

Alta rebalance nearly complete

Alta Zinc Ltd has endured a tough 12 months but executive chairman Alex Burns is ready to resurrect the company's image in the marketplace.

At the end of 2016, Alta appeared to have everything going for it; a strong zinc price environment, a robust resource at its Gorno zinc project in Italy and positive share price movement. However, when a resource downgrade and delayed DFS curtailed that momentum, the company was left devoid of market support.

Now 15 months on from the start of its big share price correction, the company has gathered itself and is ready to start over the job of convincing the market it has an economic project.

It may sound an insurmountable task until you realise the executive chairman is Alex Burns, the man who was at the heart of Sphere Investments when it went from a \$20 million stock to \$500 million takeover target on the back of iron ore assets in Mauritania, West Africa.

Burns told **Paydirt** Alta's situation shared many similarities to Sphere's more than a decade ago.

"When we went into Mauritania in 2002, iron ore was \$US20/t and the project was valued at \$1 million, by 2005 the spot price had risen to \$US80/t and the same rocks were valued at \$500 million," Burns said. "We then raised capital which allowed us to bring credibility to the project."

"Alta is a similar situation. The company currently has a market value of less than \$10 million but there had been \$20 million spent on Gorno before I arrived here in 2014. Prior to that, it operated as a mining-processing-smelting business so it has probably had \$100 million spent on it down the years."

Burns' task has been complicated by the resource downgrade and postponed DFS at the beginning of 2017. The downgrade saw Gorno's overall indicated-inferred resource reduced from 3.87mt @ 7.7% zinc-plus-lead and 25 g/t silver to 3.3mt @ 6.1% zinc-plus-lead and 27 g/t silver.

"That is the reason the stock has been hammered in the last 12 months," Burns said. "When we drilled from underground between Zorzone and the southern extension zone we found the mineralisation had pinched out much more than we had assumed. That reduced the overall resource by 20% and meant it didn't match

up with the DFS, which was based on a large-scale development."

Burns relocated to Italy and brought on an experienced Italian management team to reinvigorate the project. Fifteen months on from the downgrade and postponement of the DFS, he feels Alta is back on track.

"We have come a long way in 12 months, we just need to demonstrate that to the market which will culminate in Q4 with release of the DFS," he said.

The revised study is focused on a starter project model which will see Alta

The company's geological team has spent more time in the archives as it has on the drill rig but the approach is beginning to produce results.

In March, while mining the historical data, Alta identified a new zone of thick, stratabound sulphides at the Pian Bracca zone. Underground sampling returned assays of 10-20% zinc-plus-lead.

"That is an obvious follow-up target," Burns said.

The company is now investigating ways of proving up a resource at Pian Bracca with only limited drilling, including the use of geophysics underground.

"The first priority is to get the DFS finished to demonstrate the viability of getting Zorzone into production," he said. "From there we have got an option to drill Pian Bracca which is the first exploration priority. It is a question of when it makes sense to start."

Alta had \$2.3 million in the bank at the end of the June quarter, having raised \$3 million via a placement to Arete Capital in April. Those funds will be vital in taking Gorno through the DFS which Burns expects to complete in the December quarter.

"Once that is done, we will put our final permitting applications in and should be ready for project finance within 12 months," he said. "At the same time, we can be doing the FEED to enhance the project as well

as begin rehab of the tunnel and some of the inexpensive early works."

The market is often sceptical of companies' ability to navigate the European permitting process but Burns said he was delighted by the level of support Alta had received at a community and provincial government level.

"There is strong support from community and region because they are proud of their mining history and want to see it returned to the glory days," he said. "I've never encountered the amount of support and enthusiasm we have had here and we're fortunate that the government has been very supportive of the work and approach being taken."

"We have been through the process – which calls for submissions from all stakeholders – before and we have a very good relationship with stakeholders. The local government is encouraging us to apply for future stages of development now."

– Dominic Piper



Alta will refurbish the 10km-long access tunnel to transport Gorno ore to the surface

use the extensive infrastructure already present underground at Gorno, including a 10km-long access tunnel.

"It is based on taking a staged approach," Burns said. "We can build a smaller, modular plant and can focus on taking the high-grade ore from Zorzone because we will no longer be constrained by getting tonnes to the mill."

The starter project will likely have a reduced capex requirement as Alta will use underground ore sorting and crushing as well as the 10km access tunnel to move ore to a new plant on the existing processing plant site.

Once the starter operation is established, and the modest capital repaid, Alta will investigate opportunities to bring on Gorno's other deposits.

"We could treble the size of the starter case before we have any bottleneck issues," Burns said.

Thanks to nearly a century of production up until its closure in 1980, Gorno has plenty of opportunities to offer Alta.