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**ALTO METALS LIMITED**

**ACN 159 819 173**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 1.00pm (WST)

**DATE:** Wednesday, 30 November 2016

**PLACE:** The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005

**This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

**Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 9381 2808.**

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**ALTO METALS LIMITED**  
**ACN 159 819 173**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Shareholders of Alto Metals Limited (“Alto Metals” or “the Company”) will be held as follows:

**TIME:** 1.00pm (WST)

**DATE:** Wednesday, 30 November 2016

**LOCATION:** The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005

**This Notice of Annual General Meeting should be read in its entirety.  
If Shareholders are in doubt as to how they should vote, they should seek advice from their  
professional advisers without delay.**

**If you wish to discuss any aspects of this document with the Company, please contact  
the Company Secretary on +61 8 9381 2808.**

Words and phrases used in the Resolutions are defined in Section 7 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Statement.

**AGENDA**

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**ORDINARY BUSINESS**

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**Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 including the declaration of the Directors, the Directors’ report, the Remuneration Report and the auditor’s report.

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**Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, the following resolution as a **non-binding** resolution:

**“That, for the purpose of section 250R(2) of the Corporations Act, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2016.”**

*Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.*

**Voting Exclusion Statement**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described in sub-paragraphs (a) or (b) above; or
  - (d) the person is the chair of the Annual General Meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of Key Management Personnel.
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#### **Resolution 2 – Re-election of Director – Mr William Robertson**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

**"That Mr William Robertson, a Director of the Company who retires by rotation in accordance with clause 16.4(a) of the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."**

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#### **Resolution 3 – Election of Director – Dr Jingbin Wang**

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

**"That, for all purposes, Dr Jingbin Wang, who was appointed to the Board since the last general meeting of the Company, is re-elected as a Director."**

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#### **Resolution 4 - Approval of the Company's Performance Rights Plan**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**"That, pursuant to and in accordance with Listing Rule 7.2, exception 9 and for all other purposes, Shareholders approve the Performance Rights Plan and the grant of Performance Rights and the issue of the underlying Shares of such Performance Rights on the terms and conditions in the Explanatory Statement."**

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
  - (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.
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## **Resolution 5 - Approval of the Company's Directors' Performance Rights Plan**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That, pursuant to and in accordance with Listing Rule 7.2, exception 9 and for all other purposes, Shareholders approve the Directors' Performance Rights Plan and the grant of Performance Rights and the issue of the underlying Shares of such Performance Rights on the terms and conditions in the Explanatory Statement.”**

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such a person.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **Resolution 6 - Approval of Grant of Performance Rights to a Director - Mr Dermot Ryan (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That conditional upon Resolution 5 being approved, that in accordance with Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Performance Rights to Mr Dermot Ryan (and/or his nominee), under the Directors' Performance Rights Plan, for no consideration and on the terms and conditions in the Explanatory Statement.”**

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any Director who is eligible to participate in the Directors' Performance Rights Plan or any associate of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

**Resolution 7 - Approval of Grant of Performance Rights to a Director - Mr Stephen Stone (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That conditional upon Resolution 5 being approved, that in accordance with Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 750,000 Performance Rights to Mr Stephen Stone (and/or his nominee), under the Directors’ Performance Rights Plan, for no consideration and on the terms and conditions in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any Director who is eligible to participate in the Directors’ Performance Rights Plan or any associate of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
  - (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.
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**Resolution 8 - Approval of Grant of Performance Rights to a Director - Mr William Robertson (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That conditional upon Resolution 5 being approved, that in accordance with Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 1,250,000 Performance Rights to Mr William Robertson (and/or his nominee), under the Directors’ Performance Rights Plan, for no consideration and on the terms and conditions in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any Director who is eligible to participate in the Directors’ Performance Rights Plan or any associate of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
  - (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.
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**Resolution 9 - Approval of Grant of Performance Rights to a Director – Dr Jingbin Wang (or his nominee)**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That conditional upon Resolution 4 being approved, that in accordance with Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 1,000,000 Performance Rights to Dr Jingbin Wang (and/or his nominee), under the Directors’ Performance Rights Plan, for no consideration and on the terms and conditions in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any Director who is eligible to participate in the Directors’ Performance Rights Plan or any associate of those Directors.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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**Resolution 10 - Approval of Potential Termination Benefits under the Company’s Directors’ Performance Rights Plan for Mr Ryan**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That conditional upon Resolutions 5 and 6 being approved, for the purposes of sections 200B and sections 200E of the Corporations Act, Listing Rule 10.19 and for all other purposes, the giving of benefits under the Company’s Directors’ Performance Share Plan to Mr Ryan by the Company in connection with Mr Ryan ceasing to be an officer or ceasing to hold a managerial or executive office in the Company (or subsidiary of the Company) be approved on the terms and conditions in the Explanatory Statement.”**

**Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by Mr Ryan or any associate of Mr Ryan.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## **Resolution 11– Section 195 Approval**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

**“That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolutions 4, 5, 6, 7, 8 and 9.”**

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this resolution by any Director or any associate of a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

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## **EXPLANATORY STATEMENT**

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting for further explanation of the Resolutions.

## **PROXIES**

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- delivering it to Alto Metals Limited, Suite 2, 91 Hay Street, Subiaco, Western Australia;
- posting it to Alto Metals Limited, PO Box 8216, Subiaco East WA 6008, Australia; or
- faxing it to the Company on facsimile number +61 8 9381 5545.

To be effective, a Proxy Form and, if the Proxy Form is signed by the Shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

## **CORPORATE REPRESENTATIVES**

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the



requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

#### **DATE FOR DETERMINING HOLDERS OF SHARES**

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 1.00pm (WST) on 28 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated 20 October 2016

By order of the Board

A handwritten signature in black ink, appearing to read 'Sam Middlemas', written in a cursive style.

Sam Middlemas  
Company Secretary

**ALTO METALS LIMITED**  
**ACN 159 819 173**

**EXPLANATORY STATEMENT TO SHAREHOLDERS**

**1. ACTION TO BE TAKEN BY SHAREHOLDERS**

This Explanatory Statement sets out information about the Resolutions to be considered by the Shareholders at the Annual General Meeting. Defined terms used in this Explanatory Statement are set out in Section 7. Accompanying this Explanatory Statement is the Notice of Annual General Meeting convening the Annual General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on the Resolutions to be put to the Annual General Meeting. If a Shareholder is not able to attend and vote at the Annual General Meeting, the Shareholder may complete the Proxy Form and return it not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

**2. ANNUAL FINANCIAL REPORTS**

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditor for the year ended 30 June 2016 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditor are contained in the Company's 2016 Annual Report, a copy of which is available on the Company's website at [www.altometals.com.au](http://www.altometals.com.au).

Whilst no Resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

A representative from the Company's auditors will be invited to the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

**3. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2016.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

If at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2017 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company ("Spill Resolution"). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("Spill Meeting") within 90 days of the Company's 2017 annual general meeting. All of the Directors who were in office when the Company's 2017 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Company's Shareholders have approved the Remuneration Report at the previous annual general meeting. A Spill Resolution will not be required at this Annual General Meeting as the votes against the Remuneration Report at the Company's 2015 annual general meeting were less than 25%.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

#### **4. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR WILLIAM ROBERTSON**

Clause 16.4(a) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors, except the Managing Director, must retire from office provided that no Director may hold office without re-election past the third AGM following the Director's appointment or 3 years, whichever is longer. The Directors to retire at an annual general meeting are those who have been longest in office since their last appointment, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agreed amongst themselves) be determined by drawing lots. A Director who retires by rotation under clause 16.4(a) of the Constitution is eligible for re-election.

In accordance with clause 16.4(a) of the Constitution and ASX Listing Rule 14.4, Mr William Robertson is required to retire and being eligible for election, offers himself for re-election.

Mr Robertson has B.Ap.Sc (Geophysics), a Diploma in Applied Physics (Mining and Hydrology) and over 25 years' experience as a professional geoscientist.

For the past 15 years, Mr Robertson has been the Director and Principal Consultant of Value Adding Resources, providing services to the mineral exploration industry. He is a Member of the Australian Society of Exploration Geophysicists and Australian Institute of Geoscientists.

His experience includes 11 years multi-commodity exploration experience with CRA Exploration Pty Ltd and North Limited, and 15 years as an independent consultant. He has provided geophysical support to exploration and evaluation programs in Western Australia, NSW, Tasmania, Victoria, Queensland and the Northern Territory, Africa, Asia, South America and Europe.

Bill has extensive experience in the exploration for and evaluation of uranium deposits, including Kintyre in Western Australia and Westmoreland in Queensland. He has played a major role in generating the Company's uranium projects in Western Australia, and has extensive experience in the exploration for base metals, copper-gold, diamonds, iron and rare earth.

The Board unanimously supports the re-election of Mr Robertson.

#### **5. RESOLUTION 3 –ELECTION OF DIRECTOR – DR JINGBIN WANG**

Clause 16.3(b) of the Constitution requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next general meeting following his or her appointment, but is eligible for re-election at that general meeting (and is not be taken into account in determining the number of directors for the purposes of retirement by rotation under clause 16.4 of the Constitution).

In accordance with clause 16.3(b) of the Constitution, since he was elected to the Board to fill a casual vacancy on 12 October 2016, Dr Wang is required to retire and being eligible for election, offers himself for re-election.

Dr Wang is Executive Director of China Nonferrous Metals Resource Geological Survey, a position he has held since 2003. He has also held the title of Vice-President of the China Nonferrous Metals Industry Association since 2008

Dr Wang is a leader in the non-ferrous metals industry in China with great expertise in mineral exploration and mining amassed over his 24 years of experience. He has been granted the title of National Youth Expert for Outstanding Contribution in China in recognition of his success in prospecting results and scientific research. In addition, he is the Chief Scientist of National 973 Program.

Dr Wang has been President of the Beijing Institute of Geology for Mineral Resources since 2002, and is currently Chairman of Sinotech Minerals Exploration Co. Ltd. He is an accomplished mining team leader with a track record of discovering major deposits around the world. Dr Wang received a B.Sc in Mineral

Prospecting and Exploration from Central-South University of Technology Changsha, China in 1982. Subsequently, he earned Masters and PhD Degrees in magmatic petrology, economic geology from the same university. Dr Wang conducted postdoctoral research at the Institute of Geochemistry, China's Academy of Sciences (China) in 1991. The Board unanimously supports the election of Dr Wang.

## **6. RESOLUTION 4 - APPROVAL OF THE COMPANY'S PERFORMANCE RIGHTS PLAN**

Resolution 4 seeks Shareholder approval for the establishment of the Company's Performance Rights Plan (**Performance Rights Plan**).

The Performance Rights Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

The Company wishes to exempt issues of securities under the Performance Rights Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of Equity Securities made without Shareholder approval. Shareholder approval of the Performance Rights Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Performance Rights Plan as an exception to the limit under Listing Rule 7.1.

No securities have been issued under the Performance Rights Plan and the Performance Rights Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Performance Rights Plan and all unallocated Performance Rights issuable pursuant thereto every three years, in order for Listing Rule 7.2 Exception 9 to continue to apply.

Further information about the Performance Rights Plan is set out below. A copy of the Performance Rights Plan can be obtained by contacting the Company.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

To achieve its corporate objectives, the Company needs to attract and retain its key employees. The Board believes that grants made to eligible participants under the Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Performance Rights Plan will:

- (a) enable the Company to incentivise and retain existing key management personnel and other eligible employees needed to achieve the Company's business objectives;
- (b) enable the Company to recruit, incentivise and retain additional key management personnel and other eligible employees needed to achieve the Company's business objectives;
- (c) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (d) align the financial interest of participants of the Performance Rights Plan with those of Shareholders; and
- (e) provide incentives to participants of the Performance Rights Plan to focus on superior performance that creates Shareholder value.

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Performance Rights Plan to eligible employees (including Directors), to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board.

In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan (refer however to Resolutions 5, 6, 7, 8 and 9 which deals with the Directors' Performance Rights Plan and grants of Performance Rights pursuant to that).

### **Overview of the Performance Rights Plan rules**

The Board is aware of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Shares are automatically issued.

The Board considers that the Performance Rights Plan is a crucial mechanism to encourage and retain high level executive and employee performance. The Board intends to implement the Performance Rights Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive and employee performance.

The main features of the Performance Rights Plan (and the terms and conditions to be attached to the Performance Rights Plan) are summarised as follows:

**Eligible Participants:** The eligible participants under the Performance Rights Plan are full time employees and permanent part-time employees of the Company and its subsidiaries (including Directors) and any other person determined by the Board to be included for the purposes of the Performance Rights Plan (**Eligible Employees**). In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan and be granted Performance Rights. Eligible Participants are entitled to nominate a nominee to apply for and hold the Performance Rights.

**Limits on Entitlement:** An offer of Performance Rights may only be made under the Performance Rights Plan if the number of Shares that may be issued on exercise of those Performance Rights, when aggregated with:

- (a) the number of Shares which would be issued if each outstanding Performance Right was exercised into Shares (as the case may be); and
- (b) the number of Shares issued during the previous 3 years pursuant to the Performance Rights Plan,

does not exceed 5% of the total number of issued Shares as at the time of the offer.

**Individual Limits:** The Performance Rights Plan does not set out a maximum number of Shares that may be made issuable to any one person.

**Consideration Payable:** Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.

**Offer and Performance Conditions:** The Performance Rights issued under the Performance Rights Plan to Eligible Participants may be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (**Offer**) made by the Company to the Eligible Participant which is subject to acceptance by the Eligible Participant within a specified period.

The performance conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company (iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest, or (iv) such other performance conditions as the Board may determine and set out in the Offer. The Board in its absolute discretion determines whether performance conditions have been met.

**Expiry Date and Lapse:** Performance Rights may have an expiry date as the Board may determine in its absolute discretion and specify in the Offer. The Board is not permitted to extend an expiry date without shareholder approval.

If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Rights will lapse. A Performance Right will also lapse if the Board determines the participant ceases to be an Eligible Employee for the purposes of the Performance Rights Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

**Retirement, Disability, Redundancy, Death or Removal as a Director:** Under the Performance Rights Plan, upon the retirement, total and permanent disability, bona fide redundancy, death of a participant or in the case of persons holding managerial or executive office who are participants, removal from that office (unless the Board determines otherwise), then in respect of those Performance Rights which have not satisfied the performance condition but have not lapsed, then the participant shall be permitted to continue to hold those Performance Rights as if the participant was still an Eligible Employee (but in the case of people holding a managerial or executive office in the Company, subject to Shareholders approving such a benefit under the Corporations Act and the Listing Rules as required, in relation to quantum of termination benefits given on termination of office.

**Forfeiture:** If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited. In the event the underlying Shares have been sold by the participant, the participant will be required to pay all or part of the net proceeds of that sale to the Company.

**Assignment:** Without prior approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

**Takeover Bid or Change of Control:** 50 % of all Performance Rights automatically vest in the event of:

- (a) a Court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company;
- (b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company;  
or
- (c) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

The Board has discretion to vest part or all of the remaining Performance Rights under the above circumstances.

**Alteration in Share Capital:** Appropriate adjustments will be made to the number of Performance Rights in accordance with the Listing Rules in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.

**Pro Rata Issue of Securities:** A holder of Performance Rights will only be able to participate in a pro rata offer of new securities in the Company to existing shareholders, if, prior to the record date, the Performance Rights have been duly exercised. In addition, no adjustment to the number of Shares a Performance Rights holder is entitled to or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's Share price, shall occur as a result of the Company undertaking a rights issue.

**Bonus Issue:** If, during the term of any Performance Rights, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled to shall be increased by that number of

securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

**Participation in other Opportunities:** There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its reasonable endeavours to ensure that each holder is given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.

**Termination, Suspension or Amendment:** The Board may terminate, suspend or amend the Performance Rights Plan at any time subject to any resolution of the Company required by the Listing Rules.

### Performance Conditions

The Board is intending to grant Performance Rights in four milestone based classes. The performance conditions that must be satisfied before a Performance Right vests (**Performance Condition**) and the date by which a Performance Condition must be satisfied or else the Performance Rights lapse (**Expiry Date**), will be set out in the individual offers to be made. One example of the Performance Conditions and the Expiry Date is set out below. (This example forms the basis for the Performance Conditions proposed to be issued to Directors under the Directors' Performance Rights Plan under Resolutions 6,7,8 and 9 and may vary from offers to be put to recipients of offers who are not Directors, and is included purely as an example.)

Class	Number of Performance Rights available to Eligible Employees	Expiry Date	Performance Condition
1	25%	12 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 500,000 oz Au of at least 1.5g/t
2	25%	24 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 1,000,000 oz Au of at least 1.5g/t
3	25%	30 months after the date of issue	the Company's announcing to the ASX of a 20,000 oz Au sold
4	25%	36 months after the date of issue	the Company's announcing to the ASX 50,000 oz Au sold

### Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) The material terms of the Performance Rights Plan are summarised above.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Rights Plan.
- (c) No securities have been issued under the Performance Rights Plan.
- (d) A voting exclusion statement has been included for the purposes of Resolution 4. The Chairman intends to exercise all available proxies in favour of Resolution 4. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Director Recommendation

All the Directors have a material personal interest in the outcome of Resolution 4 because they are not excluded from participation in the Performance Rights Plan, and therefore make no recommendation that Shareholders vote in favour of Resolution 4.

### 7. RESOLUTION 5 - APPROVAL OF THE COMPANY'S DIRECTORS' PERFORMANCE RIGHTS PLAN

Resolution 5 seeks Shareholder approval for the establishment of the Company's Directors' Performance Rights Plan (**Directors' Performance Rights Plan**). The Directors' Performance Rights Plan differs from the Performance Rights Plan the subject of Resolution 4 in only one respect, which is that the Directors' Performance Rights Plan is not subject to the limit of 5% of the total number of issued Shares as at the time of the offer which applies to offers being made under the Performance Rights Plan. As result, the Directors' Performance Rights Plan does not comply with ASIC Class Order 14/1000, meaning that ASIC's disclosure relief in that class order is not applicable to offers of Performance Rights under the Directors' Performance Rights Plan. Broadly that means that when Shares are issued upon conversion of the Performance Rights to Shares, a cleansing notice will need to be lodged by the Company with ASX within 5 Business Days of issue of such shares, pursuant to section 708A(6) of the Corporations Act.

The Directors' Performance Rights Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

The Company wishes to exempt issues of securities under the Directors' Performance Rights Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of Equity Securities made without Shareholder approval. Shareholder approval of the Directors' Performance Rights Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Directors' Performance Rights Plan as an exception to the limit under Listing Rule 7.1.

No securities have been issued under the Directors' Performance Rights Plan and the Directors' Performance Rights Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Directors' Performance Rights Plan and all unallocated Performance Rights issuable pursuant thereto every three years, in order for Listing Rule 7.2 Exception 9 to continue to apply.

Further information about the Directors' Performance Rights Plan is set out below. A copy of the Directors' Performance Rights Plan can be obtained by contacting the Company.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

To achieve its corporate objectives, the Company needs to attract and retain its key employees. The Board believes that grants made to eligible participants under the Directors' Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy for Directors, and that the implementation of the Directors' Performance Rights Plan will:

- (a) enable the Company to incentivise and retain existing Directors needed to achieve the Company's business objectives;
- (b) enable the Company to recruit, incentivise and retain additional directors needed to achieve the Company's business objectives;



- (c) link the reward of Directors with the achievements of strategic goals and the long term performance of the Company;
- (d) align the financial interest of participants of the Directors' Performance Rights Plan with those of Shareholders; and
- (e) provide incentives to participants of the Directors' Performance Rights Plan to focus on superior performance that creates Shareholder value.

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Directors' Performance Rights Plan to Directors, to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board.

In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan (refer to Resolutions 6 to 9).

### **Overview of the Directors' Performance Rights Plan rules**

The Board is aware of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Directors' Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Shares are automatically issued.

The Board considers that the Performance Rights Plan is a crucial mechanism to encourage and retain Directors. The Board intends to implement the Performance Rights Plan, and set the performance conditions, in a manner designed to incentivise and reward high level performance.

The main features of the Directors' Performance Rights Plan (and the terms and conditions to be attached to the Directors' Performance Rights Plan) are summarised as follows:

**Eligible Participants:** The eligible participants under the Directors' Performance Rights Plan are Directors and any other person determined by the Board to be included for the purposes of the Directors' Performance Rights Plan (**Eligible Employees**). In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Directors' Performance Rights Plan and be granted Performance Rights. Eligible Participants are entitled to nominate a nominee to apply for and hold the Performance Rights.

**Individual Limits:** The Directors' Performance Rights Plan does not set out a maximum number of Shares that may be made issuable to any one person.

**Consideration Payable:** Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.

**Offer and Performance Conditions:** The Performance Rights issued under the Directors' Performance Rights Plan to Eligible Participants may be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (**Offer**) made by the Company to the Eligible Participant which is subject to acceptance by the Eligible Participant within a specified period.

The performance conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company (iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest, or (iv) such other performance conditions as the Board may determine and set out in the Offer. The Board in its absolute discretion determines whether performance conditions have been met.

**Expiry Date and Lapse:** Performance Rights may have an expiry date as the Board may determine in its absolute discretion and specify in the Offer. The Board is not permitted to extend an expiry date without shareholder approval.

If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Rights will lapse. A Performance Right will also lapse if the Board determines the participant ceases to be an Eligible Employee for the purposes of the Directors' Performance Rights Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

**Retirement, Disability, Redundancy, Death or Removal as a Director:** Under the Directors' Performance Rights Plan, upon the retirement, total and permanent disability, bona fide redundancy, death of a participant or in the case of persons holding managerial or executive office who are participants, removal from that office (unless the Board determines otherwise), then in respect of those Performance Rights which have not satisfied the performance condition but have not lapsed, then the participant shall be permitted to continue to hold those Performance Rights as if the participant was still an Eligible Employee (but in the case of people holding a managerial or executive office in the Company, subject to Shareholders approving such a benefit under the Corporations Act and the Listing Rules as required, in relation to quantum of termination benefits given on termination of office. Resolution 9 provides for this, in relation to Mr Ryan who is currently the only executive Director).

**Forfeiture:** If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited. In the event the underlying Shares have been sold by the participant, the participant will be required to pay all or part of the net proceeds of that sale to the Company.

**Assignment:** Without prior approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

**Takeover Bid or Change of Control:** 50 % of all Performance Rights automatically vest in the event of:

- (f) a Court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company;
- (g) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company;  
or
- (h) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

The Board has discretion to vest part or all of the remaining Performance Rights under the above circumstances.

**Alteration in Share Capital:** Appropriate adjustments will be made to the number of Performance Rights in accordance with the Listing Rules in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.

**Pro Rata Issue of Securities:** A holder of Performance Rights will only be able to participate in a pro rata offer of new securities in the Company to existing shareholders, if, prior to the record date, the Performance Rights have been duly exercised. In addition, no adjustment to the number of Shares a Performance Rights holder is entitled to or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's Share price, shall occur as a result of the Company undertaking a rights issue.

**Bonus Issue:** If, during the term of any Performance Rights, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled to shall be increased by that number of securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

**Participation in other Opportunities:** There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its reasonable endeavours to ensure that each holder is

given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.

**Termination, Suspension or Amendment:** The Board may terminate, suspend or amend the Performance Rights Plan at any time subject to any resolution of the Company required by the Listing Rules.

### Performance Conditions

The Board is intending to grant Performance Rights in four milestone based classes. The performance conditions that must be satisfied before a Performance Right vests (**Performance Condition**) and the date by which a Performance Condition must be satisfied or else the Performance Rights lapse (**Expiry Date**), are set out below:

Class	Number of Performance Rights available to Eligible Employees *	Expiry Date	Performance Condition
1	25%	12 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 500,000 oz Au of at least 1.5g/t
2	25%	24 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 1,000,000 oz Au of at least 1.5g/t
3	25%	30 months after the date of issue	the Company's announcing to the ASX of a 20,000 oz Au sold
4	25%	36 months after the date of issue	the Company's announcing to the ASX 50,000 oz Au sold

\* 5,000,000 Performance Rights to be issued to Mr Dermot Ryan, 1,000,000 Performance Rights to be issued to Dr Jingbin Wang, 750,000 Performance Rights to be issued to Mr Stephen Stone, and 1,250,000 Performance Rights to be issued to Mr William Robertson have not been included in the initial allocation as they are subject to Shareholder approval under Resolutions 6, 7, 8 and 9 of this Notice. The initial allocation is based on the current intention of the Board and is subject to change or amendment should new appointments be made

### Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (e) The material terms of the Performance Rights Plan are summarised above.
- (f) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Directors' Performance Rights Plan.
- (g) No securities have been issued under the Performance Rights Plan.
- (h) A voting exclusion statement has been included for the purposes of Resolution 5. The Chairman intends to exercise all available proxies in favour of Resolution 5. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 5, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Director Recommendation

All the Directors have a material personal interest in the outcome of Resolution 5 and therefore make no recommendation that Shareholders vote in favour of Resolution 5.

### 8. RESOLUTIONS 6, 7 8 AND 9 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO THE DIRECTORS

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of 5,000,000 Performance Rights to Mr Dermot Ryan, as the incentive component of his remuneration as Executive Director and Chief Executive Officer of the Company. Resolution 7 seeks Shareholder approval pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of 750,000 Performance Rights to Mr Stephen Stone as an incentive component of his remuneration as a Non-Executive Director of the Company. Resolution 8 seeks Shareholder approval pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of 1,250,000 Performance Rights to Mr William Robertson as an incentive component of his remuneration as a Non-Executive Director and a Consultant to the Company. Resolution 9 seeks Shareholder approval pursuant to Listing Rule 10.14 and Chapter 2E of the Corporations Act for the grant of 1,000,000 Performance Rights to Dr Jingbin Wang as an incentive component of his remuneration as a Non-Executive Chairman of the Company.

The Performance Rights will be granted in accordance with the Directors' Performance Rights Plan. The principal terms of the Directors' Performance Rights Plan are summarised above in relation to Resolution 5. Resolutions 6, 7, 8 and 9 are all conditional on Resolution 5 being approved. If the Directors' Performance Rights Plan is not approved by Shareholders, Resolutions 6, 7, 8 and 9 will not be put to the vote.

In the Company's present circumstances, the Board considers that the incentives to Mr Ryan, Mr Stone, Mr Robertson and Dr Wang that will be represented by the grant of these Performance Rights, are a cost effective and efficient reward for the Company to make to appropriately incentivise the performance of the Directors and are consistent with the strategic goals and targets of the Company. The Company has set performance criteria for these Performance Rights to ensure that they only vest upon achievement of fundamental milestones that will drive the long term value of the Company's securities. For the purposes of Resolutions 6, 7, 8 and 9, it is proposed that the Performance Rights will be granted to the Directors (or their nominees) with the following Performance Conditions and Expiry Dates:

Class	Number of Performance Rights to be granted to Mr Ryan	Number of Performance Rights to be granted to Mr Stone	Number of Performance Rights to be granted to Mr Robertson	Number of Performance Rights to be granted to Dr Wang	Expiry Date	Performance Condition
1	1,250,000	187,500	312,500	250,000	12 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 500,000 oz Au of at least 1.5g/t
2	1,250,000	187,500	312,500	250,000	24 months after the date of issue	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 1,000,000 oz Au of at least 1.5g/t
3	1,250,000	187,500	312,500	250,000	30 months after the date of issue	the Company's announcing to the ASX of a 20,000 oz Au sold
4	1,250,000	187,500	312,500	250,000	36 months after the date of issue	the Company's announcing to the ASX 50,000 oz Au sold
<b>Total</b>	<b>5,000,000</b>	<b>750,000</b>	<b>1,250,000</b>	<b>1,000,000</b>		

If the Performance Condition of a Performance Right is satisfied prior to the relevant Expiry Date, the Performance Right will vest. If the Performance Condition of a Performance Right is not achieved by the Expiry Date, then the Performance Right will lapse.

Shareholder approval is required under Listing Rule 10.14 and section 208 of the Corporations Act for the proposed grant of Performance Rights to the Directors (or their nominees) because they are each a related party of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act. The Company's legal advice is that there are no applicable exceptions, and since all of the Directors are proposed to receive a financial benefit which may be regarded as a material personal interest, none of the Directors are competent to form a quorum for the purposes of deciding whether any of the possible exceptions apply. For this reason, none of the Directors voted in a Board meeting on the proposals and none of the Directors make a recommendation in relation to how Shareholders should vote in relation to Resolutions 6, 7, 8 and 9.

A "related party" for the purposes of the Corporations Act and the Listing Rules is defined widely and includes a director of a public company.

A "financial benefit" for the purposes of the Corporations Act and the Listing Rules has a wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

Resolutions 6, 7, 8 and 9 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 6, 7, 8 and 9. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 6, 7, 8 and 9, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Specific information required by Listing Rule 10.15 and section 219 of the Corporations Act**

Listing Rule 10.15 and section 219 of the Corporations Act require that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant:

- (a) the Performance Rights detailed in the table above will be granted to Mr Ryan, Executive Director and Chief Executive Officer of the Company, or his nominee, Mr Stephen Stone, Non-Executive Director of the Company, or his nominee, Mr William Robertson, Non-Executive Director of the Company, or his nominee and Dr Jingbin Wang, Non-Executive Chairman of the Company, or his nominee;
- (b) the maximum number of Performance Rights to be granted to Mr Ryan pursuant to Resolution 6 is 5,000,000, comprising 1,250,000 class 1 Performance Rights, 1,250,000 class 2 Performance Rights, 1,250,000 class 3 Performance Rights, and 1,250,000 class 4 Performance Rights.

The maximum number of Performance Rights to be granted to Mr Stone pursuant to Resolution 7 and Resolution 8 is 750,000, comprising 187,500 class 1 Performance Rights, 187,500 class 2 Performance Rights, 187,500 class 3 Performance Rights and 187,500 class 4 Performance Rights.

The maximum number of Performance Rights to be granted to Mr Robertson pursuant to Resolution 7 and Resolution 8 is 1,250,000, comprising 312,500 class 1 Performance Rights, 312,500 class 2 Performance Rights, 312,500 class 3 Performance Rights and 312,500 class 4 Performance Rights.

The maximum number of Performance Rights to be granted to Dr Wang pursuant to Resolution 9 is 1,000,000, comprising 250,000 class 1 Performance Rights, 250,000 class 2 Performance Rights, 250,000 class 3 Performance Rights and 250,000 class 4 Performance Rights.

The actual number of Performance Rights that vest is dependent on the achievement of the Performance Conditions as described in the table above.

These numbers and proportions have been chosen in conjunction with the specific Performance Conditions, because the Board considers that the number is consistent with what is required to incentivise each of the Directors, whilst minimising dilution to the Company's Shareholders.

- (c) the Performance Rights will be granted as incentive Performance Rights and will be granted for no monetary consideration. The exercise price of the Performance Rights will also be nil consideration.
- (d) the Company will grant the Performance Rights no later than 12 months after the date of the Meeting or such longer period of time as ASX may in its discretion allow;
- (e) under the rules of the Performance Rights Plan, only Eligible Employees are entitled to participate in the Directors' Performance Rights Plan. Mr Ryan, Mr Stone, Mr Robertson and Dr Wang have each been determined to be an Eligible Employee for the purposes of the Directors' Performance Rights Plan.
- (f) no people referred to in Listing Rule 10.14 have been issued securities under the Directors' Performance Rights Plan. The names of the people referred to in Listing Rule 10.14 that are entitled to participate in the Directors' Performance Rights Plan are Mr Ryan, Mr Stone, Mr Robertson and Dr Wang and at this time Mr Ryan, Mr Stone, Mr Robertson and Dr Wang are the proposed participants.
- (g) the Company does not propose providing any loans to Mr Ryan, Mr Stone, Mr Robertson or Dr Wang in respect of their respective acquisition of Performance Rights under Resolutions 6, 7, 8 and 9 respectively.
- (h) a voting exclusion statement is included in the Notice;
- (i) as at the date of this Explanatory Statement:
  - (i) Mr Ryan receives a salary of \$220,000 (plus superannuation of up to the maximum superannuation contribution base) per annum;  
  
Mr Ryan holds 3,923,474 Shares in the Company;
  - (ii) Mr Stone receives directors fees of \$40,000 (plus superannuation of up to the maximum superannuation contribution base) per annum;  
  
Mr Stone holds 8,787,500 Shares in the Company and 12,500,000 Performance Shares in the Company;
  - (iii) Mr Robertson receives directors fees of \$40,000 (plus superannuation of up to the maximum superannuation contribution base) per annum, and consulting fees for Geological services provided to the company based on a day rate of \$900/day for specific days worked (this equated to \$5,400 in the 2015/16 financial year)  
  
Mr Robertson holds 2,646,268 Shares in the Company
  - (iv) Dr Wang receives directors fees of \$56,000 (plus superannuation of up to the maximum superannuation contribution base) per annum;  
  
Dr Wang holds No Shares in the Company.
- (j) A valuation of the Performance Rights has been prepared by Stantons International which accompanies this Notice of Meeting. The valuation sets out the assumptions on which the valuation is based, which Shareholders are encouraged to read. The conclusion reached is that the class 1 and 3 Performance Rights are valued at \$0.13 each, and the class 2 and 4 Performance Rights are valued at

nil. As a result, the valuation of the Performance Rights proposed to be issued under Resolutions 6, 7, 8 and 9 is set out below:

Director	Class 1	Class 2	Class 3	Class 4	Total
Dermot Ryan (resolution 6)	\$162,500	nil	\$162,500	nil	\$325,000
Stephen Stone (resolution 7)	\$24,375	nil	\$24,375	nil	\$48,750
William Robertson (resolution 8)	\$40,625	nil	\$40,625	nil	\$81,250
Dr Jingbin Wang (resolution 9)	\$32,500	nil	\$32,500	nil	\$65,000

(k) the vesting and conversion of the Performance Rights to Shares as outlined in Resolutions 6, 7, 8 and 9 will result in a dilution of all other Shareholders' holdings in the Company of 3.3%, 0.5%, 0.5% and 0.7% respectively, based on there being 144,475,415 Shares on issue as at the date of this Explanatory Statement.

(l) Historical Share price information for the last twelve months is as follows:

	Price	Date
Highest	14 cents	10 October 2016
Lowest	1.9 cents	21 January 2016
Last	13 cents	12 October 2016

(m) no funds will be raised by the grant of the Performance Rights as they are being granted for nil consideration.

(n) if Shareholders do not approve Resolutions 6, 7, 8 or 9, the Performance Rights will not be granted to Mr Ryan, Mr Stone, Mr Robertson or Dr Wang respectively, and there is a risk that without these incentives to Mr Ryan, Mr Stone, Mr Robertson or Dr Wang respectively, the Company's performance may not be as enhanced as it may otherwise have been as a result of Mr Ryan, Mr Stone, Mr Robertson or Dr Wang being fully incentivised. Non cash incentives assist the Company in preserving cashflow

(o) other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to enable them to decide on a fully informed basis whether or not the financial benefit to be given to Mr Ryan, Mr Stone, Mr Robertson and Dr Wang (or their respective nominees) is in the interests of the Company.

#### 8. RESOLUTION 10 - Approval of Potential Termination Benefits under the Company's Performance Rights Plan for Mr Ryan

Subject to Shareholder approval of Resolutions 5 and 6, Resolution 10 seeks Shareholder approval under sections 200B and 200E of the Corporations Act and Listing Rule 10.19 for the giving of benefits under the Performance Rights Plan to Mr Dermot Ryan, in connection with Mr Ryan ceasing to be an officer of, or

ceasing to hold a managerial or executive office in the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Statement.

Resolution 10 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 10. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 10, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Under the terms of the Directors' Performance Rights Plan, the Board possesses the discretion to determine, where a participant ceases employment or office before the vesting of their Performance Rights, that some or all of their Performance Rights will not lapse.

The Board's current position is only to exercise this discretion where the person leaves without fault.

The exercise of this discretion by the Board may constitute a "benefit" for the purposes of section 200B of the Corporations Act and Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the potential exercise by the Board of its discretion in respect of Mr Ryan as a participant in the Performance Rights Plan who holds a managerial or executive office in, and is an officer of the Company (and a subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving, and who holds Performance Rights under the Directors' Performance Rights Plan at the time of their leaving.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person who holds a "managerial or executive office" (as defined in the Corporations Act) in connection with the person leaving the employment unless the Company's shareholders approve that benefit under section 200E or the benefit falls within certain exceptions set out in the Corporations Act. A "benefit" includes a payment or other valuable consideration. Provided shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200(g)(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

Section 200E of the Corporations Act requires that, where shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited under section 200B, shareholders must be given details of the amount of the payment or benefit, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount or benefit will be calculated and any matter, event or circumstances that will, or is likely to affect the calculation of the amount.

The value of the termination benefits that the Board may give in this way under the Directors' Performance Rights Plan cannot be determined in advance. Various matters and factors will affect such a value, e.g. the Company's share price at the time of vesting and the number of Performance Rights that will vest, the length of service and status of vesting conditions at the time of leaving, and the number of unvested Performance Rights held at the time of leaving.

Listing Rule 10.19 provides that without the approval of shareholders, the Company must ensure that no officer of the Company or its child entities will be or may be entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together, exceeds 5% of the equity interests of the Company as set out in the latest annual accounts given to ASX. Depending on the value of the termination benefits and the equity interests of the Company at the time when the benefits crystallise, it is possible but not certain that the payment could exceed this 5% threshold. Accordingly Shareholder approval is being sought in case the value of the termination benefits exceeds the 5% threshold.

Mr Ryan's base salary and long-term incentive entitlements (under the Directors' Performance Rights Plan) are as follows:

- (a) Base Salary - \$220,000 gross per annum plus superannuation; (this may rise in the future in accordance with salary review provisions or a new employment contract being entered into).
- (b) Long-Term Incentives – eligibility for such discretionary long term incentives as may be determined by the Company. It is proposed under Resolution 10 to grant Mr Ryan 5,000,000 Performance Rights



under the Directors' Performance Rights Plan. (Additional Performance Rights may be granted in the future subject to Shareholder approval.)

The table below sets out Mr Ryan's potential entitlements to termination benefits under the Directors' Performance Rights Plan. Note that this ignores Mr Ryan's entitlements under his contract of employment with the Company (which may include additional entitlements following cessation of employment, such as short term incentives, and which are not the subject of Resolution 10).

<b>Termination Event</b>	<b>Performance Rights Plan</b>
Termination by the Company at any time without cause/for convenience	The Performance Rights Plan provides that, unless the Board determines otherwise, Mr Ryan is permitted to continue to hold Performance Rights which have not satisfied the Performance Conditions but which have not lapsed.
Summary Termination by the Company for misconduct by Mr Ryan	The Performance Rights Plan provides that, unless the Board determines otherwise, any Performance Rights held by Mr Ryan will be deemed to immediately lapse.
Termination by the Company or Mr Ryan due to death, sickness or incapacity of Mr Ryan	The Performance Rights Plan provides that, unless the Board determines otherwise, Mr Ryan (or his estate) is permitted to continue to hold Performance Rights which have not satisfied the Performance Conditions but which have not lapsed.
Retirement/resignation by Mr Ryan	The Performance Rights Plan provides that any Performance Rights held by Mr Ryan will be deemed to immediately lapse.

Since all the Directors are eligible to participate in the Performance Rights Plan the Directors decline to make a recommendation in relation to Resolution 10.

## **9. RESOLUTION 11 – SECTION 195 APPROVAL**

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

The Directors may have a material personal interest in the outcome of Resolutions 4, 5, 6, 7 and 8.

In the absence of this Resolution 10, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 5, 6, 7 and 8.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

Resolution 11 is an ordinary resolution.

Each of the Directors have an interest in Resolution 11 and therefore believe it to be inappropriate to make a recommendation.

The Chairman intends to exercise all available proxies in favour of Resolution 11. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 11, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## DEFINITIONS

In this Explanatory Statement:

**Annual General Meeting** means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Annual General Meeting.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**Board** means the Board of Directors of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** means Alto Metals Limited, ACN 159 819 173.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a director of the Company.

**Directors' Performance Rights Plan** is the plan described in relation to Resolution 5 in the Explanatory Statement.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Annual General Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of the ASX.

**Notice of Annual General Meeting or Notice** means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

**Performance Rights** means a performance right granted under the Performance Rights Plan or the Directors' Performance Rights Plan.

**Performance Rights Plan** is the plan described in relation to Resolution 4 in the Explanatory Statement.

**Proxy Form** means the form of proxy accompanying this Notice of Annual General Meeting.

**Related Party** means a party so defined by section 228 of the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2016.

**Resolution** means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

**Section** means a section of the Notice of Annual General Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a person entered in the Company's register as a holder of a Share.

**WST** means Western Standard Time.

10 October 2016

The Directors  
Alto Metals Limited  
Suite 2, 91 Hay Street  
SUBIACO WA 6008

Attention: Mr Sam Middlemass

Dear Sirs

At the request of the Company Secretary, Sam Middlemass on behalf of Alto Metals Limited (“Alto” or “the Company”) received on 7 October 2016, Stantons International Securities hereby set out our technical valuations of the following performance rights (“Performance Rights”) to be granted to Related Parties of Alto on or around 30 November 2016 with the following vesting/performance conditions.

The performance conditions that must be satisfied before a Performance Right vests (**Performance Condition**), and the date by which a performance condition must be satisfied (**Expiry Date**) are set out below:

<b>Class</b>	<b>Number of Performance Rights</b>	<b>Expiry Date</b>	<b>Performance Condition</b>
1	2,000,000	12 months after the date of issue	The following condition being satisfied by the expiry date:  the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in Accordance with JORC Code 2012) of at least 500,000 oz Au of at least 1.5g/t (“Tranche 1 Performance Condition”)
2	2,000,000	24 months after the date of issue	The following condition being satisfied by the expiry date:  the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in Accordance with JORC Code 2012) of at least 1,000,000 oz Au of at least 1.5g/t (“Tranche 2 Performance Condition”)
3	2,000,000	30 months after the date of issue	The following condition being satisfied by the expiry date:  the Company's announcing to the ASX of a 20,000 oz Au sold (“Tranche 3 Performance Condition”)

Class	Number of Performance Rights	Expiry Date	Performance Condition
4	2,000,000	36 months after the date of issue	The following condition being satisfied by the expiry date: the Company's announcing to the ASX 50,000 oz Au sold ("Tranche 4 Performance Condition")

**Valuation of the Performance Rights to be issued and assumptions used**

1. The Performance Rights will vest as disclosed above.
2. The Performance Rights will vest into ordinary shares in Alto upon the satisfaction of the Tranche 1 to Tranche 4 Performance Conditions that are non-market based vesting as disclosed above (and thus no discount is applied in assessing value).
3. The Tranche 1 to Tranche 4 Performance Rights expire as noted above.
4. The Performance Rights are issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights on the satisfaction of the Tranche 1 to 4 Performance Conditions.
5. Further details in respect of the Directors' Performance Rights are outlined in the draft Notice of Meeting of Shareholders for an Annual General Meeting to be held on or around 30 November 2016.
6. In effect, the initial undiscounted value of the Performance Rights is the value of an underlying share in Alto as traded on ASX at the date of issue of the Performance Rights. For the purpose of this valuation based on date of the grant being around 30 November 2016, we have used 13.0 cents being the latest trading price of one Alto share as traded on the ASX on 10 October 2016 (10.30am). It is noted that the low price and the high price of an Alto share as traded on ASX over the past 2.2 months has been 10 cents (low) and 14 cents (high). This valuation is made for the purpose of its inclusion in the notice of the Annual General Meeting; hence these Performance Rights will need to be re-valued on their grant date i.e. the date of the Annual General Meeting.
7. In relation to the Non-Market Based Performance Rights that have no market based conditions attached (the conditions are primarily for Alto to achieve the various **Performance Conditions 1 to 4** respectively and therefore no market based discount is applied. However arguably a discount could be applied for the non-listed status and transferability restrictions relating to the Non Market Based Performance Rights. However, we have not applied a discount. If a discount was applied, a discount of between 20% and 30% would not be unreasonable.
8. In effect, the initial undiscounted value of the Non Market Based Performance Rights is the value of an underlying share in the Company as traded on ASX at the date of issue of the Performance Rights. For the purpose of this valuation based on deemed date of the grant being 10 October 2016 we have used 13.0 cents. Under IFRS, the Company's Directors at the date of issue of the Non Based Market Performance Rights will need to estimate the date when each non market based performance condition will be met and account for the value over the period from date of issue to the date the non- market based performance conditions will be met (maximum time will be the expiry periods as noted above from date of issue).

In this case, the Directors may need to estimate the number of Non-Market Based Performance Rights that may vest and then multiply 13.0 cents by the number and account for the value of the estimated vesting periods.

It is generally accepted that if there is greater than a 50% chance of meeting a particular performance condition then the full value of a performance right is accounted for under A-IFRS and if less than 50% no value is taken up under A-IFRS and thus such performance rights have no value.

Alto's Managing Director's ("MD") considers the probability of Alto meeting the various Performance Conditions in the time frames allowed as noted above, as follows:

Tranches 1 and 3- greater than 50%  
Tranches 2 and 4 – less than 50%

We were advised that there are JORC 2004 (not JORC 2012/15) inferred oxide resources noted in the gold project and thus there is a possibility that within the 30 month time frame, that gold could be mined and sold (processing would need to be undertaken by a third party) and thus in the MD's view a 50% or greater probability of meeting the 20,000 Oz gold sales Performance Conditions may be met. It is his view that the probability of meeting the 50,000 Oz Performance Condition is less than 50%.

We are not geologists but do note that the Performance Conditions based on the information provided to us and the market generally (via ASX announcements) indicate prospectivity on the gold project of Alto and the ability to prove up additional inferred gold resources on the Sandstone Gold Tenements. We have accepted the MD's view of probabilities as noted above as not being unreasonable (but we cannot guarantee that such Performance Conditions for Tranches 1 and 3 will be met).

9. The valuations noted below for A-IFRS purposes are not necessarily the market prices that the Performance Rights could be traded at and it is not automatically the market prices for taxation purposes. The recipients of the Performance Rights should seek their own tax advice as to the tax treatment of receiving the Performance Rights in Alto.
10. **We conclude, based on the above probabilities that the undiscounted value for A-IFRS purposes of one Non-Market Based Performance Right for Tranches 1 and 3 based on a last underlying share price as at 10 October 2015, is 13.0 cents and the value for A-IFRS purposes of one Non Market Based Performance Right for Tranches 2 and 4 is \$nil (i.e. no value would be accounted for in the books of Alto).**

**As noted above, the value of the Performance Rights will need to be formally valued for A-IFRS purposes at the deemed date of grant that will be the date shareholders approve the grant of Performance Rights to the related parties.**

Should you wish to discuss the above, do not hesitate to contact me.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**  
**(Trading as Stantons International Securities)**



**John P Van Dieren (FCA)**  
**Director**

*This page has been left blank intentionally.*

**ALTO METALS LIMITED (ACN 159 819 173) PROXY FORM**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

SRN / HIN: \_\_\_\_\_

**Appointment of Proxy: I/We being a member/s of Alto Metals Limited and entitled to attend and vote hereby appoint -**

**the Chairman of the Meeting (mark with an 'X')** OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, as my/our proxy and to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of Alto Metals Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 at 1.00pm on Wednesday 30 November 2016 and at any postponement or adjournment thereof.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business. I/We acknowledge that Resolution 1 and Resolutions 4, 5, 6, 7, 8, 9 and 10 relate to the remuneration of Key Management Personnel, and that the Chairman intends to vote any undirected proxies in favour of this Resolution. I/We expressly authorise the Chairman to exercise my/our proxy even though Resolution 1 and Resolutions 4, 5, 6, 7, 8, 9 and 10 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.**

**Voting directions to your proxy – please mark X to indicate your directions)**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN*</b>
<b>Resolution 1</b>	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	Re-election of Mr Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	Election of Dr Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b>	Approval of Directors' Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	Grant of Performance Rights to Mr Ryan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 7</b>	Grant of Performance Rights to Mr Stone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 8</b>	Grant of Performance Rights to Mr Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 9</b>	Grant of Performance Rights to Dr Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 10</b>	Approval of Potential Termination Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 11</b>	Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

**Appointment of a second proxy**

If two proxies are being appointed, the proportion of voting rights this proxy represents is  %.

**Authorised signature(s)**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

**INDIVIDUAL/  
SECURITY HOLDER 1**  
Individual/Sole Director and  
Sole Company Secretary

**SECURITY HOLDER 2**  
Director

**SECURITY HOLDER 3**  
Director/Company Secretary

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

**Contact Details** Name \_\_\_\_\_ Telephone \_\_\_\_\_

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## Voting By Proxy - How to complete the Proxy Form

### Your Name, Address and Shareholder Details

Please complete your name, address and SRN or HIN as it appears on the Share register of Alto Metals Limited.

### Appointment of a Proxy

Please write the name of that person you wish to appoint as proxy in the space indicated. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy and vote on your behalf. A proxy need not be a shareholder of Alto Metals Limited.

### Votes on Items of Business

You may direct your proxy how to vote by placing a mark one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must state the percentage of your voting rights on each of the first Proxy Form and the second Proxy Form and return both forms together.

### Authorised Signature/s

You must sign this form as follows in the spaces provided:

- **Joint Holding** in the case of joint holders the Proxy Form must be signed by all holders.
- **Power of Attorney** if signed under a Power of Attorney, you must have already lodged it with the Company, or alternatively, attach the Power of Attorney or a copy to this Proxy Form when you return it.
- **Companies** a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also the sole Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the meeting and a Proxy Form is not used, then an appropriate "Certificate of Appointment of Representative" should be produced prior to admission.

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### Lodgment of Proxy Form

This Proxy Form and any Power of Attorney or other authority under which it is signed (or a copy or facsimile which appears on its face to be an authentic copy of the proxy, power or authority) must be received no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

#### Documents may be lodged by:

- **delivering it to Alto Metals Limited, Suite 2, 91 Hay Street, Subiaco, Western Australia;**
- **posting it to Alto Metals Limited, PO Box 8216, Subiaco East WA 6008, Australia; or**
- **faxing it to the Company on facsimile number +61 8 9381 5545.**