

29 July 2016

## June 2016 Quarterly Activities Report

### CORPORATE @ 30 JUNE 2016

ACN 159 819 173  
ASX CODE: AME  
Shares on Issue: 115,695,812  
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ACN 159 819 173

### Directors & Management

**Anna Mao**  
Non-Executive Chairperson

**Dermot Ryan**  
Executive Director

**Bill Robertson**  
Non-Executive Director

**Stephen Stone**  
Non-Executive Director

**Sam Middlemas**  
Company Secretary/CFO

### GOLD PROJECTS

Sandstone  
Fraser Range

### URANIUM PROJECTS

Byro  
Peranbye  
Lake Harris  
Bolitho  
Gascoyne  
Marmion

### SUMMARY

On 23 March 2016 the Company announced an agreement to acquire the majority of the Sandstone Archaean Greenstone Belt in Western Australia which has produced over 1.3 million oz of gold. Alto paid the vendors a deposit of \$100,000, and was required to pay a further \$400,000 and issue 19 million Ordinary fully paid shares to the vendors of Sandstone Exploration Pty Ltd (SSE) upon grant of the Exploration and Prospecting Licences comprising the project.

At a General Meeting of the Company's Shareholders on 20 May 2016, shareholders approved the issue of the 19 million Ordinary Shares and 25 million Performance Shares to the vendors, and approved the change of the Company's name to "Alto Metals Limited".

On 23 June 2016 the Company brought forward the acquisition of SSE by paying 19 million fully paid Ordinary shares to the vendors and a sum of \$200,000 cash. A further payment of \$200,000 cash will be made upon the grant of the tenements, which is expected to occur in mid-September 2016. At the same time, Mr Stephen Stone was appointed as a non-executive Director of the Company.

The Company has almost completed the assembly of a comprehensive Sandstone drill hole database, and a mining consultant has been commissioned to undertake block modelling of the remnant resource at Lord Nelson with a view to estimating a JORC 2012 compliant Mineral Resource.

Initial modelling of Lord Nelson by Alto staff has confirmed that the high grade west dipping shear hosted quartz reefs which Troy mined in the oxide zone persist into the primary (sulphide) zone, below the pit. A number of well-defined targets to underpin exploration, early-stage resource definition and mining have been identified.

### POST 30 JUNE 2016

On 25 July 2016, the Company announced that its Shareholder Purchase Plan (SPP) had closed fully subscribed, and the Company had raised \$1.7 million and issued 28,779,603 new Ordinary fully paid shares, bringing the total Ordinary shares on issue to 144,475,415, and the cash balance to approximately \$2.8 million.

The Company also holds liquid assets with approx. fair value of \$1.12 million (29 July 2016) as follows:

- 25.7m Antipa Minerals Ltd Shares (ASX: AZY) \$1,074,000
- 2.5m Enterprise Metals Ltd Shares (ASX: ENT) \$ 50,000

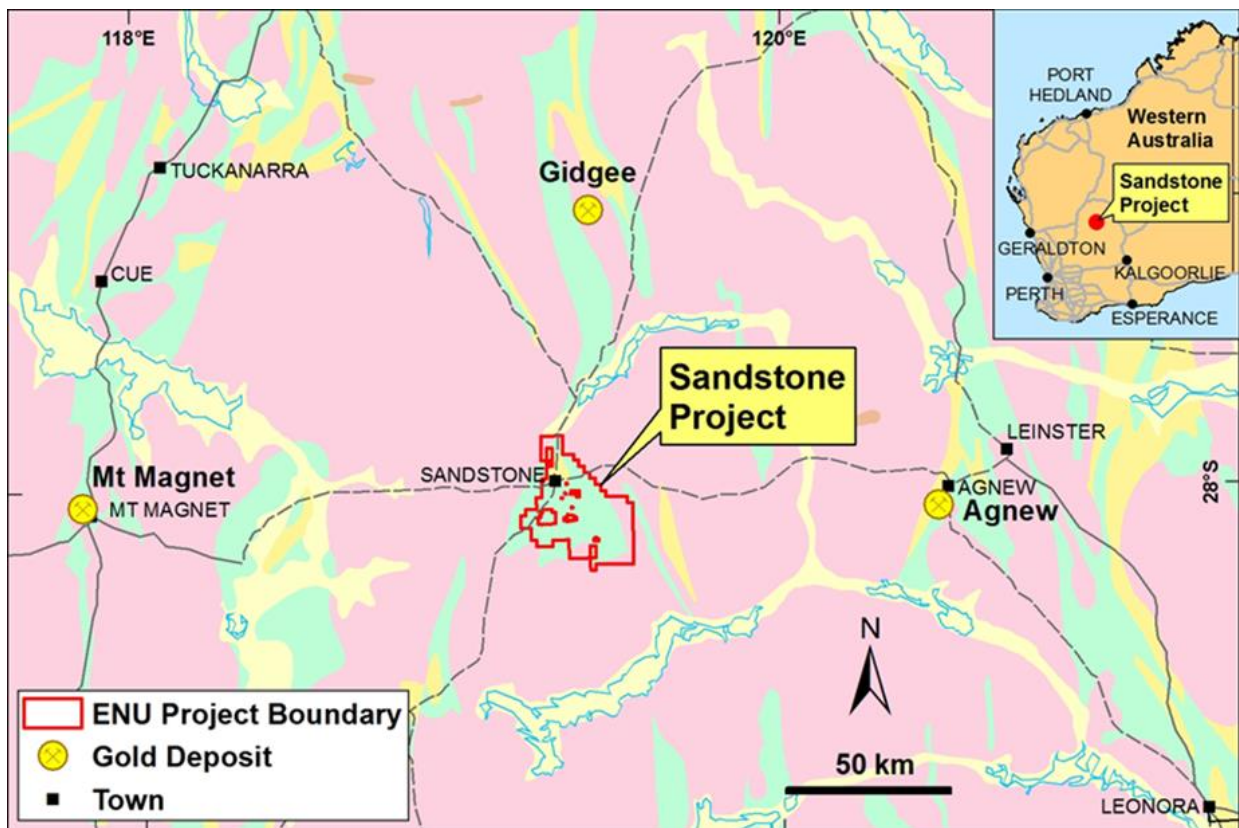
**SUMMARY OF OPERATIONS**

**Acquisition of Sandstone Gold Project**

Following an extensive due diligence period, the Company announced on 23 March 2016 that it had entered into a share sale and purchase agreement to acquire all of the issued capital of Sandstone Exploration Pty Ltd (Sandstone). Sandstone’s only asset, the Sandstone Gold Project, is located approximately 600km northeast of Perth in the East Murchison Mineral Field in Western Australia and is centred on the small township of Sandstone.

The acquisition of Sandstone is consistent with the Company’s move to assess non-uranium assets as foreshadowed in the December 2015 Quarterly Activities Report. (Refer Figure 1).

The Sandstone Gold Project tenure covers approximately 75% of the Archaean Sandstone Greenstone Belt and comprises 5 Exploration Licence applications and 2 Prospecting Licences for a total landholding of ~723km<sup>2</sup>. (Refer Appendix 1)

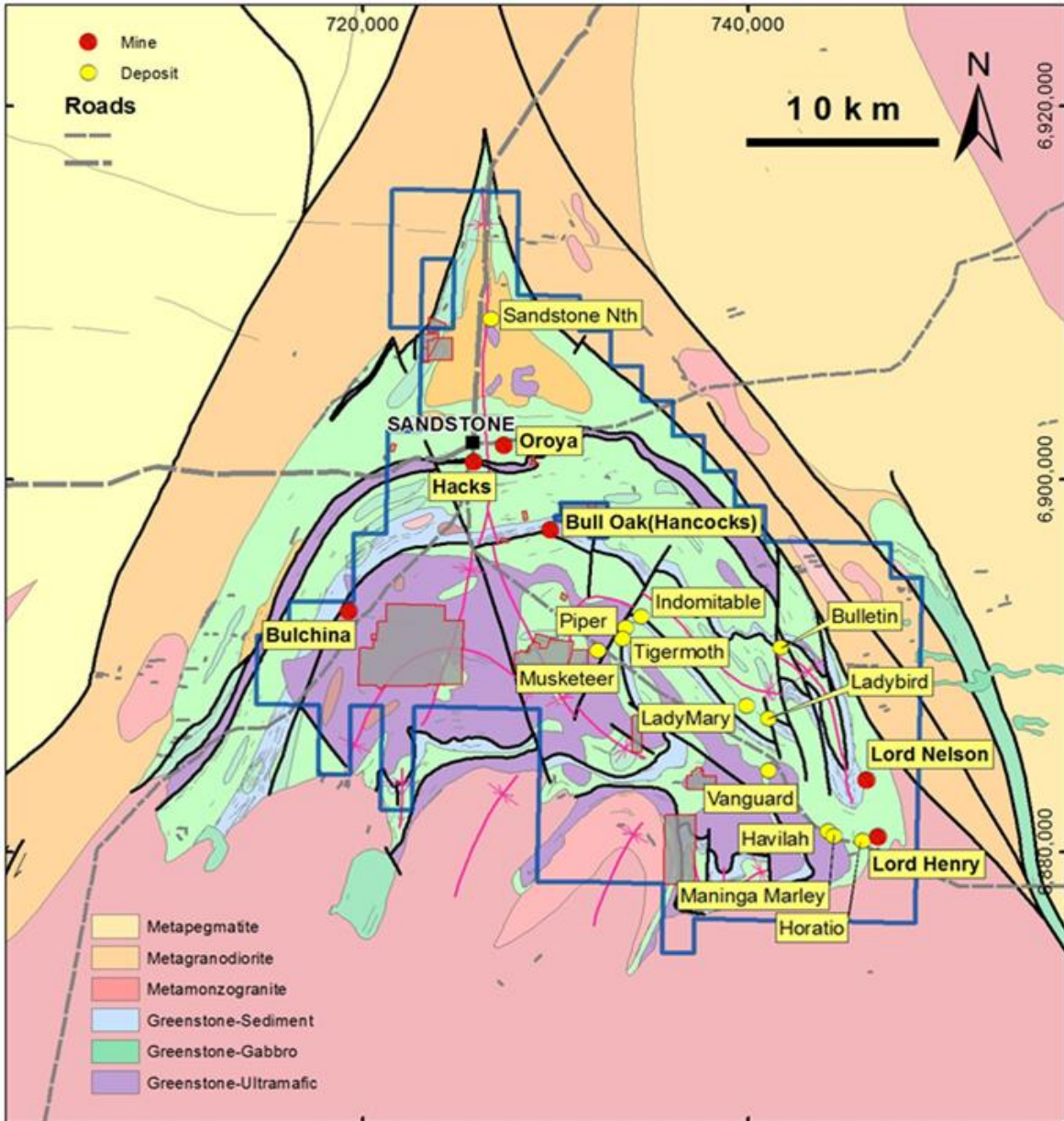


**Figure 1. Location Plan: Sandstone Gold Project**

The area covered by the Sandstone Gold Project tenements was formerly part of Troy Resources NL’s (ASX: TRY) highly profitable Sandstone Gold Operations. Since the discovery of gold at the end of the 19<sup>th</sup> Century, the Sandstone Greenstone Belt has produced over 1.3 million ounces of gold from numerous underground and open pit mining operations. Of this, some 612,000 ounces was produced between 1999 and 2010 from the open-pit mining of shallow oxide ore by ASX listed companies Herald Resources Ltd and Troy Resources NL.

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The numerous former open pits acquired by Alto include Lord Nelson, Lord Henry, Bulchina, Bull Oaks Reef and Oroya. Other prospects where oxide gold mineralisation has been identified but not adequately drill tested includes Vanguard, Ladybird, Maninga Marley, Tiger Moth, Indomitable, Musketeer, Piper and Horatio. (Refer Figure 2 below)



**Figure 2. Sandstone Gold Project Tenure Outline and Gold Occurrences Over Geological Interpretation**

Modern exploration was largely focused on finding shallow oxide ore to feed the former Troy mill at a time when the Australian dollar gold price was lower than it is today. Alto considers the current Australian gold price and competitive cost environment will enable it to consider several areas for early mining based on a reappraisal of existing data and further exploration and evaluation drilling.

There is also evidence from previous exploration programmes that the Sandstone area is prospective for komatiite hosted nickel-copper sulphide deposits.

### **Sandstone Exploration Strategy**

The Company's first priority is to delineate relatively shallow oxide gold mineralisation that can be economically mined and trucked to one of several gold treatment facilities in the region. This will include the remodeling and re-estimation to JORC 2012 status of remaining Indicated & Inferred Mineral Resources (JORC 2004 compliant) previously estimated by Snowdens on behalf of Troy. Remodeling and re-estimation of the Lord Nelson deposit has already commenced.

The Company has almost completed the assembly of a comprehensive Sandstone drill hole database, and Snowden resource consultants have been commissioned to undertake block modelling of the remnant resource at Lord Nelson with a view to estimating a JORC 2012 compliant Mineral Resource. Initial modelling by Alto staff has confirmed that the high grade west dipping shear hosted quartz veins which Troy mined in the oxide zone persist into the primary (sulphide) zone below the Lord Nelson pit.

Similar modelling will commence shortly on Lord Henry and Bulchina pits, to identify oxide gold and primary quartz-sulphide gold targets for drill testing. The Indomitable prospect area, where Troy encountered high grade oxide gold mineralisation, has also been identified as priority target for follow up drilling."

Alto has also commenced a variety of other exploration initiatives including acquisition of existing high-resolution airborne magnetic data, and a review of the geology and drill hole data for all known prospects. Follow up aircore and RC drilling of prospects known to contain oxide gold mineralisation is being planned.

The Company's second priority is to delineate deeper and more extensive high-grade quartz-sulphide vein hosted gold mineralisation using Induced Polarisation (IP) surveys and RC and diamond core drilling.

The grant of the Company's tenements is expected to occur in mid-September, and drilling is expected to commence in early to mid-October.

### **Alto's Uranium Projects**

The acquisition of Sandstone is consistent with the Company's move to assess non-uranium assets given the continuing low uranium price, as foreshadowed in the December 2015 Quarterly Activities Report.

The Company holds granted tenements and tenement applications over seven project areas (Lake Harris, Byro, Yalgoo, Peranbye, Gascoyne, Bolitho Bore and Marmion) prospective for sand hosted "*in situ recovery*" style (ISR) and calcrete hosted uranium deposits in Western Australia. The current intention is to maintain the uranium exploration portfolio, which requires a minimum annual expenditure of approximately \$298,000 on the granted tenements. (Refer Appendix 1)

Upon the grant of the Sandstone Tenements, the Company will review its commitment to uranium exploration.

## **Other Tenements**

The Company also holds two Exploration Licence applications for gold on the contact between the Yilgarn Craton and Fraser Orogen east of Norseman, and one Exploration Licence application at Darlot.

## **CORPORATE**

### **Sandstone Sale and Purchase Agreement**

The key Terms of the Agreement announced on 23 March 2016 are as follows:

1. Upon execution of the Agreement, the Company must pay the two individual Vendors of all of the issued shares of Sandstone a non-refundable amount of \$100,000.
2. Upon Completion, the Company must pay to the Vendors \$400,000 cash, issue 19 million fully paid ordinary shares ("Shares"), and issue 25 million Performance Shares on terms which comply with ASX Guidance Note 19, converting on a one-for-one basis into Shares upon the Company confirming total combined Inferred and / or Indicated Mineral Resources and / or Ore Reserves of at least 500,000oz gold (or equivalent for other minerals or metals) in aggregate, on one or more of the Tenements ("Performance Shares");
3. Completion of the acquisition of Sandstone ("Completion") is subject to:
  - (a) The Company completing due diligence enquiries to its satisfaction within 10 business days of execution of the Agreement (Enterprise may waive this condition);
  - (b) The Company obtaining by 31 May 2016 shareholder approval under Listing Rule 7 and ASX approval of the terms of the 25 million Performance Shares to be issued by way of contingent deferred consideration (all parties may waive this condition); a break fee of \$100,000 is payable by the Company if this condition is not satisfied other than by reason of ASX imposing additional or substitute terms of the performance shares which are unacceptable to the Vendors or Enterprise (acting reasonably), and
  - (c) grant of all of the Tenement applications by 31 December 2016 (the Company may waive this condition).
4. Upon Completion, the Vendors have the right to nominate one non-executive Director to the Board of the Company;
5. Upon Completion Sandstone will grant the Vendors (and the Company guarantees the payment of) a 2% gross revenue royalty on all minerals produced from the Tenements and the right to fossick down to 2m below surface for all minerals and metals including gold nuggets.
6. The Company has agreed to incur a minimum of \$300,000 per annum on exploration expenditure on the Tenements in the first two years following Completion.
7. Usual and appropriate warranties and covenants apply to the parties including pre-emptive rights upon surrender or sale of the Tenements by Sandstone.

Refer to the Company's website and ASX announcements for more details.

<http://enterpriseuranium.com.au/wp-content/sharelink/20160323-enterprise-to-acquire-majority-of-sandstone-goldfield-eadcd04ee44b48dfa6ff37f7355030b5.pdf>

### **Completion of Sandstone Exploration Pty Ltd and Change of Company Name**

The Company convened a General Meeting of Shareholders on 20 May 2016 which approved the issue of the 19 million Ordinary fully paid Shares and 25 million Performance Shares to the vendors of Sandstone Exploration Pty Ltd, and approved the change of the Company's name from Enterprise Uranium Limited to Alto Metals Limited.

On 23 June 2016 and following the successful negotiation of a heritage agreement with the holders of Native Title in the Sandstone area, and the removal of an objection to the grant of tenements, the Company brought forward the acquisition of SSE by paying 19 million fully paid ordinary Alto shares to the vendors and a sum of \$200,000 cash. A further payment of \$200,000 cash will be made upon the grant of the tenements, which is expected to be in mid-September 2016.

Mr Stephen Stone was also appointed as a non-executive Director of the Company on 23 June 2016.

### **Capital Raisings**

On 26 May 2016 the Company announced that it had raised \$1,141,010 via a share placement of 19,339,158 fully paid ordinary shares at 5.9 cents per share to professional and sophisticated investors as defined under Section 708 of the Corporations Act (2001).

The issue price of 5.9 cents per share represented a 22% discount to the 15 day traded VWAP. The placement was undertaken using the Company's 15% and 10% placement capacity in accordance with ASX Listing Rules 7.1 and 7.1.A. Following the issue of the placement shares, the Company had 96,695,810 ordinary shares on issue.

On 16 June 2016, the Company announced a Shareholder Purchase Plan (SPP) at an issue price of 5.9 cents to raise up to \$1.7 million. The issue price of 5.9 cents represented a discount of approximately 18% to the volume weighted average market price of 7.2 cents per share over the last 5 days on which sales in AME shares were recorded.

On 25 July 2016, the Company announced that the SPP had closed fully subscribed, and the Company had raised \$1.7 million and issued 28,779,603 ordinary fully paid new shares. The funds raised will be directed towards a formal estimation of the remnant mineral resources at Sandstone, drill testing of extensions to existing mineral resources, drill testing of other prospect areas and for working capital.

### **Capital Structure**

Ordinary Fully Paid Shares on Issue at 30 June 2016:	115,695,812
Ordinary Fully Paid Shares Issued on 25 July 2016:	28,779,603 (SPP)
Ordinary Fully Paid Shares on Issue at 25 July 2016:	144,475,415
Unlisted Performance Shares on Issue at 25 July 2016:	25,000,000

### Investments in ASX Listed Companies

During May 2016, the Company converted 25.57 million (1 cent) Options in Antipa Minerals Ltd (ASX: AZY) into 25.57 million fully paid ordinary Antipa shares at a cost of \$255,732. Alto had held the Options since early 2015 as a treasury function and investment on the basis of Antipa's attractive Minyari and Calibre gold/copper projects in the Paterson Province of Western Australia. At close of trade on 28 July 2016, Alto's shareholding in Antipa was valued at \$1.33 million.

The Company's current investments are shown below.

Company	Security Type	Symbol	No. No. Shares	Price Price 29/7/2016	Value Fair Value 29/7/2016
Antipa Minerals Ltd	Shares	AZY	25,573,183	\$0.042	\$1,074,000
Enterprise Metals Ltd	Shares	ENT	2,500,000	\$0.02	\$ 50,000
				<b>TOTAL</b>	<b>\$1,124,000</b>

### Cash Position

The Company's cash position at 30 June 2016 was \$1.121 million. Post 30 June, the cash position subsequently increased to approximately \$2.8 million with the addition on 25 July 2016 of the \$1.7 million SPP funds.

**Total cash and liquid shares at 29 July 2016: ~ \$3.9 million.**



Dermot Ryan  
Executive Director

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### **Competent Persons statement**

*The information in this Report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Dermot Ryan, who is an employee of Xserv Pty Ltd and a Director and security holder of the Company. Mr Ryan is a Fellow of the Australasian Institute of Mining and Metallurgy and 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 defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

*All exploration results and historic mineral resources referred to in this Report were previously reported by Troy Resources Limited pursuant to JORC Code 2004. Alto Metals Limited understands that this information has not been updated since to comply with the JORC Code 2012, but believes the information has not materially changed since it was last reported.*

**Appendix 1: Uranium Projects - Tenement Schedule at 30 June 2016**

Tenement	Project	Interest Held	Holder	Lease Status
E08/2651	Gascoyne	100%	Alto Metals Limited	Application
E59/1617	Byro	100%	Alto Metals Limited	Granted
E28/1958	Harris Lake	100%	Alto Metals Limited	Granted
E59/1855	Peranbye	100%	Alto Metals Limited	Granted
E59/2060	Yalgoo	100%	Alto Metals Limited	Granted
E59/2180	Yalgoo	100%	Alto Metals Limited	Application
E57/994	Bolitho	100%	Alto Metals Limited	Application
E29/980	Marmion	100%	Alto Metals Limited	Application

**Appendix 2: Gold Project - Tenement Schedule at 30 June 2016**

Tenement	Project	Interest Held	Holder	Lease Status
E57/1029	Sandstone	100%	Sandstone Exploration Pty Ltd	Application
E57/1030	Sandstone	100%	Sandstone Exploration Pty Ltd	Application
E57/1031	Sandstone	100%	Sandstone Exploration Pty Ltd	Application
E57/1033	Sandstone	100%	Sandstone Exploration Pty Ltd	Application
E57/1044	Sandstone	100%	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E36/866	Darlot	100%	Alto Metals Limited	Application
E63/1768	Fraser Range	100%	Alto Metals Limited	Application
E63/1769	Fraser Range	100%	Alto Metals Limited	Application