



31 DECEMBER 2019 QUARTERLY REPORT

SANDSTONE GOLD PROJECT HIGHLIGHTS

Sandstone Gold Project

Located in a world class gold province in WA

Current resource is 5.4Mt @ 1.7 g/t gold for 290,000oz

Multiple targets

Significant landholding of over 800km² within a major gold province

Capital Structure

Issued Shares: 293m

Share Price: \$0.033

Market Cap: \$9.7m

Directors

Non- Executive Chairman
Terry Wheeler

Non- Executive Director
Matthew Bowles

Non-Executive Director
Dr Jingbin Wang

Company Secretary & CFO

Graeme Smith

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ASX: AME



#altometals

Exploration

- Alto identified a number of additional drilling targets, following a review and reinterpretation of the geology and historical results at the Lord's mining camp, within the Company's Sandstone Gold Project.
- **Targets are analogous to depth extensions** demonstrated for many other Yilgarn orogenic gold deposits.
- The review and new geological interpretation identified conceptual 'Lord style' repetition targets along a +3km corridor between the Lord Nelson and Lord Henry gold deposits.
- **Specialist consultants** have been appointed to accelerate project wide data compilation review and work with Alto's geologists to prioritise drill targets over the entire Sandstone Gold Project.
- These new Lord's gold targets are the focus of the next exploration phase. A staged RC drill program is anticipated to commence in the March quarter of 2020 to **test depth and strike extensions of shallow high-grade gold mineralisation** at the historical Lord Nelson and Lord Henry pits.
- Alto's application for a Mining Lease over Vanguard Camp gold deposits was granted during the period.

Corporate

- At the end of the quarter Alto's cash position was \$0.7 million
- The unsolicited takeover offer from Middle Island for all of the shares in the Company lapsed on 29 November 2019. Acceptances to the Offer at the time of the expiry of the was 0.79%.

Sandstone Gold Project, Western Australia

Exploration to focus on testing depth and strike extensions of shallow, high grade mineralisation at Lord Nelson and Lord Henry, including potential repeats along a +3 km corridor between the two pits

During the quarter, the Company announced that several compelling drill targets had been identified, following a review and reinterpretation of the geology and historical results at the Lord's mining camp.

The Lord Nelson and Lord Henry deposits, which produced 207,000oz gold and 48,000oz gold respectively, were only mined to shallow depths of 90m and 50m. This was primarily due to the inability of the former Sandstone process plant to treat large volumes of the harder, fresh ore found at depth within the Company's Sandstone Gold Project ("Project").

These **new targets comprise depth extensions** to the Lord Nelson and Lord Henry historical open-pits and **potential near-surface 'Lord style' geological repetitions** along a +3km corridor between the two pits.

Lord's Camp Drill Targeting

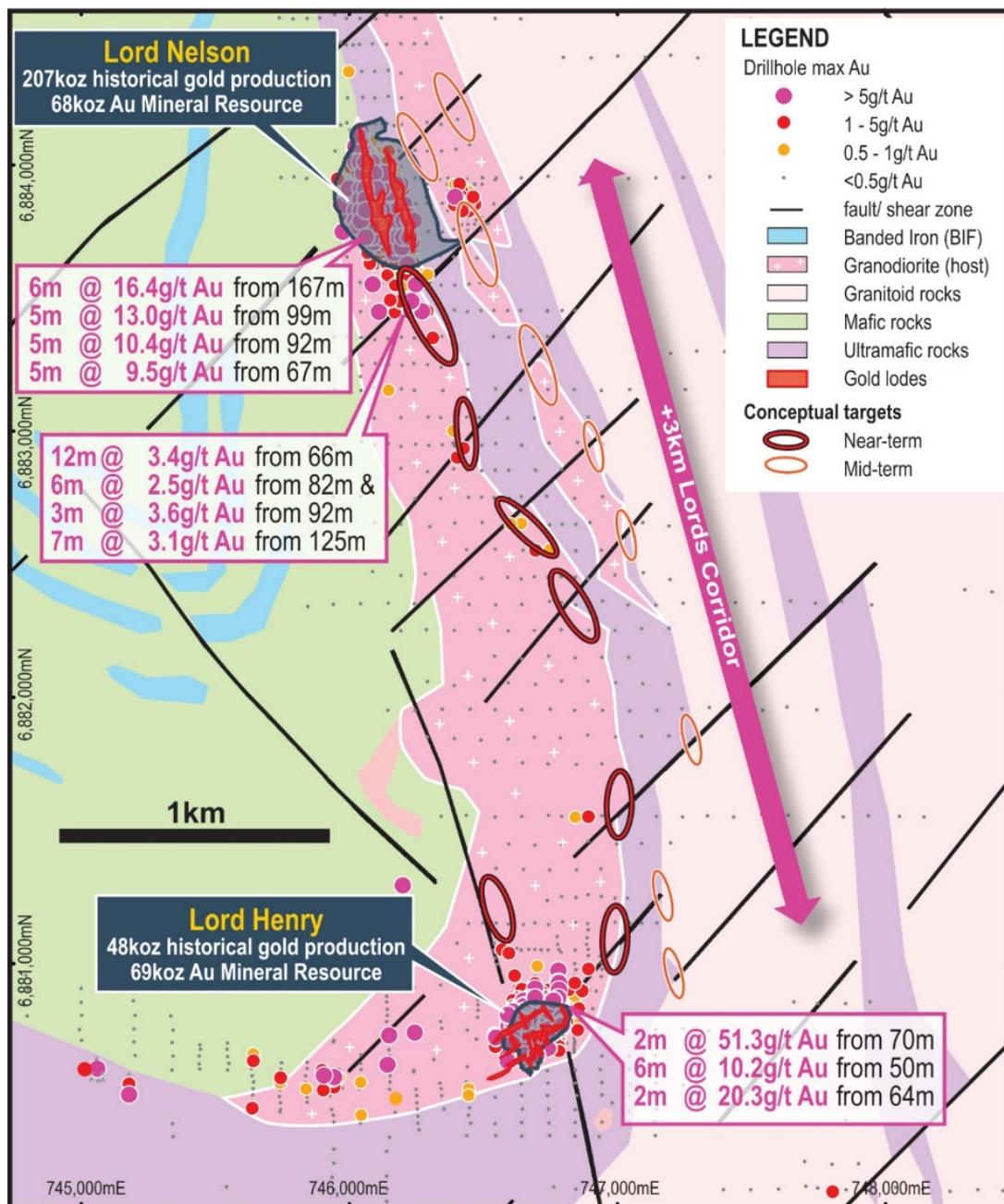


Figure 1. Lords Deposits and +3km 'Lord's Corridor' - 1:5,000 geological interpretation (labelled drill results are from unmined zones)

The potential for depth extensions at Lord Nelson, where there is a current 68,000oz Au Mineral Resource (Table 1), is supported by historical intercepts of **6m @ 16.4 g/t gold** from 167m (TRC339) and **5m @ 13.0 g/t gold** from 99m (TRC374) in unmined zones below the open pit. A recent drill intercept by Alto of **12m @ 3.4 g/t gold** from 66m (ASX Announcement 22 July 2019) highlights the potential for strike extension or repetitions.

The potential for depth extensions at Lord Henry, where there is a 69,000oz Au Mineral Resource (Table 1), is supported by historical intercepts of **2m @ 51.3 g/t gold** from 70m (LHRC007) and **6m @ 10.2 g/t gold** from 50m (TAR955) in unmined zones below the open pit.

Reinterpretation at 1:5,000m scale of the geophysical data has identified several target areas favorable for hosting 'Lord's style' mineralisation within +3km corridor extending between the two deposits.

A scattering of historical RAB, aircore and RC drilling that returned several anomalous intercepts, provides support for these setting to become high-priority targets initially for near-surface mineralisation and, if confirmed, deeper mineralisation.

The Company is on track to commence reverse circulation (RC) drilling in the March quarter 2020 to test these high-priority targets recently identified by Alto's geologists and its external peer review team, including Prof. David Groves and Terra Resources.

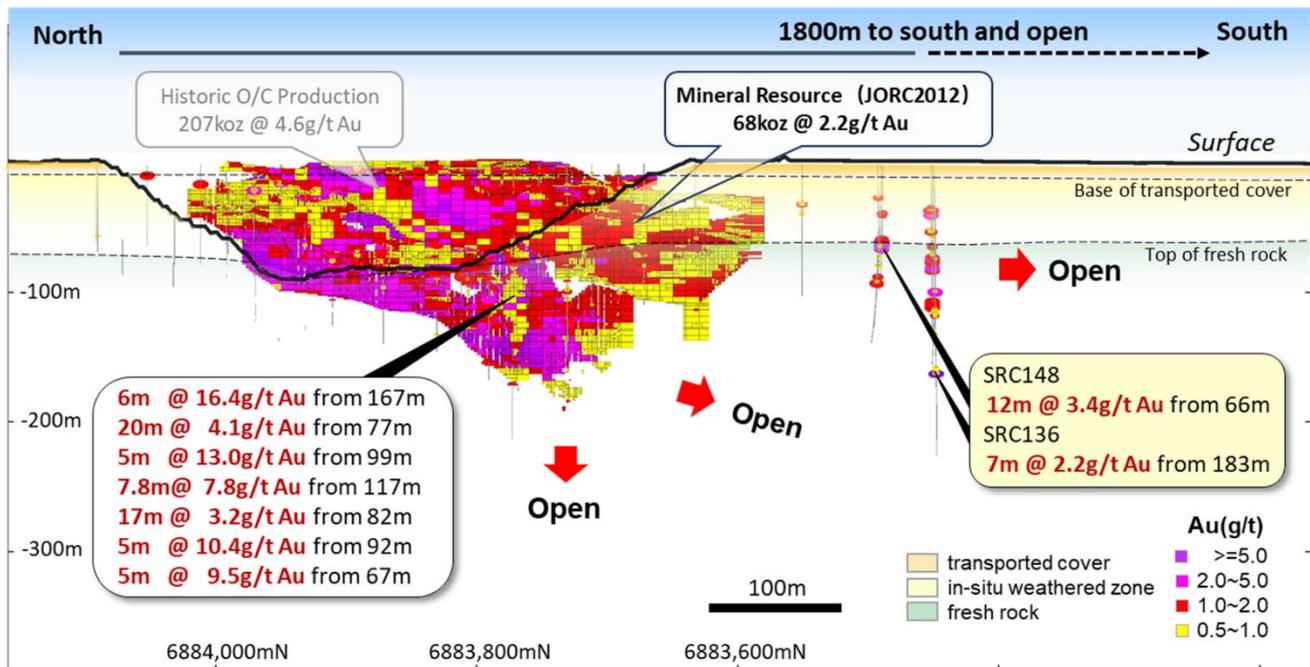


Figure 2. Lord Nelson Deposit, Longitudinal Projection, showing Mined Block Model, Unmined Resource Block Model, and Location of 2019 RC Drill Sections Testing Lord Nelson Southern Extensions

Details of previously released drill results shown in Figure 1 are included below.

Lord Nelson	6m @ 16.4 g/t gold from 167m	TRC339	WAMEX A69776
	5m @ 13.0 g/t gold from 99m	TRC374	WAMEX A72098
	5m @ 10.4 g/t gold from 92m	TRC461	WAMEX A72098
	5m @ 9.5 g/t gold from 67m	TRC410	WAMEX A72098
	12m @ 3.4 g/t gold from 66m	SRC148	ASX: AME 22 July 2019
	6m @ 2.5 g/t gold from 82m and	TRC283	WAMEX A69776
	3m @ 3.6 g/t gold from 92m		
	7m @ 3.1 g/t gold from 125m	TRC328	WAMEX A69776
Lord Henry	2m @ 51.3 g/t gold from 70m	LHRC007	WAMEX A69776
	6m @ 10.2 g/t gold from 50m	TAR955	WAMEX A69776
	2m @ 20.3 g/t gold from 64m	TRC346	WAMEX A69776

Drill results shown in Figure 2, from Lord Nelson Southern Extension, include:

SRC136	7m @ 2.2 g/t gold from 183m (incl. 1m 11.2g/t gold from 189m)
SRC148	3m @ 1.2 g/t gold from 43m and 12m @ 3.4 g/t gold from 66m (incl. 5m @ 6.1 g/t gold from 70m)

Previous drill results (Troy Resources NL), shown in Figure 2 above, are within the current Mineral Resource and less than 80m below the Open Pit:

TRC383	17m @ 3.2 g/t gold from 82m	A72098 ¹
TRC461	5m @ 10.4 g/t gold from 92m	A72098
TRC374	5m @ 13.0 g/t gold from 99m	A72098
TRCD291	7.8m @ 7.8 g/t gold from 117m	A69776
TRC339	6m @ 16.4 g/t gold from 167m	A69776

Note 1: Source is WA Dep't of Mines, Industry Regulation and Safety, WAMEX Reporting System

Previous drill results (Troy Resources NL) not in the current Mineral Resource include:

TRC283	6m @ 2.5 g/t gold from 82m and 3m @ 3.6 g/t gold from 92m	A69776
TRC328	7m @ 3.1 g/t gold from 125m	A69776

Mining Lease Granted over Vanguard Camp

During the quarter, Alto received advice from the Dept. Mines, Industry Regulation and Safety that its application for a Mining Lease (M57/647) over the Vanguard Camp, covering the Vanguard and Vanguard North deposits, has been granted.

This complements the grant of Mining Lease M57/646 in June 2019, covering the Indomitable Camp deposits. The Vanguard and Indomitable Camps have a combined Inferred Mineral Resource of 2.6Mt at 1.5 g/t Au for a total 124,000 ounces (Table 1 and Figure 3).

Securing these Mining Leases is part of Alto's longer term strategy for Sandstone, however the Company's immediate focus remains the exploration of its numerous prospects within its wholly owned `800km² project area.

Project-wide data compilation initiative

During the quarter, Alto engaged external consultants to assist in accelerating the project-wide data compilation, review, re-interpretation and management of the recent and historically generated exploration datasets for the Sandstone Gold Project.

Corporate

Cash & Finances

At the end of the quarter Alto's cash position was \$703,000.

Unsolicited takeover offer from Middle Island

Middle Island Limited's unsolicited takeover offer for all of the shares in the Company as at the record date of 16 April 2019 ("the **Offer**"), expired on 29 November 2019. Alto notes that the acceptances to the Offer at the time of the notice on 22 November 2019 was 0.79%.

For further information regarding the Sandstone Gold Project please visit the ASX platform (ASX: AME) or the Company's website at www.altometals.com.au

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Mineral Resources – Sandstone Gold Project

Table 1 below shows the current Total Indicated & Inferred Mineral Resources (JORC 2012) for the Sandstone Gold Project at 31st December 2019.

Table 1: Sandstone Gold Project – Summary of Total Mineral Resources (JORC 2012)

Deposit	Category	Cut-off (g/t Au)	Tonnage (kt)	Grade (g/t Au)	Contained gold (oz)
Lord Henry ¹	Indicated	0.8	1,200	1.6	65,000
TOTAL INDICATED			1,200	1.6	65,000
Lord Henry ¹	Inferred	0.8	110	1.3	4,000
Lord Nelson ²	Inferred	0.8	980	2.2	68,000
Indomitable & Vanguard Camp ³	Inferred	0.3-0.5	2,580	1.5	124,000
Havilah & Ladybird ⁴	Inferred	0.5	510	1.8	29,000
TOTAL INFERRED			4,180	1.7	225,000
TOTAL INDICATED AND INFERRED			5,380	1.7	290,000

Note 1. AME ASX Release 16 May 2017. “Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz.”

Note 2. AME ASX Release 28 April 2017. “Lord Nelson Mineral Resource Increased to 68,000oz.”

Note 3. AME ASX Release 25 Sept 2018. “Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA”

Note 4. AME ASX release 11 June 2019. “Alto increases Total Mineral Resource Estimate to 290,000oz, Sandstone Gold Project”

All material assumptions and technical parameters underpinning the 2017, 2018 and 2019 JORC (2012) Mineral Resource estimates in the above ASX announcements continue to apply and have not materially changed since last reported.

The locations of the Alto Metals JORC 2012 Mineral Resources referred to in Table 1 are shown in Figure 3.

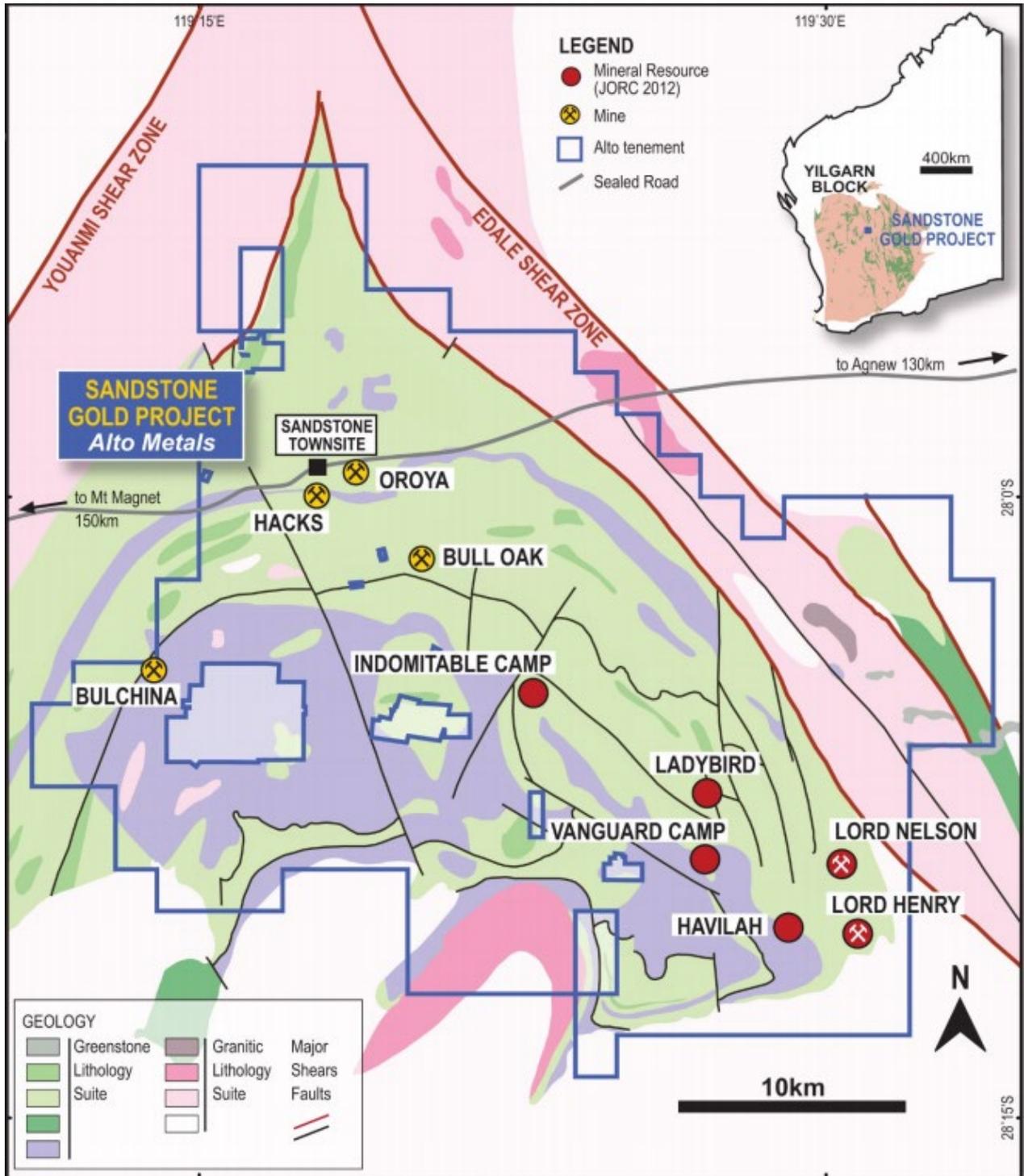


Figure 3. Location of gold prospects and historical mines at Sandstone Gold Project

About Alto Metals and the Sandstone Gold Project

Alto Metals Limited is a Western Australian based company and is focused on gold exploration in Australia. The company holds ~800 km² of the prospective Sandstone Greenstone Belt, ~600km north of Perth in the East Murchison Mineral Field of Western Australia (Figure 4).

Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which commenced in November 2016, and which have defined JORC (2012) Mineral Resources of 290,000 ounces gold and numerous drill ready targets using a systematic Mineral System approach.

Alto's goal is the delineation of a +1 million ounces JORC 2012 Mineral Resources that could become the basis for a re-establishment of standalone oxide and primary gold mining and milling operations at the Project.

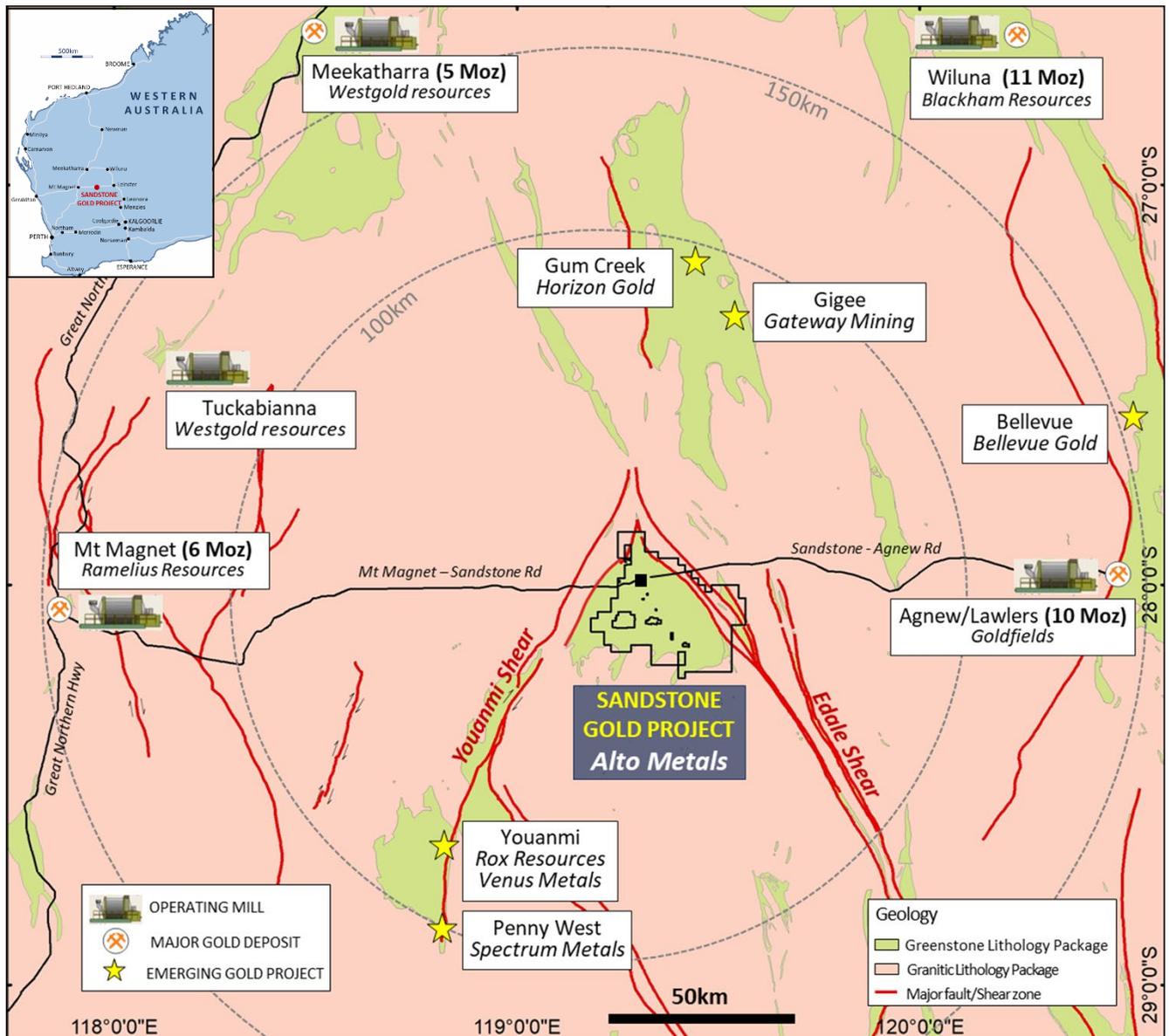


Figure 4. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

Forward-Looking Statements

This release may include forward-looking statements. Forward-looking statements may generally be identified by the use of forward-looking verbs such as anticipate, aim, expect, intend, plan or similar words, which are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Alto Metals Limited. Actual values, results or events may be materially different to those expressed or implied in this release. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this release speak only at the date of issue. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Alto Metals Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this release or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Competent Persons Statement

The information in this Report that relates to current and historical Exploration Results is based on information compiled by Dr Changshun Jia, who is an employee of Alto Metals Limited. Dr Jia is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Jia consents to the inclusion in the report of the matters based on the information in the context in which it appears.

Previously Reported Results

There is information in this report relating to exploration results which were previously announced on 12 September 2019. Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

APPENDIX - 1: Tenement Information as Required by Listing Rule 5.3.3

Alto Metals Ltd and Its 100% Owned Subsidiaries, on a Consolidated Basis at 31st December 2019

Tenement	Location	Interest Held	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/647	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/650	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/651	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/652	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1417	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application

Note: Sandstone Exploration Pty Ltd is a wholly owned subsidiary of Alto Metals Limited

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ALTO METALS LIMITED

ABN

62 159 819 173

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(251)	(711)
(b) development		
(c) production		
(d) staff costs	(123)	(303)
(e) administration and corporate costs	(65)	(236)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		23
1.9 Net cash from / (used in) operating activities	(437)	(1,221)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(3)	(3)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	600
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	-	600

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,143	1,327
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(437)	(1,221)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	600
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	703	703

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances		49
5.2 Call deposits		1,094
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	703	1,143

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

69

Director / Consulting Fees accrued from 2019 year paid in Dec quarter

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

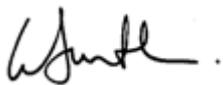
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	300
9.2 Development	
9.3 Production	
9.4 Staff costs	100
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	460

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Dec 2019 Quarterly Report		
10.2 Interests in mining tenements and petroleum tenements acquired or increased		Refer to Dec 2019 Quarterly Report		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ...31 January 2020.....

Print name:Graeme Smith.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.