

DIRECTORS RECOMMEND SHAREHOLDERS TAKE NO ACTION IN RELATION TO THE GOLDSEA TAKEOVER OFFER

Alto shareholders are advised to TAKE NO ACTION in relation to the takeover offer from Goldsea

Alto Metals Limited (**Alto** or **Company**) refers to the conditional cash takeover offer for the Company announced by Goldsea Australia Mining Pty Ltd (**Goldsea**), an Australian wholly-owned subsidiary of Shandong Goldsea Group Co. Ltd (**Goldsea Group**) on 21 February 2020.

In addition, Alto notes the lodgement of Goldsea's Bidder's Statement on 24 March 2020 in relation to Goldsea's offer of A\$0.065 cash per Alto share ("**Share Offer**") and new separate cash offer for all Alto options ("**Option Offer**", together the "**Offers**").

The Alto Board is currently undertaking a detailed review and evaluation of the Offers and reiterates that shareholders should **TAKE NO ACTION in respect of the Offers** or any document received from Goldsea at this stage.

Alto will keep its shareholders fully informed of further developments and in the meantime notes the following key matters:

On-Market Purchases

As detailed in section 12.2 of the Bidder's Statement, 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).

The Directors believe this reflects Goldsea's commitment to the Share Offer and Goldsea is determined to secure a foothold shareholding in Alto, irrespective of whether or not it is able to secure a 100% takeover.

However, if shareholders do sell on-market at or below 6.5 cents, you will be unable to benefit from any future increased offers that Goldsea or a third party may make.

Conditions

The Board notes the Share Offer is subject to a number of conditions, including:

- Goldsea's confirmatory due diligence environmental review;
- Foreign Investment Review Board (**FIRB**) approval;
- minimum acceptance of at least 90% (by number) of Alto Shares; and
- other regulatory approvals.

The Board also notes that the Options Offer is conditional on the Share Offer being declared unconditional

Update on conditions

The Board provides the following update in relation to the conditions to the Share Offer detailed in Section 13.7 of the Bidder's Statement.

Some of the conditions purport to require Alto to provide due diligence access or information to Goldsea, while others such as 'Goldsea's confirmatory due diligence environmental review' appear to be at the discretion of Goldsea. Other conditions include a restriction on acquisitions, contract commitments or capital expenditure by Alto during the Offer period in excess of A\$100,000 (individually or in aggregate).

Overall the conditions purport to dictate how the Alto Board responds to the Offers and restrict the ability of the Alto Board to take routine actions in the ordinary course of business and project exploration (including costs incurred in responding to the Offers).

Alto advises (and has advised Goldsea) that certain conditions have already been breached, including the entry of the loan with Windsong Valley Pty Ltd, an entity associated with Non-Executive Director, Terry Wheeler as announced on 16 March 2020. This breach condition has been waived in the Bidders Statement.

Given the nature of the conditions, in addition to the above breach, there may or are likely to be further breaches in the future (particularly given the low monetary restrictions that have been placed on Alto). The Alto Board is fully cognisant of the conditions but will continue to make operating decisions in the best interests of Alto shareholders.

The takeover offer process and next steps

The Alto Board will review Goldsea's Bidder's Statement and will write to Goldsea seeking certain clarifications.

The Board will keep shareholders informed of further developments and will provide a formal recommendation on the Offers in its Target's Statement, which will allow shareholders to make an informed decision. The Target's Statement will be released within 15 days of the Bidder's Statement being sent to Alto shareholders.

Shareholders are advised that there is no current need to take any action in relation to the Offers or any document received from Goldsea until they receive the Target's Statement and the Alto Board's formal recommendation.

Shareholders will have ample time after the release of the Target's Statement to determine their preferred course of action.

In the meantime, the Board is committed to continuing to act in the best interests of all Alto shareholders and will explore all options as it prepares its response to the Offers and its recommendation to shareholders.

The Company shall continue to provide further information to shareholders in accordance with its continuous disclosure obligations.

For more information about Alto and its Projects, please visit the ASX platform (ASX: AME) or the Company's website, www.altometals.com.au.

This announcement has been authorised by the Board of Alto.

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