

Alto Metals Limited

(Formerly Enterprise Uranium Limited)

ABN 62 159 819 173

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Alto Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ALTO METALS LIMITED

31 DECEMBER 2016

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ALTO METALS LIMITED

31 DECEMBER 2016

CORPORATE DIRECTORY

Directors

Mr Jingbin Wang	Non-Executive Chairman
Mr Dermot Ryan	Managing Director
Mr Stephen Stone	Non-Executive Director
Mr Terry Wheeler	Non-Executive Director

Company Secretary

Mr Sam Middlemas

Principal registered office

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Share Registry

Computershare Registry Services
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Perth WA 6000

Australian Securities Exchange

ASX Code – AME

ALTO METALS LIMITED

31 DECEMBER 2016

DIRECTORS' REPORT

Your Directors are pleased to present their report on the consolidated entity consisting of Alto Metals Limited ("Alto" or the "Company") and the entity it controlled (together "the Group") at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

The names of the Directors who held office during or since the end of the period are:

Jingbin Wang (appointed 12 October 2016)

Dermot Ryan

Stephen Stone

Terry Wheeler (appointed 2 December 2016)

Anna Mao (resigned 12 October 2016)

William Robertson (resigned 2 December 2016)

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the period is set out below:

	2016		2015	
	Other Income \$	Loss for the half-year \$	Other Income \$	Loss for the half-year \$
Consolidated entity other income and profit/(loss)	19,782	(832,641)	261,644	(1,063,509)

REVIEW OF OPERATIONS

The consolidated entity ("Alto" or "the Company", ASX: AME) recorded an operating loss after income tax for the half year ended 31 December 2016 of \$832,641 compared to the 31 December 2015 operating loss after income tax of \$1,063,509. The result for the half year ended 31 December 2016 included exploration write-offs totalling \$418,247 (31 December 2015: \$997,716) primarily related to the consolidated entities exploration on the uranium exploration projects.

The Company changed its direction in 2016 following the purchase of the Sandstone Gold Project, and all exploration activities have focussed on progressing Sandstone in order to generate new gold resources. A drill programme was completed during December 2016, and the initial results received from the programme are promising. All exploration was capitalised to the Sandstone Project.

The Company has written down all its interests in uranium projects during the half year and it is planning to sell, joint venture or withdraw from all non gold tenements to concentrate on its Sandstone Gold Project. It also decided not to exercise its option on the Cue VMS project and has withdrawn from those tenements.

The Company continued to hold its shares in Antipa Minerals Ltd (ASX: AZYO) and Enterprise Metals Ltd (ASX: ENT). During the half year, both entities had significant reductions in their values reversing the previously years increase in value. The board believes the underlying assets in the investments are not fully reflected in the share prices and potential upside from the exploration properties held, and while they remain in the balance sheet as Available-for-Sale assets, they continue to be held as Non Current Assets as the board assesses their prospects into the future further.

The Company's cash position at the end of the half-year was \$2,387,507 (30 June 2016: \$1,122,691) which is sufficient to progress the drill programmes currently planned and underway at Sandstone Gold Project.

ALTO METALS LIMITED

31 DECEMBER 2016

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of Directors.



Dermot Ryan

Managing Director

Perth, 13 March 2017

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**Auditor's Independence Declaration
To The Directors of Alto Metals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Alto Metals Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 13 March 2017

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ALTO METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE HALF YEAR ENDED 31 DECEMBER 2016**

	Note	31 December 2016 \$	31 December 2015 \$
REVENUE			
Revenue from ordinary activities		-	-
		-	-
OTHER INCOME			
Gain on sale of available-for-sale financial asset		-	251,786
Other income		19,782	9,858
		19,782	261,644
Accounting and audit fees		(15,537)	(11,040)
Share registry and listing fees		(34,010)	(20,981)
Employee benefits expense		(120,201)	(20,000)
Corporate consulting expense		(66,507)	(103,857)
Computers and software		(13,452)	(5,535)
Depreciation		(16,469)	(19,079)
Insurance		(7,584)	(7,515)
Investor relations		(31,656)	(8,823)
Legal fees		(8,920)	(3,635)
Office rental and occupation expenses		(16,433)	(10,843)
Share based payments		(38,877)	-
Travel and accommodation		(21,312)	(2,178)
Impairment of exploration and evaluation expenses	4	(418,247)	(997,716)
Impairment of other assets	3	-	(50,000)
Other expenses		(43,218)	(63,951)
(Loss) before income tax expense		(832,641)	(1,063,509)
Income tax expense		-	-
(Loss) for the period		(832,641)	(1,063,509)
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Items reclassified to profit or loss		-	(302,751)
Revaluation of financial asset		(848,915)	(20,000)
Total comprehensive (loss) / income for the period		(848,915)	(322,751)
Total comprehensive (loss) attributable to members of Alto Metals Limited		(1,681,556)	(1,386,260)
Basic and diluted (loss) per share (cents per share)		(0.78)	(1.38)

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		2,387,507	1,122,691
Trade and other receivables		191,561	56,918
TOTAL CURRENT ASSETS		2,579,068	1,179,609
NON-CURRENT ASSETS			
Available for sale financial assets	3	567,037	1,415,952
Plant and equipment		10,078	22,034
Intangible assets		3,470	8,269
Exploration and evaluation	4	5,379,939	4,816,377
TOTAL NON-CURRENT ASSETS		5,960,524	6,262,632
TOTAL ASSETS		8,539,592	7,442,241
CURRENT LIABILITIES			
Trade and other payables		392,241	324,473
TOTAL CURRENT LIABILITIES		392,241	324,473
TOTAL LIABILITIES		392,241	324,473
NET ASSETS		8,147,351	7,117,768
EQUITY			
Issued capital	5	18,680,470	16,008,208
Reserves		(128,715)	681,323
Accumulated losses		(10,404,404)	(9,571,763)
TOTAL EQUITY		8,147,351	7,117,768

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
BALANCE AT 1 JULY 2015	11,044,157	292,751	(7,649,968)	3,686,940
Loss attributable to members of the entity for the period			(1,063,509)	(1,063,509)
Other comprehensive (loss), net of tax		(322,751)	-	(322,751)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(322,751)	(1,063,509)	(1,386,260)
TRANSACTIONS WITH OWNERS, DIRECTLY IN EQUITY				
Shares issued as share based payment	12,000		-	12,000
BALANCE AT 31 DECEMBER 2015	11,056,157	(30,000)	(8,713,477)	2,312,680

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
BALANCE AT 1 JULY 2016	16,008,208	681,323	(9,571,763)	7,117,768
(Loss) attributable to members of the entity for the period			(832,641)	(832,641)
Other comprehensive (loss), net of tax		(848,915)		(848,915)
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD		(848,915)	(832,641)	(1,681,556)
TRANSACTIONS WITH OWNERS, DIRECTLY IN EQUITY				
Shares issued during the period	2,698,000		-	2,698,000
Transaction costs for shares issued	(25,738)		-	(25,738)
Performance rights issued as share based payment	-	38,877	-	38,877
BALANCE AT 31 DECEMBER 2016	18,680,470	(128,715)	(10,404,404)	8,147,351

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED

31 DECEMBER 2016

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Interest received	19,782	10,956
Payments to suppliers and employees	(494,690)	(250,354)
Net cash used in operating activities	<u>(474,908)</u>	<u>(239,398)</u>
Cash flows from investing activities		
Payments for other assets	-	(98,980)
Payments for exploration and evaluation	(932,538)	(180,586)
Receipts from investments	-	425,315
Net cash provided by investing activities	<u>(932,538)</u>	<u>145,749</u>
Cash flows from financing activities		
Proceeds from issue of shares	2,698,000	-
Share issue costs	(25,738)	-
Net cash provided by financing activities	<u>2,672,262</u>	<u>-</u>
Net decrease in cash and cash equivalents held	1,264,816	(93,649)
Cash and cash equivalents at the beginning of the period	<u>1,122,691</u>	<u>965,197</u>
Cash and cash equivalents at the end of the period	<u>2,387,507</u>	<u>871,548</u>

The accompanying notes form part of these financial statements

ALTO METALS LIMITED

31 DECEMBER 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Alto Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Alto Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies have been consistently applied to the 30 June 2016 Annual Report.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim financial reports are consistent with those followed in the preparation of the Group's annual financial statement for the year end 30 June 2016. A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the Group

There are no standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group has not early adopted any of the standards, interpretations or amendments that have been issued but are not yet effective.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

NOTE 2: SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Australia.

ALTO METALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: AVAILABLE-FOR-SALE FINANCIAL ASSETS	31 December 2016 \$	30 June 2016 \$
Current	-	-
Non-Current	567,037	1,415,952
	567,037	1,415,952
<i>Movement for the period:</i>		
Opening balance	1,415,952	502,814
Additions	-	383,598
Disposals	-	(425,314)
Revaluation of available for sale asset	(848,915)	997,354
Impairment of available for sale asset	-	(42,500)
	567,037	1,415,952

Available-for-sale financial assets are shares held in ASX listed entities.

During the reporting period a loss of \$848,915 (31 December 2015: gain of \$251,786) was recognised on the Available-For-Sale financial assets.

NOTE 4: EXPLORATION AND EVALUATION	31 December 2016 \$	30 June 2016 \$
Exploration and evaluation phases – at cost	5,379,939	4,816,377
(a) Exploration and evaluation		
Opening balance	4,816,377	2,074,419
Exploration expenditure	1,052,135	481,981
Purchase of Sandstone Exploration Properties	-	4,202,633
Transfer to Sundry debtors (rent refunds)	(70,326)	-
Impairment expense	(418,247)	(1,942,656)
Closing balance	5,379,939	4,816,377

The Directors' assessment of the carrying amount for the Group's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value. There may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

During the current period impairment of \$418,247 (31 December 2015: \$997,716) was recognised due to the surrender and write down of tenements.

ALTO METALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: EQUITY SECURITIES ISSUED

	31 December 2016		30 June 2016	
	\$		\$	
Ordinary shares				
151,882,819 (30 June 2016: 115,695,812) ordinary fully paid shares	<u>18,680,467</u>		<u>16,008,208</u>	
	31 December 2016	31 December 2016	30 June 2016	30 June 2016
	Shares	\$	Shares	\$
Balance at beginning of period	115,695,812	16,008,208	76,811,197	11,044,157
Issues of ordinary shares during the period				
28,779,603 shares at \$0.059 on 25 July 2016 Share Purchase Plan	28,779,603	1,697,997	-	-
7,407,404 shares at \$0.135 on 27 October 2016 Share Placement to Sophisticated Investors	7,407,404	1,000,000	-	-
545,455 shares at \$0.022 on 9 December 2015	-	-	545,455	12,000
19,339,160 shares at \$0.059 on 2 June 2015	-	-	19,339,160	1,410,010
19,000,000 shares at \$0.087 on 24 June 2016 to purchase Sandstone Project	-	-	19,000,000	1,653,000
25,000,000 performance shares at \$0.087 on 24 June 2016	-	-	-	2,175,000
Share issue costs	-	(25,738)	-	(16,959)
	<u>151,882,819</u>	<u>18,680,467</u>	<u>115,695,812</u>	<u>16,008,208</u>

NOTE 6: CONTINGENCIES

The Group has a \$9,300 (30 June 2016: \$29,300) bank guarantee to act as a 3 month bond on the office of the Group.

NOTE 7: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 8: FAIR VALUE MEASUREMENT OF AVAILABLE FOR SALE FINANCIAL INSTRUMENTS

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's available for sale financial assets are measured using Level 1 inputs and are recognised at fair value based on listed market prices for the shares held at 31 December 2016. There has been no change to this methodology (apart from changes in quote prices at balance dates) from 30 June 2016.

ALTO METALS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 SIGNIFICANT RELATED PARTY TRANSACTIONS

	31 December 2016 \$	31 December 2015 \$
Performance rights issued to Directors (i)	24,411	-

(i)
During the reporting period, the Group issued performance rights to Directors with vesting conditions that require meeting both performance and service conditions. The performance rights were approved at the Company AGM in November 2016. Management and the Board have assessed the probability of the Group meeting the milestones and hence the performance rights vesting. These probabilities have been included in the determination of the amount recognised during the period as being issued to Directors above. The probabilities associated with each milestone will be assessed at each reporting date during the vesting period.

ALTO METALS LIMITED

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DIRECTORS' DECLARATION

In the Directors' opinion:

1. the financial statements and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with AASB 134: Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the period ended on that date; and
2. there are reasonable grounds to believe that Alto Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Dermot Ryan

Managing Director

Perth, 13 March 2017

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Independent Auditor's Review Report To the Members of Alto Metals Limited

We have reviewed the accompanying half-year financial report of Alto Metals Limited (“the Company”), which comprises the consolidated financial statements being the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of Alto Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001: including giving a true and fair view of the consolidated entity’s financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Alto Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Alto Metals Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 13 March 2017