



Alto Metals Limited

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Directors:

Acting Chairman

Mr Terry Wheeler

Executive Director

Mr Dermot Ryan

Non-Executive Director

Dr Jingbin Wang

Company Secretary & CFO

Mr Patrick Holywell

31 January 2019

HIGHLIGHTS - SANDSTONE GOLD PROJECT

- Based on work in the latter part of 2018, reverse circulation (RC) extension drilling is planned for the deposits in the Vanguard and Indomitable Camps, and the Havilah, Ladybird and Sandstone North prospects in the 1st Quarter of 2019.
- 3D modelling of the Havilah and Ladybird prospects has confirmed the presence of high grade gold mineralisation, which is open along strike and at depth.
- Mineral Resource estimation at Havilah and Ladybird is in progress.
- Substantial aircore (AC) drilling programs are planned to test advanced targets and priority soil anomalies at Indomitable North, Vanguard NW, Bulletin, Valiant, Superb, Edale and Chance.
- Post end of the December Quarter, AME announced a pro-rata Entitlements Issue to shareholders to raise up to \$2.38M (before costs) to fund Q1/Q2 2019 RC and AC drilling programs. Broad terms are:
 - ❖ 1 New Share for every 3 Shares held on the Record Date at an issue price of 3.6 cents per New Share,
 - ❖ with 1 free-attaching Option with an exercise price of 7 cents for every 2 New Shares subscribed for and issued.

Commenting on the progress of Alto Metals Limited's (ASX: AME) ("Alto", "the Company's") Sandstone Project during the December Quarter, Executive Director Dermot Ryan said: ***"The exploration conducted in the latter part of 2018 at Vanguard, Indomitable and Tiger Moth has provided the Company with a number of immediate drill targets for 2019".***

"In addition, the review and 3D modelling of previous explorers' data from Havilah and Ladybird will lead to the estimation of maiden JORC 2012 Mineral Resources for these prospects in February 2019. Drilling to extend the strike and depth of these mineralised systems is planned for early 2019."

"The planned 2019 RC and AC drilling programs at various prospects will capitalise on the Company's evolving understanding of geology and structural controls on gold mineralisation at Sandstone, and the substantial drilling/assay database that we have acquired and generated over the past two years."

2018 RC DRILLING - METALLURGICAL TESTWORK AT VANGUARD, TIGER MOTH & INDOMITABLE

On 15 October 2018, Alto announced assay and metallurgical results of 4m composite samples from **Vanguard** reverse circulation (RC) hole SRC114, from **Tiger Moth** RC hole SRC015 and from **Indomitable** RC hole SRC086. The 4m composite sample assay results (from Minanalytical Laboratories) are shown in Table1.

Table 1. RC Drilling, 4m RC Samples, Fire Assay Results +1.0g/t Au

Hole ID	East GDA94	North GDA94	Depth (m)	Dip (deg)	Azimuth (deg)	From (m)	Interval (m)	Grade (g/t Au)
SRC114	740807	6884218	102	-82	197	60	40	3.5
incl.						60	12	5.0
SRC115	733598	6891165	102	-62	0	52	8	4.1
SRC086	733270	6892294	102	-60	60	31	4	1.09
and						41	1	1.25
and						54	1	1.13
and						88	10	1.60
incl.						91	5	2.50

Exploration Licences E57/1031 & E57/1033

Selected duplicate samples (A & B) from the above holes were sent to Intertek Genalysis Laboratories for LeachWELL™ (cyanide leach) analysis and 50gm Fire Assay. The results of this limited metallurgical testwork showed recoveries for the oxide material from all three deposits gave recoveries averaging 93%, and the recovery from Vanguard “fresh rock” gave an average recovery of 94%. It was therefore concluded there should be no issues with metallurgical recovery at these three deposits, but further testwork is planned.

Table 2. Preliminary Metallurgical Testwork Results

Deposit	Hole ID	From (m)	To (m)	Head Grade ¹ (g/t Au)	Leach Grade ² (g/t Au)	Tail Grade ³ (g/t Au)	Recovery (%)	Rock Type
Vanguard	SRC114	28	32	0.1	0.13	0.01	93%	Oxide
		80	84	4.45	4.16	0.21	95%	Fresh
		84	88	7.73	5.96	0.25	96%	Fresh
		88	92	0.96	0.78	0.12	87%	Fresh
		92	96	1.92	1.45	0.05	97%	Fresh
	Average						93%	Oxide
	Average						94%	Fresh
Tiger Moth	SRC115	32	36	0.14	0.17	0.01	94%	Oxide
		52	56	5.11	6.99	0.36	95%	Oxide
		56	60	2.7	2.6	0.21	93%	Oxide
		92	96	0.26	0.14	0.01	93%	Oxide
	Average						94%	Oxide
Indomitable	SRC086	30	32	0.46	0.43	0.05	90%	Oxide
		32	34	0.21	0.23	0.02	92%	Oxide
		34	36	1.81	1.15	0.08	93%	Oxide
		88	90	0.48	0.39	0.02	95%	Oxide
		90	92	2.11	2.54	0.18	93%	Oxide
		92	94	0.83	1.14	0.07	94%	Oxide
		94	96	2.01	2.29	0.13	95%	Oxide
	Average						93%	Oxide

- 1: Grade by 50gm FA on “A” sample
- 2: Grade by Leachwell on “B” sample
- 3: Grade by 50gm FA on “B” sample tail

Note: The discrepancy between the head grade of Sample A vs Sample B Leach grade + Tail grade is likely due to the presence of coarse gold in the original 10kg sample, and Sample A and Sample B therefore not being entirely identical.

On 5th December 2018, Alto announced that high grade 1m assay results of **40m at 3.58g/t Au from 61m** had been returned from Vanguard drill hole SRC114. The +1.0g/t Au fire assay results for the 1m re-split samples in SRC114 are shown in Figures 1 – 3 below.

Figure 1. Vanguard Section 40° NE (+/-30m Window) Showing A\$2,000/oz Whittle Pit Shell for 2018 Mineral Resource Estimation and Location of Alto Hole SRC114

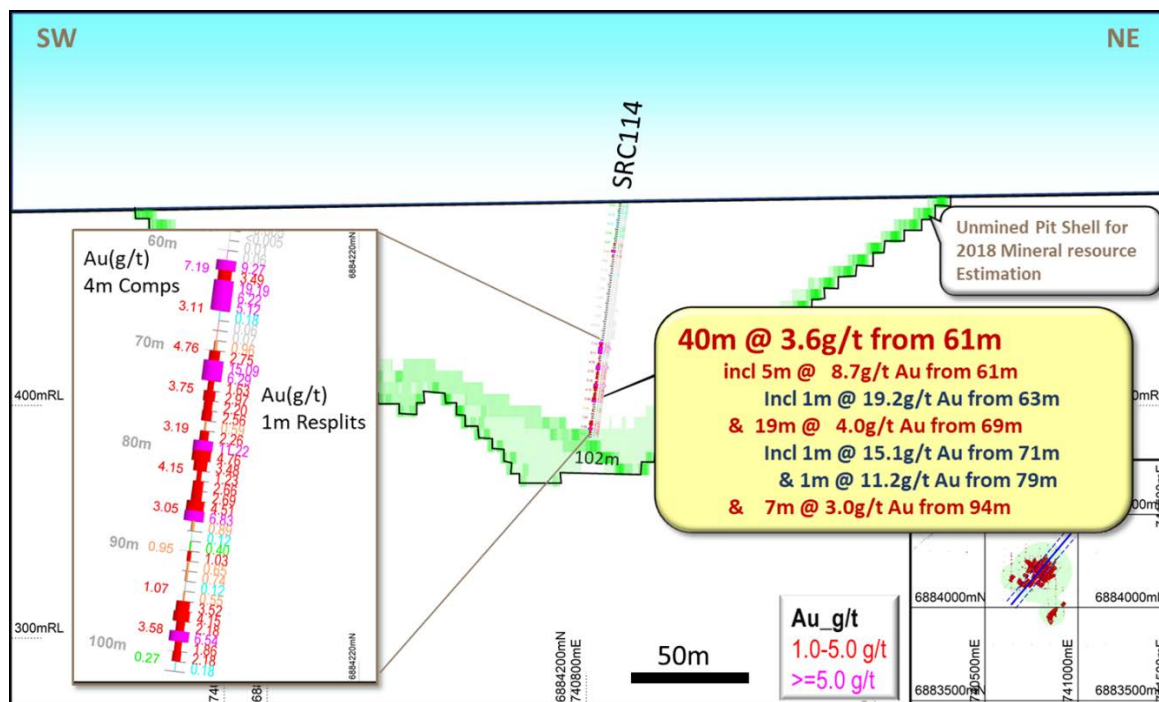


Figure 2. Vanguard Projection 130° SE (+/-150m) Showing A\$2,000/oz Whittle Pit Shell for 2018 Mineral Resource Estimation and Location of Alto Hole SRC114

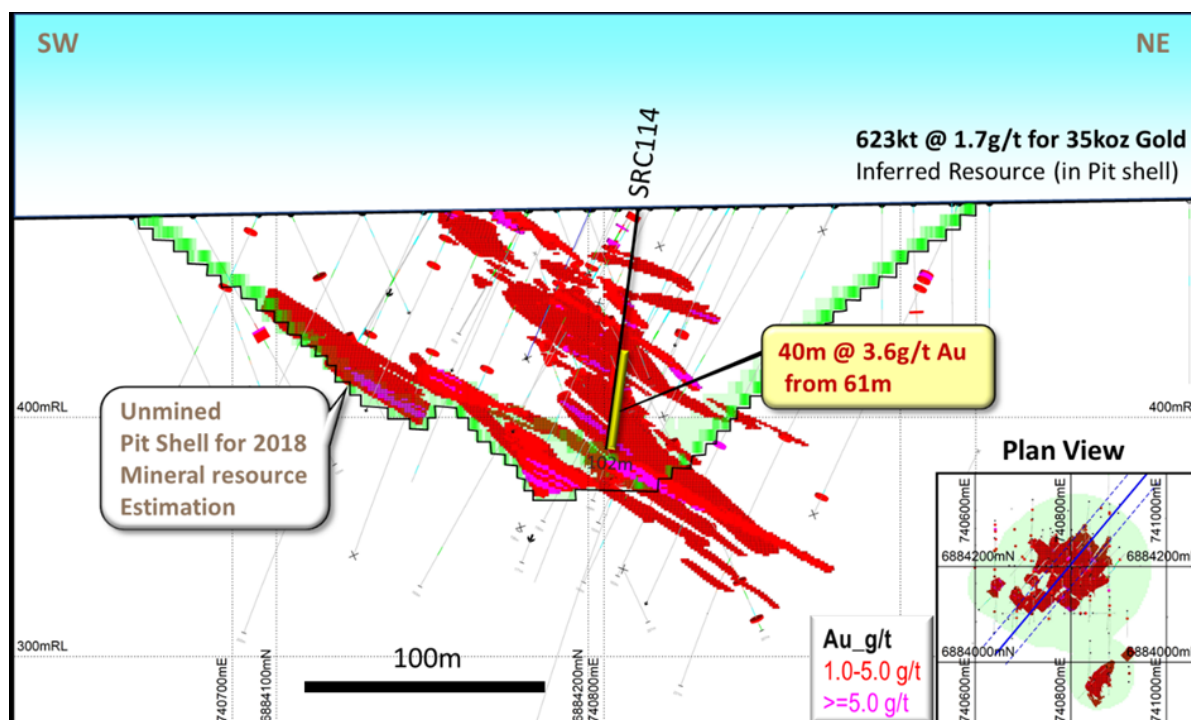
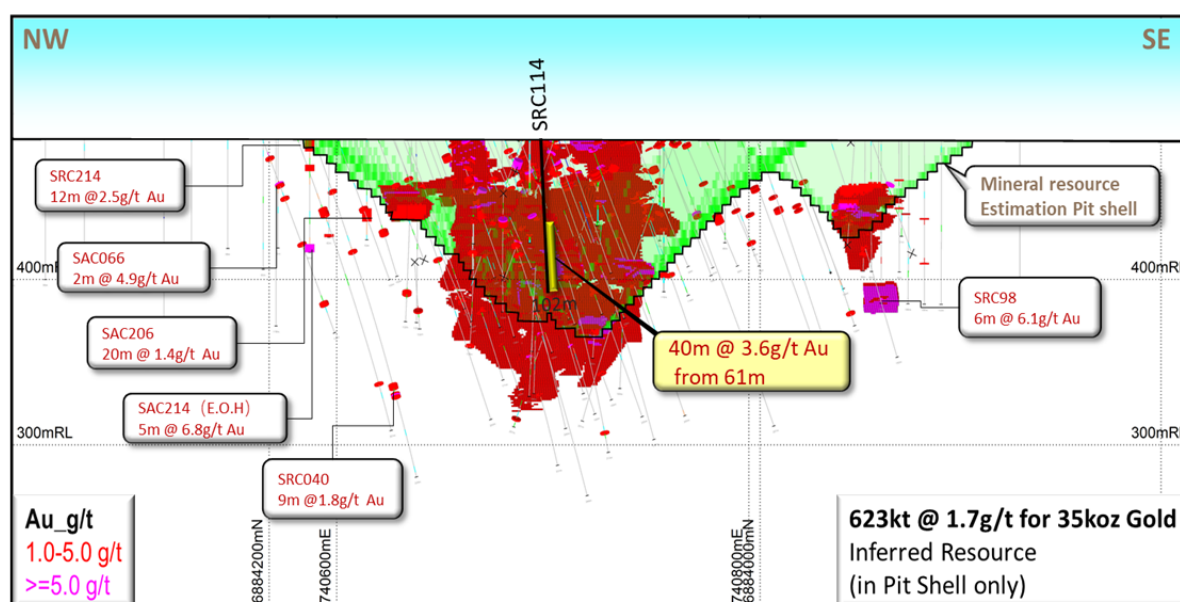


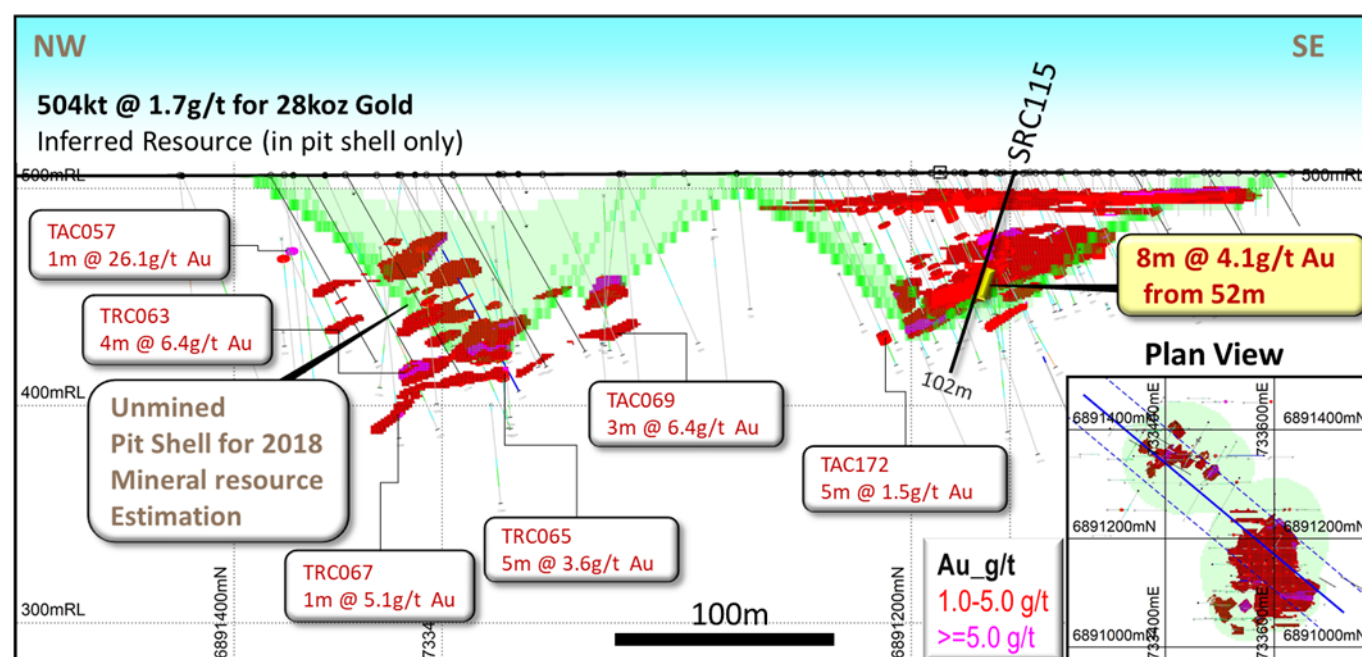
Figure 3. Vanguard Section 40° NE (+/-30m) Showing A\$2,000/oz Whittle Pit Shell for 2018 Mineral Resource Estimation and Location of Alto Hole SRC114*



*White labelled Intersections are OUTSIDE 2018 modelled Pit Shell & not in 2018 Mineral Resource Estimate

At **Tiger Moth**, RC hole SRC115 returned **8m at 4.1g/t Au from 52m** depth. The deeper and higher-grade gold intersections down plunge and external to the 2018 \$2,000/oz Whittle pit shells at Tiger Moth are not included in the 2018 Mineral Resource estimate and require follow up RC and diamond core drilling with a view to enlarge the mineral resource.

Figure 4. Tiger Moth Section Oriented 310° NW (+/-50m) Showing A\$2,000/oz Whittle Pit Shells for 2018 Mineral Resource Estimation and Location of Subsequent Alto RC Hole SRC115



Note: White Labelled Intersections are OUTSIDE the 2018 Pit Shells and not included in resource estimates.

References: WAMEX 68574 for TAC172; WAMEX 66340 for all the other white labelled drill holes

2018 AIRCORE DRILLING – VANGUARD

On 15 October 2018, Alto reported on a series of reconnaissance aircore (AC) drill hole assay results that it had received for Vanguard. Fire assays from Vanguard 4m composite AC samples identified gold mineralised drill intercepts **outside** the main Vanguard and Vanguard North deposits.

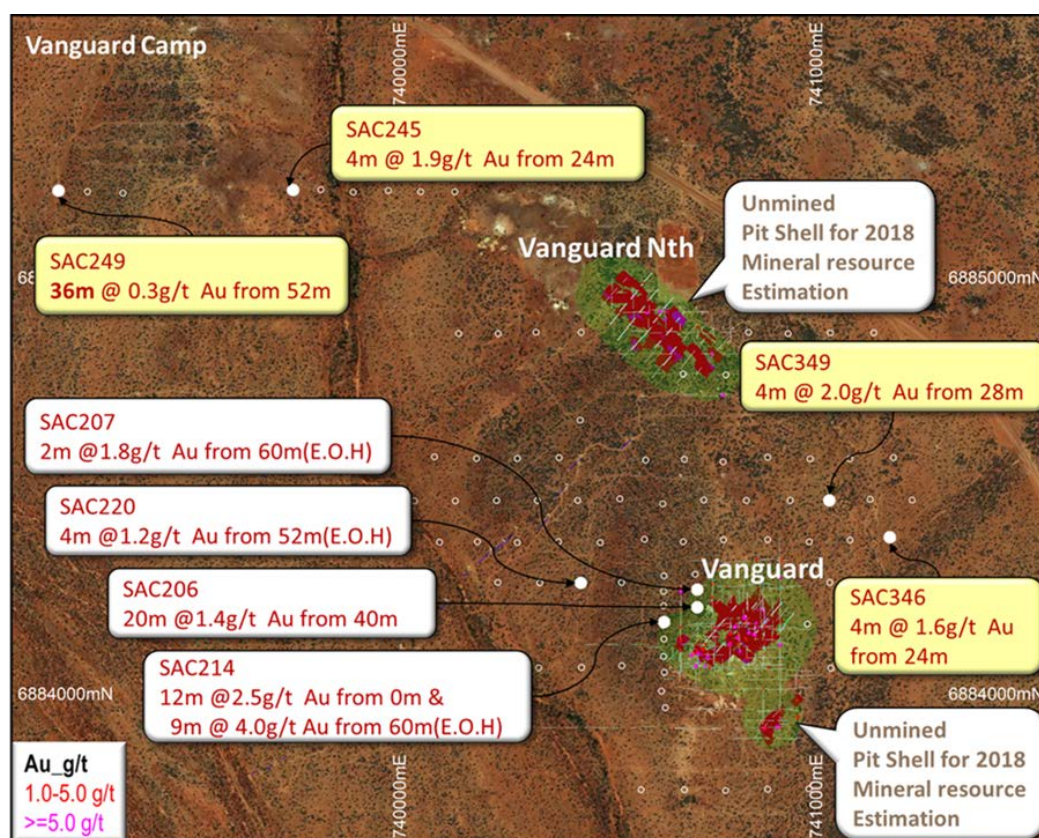
Further AC drilling is planned for Q1 2019. The +1.0g/t Au fire assay results from 4m composite samples are included in Table 3 below and are shown in Figure 5.

Table 3. Vanguard 2018 Aircore Extension Program, 4m AC Samples, Fire Assay Results +1.0g/t Au

Hole ID	East GDA94	North GDA94	Depth (m)	Dip (deg)	Azimuth (deg)	From (m)	To (m)	Interval (m)	Grade (g/t Au)
SAC206	740684	6884243	63	-90	0	40	60	20	1.36
SAC207	740682	6884278	62	-90	0	60	62	2	1.77
SAC214	740599	6884198	69	-90	0	0	12	12	2.47
and						16	20	4	1.58
and						60	69	9	4.03
SAC220	740403	6884298	71	-90	0	52	56	4	1.23
SAC245	739777	6885245	32	-90	0	24	28	4	1.90
SAC346	741150	6884406	56	-90	0	24	28	4	1.60
SAC349	740999	6884494	90	-90	0	28	32	4	2.0

Footnote: Assay results in yellow text boxes were reported for first time on 15 October 2018.

Figure 5. Image of Vanguard Deposits Showing the location of AC holes from the last program with Vertical Plan Projection of Previous Drill Holes and Gold Values and Mineral Resource Block Models

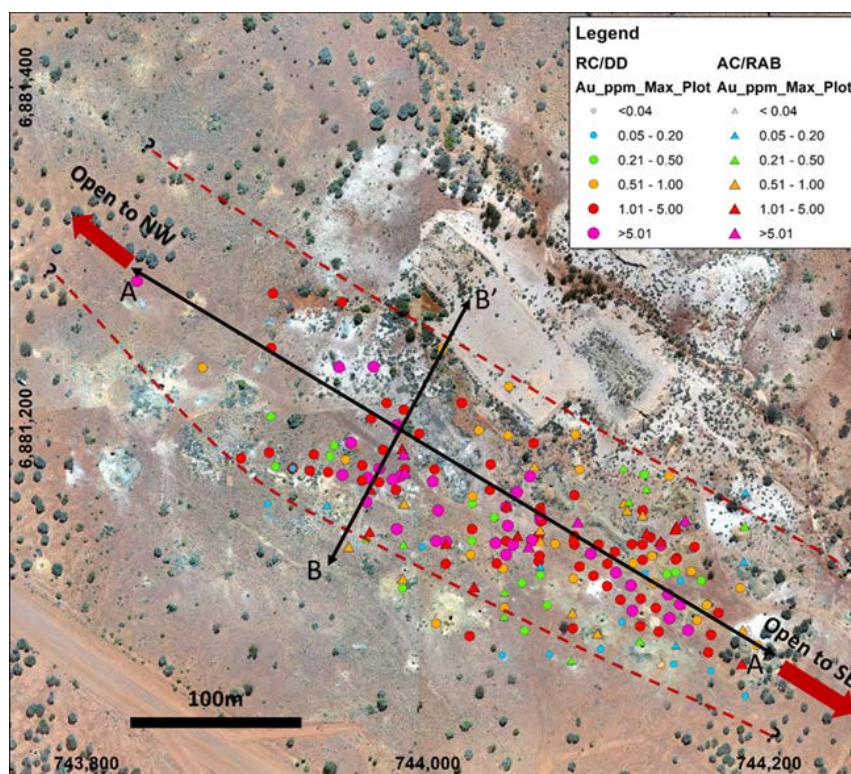


HAVILAH DEPOSIT

Alto announced to the ASX on 17 January 2019 that during the December Quarter it had captured and digitised previous explorers' drilling data and detailed historic underground workings for the Havilah deposit. A 3D model has been produced of the geology, mineralisation and underground workings.

Based on petrology of thin sections of diamond drill core, previous explorers reported a similarity between the **Havilah Dolerite (with granophyric quartz dolerite)** and the lower units of the Golden Mile Dolerite.

Figure 6. Havilah Drill Collar Locations, Max Au & Section Lines



Production from the Havilah Mine area between 1904 – 1929 was ~ **48,497 tonnes @ 21.6g/t Au for 33,870oz** with the majority of this during the period 1907 - 1911. The historic miners largely stoped out a high-grade “footwall” zone, and left intact a lower grade “hanging wall” zone of gold mineralisation.

Between 1980 and 2009 a total of 210 drill holes for 7,240m were drilled at Havilah by previous explorers, with the majority of metres (~79%) being RC and DC. Maximum drill hole depth was 123m with an average maximum depth of only 34m. Table 4 below demonstrates that Havilah has narrow high grade zones and broader low grade zones. Figures 7 and 8 overleaf portray a cross section and a long section through the deposit.

Table 4. Havilah RC & DC* Drill Holes With > 30gm x metre Product

Hole ID	East GDA94	North GDA94	From (m)	To (m)	Interval (m)	Grade (g/t Au)
W119	744141	6881103	2	9	7	20.8
Inc.			5	6	1	120
MAD004*	743982	6881202	32	49	17	8.5
and			65	67	2	61.8
W075	743950	6881173	8	11	3	37.2
TRC024	743984	6881172	6	40	34	2.1
W133	744137	6881132	3	16.7	13.7	3.5
MGR018	744046	6881154	37	41	4	10.7
W160	744061	6881134	4	20	16	2.5
W158	744011	6881134	17	20	3	10.8
W100	744096	6881127	4	16	12	2.7
TRC030	744065	6881137	6	25	19	1.7
MGR004	744066	6881146	21	34	13	2.4

Dr Spero Carras of Carras Mining Pty Ltd has been engaged to prepare a JORC (2012) Mineral Resource Estimate for the Havilah. This should be completed by the end of February 2019.

Figure 7. SW-NE 25° Cross Section B – B' (+/-20m)

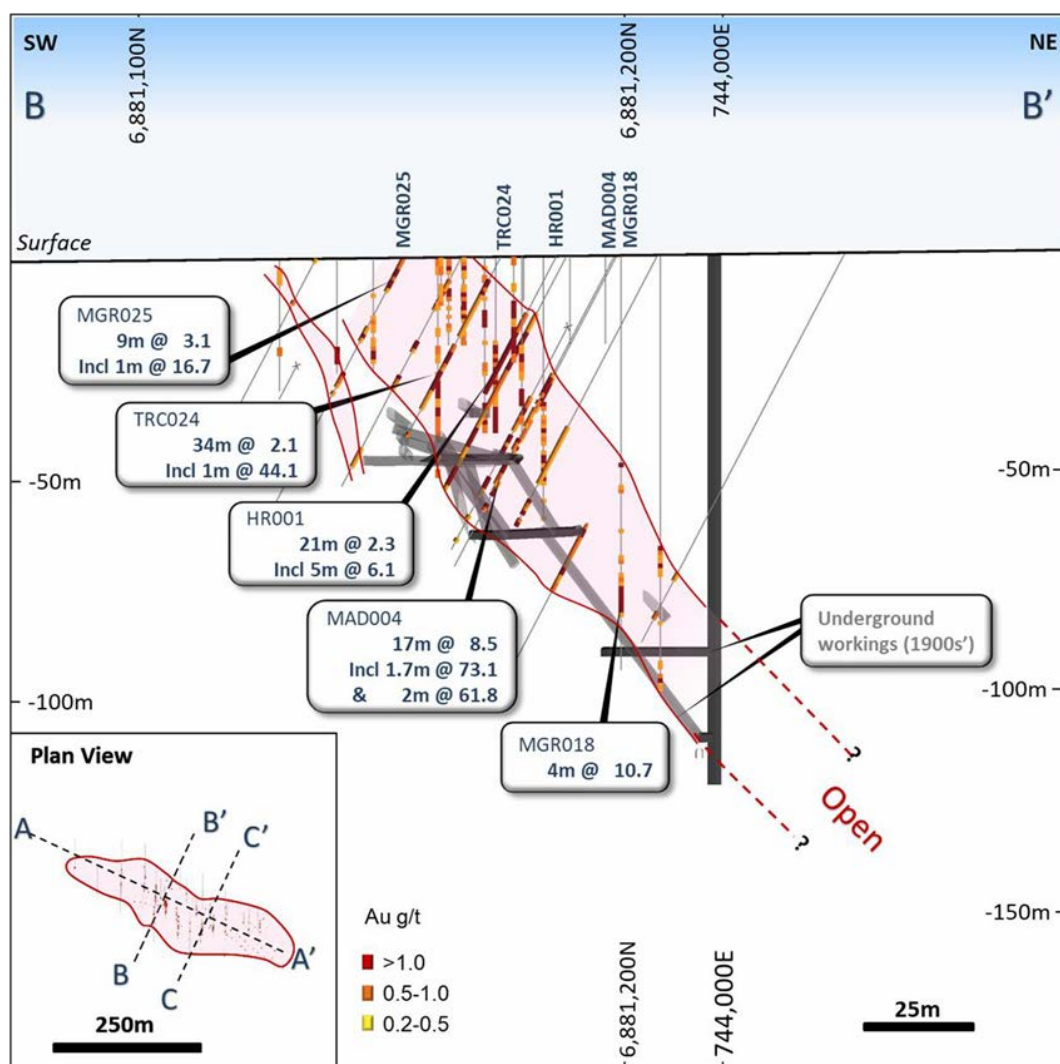
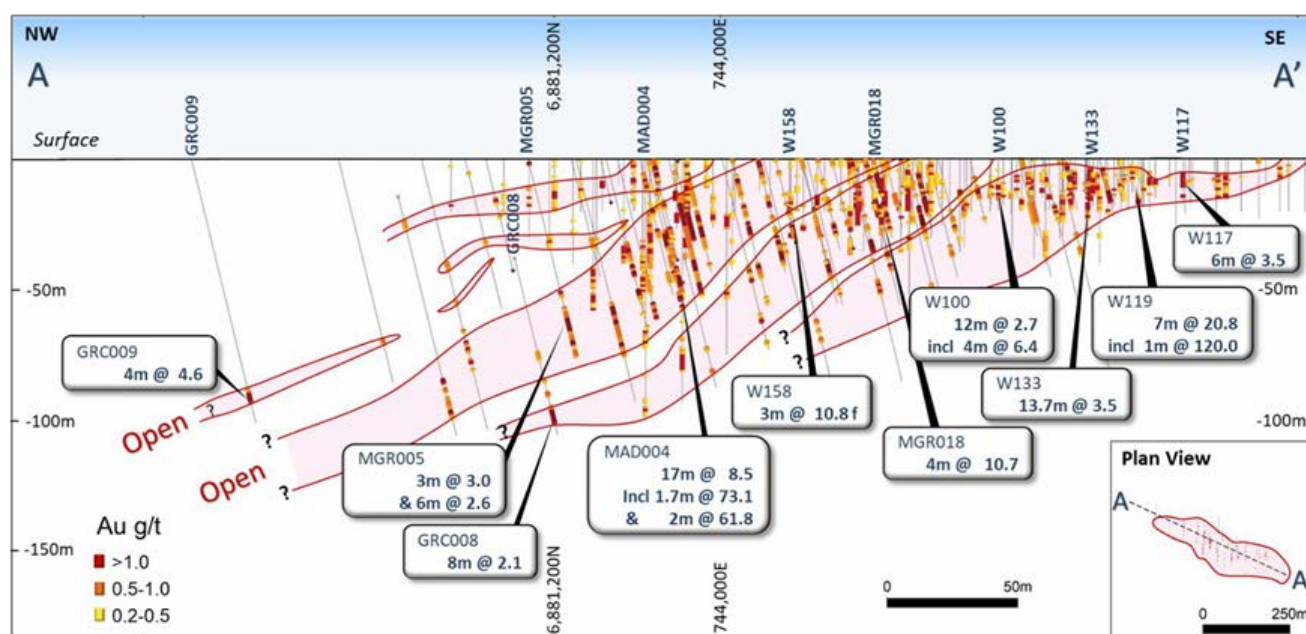


Figure 8. NW-SE 115° Long Section A – A' (+/-50m)



LADYBIRD DEPOSIT

Alto announced to the ASX on 30 January 2019 that it had captured and digitised the existing previous explorers' drilling data for the Ladybird deposit and produced a 3D model of the geology and mineralisation.

The prospect was drilled by Western Mining Corporation Ltd, Elmina NL, Herald Resources Ltd and Troy Resources NL between 1988 and 2002, with a total of 71 RC holes completed (total 4,127metres).

Dr Spero Carras of Carras has also been engaged to prepare a JORC (2012) Mineral Resource Estimate for the Ladybird. This should be completed by the end of February 2019.

Figure 9. Ladybird Drill Hole Collar Locations, Max Au and Section Lines

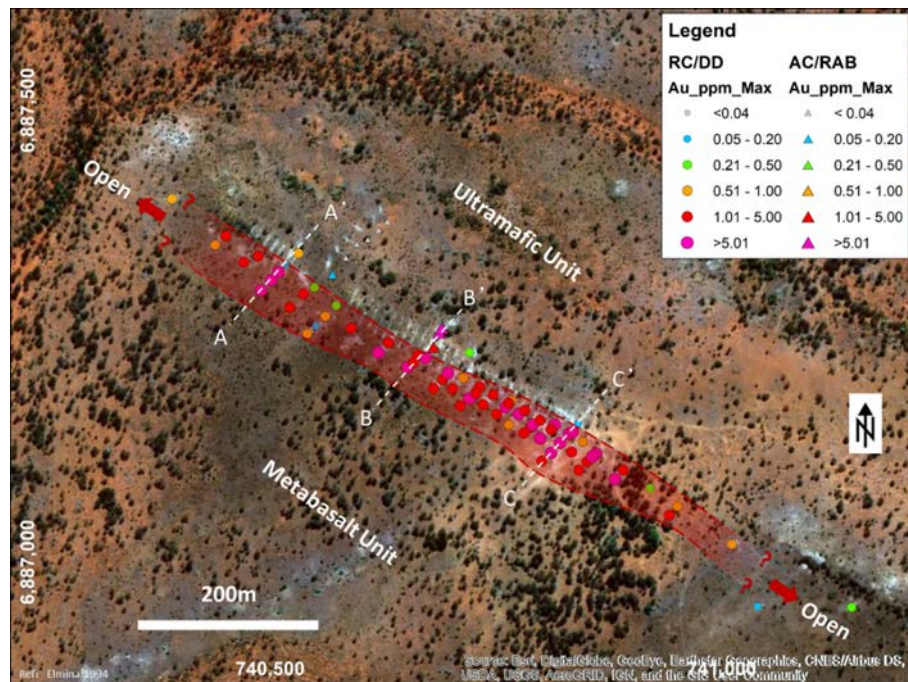


Table 5 below demonstrates that Ladybird has narrow high grade zones and broader low grade zones. Figures 10 to 12 overleaf portray 3 cross sections through the deposit.

Table 5. Ladybird RC Drill Holes With > 20gm x metre Product

Hole ID	East GDA94	North GDA94	From (m)	To (m)	Interval (m)	Grade (g/t Au)
HKR006	740652	6887216	42	46	4	7.3
Inc.			44	45	1	12.09
HKR016	740815	6887152	4	11	7	3.65
Inc.			9	10	1	7.32
HKR017	740799	6887137	49	53	4	5.09
Inc.			50	51	1	12.8
MSGC1117	740509	6887321	13	20	7	3.07
Inc.			14	16	2	7.6
MSGC1123	740811	6887121	67	72	5	4.13
Inc.			68	69	1	10.2
MSGC1162	740791	6887152	8	13	5	29.4
Inc.			8	9	1	67.0
Inc.			9	10	1	48.0
Inc.			10	11	1	28.0
MSGC1385	740721	6887181	36	41	5	4.6
Inc.			39	40	1	7.2
MSGC1387	740831	6887142	10	15	5	4.86
Inc.			13	14	1	11.3
TRC010	740857	6887117	12	15	3	8.49
Inc.			13	14	1	17.6
TRC018	740672	6887226	0	5	5	5.59
Inc.			3	4	1	13.4

Figure 10. Ladybird Prospect – Cross Section A - A'

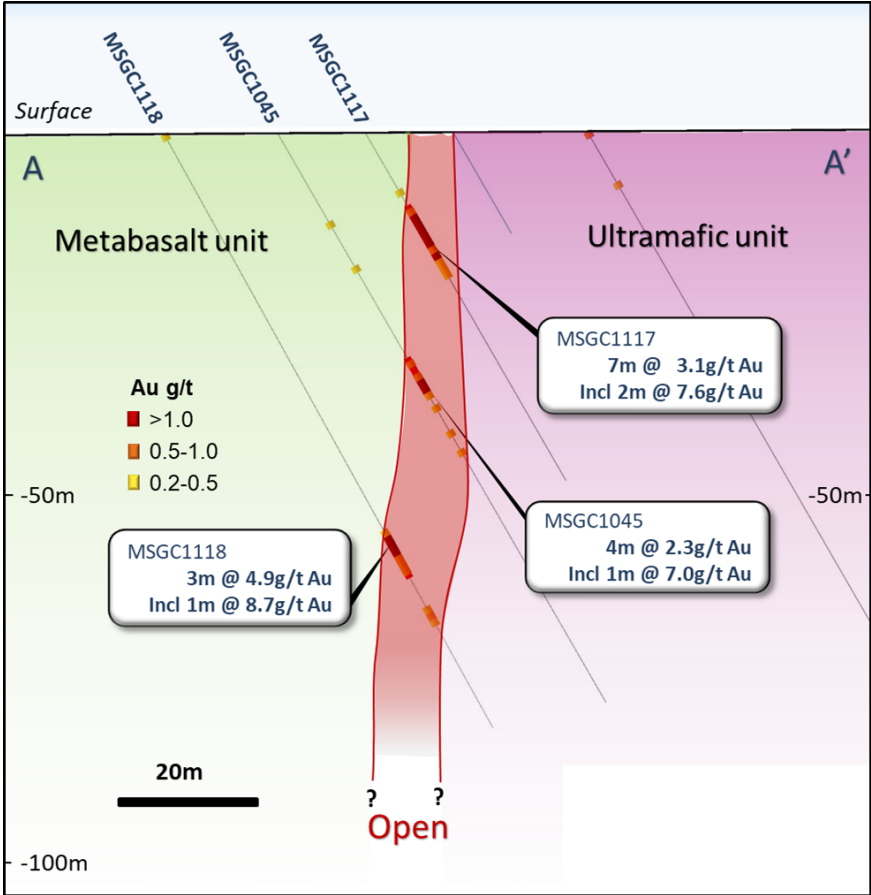


Figure 11. Ladybird Prospect – Cross Section B - B'

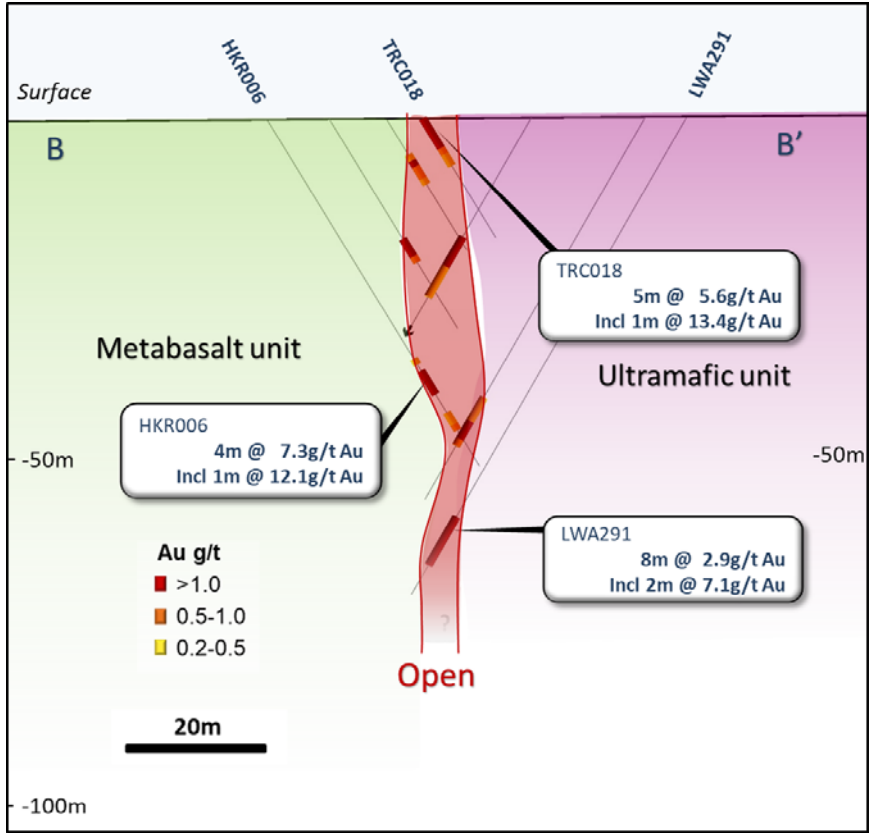
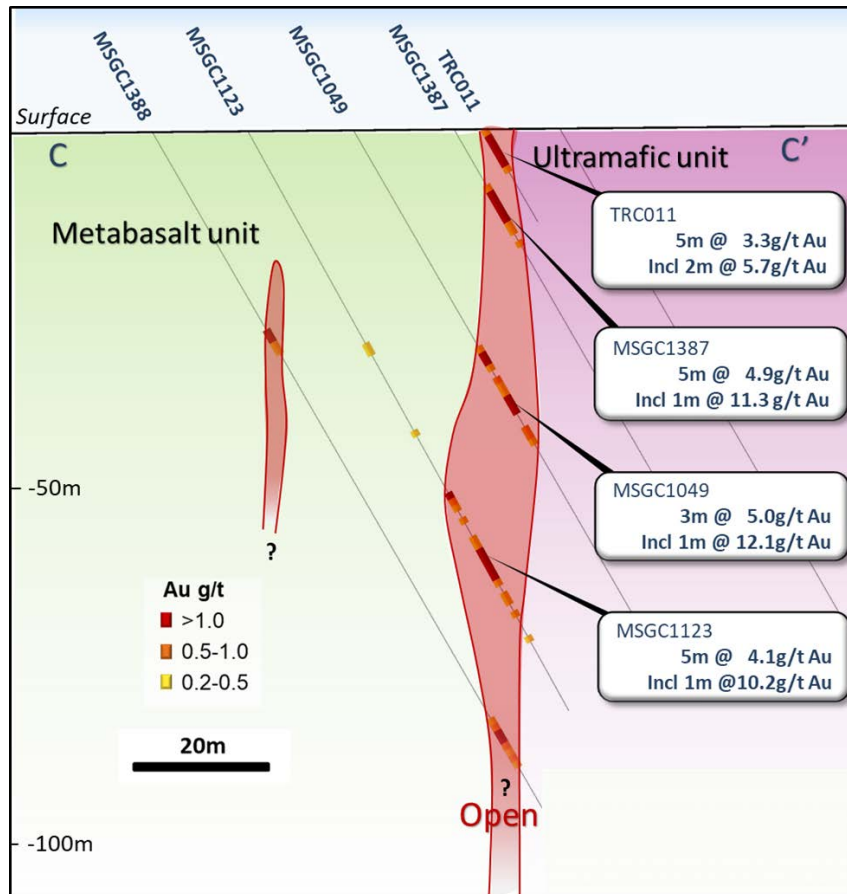


Figure 12. Ladybird Prospect – Cross Section C - C'



Further RC drilling is planned to test the strike and down-dip extents of the known mineralisation at Havilah and Ladybird.

CORPORATE

On 28 Sep 2018 the Company released its 2018 Annual Report to the market.

On 8 November 2018, the Company announced the resignation of Non-Executive Chairman Mr Terry Streeter due to other executive and business related commitments.

On 30 November 2018, the Company held its Annual General Meeting, with all Resolutions passed.

On 10 December 2018, the Company entered into a convertible loan financing facility agreement ("Loan Agreement") with its acting Chairman and number one shareholder, Mr Terry Wheeler, through his private vehicle Windsong Valley Pty Ltd ("Windsong Valley"). Windsong Valley agreed to provide \$300,000 (in three \$100,000 tranches) ("Convertible Loan"). The Company is not required to provide any security for the Convertible Loan. The Convertible Loan will accrue interest at a rate of 8% per annum and is repayable on or before 31 December 2019 ("Maturity Date").

POST END OF QUARTER

On 17 January 2019, the Company announced to the ASX a "Notice of General Meeting" for shareholders under the ASX Listing Rules, to approve the issue up to 6,382,979 fully paid ordinary shares ("Shares") in the Company, ranking equally with the then existing Shares at an issue price of \$0.047 per Share, in satisfaction of the Windsong Valley Convertible Loan.

Also on 17 January 2019, the Company announced to the ASX that it had entered into an agreement to purchase the surface "2 Metre Prospecting and Fossicking Rights" at Sandstone, which were held by the former vendors of Sandstone Exploration Pty Ltd. Alto was purchasing the "2 Metre Prospecting and Fossicking Rights" for a consideration of 3 million ordinary fully paid shares in Alto Metals Ltd. The 3 million new shares would be voluntarily escrowed for a period of 6 months from date of issue.

On 18 January 2019, the Company announced to the ASX that Completion had occurred and the 3 million fully paid ordinary shares in Alto Metals Ltd had been issued to the vendors under section 708A(5)(e) of the Act and that the Shares were issued without disclosure to investors under Part 6D.2 of the Act, bringing the total AME shares on issue to 198,055,603.

2019 ENTITLEMENT OFFER

On 25 January 2019, the Company announced to the ASX a non-renounceable pro-rata entitlement offer with accompanying Prospectus to eligible shareholders of fully paid ordinary shares ("Shares") in the Company at an issue price of \$0.036 per Share, on the basis of 1 new Share ("New Share") for every 3 Shares held as at 4pm (WST) on 31 January 2019 ("Record Date"), together with 1 free-attaching unquoted option ("Option") for every 2 New Shares subscribed for and issued.

- The issue price of \$0.036 represented a discount of 10% to the last closing price and an 18.4% discount to the 15 trading day VWAP as at 23 January 2019.
- The Options will have an exercise price of \$0.07 and an expiry date of 18 months from the date of issue. The Company will not apply to ASX for official quotation of the Options.
- The Closing Date of the Entitlement Offer is (5pm WST)* 14 February 2019.

On the basis that no further Shares are issued, or performance shares or performance rights exercised prior to the Record Date, the Company will issue up to 66,018,534 New Shares and 33,009,267 Options under the Entitlement Offer to raise approximately \$2.38 million (before costs).

The funds raised will be used to carry out exploration at the Company's Sandstone Gold Project in Western Australia, including drilling programs, as well as for general working capital and the costs of the Entitlement Offer.

Any New Shares and Options not taken up pursuant to the Entitlement Offer by the closing date ("Shortfall Securities") will be offered to Eligible Shareholders on the same terms and conditions as the Securities offered under the Entitlement Offer ("Shortfall Offer"). Shortfall Securities will only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

If any Shortfall Securities are remaining after the applications for shortfall have been satisfied, the Directors reserve the discretion, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to place any such remaining Shortfall Securities within three months after the close of the Entitlement Offer to investors who are not Eligible Shareholders who apply for Shortfall Securities.

CAPITAL STRUCTURE @ 31 DECEMBER 2018

Total Fully Paid Ordinary Shares on issue:	195,055,603
Unlisted Performance Shares on Issue: (vendors)	25,000,000
Unlisted Performance Rights on Issue: (management)	4,500,000

CASH POSITION

The Company's cash position at 31 December 2018 was \$0.26 million.

INVESTMENTS IN ASX LISTED COMPANIES

Alto holds 2,500,000 shares in ASX-listed Enterprise Metals, worth ~\$27,500 at 31 December 2018. This investment is reviewed on a regular basis.

FORWARD EXPLORATION & EVALUATION PLANS Q1 - Q2 2019

The forward exploration plan will build on the work completed over the past 24 months and will include:

- RC drilling at Vanguard and Indomitable Camp deposits to further define and extend the known Mineral Resources,
- RC drilling at Havilah and Ladybird to further define and extend the known gold mineralisation,
- AC drill testing of soil and laterite gold geochemical anomalies

The Company will also progress its resource evaluation work with:

- Maiden mineral resource estimation (JORC 2012) for Ladybird and Havilah using existing available data
- Update to the Company's JORC 2012 Mineral Resource inventory
- Geotechnical drilling, bulk density measurements and metallurgical testwork where required to convert gold mineralisation into mineral resources

ABOUT ALTO AND THE SANDSTONE GOLD PROJECT

Alto holds ~800km² of the prospective Archaean Sandstone Goldfield, 600km north of Perth in the East Murchison Mineral Field of Western Australia. Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration and drilling campaigns which commenced in late-2016.

Alto's goal is the delineation of a +1 million ounce JORC 2012 Mineral Resource that could become the basis for a re-establishment of standalone oxide and primary gold mining and milling operations. Alto's current Mineral Resources (JORC 2012) total 4.87Mt at 1.67g/t Au for 261,000 ounces. (Refer Table 6 overleaf)

Figure 13. Sandstone Regional Geology Interpretation Showing Deposits and Advanced Prospects

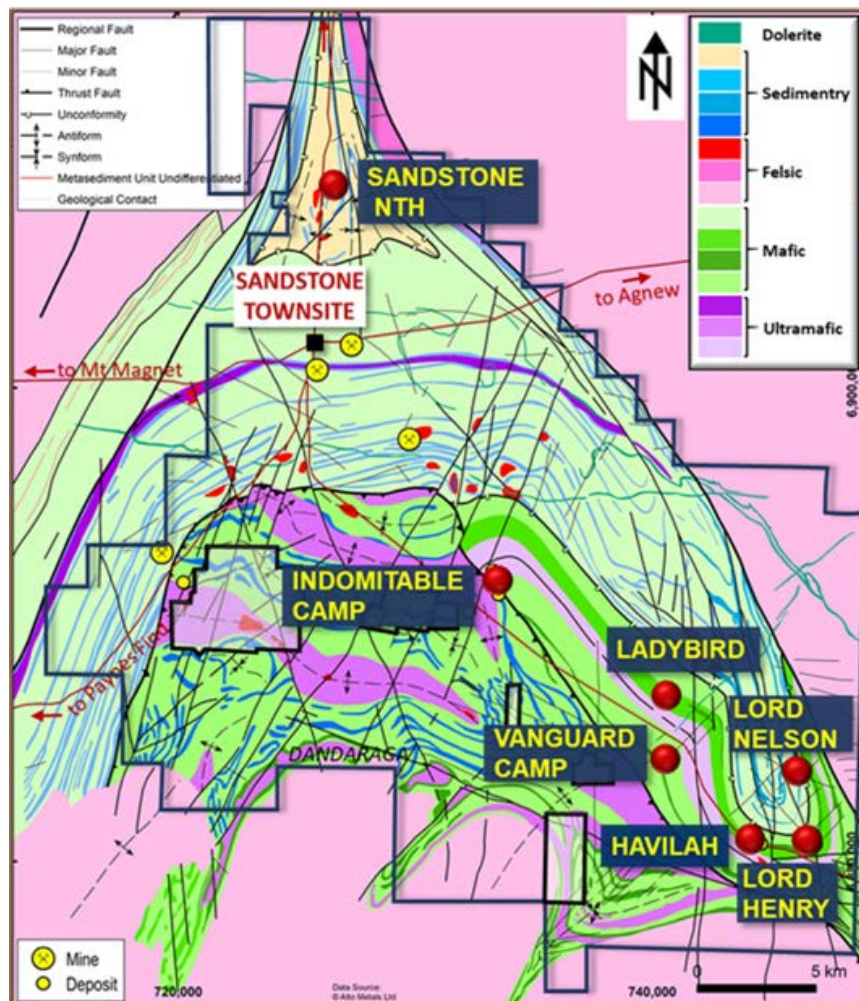


Table 6. Sandstone Gold Project – Summary of Total Mineral Resources (JORC 2012)

Deposit	Classification	Reporting cut-off (g/t Au)	Tonnage (kt)	Grade (g/t Au)	Contained Gold (oz)
Lord Henry ¹	Indicated	0.8	1,200	1.6	65,000
TOTAL INDICATED			1,200	1.6	65,000
Lord Henry ¹	Inferred	0.8	110	1.3	4,000
Lord Nelson ²	Inferred	0.8	980	2.2	68,000
Indomitable Camp ³ + Vanguard Camp	Inferred	0.5	2,580	1.49	124,000
TOTAL INFERRED			3,670	1.66	196,000
TOTAL INDICATED & INFERRED			4,870	1.67	261,000

Footnote 1. AME ASX Release 16 May 2017. "Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz."

Footnote 2. AME ASX Release 28 April 2017. "Lord Nelson Mineral Resource Increased to 68,000oz."

Footnote 3. AME ASX Release 25 Sept 2018. "Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA"

Further information:

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Competent Person Statement

The information in this Report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Dermot Ryan, who is an employee of XServ Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy (CP Geology) and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Forward Looking Statements:

Certain statements in this document are or maybe "forward-looking statements" and represent Alto's intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements don't necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alto, and which may cause Alto's actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Alto does not make any representation or warranty as to the accuracy of such statements or assumptions.

Tenement Information as Required by Listing Rule 5.3.3**Alto Metals Ltd & Its 100% Owned Subsidiaries, on a Consolidated Basis at 31 December 2018**

Tenement	Location	Interest Held	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1415	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1417	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application

Appendix 2. Tenements Disposed of During December Quarter 2018

Tenement	Location	Interest Disposed	Registered Holder	Lease Status
NIL				

Note: Sandstone Exploration Pty Ltd is a wholly owned subsidiary of Alto Metals Limited

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Alto Metals Limited

ABN

62 159 819 173

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(311)	(921)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(139)	(255)
	(e) administration and corporate costs	(85)	(172)
1.3	Dividends received	-	-
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	109	109
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(425)	(1,235)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	451
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(12)
3.5	Proceeds from borrowings	200	200
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	200	639

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	486	857
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(425)	(1,235)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	639
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	261	261

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	261	486
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	261	486

5.6 Additional information

On 25 January 2019, the Company lodged a prospectus for an entitlement issue to raise up to \$2.38 million.

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	94
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Payment for director/consulting fees	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
n/a	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Convertible Loan	300	200
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

As announced to the ASX on 10 December 2018, the Company entered into a convertible loan financing facility agreement ("Loan Agreement") with its acting Chairman and number one shareholder, Mr Terry Wheeler, through his private vehicle Windsong Valley Pty Ltd ("Windsong Valley"). Windsong Valley agreed to provide \$300,000 (in three \$100,000 tranches) ("Convertible Loan"). The Company is not required to provide any security for the Convertible Loan. The Convertible Loan will accrue interest at a rate of 8% per annum and is repayable on or before 31 December 2019 ("Maturity Date").

As announced to the ASX through a Notice of General Meeting on 17 January 2019, subject to shareholders approving the conversion under the ASX Listing Rules, the Company will issue up to 6,382,979 fully paid ordinary shares ("Shares") in the Company, ranking equally with the then existing Shares at an issue price of \$0.047 per Share in satisfaction of the Convertible Loan.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(500)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(140)
9.5 Administration and corporate costs	(80)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(720)

The estimated cash outflows for next quarter are based on funding from existing cash as well as completion of a successful Entitlements Offer which was announced to the ASX on 25 January 2019.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Patrick Holywell

31 January 2019

Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.