

Commencement of +3,500m Drill Program at Sandstone

ALTO METALS LIMITED

ACN 159 819 173

ASX Code: AME

Directors

Dr Jingbin Wang - Non-Executive Chairman
Dermot Ryan - Managing Director
Stephen Stone - Non-Executive Director
William Robertson - Non-Executive Director

Company Secretary

Sam Middlemas - Company Secretary

Capital Structure

Issued Shares: 151.8M
Issued Options: Nil
Performance Shares: 25M

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Maiden Reverse Circulation (RC) drilling program has commenced at Sandstone to test for:

- **strike and depth extensions of oxide gold mineralisation at the Indomitable prospect and other nearby oxide gold prospects, and**
- **strike and depth extensions of high grade primary sulphide mineralisation associated with Lord Nelson and Lord Henry open pits.**

Drilling to be completed by Christmas break with results due end-January

Alto Metals Limited (ASX: AME, "Alto" or "the Company") is pleased to announce the commencement of a maiden +3,500m RC drilling program at its 100% owned Sandstone Gold Project that will test for extensions to shallow oxide mineralisation at the Indomitable and nearby prospects and for high-grade primary mineralisation associated with the Lord Henry and Lord Nelson open pits.

Commenting on the commencement of drilling, Managing Director, Dermot Ryan, said:

"Alto's current +3,500m RC drilling program is the first in a series of drill programs that will focus on building shallow oxide and deeper high-grade primary gold Mineral Resources within the extensive 723km² Sandstone Project where since its acquisition in June 2016 we have been busily collating and interpreting a vast body of historical and recently acquired geological and geophysical data".

Lady Hamilton Area

The oxide gold prospects gathered within the Lady Hamilton area include **Indomitable** (North and South), **Tigermoth**, **Piper** and **Musketeer**. Refer Figure 1 for geology and location of prospects.

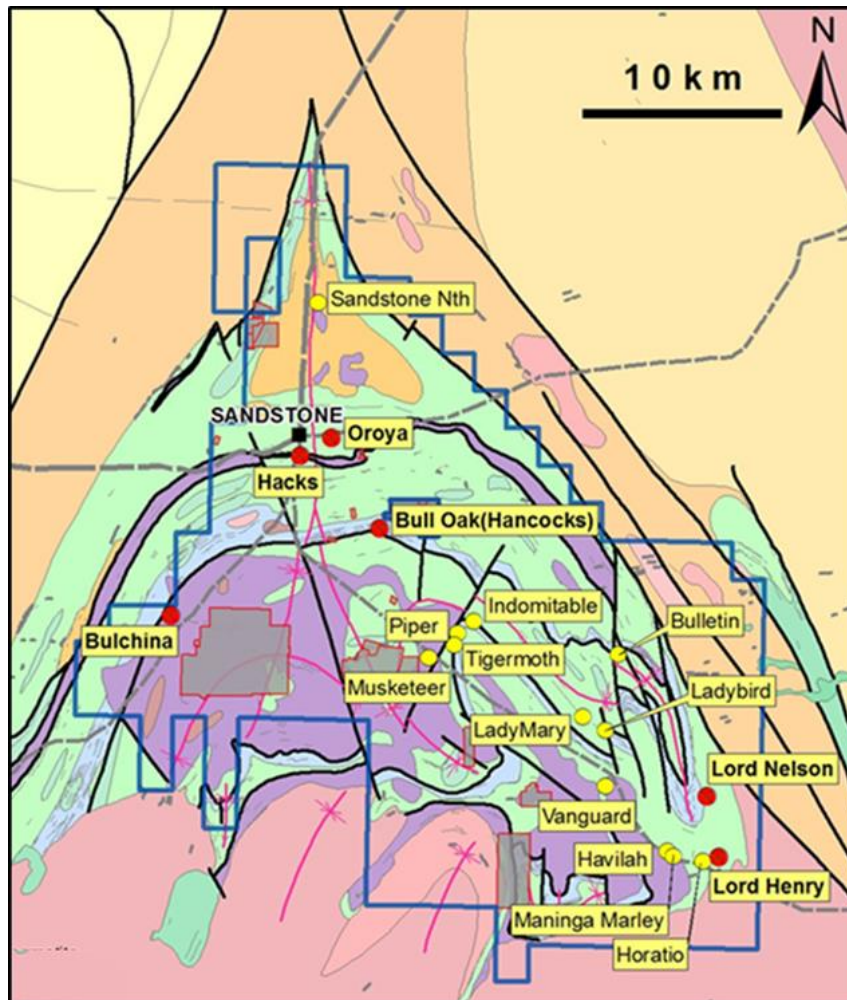


Figure 1. Regional Geological Interpretation of Sandstone Greenstone Belt with Known Gold Prospects

These oxide gold prospects were initially identified by Troy Resources NL's ("Troy") grid based rotary airblast (RAB) drilling program and then followed up by RC drilling. They are broadly aligned along a major north-north-east striking shear corridor which appears to terminate magnetic units (interpreted to be either banded iron formations [Bif] or mafic volcanic units) which are prominent in detailed magnetic imagery. (Refer Figure 2 overleaf)

The **Indomitable prospect** is located within an area of alluvium covering mafic and ultramafic rocks. At **Indomitable East**, there are a series of old gold workings striking east-south-east which have limited historical production. Weathering is generally very deep with one Troy diamond drill hole at Indomitable still in weathered material at its final depth of 191.9m [down hole].

The **Piper and Tigermoth prospects** occur within a large area of alluvium. Magnetic data suggests considerable structural complexity where north-west and north-south trends merge. It has been partially tested by broad spaced drilling (generally 200m x 100m spacing) but needs to be tested in more detail.

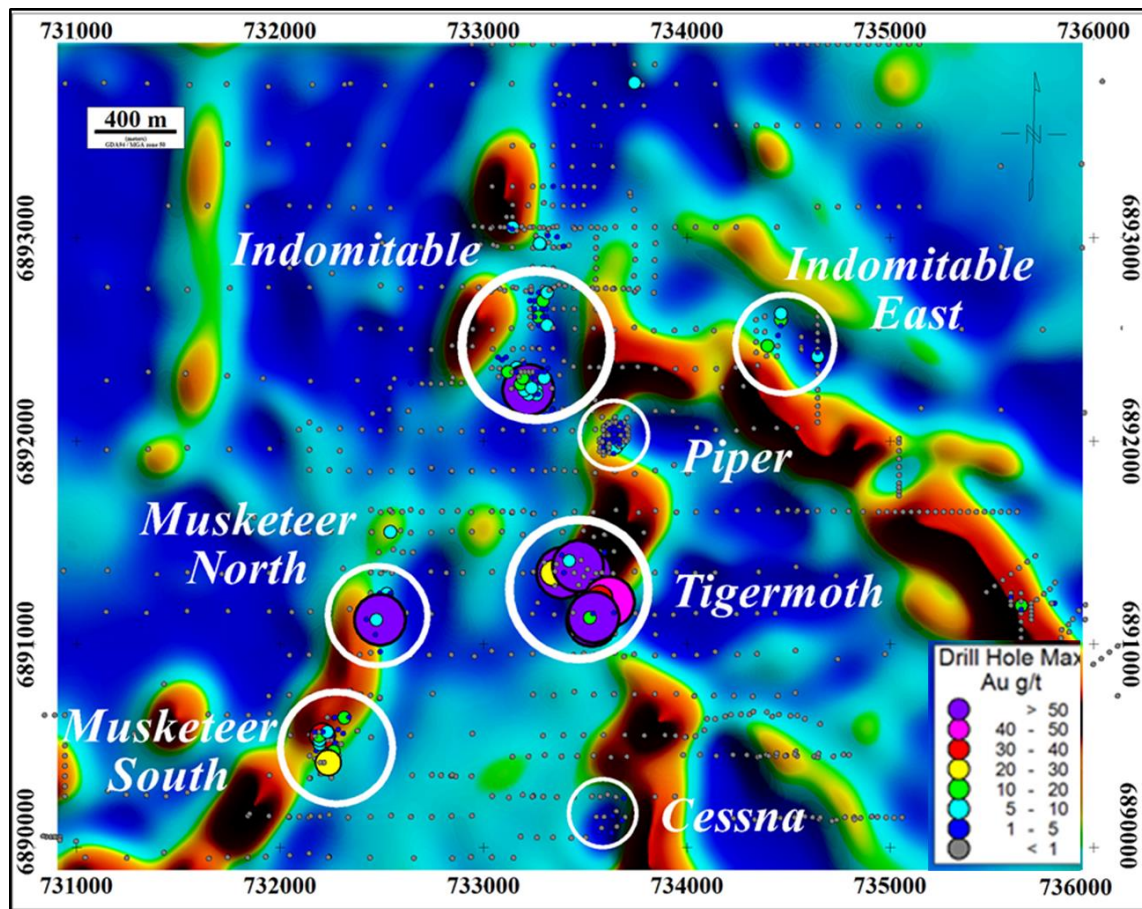


Figure 2. Lady Hamilton Magnetic Image showing Prospects and Max Au in Troy Drill Holes

Airborne Magnetic Survey

Due to transported overburden, deep weathering and lack of outcrop in the Sandstone region, collection and interpretation of high quality airborne magnetic data is considered essential to define stratigraphy and favourable structures for emplacement of gold mineralisation.

On 23 October the Company completed a detailed airborne magnetic/radiometric survey with 50m line spacing and 30m sensor height over portions of the Company's landholdings not previously surveyed in detail. The survey comprised 10,358 line km of mag/rad surveying covering an area of ~460 km².

Lady Hamilton Induced Polarisation Survey

The recently completed 20 line km Lady Hamilton off-set pole-dipole IP survey was designed to be integrated with detailed magnetic data and former Troy gravity data, in order to map out stratigraphic boundaries, zones of deeper oxidation, and possible deeper sulphide accumulations.

The detailed aeromagnetic and IP survey data is currently being processed by a specialist geophysical consultant.

ABOUT ALTO METALS LIMITED

Alto Metals Limited is an Australian public company listed on the Australian Securities Exchange with 151,882,819 ordinary fully paid shares on issue. The Company completed the acquisition of the 723km² Sandstone Gold Project on 23 June 2016.

The Sandstone Greenstone Belt has produced over 1.3 million ounces of gold from numerous underground and open pit mining operations since the discovery of gold at the end of the 19th Century. The lack of outcrop and the presence of deep weathering and alluvial cover has hampered exploration and discovery of large gold resources since that time. Between 1994 and 2010, approximately 612,000 ounces were produced by Herald Resources Ltd and Troy Resources NL, largely from shallow oxide pits to feed the Nungarra Mill, and since 2010 there has no exploration on the ground now held by Alto.

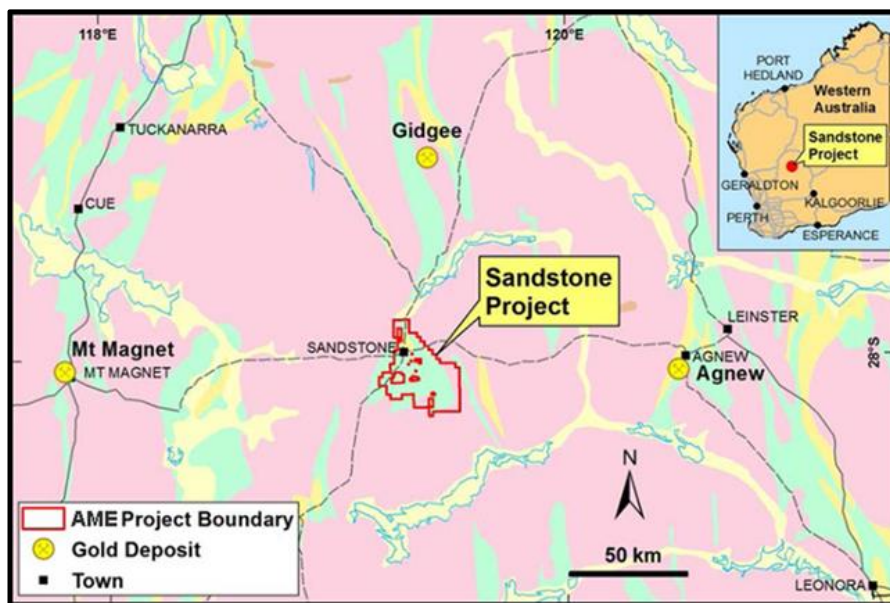


Figure 3. Regional Geology showing Greenstone Belts and Location of Sandstone Project

Orogenic gold geological environments such as Sandstone generally have a history of having their resources and reserves replenished through cyclical discovery of new resources and progressive conversion of these to reserves, thereby extending the life of an established goldfield well beyond that predicted from its initial known gold endowment.

Alto has two immediate objectives at Sandstone:

1. the discovery of relatively shallow (free dig) oxide gold mineralisation that can be economically mined and trucked to one of several gold treatment facilities in the region, and
2. the discovery of further high-grade shear hosted primary (sulphide) gold mineralisation at depth in the immediate vicinity of mined oxide deposits such as Lord Nelson, Lord Henry and Bulchina, through a combination of IP surveys and RC and diamond core drilling. This includes the re-modeling and re-estimation of remnant Indicated & Inferred Mineral Resources (JORC 2004 compliant) previously estimated by Snowdens on behalf of Troy Resources NL.

A longer-term objective is the discovery of new, large high-grade oxide and primary gold deposits, which will be assisted through a better understanding of the lithological and structural controls on gold mineralisation within the Sandstone Greenstone Belt.

To achieve both the immediate and longer term objectives, Alto has undertaken various exploration initiatives including:

- the capture and compilation of historic drilling and assay data from WA Department of Mines and Petroleum Mines Open File reports,
- a review of the geology and drill hole data for all known prospects in the region,
- the purchase and processing of existing high-resolution airborne magnetic data,
- the flying of a new detailed airborne magnetic survey,
- the commissioning of a JORC 2012 compliant Mineral Resource estimate for the Lord Nelson and Lord Henry deposits,
- the completion of a 3-Dimensional Induced Polarisation (3DIP) survey over the Lady Hamilton oxide gold area,
- the establishment of an External Research Advisory Committee chaired by Emeritus Professor David Groves, a leader in Archaean geology and orogenic gold mineralisation, to guide research in the hunt for the million ounce deposit, and
- the planning of a 3,500 - 5,000m RC drilling program for November-December 2016 to test strike and depth extensions of known oxide and primary gold mineralised systems.

More extensive geophysical and drilling programs will be implemented in 2017, following the completion of the compilation and review of Alto's Sandstone database.

A handwritten signature in blue ink that reads 'D. Ryan'.

Dermot Ryan
Managing Director

Competent Person Statement

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

All historic exploration results and mineral resources referred to in this Report were previously reported by Troy Resources NL pursuant to JORC Code 2004. Alto Metals Limited understands that this information has not been updated since to comply with the JORC Code 2012, but believes the information has not materially changed since it was last reported.