

**ALTO METALS LIMITED  
ACN 159 819 173**

**NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at the offices of the Company, at Suite 9, 12-14 Thelma Street, West Perth, Western Australia on Tuesday, 26 February 2019 at 2pm (WST).**

*The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on 08 9381 2808.*

**Shareholders are urged to attend or vote by lodging the proxy form enclosed with this Notice**

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# ALTO METALS LIMITED

## ACN 159 819 173

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### NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Alto Metals Limited (**Company**) will be held at the offices of the Company, at Suite 9, 12-14 Thelma Street, West Perth, Western Australia on Tuesday, 26 February 2019 at 2pm (WST). (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 24 February 2019 at 2:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

### AGENDA

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## 1. Resolution 1 - Approval of issue of Loan Conversion Shares

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

*"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 6,382,979 Shares to Windsong Valley Pty Ltd (or its nominee) on the terms and conditions in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Windsong Valley Pty Ltd (or its nominee), or any of their respective associates.

However, the Company need 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 Chair 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.

#### BY ORDER OF THE BOARD



Mr Patrick Holywell  
CFO & Company Secretary  
Alto Metals Limited  
Dated: 15 January 2019

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# ALTO METALS LIMITED

## ACN 159 819 173

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### EXPLANATORY MEMORANDUM

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## 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company, at Suite 9, 12-14 Thelma Street, West Perth, Western Australia on Tuesday, 26 February 2019 at 2pm (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 - Approval of issue of Loan Conversion Shares
Schedule 1	Definitions

A Proxy Form is enclosed with this Notice and Explanatory Memorandum.

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## 2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

### 2.2 Proxies

#### (a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
- (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

(c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## 3. Resolution 1 - Approval of issue of Loan Conversion Shares

### 3.1 General

On 10 December 2018, the Company announced that it had entered into a convertible loan financing facility agreement (**Loan Agreement**) with Windsong Valley Pty Ltd

(Windsong Valley), an entity controlled by Non-Executive Director, and acting Chairman, Mr Terence Wheeler.

Pursuant to the Loan Agreement:

- (a) Windsong Valley has agreed to provide a loan of \$300,000 to the Company (in three tranches of \$100,000 each, with the first two tranches already provided and the third tranche to be provided on or before 28 February 2019 respectively) (**Convertible Loan**);
- (b) the Convertible Loan accrues interest at a rate of 8% per annum, which must be repaid quarterly in cash;
- (c) unless repaid or converted earlier in accordance with the Loan Agreement, the Convertible Loan is repayable on or before 31 December 2019 (**Maturity Date**);
- (d) if an Event of Default occurs in respect of the Company, Windsong Valley may require the Company to repay all (not only some) of the outstanding Convertible Loan; and
- (e) on or before the Maturity Date, the Company may elect to:
  - (i) repay part or all of the outstanding Convertible Loan in cash; or
  - (ii) subject to Shareholder approval, convert any portion of the outstanding Convertible Loan into Shares based on a price per Share of \$0.047 (**Loan Conversion Shares**).

Resolution 1 seeks Shareholder approval for the issue of the Loan Conversion Shares to Windsong Valley (or its nominee) pursuant to the Loan Agreement.

Resolution 1 is an ordinary resolution.

The Board (other than Mr Terence Wheeler) recommends that Shareholders vote in favour of Resolution 1.

The Chair intends to exercise all available proxies in favour of Resolution 1.

### **3.2 Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Loan Conversion Shares constitutes giving a financial benefit to a related party. Windsong Valley is a related party of the Company by virtue of being controlled by Director Terence Wheeler.

The Board (other than Mr Terence Wheeler, who has a material personal interest in Resolution 1) considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Loan Conversion Shares, as the Loan Agreement was negotiated on an arm's length basis.

### **3.3 Listing Rule 10.11**

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in Listing Rule 10.12 applies.

Windsong Valley is a related party of the Company by virtue of being controlled by Director Terence Wheeler. Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Loan Conversion Shares will not be included in the use of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

### **3.4 Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the Loan Conversion Shares:

- (a) the Loan Conversion Shares will be issued to Windsong Valley (or its nominee);
- (b) a maximum of 6,382,979 Loan Conversion Shares will be issued;
- (c) the Loan Conversion Shares will be issued no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
- (d) Windsong Valley is a related party of the Company by virtue of Mr Wheeler being a shareholder and director of Windsong Valley;
- (e) the issue price of the Loan Conversion Shares will be \$0.047 per Share;
- (f) the Loan Conversion Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the proceeds from the Convertible Loan are intended to be allocated towards general working capital; and
- (h) a voting exclusion statement is included in the Notice.

## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**ASX** means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Company** means Alto Metals Limited (ACN 159 819 173).

**Convertible Loan** has the meaning given in Section 3.1.

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

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

**Event of Default** means the following:

- (a) failure of the Company to make any payment to Windsong Valley when due under the Convertible Loan Agreement;
- (b) failure of the Company to remedy any breach of the provisions of the Convertible Loan Agreement within 14 business days of service of notice of default by Windsong Valley;
- (c) an order is made, or an effective resolution is passed, for the winding up of the Company (unless for the purpose of amalgamation or reconstruction whilst solvent, the terms of which shall previously have been approved by Windsong Valley in writing);
- (d) a receiver (which shall include a receiver and manager) or an official manager or administrator is appointed to the undertaking, property or assets of any part of the Company;
- (e) any action is taken with respect to or for the bankruptcy or insolvency of the Company;
- (f) the Company stops payment generally or ceases or threatens to cease to carry on business or the major part thereof; or
- (g) an event occurs which under the laws of the Commonwealth of Australia or of any State or Territory thereof has an effect substantially equivalent to any of the events referred to in (c) to (g) of this definition (inclusive).

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

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

**Loan Agreement** has the meaning given in Section 3.1.

**Loan Conversion Shares** has the meaning given in Section 3.1.

**Maturity Date** has the meaning given in Section 3.1.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of General Meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

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

**Shareholder** means the holder of a Share.

**Windsong Valley** means Windsong Valley Pty Ltd (ACN 124 801 369).

**WST** means Western Standard Time being the time in Perth, Western Australia.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber Barcode]

Holder Number:  
[HolderNumber]

## Vote by Proxy: AME

Your proxy voting instruction must be received by **2.00pm (WST) on Sunday, 24 February 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the 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 are to be voted 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 the items of business, your proxy may 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 SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



