Alto Metals Limited

ABN 62 159 819 173

CONDENSED INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Alto Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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CORPORATE DIRECTORY

Directors

Mr Richard Monti	Independent Non-Executive Chairman
Mr Matthew Bowles	Executive Director
Mr Jingbin Wang	Non-Executive Director
Mr Terry Wheeler	Non-Executive Director

Company Secretary

Mr Graeme Smith

Principal Registered Office

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Auditor

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Perth WA 6000
Telephone: 08 9322 2022
Facsimile: 08 9322 1262
Website: www.pitcher.com.au

Share Registry

Automic Registry Services
Level 5
126 Philip Street
Sydney NSW 2000

Australian Securities Exchange

ASX Code – AME

DIRECTORS' REPORT

Your Directors present their report together with the condensed interim financial report of Alto Metals Limited ("Alto" or the "Company") and the entities it controlled (together "the Group") for the half-year ended 31 December 2019 and the auditor's review report thereon.

Directors

The names of the Directors who held office during or since the end of the half-year are:

Mr Richard Monti (appointed 13 March 2020)
Mr Matthew Bowles
Dr Jingbin Wang
Mr Terry Wheeler

Directors were in office for this entire half-year unless otherwise stated.

Review of Results

A summary of consolidated revenues and results for the half-year is set out below:

	2019		2018	
	Other Income $	**Loss for the half-year $**	**Other Income $**	**Loss for the half-year $**
Group other income and profit/(loss)	6,107	(791,997)	3,975	(510,137)

The Group recorded an operating loss after income tax for the half-year ended 31 December 2019 of $791,997 compared to the 31 December 2018 operating loss after income tax of $510,137. The result for the half-year ended 31 December 2019 included exploration impairment totalling $1,557 (31 December 2018: $3,946). The Group's cash position at the end of the half-year was $702,961 (30 June 2019: $1,327,148).

Review of Operations

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

Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which commenced in November 2016.

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

A 6,300 m reverse circulation drilling program undertaken in May and June 2019 has confirmed **extensions of known mineralisation, both along strike and at depth,** at Vanguard Camp, Indomitable Camp, Havilah and surrounding targets and shown that Alto's existing JORC 2012 Mineral Resources could be expanded with further infill and/or extension drilling.

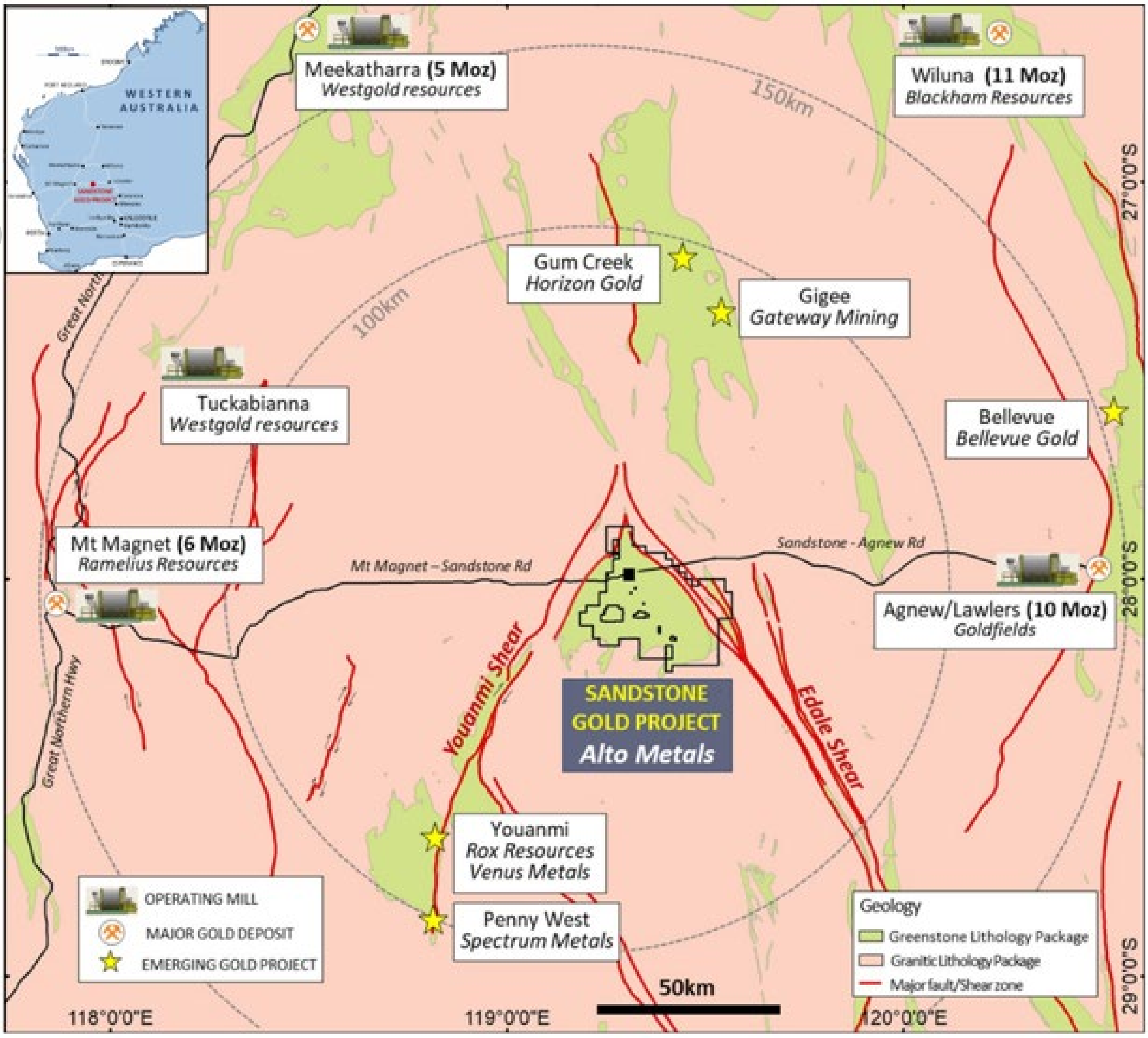

Figure 1. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

Step out drilling at Lord Nelson confirmed extensions of the known deposit, along the Southern Extension Corridor. The drilling at Lord Nelson also demonstrated that the granodiorite host rock in the open pit broadens to the south and there is potential to discover additional gold mineralisation and build on the current resource.

Lord Nelson and Lord Henry exploration strategy

The Lord Nelson and Lord Henry deposits are hosted predominantly within a granodiorite intrusion with sheared remnant ultramafic layers (deposition of high grade gold plates on the contact zone between granitic and ultramafic rocks). The Granodiorite intruded into pre-existing contract/thrust which represents the contact zone between the high-mag basaltic package and the Archean granite (Diemals Dome) in the southern part of the Sandstone Gold Project. High-grade, shallowly plunging shoots are interpreted to be controlled by the pre-existing disconformity (thrust).

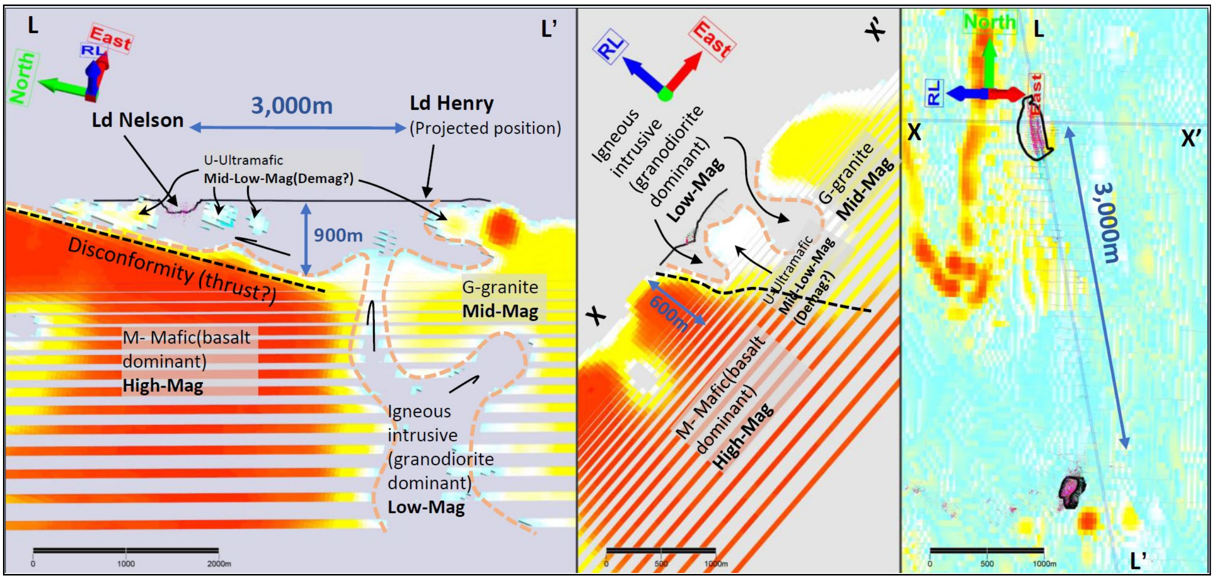

Figure 2. Geological framework – 3D Magnetic modelling (50*50*50m blocks – MVI_Sus_10^{-5}SI)

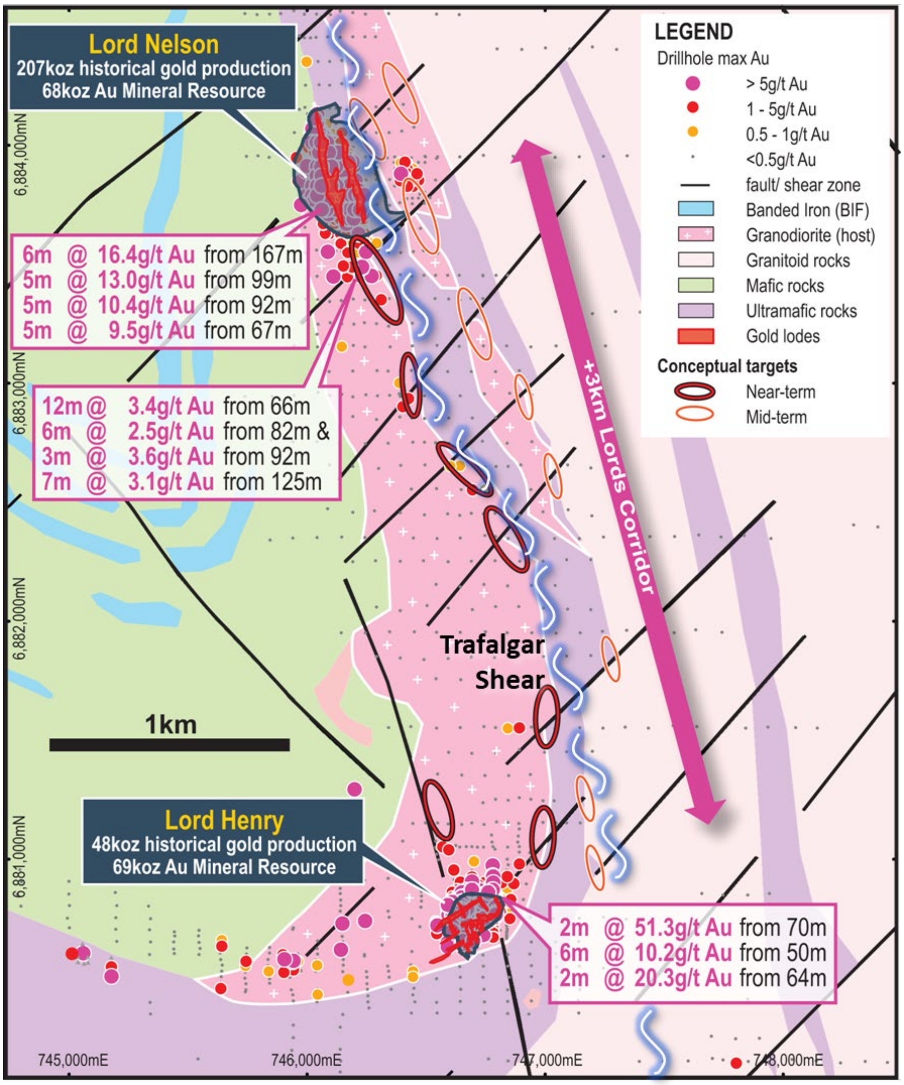

Figure 3. Lords Deposits and +3km Corridor - 1:5,000 geological interpretation (labelled drill results are from unmined zones)

Approximately 1,500m of exploration step out RC drilling, on 40m-80m spacing, commenced in mid February. This step out drilling is targeting the **strike extensions of known mineralisation 200m south of the Lord Nelson Pit**, where Alto previously announced five RC hole assay results including **12m @ 3.4g/t gold from 66m**[1].

Four-metre composite samples assay returned for the first nine holes so far, **with gold mineralisation intersected in every drill hole.** Significant results include:

SRC169:	**24m**	**@ 3.7 g/t gold**	from	104m
SRC168:	**12m**	**@ 3.0g/t gold**	from	32m
SRC170	**4m**	**@ 2.2g/t gold**	from	52m

The assay results from these first nine drill holes has clearly defined a **new zone of shallow high grade gold mineralisation of over 200m strike**, up to 24 metres width (down hole intersection, not true width) immediately south of the Lord Nelson open pit. **The width of this new gold lode, combined with the fact it remains open both on strike and depth, presenting significant potential and is a key target for further drilling**.

Importantly, the mineralisation style and geological setting of this lode is identical to that of the Lord Nelson deposit. The early success of this RC drilling program demonstrates that more Lord Nelson style mineralisation is still to be discovered in the vicinity of the open pit.

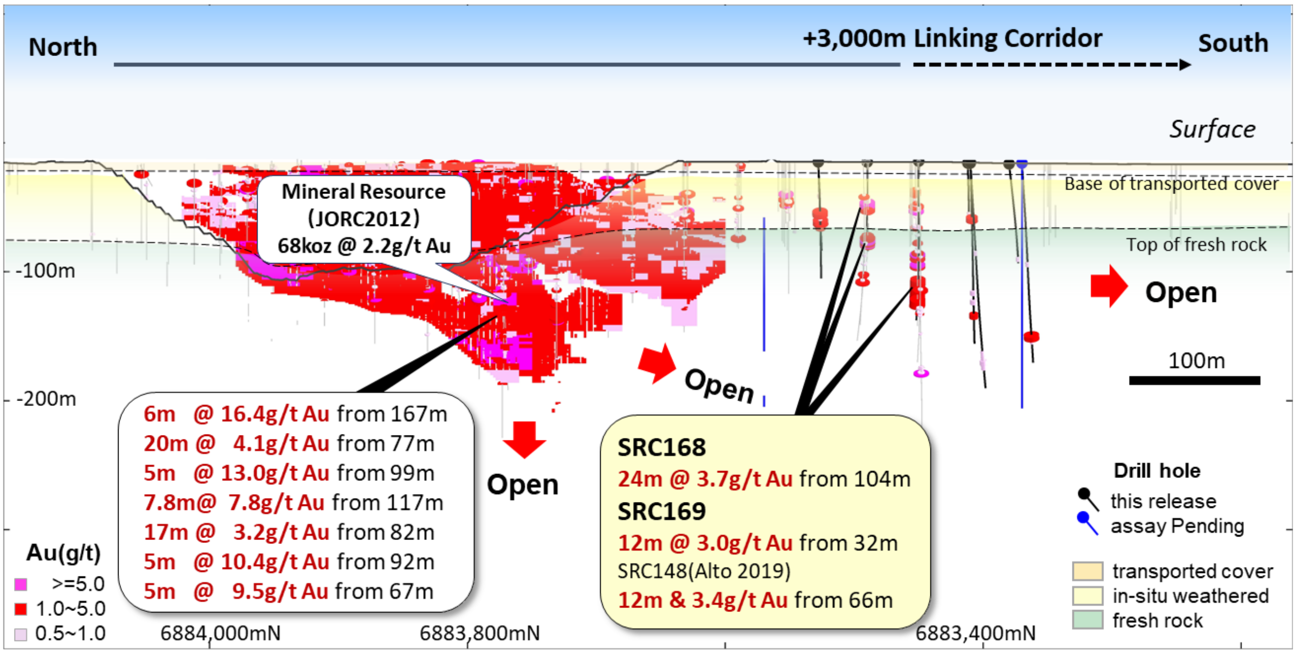

Figure 4. Longitudinal projection Lord Nelson.

1 (SRC148, ASX Announcement 22/07/2019).

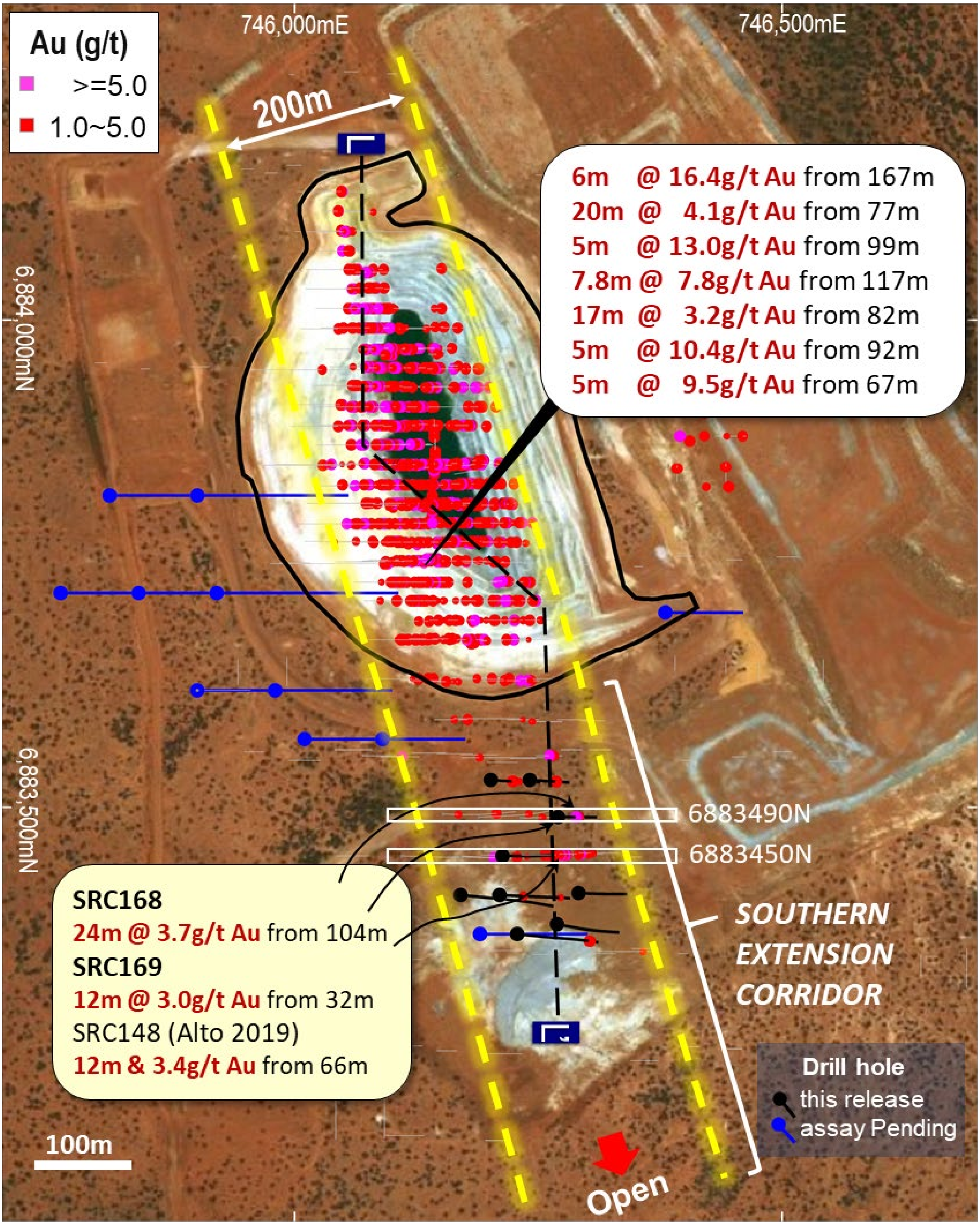

Figure 5. Lord Nelson plan view.

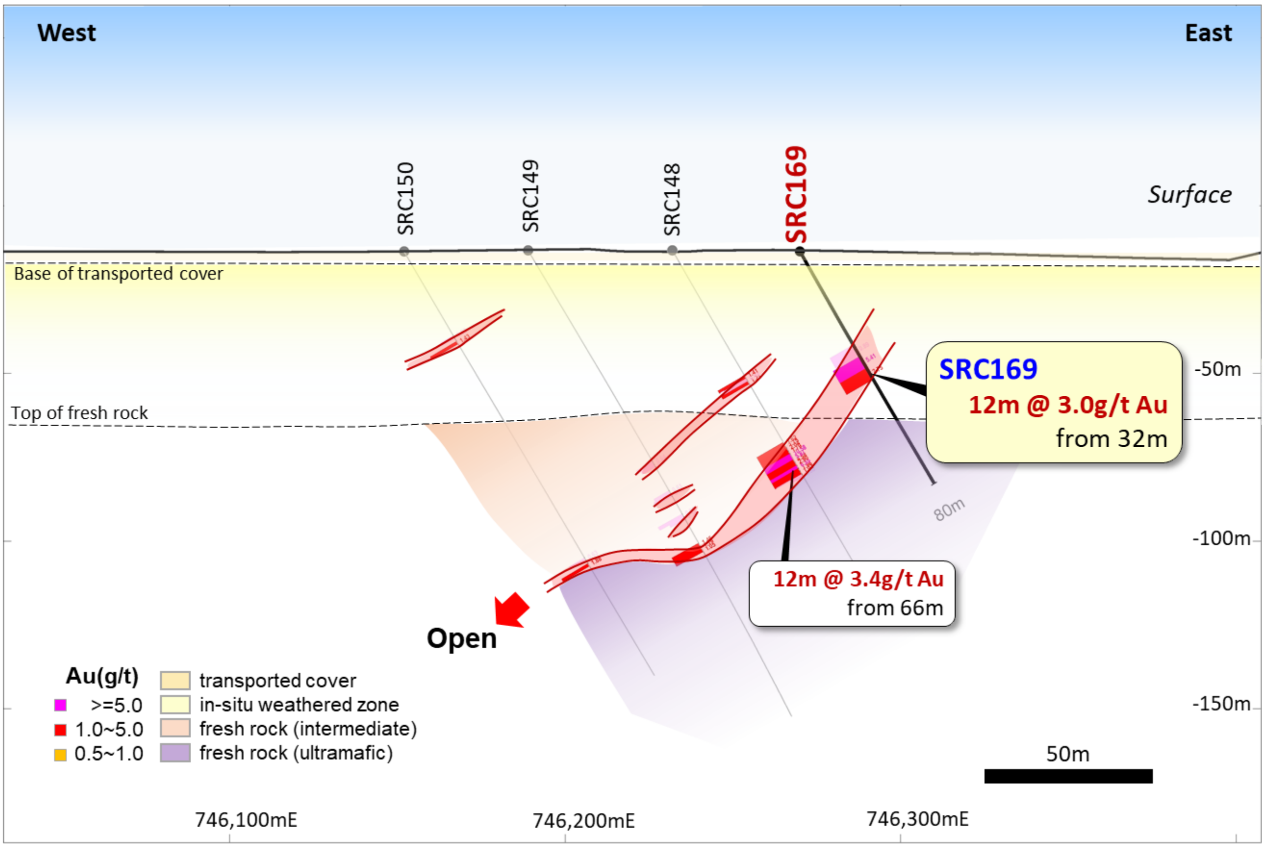

Figure 6: Lord Nelson – Section6,883,490mN.

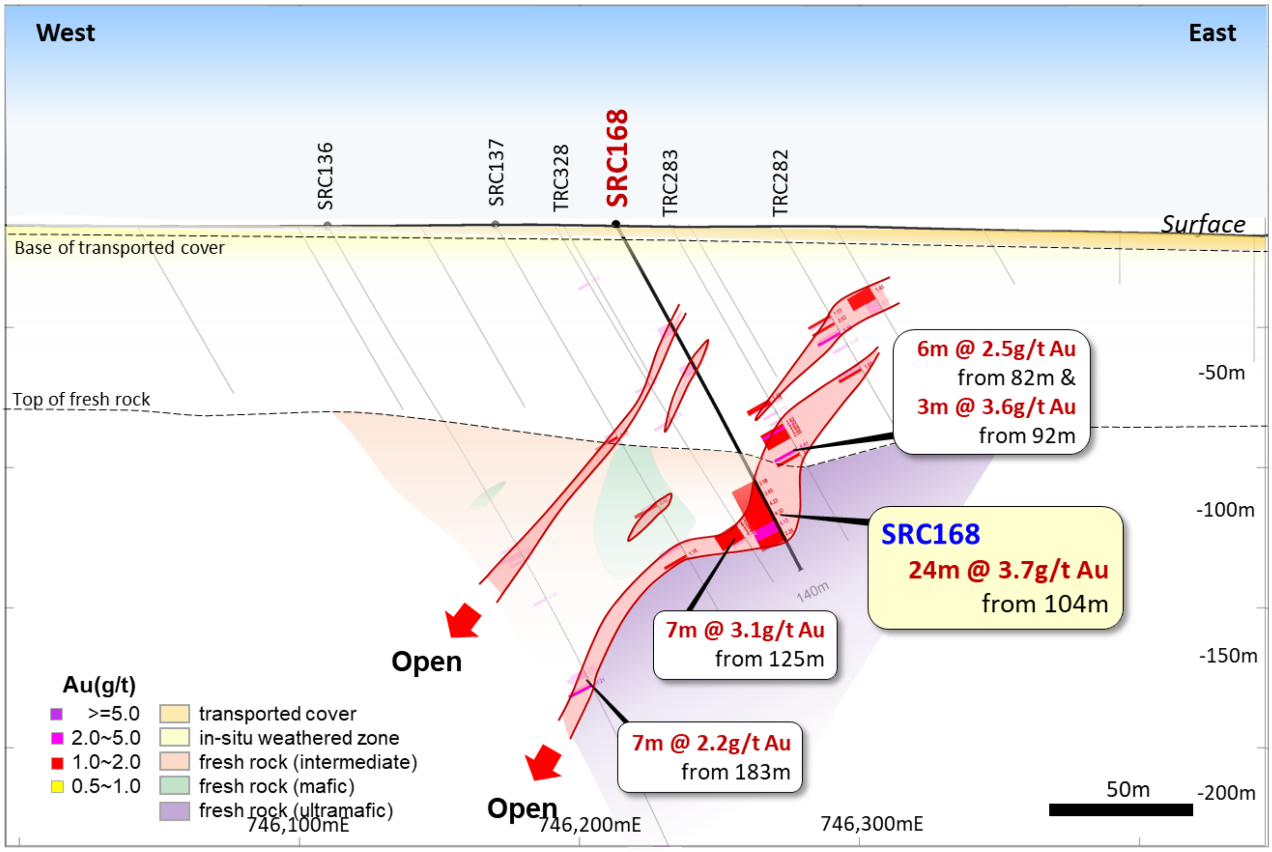

Figure 7: Lord Nelson Section6,883,450mN.

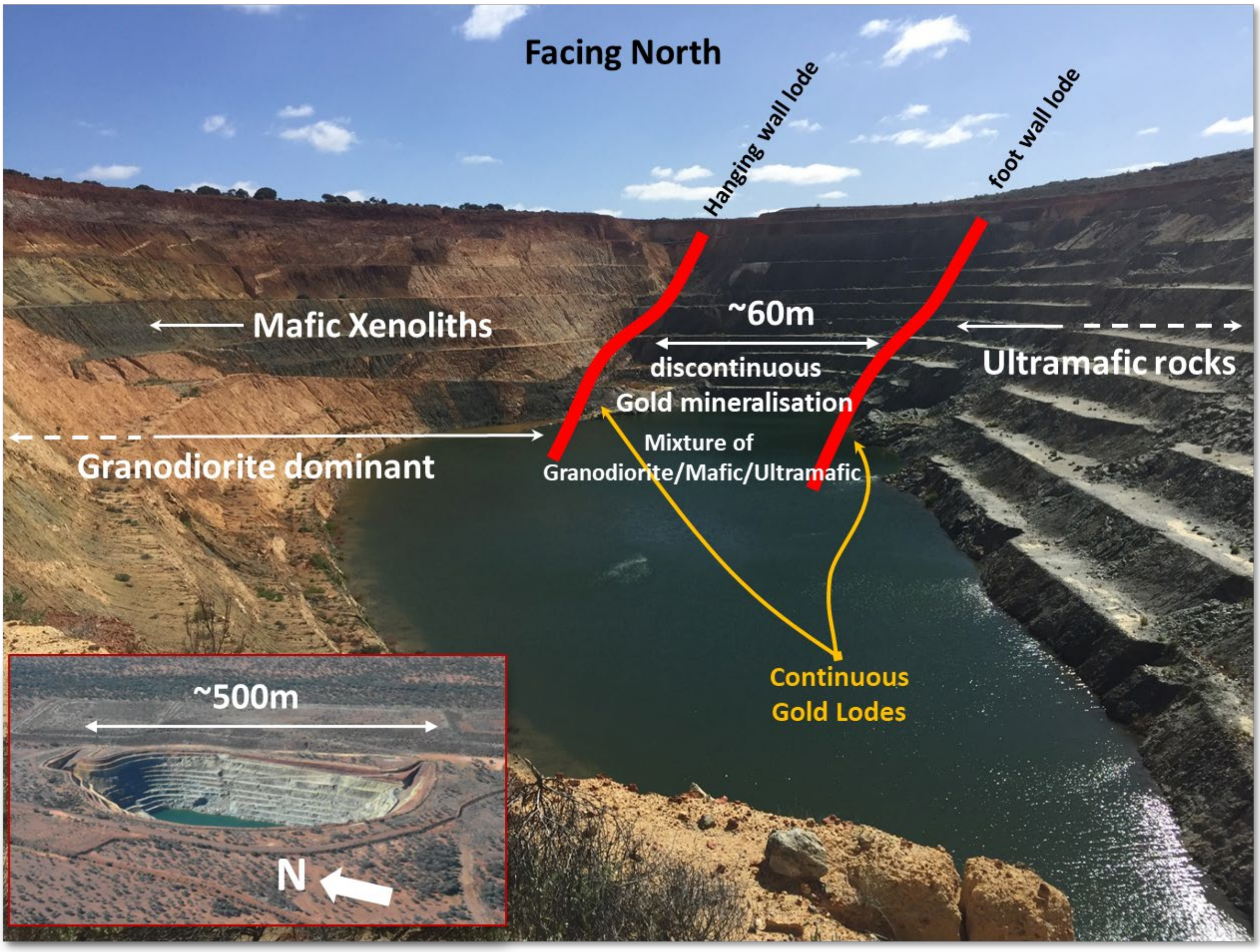

Figure 8. Lord Nelson pit looking North. Illustrating the geological setting of the gold mineralisation in the contact zone between the granodiorite and ultramafic rocks.

The **Havilah** deposit is located approximately 35km SE of the town of Sandstone and lies immediately to the north of the Sandstone-Menzies Road. The recorded underground production from the area was 48,497 tonnes @ 21.6g/t Au for 33,870oz between 1904 and 1929. A high-grade 'footwall' zone was stoped out, and a lower grade 'hanging wall' zone of mineralisation was left intact and was subsequently drilled by modern explorers. The Havilah mine area is underlain by a WNW striking dolerite unit, bounded to the northeast by pillowed and amygdaloidal basalt, and to the southwest by ultramafic rocks.

The Havilah deposit has a (JORC 2012) Inferred Mineral Resource of 371,000 tonnes @1.70 g/t Au for 20,300 ounces.

The **Ladybird** deposit is located approximately 25km SE of the town of Sandstone and lies approximately 3km north of the Sandstone-Menzies Road. Gold mineralisation at Ladybird occurs within a sub-vertical dipping BIF/chert unit that has a strike of approximately 300 degrees. The BIF/chert unit is located at or near the contact between a mafic unit (to SW) and an ultramafic unit (to NE).

The Ladybird deposit has a (JORC 2012) Inferred Mineral Resource of 136,000 tonnes @1.91 g/t Au for 8,400 ounces.

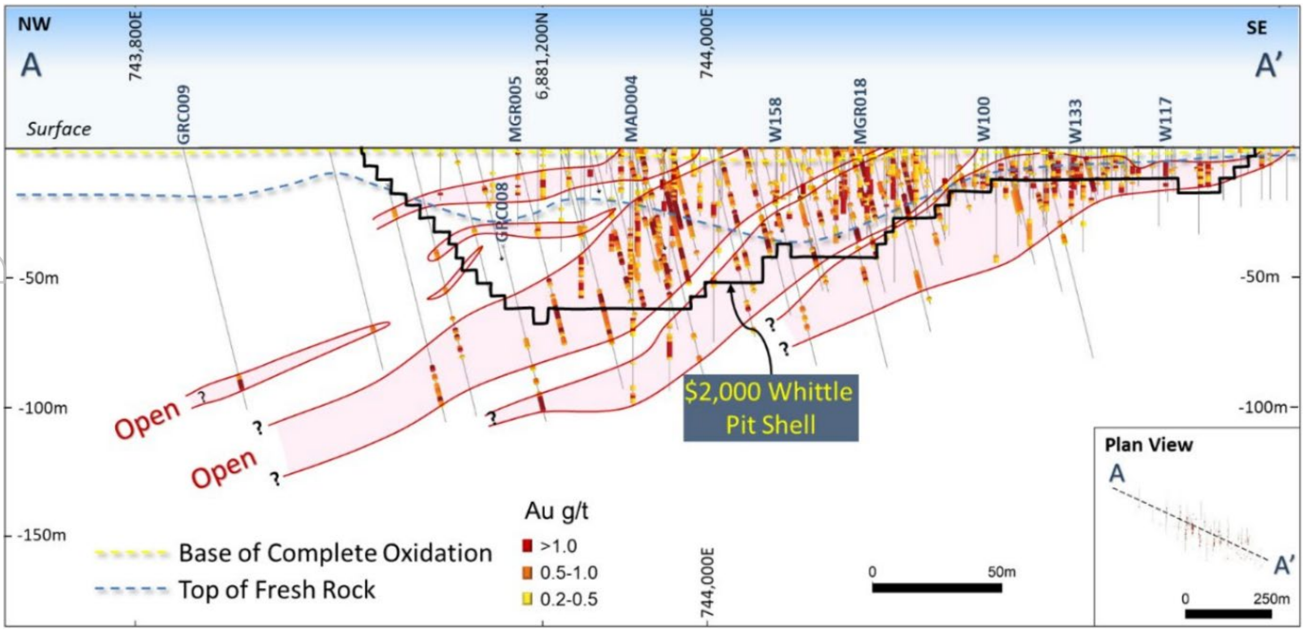

Figure 9. Havilah NW-SE 1150 Schematic Long Section A-A' (+/-50m)

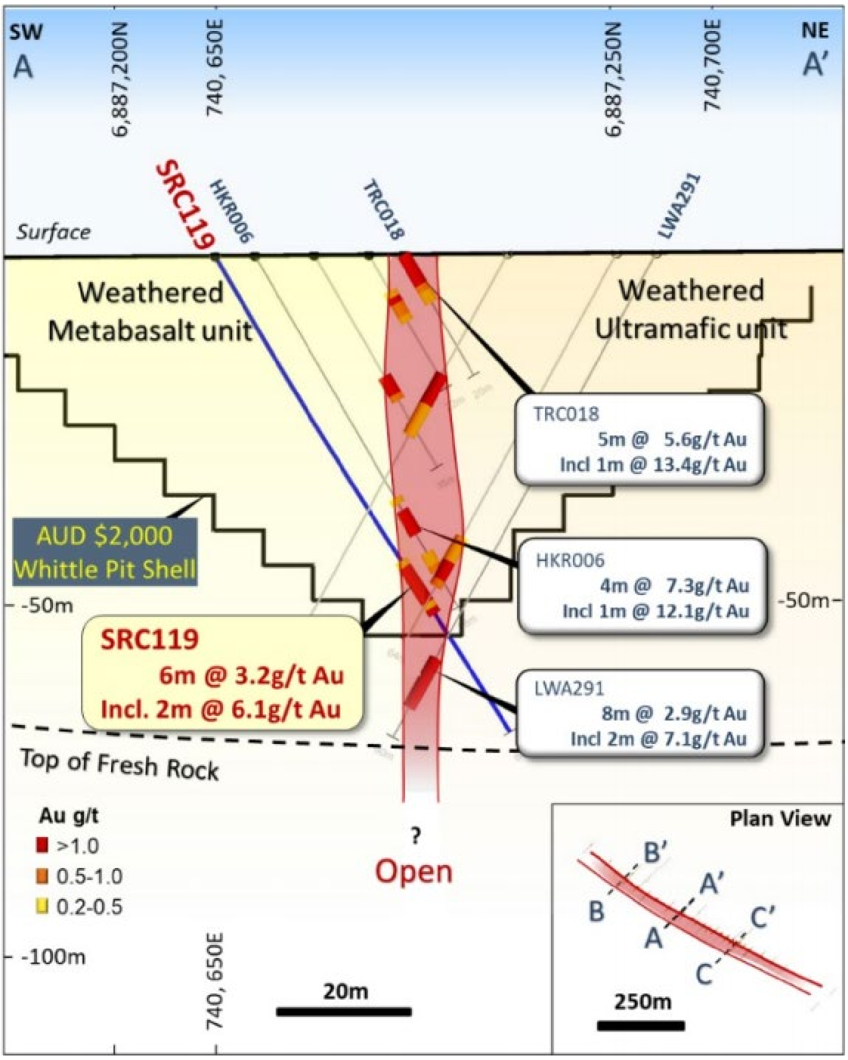

Figure 10. Ladybird Prospect – Schematic Cross Section A – A'

Sandstone Gold Project Mineral Resources as at 31 December 2019

Together with existing deposits at Lord Henry and Lord Nelson estimated in 2017 by Snowden Mining Industry Consultants Pty Ltd (Snowden), Alto's total JORC 2012 compliant mineral resource inventory now consists of Indicated and Inferred Mineral Resources of **5.38Mt @ 1.7 g/t Au for 290,000 ounces**.

Table 1. Sandstone Gold Project – Total Mineral Resources (JORC 2012)

Deposit	Category	Cut-off (g/t Au)	Tonnage (kt)	Grade (g/t Au)	Contained gold (oz)
Lord Henry[1]	Indicated	0.8	1,200	1.6	65,000
TOTAL INDICATED			**1,200**	**1.6**	**65,000**
Lord Henry[1]	Inferred	0.8	110	1.3	4,000
Lord Nelson[2]	Inferred	0.8	980	2.2	68,000
Indomitable & Vanguard Camp[3]	Inferred	0.3-0.5	2,580	1.5	124,000
Havilah & Ladybird[4]	Inferred	0.5	510	1.8	29,000
TOTAL INFERRED			**4,180**	**1.7**	**225,000**
TOTAL INDICATED AND INFERRED			**5,380**	**1.7**	**290,000**

Note 1. ASX Release 16 May 2017. "Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz."
Note 2. ASX Release 28 April 2017. "Lord Nelson Mineral Resource Increased to 68,000oz."
Note 3. ASX Release 25 Sept 2018. "Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA."
Note 4. ASX Release 11 June 2019. "Alto increases Total Mineral Resource Estimate to 290.000oz, Sandstone Gold Project."

All material assumptions and technical parameters underpinning the 2017, 2018 and 2019 JORC (2012) Mineral Resource estimates in the above ASX announcements continue to apply and have not materially changed since last reported**.**

The locations of the Alto Metals JORC 2012 Mineral Resources referred to in Table 1 are shown in Figure 11.

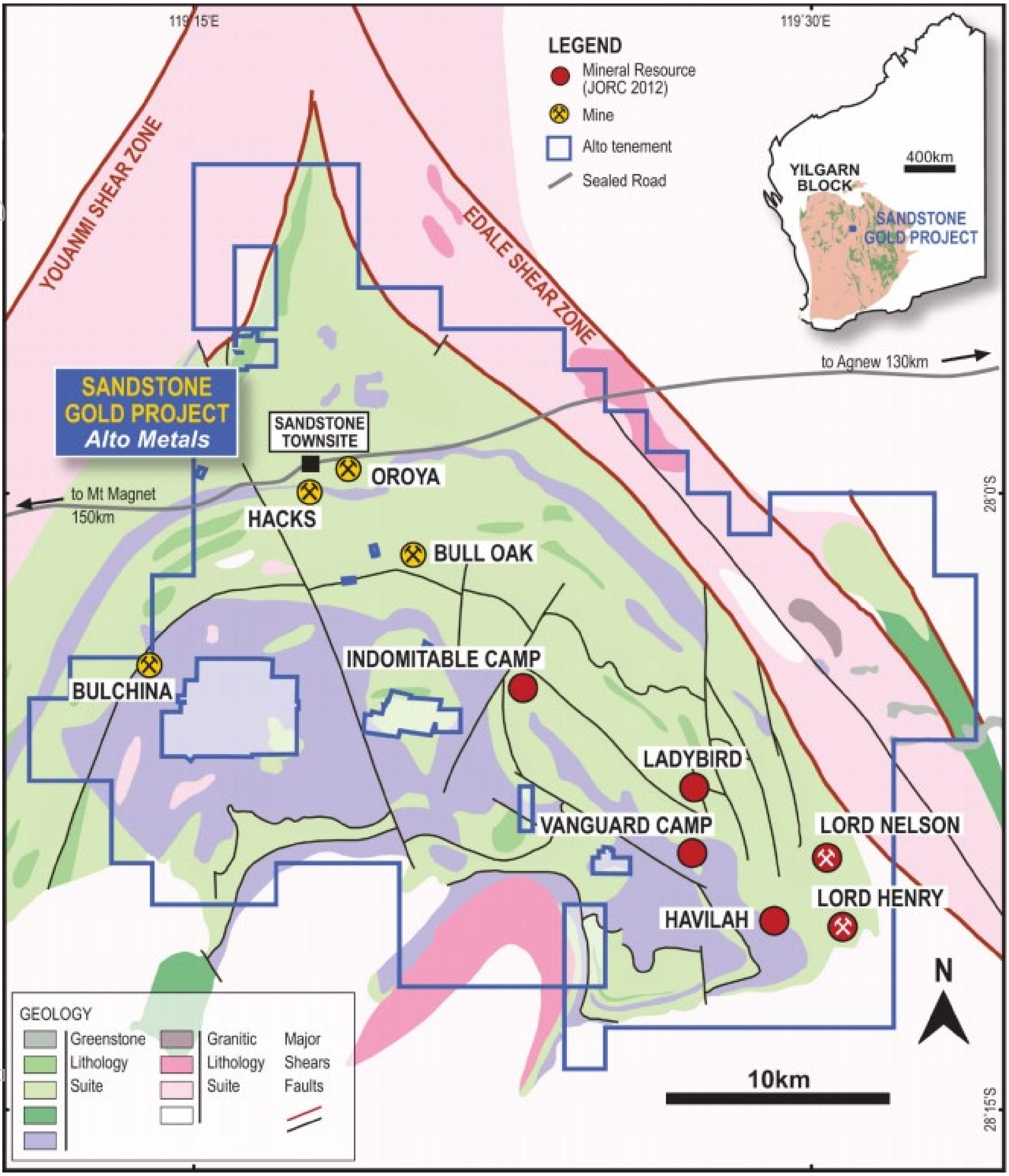

Figure 11. Location of gold prospects and historical mines at Sandstone Gold Project

Alto Metals Ltd and Its 100% Owned Subsidiaries, on a Consolidated Basis at 31 December 2019

Tenement	Location	Interest Held	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/647	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/650	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/651	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/652	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1417	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application

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

Competent Persons Statement

The information in this report that relates to 2018 Vanguard and Indomitable Camp Inferred Mineral Resources, and the 2019 Havilah and Ladybird Inferred Mineral Resources is based on resource estimation by Dr. Spero Carras of Carras Mining Pty Ltd. Dr. Carras is a Fellow of the Australasian Institute Mining and Metallurgy (AusIMM) and has over 40 years of experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. S. Carras consents to the inclusion in the report of the matters based on the information in the context in which it appears.

With regards to the information in this report that relates to 2017 Lord Henry and Lord Nelson Mineral Resource Estimates by Snowden, the Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcements by Alto Metals Limited regarding Lord Nelson released on 28 April 2017, and Lord Henry on 5 May 2017, and confirms that all material assumptions and technical parameters underpinning those estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, the Company confirms that the form and context in which the Competent Person's findings for the 2017 Lord Henry and Lord Nelson Mineral Resource Estimates are presented have not been materially modified from the original market announcement.

The information in this Report that relates to current and historical Exploration Results is based on and fairly represents information prepared by Dr Changshun Jia, who is an employee of Alto Metals Ltd. Dr Jia is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Jia has provided his prior written consent to the form and context in which the exploration results and the supporting information is presented in this announcement.

Previously Reported Results

There is information in this report relating to exploration results which were previously announced on 12 September 2019. Other than as disclosed in those announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

Corporate

On 12 July 2019, following Shareholder approval, the Group raised $600,000 through a placement of 16,666,666 ordinary shares together with 8,333,333 options, to Alto's Chairman and major shareholder Mr Terry Wheeler. The options have an exercise price of $0.07 and expire on 18 January 2021.

Subsequent Events

On 21 February 2020, Goldsea Australia Mining Pty Ltd ("**Goldsea**") announced its intention to make an off-market takeover to acquire all of the Company's shares for $0.065 cash per share.

As at the date of this report the Company has not received a Bidders Statement from Goldsea.

On 11 March 2020, Alto entered into a financing facility with its largest shareholder, Windsong Valley Pty Ltd (an entity controlled by Mr Terry Wheeler who is a Director of Alto), for up to $1 million. Key terms of the facility are set out below:

Alto may drawdown up to $500,000 during the period 11 March 2020 to 10 March 2021 (Availability Period) by issuing Drawdown Notices to Windsong Valley;

Subject to the Company receiving the approval of Alto Shareholders pursuant to ASX Listing Rule 10.1 for the granting of a security interest in all of the Company's present and after acquired property for all monies outstanding under the Facility (including interest) by 8 May 2020, Alto may drawdown up to an additional $500,000 during the Availability Period (for a maximum drawdown of $1 million under the Facility);

In the event that the Shareholder approval under Listing Rule 10.1 is not obtained, the maximum drawdown under the Facility will reduce to $500,000 and no security will be granted.

The interest rate applicable on outstanding monies is 8% per annum, accrued monthly and calculate monthly;

All outstanding monies and interest under the facility are payable on 11 March 2021 (Maturity Date); and

Alto may elect to repay any amount of outstanding monies and interest at any time prior to the Maturity Date without penalty.

On 13 March 2020, Mr Richard Monti was appointed the new Independent Non-Executive Chairman, following Mr Terry Wheeler's decision to assume a non-executive director role. Non-Executive Director Mr Matthew Bowles has moved to an Executive Director role, to reflect the additional duties he has assumed over the past months.

Other than the above, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this condensed interim financial report and in the financial statements and notes attached thereto.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:

Matthew Bowles
Director
Perth, 13 March 2020

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ALTO METALS LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

This declaration is in respect of Alto Metals Limited and the entities it controlled during the period.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
13 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
OTHER INCOME			
Other income		6,107	3,975
		6,107	3,975
Accounting and audit fees		(13,624)	(9,916)
Share registry and listing fees		(47,557)	(34,934)
Employee benefits and other fee expense		(200,326)	(211,443)
Corporate expense		-	(46,425)
Consulting expense		(152,806)	-
Computers and software expense		(18,238)	(24,314)
Depreciation and amortisation		(9,875)	(13,800)
Insurance		(12,054)	(9,744)
Investor relations		(11,814)	(50,778)
Legal fees		(29,481)	(7,983)
Office rental and occupation expenses	4	(37,728)	(50,696)
Share based payments	5	(238,905)	-
Travel and accommodation		(3,871)	(14,767)
Impairment of exploration and evaluation expenses	6	(1,557)	(3,946)
Other expenses		(20,268)	(35,366)
(Loss) before income tax expense		**(791,997)**	**(510,137)**
Income tax expense		-	-
(Loss) for the half-year attributable to the members of the Company		**(791,997)**	**(510,137)**
OTHER COMPREHENSIVE INCOME, NET OF TAX			
Items not to be reclassified to profit or loss in subsequent periods:			
Changes in the fair value of equity instruments carried at fair value through other comprehensive income		2,500	(22,500)
Total other comprehensive income/(loss) for the half-year		2,500	(22,500)
Total comprehensive (loss) attributable to members of the Company		**(789,497)**	**(532,637)**
Basic and diluted (loss) per share (cents per share)		(0.28)	(0.28)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	31 December 2019 $	30 June 2019 restated(i) $
CURRENT ASSETS			
Cash and cash equivalents		702,961	1,327,148
Trade and other receivables		63,628	140,929
Prepayments		23,174	160,955
TOTAL CURRENT ASSETS		**789,763**	**1,629,032**
NON-CURRENT ASSETS			
Equity instruments at fair value through OCI	10	22,500	20,000
Plant and equipment		102,471	103,092
Intangible assets		4,384	10,637
Exploration and evaluation	6	10,765,645	10,337,937
TOTAL NON-CURRENT ASSSETS		**10,895,000**	**10,471,666**
TOTAL ASSETS		**11,684,763**	**12,100,698**
CURRENT LIABILITIES			
Trade and other payables		231,177	726,476
Provisions		43,897	13,941
TOTAL CURRENT LIABILITIES		**275,074**	**740,417**
TOTAL LIABILITIES		**275,074**	**740,417**
NET ASSETS		**11,409,689**	**11,360,281**
EQUITY			
Issued capital	7	24,590,563	23,990,563
Reserves	8	436,871	195,466
Accumulated losses		(13,617,745)	(12,825,748)
TOTAL EQUITY		**11,409,689**	**11,360,281**

(i) Refer to Note 14 for details.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued capital (ordinary shares and performance shares)	Share based payments reserve	Available-for-sale financial assets	Equity instruments at FVOCI	Accumulated losses	Total
	$	$	$	$	$	$
Balance at 1 July 2018	**21,169,278**	**-**	**-**	**-**	**(11,678,231)**	**9,491,047**
(Loss) for the half-year	-	-	-	-	(510,137)	(510,137)
Other comprehensive (loss), net of tax, for the half-year	-	-	(22,500)	-	-	(22,500)
Total comprehensive (loss) for the half-year	**-**	**-**	**(22,500)**	**-**	**(510,137)**	**(532,637)**
Transactions with shareholders in their capacity as owners and other transfers						
Shares issued during the half-year	451,019	-	-	-	-	451,019
Transaction costs for shares issued	(10,871)	-	-	-	-	(10,871)
Balance at 31 December 2018	**21,609,426**	**-**	**(22,500)**	**-**	**(12,188,368)**	**9,398,558**
Balance at 1 July 2019 restated(i)	**23,990,563**	**227,966**	**-**	**(32,500)**	**(12,825,748)**	**11,360,281**
(Loss) for the half-year	-	-	-	-	(791,997)	(791,997)
Other comprehensive income, net of tax, for the half-year	-	-	-	2,500	-	2,500
Total comprehensive (loss) for the half-year	**-**	**-**	**-**	**2,500**	**(791,997)**	**(789,497)**
Transactions with shareholders in their capacity as owners and other transfers						
Shares issued during the half-year	600,000	-	-	-	-	600,000
Options issued to Director during the half-year	-	120,901	-	-	-	120,901
LTI rights issued to Director during the half-year	-	118,004	-	-	-	118,004
Balance at 31 December 2019	**24,590,563**	**466,871**	**-**	**(30,000)**	**(13,617,745)**	**11,409,689**

(i) Refer to Note 14 for details.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019 $	31 December 2018 $
Cash flows from operating activities		
Interest received	6,914	4,450
Payments to suppliers and employees	(545,590)	(414,971)
Net cash used in operating activities	**(538,676)**	**(410,521)**
Cash flows from investing activities		
Payments for plant and equipment	(3,000)	(340)
Payments for exploration and evaluation	(682,511)	(933,034)
R&D refunds received	-	107,967
Net cash used in investing activities	**(685,511)**	**(825,407)**
Cash flows from financing activities		
Proceeds from issue of shares	600,000	451,019
Share issue costs	-	(10,871)
Proceeds from related party loan	-	200,000
Net cash provided by financing activities	**600,000**	**640,148**
Net decrease in cash and cash equivalents held	**(624,187)**	**(595,780)**
Cash and cash equivalents at the beginning of the half-year	1,327,148	856,345
Cash and cash equivalents at the end of the half-year	**702,961**	**260,565**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Reporting entity

Alto Metals Limited ("Alto" or the "Company") is a company limited by shares, incorporated and domiciled in Australia. The condensed interim financial report as at and for the half-year ended 31 December 2019 covers the consolidated group of Alto Metals Limited and the entities it controlled (together "the Group").The Group is a for-profit entity.

Basis of preparation

This condensed interim financial report is a consolidated general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* ("AASB 134") and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34: *Interim Financial Reporting*. The condensed interim financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements. Accordingly, this condensed interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Alto Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 July 2019. With the exception of the new accounting standards discussed in note 2 Changes in significant accounting policies below, the adoption of the new standards and interpretations effective as at 1 July 2019 had no material impact on the Group.

Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current half-year.

Going Concern

The Group incurred a net loss of $791,997 for the half-year ended 31 December 2019 (31 December 2018: $510,137) and generated an operating cash outflow of $538,676 (31 December 2018: $410,521), and as at that date, had net current assets of $514,689 (30 June 2019: $888,615) and net assets of $11,409,689 (30 June 2019: $11,360,281).

The condensed interim financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the Directors have taken into consideration the following:

- The expectation of a successful capital raising within the next 2 months at a level that provides sufficient financial resources, combined with funds raised from the matters noted below, to fund forecasted operational expenditure for a period for 12 months from the date of signing this condensed interim financial report;
- Entering into a loan facility agreement (the "Loan") on 11 March 2020 with Windsong Valley Pty Ltd, a related entity of the Group, for the amount of $1,000,000. As per the terms of the Loan, any amounts drawn on the Loan must be repaid by 11 March 2021; and
- Reducing both administrative and exploration expenditure (on the basis exploration expenditure is discretionary and expenditure requirements are minimal) as required through careful cash management.

The Group's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- Obtaining additional funding as outlined above; and
- Receiving the continued support of its shareholders and creditors.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the condensed interim financial report. The condensed interim financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

NOTE 2: CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following significant Australian Accounting Standard has been issued and is applicable to the half-year financial statements of the Group:

AASB No.	Standard / Interpretation	Effective date for the group
AASB 16	Leases	1 July 2019

AASB 16: *Leases* ("AASB 16") replaced AASB 117: *Leases* and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

   i. investment property, the lessee applies the fair value model in AASB 140: *Investment Property* to the right-of-use asset; or

   ii. property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.
The Group has assessed its leases and concluded that per the guidance provided by AASB 16 they are short term leases or of low value, and as such the Group has elected to apply the practical expedients included with AASB 16 and not recognise a right-of-use asset or lease liability in the financial statements. In addition leases relating to exploration assets are outside the scope of AASB 16 and hence have also not been recognised in the financial statements.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

NOTE 3: SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8: *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Australia.

NOTE 4: LEASES

The Group leases office and storage premises with lease terms of 12 months or less and leases office equipment of low value. The Group has elected to apply the practical expedients included with AASB 16 and not recognise a right-of-use asset or lease liability in the financial statements for these leases.

Expenses relating to these leases, recognised in the Statement of Profit of Loss are as follows:

	Half-year to 31 December 2019 $	Half-year to 31 December 2018 $
Expense relating to short-term leases	32,528	46,150
Expense relating to leases of low-value assets	1,560	1,560
	34,088	**47,710**

Reconciliation between AASB 16 right-of-use asset and lease liability and lease commitments as at 30 June 2019 is as follows:

	$
Aggregate non-cancellable lease commitments as at 30 June 2019	60,042
Less: Payments previously included in non-cancellable lease commitments for leases with remaining terms of less than 12 months and leases of low value assets	(60,042)
Carrying amount of right-of-use asset and lease liability recognised as at 1 July 2019	-

NOTE 5: SHARE-BASED PAYMENTS

	Half-year to 31 December 2019 $	Half-year to 31 December 2018 $
Options issued to Director[(i)]	120,901	-
LTI rights issued to Director[(ii)]	118,004	-
Balance at reporting date	**238,905**	**-**

(i) On 29 November 2019, Shareholders approved the issue of 7,500,000 options with an exercise price of $0.07 to Mr Matthew Bowles, a Director of the Group. The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. As there were no vesting conditions attached, the expense of $120,901 was recognised in full in the half-year ended 31 December 2019. See Note 7 for further details.

(ii) On 29 November 2019, Shareholders approved the provision of a limited-recourse, interest-free loan to Mr Matthew Bowles, a Director of the Group, for the purpose of subscribing for 6,250,000 shares at $0.032 per share. After subscribing, the shares were issued as ordinary shares and Mr Matthew Bowles enjoyed the same rights and benefits as any other shareholder (other than he cannot sell the shares until they are paid for). The loan is limited-recourse because it is repayable in full no later than 3 years from the issue date, but can be settled by Mr Matthew Bowles at any time by returning the shares to the Company. The shares have been issued with no vesting conditions attached and are retained by Mr Matthew Bowles even if employment with the Group ceases, in all circumstances other than a case of gross misconduct. The nature of the arrangement is to retain Mr Matthew Bowles' as a Non-Executive Director and hence there are no specific performance conditions attaching to the arrangement. The arrangement is considered "in substance options" or "long-term incentive rights" ("LTI rights") under generally accepted accounting principles, and accordingly is accounted for similar to options. The fair value of the LTI rights was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the LTI rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. Accounting standards require the value of the LTI rights to be brought to account over the expected term of vesting the benefits to the holder. As there were no vesting conditions attached, the expense of $118,004 was recognised in full in the half-year ended 31 December 2019. See Note 7 for further details.

Valuation of Share Based Payments

A summary of the key assumptions used in applying the Black Scholes model to the share based payments recognised in the half-year is as follows:

	Options issued to Director	LTI rights issued to Director
Number of options/rights	7,500,000	6,250,000
Date of grant	29-Nov-19	29-Nov-19
Share price at grant date	$0.04	$0.04
Volatility factor	84.00%	76.00%
Risk free rate	0.65%	0.65%
Expected life of option/right (years)	4 years	3 years
Valuation per option/right	$0.02	$0.02
Exercise price per option/right	$0.07	$0.03
Vesting conditions	None	None
Number of options/rights exercisable as at 31 December 2019	7,500,000	6,250,000

Year in which Vesting and Expense occurs

	Options issued to Director	LTI rights issued to Director
	$	$
Half-year ended 31 December 2019	120,901	118,004
Total valuation	120,901	118,004

NOTE 6: EXPLORATION AND EVALUATION

	31 December 2019	30 June 2019
	$	$
Balance at beginning of the period	**10,337,937**	**8,727,068**
Exploration expenditure during the period	429,265	1,616,065
Impairment expense during the period	(1,557)	(5,196)
Balance at end of the period	**10,765,645**	**10,337,937**

The Directors' assessment of whether any triggers of impairment for the Group's exploration and evaluation assets existed as at 31 December 2019 was after consideration of factors such as prevailing market conditions, previous expenditure for exploration work carried out on the tenements, maintaining rights to tenure and the potential for mineralisation based on the Group's and independent geological reports.

Furthermore, the ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value.

As at 31 December 2019, the Directors have concluded that there remains an expectation that the carrying amount of the Group's exploration and evaluation assets will be recovered in full on the basis of the above factors, and hence no impairment triggers exist. Consequently no detailed impairment assessment has been performed as at 31 December 2019.

However, there may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions. During the half-year ended 31 December 2019, an impairment of $1,557 (31 December 2018: $3,946) was recognised due to the surrender and write down of such tenements.

NOTE 7: EQUITY

	31 December 2019	30 June 2019 restated[v]
(a) Issued Capital		
	$	**$**
268,373,781 (30 June 2019: 245,457,115) ordinary shares	22,415,563	21,815,563
25,000,000 (30 June 2019: 25,000,000) Performance shares	2,175,000	2,175,000
	24,590,563	23,990,563

(b) Ordinary shares

	$	$
The following movements in ordinary share capital occurred during the reporting period:		
Opening balance	24,218,529	21,169,278
Shares issued during the period		
Share placement at $0.047 per share	-	451,019
Share placement at $0.039 per share	-	117,600
Entitlement offer at $0.036 per share	-	329,166
Loan repayment at $0.047 per share	-	300,000
Entitlement offer at $0.036 per share	-	2,047,502
Share placement at $0.036 per share[i]	600,000	-
Costs associated with equity raisings restated[v]	-	(424,002)
Balance at end of the period	22,415,563	21,815,563

	31 December 2019	30 June 2019
	No.	**No.**
Balance at beginning of the period	245,457,115	160,459,462
Shares issued during the period		
Share placement at $0.047 per share	-	9,596,141
Share placement at $0.039 per share	-	3,000,000
Entitlement offer at $0.036 per share	-	9,143,474
Loan repayment at $0.047 per share	-	6,382,978
Entitlement offer at $0.036 per share	-	56,875,060
Share placement at $0.036 per share[i]	16,666,666	-
Shares issued to Director[ii]	6,250,000	-
Balance at end of the period	268,373,781	245,457,115

	31 December 2019	30 June 2019 restated[vi]
(c) Performance shares		
	$	**$**
The following movements in Performance shares on issue occurred during the period:		
Balance at beginning of the period	2,175,000	2,175,000
Performance shares issued during the period	-	-
Performance shares cancelled/forfeited during the period	-	-
Balance at end of the period	2,175,000	2,175,000
	No.	**No.**
At the beginning of the period	25,000,000	25,000,000
Performance shares issued during the period	-	-
Performance shares cancelled/forfeited during the period	-	-
Balance at end of the period	25,000,000	25,000,000

(d) Performance rights

The following movements in Performance rights on issue occurred during the period:

	31 December 2019	30 June 2019
	$	$
Balance at beginning of period	-	-
Performance rights issued during the period	-	-
Performance rights expired during the period(iii)	-	-
Performance rights cancelled/forfeited during the period	-	-
Balance at end of the period	-	-

	No.	No.
Balance at beginning of the period	1,000,000	7,312,500
Performance rights issued during the period	-	-
Performance rights expired during the period(iii)	(1,000,000)	(6,312,500)
Balance at end of the period	-	1,000,000

(e) Unlisted options

The following movements in Unlisted options on issue occurred during the period:

	31 December 2019	30 June 2019 restated(v)
	$	$
Balance at beginning of the period restated(v)	227,966	-
Options issued during the period(iv) (v)	120,901	227,966
Options exercised/cancelled/forfeited during the period	-	-
Balance at end of the period	348,867	227,966

	No.	No.
Balance at beginning of the period restated(v)	63,009,234	-
Options issued during the period:		
$0.07 Options expiring 17 August 2020	-	4,571,711
$0.07 Options expiring 13 November 2020	-	28,437,523
$0.07 Options expiring 9 March 2021(v)	-	30,000,000
$0.07 Options expiring 18 January 2021(i)	8,333,333	-
$0.07 Options expiring 29 November 2023(iv)	7,500,000	-
Balance at end of the period	78,842,567	63,009,234

(f) LTI rights

The following movements in LTI rights on issue occurred during the period:

	31 December 2019	30 June 2019
	$	$
Balance at beginning of the period	-	-
LTI rights issued during the period(ii)	118,004	-
Balance at end of the period	118,004	-

	No.	No.
Balance at beginning of the period	-	-
LTI rights issued during the period(ii)	6,250,000	-
LTI rights exercised/cancelled/forfeited during the period	-	-
Balance at end of the period	6,250,000	-

LTI rights to directors and employees are delivered under an Employee Share Plan (the "Plan") that was adopted by the Group pursuant to approval by shareholders at the Annual General Meeting held of 29th November 2019.

A material feature of the Plan is that the issue of ordinary shares to directors and employees can be by way of provision of a limited-recourse, interest free loan, to be used for the purpose of subscribing for the shares. The offer of a limited-recourse, interest free loan is based on a share price not less than the volume weighted average price at which shares are traded on the ASX over the 10 trading days up to and including the date of the issue of shares offered under the Plan, or such other price as the Board of Directors determines. The term of each loan will be 3 years from the date of issue of the shares, subject to the earlier repayment in accordance with the terms of the Plan.

After subscription, the shares are issued as ordinary shares, and the directors and employees enjoy the same rights and benefits as other shareholders, apart from any vesting conditions that are attached and the fact the shares cannot be sold until the loan is settled.

Shares may be issued subject to vesting conditions relating to achievement of milestones (such as period of employment) or escrow restrictions which must be satisfied before the shares can be sold, transferred, or encumbered.

The nature of the Plan is to provide an incentive to cause the share price to rise over the term of a director's and employee's service, as well as retaining the director's and employee's service, and hence there are no specific performance conditions attaching to these shares.

The shares are considered to be "in substance options" or "long-term incentive rights" ("LTI rights") under generally accepted accounting principles, and accordingly are accounted for similar to options. The fair value of the LTI rights is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the LTI rights are granted and factors such as the share price at grant date, volatility of the share price and risk free rate. Accounting standards require the value of the LTI rights to be brought to account over the expected term of vesting the benefits to the holder.

(i) On 12 July 2019, following Shareholder approval the Group raised $600,000 through a placement of 16,666,666 ordinary shares together with 8,333,333 options, to Alto's Chairman and major shareholder Mr Terry Wheeler.

(ii) On 29 November 2019, following Shareholder approval the Group issued 6,250,000 shares to Atlantic Capital Pty Ltd, the private company of Mr Matthew Bowles. Details are set out in Note 5.

(iii) On 9 December 2019, all remaining Performance rights previously issued to staff and Directors expired.

(iv) On 29 November 2019, following Shareholder approval the Company issued 7,500,000 options to a Director under the Employee Share Plan. Details are set out in Note 5.

(v) Refer to Note 14 for details.

NOTE 8: RESERVES

	31 December 2019 $	30 June 2019 restated(i) $
Equity instruments at FVOCI reserve	(30,000)	(32,500)
Share-based payments reserve	466,871	227,966
Balance at end of the period	436,871	195,466

(a) Movement in Reserves

Equity instruments at FVOCI reserve		
Balance at beginning of the period	(32,500)	-
Add revaluation increments, net of tax, during the period	2,500	(32,500)
Balance at end of the period	(30,000)	(32,500)

This reserve is used to record the fair value movements of the Group's equity instruments in accordance its accounting policy.

Share-based payments reserve		
Balance at beginning of the period restated(i)	227,966	-
Issue of option to Brokers during the period(i)	-	227,966
Issue of options to Director during the period	118,004	-
Issue of LTI rights to Director during the period	120,901	-
Balance at end of the period	466,871	227,966

This reserve is used to record the value of equity benefits provided to Directors, employees and third parties of the Group in accordance with it's accounting policy. Refer to Note 5 for details of share-based payments made during the half-year.

(i) Refer to Note 14 for details.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Expenditure commitments

In order to maintain rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements on its tenements. The Group plans on meeting all minimum expenditure obligations through exploration work on its tenements. Obligations can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions.

The Group's planned exploration and expected commitment, for the next year is $1,200,000 (30 June 2019: $2,600,000).

Operating lease commitments

As at 30 June 2019, the Group had non-cancellable lease commitments for leases with remaining terms of less than 12 months and leases of low value assets of $60,042. Refer to Note 4 for reconciliation to amounts recognised upon implementation of AASB 16 on 1 July 2019.

Operating lease commitments for rental of the Group's registered office:

	31 December 2019 $	30 June 2019 $
Amounts payable:		
- not later than 12 months	39,280	60,042
- between 12 months and 5 years	-	-
	39,280	60,042

Contingencies

As at 31 December 2019 the Group has bank and other guarantees to the value of $32,822 (2018: $26,512) to secure rental bonds.

NOTE 10: FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

AASB 13: *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's equity instruments at fair value through other comprehensive income of $22,500 (30 June 2019: $20,000) are measured using Level 1 inputs and are recognised at fair value based on listed market prices as at the reporting date. There has been no change to this methodology from 30 June 2019.

NOTE 11: SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than noted elsewhere in this report, no significant related party transactions have arisen since the end of the half-year.

Refer to Note 5 for details of share-based employee incentive payments to Mr Matthew Bowles.

Refer to Note 7 for details of capital raising from a share placement to Mr Terry Wheeler.

NOTE 12: SUBSEQUENT EVENTS

On 21 February 2020, Goldsea Australia Mining Pty Ltd ("**Goldsea**") announced its intention to make an off-market takeover to acquire all of the Company's shares for $0.065 cash per share.

As at the date of this report the Company has not received a Bidders Statement from Goldsea.

On 11 March 2020, Alto entered into a financing facility with its largest shareholder, Windsong Valley Pty Ltd (an entity controlled by Mr Terry Wheeler who is a Director of Alto), for up to $1 million. Key terms of the facility are set out below:

Alto may drawdown up to $500,000 during the period 11 March 2020 to 10 March 2021 (Availability Period) by issuing Drawdown Notices to Windsong Valley;

Subject to the Company receiving the approval of Alto Shareholders pursuant to ASX Listing Rule 10.1 for the granting of a security interest in all of the Company's present and after acquired property for all monies outstanding under the Facility (including interest) by 8 May 2020, Alto may drawdown up to an additional $500,000 during the Availability Period (for a maximum drawdown of $1 million under the Facility);

In the event that the Shareholder approval under Listing Rule 10.1 is not obtained, the maximum drawdown under the Facility will reduce to $500,000 and no security will be granted.

The interest rate applicable on outstanding monies is 8% per annum, accrued monthly and calculate monthly;

All outstanding monies and interest under the facility are payable on 11 March 2021 (Maturity Date); and

Alto may elect to repay any amount of outstanding monies and interest at any time prior to the Maturity Date without penalty.

On 13 March 2020, Mr Richard Monti was appointed the new Independent Non-Executive Chairman, following Mr Terry Wheeler's decision to assume a non-executive director role. Non-Executive Director Mr Matthew Bowles has moved to an Executive Director role, to reflect the additional duties he has assumed over the past months.

Other than the above, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 13: DIVIDENDS

No dividends were paid or declared during the half-year and no recommendation for payment of dividends has been made.

NOTE 14: RESTATEMENT OF PRIOR PERIOD

The Directors, while preparing the financial statements of the Group for the half-year ended 31 December 2019, identified that due to an oversight, following Shareholders approval of the issue of 30,000,000 options with an exercise price of $0.07 as partial consideration for capital raising services provided to the Group during the year ended 30 June 2019, the associated share based payment had not been recognised in the financial statements at the date the services were received (being 12 May 2019) in accordance with the requirements of AASB 2 *Share Based Payment*.

The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. The fair value as at the date of grant is materially consistent with the fair value as at the date the services were received.

This resulted in restatement of the following line items in the financial statements for the year ended 30 June 2019:

- Issued capital was decreased by $227,966; and
- Share based payment reserve was increased by $227,966.

There is no impact on net assets as at 30 June 2019, nor on the consolidated statement of profit or loss and other comprehensive income as at 30 June 2019.

The above adjustment had the following impact on the 30 June 2019 consolidated statement of financial position:

Financial report line item / balance affected	Actual 30 June 2019 $	Adjustment $	Restated Actual 30 June 2019 $
Consolidated Statement of Financial Position extract			
EQUITY			
Issued capital	(24,218,529)	227,966	(23,990,563)
Share based payment reserve	-	(227,966)	(227,966)
NET ASSETS	**11,360,281**	**-**	**11,360,281**

Valuation of Share Based Payments

A summary of the key assumptions used in applying the Black Scholes model to the share based payment is as follows:

	Options issued to Brokers
Number of options/rights	30,000,000
Date of grant	12 July 2019
Share price at grant date	$0.0360
Volatility factor	84.00%
Risk free rate	0.85%
Expected life of option/right (years)	1.5 years
Valuation per right	$0.076
Exercise price per right	$0.07
Vesting conditions	None
Number of options exercisable as at 30 June 2019	30,000,000

Year in which Vesting and Expense occurs

	Options issued to Brokers
Year ended 30 June 2019	227,966
Total valuation	227,966

DIRECTORS' DECLARATION

1) In the opinion of the Directors of Alto Metals Limited:

(a) the financial statements and notes set out on pages 17 to 30 are in accordance with the *Corporations Act 2001*, including:

(i) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Alto Metals Limited will be able to pay its debts as and when they become due and payable.

2) This declaration is made in accordance with a resolution of the Directors.

Matthew Bowles
Director
Perth, 13 March 2020

ALTO METALS LIMITED
ABN 62 159 819 173

INDEPENDENT AUDITOR'S REVI EW REPORT
TO THE MEMBERS OF ALTO METALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alto Metals Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

ALTO METALS LIMITED
ABN 62 159 819 173

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTO METALS LIMITED

Material Uncertainty Related to Going Concern

We draw attention to Note 1 Going Concern to the half-year financial report, which indicates that the Group incurred a net loss of $791,997 for the half-year ended 31 December 2019 and generated an operating cash outflow of $538,676, and as at that date, had net current assets of $514,689 and net assets of $11,409,689. These conditions, along with other matters set forth in Note 1 Going Concern to the half-year financial report, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in this respect.

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PAUL MULLIGAN
Executive Director
13 March 2020