporations Act 2001*.

In accordance with a confidentiality clause under the insurance policy the amount of premium paid to insurers has not been disclosed. This is permitted under Section 300(9) of the *Corporations Act 2001*.

Auditor Independence and Non-Audit Services

The independence declaration from our auditors, Crowe Horwath Perth, for the year ended 30 June 2018 has been received and is attached to this report on page 26.

The Group's auditors, Crowe Horwath Perth, provided no non-audit services during the year ended 30 June 2018 (2017: nil).

Indemnification of auditors

No payment has been made to indemnify Crowe Horwath Perth during or since the financial year.

Directors' Meetings

During the financial year, 10 meetings of directors, including committees of directors, were held and the number of meetings attended by each director was as follows:

	Director's Meetings				Meeting of Committees			
			Audit & Risk Committee		Remuneration		Nomination	
	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended	No. Eligible to Attend	No. Attended
Alexander Burns	10	10	3	3	1	1	1	1
Stephen Hills	10	10	3	3	1	1	1	1
Marcello Cardaci	10	10	3	3	1	1	1	1
Campbell Olsen	2	2	1	1	1	1	1	1

Committee Membership

The role of the Audit and Risk, Remuneration and Nomination Committees is carried out by the full board. The directors consider that no efficiencies or benefits would be gained by establishing separate committees. Whilst the board has not established separate committees, it has adopted charters which describe the role, composition, functions and responsibilities of the full board when acting in its capacity as the Audit and Risk, Remuneration and Nomination Committees. Reference to committee meetings in the table above refers to separate meetings convened by the full board to specifically deal with the business of that committee in accordance with the charters of the Audit and Risk, Remuneration and Nomination Committees.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Dividends

No dividends have been paid or declared during the financial year and the directors do not recommend the payment of a dividend.

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements in place for directors and executives of the Parent and the Group, in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term “executive” includes the Executive Chairman/Chief Executive Officer, Managing Director, Finance Director, senior executives of the Parent and the Group and the term “director” refers to non-executive directors only.

Details of KMP of the Parent and Group are set out below:

Key Management Personnel

Non-executive Directors

Mr Marcello Cardaci	Appointed 7 October 2014
Mr Campbell Olsen	Appointed 19 April 2018

Executive Directors

Mr Alexander Burns	Executive Chairman/Chief Executive Officer – appointed Executive Chairman 7 October 2014, appointed CEO 26 June 2017
Mr Stephen Hills	Finance Director - appointed Chief Financial Officer 1 March 2017, appointed Finance Director 26 June 2017

Executives

Mr Fabio Granitzio	Exploration Manager, Italy – appointed 28 November 2017
Mr Sergio Di Giovanni	Study Manager – appointed 1 June 2018
Mr Jamie Armes	Company Secretary and Group Accountant - appointed 1 July 2015
Mr Graeme Collins	Director of Operations, Italy - appointed 14 January 2015, resigned 14 January 2018 though the effluxion of time
Mr David Andreazza	Manager of Exploration - appointed 1 May 2013, resigned 9 February 2018

Remuneration Policy

The *Remuneration Policy* of Alta Zinc has been developed by the Remuneration Committee in accordance with the *Remuneration Committee Charter*. The full Board currently performs the function of the Remuneration Committee. The *Remuneration Committee Charter* is set out on the Group's website at www.altazinc.com.

Emoluments of directors and executives are reviewed on an annual basis and are set by reference to employment market conditions, payments made by other companies of similar size and industry, and by reference to the skills and experience of the directors and executives.

Key Management Personnel (KMP) and related parties of KMP are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

There were no changes to KMP between the reporting date and the date the financial report was authorised for issue.

Engagement of Remuneration Consultants

The Remuneration Committee may at times seek external remuneration advice. No remuneration consultant was engaged during the year ended 30 June 2018 to provide remuneration recommendations in relation to KMP.

Non-executive Directors

The Group's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not directly linked to individual performance. Given the Group is at an early stage of development and the financial restrictions placed on it, the Group may consider it appropriate to issue unlisted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. The grant of options is designed to conserve cash reserves, recognise efforts and to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Group.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by shareholders at a General Meeting. The maximum amount of non-executive fees payable is currently set at \$250,000 per annum.

Executives

Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness.

Executive pay and reward consists of a base salary, benefits and incentives. Long-term incentives may include options over unissued ordinary shares granted at the discretion of the Board and where applicable, subject to obtaining the relevant shareholder approvals. The grant of options is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of service conditions.

Company Performance, Shareholder Wealth, Director and Executive Remuneration

The *Remuneration Policy* aims to align the objectives of shareholders and the Group with that of executive directors and executives through the issue of options over unissued shares. The granting of options is not subject to specific performance criteria, however, when granting options, the terms of the options are designed to provide an incentive that will contribute to increasing shareholder wealth. This is undertaken by determining an exercise price that exceeds the underlying share price at the date of grant and through vesting conditions that require a period of continuous employment. Remuneration of KMP is not dependent on company performance as the nature of the Group's operations are exploration, and therefore, not currently profit generating.

The following table shows the net profit/(loss) from continuing and discontinued operations and dividends for the last three years for the listed entity, as well as share prices at the end of the respective financial years:

	2016	2017	2018
	\$	\$	\$
Net profit/(loss)	401,242	(10,715,180)	(3,628,474)
Share price at year end	\$0.043	\$0.012	\$0.007
Dividends paid	Nil	Nil	Nil

Non-executive Director Remuneration

Fixed Remuneration

The aggregate remuneration paid to non-executive directors will not exceed the maximum amount in aggregate of \$250,000 per annum. The Constitution of Alta Zinc and the *ASX Listing Rules* specify that the non-executive director fee pool shall be determined from time to time by a general meeting of shareholders. The board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders, and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review as well as the additional time commitment of director's who serve on one or more sub-committees. Non-executive directors do not currently receive additional remuneration for their membership of subsidiary boards or committees.

Non-executive directors are encouraged by the board to hold shares in Alta Zinc.

The remuneration of non-executive directors for the period ending 30 June 2018 is detailed on page 22 of this report.

Variable Remuneration – Short-term Incentives

Non-executive directors do not receive performance based bonuses.

Variable Remuneration – Long-term Incentives

The Group has no contractual obligation to provide long-term incentives to non-executive directors.

Executive Remuneration

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for company and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals of the Group; and
- ensure total remuneration is competitive by market standards.

Executive remuneration comprises of four components:

- base pay and benefits;
- short-term incentives;
- other remuneration such as statutory superannuation and social security contributions; and
- long-term incentives through equity based compensation.

Base pay and benefits

Base pay is structured as a remuneration package that may be delivered as a combination of cash and salary sacrifice superannuation at the executives' discretion.

Base pay is reviewed annually to ensure the executives' pay is competitive with comparable positions of responsibility. This review may utilise external advisors to provide information on industry benchmarks. There is no guaranteed base pay increases included in any executive contracts.

Executives based in Perth receive car parking benefits. Italian based executives are provided with accommodation and motor vehicle benefits. In addition to accommodation and motor vehicle benefits, Mr Collins was provided with benefits customary with expatriate arrangements, including expatriate medical insurance, return airfares to Australia, relocation benefits, tax equalisation assistance and all employer and employee social security obligations arising from his secondment to Italy.

Variable Remuneration – Short-term Incentives

At this time, any incentive paid to executives is at the absolute discretion of the Remuneration Committee and the Group has no contractual commitments to provide these incentives to executives. The Group's Policy permits the payment of short-term incentives to executives.

No short-term incentive bonuses were paid to Executives during the year ended 30 June 2018 (2017: Nil).

Variable Remuneration – Long-term Incentives

The Group has an *Employee Incentive Plan* (EIP) as a means of providing long-term incentives to all employees and key management personnel, other than non-executive directors. In accordance with the provisions of the plan, as approved by shareholders at the annual general meeting held 18 November 2015, at its discretion the Board may grant incentives under the plan for no consideration and determine the terms on which the incentives are granted. Where incentives are granted with vesting conditions, unless the Board determines otherwise, unvested incentives are forfeited when the holder ceases to be employed by the Group. Any options granted under the EIP carry neither rights to dividends nor voting rights and may be exercised at any time from the date of vesting to the date of their expiry.

The grant of options to KMP's is not subject to performance conditions as the nature of the Group's operations are loss making during mineral exploration. The Group has no contractual obligation to provide long-term incentives to key management personnel.

No options were awarded to Executives during the year ended 30 June 2018.

Contracts with Key Management Personnel

Alexander Burns – Executive Chairman and Chief Executive Officer

Mr Burns is employed under an Executive Service Agreement (ESA) which commenced on 7 October 2014. On 31 October 2017, an amendment was executed extending the ESA for an additional three-year period to 7 October 2020. The extension is on the same terms and conditions as the original ESA, amended to include the provision of a fully maintained motor vehicle and rental accommodation for a value up to €2,500 per month for the duration of the period that Mr Burns is located in Italy effective from 1 July 2017.

Mr Burns receives fixed remuneration of \$175,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	6 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	None	None	Unvested awards forfeited

Stephen Hills – Finance Director

Mr Hills is employed under an Executive Service Agreement which commenced 1 March 2017 and expires on 29 February 2020.

Mr Hills receives fixed remuneration of \$265,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	3 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	None	None	Unvested awards forfeited

Fabio Granitzio – Exploration Manager, Italy

Mr Granitzio is employed under a two- year fixed term contract which commenced 28 November 2017 and receives fixed remuneration of €120,000 per annum plus social security, motor vehicle and accommodation benefits. Mr Granitzio has provided notice of his intention to terminate with effect from 11 October 2018, and in accordance with the termination provisions of the agreement will receive a statutory severance payment (TFR) of approximately 7.41% of gross salary paid to date.

Sergio Di Giovanni – Study Manager

Mr Di Giovanni is currently employed under an Executive Service Agreement which commenced 1 June 2018 and expires on the 31 December 2018. Under the terms of the agreement, Mr Di Giovanni receives a fixed remuneration of \$240,000 inclusive of superannuation per annum.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	None	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	1 month	None	Unvested awards forfeited

Jamie Armes – Group Accountant and Company Secretary

Mr Armes is employed under an Executive Service Agreement (ESA) which commenced on 1 July 2015. On 1 July 2018, an amendment was executed extending the ESA for an additional two-year period to 30 June 2020. The extension is on the same terms and conditions as the original ESA. Under the terms of the agreement, Mr Armes receives fixed remuneration of \$180,000 per annum, inclusive of superannuation, reviewed annually on or before 30 June each year.

The termination provisions of the agreement are:

Reason for Termination	Notice Period	Severance payment	Treatment of LTI on termination
Employer initiated termination	1 month	3 months' salary together with 2 weeks' salary for each completed year of service	Unvested awards forfeited
Termination for serious misconduct	None	None	Unvested awards forfeited
Employee initiated termination	3 months	None	Unvested awards forfeited
Termination by the effluxion of time	6 months	None	Unvested awards forfeited

Apart from termination benefits under statute (such as unpaid annual leave or long service leave) or as mentioned above, there are no retirement benefits for executives.

Remuneration for the year ended 30 June 2018 and 30 June 2017

	Salary & Fees	Short-term Benefits Other ⁽ⁱ⁾	Non Monetary ⁽ⁱⁱ⁾	Post-Employment Super-annuation	Other ⁽ⁱⁱⁱ⁾	Long-Term Benefits Long Service Leave ^(iv)	Share Based Payment Options	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors								
Mr M Cardaci ^(v) (Non-Executive Director - appointed 7 October 2014)								
2018	54,795	-	-	5,205	-	-	-	60,000
2017	54,795	-	-	5,205	-	-	-	60,000
Mr C Olsen ^(vi) (Non-executive Director – appointed 19 April 2018)								
2018	10,000	-	-	-	-	-	-	10,000
2017	-	-	-	-	-	-	-	-
Total Non-Executive Directors								
2018	64,795	-	-	5,205	-	-	-	70,000
2017	54,795	-	-	5,205	-	-	-	60,000
Executive Directors								
Mr A Burns ^(v) (Executive Chairman - appointed 7 October 2014, Chief Executive Officer - appointed 26 June 2017)								
2018	159,817	923	34,799	15,183	-	3,639	-	214,361
2017	159,817	9,820	1,182	15,183	-	2,315	-	188,317
Mr S Hills (Finance Director - appointed 26 June 2017, Chief Financial Officer -appointed 1 March 2017)								
2018	242,009	8,154	705	22,991	-	1,165	15,838	290,862
2017	80,670	6,794	257	7,664	-	103	30,347	125,835
Mr K Robinson (Managing Director - resigned 26 June 2017)^(vii)								
2018	-	-	-	-	-	-	-	-
2017	332,136	(62,373)	651	30,364	-	(21,576)	3,085	282,287
Total Executive Directors								
2018	401,826	9,077	35,504	38,174	-	4,804	15,838	505,223
2017	572,623	(45,759)	2,090	53,211	-	(19,158)	33,432	596,439
Other Key Management Personnel								
Mr G Collins (Director of Operations, Italy – appointed 14 January 2015, resigned 14 January 2018)								
2018	198,214	10,860	22,482	14,015	-	(5,313)	-	240,258
2017	273,973	179,178	101,212	26,027	-	3,647	8,018	592,055
Mr D Andreazza (Manager of Exploration – appointed 26 June 2012, resigned 9 February 2018)								
2018	87,486	(1,832)	467	8,442	-	(10,264)	-	84,299
2017	144,013	(12,283)	803	13,681	-	1,003	-	147,217
Mr S Di Giovanni (Study Manager – appointed 1 June 2018)								
2018	18,265	1,538	38	1,735	-	23	-	21,599
2017	-	-	-	-	-	-	-	-
Mr F Granitzio (Exploration Manager, Italy – appointed 28 November 2017)								
2018	102,233	54,139	8,027	-	7,653	-	-	172,052
2017	-	-	-	-	-	-	-	-
Mr J Armes (Company Secretary) – appointed 1 July 2015								
2018	164,384	4,846	1,016	15,616	-	6,999	-	192,861
2017	164,384	5,538	867	15,616	-	6,056	3,889	196,350
Total Other Key Management Personnel								
2018	570,582	69,551	32,030	39,808	7,653	(8,555)	-	711,069
2017	582,370	172,433	102,882	55,324	-	10,706	11,907	935,622
TOTAL								
2018	1,037,203	78,628	67,534	83,187	7,653	(3,751)	15,838	1,286,292
2017	1,209,788	126,674	104,972	113,740	-	(8,452)	45,339	1,592,061

- (i) Other short-term benefits include Italian social security contributions, accrued annual leave (less leave taken or paid on resignation which is included in Salary & Fees) and accrued Italian 13th month remuneration. Comparative information for 30 June 2017 has been adjusted for movement in accrued annual leave;
- (ii) Non-monetary benefits include motor vehicles, accommodation, expatriate medical insurance, return airfares to Australia, expatriate tax equalisation assistance, relocation expenses, car parking and associated fringe benefits tax.
- (iii) Other post-employment benefits represent the accrual of “Trattamento di fine rapporto” (TFR) payable upon ceasing an employment relationship in Italy;
- (iv) Provision for long service leave less leave taken, paid or forfeited on resignation. Comparative information for 30 June 2017 has been adjusted for movement in provision for long service leave;

- (v) From 1 April 2017, Mr Cardaci and Mr Burns agreed to defer the payment of his remuneration until the cash position of the Group improved. The Group ceased deferment and paid the balance of outstanding remuneration on 15 January 2018;
- (vi) Directors fees associated with Mr Olsen's appointment are paid direct to his employer, Arete Capital Partners Pty Ltd; and
- (vii) Mr Robinson resigned as Managing Director on 26 June 2017. From 1 April 2017, Mr Robinson's remuneration was being deferred. Upon the resignation it was agreed that Mr Robinson's deferred remuneration and accrued annual leave entitlements would be paid following the completion of the non-renounceable rights issue announced by the Group on 26 June 2017. The total payment made under this agreement was limited to \$100,000 and occurred on 7 August 2017. This remuneration was disclosed in the year ended 30 June 2017.

No director or senior executive appointed during the period received a payment before they started to hold the position, as part of the consideration for them agreeing to hold the position. The premium paid for Directors and Officers liability insurance is not included in the above remuneration table.

Additional Disclosures Relating to Options and Shares

This section sets out additional disclosures required under the *Corporations Act 2001*.

Options awarded, vested and lapsed during the year (Consolidated)

No share options were awarded during the year ended 30 June 2018. The following table discloses the share options previously granted to KMP as remuneration that vested during the year. Share options do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

	Award Date	Fair Value per Option \$	Exercise Price \$	Expiry Date	Vesting Date	Vested During Year No.
Mr S Hills	1 Mar 17	\$0.00774	\$0.15	28 Feb 22	1 Mar 18	2,000,000
Mr J Armes	6 Jul 15	\$0.01540	\$0.24	30 Jun 20	1 Jul 17	500,000

There were no forfeitures or alterations to the term and conditions of options awarded as remuneration since their award date during the year ended 30 June 2018. No options were exercised by KMP during the financial year ended 30 June 2018.

Option holdings of key management personnel

The number of options over ordinary shares held by each KMP of the Group both directly and indirectly during the financial year is as follows:

	Balance at 30 June 2018	Balance at 1 Jul 17	Granted as remuneration	Options Expired	Net Change Other	Balance at 30 Jun 18	Vested at 30 June 2018		
							Total	Exercisable	Not Exercisable
Directors									
Mr S Hills		6,000,000	-	-	-	6,000,000	6,000,000	4,000,000	2,000,000
Executives									
Mr G Collins ⁽ⁱ⁾		6,000,000	-	-	(6,000,000)	-	-	-	-
Mr D Andreazza ⁽ⁱ⁾		6,000,000	-	-	(6,000,000)	-	-	-	-
Mr F Granitzio		-	-	-	-	-	-	-	-
Mr S di Giovanni		-	-	-	-	-	-	-	-
Mr J Armes		1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Total		19,500,000	-	-	(12,000,000)	7,500,000	7,500,000	5,500,000	2,000,000

- (i) Mr Collins and Mr Andreazza ceased employment with the Group during the financial year. Their option holdings are no longer reported.

Shareholdings of key management personnel

Ordinary shares held in Alta Zinc Limited directly and indirectly

30 June 2018	Balance at 1 Jul 17	Granted as remuneration	Issued on exercise of options	Net Change Other #	Balance at 30 Jun 18
Directors					
Mr A Burns	179,803,378	-	-	71,921,352	251,724,730
Mr S Hills	-	-	-	-	-
Mr M Cardaci	52,658,615	-	-	21,063,446	73,722,061
Mr C Olsen	-	-	-	-	-
Executives					
Mr G Collins ⁽ⁱ⁾	372,858	-	-	(372,858)	-
Mr D Andreazza	-	-	-	-	-
M F Granitzio	-	-	-	-	-
Mr S di Giovanni	-	-	-	-	-
Mr J Armes	-	-	-	-	-
Total	232,834,851	-	-	92,611,940	325,446,791

All equity transactions with KMP classified as Net Change Other have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms-length.

(i) Mr Collins ceased employment with the Group during the financial year. Shareholdings are no longer reported.

Other transactions and balances with key management personnel and their related parties

Mr Cardaci is a partner in Gilbert + Tobin Lawyers. During the year, Gilbert + Tobin provided legal services to the Group of \$83,346 (2017: \$14,412). The balance owing to Gilbert + Tobin as at 30 June 2018 was \$7,366 (2017: \$4,757). These services were entered into on normal commercial terms and have not been included in directors' remuneration as the fees were not paid for services provided by Mr Cardaci.

On 16 March 2018, Mr Burns, Executive Chairman/Chief Executive Officer and Mr Cardaci, Non-Executive Director each agreed to provide a \$250,000 loan facility to the Group for working capital purposes (Loan Facilities). The Loan Facilities are unsecured and attract a variable interest rate based on the overnight money market interest rate published by the Reserve Bank of Australia plus 2% per annum. Repayment is to be made the earlier of 12 months following initial drawdown under the Loan Facilities or upon receipt of funds on completion of a capital raising by the Company. The undrawn Loan Facilities were cancelled in accordance with the facility terms following the completion of the placement completed on 19 April 2018 referred to in the paragraph below.

On 13 April 2018, the Group entered into a Strategic Alliance Agreement and mandate with Arete Capital Partners Pty Ltd ("Arete"), a company of which Mr Olsen is a director. Under the mandate, the Group undertook a placement to sophisticated and professional investors introduced by Arete. On completion of the placement, the Strategic Alliance Agreement became effective and Mr Campbell was appointed as a nominee non-executive director of the Company. Under the Strategic Alliance Agreement, Arete agrees to make available their extensive, relevant sector, engineering, technical and project finance advisory expertise on an as required basis in consideration for a one year, fixed consultancy fee of \$290,000 to be paid quarterly in advance.

A summary of the total fees paid to Arete for the year ended 30 June 2018 is as follows:

	2018	2017
	\$	\$
Director fees ⁽ⁱ⁾	10,000	-
Capital raising services	150,000	-
Advisory services	72,500	-
	232,500	-

(i) This amount is included in key management personnel remuneration.

The total amount due to Arete as at 30 June 2018 was \$5,500 (2017: Nil).

All services provided by companies associated with KMP were provided on normal commercial terms.

There have been no other transactions involving equity instruments other than those described in the tables above.

END OF REMUNERATION REPORT

This Director's Report is signed in accordance with a resolution of the directors.



Alexander Burns
Executive Chairman/Chief Executive Officer
27 September 2018

AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Alta Zinc Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'Cyrus Patel', written over the printed name.

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to read 'Cyrus Patel', written over the printed name.

CYRUS PATELL

Partner

Signed at Perth, 27 September 2018

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	Consolidated	
		2018	2017
		\$	\$
Revenue		-	-
Administrative expenditure		(1,408,323)	(1,755,883)
Exploration expenditure		(2,287,569)	(8,000,228)
Marketing expenditure		(58,422)	(123,100)
Unrealised losses on financial assets at fair value through profit or loss		-	(16,558)
Net realised losses on financial assets at fair value through profit or loss		(8,770)	(303,059)
Exploration assets written-off	14	(44,186)	-
Unrealised foreign exchange loss		(9,543)	(88,053)
Other income		1,615	-
Other losses – net	4	(8,292)	(2,194)
Other expenses	5	(422)	(1,253)
Operating loss		(3,823,912)	(10,290,328)
Finance income	6	206,266	29,881
Finance expenses	7	(10,828)	(454,733)
Loss from continuing operations before income tax		(3,628,474)	(10,715,180)
Income tax expense	8	-	-
Loss from continuing operations after income tax		(3,628,474)	(10,715,180)
Net loss for the year		(3,628,474)	(10,715,180)
Other comprehensive income			
<i>Items that may be re-classified to profit or loss</i>			
Exchange differences on translation of foreign operations		77,727	49,140
Comprehensive income for the year, net of tax		77,727	49,140
Total comprehensive loss for the year		(3,550,747)	(10,666,040)
Loss per share	28		
From continuing operations:			
Basic earnings/(loss) per share (cents)		(0.32)	(1.26)
Diluted earnings/(loss) per share (cents)		(0.32)	(1.26)

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

STATEMENT OF FINANCIAL POSITION

	Note	Consolidated	
		2018	2017
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	9	2,369,848	647,710
Other financial assets	12	-	67,555
Receivables	10	599,601	276,065
Total Current Assets		2,969,449	991,330
Non- Current Assets			
Restricted cash	11	36,911	68,834
Receivables	10	848,169	1,137,496
Plant & equipment	13	175,129	205,972
Exploration and evaluation expenditure	14	426,249	444,479
Total Non-Current Assets		1,486,458	1,856,781
TOTAL ASSETS		4,455,907	2,848,111
LIABILITIES			
Current Liabilities			
Trade and other payables	15	267,477	882,493
Borrowings	16	-	63,447
Employee benefit liabilities	17	199,523	239,709
Provisions	18	223,441	200,597
Total Current Liabilities		690,441	1,386,246
Non-Current Liabilities			
Employee benefit liabilities	17	11,235	51,783
Total Non-Current Liabilities		11,235	51,783
TOTAL LIABILITIES		701,676	1,438,029
NET ASSETS		3,754,231	1,410,082
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	20	38,402,278	32,523,439
Accumulated losses		(35,731,595)	(32,103,121)
Reserves	20	1,083,548	989,764
TOTAL EQUITY		3,754,231	1,410,082

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

STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Parent				
	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Share Based Payment Reserve \$	Total \$
As at 1 July 2016	26,750,592	(21,387,941)	40,086	847,206	6,249,943
Loss for the period	-	(10,715,180)	-	-	(10,715,180)
Other comprehensive income	-	-	49,140	-	49,140
Total comprehensive income/(loss) for the period	-	(10,715,180)	49,140	-	(10,666,040)
Transactions with owners in their capacity as owners:					
Share based payments	6,090,228	-	-	-	6,090,228
Transaction costs on shares issued	(317,381)	-	-	-	(317,381)
Share based payments	-	-	-	53,332	53,332
At 30 June 2017	32,523,439	(32,103,121)	89,226	900,538	1,410,082
As at 1 July 2017	32,523,439	(32,103,121)	89,226	900,538	1,410,082
Loss for the period	-	(3,628,474)	-	-	(3,628,474)
Other comprehensive income	-	-	77,728	-	77,728
Total comprehensive income/(loss) for the period	-	(3,628,474)	77,728	-	(3,550,746)
Transactions with owners in their capacity as owners:					
Shares issued	6,132,110	-	-	-	6,132,110
Transaction costs on shares issued	(253,271)	-	-	-	(253,271)
Share based payments	-	-	-	16,056	16,056
At 30 June 2018	38,402,278	(35,731,595)	166,954	916,594	3,754,231

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

STATEMENT OF CASH FLOWS

	Note	Consolidated	
		2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,986	69,273
Payment to suppliers and employees (inclusive of GST)		(4,164,411)	(11,012,400)
Interest received		6,921	30,800
Net cash flows used in operating activities	22	(4,149,504)	(10,912,327)
Cash flows from investing activities			
Payments for security bonds		(22,401)	-
Proceeds from reduction in security deposit		45,145	-
Payments to acquire financial assets		-	(24,127)
Net proceeds from the disposal of financial assets		58,785	3,502,684
Purchase of plant and equipment		(9,468)	(26,059)
Net cash flows from investing activities		72,061	3,452,498
Cash flows from financing activities			
Repayment of borrowings		(64,649)	(105,388)
Proceeds from issue of shares		6,132,110	6,090,229
Transaction costs on issue of shares		(261,135)	(308,404)
Net cash flows from/(used in) financing activities		5,806,326	5,676,437
Net increase/(decrease) in cash and cash equivalents		1,728,883	(1,783,392)
Net foreign exchange difference		(6,745)	(63,669)
Cash and cash equivalents at beginning of period		647,710	2,494,771
Cash and cash equivalents at end of period	9	2,369,848	647,710

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Alta Zinc Limited (Alta Zinc or the Group) comprises of Alta Zinc Limited and its controlled entities for the year ended 30 June 2018. The financial report was authorised for issue in accordance with a resolution of the directors on 27 September 2018.

Alta Zinc (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group is a for profit entity for financial reporting purposes under *Australian Accounting Standards*.

The nature of the operations and principal activities of the Group are described in the *Directors' Report*.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with *Australian Accounting Standards*, *Australian Accounting Interpretations*, other authoritative pronouncements of the *Australian Accounting Standards Board* (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events, and conditions. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical cost and where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

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 incurred a net loss after tax from continuing operations for the year ended 30 June 2018 of \$3,628,474 (2017: \$10,715,180) and recorded net cash outflows from operating activities of \$4,149,504 (2017: \$10,912,327). At 30 June 2018, the Group had Cash on Hand of \$2,369,848 (30 June 2017: \$647,710).

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 significant 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.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Alta Zinc Limited at the end of the reporting period (the Group). A controlled entity is any entity over which Alta Zinc has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. The control exists when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 25 to the financial statements.

In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent.

Where a company prepares consolidated financial statements, the sections of the *Corporations Act 2001* which required that a company also prepare and present parent company financial statements have been repealed. The primary statements and notes should contain only consolidated results. The disclosures required under the *Corporations Act 2001* have been included within Note 29 to the accounts in respect of the parent entity and all the information has been calculated in accordance with *Australian Accounting Standards*.

(b) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of Significant Accounting Policies (Cont'd)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(c) Other Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) and Italian Value Added Tax (VAT) except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. Summary of Significant Accounting Policies (Cont'd)

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and comprehensive income during the financial period in which they are incurred.

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Group commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Field equipment	15% to 50%
Motor vehicles	12.5%
Office equipment	15% to 75%
Office furniture	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(e) Exploration Expenditure

Exploration, evaluation and development expenditure is expensed as incurred. Tenement acquisition costs are initially capitalised. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, sale of the respective areas of interest or where activities in the area have not yet reached a stage, which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

2. Summary of Significant Accounting Policies (Cont'd)

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into the profit or loss in the period in which the operation is disposed of.

2. Summary of Significant Accounting Policies (Cont'd)**(i) Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

(j) Equity Settled Compensation

The Group undertakes equity-settled share-based payments. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Binomial or Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Upon the exercise of awards, the balance of the share based payments reserve relating to those awards is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(m) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

2. Summary of Significant Accounting Policies (Cont'd)**(n) Financial Instruments*****Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument classified “at fair value through profit or loss” in which case transaction costs are expensed to the statement of profit and loss and other comprehensive income. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Classification and subsequent measurement**(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(o) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(p) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being paid within 45 days of recognition of the liability.

2. Summary of Significant Accounting Policies (Cont'd)**(r) Fair Value Measurement**

The Group measures financial instruments at fair value at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(s) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

2. Summary of Significant Accounting Policies (Cont'd)

Key Estimates

(i) Impairment of capitalised exploration and evaluation expenditure

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment indicator exists as outlined under AASB 6, the recoverable amount of the asset is determined. The future recoverability of capitalised exploration expenditure is dependent on a number of factors and will ultimately depend on whether the expenditure is recouped through exploitation or sale. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made. During the year ended 30 June 2018, the Group wrote off \$44,156 of exploration costs previously capitalised

(ii) Share based payments

The Group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of unlisted options is determined by using either a Black-Scholes or Binomial model. The assumptions (volatility, dividend yield and risk free rate) used are detailed in Note 24.

(iii) Italian Value Added Tax Receivable

The Italian value added tax receivable ("VAT") represents the VAT that is recoverable from the Italian Agency of Revenue. The Group expects to recover a proportion of this receivable through offsetting various Italian employee taxes and social security contributions. In addition to offsetting, the receivable is also anticipated to be recovered through a refund process that is estimated to take approximately 1 to 5 years. The future recoverability of the VAT receivable is dependent on the Group continuing to be entitled to this offsetting arrangement and the refund request satisfying the Italian Agency of Revenue's requirements. To the extent that the VAT receivable is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

(iv) Provision for rehabilitation

Rehabilitation costs are a normal consequence of mineral exploration and mining, and the majority of this expenditure is incurred on ceasing exploration activities or the end of the mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs, and the estimated future level of inflation. The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements or the emergence of new restoration techniques.

Key Judgments

Capitalisation of exploration and evaluation expenditure

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group has the option to expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The Group has elected to expense exploration and evaluation expenditure until such time as activities in an area have reached a stage that permits reasonable assessment of the existence of

2. Summary of Significant Accounting Policies (Cont'd)

economically recoverable reserves. However, costs associated with the acquisition of exploration tenements are initially capitalised.

(u) **New, Revised or Amending Accounting Standards and Interpretations Adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the *Australian Accounting Standards Board (AASB)* that are mandatory for the current reporting period.

The adoption of these *Accounting Standards and Interpretations* did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending *Accounting Standards or Interpretations* that are not yet mandatory have not been early adopted.

(v) **New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended *Accounting Standards and Interpretations*, most relevant to the consolidated entity, are set out below:

AASB 9 Financial Instruments

The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

Mandatory for financial years beginning on or after 1 January 2018, the Group will adopt the standard from 1 July 2018 using the retrospective approach with the transition relief permitted under the standard. Comparatives for the year ended 30 June 2018 will not be restated. Based on the Company's initial assessment, the adoption of AASB 9 will not have material impact on the Group's financial statements.

2. Summary of Significant Accounting Policies (Cont'd)

AASB 16 Leases

AASB 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

In the earlier periods of a lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

Mandatory for financial years beginning on or after 1 January 2019, the Group will adopt the standard from 1 July 2019.

The Group is currently reviewing its lease arrangements and has concluded that AASB 16 will affect primarily the accounting for its property and motor vehicle leases which are classified as operating leases at 30 June 2018. As set out in Note 21, at 30 June 2018, the Group has non-cancellable operating lease commitments of \$183,025.

The Group will recognise a right-of-use asset and a lease liability in respect of these leases unless they qualify as short-term or low value leases. The impact to the Group is yet to be accurately quantified due to the definition of the lease term and the consequence of extension and termination options. It is therefore not practicable to provide a reasonable quantification of the right-of-use asset and lease liabilities at this time.

3. Other Income

	Consolidated	
	2018	2017
	\$	\$
Realised foreign exchange gain	1,615	-
	<u>1,615</u>	<u>-</u>

4. Other Losses Net

	Consolidated	
	2018	2017
	\$	\$
Loss on disposal of plant & equipment	8,292	2,194
	<u>8,292</u>	<u>2,194</u>

5. Expenses

		Consolidated	
		2018	2017
		\$	\$
(a) Other Expenses			
Realised foreign exchange loss		422	1,253
(b) Depreciation, impairment and amortisation			
Depreciation of plant and equipment		40,026	49,151
(c) Rental expense on operating leases			
Minimum lease payments – operating leases		171,577	164,425
(d) Employee benefits expense			
Wages, salaries and directors fees		1,410,434	1,824,073
Superannuation contribution expense		94,855	136,379
Italian social security contributions		172,481	263,881
Share based payment expense		16,056	53,332
Termination Payment		41,942	-
Movement in provision for annual leave		(38,854)	6,576
Movement in provision for long service leave		(14,870)	(3,797)
Other employee benefits expense		108,303	102,483
		1,790,347	2,382,927

6. Finance Income

		Consolidated	
		2018	2017
	Note	\$	\$
Interest received		7,347	29,881
Accretion of discount on Italian VAT receivable	10(c)	198,919	-
		206,266	29,881

7. Finance Expenses

		Consolidated	
		2018	2017
	Note	\$	\$
Charges on discounting of Italian VAT receivable	10(c)	10,828	454,733
		10,828	454,733

8. Income Tax Expenses

	Consolidated	
	2018	2017
	\$	\$

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	(3,628,474)	(10,715,180)
Tax refundable at the statutory income tax rate – 30% (2017: 30%)	(1,088,542)	(3,214,554)

Non-deductible expenses

Share based payments	4,817	16,000
Other non-deductible expenses/(non-assessable income)	40,611	241,580
Section 40-880 deduction	(17,365)	(28,342)
Effect of different tax rates	108,802	480,435
Deferred tax assets not recognised	951,677	2,504,881
Income tax expense	-	-

The Group has tax losses for which no deferred tax asset is recognised arising in Australia of \$10,229,977 (2017: \$8,502,732) and Italy of \$17,569,321 (2017: \$15,164,254). These tax losses are available for offset against future taxable profits of the Group subject to continuing to meet the relevant statutory tests. The Italian income tax rate is currently 24% (2017: 24%).

9. Cash and Cash Equivalents

	Consolidated	
	2018	2017
	\$	\$
Cash at bank and on hand	369,848	647,710
Short-term bank deposits	2,000,000	-
	2,369,848	647,710

The effective interest rate on cash and cash equivalents was 2.07% (2017: 0.36%). Short-term deposits mature every 7 to 60 days.

10. Receivables

		Consolidated	
	Note	2018	2017
		\$	\$
Current			
Trade receivables	10(a)	4,525	5,686
Prepayments		60,609	53,421
Security deposits	10(b)	23,580	13,313
Italian value added tax receivable	10(c)	510,887	203,645
		599,601	276,065
Non-current			
Italian value added tax receivable	10(c)	847,381	1,136,753
Security deposits	10(b)	788	743
		848,169	1,137,496

(a) Current trade receivables are non-interest bearing and generally on 30 to 90 day terms. There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full. Due to the short-term nature of trade receivables, their carrying value is assumed to approximate their fair value.

(b) Security Deposits represent payments made as guarantees under operating leases that the Group has entered into.

(c) The Italian value added tax receivable (VAT) represents the VAT that is recoverable from the Italian Agency of Revenue. The Group is currently recovering a proportion of this receivable through offsetting various Italian employee taxes, social security contributions and a refund process. The current receivable amount is estimated to be recovered through the offsetting mechanism and refund process within the next 12 months.

The non-current VAT receivable amount is estimated to be recovered through the offsetting mechanism beyond the next 12 months and through a refund process that is estimated to take 1 to 5 years. The non-current VAT receivable has been discounted from the expected date of receipt using a discount rate of 9.368% (2017: 10.12%). The discount rate is based on the Italian government bond rate plus a market risk premium considered reasonable for Italy.

11. Restricted Cash

	Consolidated	
	2018 \$	2017 \$
Non-current		
Restricted cash	36,911	68,834
	36,911	68,834

Restricted cash represents term deposits held with various financial institutions as security for bank guarantees issued to landlords in relation to operating lease commitments associated with the office premises, and as security for credit card facilities. The funds receive interest at fixed rates and have an average maturity of 12 months.

12. Other Financial Assets

	Note	Consolidated	
		2018	2017
		\$	\$
Current			
<i>Financial assets at fair value through profit & loss</i>			
Shares in listed entities	12(a)	-	67,555
Total other financial assets		-	67,555

(a) Movement in the carrying amount of the current shares in listed entities

	Consolidated	
	2018	2017
	\$	\$
Brought forward	67,555	3,805,743
Reclassification from non-current financial assets	-	59,986
Gain/(Loss) on fair value of financial assets through profit & loss	-	(16,558)
Purchase of equity instruments	-	24,127
Disposal of shares in listed entity	(67,555)	(3,805,743)
	-	67,555

During the year ended 30 June 2018, the Group disposed of its investment in Marindi Metals Limited.

Refer to Note 19 for further information on fair value measurement.

13. Plant and Equipment

	Consolidated	
	2018	2017
	\$	\$
Field equipment		
At cost	160,439	175,978
Accumulated depreciation	(81,069)	(84,355)
	79,370	91,623
Motor vehicles		
At cost	69,225	65,255
Accumulated depreciation	(18,290)	(10,403)
	50,935	54,852
Office equipment		
At cost	138,490	154,247
Accumulated depreciation	(101,689)	(103,341)
	36,801	50,906
Office furniture		
At cost	47,251	60,922
Accumulated depreciation	(39,228)	(52,331)
	8,023	8,591
Total plant and equipment	175,129	205,972

13. Plant and Equipment (Cont'd)

	Field Equipment \$	Motor Vehicles \$	Office Equipment \$	Office Furniture \$	Total \$
Movements in carrying amount					
Balance at 30 June 2016	96,994	62,954	63,952	10,532	234,432
Additions	12,347	-	10,965	863	24,175
Disposals	(72)	-	(2,123)	-	(2,195)
Depreciation expense	(17,019)	(7,598)	(21,756)	(2,777)	(49,150)
Exchange differences	(627)	(504)	(132)	(27)	(1,290)
Balance at 30 June 2017	91,623	54,852	50,906	8,591	205,972
Additions	2,802	-	4,422	2,244	9,468
Disposals	(3,442)	-	(3,852)	(1,021)	(8,315)
Depreciation expense	(15,345)	(7,080)	(15,586)	(2,015)	(40,026)
Exchange differences	3,732	3,163	911	224	8,030
Balance at 30 June 2018	79,370	50,935	36,801	8,023	175,129

14. Exploration and Evaluation Expenditure

	Note	Consolidated 2018 \$	2017 \$
Costs carried forward in respect of:			
Exploration and evaluation – at cost			
Balance at beginning of the year		444,479	446,543
Exploration assets written-off	14(a)	(44,186)	-
Foreign exchange adjustment on translation		25,956	(2,064)
Total exploration and evaluation expenditure		426,249	444,479

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

(a) Write-off of the historical carrying value of the Italian uranium applications known as Novazza and Val Vedello.

15. Trade and Other Payables

	Note	Consolidated 2018 \$	2017 \$
Current			
Trade payables	15(a)	267,477	882,493
		267,477	882,493

(a) Trade payables and other payables are non-interest bearing and are normally settled within 45 days. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

16. Borrowings

		Consolidated	
	Note	2018	2017
		\$	\$
Current			
Unsecured loan	16(a)	-	63,448
		-	63,448

(a) During the year ended 30 June 2018, the Group repaid the final instalment of the loan from Bergem Mines & Tech SRL. resulting from the acquisition of the Monica Mining Concession in 2015. The loan was repayable over 36 months in equal instalments. The loan was unsecured and interest free.

17. Employee Benefit Liabilities

	Consolidated	
	2018	2017
	\$	\$
Current		
Provision for annual leave	134,657	203,928
Provision for long service leave	25,679	-
Provision for employee leaving indemnity	39,187	35,781
	199,523	239,709
Non-current		
Provision for long service leave	11,235	51,783
	11,235	51,783

A provision has been recognised for employee entitlements relating to annual leave and long service leave entitlements accrued at balance date. The measurement and recognition criteria relating to employee benefits have been included in Note 2.

The number of employees at year end was 10 (2017: 15).

18. Provisions

	Consolidated	
	2018	2017
	\$	\$
Current		
Provision for restoration	223,441	200,597
	223,441	200,597

A provision has been recognised for the estimated cost of restoring the environmental disturbance that has occurred on the Gorno Project up to 30 June 2018. No discount has been applied to this provision as the restoration work is anticipated to be completed within 12 months.

19. Fair Value Measurement of Financial Instruments

This note provides information about how the Group determines fair values of financial instruments.

Other than the Italian value added tax receivable, the carrying value of financial assets and financial liabilities are considered to 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:

	30 June 2018		30 June 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial Assets				
Receivables - Italian VAT	1,358,268	1,660,274	1,413,561	1,881,067
Total	1,358,268	1,660,274	1,413,561	1,881,067

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 30 June 2018.

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 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.

20. Issued Capital and Reserves

	Note	Consolidated	
		2018 \$	2017 \$
Issued Capital			
Ordinary shares fully paid	20(a)	38,402,278	32,523,439
		38,402,278	32,523,439

Ordinary shares

Effective 1 July 1998, the *Corporations* legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent entity does not have authorised capital nor par value in respect of its issued shares.

Fully paid ordinary shares carry one vote per share and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

		30 June 2018		30 June 2017	
	Note	Number of Shares	\$	Number of Shares	\$
(a) Movements in ordinary shares on issue					
At 1 July		783,027,454	32,523,439	609,020,979	26,750,592
Issued during the period	(i)(ii)	585,938,254	6,132,110	174,006,475	6,090,228
Transaction costs on issue of shares	(iii)	-	(253,271)	-	(317,381)
At 30 June		1,368,965,708	38,402,278	783,027,454	32,523,439

(i) On 4 August 2017, the Company issued 313,210,982 ordinary fully paid shares at \$0.01 each for cash under a 2 for 5 rights issue to raise approximately \$3.132 million (before costs).

(ii) On 19 April 2018, the Company issued 272,727,272 ordinary fully paid shares at \$0.011 each for cash on completion of a placement to raise \$3 million (before costs).

(ii) Transaction costs associated with the issue of shares is recognised in equity.

Nature and purpose of reserves**Share Based Payment Reserve**

The share based payment reserve is used to record the value of equity benefits provided to employees, including key management personnel and external service providers as part of their remuneration.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

20. Issued Capital and Reserves (Cont'd)

	Share Based Payment Reserve \$	Consolidated Foreign Currency Translation Reserve \$	Total \$
Movement in Reserves			
As at 1 July 2016	847,206	40,086	887,292
Recognition of options issued	60,729	-	60,729
Forfeiture of options	(7,397)	-	(7,397)
Movement for the year	-	49,140	49,140
Balance as at 30 June 2017	900,538	89,226	989,764
As at 1 July 2017	900,538	89,226	989,764
Recognition of options issued	16,056	-	16,056
Movement for the year	-	77,728	77,728
Balance as at 30 June 2018	916,594	166,954	1,083,548

21. Commitments

(a) Operating Lease Commitments

The Group has entered into a number of non-cancellable operating leases for various buildings that it occupies. These leases have terms between 6 months and 6 years, with rent payable in advance. The leases in some instances permit subletting.

The Group has entered into a number of commercial operating leases on motor vehicles. The terms remaining on these leases at 30 June 2018 range from 1 month to 2 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2018	2017
	\$	\$
Minimum lease payments payable		
Not later than 12 months	122,119	79,401
After one year but not more than five years	60,906	8,680
	183,025	88,081

(b) 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.

Australia

The Group has certain statutory obligations to perform minimum exploration work on its tenements. The statutory expenditure requirement may be renegotiated with the relevant regulator, and expenditure commitments may be varied between tenements, or reduced subject to reduction of the exploration area and/or relinquishment of non-prospective tenements.

21. Commitments (Cont'd)

	Consolidated	
	2018	2017
	\$	\$
Minimum exploration expenditure commitments		
Not later than 12 months	120,391	103,640
After one year but not more than five years	356,975	422,925
	477,366	526,565

Italy

No statutory expenditure commitments are specified by the mining legislation in Italy other than annual licence fees. However, as part of the licence application and renewal requirements, the Group submits estimated expenditure based on the work programs proposed. In assessing subsequent renewal applications, the regulatory authorities review actual expenditure against the estimated expenditure previously submitted. The Group has estimated expenditure of \$2,575,651 (2017:\$3,877,707). This is not a legal obligation of the Group and actual expenditure may and does vary depending on the outcome of the actual exploration programs.

(c) Commitments

At 30 June 2018, the Group had a commitment of \$217,500 (2017: nil) relating to the Strategic Alliance Agreement with Arete Capital Partners Pty Ltd.

22. Cash Flow Information

(a) Reconciliation of cash flow from operations with loss) after tax

	Consolidated	
	2018	2017
	\$	\$
Loss after tax	(3,628,474)	(10,715,180)
Non-cash flows in loss:		
Depreciation	40,026	49,151
Share based payments	16,056	53,332
Unrealised foreign exchange loss	9,543	88,053
Loss on disposal of plant and equipment	8,292	2,194
Exploration assets written-off	44,186	-
Realised loss on disposal of financial assets	8,770	303,059
Charges on discounting of Italian VAT receivable	10,828	454,733
Accretion of discount on Italian VAT receivable	(198,919)	-
Unrealised loss on revaluation of financial assets	-	16,558
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	251,376	(733,104)
Increase in prepayments	(5,210)	(12,667)
Decrease in trade payables and accruals	(630,342)	(486,414)
Increase/(decrease) in provisions	(75,636)	67,958
Cash flow from operations	(4,149,504)	(10,912,327)

(b) Non-cash Financing & Investing Activities

No non-cash financing and investing activities were undertaken during the year ended 30 June 2018 (2017:Nil).

23. Contingent Liabilities

There are no contingent liabilities as at 30 June 2018.

24. Share Based Payments

(a) Recognised share based payment expense

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated	
	2018	2017
	\$	\$
Expense arising from equity-settled share based payment transactions	16,056	53,332
	16,056	53,332

(b) General terms of share based payments

2015 Employee Incentive Plan

On 18 November 2015, the Company obtained shareholders' approval for the *2015 Employee Incentive Plan* (EIP). The EIP is established as a means of providing long-term incentives to all employees and key management personnel, other than non-executive directors. At its discretion, the Board may grant incentives under the plan for no consideration and determine the terms on which the incentives are granted. Where incentives are granted with vesting conditions, unless the Board determines otherwise, unvested incentives are forfeited when the holder ceases to be employed by the Group.

No options were awarded under the EIP during the year ended 30 June 2018.

The following table illustrates the number and weighted average exercise prices of, and movements in share options during the year:

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	30,750,000	\$0.13	39,750,000	\$0.16
Granted during the year	-	-	6,000,000	\$0.15
Forfeited/lapsed during the year	-	-	(15,000,000)	\$0.21
Exercised during the year	-	-	-	-
Outstanding at the end of the year	30,750,000	\$0.13	30,750,000	\$0.13
Exercisable at the end of the year	28,750,000	\$0.13	25,250,000	\$0.21

24. Share Based Payments (Cont'd)

The details of options outstanding as at 30 June 2018 are as follows:

Series No.	Number of options	Exercise price	Expiry date	Vesting date
14	2,000,000	\$0.05	30 April 2019	Vested
15	2,000,000	\$0.10	30 April 2019	Vested
16	2,000,000	\$0.15	30 April 2019	Vested
17	2,250,000	\$0.05	14 January 2020	Vested
18	2,250,000	\$0.10	14 January 2020	Vested
19	2,250,000	\$0.15	14 January 2020	Vested
20	1,250,000	\$0.12	30 June 2020	Vested
21	1,250,000	\$0.18	30 June 2020	Vested
22	1,250,000	\$0.24	30 June 2020	Vested
23	4,000,000	\$0.12	18 November 2020	Vested
24	4,000,000	\$0.18	18 November 2020	Vested
25	250,000	\$0.24	18 November 2020	Vested
26	2,000,000	\$0.10	28 February 2022	Vested
27	2,000,000	\$0.15	28 February 2022	Vested
28	2,000,000	\$0.20	28 February 2022	1 March 2019
Total	30,750,000			

The options outstanding at 30 June 2018 had a weighted average exercise price of \$0.13 (2017: \$0.13) and a weighted average remaining contractual life of 2.1 years (2017: 3.1). Exercise prices range from \$0.05 to \$0.24 in respect of options outstanding at 30 June 2018 (2017: \$0.05 to \$0.24). The weighted average fair value of the options granted during the year was \$nil (2017: \$0.0083). No options were exercised during the year.

25. Related Party Disclosure

(a) Subsidiaries

The consolidated financial statements include the financial statements of Alta Zinc Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Percentage Owned	
		2018 %	2017 %
Nickelex Pty Ltd	Australia	100	100
Nabberu Resources Pty Ltd	Australia	100	100
Energia Minerals (Italia) Srl	Italy	100	100
Strategic Minerals Italia Srl	Italy	100	-

(b) Key Management Personnel (KMP)

Disclosures relating to key management personnel set out in the *Remuneration Report* contained in the *Directors Report*.

(c) Comparison for Key Management Personnel

Refer to the *Remuneration Report* contained in the *Directors' Report* for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2018.

25. Related Party Disclosure (Cont'd)

There were no changes to KMP between the reporting date and the date the financial report was authorised.

The total remuneration paid to KMP of Alta Zinc and the Group during the year is as follows:

	Consolidated	
	2018	2017
	\$	\$
Short-term employee benefits	1,183,365	1,441,434
Long-term employee benefits	(3,751)	(8,452)
Post-employment benefits	90,840	113,740
Termination payments	-	-
Share based payments	15,838	45,339
Total compensation	1,286,292	1,592,061

26. Auditors Remuneration

	Consolidated	
	2018	2017
	\$	\$
Amounts received or due and receivable by the auditor of the parent entity, Crowe Horwath Perth for:		
– auditing or reviewing of financial reports	32,000	32,000
	32,000	32,000

27. Financial Risk Management

The Group's principal financial instruments comprise primarily of receivables associated with Italian VAT and cash deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables. The financial instruments of the Group predominantly arise directly from its operations. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks.

Financial Risk Management Policies

The 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.

Capital Risk Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as undertaking operations in a manner that provide returns to shareholders and other stakeholders. The Group aims to maintain a capital structure that ensures the lowest cost of capital available to the entity and maximises returns for shareholders through minimising dilution.

In order to maintain or adjust the capital structure, the entity may issue new shares, enter into joint ventures or sell assets. The entity does not have a defined share buy-back plan.

No dividends were paid in 2018 (2017: Nil).

27. Financial Risk Management (Cont'd)

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. The Group expects to recover this receivable through offsetting various Italian employee taxes and social security contributions and a refund process that is anticipated to take approximately one to five years. Further information regarding Receivables is detailed at Note 10.

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.

Interest Rate Risk

The Group's main exposure to the risks of changes in market interest rates relates primarily to the Group's cash deposits with a floating interest rate. These financial assets expose the Group to cash flow to a minimal interest rate risk. All other financial assets and liabilities in the form of receivables, payables and cash held in Euro currency are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. The following tables set out the carrying amount by maturity and the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. In regard to its interest rate risk, the Group analyses its exposure with consideration given to renewals of existing positions and the mix of fixed and variable interest rates.

With no interest bearing debt at 30 June 2018 any movement in interest rates will not have a material impact on the Group's financial position.

27. Financial Risk Management (Cont'd)

	Weighted Average		Floating Interest		Fixed Interest	
	2018	2017	2018	2017	2018	2017
	%	%	\$	\$	\$	\$
Financial Assets						
Cash	2.07	0.36	194,069	378,006	2,000,000	-
Receivables			-	-	-	-
Restricted cash	2.20	2.57	-	-	36,911	68,834
Other financial assets			-	-	-	-
Total financial assets			194,069	378,006	2,036,911	68,834
Financial Liabilities						
Payables			-	-	-	-
Total financial liabilities			-	-	-	-
Net financial assets			194,069	378,006	2,036,911	68,834

	Non-interest		Total	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial Assets				
Cash	175,779	269,704	2,369,848	647,710
Receivables	1,447,770	1,413,561	1,447,770	1,413,561
Restricted cash	-	-	36,911	68,834
Other financial assets	-	67,555	-	67,555
Total financial assets	1,623,549	1,750,820	3,854,529	2,197,660
Financial Liabilities				
Payables	267,477	882,493	267,477	882,493
Borrowings	-	63,447	-	63,447
Total financial liabilities	267,477	945,940	267,477	945,940
Net financial assets	1,356,072	804,880	3,587,052	1,251,720

Commodity Price Risk

The Group is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for those commodities is affected.

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.

27. Financial Risk Management (Cont'd)

The Group's 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.

The Groups financial instrument exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follows:

	EUR	2018 AUD	Total	EUR	2017 AUD	Total
Financial Assets						
Cash	192,989	2,176,859	2,369,848	269,275	378,435	647,710
Receivables	1,416,225	31,545	1,447,770	1,381,238	32,323	1,413,561
Restricted cash	-	36,911	36,911	-	68,834	68,834
Other financial assets	-	-	-	-	67,555	67,555
Total financial assets	1,609,214	2,245,315	3,854,529	1,650,513	547,147	2,197,660
Financial Liabilities						
Payables	139,299	128,178	267,477	552,450	330,043	882,493
Borrowings	-	-	-	63,447	-	63,447
Total financial liabilities	139,299	128,178	267,477	615,897	330,043	945,940
Net financial assets	1,469,915	2,117,137	3,587,052	1,034,616	217,104	1,251,720

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.

	2018		2017	
	Profit \$	Equity \$	Profit \$	Equity
+10% increase in AUD:EUR	(10,142)	(93,251)	(17,386)	(69,629)
-10% decrease in AUD:EUR	10,142	93,251	17,386	69,629

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.

27. Financial Risk Management (Cont'd)

The following table details the Group's undiscounted financial liabilities according to their contractual maturities.

	Within 1 Year		1 to 5 Years		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	267,477	882,493	-	-	267,477	882,493
Borrowings	-	63,447	-	-	-	63,447
Total contracted outflows	267,477	945,940	-	-	267,477	945,940
Financial assets – cash flows realisable						
Cash and cash equivalents	2,369,848	647,710	-	-	2,369,848	647,710
Trade and other receivables	599,601	276,065	848,169	1,137,496	1,447,770	1,413,561
Other financial assets	-	67,555	-	-	-	67,555
Restricted cash	-	-	36,911	68,834	36,911	68,834
Total anticipated inflows	2,969,449	991,330	885,080	1,206,330	3,854,529	2,197,660
Net inflow/(outflow) on financial instruments	2,701,972	45,390	885,080	1,206,330	3,587,052	1,251,720

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. Refer to Note 11 for further details.

28. Earnings Per Share

	Consolidated	
	2018	2017
	\$	\$
Net (loss)/profit used in the calculation of basic and diluted earnings per share from continuing and discontinued operations	(3,628,474)	(10,715,180)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares on issue during the year used in calculating basic earnings per share	1,132,016,335	853,356,785
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares on issue during the year used in calculating dilutive earnings per share	1,132,016,335	853,356,785

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

28. Earnings Per Share (Cont'd)

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 during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

29. Additional Financial Information of the Parent Entity

Below are the additional disclosures for the parent entity, Alta Zinc Limited, required by Regulation 2M.3.01 of the Corporations Regulations 2001:

FINANCIAL POSITION	Parent Entity	
	2018 \$	2017 \$
ASSETS		
Current Assets	2,327,259	693,137
Non-current Assets	20,213,767	17,849,412
TOTAL ASSETS	22,541,026	18,542,549
LIABILITIES		
Current Liabilities	206,045	481,241
Non-current Liabilities	11,235	51,783
TOTAL LIABILITIES	217,280	533,024
NET ASSETS	22,323,746	18,009,525
EQUITY		
Contributed equity	38,402,278	32,523,438
Accumulated losses	(16,995,126)	(15,414,451)
Share based payment reserve	916,594	900,538
TOTAL EQUITY	22,323,746	18,009,525
FINANCIAL PERFORMANCE		
Net profit/(loss) for the year	(1,580,677)	(2,406,643)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(1,580,677)	(2,406,643)

29. Additional Financial Information of the Parent Entity (Cont'd)**Details of guarantees entered into by the parent entity in relation to debts of subsidiaries*****Nickelex Pty Ltd***

The parent entity has provided a letter of financial support to its subsidiary Nickelex Pty Ltd whereby the parent entity will not demand repayment of its intercompany loan of \$432,533 (2017: \$355,863) before 30 September 2019 and agrees to provide funding to Nickelex Pty Ltd for approved expenditures. As at 30 June 2018, other than the loan from Alta Zinc Ltd, Nickelex Pty Ltd had liabilities of \$10,586 (2017: Nil).

Nabberu Resources Pty Ltd

The parent entity has provided a letter of financial support to its subsidiary Nabberu Resources Pty Ltd whereby the parent entity will not demand repayment of its intercompany loan of \$83,644 (2017: \$81,509) before 30 September 2019 and agrees to provide funding to Nabberu Resources Pty Ltd for approved expenditures. As at 30 June 2018, other than the loan from Alta Zinc Ltd, Nabberu Resources Pty Ltd had no known liabilities (2017: \$158).

Details of any contingent liabilities

The parent entity has no contingent liabilities as at 30 June 2018 (2017: nil).

Details of any contractual commitments for acquisition of property, plant and equipment

The parent entity has no commitments to purchase property, plant and equipment at 30 June 2018 (2017: nil).

30. Events After the Reporting Period

There were no matters or circumstances that have arisen since the end of the financial year which is 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.

31. Operating Segments**Identification of reportable 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 operates predominantly in one business segment being mineral exploration and substantially all of the Group's resources are utilised for this purpose. The Group undertakes mineral exploration in Australia and Italy. The geographical segments are identified as:

- (i) Western Australia
- (ii) Italy
- (iii) Other

Basis of accounting for purposes of reporting by operating segments**(a) Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

31. Operating Segments (Cont'd)

(b) Segments assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- interest received, and
- administration and other expenses not directly related to a specific segment.

31. Operating Segments (Cont'd)

(d) Segment performance, assets and liabilities

30 June 2018	Western Australia \$	Italy \$	Other \$	Total \$
Revenue				
Total segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to group revenue</i>				
Interest received				-
Other revenue				-
Total group revenue				-
Segment net profit/(loss) before tax	(78,236)	(2,015,122)	(66,749)	(2,160,107)
<i>Reconciliation of segment net profit/(loss) before tax</i>				
Amounts not included in segment loss but reviewed by board				
Unallocated items				
- Administration				(1,392,226)
- Marketing				(58,421)
- Finance Income				7,347
- Other income/(expenses)				(25,067)
Net profit before tax				(3,628,474)
Segment assets	21,113	2,006,024	-	2,027,137
<i>Segment asset increases/(decreases) for the period</i>				
- Cash and cash equivalents	-	22,183	-	22,183
- Trade & other receivables	-	34,987	-	34,987
- Exploration and evaluation assets	-	(44,186)	-	(44,186)
- Plant & equipment	(5,101)	(16,315)	-	(21,416)
- Foreign exchange translation	-	33,988	-	33,988
	(5,101)	30,657	-	25,556
<i>Reconciliation of segment assets to group assets</i>				
Unallocated assets:				
- Cash and cash equivalents				2,336,727
- Trade and other receivables				31,545
- Restricted cash				36,911
- Plant and equipment				23,587
Total group assets				4,455,907
Segment liabilities	32,314	473,810	-	506,124
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
- Trade and other payables				74,820
- Provisions				120,732
Total group liabilities				701,676

31. Operating Segments (Cont'd)

30 June 2017	Western Australia \$	Italy \$	Other \$	Total \$
Revenue				
Total segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to group revenue</i>				
Interest received				29,881
Other revenue				-
Total group revenue				29,881
Segment net loss before tax	(487,063)	(8,354,643)	(31,277)	(8,872,983)
<i>Reconciliation of segment net loss before tax</i>				
Amounts not included in segment loss but reviewed by board				
Unallocated items				
- Administration				(1,338,928)
- Marketing				(123,100)
- Other income/(expenses)				(380,169)
Net profit before tax				(10,715,180)
Segment assets	26,214	1,975,367	-	2,001,581
Segment asset increases/(decreases) for the period				
- Cash and cash equivalents	-	4,634	-	4,634
- Trade & other receivables	-	164,863	-	164,863
- Plant & equipment	(5,444)	2	-	(5,442)
- Foreign exchange translation	-	(3,354)	-	(3,354)
	(5,444)	166,145	-	160,701
<i>Reconciliation of segment assets to group assets</i>				
Unallocated assets:				
- Cash and cash equivalents				636,772
- Financial assets				67,555
- Trade and other receivables				32,323
- Restricted cash				68,834
- Plant and equipment				41,046
Total group assets				2,848,111
Segment liabilities	10,476	913,655	-	924,131
<i>Reconciliation of segment liabilities to group liabilities</i>				
Unallocated liabilities:				
- Trade and other payables				310,759
- Provisions				203,139
Total group liabilities				1,438,029

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Alta Zinc Limited, I state that:

1. In the opinion of the directors:

- (a) The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date.
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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, and
- (c) The financial statements and notes comply with International Financial Reporting standards as set out in Note 2.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

On behalf of the board



Alexander Burns
Executive Chairman/Chief Executive Officer
27 September 2018



**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF ALTA ZINC LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

Opinion

We have audited the financial report of Alta Zinc Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How we addressed the Key Audit Matter
Recoverability and Classification of Italian VAT Credits Receivable	
Italian VAT credits receivable are a key audit matter due to: ▪ The VAT credits receivable represent 30% of the total assets of the Group at 30 June	Our procedures included, but were not limited to: ▪ Discussions with Management and review of advice obtained from the Group's Italian Tax Advisors (Management's Expert) to



Key Audit Matter	How we addressed the Key Audit Matter
2018, as outlined in Note 10 to the financial report. - The recognition and measurement of the asset requires significant management judgement, as outlined in Note 2 (t) (iii), which includes the method and timing of the recoverability of the credits. - The valuation of the amount receivable also involves significant estimation uncertainty in relation to the discount rate used in determining the present value of the VAT credits receivable.	confirm the mechanism under which the outstanding amounts could be recovered under existing Italian taxation law. - Assessment of the skills, competence and objectivity of Management's Expert. - Reviewing and challenging management's assessment of the recoverability and classification of the VAT receivable by reference to historical patterns of recovery and refund requests submitted to the Italian Tax Authorities during the current year. - Reviewing and corroborating management's choice of discount rates used in determining the present value of the VAT credits receivable, with information sources external to the Group.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that for the year ended 30 June 2018, the Group incurred a net loss after tax from continuing operations of \$3,628,474 and net cash outflows from operating activities of \$4,149,504 and, as of that date, the Group had cash at bank of \$2,369,848. As stated in Note 2, these events or conditions, along with other matters set forth in Note 2, indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 25 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Alta Zinc Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink, appearing to read "Cyrus Patel".

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to read "Cyrus Patel".

CYRUS PATELL
Partner

Dated at Perth this 27 September 2018

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 26 September 2018.

(a) Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the Company's website at <http://www.altazinc.com/about-us/corporate-governance>.

(b) Distribution of Shareholders

The number of shareholders of fully paid ordinary shares, by size of holding are:

Number of Shares			Number of Holders	Number of Shares
1	-	1,000	33	3,201
1,001	-	5,000	18	64,771
5,001	-	10,000	89	866,874
10,001	-	100,000	465	20,953,358
100,001	-	and over	454	1,347,077,504
			1,059	1,368,965,708
The number of shareholders holding less than a marketable parcel of shares are:			555	16,888,204

(c) Twenty Largest Shareholders

The names of the twenty largest holders of fully paid ordinary shares are:

		Number	Percentage
1	V B S Exchange Pty Ltd	159,545,454	11.65%
2	ASIM Holdings Pty Ltd (ASLI A/C)	127,299,728	9.30%
3	Zero Nominees Pty Ltd	91,850,433	6.71%
4	RB SMSF Pty Ltd (Rose-Burns SMSF A/C)	88,875,001	6.49%
5	Malvasia Pty Ltd (Spyder S/F A/C)	73,722,061	5.39%
6	HSBC Custody Nominees Australia Ltd	46,187,152	3.37%
7	Burns Elizabeth + A S (Rose-Burns SMSF S/F A/C)	35,550,001	2.60%
8	J P Morgan Nominees Australia Ltd	31,084,959	2.27%
9	Citicorp Nominees Pty Ltd	28,379,266	2.07%
10	Jetosea Pty Ltd	27,227,254	1.99%
11	Flue Holdings Pty Ltd	25,000,000	1.83%
12	Inkese Pty Ltd	22,000,000	1.61%
13	Rigi Investments Pty Ltd (Cape A/C)	18,500,000	1.35%
14	Egea Pty Ltd	18,181,818	1.33%
15	Scrimshaw Nominees Pty Ltd (Scrimshaw S/F A/C)	13,636,363	1.00%
16	BSN Holdings Pty Ltd (BSN S/F A/C)	13,000,000	0.95%
17	Binco Sec Pty Ltd (Binco Prop Fund A/C)	12,400,000	0.91%
18	Simore Pty Ltd (Simore S/F A/C)	11,825,920	0.86%
19	Brevistal Pty Ltd (VWM Super Fund A/C)	11,030,404	0.81%
20	Vetah Abdallah Abdel	11,000,000	0.80%
		866,295,814	63.28%

(d) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number	Percentage
Alexander Burns & Associates	251,724,730	18.39%
VBS Exchange Pty Ltd & Associates	159,545,454	11.65%
Westoz Funds Management	78,980,000	5.77%
Gayle McGarry, Pollara Pty Ltd as trustee of the Pollara Trust, Malvasia Pty Ltd as trustee of the Spyder Super Fund and Caperi Pty Ltd as trustee of the Caperi Fund	73,722,061	5.39%

(e) Distribution of Option Holders

The number of option holders, by size of holding, in each class of option are:

		Series Number																
Number of Options		14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1 - 1,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001 - 5,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001 - 10,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001 - 100,000		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100,001 - over		1	1	1	2	2	2	2	2	2	3	3	1	1	1	1	8	8
		1	1	1	2	2	2	2	2	2	3	3	1	1	1	1	8	8

(f) Terms of Unquoted Options on Issue

Series No.	Number of Options	Exercise Price	Expiry Date	Vesting Date
14	2,000,000	\$0.05	30 April 2019	Vested
15	2,000,000	\$0.10	30 April 2019	Vested
16	2,000,000	\$0.15	30 April 2019	Vested
17	2,250,000	\$0.05	14 January 2020	Vested
18	2,250,000	\$0.10	14 January 2020	Vested
19	2,250,000	\$0.15	14 January 2020	Vested
20	1,250,000	\$0.12	30 June 2020	Vested
21	1,250,000	\$0.18	30 June 2020	Vested
22	1,250,000	\$0.24	30 June 2020	Vested
23	4,000,000	\$0.12	18 November 2020	Vested
24	4,000,000	\$0.18	18 November 2020	Vested
25	250,000	\$0.24	18 November 2020	Vested
26	2,000,000	\$0.10	28 February 2022	Vested
27	2,000,000	\$0.15	28 February 2022	Vested
28	2,000,000	\$0.20	28 February 2022	1 March 2019
29	8,750,000	\$0.025	30 June 2020	30 June 2019
30	8,750,000	\$0.05	30 June 2022	30 June 2020
	48,250,000			

Holders with More Than 20% of Each Option Series (Not acquired under an employee incentive scheme)

Option Series No.	Optionholder	Number of Options
20	Marcello de Angelis	750,000
21	Marcello de Angelis	750,000
22	Marcello de Angelis	750,000

(g) Voting Rights

All ordinary shares carry one vote per share. There are no voting rights attached to options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

(h) Securities Exchange Listing

Quotation has been granted for 1,368,965,708 ordinary shares of Alta Zinc Limited on all member exchanges of the *Australian Securities Exchange* and trade under the symbol AZI.

(i) Restricted Securities

The Company has no restricted securities.

(j) On Market Buyback

There is no on-market buy-back currently being undertaken.

(k) Mineral Resource Statement

The Company's Inferred and Indicated Resources as at 30 June 2018 for the Gorno Project, Italy, reported in accordance with the *Joint Ore Reserves Committee (JORC 2012)* guidelines are:

December 2017 OK Estimate Reported using a 1% Zinc Cut-off Grade Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade	Metal	Grade	Metal	Grade	Metal
Indicated	2.1	5.1	107	1.4	29	30.9	2.1
Inferred	1.2	4.6	56	1.1	14	20.9	0.8
Indicated + Inferred	3.3	4.9	163	1.3	43	27.2	2.9

An annual review of the December 2017 resource estimation was completed in June 2018, and found no material changes to have occurred that would impact the estimation.

This Mineral Resource Statement is based on, and fairly represents, information and supporting documentation prepared by the Competent Persons.

Governance and Internal Controls on Resource Estimates

Alta Zinc's policy for the completion of resource estimations is to engage an independent consultant with an exemplary industry reputation. This independent consultant is required to review any information Alta Zinc has provided for resource estimation purposes and is not to utilise any information that does not meet appropriate professional standards. This consultant is required to review Alta Zinc's field and data collection procedures and provide feedback to ensure Alta Zinc collects and interprets data using industry best practice.

Alta Zinc utilises extensive quality assurance and control procedures for all of its data collection and data compilation, and completes annual reviews of its database and any material assumptions made in interpretation and its resource estimates.

The Mineral Resources Statement contained in the 2018 Annual Report has been reviewed by a suitably qualified competent person as detailed in the Competent Person Statement.

Alta Zinc Resource Comparison 2017 to 2018

Comparison 2017 and 2018 OK Estimate Reported using a 1.0% Zinc cut-off grade Subdivided by JORC Code 2012 Resource Categories using ROUNDED figures							
Category/Year	Tonnes (Mt)	Total Zinc		Total Lead		Silver	
		Grade (%)	Metal (Kt)	Grade (%)	Metal (Kt)	Grade (ppm)	Metal (Moz)
Indicated							
2017	2.0	4.9	97	1.3	26	31	2.0
2018	2.1	5.1	107	1.4	29	31	2.1
Inferred							
2017	1.4	4.6	62	1.2	17	21	0.9
2018	1.2	4.6	56	1.1	14	21	0.8
Total							
2017	3.3	4.8	160	1.3	42	27	2.9
2018	3.3	4.9	163	1.3	43	27	2.9

The change in the resources detailed above was due the inclusion of eight diamond drill hole results received subsequent to the information cut-off date for the May 2017 estimate. The revised estimate resulted in a minor increase in the grade and contained metal of the zinc indicated resource. During the revised estimate significant attention was given to the encapsulation of geological, metallurgical, and mining parameters within geological wireframes and estimation blockmodel.

Competent Person Statement

Information in this Annual Report that relates Exploration Results and Mineral Resources is based on information prepared or reviewed by Dr Fabio Granitzio, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Granitzio is a full-time employee of Alta Zinc Limited. Dr Granitzio 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 Granitzio consents to the inclusion of the matters in this Annual Report based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by Mr Stephen Godfrey as Competent Person in compliance with the JORC Code (2012 edition) and released to ASX by the Company on 8 December 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original ASX announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that

previous release continue to apply and have not materially changed. 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 market announcement.

(I) Scheduled of Mining Tenements

Western Australia	Area of Interest	Tenement	Entity's Interest	Comments
Moses Chair	Paterson	E45/4534	100%	Granted
Broadhurst Range	Paterson	E45/4543	100%	Granted
Northern Territory				
McArthur	McArthur River	EL25272	100%	Application
Nathan River	McArthur River	EL31045	100%	Granted
Bauhinia	McArthur River	EL31046	100%	Application
Italy				
Novazza	Novazza	N/A	100%	Application
Val Vedello	Val Vedello	N/A	100%	Application
Monica Mining Concession	Gorno	Decree 845	100%	Granted
Vedra	Gorno	Decree 5846	100%	Renewal
Parina	Gorno	Decree 1995	100%	Granted
Riso	Gorno	Decree 3365	100%	Granted
Zambra West	Gorno	Decree 2869	100%	Granted
Veneto	Predil	N/A	100%	Application
Veneto	Salafossa	Decree 1481	100%	Granted
Usseglio	Punta Corna	N/A	100%	Application

NB: All tenements granted except those shown as "Application" or "Renewal".

CORPORATE DIRECTORY

Directors

Mr Alexander Burns	Executive Chairman/Chief Executive Officer
Mr Stephen Hills	Finance Director
Mr Marcello Cardaci	Non-executive Director
Mr Campbell Olsen	Non-executive Director

Company Secretary

Mr Jamie Armes

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Auditors

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Stock Exchange Listing

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

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