

ENTITLEMENT OFFER & HABROK TAKEOVER OFFER UPDATE

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KEY DETAILS

- Strong support received for the Entitlement Offer with \$2.6 million already secured by commitments under the Institutional Entitlement Offer for \$1.7 million and from other major shareholders to participate in the Retail Entitlement Offer for \$0.9 million.
- Both Institutional and Retail Entitlement Offers form part of the Company's \$5.1 million capital raising at \$0.07 per share.
- Statements of intention received from key shareholders holding 38.15% of the issued shares in Alto, that they do not intend to accept the Habrok Offer.
- Strong endorsement of the potential of Sandstone Gold Project, with drilling currently underway.
- Interim orders made by the Takeovers Panel in response to an application made by Habrok, deferring settlement of the Institutional Entitlement Offer and delaying the Retail Entitlement Offer.

Entitlement Offer update

Alto Metals Limited (ASX:AME) (**Alto** or **Company**) is pleased to announce that it has received strong shareholder support for its 1 for 4 pro rata accelerated non-renounceable entitlement offer to raise up to a total of \$5.1 million (before costs) (**Entitlement Offer**). The Company has received commitments representing a total of approximately \$2.6 million, comprised of:

- acceptances under the institutional portion of the Entitlement Offer (**Institutional Entitlement Offer**) for approximately \$1.7 million; and
- commitments from major shareholders Harvest Lane and Sinotech to participate in the retail portion of the Entitlement Offer (**Retail Entitlement Offer**) for approximately \$0.9 million.

Alto's Managing Director, Matthew Bowles commented:

"We are encouraged by the overwhelming level of support for the offer from our existing shareholders, which is a major endorsement of our strategy to recommence exploration at the Sandstone Gold Project given the current gold price environment.

With drilling currently underway at Lord Nelson, targeting known gold mineralisation both along strike from and beneath the historic pit, we look forward to updating shareholders on results in the coming weeks."

The Institutional Entitlement Offer has now closed, but as a result of the interim orders of the Takeovers Panel described below, will not be settled unless and until the approval of the Takeovers Panel is received. The Retail Entitlement Offer was due to open on 20 July 2020 but is similarly expected to be delayed as a result of the interim orders described below. The 'ex date' and record date for the Entitlement Offer remain unchanged.

Takeover offer from Habrok

The Company notes the Bidder's Statement lodged by Habrok (Alto) Pty Ltd (**Habrok**) on 10 July 2020 regarding the unconditional cash offer of \$0.066 per share for all the issued shares in the Company (**Habrok Share Offer**) and the separate cash offer for the Company's options.

Alto has received notice from shareholders holding 38.15% of the Alto shares currently on issue that they **DO NOT INTEND TO ACCEPT** the Habrok Share Offer at the offer price of \$0.066 per share. Refer to the schedule attached to this announcement for further details.

Each of these shareholders, plus additional key shareholders holding a further 13.71% of the Alto shares on issue, either participated under the Institutional Entitlement Offer for their full entitlement or has given a firm commitment to take up their full entitlement under the Retail Entitlement Offer, at \$0.07 per share, which is a premium to the Habrok Share Offer price.

While the Habrok Share Offer is unconditional and therefore not dependent upon a minimum level of acceptances from Alto shareholders, Alto considers that the statement of support from these shareholders is a strong endorsement of Alto's exploration strategy and the potential of the Sandstone Gold Project.

The Board of Alto maintains its recommendation as announced on 13 July 2020 that shareholders do not accept the Habrok Share Offer. Further information as to the basis for the Alto Board's recommendation will be provided in its Target's Statement.

Takeovers Panel Application

On 14 July 2020, Habrok made an application to the Takeovers Panel seeking a declaration of unacceptable circumstances in relation to certain affairs of Alto, including the Entitlement Offer.

The Takeovers Panel has today made interim orders to the effect that:

- Alto must defer the opening of the Retail Entitlement Offer, including the despatch of the retail offer booklet and personalised entitlement and acceptance form, and all subsequent steps in the Entitlement Offer timetable, until a further order of the Panel is made; and
- Alto must not issue or allot any new shares under the Entitlement Offer without prior approval of the Panel.

Alto strongly disagrees with the application made by Habrok and intends on vigorously defending the application with a view to proceeding with the Entitlement Offer and the placement of any shortfall (subject to shareholder approval) in conjunction with Morgans Corporate Limited, the lead manager to the Entitlement Offer. The Alto Board considers the continuation of exploration activities and the provision of funding by the Entitlement Offer to be in the best interests of shareholders as a whole.

Alto will provide an update to shareholders as soon as this matter is resolved.

This announcement has been authorised by the Board of Alto. This announcement is intended to lift the suspension of the Company's securities.

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Schedule: Details of shareholder support

The Company has received separate written notices from each of the following shareholders confirming that they do not intend to accept the Habrok Share Offer at the offer price of \$0.066 per share:

Shareholder (and their respective associated entities)	Number of shares currently held	Voting power
Windsong Valley Pty Ltd and Marymount Pty Ltd	57,374,841	19.56%
Harvest Lane Asset Management	38,631,358	13.17%
Sinotech (Hong Kong) Corporation Limited	15,900,000	5.42%
TOTAL	111,906,199	38.15%

Each of the shareholders named above have consented to the disclosure of their intention.