

BY E-LODGEMENT

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20 August 2020

Dear Sir/Madam

Off-market takeover bid by Habrok (Alto) Pty Limited for Alto Metals Limited – supplementary bidder's statement and notice of variation

We act for Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**).

In accordance with sections 647(3)(b) and section 650D of the *Corporations Act 2001* (Cth) (**Corporations Act**), we enclose by way of service:

- a copy of Habrok's supplementary bidder's statement in relation to the off-market takeover bid by Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**) for all of the ordinary shares and options in Alto Metals Limited ACN 159 819 173 (**Alto**); and
- a formal notice of variation to the Share Offer to increase the share offer consideration from \$0.066 per Alto share to \$0.07 per Alto share pursuant to section 650D(1)(c) of the Corporations Act.

The supplementary bidder's statement and notice of variation have been lodged today with ASIC and served on Alto.

Yours faithfully



Michael Parshall
Partner



James Nicholls
Counsel



Supplementary Bidder's Statement

1. Important notices

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Supplementary Bidder's Statement**). It is supplementary to the bidder's statement dated 10 July 2020 (**Bidder's Statement**) and issued by Habrok (Alto) Pty Limited ACN 640 780 589 (**Habrok**), in relation to its off market takeover bid for all Alto Shares and Alto Options under Part 6.5 of the Corporations Act (**Habrok Offer**). This Supplementary Bidder's Statement supplements, and should be read together with the Bidder's Statement.

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Supplementary Bidder's Statement. This Supplementary Bidder's Statement prevails to the extent of any inconsistency.

A copy of this Supplementary Bidder's Statement was lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for the content of this Supplementary Bidder's Statement.

2. Supplementary information in relation to the Habrok Offer

2.1 Panel declaration of unacceptable circumstances

The Takeovers Panel (**Panel**) has now determined that the circumstances surrounding Alto's entitlement offer as announced on 13 July 2020 (**Entitlement Offer**) are **unacceptable circumstances**, and made final orders in response to Habrok's application to the Panel dated 14 July 2020, requiring that:

- Alto must immediately take all action necessary to terminate the Entitlement Offer;
- Alto must return all subscription monies received under the Entitlement Offer, and not process any applications or issue or allot any new shares under the Entitlement Offer;
- Alto must not announce the terms of any new capital raising or the indication of any Alto shareholder support of any new capital raising, or request or accept commitments from Alto shareholders to participate in a new capital raising within 2 weeks following the date of dispatch of the Supplementary Statement (defined below);
- all Alto shareholders unrelated to Alto directors have the right to withdraw any previously given intention statement to reject the Habrok Offer (**Shareholder Intention Statements**); and
- Alto must dispatch a supplementary target's statement, which includes details of the relationship between Alto directors and the Alto shareholders that made Shareholder Intention Statements and an explanation of the effect of the Panel's declaration and orders (**Supplementary Statement**),

(together, the **Panel Orders**).

The Panel Orders and the declaration of unacceptable circumstances as set out in the Panel's media release dated 19 August 2020, highlights the breadth of the unacceptable conduct undertaken by the Alto Board during the Habrok Offer, for example:



- The Alto Board did not have appropriate regard to the matters set out in Alto's recommendation announcement released to Alto Shareholders and Alto Optionholders on 13 July 2020 (**Recommendation Announcement**), in reaching their decision to recommend the rejection of the Habrok Offer.

Habrok Comment: Alto Shareholders and Alto Optionholders should give no weight to the Alto Board's previous recommendation to reject the Habrok Offer.

- The timing and pricing of the Entitlement Offer in conjunction with Recommendation Announcement was a defensive tactic in response to the Habrok Offer, which has adversely affected the prospect of the Habrok Offer succeeding and contravened key takeover principles outlined in the Corporations Act.

Habrok Comment: The Alto Board has continually sought to undermine the Habrok Offer, and launched the Entitlement Offer in an attempt to thwart Habrok's genuine takeover bid despite the Habrok Offer providing value to Alto Shareholders and Alto Optionholders.

- The Shareholder Intention Statements (as presented in Alto's announcements as released on 15 and 16 July 2020) are misleading given Alto has failed to disclose that **24.98%** of Shares intending to reject the Habrok Offer are controlled or influenced by Alto directors.

Habrok Comment: Alto Shareholders and Alto Optionholders are currently acting on an uninformed basis and have been continually misled by the Alto Board.

A full copy of the Panel Orders can be obtained on the Takeover's Panel website <https://www.takeovers.gov.au/> or from the ASX.

2.2 Increase in offer price for Shares to \$0.07 per Share

Habrok is pleased to announce that the Panel Orders have satisfied the Offer Price Increase Condition as outlined in Habrok's conditional price increase announcement dated 17 July 2020, and as such Habrok will increase the offer price for Shares under the Habrok Offer from \$0.066 per share to **\$0.07 per Share**.

Annexure A includes a formal notice of variation in respect of the increased Offer Price in accordance with section 650D of the Corporations Act.

Alto Shareholders that have already accepted the Share Offer will also benefit from this price increase.

3. Acceptance of the Offer

Alto Shareholders and Alto Optionholders are encouraged to refer to the Bidder's Statement, as supplemented by information contained within this Supplementary Bidder's Statement, including information on the reasons to accept the Habrok Offer and the risks associated with not accepting the Habrok Offer.

If you have already accepted the Habrok Offer, you need not take any action. If you have not yet accepted the Habrok Offer, we encourage you to accept without delay. The Habrok Offer is due to close on 30 September 2020 (unless the offer period is extended).



4. Other information

4.1 On-market purchases

In accordance with Rules 5.13.1 and 5.14.1 of the ASIC Market Integrity Rules (Securities Market) 2017 and the Corporations Act, Habrok advises that it may seek to acquire Alto Shares on-market at or below \$0.07 per Alto Share during the period from the date of this Supplementary Bidder's Statement to the end of the Offer Period. Habrok has appointed CLSA Australia Pty Limited, a licensed broker for this purpose.

4.2 Funding

Habrok's existing funding arrangements are sufficient to pay the increased Offer Price.

4.3 Acceptance Forms

Draft Acceptance Forms are included in Annexure B.

4.4 Documents lodged with ASIC or given to ASX

Habrok has relied on the modification to section 636(3) of the Corporations Act set out in ASIC Class Order 13/521 to include in this Supplementary Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX.

If you would like to receive a copy of those documents, or the relevant parts of the documents containing the statements (free of charge) during the bid period, please contact Habrok at info@habrokmining.com.

4.5 Official statements

As permitted by ASIC Corporations (Consents to statements) instrument 2016/72, this Supplementary Bidder's Statement contains statements from the Takeovers Panel without its consent.

4.6 Approval

This Supplementary Bidder's Statement has been approved by a unanimous resolution of the directors of Habrok and is signed for and on behalf of Habrok by:

A handwritten signature in black ink, appearing to read 'R Hall'.

Russell Hall
Director

Annexure A – Notice of Variation

HABROK (ALTO) PTY LIMITED ACN 640 780 589

SECTION 650D(1) CORPORATIONS ACT 2001

NOTICE OF VARIATION - INCREASE IN OFFER CONSIDERATION

To: Alto Metals Limited

ASX Limited

Australian Securities and Investments Commission

Each Alto shareholder and other person referred to in sections 650D(1)(c) and 650D(2) of the Corporations Act (as modified by ASIC Class Order [CO 13/521])

Habrok (Alto) Limited ACN 640 780 589 (**Habrok**) gives notice in accordance with section 650D of the *Corporations Act 2001* (Cth) (**Corporations Act**) that it varies the offers contained in the bidder's statement dated 10 July 2020 (**Bidder's Statement**) in respect of an off-market takeover bid by made by Habrok for all of the ordinary shares (**Shares**) and options in Alto Metals Limited (**Alto**) by:

- (a) increasing the consideration offered under the Share Offer (as defined in the Bidder's Statement) from \$0.066 per Share to \$0.07 per Share in accordance with section 650B of the Corporations Act; and
- (b) substituting all references to the Share Offer Price of "\$0.066" for the increased offer price of "\$0.07" throughout the Bidder's Statement and Share Acceptance Form.

The increased Share Offer Price will apply to all Alto shareholders who accept the Share Offer, including those Alto shareholders who have already accepted the Share Offer and Alto optionholders who exercise their Alto options to accept into the Share Offer.

A copy of this notice was lodged with ASIC on 20 August 2020. ASIC takes no responsibility for the contents of this notice.

This notice has been approved by a resolution of the directors of Habrok in accordance with section 650D(3A) of the Corporations Act as inserted by ASIC Class Order [CO 13/521].

Date: 20 August 2020

Annexure B – Acceptance Forms

SHARE ACCEPTANCE AND TRANSFER FORM

in respect of the Share Offer by Habrok (Alto) Pty Limited ("Habrok") to acquire all of your Fully Paid Ordinary Shares in Alto Metals Limited ("Alto")

THIS IS AN IMPORTANT DOCUMENT

IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY

STEP 1 – Check your details below (see overleaf for instructions)

Name & Address
Name & Address
Name & Address
Name & Address
Name & Address
Name & Address

The number of Alto Shares you hold

HIN/SRN *

(*A new SRN may be allocated to you solely for the purpose of this offer)

Subregister

Barcode

Use this Share Acceptance Form to accept the Share Offer by Habrok for all of your Alto Shares on the terms of the Bidder's Statement. You should read the Bidder's Statement which accompanies this Share Acceptance Form. Capitalised terms used in this Share Acceptance Form have the same meaning as in the Bidder's Statement unless otherwise defined.

STEP 2 – For Issuer Sponsored Holdings only

If your Alto Shares are held on the Issuer Sponsored Subregister (see "Subregister" box above) or if at the time of your acceptance you are entitled to be (but are not yet) registered as a holder of your Alto Shares, to accept the Share Offer you must **sign below** and **return this form**.

STEP 3 – For CHESSE Holdings only

If your Alto Shares are held on the CHESSE Subregister (see "Subregister" box above), to accept the Share Offer you can either:

- contact your Controlling Participant (normally your Broker) and instruct them to accept the Share Offer on your behalf (**If you do this and your Controlling Participant follows those instructions, you do not need to complete and return this Share Acceptance Form**);
- OR
- authorise Habrok to contact your Controlling Participant on your behalf – to do this, write their **details below** and **sign and return this form**. By doing so you authorise Habrok to instruct your Controlling Participant to initiate acceptance of the Share Offer and to take all other steps necessary to cause acceptance of the Share Offer in accordance with the ASX Settlement Operating Rules.

Your Broker's Name	Your Broker's Address	Your Broker's Telephone Number
<input type="text"/>	<input type="text"/>	<input type="text"/>

STEP 4 – Acceptance

By signing and returning this Share Acceptance Form, you are deemed to have accepted the Share Offer to sell all of your Alto Shares (as indicated in the box above) on the terms and conditions of the Share Offer as set out in the Bidder's Statement.

STEP 5 – Sign as indicated below

I/We, the securityholder(s) named above, being the holder(s) of Alto Shares:

- (1) ACCEPT the Share Offer in respect of all of my/our Alto Shares;
- (2) AGREE TO TRANSFER all of my/our Alto Shares to Habrok for the consideration specified in the Share Offer, and in accordance with the terms of the Share Offer as set out in the Bidder's Statement;
- (3) AUTHORISE, Habrok, its officers and agents to correct any errors in or omissions from this Share Acceptance Form to make it an effective acceptance of the Share Offer and enable registration of the transfer of my/our Alto Shares to Habrok;
- (4) AGREE to be bound by the Share Offer terms.

STEP 6 – Payment by Electronic Funds Transfer (EFT)

You may elect to receive the cash payment due to you by electronic funds transfer to a nominated financial institution account in Australia held in your name (**Your Nominated Account**) by completing the details at Step 6 overleaf.

Please refer overleaf for further instructions on how to complete this form

If this form is signed under power of attorney, the attorney declares that they have no notice of the revocation of the power of attorney.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary (delete one)

Please enter your telephone number where you may be contacted during business hours

Dated ___/___/2020

Contact name: _____ Telephone number: _____

Your acceptance must be received **BEFORE** the Offer Period ends. If the Share Acceptance Form is sent by mail, you may use the enclosed reply paid envelope. Your acceptance of the Share Offer must be received before 7:00pm (Sydney time) on 30 September 2020 (unless the Share Offer is withdrawn or extended).

How to complete this Share Acceptance Form and ACCEPT the Share Offer

1. Your Name & Address details

Your pre-printed name and address is as it appears on the register of members provided by Alto. If you hold your Alto Shares on the Issuer Sponsored Subregister and this information is incorrect, please make the correction on this form and initial the correction. Alto Securityholders sponsored by a Broker on the CHESS Subregister should advise their Broker of any changes.

2. Issuer Sponsored Holdings

(as indicated by "Issuer Sponsored" appearing next to "Subregister" on this Share Acceptance Form)

If your Alto Shares are in an Issuer Sponsored Holding, or if you are not yet registered as the holder of your Alto Shares, then to accept the Share Offer, **you must fill out this Share Acceptance Form overleaf and return it to one of the addresses shown below.**

3. CHESS Holdings

(as indicated by "CHESS" appearing next to "Subregister" on this Share Acceptance Form)

If your Alto Shares are in a CHESS Holding, you do not need to complete and return this Share Acceptance Form to accept the Share Offer. You can contact your Controlling Participant (normally your Broker) and instruct them to accept the Share Offer on your behalf. If you decide to use this Share Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below.

It is the responsibility of the Alto Securityholder to allow sufficient time for their Controlling Participant to initiate acceptance of the Share Offer on their behalf in accordance with ASX Settlement Operating Rule 14.14. You must ensure that this Share Acceptance Form is received in sufficient time before the end of the Offer Period to enable Habrok to instruct your Controlling Participant to effect acceptance on CHESS during business hours.

If your holding is CHESS sponsored and you send your Share Acceptance Form to Boardroom Pty Limited, we will send the relevant acceptance message to CHESS for forwarding to your Controlling Participant for acknowledgement. Neither Habrok or Boardroom Pty Limited will be responsible for any delays incurred by this process.

If you sign and return this Share Acceptance Form to one of the below addresses either in respect of an Issuer Sponsored Holding or so that contact may be made with your Controlling Participant on your behalf, you warrant to Habrok (and authorise Habrok to warrant on your behalf) that you have full legal and beneficial ownership of the Alto Shares and that Habrok will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer and free from any third party rights.

4. Acceptance

By signing and returning this Share Acceptance Form, you are deemed to have accepted the Share Offer to sell all of your Alto Shares (refer overleaf for the number of your Alto Shares to which this Share Offer relates).

5. Signature(s)

You must sign the form as follows in the space provided overleaf:

Individual: Where the holding is in one name, the securityholder must sign

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA.

Companies: Where the holding is in the name of a company, this form must be signed in accordance with the Corporations Act, either as (a) a sole director and sole company secretary OR a sole director; OR (b) two directors; OR (c) a director and company secretary.

Overseas Companies (incorporated outside Australia): Signed as above or documentation to show that the company can sign in another manner.

Deceased Estate: All executors must sign and an original certified copy of Probate or Letters of Administration must accompany this form

6. Payment by Electronic Funds Transfer (EFT)

You may elect to receive the cash payment due to you by electronic funds transfer to a nominated financial institution account in Australia held in your name (**You nominated Account**) by completing the details below. **CHESS holders**, please complete, sign & return to receive payment by EFT.

Name of Financial Institution	Account Name	BSB/ Bank & Branch	Account Number

Additional Notes

- Sold all your Alto Shares** – if you have sold all of your Alto Shares, please send this form and your Bidder's Statement to the Broker who acted on your behalf.
- Recently bought or sold Alto Shares** – if you have recently bought or sold any Alto Shares, your holding may differ from that shown on the front of this form. If so, please alter the number of Alto Shares shown as your registered holding on the front of this form to all of the number of Alto Shares you now hold (including any Alto Shares of which you are entitled to become registered as holder), initial the alteration and indicate the name of the Broker who acted for you.
- Information you supply on this Share Acceptance Form will be used by Habrok and Boardroom Pty Limited for the primary purpose of processing your acceptance of the Share Offer and to provide you with the consideration payable under the Share Offer. This information may be disclosed to Habrok professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Share Offer. If you do not supply this information, your acceptance may not be processed and you may not receive the consideration payable. You may have rights to access the personal information you have supplied. Please see Boardroom Pty Limited's privacy policy on its website <https://boardroomlimited.com.au/corp/privacy-policy>.
- This Share Acceptance Form must be received at the delivery address shown below before the end of the Offer Period, which is 7:00pm (Sydney time) on 30 September 2020 (unless the Offer is withdrawn or extended). The postal acceptance rule does not apply to this offer.**

Postal address

Habrok (Alto) Pty Limited
GPO BOX 3993
SYDNEY NSW 2001

If the Share Acceptance Form is sent by mail, you may also use the enclosed reply-paid envelope. Neither Habrok nor Boardroom Pty Limited takes any responsibility if you lodge this Acceptance Form at any other address or by any other means.