

Goldsea releases bidder's statement for cash takeover offer for Alto Metals Limited

- All-cash offer of A\$0.065 per Alto share and new separate cash offer for all Alto options
- Compelling opportunity for Alto shareholders and optionholders to realise certainty of value
- Attractive 93% premium to the one-month VWAP of A\$0.034 per Alto share
- Ability to crystallise cash value for Alto options for which there is no regular liquid marketplace

Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (**Goldsea**), an Australian subsidiary wholly-owned by Shandong Goldsea Group Co. Ltd (**Goldsea China**) and part of the Goldsea Group, has today released its bidder's statement containing off-market takeover offers (**Offers**) for all of the issued and to be issued ordinary shares in Alto Metals Limited (ACN 159 819 173) (**Alto**) (ASX:AME) for A\$0.065 cash per share (**Share Offer**) and following engagement with the Alto board, an offer for all of Alto's unlisted options (**Option Offer**).

Compelling offer for Alto share and optionholders

Five key reasons to accept the Offers are:

- **Share Offer Price is an attractive premium to Alto's recent trading prices** – based on the Alto share price up to and including 20 February 2020 (being the last practicable trading day prior to the announcement of Goldsea's intention to make a takeover bid), the Share Offer Price represents a premium of:
 - 103% to A\$0.032, the last closing price of Alto shares on 20 February 2020;
 - 93% to A\$0.034, the one-month Volume Weighted Average Price (**VWAP**) of Alto shares;
 - 86% to A\$0.035, the three-month VWAP of Alto shares; and
 - 83% to A\$0.036, the six-month VWAP of Alto shares.

The Share Offer Price also represents a premium of 81% to Alto's capital raising price of A\$0.036 per share in May 2019.

Goldsea notes the current substantial volatility observed in global capital markets related to the global pandemic, COVID-19. In light of this volatility, the Share Offer price presents Alto shareholders with the certainty of a 'cash exit' in an uncertain economic environment.

Since the announcement of Goldsea's intention to make a takeover bid on 21 February 2020, the S&P ASX200 index (which in broad terms tracks the performance of the ASX) has fallen 2,593 points from 7,139 to 4,546, a substantial 37% reduction – a stark contrast to the Share Offer price premiums described above.

Despite this substantial fall, Goldsea has maintained its commitment to the originally contemplated Share Offer made to all of Alto shareholders and now included an improved offer to optionholders.

- **Option Offer provides an opportunity to realise value for Alto options in circumstances where there is otherwise no market** – if Alto optionholders do not accept the Option Offer, they would need to exercise their Alto Options in order to sell their securities.

A cash amount for each Alto Option you own of the relevant class of Alto Options is as follows:

Class	Key terms	Consideration per Alto Option
1	Exercisable at \$0.07 expiring 17 August 2020	\$0.012
2	Exercisable at \$0.07 expiring 13 November 2020	\$0.015
3	Exercisable at \$0.07 expiring 18 January 2021	\$0.017
4	Exercisable at \$0.07 expiring 9 March 2021	\$0.018
5	Exercisable at \$0.07 expiring 29 November 2023	\$0.034

- **Cash certainty** – removes your exposure to the risks associated with holding equity securities in Alto including, in particular, project funding, exploration and development risks in relation to Alto's Sandstone Gold Project, ongoing corporate costs, as well as general market and liquidity risks associated with maintaining equity security holdings in Alto.
- **Alto's share price may fall if the Offers are unsuccessful** – as noted above, the Share Offer Price is at an attractive premium to recent trading levels.
- **No brokerage or stamp duty payable by accepting the Offers**

Mr Jianjun Li, Chairman of the Goldsea Group, commented, “We are convinced that our Offers are a unique opportunity for Alto shareholders and Alto optionholders. Now more than ever given the recent market volatility. The Offers provide certainty of value in an uncertain market at a genuinely attractive cash price for Alto shares and a cash offer for the unlisted Alto options. For Goldsea, this is a logical step, in line with the Group's strategy, to bring the ownership of the Sandstone Gold Project within its portfolio. Given the nature of Sandstone Gold Project exploration and potential restart, we believe that the Sandstone Gold Project would be best placed being wholly-owned within a larger, diversified portfolio such as Goldsea's.”

Offer Conditions

The Share Offer is subject to conditions as detailed in Goldsea's intention to bid announcement dated 21 February 2020, including a 90% minimum acceptance condition and approval of the Australian Foreign Investment Review Board, which Goldsea has applied for. The full terms and conditions of the Share Offer are set out in section 13 of the Bidder's Statement.

The Option Offer is subject to the Share Offer being declared unconditional and any regulatory approvals required being received before the end of the Offer Period. Goldsea has received ASIC relief to facilitate the Option Offer and treat the Alto Options as a single class of securities

for the purposes of the Option Offer. The full terms and conditions of the Option Offer are set out in section 14 of the Bidder's Statement.

The Goldsea Board confirms that, since its ASX announcement dated 21 February 2020 based on review of information provided by Alto (data room access was given to Goldsea on 18 March 2020), the 'Cooperation and Equal Access to Information' condition of its Share Offer is now satisfied, save in respect of:

- Goldsea's confirmatory due diligence environmental review in section (d)(i)(A) on the basis Goldsea has only recently received access to data on the Sandstone Gold Project from Alto and appointed a third-party consultant to assist Goldsea with its review; and
- the 'Equal Access to Information' condition in section (d)(iii) of the Share Offer which is expressed to continue till the end of the Offer Period.

Goldsea notes that Alto has chosen to enter into a standby loan facility announced to ASX on 16 March 2020 with its largest shareholder, Windsong Valley Pty Ltd (**Windsong Loan Facility**). Alto did not address the impact on the Share Offer in its announcement. Despite this, Goldsea has decided to waive the breach of conditions of the Share Offer in respect of the Windsong Loan Facility and proceed with its Offer.

Next steps

Unless Goldsea receives consent to short dispatch from Alto, Goldsea expects to dispatch its Bidder's Statement to Alto's shareholders and optionholders by mid April 2020.

To accept the Offers, please follow the instructions on the accompanying share offer or option offer acceptance form (see sections 13.3 and 14.4 of the Bidder's Statement).

If you have any questions about the Offers, please call the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia).

About Goldsea Group

Goldsea is an Australian subsidiary wholly-owned by Shandong Goldsea Group Co. Ltd (**Goldsea China**) and part of the Goldsea Group. The privately owned Goldsea Group comprises a diversified group of companies with a focus on the mining, venture capital, real estate, civil engineering construction and ecological sectors and currently employs approximately 800 employees. As at 31 December 2019, the Goldsea Group had net assets of approximately CNY 2.35 billion (A\$503.1 million) and net cash position of CNY 654 million (A\$140.0 million).¹ A company wholly-owned by Goldsea Group Chairman, Mr Jianjun Li, GS Group Australia Pty Ltd, currently holds 8,511,856 Alto shares or 2.90% of Alto (on an undiluted basis).

Goldsea Group is committed to mineral development and resource exploration through its wholly owned subsidiaries. The Goldsea Group's three gold mining entities, being Jinlong Gold Mining Co. Ltd and Jintai Mining Investment Co. Ltd in Shangdong Province, and Jiangyi Mining Co. Ltd in Xinjiang Province in China have a combined average ore mining capacity of 0.8 Mtpa, resulting in gold production of approximately 110,000 ounces during the prior 3 calendar years ending 31 December 2019.

Investor and media enquiries:

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¹ Based on the AUD:CNY Reserve Bank of Australia conversion rate of 4.67 as at 20 February 2020.



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This announcement has been authorised by the Board of Goldsea.