

THE DIRECTORS CONTINUE TO RECOMMEND THAT YOU REJECT THE MIDDLE ISLAND OFFER BY TAKING NO ACTION

Alto Metals Ltd (“Alto” or “the Company”) notes that, in the absence of a further extension, Middle Island Limited’s (“Middle Island” or “MDI”) takeover offer for all of the shares in the Company as at the record date of 16 April 2019 (“the Offer”) is now scheduled to close at 5.00pm AWST on 28 June 2019.

Both Alto’s and Middle Island’s share registries have advised that Middle Island has received acceptances **for only 0.45% of Alto shares which are currently subject to MDI’s Offer (representing 0.35% of all Alto Shares on issue following the successful placement of shortfall shares, as announced on 6 May 2019) and not the 1.5% as advised by Middle Island’s announcement on 24 May 2019.** On this basis, Middle Island has only received acceptances from Alto shareholders in respect of less than 1 million Alto shares since the Offer opened 4 weeks ago.

As noted in the Company’s announcement on 16 May 2019, Alto was waiting for Middle Island to advise if they will be extending the takeover offer to the new shares issued as part of the shortfall placement and if so when this will be done.

It has now been 2 weeks since Alto issued the shares pursuant to the shortfall placement and, notwithstanding the limited support for the Offer as evidenced by acceptances of only 0.45% of Alto shares which are subject to the Offer in the past 4 weeks, Middle Island has advised they are still yet to make a decision as to whether the takeover Offer will be extended to the shortfall placement shares. The directors consider this a frustrating action on behalf of Middle Island, given the clear response to the Offer from Alto’s shareholders to date.

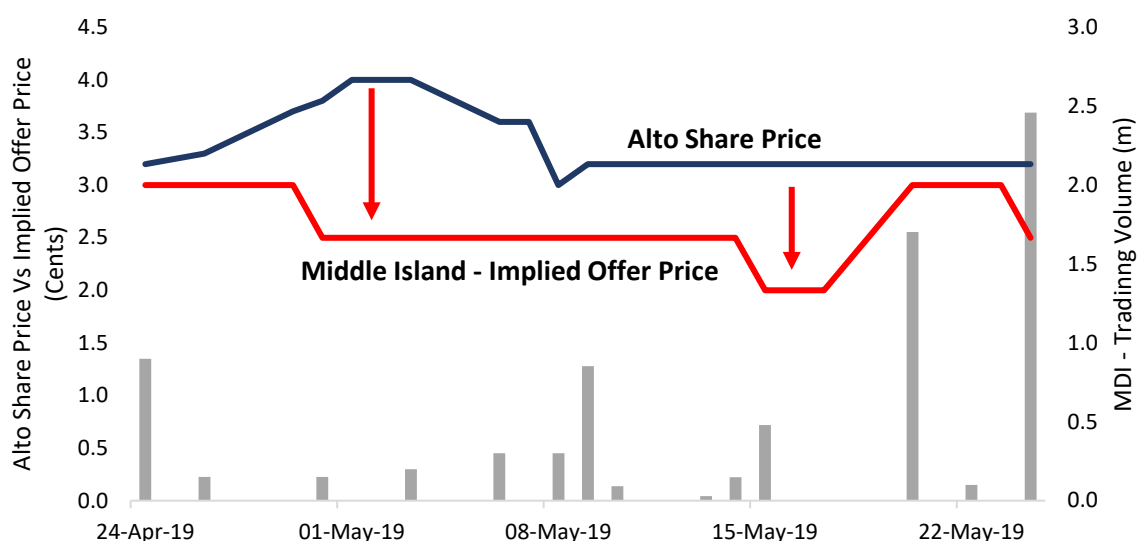
Middle Island has until 21 June 2019 to provide an update as to status of the conditions to the Offer. Alto is currently liaising with ASIC to address the trading of the Company’s shares, however Alto must, unfortunately, remain in suspension until Middle Island extend the offer to the shortfall placement shares, ASIC relief is received, or the Offer is closed or withdrawn.

Additionally, in relation to Middle Island’s response to Alto’s suspension, Middle Island was, or should have been, aware that Alto reserved the right to issue shortfall placement shares (as was announced on 18 February 2019 at the completion of the entitlement offer), before MDI announced its unsolicited and opportunistic offer.

Accordingly, Alto’s suspension is directly linked to Middle Island’s clear inability to decide whether to extend the Offer to the shortfall placement shares or not. The Company notes MDI’s announcement of 23 May 2019 in which MDI allege that Alto issued some of the shortfall shares contrary to the prospectus because they were issued to ‘Eligible Parties’. The reference to ‘Eligible Parties’ in MDI’s announcement as being defined in the Prospectus is incorrect – there is no such term used in the Prospectus so Alto is unsure of MDI’s allegation in this respect. Further, section 1.3 of the Prospectus dated 24 January 2019 clearly sets out the allocation policy of the shortfall shares in which the directors of Alto complied with in full. MDI’s allegation that some of the shortfall shares were issued contrary to the Prospectus is false.

Your Alto directors also note the Middle Island implied offer price continues to trade below the Alto share price (currently suspended) on very limited volumes.

Alto Share Price Vs Implied Offer Price



Your Alto directors are very appreciative of the support that we have received from all of our shareholders. Responding to Middle Island’s unsolicited offer has taken considerable time and money, and we look forward to once again being free to focus 100% of our energy on exploring and developing our resource projects at the Sandstone Gold Project and the 818km² of the historic Archaean Sandstone Goldfield controlled by Alto and creating value for all of our shareholders.

The Alto directors note that Middle Island has not made a “last and final statement” as to whether it intends to extend the Offer beyond this date, and as such Middle Island can further extend the Offer period at any time prior to the current scheduled close.

The Board of Alto continues to consider that the Offer is **OPPORTUNISTIC** and unanimously recommends that all Alto shareholders **REJECT** the Offer by **TAKING NO ACTION**.

Notwithstanding the current suspension of the Company’s securities, the Company shall continue to provide further information to shareholders in accordance with its continuous disclosure obligations.

For more information about Alto and its Projects, please visit the ASX platform (ASX: AME) or the Company’s website, www.altometals.com.au.

Please direct enquiries or requests for further information to:

Terry Wheeler
Chairman
Alto Metals Ltd

Matthew Bowles
Non-Executive Director
Alto Metals Limited
+61 8 9381 2808