

ASX/Media Release

22 March 2018

ALTO TO RC DRILL TEST IP ANOMALY FOR NICKEL & GOLD AT SANDSTONE WESTERN AUSTRALIA

HIGHLIGHTS

- RC drilling program commencing week beginning 26 March to test significant Induced Polarisation (IP) anomaly for Ni & Au
- IP target (1,200m x 300m) 1km south of Maninga Marley gold workings identified from 2011 IP survey
- Survey was conducted as a “*screening tool*” as part of a nickel sulphide search
- Shallow RAB and aircore drilling by previous explorers deemed to be too shallow (av. depth 18m-39m) to intersect IP source(s)
- Modelling of IP anomaly by Alto suggests potential body of sulphides at 200m-300m below surface

Alto Metals Limited (ASX: AME) (“Alto”, “the Company”) is pleased to advise that it has identified a significant IP anomaly south of the historic Maninga Marley gold workings, in an area of cover. Alto has planned a reverse circulation (RC) drill program to commence early in the week beginning Monday 26th March 2018 to test this extensive 1,200m x 300m IP target.

In 2011 Western Areas NL (ASX: WSA) conducted two IP surveys over the southern part of the Sandstone greenstone belt, under a joint venture agreement with Troy Resources NL, which was restricted to nickel and associated minerals (excluding gold).

The dipole-dipole IP survey configuration used was considered the most appropriate method to target basement disseminated sulphide mineralisation within areas with conductive cover, and was used as a reconnaissance “*screening method*” in WSA’s search for massive Ni-Cu-Co sulphides.

Alto Metals has reviewed and re-modelled the IP data and targeted a significant IP chargeability and resistivity anomaly south of the Maninga Marley for drill testing.

Commenting on this target, Alto’s Managing Director Dermot Ryan said:

“The aerial extent, high chargeability and low resistivity nature of this anomaly, coupled with evidence for a komatiite host in shallow drilling and downhole geochemistry, suggests that there is potentially a large sulphide body present.

The RC drill rig will give us the answer next week.”

IP SURVEYING & MODELLING

In 2007, Western Areas NL joint ventured into Troy's southern Sandstone tenements to explore for nickel sulphides and in 2011 conducted two ground IP surveys (100m dipole-dipole array, lines 400m apart) **centred over magnetic units interpreted to be komatiites** south and southwest of Maninga Marley.

A 1.2km long IP chargeability anomaly was located, and later in 2011, Western areas completed 59 air-core holes with an average depth of 39m. Several deeper holes reached 107m depth and nickel values (average 1,500-2,000 ppm) correlated well with the logged ultramafic lithologies. No RC or diamond core drilling was conducted by Western Areas.

Alto's consultant geophysicist Bill Robertson has reviewed the IP data. The processing and modelling has identified a high priority IP chargeability and resistivity anomaly south of the Maninga Marley Prospect.

The data for this survey was obtained from WAMEX Report A093563. Data were processed and presented using Geosoft Montaj IP module (refer IP pseudo-section in Figure 1 below). Subsequent 2D inversion modelling of the data was done using Zonge TS2DIP Smooth Model Inversion software. (refer Figure 2).

Figure 1. Maninga South IP Anomaly – IP Pseudo-Section Plot, Line 744,300mE (GDA94)

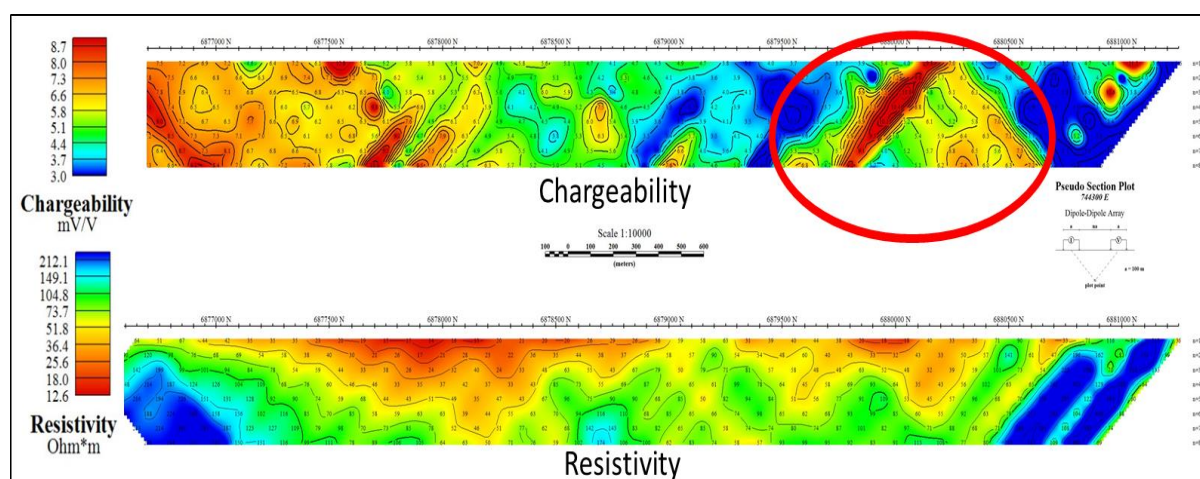
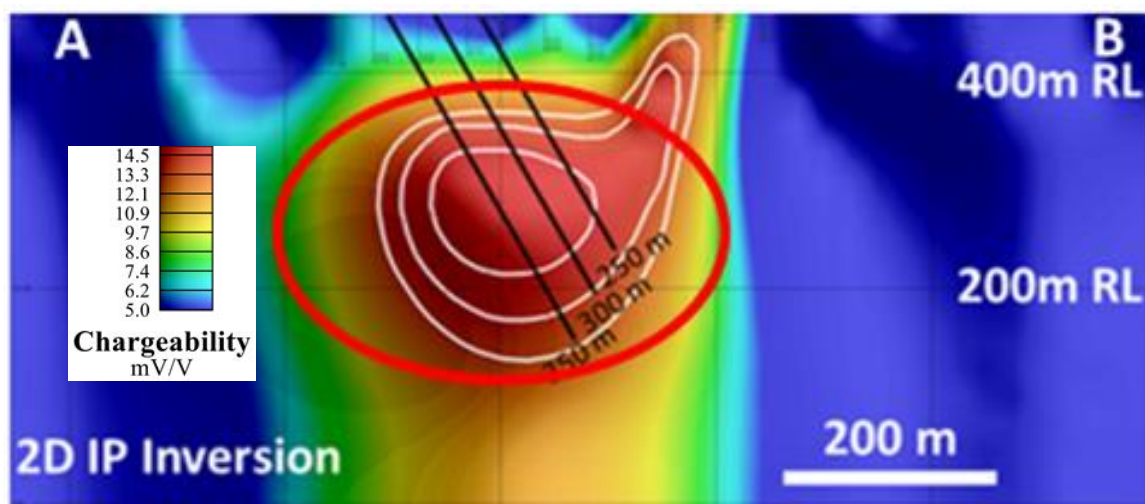


Figure 2. Maninga South IP Anomaly – 2D Inversion Model with Planned RC Holes Line 744,300mE



BACKGROUND

Modern exploration over the area that approximates to the location of Alto's Maninga South IP target was undertaken by Troy Resources NL (Troy) and Western Areas between 2000 and 2012.

Between 2000 and 2004, Troy collected 49 soil samples over an area of historic workings approximately 1km south of Maninga Marley known as the *Jimmy Cliff* workings. (Figure 3)

Maximum results were 295 ppb Au from a sample taken within an old working and Troy considered the anomalous soil results were due to the old workings. Troy also collected 16 rock chip samples from selected interesting outcrops and workings. The maximum rock chip result of 31.8 g/t Au was from the Jimmy Cliff workings.

Between 2000 and 2005, Troy drilled 43 shallow RAB holes (av. depth 18m) around the old workings. Troy reported a maximum gold result of 80 ppb Au from 5-10m depth in slightly weathered "*komatiitic basalt with weak sulphides*" noted in the drill logs.

Figure 3. Location of Maninga South IP Anomaly over Grey Scale 1st VD Magnetic Image with WSA IP lines in Red, Gold dots represent Historic Gold workings

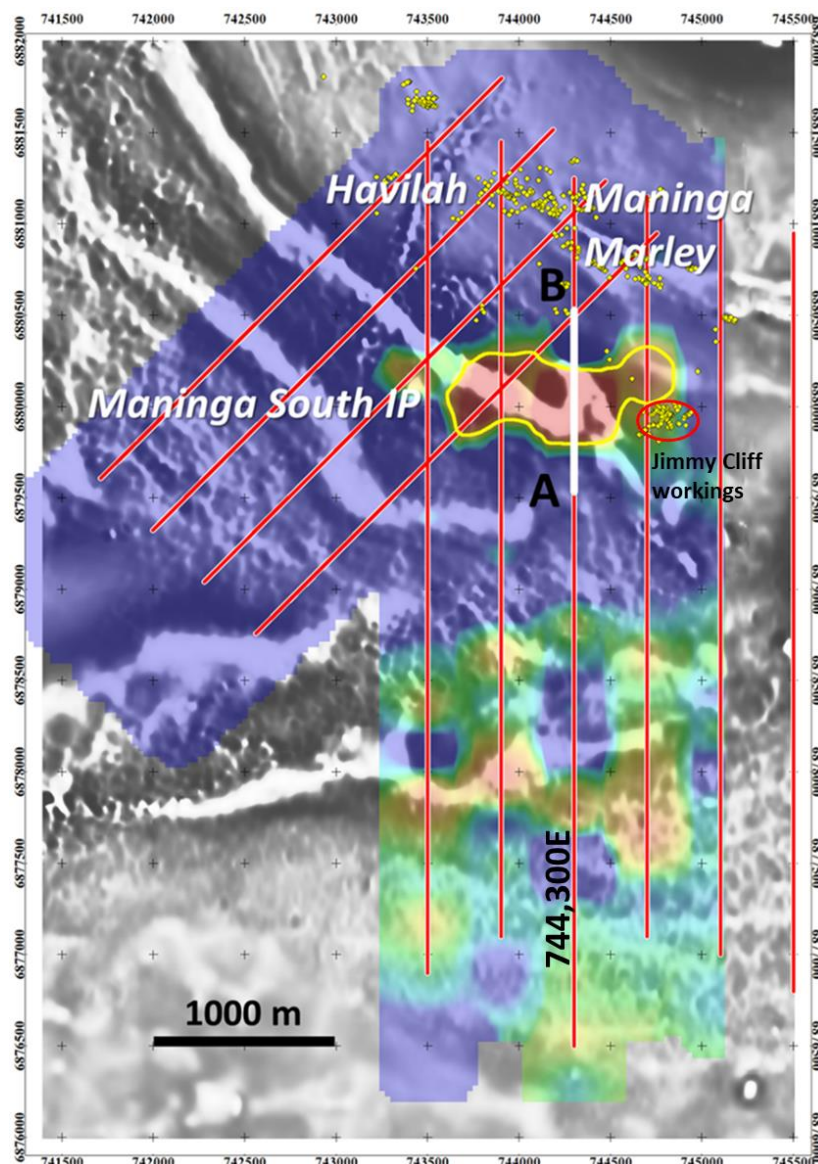


Figure 4. Location of Maninga South IP Anomaly over Grey Scale 1st VD Magnetic Image
Showing Previous Drill Holes Colour coded by Depth
Note: Holes over IP anomaly are generally less than 40m deep

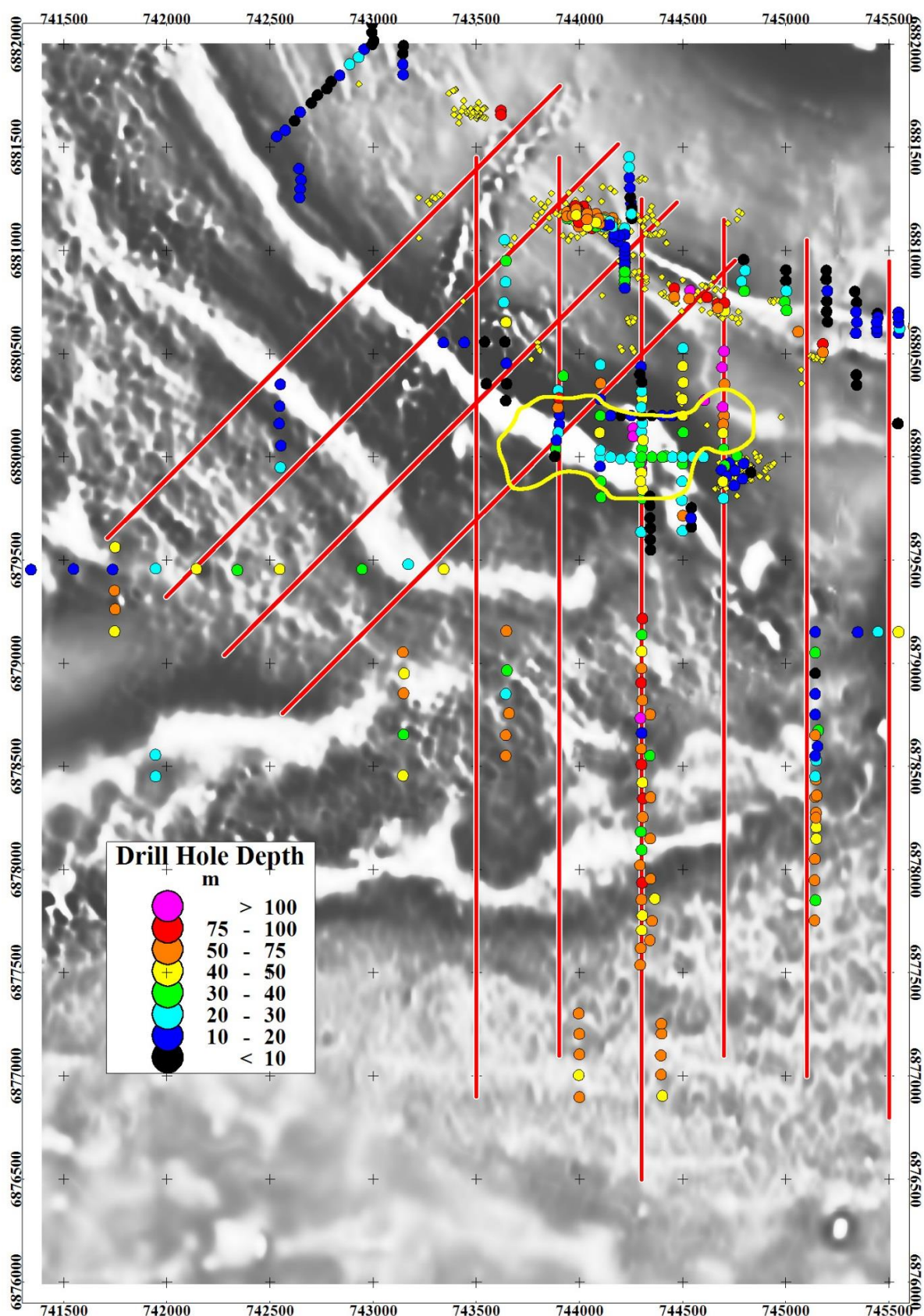


Figure 5. Location Plan of Maninga South IP Anomaly and Other Alto Prospects

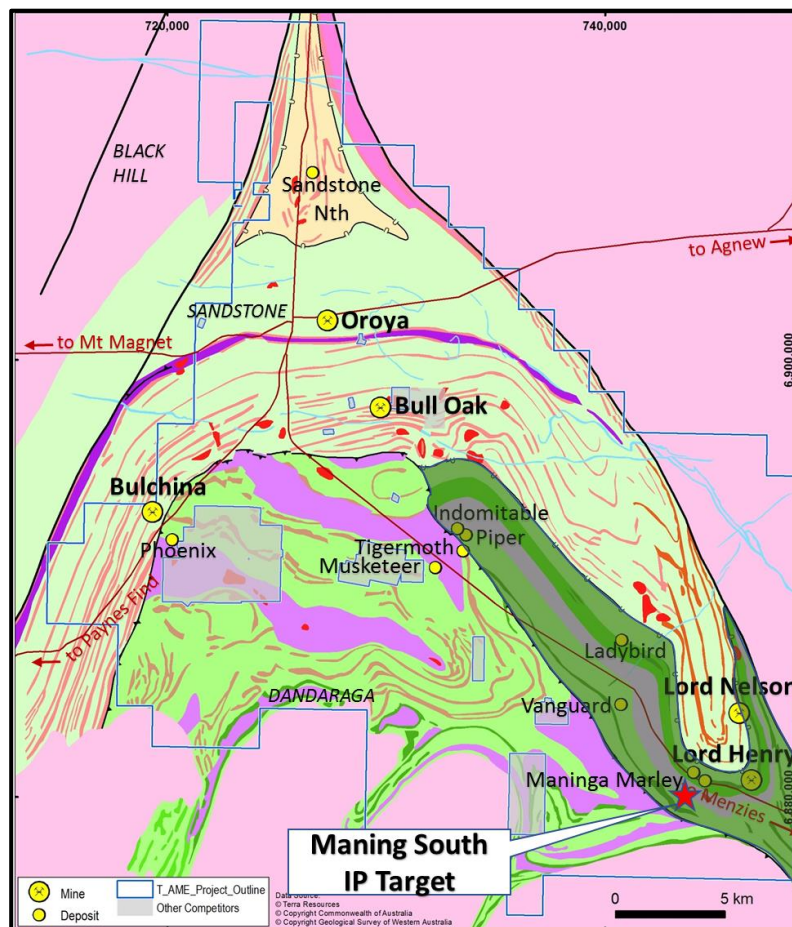
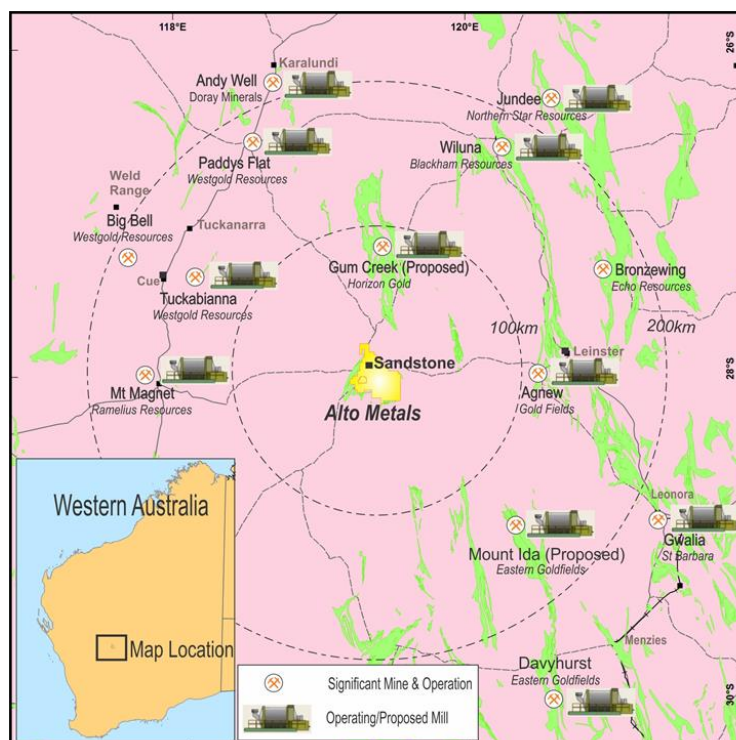


Figure 6. Location Plan of Alto's Sandstone Landholdings



Further information:

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The information in this Report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Dermot Ryan, who is an employee of Xserv Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralization and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to interpretation of Geophysical Exploration Results is based on information compiled by Mr William Robertson, who is an employee of Value Adding Resources Pty Ltd and a security holder of the Company. Mr Robertson is a member of the Australian Society of Exploration Geophysicists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robertson consents to the inclusion in the report of matters based on information in the form and context in which it appears.

Historic exploration results referred to in this Report were previously reported by Troy Resources NL pursuant to JORC Code 2004. Alto understands that this information has not been updated since to comply with the JORC Code 2012, but believes the information has not materially changed since it was last reported.

References

2000: Maninga Marley Project, Annual Report. Prospecting Licences 57/690-692. For the period 1st January 2000 to 31st December 2000. Troy Resources NL. WAMEX A62661.

2001: Combined Annual Report, Magnet Road Project (E57/208, 57/429 & 57/430) and Lighting Well Project (E57/220). For the period 29th July 2000 to 28th July 2001. Troy Resources NL. WAMEX A63559.

2001: Maninga Marley Project, Annual Report. Mining Licence 57/301. For the period 1st January 2001 to 31st December 2001. Troy Resources NL. WAMEX A64401.

2002: Maninga Marley Project, Annual Report. Mining Licence 57/301. For the period 1st January 2002 to 31st December 2002. Troy Resources NL. WAMEX A66339.

2004: Maninga Marley Project, Annual Report. Mining Licence 57/301. For the period 1st January 2004 to 31st December 2004. Troy Resources NL. WAMEX A70144.

2005: Maninga Marley Project, Annual Report. Mining Licence 57/301. For the period 1st January 2005 to 31st December 2005. Troy Resources NL. WAMEX A72098.

2008: Maninga Marley Project, Annual Report. Mining Licence 57/301. For the period 1st January 2008 to 31st December 2008. Troy Resources NL. WAMEX A82122.

2010: Sandstone Project, Combined Annual Report C28/2005_2010A. For the period 1st January 2010 to 31st December 2010. Troy Resources NL. WAMEX A89872.

2011: Sandstone Project, Combined Annual Report C28/2005_2011A. For the period 1st January 2011 to 31st December 2011. Troy Resources NL. WAMEX A93563.

JORC Code, 2012 Edition – Table 1 report

Sandstone Project- Maninga South IP Target

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> No sampling by Alto Metals to date.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> No drilling by Alto Metals to date.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> No drilling or sampling by Alto Metals to date
<i>Logging</i>	<ul style="list-style-type: none"> No drilling by Alto Metals to date
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> No drilling or sampling by Alto Metals to date
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> No drilling, sampling or assaying by Alto Metals to date
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> No drilling, sampling or assaying by Alto Metals to date
<i>Location of data points</i>	<ul style="list-style-type: none"> The Maninga South IP grid is based on GDA94. Alto used handheld GPS to locate and record existing historic drill collar positions, accurate to +/-5 metres horizontal. There is no documentation on the collar survey methodology or downhole surveys for Troy Resources RAB and AC holes. Although most drill sites have been rehabilitated, some drill collars are still marked in the field by drill spoil
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> No drilling, sampling or assaying by Alto Metals to date
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Geological units and structures have been interpreted from aeromagnetic survey data and shallow drilling by Troy Resources on the Maninga South grid.
<i>Sample security</i>	<ul style="list-style-type: none"> No drilling, sampling or assaying by Alto Metals to date
<i>Audits or reviews</i>	<ul style="list-style-type: none"> Alto has reviewed and compiled available Troy Resources NL and Western Areas NL technical data for the Maninga South grid.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Alto's Maninga South IP Target is located on E57/1033, granted on 20 September 2016 to Sandstone Exploration Pty Ltd, a wholly owned subsidiary of ASX listed Alto Metals Limited.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Previous work carried out by Troy Resources NL and Western Areas NL on the area covered by Alto's Maninga Marley South IP Target consists of: <ul style="list-style-type: none"> <u>Soil and Rock Chip Sampling</u> Between 2000 and 2004, Troy collected 49 soil samples over an area of historic workings referred to by Troy as the <i>Jimmy Cliff</i> prospect on historic P57/692 and E57/220. Max results were 295 ppb Au from a sample taken within an old working and Troy considered the anomalous soil results were due to the old workings. Troy also collected 16 rock chip samples from selected interesting outcrops/subcrops and from old dumps, workings and shafts. Max rock chip results at <i>Jimmy Cliff</i> were 31.8 g/t Au from a quartz-tourmaline vein at an old working. Other samples reported 3.9 g/t Au from a chert/Fe/py outcrop. <u>RAB and Air-core Drilling</u> Between 2000 and 2005, Troy Resources drilled 43 RAB holes for 792m (av. depth 18m) over several drilling programs around some old workings, within the area of Alto's MMS IP Target. A maximum gold result of 80 ppb Au was reported from 5-10m in slightly weathered komatiitic basalt with weak sulphides noted in the drill logs. No significant gold results were reported. In 2007, Western Areas joint ventured into the Sandstone area and in 2010 commenced on-ground exploration in the area south of Maninga Marley. Western Areas selected historic Troy RAB drill holes for resampling and assayed for a multi-element suite given that Troy had previously only assayed for gold. In 2011, Western Areas completed 59 air-core holes over the area for a total of 2,344m. (av.hole depth 39m) Several deeper holes located over the north-eastern part of Troy's geochem anomaly reached 107m depth. Results were similar to Troy's RAB drilling with no significant gold results reported and a maximum gold result of 64 ppb Au. Nickel values (average 1,500-2,000 ppm) correlated well with the logged ultramafic lithologies and minor mafic rocks, which generally reported lower values. No RC or DC drilling conducted by Troy or Western Areas. <u>Geophysics</u> Western Areas conducted two ground IP surveys (100m dipole-dipole array, lines 400m apart) in 2011 at Maninga Marley, which cover the area of Alto's MMSIP target. cover the area of Alto's IP feature. The data was interpreted by Newexco at the request of WSA. The report did not identify targets or make any recommendations for follow up work.
<i>Geology</i>	<ul style="list-style-type: none"> Interpreted geology is ultramafic sequence (magnetic anomaly) and mafic rocks based on airborne magnetic survey data and previous shallow drilling.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> See notes above.

Criteria	Commentary
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> No data to aggregate.
<i>Relationship between mineralization widths and intercept lengths</i>	<ul style="list-style-type: none"> No mineralization intersected by previous explorers.
<i>Diagrams</i>	<ul style="list-style-type: none"> Refer to figures in main body of this report
<i>Balanced reporting</i>	<ul style="list-style-type: none"> All available Troy Resources and Western Areas data was assessed.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> No other material information available for prospect area at this stage. Alto's geophysical consultant has modelled the Western Areas IP data and recommended RC drilling.

<i>Further work</i>	<ul style="list-style-type: none"> Alto has planned a fence of deep RC holes to test the Maninga Marley South IP Target
<i>Moisture</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drilling data
<i>Cut-off parameters</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drilling data
<i>Mining factors or assumptions</i>	<ul style="list-style-type: none"> No mining assumptions at this early stage.
<i>Metallurgical factors or assumptions</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drill samples
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> It is assumed that no environmental factors exist that could prohibit any potential mining. The Sandstone area has a strong history of mining, and there is strong local support for mining in the area.
<i>Bulk density</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drill samples.
<i>Classification</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drilling data
<i>Audits or reviews</i>	<ul style="list-style-type: none"> Alto has reviewed and compiled available Troy Resources NL and Western Areas NL technical data for the Maninga Marley South grid.
<i>Discussion of relative accuracy/ confidence</i>	<ul style="list-style-type: none"> Not relevant at this stage due to lack of drilling data