

MAJORITY OF ALTO SHAREHOLDERS CONFIRM INTENTION NOT TO ACCEPT HABROK OFFER AND SUPPORT FOR THE ENTITLEMENT OFFER

KEY DETAILS

- Alto Directors maintain recommendation **NOT TO ACCEPT** the Habrok takeover offers.
- Majority of key shareholders holding 51.45% of the shares on issue have confirmed:
 - their intention **NOT TO ACCEPT** a Habrok takeover offer at \$0.07 per share and
 - their support of the entitlement offer.
- A total of \$2.6m in subscriptions and commitments already secured under the \$5.1m Entitlement offer at \$0.07 per share. Morgan's Corporate appointed as Lead Manager.
- Strong endorsement of the potential of the Sandstone Gold Project and support to ongoing drilling and exploration activities
- Clarification of potentially misleading information in Habrok's 17 July release
- Initial results from drilling at Lord Nelson expected in the coming weeks.

Rejection of conditional increase in offer price

Alto Metals Limited (ASX:AME) (**Alto** or **Company**) refers to the announcement released by Habrok (Alto) Pty Ltd (**Habrok**) on 17 July 2020 in which Habrok stated it would increase its takeover offer price from \$0.066 per share to \$0.07 per share, subject to Alto, amongst other things, terminating the entitlement offer announced on 13 July 2020.

The Directors of Alto have assessed the conditional increase in the takeover offer price and maintain the view that the entitlement offer is in the best interests of the shareholders as a whole. The Directors therefore do not intend to terminate the entitlement offer.

The Directors of Alto maintain their recommendation that shareholders should **NOT ACCEPT** the current offer by Habrok to acquire its shares.

Key shareholder support

Alto is pleased to announce that it has received updated statements from the majority of its key shareholders holding 51.45% of the Alto shares on issue confirming:

- their intention to subscribe for their full entitlement under the entitlement offer, representing [\$2.6m] in total; and
- that they would not accept a takeover offer from Habrok of \$0.07 per share.

Refer to the schedule attached to this announcement for further details.

While the Habrok takeover offer for Alto's shares is unconditional and therefore not dependent upon a minimum level of acceptances from Alto shareholders, Alto considers that the statement of continued support from these shareholders is a strong endorsement of Alto's exploration strategy and the potential of the Sandstone Gold Project.

Response to Habrok commentary regarding pricing

Habrok's announcement of 17 July 2020 stated that an offer price of \$0.07 per share will represent a 7.69% premium to the offer price under the takeover bid by Goldsea Australia Mining Pty Ltd (**Goldsea**) of \$0.065 per share, which the Alto board of directors recommended Alto shareholders accept on 1 May 2020.

Alto does not consider the first Goldsea offer price, or Alto's share price prior to the Goldsea offer, to be a reasonable basis of comparison. Since 1 May 2020, there have been several key developments, including:

- the subsequent revision of Goldsea's offer price to \$0.075 per share (which offer lapsed as a result of ongoing delays with FIRB);
- Alto's recent share price trading has been at a sustained premium to the proposed revised offer price, including Alto's closing share price on 16 July 2020 at \$0.072;
- Alto's announcement of an update to the Mineral Resource estimate for the Sandstone Gold Project; and
- the sustained positive share price performance of ASX-listed gold companies since 1 May 2020.

You will shortly receive a Bidder's Statement from Habrok in relation to its offers. **To reject the Offers, you should take no action.** Alto will respond to the Bidder's Statement with a Target's Statement in due course, which will contain your Directors formal recommendations, along with a balancing of risks associated with retaining shares versus participating in the Habrok takeover offers.

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

Please direct enquiries or requests for further information to:

Matthew Bowles
Managing Director
Alto Metals Limited
+61 8 9381 2808

Richard Monti
Non-Executive Chairman
Alto Metals Limited
+61 8 9381 2808

Schedule: Details of shareholder support

The Company has received separate written notices from each of the following shareholders confirming that they do not intend to accept the Habrok Share Offer at the offer price of \$0.07 per share and intend to subscribe for their full entitlement under the entitlement offer.

Each of the shareholders named below have consented to the disclosure of their intention.

Shareholder (and their respective associated entities)	Number of shares currently held	Voting power	Entitlement under entitlement offer
Windsong Valley Pty Ltd and Marymount Pty Ltd*	57,374,841	19.56%	\$1,004,060
Harvest Lane Asset Management [‡]	38,631,358	13.17%	\$676,049
GS Group Australia Pty Ltd*	29,308,042	9.99%	\$512,891
Sinotech (Hong Kong) Corporation Limited [‡]	15,900,000	5.42%	\$278,250
Olgen Pty Ltd*	9,722,222	3.31%	\$170,138
TOTAL	150,936,463	51.45%	\$2,641,388

* Shareholders who subscribed for their full entitlement under the institutional portion of the entitlement offer and have confirmed their intention not to seek to withdraw this acceptance.

[‡] Shareholders who have confirmed their intention to subscribe for their full entitlement under the retail portion of the entitlement offer.