

13 July 2020

ASX Market Announcements office

Dear Sir/Madam

**Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84**

This notice is given by Alto Metals Limited (ACN 159 819 173) (ASX: AME) (**Alto** or the **Company**) under section 708AA(2)(f) of the *Corporations Act 2001 (Cth)* (**Corporations Act**) as modified by *Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (Instrument 2016/84)*. Where applicable, references in this notice to sections of the Corporations Act are to those sections as modified by Instrument 2016/84.

Alto announced on 13 July 2020 an intention to undertake a "low doc" accelerated non-renounceable pro rata entitlement offer (**Entitlement Offer**) of 1 ordinary share in Alto (**New Shares**) for every 4 ordinary shares in Alto held as at 5pm (Perth time) on 15 July 2020 to eligible shareholders with an address in Australia, New Zealand, Hong Kong and the People's Republic of China. Each New Share will be issued at an issue price of \$0.07 to raise up to approximately \$5.13 million (before costs).

Alto advises that:

1. The New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Corporations Act.
2. This notice is being given under section 708AA(2)(f) of the Corporations Act.
3. As at the date of this notice, Alto has complied with:
  - (a) the provisions of Chapter 2M of the Corporations Act as they apply to Alto; and
  - (b) section 674 of the Corporations Act as it applies to Alto.
4. As at the date of this notice, there is no "excluded information" of the type referred to in section 708AA(8) or section 708AA(9) of the Corporations Act.
5. The Entitlement Offer is not anticipated to have a material effect or consequence on the control of the Company as disclosed in paragraphs 6 and 7 below.
6. The potential effect of the issue of New Shares pursuant to the Entitlement Offer on control of Alto and the consequences of that effect will depend on a number of factors, including the extent to which eligible shareholders take up their entitlements, and the placement of any shortfall to the Entitlement Offer. The placement of any shortfall to the Entitlement Offer is subject to and conditional on either the receipt of prior shareholder approval (to be sought at a general meeting to be convened shortly) or Habrok (Alto) Pty Ltd providing its consent to the issue of shortfall shares for the purposes of ASX Listing Rule 7.9, Exception 8. While it is not possible to predict the outcome of these factors, a non-exhaustive list of the likely effects on control is as follows:

- (a) If all eligible shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of Alto.
- (b) If some eligible shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those eligible shareholders in Alto will be diluted.
- (c) The proportional interests of shareholders who are not eligible shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.
- (d) Any remaining New Shares not subscribed for by eligible shareholders will become part of the shortfall which the Board reserves the right to place, subject to either the receipt of prior shareholder approval (to be sought at a general meeting to be convened shortly) or Habrok (Alto) Pty Ltd providing its consent to the issue of shortfall shares for the purposes of ASX Listing Rule 7.9, Exception 8.

7. Alto's substantial holders and their entitlements pursuant to the Entitlement Offer are disclosed below:

Substantial shareholder	Number of Shares	Voting power	Entitlement	\$
Windsong Valley Pty Ltd and Marymount Pty Ltd (together, <b>Windsong</b> )	57,374,841	19.56%	14,343,710	\$1,004,060
Harvest Lane Asset Management and its associated entities	38,161,166	13.01%	9,540,292	\$667,820
Habrok (Alto) Pty Limited and its associated entities	36,825,000	12.55%	9,206,250	\$644,438
Goldsea Australia Mining Pty Ltd and its associated entities	29,308,042	9.99%	7,327,011	\$512,891
Sinotech (Hong Kong) Corporation Limited	15,900,000	5.42%	3,975,000	\$278,250

The table below illustrates the potential effect of the Entitlement Offer on the voting power of Windsong, the Company's largest shareholder, in scenarios where the Entitlement Offer is 50%, 75% and fully subscribed and in the unlikely event that no other shareholders take up their entitlement under the Entitlement Offer. These scenarios are based on the assumption that Windsong takes up its full entitlement under each scenario.

Event	Shares held by Windsong on completion of the Offer	Total Shares on issue	Voting power of Windsong on completion of the Offer
Offer fully subscribed	71,718,551	366,717,226	19.56%
Offer 75% subscribed	71,718,551	351,967,293	20.38%
Offer 50% subscribed	71,718,551	337,217,359	21.27%
No other shareholders take up their entitlement	71,718,551	307,717,491	23.31%



If you have any questions, you should contact your stockbroker, accountant or other professional adviser

*This announcement has been authorised by the Board of Alto Metals Limited.*

Please direct enquiries or requests for further information to:

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