

7 June 2019

Mr James Rowe
Manager, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

Dear James,

AWARE QUERY – ALTO METALS LIMITED (AME)

Please find our answers below to the queries raised in your letter of 6 June 2019, using the definitions set out in your letter unless otherwise provided.

1. Does AME consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

AME does not consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

2. If the answer to question 1 is “no”, please advise the basis for that view.

Drilling program

On 6 May 2019, AME announced that it had “*secured firm commitments to raise a total of A\$2,047,502 (before costs) by way of a placement of 56,875,060 Shares at 3.6 cents per share, together with 1 free attaching unquoted option, exercisable at 7 cents for every 2 Shares subscribed for.*”

AME further announced that it “*also intends to raise a further \$600,000 through a placement to Alto’s Chairman and major shareholder, Mr Terry Wheeler (**Placement**) to maintain his interest in the Company. This Placement is to be made on the same terms as the Shortfall Placement and is subject to shareholder approval.*”

The total commitments secured from both the Shortfall Placement and Placement of \$2,647,502 will enable Alto to advance drilling at its flagship Sandstone Gold Project, progress further exploration, resource study work and cover general working capital.” (emphasis added)

As AME had previously disclosed its intention to undertake drilling, it does not believe the announcement from yesterday, which confirms the drilling program is now underway and is consistent with AME’s disclosed intentions, to be information that a reasonable person would expect to have a material effect on the price of its securities.

Exploration Incentive Scheme (EIS)

The EIS is a well known and established scheme with 45 recipients from the latest Round 19 for the 2019 – 2020 year.

AME does not consider that an amount of \$150,000 in the context of cash of \$2.7M would have a material effect on the price or value of its securities.

\$150,000 represents approximately 5.7% of total funds which will be available to the Company for exploration; or \$0.00055 per share.

3. When did AME first become aware of the Information?

On 6 May 2019, the Company disclosed its intentions to commence drilling at the Sandstone Gold Project. The site was prepared and drilling commenced on 20 May 2019.

AME received advice on 23 May 2019 that it had been successful in the Round 19 EIS application

4. If the answer to question 1 is “yes” and AME first became aware of the Information before the relevant date, did AME make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AME was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AME took to ensure that the information was released promptly and without delay.

Not applicable.

5. Please confirm that AME is complying with the Listing Rules and, in particular, Listing Rule 3.1

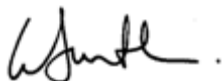
AME confirms that it is complying with the Listing Rules and in particular LR 3.1.

6. Please confirm that AME’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AME with delegated authority from the board to respond to ASX on disclosure matters

AME confirms the responses above have been authorised and approved by its board or an officer of AME with delegated authority from the board to respond to ASX on disclosure matters

Yours faithfully,

ALTO METALS LIMITED



Graeme Smith
Company Secretary



6 June 2019

Mr Graeme Smith
Company Secretary
Alto Metals Limited
Suite 9, 12-14 Thelma Street
West Perth WA 6005

By email

Dear Mr Smith

Alto Metals Limited ('AME'): Aware Query

ASX refers to the following:

A. AME's announcement entitled "Drilling Program Underway at Sandstone Gold Project" lodged on the ASX Market Announcements Platform at 10.52 AM today, Thursday 6 June 2019 (the 'Announcement'), disclosing, amongst other things, the following (together, the 'Information'):

- (i) That a drilling program is underway at AME's Sandstone Gold Project; and
- (ii) That AME has been successful in its application for a grant of up to \$150,000 under Round 19 of the WA Government's Exploration Incentive Scheme.

B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

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- E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

- F. Listing Rule 18.6, which states that an entity must comply with the listing rules even if quotation of the entity's securities is suspended:

"18.6 On admission to the official list, an entity must comply with the listing rules. This applies even if quotation of the entity's securities is deferred, suspended or subject to a trading halt."

Request for Information

Having regard to the above, ASX asks AME to respond separately to each of the following questions and requests for information:

1. Does AME consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did AME first become aware of the Information?
4. If the answer to question 1 is "yes" and AME first became aware of the Information before the relevant date, did AME make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AME was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AME took to ensure that the information was released promptly and without delay.
5. Please confirm that AME is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that AME's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AME with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7.00 AM AWST Monday, 10 June 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AME's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AME to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

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- the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AME's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that AME's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in AME's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

James Rowe
Manager, Listings Compliance (Perth)