

Dear All (7 October 2021)

Herewith our report on **Alto Metals Ltd (AME)** rating it as a **BUY** at **8.6c** with a target of **>20c**

(Note 1 : our/ERA report contains a large number of figures. When reports are posted on our website : www.eagleres.com.au, then the figures are also attached separately and can be viewed in an enlarged often better / higher resolution format. All the figures and the report can be downloaded separately once they are on the website).

Note 2 : this is a report based on historical visits, available information and recent ASX reports, plus my/ERAs RED5 report (<http://www.eagleres.com.au/reports/item/july-2019-red-5-ltd>) – all publicly available. A site visit by ERA has not been possible due to Covid restrictions as I am based in NSW, however, I have visited Alto's Sandstone Area for the reports available on the ERA website, dated July 2016, 2017 & 2018.

Note 3: for those who think they may have dropped off the mailing list, this Alto report is the latest / next one after Kalamazoo / \$KZR in Sept 2020. With Covid, I effectively moved into semi-retirement at the end of March 2020 and put the SMSF into Pension Fund mode (I had said I would retire at the age of 70 which was December 2019). However, I make quite a few comments now on twitter (**under @eagleresa**) and for individual stocks a double search in twitter can be made eg "eagleresa \$AME" because in twitter stock exchange codes are \$code eg \$AME. Currently I have ~3,100 followers averaging ~300k views per month (it just needs a follower with a number of followers to retweet and whatever has been posted, spreads). I expect to possibly still write the occasional report per year, because I enjoy doing them.

Put simply Alto's granodiorites (Lord Nelson, Lord Henry and Bulchina of which Lord Nelson is currently the most advanced) appear to have a number of similarities (~8 similarities) to RED5's granodiorite – and I **only laterally "spotted" it because of visiting and writing ERA's RED5 KOTH report.**

RED5's KOTH has a granodiorite/cooked ultramafic contact with fractured higher grades – as does Lord Nelson (& Lord Henry & Bulchina).

Hence the title :

LN Granodiorite Appears to Have a Number of Similarities to RED5's KOTH

The 8 similarities between the LN and KOTH Granodiorites (which include similar higher grade, average grade, widths, ~95% recoveries, etc) are :

- Granodiorite contact that has cooked the ultramafic harder and become more competent.
- A fractured zone in the granodiorite in the (ultramafic) contact area, injected with mineralisation.
- Higher grades at undulations/ indentations in the granodiorite/ ultramafic contact (Figs 3b, 3c & 4a).
- Average long intersections and resources of ~1.9g/t.
- Higher grade ore shoots within the granodiorite.
- Higher grade lengths of ~ 3.5g/t, inferring the possibility of lower cost bulk stopes (**48m @ 3.4g/t in SRC423 and [5 Oct] 45m @ 3.2g/t in SRC432 at Lord Nelson** compared to KOTH Lemonwood 32kt @ 3.4g/t), and the possibility of over-reconciliation (KOTH ~11% to 14%, LN >40%).
- High recoveries of ~95% (eg Table 1 {KOTH} vs Table 4 {Sandstone}).
- Thickness of the mineable granodiorite resulting in low open-cut SRs (Strip ratios).

And there is an enhancement – AME's Sandstone Granodiorites (Lord Nelson, Lord Henry and Bulchina **appear to contain internal stacked higher grade lodes** – clearly identifiable in Lord Henry, but possibly also in Lord Nelson and Bulchina.

The key to where the higher grades are appears to be the indentations or undulations in the granodiorite / ultramafic contact as illustrated in Figure 3b and in the schematic model of Figures 4a and 3a of KOTH - and the location of the Orion Lode at Lord Nelson in Figures 2b and 3c on page 2 of the report.

Most granodiorites ERA has encountered have average grades **~0.8g/t to 1.2g/t, except for RED5's KOTH granodiorite with an ultramafic contact at ~1.9g/t**, eg p5 of ERAs RED5 July 2019 report [which resulted in the trial Lemonwood stope (**32kt@3.4g/t**), followed in November 2018 by the same hole reporting 330m @ 1.7g/t, plus 234m @ 2.0g/t (D0098) & 127m @ 1.9g/t (D0101)].

Historically, TRY mined **~0.5Moz in 3 granodiorite/ultramafic contact pits (now held by AME)**, being **Lord Nelson (1.4Mt @ 4.6g/t** for ~207koz [49% higher grade reconciliation]), **Lord Henry (0.4kt @ 3.6g/t** for ~48koz [43% higher grade]), & **Bulchina (2.0Mt @ 3.4g/t** [47% higher grade] for 219koz).

There is plenty of comparison detail in this ERA AME Report, however, the reality is if Alto's LN granodiorite has any similarity to even a portion of Red5's KOTH granodiorite, with **\$RED's MC at ~\$500M, \$AME appears to be significantly undervalued at a MC of only ~\$39M.**

And recently (5 October) AME reported the discovery of Juno extending the mineralisation under Lord Nelson to a **~1 km strike length.**

Alto expects to calculate an **upgraded resource by end Dec 2021 or early MQ 2022** (with 10 diamond holes and >100 RC holes still to be assayed. (Lord Nelson was last reported as at May 2020 & Lord Henry May 2017 – ie none of the intersections since then are in the current ore resource).

While we are on the subject of Alto's granodiorites and apart from a **number of double digit grades at Lord Henry** as shown in Figure 7a on page 4 of the report, **there's Bulchina :**

Ok, how many granodiorites have you encountered that have a triple digit grade intersection over 1m ? none ? - I haven't either – so how about a granodiorite that had 6 triple digit grades up to 600g/t (102, 123, 195, 238, 381 & 600g/t) on 2 sections and only 2 of those are possibly supergene (123g/t & 238g/t) – that's Bulchina – and not drilled down dip because it couldn't be treated in the oxide plant – and it still hasn't been drilled down dip – because there are too many targets – and hence it has no ore resource. It's also no wonder that with those grades, Bulchina over-reconciled by 155% on its gold production from 86koz expected **to 219koz achieved** – of which average **grades at 3.4g/t were 47% higher** than the expected average ore reserve grades of 2.1g/t.

However, the layout of this Alto report **focuses on ERA's perceived 4 areas of upside potential in Alto. :**

- 1. Recent intersections inferring the Lord Nelson granodiorite appears to have a number of **similarities with RED5's KOTH** granodiorite.
- 2. The V-shaped Alpha Domain showing encouraging intersections with **visible gold at Vanguard** through to the deeply weathered **Indomitable.**
- 3. A number of **significant large historical** mines that have **not been mined by open-cut**, and
- 4. Other Prospects : Possibly **underexplored East-West** striking mineralisation, and Bulchina etc.

So aside from Lord Nelson and Lord Henry, which lie on the eastern limb of the "V-shaped" Alpha Domain, **there's No 2 - The Western Limb of Vanguard and Indomitable :**

Alto has established that the **Vanguard Camp** shown in Figure 10a appears to consist of a number of NW/SE striking structures and has intersected visible gold in RC and diamond drilling in laminated quartz veins within a differentiated dolerite (often regarded as the cream of mineralised dolerites). There are many encouraging intersections shown in Figure 10a such as *4m @ 60.6g/t in SRC286*, however, none of these new intersections are in the current inferred resource of 850kt @ 1.8g/t because Vanguard was last reported in September 2018.

The laminated quartz veins are clearly shown in Figure 11a, with the RC visible gold specimen from SRC286 in Figure 11b. The visible gold results from SDD015 were still being assayed.

The Indomitable prospect is notable for its extreme ***depth of weathering to between ~80m to 150m below*** surface as shown in Figure 12b, along with its recent structural interpretation in Figure 12a, both of which were shown in August 2021 at Diggers, including ***many double-digit grades***.

Then there's No 3 - Significant Large Historical Gold Mines that have not been Open-cut

The Sandstone Goldfield would have to be *one of the very few WA goldfields not to have open-cuts over its significant historical gold mines*. At the “V” junction of the Alpha Domain between the eastern Lords limb, and western Indomitable to Vanguard limb, lies the historical mines of **Havilah and Maninga Marley** as shown in Figures 13a and 13b – on which there are no open-cuts (because the plant was an oxide plant that used contract crushers to feed the ore through a grizzly into the plant – ie it couldn't treat hard rock).

In Table 3, it appears that most companies would **probably have had an open-cut** over Havilah and Maninga Marley – but as Troy's plant could only treat oxide ore, they were not mined. In fact apart from part of Oroya, Troy / **\$TRY didn't mine the historical mines, it focused on new discoveries**. In a similar production category is **Hancocks** which consisted of numerous small mines for **its 39.3koz** total. Its location along with the major mine areas of Oroya & Hacks is shown in Fig 14a. The *mega mine open-cut of Kalgoorlie consisted of 100s of small mines* (largest Bonnie Lass 24.6kt / 18.5koz 1902-1922), & Coolgardie similarly – largest New Australasian ~4kt / 10.6koz 1897-1910). **In gold production, Sandstone was annually rated similar to Kalgoorlie** (which may have only been what is now KCGM, or included the regional large mines at Kanowna & Boorara).

The reason for the low gold production was that mining in that ~pre-WW1 era was mostly by **“hammer and tap”** which meant an advance of 30m or 100ft in hard ground could take 1 year (as seen in shaft sinking levels in yearly dates).

The locations of a number of Hancock's ~48 historic mines that were contained in ~82 separate leases are shown in Figure 14b, together with some of their grades ranging from 23g/t at Lady Seddon to a clump of 3 individual mines at ~41g/t and a high of ~160g/t at Lady Ellen.

However, the really sizeable historical mines in the Sandstone Goldfield were **Hacks and Oroya** as shown in Table 3, of which **Hacks** actually produced **more gold than the historic Bellevue** being ~**163koz** mostly between 1903 and 1921 at a **higher average grade of almost 20g/t**.

It appears that a North Shoot may have been identified when WMC (who were generally anti-air-leg mining) owned the Sandstone Mining area between 1979 and 1989 (unsuccessfully looking for nickel mineralisation), and undertook drilling of the Hacks mine with a number of vertical RC drillholes despite the lodes clearly dipping west.

The Hacks mineralisation remains open at depth & north & south on strike with stoping having stopped at ~200m below surface – and like Oroya awaits being drilled (& both have no resources).

Although **Oroya** was clearly a significant mine as shown in Figures 18a and 18b, it was **only mined to ~145m** below surface, & although some oxide was mined, the inference in 3d is that the pit could easily be cut back especially with the old sand filled stopes (stained jarosite green) plus flats and veins in the walls.

At 388koz and an average grade of ~15g/t, Oroya was possibly the largest mine of its early 1900s era, although it was still a compilation of a number of mines and leases, as shown in Figures 19a and 19b. Oroya was one of the few historic Sandstone mines in which most of its oxide appeared to have been mined by open-cut, possibly limited by the thin tailings (ERA view >1g/t because no black plastic and pink coloured) at the southern end of the pit (there are a number of old workings immediately south of the tailings).

***And if you want more upside potential there's
No 4 Other Prospects including Possible EW mineralisation, Bulchina & Bell Shapes.***

There are 3 compartment shafts (3 compartments required money to sink them – being typically 1 compartment to hoist ore, 1 compartment for a travelling way (ladders), 1 compartment for pipes and services) at Oroya that **strike EW**, and there are clear EW structures such as Ballarat & Venus immediately south of Hacks, plus the small Billy's Charm EW striking pit east of Oroya, as shown in Figure 21a, which agrees with **the GSWA Bulletin 62's plan of 1914** shown in Figure 21b. Such plans were usually easily drawn because any surface wood was either burnt for fuel or used as support underground leaving any outcropping lodes/mineralisation visibly clear on surface.

The Bell Shapes and Depth

As shown in Figures 1a, 1b & 24a, the Sandstone Goldfield has a classic "bell shape" due to being sandwiched between two converging structures – similar to the Mt Magnet Goldfield to the West and Agnew Goldfield to the East, ***bell shapes are often renowned for endowment***, so how did Sandstone acquire a "difficult" reputation and remain barely explored after being rated 2nd to Kalgoorlie in annual gold production in the early 1900s?. An independent academic study by 3 groups resulted in a possible Sandstone Goldfield endowment of: 4.2MozAu (non-geoscience); 3.5-5.6MozAu (conservative geoscience); & 5.3-13.5Moz (optimistic), ***ie at least 2moz higher than the historical ~1.2Moz mined to date.***

As shown in Figure 24a, there are numerous targets in the 3 categories of : Historical Mine (open-cut or underground), Emerging Deposit, and Undertested / Underexplored targets - and it becomes a case of prioritising them.

It can easily be seen why Alto Metals Ltd (AME) is rated as a BUY with an ERA achievable target of >20c or a >\$90M MC.

(Alto could quite possibly be a case of holding a tiger by its tail).

Regards

Keith