

27 October 2016

September 2016 Quarterly Activities Report

CORPORATE @ 30 Sept 2016

ACN 159 819 173

ASX CODE: AME

Shares on Issue: 144,475,415

Cash at bank: \$2,137,399

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admin@altometals.com.au**Directors & Management****Dr Jingbin Wang**

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

Yalgoo

Peranbye

Lake Harris

Gascoyne

Marmion

HIGHLIGHTS

- Sandstone tenements granted 20 Sept 2016.
- Detailed airborne magnetic/radiometric survey completed 23 October 2016.
- Lady Hamilton Induced Polarisation (IP) survey commenced 23 October 2016.
- Lord Nelson Resource modelling (JORC 2012) nearing completion, and modelling of Lord Henry deposit scheduled.
- Heritage surveys at Lord Nelson, Lord Henry and Lady Hamilton scheduled for 10-12 November 2016.
- Maiden 3,000-5,000m RC drilling campaign planned to commence following completion of Heritage surveys and approval of Program of Work (PoW) by Department of Mines and Petroleum.
- \$1.7 million raised from issue of 28,779,603 fully paid shares at 5.9 cents/share in Shareholder Purchase Plan on 25 July 2016.
- \$1.0 million raised from issue of 7,407,404 fully paid shares at 13.5 cents/share in private placement to professional and sophisticated investors on 26 October 2016.
- Cash of \$2.137M and liquid assets of approximately \$0.88M at 30 Sept 2016.

SANDSTONE GOLD PROJECT

Since acquiring the Sandstone Gold Project on 23 June 2016, the Company has determined two immediate objectives:

- the delineation of relatively shallow (free dig) oxide gold mineralisation that can be economically mined and trucked to one of several gold treatment facilities in the region, and
- the delineation of further high-grade shear hosted gold mineralisation at depth in the immediate vicinity of mined oxide deposits such as Lord Nelson, Lord Henry and Bulchina through a combination of IP surveys and RC and diamond core drilling. This will include the remodeling and re-estimation of remnant Indicated & Inferred Mineral Resources (JORC 2004 compliant) previously estimated by Snowdens on behalf of Troy Resources NL (Troy).

These two objectives are heavily reliant on the processing of a large volume of legacy data lodged at the WA Department of Mines and Petroleum by previous explorers and miners.

A longer term objective is the discovery of new, large high-grade oxide and primary gold deposits, which will be assisted through a better understanding of the lithological and structural controls on gold mineralization within the Sandstone Greenstone Belt.

To achieve both the immediate and longer term objectives, Alto has undertaken various exploration initiatives including:

- the capture and compilation of historic drilling and assay data from WA Department of Mines and Petroleum Mines Open File reports,
- a review of the geology and drill hole data for all known prospects in the region,
- the purchase and processing of existing high-resolution airborne magnetic data,
- the flying of a new detailed airborne magnetic survey,
- the commissioning of a JORC 2012 compliant Mineral Resource estimate for the Lord Nelson deposit,
- the planning and commissioning of a 3 Dimensional Induced Polarisation (3DIP) survey over the Lady Hamilton oxide gold area,
- the planning of a 3,000 - 5,000m reverse circulation (RC) drilling program to test strike and depth extensions of known oxide and primary gold mineralisation, and
- the establishment of an External Research Advisory Committee chaired by Emeritus Professor David Groves, a world renowned leader in Archaean geology and orogenic gold mineralisation, to guide research in the hunt for the million ounce deposit.

MODELLING AND RESOURCE ESTIMATION OF LORD NELSON DEPOSIT

Following the compilation by the Company of a comprehensive historical drill hole database, Snowden resource consultants were commissioned to undertake block modelling of the remnant resource at Lord Nelson with a view to estimating a JORC 2012 compliant Mineral Resource. This process is nearing completion, and the Lord Henry deposit is next in line for resource re-estimation. Refer Figure 1 overleaf for location of deposits and prospects.

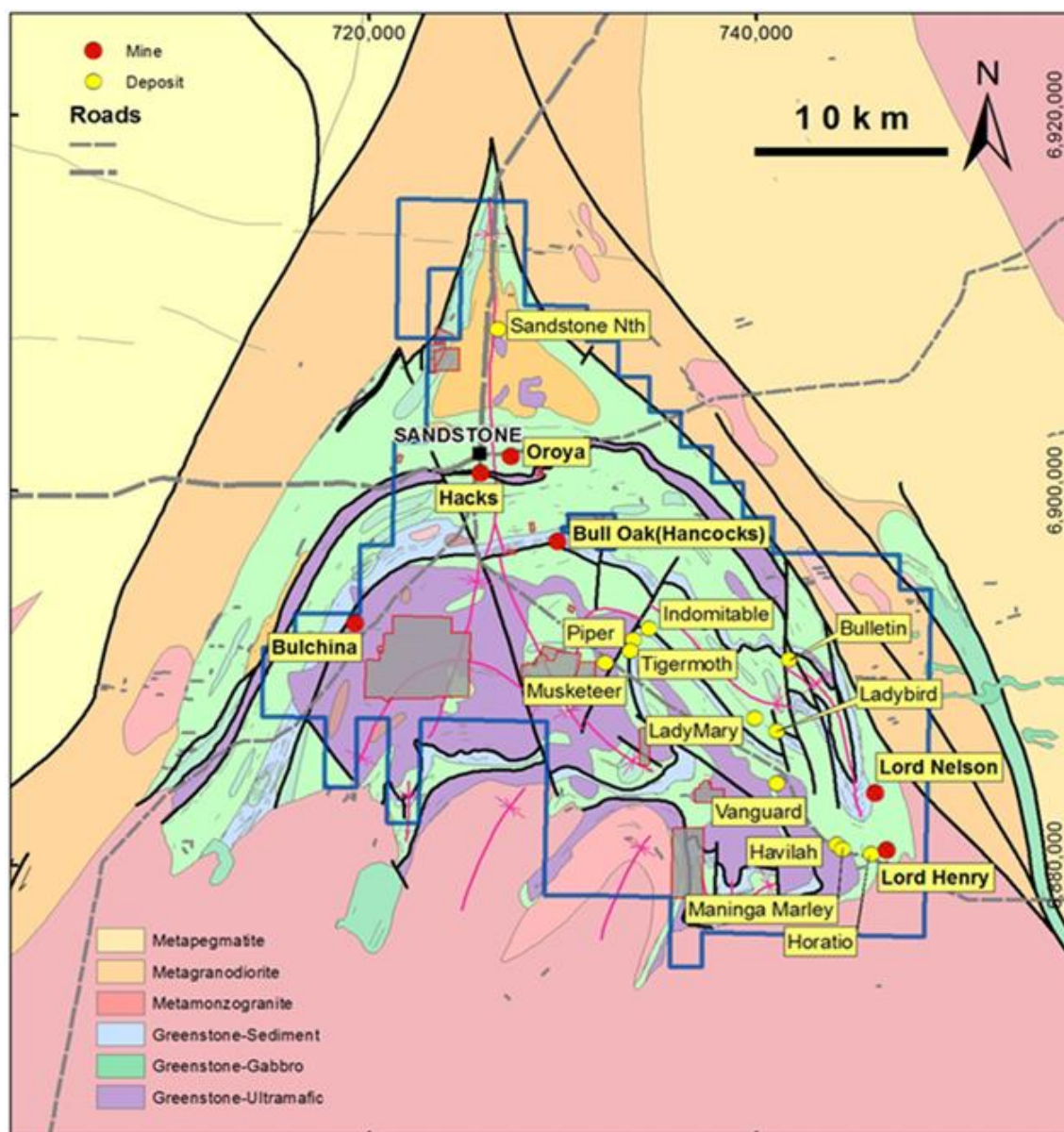


Figure 1. Sandstone Prospects Over Regional Geological Interpretation

LORD NELSON AND LORD HENRY DRILL TARGETING

The **Lord Nelson** deposit is hosted within a zone of intermixed high-magnesium basalt and granodiorite intrusive rocks above a footwall ultramafic unit. The mineralisation trends NNW, dipping approximately 50° to the west. The main eastern lode is a zone of pyrite + silica + biotite +/- quartz veining that follows the ultramafic footwall contact.

WNW striking gold mineralised veins and a sheeted swarm of granodiorite intrusions at Lord Nelson are oblique to the NNW trend of the ore envelope interpreted from drilling. This suggests that within the ore zone the sheeted veins may produce sub-horizontal shoots striking WNW, but plunging shallowly to the SSE.

RC drill holes planned for Lord Nelson in November/December 2016 are targeting high grade gold mineralisation in shoots down plunge from the mineralisation in the bottom of the open pit. The drilling will also seek potential repetitions of the gold mineralised zones both along and across strike. These targets are supported by weak IP responses detected in historic Troy Resources orientation IP surveys.



Plate 1. Lord Nelson Open Pit, looking from West to East toward Footwall Ultramafic

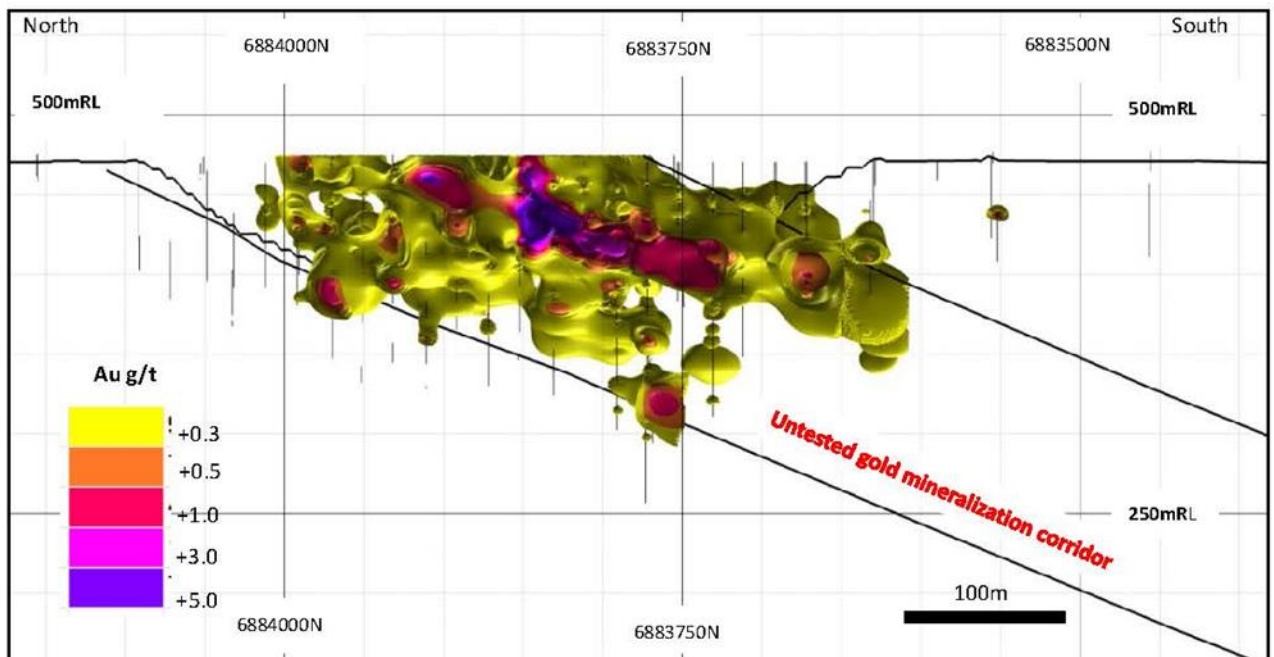


Figure 2. Long Section 746 130E , Lord Nelson Open Pit, looking East toward Footwall Ultramafic

The **Lord Henry** deposit is hosted within a granodiorite body bounded to the south and west by a sheared ultramafic contact. Mineralisation comprises a series of stacked, -20° to -30° north dipping lodes characterised by quartz-sericite-chlorite-pyrite alteration within the granodiorite body. The overall trend of the mineralised zones is NE and high-grade gold intersections are associated with sulphide rich quartz veins and stringers. The wallrock alteration is strong, but comparatively poor in sulphide, suggesting that the bulk of the gold is contained within the sulphide rich veins.

Existing Lord Henry drill holes show that multiple stacked gold mineralised veins are open in all directions, both down dip to the north, as well as along strike to the east and west. Alto has planned RC holes to test the down dip extension of high grade mineralisation at 100-200m below surface, coincident with strong IP anomaly recorded by Western Areas NL (2011) situated to the north of the existing shallow (~45m) pit.

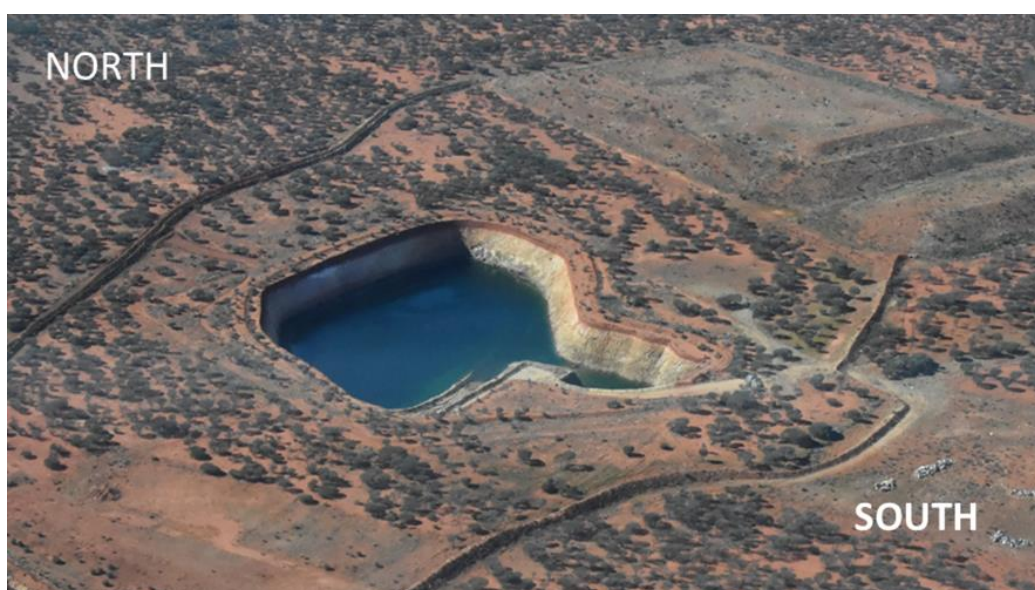


Plate 2. Lord Henry Open Pit, Looking from Southwest to Northeast

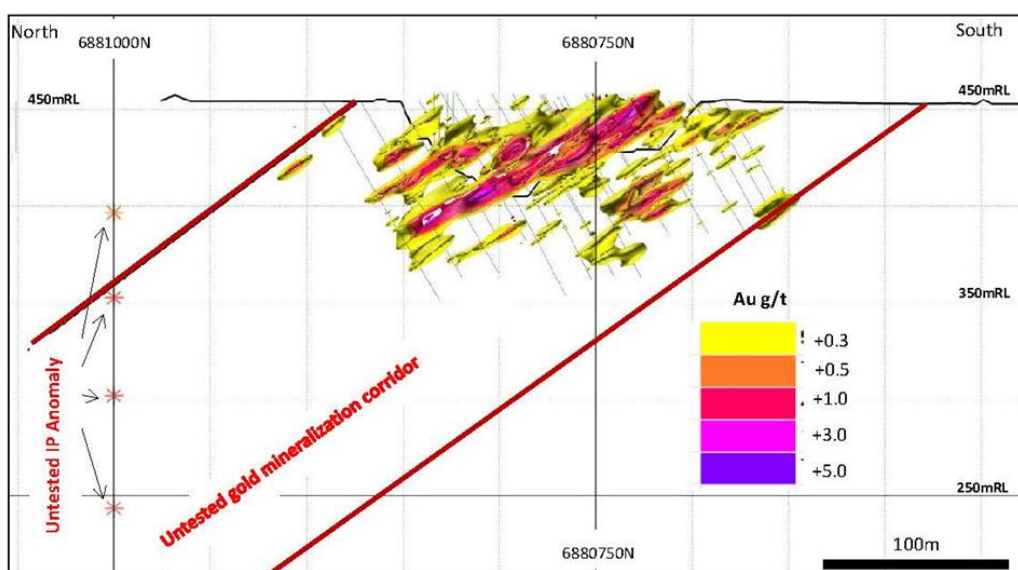


Figure 3. Cross Section 746730E, Lord Henry Open Pit, looking from West to East

3 DIMENSIONAL INDUCED POLARISATION SURVEY OVER LADY HAMILTON PROSPECT

The **Lady Hamilton Prospect** includes the oxide gold prospects of Indomitable, Piper, Tigermoth and Musketeer. These prospects were initially found by grid RAB and aircore drilling by Troy and were subsequently followed up by limited and relatively shallow RC drilling programs. A number of Troy RC drill holes intersected significant zones of anomalous oxide gold mineralisation, but were too shallow to intersect the primary (quartz-sulphide) mineralisation which is interpreted to lie below the oxide gold mineralisation.

The geology and controls on gold mineralisation in the area are not well understood due to deep weathering of the bedrock combined with shallow drilling. Alto has therefore planned a deep looking 3D Induced Polarisation (3DIP) survey to map the distribution of pyrite (and by direct association, gold mineralisation) in the fresh basement rocks.

This 3DIP survey commenced at Lady Hamilton on 23 October 2016 following the completion of the airborne magnetic survey, and should be completed by the middle of the first week of November

It is expected that 3D modelling of the IP data by geophysical consultant Terra Resources Pty Ltd will produce a significant number of RC drill targets. Some 2,000-3,000m of the drilling budget is planned to be expended over this 4km by 5km area.

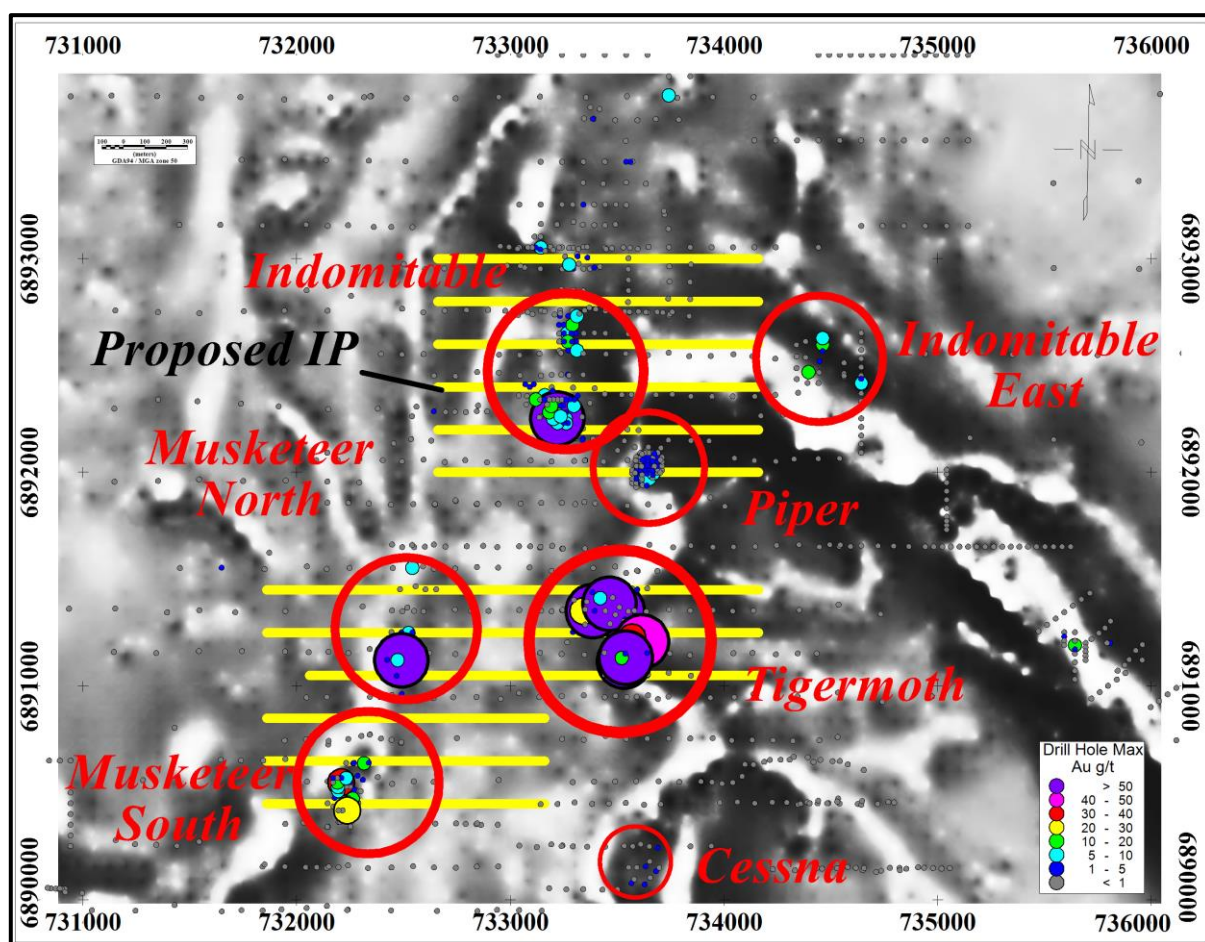


Figure 4. Lady Hamilton Prospect, Proposed 3DIP Lines over 1VD Magnetic Image

DETAILED MAGNETIC AND RADIOMETRIC SURVEY

In October the Company completed an 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 was completed on 23 October 2016 and comprised 10,358 line km of mag/rad surveying covering an area of ~460 km². Levelled and processed data and imagery will be available by the end of October for specialist litho-structural interpretation.

Due to transported overburden, deep weathering and lack of outcrop in the Sandstone region, collection and interpretation of high quality airborne magnetic data is considered essential to define stratigraphy and favourable structures for emplacement of gold mineralisation.

ALTO'S EXTERNAL RESEARCH ADVISORY COMMITTEE

An External Research Advisory Committee (ERAC) chaired by Emeritus Professor David Groves has been commissioned to oversee Alto's research and development (R&D) activities. The committee consists of a multi-disciplinary team of geoscientists, and a primary researcher based at The University of Western Australia. The scope of the ERAC is to incorporate traditional and emerging exploration techniques and technologies for testing on Alto's project areas. The Sandstone Belt has been the focus of limited research to date, in comparison with other similar greenstone belts. The team is currently generating new data and developing a comprehensive understanding of the mineralising systems of the Sandstone Greenstone Belt.

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.

Alto's Uranium Projects

The Company holds granted tenements and tenement applications in Western Australia over six project areas (Lake Harris, Byro, Yalgoo, Peranbye, Gascoyne 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 will review its commitment to uranium exploration in the near future. (Refer Appendix 2)

CORPORATE

Appointment of new Non-Executive Chairman

On 12 October 2016, Dr Jingbin Wang was appointed Non-Executive Chairman of the Board, coincident with the retirement of Ms Anna Mao.

Completion of Sandstone Sale and Purchase Agreement

On 23 June 2016 the Company brought forward the acquisition of Sandstone Exploration Pty Ltd by paying \$200,000 cash to the vendors and issuing to them 19 million fully paid ordinary Alto shares. A further payment of \$200,000 cash was made upon the grant of the tenements on 20 September 2016.

Capital Raisings

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 ordinary fully paid new shares. The funds were raised to fund exploration operations between July and December 2016, including a formal estimation of the remnant mineral resources at Sandstone, RC drill testing of extensions to existing mineral resources, drill testing of other prospect areas and for working capital.

On 26 October 2016 the Company announced that it had raised \$1.0 million from a private share placement of 7,407,404 ordinary fully paid shares at 13.5 cents per share to professional and sophisticated investors as defined under Section 708 of the Corporations Act (2001). The issue price of 13.5 cents per share represented a 3% discount to the 5 day traded VWAP. Following the issue of the placement shares, the Company will have 151,883,037 ordinary fully paid shares on issue.

These additional funds were raised to allow a second round of drilling at Sandstone in January and February 2017, and for working capital.

Summary of Changes in Capital Structure

Total Fully Paid Ordinary Shares on issue at 30 June 2016:	115,695,812
Fully Paid Ordinary Shares Issued on 25 July 2016:	28,779,603
Fully Paid Ordinary Shares to be issued on 28 October 2016:	7,407,404
Total Fully Paid Ordinary Shares on issue post 28 October 2016:	151,883,037
Unlisted Performance Shares on Issue at 27 October 2016:	25,000,000

Investments in ASX Listed Companies at 27 October 2016

Company	Security Type	Symbol	No. Shares	Price	Fair Mkt Value
Antipa Minerals Ltd	Shares	AZY	25,573,183	\$0.028	\$716,049
Enterprise Metals Ltd	Shares	ENT	2,500,000	\$0.016	\$40,000
				TOTAL	\$756,049

Cash Position

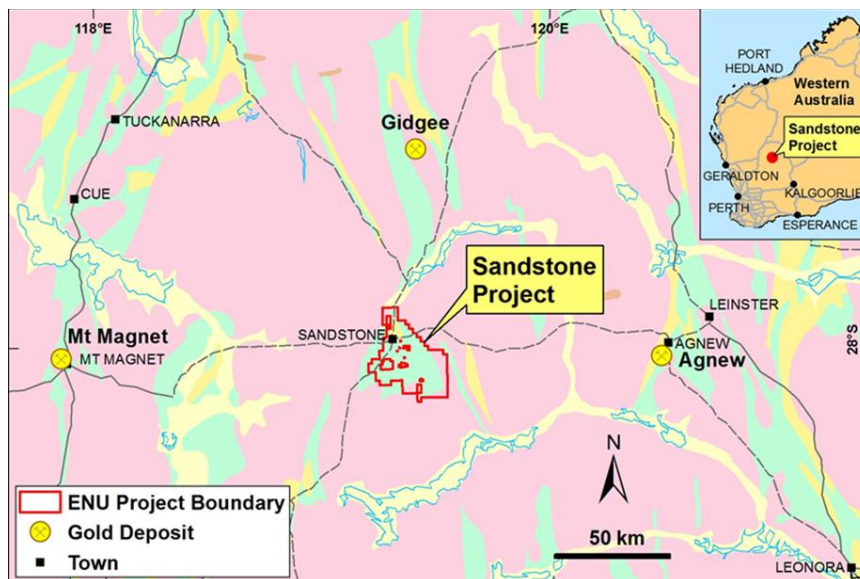
The Company's cash position at 30 September 2016 was \$2.137 million. Post 30 September, the cash position will increase by \$1.0 million due to the private placement announced on 26 October 2016.



Dermot Ryan
Managing Director

ABOUT THE SANDSTONE GOLD PROJECT

The Sandstone Gold Project tenure covers approximately 75% of the Archaean Sandstone Greenstone Belt and comprises 6 Exploration Licences and 2 Prospecting Licences for a total landholding of ~723km². (Refer Appendix 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 19th Century, the Sandstone Greenstone Belt has produced approximately 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.

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 include Vanguard, Ladybird, Maninga Marley, Tigermoth, Indomitable, Musketeer, Piper and Horatio.

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.

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.

Tenement Information as Required by Listing Rule 5.3.3

Appendix 1: Gold Projects - Tenement Schedule at 30 September 2016

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
E63/1768	Fraser Range	100%	Alto Metals Limited	Application
E63/1769	Fraser Range	100%	Alto Metals Limited	Application

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

Appendix 2: Uranium Projects - Tenement Schedule at 30 September 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
E29/980	Marmion	100%	Alto Metals Limited	Application

Appendix 3: Cue Project - Tenement Schedule at 30 September 2016

Tenement	Project	Interest Held	Holder	Lease Status
E20/888	Cue	0%	Cue Metals Pty Ltd	Application
E20/889	Cue	0%	Cue Metals Pty Ltd	Application
E20/890	Cue	0%	Cue Metals Pty Ltd	Application
E20/891	Cue	0%	Cue Metals Pty Ltd	Application
E20/892	Cue	0%	Cue Metals Pty Ltd	Application

Note: Cue Metals Pty Ltd is a wholly owned subsidiary of Alto Metals Limited, but the Cue tenement applications are subject to an option agreement.