

## March 2017 Quarterly Report

### Highlights

- **Compilation of historic drilling data and geology at Sandstone completed during the quarter, along with new geological interpretation and target map based on Alto's detailed aeromagnetic survey.**
- **Planning completed for Stage 1, 20,000m (~130 hole) AC/RC exploration drilling program to test strike and depth of oxide gold systems at Indomitable, Tigermoth and Piper prospects, and shear zones hosting Bulchina and Phoenix. (Drilling commenced at Indomitable 8 April 2017.)**
- **Assay results received in February/March for 25 aircore (AC) holes and four reverse circulation (RC) holes drilled in December 2016 to test for gold mineralisation at Indomitable, Piper & Tigermoth prospects.**
- **Indomitable assays confirmed Alto's model of a steep, west dipping high-grade gold-quartz system below shallow dipping zones of low grade gold mineralisation.**
- **Indomitable gold mineralisation lies within a deep zone of oxidation (+200m) which suggests significant sulphide (pyrite) associated gold mineralisation at depth. Deeper RC drilling planned for Indomitable and Bulchina in 2<sup>nd</sup> Quarter 2017.**
- **Stage 2 program of deeper RC and diamond core drilling to test for high-grade primary (sulphide) gold mineralisation associated with mined deposits such as Lord Nelson and Lord Henry planned for Aug-Nov 2017.**

#### CORPORATE

ASX Code: AME

ACN 159 819 173

**Board of Directors**  
Dr Jingbin Wang  
Non-Executive Chairman

Dermot Ryan  
Managing Director

Stephen Stone  
Terry Wheeler  
Non-Executive Directors

**Company Secretary**  
Sam Middlemas  
Company Secretary/CFO

**Capital Structure**  
Issued Shares: 151.8M  
Issued Options: Nil  
Performance Shares: 25M  
Performance Rights: 10.75M

**Website:**  
[www.altometals.com.au](http://www.altometals.com.au)

For further information,  
please contact:

Dermot Ryan  
Managing Director

Tel: 61 8 9381 2808

Fax: 61 8 9381 5545

[admin@altometals.com.au](mailto:admin@altometals.com.au)

## INTRODUCTION

The Sandstone Gold Project is located 150km east of Mount Magnet in Western Australia and was purchased by Alto Metals Ltd in June 2016. The Company's tenements, covering 723km<sup>2</sup> (~90%) of the Archaean Sandstone Greenstone Belt, were granted on 20 September 2016 and contain Total Mineral Resources of 3.9 Mt @ 1.9g/t Au for 238,000 ounces of gold (JORC 2004).

The Sandstone goldfield has produced approximately 1.3 million ounces of gold, with roughly half from historic high-grade underground mines (16g/t – 29g/t Au) between 1894 – 1945, and half from modern shallow open pit mines (2.0g/t – 4.9g/t Au) between 1994 - 2009.

Alto believes that the gold endowment at Sandstone could be many millions of ounces, and equal to that of other similar sized Archaean greenstone belts in Western Australia, North America and Africa. However, modern exploration has been restricted by lack of outcrop, depth of weathering, and the presence of a relatively small mill treating oxide ore. Support for this belief comes from the plus million-ounce high grade gold discoveries made in the Yandal, Duketon and Laverton greenstone belts in the 1990s, where previously only shallow open pits of low grade oxide systems were discovered or mined in the 1980s.

Alto's **EXPLORATION STRATEGY** involves two main stages:

**Stage 1:** the discovery of relatively shallow (free dig) oxide gold mineralisation that can be economically mined and trucked to one of several operating gold treatment facilities in the region,

**Stage 2:** the discovery of further high-grade shear hosted primary (sulphide) gold mineralisation at depth in the immediate vicinity of mined oxide deposits such as Lord Nelson, Lord Henry and Bulchina through RC and diamond core drilling.

Stage 1 AC/RC drilling commenced in November/December 2016, and resumed on 10 April 2017. More extensive and deeper drilling programs will be implemented following the receipt of assays from the Stage 1, 2017 AC/RC drilling program.

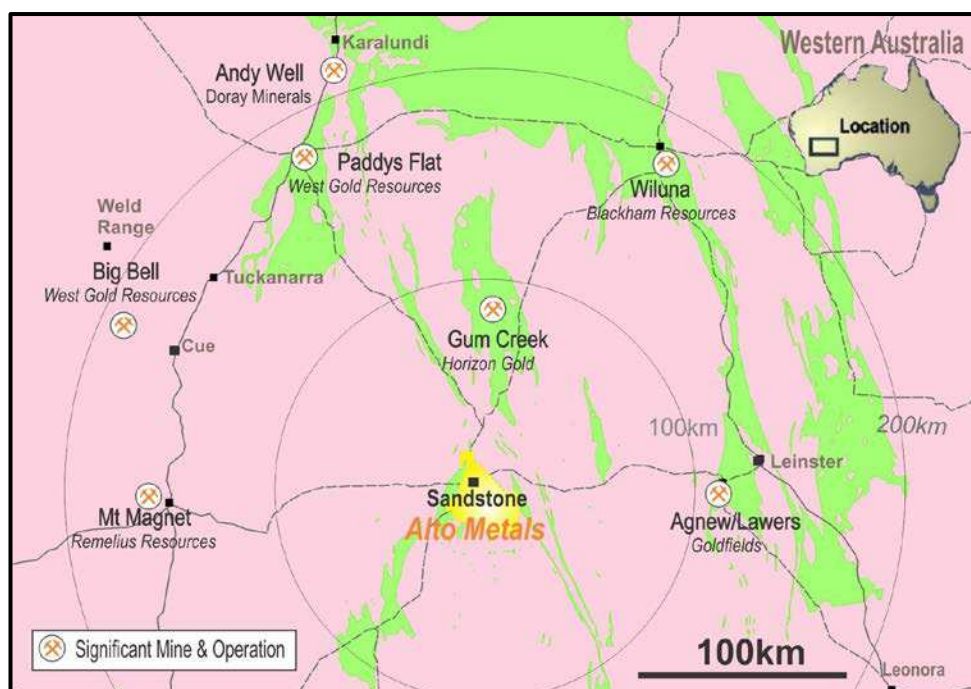


Figure 1. Location Plan of Alto's Sandstone Gold Project

## SUMMARY OF ACTIVITIES IN THE MARCH QUARTER 2017

### Analysis of Samples from 2016 Drilling Program

Alto completed 15 AC holes for 1,618m and two RC holes for 302m at the **Indomitable Prospect** in November-December 2016.

Assay results received from Minanalytical's laboratory in February and March 2017 indicated that these first holes were a successful test of Alto's model of a steep, west dipping quartz-gold system lying below shallow dipping zones of low grade gold mineralisation. The intersections occur over a strike length of 280m, and the vein system is open to the north, south and at depth.

Table 1 below lists Alto's significant 2016 drill intersections at Indomitable, all of which were in weathered (oxide) material. Alto is currently drilling holes along strike and down dip of these intersections, and plans to similarly drill test other prospects along the 4.5km long Musketeer-Indomitable Shear Zone.

Hole No.	East GDA94	North GDA94	Interval (m)	Grade (g/t Au)	From (m)
AHMAC009:	733180	6892295	3	3.7	120
incl.			1	6.1	121
AHMAC010:	733220	6892295	44	2.1	60
incl.			7	3.8	65
and			10	3.6	94
AHMAC015:	733180	6892260	7	4.0	44
incl.			1	13.3	48
and			11	2.3	100
AHMAC018:	733320	6892180	13	1.1	39
AHMAC019:	733280	6892180	9	4.1	64
incl.			3	10.2	64
and			5	6.4	77
incl.			2	14.4	79
AHMAC025:	734660	6892460	4	2.9	52
AHMRC002:	733165	6892310	10	4.2	154
incl.			2	11.5	158

**Table 1. Significant Alto Gold Assays from Indomitable (+0.5g/t Au cut-off)**

Indomitable cross sections 6892320N and 6892180N, which are 140m apart, are shown overleaf as Figures 2 and 3. Note the deep weathering associated with the steep west dipping vein in cross section 6892320N.

This style of deep weathering associated with oxide gold mineralisation suggests the presence of a significant sulphide system at depth. This vein system will be tested by deeper RC drill holes in the 2<sup>nd</sup> Quarter, 2017.

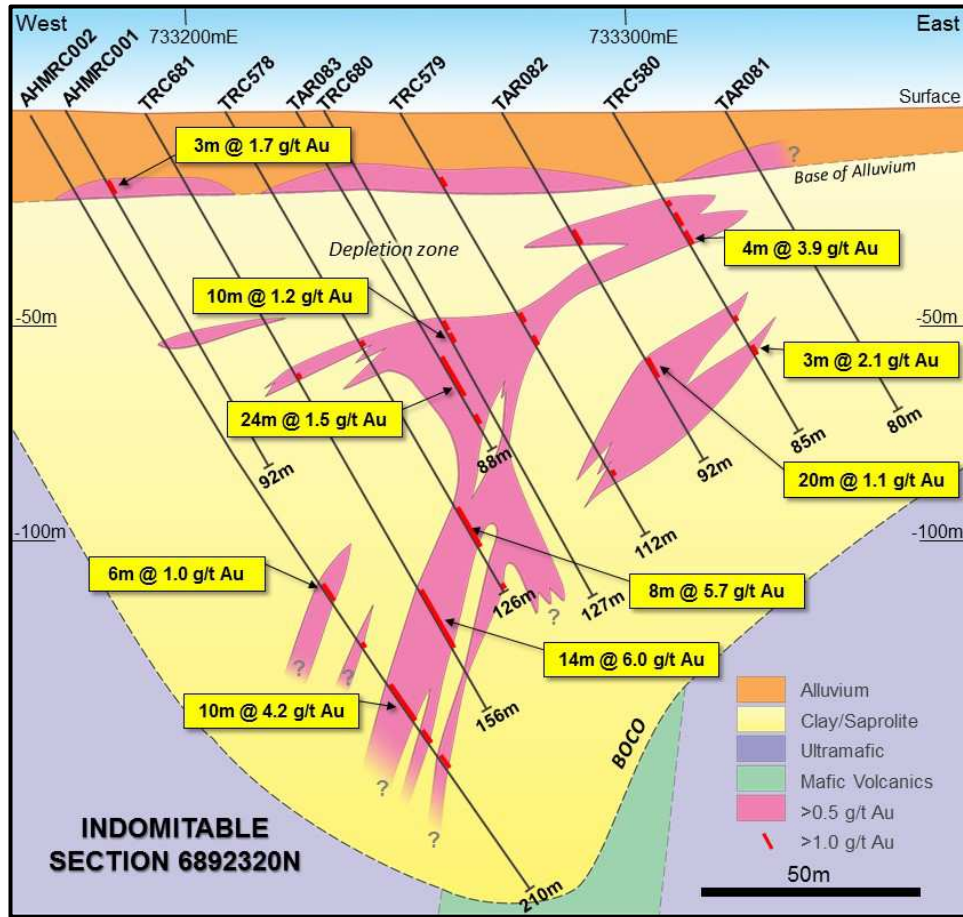


Figure 2. Indomitable - Cross Section 6892320N

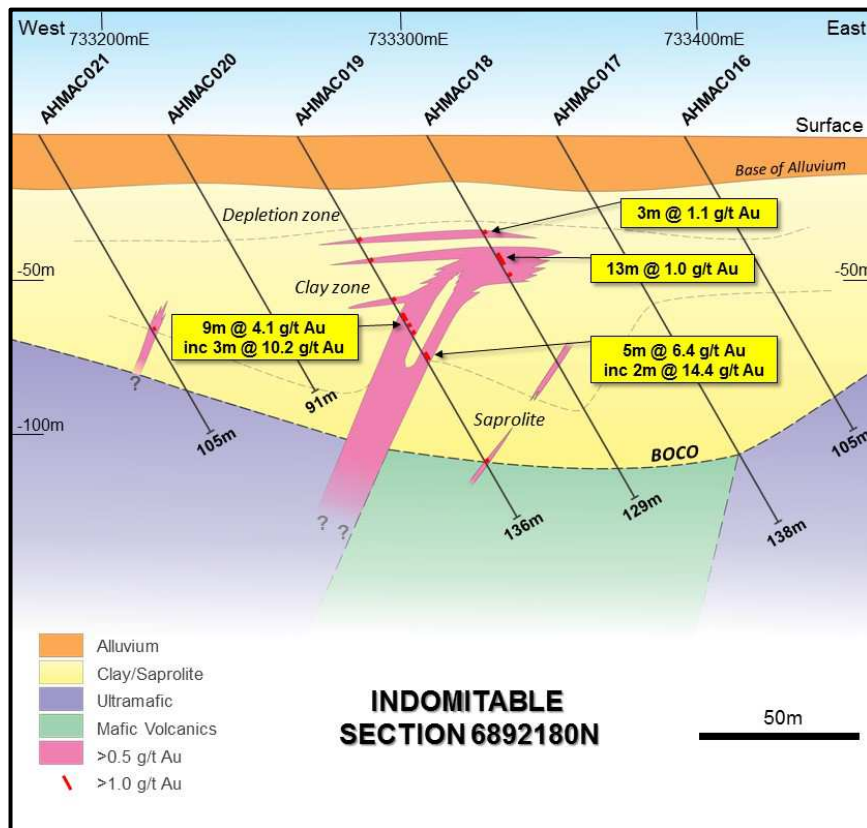


Figure 3. Indomitable - Cross Section 6892180N

For personal use only

Figure 4 below shows the location of Cross Sections 6892180mN and 6892320mN depicted in Figures 2 and 3. The collar locations of all Alto's 2016 drill holes and significant assay results are tabulated in Alto's ASX releases of 15 February 2017 and 2 March 2017, along with JORC (2012) Table 1 information.

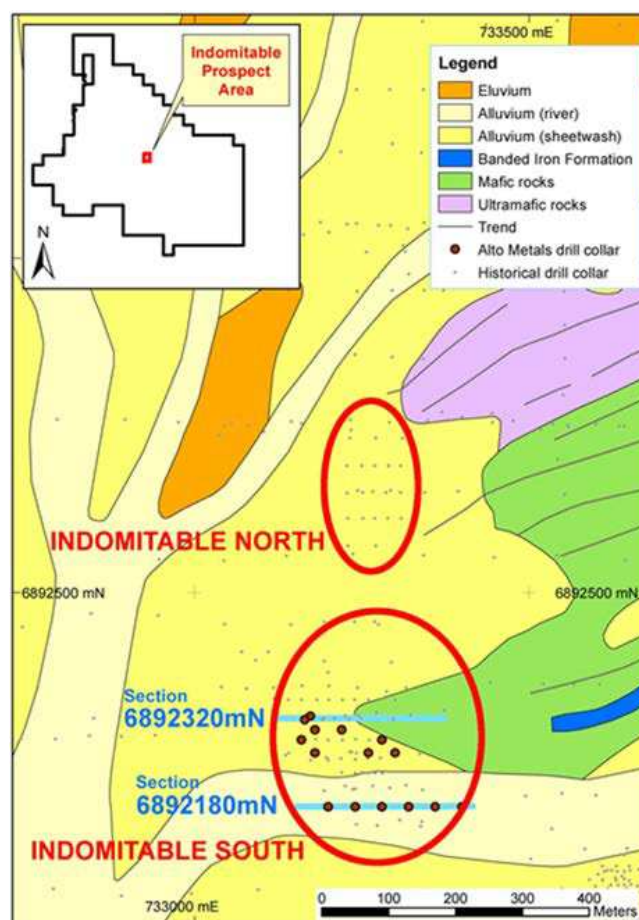


Figure 4. Indomitable Prospect, Location of Cross Sections 6892180mN and 6892320mN

In 2016, Alto also completed 4 AC holes (743m) and 2 RC holes (246m) at **Tigermoth**, and 2 AC holes (162m) at **Piper**. The Tigermoth and Piper prospects occur within the same large area of alluvium which covers the Musketeer-Indomitable Shear Zone. (Refer Figure 5 overleaf)

Tigermoth is a steeply dipping, north west striking quartz vein gold system, with an Inferred Mineral Resource (JORC 2004) estimated by Troy Resources NL of 561,00 tonnes @ 1.73g/t Au for 31,200 ounces gold. Significant Alto gold assay results from Tigermoth are shown below in Table 2 below.

Hole No.	East GDA94	North GDA94	Interval (m)	Grade (g/t Au)	From (m)
AHMRC003:	733400	6891368	7	3	47
incl.			1	10.8	51
and			22	1.3	76
incl.			4	3	88
AHMAC004:	733365	6891364	10	1.6	101
incl.			1	5.3	103
AHMAC008:	733640	6891130	4	2.8	18

Table 2. Significant Alto Gold Assays from Tigermoth (+0.5g/t Au cut-off)

At the **Piper prospect**, an Indicated Mineral Resource (JORC 2004) of 91,200 tonnes @ 1.37 g/t Au for 4,017 ounces of gold was defined by Troy Resources NL within laterite.

Troy drilled 51 shallow (15m-20m) vertical RC holes (total 920m) at Piper. All holes intersected a 3-5m thick zone of nodular laterite and transported BIF fragments beneath 5-7m of transported lateritic clay. Thicker zones of mineralisation were intersected in the eastern portion of the zone where the laterite overlies a west dipping jasperlitic BIF.

One of the two AC holes that Alto drilled at Piper in 2016 intersected sub ore-grade gold mineralisation at depth, which suggests that the Piper gold mineralisation may be residual or close to source, and not transported as suggested by Troy.

Alto is currently drilling follow up AC holes at Tigermoth and Piper.

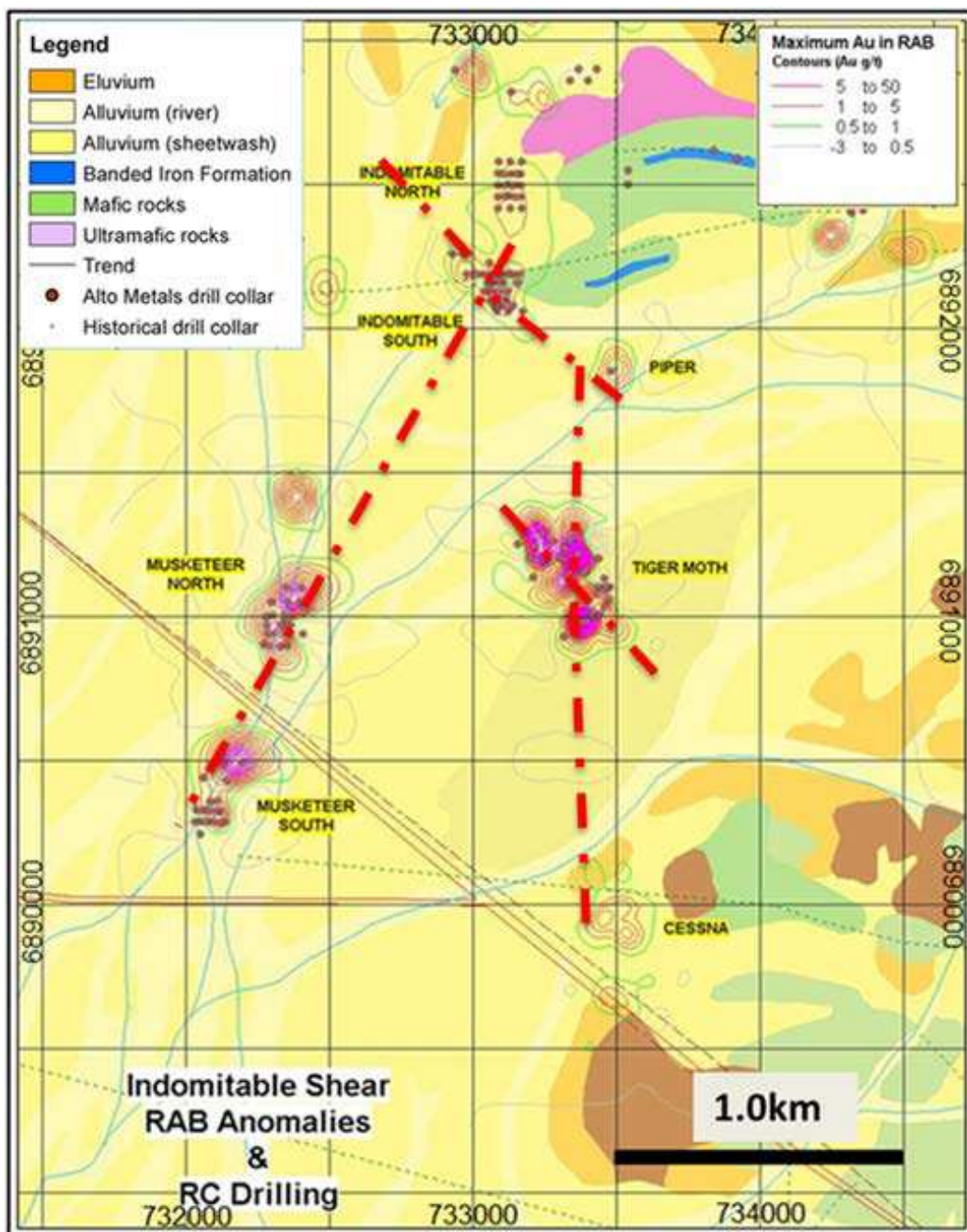


Figure 5. Location Plan for Indomitable, Tigermoth and Piper Prospects

**2017 Geological Interpretation of Sandstone Greenstone Belt**

As ~85% of the Sandstone area is covered by soil, alluvium or laterite, Alto in late 2016 completed a detailed airborne magnetic/radiometric survey with 50m line spacing and 30m sensor height over portions of the Company’s landholdings not previously surveyed in detail. The survey comprised 10,358 line km of mag/rad surveying covering an area of ~460 km<sup>2</sup>.

In early 2017, Alto’s geophysical consultant, Mr Barry Bourne of Terra Resources, processed and interpreted the magnetic data to produce a new bedrock geological interpretation of the Sandstone Greenstone Belt. Numerous litho-structural gold targets have also been identified.

This new geological interpretation, combined with Troy’s extensive drilling assay data, will be used to assist the targeting of Alto’s current 20,000m AC/RC drill program. Figure 6 below shows a summary of the new geological interpretation with priority target areas in red.

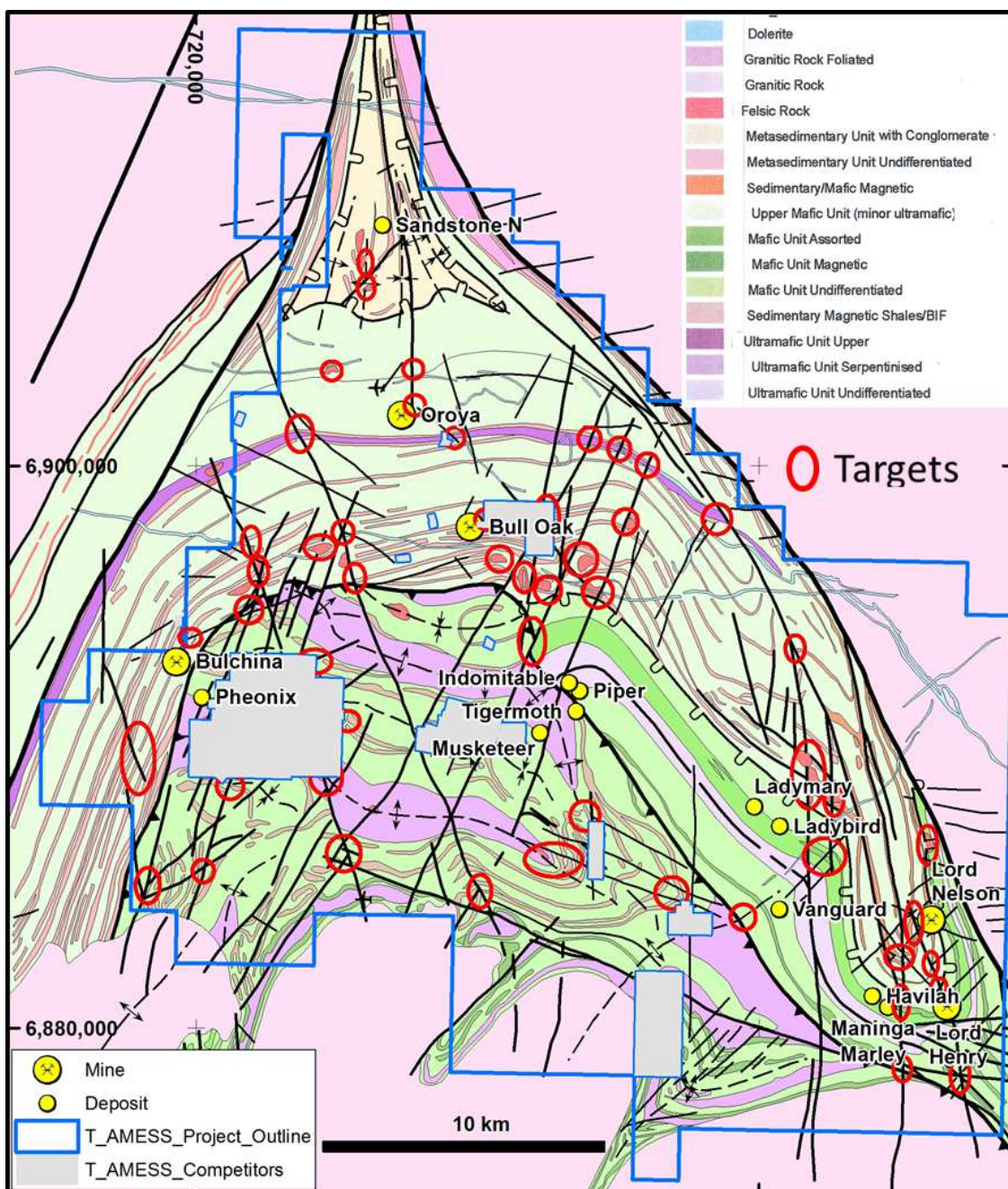


Figure 6. Alto Sandstone Project - 2017 Geological Interpretation (Terra Resources)

## Bulchina Deposit Revisited

During the March quarter, Alto reviewed the exploration and discovery history of the Bulchina gold deposit. Between 1999 and 2005, Troy Resources mined 1.98Mt @ 3.62g/t Au for 230,000oz from Bulchina, the majority of which was from steeply dipping quartz veins within a deeply weathered host of ultramafic, mafic and felsic volcanics. Troy considered the deposit was mined out, but Alto's review has concluded that there may be untested oxide gold mineralisation beneath the "Eastern Laterite" gold zone at Bulchina.

In 1997 Battle Mountain (Australia) Inc (BMA) collected 1,561 soil samples in the Wrights Reef Well and Bulchina Well areas. Several isolated gold anomalies of >3ppb Au and one large 600m x 600m anomaly were detected using a "bulk leach extractable gold" (BLEG) analytical technique. The larger anomaly was in the Bulchina area. Refer Figure 7 below.

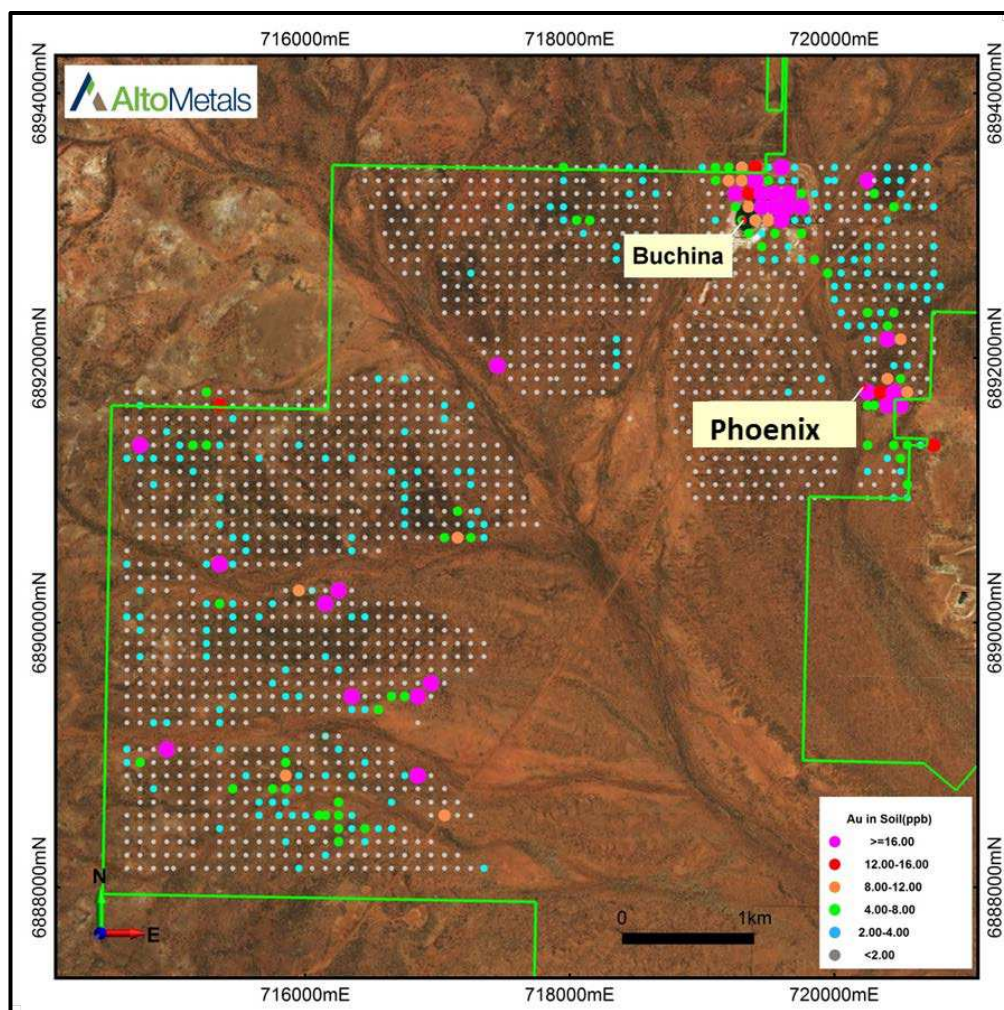


Figure 7. Battle Mountain BLEG Soil Sample Results

In November 1997, BMA completed three 100m spaced east-west lines of 23-67m deep vertical rotary airblast drill holes (RAB) spaced 50m apart along lines, over the BLEG soil anomaly. These holes outlined two distinct shallow high grade laterite gold anomalies, a "Western Laterite" and an "Eastern Laterite".

In particular, RAB hole BCP002 on line 6893150N (GDA94) drilled down a vertical vein under the Eastern Laterite and returned outstanding gold results, with consecutive one metre assays of **346g/t Au** and **118 g/t Au**. [Rudd, T. 1998. WAMEX A54226, Page 75] Refer Figure 8 overleaf.



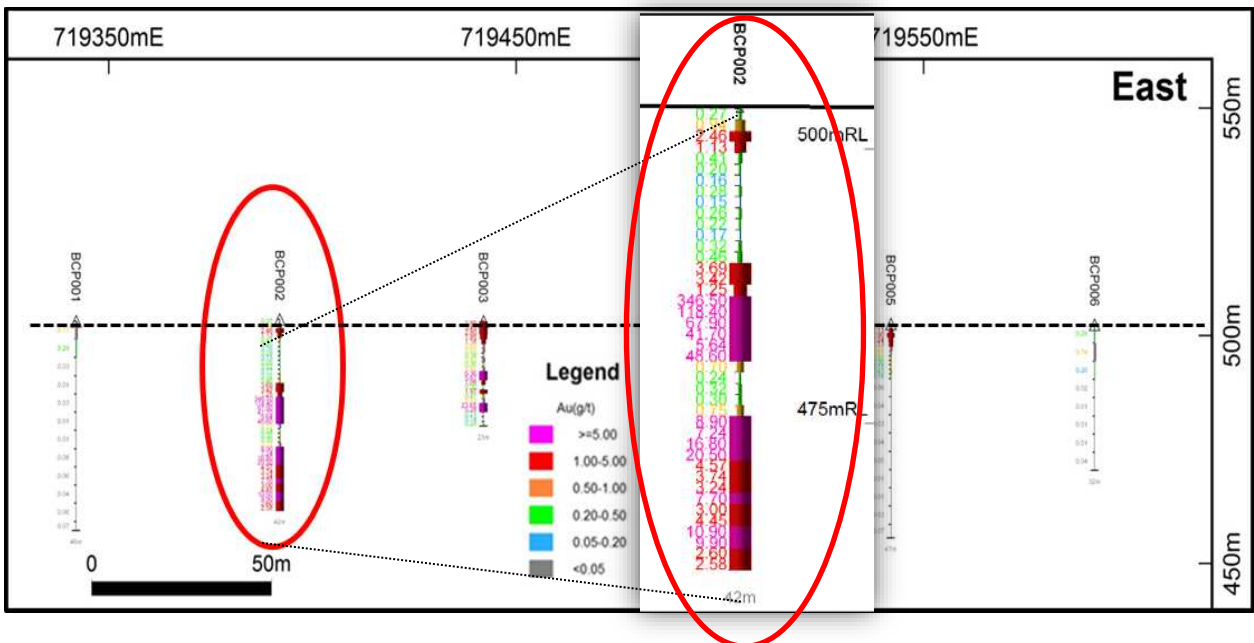


Figure 8. Drill Cross Section 689 3150N; RAB Drilling Results (with Inset), Western Laterite Au Anomaly

With such outstanding results, and recognising the steep nature of the Bulchina vein system, follow up AC and RC drilling was angled from west to east over the Western Laterite gold anomaly, and this drilling defined the Bulchina open pit oxide gold resource later mined by Troy Resources NL.

Alto considers the **Eastern Laterite gold anomaly** to be inadequately drill tested, and has planned a number of deep angled RC holes on several sections to test below this high-grade laterite anomaly. Refer Figure 9 below, which is illustrative of the drill testing required for the Eastern Laterite gold anomaly. This RC drilling is planned for the June quarter 2017.

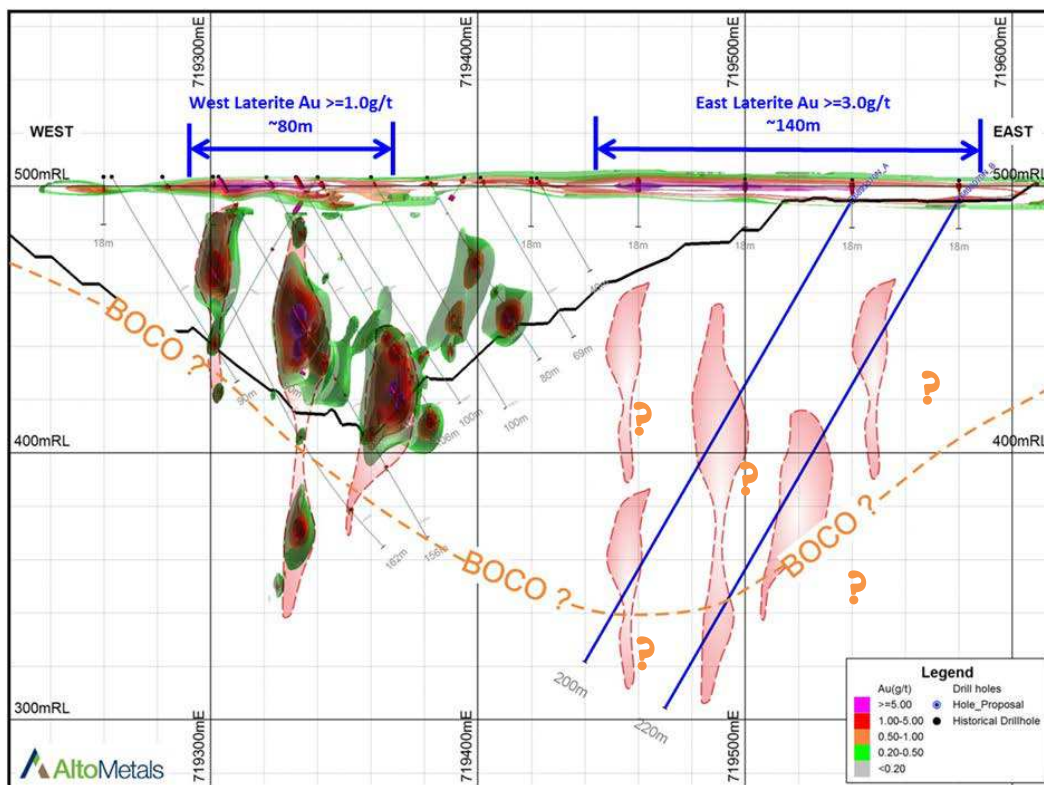


Figure 9. Bulchina Open Pit, Section 689 3050N, with Interpreted Base of Complete Oxidation (BOCO)

**OTHER PROJECTS**

The Company holds granted tenements and tenement applications in Western Australia over five project areas (Harris Lake, Yalgoo and Marmion) prospective for sand hosted “*in situ recovery*” style (ISR) and calcrete hosted uranium deposits. The current strategy is to maintain the uranium exploration portfolio, but the Company intends to review its commitment to uranium exploration at regular intervals going forward. (Refer Appendix 2)

**SUMMARY CAPITAL STRUCTURE AT 31 MARCH 2017**

Total Fully Paid Ordinary Shares on issue:	151,883,037
Unlisted Performance Shares on Issue: (vendors)	25,000,000
Unlisted Performance Rights on Issue: (management)	10,750,000

**INVESTMENTS IN ASX LISTED COMPANIES AT 31 MARCH 2017**

Company	Security	Symbol	No. Shares	Price	Fair Mkt Value
Antipa Minerals Ltd	Shares	AZY	25,573,183	\$0.019	\$485,890
Enterprise Metals Ltd	Shares	ENT	2,500,000	\$0.021	\$52,500
				<b>TOTAL</b>	<b>\$538,390</b>

**CASH POSITION**

The Company’s cash position at 31 March 2017 was \$1.81 million.

**Further information:**

Dermot Ryan  
 Managing Director  
 +61 8 9381 2808

Luke Forrestal  
 Media & Capital Partners  
 +61 411 479144

**Competent Person 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.*

*Historic exploration results and mineral resources referred to in this Report were previously reported by Troy Resources NL 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.*

**REFERENCES**

Rudd, T. Mt Klemptz JV Project, Western Australia, Exploration License (sic) 57/257. Annual Mineral Exploration Report 6 February 1997 -5 February 1998, BATTLE MOUNTAIN (AUSTRALIA) INC. WAMEX: A54226.

### Tenement Information as Required by Listing Rule 5.3.3

#### Appendix 1: Gold Projects - Tenement Schedule at 31 March 2017

Tenement	Project	Interest Held	Holder	Lease Status
E57/1029	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone	100%	Sandstone Exploration Pty Ltd	Granted
E57/1054	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

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

#### Appendix 2: Uranium Projects - Tenement Schedule at 31 March 2017

Tenement	Project	Interest Held	Holder	Lease Status
E28/1958	Harris Lake	100%	Alto Metals Limited	Granted
E59/2060	Yalgoo	100%	Alto Metals Limited	Granted
E59/2180	Yalgoo	100%	Alto Metals Limited	Granted
E29/980	Marmion	100%	Alto Metals Limited	Application