

ALTO RESPONSE TO GOLDSEA OFFERS

Dear Shareholders and Optionholders

On 21 February 2020, Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (**Goldsea**), a wholly owned subsidiary of Shandong Goldsea Group Co Ltd announced an intention to make an unsolicited, off-market, cash takeover offer for all the shares in Alto Metals Limited (ACN 159 819 173) (**Alto**).

You should have received the Bidder's Statement from Goldsea containing offers to acquire all of your fully paid ordinary shares in Alto for consideration of \$0.065 cash per share (**Share Offer**) and all of your Alto Options (being, in respect of all Alto Optionholders, a total of 78,842,567 Alto Options) for the consideration as set out in the table in Section 1.1 of the Target's Statement (**Option Offer**), together the (**Offers**).

There are a number of conditions to the Share Offer, including, amongst other things, a condition that at the end of the Offer Period Goldsea has a Relevant Interest in at least 90% of the Alto Shares (on a fully diluted basis). The Option Offer is subject to a condition that the Share Offer is declared unconditional in all respects.

On 14 and 15 April 2020, Adaman Minerals Pty Ltd (**Adaman**) bought an aggregate of 30,325,000 Alto Shares on market, representing 10.3% of the Alto Shares on issue. Adaman also provided Alto with a confidential funding proposal, which the Alto Board declined on the basis of the unacceptable terms offered. Alto has requested formal confirmation of Adaman's intention in respect of the Goldsea Share Offer but, as at the time of finalising this Target's Statement, has not received this formal confirmation.

On the basis of the actions of Adaman to date, the Alto Board considers that it is unlikely that Adaman is minded to accept the Share Offer at this time. If this is the case, it will not be possible for the minimum acceptance condition of the Goldsea Share Offer to be satisfied. In light of this position, Alto requested that Goldsea consider waiving its minimum acceptance condition. At the time of finalising this Target's Statement, Goldsea has declined to such waiver.

As a result of the above, the Alto Board considers that it has no reasonable basis to assume that the conditions to the Goldsea Offers will be satisfied. For this reason, and the other reasons detailed in this Target's Statement, the Alto Board recommends that Alto Shareholders and Optionholders **REJECT** the current Goldsea Offers.

The Directors unanimously recommend that you **REJECT** the Offers, given that:

1. **The Offers are subject to a number of Conditions which are unlikely to be satisfied.**
2. **If you accept the Offers, you are unable to accept a Superior Proposal if one emerges.**
3. **There may be tax implications for you if you accept the Offers.**

The full basis for the Directors' recommendation is provided in Section 2.1 of the Target's Statement.

Accepting the Offers will deny you the benefit of any subsequent Superior Proposal by another party should one emerge during the Offer Period, unless you become entitled to withdraw your acceptance (see Section 5.7 of the Target's Statement for an explanation of the limited circumstances where an acceptance may be withdrawn) or the Offers lapse. You will also give up your right to deal with your Shares and Options whilst the Offers remains open.

The Directors may change their recommendation in the event of a variation to the Offers. Any such change in recommendation would be communicated to Shareholders and Optionholders by way of an ASX announcement and supplementary target's statement



The Directors recommend that you read the Target's Statement in its entirety and in conjunction with the Bidder's Statement you have received from Goldsea. In assessing whether or not to accept the Offers, you should consider the information provided to you in the Target's Statement, the risks and potential rewards of remaining an Alto Shareholder and/or Alto Optionholder and your own personal circumstances.

If you have any questions in relation to the Offers as a Shareholder and/or an Optionholder, I encourage you to seek either financial or legal advice without delay.

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

This announcement has been authorised by the Board of Alto Metals Limited.

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