



## Alto poised to take action

After setting itself up for an aggressive crack at exploration on the Sandstone project in the back half of 2020, Alto Metals Ltd is up and away.

A treasury of \$6.5 million at the end of the December quarter, plus the conversion of options expiring in early March expected to add a further \$2.1 million, gives Alto the funds necessary to launch its exploration plans.

Cash in-hand during a buoyant time in the gold sector and a market hooked on exploration stories puts Alto on par with the throng of well-to-do peers in the space.

However, there are a few points of difference which put Alto in a unique position among the junior gold fraternity.

Firstly, despite the rich history of gold production at Sandstone, drilling below 100m is scarce, in a region which hosts large, deep deposits such as Mt Magnet (6 moz) and Agnew/Lawlers (10 moz).

Historic production of 1.3 moz gold since the 1890s has come from both open pit and underground sources, with most recent activity seeing 612,000oz (1994-2008) extracted from shallow oxide, open pit mining operations by Herald Resources and Troy Resources NL.

Many of the formerly mined open pits,

prospects and gold occurrences identified by previous owners are now in the hands of the Matthew Bowles-led Alto.

Bowles, a seasoned campaigner at the helm of ASX resources companies, initially joined Alto as a non-executive director in February 2019 following the departure of executive director Dermot Ryan.

Bowles, now managing director, was immediately thrust into the M&A cauldron after fellow Sandstone resident Middle Island Resources Ltd made an all scrip off-market takeover offer attempt.

Middle Island's March 1, 2019 offer valued Alto at about \$9.4 million; a 61% premium to Alto's last closing price at the time.

Alto issued a "take no action" response to shareholders; a stance maintained throughout Middle Island's repeated and varied pitches during 2019.

Middle Island's proposed engagement failed, however, it remains entrenched as a significant 10% shareholder of Alto.

It was Middle Island's intention to capitalise on combining its own interests at Sandstone, which includes 746,500oz gold resources and processing facility, with Alto's.

In addition to Alto's 6.2mt @ 1.7 g/t

for 331,000oz indicated and inferred resources, the company also occupies some 900sq km of land in the Sandstone greenstone belt in Western Australia's East Murchison.

Bowles' vision for Alto is for Sandstone to be underpinned by 1-5 moz gold from the numerous known historical deposits and the blue-sky potential to be unlocked through expansive exploration.

Up until now, Bowles & Co. have been stifled from making headway into its ambitions with Middle Island's initial bid followed by several other corporate moves.

Following the lapse of Middle Island's offer in late 2019, an all-cash off-market takeover bid from wholly-owned Shandong Goldsea Group Co. Ltd, subsidiary Goldsea Group, valuing Alto at \$20.7 million, was launched in early 2020.

Once again, Alto recommended shareholders decline Goldea's offer.

In the meantime, private Australian outfit Adaman Resources Pty Ltd increased its stake to 10.3% in Alto and expressed an interest in potentially pursuing the Sandstone project harder.

The two-way tussle for Alto escalated when a third party – Habrok (Alto) Pty Ltd – prepared a competing proposal to the one forwarded by Goldsea in May 2020.

However, the ensuing toing-and-froing for control of Alto's Sandstone project was to no avail.

"For well over 12 months, the company has been hampered with multiple, opportunistic, unsolicited approaches, rather than being able to focus on exploration to realise value at the Sandstone gold project," Bowles said in July after completing a \$5.1 million entitlement offer arranged by lead manager Morgans Corporate Ltd.

Bowles was anointed managing director and chief executive of Alto at that

point and successfully straight batted the takeover approaches from Goldsea and Habrok.

While Bowles faced a tough initiation at Alto, so did incoming non-executive chairman Richard Monti who took on the role in March 2020.

With the corporate shenanigans behind them, Monti and Bowles were quick to ditch the boardroom attire for sunhat and pick to chip away at the Sandstone outcrop alongside investors and **Paydirt** during a site visit in December.

Monti, a well-known geologist, was in his natural habitat, while Bowles was excited to showcase exactly what had been 100% preserved for Alto shareholders by staving off outside interest in Sandstone.

It had been a frustrating period for Alto and its shareholders; the corporate stoush effectively locking it out of the gold sector run and the rewards flowing to exploration companies. But Bowles recognises the scrap for control as indication of the project's potential.

"The activity last year is flattering



A 3D-IP survey was recently completed covering 4sq km of the Lords corridor. Bowles reported that, "the IP has lit up a number of depth targets"



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because it is an endorsement of the potential of the project; these are industry players, they know the project, they have done the due diligence and they can see the value in those assets," Bowles said.

"For us it is an endorsement of what we can see there. Whether investors can see incremental value or significant value in the project, maybe that is what the market is missing and maybe why they had a crack. We fairly believe in the significant potential in Sandstone and that is why we proceeded with the capital raising and got the rigs there.

"Sandstone has already produced 1 moz gold and hasn't really been tested at depth and that is the key thematic that is coming out of gold exploration at the moment. We are in a very large greenstone belt that hasn't been tested at depth and that is where these new discoveries are coming from."

Bowles spoke with **Paydirt** shortly after the company announced first drilling and IP results from the Lords corridor.

A 30,000m drilling programme which started last year will primarily focus on targets within the plus-3km Lords corridor, which includes the priority Lord Nelson (109,000oz @ 1.9 g/t gold), Lord Henry (69,000oz @ 1.6 g/t) and Orion targets.

The first batch of results from the 36 RC holes (6,190m) completed, included assays from 11 holes (2,191m).

Drilling was completed on a wide-spaced 80m by 80m grid to an average vertical depth of 200m, with Alto happily reporting the presence of a new 32m mineralised zone, 800m south of Orion.

"There were just a couple of small RAB sniffs there and we returned a 32m wide zone of mineralisation from about 220m [down-hole depth] in primary mineralisation. It looks like it has clipped the edge of one of these IP targets, which is quite a strong IP target in the centre of the corridor," Bowles said.

"I think the market was maybe expecting some similar results to what we had at Lord Nelson, which we can continue to deliver

but that has already been through the first round of exploration. You know where the mineralisation is there and you are just stepping out, whereas this drilling is real exploration; 1,000m step-out with no known mineralisation on 80m by 80m spaced drilling."

Alto interprets the new zone as a mineralisation halo on the eastern edge of one of the strongest IP anomalies, with significant results including 4m @ 3.1 g/t gold from 68m, 32m @ 0.5 g/t from 220m and 52m @ 0.3 g/t from 48m.

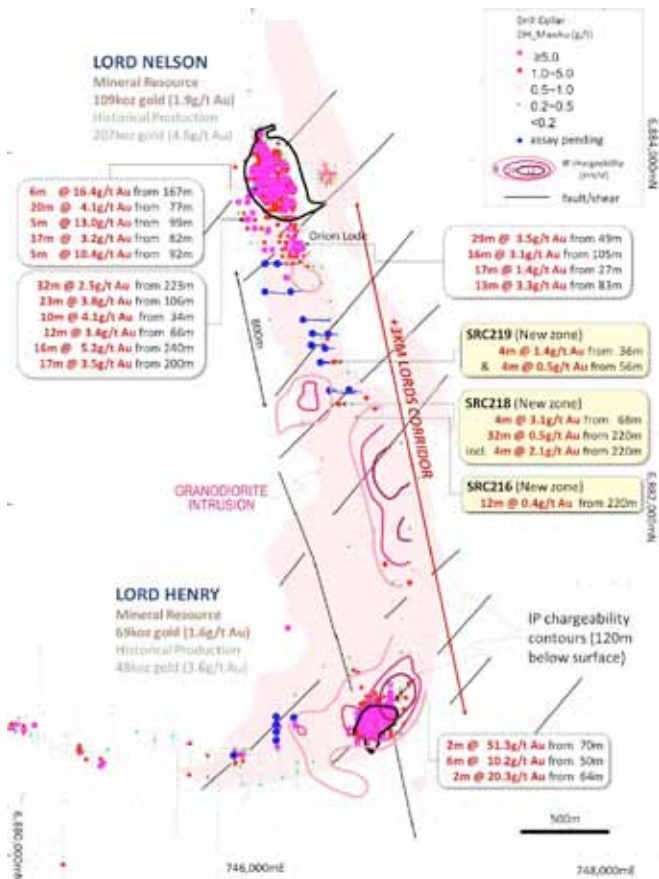
As encouraging as the new zone of mineralisation is for the company, Bowles was particularly enthused by the outcomes delivered by the 3D IP survey completed over a 4sq km area of the Lords corridor.

A number of significant targets up to 400m depth were revealed by the survey, with Alto reporting the priority chargeability targets appearing to correlate with the margins of the known high-grade gold shoots at Lord Nelson and Lord Henry.

"We're really excited about the IP as it correlates really well with the geological model.



**There has been in excess of 1.3 moz gold produced from the Sandstone project since the 1890s. Alto recently consolidated its land holding in the area by acquiring Gateway Mining Ltd's granted exploration tenement E57/1108. Alto now occupies some 900sq km at Sandstone**



Olly Cairns (HNW shareholder) with Bowles at the Lord Nelson pit



Lord Henry was only mined down to about 40m because the rock gets quite hard as you get into the primary zone. Lord Nelson was producing some pretty high grade and the IP really lights up," he said.

The latest round of drilling (assays pending at the time of print) and IP survey results will be added to the "excellent" database Alto has to help better its understanding of the untouched potential at Sandstone.

Furthermore, Alto can rebuild the story at Sandstone against a backdrop of a health-

ier gold price compared to when the project was last in operation.

for 3,297m from the Lords corridor, following on from the four step-out RC holes at Vanguard – all of which hit mineralisation, including 12m @ 3 g/t gold from 132m, 12m @ 1.4 g/t from 132m and 8m @ 1.6 g/t from 120m.

Additionally, the greenfields Chance target will receive some drilling this year with Alto afforded WA EIS funding support for the prospect.

A second rig was mobilised to site last month, as Alto had processes in place to

help get assays turned around in a timely fashion.

The task for Alto is prioritising exploration targets to give it the best chance to make new discoveries and increase the gold resources by testing the strike and depth extensions of previously mined and unmined oxide deposits.

Currently, the 331,000oz indicated and inferred resource is comprised of Lord Henry, Lord Nelson, Vanguard and Indomitable camps and Ladybird and Havilah, while the likes of Bulchina and Oroya were pits also showcased on the recent investor and media site visit.

"The guys are really fired up about Vanguard, the Lords corridor is the focus but when you have 800sq km of ground covering a greenstone belt there are plenty of targets there. It is a matter of going through and ranking them," Bowles said.

"Vanguard has a small 50,000oz @ 1.8 g/t resource which we can see growing significantly. It is within a 1.2km corridor, 600m wide and we had to move the rig there to drill while the IP was going on in the Lords corridor. Vanguard is shaping up to be one of our priority targets outside the corridor."

Assays are imminent for a further 21 holes



A second rig will help accelerate completion of the 30,000m programme planned for Lord Nelson, Lord Henry, the Lords corridor and priority regional targets. One rig will be dedicated to testing the plunge extensions of existing mineralisation at C1, C2 and C5 and new targets along the Lords corridor

help get assays turned around in a timely fashion.

The company has also bolstered its capacity with ex-Jundee and senior geologist Maya Topping now on board. Bowles said the team would expand as activity at Sandstone increased.

So, given that Alto is now in full exploration mode and the potential at Sandstone can start to be revealed, will the company find itself back on the dance floor if M&A in the gold sector continues as expected?

That's something Bowles can't pre-empt as he concentrates on value creation for Alto beyond its current \$33 million market cap and 8c/share price.

"The market is looking for some more of that consolidation that actually makes sense. Through that consolidation, more gaps in the market are created, so when a couple of bigger companies merge there is some room and reason to grow," he said.

"We want to grow that resource further from what we have at the moment, that is our target post completion of this drilling. We wouldn't be doing this if we could only see the resource growing a small bit.

"You look at all options to help you grow rapidly but it has to be smart and the right decision. Where we are at the moment, the exploration is at the forefront and I think it is a bit too early to start talking about M&A and so forth."

– Mark Andrews