



ABN: 62 159 819 173

## Sandstone Gold Project

Located in a world class gold field

Current resource (JORC 2012)  
261,000oz @ 1.7g/t Au

Multiple targets

Excellent recoveries of +93%

## Capital Structure:

214m Shares  
4.6 m Options (\$0.07)

## Directors:

NON-EXECUTIVE CHAIRMAN  
Mr Terry Wheeler

NON-EXECUTIVE DIRECTOR  
Mr Matthew Bowles

NON-EXECUTIVE DIRECTOR  
Dr Jingbin Wang

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ASX Release

# 31 March 2019 Quarterly Report HIGHLIGHTS

## ➤ Sandstone Gold Project

- **Project review identified shallow gold mineralisation at Havilah and Ladybird, including:**
  - *Havilah*
    - 7m @ 20.8 g/t Au from 2m incl 1m @ 120.0 g/t Au from 5m
    - 17m @ 8.5 g/t Au from 32m and 2m @ 61.8 g/t Au from 65m
    - 3m @ 37.2 g/t Au from 8m
    - 4m @ 10.7 g/t Au from 37m
    - 3m @ 10.8 g/t Au from 17m
  - *Ladybird*
    - 5m @ 29.4 g/t Au from 8m
    - 4m @ 7.3 g/t Au from 42m
    - 5m @ 5.6 g/t Au from 0m
    - 3m @ 8.5 g/t Au from 12m
- **Maiden JORC 2012 Mineral Resource Estimates at Havilah and Ladybird imminent**
- **Extensive Reverse Circulation (RC) drilling program planned to commence in May, with focus on testing higher grade gold below known shallow deposits**

## ➤ Corporate

- **Unsolicited All scrip takeover Offer from ASX listed Middle Island Resources Ltd (ASX: MDI)**
- **Alto major shareholders representing 32% do NOT intend to accept the Offer**
- **Board advised Alto shareholders to TAKE NO ACTION**
- **Change of Board and senior management**

## ➤ Finances

- **\$329,000 raised from Entitlement Offer and \$300,000 loan converted to shares at 4.7c/share. Discussions underway to place Entitlement Offer Shortfall**
- **\$257,000 cash balance at 31<sup>st</sup> March 2019**

## SUMMARY OF ACTIVITIES - MARCH QUARTER 2019

Alto Metals Limited (ASX: AME) (“Alto”, “the Company”) is pleased to provide a summary of exploration/evaluation and corporate activities for the Quarter ending 31 March 2019. The Company’s main asset is its 100% owned +800km<sup>2</sup> Sandstone Gold Project in Western Australia.

### Exploration & Evaluation Activities

During the Quarter, Alto reviewed, compiled and verified previous explorer’s data at the Havilah and Ladybird deposits which confirmed significant shallow gold mineralisation (Figure 1).

Field investigations also confirmed that gold mineralisation at Havilah is hosted within a differentiated dolerite unit similar to Alto’s Vanguard deposit and that significant potential exists for extensions of the known mineralisation at depth and along strike. The Ladybird deposit is hosted at the interface of mafic and ultramafic rock units.

Significant RC and DC downhole drill intercepts at Havilah include:

W119	:	7m	@	20.8 g/t Au	from	2m
incl	:	1m	@	120.0 g/t Au	from	5m
MAD004	:	17m	@	8.5 g/t Au	from	32m
and	:	2m	@	61.8 g/t Au	from	65m
W075	:	3m	@	37.2 g/t Au	from	8m
MGR018	:	4m	@	10.7 g/t Au	from	37m
W158	:	3m	@	10.8 g/t Au	from	17m

Refer to AME ASX release 17<sup>th</sup> January 2019

Significant RC downhole drill intercepts at Ladybird include:

MSGC1162	:	5m	@	29.4 g/t Au	from	8m
HKR006	:	4m	@	7.3 g/t Au	from	42m
TRC018	:	5m	@	5.6 g/t Au	from	0m
TRC010	:	3m	@	8.5 g/t Au	from	12m
HKR017	:	4m	@	5.1 g/t Au	from	49m
MSGC1122	:	3m	@	6.5 g/t Au	from	21m

Refer to AME ASX release 30<sup>th</sup> January 2019

### Mineral Resource Estimation Update

Dr Spero Carras of Carras Mining Pty Ltd was commissioned by Alto to prepare Maiden JORC (2012) Mineral Resource Estimates for the Havilah and Ladybird deposits. The Mineral Resource Estimates for Havilah and Ladybird are expected to be added to the current Sandstone JORC (2012) Mineral Resource Inventory in early May 2019. The current Mineral Resources at Sandstone Gold Project is:

**4.87 Million tonnes at 1.7g/t Au for 261,00 ounces gold** (Appendix-1)

## **Primary Gold Focused RC/DC Drilling Program Planned for 2019**

### **Background**

Alto considers the Sandstone Greenstone Belt to be a significant but under-explored goldfield in Western Australia. Previous exploration and evaluation was driven by the need for oxide material to feed the 1987 vintage former Troy Resources NI processing plant, which Troy purchased from Herald Resources Ltd for \$1.5 million in 1999.

Unlike most other goldfields in Western Australia, the deeper higher-grade gold mineralisation at Sandstone has not been effectively drill tested by previous explorers. Alto's vision is to define a minimum resource of at least 1Moz which can be the basis for a new mining and milling operation. The discovery of 5Moz of gold for the Sandstone Greenstone Belt is a longer term goal.

**Phase 1 Strategy:** Alto commenced exploration at Sandstone in late 2016 using a "*minerals system*" approach and developed numerous drill targets. At the time, there were no JORC 2012 mineral resources. In the past 2.5 years, exploration and evaluation drilling by Alto has produced maiden JORC (2012) mineral resources totalling **261,000 ounces** at Lord Henry, Lord Nelson, Vanguard, Vanguard North, Indomitable, Indomitable North, Tiger Moth, Piper, Havilah and Ladybird deposits.

**Phase 2 Strategy:** Alto believes that the shallow oxide gold deposits are "*geochemical anomalies*" which overlie much larger and higher grade gold deposits at depth. Alto has now reached the next phase of its exploration Strategy, **which is to focus drilling on defining substantial primary zone gold mineralisation beneath known oxide deposits, such as the Vanguard Camp and Indomitable Camp, initially to a depth of ~200m below surface, and subsequently to ~500m below surface.**

The 2019 Entitlements Issue and planned May capital raising is designed to fund the Phase 2 Strategy.

### **Corporate Activities**

#### **ALL SCRIP TAKE OVER OFFER**

On 1<sup>st</sup> March 2019, Middle Island Resources Ltd ("MDI") launched a hostile takeover offer of 5 MDI ordinary shares for every 1 Alto ordinary share.

On the 19<sup>th</sup> March 2019, Alto announced that it had received written notices from the Company's three major shareholders, who collectively own or control 68,608,175 shares (32.12% of Alto's shares on issue), that they **DO NOT INTEND TO ACCEPT** the offer.

The Directors have also advised that shareholders should **TAKE NO ACTION** and await the Board's formal recommendation in the Company's Target Statement.

Longreach Capital and Bellanhouse have been appointed as Alto's Corporate and Legal Advisors.

#### **CHANGE OF BOARD AND SENIOR MANAGEMENT**

Mr Matthew Bowles appointed as Non-Executive Director

Mr Dermot Ryan stepped down from the Board as an Executive Director and continues to provide technical advice to the Company as a consultant

Mr Graeme Smith appointed as Company Secretary and Chief Financial Officer

PURCHASE OF SURFACE PROSPECTING RIGHTS

On the 17<sup>th</sup> January 2019, Alto announced that it had reached an agreement with the vendors of Sandstone Exploration Pty Ltd to purchase the rights that they retained to prospect and fossick for gold down to 2 metres depth from surface at Sandstone for 3 million Alto shares.

**Finance**ENTITLEMENT OFFER

On 25<sup>th</sup> January 2019, the company launched a non-renounceable entitlement offer to all eligible shareholders to raise up to \$2.38 million (before costs). Participants in the Entitlement Offer were offered 1 New Share for every 3 existing shares at a price of \$0.036 per New Share, and a free attaching unquoted Option for every 2 New Shares subscribed for and issued. The Options have an excise price of \$0.07 and expiry date of 18 months from the date of issue.

The Company accepted applications from eligible shareholders for 9,143,474 new shares and associated options, and received approximately \$329,000 in funds. The shortfall of 56,875,060 shares for a further \$2.047 million (along with free attaching options) is planned to be allocated in May 2019.

SHAREHOLDER APPROVAL OF CONVERSION \$300,000 LOAN INTO ORDINARY SHARES

Alto's major shareholder, Windsong Valley Pty Ltd ("Windsong Valley") provided a \$300,000 convertible loan to the Company in late 2018. At the General Meeting of the Company held on the 26<sup>th</sup> February 2019, shareholders approved the conversion of the \$300,000 loan into shares at \$0.047 per share, which represented a ~38% premium to the closing price of \$0.034 of the day, or a ~33% premium to the 5 day of weighted average share price.

CAPITAL STRUCTURE

<b>Shares on issue:</b>	213,582,055
Unlisted Performance Shares on Issue: (vendors)	25,000,000
Unlisted Performance Rights on Issue: (management)	5,000,000
Unlisted Options (\$0.07, 17 Aug 2020)	4,571,711

CASH POSITION

The Company's cash position at 31<sup>st</sup> March 2019 was \$257,000.

INVESTMENTS IN ASX LISTED COMPANIES

Alto holds 2,500,000 shares in ASX-listed Enterprise Metals Ltd. This investment is reviewed on a regular basis. On the 1<sup>st</sup> April 2019, Enterprise announced the Murchison Exploration Project Joint Venture Agreement with Evolution Mining Ltd. Following an initial cash payment of \$150,000, Evolution will operate the project and spend \$6 million over a four-year period to earn an 80%.

**About Alto Metals and the Sandstone Gold Project**

Alto Metals Limited is a Western Australian based company and is focused on gold exploration in Australia. The company holds 800 km<sup>2</sup> of the prospective Sandstone Greenstone Belt, ~600km north of Perth in the East Murchison Mineral Field of Western Australia (Figure 1).

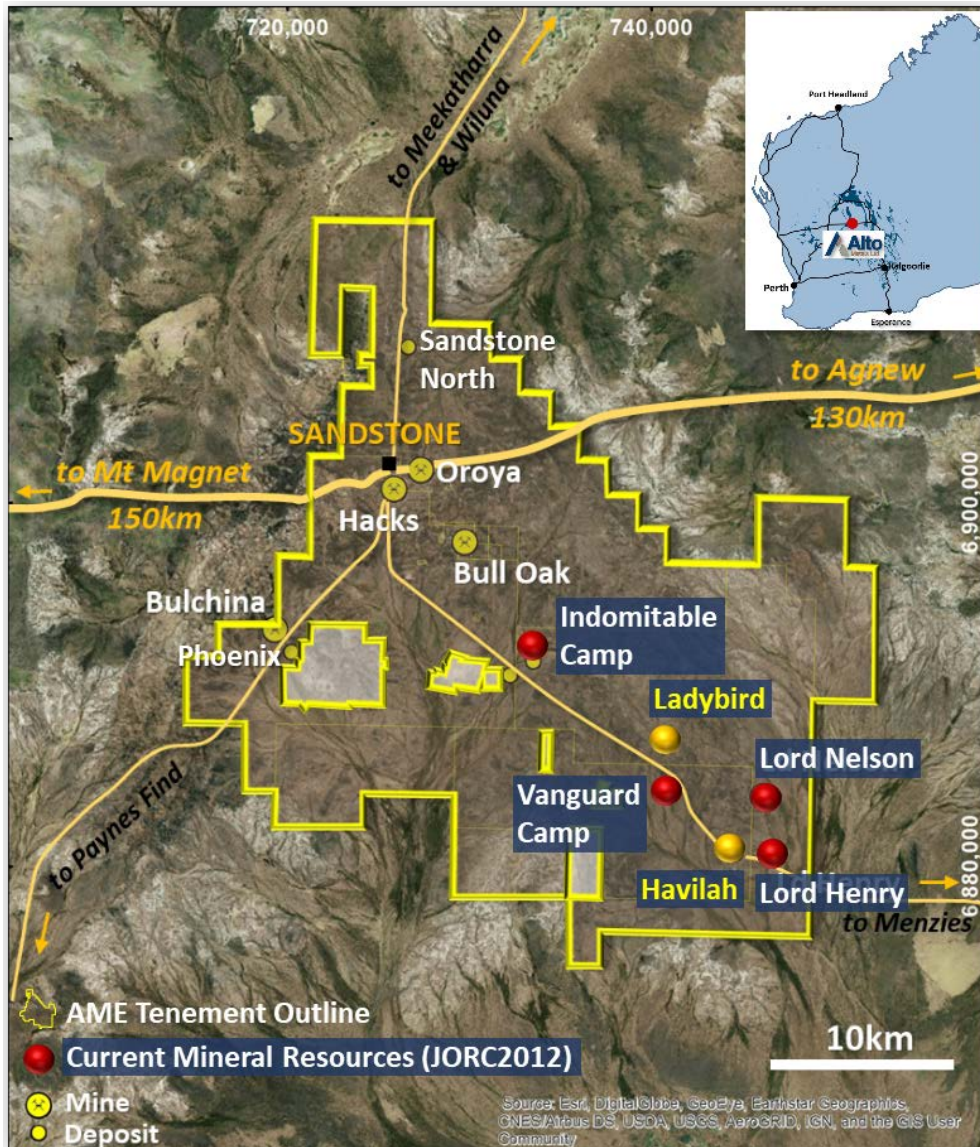


Figure 1. Sandstone Gold Project, Western Australia

Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which commenced in November 2016, and which have defined JORC (2012) Mineral Resources of 261,100 ounces gold and numerous drill ready targets using a systematic Mineral System approach.

Alto's goal is the delineation of a +1 million ounces JORC 2012 Mineral Resources that could become the basis for a re-establishment of standalone oxide and primary gold mining and milling operations at the Project.

#### Further information:

Please visit the Company's website at [www.altometals.com.au](http://www.altometals.com.au)

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**APPENDIX - 1: Sandstone Gold Project – Mineral Resources (JORC 2012)**

Deposit	Category	Cut-off (g/t Au)	Tonnage (kt)	Grade (g/t Au)	Contained gold (oz)
Lord Henry <sup>1</sup>	Indicated	0.8	1,200	1.6	65,000
	Inferred	0.8	110	1.3	4,000
Lord Nelson <sup>2</sup>	Inferred	0.8	980	2.2	68,000
Indomitable Camp <sup>3</sup>	Inferred	0.3-0.5	1700	1.3	74,000
Vanguard Camp <sup>3</sup>	Inferred	0.5	860	1.8	50,000
<b>Total indicated</b>			<b>1,200</b>	<b>1.6</b>	<b>65,000</b>
<b>Total inferred</b>			<b>3,670</b>	<b>1.7</b>	<b>196,000</b>
<b>Total Indicated &amp; Inferred</b>			<b>4,870</b>	<b>1.7</b>	<b>261,000</b>

**Note 1.** AME ASX Release 16 May 2017. “Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz.”

**Note 2.** AME ASX Release 28 April 2017. “Lord Nelson Mineral Resource Increased to 68,000oz.”

**Note 3.** AME ASX Release 25 Sept 2018. “Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA”

**APPENDIX - 2: Tenement Information as Required by Listing Rule 5.3.3**

Alto Metals Ltd and Its 100% Owned Subsidiaries, on a Consolidated Basis at 31<sup>st</sup> March 2019

Tenement	Location	Interest Held	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1415	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1417	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application

**Note:** Sandstone Exploration Pty Ltd is a wholly owned subsidiary of Alto Metals Limited

### Competent Person Statement

*The information in this Report that relates to Exploration Results is based on information compiled by Mr Dermot Ryan, who is an employee of XServ Pty Ltd and a security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy (CP Geology) and has sufficient experience of relevance to the styles of mineralisation 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.*

### Forward Looking Statements

*Certain statements in this document are or maybe “forward-looking statements” and represent Alto’s intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements don’t necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alto, and which may cause Alto’s actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Alto does not make any representation or warranty as to the accuracy of such statements or assumptions.*

### Previously Reported Results

*There is information in this report relating to exploration results which were previously announced on 16 May 2017, 28 April 2017, 25 September 2018, 17 January 2019 and 30 January 2019. Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

**ALTO METALS LIMITED**

**ABN**

**62 159 819 173**

**Quarter ended ("current quarter")**

**31 March 2019**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(190)	(1,111)
(b) development		
(c) production		
(d) staff costs	(125)	(380)
(e) administration and corporate costs	(119)	(291)
1.3 Dividends received (see note 3)		
1.4 Interest received		4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		109
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(434)</b>	<b>(1,669)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>		

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	330	981
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(12)
3.5	Proceeds from borrowings	100	100
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>430</b>	<b>1,069</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	261	857
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(434)	(1,669)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	430	1,069
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>257</b>	<b>257</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	257	261
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>257</b>	<b>261</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	60
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director / Consulting Fees

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

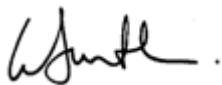
<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	300
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	75
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>375</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: ...30 April 2019.....

Print name: .....Graeme Smith.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.