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**24 March 2020**

The Manager  
Market Announcements Office  
ASX Limited  
Central Park  
Level 152-158 St Georges Terrace  
Perth WA 6000

Dear Sir/Madam

**Takeover bid by Goldsea for Alto — bidder's statement**

We act for Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (**Goldsea**).

We attach, by way of service pursuant to item 5 of subsection 633(1) of the *Corporations Act 2001* (Cth), a copy of Goldsea's bidder's statement in relation to Goldsea's off-market takeover bid for: (i) all the issued and to be issued ordinary shares in Alto Metals Limited (ACN 159 819 173) (**Alto**); and (ii) all the unlisted Alto options pursuant to a separate options offer.

The bidder's statement is being lodged today with the Australian Securities and Investments Commission and served on Alto.

In accordance with Rules 5.13.1 and 5.14.1 of the ASIC Market Integrity Rules (Securities Market) 2017 (Rules) and the Corporations Act, Goldsea advises that it may seek to acquire Alto shares on-market at or below the price under its share offer during the Bid Period (as defined in the Rules).

Yours faithfully

A handwritten signature in black ink, appearing to be 'Michael Blakiston', with a long horizontal line extending to the right.

**Michael Blakiston**  
Partner  
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mblakiston@gtlaw.com.au

Bidder's Statement

# Accept

the Offers by

Goldsea Australia Mining Pty Ltd  
(ACN 637 464 601)

to purchase all of your shares and options in

Alto Metals Limited  
(ACN 159 819 173)

**Consideration offered is:**

- **A\$0.065 cash for each Alto Share you own**
- **a cash offer for each Alto Option you own**

This is an important document and requires your immediate attention.

If you are in any doubt about how to deal with this document, you should contact your legal, financial, tax or other professional adviser immediately.

The Offer closes at 7.00pm (AEST) on [●] 2020, unless extended or withdrawn.

If you have any questions about the Offers or this document, or about how to accept the Offers, please contact the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia).



Financial Adviser



Legal Adviser

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## Important notices

### Bidder's Statement

This document is a Bidder's Statement issued by Goldsea under Part 6.5 of the Corporations Act. This Bidder's Statement is dated 24 March 2020 and includes a Share Offer and an Option Offer. This Bidder's Statement is an important document and you should read it in its entirety.

### ASIC

A copy of this Bidder's Statement was lodged with ASIC on 24 March 2020. Neither ASIC nor its officers takes any responsibility for the content of this Bidder's Statement.

### Investment decisions

In preparing this Bidder's Statement, Goldsea has not taken into account the individual objectives, financial situation or needs of individual Alto Shareholders or Alto Optionholders. Accordingly, before deciding whether or not to accept the relevant Offer, you may wish to consult with your legal, financial, tax or other professional adviser.

### Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which members of Goldsea and Alto operate as well as general economic conditions, prevailing exchange rates, interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of Goldsea, its Related Bodies Corporate or any of the officers or employees of any of them, nor any persons named in this Bidder's Statement or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

### Information on Alto and the Alto Group

The information on Alto and Alto's securities contained in this Bidder's Statement has been prepared by Goldsea using publicly available information. The information in this Bidder's Statement concerning Alto and the assets and liabilities, financial position and performance, profits and losses and prospects of Alto, has not been independently verified by Goldsea. Accordingly, subject to the Corporations Act, Goldsea does not make any representation or warranty (express or implied) as to the accuracy or completeness of any such information.

Further information relating to Alto's business may be included in the Target's Statement which Alto must provide to Alto Shareholders and Alto Optionholders in response to this Bidder's Statement.

### Offers outside Australia — notice to overseas Alto Shareholders

This Bidder's Statement and the Offers have been prepared having regard to Australian disclosure requirements which may be different from those applicable in other jurisdictions. This Bidder's Statement and the Offers do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation and persons who come into possession of this Bidder's Statement should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

### **Privacy**

Goldsea has obtained your information from the Alto Registers for the purpose of making these Offers and, if accepted, administering acceptances of the Offers in respect of Your Alto Shares or Your Alto Options as the case may be. The Corporations Act requires the name and address of securityholders to be held in a public register. Your information may be disclosed on a confidential basis to Related Bodies Corporate and external service providers of Goldsea, and may be required to be disclosed to regulators such as ASIC.

The registered address of Goldsea is Unit 2505, 5 Lawson Street, Southport, Queensland 4215.

### **Websites**

Alto maintains a website at <https://www.altometals.com.au>. Information contained in or otherwise accessible through this website is not part of this Bidder's Statement. All references to this website in this Bidder's Statement are for information purposes only.

### **Effect of rounding**

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

### **Currencies**

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$", "A\$" or "cents" are to the lawful currency of Australia.

In this Bidder's Statement, references to "CNY" are to the lawful currency of China.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of Goldsea or Alto in respect of which different exchange rates may have been, or may be, used.

### **Maps and diagrams**

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

### **Time**

All references to time in this Bidder's Statement are to Australian Eastern Standard Time (AEST).

**Defined terms**

Capitalised terms and certain abbreviations used in this Bidder's Statement have the defined meanings in section 15. Section 15 also contains rules of interpretation that apply to this Bidder's Statement.

## 1 How to accept the Offers

### 1.1 How to accept the Share Offer

You may only accept the Share Offer in respect of all of Your Alto Shares. Acceptances must be received before the end of the Offer Period.

Depending on the nature of your holding, you may accept the Share Offer in the following ways:

#### **Issuer sponsored shareholders (your SRN starts with an "I")**

If Your Alto Shares are held on Alto's issuer sponsored subregister, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form so it is received before the Share Offer closes.

#### **CHESS shareholders (your HIN starts with an "X")**

If Your Alto Shares are in a CHESS Holding,

- complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form, so that it is received in sufficient time for your Controlling Participant to effect acceptance before the Share Offer closes; or
- contact your broker and instruct your Controlling Participant (normally your broker) to accept the Share Offer on your behalf, before the Share Offer closes.

#### **Participants**

If you are a Participant, acceptance of this Share Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Share Offer closes.

#### **Postal and delivery addresses for completed Acceptance Forms**

By post:	By hand:
Link Market Services Limited	Link Market Services Limited
Alto Metals Limited Takeover	Alto Metals Limited Takeover
Locked Bag A14	1A Homebush Bay Drive
Sydney South NSW 1235	Rhodes NSW 2138

### 1.2 How to accept the Option Offer

You may only accept the Option Offer in respect of all of Your Alto Options. Acceptances must be received before the end of the Offer Period.

To accept the Option Offer, you must complete and sign the Option Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the Option Acceptance Form so it is received before the Option Offer closes.

**1.3 Further information on how to accept the Offers**

Full details on how to accept the Offers are set out in section 13.3 and section 14.4 of this Bidder's Statement. If you have any further questions on how to accept the Offers, please call the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia) between 8.30am and 5.30pm (AEST) on Business Days. Please note that calls to the above numbers will be recorded.



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## 2 Key dates

Announcement Date	21 February 2020
Date of this Bidder's Statement	24 March 2020
Date of Offers	[●] 2020
Offers close (unless extended or withdrawn)	7.00pm (AEST), [●] 2020

### 3 Letter to Alto Shareholders and Alto Optionholders

24 March 2020

Dear Alto Shareholder and Alto Optionholder

#### **A\$0.065 all-cash Offer for Your Alto Shares**

On behalf of Goldsea, I am pleased to present to you the Offers by Goldsea to acquire:

- all of Your Alto Shares for A\$0.065 cash per Alto Share (**Share Offer Price**); and
- all of Your Alto Options for a comparable cash offer based on a Black-Scholes valuation (**Option Offer**).

The Offers are all-cash offers which enable you to realise value for Your Alto Shares and/or Your Alto Options through cash payments. By accepting the Offers, you will have:

- certainty of value for Your Alto Shares at a significant premium to their recent trading levels; and
- the ability to crystallise cash value for Your Alto Options for which there is no regular liquid marketplace.

Based on the closing share price of Alto on 20 February 2020, being the last practicable trading day prior to the Announcement Date, the Share Offer Price represents a premium of:

- 103% to A\$0.032, the last closing price of Alto's Shares on 20 February 2020;
- 93% to A\$0.034, the one-month Volume Weighted Average Price (**VWAP**) of Alto Shares;
- 86% to A\$0.035, the three-month VWAP of Alto Shares; and
- 83% to A\$0.036, the six-month VWAP of Alto Shares.

The Share Offer Price also represents a premium of 81% to Alto's capital raising price of A\$0.036 per Alto Share in May 2019.

The Offers are subject only to a limited number of conditions set out in sections 13.7 and 14.8 including, in respect of the Share Offer, a condition that Goldsea acquires a Relevant Interest in at least 90% (by number) of Alto Shares (on a fully diluted basis).

Subject to satisfaction or waiver of the conditions, the Offers remove your exposure to the risks associated with holding equity securities in Alto including, in particular, project funding, exploration and development risks in relation to Alto's Sandstone Gold Project, ongoing corporate costs, as well as general market and liquidity risks associated with maintaining equity security holdings in Alto.

Goldsea is a wholly-owned Australian subsidiary of Shandong Goldsea Group Co. Ltd (**Goldsea China**, together with its subsidiaries, the **Goldsea Group**). Goldsea Group is a privately-owned, diversified group of companies and currently operates three underground gold mines in China. The Offers are intended to enable the full consolidation of the Sandstone Gold Project within Goldsea Group's portfolio.

Details of the Offers, including their respective terms, are set out in this Bidder's Statement. I encourage you to read this Bidder's Statement in its entirety, and then to

accept the Offers as soon as possible. The Offers are open for your acceptance until 7.00pm (AEST) on [●] 2020 (unless they are extended or withdrawn).

To accept the Offers, please follow the instructions on the accompanying Acceptance Form or Option Acceptance Form (see sections 13.3 and 14.4 of this Bidder's Statement).






If you have any questions about the Offers, please call the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Li Jiayi', with a stylized flourish at the end.

Ms Jiayi Li  
Director  
**Goldsea Australia Mining Pty Ltd**

## 4 Why you should accept the Offers

-  **The Share Price Offer represents an attractive premium to recent trading levels** **Section 4.1**
-  **The Offers provide you with certainty compared to the risks associated with an investment in Alto** **Section 4.2**
-  **Alto's share price may fall if the Offers are unsuccessful** **Section 4.3**
-  **The Option Offer provides an opportunity to realise value for Your Alto Options in circumstances where there is otherwise no market for the Alto Options** **Section 4.4**
-  **No brokerage or stamp duty payable by Alto Shareholders or Alto Optionholders by accepting the Offers** **Section 4.5**

**4.1 The Share Price Offer represents an attractive premium to recent trading levels**

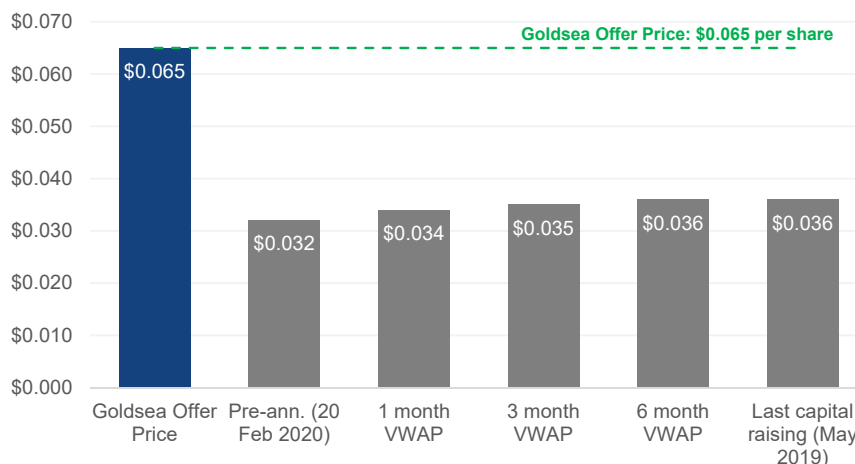
The Share Offer Price represents a significant premium to recent trading prices of Alto Shares. Based on the closing share price of Alto on 20 February 2020, being the last practicable trading day prior to the Announcement Date, the Share Offer Price represents a premium of:

- 103% to A\$0.032, the last closing price of Alto shares on 20 February 2020;
- 93% to A\$0.034, the one-month VWAP of Alto shares;
- 86% to A\$0.035, the three-month VWAP of Alto shares; and
- 83% to A\$0.036, the six-month VWAP of Alto shares.

The Share Offer Price also represents a premium of 81% to Alto's capital raising price of A\$0.036 per Alto share in May 2019.

Figure 1: Share Offer Price premium relative to recent trading prices

Share Offer Price premium to recent trading prices



Source: IRESS

**4.2 The Offers provide you with certainty compared to the risks associated with an investment in Alto**

The Offers are to acquire all of Your Alto Shares and/or Your Alto Options for cash.

Under the Offers:

- you will receive \$0.065 cash for each Alto Share you own; and
- you will receive a cash amount for each Alto Option you own, based on a Black-Scholes valuation of the relevant class of Alto Options as set out in section 14.2.<sup>1</sup>

<sup>1</sup> Alto Options valued using Black-Scholes Option pricing model, assuming a 75% volatility factor and a risk free rate of 0.75% p.a

The Offers provide you with the certainty of an all-cash offer subject to limited conditions.

In comparison, if you remain a holder of Alto Share or Alto Options, the future value of Alto Shares would be exposed to a number of risks including:

- the lack of diversification of Alto's asset portfolio, given Alto's only significant asset is its investment in the Sandstone Gold Project;
- Alto will likely require additional funding in the immediate term to fund future exploration, project development activities as well as ongoing corporate costs. If some or all of this funding requirement is sought in the form of an equity raising and Alto Shareholders do not accept the Share Offer, Alto shareholders would likely need to contribute to this equity raise (commensurate with their existing shareholding) to avoid dilution of their respective shareholdings; and
- the limited liquidity in the trading of Alto Shares, which may impact the ability of Alto shareholders to sell their Alto Shares without having an adverse impact on the share price received in the sale of those Alto Shares.

As a result, Alto shareholders may find it difficult to realise a fair cash return for their Alto Shares (or Alto Options) in the absence of either accepting the Offers or any competing offer.

#### **4.3 Alto's share price may fall if the Offers are unsuccessful**

The Offers are at an attractive premium to the historical trading prices of the Alto Shares prior to the Announcement Date.

As a result, if the Offers do not proceed and no alternative transaction is proposed, Alto's share price may fall significantly and trade at a material discount to the Share Offer Price.

While the Offers are conditional on Goldsea acquiring at least 90% (on a fully diluted basis) of all Alto Shares, Goldsea is entitled to waive this condition. Goldsea has no present intention to waive this condition but if its intention changes, and it obtains a Relevant Interest in more than 50% but less than 90% of all Alto Shares and the Offers become unconditional but Goldsea does not acquire 100% of Alto, then, depending on the circumstances at the relevant time, the liquidity of the Alto Shares may be substantially reduced which would further reduce the ability of Alto shareholders to readily dispose of Alto Shares in the future.

Figure 2: Alto historical share price performance

Alto share price performance



Source: IRESS

**4.4 Additional considerations for Alto Optionholders**

The Option Offer provides an opportunity to realise value for Your Alto Options in circumstances where there is otherwise no market for the Alto Options.

If Alto Optionholders do not accept the Option Offer, they would need to exercise their Alto Options in order to sell their securities.

**4.5 No brokerage or stamp duty in accepting the Offers**

In addition to the attractive premium in the Share Offer Price, you will not be obliged to pay stamp duty on the Offers if you accept the Offers.

If Alto Shares are registered in an Issuer Sponsored Holding, you will not incur any brokerage fees in accepting the Share Offer. If Alto Shares are registered in a CHESS Holding, you will generally not incur any brokerage fees in accepting the Share Offer (although you should ask your Controlling Participant, normally your broker, to confirm).

If you sell the Alto Shares on the ASX instead of accepting the Share Offer, although no stamp duty will be payable, you may incur brokerage fees (and any applicable GST payable on those fees).

## 5 Summary of the Offers

Set out below is a summary of the Offers. It is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement before deciding whether to accept the Offers.

<p><b>What is the Share Offer?</b></p>	<p>Goldsea is offering to buy all of Your Alto Shares by way of an off-market takeover bid on the terms set out in this Bidder's Statement. The Share Offer consideration is A\$0.065 in cash for each of Your Alto Shares.</p> <p>You may only accept this Share Offer in respect of all of Your Alto Shares. This Share Offer extends to all of Your Alto Shares in respect of which a person becomes registered or in respect of which a person becomes entitled to be registered as the holder prior to the end of the Offer Period as a result of:</p> <ul style="list-style-type: none"> <li>• the conversion of, or the exercise of rights attached to, any Alto Options that are on issue at the Register Date; and</li> <li>• the vesting, conversion or exercise of Performance Shares which are on issue as at the Register Date.</li> </ul> <p>As the exercise price of the Alto Options is higher than the Share Offer Price, Goldsea does not expect the Alto Options to be converted into Alto Shares. Accordingly, a separate offer is being made to Alto Optionholders under this Bidder's Statement (see below).</p> <p>Separate offers are not currently being made to holders of Performance Shares as discussed in section 8.3.</p> <p>Any Alto Shares issued during the Share Offer bid period upon exercise of any Alto Options acquired by Goldsea under the Option Offer do not form part of the Share Offer bid class.</p>
<p><b>What is the Option Offer?</b></p>	<p>Goldsea is offering to buy all of Your Alto Options by way of an off-market takeover bid on the terms set out in this Bidder's Statement.</p> <p>You may only accept this Option Offer in respect of all of Your Alto Options.</p> <p>The Option Offer consideration is a cash amount for each of Your Alto Options based on a Black-Scholes valuation of the relevant class of Alto Options (see section 14.2 for more information).</p>
<p><b>What is the Bidder's Statement?</b></p>	<p>This Bidder's Statement was prepared by Goldsea for distribution to Alto Shareholders and Alto Optionholders. The Bidder's Statement describes the terms of the Share Offer and Option Offer and information relevant to your decision whether or not to accept the Offers.</p> <p>This Bidder's Statement is an important document. Should you have any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser.</p>
<p><b>Who is Goldsea?</b></p>	<p>The bidder under the Offers is Goldsea.</p> <p>For information on Goldsea, please see section 6.</p>



<p><b>If I accept the Offers, when will I be paid?</b></p>	<p>If you accept the Share Offer or Option Offer and that Offer is, or becomes, unconditional, you will be paid on the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after you accept the relevant Offer, or one month after the applicable conditions have been satisfied or waived (whichever is the later); and</li> <li>• 21 days after the end of the Offer Period.</li> </ul>
<p><b>Can I accept the Share Offer in respect of some, but not all, of my Alto Shares?</b></p>	<p>No, you cannot accept the Share Offer for part of Your Alto Shares. You may only accept the Share Offer in respect of all of Your Alto Shares.</p>
<p><b>Can I accept the Option Offer in respect of some, but not all, of my Alto Options?</b></p>	<p>No, you cannot accept the Option Offer for part of Your Alto Options. You may only accept the Option Offer in respect of all of Your Alto Options.</p>
<p><b>If I am both an Alto Shareholder and Alto Optionholder, can I accept one Offer but not the other?</b></p>	<p>The Offers are mutually exclusive (which means if you are both an Alto Shareholder and Alto Optionholder, you can accept one Offer without accepting the other), however the Option Offer is conditional on the Share Offer being declared unconditional.</p> <p>Also, as noted above, you can only accept the relevant Offer in respect of all of Your Alto Shares or Alto Options.</p>
<p><b>Will I pay stamp duty or brokerage if I accept the Offers?</b></p>	<p>If Your Alto Shares are registered to an Issuer Sponsored Holding in your name and you deliver them directly to Goldsea, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Share Offer.</p> <p>If Your Alto Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Alto Shares are registered in the name of a broker, bank, custodian, or other nominee, you will not be obliged to pay stamp duty by accepting the Share Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Share Offer.</p> <p>You will not be obliged to pay stamp duty if you accept the Option Offer.</p>
<p><b>What are the conditions of the Share Offer?</b></p>	<p>The Share Offer is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• a 90% minimum acceptance condition (on a fully diluted basis);</li> <li>• FIRB approval being obtained before Share Offer close;</li> <li>• Alto providing cooperation and access to information relating to the Alto Group;</li> <li>• no litigation;</li> <li>• no restraints;</li> <li>• all other regulatory approvals (if any) being obtained before close of the Share Offer;</li> </ul>

	<ul style="list-style-type: none"> <li>no material acquisitions or disposals by an Alto Group Member;</li> <li>no adverse exercise of Third Party rights; and</li> <li>no Alto Prescribed Occurrence.</li> </ul> <p>Full terms of the conditions are set out in section 13.7 of this Bidder's Statement.</p>
<p><b>What are the conditions of the Option Offer?</b></p>	<p>The Option Offer is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>the Share Offer being declared unconditional; and</li> <li>all regulatory approvals (if any) being obtained before Option Offer close.</li> </ul> <p>Full terms of the conditions are set out in section 14.8 of this Bidder's Statement.</p>
<p><b>What happens if the conditions to the Offers are not satisfied?</b></p>	<p>If the Offers close with conditions remaining unsatisfied or not waived, the Offers will lapse and acceptances will be void. This means that the Offers will not proceed, and you will continue to hold Your Alto Shares or Alto Options even if you have accepted the relevant Offer.</p>
<p><b>Why should I accept the Offers?</b></p>	<p>There are a number of reasons why you should accept the Offers:</p> <ul style="list-style-type: none"> <li>The Share Price Offer represents an attractive premium to recent trading levels</li> <li>The Offers provide you with certainty compared to the risks associated with an investment in Alto</li> <li>Alto's share price may fall if the Offers are unsuccessful</li> <li>The Option Offer provides an opportunity to realise value for Your Alto Options in circumstances where there is otherwise no market for the Alto Options</li> <li>No brokerage or stamp duty payable by Alto Shareholders or Alto Optionholders by accepting the Offers</li> </ul> <p>See section 4 for more information.</p>
<p><b>How do I accept the Share Offer?</b></p>	<p><b>You may only accept the Share Offer in respect of all of Your Alto Shares.</b></p> <p>Depending on the nature of your holding, you may accept the Share Offer in the following ways:</p> <p><b>Issuer sponsored shareholders:</b> (your SRN starts with an "I"): If Your Alto Shares are held on Alto's issuer sponsored subregister, complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form so it is received before the Share Offer closes.</p> <p><b>CHESS shareholders:</b> (your HIN starts with an "X") If Your Alto Shares are in a CHESS Holding:</p> <ul style="list-style-type: none"> <li>complete and sign the Acceptance Form enclosed with this Bidder's Statement in accordance with the instructions on the form and send it to the address set out on the form, so that it is received in sufficient time for your</li> </ul>

	<p>Controlling Participant to effect acceptance before the Share Offer closes; or</p> <ul style="list-style-type: none"> <li>contact your broker and instruct your Controlling Participant (normally your broker) to accept the Share Offer on your behalf, before the Share Offer closes.</li> </ul> <p><b>Participants:</b> If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Share Offer closes.</p> <p>Full details on how to accept the Share Offer are set out in section 13.3 of this Bidder's Statement.</p>
<p><b>How do I accept the Option Offer?</b></p>	<p><b>You may only accept the Option Offer in respect of all of Your Alto Options.</b></p> <p>You may accept the Option Offer by following the instructions on the Option Acceptance Form. Your acceptance must be received before the Option Offer closes.</p> <p>Full details on how to accept the Option Offer are set out in section 14.4 of this Bidder's Statement.</p>
<p><b>When do the Offers close?</b></p>	<p>The Offers close at 7.00pm (AEST) on [●] 2020, unless they are extended in accordance with the Corporations Act.</p>
<p><b>What happens if I do not accept the Share Offer or Option Offer?</b></p>	<p>If you do not accept the relevant Offer, you will remain an Alto Shareholder or Alto Optionholder and will not be paid the cash consideration under the relevant Offer.</p> <p>If Goldsea becomes entitled to compulsorily acquire Your Alto Shares or Alto Options, it intends to proceed with compulsory acquisition. If Your Alto Shares or Alto Options are compulsorily acquired by Goldsea, it will be on the same terms (including the same consideration for each Alto Share or Alto Option acquired) as the relevant Offer.</p> <p>Refer to section 10.3 for details regarding Goldsea's intentions if Goldsea does not become entitled to compulsorily acquire Alto.</p>
<p><b>How is Goldsea funding the Offers?</b></p>	<p>The Maximum Offer Amount will be fully funded by the existing cash holdings of Mr Jiang Li, Chief Executive Officer of Goldsea Group and his wholly owned private company, Singapore J&amp;Y Investment Pte Ltd. These funds are immediately available to Goldsea pursuant to a binding commitment letter for the aggregate consideration for the Offers and associated transaction costs.</p> <p>See section 9.2 for more information.</p>
<p><b>What if I am a foreign shareholder or optionholder?</b></p>	<p>Foreign Alto Shareholders or Alto Optionholders will be paid the same cash consideration as stipulated under the relevant Offer. You will be paid in Australian dollars by cheque drawn on an Australian bank branch. However, an amount may be withheld in accordance with section 11.6 below which addresses CGT Withholding Obligations in relation to foreign Alto Shareholders and Alto Optionholders.</p> <p>Foreign Alto Shareholders and Alto Optionholders may also be subject to the tax consequences in their jurisdiction if they accept the Offers.</p>

<p><b>Can I withdraw my acceptance?</b></p>	<p>Under the Offers, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act.</p>
<p><b>Can the Offer Period be extended?</b></p>	<p>Yes, the Offer Period may be extended at the election of Goldsea and as required under the Corporations Act. Goldsea will give written notice of any extension of the Offer Period in accordance with the Corporations Act. Any extension will be announced to ASX.</p>
<p><b>What are the tax implications of accepting the Share Offer or Option Offer?</b></p>	<p>Please refer to section 11 of this Bidder's Statement for an overview of the Australian taxation treatment for Alto Shareholders and Alto Optionholders accepting the Offer. Foreign Alto Shareholders and Alto Optionholders may also be subject to tax consequences in their jurisdiction from accepting the Offers.</p> <p>Alto Shareholders and Alto Optionholders should not rely on the description in section 11 as advice and Goldsea recommends you consult your taxation adviser for detailed taxation advice before deciding whether or not to accept the Offers.</p>
<p><b>What if I have further questions or require further information in relation to the Offers?</b></p>	<p>If you have any questions in relation to the Offers, please contact the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia) between 8.30am and 5.30pm (AEST) on Business Days.</p> <p>Please note that calls to the above numbers will be recorded. Inquiries in relation to the Offers will not be received on any other telephone numbers of Goldsea or its advisers.</p>
<p><b>What will happen to unvested Performance Shares?</b></p>	<p>Goldsea understands there is no change of control trigger for vesting in the Performance Share terms. This means that if the Share Offer becomes or is declared unconditional, unvested Performance Shares will remain on foot. Goldsea expects that the Target's Statement will explain in greater detail how the Share Offer affects the Performance Shares.</p>
<p><b>Important notice</b></p>	<p>The information in this section 5 is a <b>summary only</b> of the Offers and is qualified by the detailed information set out elsewhere in the Bidder's Statement.</p> <p>You should read the entire Bidder's Statement and the Target's Statement before deciding whether to accept the Offers.</p>

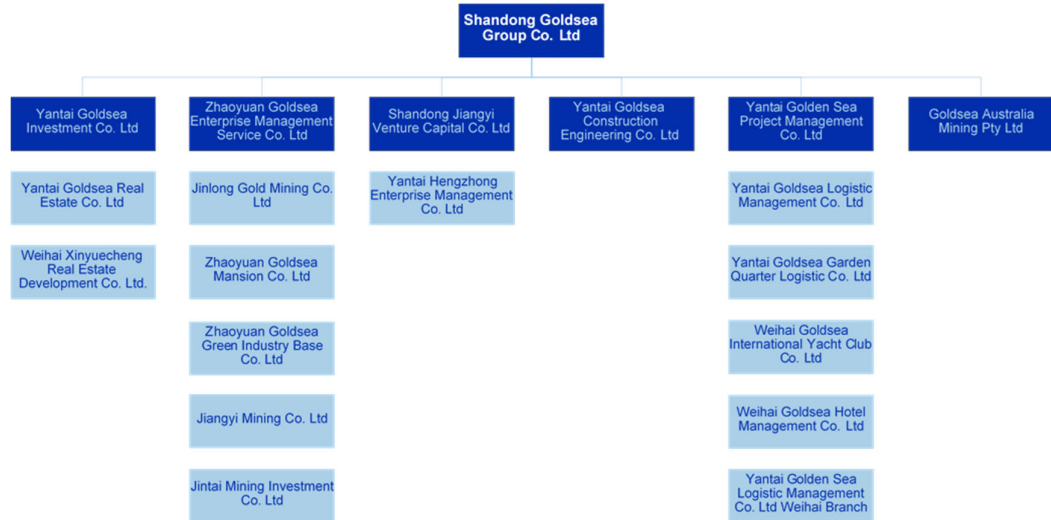
## 6 Information on Goldsea and the Goldsea Group

### 6.1 Overview

Goldsea is a wholly-owned Australian subsidiary of Shandong Goldsea Group Co. Ltd (**Goldsea China**) and is part of the Goldsea Group. It is a special purpose vehicle established for the purposes of the Transaction. It was incorporated on 14 November 2019. Goldsea Group is a privately-owned, diversified group of companies with a focus on the mining, venture capital, real estate, civil engineering construction and ecological sectors and currently employs approximately 800 employees. Its parent company, Goldsea China, was incorporated under the laws of the PRC and is a limited liability company.

### 6.2 Structure and ownership of the Goldsea Group

Goldsea Group and its wholly-owned subsidiaries (including Goldsea) are set out in the structure chart below.



As at the date of this Bidder's Statement, the following persons hold more than 5% of the issued capital of Goldsea China:

Name	Position	Percentage interest (%) Directly held
Mr Jiang Li	Chief Executive Officer of Goldsea China	46.97%
Mr Jianjun Li	Chairman of Goldsea China	20%
Ms Jiayi Li	Director of Goldsea	20%

Mr Jianjun Li is the father of Mr Jiang Li and Ms Jiayi Li.

Further information about Goldsea Group is available from its website at <http://english.jinhaigroup.com/index.html>.

### 6.3 Principal activities of the Goldsea Group

Goldsea Group's principal activities are as follows:

- (a) **Mining:** A primary focus is on mineral development and resource exploration through its three gold mining companies, being Jinlong Gold Mining Co. Ltd and Jintai Mining Investment Co. Ltd in Shandong Province and Jiangyi Mining Co. Ltd in Xinjiang Province in China. The combined entities had an average ore mining capacity of 800,000 tonnes per annum producing approximately 110,000 ounces of gold during the three calendar years ending 31 December 2019.
- (b) **Venture capital:** Goldsea Group, through its Shandong Jiangyi Venture Capital Co. Ltd subsidiary, has invested in more than 20 technological companies and, as at the date of this Bidder's Statement, has invested approximately CNY 837 million of foreign investment across several industry sectors.
- (c) **Real estate / hotel management:** Yantai Goldsea Investment Co. Ltd is the real estate investor and development arm of the Goldsea Group. It has invested and successfully developed high-end real estate projects including Yantai's "Goldsea Garden Quarter", Weihai's "Goldsea International Yacht Club", Yantai's "Goldsea Venture Mansion" and the "Zhaoyuan Goldsea Mansion".
- (d) **Civil engineering construction:** Goldsea Group has successfully completed large-scale building construction projects in China including the construction of the first four-star hotel in Zhaoyuan, China. It has related project management and logistic capabilities.
- (e) **Ecological:** Goldsea Group, through its Zhaoyuan Goldsea Green Industry Base Co. Ltd subsidiary, also has a modern ecological business. Located in Qingshan Forest Farm in the Zhaoyuan Province of China, the business focuses on green poultry farming and pollution-free vegetable and seedling production.

Goldsea Group has a demonstrated project development capability and has been recognised nationally for delivering on key projects. Awards include 'Civilised Pilot Project of Logistic Service of Yantai', 'Civilised Pioneering Enterprise of Logistic Service of Yantai' and 'Civilised Service Star of Logistic Industry of Shandong'.

### 6.4 Directors

As at the date of this Bidder's Statement, the directors of Goldsea are:

- (a) **Mr Qingyang Yu:** Mr Qingyang Yu has over 25 years' management experience, mainly in the mining sector. Since the inception of the Goldsea Group in 1999, Mr Qingyang Yu has been responsible for the mining division of the Goldsea Group. He is the vice president of Goldsea China and general manager for Goldsea Group's three mining companies, Jinlong Gold Mining Co. Ltd and Jintai Mining Investment Co. Ltd in Shandong Province and Jiangyi Mining Co. Ltd in Xinjiang Province in China. Mr Qingyang Yu has extensive experience in mineral resource exploration and development. Mr Qingyang Yu has a bachelor's degree from Yantai Gold College in Shandong Province.
- (b) **Ms Jiayi Li:** Ms Jiayi Li has over 15 years' investment experience in the Asia-Pacific region. Ms Jiayi Li is vice president of Goldsea China and chairperson of both Yantai Jinhai Investment Co. Ltd. and Shandong Jinhai Venture Capital Co. Ltd. Ms Jiayi Li has played a key role in overseeing Goldsea Group's venture capital activities, which have included significant investment in over 20 technological companies. Ms Jiayi Li has a bachelor's degree from the University of Alberta.
- (c) **Mr Qingquan Li:** Mr Qingquan Li has extensive experience in the mining sector especially in gold mine exploration and production. He has been a member of the

senior management team of Goldsea Group's mining division since July 1999. During this time, he has significantly contributed to the long-term stable development of the Goldsea Group's gold mining assets. Mr Qingquan Li has a bachelor's degree from Yantai Gold College in Shandong Province.

#### **6.5 Financial information on Goldsea and the Goldsea Group**

As at 31 December 2019, the Goldsea Group had net assets of approximately CNY 2.35 billion (A\$503.1 million) and net cash position of CNY 654 million (A\$140.0 million).<sup>2</sup>

Goldsea is well positioned to properly capitalise the Sandstone Gold Project within the Goldsea Group's large, diversified portfolio.

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<sup>2</sup> AUD figures in the Goldsea Financial Report are based on the AUD:CNY Reserve Bank of Australia average conversion rate of 4.90 for the 2019 calendar year, current AUD figures based on the AUD:CNY Reserve Bank of Australia conversion rate of 4.67 as at 20 February 2020 as agreed at time of announcement of intention to bid

## 7 Information on Alto and the Alto Group

### 7.1 Important information

The following information about Alto is based on publicly available information and has not been independently verified. Accordingly, Goldsea does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

Alto Shareholders should refer to the Target's Statement to be issued by Alto for further about Alto and the Alto Group.

### 7.2 Overview of Alto

Alto (ASX code: AME) is an Australian ASX-listed company and is the holding company of the Alto Group.

Alto was incorporated in Western Australia on 8 August 2012, with a primary focus on gold exploration in Australia.

Alto holds approximately 800 km<sup>2</sup> of the prospective Sandstone greenstone belt, approximately 600 km north of Perth in the East Murchison Mineral Field of Western Australia (**Sandstone Gold Project**).

Alto has reported a defined JORC (2012) Mineral Resources of 5.38Mt @ 1.7 g/t Au for 290,000 ounces gold and identified drill ready targets.

### 7.3 Directors and chief executive officer

As at the date of this Bidder's Statement, the directors and chief executive officer of Alto are:

- Richard Monti, Non-Executive Chairman;
- Matthew Bowles, Non-Executive Director;
- Terry Wheeler, Non-Executive Director;
- Dr Jingbin Wang, Non-Executive Director; and
- Graeme Smith, Company Secretary & Chief Financial Officer.

Profiles of Alto's board and management team are available on Alto's website at <https://altometals.com.au/corporate/directors-company-secretary/>.

### 7.4 Alto's issued securities

See section 8 for information on Alto's issued securities.

### 7.5 Substantial holders in Alto's Shares

As at the date of this Bidder's Statement, there were 293,373,781 Alto Shares on issue.



As at the date of this Bidder's Statement, based on publicly available information in relation to Alto, there are no substantial holders of Alto Shares except as set out below:

Substantial holder	Alto Shares held	% of Alto Shares
Windsong Valley Pty Ltd <sup>3</sup>	57,374,841	19.40%
Harvest Lane Asset Management Pty Ltd	18,613,071	6.34%
Sinotech (Hong Kong) Corporation Ltd	15,900,000	5.42%

#### 7.6 Alto employee share plan

Alto shareholders approved an Employee Share Option Plan on 29 November 2019, under which directors of the company or any of its subsidiaries or other related bodies corporate may be invited to acquire Alto Shares.

#### 7.7 Other material information about the Alto Group

Alto will have the opportunity to disclosure in its Target's Statement any information about the Alto Group it considers Alto Shareholders or Alto Optionholders would reasonably require to make an informed assessment as to whether to accept the relevant Offer.

#### 7.8 Publicly available information about the Alto Group

Alto is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Alto is subject to the listing rules of ASX which require continuous disclosure of any information Alto has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Alto's file is available for inspection at ASX during normal business hours or online at [www.asx.com.au](http://www.asx.com.au).

In addition, Alto is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Alto may be obtained from, or inspected at, an ASIC office.

Further information about Alto (including copies of its financial statements) is available at <https://altometals.com.au/>.

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<sup>3</sup> Windsong Valley Pty Ltd is a related party of Alto's Chairman, Mr Terry Wheeler. Holding is combined with Marymount Pty Ltd, an associate of Windsong Valley Pty Ltd

## 8 Information on Alto's securities

### 8.1 Alto's issued securities

According to documents lodged by Alto with ASX, as at the date of this Bidder's Statement, Alto has the following securities on issue:

- (a) 293,373,781 Alto Shares;
- (b) 78,842,567 Alto Options; and
- (c) 25,000,000 Performance Shares.
- (d) Alto's Appendix 3B dated 24 December 2019 still lists 2,250,000 Class C Performance Rights and 2,250,000 Class D Performance Rights as being on issue but based on Alto's notice of meeting dated 20 October 2016 Goldsea understands these securities expired on 8 June 2019 and 8 December 2019 respectively.

Goldsea expects that the Target's Statement will clarify the status of these securities.

### 8.2 Alto Options

The following Alto Options are on issue as at the date of this Bidder's Statement:

Tranche	Class of Alto Options	Number of Alto Options on issue as at the date of this Bidder's Statement
1	Unlisted options exercisable at A\$0.07 on or before 17 August 2020	4,571,711
2	Unlisted options exercisable at A\$0.07 on or before 13 November 2020	28,437,523
3	Unlisted options exercisable at A\$0.07 on or before 18 January 2021	8,333,333
4	Unlisted options excisable at A\$0.07 on or before 9 March 2021	30,000,000
5	Unlisted options exercisable at A\$0.07 on or before 29 November 2023	7,500,000

The Share Offer extends to Alto Shares that are issued upon the exercise of Alto Options during the period from the Register Date to the end of the Offer Period. The holders of Alto Options may exercise their Alto Options, subject to them expiring or lapsing, at any time during the Offer Period and then accept the Share Offer.

If not all the Alto Options are either exercised or acquired by Goldsea under the Option Offer, Goldsea intends to seek to compulsorily acquire or cancel any outstanding Alto

Options pursuant to Part 6A.1 or Part 6A.2 of the Corporations Act if it is entitled to do so, although it reserves its right not to do so.

### 8.3 Alto Performance Shares

The Share Offer extends to Alto Shares in respect of which a person becomes registered or in respect of which a person becomes entitled to be registered as the holder prior to the end of the Offer Period as a result of the vesting, conversion of, or the exercise of, Performance Shares which are on issue at the Register Date. Goldsea understands there is no change of control trigger for vesting in the Performance Share terms. This means that if the Share Offer becomes or is declared unconditional, unvested Performance Shares will remain on foot.

If all the Performance Shares are not acquired by Goldsea or cancelled pursuant to agreements or other arrangements, all Performance Shares will convert into one Alto Share on 23 June 2021.

Goldsea expects that the Target's Statement will explain how the Share Offer affects the Alto Performance Shares.

### 8.4 Interests in Alto's securities

As at the date of this Bidder's Statement and as at the date immediately before the first Offers are sent, Goldsea and its associates have Voting Power in Alto of approximately 2.90% (see section 8.5 below).

Goldsea does not have a Relevant Interest in any Alto Shares or Alto Options.

### 8.5 Dealings in Alto securities

Neither Goldsea nor any Associate of Goldsea has provided, or agreed to provide, consideration for Alto Shares or Alto Options under any purchase or agreement during the four months before the date of this Bidder's Statement, except as described below.

A company wholly owned by Goldsea Group Chairman, Mr Jianjun Li, GS Group Australia Pty Ltd (**GS Group**), currently holds 8,511,856 Alto Shares, representing a 2.90% interest in Alto (on an undiluted basis). GS Group is an associate of Goldsea's pursuant to section 12(2)(c) of the Corporations Act.

Date	Number of Alto Shares	Description of dealing and consideration per Alto Share
21 January 2020	2,269,111	Acquisition at A\$0.040
30 December 2019	430,000	Acquisition at A\$0.035
23 December 2019	16,193	Acquisition at A\$0.035
19 December 2019	639,151	Acquisition at A\$0.033
18 December 2019	153,141	Acquisition at A\$0.034
17 December 2019	46,859	Acquisition at A\$0.034
16 December 2019	642,867	Acquisition at A\$0.034
13 December 2019	3,523,735	Acquisition at A\$0.033

12 December 2019	408,597	Acquisition at A\$0.034
11 December 2019	2,317	Acquisition at A\$0.042
6 December 2019	250,000	Acquisition at A\$0.034
5 December 2019	141,397	Acquisition at A\$0.033
21 November 2019	6,695	Acquisition at A\$0.031
20 November 2019	181,010	Acquisition at A\$0.031
19 November 2019	200,000	Acquisition at A\$0.032

### 8.6 Period before the Offers

Neither Goldsea nor any Associate of Goldsea has provided, or agreed to provide, consideration for Alto Shares or Alto Options under any purchase or agreement during the period starting on the Announcement Date and ending on the date immediately before the date of the Offers.

### 8.7 Recent share price performance of Alto

The last recorded sale price of Alto Shares on ASX on 23 March 2020, being the last trading day prior to the date on which the Bidder's Statement was lodged with ASIC, ASX and Alto, was A\$0.049 per Alto Share.<sup>4</sup>

### 8.8 No pre-Offer benefits

Except as set out in this Bidder's Statement, during the period commencing four months before the date of this Bidder's Statement, and the period from the date of this Bidder's Statement to the date before the date of the Offers, neither Goldsea nor any Associate of Goldsea gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- (a) accept the Offers; or
- (b) dispose of Alto Shares or Alto Options,

and which is not offered to all Alto Shareholders and Alto Optionholders under the Offers.

### 8.9 No escalation agreements

Neither Goldsea nor any Associate of Goldsea has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

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<sup>4</sup> Alto's closing price retrieved from IRESS on 23 March 2020

## 9 Sources of consideration

### 9.1 Maximum cash consideration

The consideration for the acquisition of the Alto Shares and Alto Options to which the Offers relate will be satisfied by the payment of cash for each Alto Share and Alto Option.

The maximum amount that Goldsea could be required to pay under the Offers is \$25.85 million (**Maximum Offer Amount**), calculated as set out below, together with transaction costs.

#### (a) Maximum cash consideration under the Share Offer

As at the date of this Bidder's Statement, Alto has 293,373,781 Alto Shares on issue.

The maximum amount of cash that Goldsea would be required to pay under the Share Offer if acceptances are received for all Alto Shares on issue as at the date of this Bidder's Statement or if Goldsea becomes entitled to and exercises the right of compulsory acquisition under the Corporations Act, is approximately A\$19.10 million.

In addition, if all Alto Options are exercised and resulting Alto Shares accepted into the Share Offer, an additional A\$5.12 million will be payable by Goldsea under the Share Offer. Given the Alto Options are out of the money at the Share Offer Price, it is unlikely they will be exercised.

Further, if all unvested Performance Shares vest in accordance with the terms of their issue and the holders exercise those Performance Shares and accept the Share Offer in respect of the Alto Shares issued to them, an additional A\$1.63 million will be payable by Goldsea under the Offer. Goldsea understands there is no change of control trigger for vesting in the Performance Share terms. Based on publicly available information on the Performance Share terms, Goldsea considers it unlikely the Performance Shares will vest by the end of the Offer Period. Accordingly, the maximum amount that Goldsea could be required to pay under the Share Offer is A\$25.85 million, together with transaction costs.

#### (b) Maximum cash consideration under the Option Offer

As at the date of this Bidder's Statement, Goldsea understands that Alto has 78,842,567 Alto Options on issue.

If the Option Offer is accepted in respect of all 78,842,567 Alto Options, the consideration payable will be \$1.4 million calculated as follows:

Tranche	Key terms	Total number on issue	Consideration for each Alto Option	Total consideration to be funded
1	Exercisable at A\$0.07 on or before 17 August 2020	4,571,711	\$0.012	\$53,200
2	Exercisable at A\$0.07 on or before 13 November 2020	28,437,523	\$0.015	\$417,300
3	Exercisable at A\$0.07 on or before 18 January 2021	8,333,333	\$0.017	\$138,300

4	Excisable at A\$0.07 on or before 9 March 2021	30,000,000	\$0.018	\$537,400
5	Exercisable at A\$0.07 on or before 29 November 2023	7,500,000	\$0.034	\$253,800
	<b>TOTAL</b>	<b>78,842,567</b>		<b>\$1,400,000</b>

## 9.2 Sources of cash consideration

The Maximum Offer Amount will be fully funded by the existing cash holdings of Mr Jiang Li, Chief Executive Officer of Goldsea Group and his wholly owned private company, Singapore J&Y Investment Pte Ltd.

These funds are available to Goldsea, on three Business Days' notice pursuant to a binding commitment letter dated 21 February 2020 for the Maximum Offer Amount and associated transaction costs.

Under the binding commitment letter each of Singapore J&Y Investment Pte. Ltd and Mr Jiang Li represents and warrants to Goldsea and its directors, among other things, that:

- (a) it has between them immediate access to sufficient funds outside the PRC to perform their obligation to provide the Maximum Offer Amount together with transaction costs without the need for any PRC government or regulatory approvals; and
- (b) the funds held by each of Singapore J&Y Investment Pte. Ltd and Mr Jiang Li in his personal capacity as at the date of the letter will be retained to permit such payments.

The funds are held in liquid cash accounts and held with a number of Singaporean and Australian commercial banks.

The binding commitment letter contains no conditions or repayment or interest obligations.

Goldsea does not anticipate any restriction on the availability of funds for the purpose of funding the Offers.

## 9.3 No hedging

There are no hedging arrangements in place for movements in exchange rates in respect of the arrangements described in this section 9. However, Goldsea expects that the funds under those arrangements will be more than sufficient to pay the consideration, even in the event of a material adverse movement in exchange rates.

## 10 Goldsea's intentions in relation to Alto

### 10.1 Introduction

This section 10 sets out the intentions of Goldsea in relation to:

- (a) the continuation of the business of Alto;
- (b) any major changes to the business of Alto and any redeployment of the fixed assets of Alto;
- (c) the compulsory acquisition of Alto Shares and the delisting of Alto; and
- (d) the future employment of the present employees of Alto.

The intentions of Goldsea have been formed on the basis of publicly available facts and information concerning Alto and the general business environment, which are known at the time of preparing this Bidder's Statement. Final decisions regarding these matters will only be made by Goldsea in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may vary as new information becomes available or circumstances change.

The articulation and formulation of the intentions of Goldsea are necessarily limited by virtue of the fact that it has only had access to publicly available information about Alto and its affairs prior to making this Offer.

### 10.2 Intentions for Alto as a wholly-owned controlled entity

Without limiting the comments in section 10.1, this section describes the intentions of Goldsea if at the end of the Offer Period, Goldsea:

- receives valid acceptances of at least 75% (by number) of the Non-Associated Shares; and
- acquires a Relevant Interest in at least 90% (by number) of the Alto Shares then on issue.

If Goldsea becomes entitled to proceed to compulsorily acquire outstanding Alto Shares or Alto Options under Part 6A.1 or Part 6A.2 of the Corporations Act, Goldsea intends to exercise those rights but reserves the right not to do so.

Given the Alto Options are out of the money at the Share Offer Price, Goldsea does not intend to exercise any Alto Options it acquires under the Option Offer but reserves the right to do so.

If Goldsea exercises any right to proceed with compulsory acquisition of the outstanding Alto Shares or Alto Options in accordance with the provisions of Part 6A.1 or Part 6A.2 of the Corporations Act, the current intentions of Goldsea are as follows.

#### (a) Corporate matters

Goldsea would:

- (i) arrange for Alto to be removed from the official list of ASX; and
- (ii) exercise its right as a shareholder to replace the current Alto Board with nominees of Goldsea.

**(b) General operational review and structural considerations**

At the end of the Offer Period, Goldsea intends to conduct a review of Alto's operations on both a strategic and financial level to evaluate Alto's performance, profitability and prospects in relation to its business and tenements.

Once this has been completed, Goldsea will determine the level of financial and other resources necessary to progress the Sandstone Gold Project and optimise exploration potential. In particular, Goldsea will determine the optimal strategy in terms of realising maximum value for its investment in Alto, and in doing so, will keep all options open for value maximisation. Goldsea intends to continue exploration activities at the Sandstone Gold Project. The conclusions and outcomes of the review, as well as any new results from exploration, will inform Goldsea's preferred approach to feasibility of the Sandstone Gold Project.

**(c) Impact on employees**

Goldsea has the capacity to further develop Alto's assets. Subject to the statements made about existing members of the board of Alto and the review described above, Goldsea is not aware of any employees of the Alto Group given the status of the Sandstone Gold Project, however if there are in fact any, Goldsea expects to be able to provide continued employment to Alto's existing workforce. Following completion of the Offers, and as part of the strategy review described above, Goldsea will consider whether, in order to further develop Alto's assets, additional management and technical resources from external sources will be required.

**10.3 Intentions for Alto as a part owned controlled entity**

This section describes Goldsea's intentions if Alto becomes a controlled entity of Goldsea, but Goldsea is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 or Part 6A.2 of the Corporations Act.

While the Offer is conditional on Goldsea acquiring at least 90% (on a fully diluted basis) of all Alto Shares, Goldsea is entitled to waive this condition. Goldsea has no present intention to waive this condition but if its intention changes, and it obtains a Relevant Interest in more than 50% but less than 90% of all Alto Shares, Goldsea's current intentions are as follows:

**(a) Corporate matters**

After the end of the Offer Period Goldsea intends, subject to the Corporations Act and the constitution of Alto, to seek to replace some or all of the members of the Alto Board, with nominees of Goldsea.

Goldsea will seek, to the extent possible through its nominees on the Alto Board, to implement the intentions detailed in section 10.2 where they are consistent with Alto being a controlled entity of (but not wholly-owned by) Goldsea and are considered to be in the best interests of Alto Shareholders as a whole.

Goldsea would consider (but not necessarily comply with) the recommendations in the ASX Corporate Governance Principles and Recommendations when determining the composition of the Alto Board.

In relation to the removal of Alto from the official list of the ASX, ASX guidance indicates that the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of Alto from the official list in the context of a successful takeover bid include:



- at the end of the Offer, Goldsea owns or controls at least 75% of the Alto Shares and the Offer has remained open for at least two weeks after Goldsea attained ownership or control of at least 75% of the Alto Shares; and
- the number of Alto shareholders (other than Goldsea) having holdings with a value of at least \$500 is fewer than 150,

and in such case, the ASX will not usually require Goldsea to obtain Alto shareholder approval for Alto's removal from the official list of the ASX.

In addition, ASX may approve an application for Alto to be removed from the official list of the ASX with shareholder approval and, where such removal is sought later than one month after the close of the Offer, Goldsea would be entitled to vote on the resolution approving the removal.

If Alto is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in Alto. These include reduced or non-existent liquidity if shareholders wish to sell their Alto Shares.

#### **(b) General strategic review**

Goldsea, through its nominee on the Alto Board, would propose that Alto pursue the strategic review referred to in section 10.2(b) (to the extent appropriate).

Goldsea intends, subject to the approval of the Alto Board and to applicable laws, to participate in this review.

#### **(c) Limitations in giving effect to intentions**

The ability of Goldsea to implement the intentions set out in this section will be subject to the legal obligations of Alto directors to have regard to the interests of Alto and all Alto Shareholders. Goldsea will only make a decision on the abovementioned courses of action following legal and financial advice in relation to those requirements.

In particular, if Goldsea controls (but does not own 100% of) Alto, Goldsea will be a "related party" of Alto within the meaning of Chapter 2E of the Corporations Act and, for so long as Alto remains listed on the ASX, within the meaning of the ASX Listing Rules. Goldsea's ability to implement its intentions would therefore be subject to its obligations and the obligations of Alto, to comply with applicable provisions of the Corporations Act, and provided Alto remains listed, the ASX Listing Rules relating to transactions between related parties.

In circumstances where the conditions in section 13.7 and section 14.8 of the Offers are waived by Goldsea and Alto becomes a controlled entity of Goldsea but Goldsea is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 or Part 6A.2 of the Corporations Act, if Alto continues to be listed on the ASX following the Offer, then the decrease in the number of Alto Shares available for ASX trading may have a material adverse effect on their liquidity and market value.

### **10.4 Other intentions**

Subject to the matters described above in this section 10 and elsewhere in this Bidder's Statement and, in particular, the completion of the strategic review of Alto's operations, it is the intention of Goldsea, on the basis of the facts and information concerning Alto that are known to it and the existing circumstances affecting the assets and operations of Alto at the date of this Bidder's Statement, that:

- (a) the business of Alto will be conducted in substantially the same manner as at the date of this Bidder's Statement;

- (b) no other major changes will be made to the business of Alto;
- (c) there will be no redeployment of the fixed assets of Alto; and
- (d) the present employees of Alto will continue to be employed by Alto.

## 11 Tax considerations

### 11.1 Introduction

The information provided below is intended to be a brief guide only and does not purport to be an authoritative or a complete analysis of the potential tax consequences of accepting the Offer applicable to the specific circumstances of any Alto Shareholder or Alto Optionholder.

Alto Shareholders and Alto Optionholders are specifically informed that the outline below relates to possible Australian income tax, stamp duty and GST consideration only on disposal of Alto Shares and Alto Options based on the existing tax laws and administrative practices of the ATO as at the date of this Bidder's Statement. The information provided below:

- (a) does not consider the taxation implications in jurisdictions outside of Australia; and
- (b) should not be relied upon by an Alto Shareholder or Alto Optionholder in making a decision on the Australian tax consequences of their decision to dispose of any Alto Shares or Alto Options to Goldsea.

The following comments are only relevant to those Alto Shareholders and Alto Optionholders who hold their shares on capital account for tax purposes (as opposed to on revenue account or as trading stock) and do not apply to the extent that Alto Shareholders or Alto Optionholders:

- (a) hold Performance Shares;
- (b) acquired their Alto Shares or Alto Options, or any rights in relation to the Alto Shares or Alto Options, as the result of an employee share or option plan;
- (c) are under a legal disability;
- (d) are entities subject to special taxation rules, including the Investment Manager Regime, the Taxation of Financial Arrangement rules, tax exempt organisations and superannuation funds with accounts in a tax-free pension phase;
- (e) are taken to have acquired their Alto Shares or Alto Options before 20 September 1985; or
- (f) are non-resident Alto Shareholders or Alto Optionholders who currently hold, or have held, at any time Alto Shares or Alto Options through a permanent establishment in Australia, or who are temporary residents of Australia.

### 11.2 Alto Shares

#### (a) Disposal of Alto Shares

An Alto Shareholder that accepts the Share Offer, and transfers their Alto Shares to Goldsea, will be treated as having disposed of Alto Shares for Australian tax purposes when they accept the Share Offer, even if the conditions of the Share Offer (as contained in clause 13.7) are not satisfied until a later date.

If an Alto Shareholder's Alto Shares are compulsorily acquired, the Alto Shareholder will be taken to have disposed of Alto Shares when the shares are transferred.

**(b) Determination of capital gains and losses on the disposal of Alto Shares**

An Alto Shareholder should realise a capital gain equal to the amount by which the Share Offer Price exceeds the cost base of their Alto Shares. An Alto Shareholder will alternatively realise a capital loss equal to the amount by which the reduced cost base of their Alto Share exceeds the Share Offer Price.

The cost base and reduced cost base of an Alto Share should generally include the amount paid (or deemed to be paid) to acquire the Alto Share, which includes certain incidental costs (such as brokerage fees) of the acquisition, holding and disposal of the Alto Share. The reduced cost base does not include certain amounts that would be included in the cost base. Where the Alto Share has been acquired by exercising an Alto Option, the cost base and reduced cost base of the Alto Share should also include the exercise price.

A capital loss from the disposal of an Alto Share may be used to offset a capital gain made from the disposal of any other asset (including other Alto Shares or Alto Options) in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests. Capital losses cannot reduce or offset other income or non-capital gains.

**11.3 Alto Options****(a) Disposal of Alto Options**

An Alto Optionholder that accepts the Option Offer, and transfers their Alto Options to Goldsea, will be treated as having disposed of Alto Options for Australian tax purposes when they accept the Option Offer, even if the conditions of the Option Offer (as contained in clause 14.8) are not satisfied until a later date.

If an Alto Optionholder's Alto Options are compulsorily acquired, the Alto Optionholder will be taken to have disposed of Alto Options when the options are transferred.

In the unlikely event that an Alto Optionholder exercises their Alto Options to acquire Alto Shares, that exercise should not be taken to be a disposal that results in a tax liability for the Alto Optionholder. Instead, the exercise price paid will be relevant to determining the capital gain or loss made on the subsequent disposal of the resulting Alto Shares.

**(b) Determination of capital gains and losses on the disposal of Alto Options**

An Alto Optionholder should realise a capital gain equal to the amount by which the consideration received for their Alto Option exceeds the cost base of their Alto Option. An Alto Optionholder will alternatively realise a capital loss equal to the amount by which the reduced cost base of their Alto Option exceeds the consideration received for their Alto Option.

The cost base and reduced cost base of an Alto Option should generally include the amount paid (or deemed to be paid) to acquire the Alto Option, which includes certain incidental costs of the acquisition, holding and disposal of the Alto Option. The reduced cost based does not include certain amounts that would be included in the cost base.

A capital loss from the disposal of an Alto Option may be used to offset a capital gain made from the disposal of any other asset (including other Alto Shares or Alto Options) in the same income year or be carried forward to offset a capital gain made in a future income year, subject to the satisfaction of certain loss recoupment tests. Capital losses cannot reduce or offset other income or non-capital gains.

#### 11.4 Australian resident Alto Shareholders and Alto Optionholders

An Alto Shareholder or an Alto Optionholder that is a resident of Australia for tax purposes and is an individual, trust or complying superannuation entity may be entitled to reduce their capital gain (after first reducing the capital gain by any available capital losses) from the disposal of an Alto Share or Alto Option by the applicable CGT discount provided that:

- (a) the relevant Alto Shares or Alto Options were acquired (or are taken to have been acquired) at least 12 months before disposal to Goldsea (excluding the date of acquisition and the date of disposal);
- (b) in the case of a gain from the disposal of an Alto Share, the Alto Shareholder did not choose to index the cost base of their Alto Share (where applicable); and
- (c) in the case of a gain from the disposal of an Alto Option, the Alto Optionholder did not choose to index the cost base of their Alto Option (where applicable).

The applicable CGT discount which should reduce a net capital gain arising from the disposal of Alto Shares and Alto Options is as follows:

- (a) 50% for individuals and trusts (except a trust that is a complying superannuation entity); and
- (b) 33⅓% for a complying superannuation entity.

The CGT discount is not available to any Alto Shareholders or Alto Optionholders that are companies.

Any resulting net capital gain (i.e. the amount remaining after application of any available capital losses, available CGT discounts and/or concessions) should be included in the Alto Shareholder's or Alto Optionholder's assessable income and subject to Australian income tax at the applicable marginal tax rate/s.

#### 11.5 Non-resident Alto Shareholders and Alto Optionholders

##### (a) Non-resident Alto Shareholders

An Alto Shareholder that is not a resident of Australia for tax purposes should generally not have to pay Australian income tax on the disposal of their Alto Shares, unless both of the following requirements are satisfied:

- (i) the Alto Shareholder, together with their associates as defined by the *Income Tax Assessment Act 1936* (Cth), held a combined interest of at least 10% of Alto either at the time the Alto Shares were disposed of or for at least 12 months during the 24 months before the Alto Shares were sold; and
- (ii) more than 50% of the value of Alto is represented by real property in Australia (**Principal Asset Test**). Alto Shares would generally pass this test if the market value of Alto's direct and indirect interests in Australian land (including mining and exploration leases and licences and mining rights) is more than the market value of other assets at the time of the CGT event.

Where both the above requirements are satisfied, the Alto Shares are "**indirect Australian real property interests**". Non-resident Alto Shareholders will be required to lodge an Australian tax return reporting the disposal of indirect Australian real property interests and pay tax on tax on the net capital gain.

The Principal Asset Test must be assessed at the time of the relevant disposal, which will vary for each Alto Shareholder. The market value of Alto's assets may change between now and then. Currently, it appears that the Principal Asset Test is likely to be satisfied.

**(b) Non-resident Alto Optionholders**

An Alto Optionholder that is not a resident of Australia for tax purposes should generally not have to pay Australian income tax on the disposal of their Alto Options, unless the Alto Options confer an option or right to acquire Alto Shares that are indirect Australian real property interests. Non-resident Alto Optionholders will be required to lodge an Australian tax return reporting the disposal of options over indirect Australian real property interests and pay tax on the net capital gain.

**(c) Availability of CGT discount**

A non-resident Alto Shareholder or Alto Optionholder who is subject to tax on disposal of their Alto Shares or Alto Options may be eligible to apply a CGT discount to part of their gain if they are taken to have acquired, their Alto Shares on or before 8 May 2012. Otherwise, the CGT discount is not available to non-resident Alto Shareholders and Alto Optionholders.

**11.6 Non-resident Alto Shareholders' and Alto Optionholders' CGT Withholding**

Goldsea may have an obligation to pay 12.5% of the Share Offer Price and 12.5% of the consideration paid for the Alto Options (collectively, **CGT Withholding Tax**) if the relevant Alto Shares and Alto Options are 'indirect Australian real property interests' and Goldsea either:

- (a) knows or reasonably believes that the relevant Alto Shareholder or Alto Optionholder is a foreign resident; or
- (b) does not reasonably believe that the relevant Alto Shareholder or Alto Optionholder is an Australian resident, and either:
  - (i) the relevant Alto Shareholder or Alto Optionholder has an address outside Australia; or
  - (ii) Goldsea is authorised to provide a related financial benefit to a place outside Australia (whether to the relevant Alto Shareholder or Alto Optionholder or to anyone else).

If Goldsea determines that it has an obligation to pay CGT Withholding Tax in respect of an Alto Share or Alto Option, Goldsea may ask the relevant Alto Shareholder or Alto Optionholder to complete a Foreign Resident Declaration Form (**Declaration Form**). In this Declaration Form, the relevant Alto Shareholder or Alto Optionholder may declare that it is an Australian tax resident or that their holding in Alto is not an indirect Australia real property interest.

If the relevant Alto Shareholder or Alto Optionholder does not provide an appropriately completed Declaration Form by the relevant time or if Goldsea reasonably believes that the information in the Declaration Form is not correct, Goldsea may withhold the CGT Withholding Tax from the Share Offer Price payable to that Alto Shareholder or the consideration payable to the Alto Optionholder. In such an instance, the relevant Alto Shareholder or Alto Optionholder will only receive the net proceeds and will be taken to receive the full Share Offer Price and consideration for the Alto Options for the purposes of the Offer.

Any CGT Withholding Tax withheld may be able to be offset against the actual tax payable on the gain from the disposal of the Alto Shares and Alto Options (as discussed

above) and is refundable by the ATO to the extent that the CGT Withholding Tax exceeds the actual tax payable.

#### **11.7 Stamp duty**

Any stamp duty payable on the transfer of Alto Shares and Alto Options to Goldsea pursuant to the Offers will be paid by Goldsea.

#### **11.8 GST**

GST should not be payable on the disposal of Alto Shares or Alto Options.

Alto Shareholders and Alto Optionholders should seek their own advice to determine whether any GST incurred on costs in relation to the disposal of their Alto Shares or Alto Options is recoverable.

## 12 Additional information

### 12.1 Windsong Loan Facility

As announced by Alto to the ASX on 16 March 2020, Alto entered into an up to \$1 million loan facility with its largest shareholder, Windsong Valley Pty Ltd (**Windsong**) to assist Alto in funding its short term working capital requirements (**Windsong Loan Facility**). Interest on the Windsong Loan Facility is payable at 8% per annum on amounts drawn.

If Alto wishes to drawdown in excess of \$500,000 between now and 10 March 2021, Alto has agreed, subject to receipt of shareholder approval pursuant to ASX Listing Rule 10.1, to grant to Windsong a security interest in all of Alto's present and after acquired property for all monies outstanding under the facility (including interest).

The Windsong Loan Facility must be repaid on 11 March 2021 and is repayable immediately in the event that Alto is subject to a change of control.

Alto did not address the impact on the Share Offer in its announcement. Despite this, Goldsea has decided to waive the breach of the Share Offer conditions at sections 13.7(g) and 13.7(i) in respect of the Windsong Loan Facility and proceed with its Offer.

### 12.2 On market purchases

In accordance with Rules 5.13.1 and 5.14.1 of the *ASIC Market Integrity Rules (Securities Market) 2017 (ASIC Market Integrity Rules)* and the Corporations Act, Goldsea advises that it may seek to acquire Alto Shares on-market at or below \$0.065 per Alto Share during the Bid Period (as defined in the ASIC Market Integrity Rules). Goldsea intends to appoint a licensed broker for this purpose.

### 12.3 Status of defeating conditions

Goldsea and Alto have entered into a confidentiality agreement and Alto has agreed to allow Goldsea to conduct due diligence on Alto. Goldsea is in the process of reviewing the due diligence material as it is provided by Alto.

The Goldsea Board confirms that, since the Announcement Date, based on review of information provided by Alto, the 'Cooperation and Equal Access to Information' condition at section 13.7(d) of its Share Offer is now satisfied, save in respect of:

- (a) Goldsea's confirmatory due diligence environmental review in section 13.7(d)(i)(A) on the basis Goldsea has only recently received access to data on the Sandstone Gold Project from Alto and appointed a third-party consultant to assist Goldsea with its review; and
- (b) the 'Equal Access to Information' condition in clause 13.7(d)(iii) of the Share Offer which is expressed to continue for till the end of the Offer Period.

Goldsea notes that at the end of the 31 December 2019 quarter, Alto reported a cash position of \$703,000. Despite the availability of the Windsong Loan Facility, Goldsea expects Alto may have a need to raise additional capital.

Goldsea will give due consideration to the implications of any capital raising on the Offers. If Alto was to raise capital it may breach one or more conditions of the Share Offer. Goldsea will consider its options once details of a capital raising (if any) are known and make a determination whether to rely on any breach of the condition(s) to terminate the Offers or waive the breach and proceed with the Offers.



**12.4 Date for determining holders of Alto Shares and Alto Options**

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

**12.5 Interests in Alto securities**

As at the date of this Bidder's Statement, none of the directors of Goldsea has a Relevant Interest in any of Alto's securities.

**12.6 ASIC relief relating to Alto Options**

Goldsea has obtained an exemption from ASIC under section 655A(1) of the Corporations Act to allow Goldsea to treat all Alto Options as a single class of securities for the purposes of the Option Offer. This exemption is set out in Attachment A.

The effect of the ASIC relief is to allow:

- (a) Goldsea to treat the different classes of unlisted Alto Options that have an exercise price which is higher than the Share Offer Price as one class of options for the purpose of the Option Offer; and
- (b) the Option Offer to offer a different consideration for each class of Alto Option having regard to the different expiry dates of the different Alto Options.

Goldsea has also obtained an exemption from ASIC from section 606 of the Corporations Act in respect of the acquisition of a relevant interest in Alto Shares as a result of Goldsea exercising Alto Options that it acquires under the Option Offer. This exemption is set out in Attachment B.

The conditions of the ASIC relief include that:

- (a) Goldsea has made a bid for all of the Alto Shares, in respect of which a Bidder's statement will be lodged with ASIC on or about 25 March 2020;
- (b) Goldsea has made a bid for all of Alto Options, in respect of which a bidder's statement will be lodged with ASIC on or about 25 March 2020;
- (c) the Option Offer is subject to a non-waivable defeating condition that the Share Offer:
  - (i) becomes, or is declared, unconditional; or
  - (ii) is subject only to conditions that relate only to the happening of an event or circumstances referred to in subsection 652C(1) or (2) of the Corporations Act;
- (d) offers under the Option Offer and the Share Offer are first sent to each holder of the relevant bid class securities on the same day;
- (e) the bidder's statement in respect of the Share Offer and the Option Offer discloses that Goldsea has received the relief from ASIC and provides a brief description of the terms of the relief;
- (f) the bidder's statement in respect of the Share Offer and the Option Offer discloses Goldsea's intentions in relation to the exercise of the Alto Options it acquires under the Option Offer; and

- (g) the bidder's statement in respect of the Share Offer and the Option Offer discloses that any Alto Shares issued during the Offer Period upon exercise of any Alto Options acquired by Goldsea under the Option Offer do not form part of the Share Offer bid class.

### 12.7 Consents

The following persons have consented to being named in this Bidder's Statement in the form and context in which their names appear and have not withdrawn their consent prior to the lodgement of this Bidder's Statement with ASIC:

- (a) Gilbert + Tobin, to be named as the legal adviser to Goldsea in respect of the Offers;
- (b) PCF Capital Group Pty Ltd, to be named as the corporate adviser to Goldsea; and
- (c) Link Market Services Limited, to be named as the share registrar for the Offers.

Other than those statements made by the persons described in sections 12.8 and 12.9, none of the abovementioned persons have made any statement in this Bidder's Statement, or made any statement on which a statement in this Bidder's Statement is based, and (to the maximum extent permitted by law) expressly disclaims all liability, in respect of, makes no representation regarding and takes no responsibility for, any part of this Bidder's Statement (other than as specified above).

This Bidder's Statement contains statements made by, or statements based on statements made by, Goldsea. Goldsea has consented to being named in this Bidder's Statement and has consented to the inclusion of:

- (a) each statement it has made; and
- (b) each statement which is said in this Bidder's Statement to be based on a statement it has made,

in the form and content in which the statements made have been included and has not withdrawn its consent as at the date of this Bidder's Statement.

### 12.8 Documents lodged with ASIC or given to ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) please contact the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia) between 8.30am and 5.30pm (AEST) on Business Days during the Offer Period.

**12.9 Official statements**

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (**Corporations Instrument 2016/72**), this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Bidder's Statement contains share price trading data sourced from IRESS without its consent.

**12.10 Broker commission**

As at the date of this Bidder's Statement, Goldsea has not decided whether to offer to pay a commission to brokers who solicit acceptances of the Offers by an Alto Shareholder or Alto Optionholder. However, Goldsea reserves the right to introduce such an arrangement.

**12.11 Other material information**

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by an Alto Shareholder or Alto Optionholder whether or not to accept the relevant Offer; and
- (b) known to Goldsea,

which has not previously been disclosed to Alto Shareholders or Alto Optionholders.

## 13 The terms and conditions of the Share Offer

### 13.1 Share Offer

- (a) Goldsea offers to acquire all of Your Alto Shares on and subject to the terms and conditions set out in this section 13 of this Bidder's Statement.
- (b) The consideration under the Share Offer is A\$0.065 in cash for each Alto Share. Where the calculation of the consideration to be paid to an Alto Shareholder would result in the Alto Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.
- (c) By accepting this Share Offer, you undertake to transfer to Goldsea not only Your Accepted Alto Shares, but also all Rights attached to those Alto Shares (see section 13.5(c)(vi) and section 13.6(c)).
- (d) This Share Offer is being made to:
  - (i) each person registered as the holder of Alto Shares in the Share Register at 7.00pm (AEST) on the Register Date;
  - (ii) holders of securities that come to be Alto Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date (including Alto Options and Performance Shares); and
  - (iii) any person who becomes registered as the holder of Your Alto Shares during the Offer Period.
- (e) Any Alto Shares issued during the Share Offer bid period upon exercise of any Alto Options acquired by Goldsea under the Option Offer do not form part of the Share Offer bid class.
- (f) If, at the time the Share Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Alto Shares, then:
  - (i) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to that other person in respect of those Alto Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to you in respect of any other Alto Shares you hold to which the Share Offer relates; and
  - (iii) this Share Offer will be deemed to have been withdrawn immediately at that time.
- (g) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Alto Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Share Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Share Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia) to request those additional copies.

- (h) If Your Alto Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Share Offer.
- (i) The Share Offer is dated [●] 2020.

### 13.2 Offer Period

- (a) Unless withdrawn, the Share Offer will remain open for acceptance during the period commencing on the date of this Share Offer (being [●] 2020) and ending at 7.00pm (AEST) on the later of:
  - (i) [●] 2020; or
  - (ii) any date to which the Offer Period is extended.
- (b) Goldsea reserves the right, exercisable in its sole discretion, to extend the Share Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven (7) days of the Offer Period, either of the following events occurs:
  - (i) the Share Offer is varied to improve the consideration offered; or
  - (ii) the Voting Power of Goldsea in Alto increases to more than 50%,
 then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

### 13.3 How to accept this Share Offer

#### (a) General

- (i) Subject to section 13.1(e) and section 13.1(g), you may accept this Share Offer in respect of all of Your Alto Shares but for no more or less.
- (ii) You may accept this Share Offer at any time during the Offer Period.

#### (b) Alto Shares held in your name on Alto's issuer sponsored subregister

To accept this Share Offer for Alto Shares held in your name on Alto's issuer sponsored subregister (in which case your SRN will start with an "I"), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

#### (c) Alto Shares held in your name in a CHESS Holding

To accept this Share Offer for Alto Shares held in a CHESS Holding (in which case your HIN will commence with 'X'):

- (i) If you are not a Participant, you should instruct your Controlling Participant (this is normally your broker) to initiate acceptance of this Share Offer on

your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period;

- (ii) If you are a Participant, you should initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (iii) Alternatively, you may sign and complete the Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Share Offer and the instructions on the Acceptance Form) is received at the address given on the Acceptance Form in sufficient time for it to be acted upon by your Controlling Participant before the end of the Offer Period, at the address shown on the Acceptance Form.

You must comply with any other applicable ASX Settlement Operating Rules.

**(d) Alto Shares of which you are entitled to be registered as holder**

To accept this Share Offer for Alto Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period at the address shown in the Acceptance Form.

**(e) Acceptance Form and other documents**

- (i) The Acceptance Form forms part of the Share Offer.
- (ii) If your Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Goldsea at the address shown on the Acceptance Form before the end of the Offer Period. You may only return your Acceptance Form by facsimile with the prior approval of Goldsea.
- (iii) When using the Acceptance Form to accept this Share Offer in respect of Alto Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Share Offer and the instruction on the Acceptance Form) are received by Goldsea in time for Goldsea to instruct your Controlling Participant to initiate acceptance of this Share Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) The postage and transmission of the Acceptance Form and other documents is at your own risk.

**13.4 Validity of acceptances**

- (a) Subject to this section 13.4, your acceptance of the Share Offer will not be valid unless it is made in accordance with the procedures set out in section 13.3.
- (b) Goldsea will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of

the Share Offer. Goldsea is not required to communicate with you prior to or after making this determination. The determination of Goldsea will be final and binding on all parties.

- (c) Notwithstanding sections 13.3(b), 13.3(c), 13.3(d) and 13.3(e), Goldsea may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Accepted Alto Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Share Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Goldsea.
- (d) Goldsea will provide the consideration to you in accordance with section 13.6, in respect of any part of an acceptance determined by Goldsea to be valid.

### 13.5 The effect of acceptance

- (a) Once you have accepted the Share Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Accepted Alto Shares from the Share Offer or otherwise dispose of Your Accepted Alto Shares, except as follows:
  - (i) if, by the relevant times specified in section 13.5(b), the conditions in section 13.7 have not all been fulfilled or freed, this Share Offer will automatically terminate and Your Accepted Alto Shares will be released to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Goldsea must pay the consideration under the Share Offer and, at the time, this Share Offer is subject to one or more of the conditions in section 13.7, you may be able to withdraw your acceptance and Your Accepted Alto Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 13.5(a) are:
  - (i) in relation to the condition in section 13.7(i), the end of the third Business Day after the end of the Offer Period; and
  - (ii) in relation to all other conditions in section 13.7, the end of the Offer Period.
- (c) By completing, signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 13.3, you will be deemed to have:
  - (i) accepted this Share Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Offer in section 13.7 being fulfilled or freed, agreed to transfer to Goldsea, Your Accepted Alto Shares, subject to section 13.1(f) and section 13.1(g);
  - (ii) represented and warranted to Goldsea, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Accepted Alto Shares (including any Rights) to Goldsea is registered, that all Your Accepted Alto Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Share Offer and to sell and transfer the legal and beneficial ownership in Your Accepted Alto Shares (including any Rights) to Goldsea, and that you have

paid to Alto all amounts which at the time of acceptance have fallen due for payment to Alto in respect of Your Accepted Alto Shares;

- (iii) irrevocably authorised Goldsea (and any director, secretary, nominee or agent of Goldsea) to alter the Acceptance Form on your behalf by inserting correct details relating to Your Accepted Alto Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Goldsea to make it an effective acceptance of this Share Offer or to enable registration of Your Accepted Alto Shares in the name of Goldsea;
- (iv) if you signed the Acceptance Form in respect of Alto Shares which are held in a CHESS Holding, irrevocably authorised Goldsea (or any director, secretary, nominee or agent of Goldsea) to instruct your Controlling Participant to initiate acceptance of this Share Offer in respect of Your Accepted Alto Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- (v) if you signed the Acceptance Form in respect of Alto Shares which are held in a CHESS Holding, irrevocably authorised Goldsea (or any director, secretary, nominee or agent of Goldsea) to give any other instructions in relation to Your Accepted Alto Shares to your Controlling Participant, as determined by Goldsea acting in its own interests as a beneficial owner and intended registered holder of those Alto Shares;
- (vi) irrevocably authorised and directed Alto to pay to Goldsea, or to account to Goldsea for, all Rights in respect of Your Accepted Alto Shares, subject, if this Share Offer is withdrawn, to Goldsea accounting to you for any such Rights received by Goldsea;
- (vii) irrevocably authorised Goldsea to notify Alto on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Accepted Alto Shares is the address specified by Goldsea in the notification;
- (viii) with effect from the time and date on which all the conditions to this Share Offer in section 13.7 have been fulfilled or freed, to have irrevocably appointed Goldsea (and any director, secretary or nominee of Goldsea) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Accepted Alto Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Alto and to request Alto to register, in the name of Goldsea or its nominee, Your Accepted Alto Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (ix) with effect from the date on which all the conditions to this Share Offer in section 13.7 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Alto or to exercise or purport to exercise any of the powers and rights conferred on Goldsea (and its directors, secretaries and nominees) in section 13.5(c)(viii);
- (x) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 13.5(c)(viii), the attorney will be entitled to act in the interests of Goldsea as the beneficial owner and intended registered holder of Your Accepted Alto Shares;
- (xi) agreed to do all such acts, matters and things that Goldsea may require to give effect to the matters the subject of this section 13.5(c) (including the



execution of a written form of proxy to the same effect as this section 13.5(c) which complies in all respects with the requirements of the constitution of Alto) if requested by Goldsea;

- (xii) agreed to indemnify Goldsea in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or SRN or in consequence of the transfer of Your Accepted Alto Shares to Goldsea being registered by Alto without production of your Holder Identification Number or your SRN for Your Accepted Alto Shares;
- (xiii) represented and warranted to Goldsea that, unless you have notified it in accordance with section 13.1(g), Your Accepted Alto Shares do not consist of separate parcels of Alto Shares;
- (xiv) irrevocably authorised Goldsea (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Accepted Alto Shares to the Takeover Transferee Holding of Goldsea, regardless of whether it has paid the consideration due to you under this Share Offer; and
- (xv) agreed, subject to the conditions of this Share Offer in section 13.7 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Goldsea may consider necessary or desirable to convey Your Accepted Alto Shares registered in your name and Rights to Goldsea.

The undertakings and authorities referred to in section 13.5(c) will remain in force after you receive the consideration for Your Accepted Alto Shares and after Goldsea becomes registered as the holder of Your Accepted Alto Shares.

### 13.6 Payment of consideration

- (a) Subject to sections 13.4(b) and 13.6(b) and the Corporations Act, Goldsea will provide the consideration due to you for Your Accepted Alto Shares on or before the earlier of:
  - (i) one month after the date of your acceptance or, if the Share Offer is subject to a defeating condition when you accept the Share Offer, within one month after the Share Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
  - (i) if that document is given with your Acceptance Form, Goldsea will provide the consideration in accordance with section 13.6(a);
  - (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Share Offer is subject to a defeating condition, Goldsea will provide the consideration due to you on or before the earlier of one month after this Share Offer becomes unconditional and 21 days after the date of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Share Offer is not subject to a defeating condition, Goldsea will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period;

- (iv) if that document is given after the end of the Offer Period, and the Share Offer is not subject to a defeating condition, Goldsea will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Share Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Goldsea will provide the consideration due to you within 21 days after the Share Offer becomes unconditional.
- (c) If you accept this Share Offer, Goldsea is entitled to all Rights in respect of Your Accepted Alto Shares. Goldsea may require you to provide all documents necessary to vest title to those Rights in Goldsea, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Goldsea, or if you have received the benefit of those Rights, Goldsea will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Goldsea) of those Rights.
- (d) Payment of any cash amount to which you are entitled under the Share Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address shown either, at the discretion of Goldsea, on your Acceptance Form or the Alto Register supplied by Alto from time to time. Payment will be deemed to have been made at the time the cheque is delivered by or on behalf of Goldsea to the post for delivery.
- (e) Under no circumstances will interest be paid on the consideration to which you are entitled, regardless of any delay in providing the consideration or any extension of the Share Offer.
- (f) If any amount (the withholding amount) is required, under any Australian law or by any Governmental Agency, to be:
  - (i) withheld from any consideration otherwise payable to you under this Share Offer and paid to a Governmental Agency; or
  - (ii) retained by Goldsea out of any consideration otherwise payable to you under this Share Offer,
- (g) the payment or retention by Goldsea of the withholding amount (as applicable) will constitute full discharge of Goldsea's obligation to pay the consideration to you to the extent of the withholding amount.
- (h) If at the time you accept the Share Offer any of the following:
  - (i) Banking (Foreign) Exchange Regulations 1959 (Cth);
  - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
  - (iii) Autonomous Sanctions Act 2011 (Cth); or
  - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other government authority be obtained before you receive any consideration for Your Accepted Alto Shares, or would make it unlawful for Goldsea to provide any consideration to you for Your Accepted Alto Shares, you will not be entitled to receive any consideration for Your Accepted Alto Shares until all requisite authorities, clearances or approvals have been received by Goldsea.

- (i) The Share Offer Price you are paid will be reduced by the amount or value of any Rights attaching to your Alto Shares, on or after the Announcement Date, which Goldsea does not receive.

### 13.7 Conditions of this Share Offer

Subject to section 13.8, the completion of this Share Offer and any contract that results from an acceptance of this Share Offer, are subject to the fulfilment of the conditions set out below.

The Goldsea Board confirms that, since the Announcement Date, based on review of information provided by Alto, the 'Cooperation and Equal Access to Information' condition at section 13.7(d) is now satisfied, save in respect of:

- (a) Goldsea's confirmatory due diligence environmental review in section 13.7(d)(i)(A) on the basis Goldsea has only recently received access to data on the Sandstone Gold Project from Alto and appointed a third-party consultant to assist Goldsea with its review; and
- (b) the 'Equal Access to Information' condition in clause 13.7(d)(iii) which is expressed to continue for till the end of the Offer Period.

Goldsea has agreed to waive Alto's breach of the Share Offer conditions at sections 13.7(g) and 13.7(i) in respect of the Windsong Loan Facility (see 12.1 for more detail).

#### (a) Minimum acceptance

At the end of the Offer Period Goldsea has a Relevant Interest in at least 90% (by number) of Alto Shares (on a fully diluted basis).

#### (b) FIRB

Before the end of the Offer Period, either:

- (i) Goldsea has received a written notice under FATA from the Treasurer (or the Treasurer's delegate) stating that, or to the effect that, the Commonwealth Government does not object to the acquisition of all the Alto Shares by Goldsea under the Transaction, either without conditions or subject only to Standard Tax Conditions; or
- (ii) following notice of the proposed acquisition of all the Alto Shares by Goldsea under the Transaction having been given by Goldsea to the Treasurer under FATA, the Treasurer ceases to be empowered to make any order under Part 3 of FATA.

#### (c) No litigation

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any Alto Group Member, which may reasonably result in judgement of \$100,000 or more, is commenced, threatened to be commenced, announced or made known to Goldsea (whether or not becoming public) or Alto.

#### (d) Cooperation and access to information

Between the Announcement Date and the end of the Offer Period (each inclusive), Alto promptly (and in any event within three Business Days of a request) provides Goldsea with the following access and information which Goldsea may from time to time reasonably request, in connection with the Transaction:

- (i) information (including a site visit) to the Sandstone Gold Project by Goldsea personnel and representatives in order to:
  - (A) undertake a customary environmental review on the Tenements by Goldsea to confirm compliance by the Alto Group Members with material environmental, operating and rehabilitation approvals and obligations for activities conducted on the Tenements and to confirm there are no material undisclosed liabilities affecting the Tenements in excess of \$100,000 or otherwise materially impacting the exploration and exploitation of the Tenements; and
  - (B) confirm Alto's Total Indicated & Inferred Mineral Resources (JORC 2012) for the Sandstone Gold Project released to the ASX on 11 June 2019 is accurate in all material respects;
- (ii) information and agreements in respect of the registered interests over the Tenements and review agreements, if any, containing unregistered third-party interests affecting the Tenements to confirm there are no material undisclosed liabilities affecting the Tenements in excess of \$100,000 or otherwise materially impacting the exploration and exploitation of the Tenements; and
- (iii) information which has been provided by Alto or its Associates to any other bidder or potential bidder for Alto (whether by takeover, scheme of arrangement or other proposal or proposals likely to lead to a change of control of an Alto Group Member or the acquisition of substantially all the assets and operations of Alto).

**(e) No restraints**

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no judgment, injunction, order or decree which restrains or enjoins or otherwise prohibits the Share Offer or the completion of the Transaction.

**(f) Regulatory approvals**

Between the Announcement Date and the end of the Offer Period (each inclusive), any approvals, consents, waivers, exemptions or declarations that are required by law, or by any Government Agency, to permit:

- (i) the Share Offer to be lawfully made to and accepted by Alto Shareholders; and
- (ii) the Share Offer to be completed,

are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew them.

**(g) No material acquisitions or disposals**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Alto Group Member acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any material asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in the manner in which the Alto Group conducts its business or the nature (including balance sheet classification), extent or value of the assets or liabilities of the Alto Group as at the Announcement Date.

Without limitation, the following events or actions will be deemed to trigger this condition:

- (i) any Alto Group Member disposes of, or enters into or announces any agreement for the disposal of, any Tenement or any interest in any Tenement;
- (ii) any Alto Group Member makes any change to its constitutional documents;
- (iii) any Alto Group Member commences business activities not already carried out as at the Announcement Date, whether by way of acquisition or otherwise;
- (iv) any Alto Group Member acquires, leases, disposes of, or agrees to acquire, lease or dispose of, any business, assets, entity or undertaking, the value of which exceeds A\$100,000 (individually or in aggregate);
- (v) any Alto Group Member enters into any contract or commitment (including in respect of financial indebtedness) requiring payments by the Alto Group in excess of A\$100,000 (individually or in aggregate) other than any payment required by law; or
- (vi) any Alto Group Member agrees to incur capital expenditure from the Announcement Date of more than A\$100,000 (individually or in aggregate).

**(h) Third party rights**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Third Party exercises, purports to exercise, or announces an intention to exercise, any change of control rights, pre-emptive rights, deemed offer or disposal or similar right in any Material Contracts to which any Alto Group Member is party, as a result of either the announcement of the Share Offer or any change of control which may occur as a result of acceptances of the Share Offer.

**(i) No Prescribed Occurrence**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence happens.

**13.8 Nature and benefit of conditions**

- (a) The offer conditions in section 13.7 are conditions subsequent. The non-fulfilment of any offer condition does not, until the end of the Offer Period (or in the case of the condition in section 13.7(i), at the end of the third Business Day after the end of the Offer Period), prevent a contract to sell Your Accepted Alto Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 13.9(b).
- (b) Subject to the Corporations Act, Goldsea alone is entitled to the benefit of the conditions in section 13.7, or to rely on any non-fulfilment of any of them.
- (c) Each condition in section 13.7 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

**13.9 Freeing the Share Offer of conditions**

- (a) Goldsea may free this Share Offer, and any contract resulting from its acceptance, from all or any of the conditions in section 13.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Alto and to ASX declaring this Offer to be free from the relevant

condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

- (i) in the case of the condition in section 13.7(i), not later than three (3) Business Days after the end of the Offer Period; and
  - (ii) in the case of all other conditions in section 13.7, not less than seven (7) days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the condition in section 13.7(i), at the end of the third Business Day after the end of the Offer Period), the conditions in section 13.7 have not been fulfilled and Goldsea has not declared the Share Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Share Offer will be automatically void.

### 13.10 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [●] 2020 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

### 13.11 Withdrawal of this Share Offer

- (a) This Share Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Goldsea will give notice of the withdrawal to ASX and to Alto and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Share Offer is withdrawn, all the conditions in section 13.7 have been freed, all contracts arising from acceptance of the Share Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Share Offer is withdrawn, the Share Offer remains subject to one or more of the conditions in section 13.7, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 13.11 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

### 13.12 Variation of this Share Offer

Goldsea may vary this Share Offer in accordance with the Corporations Act.

### 13.13 Stamp duty and brokerage

- (a) Goldsea will pay any stamp duty payable on the Share Offer.
- (b) As long as Your Accepted Alto Shares are registered in your name in an Issuer Sponsored Holding and you deliver them directly to Goldsea, you will not incur any brokerage charges in connection with your acceptance of this Share Offer.
- (c) If Your Accepted Alto Shares are in a CHESS Holding or you hold Your Alto Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other

nominee whether it will charge any transaction fees or service charges connected with you accepting the Share Offer.

**13.14 Governing laws**

This Share Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia.

## 14 The terms and conditions of the Option Offer

### 14.1 Option Offer

- (a) Goldsea offers to acquire all of Your Alto Options on and subject to the terms and conditions set out in this section 14 of this Bidder's Statement.
- (b) The consideration under the Option Offer for each Alto Option is as set out in section 14.2 below.
- (c) By accepting the Option Offer, you undertake to transfer not only Your Accepted Alto Options, but also all Rights attached to those Alto Options (see section 14.6(c)(iv) and section 14.7(c)).
- (d) The Option Offer is being made to:
  - (i) each person registered as the holder of Alto Options in the Options Register at 7.00pm (AEST) on the Register Date; and
  - (ii) any person who becomes registered as the holder of Your Alto Options during the Offer Period.
- (e) If, at the time the Option Offer is made to you, or at any time during the Option Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Alto Options, then:
  - (i) a corresponding offer on the same terms and conditions as this Option Offer will be deemed to have been made to that other person in respect of those Alto Options;
  - (ii) a corresponding offer on the same terms and conditions as this Option Offer will be deemed to have been made to you in respect of any other Alto Options you hold to which the Option Offer relates; and
  - (iii) this Option Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Alto Options as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Option Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Option Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Option Acceptance Form, please call the Offer Information Line on 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia) to request those additional copies.
- (g) If Your Alto Options are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Option Offer.
- (h) This Option Offer is dated [●] 2020.



### 14.2 Consideration for the Option Offer

Subject to the terms of this Option Offer, the consideration offered by Goldsea for the acquisition of all Your Alto Options is as set out in the table below.

Tranche	Key terms	Total number on issue	Consideration for each Alto Option
1	Exercisable at \$0.07 expiring 17 August 2020	4,571,711	\$0.012
2	Exercisable at \$0.07 expiring 13 November 2020	28,437,523	\$0.015
3	Exercisable at \$0.07 expiring 18 January 2021	8,333,333	\$0.017
4	Exercisable at \$0.07 expiring 9 March 2021	30,000,000	\$0.018
5	Exercisable at \$0.07 expiring 29 November 2023	7,500,000	\$0.034
	<b>Total:</b>	<b>78,842,567</b>	

Where the calculation of the consideration to be paid to an Alto Optionholder would result in the Alto Optionholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

### 14.3 Offer Period

- (a) Unless withdrawn, the Option Offer will remain open for acceptance during the period commencing on the date of this Option Offer (being [●] 2020) and ending at 7.00pm (AEST) on the later of:
- (i) [●] 2020; or
  - (ii) any date to which the Offer Period is extended.
- (b) Goldsea reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven (7) days of the Offer Period, either of the following events occurs:
- (i) the Option Offer is varied to improve the consideration offered; or
  - (ii) the Voting Power of Goldsea in Alto increases to more than 50%,
- then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

**14.4 How to accept this Option Offer**

**(a) General**

- (i) You may accept this Option Offer only in respect of all of Your Alto Options.
- (ii) You may accept the Option Offer at any time during the Offer Period.

**(b) Option Acceptance Form and other documents**

- (i) The Offer Acceptance Form forms part of the Option Offer.
- (ii) To accept this Option Offer in respect of Alto Options which, at the time of acceptance, are registered in your name, you must complete and sign the Option Acceptance Form enclosed with this Option Offer in accordance with the instructions on it and return it together with all other documents required by those instructions (if any) to:

By post: Link Market Services Limited Alto Metals Limited Takeover Locked Bag A14 Sydney South NSW 1235	By hand: Link Market Services Limited Alto Metals Limited Takeover 1A Homebush Bay Drive Rhodes NSW 2138
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so that it is received at an address specified above by no later than the end of the Offer Period. A reply-paid envelope, which is valid if sent from within Australia, is enclosed for your use.

- (iii) If your Option Acceptance Form (including any documents required by the terms of this Option Offer and the instructions on the Option Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Goldsea at the address shown on the Option Acceptance Form before the end of the Offer Period. You may only return your Option Acceptance Form by facsimile with the prior approval of Goldsea.
- (iv) The postage and transmission of the Option Acceptance Form and other documents is at your own risk.

**14.5 Validity of acceptance**

- (a) Subject to this section 14.5, your acceptance of the Option Offer will not be valid unless it is made in accordance with the procedures set out in section 14.4.
- (b) Goldsea will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Option Offer and time of receipt of an acceptance of the Option Offer. Goldsea is not required to communicate with you prior to or after making this determination. The determination of Goldsea will be final and binding on all parties.
- (c) Notwithstanding section 14.4(b), Goldsea may, in its sole discretion, at any time and without further communication to you, deem any Option Acceptance Form it receives to be a valid acceptance in respect of Your Accepted Alto Options, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Option Offer may be delayed until any

irregularity has been resolved or waived and any other documents required to procure registration have been received by Goldsea.

- (d) Goldsea will provide the consideration to you in accordance with section 14.7, in respect of any part of an acceptance determined by Goldsea to be valid.

#### 14.6 The effect of acceptance

- (a) Once you have accepted the Option Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Accepted Alto Options from the Option Offer or otherwise dispose of Your Accepted Alto Option, except as follows:
  - (i) if, by the relevant times specified in section 14.6(b), the conditions in section 14.8 have not all been fulfilled or freed, this Option Offer will automatically terminate and Your Accepted Alto Options will be released to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Goldsea must pay the consideration under the Option Offer and, at the time, this Option Offer is subject to one or more of the conditions in section 14.8, you may be able to withdraw your acceptance and Your Accepted Alto Options in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) The relevant times for the purposes of section 14.6(a) are in relation to all conditions in section 14.8, the end of the Offer Period.
- (c) By completing, signing and returning the Option Acceptance Form, or otherwise accepting this Option Offer pursuant to section 14.4, you will be deemed to have:
  - (i) accepted this Option Offer (and any variation of it) in respect of, and, subject to all of the conditions to this Option Offer in section 14.8 being fulfilled or freed, agreed to transfer to Goldsea, Your Accepted Alto Options, subject to section 14.1(e) and section 14.1(f);
  - (ii) represented and warranted to Goldsea, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Accepted Alto Options (including any Rights) to Goldsea is registered, that all Your Accepted Alto Options are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Option Offer and to sell and transfer the legal and beneficial ownership in Your Accepted Alto Options (including any Rights) to Goldsea, and that you have paid to Alto all amounts which at the time of acceptance have fallen due for payment to Alto in respect of Your Accepted Alto Options;
  - (iii) irrevocably authorised Goldsea (and any director, secretary, nominee or agent of Goldsea) to alter the Option Acceptance Form on your behalf by inserting correct details relating to Your Accepted Alto Options, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Goldsea to make it an effective acceptance of this Option Offer or to enable registration of Your Accepted Alto Options in the name of Goldsea;
  - (iv) irrevocably authorised and directed Alto to pay to Goldsea, or to account to Goldsea for, all Rights in respect of Your Accepted Alto Options, subject, if

this Option Offer is withdrawn, to Goldsea accounting to you for any such Rights received by Goldsea;

- (v) irrevocably authorised Goldsea to notify Alto on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Accepted Alto Options is the address specified by Goldsea in the notification;
- (vi) with effect from the time and date on which all the conditions to this Option Offer in section 14.8 have been fulfilled or freed, to have irrevocably appointed Goldsea (and any director, secretary or nominee of Goldsea) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Accepted Alto Options, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Alto and to request Alto to register, in the name of Goldsea or its nominee, Your Accepted Alto Options, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (vii) with effect from the date on which all the conditions to this Option Offer in section 14.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Alto or to exercise or purport to exercise any of the powers and rights conferred on Goldsea (and its directors, secretaries and nominees) in section 14.6(c)(v);
- (viii) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 14.6(c)(v), the attorney will be entitled to act in the interests of Goldsea as the beneficial owner and intended registered holder of Your Accepted Alto Options;
- (ix) agreed to do all such acts, matters and things that Goldsea may require to give effect to the matters the subject of this section 14.6(c) (including the execution of a written form of proxy to the same effect as this section 14.6(c) which complies in all respects with the requirements of the constitution of Alto) if requested by Goldsea;
- (x) represented and warranted to Goldsea that, unless you have notified it in accordance with section 14.1(f), Your Accepted Alto Options do not consist of separate parcels of Alto Options; and
- (xi) agreed, subject to the conditions of this Share Offer in section 14.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Goldsea may consider necessary or desirable to convey Your Accepted Alto Options registered in your name and Rights to Goldsea.
- (xii) The undertakings and authorities referred to in section 14.6(c) will remain in force after you receive the consideration for Your Accepted Alto Options and after Goldsea becomes registered as the holder of Your Accepted Alto Options.

#### 14.7 Payment of consideration

- (a) Subject to sections 14.5(b) and 14.7(b) and the Corporations Act, Goldsea will provide the consideration due to you for Your Accepted Alto Options on or before the earlier of:

- (i) one month after the date of your acceptance or, if the Option Offer is subject to a defeating condition when you accept the Option Offer, within one month after the Option Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Option Acceptance Form requires an additional document to be delivered with your Option Acceptance Form (such as a power of attorney):
  - (i) if that document is given with your Option Acceptance Form, Goldsea will provide the consideration in accordance with section 14.7(a);
  - (ii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Option Offer is subject to a defeating condition, Goldsea will provide the consideration due to you on or before the earlier of one month after this Option Offer becomes unconditional and 21 days after the date of the Offer Period;
  - (iii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Option Offer is not subject to a defeating condition, Goldsea will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; or
  - (iv) if that document is given after the end of the Offer Period, and the Option Offer is not subject to a defeating condition, Goldsea will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Option Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Goldsea will provide the consideration due to you within 21 days after the Option Offer becomes unconditional.
- (c) If you accept this Option Offer, Goldsea is entitled to all Rights in respect of Your Accepted Alto Options. Goldsea may require you to provide all documents necessary to vest title to those Rights in Goldsea, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to Goldsea, or if you have received the benefit of those Rights, Goldsea will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Goldsea) of those Rights.
- (d) Payment of any cash amount to which you are entitled under the Option Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address shown either, at the discretion of Goldsea, on your Option Acceptance Form or the Options Register supplied by Alto from time to time. Payment will be deemed to have been made at the time the cheque is delivered by or on behalf of Goldsea to the post for delivery.
- (e) Under no circumstances will interest be paid on the consideration to which you are entitled, regardless of any delay in providing the consideration or any extension of the Option Offer.
- (f) If any amount (the withholding amount) is required, under any Australian law or by any Governmental Agency, to be:
  - (i) withheld from any consideration otherwise payable to you under this Option Offer and paid to a Governmental Agency; or

- (ii) retained by Goldsea out of any consideration otherwise payable to you under this Option Offer,

the payment or retention by Goldsea of the withholding amount (as applicable) will constitute full discharge of Goldsea's obligation to pay the consideration to you to the extent of the withholding amount.

- (g) If at the time you accept the Option Offer any of the following:
  - (i) Banking (Foreign) Exchange Regulations 1959 (Cth);
  - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
  - (iii) Autonomous Sanctions Act 2011 (Cth); or
  - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other government authority be obtained before you receive any consideration for Your Accepted Alto Options, or would make it unlawful for Goldsea to provide any consideration to you for Your Accepted Alto Options, you will not be entitled to receive any consideration for Your Accepted Alto Options until all requisite authorities, clearances or approvals have been received by Goldsea.
- (h) The consideration you are paid will be reduced by the amount or value of any Rights attaching to your Alto Options, on or after the Announcement Date, which Goldsea does not receive.

#### 14.8 Conditions of this Option Offer

- (a) Subject to section 14.9, this Option Offer and the contract resulting from the acceptance of this Option Offer (and each other Option Offer and each contract resulting from the acceptance thereof) are subject to the following conditions being fulfilled or waived by Goldsea.
  - (i) Share Offer unconditional
 

By the end of the Offer Period, the Share Offer is, or has been declared, unconditional in all respects. Goldsea will not waive this condition without ASIC's prior consent.
  - (ii) Regulatory approvals
 

By the end of the Offer Period, any approvals, consents, waivers, exemptions or declarations that are required by law, or any Government Agency, to permit the Option Offer are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

#### 14.9 Nature and benefit of conditions

- (a) The offer conditions in section 14.8 are conditions subsequent. The non-fulfilment of any offer condition does not, until the end of the Offer Period, prevent a contract to sell Your Accepted Alto Options from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 14.10(b).

- (b) Subject to the Corporations Act, Goldsea alone is entitled to the benefit of the conditions in section 14.8, or to rely on any non-fulfilment of any of them.
- (c) Each condition in section 14.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

#### **14.10 Freeing the Option Offer of conditions**

- (a) Goldsea may free this Option Offer, and any contract resulting from its acceptance, from all or any of the conditions in section 14.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Alto and to ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven (7) days before the end of the Offer Period.
- (b) If, at the end of the Offer Period, the conditions in section 14.8 have not been fulfilled and Goldsea has not declared the Option Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Option Offer will be automatically void.

#### **14.11 Notice on status of conditions**

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [●] 2020 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

#### **14.12 Withdrawal of this Option Offer**

- (a) This Option Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Goldsea will give notice of the withdrawal to ASX and to Alto and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Option Offer is withdrawn, all the conditions in section 14.8 have been freed, all contracts arising from acceptance of the Option Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Option Offer is withdrawn, the Option Offer remains subject to one or more of the conditions in section 14.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to section 14.12 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

#### **14.13 Variation of this Option Offer**

Goldsea may vary this Option Offer in accordance with the Corporations Act.

#### **14.14 Stamp duty**

Goldsea will pay any stamp duty payable on the Option Offer.

**14.15 Governing laws**

This Option Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia.



## 15 Definitions and interpretation

### 15.1 Definitions

In this Bidder's Statement and in the relevant acceptance form unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
<b>\$ or A\$</b>	Australian dollars, the lawful currency of the Commonwealth of Australia.
<b>Acceptance Form</b>	the acceptance form in respect of the Share Offer enclosed with this Bidder's Statement.
<b>Alto</b>	Alto Metals Limited (ACN 159 819 173).
<b>Alto Board</b>	the board of directors of Alto.
<b>Alto Group</b>	Alto and each of its Subsidiaries.
<b>Alto Group Member</b>	any member of the Alto Group.
<b>Alto Optionholder</b>	a holder of Alto Options as at the Register Date.
<b>Alto Options</b>	options to acquire Alto Shares.
<b>Alto Registers</b>	the Share Register and Option Register.
<b>Alto Shareholder</b>	a holder of Alto Shares as at the Register Date and holders of securities that come to be Alto Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date (including Alto Options and Performance Shares), but excluding any holder of Alto Shares which have been issued upon exercise of any Alto Options acquired by Goldsea under the Option Offer.
<b>Alto Shares</b>	fully paid ordinary shares in the capital of Alto.
<b>Announcement Date</b>	the date on which the Offer was announced by Goldsea, being 21 February 2020.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning set out in Division 2 Part 1.2 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this document.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial products market, Australian Securities Exchange, where the context requires.
<b>ASX Listing Rules</b>	the official listing rules of the ASX.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532).

<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement which govern the administration of the Clearing House Electronic Subregister System.
<b>ATO</b>	the Australian Tax Office.
<b>Bidder's Statement</b>	this document, being the statement of Goldsea under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
<b>Business Day</b>	a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
<b>CGT</b>	capital gains tax.
<b>CGT Withholding Tax</b>	has the meaning given in section 11.6.
<b>CHESS Holding</b>	<p>a holding of Alto Shares on the CHESS subregister of Alto (being a register administered by the ASX Settlement and which records uncertificated holdings of shares).</p> <p>A CHESS holding will be administered through a Controlling Participant which is normally your broker.</p>
<b>Controlling Participant</b>	in relation to Your Alto Shares, has the same meaning as in the ASX Settlement Operating Rules (normally your broker).
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Declaration Form</b>	has the meaning given in section 11.6.
<b>Director</b>	a member of the Goldsea board.
<b>FATA</b>	the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
<b>FIRB</b>	the Foreign Investments Review Board
<b>Goldsea</b>	Goldsea Australia Mining Pty Ltd (ACN 637 464 601).
<b>Goldsea China</b>	Shandong Goldsea Group Co. Ltd.
<b>Goldsea Group</b>	Goldsea and each of its Subsidiaries.
<b>Governmental Agency</b>	a government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local in Australia, including (without limitation) any self-regulatory organisation established under a statute or otherwise discharging substantially public or regulatory functions, and in particular, ASX, ASIC and any federal or state-based regulatory authority.
<b>GST</b>	goods and services tax.
<b>HIN</b>	as defined in the ASX Settlement Operating Rules.
<b>Issuer Sponsored Holding</b>	a holding of Alto Shares on Alto issuer sponsored subregister.

<b>Material Contract</b>	<p>any agreement or other instrument to which any member of the Alto Group is a party, or by to which any member of Alto Group or any of its assets may be bound or subject, and which is material to the Alto Group taken as a whole, including any agreement or other instrument which:</p> <p>(a) relates to the Tenements;</p> <p>(b) has a value, or involves revenue or expenditure over the life of the contract, in excess of A\$250,000; or</p> <p>(c) is entered into by an Alto Group Member in connection with the Sandstone Gold Project.</p>
<b>Maximum Offer Amount</b>	has the meaning given in section 9.1.
<b>Non-Associated Shares</b>	all Alto Shares except those Alto Shares in which Goldsea and its Associates have a Relevant Interest at the beginning of the Offer Period.
<b>Offer Information Line</b>	<p>1300 660 106 (within Australia)</p> <p>+61 1300 660 106 (from outside Australia)</p>
<b>Offers</b>	the Share Offer and the Option Offer.
<b>Offer Period</b>	the period during which the Share Offer and the Option Offer will remain open for acceptance in accordance with sections 13.2 and 14.3 of this Bidder's Statement.
<b>Option Acceptance Form</b>	the acceptance form in respect of the Option Offer enclosed with this Bidder's Statement.
<b>Option Offer</b>	the offer for Alto Options contained in section 14 of this Bidder's Statement.
<b>Option Register</b>	the options register of Alto.
<b>Participant</b>	an entity admitted to participate in the Clearing House Electronic Subregister system under Rules 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
<b>Performance Shares</b>	the performance shares issued by Alto prior to the Announcement Date and remaining on issue as at the date of this Bidder's Statement, being 25,000,000 unlisted performance shares with nil exercise price.
<b>PRC</b>	People's Republic of China.
<b>Prescribed Occurrence</b>	<p>the occurrence of any of the following where that occurrence was not consented to by Goldsea in writing:</p> <p>(a) any Alto Group Member converting all or any of its securities into a larger or smaller number of securities;</p> <p>(b) any Alto Group Member resolving to reduce its capital in any way or reclassifying, combining, splitting, redeeming or cancelling directly or indirectly any of its securities;</p> <p>(c) any Alto Group Member entering into a buy-back agreement or resolving to approve the terms of such an agreement;</p>

	<p>(d) any Alto Group Member making an issue of its securities or granting an option over its securities or agreeing to make such an issue or grant such an option;</p> <p>(e) any Alto Group Member issuing, or agreeing to issue, convertible notes;</p> <p>(f) any Alto Group Member disposes, or agrees to dispose, of the whole or a substantial part of its business or property;</p> <p>(g) any Alto Group Member charging, or agreeing to charge, the whole, or a substantial part, of its business or property;</p> <p>(h) any Alto Group Member resolving that it be wound up;</p> <p>(i) the appointment of a liquidator or provisional liquidator of any Alto Group Member;</p> <p>(j) the making of an order by a court for the winding up of any Alto Group Member;</p> <p>(k) an administrator of any Alto Group Member being appointed;</p> <p>(l) any Alto Group Member executing a deed of company arrangement; or</p> <p>(m) the appointment of a receiver or a receiver and manager in relation to the whole, or a substantial part, of the property of any Alto Group Member.</p>
<b>Register Date</b>	[●] 2020, being the date set by Goldsea under section 633(2) of the Corporations Act.
<b>Related Body Corporate</b>	has the meaning given in the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in the Corporations Act.
<b>Representative</b>	of a person means an employee, agent, officer, director, adviser or financier of the person and, in the case of advisers and financiers, includes employees, officers and agents of the adviser or financier (as applicable), but in the case of Alto excludes a director of Alto who is a nominee of Goldsea or of a Related Body Corporate of Goldsea.
<b>Rights</b>	all accretions, rights or benefits of whatever kind attaching or arising from Alto Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Alto or any of its Subsidiaries).
<b>Sandstone Gold Project</b>	the Sandstone project located approximately 800 km <sup>2</sup> of the prospective Sandstone greenstone belt, approximately 600 km north of Perth in the East Murchison Mineral Field of Western Australia.
<b>Share Offer Price</b>	A\$0.065 per Alto Share.
<b>Share Register</b>	the share register of Alto.
<b>SRN</b>	has the meaning given in the ASX Settlement Operating Rules.

<b>Standard Tax Conditions</b>	the conditions set out in the list of standard tax conditions published in Guidance Note 47 on the website of the Foreign Investment Review Board and such other tax-related conditions as are customarily imposed by the Foreign Investment Review Board (including, for the avoidance of doubt, conditions requiring information or confirmations to be provided in respect of matters such as ownership structure, borrowings, capital structure, related party financing, cross border related party financing arrangements, distributions, tax consolidation, arrangements covered by "Taxpayer Alerts" and thin capitalisation rules).
<b>Subsidiary</b>	has the meaning given in the Corporations Act.
<b>Takeover Transferee Holding</b>	has the meaning given in the ASX Settlement Operating Rules.
<b>Target's Statement</b>	the target's statement to be prepared by Alto in relation to the Offers.
<b>Tenements</b>	the tenements which are identified in Schedule 1 of this Bidder's Statement and any tenement applied for or granted in renewal or extension of, or in substitution for, any such tenement.
<b>Third Party</b>	a person not being any of the following: <ul style="list-style-type: none"> <li>(a) Goldsea;</li> <li>(b) a Related Body Corporate of Goldsea;</li> <li>(c) a Representative of Goldsea; or</li> <li>(d) an Associate of Goldsea</li> </ul>
<b>Transaction</b>	the acquisition by Goldsea of all Alto Shares and all Alto Options under the Offers.
<b>Treasurer</b>	the Treasurer of the Commonwealth of Australia.
<b>Voting Power</b>	has the meaning given in the Corporations Act.
<b>VWAP</b>	volume weighted average trading price of Alto Shares on ASX.
<b>Windsong Loan Facility</b>	has the meaning given in section 12.1.
<b>Your Accepted Alto Options</b>	the number of Your Alto Options in respect of which you have accepted the Option Offer and completed the Option Acceptance Form.
<b>Your Accepted Alto Shares</b>	the number of Your Alto Shares in respect of which you have accepted the Share Offer and completed the Acceptance Form.
<b>Your Alto Options</b>	subject to section 14.4: <ul style="list-style-type: none"> <li>(a) the Alto Options in respect of which you are registered, or entitled to be registered, as holder in the Options Register on the Register Date; and</li> <li>(b) the Alto Options to which you are able to give good title at the time you accept the Option Offer during the Offer Period.</li> </ul>

<b>Your Alto Shares</b>	<p>subject to section 13.3:</p> <ul style="list-style-type: none"> <li>(a) the Alto Shares in respect of which you are registered, or entitled to be registered, as holder in the Share Register at 7.00pm (AEST) on the Register Date;</li> <li>(b) the Alto Shares to which you are able to give good title at the time you accept the Share Offer during the Offer Period;</li> <li>(c) any new Alto Shares in respect of which you are registered or entitled to be registered as the holder on the Alto Register at any time during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, Alto Options that are on issue at the Register Date (excluding any Alto Shares issued upon exercise of any Alto Options acquired by Goldsea under the Option Offer); and</li> <li>(d) any new Alto Shares in respect of which you are registered or entitled to be registered as the holder on the Alto Register at any time during the period from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, Performance Shares.</li> </ul>
<b>Voting Power</b>	has the meaning in the Corporations Act.

## 15.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section, attachment and schedule is a reference to a section of and an attachment and schedule to this Bidder's Statement as relevant;
- (e) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (f) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;
- (g) a reference to time is a reference to time in Sydney, Australia;
- (h) a reference to writing includes facsimile transmissions; and
- (i) a reference to dollars, \$, A\$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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## 16 Approval of Bidder's Statement

This Bidder's Statement has been approved by the directors of Goldsea Australia Mining Pty Ltd.

Date 24 March 2020

Signed for and on behalf of **Goldsea Australia Mining Pty Ltd**  
by

Sign here 

Director

Print name Ms Jiayi Li

## Corporate Directory

**Goldsea Australia Mining Pty Ltd**

Unit 2505, 5 Lawson Street  
Southport QLD 4215

**Financial adviser**

PCF Capital Group  
Level 3, 8 Colin Street  
West Perth WA 6005

**Legal adviser**

Gilbert + Tobin  
Level 16, Brookfield Place Tower 2  
123 St Georges Terrace  
Perth WA 6000

**Share Registrar**

Link Market Services Limited  
Level 12, QV1 Building  
250 St Georges Terrace  
Perth WA 6000

**Offer Information Line**

T: 1300 660 106 (within Australia) or +61 1300 660 106 (from outside Australia)



## Schedule 1 Tenements and applications

Tenement details	Status	Registered and beneficial holder(s)	Alto % interest in Tenement
E57/1101	Live	Sandstone Exploration Pty Ltd	100%
E57/1029	Live	Sandstone Exploration Pty Ltd	100%
E57/1030	Live	Sandstone Exploration Pty Ltd	100%
E57/1031	Live	Sandstone Exploration Pty Ltd	100%
E57/1033	Live	Sandstone Exploration Pty Ltd	100%
E57/1044	Live	Sandstone Exploration Pty Ltd	100%
E57/1072	Live	Sandstone Exploration Pty Ltd	100%
M57/646	Live	Sandstone Exploration Pty Ltd	100%
M57/647	Live	Sandstone Exploration Pty Ltd	100%
M57/650	Live	Sandstone Exploration Pty Ltd	100%
M57/651	Live	Sandstone Exploration Pty Ltd	100%
M57/652	Live	Sandstone Exploration Pty Ltd	100%
P57/1377	Live	Sandstone Exploration Pty Ltd	100%
P57/1378	Live	Sandstone Exploration Pty Ltd	100%
P57/1417	Pending	Sandstone Exploration Pty Ltd	100%

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**Attachment A ASIC exemption – Alto Options**

20-0259

**Australian Securities and Investments Commission  
Corporations Act 2001 – Paragraph 655A(1)(b) – Declaration****Enabling legislation**

1. The Australian Securities and Investments Commission (*ASIC*) makes this instrument under paragraph 655A(1)(b) of the *Corporations Act 2001 (Act)*.

**Title**

2. This instrument is ASIC Instrument 20-0259.

**Commencement**

3. This instrument commences on the date it is signed.

**Declaration**

4. Chapter 6 of the Act applies to Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (*Bidder*) as if:
  - (a) subsection 605(2) of the Act was modified or varied by:
    - (i) deleting “or” at the end of paragraph (a);
    - (ii) deleting “.” at the end of paragraph (b) and replacing it with “; or”; and
    - (iii) inserting the following new paragraph after paragraph (b):

“(c) they are options which have different expiry dates.”;
  - (b) subsection 618(1) were modified or varied by inserting the words “or compensate the holders of such securities for the cancellation, surrender or forfeiture of” after the word “buy”;
  - (c) subsection 619(2) was modified or varied by:
    - (i) deleting “.” at the end of paragraph (c) and replacing it with “; and”; and
    - (ii) inserting the following paragraph after paragraph (e):

“(f) any differences in the offers attributable to the fact that the offers relate to options which have different exercise dates.”.

**Where this instrument applies**

5. This instrument applies where:
  - (a) the Bidder makes an off-market bid to acquire five tranches of 78,842,567 options being options over unissued ordinary shares in Alto Metals Limited (ACN 159 819 173) (*Target*) in respect of which the bidder's statement will be lodged with ASIC on or around 25 March 2020; and

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**20-0259**

- (b) the consideration offered by the Bidder for different classes of options over unissued shares in the Target is equitable having regard to the different expiry dates of the different options.

Dated this 23<sup>rd</sup> day of March 2020

A handwritten signature in blue ink, appearing to read 'H. Brunskill', is written over a faint circular stamp.

Signed by Henry Brunskill  
as a delegate of the Australian Securities and Investments Commission

## Attachment B ASIC exemption – exercise of Alto Options

### Australian Securities and Investments Commission Corporations Act 2001 Section 655A – Exemption

#### Enabling legislation

1. The Australian Securities and Investments Commission (*ASIC*) makes this instrument under paragraph 655A(1)(a) of the *Corporations Act 2001 (Act)*.

#### Title

2. This instrument is ASIC Instrument 20-0260.

#### Commencement

3. This instrument commences on the date it is signed.

#### Exemption

4. Goldsea Australia Mining Pty Ltd (ACN 637 464 601) (*Bidder*) does not have to comply with subsection 606(1) of the Act in relation to the acquisition of fully paid ordinary shares in Alto Metals Limited (ACN 159 819 173) (*Alto*) as a result of the exercise of unlisted options to acquire fully paid ordinary shares in Alto, where:
  - (a) the Bidder makes a takeover bid for all of the issued fully paid ordinary shares in Alto (*Share Offer*) in respect of which a bidder's statement is lodged with ASIC on or about 25 March 2020; and
  - (b) the Bidder makes a takeover bid for all the options which have an exercise price that is more than the price per share offered under the Share Offer as at the date set by the bidder under subsection 633(2) of the Act (*Option Offer*), in respect of which the bidder's statement will be lodged with ASIC on or about 25 March 2020.

#### Where this instrument applies

5. This instrument applies where:
  - (a) the Option Offer is subject to a non-waivable defeating condition that the Share Offer:
    - (i) becomes, or is declared, unconditional; or
    - (ii) is subject only to conditions that relate to either the happening of the prescribed circumstances in subsection 652C(1) or (2);
  - (b) the Bidder first sends the offers under the Option Offer and Share Offer on the same day;
  - (c) the Bidder discloses in its bidder's statements in respect of the Option Offer and Share Offer:

20-0260

- (i) that it received relief from ASIC and provides a brief description of the terms of the relief;
- (ii) its intentions concerning the exercise of the options it acquires under the Option Offer; and
- (iii) that any Alto shares issued during the Share Offer bid period upon exercise of any options acquired by the Bidder under the Option Offer do not form part of the Share Offer bid class; and
- (d) the Option Offer is a cash offer to acquire the different classes of options at different consideration, having regard to the different expiry dates, as confirmed with ASIC on 10 March 2020.

Dated this 23<sup>rd</sup> day of March 2020



Signed by Henry Brunskill  
as a delegate of the Australian Securities and Investments Commission