Annual Report 2018

Alto Metals Limited
ABN 62 159 819 173

Contents

Corporate Directory

Directors

Mr Terry Streeter (Non-executive Chairman)
Mr Dermot Ryan (Executive Director)
Dr Jingbin Wang (Non-executive Director)
Mr Terry Wheeler (Non-executive Director)

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Mr Patrick Holywell

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Australian Securities Exchange

ASX code: AME

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Chairman's Letter

Dear Shareholder,

The 2018 financial year has seen Alto continue to progress exploration and evaluation at the highly prospective Sandstone Gold Project in Western Australia.

I am pleased to report that on 25 September 2018 we announced to the market that during the year we had increased our Sandstone JORC 2012 Inferred Mineral Resources through shallow drilling at the Indomitable and Vanguard Gold Camps by 2.58Mt @ 1.49 g/t Au (124,00 ounces). This brings out total JORC 2012 Indicated and Inferred Mineral Resource inventory to 4.87Mt @ 1.7 g/t Au for 261,000 ounces.

> *"The Company's immediate goal in 2019 is to delineate a minimum resource base of 500,000 ounces of gold, and then grow that over time to +1 million ounces".*

Your company holds a 100% interest in 800km^2 of granted tenements covering the majority of the Archaean Sandstone Goldfield, and the primary objective continues to be the delineation of at least 1 million ounces of gold in one or more deposits which can become the basis for re-establishment of standalone oxide and primary gold mining and milling operations at Sandstone.

Since the Sandstone Gold Project was acquired in 2016, the exploration team has undertaken a carefully planned "minerals system approach" to exploration. This initially involved the compilation and review of a valuable database of past exploration activities and results. Important outcomes from this work were that all four +200,000 ounce deposits that had been mined were still open at depth or down plunge, were associated with a gold-in-laterite or gold-in-soil anomalies at or near surface, and were structurally controlled within certain iron rich host rocks.

Alto initially flew detailed airborne magnetic surveys to map the geology and potential gold bearing structures below the areas of cover, and prioritised partly explored prospects based on previous explorers soil and shallow drilling results and conceptual geological/structural targets.

As a consequence, the Company has now collected over 3,000 soil samples and completed 23,000 metres of aircore drilling and approximately 16,000 metres of reverse circulation (RC) drilling. This aircore and RC drilling has produced excellent grades of laterite and shallow oxide gold mineralisation at five prospects. We are also planning to undertake deeper RC drilling of these prospects, into the higher grade primary zones, which we anticipate will substantially improve the mineral resource base.

In addition, the Company has identified a number of extensive soil and/or laterite geochemical anomalies that point to the presence of undiscovered gold deposits at depth below the soil and laterite. These first class anomalies are being prepared for initial aircore drill testing and subsequent RC drilling.

Following the completion of the new Sandstone mineral resource estimate, Alto intends to undertake a scoping study to assess the economic viability of early production from a number of these mining projects, where early cashflow may be available to fund ongoing exploration.

In closing, I would like to take the opportunity to thank you, our loyal shareholders, for your continued support during the year. I would also like to thank my fellow directors, staff, consultants and contractors for their contributions and dedication. I look forward to further exploration success as we edge closer to discovery and our production ambitions.

Yours sincerely,

Terry Streeter – Chairman
27 September 2018

Introduction

Alto Metals Limited (ASX: AME) is an Australian public company which listed on the Australian Securities Exchange on the 20 December 2012. Between 2013 and 2014, uranium was the primary exploration target and a portfolio of projects prospective for sand hosted uranium deposits was assembled and explored. During 2015 and 2016, the Company actively searched for a low cost under-explored brownfields gold project, in a non-remote area, where there was potential for discovery of at least one million ounces of gold in one or more deposits.

Following a period of due diligence and shareholder approval, the Company in June 2016 completed the purchase of Sandstone Exploration Pty Ltd, the owner of the 800km^2 Sandstone Gold Project, located 600km northeast of Perth in Western Australia. In September 2016, the Company's tenement applications were granted and active exploration commenced.

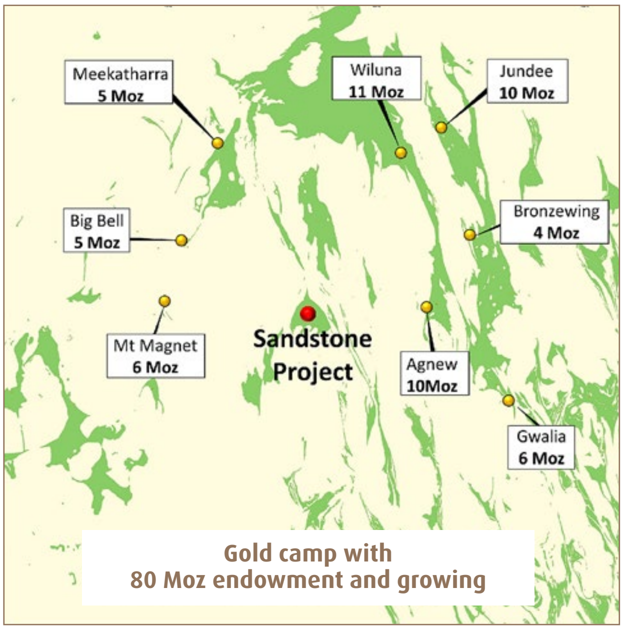
"Alto's Vison is to discover substantial Gold Resources & Reserves to recommence profitable mining operations at Sandstone in Western Australia"

The STRATEGY to turn that VISION into reality is to use a geologically driven *"Mineral Systems Approach"* to exploration, and thereby delineate at least 1 million ounces of gold in shallow deposits (<200m below surface) that can be economically mined, leading to sustainable exploration-driven profitability and growth.

Medium to longer term, we aim to discover 5 million ounces of gold in high-grade deposits (200-500m below surface), which will serve as the foundation of major mining operations in the Yilgarn of Western Australia

Alto presently has 195,055,603 shares on issue, an experienced Board of Directors with extensive skills in exploration, geochemistry, mining, business and corporate governance, and a highly experienced exploration team, and 100% ownership of the Sandstone Gold Project.

The Company has also established an External Research Advisory Committee (ERAC) chaired by Emeritus Professor David Groves, who is a world renowned expert in Archaean orogenic gold deposits. The Company is also funding a PhD student at the University of Western Australia (UWA), to undertake an "Assessment of the potential orogenic gold endowment of the Sandstone Greenstone Belt" using a "*mineral systems approach*". This research is being co-supervised by Professors Allan Trench and Michael Dentith of the Centre for Exploration Targeting, (UWA).



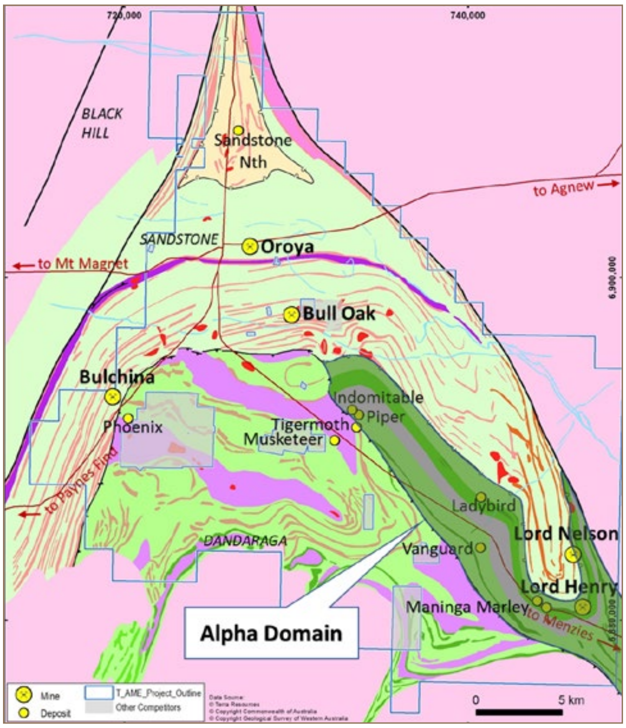
Sandstone Gold Project - Drill Testing of Gold Targets

Alto's Sandstone Gold Project covers approximately 80% of the Archaean Sandstone Greenstone Belt and is comprised of five granted Exploration Licences, two Exploration Licence applications, two granted Prospecting Licences and two Prospecting Licence applications.

The Company's drilling focus over the past year has been the "Alpha Mafic Volcanic Domain" which encompasses the ~35km long mafic volcanic sequence from Indomitable in the north to Maninga Marley in the south and up to Lord Nelson.

The priority has been to drill test known, but under-explored prospects using aircore (AC) and reverse circulation (RC) drilling to determine and model the structural controls on mineralisation, and then test those models at progressively greater depths.

Following on from successful drilling programs at a number of prospects, the Company lodged a Mining Lease application over the Indomitable Camp deposits on 23 July 2018. On the 25 September 2018, the Company announced maiden JORC 2012 Inferred Mineral Resources for the Vanguard Camp and Indomitable Camp gold deposits of **2.58Mt @ 1.49 g/t Au for 124,000 ounces** which were prepared by Dr Spero Carras of Carras Mining Pty Ltd (Carras Mining). (See Tables 2 & 3)



Sandstone Gold Project Mineral Resources

Together with existing deposits at Lord Henry and Lord Nelson estimated in 2017 by Snowden Mining Industry Consultants Pty Ltd (Snowden), Alto's total JORC 2012 compliant mineral resource inventory now consists of Indicated and Inferred Mineral Resources of 4.87Mt @ 1.67 g/t Au for 261,000 ounces. (See Tables 1, 2 & 3 for Mineral Resource details and classification).

Table 1. Sandstone Gold Project – Total Mineral Resources (JORC 2012) at 25 September 2018

Deposit	Classification	Reporting cut-off (g/t Au)	Tonnes (kt)	Grade (g/t Au)	Contained gold (oz)
Lord Henry[1]	Indicated	0.8	1,200	1.6	65,000
TOTAL INDICATED			**1,200**	**1.6**	**65,000**
Lord Henry[1]	Inferred	0.8	110	1.3	4,000
Lord Nelson[2]	Inferred	0.8	980	2.2	68,000
Indomitable Camp[3] + Vanguard Camp	Inferred	0.5	2,580	1.49	124,000
TOTAL INFERRED			**3,670**	**1.7**	**196,000**
TOTAL INDICATED & INFERRED			**4,870**	**1.7**	**261,000**

Note 1. ASX Release 16 May 2017. "Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz."
Note 2. ASX Release 28 April 2017. "Lord Nelson Mineral Resource Increased to 68,000oz."
Note 3. ASX Release 25 Sept 2018. "Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA

Details of the Inferred Mineral Resources for each of the deposits in the Vanguard Camp and Indomitable Camp and their classification is shown in Table 2, and by rock type in Table 3 below.

Table 2. Inferred Mineral Resources (JORC 2012) of the Vanguard Camp and Indomitable Camp Deposits

Gold Camp	Deposit	Classification	Tonnes (kt)	Grade (g/t Au)	Contained gold (oz)
VANGUARD	Vanguard	Inferred	623	1.74	35,000
	Vanguard North	Inferred	233	2.03	15,000
INDOMITABLE	Indomitable	Inferred	787	1.11	28,000
	Indomitable North	Inferred	299	1.40	13,000
	Piper	Inferred	138	1.02	5,000
	Tiger Moth	Inferred	504	1.73	28,000
TOTAL RESOURCES		**Inferred**	**2,584**	**1.49**	**124,000**

Notes to Accompany Table 2:

- All Mineral Resources are estimated under guideline of JORC 2012.
- For reporting purposes, Table 1 and Table 2 totals have been rounded. Rounding may result in some slight discrepancies in totals reported.
- Only material within the A$2,000 per ounce gold price optimised Whittle pit shells is reported as Inferred Resource
- The drilling density was sufficient to have defined the Resources as Indicated, however due to the lack of definitive bulk density information all the Resources have been placed in the Inferred category and use nominal assigned regional bulk densities.

Parameters used to define intersections are listed below

Inferred Mineral Resource	Minimum Mining Width downhole (with 0.5m edge dilution)	Intersection Selection with a cut-off grade of	High cut gold applied to all mineralisation
Vanguard	3m	0.5g/t Au	30g/t Au
Vanguard North	3m	0.5g/t Au	20g/t Au
Indomitable Non-alluvial	5m	0.5g/t Au	20g/t Au
Indomitable Alluvial	5m	0.3 g/t Au	20g/t Au
Indomitable North Non-alluvial	5m	0.5g/t Au	15g/t Au
Indomitable North Alluvial	3m	0.5g/t Au	15g/t Au
Piper	3m	0.5g/t Au	10g/t Au
Tiger Moth	3m	0.5g/t Au	25g/t Au

Table 3. Inferred Mineral Resources (JORC 2012) for Vanguard Camp and Indomitable Camp Gold Deposits by Rock Type

Rock Type	Tonnes (kt)	Grade (g/t Au)	Contained Gold (oz)
Laterite/Pisolite	674	1.06	23,000
Oxide	837	1.30	35,000
Transition	755	1.85	45,000
Fresh	318	2.07	21,000
TOTAL	**2,584**	**1.49**	**124,000**

Note: *All Mineral Resources figures reported in the tables above are current at 25 September 2018. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in Table 1 have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies. Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC 2012 Edition).*

Competent Person Statements

The information in this report that relates to 2018 Vanguard and Indomitable Camp Inferred Mineral Resources is based on resource estimation by Dr. Spero Carras of Carras Mining Pty Ltd. Dr Carras has disclosed that a related party of his is a very minor security holder in the Company. Dr. Carras is a Fellow of the Australasian Institute Mining and Metallurgy (AusIMM) and has over 40 years' experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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. Dr. S. Carras consents to the inclusion in the report of the matters based on the information in the context in which it appears.

The information in this Report that relates to 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 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 the report of the matters based on the information in the context in which it appears.

Mineral Resource Governance Statement

The Vanguard Camp and Indomitable Camp Mineral Resources are reported as at 25 September 2018. Governance of Alto's Mineral Resources and the estimation process is a key responsibility of the executive management of the Company. The Managing Director of the Company oversees the reviews and technical evaluations of the Mineral Resource estimates. The Company has a number of governance processes in place to manage the Mineral Resource estimates in line with industry best practice. All Mineral Resource estimates are prepared by qualified professionals following JORC Code compliant procedures that ensure representative and unbiased samples are obtained with appropriate QA/QC practices in place. Mineral Resource estimates for the Vanguard Camp and Indomitable Camp deposits are based on information compiled by Carras Mining, who are resource estimators with over 40 years' experience in Archaean geology.

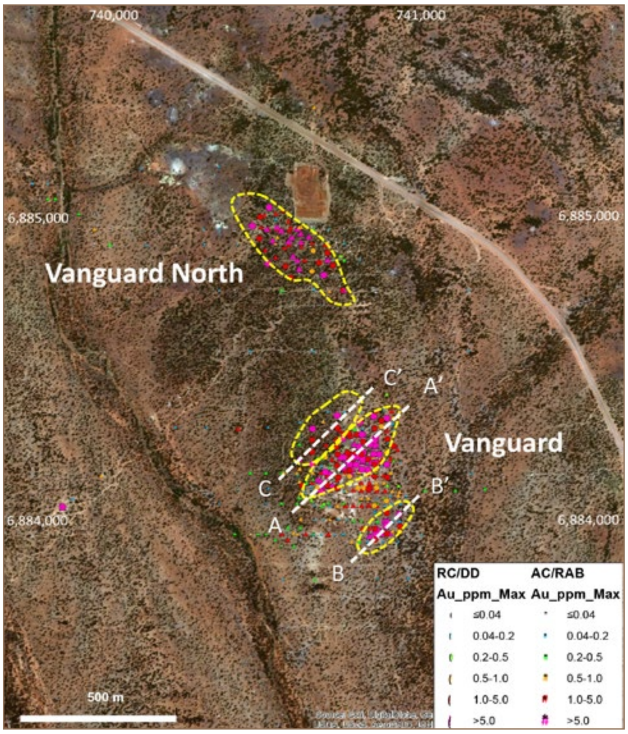
Exploration Activities and Results

During the year, the Company completed 373 AC drill holes (23,194m) and tested 13 target areas, and completed 121 RC drill holes (15,947m) and tested 7 target areas. Prospects tested with RC drilling included Vanguard, Vanguard North, Maninga Marley, Indomitable, Lord Nelson and Lord Henry. Prospects aircore drilled included Vanguard, Maninga Marley, Kurrajong, Tiger Moth, Piper, Musketeer, Indomitable, Indomitable North and East, Bulchina and Bulchina South and Sandstone North.

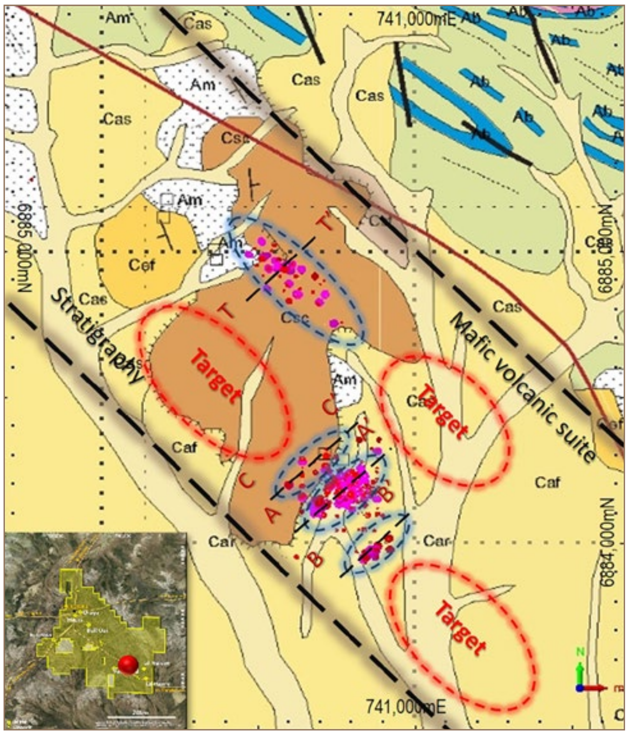
The next stage at Sandstone is to RC drill test the Vanguard, Vanguard North, Indomitable, Indomitable North and Tiger Moth deeper and down plunge, where extra ounces of gold can be rapidly added. With targeted RC drilling there is potential to double the existing mineral resource base to 500,000 ounces.

The **Vanguard prospect** in returned high grade gold assay results, and five new mineralised structures were discovered. The primary mineralisation is hosted in differentiated mafic volcanic rocks, including dolerite, which is considered a favourable host rock for large gold deposits in Western Australia.

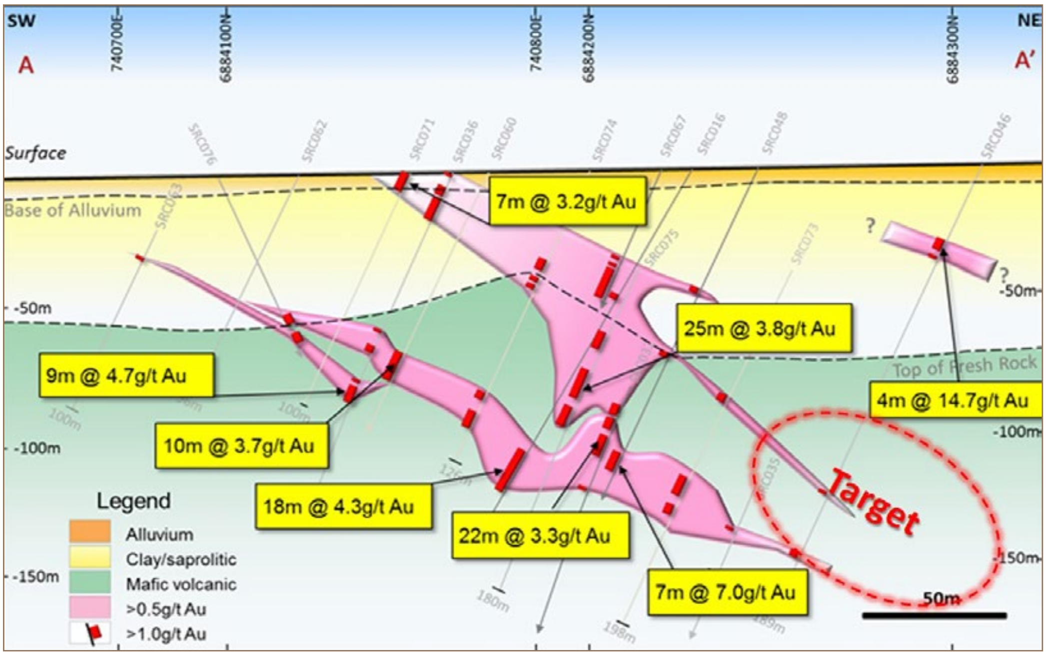
Location of Vanguard Camp & AC/RC Drill Holes Over Satellite Imagery



Vanguard Camp Geology, NNW Trending Interpreted Mafic Volcanic Suite & Targets

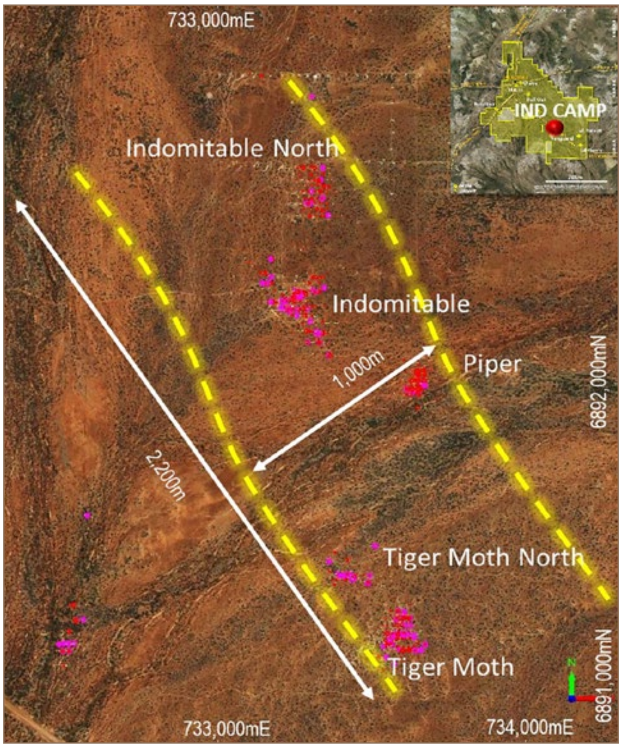


Vanguard Prospect - Long Section Showing Plunging Mineralised Structures

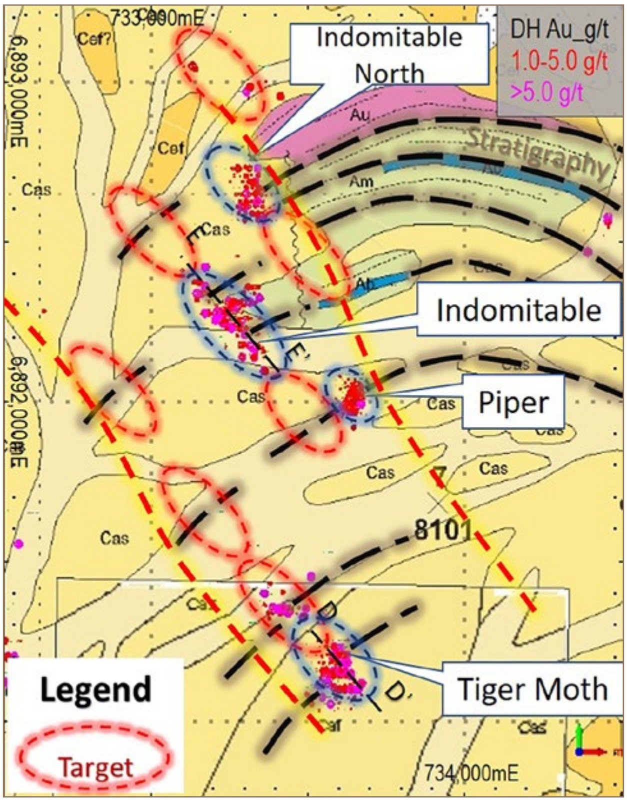


The **Indomitable Camp** area is located approximately 20 kilometres southeast of the Sandstone township in an area covered by extensive alluvium. Relatively shallow aircore and RC drilling has identified a number of laterite and saprolite hosted (oxide) gold occurrences which occur in highly oxidised, high-magnesium basalts and differentiated basaltic units. The gold mineralisation is structurally controlled within plunging "shoots" or "stockworks" of quartz veins.

Location of Indomitable Camp prospects & AC/RC Drill Holes Over Satellite Imagery



Geology Plan, showing 1,000m Wide Striking "Indomitable Structural Corridor" & Targets

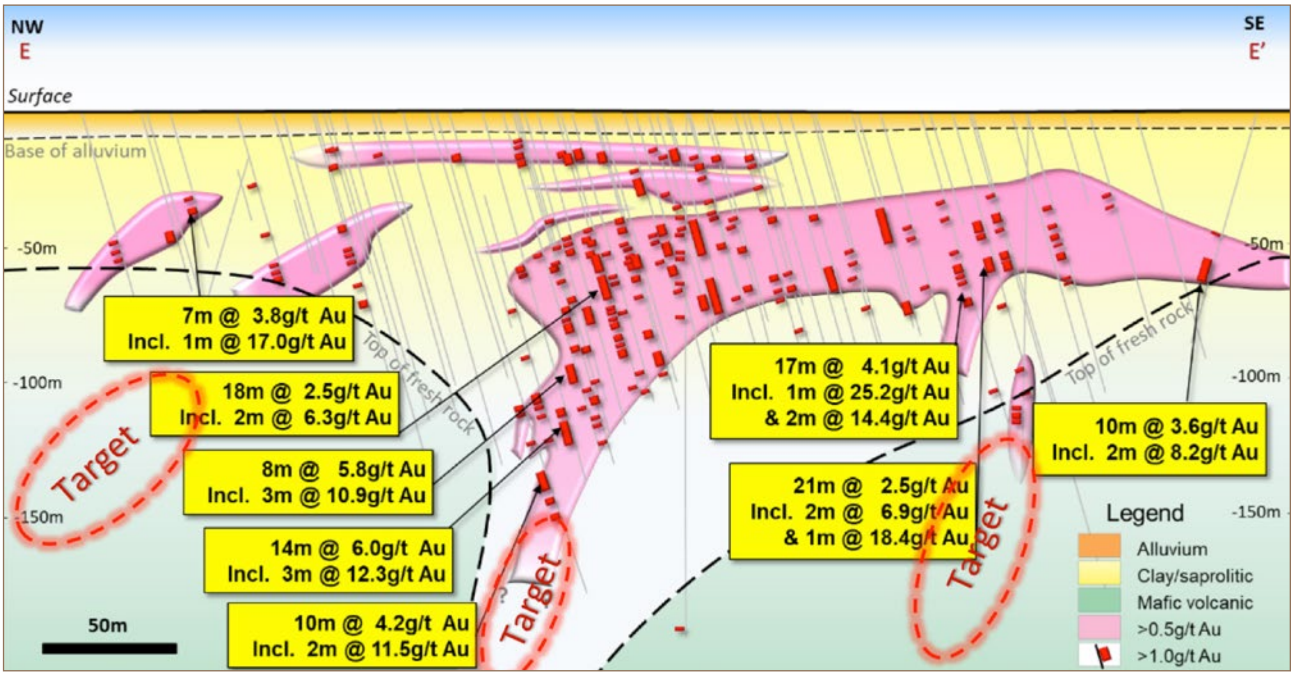


The deposits of interest are Indomitable, Indomitable North, Tiger Moth and Tiger Moth North, all of which lie on major mineralised structures, and have potential for higher grades and tonnages down plunge to the northwest. Piper is a small laterite resource which requires further work.

The **Indomitable deposit** is located within an area of alluvium which covers deeply weathered, high-magnesium basalts, differentiated basalts and ultramafic units. There is no outcrop within the area that surrounds the Indomitable deposit.

At a depth of 10m, a gold bearing pisolitic horizon is located above the saprolite hosted deposits, separated from the main mineralised bodies by a zone of gold depletion about 10m thick. Gold mineralisation is related to stockwork quartz veining within saprolite, and although supergene processes have laterally redistributed the mineralisation envelope, the mineralised horizons in general, strike northwest and dip approximately 20° to the west.

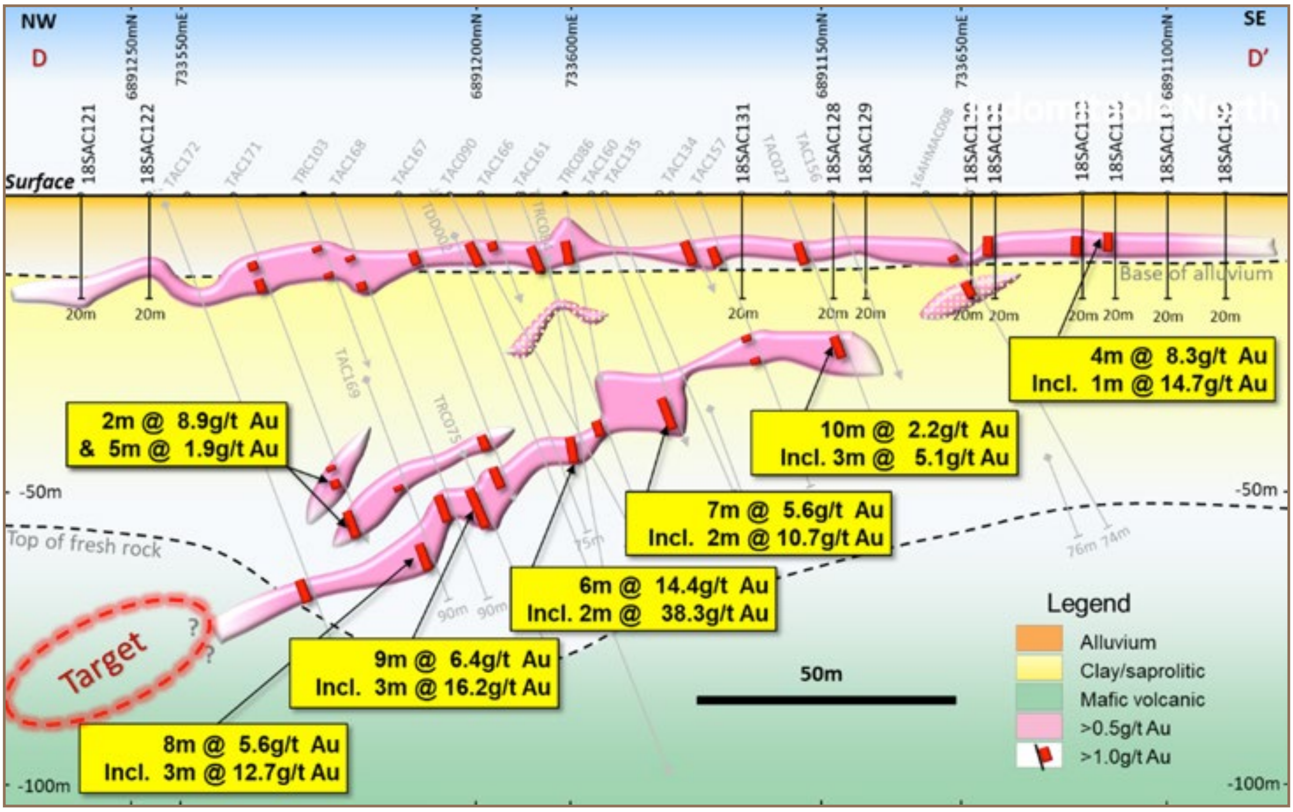
Indomitable Prospect-Long Section showing Deep Oxidation Proflie



Aircore Drilling at Indomitable Prospect

The **Tiger Moth deposit** is located within an area of alluvium covering deeply weathered, high-magnesium basalts and differentiated basalt units. There is no outcrop within the area that surrounds the Tiger Moth deposit. A gold bearing pisolitic horizon is located above the saprolite hosted deposits at a depth of 10m below the surface, separated from the main mineralised body by a zone of gold depletion about 10m thick.

Tiger Moth Long Section Showing Plunging Mineralised Structure



New Gold Targets Generated by Soil Sampling

During the year, Alto completed the capture of previous explorers' soil geochemical data into a relational database. However, due to the historic fragmented tenement position at Sandstone, and the variable nature of the numerous soil programs and analytical techniques applied, the data formed a "patchwork" of data which was unable to be levelled.

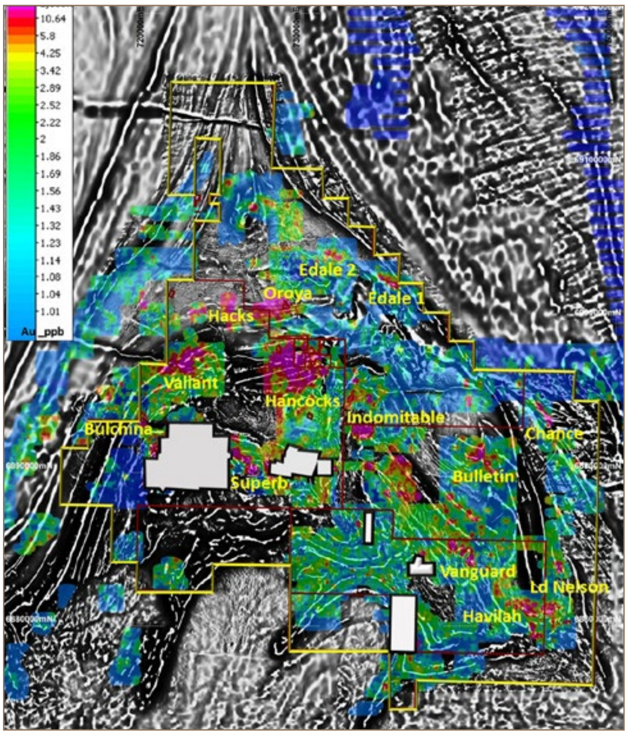
The image processed soil geochemical data did however illustrate two key points:

- significant gold deposits such as Bulchina, Lord Nelson and Lord Henry (and presumably historic deposits such as Hacks and Oroya) all displayed a recognisable surface geochemical signature within soils or laterite, which led or could have led to their discovery, and
- a number of litho-structural targets of interest to Alto were either not covered or only partially covered by previous explorers' surface geochemical programs.

As a result of this work, Alto has completed the collection of over 3,000 soil samples, over new conceptual gold targets, and over areas where gold had already been detected in soils, but the anomaly was not fully defined. This work, when integrated with the "patchwork" of historical soil and drill hole geochemistry has generated a number of high priority drill targets for drill testing in FY2019.

These geochemical targets which require drill testing include: Valiant, Superb, Edale 1 and Edale 2, Hancocks, Bulletin and Chance. Any or all of these targets have the potential to become another Bulchina (250,000oz mined) or Lord Nelson (207,000oz mined). See Image right.

Sandstone Gold Project - Imaged Processed Gold-in Soil Anomalies over Magnetic Image



Aircore Drill Rig at Indomitable East

" the laterite & gold-in-soil anomalies lead to oxide gold which leads to the discovery of million ounce deposits at depth..."

Business Strategies

The primary objective of the Company continues to be the delineation of at least 1 million ounces of gold in one or more deposits which can become the basis for re-establishment of standalone oxide and primary gold mining and milling operations at Sandstone.

The Company's immediate goal in 2019 is to delineate a minimum resource base of 500,000 ounces of gold, and then grow that over time to +1 million ounces.

Exploration Targets

Any discussion in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature.

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

Your Directors present their report on Alto Metals Limited ("Alto", "Company" or "Group") and its controlled entities ("Group") for the financial year ended 30 June 2018.

Directors

The names of Directors in office at any time during or since the end of the period are:
Mr Terry Streeter (appointed 13 March 2018)
Mr Dermot Ryan
Dr Jingbin Wang
Mr Terry Wheeler
Mr Stephen Stone (resigned 16 July 2018)

Directors have been in office since the start of the financial period to the date of this Report unless otherwise stated.

Information on Directors

Terry Streeter (Non-Executive Chairman, appointed 13 March 2018)
Mr Streeter is a highly successful businessman with extensive experience in funding, listing and overseeing junior explorers in all exploration and economic cycles and has served in various roles in the nickel sulphide industry for over 30 years.

He was a Director of West Australian nickel explorer and miner Jubilee Mines NL from 1993 to 2004, and was a founding shareholder of Western Areas NL in 1999, which went on to discover and develop two high-grade nickel sulphide mines in the Forrestania region of Western Australia. He served as a Non-Executive Director of Western Areas NL from 1999, and Non-Executive Chairman from 2007 to November 2013. He has also been a Non-Executive Chairman at Fox Resources Ltd since June 2005 and previously served as a Non-Executive Director of Midas Resources Ltd and Minera IRL.

In 2010, Mr Streeter founded Riverbank Resources Mineração Ltda, a private company incorporated in Brazil which is engaged in the exploration and development of iron, titanium, vanadium, base metal and gold projects throughout Brazil. Riverbank is actively exploring 100% owned iron and iron-titanium-vanadium projects in north-eastern Brazil.

Directorships held in other listed entities: Fox Resources Ltd (June 2005 – present)

Dermot Ryan (Executive Director, appointed 8 August 2012)
Mr Ryan spent 20 years with CRA Ltd from 1977-1996, including 10 years as Chief Geologist for CRA Exploration in various states of Australia. He was GM Exploration for Great Central Mines Ltd (later Normandy Yandal Operations Ltd) from late 1996-2001, and for the past 10 years has run a private mineral exploration consulting Company (XServ Pty Ltd). He is a Fellow of the AusIMM, (CP), a Fellow of the AIG, and holds a BApSc (Geol). Acting CEO since 26 June 2013.

Directorships held in other listed entities: Enterprise Metals Limited (October 2008 – present)
There have been no other listed entity directorships in the last 3 years.

Dr Jingbin Wang (Non-Executive Director, appointed 13 March 2018, previously Non-Executive Chairman from 12 October 2016 to 13 March 2018)
Dr. Wang is a senior geologist with extensive international minerals experience, and has been Chairman since March 2004 of Sinotech Minerals Exploration Co. Ltd. He has a B.Sc in Mineral Prospecting & Exploration from Central South University of Technology in Changsha, China, and an MSc and PhD in Magmatic Petrology & Metallogeny and Geotectonics & Metallogeny from the same university.

He has been President of the prestigious Beijing Institute of Geology for Mineral Resources in China since 2002, and is an accomplished mining team leader with excellent track record of discovering major deposits around the world. Dr. Wang has also held the title of Vice-President of the China Nonferrous Metals Industry Association since 2008 and was Executive Director of China Nonferrous Metals

Resource Geological Survey from 2003-2015. Dr. Wang is a leader in the non-ferrous metals industry in China with over 30 years' experience in mineral resources exploration and mining.

Directorships held in other listed entities: Enterprise Metals Ltd (31 July 2011 – 12 October 2016) There have been no other listed entity directorships in the last 3 years.

Terry Wheeler (Non-Executive Director, appointed 9 September 2016)
Mr Wheeler commenced employment as a laboratory assistant at the DSIR (Department of Scientific & Industrial Research) in London in 1958 and achieved his academic qualifications whilst gaining excellent practical work experience. He migrated to Perth, Western Australia, in 1967 and joined Western Mining Corporation, where his mineral analysis experience was gained, and with further study and qualifications he was promoted to Chief Chemist of the Kambalda Nickel Operation in the Eastern Goldfields.

Terry and his wife Christina established Genalysis Laboratory Services in 1975 and grew the company into one of the largest and most successful analytical companies in the southern hemisphere with over 300 technical staff. In 2007, Genalysis Laboratory Services was purchased by Intertek Group plc.

Terry is a Fellow of the Royal Australian Chemical Institute, a Member of the Australasian Institute of Mining and Metallurgy Inc., a Member of the Association of Exploration Geochemists, and an Associate Member of the International Association of Geoanalysts.

Directorships held in other listed entities: There have been no other listed entity directorships in the last 3 years.

Stephen Stone
Mr Stone resigned from the board on 16 July 2018.

Company Secretary

Patrick Holywell FGIA, Grad Dip CA, GAICD, BCom
Mr Patrick Holywell was appointed Company Secretary and Chief Financial Officer on 28 February 2018. He is a Chartered Accountant with over fifteen years of experience in corporate governance, finance and accounting including employment with Deloitte Touche Tohmatsu Ltd and Patersons Securities Ltd. Mr Holywell has been employed by and acted as company secretary, CFO and/or director of a number of companies in the resources sector.

Mr Sam Middlemas resigned as Company Secretary and Chief Financial Officer on 28 February 2018.

Principal Activities

The principal activities of the Group during the financial period were the exploration of a number of gold tenements in Western Australia.

Operating Results

The consolidated loss of the Group after providing for income tax amounted to $624,026 (2017: $1,482,442). The consolidated loss includes an amount of $16,000 (2017: $450,526) related to exploration expenses which have been written off during the year following a detailed exploration review.

Financial Position

The net assets of the Group at 30 June 2018 are $9,491,047 (2017: $7,883,936).

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board. The Board believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Significant Changes in State of Affairs

There have been no significant changes in the affairs of the Group during the year.

Significant Events After the Balance Date

On 27 August 2018, the Company announced a capital raising via a placement for approximately $0.45 million (before costs) through the issue of approximately 9.61 million new fully paid ordinary shares at an issue price of 4.7 cents per share.

Stephen Stone resigned from the board on 16 July 2018.

No other matters or circumstances have arisen since the end of the financial year which 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.

Likely Developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

Dividends Paid or Recommended

No dividend has been paid or recommended.

Meetings of Directors

During the financial period, the following meetings of Directors were held. Attendances by each Director during the period were as follows:

	DIRECTORS' MEETINGS	
	Number eligible to attend	Number Attended
Terry Streeter[(1)]	3	3
Jingbin Wang	6	6
Dermot Ryan	5	6
Stephen Stone	5	6
Terry Wheeler	6	6

[(1)] Appointed 13 March 2018

Indemnifying Officers or Auditor

During or since the end of the financial period the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $7,200 (2017: $6,577).
- No indemnity has been given to the Company's auditors.

Options/Performance Shares

At the date of this report, there are nil options on issue over ordinary shares of Alto Metals Limited (2017: Nil).

The Company issued 25,000,000 performance shares for nil consideration to the vendors of Sandstone Exploration Pty Ltd following approval at a shareholders meeting on 20 May 2016. These performance shares will convert into 25,000,000 fully paid ordinary shares once an announcement of an inferred JORC 2012 Mineral Resource is made of a tonnage and grade to establish contained metal of at least 500,000 ounces of gold (or other metal equivalent) on the Sandstone tenements any time prior to 23 June 2021.

The Company previously issued 10,750,000 performance rights to Directors and staff on 9 December 2016 following approval at the Annual General Meeting of shareholders on 30 November 2016. The Performance rights were issued in four tranches with the following hurdle rates:

Class	Performance Rights granted to Directors and Staff	Expiry Date	Performance Condition
A	2,687,500	9 December 2017	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 500,000 oz Au of at least 1.5g/t
B	2,687,500	9 December 2018	the Company's announcing to the ASX of an Inferred Mineral Resource (as defined by a Competent Person in accordance with JORC Code 2012) of at least 1,000,000 oz Au of at least 1.5g/t
C	2,687,500	9 June 2019	the Company's announcing to the ASX of a 20,000 oz Au sold
D	2,687,500	9 December 2019	the Company's announcing to the ASX 50,000 oz Au sold

During the current financial year, 3,437,500 performance rights were cancelled as a result of staff member resignations as well as vesting conditions not being met.

Non-audit Services

The following non-audit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd, or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the board to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.
- Grant Thornton Audit Pty Ltd, or associated entities, received or are due to receive the following amounts for the provision of non-audit services:

	2018 $	2017 $
Tax compliance services	10,000	3,900

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Alto Metals Limited and other key management personnel ("KMP").

A. Remuneration Policy

The remuneration policy of Alto Metals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Alto Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive Directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, and options as performance incentives. The Board reviews executive packages periodically by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration periodically based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

There is no relationship between KMP remuneration and the performance of the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and executives' performance. The Company believes this policy will be effective in increasing shareholder wealth. No options have been issued to Directors in the period under review to the date of this report.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial period ended 30 June 2018.

Voting and comments made at the Company's 2017 Annual General Meeting

The Company received approximately 99% of "yes" votes based on the number of proxy votes received on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. Details of Remuneration for Period Ended 30 June 2018

There were no cash bonuses paid during the period and there are no set performance criteria for achieving cash bonuses. The following table outlines benefits and payment details, in respect to the financial period, as well as the components of remuneration for each member of the key management personnel of the Company.

Table of Benefits and Payments for the Period Ended 30 June 2018

Key Management Personnel	Short-term benefits		Post-employment benefits	Equity-settled share-based payments		
	Salary, fees and leave	Cash from other activities	Superannuation	Equity	Total	Remuneration performance based
2018	**$**	**$**	**$**	**$**	**$**	**%**
Terry Streeter – Chairperson (1)	36,247	-	-	-	36,247	-
Dermot Ryan – Executive Director (3)	220,000	-	-	-	220,000	-
Jingbin Wang – former Chairperson (1)	49,603	-	-	-	49,603	-
Stephen Stone – Non-Executive Director (4)	40,000	-	-	-	40,000	-
Terry Wheeler – Non-Executive Director	36,530	-	3,470	-	40,000	-
Patrick Holywell - Company Secretary (2)	27,225	-	-	-	27,225	-
Sam Middlemas – former Company Secretary (2)	35,940	-	-	-	35,940	-
	445,545	**-**	**3,470**	**-**	**449,015**	**-**
2017						
Jingbin Wang – Chairperson	41,998	-	-	9,308	51,306	18.2
Dermot Ryan – Executive Director (3)	227,860	-	-	46,541	274,401	16.9
Stephen Stone – Non-Executive Director (4)	40,000	-	-	6,981	46,981	14.6
Terry Wheeler – Non-Executive Director	21,304	-	2,024	-	23,328	-
Anna Mao – former Chairperson (5)	14,000	-	-	-	14,000	-
William Robertson – Non-Executive Director (6)	15,221	10,020	1,446	11,635	38,322	30.3
Sam Middlemas – Company Secretary (2)	65,571	-	-	9,308	74,879	-
	425,954	**10,020**	**3,470**	**83,774**	**523,217**	**14.4**

(1) Mr Terry Streeter was appointed to the board on 13 March 2018 and replaced Dr Jingbin Wang who remained as a Non-Executive Director.

(2) Mr Patrick Holywell was appointed as Company Secretary on 28 February 2018 and replaced Mr Sam Middlemas. All fees paid to Patrick Holywell are paid to his private company PWT Corporate Pty Ltd. All fees paid to Sam Middlemas are paid to his private company Sparkling Investments Pty Ltd.

(3) The amounts shown above are amounts paid for services provided by Dermot Ryan through his private company Xserv Pty Ltd.

(4) Fees paid to Stephen Stone are paid to his private company Westone Pty Ltd and Stepstone Pty Ltd.

(5) The amounts shown above are amounts paid for services provided by Anna Mao through her private company Mega Capital Resources Ltd. Anna Mao resigned from the board on 12 October 2016.

(6) The amounts shown above for William Robinson includes $10,020 paid to his private company Value Added Resources Pty Ltd for geophysical consulting services. Mr Robinson resigned from the Board on 2 December 2016.

Equity instrument disclosures relating to KMP

(i) Option holdings

No options are held by Key Management Personnel.

(ii) Shareholdings

The number of ordinary shares in Alto Metals Limited held by each KMP of the Company during the financial period is as follows:

2018	Balance at the start of the period	Received during the period as compensation	Other changes during the period	Balance at the end of the period
KMP				
Ordinary Shares				
Terry Streeter (1)	-	-	1,450,000	1,450,000
Jingbin Wang	-	-	-	-
Dermot Ryan	5,923,474	-	-	6,590,141
Stephen Stone	8,787,500	-	-	8,787,500
Terry Wheeler	20,832,639	-	-	31,405,198
Patrick Holywell (2)	-	-	80,000	80,000
Sam Middlemas (3)	263,500	-	(263,500)	-
Total	**35,807,113**	**-**	**12,505,726**	**48,312,839**

2017	Balance at the start of the period	Received during the period as compensation	Other changes during the period	Balance at the end of the period
KMP				
Ordinary Shares				
Jingbin Wang (4)	-		-	-
Dermot Ryan	2,415,000	-	3,508,474	5,923,474
Stephen Stone	9,500,000	-	(712,500)	8,787,500
Terry Wheeler (5)	-	-	20,832,639	20,832,639
Anna Mao (6)	318,182	-	(318,182)	-
William Robertson (7)	2,137,794	-	(2,137,794)	-
Sam Middlemas (8)	-	-	263,500	263,500
Total	**14,370,976**	**-**	**21,436,137**	**35,807,113**

(1) Appointed 13 March 2018.
(2) Appointed 28 February 2018.
(3) Resigned 28 February 2018.
(4) Appointed 12 October 2016.
(5) Appointed 2 December 2016.
(6) Resigned 12 October 2016.
(7) Resigned 2 December 2016.
(8) Appointed 15 July 2016.

(iii) Performance rights

The number of performance rights in Alto Metals Limited held by each KMP of the Company during the financial period is as follows:

2018	Balance at the start of the period	Received during the period as compensation	Other changes during the period	Balance at the end of the period
KMP				
Ordinary Shares				
Terry Streeter (1)	-	-	-	-
Jingbin Wang	1,000,000	-	(250,000)	750,000
Dermot Ryan	5,000,000	-	(1,250,000)	3,750,000
Stephen Stone	750,000	-	(187,500)	562,500
Terry Wheeler	-	-	-	-
Patrick Holywell (2)	-	-	-	-
Sam Middlemas (3)	1,000,000	-	(1,000,000)	-
Total	**7,750,000**	**-**	**(2,687,500)**	**5,062,500**

2017	Balance at the start of the period	Received during the period as compensation	Other changes during the period	Balance at the end of the period
KMP				
Ordinary Shares				
Jingbin Wang (4)	-	1,000,000	-	1,000,000
Dermot Ryan	-	5,000,000	-	5,000,000
Stephen Stone	-	750,000	-	750,000
Terry Wheeler (5)	-	-	-	-
Anna Mao (6)	-	-	-	-
William Robertson (7)	-	1,250,000	-	1,250,000
Sam Middlemas (8)	-	1,000,000	-	1,000,000
Total	**-**	**9,000,000**	**-**	**9,000,000**

(1) Appointed 13 March 2018.
(2) Appointed 28 February 2018.
(3) Resigned 28 February 2018.
(4) Appointed 12 October 2016.
(5) Appointed 2 December 2016.
(6) Resigned 12 October 2016.
(7) Resigned 2 December 2016.
(8) Appointed 15 July 2016.

Loans to KMP

There were no loans made to KMP as at 30 June 2018, nor were any made during the reporting period.

C. Service Agreements

Mr Ryan commenced as a Non-Executive Director on 8th October 2012, and on 26th June 2013 was appointed Executive Director and Acting CEO. Mr Ryan is remunerated at normal commercial rates pursuant to the terms of an ongoing Consultancy Agreement with Xserv Pty Ltd to fulfil the duties of Director and Acting CEO. Fees attributable to Mr Ryan's services for the year ended 30 June 2018 were $220,000 (2017: $ $227,860). The agreement may be terminated (other than for gross misconduct) by either party on three months' written notice.

D. Share-based compensation

Incentive Option Scheme

Options, where appropriate, may be granted under the Alto Metals Limited Employee Share Option Plan ("ESOP"). Options are granted under the plan for no consideration on terms and conditions considered appropriate by the Board at the time of issue. Options are granted for up to a five year period. Options granted under the plan carry no dividend or voting rights.

The ability for the employee to exercise the options is restricted in accordance with the terms and conditions detailed in the ESOP. Each option will automatically lapse if not exercised within five years of the date of issue. The exercise period may also be affected by other events as detailed in the terms and conditions in the ESOP. The options vest as specified when the options are issued. No options have been issued under the ESOP in the current period.

Director and Key Management Personnel Options

There were no options issued to Directors and Key Management Personnel during the 2018 financial period (2017: nil).

Performance Rights

No performance rights were issued to Directors and Key Management Personnel during the 2018 financial period (2017: 9,000,000 performance rights).

----- End of Audited Remuneration Report -----

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 30 June 2018 has been received and can be found on the following page.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

DM Ryan

Dermot Ryan
Executive Director

Dated this 27th day of September 2018

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Auditor's Independence Declaration

To the Directors of Alto Metals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Alto Metals Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 27 September 2018

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

	Note	2018	2017
		$	$
Other Income	2	327,572	35,172
Accounting and Audit Fees		(34,723)	(33,358)
Share Registry and Listing Fees		(42,223)	(38,373)
Employee Benefits Expense		(403,567)	(299,856)
Corporate and Consulting expense		(58,178)	(117,163)
Computers and Software		(35,000)	(29,830)
Depreciation	3	(34,676)	(34,083)
Insurance		(16,682)	(15,524)
Investor Relations		(84,461)	(65,253)
Legal Fees		(2,487)	(9,743)
Office Rental and Occupation Expenses	3	(81,044)	(34,978)
Travel and Accommodation		(43,389)	(36,200)
Impairment of AFS Financial Asset	16	(138,517)	-
Share Based payments	19	100,064	(100,064)
Impairment of Exploration and Evaluation Expenses	3	(16,000)	(450,526)
Other Expenses		(60,715)	(41,684)
Loss before income tax		**(624,026)**	**(1,271,463)**
Income tax (expense) / benefit	4	-	(210,979)
Loss for the year		**(624,026)**	**(1,482,442)**
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Transfer to profit or loss on disposal of AFS financial assets		(281,124)	-
Revaluation of financial asset	16	(15,000)	(523,716)
Total comprehensive income / (loss) for the period		**(296,124)**	**(523,716)**
Total comprehensive loss attributable to members of the parent entity		**(920,150)**	**(2,006,158)**
Basic loss per share (cents per share)	7	(0.36)	(1.0)
Diluted loss per share (cents per share)	7	(0.36)	(1.0)

The accompanying notes form part of these financial statements.

	Note	2018	2017
		$	$
Current Assets			
Cash and cash equivalents	8	856,345	928,446
Trade and other receivables	9	217,207	134,580
Available for sale financial assets	10	52,500	681,256
Total Current Assets		**1,126,052**	**1,744,282**
Non-Current Assets			
Available for sale financial assets	10	-	-
Plant and equipment	11	111,788	91,314
Intangible assets	12	23,043	39,770
Exploration and evaluation	13	8,727,068	6,360,816
Total Non-Current Assets		**8,861,899**	**6,491,900**
TOTAL ASSETS		**9,987,951**	**8,236,182**
Current Liabilities			
Trade and other payables	14	496,904	352,246
Total Current Liabilities		**496,904**	**352,246**
TOTAL LIABILITIES		**496,904**	**352,246**
NET ASSETS		**9,491,047**	**7,883,936**
Equity			
Issued capital	15	21,169,278	18,680,470
Reserves	16	-	257,671
Accumulated losses		(11,678,231)	(11,054,205)
TOTAL EQUITY		**9,491,047**	**7,883,936**

Consolidated Statement Of Changes In Equity

	Issued Capital $	Share Reserve $	AFS Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2016	**16,008,208**	**-**	**681,323**	**(9,571,763)**	**7,117,768**
Loss attributable to members of the entity for the period					
Revaluation of AFS Assets	-	-	(523,716)	-	(523,716)
Other comprehensive income, net of tax	-	-	-	(1,482,442)	(1,482,442)
Total comprehensive loss for the period	**-**	**-**	**(523,716)**	**(1,482,442)**	**(2,006,158)**
Transaction with owners, directly in equity					
Shares issued during the period	2,698,000	-	-	-	2,698,000
Share issue transaction costs	(25,738)	-	-	-	(25,738)
Share based payments	-	100,064	-	-	100,064
Balance at 30 June 2017	**18,680,470**	**100,064**	**157,607**	**(11,054,205)**	**7,883,936**

	Issued Capital $	Share Reserve $	AFS Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2017	**18,680,470**	**100,064**	**157,607**	**(11,054,205)**	**7,883,936**
Loss attributable to members of the entity for the period					
Revaluation of AFS Assets	-	(100,064)	123,517	-	23,453
Other comprehensive income, net of tax	-	-	(281,124)	(624,026)	(905,150)
Total comprehensive loss for the period	**-**	**(100,064)**	**(157,607)**	**(624,026)**	**(881,697)**
Transaction with owners, directly in equity					
Shares issued during the period	2,518,248	-	-	-	2,518,248
Share issue transaction costs	(29,440)	-	-	-	(29,440)
Share based payments	-	-	-	-	-
Balance at 30 June 2018	**21,169,278**	**-**	**-**	**(11,678,231)**	**9,491,047**

	Note	2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		25,571	35,172
Payments to suppliers and employees		(843,846)	(796,637)
Net cash used in operating activities	**17a**	**(818,275)**	**(761,465)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale financial assets		-	-
Proceeds from sale of available for sale asset		634,643	-
Purchase of plant and equipment		(38,422)	(135,149)
Payments for exploration and evaluation expenditure		(2,338,855)	(1,969,893)
Net cash provided by/(used in) investing activities		**(1,742,634)**	**(2,105,042)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares during the period		2,518,248	2,697,997
Costs associated with shares issued during the period		(29,440)	(25,735)
Net cash provided by financing activities		**2,488,808**	**2,672,262**
Net increase / (decrease) in cash and cash equivalents held		(72,101)	(194,245)
Cash and cash equivalents at beginning of the period		928,446	1,122,691
Other		-	-
Cash and cash equivalents at 30 June	**8**	**856,345**	**928,446**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Alto Metals Limited (“the Company”) and controlled entities (“the Consolidated Group” or “the Group”). Alto Metals Limited is a listed public company, incorporated and domiciled in Australia. The financial information is presented in Australian dollars.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Alto Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue by the Directors. The Directors have the power to amend and reissue the financial statements.

Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company’s assets and the discharge of their liabilities in the normal course of business.

As disclosed in the financial report, the Group recorded an operating loss of $624,026 (2017: $1,482,442) and a cash outflow from operating activities of $818,275 (2017: $761,465) for the year ended 30 June 2018 and at reporting date, had a net current asset balance of $629,148 (2017: $1,392,035).

On 27 August 2018, the Company announced a capital raising via a placement for approximately $0.45 million (before costs) through the issue of approximately 9.61 million new fully paid ordinary shares at an issue price of 4.7 cents per share.

The Board considers that the Company is a going concern and recognises that farming out some of its tenements, additional funding or selling some of the investments will be required to ensure that the Company can continue to fund its operations for the 12 month period from the date of this financial report.

The Directors believe it is appropriate to prepare the financial report on a going concern basis because:

- The Company will have the ability to issue additional equity under the Corporations Act 2001 and ASX Listing Rule 7.1 or otherwise; and
- The Company’s commitment to exploration expenditure is discretionary and expenditure requirements are minimal.

Accordingly, the Directors believe that the Company will have sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Alto Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(B) INCOME TAX

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(C) PROPERTY, PLANT & EQUIPMENT

Property, Plant, and Equipment

Each class of property, plant, and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the historical cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs, and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	25%
Computers and software	25-33%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

(D) INTANGIBLE ASSETS

Recognition of intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

The following useful lives are applied:

Software: 4 years

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

(E) EXPLORATION & EVALUATION EXPENDITURE

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

The Company receives R&D grants from the Australian Taxation Office. Where an R&D rebate can be directly attributable to an area of interest the R&D rebate is applied against the area of interest. For any amounts that cannot be directly attributable to an existing area of interest the amount will be recognised as grant income in the statement of comprehensive income.

(F) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(G) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's AFS financial assets include listed securities.

AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss unless they are designated as hedges.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(I) EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Company operates an Incentive Option Scheme share-based compensation plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(J) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(K) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(L) REVENUE AND OTHER INCOME

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rental income is recognised on an accrual basis.

Management fees are recognised on portion of completion basis.

All revenue is stated net of the amount of goods and services tax (GST).

(M) TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(N) GOODS AND SERVICES TAX (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of financing activities, which are disclosed as operating cash flow.

(O) EQUITY AND RESERVES

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- AFS financial assets reserves – comprises gains and losses relating to these types of financial instruments.
- Retained earnings include all current and prior period retained profits.
- Performance rights reserves – comprises expenses recorded for share based payments.

(P) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(Q) PERFORMANCE RIGHTS

The Company measures the value of its performance rights using the listed price of the Company's shares at the date of granting of the rights, as the rights convert to ordinary shares at a ratio of 1:1. The Company then determines the probability that performance conditions attaching to the rights will be met and the rights will convert. Where the probability is greater than 50%, the full value is assigned to the rights. Where the probability is less than 50%, no value is assigned to the rights. The value of the rights are then amortised into expense evenly over the service period to the date of expiry, resulting in a share based payment expense in the Statement of Profit or Loss and Other Comprehensive Income and accumulating in the Performance rights reserves in Equity on the Statement of Financial Position.

(R) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

No impairment has been recorded for the period, except for in relation to exploration and evaluation expenditure

Key Estimates – Performance Share Probability

In the fiscal 2016 reporting period, the Company completed an asset acquisition of the Sandstone Project. As part of the Share Sale Agreement, the Company issued 25 million Performance Shares to the vendors, which will convert on a one-for-one basis into fully paid ordinary shares upon the Group confirming a combined inferred and /or indicated mineral resource and/or reserve of at least 500,000oz gold in aggregate, on one or more of the Sandstone Tenements. Management and the Board have assessed the probability of the Group meeting these triggers as greater than 50% and accordingly the full value of the performance shares has been booked in these financials.

Key Estimates – Performance Rights Probability

In the fiscal 2017 report period, the Company issued 10,750,000 performance rights to its key management personnel and employees. The rights convert on a one-to-one basis into fully paid ordinary shares as specified by the performance conditions outlined in note 15. Where management has estimated that the performance condition has a greater than 50% probability of being achieved, the full value of the relevant performance shares has been recorded.

Key Judgments – Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $8,727,068 (2017: $6,360,816). An impairment of $16,000 (2017: $450,526) was recognised during the period ended 30 June 2018.

(S) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP IN THIS FINANCIAL REPORT

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australia Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

(T) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP

There are a number of new standards, amendments to standards and interpretations issued by the AASB which are applicable to future reporting periods. The Group has not early adopted any of these standards or interpretations. The new or revised accounting standard that is currently issued for future reporting periods and relevant to the Group.

AASB 9 Financial Instruments

In December 2014, the AASB issued the final version of AASB 9 Financial Instruments that replaces AASB 139 Financial Instruments: Recognition and Measurement and all previous versions of AASB 9. AASB 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2018, the Group has performed a detailed impact assessment of all three aspects of AASB 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group will adopt AASB 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of AASB 9. In addition, the Group will implement changes in classification of certain financial instruments. The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of AASB 9.

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements. The Company's financial assets and liabilities as at 30 June 2018 include cash, receivables, and payables for which there is no significant change to the recognition criteria under the new standard. The Company also holds available-for-sale assets, however the new impairment model is not expected to have a significant impact on these assets as a significant portion has been previously impaired.

NOTE 2: OTHER INCOME

	Notes	2018 $	2017 $
Interest received from other parties		25,561	35,172
Gain on disposal of AFS assets		302,011	-
		327,572	35,172

NOTE 3: LOSS FOR THE PERIOD

	Notes	2018	2017
(a) Expenses			
Depreciation of plant and equipment		34,676	34,083
Office rental and occupation expenses		81,044	34,978
(b) Significant Revenues and Expenses			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Exploration and Evaluation expenditure written off	13	16,000	450,526

NOTE 4: INCOME TAX

(a) Income tax (benefit)/expense			
Current tax		-	-
Deferred tax		(85,448)	210,979
		(85,448)	**210,979**
Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating loss at 30% (2017: 27.5%)		(187,208)	(349,652)
Add / (Less) tax effect of:			
Other non-deductible/ (assessable) items		5,329	29,883
Deferred tax asset not brought to account		(712,166)	530,748
Income tax benefit attributable to operating loss		**(894,045)**	**(210,979)**
The applicable weighted average effective tax rates are as follows:		nil%	nil%
(b) Deferred tax assets			
Tax Losses		1,339,362	653,257
Provisions and Accrual		9,935	5,087
Other - Equity		9,291	12,712
		1,358,588	671,056
Set-off deferred tax liabilities	4(c)	(1,358,588)	(671,056)
Net deferred tax assets		-	-
(c) Deferred tax liabilities			
Exploration expenditure		(1,357,137)	(593,323)
Financial asset		-	(77,309)
Other – P&L		(1,451)	(424)
		(1,358,588)	(671,056)
Set-off deferred tax assets		1,358,588	671,056
Net deferred tax liabilities		-	-
(d) Tax losses			
Unused tax losses for which no deferred tax asset has been recognised		1,808,407	1,367,881
Temporary differences for which no deferred tax asset has been recognised – Equity		15,750	8,938

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2018 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the Company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Company's KMP for the period ended 30 June 2018.

The totals of remuneration paid to KMP during the period are as follows:

Short-term employee benefits	445,545	435,974
Post-employment benefits	3,470	3,470
Share based payments	-	83,774
	449,015	523,218

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report by Grant Thornton Audit	20,500	27,020
Remuneration of the auditor, or associated entities, of the parent entity for non-audit services:		
- Tax compliance services	10,000	5,150

NOTE 7: LOSS PER SHARE

(a) Reconciliation of earnings to loss		
Earnings used in the calculation of basic EPS	(624,026)	(1,482,442)
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	172,735,754	147,694,882
Basic / Diluted loss per share (cents per share)	(0.36)	(1.0)

As at 30 June 2018, the Company did not have any options outstanding.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	856,345	928,446
Reconciliation of cash		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	856,345	928,446

NOTE 9: TRADE AND OTHER RECEIVABLES

CURRENT		
GST receivable	90,111	83,519
Trade and other receivables	122,258	46,601
Interest receivable	610	620
Prepayments	4,228	3,840
	217,207	134,580

There are no balances within trade and other receivables that contain assets that are impaired and are past due. The trade receivables relate to reimbursed expenditures receivable and interest receivable. It is expected these balances will be received when due. Refer to note 21 related party transactions for receivable balances with related parties.

NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS

Current	52,500	681,256
Non-Current	-	-
	52,500	681,256

There was a re-classification of a portion of AFS financial assets from non-current assets to current assets on 30 June 2017 when the Company made a decision to sell a portion of the assets within the next 12 months. Those shares were sold during the current financial year.

Movement for the period:		
Opening balance	681,256	1,415,952
Additions	-	-
Disposals	(613,756)	-
Revaluations	(15,000)	(734,696)
Impairment	-	-
	52,500	681,256

Available-for-sale financial assets are shares held in an ASX listed entities. Fair value is determined by reference to the quoted market price at reporting date.

NOTE 11: PLANT AND EQUIPMENT

NON-CURRENT		
Plant and equipment – cost	134,032	120,610
Accumulated depreciation	(128,702)	(117,004)
	5,330	3,606
Motor vehicle – cost	25,000	-
Accumulated depreciation	(6,250)	-
	18,750	-
Property – cost	87,708	87,708
Accumulated depreciation	-	-
	87,708	87,708
Total property, plant and equipment	111,788	91,314

a) Reconciliation of Carrying Amounts		
Plant and Equipment		
Opening balance	3,606	22,034
- Additions	13,422	9,850
- Depreciation expense	(11,698)	(28,278)
Carrying amount at the end of the period	5,330	3,606
Motor Vehicles		
Opening balance	-	-
- Additions	25,000	-
- Depreciation expense	(6,250)	-
Carrying amount at the end of the period	18,750	-
Land and Buildings		
Opening balance	87,708	-

NOTE 12: INTANGIBLE ASSETS

NON-CURRENT		
Software – cost	75,137	75,137
Accumulated amortisation	(52,094)	(35,367)
	23,043	39,770
Formation Expenses	-	-
Total	23,043	39,770

a) Reconciliation of Carrying Amounts

Opening balance	39,770	7,984
- Additions	-	37,592
- Disposals	-	-
- Amortisation expense	(16,727)	(5,806)
Carrying amount at the end of the period	23,043	39,770

NOTE 13: EXPLORATION AND EVALUATION

Exploration and evaluation phases – at cost		8,727,068	6,360,816
Exploration and evaluation - movement			
Opening balance		6,360,816	4,816,377
Exploration expenditure		2,382,252	1,994,965
Purchase of Sandstone exploration properties	18	-	-
Impairment of exploration and evaluation expenses		(16,000)	(450,526)
Closing balance		8,727,068	6,360,816

Impairment losses have been recognised in relation to a number of projects given drilling and exploration expenditure has not resulted in a discovery of significance. The Directors believe that given the continued difficult market conditions, it is prudent to impair the carrying values of a number of projects.

The Directors' assessment of the carrying amount for the Group's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's and independent geological reports. 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. 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.

NOTE 14: TRADE AND OTHER PAYABLES

CURRENT – UNSECURED LIABILITIES		
Trade and other payables	467,714	291,748
Accrued expenses	29,190	60,498
	496,904	352,246

All amounts in trade and other payables are short term and the carrying values are considered a reasonable approximation of fair value. Refer to note 21 related party transactions for payable balances with related parties.

NOTE 15: ISSUED CAPITAL

185,459,462 (2017:151,882,819) Fully paid ordinary shares at no par value	21,169,278	18,680,470

Fully paid ordinary shares have no par value, carry one vote per share and carry the right to dividends.

(a) Ordinary shares

At the beginning of the reporting period	18,680,470	16,008,208
Shares issued during the period		
9,733,334 on 6 December 2017 at $0.075 Placement	730,000	
12,226,642 on 21 Nov. 2017 at $0.075 Share Purchase Plan	916,998	
11,616,667 on 23 October 2017 at $0.075 Placement	871,250	
28,779,603 on 25 July 2016 at $0.059 Share Purchase Plan		1,697,997
7,407,404 on 27 October 2016 at $0.135 Placement		1,000,000
Costs associated with equity raisings	(29,440)	(25,735)
At reporting date	21,169,278	18,680,470

	No.	No.
At the beginning of the reporting period	151,882,819	115,695,812
Shares issued during the period:		
9,733,334 on 6 December 2017 at $0.075 Placement	9,733,334	
12,226,642 on 21 Nov. 2017 at $0.075 Share Purchase Plan	12,226,642	
11,616,667 on 23 October 2017 at $0.075 Placement	11,616,667	
28,779,603 on 25 July 2016 at $0.059 Share Purchase Plan		28,779,603
7,407,404 on 27 October 2016 at $0.135 – Placement to Sophisticated Investors		7,407,404
At reporting date	185,459,462	151,882,819

(b) Movement in Options/Performance Shares on issue

There were no Options issued during the current or previous financial year.

No Performance Rights were issued during the current or previous financial year.

At the beginning of the reporting period	2,175,000	2,175,000
Performance shares issued during the period	-	-
At reporting date	2,175,000	2,175,000

	No.	No.
At the beginning of the reporting period	25,000,000	25,000,000
Performance shares issued during the period	-	-
At reporting date	25,000,000	25,000,000

The above Performance Shares will convert into 25,000,000 fully paid ordinary shares once an announcement of an Inferred JORC 2012 Mineral Resource is made of a tonnage and grade to establish contained metal of at least 500,000 ounces of Gold (or other metal equivalent) on the Sandstone tenements any time prior to 23 June 2021.

(c) Performance rights

At the beginning of the reporting period	10,750,000	-
Performance rights issued during the period	-	10,750,000
Performance rights expired during the period	(3,437,500)	-
At reporting date	7,312,500	10,750,000

(d) Capital Management

The Directors' objectives when managing capital are to ensure that the Company can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Company has no debt therefore has no externally imposed capital restrictions.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2018 is as follows:

Cash and cash equivalents	856,345	928,446
Trade and other receivables	217,207	134,580
Trade and other payables	(496,904)	(352,246)
Working capital position	576,648	710,780

NOTE 16: RESERVES

AFS Financial Asset Reserve	-	157,607
Performance Share Reserve	-	100,064
	-	257,671

Movement in Reserves

(a) Movement in Reserves

AFS Financial Asset Reserve		
At the beginning of the reporting period	157,607	681,323
Add revaluation increments, net of tax	(15,000)	(523,716)
Less impairments	138,517	-
Less disposal of AFS shares transferred to profit or loss	(281,124)	-
At reporting date	-	157,607

Performance Share Reserve		
At the beginning of the reporting period	100,064	-
Add performance shares issued	-	100,064
Less impairments	(100,064)	-
At reporting date	-	100,064

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax		
Loss after income tax	(624,026)	(1,482,442)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss from ordinary activities:		
Gain on disposal of AFS asset	(302,011)	-
Impairment of AFS asset	138,517	-
Tax expense	-	210,979
Depreciation	34,676	34,083
Share based payment	(100,064)	100,064
Impairment of Exploration and Evaluation	16,000	450,526
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase) / Decrease in receivables	(82,627)	(51,768)
(Increase) / Decrease in other assets	-	-
Increase / (Decrease) in payables	101,260	(22,907)
Cash flow used in operations	(818,275)	(761,465)

(b) Credit Standby Facilities

The Group had no credit standby facilities as at 30 June 2018 (2017: nil).

NOTE 18: CONTROLLED ENTITIES

Details of Controlled Entities	**Country of Incorporation**	**Class of Shares**	**Percentage Owned 2018**	**2017**
Cue Metals Pty Ltd	Australia	Ordinary	100	100
Sandstone Exploration Pty Ltd	Australia	Ordinary	100	100

NOTE 19: SHARE-BASED PAYMENTS

No share based-payment expenses were recorded in the current financial period.

On 9 December 2016, 10,750,000 performance rights were issued to key management personnel and employees of the company. Refer Note 15. A share-based payment expense of $100,064 was recorded in the prior period based on management's estimate of the value of the performance rights issued to key management and personnel.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 27 August 2018, the Company announced a capital raising via a placement for approximately $0.45 million (before costs) through the issue of approximately 9.61 million new fully paid ordinary shares at an issue price of 4.7 cents per share.

Stephen Stone resigned from the board on 16 July 2018.

NOTE 21: RELATED PARTY TRANSACTIONS

XServ Pty Ltd		
Mr Ryan is a Director and Shareholder of Xserv Pty Ltd. Mr Ryan's company provides geological consulting services to Alto Metals Limited as Director. In addition Xserv Pty Ltd provides field equipment and vehicles at commercial rates equating to $32,750 (2017: $21,246) in the current financial year.		
Consulting services and vehicle hire	249,773	249,106
As at 30 June 2018 $29,773 (2017: $22,966) was payable to Xserv Pty Ltd		
Mega Capital Resources Ltd		
Ms Mao is a sole director of Mega Capital Resources Ltd. Mega Capital Resources Ltd previously provided consulting services to Alto Metals Limited.		
Consulting Services	-	14,000
As at 30 June 2018 $Nil (2017: $Nil) was payable to Mega Capital Resources Ltd.		
Enterprise Metals Ltd		
Enterprise Metals Ltd is a significant shareholder in the Company and provides office space in which the Company operates as well as accounting and office administration services including telephone, electricity and office equipment.		
Reimbursement of shared costs of staff and office premises charged to Enterprise Metals Ltd.	85,627	92,993
Rental of office space, purchase of plant and equipment and office administration expenses charged to Alto Metals Ltd.	43,447	61,289
	129,074	154,282

As at 30 June 2018 $85,627 (2017: $9,474) was receivable and $Nil (2017: $3,811) was payable to Enterprise Metals Ltd.

At reporting date the Company holds 2,500,000 ordinary shares in Enterprise Metals Limited at a fair value of $52,500 (2017: $67,500).

Value Adding Resources Pty Ltd		
Mr Robertson is a Director and Shareholder of Value Adding Resources Pty Ltd. Mr Robertson's company previously provided directors fee and geophysical consulting services to Alto Metals Limited.	-	10,000

As at 30 June 2018 $Nil (2017: $Nil) was payable to Value Adding Resources Pty Ltd

NOTE 22: CAPITAL AND LEASING COMMITMENTS

Expenditure commitments

The Group is planning exploration work on its exploration tenements in order to retain the rights of tenure. These obligations will be met, subject to availability of funds and can be reduced by selective relinquishment of exploration tenure or application for expenditure exemptions. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is very difficult to forecast the nature and amount of future expenditure. The Group's planned exploration and expected commitments, subject to available funds – refer note 1(a), for the next year is $264,000 (2017: $385,320).

In addition, under the acquisition agreement, Sandstone has granted the Vendors of the Company a 2% gross revenue royalty on all minerals produced from the tenements and the right to fossick down to two metres below surface for all minerals and metals including gold nuggets. At the date of this report this has not been recognised given the timing and amount cannot be determined.

Operating lease commitments:

Operating lease commitments contracted for Rental of the Company's Registered Office		
Amounts payable:		
- not later than 12 months	65,424	74,724
- between 12 months and 5 years	59,972	157,488
	125,396	232,212

NOTE 23: FINANCIAL INSTRUMENT

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below using level inputs measured at fair value or a recurring basis.

2018	Floating Interest Rate	Fixed Int maturing in 1 year or less	Fixed Int maturing over 1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	856,345	-	-	-	856,345
Loans and receivables	-	-	-	217,207	217,207
Available for sale financial assets	-	-	-	52,500	52,500
Total Financial Assets	856,345	-	-	269,707	1,126,052
Weighted ave int rate – cash	1.65%				
Financial Liabilities at cost					
Trade and other payables	-	-	-	(496,904)	(496,904)
Total Financial Liabilities	-	-	-	(496,904)	(496,904)
Net financial assets	856,345	-	-	(227,197)	629,148

2017	Floating Interest Rate	Fixed Int maturing in 1 year or less	Fixed Int maturing over 1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	928,446	-	-	-	928,446
Loans and receivables	-	-	-	134,580	134,580
Available for sale financial assets	-	-	-	681,256	681,256
Total Financial Assets	928,446	-	-	815,836	1,744,282
Weighted ave int rate – cash	1.65%				
Financial Liabilities at cost					
Trade and other payables	-	-	-	(352,246)	(352,246)
Total Financial Liabilities	-	-	-	(352,246)	(352,246)
Net financial assets	928,446	-	-	463,590	1,392,036

(i) Fair value measurement hierarchy

AASB 13 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;

(b) Level 2 – a valuation technique is used using inputs other than quoted priced within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or

(c) Level 3 – a valuation technique is sued using inputs that are not based on observable market data (unobservable inputs).

The table below classifies financial instruments recognised in the consolidated Statement of Financial Position according to the fair value measurement hierarchy stipulated in AASB 13 Financial Instruments: Disclosures.

	Level 1	Level 2	Level 3	Total
Year ended 30 June 2018	**$**	**$**	**$**	**$**
Financial Assets				
Available for sale financial assets	52,500	-	-	52,500

	Level 1	Level 2	Level 3	Total
Year ended 30 June 2017	**$**	**$**	**$**	**$**
Financial Assets				
Available for sale financial assets	681,256	-	-	681,256

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments traded in active markets is based upon quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group makes a number of assumptions based upon observable market data existing at each reporting period. The Group does not have any level 3 assets or liabilities.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or Company of receivables under financial instruments entered into by the Group.

Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2018. Trade and other receivables are expected to be settled within 30 days.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	2018 $	2017 $
Cash and cash equivalents - AA Rated	8	856,345	928,446

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date

(c) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. Interest rate risk is managed by closely monitoring the interest rates at various financial institutions. The Group has no debt and as such the interest rate risk is limited to the Group's investments in term deposits and other interest bearing investments.

(ii) *Sensitivity Analysis*

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Period ended 30 June 2018	**$**	**$**
+/-1% in interest rates	+/- 8,563	+/- 8,563
Period ended 30 June 2017	**$**	**$**
+/-1% in interest rates	+/- 9,284	+/- 9,284

(d) Price risk on AFS assets

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available for sale.

Listed investments have been valued at the quoted market bid price at the end of reporting period, adjusted for transaction costs expected to be incurred. At 30 June 2018, the effect on profit and equity as a result of changes in listed equity prices, with all other variables remaining constant would be as follows:

	Carrying Amount	Listed equity price -10%		Listed equity price +10%	
		Net Loss	Equity	Net Loss	Equity
	$	$	$	$	$
30 June 2018	52,500	(5,250)	(5,250)	5,250	5,250
30 June 2017	681,256	(68,125)	(68,125)	68,125	68,125

(e) Net Fair Values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position of Alto Metals Limited		
CURRENT ASSETS		
Cash and cash equivalents	856,341	928,442
Trade and other receivables	217,207	134,580
Available for sale financial assets	52,500	681,256
TOTAL CURRENT ASSETS	1,126,048	1,744,278
NON-CURRENT ASSETS		
Available for sale financial assets	-	-
Plant and equipment	111,788	91,314
Intangible assets	23,043	39,770
Exploration and evaluation	-	-
Other financial assets	-	-
Other assets	8,737,814	6,364,273
TOTAL NON-CURRENT ASSETS	8,872,645	6,495,357
TOTAL ASSETS	9,998,693	8,239,635
CURRENT LIABILITIES		
Trade and other payables	496,902	352,247
TOTAL CURRENT LIABILITIES	496,902	352,247
TOTAL LIABILITIES	496,902	352,247
NET ASSETS	9,501,791	7,887,388
EQUITY		
Issued capital	21,169,278	18,680,470
Reserves	(38,453)	46,692
Accumulated losses	(11,629,035)	(10,839,774)
TOTAL EQUITY	9,501,790	7,887,388

(b) Financial Performance of Alto Metals Limited		
Loss for the year	(574,832)	(1,268,011)
Unrealised gain on revaluation of AFS asset	-	-
Total comprehensive loss	(574,832)	(1,268,011)

NOTE 25: CONTINGENT LIABILITIES

As at 30 June 2018 the Group has bank guarantees to the value of $26,512 (2017: $26,366) to secure a rental bond.

NOTE 26: OPERATING SEGMENTS

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 Western Australia.

NOTE 27: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Alto Metals Limited
Level 2, Suite 9
12-14 Thelma Street
WEST PERTH WA 6005

Directors' Declaration

In accordance with a resolution of the Board of Directors of Alto Metals Limited, I state that:

In the opinion of the Directors:

- the financial statements and notes set out on pages 24 to 50 are in accordance with the Corporations Act 2001, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
  - giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
  - the audited remuneration disclosures set out on pages 17 to 22 of the Directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001; and
  - the financial statements and notes also comply with International Financial Reporting Standards.

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

Terry Streeter
Chairman

27 September 2018

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Independent Auditor's Report

To the Members of Alto Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Alto Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $624,026 during the year ended 30 June 2018. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets **Note 1(e) & 13**	

At 30 June 2018 the carrying value of exploration and evaluation assets was $8,727,068.
 	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.
 	
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.
 	
This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.
	Our procedures included, amongst others:
	
	• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;
	• reviewing management's area of interest considerations against AASB 6;
	• conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including;
	    ○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;
	    ○ enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure;
	    ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
	• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;
	• evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and
	• assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 17 to 22 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Alto Metals Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 27 September 2018

Additional information required by the ASX Listing Rules and not shown elsewhere in the report is as follows. The information is current as at 12 September 2018.

(a) Twenty largest holders of quoted equity securities

	Name	Number	%
1	WINDSONG VALLEY PTY LTD <WHEELER FAMILY A/C>	31,055,198	15.92
2	SINOTECH (HONG KONG) CORPORATION LIMITED	15,900,000	8.15
3	ENTERPRISE METALS LTD	12,000,000	6.15
4	MR STEPHEN STONE <THE PEARLSTONE A/C>	8,787,500	4.51
5	CROWNLUXE INVESTMENT LTD	7,500,000	3.85
6	MR DERMOT RYAN & MRS VIVIENNE RYAN <RF SUPER FUND A/C>	4,096,667	2.10
7	PETER ERMAN PTY LIMITED <SUPERANNUATION FUND A/C>	4,000,000	2.05
8	AJAVA HOLDINGS PTY LTD	4,000,000	2.05
9	MR BRUCE ROBERT LEGENDRE	3,548,500	1.82
10	OSSART HOLDINGS PTY LTD <THE OT FAMILY A/C>	3,000,000	1.54
11	CITICORP NOMINEES PTY LIMITED	2,657,606	1.36
12	MR ROBERT WILMOT CREASY <THE RW CREASY FAMILY A/C>	2,506,904	1.29
13	ALL-STATES FINANCE PTY LTD	2,000,000	1.03
14	MICJUD PTY LTD <CHESTER SUPER FUND A/C>	1,883,333	0.97
15	ROSANE PTY LTD <ROSANE HOLDINGS S/F A/C>	1,781,835	0.91
16	MR DERMOT RYAN & MRS VIVIENNE RYAN <RF SUPER FUND A/C>	1,669,237	0.86
17	MS LUCIANA CARLA DA SILVA	1,550,000	0.79
18	MR CHRISTOPHER CLEGG & MRS TAMARA CLEGG	1,425,000	0.73
19	MR WILLIAM JOHN ROBERTSON & MRS JUNE DIANE ROBERTSON	1,389,237	0.71
20	MR DERMOT RYAN & MRS VIVIENNE RYAN <THE ENTERPRISE A/C>	1,254,237	0.64
	Total	**112,005,254**	**57.43**

There is a total of 195,055,603 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

(b) Substantial Shareholders

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

Substantial Shareholder	Number	%
WINDSONG VALLEY PTY LTD <WHEELER FAMILY A/C>	31,055,198	15.92
SINOTECH (HONG KONG) CORPORATION LIMITED	15,900,000	8.15
ENTERPRISE METALS LTD	12,000,000	6.15

(c) Distribution of equity securities

Number of security holders by size of holding:	Holders	Total Units
1-1,000	335	157,997
1,001 - 5,000	475	1,269,931
5,001 - 10,000	211	1,698,569
10,001 - 100,000	284	10,618,815
100,001 and over	214	181,310,291
Total	**1,519**	**195,055,603**

The number of fully paid ordinary shareholdings held in less than marketable parcels is 1,024 (based on a share price of $0.047).

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Unquoted securities

The names of the security holders holding more than 20% or more of any unlisted class of security, other than those securities issued or acquired under an employee incentive scheme, are listed below:

Holder	Performance rights	Performance Shares
DERMOT RYAN	3,750,000	-
STEPHEN STONE	-	12,500,000
BRUCE LEGENDRE	-	12,500,000
OTHER HOLDERS	3,000,000	-
	6,750,000	**25,000,000**
Total Holders	*6*	*2*

(f) Corporate governance statement

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the Appendix 4G released to ASX and posted on the Company website. The Directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council. Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance. The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.

Project	Tenement	Interest Held	State	Lease Status	Holder
Sandstone	E57/1029	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1030	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1031	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1033	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1044	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1054	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	E57/1072	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	P57/1377	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	P57/1378	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	P57/1415	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	P57/1417	100%	WA	Application	Sandstone Exploration Pty Ltd

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