



Condensed Interim Financial Report

For the Half Year Ended

31 December 2020



ACN 159 819 173

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Alto Metals Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

ALTO METALS LIMITED

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CORPORATE DIRECTORY

Directors

Richard Monti	Independent Non-Executive Chairman
Matthew Bowles	Managing Director & CEO
Dr Jingbin Wang	Non-Executive Director
Terry Wheeler	Non-Executive Director

Company Secretary

Graeme Smith

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Directors' Report

Your Directors present their report together with the condensed interim financial report of Alto Metals Limited ("Alto" or the "Company") and the entities it controlled (together "the Group") for the half-year ended 31 December 2020 and the auditor's review report thereon.

Directors

The names of the Directors who held office during or since the end of the half-year are:

Richard Monti
Matthew Bowles
Dr Jingbin Wang
Terry Wheeler

Directors were in office for this entire half-year unless otherwise stated.

Review of Results

A summary of consolidated revenues and results for the half-year is set out below:

	2020		2019	
	Other Income \$	Loss for the half-year \$	Other Income \$	Loss for the half-year \$
Group other income and loss	53,875	(793,468)	6,107	(791,997)

The Group recorded an operating loss after income tax for the half-year ended 31 December 2020 of \$793,468 (31 December 2019 operating loss of \$791,997).

The Group's cash position at the end of the half-year was \$6,500,099 (30 June 2020: \$126,834).

Directors' Report

Review of Operations

About Alto Metals and the Sandstone Gold Project

Alto Metals Limited is a Western Australian based company focused on the exploration and development of its 100% owned Sandstone Gold Project, located the East Murchison Mineral Field of Western Australia. The Sandstone Gold Project comprises over 900km² of tenure and covers the vast majority of the Archaean Sandstone Greenstone Belt (Figure 1).

Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which commenced in November 2016, and which have defined JORC (2012) Mineral Resources of 331,000 ounces gold and numerous drill ready targets using a systematic approach.

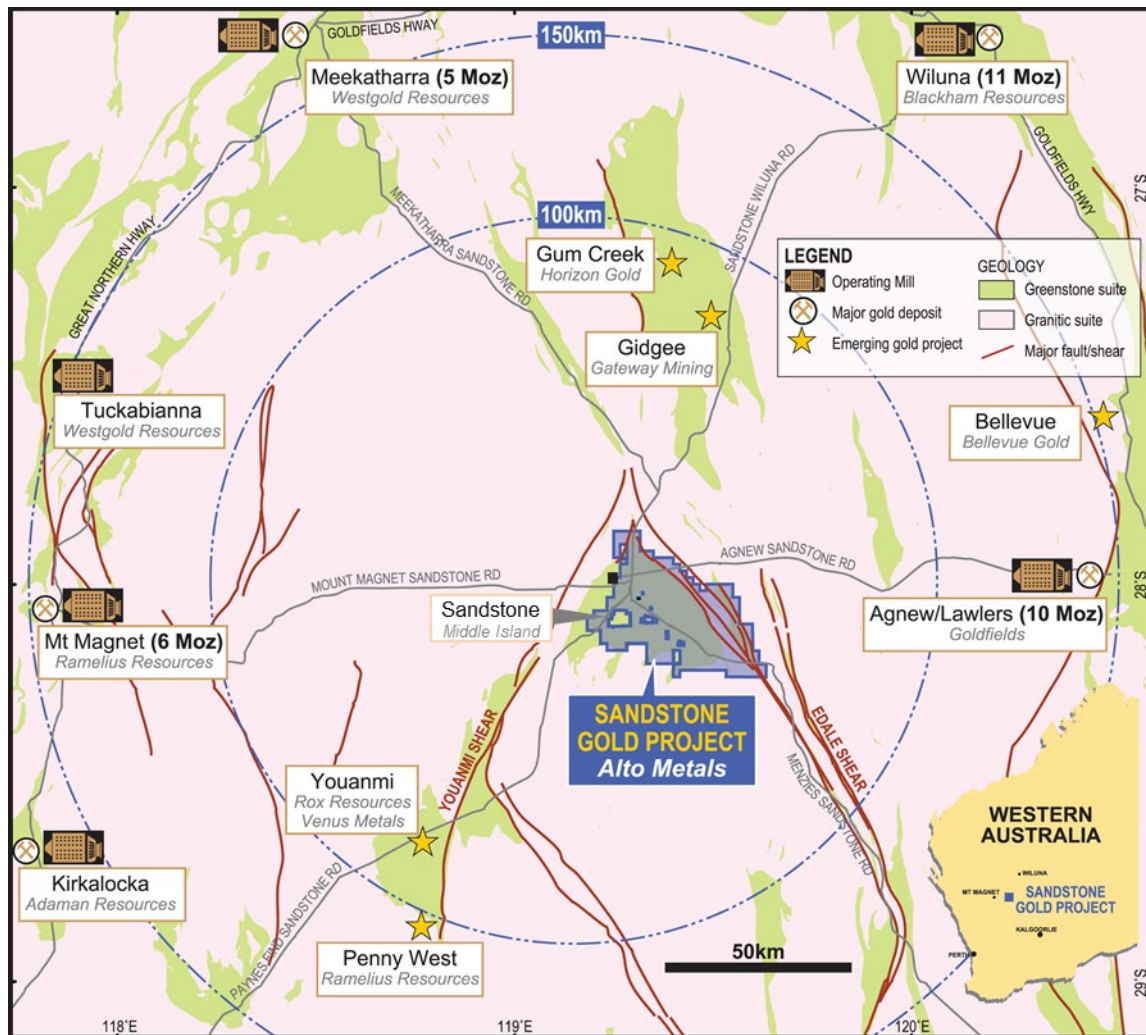


Figure 1. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

Directors' Report

Exploration Strategy

Alto's immediate exploration strategy is focused on targeting both shallow gold mineralisation along the +3km Lords corridor and extensions of primary mineralisation beneath the Lord Nelson open pit.

Summary of Exploration Activity

During the period, Alto commenced a major 30,000m RC drilling campaign to test the +3km Lords corridor and a number of regional targets.

A three-dimensional induced polarisation (3D-IP) survey was completed covering 4km² of the Lords corridor, targeting potential anomalies at depth.

Accelerated Cyanide Leach LeachWELL™ testwork was carried out at Lord Nelson to provide an indication of the potential gold recovery in metallurgical processes and circuits.

The Company was successful in its application for co-funding for up to \$150,000 under Round 22 of the Department of Mines, Industry Regulation and Safety Exploration Incentive Scheme (EIS) to drill test the Chance prospect, a ~2km long gold-in-soil anomaly, located within the Edale Shear Zone.



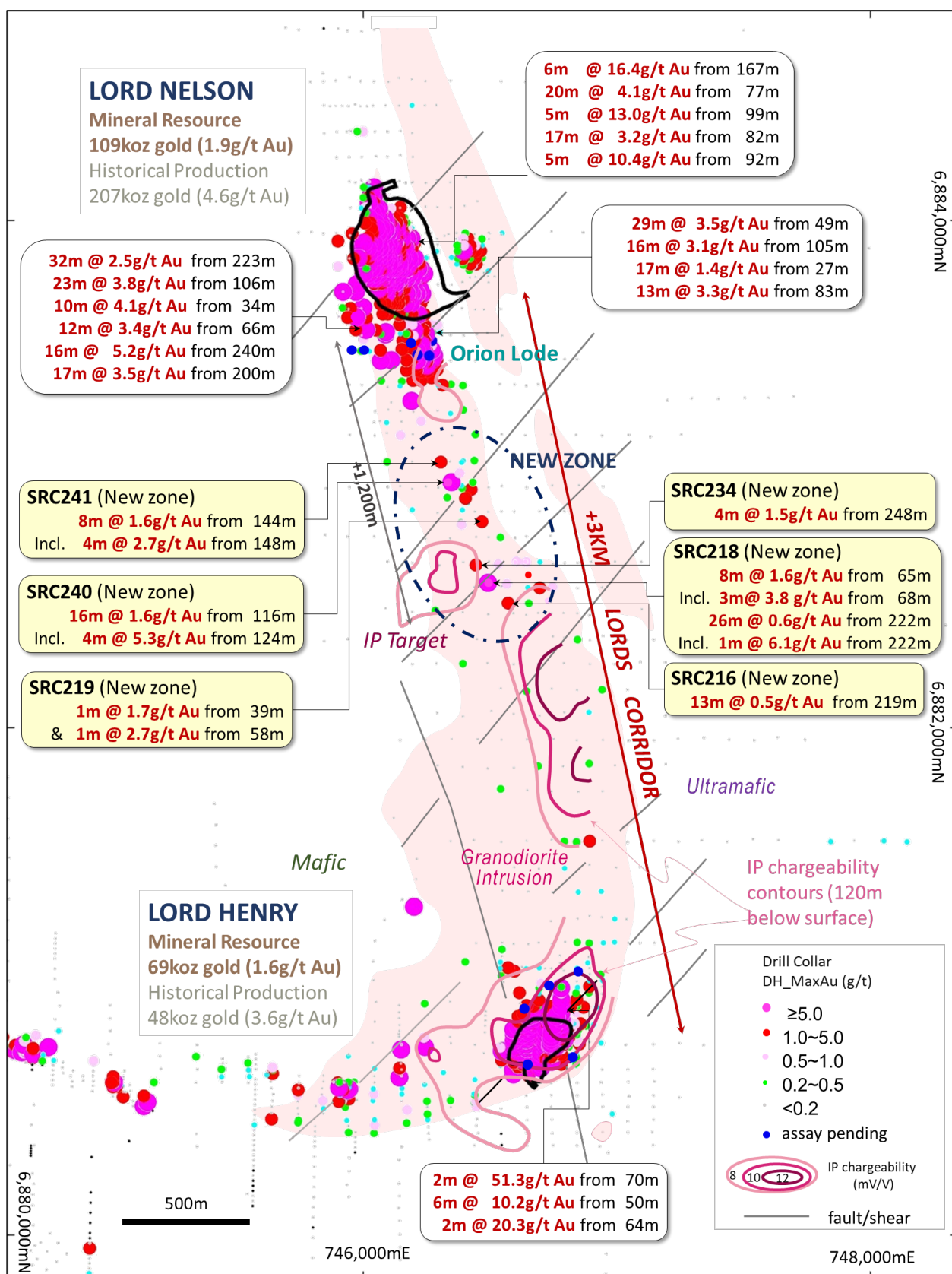


Figure 2. Lords deposits and the +3km Lords Corridor – Simplified geological interpretation overlaid with IP anomalies (from 120m below surface).

Directors' Report

Drilling

In July-August 2020, a total of 33 RC drill holes for 5,562m were completed at the Lords (28 holes for 4,814), Bulchina (2 holes for 396m) and Bollinger (3 holes for 352m) prospects.

Infill drilling at the Orion Lode confirmed excellent continuity of the shallow high-grade gold mineralisation from oxide and transitional zone. Significant intercepts include:

- 29m @ 3.5g/t gold from 49m, incl. 7m @ 7.9g/t gold from 53m (SRC191)
- 13m @ 3.3g/t gold from 83m, incl. 2m @ 8.8g/t gold from 85m (SRC205)
- 16m @ 3.1g/t gold from 105m, incl. 2m @ 7.7g/t gold from 118m (SRC192)
- 32m @ 1.4g/t gold from 51m (SRC183)

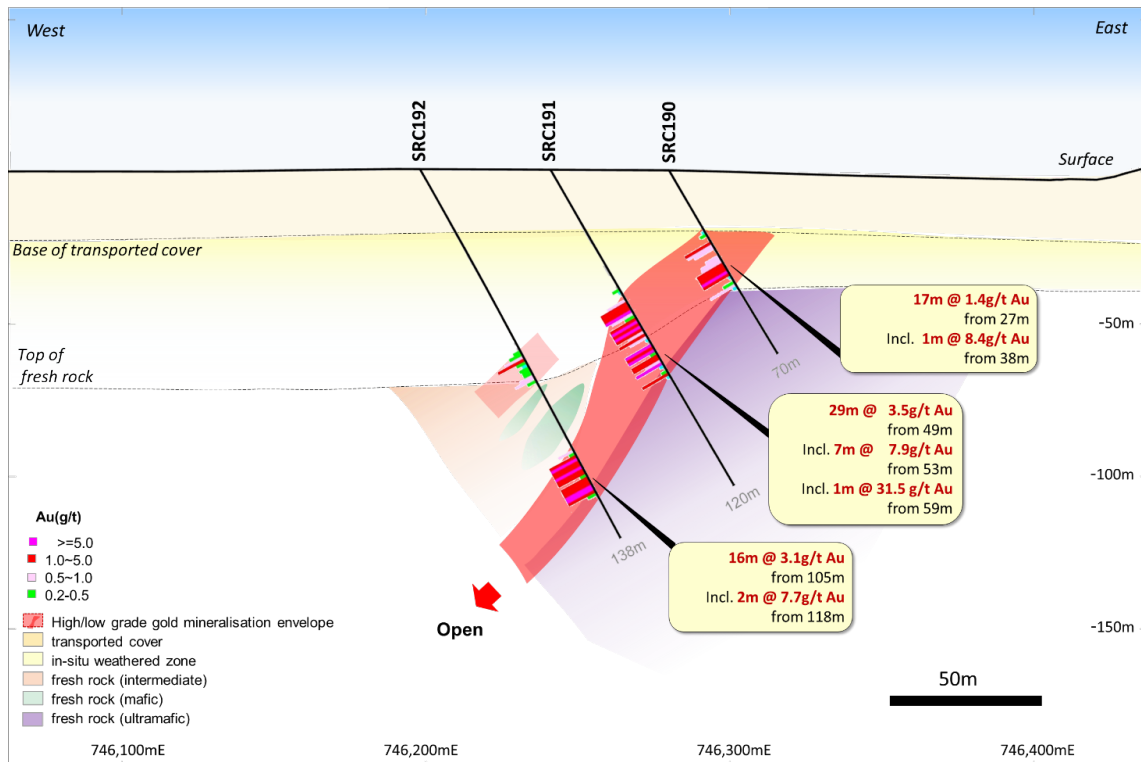


Figure 3. Orion Lode at Lord Nelson. Cross Section 6,883,470mN showing significant 1m fire assay results.

Step-out drilling (80 metres) returned **7m @ 2.7g/t gold** from 155m, including **2m @ 6.3g/t gold** from 159m (SRC197) and has now defined the gold mineralisation foot print of Lord Nelson to over 1km.

Step-out RC drilling (up to 80m) beneath the Orion Lode and Lord Nelson pit extended the known high grade mineralisation down dip and down plunge, including

- **32m @ 2.5g/t gold** from 223m, incl. **4m @ 12.3g/t gold** from 245m (SRC184)
- **7m @ 4.6g/t gold** from 209m, incl. **2m @ 11.6g/t gold** from 210m (SRC209)

Orion is the first new gold lode discovered, south of the Lord Nelson pit within the Lords' corridor; which extends over 3 kilometers, with the Lord Nelson deposit at the north and the Lord Henry deposit to the south.

In early November Alto commenced an extensive drilling campaign Sandstone Gold Project, currently planned for 30,000m, to test for Lord Nelson repeat targets along the +3 km Lords' corridor, depth extensions of primary mineralisation below existing resources and multiple other regional targets including Vanguard and Chance.

Up to the end of December a further 36 holes were drilled for 6,084m. Drilling was mostly at the Lords (32 holes for 5,482m) on a wide-spaced 80m by 80m basis to an average of 200m vertical depth (Figure 1). Four holes for 602m were drilled at Vanguard prospect.

Directors' Report

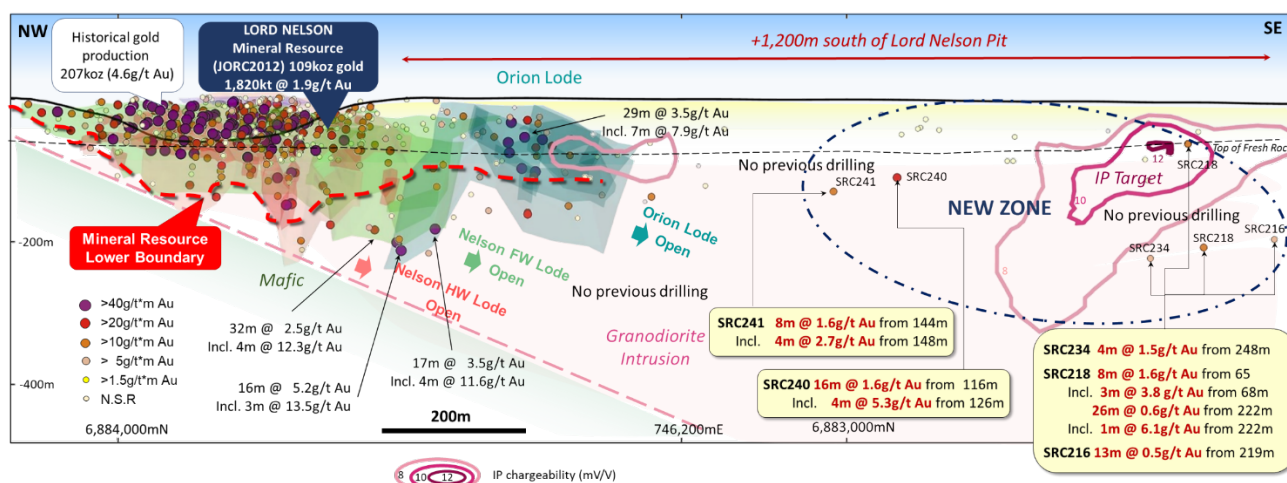


Figure 4 Long section (+/- 350m window) part of the +3km Lords Corridor - Simplified geological interpretation overlaid with IP anomalies (from 120m from surface).

Lords Corridor – New zone of mineralisation 800m south of Orion Lode

Latest assay results from **successful wide spaced 80m x 80m 'step out' exploration drilling** completed in December 2020, designed to test structural targets along the Lords Corridor, have confirmed the discovery of another lode within a **New Zone of gold mineralisation 1km south of the Lord Nelson Pit**. Significant assays results include:

- **4m @ 5.3g/t gold** from 124m; within
- **16m @ 1.6g/t gold** from 116m, (SRC240).
- **4m @ 2.7g/t gold** from 148m; within
- **8m @ 1.6g/t gold** from 144m, (SRC241).

RC results to date show the presence of primary gold mineralisation, in a previously undrilled area, that **remains open in all directions**. Importantly, the style of mineralisation (quartz-pyrite veins style mineralisation related to granodiorite intrusion) of the **new lode is identical to what is seen at Lord Nelson and Orion Lode**. This further supports the Company's geological model, which predicts the potential for multiple Lord Nelson style lodes, within the + 3km Lords Corridor.

This is the second new lode discovered from current drilling program along the Lords Corridor, following the discovery of an earlier lode located a further 400m to the south **on the eastern edge of an undrilled IP anomaly**, announced on the 2 February 2021. Final 1m fire assays received from wide spaced drilling of this lode, include:

- **8m @ 1.6g/t gold** from 65m, including
- **1m @ 6.1g/t gold** from 68m; and
- **1m @ 6.1g/t gold** from 222m, within a broad lower 'halo' of
- **26m @ 0.6g/t gold** from 222m (SRC218).

Drilling re-commenced in early February 2021 to complete the ~24,000m balance of the currently planned 30,000m program and includes targeting:

- Depth extensions of primary high-grade gold mineralisation beneath the Lord Nelson pit, the Orion Lode (C1 and C2 targets) and the Lord Henry pit (C6 target);
- Exploration and follow up drilling to test the additional near-term targets (C2-C5 targets) along the +3km Lords' corridor, including the recently identified IP targets;
- Exploration drilling at regional targets including Vanguard and Chance; and
- Multiple other targets within the 900km² Sandstone Gold Project.

A second RC rig also arrived in early February 2021 to accelerate the drilling of targets along the Lords' corridor. This rig will then be moved to test priority regional targets, including Vanguard and Chance, while the first RC rig remains focused on testing the multiple targets along the Lords Corridor.

Directors' Report

3D-IP survey

A three-dimensional induced polarisation (3D-IP) survey was completed in November covering 4km² of the Lords corridor targeting anomalies at depth. The survey was carried out by Moombarriga Geoscience and supervised by Terra Resources Pty Ltd.

The survey defined a number of significant anomalies up to 400m depth within the Lords Corridor.

Two of the strongest anomalies are beneath the Lord Henry pit and 800m south of the Orion Lode. There is a strong correlation between high IP chargeability and high gold concentrations at Lord Henry and Lord Nelson. These IP anomalies closely correlate with Alto's underlying geological model and depth extensions of the known primary gold mineralisation to the shallow-mined Lord Nelson and Lord Henry open pits.

Regional Exploration – Multiple Targets While Alto's immediate exploration strategy is focused on the Lords corridor, the Company has commenced a review of the **multiple other targets** within the +900km² Sandstone Gold Project.

Exploration Incentive Scheme (EIS) Co-Funded Drilling

The Company was successful in its application to receive an EIS Co-funded drilling grant of up to \$150,000 to drill test the Chance prospect, Sandstone Gold Project

The grant will contribute up to 50% of direct drilling costs, which will assist in funding Reverse Circulation (RC) and Diamond Drilling to test the Chance prospect, a ~2km long gold-in-soil anomaly located within the highly prospective Edale Shear Zone, which has never been drill tested.

The Company wishes to acknowledge the Western Australian government and the Department of Mines, Industry Regulation and Safety for their continued investment in exploration.

Drilling to be included in the 30,000m RC drill program currently underway focused on Lord Nelson, the Lords' corridor and priority regional targets.

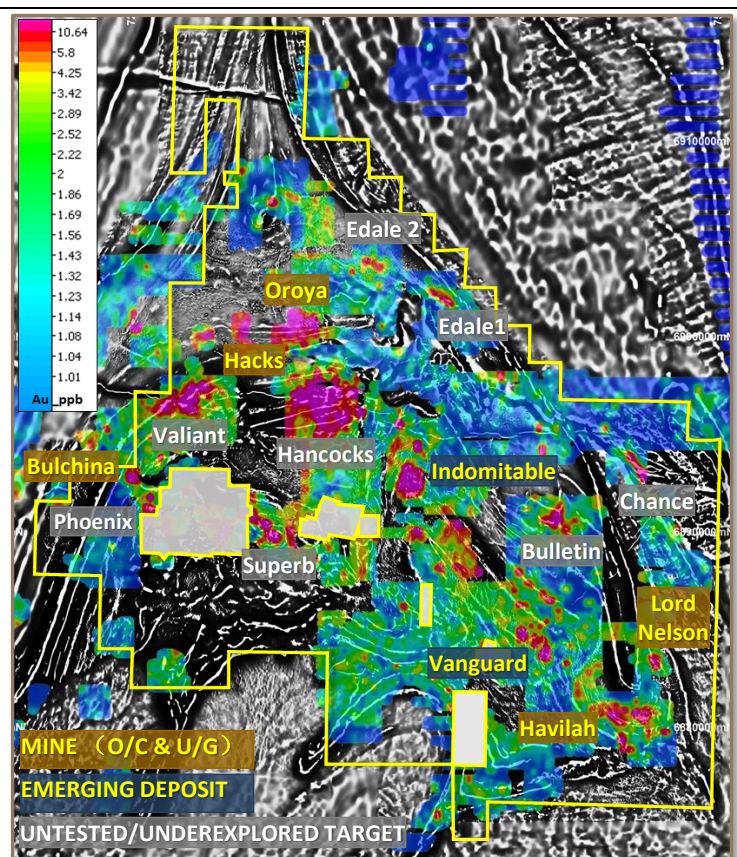


Figure 5. Location of gold prospects and historical mines at Sandstone Gold Project. Surface soil geochemistry over airborne magnetic image

Preliminary Testwork

During the period, Alto provided shareholders with an update on preliminary gold recovery testwork from various prospects at the Sandstone Gold Project, including Lord Nelson.

Primary Mineralisation

During August 2020, Alto collected 4 RC drill samples within primary zone mineralisation with gold grades ranging from ~3 g/t Au to ~11 g/t Au and submitted the samples to Intertek Genalysis (Intertek) for Accelerated Cyanide Leach LeachWELL™ testwork. Sample details and results are summarised in the table below. The sampling and testwork methodology is described in more detail further below.

The preliminary testwork was carried out to determine the cyanide extractable gold and **to provide an indication of the potential gold recovery in metallurgical processes and circuits** of the Lord Nelson primary mineralisation. This testwork is preliminary in nature and Alto intends to carry out further gold recovery testwork as the project continues to be advanced.

All four samples reported an **average gold recovery of 96%**, suggesting the gold within the Lord Nelson primary zone mineralisation is amenable to conventional cyanide extraction methods.

Table 1 - Summary of Accelerated Cyanide Leach Testwork at Lord Nelson.

Deposit	Hole ID	From (m)	To (m)	Head Grade ¹ (g/t Au)	Leach Grade ² (g/t Au)	Tail Grade ³ (g/t Au)	Recovery (%)	Rock Type
Lord Nelson	SRC169	36	40	7.14	7.88	1.67	82.5%	Oxide
	SRC168	116	120	4.28	5.39	0.17	96.9%	Fresh
	SRC175	211	215	10.1	9.24	0.14	98.5%	Fresh
	SRC176	240	244	10.5	11.5	0.52	95.7%	Fresh
	SRC188	248	250	3.21	3.08	0.15	95.4%	Fresh

Footnotes: 1 Grade by 50gm FA on "A" sample. 2 Grade by LeachWELL™ on "B" sample. 3 Grade by 50gm FA on "B" sample tail

Oxide and Transitional Mineralisation

A further sample was collected within oxide zone mineralisation at Lord Nelson and submitted to Intertek for the same testwork (refer Table 1 above). This sample returned a gold recovery of 82.5%.

More rigorous metallurgical testwork was previously carried out at Lord Nelson by Troy Resources NL (Troy) as part of initial feasibility study work on both oxide and transitional ore (Troy, 2009).

This testwork determined:

- Lord Nelson ore was found to be free milling.
- Gravity gold recovery was found to be required to prevent coarse gold entering the leach circuit and being partially lost to the tailings and it was estimated that over 20% of total gold could be recovered as concentrate from the oxide ore and close to 40% for the transitional ore.
- Acceptable **gold recoveries of >93% for oxide and transitional ores** were obtained after 24 hours of direct cyanide leaching.

Troy mined the Lord Nelson deposit as an open pit mine to ~90m below surface between 2005 and 2010 and recovered 207koz at 4.6 g/t Au. The ore was processed through Troy's Sandstone treatment plant, which had a general design flow sheet described by Troy as fairly typical of other gold plants in operation on the WA goldfields (Troy, 2009).

Troy reported that **recovery of gold at the Sandstone plant typically ranged from 93% to 96%** with total recovery in the period July 2006 to end of June 2007 of 94.4%.

Preliminary Gold Recovery testwork at Indomitable & Vanguard Camps, Havilah and Ladybird

Directors' Report

In 2018 and 2019 the Company announced maiden mineral resource estimates for the Vanguard Camp, Indomitable Camp, Havilah and Ladybird deposits. (Refer to ASX announcements on 25/09/18 and 11/06/19).

As part the Mineral Resource estimation, Alto collected and submitted a total of 25 samples to Intertek Genalysis for Accelerated Cyanide Leach LeachWELL™ testwork.

Samples comprised various grades and lithologies within oxide, transitional and primary mineralisation as summarised in the table below.

An **average gold recovery of >92%** was reported indicating the mineralisation at these deposits is also amenable to conventional cyanide extraction methods.

Accelerated Cyanide Leach LeachWELL™ Methodology

Analysis was carried out by Intertek Genalysis (Intertek) in Maddington. Intertek stated that “*High grade cyanide leaches utilise the LeachWELL™ accelerant to determine the cyanide extractable gold and provide an indication of potential recoveries in metallurgical processes and circuits. Recovery and analysis of the residues provide the option of reporting total gold values and thus determining the refractory gold fraction*”².

Alto's samples comprised 10kg composite samples collected using split pvc from the 1m RC intervals. Samples were submitted to Intertek in Maddington, dried and split into two equal 5kg portions labelled “A” and “B”.

Sample A was crushed to 2mm, a split was taken and pulverised to 75um followed by 50gm fire assay for gold (Intertek Genalysis method code FA50/AA).

Sample B was pulverised to nominal 90% passing 106um. A 1kg split was analysed by 24 hour pH10 cyanide leach (Accelerated Cyanide Leach LeachWELL™) with an ICP-MS finish for gold (Intertek Genalysis method code LW1000/MS).

The tails were recovered, washed, re-homogenised and analysed by 50gm fire assay for gold (Intertek Genalysis method FA50T/OE).

An estimate of gold recovery was calculated as a percentage using the results from the above two methods and the formula:

$$\text{Recovery (\%)} = (\text{LW1000/MS}) / [(\text{LW1000/MS}) + (\text{FA50T/OE})] \times 100$$

Table 2 - Drill hole information (MGA94 Zone 50)

Deposit	Hole ID	Easting	Northing	mRL	Dip	Azimuth	Depth
Lord Nelson	SRC169	746270	6883490	473	-60	90	80
	SRC168	746213	6883450	475	-60	90	140
	SRC175	746011	6883570	473	-60	90	230
	SRC176	745973	6883619	472	-60	90	266
	SRC188	745972	6883571	475	-60	90	260
Tiger Moth	SRC115	733598	6891165	500	-62	0	102
Indomitable	SRC086	733270	6892294	500	-60	60	102
Vanguard	SRC114	740807	6884218	488	-82	197	102
Havilah	SRC118	743980	6881206	477	-60	180	80
Ladybird	SRC119	740650	6887210	499	-60	45	80

Directors' Report

Table 3 - Summary of Accelerated Cyanide Leach Testwork at other Alto deposits

Deposit	Hole ID	From (m)	To (m)	Head Grade ¹ (g/t Au)	Leach Grade ² (g/t Au)	Tail Grade ³ (g/t Au)	Recovery (%)	Rock Type
Tiger Moth (Indomitable Camp)	SRC115	32	36	0.14	0.17	0.01	94%	Oxide
		52	56	5.11	6.99	0.36	95%	Oxide
		56	60	2.7	2.6	0.21	93%	Oxide
		92	96	0.26	0.14	0.01	93%	Oxide
Indomitable (Indomitable Camp)	SRC086	30	32	0.46	0.43	0.05	90%	Oxide
		32	34	0.21	0.23	0.02	92%	Oxide
		34	36	1.81	1.15	0.08	93%	Oxide
		88	90	0.48	0.39	0.02	95%	Oxide
		90	92	2.11	2.54	0.18	93%	Oxide
		92	94	0.83	1.14	0.07	94%	Oxide
		94	96	2.01	2.29	0.13	95%	Oxide
Vanguard	SRC114	28	32	0.1	0.13	0.01	93%	Oxide
		80	84	4.45	4.16	0.21	95%	Fresh
		84	88	7.73	5.96	0.25	96%	Fresh
		88	92	0.96	0.78	0.12	87%	Fresh
		92	96	1.92	1.45	0.05	97%	Fresh
Havilah	SRC118	36	40	2.255	2.69	0.17	94%	Transitional/ Fresh
		40	44	0.610	0.74	0.05	94%	Transitional/ Fresh
		44	48	0.235	0.30	0.03	91%	Transitional/ Fresh
		48	52	0.279	0.35	0.03	92%	Transitional/ Fresh
		52	56	0.262	0.26	0.02	93%	Transitional/ Fresh
		60	62	0.757	0.78	0.10	89%	Transitional/ Fresh
		68	72	0.045	0.02	X		Transitional/ Fresh
Ladybird	SRC119	52	56	3.648	3.86	0.50	89%	Oxide/ Transitional
		56	60	1.042	1.10	0.08	93%	Oxide/ Transitional

Footnotes: 1 Grade by 50gm FA on "A" sample. 2 Grade by LeachWELL™ on "B" sample. 3 Grade by 50gm FA on "B" sample tail

Table 4: Mineral Resource Estimate for Sandstone Gold Project

Deposit	Category	Cut-off (g/t Au)	Tonnage (kt)	Grade (g/t Au)	Contained gold (oz)
Lord Henry ^(b)	Indicated	0.8	1,200	1.6	65,000
TOTAL INDICATED			1,200	1.6	65,000
Lord Henry ^(b)	Inferred	0.8	110	1.3	4,000
Lord Nelson ^(a)	Inferred	0.8	1,820	1.9	109,000
Indomitable & Vanguard Camp ^(c)	Inferred	0.3-0.5	2,580	1.5	124,000
Havilah & Ladybird ^(d)	Inferred	0.5	510	1.8	29,000
TOTAL INFERRED			5,020	1.7	266,000
TOTAL INDICATED AND INFERRED			6,220	1.7	331,000

Small discrepancies may occur due to rounding

The references in this announcement to Mineral Resource estimates for the Sandstone Gold Project were reported in accordance with Listing Rule 5.8 in the following announcements:

(a): Lord Nelson: announcement titled "Alto increases Lord Nelson Resource by 60% to 109,000 ounces at 1.9g/t Gold" dated 27 May 2020,

(b): Lord Henry: announcement titled: "Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz." dated 16 May 2017,

(c): Indomitable & Vanguard Camp: announcement titled: "Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA" dated 25 September 2018; and

(d): Havilah & Ladybird: announcement titled: "Alto increases Total Mineral Resource Estimate to 290,000oz, Sandstone Gold Project" dated 11 June 2019.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement noted above and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the previous market announcement continue to apply and have not materially changed.

Table 5 – Tenement Information

Alto Metals Ltd and Its 100% Owned Subsidiaries, on a Consolidated Basis at 31 December 2020

Tenement	Location	Interest Held	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1153	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/647	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/650	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/651	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/652	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted

Competent Persons Statement

The information in this Report that relates to current and historical Exploration Results is based on information compiled by Dr Changshun Jia, who is an employee and security holder of Alto Metals Limited. Dr Jia is 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 in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Jia consents to the inclusion in the report of the matters based on the information in the context in which it appears.

Previously Reported Results

There is information in this report relating to Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the Mineral Resources estimates in the relevant market announcement continue to apply and have not materially changed. With regards to Exploration Results, please refer to ASX announcement for full details on these exploration results. Alto Metals Ltd is not aware of any new information or data that materially affects the information in the said announcements.

Directors' Report

Corporate

During the half year, shareholders exercised 40.6 million options at an exercise price of \$0.07 each for \$2.8 million. A further 85.7 million shares were issued through placements and raised \$6.4 million.

An unsolicited takeover offer by Habrok (Alto) Pty Ltd to acquire all the issued shares in Alto for A\$0.07 cash per share and a separate cash offer to acquire all the issued options lapsed during the half year.

On 11 August 2020, the Company entered into a Loan Facility Agreement with major shareholder, Harvest Lane Asset Management Pty Ltd for up to \$1 million. The loan can be drawn down between 11 August 2020 and 10 August 2021, interest is payable on the loan at a rate of 8% per annum and the loan is repayable in full by 11 August 2021.

Substantial Shareholders

On 30 November 2020, Middle Island Resources Limited (ASX:MDI) acquired, 10% of the current issued capital of Alto, at that time. The Company understands the shares were acquired from Habrok (Alto) Pty Ltd.

GS Group Australia Pty Ltd (GSGA) also lodged a substantial shareholder notice on 30 November 2020, that their interest in the Company had increased to 10.22% of the current issued capital of Alto, at that time, through acquiring shares on-market.

Following the completion of Alto's share placement and conversion of options, the equity positions held by MDI and GSGA are 8.29% and 12.6% respectively.

Subsequent Events

On 8 February 2021, the Company announced it had entered into a binding agreement with ASX listed Gateway Mining to acquire granted exploration tenement E57/1108, which is contiguous with the Company's Sandstone Gold Project tenements and increases the overall project footprint to 900km².

Key commercial terms of the agreement are:

- Alto shall issue Gateway the equivalent of \$50,000 in Alto Shares, upon transfer of the Tenement¹;
- Gateway shall retain a 1% net smelter return (NSR) royalty over the Tenement;
- Alto has the right to extinguish the NSR by paying Gateway \$2.5 million at a decision to mine; and
- Alto retains pre-emptive rights in relation to the NSR.

On 9 March 2021, shareholders exercised 30 million options at an exercise price of \$0.07 each for \$2.1 million.

Other than the above, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rounding of Amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this condensed interim financial report and in the financial statements and notes attached thereto.

Directors' Report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

This report is presented in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:



Matthew Bowles

Managing Director

Perth, 16 March 2021

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ALTO METALS LIMITED AND ITS CONTROLLED
ENTITIES**

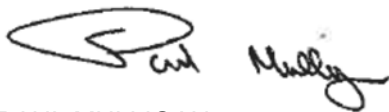
In relation to the independent review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Alto Metals Limited and the entities it controlled during the period.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 16 March 2021

ALTO METALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Other income		3,505	6,107
Government grants		50,370	-
Accounting and audit fees		(13,403)	(13,624)
Share registry and listing fees		(89,257)	(47,557)
Employee benefits expenses		(288,594)	(200,326)
Consulting expense		(176,539)	(152,806)
Computers and software expense		(22,792)	(18,238)
Depreciation and amortisation		(5,565)	(9,875)
Insurance expense		(14,936)	(12,054)
Investor relations expense		(48,657)	(11,814)
Legal fees		(78,637)	(29,481)
Office rental and occupation expenses	4	(28,689)	(37,728)
Share based payments	5	24,473	(238,905)
Travel and accommodation		(4,265)	(3,871)
Impairment of exploration and evaluation expenses	6	-	(1,557)
Other expenses		(100,482)	(20,268)
Loss before income tax expense		(793,468)	(791,997)
Income tax expense		-	-
Loss for the half-year attributable to the members of the Company		(793,468)	(791,997)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Changes in the fair value of equity instruments carried at fair value through other comprehensive income		25,000	2,500
Total other comprehensive income/(loss) for the half-year		25,000	2,500
Total comprehensive loss attributable to members of the Company		(768,468)	(789,497)
Basic and diluted loss per share (cents per share)		(0.23)	(0.28)

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		6,500,099	126,834
Trade and other receivables		137,077	79,971
Prepayments		24,266	9,315
TOTAL CURRENT ASSETS		6,661,442	216,120
NON-CURRENT ASSETS			
Equity instruments at fair value through OCI	10	50,000	25,000
Plant and equipment		134,661	95,971
Exploration and evaluation	6	12,727,299	11,354,999
TOTAL NON-CURRENT ASSETS		12,911,960	11,475,970
TOTAL ASSETS		19,573,402	11,692,090
CURRENT LIABILITIES			
Trade and other payables		513,049	530,014
Loans and borrowings	14	-	250,000
Provisions		87,148	57,770
TOTAL CURRENT LIABILITIES		600,197	837,784
TOTAL LIABILITIES		600,197	837,784
NET ASSETS		18,973,205	10,854,306
EQUITY			
Issued capital	7	33,495,566	24,583,726
Reserves	8	489,898	489,371
Accumulated losses		(15,012,259)	(14,218,791)
TOTAL EQUITY		18,973,205	10,854,306

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Issued capital (ordinary shares and performance shares)	Share based payments reserve	Equity instruments at FVOCI	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019 restated⁽ⁱ⁾	23,990,563	227,966	(32,500)	(12,825,748)	11,360,281
(Loss) for the half-year	-	-	-	(791,997)	(791,997)
Other comprehensive income, net of tax, for the half-year	-	-	2,500	-	2,500
Total comprehensive (loss) for the half-year	-	-	2,500	(791,997)	(789,497)
Transactions with shareholders in their capacity as owners and other transfers					
Shares issued during the half-year, net of issue costs	600,000	-	-	-	600,000
Options issued to Director during the half-year	-	120,901	-	-	120,901
LTI rights issued to Director during the half-year	-	118,004	-	-	118,004
Balance at 31 December 2019	24,590,563	466,871	(30,000)	(13,617,745)	11,409,689
Balance at 1 July 2020	24,583,726	516,871	(27,500)	(14,218,791)	10,854,306
(Loss) for the half-year	-	-	-	(793,468)	(793,468)
Other comprehensive income, net of tax, for the half-year	-	-	25,000	-	25,000
Total comprehensive (loss) for the half-year	-	-	25,000	(793,468)	(768,468)
Transactions with shareholders in their capacity as owners and other transfers					
Shares issued during the half-year, net of issue costs	8,911,840	-	-	-	8,911,840
Performance Rights issued to Directors and staff during the half-year	-	25,527	-	-	25,527
Reversal of share-based payment	-	(50,000)	-	-	(50,000)
Balance at 31 December 2020	33,495,566	492,398	(2,500)	(15,012,259)	18,973,205

The accompanying notes form part of these financial statements.

ALTO METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities		
Interest received	3,505	6,914
Interest paid	(16,219)	-
Payments to suppliers and employees	(1,035,396)	(545,590)
Other receipts	50,370	-
Net cash used in operating activities	(997,740)	(538,676)
Cash flows from investing activities		
Payments for plant and equipment	(44,255)	(3,000)
Payments for exploration and evaluation	(1,246,580)	(682,511)
Net cash used in investing activities	(1,290,835)	(685,511)
Cash flows from financing activities		
Proceeds from issue of shares	9,272,840	600,000
Share issue costs	(361,000)	-
Repayment of related party loan	(450,000)	-
Proceeds from related party loan	200,000	-
Net cash provided by financing activities	8,661,840	600,000
Net increase / (decrease) in cash and cash equivalents held	6,373,265	(624,187)
Cash and cash equivalents at the beginning of the half-year	126,834	1,327,148
Cash and cash equivalents at the end of the half-year	6,500,099	702,961

The accompanying notes form part of these financial statements.

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**Reporting entity**

Alto Metals Limited ("Alto" or the "Company") is a company limited by shares, incorporated and domiciled in Australia. The condensed interim financial report as at and for the half-year ended 31 December 2020 covers the consolidated group of Alto Metals Limited and the entities it controlled (together "the Group"). The Group is a for-profit entity.

Basis of preparation

This condensed interim financial report is a consolidated general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* ("AASB 134") and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Standards IAS 34: *Interim Financial Reporting*. The condensed interim financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial statements. Accordingly, this condensed interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been applied in these half-year financial statements as compared with the most recent annual financial statements, except for the adoption of new standards and interpretations effective as of 1 July 2020. With the exception of the new accounting standards discussed in note 2 Changes in significant accounting policies below, the adoption of the new standards and interpretations effective as at 1 July 2020 had no material impact on the Group.

Going Concern

The Group incurred a net loss of \$793,468 for the half-year ended 31 December 2020 (31 December 2019: \$791,997) and generated an operating cash outflow of \$997,740 (31 December 2019: \$538,676), and as at that date, had net current assets of \$6,061,245 (30 June 2020: net current liabilities of \$621,664) and net assets of \$18,973,205 (30 June 2020: \$10,854,306). Cash on hand at 31 December 2020 was \$6,500,099 (30 June 2020: \$126,834)

The condensed interim financial report has been prepared on a going concern basis. The Directors believe the Company, will have access to, sufficient cash to fund administrative and other committed expenditure requirements and, as at the date of this report, the Directors believe they can meet all liabilities as and when they fall due.

Rounding amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the condensed interim financial report have been rounded to the nearest dollar.

NOTE 2: CHANGES IN SIGNIFICANT ACCOUNTING POLICIES***Impact of New and Amended Accounting Standards and Interpretations***

The Group has adopted all of the new and amended Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to the Group and effective for the current reporting period. The Group has considered the implications of new and amended Accounting Standards and has determined that their application to the financial statements is either not relevant or not material.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and amended Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted.

NOTE 3: SEGMENT INFORMATION

The Directors have considered the requirements of AASB 8: *Operating Segments* and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Australia.

NOTE 4: LEASES

The Group leases office and storage premises with lease terms of 12 months or less and leases office equipment of low value. The Group has elected to apply the practical expedients included with AASB 16 and not recognise a right-of-use asset or lease liability in the financial statements for these leases.

Expenses relating to these leases, recognised in the Statement of Profit or Loss are as follows:

	Half-year to 31 December 2020 \$	Half-year to 31 December 2019 \$
Expense relating to short-term leases	27,129	32,528
Expense relating to leases of low-value assets	1,560	1,560
	28,689	34,088

NOTE 5: SHARE-BASED PAYMENTS

	Half-year to 31 December 2020 \$	Half-year to 31 December 2019 \$
Options issued to Director ⁽ⁱ⁾	-	120,901
LTI rights issued to Director ⁽ⁱⁱ⁾	-	118,004
Reversal of share-based payment ⁽ⁱⁱⁱ⁾	(50,000)	-
Options / Performance Rights issued ^(iv)	25,527	-
Balance at reporting date	(24,473)	238,905

(i) On 29 November 2019, Shareholders approved the issue of 7,500,000 options with an exercise price of \$0.07 to Mr Matthew Bowles, a Director of the Group. The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. As there were no vesting conditions attached, the expense of \$120,901 was recognised in full in the half-year ended 31 December 2019.

(ii) On 29 November 2019, Shareholders approved the provision of a limited-recourse, interest-free loan to Mr Matthew Bowles, a Director of the Group, for the purpose of subscribing for 6,250,000 shares at \$0.032 per share. After subscribing, the shares were issued as ordinary shares and Mr Matthew Bowles enjoyed the same rights and benefits as any other shareholder (other than he cannot sell the shares until they are paid for). The loan is limited-recourse because it is repayable in full no later than 3 years from the issue date, but can be settled by Mr Matthew Bowles at any time by returning the shares to the Company. The shares have been issued with no vesting conditions attached and are retained by Mr Matthew Bowles even if employment with the Group ceases, in all circumstances other than a case of gross misconduct. The nature of the arrangement is to retain Mr Matthew Bowles' as a Director and hence there are no specific performance conditions attaching to the arrangement. The arrangement is considered "in substance options" or "long-term incentive rights" ("LTI rights") under generally accepted accounting principles, and accordingly is accounted for similar to options. The fair value of the LTI rights was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the LTI rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. Accounting standards require the value of the LTI rights to be brought to account over the expected term of vesting the benefits to the holder. As there were no vesting conditions attached, the expense of \$118,004 was recognised in full in the half-year ended 31 December 2019.

(iii) During the year ended 30 June 2020, an accrual was raised for an expected share-based payment

payable to a creditor. During the current half-year period, an agreement was reached between the creditor and the Company that the shares would not be issued. Consequently, the share-based payment expense accrued at 30 June 2020 was reversed in the half-year ended 31 December 2020.

- (iv) On 25 November 2020, Shareholders approved the issue of 8,000,000 Performance Rights to Messrs Bowles, Monti, Wheeler and Wang, Directors of the Group. These were issued on 1 December 2020 along with an additional 4,000,000 Performance Rights under the Company's Employee Share Plan. The fair value of these Performance Rights granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the Performance Rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. An expense of \$25,527 was recognised for the half-year ended 31 December 2020.

The Performance Rights are subject to the following vesting conditions:

The Performance Rights will vest subject to the relevant Related Party remaining an employee, office-bearer or consultant of the Company for 3 years from the date of grant (**Retention Condition**) and the satisfaction of the following performance milestones within that timeframe (**Milestone**).

Performance Rights will vest upon the Company announcing a Joint Ore Reserves Committee (JORC) 2012 compliant Mineral Resource within the Sandstone Gold Project, as follows:

JORC 2012 compliant Mineral Resource located within the Sandstone Gold Project	% of Class Performance Rights Eligible for Vesting
500,000 ounces of gold	50%
1,000,000 ounces of gold	100%

For the avoidance of doubt, both the Retention Condition and the relevant Milestone (together, the **Vesting Conditions**) must be satisfied before a Performance Right will vest.

Change of control

In the event that the Sandstone Gold Project is sold or a Change of Control Event (as defined in the Plan rules) occurs or the Board determines that either such an event is likely to occur before the Vesting Conditions are met, the Board will have a discretion whether to allow the vesting of the Performance Rights and on what terms. When determining the vesting of the Performance Rights, the Directors will take into consideration a number of criteria, but in particular the value to shareholders as a result of the event.

Valuation of Share Based Payments

A summary of the key assumptions used in applying the Black Scholes model to the share based payments recognised is as follows:

	Performance Rights issued	Options issued to Director	LTI Rights issued to Director
Number of instruments	12,000,000	7,500,000	6,250,000
Date of grant	25-Nov-20	29-Nov-19	29-Nov-19
Share price at grant date	\$0.10	\$0.04	\$0.04
Volatility factor	77.54%	84.00%	76.00%
Risk free rate	0.11%	0.65%	0.65%
Expected life of instrument (years)	3 years	4 years	3 years
Valuation per instrument	\$0.10	\$0.02	\$0.02
Exercise price per instrument	-	\$0.07	\$0.03
Vesting conditions	As above	None	None
Number of instruments exercisable as at 31 December 2020	Nil	7,500,000	6,250,000

NOTE 6: EXPLORATION AND EVALUATION

	31 December 2020 \$	30 June 2020 \$
Balance at beginning of the period	11,354,999	10,337,937
Exploration expenditure during the period	1,372,300	1,023,581
Impairment expense during the period	-	(6,519)
Balance at end of the period	12,727,299	11,354,999

The Directors' assessment of whether any triggers of impairment for the Group's exploration and evaluation assets existed as at 31 December 2020 was after consideration of factors such as prevailing market conditions, previous expenditure for exploration work carried out on the tenements, maintaining rights to tenure and the potential for mineralisation based on the Group's and independent geological reports.

Furthermore, the ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value.

As at 31 December 2020, the Directors have concluded that there remains an expectation that the carrying amount of the Group's exploration and evaluation assets will be recovered in full on the basis of the above factors, and hence no impairment triggers exist. Consequently, no detailed impairment assessment has been performed as at 31 December 2020.

However, there may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions. During the half-year ended 31 December 2020, no impairment was taken to account (31 December 2019: \$1,557).

NOTE 7: EQUITY

	31 December 2020 \$	30 June 2020 \$
(a) Issued Capital		
419,719,220 (30 June 2020: 293,373,781) Ordinary shares	31,320,566	22,408,726
25,000,000 (30 June 2020: 25,000,000) Performance shares	2,175,000	2,175,000
	33,495,566	24,583,726

(b) Ordinary shares

The following movements in ordinary share capital occurred during the reporting period:

	31 December 2020 \$	31 December 2019 \$
At the beginning of the reporting period	22,408,726	21,815,563
<u>Shares issued during the period</u>		
73,007,311 on 2 October 2020 at \$0.075 per share	5,475,548	-
1,391,250 on 9 October 2020 at \$0.075 per share	104,344	-
11,333,334 on 16 December 2020 at \$0.075 per share	850,000	-
Options exercised during the period (refer to note 7(e))	2,842,948	-
Prior period		
<u>Shares issued during the period</u>		
16,666,666 on 3 December 2019 at \$0.036 per share	-	600,000
Costs associated with equity raisings	(361,000)	(6,837)
Balance at end of the period	31,320,566	22,408,726

Alto Metals Limited
Condensed Notes to the Consolidated financial statements for the half-year ended 31 December 2020

	31 December 2020 No.	31 December 2019 No.
Balance at beginning of the period	293,373,781	270,457,115
<u>Shares issued during the period</u>		
73,007,311 on 2 October 2020 at \$0.075 per share	73,007,311	-
1,391,250 on 9 October 2020 at \$0.075 per share	1,391,250	-
11,333,334 on 16 December 2020 at \$0.075 per share	11,333,334	-
Options exercised during the period (refer to note 7(e))	40,613,544	-
Prior year		
<u>Shares issued during the period</u>		
16,666,666 on 3 December 2019 at \$0.036 per share	-	16,666,666
6,250,000 on 24 December 2019 (LTI Rights) (refer to note 7(f))	-	6,250,000
Balance at end of the period	419,719,220	293,373,781

(c) Performance shares

The following movements in Performance shares on issue occurred during the period:

	\$	\$
Balance at beginning of the period	2,175,000	2,175,000
Performance shares issued during the period	-	-
Performance shares cancelled/forfeited during the period	-	-
Balance at end of the period	2,175,000	2,175,000

	No.	No.
At the beginning of the period	25,000,000	25,000,000
Performance shares issued during the period	-	-
Performance shares cancelled/forfeited during the period	-	-
Balance at end of the period	25,000,000	25,000,000

(d) Performance rights

The following movements in Performance rights on issue occurred during the period:

	\$	\$
Balance at beginning of period	-	-
Performance rights issued during the period ⁽ⁱ⁾	25,527	-
Balance at end of the period	25,527	-

	No.	No.
Balance at beginning of the period	-	1,000,000
Performance rights issued during the period ⁽ⁱ⁾	12,000,000	-
Performance rights expired during the period	-	(1,000,000)
Balance at end of the period	12,000,000	-

(i) Refer Note 5 for details

(e) Unlisted options

	31 December 2020	31 December 2019
The following movements in Unlisted options on issue occurred during the period:	\$	\$
Balance at beginning of the period	348,867	227,966
Options issued during the period ⁽ⁱ⁾	-	120,901
Options exercised/cancelled/forfeited during the period	-	-
Balance at end of the period	<u>348,867</u>	<u>348,867</u>
	No.	No.
Balance at beginning of the period	78,842,567	63,009,234
<u>Options exercised during the period:</u>		
\$0.07 Options expiring 17 August 2020	(3,842,688)	-
\$0.07 Options expiring 13 November 2020	(28,437,523)	-
\$0.07 Options expiring 18 January 2021	(8,333,333)	-
<u>Options issued during the period:</u>		
\$0.07 Options expiring 18 January 2021	-	8,333,333
\$0.07 Options expiring 29 November 2023	-	7,500,000
<u>Options lapsed during the period:</u>		
\$0.07 Options expiring 17 August 2020	(729,023)	-
Balance at end of the period	<u>37,500,000</u>	<u>78,842,567</u>

(f) LTI rights

	31 December 2020	31 December 2019
The following movements in LTI Rights on issue occurred during the period:	\$	\$
Balance at beginning of the period	118,004	-
LTI rights issued during the period ⁽ⁱ⁾	-	118,004
Balance at end of the period	118,004	118,004
	No.	No.
Balance at beginning of the period	6,250,000	-
LTI rights issued during the period ⁽ⁱ⁾	-	6,250,000
LTI rights exercised/cancelled/forfeited during the period	-	-
Balance at end of the period	6,250,000	6,250,000

(i) Refer Note 5 for details

NOTE 8: RESERVES

	31 December 2020 \$	30 June 2020 \$
Equity instruments at FVOCI reserve	(2,500)	(27,500)
Share-based payments reserve	492,398	516,871
Balance at end of the period	<u>489,898</u>	<u>489,371</u>

(a) Movement in Reserves
Equity instruments at FVOCI reserve

Balance at beginning of the period	(27,500)	(32,500)
Add revaluation increments, net of tax, during the period	25,000	5,000
Balance at end of the period	<u>(2,500)</u>	<u>(27,500)</u>

This reserve is used to record the fair value movements of the Group's equity instruments in accordance with its accounting policy.

Share-based payments reserve

Balance at beginning of the period restated	516,871	227,966
Issue of Performance Rights during the period	25,527	-
Issue of Options to Director during the period	-	118,004
Issue of LTI rights to Director during the period	-	120,901
Reversal of share-based payment	(50,000)	50,000
Balance at end of the period	<u>492,398</u>	<u>516,871</u>

This reserve is used to record the value of equity benefits provided to Directors, employees and third parties of the Group in accordance with its accounting policy. Refer to Note 5 for details of share-based payments made during the half-year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

There are no material changes to the commitment and contingencies disclosed in the most recent annual financial report.

NOTE 10: FAIR VALUE OF ASSETS AND LIABILITIES
Fair value hierarchy

AASB 13: *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's equity instruments at fair value through other comprehensive income of \$50,000 (30 June 2020: \$25,000) are measured using Level 1 inputs and are recognised at fair value based on listed market prices as at the reporting date. There has been no change to this methodology from 30 June 2020.

NOTE 11: SIGNIFICANT RELATED PARTY TRANSACTIONS

In March 2020, the Company entered into a Loan Facility Agreement ("Loan Agreement" or "Facility") for up to A\$1 million with its largest shareholder, Windsong Valley Pty Ltd (Windsong), an entity associated with Non-Executive Director, Terry Wheeler. Refer to Note 14 for key terms of the facility. At June 2020, \$250,000 was owed under the facility and in the period, an additional \$200,000 was drawn down.

Prior to the end of the half year, all outstanding amounts under the facility (\$450,000 plus interest) were repaid to Windsong Valley.

Other than noted elsewhere in this report, no significant related party transactions have arisen since the end of the half-year.

NOTE 12: SUBSEQUENT EVENTS

On 8 February 2021, the Company announced it had entered into a binding agreement with ASX listed Gateway Mining to acquire granted exploration tenement E57/1108, which is contiguous with the Company's Sandstone Gold Project tenements and increases the overall project footprint to 900km².

Key commercial terms of the agreement are:

- Alto shall issue Gateway the equivalent of \$50,000 in Alto Shares, upon transfer of the Tenement¹;
- Gateway shall retain a 1% net smelter return (NSR) royalty over the Tenement;
- Alto has the right to extinguish the NSR by paying Gateway \$2.5 million at a decision to mine; and
- Alto retains pre-emptive rights in relation to the NSR.

On 9 March 2021, shareholders exercised 30 million options at an exercise price of \$0.07 each for \$2.1 million.

Other than as noted elsewhere in this report, no matters or circumstances have arisen since the end of the half year, that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 13: DIVIDENDS

No dividends were paid or declared during the half-year and no recommendation for payment of dividends has been made.

NOTE 14: LOANS AND BORROWINGS

	31 December 2020 \$	30 June 2020 \$
Loan from related party ⁽ⁱ⁾	-	250,000

- (i) On 11 March 2020, the Company entered into a Loan Facility Agreement ("Loan Agreement" or "Facility") for up to A\$1,000,000 with its largest shareholder, Windsong Valley Pty Ltd (Windsong), an entity associated with Non-Executive Director, Terry Wheeler. The Facility provides Company with the flexibility to draw down for working capital as required to ensure the continuation of planned exploration at Lord Nelson.

The key terms of the Facility are set out below:

- The Company may drawdown up to \$1,000,000 up to 10 March 2021 (Availability Period);
- The interest rate applicable on outstanding monies is 8% per annum, accrued monthly and calculate monthly;
- All outstanding monies and interest under the Facility are payable on or before 11 March 2021 (Maturity Date); and
- The Facility is repayable immediately in the event that the Company is subject to a change of control.

During the period, an additional \$200,000 was drawn down. The Facility was repaid in full, including \$16,219 of accrued interest, during the period.

DIRECTORS' DECLARATION

- 1) In the opinion of the Directors of Alto Metals Limited:
 - (a) the financial statements and notes of Alto Metals Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (b) there are reasonable grounds to believe that Alto Metals Limited will be able to pay its debts as and when they become due and payable.
- 2) This declaration is made in accordance with a resolution of the Directors.



Matthew Bowles
Managing Director
Perth, 16 March 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALTO METALS LIMITED

Report on the Condensed Interim Half-Year Financial Report

Conclusion

We have reviewed the condensed interim half-year financial report of Alto Metals Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying condensed interim half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the condensed interim half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the condensed interim half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

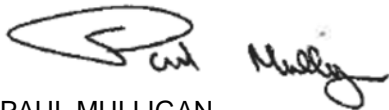
Our responsibility is to express a conclusion on the condensed interim half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the condensed interim half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ALTO METALS LIMITED**

A review of a condensed interim half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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PAUL MULLIGAN
Executive Director
Perth, 16 March 2021