

29 January 2019

Dear Shareholder

### Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of fully paid ordinary shares (**Shares**) in Alto Metals Limited (ASX: AME) (**Company**) as at today's date. As advised in the Company's ASX announcement dated 25 January 2019, the Company is undertaking a non-renounceable pro-rata entitlement offer to eligible shareholders of Shares in the Company at an issue price of \$0.036 per Share, on the basis of 1 new Share (**New Share**) for every 3 Shares held as at 4pm (WST) on 31 January 2019 (**Record Date**), together with 1 free-attaching option (**Option**) for every 2 New Shares subscribed for and issued (**Entitlement Offer**).

The Options will have an exercise price of \$0.07 and an expiry date of 18 months from the date of issue. The Company will not apply to ASX for official quotation of the Options.

The Entitlement Offer is available to all Company shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia, or subject to certain offer restrictions, New Zealand or Hong Kong (**Eligible Shareholders**). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

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

For the purposes of calculating each Eligible Shareholder's entitlement, fractional entitlements to Shares and Options will be rounded down to the nearest whole number.

The Entitlement Offer is not underwritten.

### Use of Funds

Subject to the satisfactory completion of the Entitlement Offer, funds raised under the Entitlement Offer are intended to be used towards an exploration program for the Company's Sandstone Gold Project in Western Australia, including drilling programs as well as for costs of the Offers and general working capital. Full details of the proposed use of funds are included in the Prospectus.

## Prospectus

The Prospectus details the Entitlement Offer and was released to ASX on 25 January 2019. Defined terms herein have the same meaning as in the Prospectus.

The Prospectus can be accessed from the ASX and Company websites, [www.asx.com.au](http://www.asx.com.au) and [www.altometals.com.au](http://www.altometals.com.au) respectively. Eligible Shareholders will be mailed a copy of the Prospectus together with an Entitlement and Acceptance Form by 5 February 2019.

The Directors of the Company urge you to read the Prospectus carefully and seek advice from your financial adviser if you have any queries. This notice is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

## Key dates for the Entitlement Offer

The securities issued under the Entitlement Offer will be offered in accordance with the following indicative timetable:

Event	Date
Lodgement of Appendix 3B and Prospectus with ASX	25 January 2019
Notice of Offers sent to Shareholders	29 January 2019
Shares quoted on an "EX" basis	30 January 2019
Record Date for determining Entitlements	31 January 2019
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	5 February 2019
Last day to extend the Entitlement Offer Closing Date	11 February 2019
Closing Date of Entitlement Offer (5pm WST)*	14 February 2019
Shares quoted on a deferred settlement basis	15 February 2019
Notification of Shortfall	19 February 2019
Anticipated date for issue of the Securities under the Entitlement Offer	21 February 2019
Deferred settlement trading ends	
Anticipated date for commencement of Securities trading on a normal settlement basis	25 February 2019

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the securities.

### Shortfall Offer

Any New Shares and Options not taken up pursuant to the Entitlement Offer by the closing date (**Shortfall Securities**) will be offered to Eligible Shareholders on the same terms and conditions as the Securities offered under the Entitlement Offer (including the issue price) in accordance with the relevant Application Forms accompanying the Prospectus (**Shortfall Offer**). Shortfall Securities will only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Shortfall Securities are to be issued at the discretion of the Directors, subject to compliance with the Listing Rules and Corporations Act, in a manner that does not prejudice the rights of Eligible Shareholders, having regard to the number of Eligible Shareholders applying for Shortfall Securities. For further information on the allocation policy in relation to the Shortfall Offer, see section 1.3 of the Prospectus.

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

### Effect on Capital Structure

The table below sets out the impact of the Entitlement Offer and the Shortfall Offer under the Prospectus on the capital structure of the Company (assuming the Offers are fully subscribed and no further securities are issued):

	Shares	Unquoted Options	Performance Shares	Performance Rights
Balance at the date of this Prospectus	198,055,603	Nil	25,000,000	4,500,000
To be issued under the Offers	66,018,534	33,009,267	Nil	Nil
<b>TOTAL</b>	<b>264,074,137</b>	<b>33,009,267</b>	<b>25,000,000</b>	<b>4,500,000</b>

The Directors are pleased to present this opportunity to Eligible Shareholders.

For all enquiries relating to the Offers, please contact the Company Secretary by telephone on +61 8 9381 2808 and for enquiries concerning an Application Form or your Entitlement, please contact Automic Pty Ltd on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

Yours sincerely

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

Dermot Ryan  
Executive Director