

RECEIPT OF COMPETING TAKEOVER PROPOSAL

Alto Metals Limited (**Alto** or **Company**) advises that it has received a proposal from Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**) to make an off-market takeover offer for all of the shares in the Company for 6.6 cents per share (**Proposal**).

The intended takeover offer described in the Proposal (**Habrok Offer**) is to be on an unconditional basis. The Habrok Offer, once made, will therefore not be conditional on due diligence, financing, regulatory approval or further internal approvals.

Alto notes that Habrok is currently evaluating (but has not determined to make) a takeover bid for Alto's options at or above the price offered by Goldseas, subject to receiving ASIC relief.

The Proposal is attached to this announcement.

Alto notes its recommendation of the Goldseas Australia Mining Pty Ltd takeover offers to acquire the Alto shares and options (**Goldseas Offers**), as disclosed in Alto's first supplementary target's statement dated 1 May 2020. Alto will consider the impact of the Proposal on the Goldseas Offers and the Alto Board's recommendation. The Company notes that the offer price proposed under the Habrok Offer exceeds the 6.5 cents offer price per share under the Goldseas Offers. The Goldseas Offers also remain subject to the satisfaction of a number of conditions, including FIRB approval.

The Directors advise that shareholders should TAKE NO ACTION in respect of the Habrok Offer until they receive further advice from the Alto Board.

The Board will keep shareholders informed of further developments as they occur.

This announcement has been authorised by the Board of Alto.

Please direct enquiries or requests for further information to:

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Mr Richard Monti
Non-Executive Chairman
Alto Metals Limited
Suite 9, 12-14 Thelma Street,
West Perth WA 6005

22 May 2020

Dear Mr Monti

Intention to make a takeover bid in respect of the ordinary shares in Alto Metals Limited (ASX: AME) (Alto)

Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**) advises that it intends to make an unconditional takeover bid to acquire all of the ordinary shares (**Shares**) in Alto Metals Limited (ASX: AME) (**Alto**) for a cash consideration of A\$0.066 per Alto share (**Habrok Share Bid**).

For the avoidance of doubt, the Habrok Share Bid will not be subject to diligence, financing or regulatory approvals, and is therefore superior both in terms of price and lack of conditionality to the conditional takeover bid by Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (**Goldsea**) for all of the Shares (**Goldsea Share Offer**).

In light of the above, we assume that the Alto board will withdraw its recommendation in respect of the Goldsea Share Offer and the statements of intent by the Alto board to accept the Goldsea Share Offer in the absence of a superior proposal.

Habrok expects to lodge its bidder's statement for the Habrok Share Offer with Alto over the coming weeks and would look to discuss with Alto an accelerated timetable for the dispatch of bidder's statement possibly in conjunction with Alto's target statement.

As an indication of its commitment, Habrok has just acquired a relevant interest in 35,325,781 Shares (12.04%), and will be filing a substantial holder notice shortly. This relevant interest arises from acquisition agreements with Adaman Minerals Pty Ltd and Mostia Dion Nominees Pty Limited.

Habrok reserves the right to acquire Shares in the ordinary course of trading on the ASX to the extent permitted by law.¹

Habrok is evaluating its position regarding Options

In addition, Habrok is currently evaluating (but has not determined to make) a takeover bid for Alto's options at or above the price offered by Goldsea under its takeover bid for the respective classes of Alto options, subject to receiving ASIC relief (similar to that received by Goldsea). Habrok has filed an application with ASIC for the requisite relief. For the avoidance of doubt, this letter is not a statement of intention by Habrok to make a takeover bid for the Alto options under section 631 of the *Corporations Act 2001* (Cth).

¹ Prior to lodgement of its bidder's statement Habrok cannot acquire Shares on the ASX which would lead to its voting power exceeding 20%.

About Habrok

Habrok has been established for the purpose of the Habrok Share Bid, and is ultimately controlled by Habrok Mining Pty Limited (**Habrok Parent**). Habrok Parent and its subsidiaries have made investments in a range of mining acquisitions in Western Australia in both gold and iron ore.

Habrok will fund the consideration required under the Habrok Share Bid from cash which will be on deposit with an Australian bank during the bid period for the Habrok Share Bid.

Loan Facility

Habrok understands that the Windsong Loan Facility has not been drawn down at this stage and that Goldsea has proposed terms for a loan facility agreement with Alto for up to \$1 million of funding to finance Alto's working capital requirements (**Goldsea Loan Facility**).

Habrok would be prepared to provide to Alto an equivalent secured loan facility of up to \$1 million to assist Alto in funding its short term working capital requirements subject to:

1. Habrok obtaining a relevant interest in not less than 50.1% of the Shares;
2. Receipt of security to Habrok (in the form of a customary mining act mortgage); and
3. On terms broadly consistent with the description of the Goldsea Loan Facility set out in paragraph 3 of Goldsea's supplementary bidder's statement dated 1 May 2020.

Advisers

Habrok has retained CLSA Australia and Allen & Overy to advise it in connection with the Habrok Share Bid.

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We believe the Habrok Share Bid is an objectively superior proposal to the Goldsea Share Offer. We look forward to working with you to present this compelling opportunity to your shareholders.

Yours faithfully



Simon Raftery
Director

About Habrok Mining

Habrok Mining is a privately-owned investment company established in 2019 which has interests in both gold and iron ore projects in Western Australia. Its investments include assets in pre-feasibility, production and care and maintenance projects.

About Remagen Capital

Remagen Capital is a privately-owned investment firm founded in 2013. We are headquartered in Sydney, and conduct business throughout Australia. Remagen manages a pool of funds and separately managed accounts on behalf of high net worth and institutional investors. We have experience in investing into a diverse range of asset types and sectors, including mining and mining services, forestry, agriculture, waste and recycling, real estate and healthcare.