
ALTO METALS LIMITED

ACN 159 819 173

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00am (WST)

DATE: 29th November 2019

PLACE: The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on +61 8 9381 2808.

ALTO METALS LIMITED
ACN 159 819 173
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Alto Metals Limited (“Alto Metals” or “the Company”) will be held as follows:

TIME: 10:00am (WST)

DATE: Friday, 29 November 2019

LOCATION: The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005

Words and phrases used in the Resolutions are defined in the section headed 'Definitions' of the accompanying Explanatory Memorandum and these words and phrases have the same meaning in this Notice of Annual General Meeting as defined in the Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 including the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, the following resolution as a **non-binding** resolution:

“That, for the purpose of section 250R(2) of the Corporations Act, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019.”

Note: Pursuant to section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is cast on behalf of a person who is otherwise excluded from voting on this Resolution as described in sub paragraphs (a) or (b) above; or
- (b) the person is the chair of the Annual General Meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of Key Management Personnel.

Resolution 2 – Election of Director – Mr Matthew Bowles

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

"That for the purposes of clause 16.3(b) of the Company's Constitution and Listing Rule 14.4 and for all other purposes, Mr Matthew Bowles, who was appointed by the board on 27 February 2019, is elected as a Director."

Resolution 3 – Re-election of Director – Mr Terry Wheeler

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

"That, Mr Terry Wheeler, a Director of the Company who was appointed on 9 September 2016 and last elected by Shareholders on 29 November 2017 and who retires by rotation in accordance with clause 16.4(a) of the Company's Constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

Resolution 4 – Approval of Issue of Options

To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 7,500,000 options to Mr Matthew Bowles on the terms and conditions set out in the Explanatory Memorandum".

Voting Exclusion Statement:

The entity will disregard any votes cast in favour of this resolution by or on behalf of:

- Matthew Bowles; or
- An associate of Matthew Bowles

However, the entity need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Voting Prohibition:

The Company will, in accordance with the Corporations Act, disregard any votes cast in favour of this resolution by or on behalf of a member of the Key Management Personnel or a Closely Related Party of such a member. However, the Company will not disregard a vote if it is cast by such a person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
 - (b) the person is the Chair voting an undirected proxy, which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.
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Resolution 5 – Approval of employee share plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b) and for all other purposes, approval is given for the Company to adopt an employee incentive plan titled Employee Share Plan on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Issue of Director Incentive Shares and Approval of Loan to Mr Matthew Bowles

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 7, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 6,250,000 Restricted Shares as Director incentive remuneration and grant a loan of \$200,000 to acquire those Shares to Mr Matthew Bowles (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors.

However, the Company need not disregard a vote if

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

In accordance with section 250BB of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) The appointment specifies the way the proxy is to vote on this Resolution; or
- (b) The proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution.

Please Note: if the Chair is a person referred to in section 224 of the Corporations Act in the voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on this Resolution. If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company and may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 7 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following as a special resolution:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

However, the Company need not disregard a vote if

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Change of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, Grant Thornton Audit Pty Ltd, the current auditor of the Company, be removed as the auditor of the Company effective from the date of the Meeting.”

Resolution 9 – Appointment of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 8, Pitcher Partners BA&A Pty Ltd being qualified to act as auditor of the Company and having consented to act as auditor of the Company effective from the date of the Meeting and the Directors be authorised to agree the remuneration”.

EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting for further explanation of the Resolutions.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- Mail to: Automic C/- GPO Box 5193, Sydney NSW 2001
- By hand to: Automic C/- Level 5, 126 Phillip Street, Sydney NSW 2000

To be effective, a Proxy Form and, if the Proxy Form is signed by the Shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the Annual General Meeting.

CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 10:00am (WST) on 27 November 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Dated 28 October 2019

By order of the Board

Graeme Smith
Company Secretary

ALTO METALS LIMITED
ACN 159 819 173

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

1. ACTION TO BE TAKEN BY SHAREHOLDERS

This Explanatory Memorandum sets out information about the Resolutions to be considered by the Shareholders at the Annual General Meeting. Defined terms used in this Explanatory Memorandum are set out in the section headed 'Definitions' in the Explanatory Memorandum. Accompanying this Explanatory Memorandum is the Notice of Annual General Meeting convening the Annual General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on the Resolutions to be put to the Annual General Meeting. If a Shareholder is not able to attend and vote at the Annual General Meeting, the Shareholder may complete the Proxy Form and return it no later than 48 hours before the time specified for the commencement of the Annual General Meeting.

2. ANNUAL FINANCIAL REPORTS

The Corporations Act requires the Company's financial statements and reports of the Directors and of the auditor for the year ended 30 June 2019 to be laid before the Annual General Meeting. The financial statements and the reports of the Directors and of the auditor are contained in the Company's 2019 Annual Report, a copy of which is available on the Company's website at www.altometals.com.au.

Whilst no Resolution is required in relation to this item, Shareholders should consider the documents and raise any matters of interest with the Directors when this item is being considered.

A representative from the Company's auditors will be invited to the meeting and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies and the independence of the auditor.

3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Remuneration Report is required to be considered for adoption in accordance with section 250R of the Corporations Act. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2019.

A reasonable opportunity will be given for the discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

If at least 25% of the votes cast on the Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2019 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company ("Spill Resolution"). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting ("Spill Meeting") within 90 days of the Company's 2019 annual general meeting. All of the Directors who were in office when the Company's 2019 Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The Company's Shareholders have approved the Remuneration Report at the previous annual general meeting. A Spill Resolution will not be required at this Annual General Meeting as the votes against the Remuneration Report at the Company's 2018 annual general meeting were less than 25%.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

4. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MATTHEW BOWLES

Clause 16.3(b) of the Constitution requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next general meeting following his or her appointment, but is eligible for re-election at that general meeting (and is not be taken into account in determining the number of directors for the purposes of retirement by rotation under clause 16.4 of the Constitution).

ASX Listing Rule 14.4 also provides that a Director (excluding the Managing Director) appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting following the Director's appointment.

In accordance with clause 16.3(b) of the Constitution and ASX Listing Rule 14.4, since he was appointed as an addition to the Board on 27 February 2019, Mr Bowles is required to retire and being eligible for election, offers himself for re-election.

Mr Bowles is a senior corporate finance executive with extensive corporate advisory, private equity and capital markets experience within the resources sector. He has a depth of experience in domestic and cross border financing, joint venture and M&A transactions in Africa, the Americas and Australia.

Mr Bowles was previously the Chief Development Officer for a West African focused gold company. He commenced his career with Rio Tinto where he worked for nine years in various corporate and commercial roles, before moving to London to work in resources banking and finance. Since his return to Australia he has held senior roles with global advisory firms focused on the resources sector.

Mr Bowles is considered by the Board to be an independent Director.

The Board (other than Mr Bowles) unanimously supports the election of Mr Bowles.

5. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR TERRY WHEELER

Clause 16.4(a) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors, except the Managing Director, must retire from office provided that no Director may hold office without re-election past the third AGM following the Director's appointment or 3 years, whichever is longer. The Directors to retire at an annual general meeting are those who have been longest in office since their last appointment, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agreed amongst themselves) be determined by drawing lots. A Director who retires by rotation under clause 16.4(a) of the Constitution is eligible for re-election.

ASX Listing Rule 14.4 also provides that a Director (excluding the Managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment, or three years, whichever is longer.

In accordance with clause 16.4(a) of the Constitution and ASX Listing Rule 14.4, Mr Terry Wheeler is required to retire and being eligible for election, offers himself for re-election.

Terry is a Fellow of the Royal Australian Chemical Institute, a Member of the Australasian Institute of Mining and Metallurgy Inc., a Member of the Association of Exploration Geochemists, and an Associate Member of the International Association of Geoanalysts.

Mr Wheeler is not considered by the Board to be an independent Director.

The Board (other than Mr Wheeler) unanimously supports the re-election of Mr Wheeler.

6. RESOLUTION 4 – APPROVAL FOR ISSUE OF OPTIONS

6.1 General

The Company proposes to grant 7,500,000 Options to Matthew Bowles or his nominees, for nil consideration. The Options are exercisable at an exercise price of t\$0.007.

All Options will vest immediately.

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

In the event all the Options are exercised, Mr Bowles (or his nominees) would need to pay, at \$0.007 per Option, a total of \$52,500 to the Company. The funds raised from the exercise of the Options will be applied to general working capital and towards the Company's existing projects.

Under Section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company (such as a director of the company), the public company or entity must:

- i. obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- ii. give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act. Section 210 of the Corporations Act provides that shareholder approval for the purposes of Section 208 of the Corporations Act is not needed to give a financial benefit on the terms that would be unreasonable in the circumstances if the public company and the related party were dealing at arms' length.

It is the view of the Directors that the issue of Options to Mr Bowles under Resolutions 4 falls under the arms' length exception in Section 210 of the Corporations Act as the exercise price of the Options is 112% of the market price as of 21 October 2019.

Accordingly, Shareholder approval is only being sought under Listing Rule 10.11 and approval is not required under Listing Rule 7.1.

Listing Rule Notice Requirements

Listing Rule 10.13 contains certain requirements as to the contents of a Notice sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the Options will be granted to Matthew Bowles, or his nominees, as noted in Table 1 below;
- (b) the maximum number of Options to be granted pursuant to Resolutions 4 is 7,500,000;
- (c) the deemed issue price of the Options is \$0.018 per Option;
- (d) the exercise price of the Options is the lower of 125% of the market price of Shares on the day of issue, or \$0.07 per Option;
- (e) the Options will be allotted and granted on a date which will be no later than 1 month after the date of the meeting;
- (f) the Options will not rank equally with other fully paid Shares until they are exercised;
- (g) the exercise price and other terms and conditions of the Options are set out in Schedule 3 to this Explanatory Memorandum;
- (h) the Options will be granted for no consideration and accordingly no funds will be raised by the grant of the Options; and
- (i) a voting exclusion statement is included in this Notice.

Table 1 - Details of options to be issued to Related Parties

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Estimated Value as determined by Black-Scholes valuation
Matthew Bowles	Director	7,500,000	\$0.07	29 November 2023	Immediately	\$135,000

7. RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE PLAN

Purpose of Approval

Resolution 5 seeks shareholder approval for the adoption of the employee incentive scheme titled Employee Share Plan (Plan) in accordance with with ASX Listing Rule 7.2 (Exception 9(b)).

If Resolution 5 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

The Plan is being approved for the first time and accordingly, no Shares have been have previously been issued under the Plan, however is being sought under Resolution 6 to issue Shares under the Plan.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares. The term of each loan will be 3 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company or an event of insolvency).

Any future issues of Shares under the Plan to director will, by virtue of the directors being related parties, require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

Key Features of the Plan

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Voting Exclusion

A voting exclusion statement is included in this Notice.

8. RESOLUTION 6 – ISSUE OF DIRECTOR INCENTIVE SHARES AND APPROVAL OF LOAN TO MR MATTHEW BOWLES

8.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer Resolution 5), to the provision of a limited-recourse, interest free loan (Loan) to Mr Matthew Bowles (Eligible Participant) pursuant to the Plan for the purpose of each subscribing for Restricted Shares on the terms and conditions set out below.

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

It is the view of the Independent Directors that the issue of Options to Directors under Resolution 6 fall under the arms' length exception in Section 210 of the Corporations Act.

Accordingly, Shareholder approval is only being sought under Listing Rule 10.14.

Listing Rule Notice Requirements

Listing Rule 10.15 contains certain requirements as to the contents of a Notice sent to Shareholders for the purposes of Listing Rule 10.14 and the following information is included in this Explanatory Memorandum for that purpose:

- (a) the related party is Mr Matthew Bowles who is a related parties by virtue of being a Director;

- (b) the maximum number of Restricted Shares (being a financial benefit to be provided) to be issued to the Eligible Participant (or their nominees) is:
- (i) 6,250,000 Restricted Shares to Mr Matthew Bowles;
- on the terms set out in section (h) below;
- (c) the maximum amount of the Loans (each being a financial benefit to be provided) to be provided to the Eligible Participants (or their nominees) can be calculated by multiplying the number of Shares to be issued (determined in accordance with paragraph (b)) by the issue price (determined in accordance with paragraph (e)). Based on the last trading price of Restricted Shares before the date of this Notice (ie \$0.032), the financial benefit being received by the Eligible Participants, being the limited-recourse Loans to purchase the Shares in paragraph (b) above is set out below for each Eligible Participant:
- (i) \$200,000 to Mr Matthew Bowles.
- (d) the Restricted Shares will be issued and the Loans will be granted to the Eligible Participants no later than 15 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Restricted Shares will be issued and Loans granted on one date;
- (e) the issue price of the Restricted Shares will be the volume weighted average of the Company's Shares over the 5 days of trading on the ASX immediately prior to the issue of the Plan Shares, or such other price as the Board determines. For the purposes of details set out in this Notice, an issue price equal to the volume weight average of the Company's Shares over the 5 days of trading on the ASX immediately prior to 22 October 2019 (being \$0.032) has been assumed;
- (f) no funds will be raised from the issue of the Restricted Shares as there will be no change to the Company's cash position (ie the Loans made by the Company will be used to subscribe for the Restricted Shares to be issued to the Eligible Participants);
- (g) all Directors are entitled to participate in the Plan and approval is being sought to issue Restricted Shares to each of them under Resolution 6;
- (h) the Restricted Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan;
- (i) the Loans will be provided on the following key terms and otherwise subject to the terms and conditions of the Plan, a summary of which is set out in Schedule 2:
- (i) (limited-recourse): the Loan is secured against the Restricted Shares but the Eligible Participant is not personally liable for the Loan. In other words, in the event the Restricted Shares are sold to repay the Loan but the sale proceeds are insufficient to cover the amount of the Loan which is outstanding the Company cannot recover the remaining amount from the Eligible Participant. Conversely, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Eligible Participant is entitled to the surplus proceeds;
- (ii) (interest free): the Loan will be interest free unless otherwise agreed by the Eligible Participant; and
- (iii) (term): 3 years from the date of issue of the Restricted Shares, subject to earlier repayment in accordance with the terms of the Plan;
- (j) The estimated dollar value of interest forgone arising from the interest free Loans to the Eligible Participants is estimated as:
- (i) \$12,000 per annum to Mr Matthew Bowles;

on the assumption that interest would otherwise be charged at 6% per annum for a maximum three year term. As the Loans are limited-recourse, Shareholders should note that the value of the financial benefit may increase in the event the value of the Restricted Shares is lower than the balance of the Loan at the end of the Loan period and the Eligible Participants elects to extinguish the Loan through repayment of the Shares;

- (k) details of any Shares issued under the Plan will be published in each of the Company's annual reports relating to a period in which Shares have been issued and approval for the issue of those Restricted Shares was obtained under ASX Listing Rule 10.14;
- (l) any additional person who becomes entitled to participate in the Plan after this Meeting and who has not been named in this Notice will not participate in the Plan until approval is sought under ASX Listing Rule 10.14;
- (m) the primary purpose of the provision of the Loans to the Eligible Participants is to enable the Eligible Participants to subscribe for Shares and the primary purpose for the issue of the Shares to the Eligible Participants is to provide a performance linked incentive component in the remuneration package for the Eligible Participants to motivate and reward the performance of the Eligible Participants in their respective roles as Directors. In addition, by providing the Eligible Participants with a portion of their remuneration as Shares under the Plan, the Company retains that additional cash for use in other aspects of its operations;
- (n) Mr Matthew Bowles declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution.
- (o) Mr Terry Wheeler and Dr Jingbin Wang recommend that Shareholders vote in favour of this Resolution for the following reasons:
 - (i) the use of the Loans by each Eligible Participant to subscribe for Restricted Shares will align the interests of the Eligible Participants with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Eligible Participant. Each Eligible Participant will have a greater involvement with, and share in, any future growth and profitability of the Company; and
 - (ii) the provision of the Loans is a reasonable and appropriate method to provide benefits to the Eligible Participants as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash benefits were given to the Eligible Participants;
- (p) the Directors consider that in providing the Loans to the Eligible Participants upon the terms proposed the following opportunity cost to the Company and benefits foregone by the Company may occur:
 - (i) no interest is payable on the Loans; and
 - (ii) the Loans are limited-recourse which means the full amount of the Loan may not be recovered where the Shares are sold for less than the amount outstanding on the Loan. In addition, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Eligible Participant is entitled to the surplus proceeds;
- (q) in forming their recommendations, each Director considered the experience of each other Eligible Participant, the existing and proposed contribution of each Eligible Participant to the Company and the current market practices when determining the provision of the Loans upon the terms proposed; and

the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

9. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

9.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting at which a resolution for the purpose of Listing Rules 7.1A is passed by special resolution (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company has a market capitalisation of approximately \$*8,000,000 as at 17 October 2019. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

The Company may use the 10% Placement Facility to continue its exploration activities at the Sandstone Gold Project, Western Australia and/or to acquire new resource assets or investments.

9.2 Description of Listing Rule 7.1A

Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities being Ordinary Shares.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 287,123,781 Shares.

Subject to the approval of Resolution 6, the Company will be able to issue a total of:

- (i) 43,068,567 Equity Securities under Listing Rule 7.1; and
- (ii) 28,712,378 quoted Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2. That formula is:

$$(A \times D) - E$$

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus the number of partly paid Shares that became fully paid in the 12 months;
 - (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
 - (d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

Listing Rule 7.1A

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

9.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (i) Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.
- (ii) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.
- (iii) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (a) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0165 50% decrease in Issue Price	\$0.033 Issue Price/Current Market Price	\$0.066 100% increase in Issue Price
Current 287,123,781 Shares	Number of shares	28,712,378	28,712,378	28,712,378
	Funds raised	\$473,754	\$947,508	\$1,895,016

50% increase 430,685,671 Shares	Number of shares	43,068,567	43,068,567	43,068,567
	Funds raised	\$710,631	\$1,421,262	\$2,842,525
100% increase 574,247,562 Shares	Number of shares	57,424,756	57,424,756	57,424,756
	Funds raised	\$947,508	\$1,895,016	\$3,790,033

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No convertible securities (including any convertible securities issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) Resolution 6 is passed and variable "A" in Listing Rule 7.1A.2 is 287,123,781.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes convertible securities, it is assumed that those convertible securities are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (viii) The issue price is \$0.033, being the closing price of the Shares on ASX on 20 October 2019.
- (iv) The Company will only issue and allot the Equity Securities during the 10% Placement Period.
- (v) The Company may seek to issue the Equity Securities for the following purposes:
- (a) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (b) cash consideration. In such circumstances, the Company intends to use the funds raised towards continued exploration activities at the Sandstone Gold Project, Western Australia, the acquisition of new assets or investments (including expense associated with such acquisitions), feasibility study expenditure on the Company's current assets and/or general working capital.
 - (c) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (vi) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - the effect of the issue of the Equity Securities on the control of the Company;
 - the financial situation and solvency of the Company; and
 - advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (vii) The Company previously obtained approval under ASX Listing Rule 7.1A at its last annual general meeting on 30 November 2018.

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this Notice of Meeting is 133,410,745 representing 59% of the Equity Securities on issue at the commencement of the 12 month period.

(viii) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

9.4 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 7.

10. RESOLUTIONS 8 and 9 – REMOVAL AND APPOINTMENT OF AUDITOR

General

Under Section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given. The notice of intention to remove Greenwich & Co Audit Pty Ltd ("**Greenwich**") is provided to Shareholders with this Notice.

It should be noted that under Section 329 of the Corporations Act, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

The Company provides the notice of intention to Shareholders at Annexure A to this Notice and seeks the approval to remove the auditor even though the meeting will be held less than 2 months after the notice of intention is given.

Under Section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under Section 329 of the Corporations Act.

If Grant Thornton is removed under Resolution 7, the Directors propose that Pitcher Partners BA&A Pty Ltd be appointed as the Company's auditor, effective from the Meeting. The notice of intention to remove Grant Thornton as the Company's auditor and nomination of Pitcher Partners as auditor of the Company is provided to Shareholders in Annexure A to this Notice. Pitcher Partners has given written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act.

If Resolutions 8 and 9 are passed, the appointment of Pitcher Partners as the Company's auditor will take effect at the close of the Meeting.

DEFINITIONS

In this Explanatory Memorandum:

Annual General Meeting means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of Annual General Meeting.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

Board means the Board of Directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Alto Metals Limited, ACN 159 819 173.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the Explanatory Memorandum accompanying the Notice of Annual General Meeting.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of the ASX.

Notice of Annual General Meeting or Notice means the notice convening the Annual General Meeting accompanying this Explanatory Memorandum.

Proxy Form means the form of proxy accompanying this Notice of Annual General Meeting.

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2019.

Resolution means a resolution proposed to be passed at the Annual General Meeting and contained in the Notice of Annual General Meeting.

Section means a section of the Notice of Annual General Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.

WST means Western Standard Time.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES DURING THE PREVIOUS YEAR

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
18 Jan 2019	3,000,000	Shares ²	Mr Bruce Robert Legendre and Mr Stephen Stone as consideration for two meter prospecting and fissioning rights at Sandstone.	Issue price = 3.9c Closing price = 3.9c Discount = n/a	Amount raised = \$Nil Amount spent = \$Nil Use of funds: n/a Amount remaining = n/a
18 Feb 2019	9,143,474	Shares ²	Rights issue to eligible shareholders	Issue price = 3.6c Closing price = 3.5c Discount = n/a	Amount raised = \$329,166 Amount spent = \$319,166 Use of funds: Ongoing funding of exploration activities and for working capital purposes. Amount remaining = \$Nil
6 Mar 2019	6,382,948	Shares ²	Issue of loan conversion shares to Mr Terry Wheeler	Issue price = 4.7c Closing price = 3.5c Discount = n/a	Amount raised = \$300,000 Amount spent = \$300,000 Use of funds: Ongoing funding of exploration activities and for working capital purposes. Amount remaining = \$Nil
13 May 2019	56,875,060	Shares ²	Issue of shortfall shares to sophisticated investors, boutique firms and an equity drill contract of up to \$0.350 million.	Issue price = 3.6c Closing price = 3.2c Discount = n/a	Amount raised = \$2,047,502 Amount spent = \$300,000 Use of funds: Ongoing funding of exploration activities and for working capital purposes. Amount remaining = \$1.1M

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: AME (terms are set out in the Constitution).

Schedule 2 - Summary of Employee Share Plan

The key terms of the Employee Share Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be directors of the Company or any of its subsidiaries or any other related body corporate of the Company (**Eligible Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Participants will be offered Shares under the Plan.
- (c) **Invitation:** The Board may make an invitation to an Eligible Participant to participate in the Plan. The invitation:
 - (i) will invite application for the number of Shares specified in the invitation;
 - (ii) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;
 - (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Eligible Participant in accordance with the invitation;
 - (iv) will specify any restriction conditions applying to the Shares;
 - (v) will specify an acceptance period; and
 - (vi) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of issue of the Shares offered under the Plan, or such other price as the Board determines.
- (e) **Renounceability:** Eligible Participants may renounce their Invitation in favour of an associate (the Eligible Participants and their associates are each **Participants**).
- (f) **Restriction Conditions:** Shares may be subject to restriction conditions relating to milestones (**Milestone Conditions**) (such as a period of employment) or escrow restrictions (**Escrow Conditions**) which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Conditions**). Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.
- (g) **Extension of Escrow Condition:** If an Eligible Participant ceases to be an Eligible Participant as a result of an occurrence other than certain bad leaver occurrences prior to the satisfaction of all Restriction Conditions, the escrow restriction applied under the Escrow Condition in relation to the Plan Shares held by the Participant will be extended by 6 months.
- (h) **Loan:** An Eligible Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:
 - (i) the Loan will be interest free unless the Company and the Participant agree otherwise;
 - (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
 - (iii) the Loan repayment date will be 3 years following the issue of Shares under the Plan and the manner for making such payments shall be determined by the Board and set out in the invitation;
 - (iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;

- (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to buy-back, cancel or sell those Shares in accordance with the terms of the Plan;
 - (vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and
 - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (i) **Unfulfilled Milestone Condition:** Where a Milestone Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Milestone Condition is waived by the Board, either:
- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted;
 - (ii) cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted; or
 - (iii) in the event that such a buy-back or cancellation of Shares cannot occur, require the Participant to sell the Shares as soon as reasonably practicable either on the ASX and give the Company the sale proceeds (**Sale Proceeds**), which the Company will apply in the following priority:
 - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
 - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
 - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.
- (j) **Sale of Shares to repay Loan:**
- (i) A Loan shall become repayable in full on the earlier of:
 - (A) 3 years following the issue of Shares under the Plan;
 - (B) the date determined under (ii) below;
 - (C) any Shares issued to the Participant in relation to the Loan being sold, transferred, assigned, mortgaged, charged or otherwise encumbered (unless any such actions were undertaken by or on behalf of the Company);
 - (D) the Participant suffering an event of insolvency;
 - (E) the Participant breaching any condition of the Loan or the Plan; or
 - (F) a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).
 - (ii) In the event that the Eligible Participant to whom the invitation was made ceases to be an Eligible Participant, the date for repayment of the Loan under (j)(i)(B) will, subject to the Company buying back, cancelling or selling any Shares where the Eligible Participant ceases such a role for to certain bad leaver reasons (including acting fraudulently or dishonestly, being grossly negligent, demonstrating serious and wilful

misconduct, or causing a material adverse effect on the reputation of the Company), be the later of:

- (A) if all Restriction Conditions have been satisfied or waived, within 30 days;
 - (B) if a Milestone Condition in relation to Shares is not satisfied or waived, immediately. Such payment obligation shall be satisfied as set out in (i) above; or
 - (C) if all Milestone Conditions have been satisfied or waived, but the Escrow Condition has not been satisfied or waived, immediately upon satisfaction.
- (iii) Where a Loan becomes repayable under (j), other than (i)(B) and at that time a Restriction Condition in relation to Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Company may elect to buy-back or cancel in consideration for cancellation of the Loan or sell the Shares, with the Sale Proceeds being applied to repay the Loan in accordance the Plan.
- (iv) Where a Loan in relation to Shares becomes repayable under (i)(D) or (E) or (ii)(A) and at that time Restriction Conditions in relation to the Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company may buy-back, cancel or sell the Shares and, if sold, apply the Sale Proceeds in accordance with the Plan.
- (k) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Plan.
- (l) **Restriction on transfer:** Other than as specified in the Plan, Participants may not sell or otherwise deal with a Share until the Loan Amount in respect of that Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (m) **Quotation on ASX:** The Company will apply for each Share to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (n) **Rights attaching to Shares:** Each Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

1.

Schedule 3 - Terms and Conditions of Options expiring 29 November 2023

The Options were issued on the following terms:

2. The exercise price of each Option will be \$0.07 ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Alto Metals Limited ACN 159 819 173 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will vest on the date of issue.
5. All Options will lapse at 5:00 pm, Western Standard Time on 29 November 2023 ("**Expiry Date**").
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. Once vested, the Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. The Options are fully transferrable.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: AME

Your proxy voting instruction must be received by **10.00am (WST) on Wednesday, 27 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

