



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
ACN 142 361 608

Suite 1, 2 Richardson Street
West Perth WA 6005
PO Box 1017
West Perth WA 6872
Tel +61 (08) 9322 1430
Fax +61 (08) 9322 1474
info@middleisland.com.au
www.middleisland.com.au

26 April 2019

Dear AME Shareholder,

Re: Middle Island Limited's Offer for Alto Metals Limited

By way of introduction, my name is Rick Yeates and I'm the Managing Director of Middle Island Resources Limited (MDI). As you are no doubt well aware, MDI has made an all-scrip takeover Offer to acquire your shares in Alto Metals Limited (AME) on the basis of five MDI shares for each of your AME shares. The Offer is detailed in the Bidder's Statement, which was mailed to you on or about 24th April 2019.

Through this letter I wish to summarise why MDI has made the Offer and how accepting the Offer may benefit you as a shareholder of AME, and invite you to attend one of the shareholder briefings I am hosting in Perth, Sydney and Melbourne in early May.

MDI owns 100% of the Sandstone gold project and processing plant, which are located immediately adjacent to AME's Sandstone Gold Project. MDI is currently seeking to recommission the processing plant and, on current metrics, MDI's existing open pit resources do not justify a recommissioning in isolation. Subject to further evaluation, MDI anticipates the AME deposits would provide sufficient additional material to justify recommissioning the mill.

In essence, MDI is seeking access to AME's deposits whilst providing AME with a proximal processing solution.

The outcome of the Offer is anticipated to result in the recommissioning of the mill and sustainable gold production, generating cash flow to fund exploration in the best interests of both AME and MDI shareholders.

The merger of MDI and AME will deliver several other key synergies, including consolidation of the exploration potential of almost the entire Sandstone greenstone belt, a reduction in aggregate corporate and administration costs, an expected increase in market profile, market capitalisation, liquidity and improved access to capital markets to fund further growth opportunities.

In short, the Offer represents a compelling merger of equals, with a substantial initial premium to AME shareholders and the very real prospect of a market re-rating, providing an anticipated further premium on completion of the consolidation to the benefit to both AME and MDI shareholders.

Since late 2016, MDI has made no less than nine approaches (the last immediately prior to announcing the Offer) to various iterations of the AME Board to explain the compelling logic of deriving value from the combined assets of the two companies. Bar one exception, when a former and then chairman of AME agreed to put to the AME board an in-principle agreement to a merge AME and MDI premised on each having equal enterprise value, these entreaties have either been ignored or rejected without discussion. As a result, **MDI saw fit to put the Offer to empower you, as an AME shareholder, to assess the commercial merits of the proposal.**

However, on 19 March 2019, the AME Directors released an announcement to the ASX entitled "Major shareholders representing 32.12% do not intend to accept the Middle Island offer". Those major AME shareholders, associated with or connected to current or former AME board members, adopted the announced position without the benefit of reviewing the MDI's Bidder's Statement, thereby **effectively pre-empting an AME Board recommendation potentially undermining the opportunity for all other AME shareholders.**



AME has seen no less than 17 Board changes since June 2016. In stark contrast, the current MDI Directors are all founding directors of MDI, demonstrating a strong, stable and consistent governance and management platform, which collectively respects the interests of shareholders driven by commerce.

Similarly, MDI's equity capital raisings since its listing on the ASX in 2010 have been 100% successful, being either fully-subscribed or over-subscribed, with the best interests of existing shareholders considered as a priority in every case.

MDI's primary broker has lead-managed or joint lead-managed every capital raising completed by MDI, demonstrating a strong, stable and loyal broking relationship underpinning future capital raisings.

MDI has an extremely strong and supportive shareholder base, many of whom are foundation shareholders. I believe that this extraordinary loyalty is, in our opinion, at least in part **engendered by the integrity with which we operate and the respect shareholders are accorded in our decision-making.**

Should you have any queries whatsoever, please do not hesitate to contact me directly on 0401 694 313 or via email at rick@middleisland.com.au. As I'm always keen to engage personally with shareholders, I encourage you to reciprocate by supplying your contact details to investor@middleisland.com.au or returning the completed form below. This way we can include you on our e-news subscribers list and canvas your views on important Company matters.

As a starting point, we will be hosting shareholder briefings for both AME and MDI shareholders as follows:-

- **Perth** 5.30pm Friday 3 May at the Celtic Club, 48 Ord St, West Perth.
- **Sydney** 6.00pm Tuesday 7 May at the Sofitel Wentworth Hotel, Hobart Room, 61-101 Phillip St, Sydney.
- **Melbourne** 12:30pm Friday 10 May at Collins Quarter, 86 Collins St, Melbourne.

I encourage you to attend one of these events, at which I'll be providing a brief presentation and hosting a Q&A session over refreshments.

For the benefit of Sydney-based AME shareholders, MDI will also be presenting at the RIU Resources Roundup Conference in Sydney at 4.45pm on Tuesday 7 May 2019 at the Sofitel Wentworth. We will also have a display booth at the event, which runs 7-9 May. Providing you are not directly employed in the mining or banking industries, you should be able to register your attendance as an investor, free of charge, via the link <https://www.eventbrite.com.au/e/riu-sydney-resources-round-up-shareholderbroker-registration-registration-59031005326>. I would welcome your attendance at any or all of the Sydney presentation, display booth or shareholder briefing immediately afterwards.

Finally, I strongly encourage you to accept the MDI Offer as soon as practically possible, and I look forward to welcoming you as a new and valued shareholder in MDI.

Yours sincerely,

Rick Yeates
Managing Director

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Detach and return using the REPLY PAID envelope enclosed or email the below details to investor@middleisland.com.au

Name of Entity holding AME Shares: _____

Name of Principal: _____

Best Phone Number: _____

Best Email Address: _____