

ASX Codes: AME and AMENA

Dear Fellow Shareholder

THE ALTO SHAREHOLDERS HAVE SPOKEN - MIDDLE ISLAND OFFER FAILS TO GAIN ANY TRACTION

*ALTO DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU
CONTINUE TO REJECT THE MIDDLE ISLAND OFFER*

In the last few days you will have received a **SEVENTH** Supplementary Bidder's Statement from Middle Islands Resources Limited (**MDI**), which, amongst other things, extends MDI's unsolicited, off-market, all-scrip takeover offer of 6 MDI ordinary fully paid shares for every 1 Alto Metals Ltd (**AME**) share (**Offer**) to Shares issued as part of AME's shortfall placement, which were issued on 13 May 2019 (**Offer Extension**).

My advice to you as Chairman of AME and as a significant AME Shareholder in my own right and supported by the whole AME board hasn't changed nor been influenced by any of the statements contained in MDI's latest documents. We continue to unanimously recommend that you **REJECT** the Offer by simply **ignoring all correspondence you receive from MDI**.

THE ALTO SHAREHOLDERS HAVE SPOKEN

Notwithstanding MDI's numerous communications with AME shareholders since the Offer was announced on 1 March 2019 (more than 7 months ago), the level of acceptances by AME's shareholders remains **negligible**, evidenced by MDI's disclosures regarding its Relevant Interest in AME's shares, as detailed in the table below:

Date	ASX Announcement	Disclosed Relevant Interest
1 March 2019	Announcement re Intention to make a Takeover Bid	-
10 April 2019	Bidder's Statement	0%
15 April 2019	First Supplementary Bidder's Statement	Not disclosed
24 May 2019	Second Supplementary Bidder's Statement	1.50%
21 June 2019	Third Supplementary Bidder's Statement	1.52%
27 June 2019	Fourth Supplementary Bidder's Statement	Not disclosed
26 July 2019	Fifth Supplementary Bidder's Statement	1.52%
23 September 2019	Sixth Supplementary Bidder's Statement	1.57%
8 October 2019	Seventh Supplementary Bidder's Statement	Not disclosed

As noted above, the last time MDI disclosed their voting power in AME was 23 September 2019, when MDI disclosed that they held a 1.57% relevant interest in AME's shares. Given section 671B(2) of the *Corporations Act 2001* (Cth) requires a bidder to provide substantial holding information each time there is a movement of at least 1% in its holding, AME understands that MDI's holding in AME's shares remains minimal.

MIDDLE ISLAND OFFER FAILS TO GAIN TRACTION

This indicates that, in the more than 5 months since the Offer has been open for acceptances, the Offer has gained minimal traction. In these circumstances, Alto's Board considers it is reasonable to infer that the market has formed the view that Middle Island is continuing to allocate time and resources to the Offer in circumstances where Alto's shareholders have made their view *very clear*.

The Offer has taken up considerable time and resources from Alto over the last 7.5 months and we look forward to once again being free to focus 100% of our energy on developing our Sandstone Gold Project and creating value for all of our shareholders.

MIDDLE ISLAND OFFER STILL NOT TO ALL ALTO SHAREHOLDERS

Middle Island has, in its seventh supplementary Bidders Statement, now extended the Offer the shortfall shares which have been restricted from trading and listed under a separate ASX Code (AMENA), **five months after they were issued as part of the shortfall placement** to the entitlement offer completed earlier this year.

Middle Island has, however, not extended the Offer to the placement shares issued to Windsong Valley (a related party of your Chairman). **The placement shares, which represent 5.8% of the total issued shares in Alto, shall remain in the restricted ASX code.**

Following the most recent extension of the Offer by Middle Island, the Offer is currently due to close on 29 November 2019 (unless further extended).

ALTO DIRECTORS AND MAJOR SHAREHOLDERS CONTINUE TO REJECT OFFER

Your directors continue to believe the Offer should be rejected. These reasons were stated in the letter to shareholders dated 3 July 2019 and remain consistent with the original position presented by Alto's directors which are detailed in Alto's Target's Statement released to ASX on 6 May 2019.

Alto has continued to receive strong messages of support from Alto's three largest shareholders, who collectively own or control:

- (a) 68,608,175 Alto Shares which are subject to the Offer (being 25.37% of all Alto Shares which are subject to the Offer); and
- (b) 85,274,841 Alto Shares in total (being 29.7% of all Alto Shares on issue).¹

Your Directors remain disappointed with the time and resources being allocated to the Offer given the significant lack of traction and continue to recommend that you **TAKE NO ACTION** in relation to the Offer and continue to **IGNORE ALL CORRESPONDENCE YOU RECEIVE FROM MIDDLE ISLAND**.

Further details of the Directors' recommendation are included in the Second Supplementary Target's Statement, First Supplementary Target's Statement and the Target's Statement. Copies of these documents are available on the ASX website, www.asx.com.au and Alto's website, www.altometals.com.au, as will news of any further developments in relation to the Offer.

Your Directors look forward to your continuing support as we respond to the Offer.

Yours sincerely



Terry Wheeler
Chairman
Alto Metals Ltd

¹ See Alto's Second Supplementary Target's Statement for more information on these holdings.

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