Alto Metals Limited

ABN 62 159 819 173

2019 ANNUAL REPORT

CORPORATE DIRECTORY

Directors

Mr Matthew Bowles (Non-executive Director)

Dr Jingbin Wang (Non-executive Director)

Mr Terry Wheeler (Non-executive Chairman)

Company Secretary

Mr Graeme Smith

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DISCLAIMER AND CAUTIONARY STATEMENTS

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Forward-looking statements

This document may contain certain forward-looking statements. Such statements are only predictions, based on certain assumptions and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. Actual events or results may differ materially from the events or results expected or implied in any forward-looking statement. The inclusion of such statements should not be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions or that any forward looking statements will be or are likely to be fulfilled. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this document (subject to securities exchange disclosure requirements). The information in this document does not take into account the objectives, financial situation or particular needs of any person. Nothing contained in this document constitutes investment, legal, tax or other advice.

![Alto Metals Ltd logo]

REVIEW OF OPERATIONS

Introduction

Alto Metals Limited is a Western Australian based company and is focused on gold exploration in Australia. The company holds approximately 800 km^2 of the prospective Sandstone Greenstone Belt, ~600km north of Perth in the East Murchison Mineral Field of Western Australia (Figure 1).

Since acquiring the Project in June 2016, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which commenced in November 2016.

Alto has defined JORC (2012) Mineral Resources of 5.38Mt @ 1.7 g/t Au for 290,000 ounces gold and identified numerous drill ready targets using a systematic Mineral System approach.

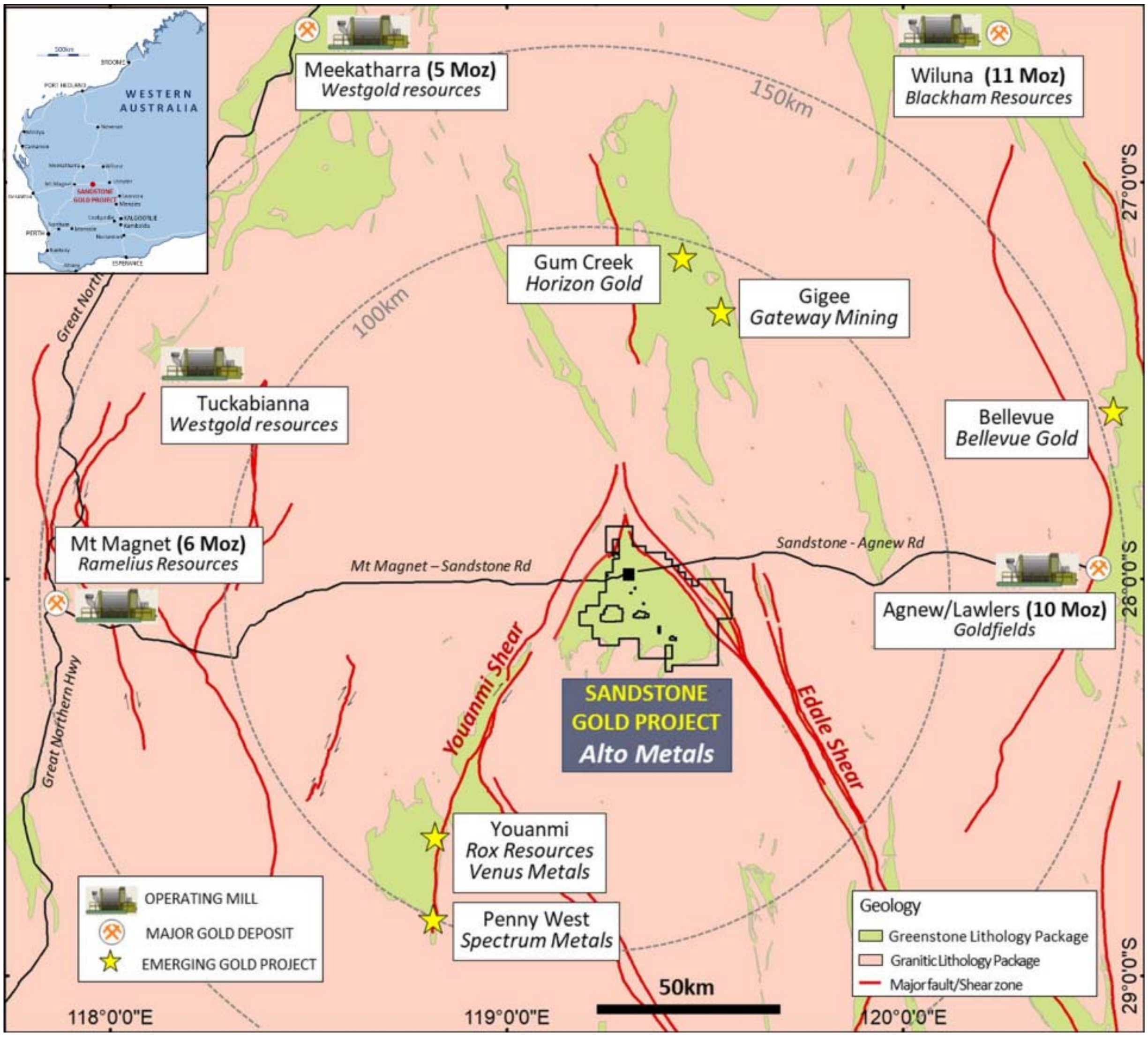


Figure 1. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

Mineral Resource Estimation

In February 2019, Alto completed a drilling program at the Havilah and Ladybird gold prospects to confirm the geological model and previous mineralised drill intercepts, and to obtain material for preliminary metallurgical testwork for inclusion in mineral resource estimation.

On 11 June 2019 Alto announced a resource upgrade for the Sandstone Gold Project. The upgraded Mineral Resource contained the maiden Mineral Resource estimate for the Havilah and Ladybird deposits (Figure 2) in compliance with the JORC (2012) reporting standard.

The resources were based upon work by Alto's geologists and external resource consultant Dr Spero Carras of Carras Mining Pty Ltd.

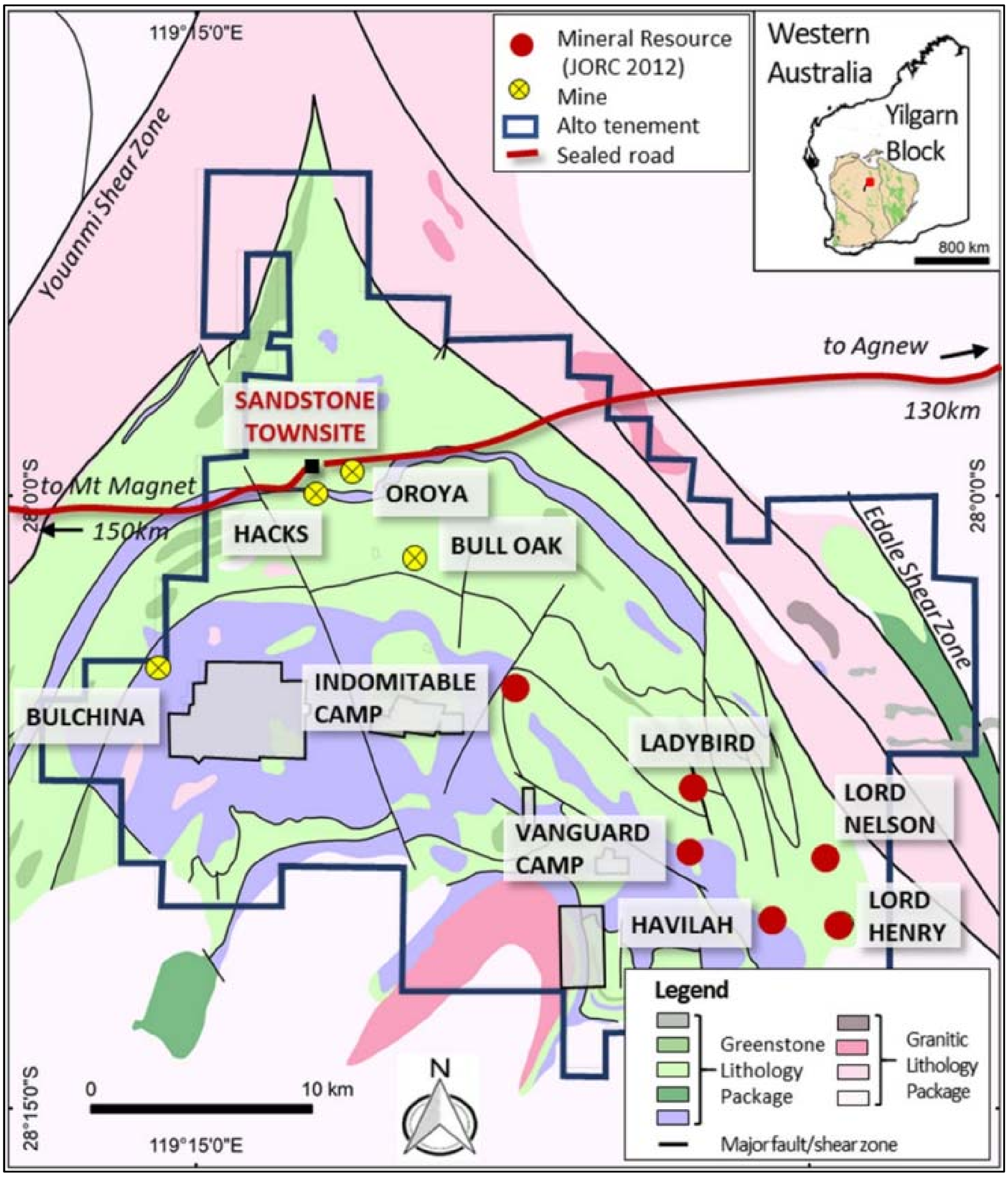


Figure 2. Priority Targets at Sandstone Gold Project

The **Havilah** deposit is located approximately 35km SE of the town of Sandstone and lies immediately to the north of the Sandstone-Menzies Road. The recorded underground production from the area was 48,497 tonnes @ 21.6g/t Au for 33,870oz between 1904 and 1929. A high-grade 'footwall' zone was stoped out, and a lower grade 'hanging wall' zone of mineralisation was left intact and was subsequently drilled by modern explorers. The Havilah mine area is underlain by a WNW striking dolerite unit, bounded to the northeast by pillowed and amygdaloidal basalt, and to the southwest by ultramafic rocks.

The Havilah deposit has a (JORC 2012) Inferred Mineral Resource of 371,000 tonnes @1.70 g/t Au for 20,300 ounces.

The **Ladybird** deposit is located approximately 25km SE of the town of Sandstone and lies approximately 3km north of the Sandstone-Menzies Road. Gold mineralisation at Ladybird occurs within a sub-vertical dipping BIF/chert unit that has a strike of approximately 300 degrees. The BIF/chert unit is located at or near the contact between a mafic unit (to SW) and an ultramafic unit (to NE).

The Ladybird deposit has a (JORC 2012) Inferred Mineral Resource of 136,000 tonnes @1.91 g/t Au for 8,400 ounces.

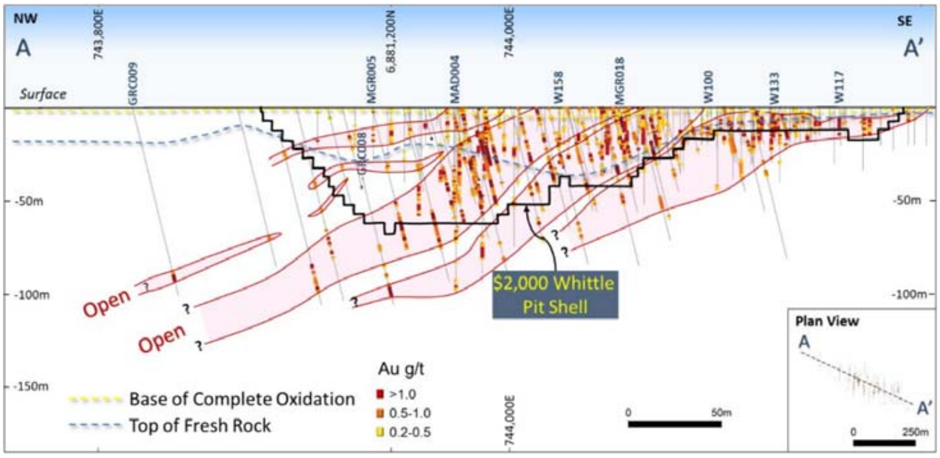


Figure 3. Havilah NW-SE 1150 Schematic Long Section A-A' (+/-50m)

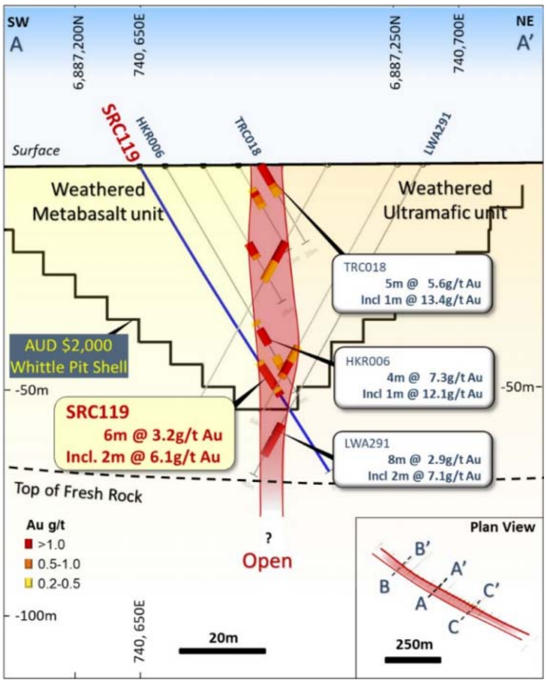


Figure 4. Ladybird Prospect – Schematic Cross Section A – A'

Sandstone Gold Project Mineral Resources as at 30 June 2019

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 **5.38Mt @ 1.7 g/t Au for 290,000 ounces**.

Table 1. Sandstone Gold Project – Total Mineral Resources (JORC 2012) at 30 June 2019

Deposit	Category	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	0.3 - 0.5	2,580	1.49	124,000
Havilah & Ladybird [4]	Inferred	0.5	510	1.8	29,000
TOTAL INFERRED			4,180	1.7	225,000
TOTAL INDICATED & INFERRED			5,380	1.7	290,000

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."
Note 4. ASX Release 11 June 2019. "Alto increases Total Mineral Resource Estimate to 290.000oz, Sandstone Gold Project."

Notes:

- All Mineral Resources are estimated under guideline of JORC 2012.
- For reporting purposes, all Tables have been rounded. Rounding may result in some slight discrepancies in totals reported.
- For the Indomitable, Vanguard, Havilah and Ladybird deposits, only material within the A$2,000 per ounce gold price optimised Whittle pit shells is reported as Inferred Resource
- For the Indomitable, Vanguard, Havilah and Ladybird deposits, 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.
- For the Indomitable, Vanguard, Havilah and Ladybird deposits, Preliminary metallurgical testwork completed by Alto, and historic metallurgical data suggests high recoveries in excess of 90% would be expected.

Drilling Activity

Following the drilling at Havilah and Ladybird, the Company completed an additional 38 reverse circulation drill holes for approximately 6,300m at the Tiger Moth, Vanguard and Lord Nelson prospects.

The drilling at Tiger Moth and Vanguard demonstrated the continuity of mineralisation at depth and the potential for further resource growth at these prospects.

The drilling at Lord Nelson, on an 80m step out, confirmed the down plunge extension of mineralisation. The drilling results also demonstrated that the granodiorite host rock in the Lord Nelson open pit broadens to the south and there is potential to discover additional gold mineralisation and build on the current mineral resource (JORC 2012, Inferred Mineral Resource of 908,000 tonnes @ 2.2g/t Au for 68,000oz gold).

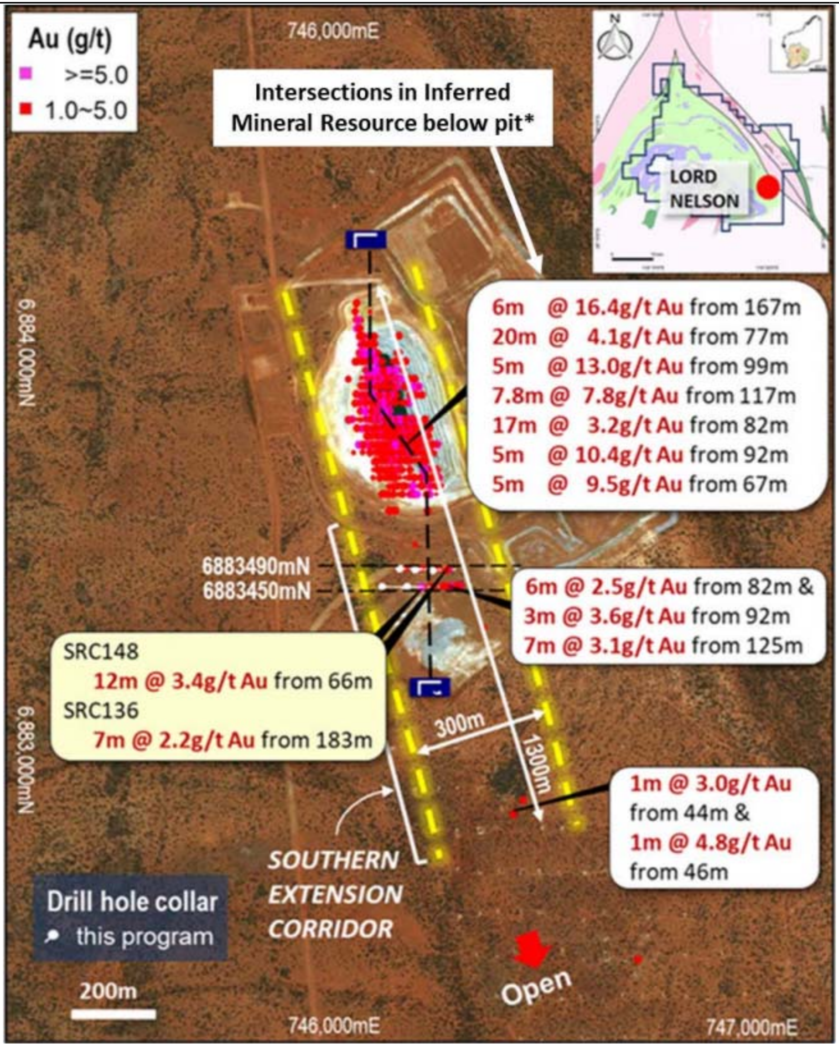


Figure 5. Plan view of Lord Nelson deposit with down hole Au intersections projected to the surface, and 2019 RC intersections (yellow box) at Lord Nelson Southern Extension

Significant drill results from Alto's drilling at Lord Nelson Southern Extension, include:

SRC136 **7m** @ **2.2 g/t gold** from 183m (incl. 1m @ 11.2g/t gold from 189m)
SRC148 3m @ 1.2 g/t gold from 43m and **12m @ 3.4 g/t gold** from 66m (incl. **5m** @ **6.1 g/t gold** from 70m)

Previous Troy Resources NL drill results, less than 80m below the Open Pit, and within the current Inferred Mineral Resource, include:

TRC383	**17m** @ **3.2 g/t gold** from 82m	A72098*
TRC461	**5m** @ **10.4 g/t gold** from 92m	A72098
TRC374	**5m** @ **13.0 g/t gold** from 99m	A72098
TRCD291	**7.8m** @ **7.8 g/t gold** from 117m	A69776*
TRC339	**6m** @ **16.4 g/t gold** from 167m	A69776

Previous Troy Resources NL drill results not in the current Inferred Mineral Resource include:

TRC283	**6m** @ **2.5 g/t gold** from 82m	A69776
and	**3m** @ **3.6 g/t gold** from 92m	
TRC328	**7m** @ **3.1 g/t gold** from 92m	A69776

Note: Source is *WA Dep't of Mines, Industry Regulation and Safety, WAMEX Reporting System

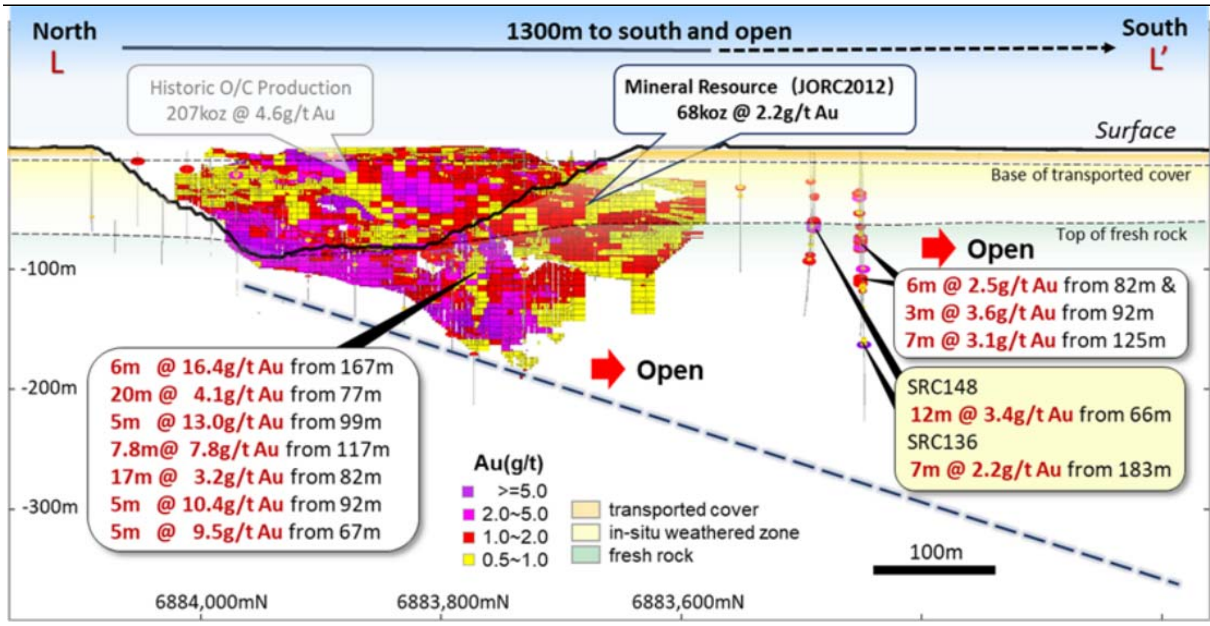
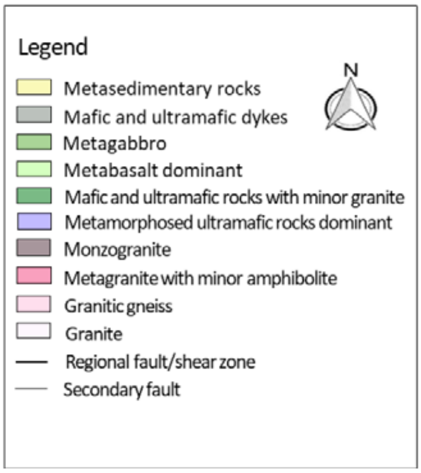


Figure 6. Lord Nelson Deposit, Longitudinal Projection, showing Mined Block Model, Unmined Resource Block Model, and Location of 2019 RC drill sections testing Lord Nelson Southern Extension

Exploration Incentive Scheme Grant Application

During the year the Company was successful in its application for a grant of up to $150,000 under Round 19 of the WA Governments Exploration Incentive Scheme.

The grant will assist in funding drilling to test the Chance Prospect located within the Edale Shear Zone on the eastern side of the Sandstone Greenstone Belt.



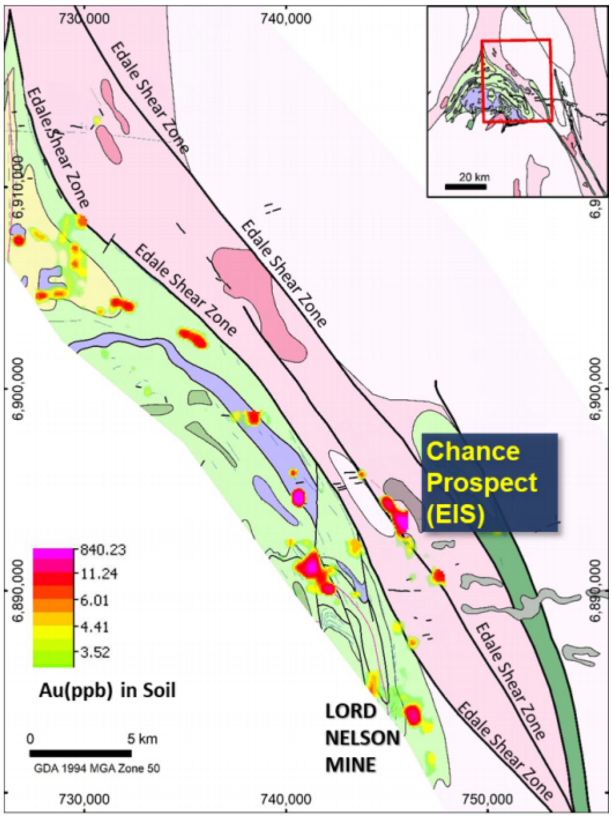


Figure 7. Location of Chance Prospect

Mining Lease Applications

As part of its long-term strategy the Company applied for mining leases over the Indomitable, Vanguard, Havilah, Lord Henry and Lord Nelson gold deposits.

On the 31 July 2019 Alto announced that Mining Lease M57/646 over the Indomitable Camp had been granted. The Indomitable Camp includes the Indomitable, Indomitable North, Tiger Moth and Piper gold deposits, which have combined (JORC 2012) Inferred Mineral Resources of 1.7Mt @ 1.3 g/t Au for 74,000oz.

Competent Person Statements

The information in this report that relates to 2018 Vanguard and Indomitable Camp Inferred Mineral Resources, and the 2019 Havilah and Ladybird Inferred Mineral Resources is based on resource estimation by Dr. Spero Carras of Carras Mining Pty Ltd. Dr. Carras is a Fellow of the Australasian Institute Mining and Metallurgy (AusIMM) and has over 40 years of 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.

With regards to the information in this report that relates to 2017 Lord Henry and Lord Nelson Mineral Resource Estimates by Snowden, the Company confirms that it is not aware of any further new information or data that materially affects the information included in the original market announcements by Alto Metals Limited regarding Lord Nelson released on 28 April 2017, and Lord Henry on 5 May 2017, and confirms that all material assumptions and technical parameters underpinning those estimates in the relevant market announcement continue to apply and have not materially changed. To the extent disclosed above, the Company confirms that the form and context in which the Competent Person's findings for the 2017 Lord Henry and Lord Nelson Mineral Resource Estimates are presented have not been materially modified from the original market announcement.

The information in this Report that relates to Exploration Results is based on information compiled by Dr Changshun Jia, who is an employee of Alto Metals Limited. Dr Jia is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as 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 Jia consents to the inclusion in the report of the matters based on the information in the context in which it appears.

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.

CORPORATE

On 26 February 2019, Matthew Bowles was appointed as a Non-Executive Director of the Company following the resignation of Dermot Ryan, the Managing Director.

On 1 March 2019, Middle Island Resources Limited (MDI) advised that it intended to make an off-market takeover offer of 5 MDI shares for every one Alto share.

On 13 May 2019, Alto placed 56,875,060 ordinary shares and 28,437,523 Options pursuant to the shortfall from its recent rights issue.

On 5 June 2019 these shares were issued into a separate trading class (AMENA) and suspended from trading as MDI would not include them in their takeover offer.

On 27 June MDI advised that they were increasing the consideration to 6 MDI shares for every 1 Alto share.

As at the date of this report, there have been 6 Supplementary Bidders Statements from MDI extending the original offer to 29 November 2019. The minimum bid condition for the offer is 50.1%. At the date of the sixth supplementary Bidders Statements, MDI had received 1.57% shareholder acceptance of the Offer.

DIRECTORS' REPORT

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 2019.

Directors

The names of Directors in office at any time during or since the end of the period are:

Dr Jingbin Wang
Mr Terry Wheeler
Mr Matthew Bowles (appointed 27 February 2019)
Mr Dermot Ryan (resigned 27 February 2019)
Mr Stephen Stone (resigned 17 July 2018)
Mr Terry Streeter (resigned 8 November 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

Matthew Bowles (Non-Executive Director, appointed 27 February 2019)

Mr Bowles is a senior corporate finance executive with extensive corporate advisory, private equity and capital markets experience within the resources sector. He has a depth of experience in domestic and cross border financing, joint venture and M&A transactions in Africa, the Americas and Australia.

Mr Bowles was previously the Chief Development Officer for a West African focused gold company. He commenced his career with Rio Tinto where he worked for nine years in various corporate and commercial roles, before moving to London to work in resources banking and finance. Since his return to Australia he has held senior roles with global advisory firms focused on the resources sector.

There have been no other listed entity directorships in the last 3 years.

Dr Jingbin Wang (Non-Executive Director, appointed12 October 2016, held the position of Chairman from 12 October 2016 - 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 Chairman, appointed 8 November 2018, previously Non-Executive Director, from 9 September 2016 to 8 November 2018)

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.

Dermot Ryan (Resigned 27 February 2019)

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.

Stephen Stone (Resigned 17 July 2018)

Terry Streeter (Resigned 8 November 2018)

Company Secretary

Graeme Smith Mr Smith was appointed Company Secretary on 22 March 2019. Mr Smith is a corporate governance & finance professional with over 25 years' experience in accounting and company administration. He is a Fellow of the Australian Society of Certified Practicing Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia. He is the principal of Wembley Corporate which provides Company Secretarial, CFO, and Corporate Governance services to public and private companies.

Mr Smith is a Non-Executive Director of Anglo Australia Resources NL.

Mr Patrick Holywell (removed on 27 February 2019.)

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 $1,147,517 (2018: $624,026). The consolidated loss includes an amount of $5,196 (2018: $16,000) 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 2019 are $11,360,281 (2018: $9,491,047).

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 Reporting Date

On 2 July 2019, 3 million ordinary shares issued on 17 January 2019, for the purchase of two meter prospecting and fossicking rights at Sandstone, were released from escrow.

On 18 July 2019, the Company raised a further $600,000 by way of issue of 16,666,666 ordinary shares at $0.036 per share together with 1 free attaching option for every two shares held exercisable at $0.07. The expiry date is 18 January 2021. These shares and options were issued to Alto's Chairman and major shareholder, Mr Terry Wheeler.

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		Committee Meetings
	Number eligible to attend	Number attended	
Matthew Bowles[(1)]	2	2	-
Dermot Ryan[(2)]	8	8	-
Stephen Stone[(3)]	-	-	-
Terry Streeter[(4)]	5	5	-
Jingbin Wang	8	8	-
Terry Wheeler	8	8	-

(1) Appointed 27 February 2019
(2) Resigned 27 February 2019
(3) Resigned 17 July 2018
(4) Resigned 8 November 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 $9,523 (2018: $7,200).
- No indemnity has been given to the Company's auditors.

Options

At the date of this report, the following options were on issue over ordinary shares of Alto Metals Limited (2018: Nil).

Unlisted Options	Number
Unlisted Options @ $0.07 Expiry 17/08/2020	4,571,711
Escrowed Unlisted Options @ $0.07 Expiry 13/11/2020	28,437,523
Unlisted Options @ $0.07 Expiry 09/03/2021	30,000,000

Performance Shares

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, 6,625,000 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:

	2019	2018
	$	$
Tax compliance services	10,075	10,000

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 as remuneration to Directors as 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 2019.

Voting and comments made at the Company's 2018 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 2018 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 2019

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 2019

	Short-term benefits		Post-employment benefits	Equity-settled share-based payments		
	Salary, fees and leave	Cash bonuses	Superannuation	Equity	Total	Remuneration performance based
	$	$	$	$	$	%
2019						
T Wheeler	36,530	-	3,470	-	40,000	-
J Wang	40,000	-	-	-	40,000	-
M Bowles(1)	13,332	-	-	-	13,332	-
D Ryan(2)	145,356	-	-	-	145,356	-
T Streeter (3)	50,157	-	-	-	50,157	-
S Stone(4)	1,720	-	-	-	1,720	-
P Holywell(5)	51,562	-	-	-	51,562	-
	338,657	**-**	**3,470**	**-**	**342,127**	**-**
2018						
T Streeter (3)	36,247	-	-	-	36,247	-
D Ryan(2)	220,000	-	-	-	220,000	-
J Wang	49,603	-	-	-	49,603	-
S Stone(4)	40,000	-	-	-	40,000	-
T Wheeler	36,530	-	3,470	-	40,000	-
P Holywell(5)	27,225	-	-	-	27,225	-
S Middlemas(6)	35,940	-	-	-	35,940	-
	445,545	**-**	**3,470**	**-**	**449,015**	**-**

(1) Mr Bowles was appointed to the board on 27 February 2019. All fees paid to Mr Bowles are paid to his private company Atlantic Capital Pty Ltd. In addition to his directors' fees, Mr Bowles received $43,250 in consulting services to the Company.
(2) Mr Ryan resigned from the board on 27 February 2019. All fees paid to Mr Ryan are paid to his private company Xserv Pty Ltd.
(3) Mr Streeter resigned from the board on 8 November 2018.
(4) Mr Stone resigned from the board on 17 July 2018. All fees paid to Mr Stone are paid to his private company Stepstone Pty Ltd.
(5) Mr Holywell was removed from his position as Company Secretary on 27 February 2019. All fees paid to Mr Hollywell are paid to his private company PWT Corporate Pty Ltd.
(6) Mr Middlemas resigned from his position as Company Secretary on 28 February 2018. All fees paid to Sam Middlemas are paid to his private company Sparkling Investments Pty Ltd.

Equity instrument disclosures relating to KMP

The number of ordinary shares and options were on issue over ordinary shares of Alto Metals Limited held by each KMP of the Company during the financial period is as follows:

	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
			Ordinary Shares	Unlisted Options	
2019 Ordinary Shares					
T Wheeler	31,405,198	-	9,302,977	1,447,221	42,155,396
J Wang	-	-	-	-	-
M Bowles[(1)]	-	-	-	-	-
D Ryan[(2)]	6,590,141	-	(6,590,141)	-	-
T Streeter[(3)]	1,450,000	-	(1,450,000)	-	-
S Stone[(4)]	8,787,500	-	(8,787,500)	-	-
P Holywell [(5)]	80,000	-	(80,000)	-	-
Total	**48,312,839**	**-**	**(7,604,664)**	**1,447,221**	**42,155,396**

(1) Appointed 27 February 2019.
(2) Resigned 27 February 2019.
(3) Resigned 8 November 2018.
(4) Resigned 17 July 2018.
(5) Removed 27 February 2019.

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:

	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
2019 Performance Rights				
T Wheeler	-	-	-	-
J Wang	750,000	-	(500,000)	250,000
M Bowles[(1)]	-	-	-	-
D Ryan[(2)]	3,750,000	-	(3,750,000)	-
T Streeter [(3)]	-	-	-	-
S Stone[(4)]	562,500	-	(562,500)	-
P Holywell[(5)]	-	-	-	-
Total	**5,062,500**	**-**	**(4,812,500)**	**250,000**

(1) Appointed 27 February 2019.
(2) Resigned 27 February 2019.
(3) Resigned 8 November 2018.
(4) Resigned 17 July 2018.
(5) Removed 27 February 2019.

Loans to KMP

There were no loans made to KMP as at 30 June 2019, nor were any made during the reporting period.

C. 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 as part of remuneration to Directors and Key Management Personnel during the 2019 financial period (2018: nil).

Performance Rights

No performance rights were issued to Directors and Key Management Personnel during the 2019 financial period (2018: nil).

D. Other Transactions with Directors and Key Management Personnel

On 7 December 2018, the Company entered into a convertible loan financing facility agreement ("Loan Agreement") with Windsong Valley Pty Ltd a related party of the Chairman. Windsong Valley provided to the Company $300,000 (in three $100,000 tranches) ("Convertible Loan"). The Company was not required to provide any security for the Convertible Loan. Interest was accruable on the Convertible Loan at a rate of 8% per annum.

On 26 February, the Company received the approval of Shareholders to issue Loan Conversion Shares to Windsong Valley Pty Ltd pursuant to the Convertible Loan agreement.

On 6 March 2019 the Company issued 6,382,948 shares (being conversion of $300,000 Convertible Loan) to Windsong Valley Pty Ltd a related party of the chairman.

On 5 May 2019, the Chairman advanced the Company $50,000. The funds were repaid in full on 16 May 2019. No interest was paid on the advance.

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 30 June 2019 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.

Terry Wheeler
Non-Executive Director

Dated this 30th day of September 2019

Grant Thornton

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Adelaide SA 5000

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GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

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 2019, 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

J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2019 $	2018 $
Other income	2	8,174	327,572
Accounting and audit fees		(20,341)	(34,723)
Share registry and listing fees		(80,117)	(42,223)
Employee benefits expense		(397,267)	(403,567)
Consulting expense		(217,510)	(58,178)
Computers and software		(47,803)	(35,000)
Depreciation and amortisation expense	3	(23,997)	(34,676)
Insurance		(20,835)	(16,682)
Investor relations		(57,753)	(84,461)
Legal fees		(102,984)	(2,487)
Office rental and occupation expenses	3	(97,344)	(81,044)
Travel and accommodation		(18,138)	(43,389)
Impairment of AFS financial asset	16	-	(138,517)
Share based payments	19	-	100,064
Impairment of exploration and evaluation expenses	3	(5,196)	(16,000)
Other expenses		(66,406)	(60,715)
Loss before income tax		**(1,147,517)**	**(624,026)**
Income tax (expense) / benefit	4	-	-
Loss for the year		**(1,147,517)**	**(624,026)**
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to profit or loss			
Transfer to profit or loss on disposal of AFS financial asset		-	(281,124)
Revaluation of financial asset	16	-	(15,000)
Items not to be reclassified to profit or loss in subsequent periods			
Changes in the fair value of equity instruments carried at fair value through other comprehensive income	16	(32,500)	-
Other comprehensive income / (loss) for the period		**(32,500)**	**(296,124)**
Total comprehensive loss attributable to members of the parent entity		**(1,180,017)**	**(920,150)**
Basic loss per share (cents per share)	7	(0.55)	(0.36)
Diluted loss per share (cents per share)	7	(0.55)	(0.36)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2019 $	2018 $
Current Assets			
Cash and cash equivalents	8	1,327,148	856,345
Trade and other receivables	9	140,929	212,979
Available for sale financial assets	10	-	52,500
Prepayments		160,955	4,228
Total Current Assets		**1,629,032**	**1,126,052**
Non-Current Assets			
Equity instruments at fair value through other comprehensive income		20,000	-
Plant and equipment	11	103,092	111,788
Intangible assets	12	10,637	23,043
Exploration and evaluation	13	10,337,937	8,727,068
Total Non-Current Assets		**10,471,666**	**8,861,899**
TOTAL ASSETS		**12,100,698**	**9,987,951**
Current Liabilities			
Trade and other payables	14	726,476	496,904
Provisions		13,941	-
Total Current Liabilities		**740,417**	**496,904**
TOTAL LIABILITIES		**740,417**	**496,904**
NET ASSETS		**11,360,281**	**9,491,047**
Equity			
Issued capital	15	24,218,529	21,169,278
Reserves	16	(32,500)	-
Accumulated losses		(12,825,748)	(11,678,231)
TOTAL EQUITY		**11,360,281**	**9,491,047**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Reserve	AFS Reserve	Equity Instruments at FVOCI 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**

	Issued Capital	Share Reserve	AFS Reserve	Equity Instruments at FVOCI Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2018	**21,169,278**	**-**	**-**	**-**	**(11,678,231)**	**9,491,047**
Loss attributable to members of the entity for the period						
Loss for the period	-	-	-	-	(1,147,517)	(1,147,517)
Change in accounting policy arising from AASB 9	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	(32,500)	-	(32,500)
Total comprehensive loss for the period	**-**	**-**	**-**	**(32,500)**	**(1,147,517)**	**(1,180,017)**
Transaction with owners, directly in equity						
Shares issued during the period	3,245,287	-	-	-	-	3,245,287
Share issue transaction costs	(196,036)	-	-	-	-	(196,036)
Balance at 30 June 2019	**24,218,529**	**-**	**-**	**(32,500)**	**(12,825,748)**	**11,360,281**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		7,573	25,571
Payments to suppliers and employees		(866,530)	(843,846)
Net cash provided by/(used in) operating activities	**17a**	**(858,957)**	**(818,275)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available for sale asset		-	634,643
Purchase of plant and equipment		-	(38,422)
Payments for exploration and evaluation expenditure		(1,257,801)	(2,338,855)
Net cash provided by/(used in) investing activities		**(1,257,801)**	**(1,742,634)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares during the period		2,471,385	2,518,248
Costs associated with shares issued during the period		(183,824)	(29,440)
Proceeds from related party loan		300,000	-
Net cash provided by/(used in) financing activities		**2,587,561**	**2,488,808**
Net increase/(decrease) in cash and cash equivalents held		470,803	(72,101)
Cash and cash equivalents at beginning of the period		856,345	928,446
Cash and cash equivalents at 30 June	**8**	**1,327,148**	**856,345**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 $1,147,517 (2018: $624,026) and a cash outflow from operating activities of $858,957 (2018: $818,275) for the year ended 30 June 2019.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 for the period comprises current income tax expense and deferred tax expense.

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 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 profit or loss and other 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

As mentioned in Note 1(S), AASB 9 replaces AASB 139 Financial Instructions: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

When adopting AASB 9, the Group elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings at 1 July 2018.

Accounting policy applicable from 1 July 2018

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following category upon initial recognition:

- equity instruments at fair value through other comprehensive income (FVOCI)
- amortised cost

Classification is determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The Group has not designated any financial liabilities at FVPL.

Accounting policy applicable before 1 July 2018

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 wholly 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) OTHER INCOME

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

All other income 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.
- Equity instruments at FVOCI reserve – comprises gains and losses relating to these types of financial instruments.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 probable 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 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 rights have been recorded.

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

The Group has adopted the new accounting standards that have become effective this year, and are as follows:

AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from AASB 9 Financial Instruments are summarised in below.

AASB 15 Revenue from Contracts with Customers became mandatorily effective on 1 January 2018. The Group has considered the requirements of AASB 15 Revenue from Contracts with Customers and concluded that adoption of this standard from 1 July 2018 has no impact due to the Group not having any revenue contracts with customers.

Except for the impact of adopting Financial Instruments (AASB 9) from 1 July 2018, the accounting policies and methods of computation adopted in the preparation of this annual financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year. The Group has considered the implications of new amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

Adoption of AASB 9 Financial Instruments

Equity investments were previously classified as available for sale assets. Under AASB 9, these were assessed as being equity instruments at fair value through other comprehensive income (FVOCI), as the group intends to hold these for the foreseeable future and which the Group has irrevocably elected to classify upon initial recognition or transition. This change in classification has had no impact on the measurement of these assets or comparative financial information.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group's financial liabilities were not impacted by the adoption of AASB 9. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The Group's financial liabilities include a finance loan. The finance loan was recognised at fair value and subsequently measured at amortised cost using the effective interest method.

There was no impact on hedging as the Group does not currently apply hedge accounting.

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 classification	AASB 9 classification	AASB139 carrying amount ($)	AASB 9 carrying amount ($)
Financial Assets				
Listed shares	Available for Sale	Equity FVOCI	52,500	52,500
Financial Liabilities				
Funding agreement(1)	Amortised Cost	Amortised Cost	-	-

(i) Funding agreement – The Groups funding agreement was recognised at amortised cost using the effective interest method.

The effect on classification changes on the Groups equity are summarised below:

	AFS Reserve ($)	FVOCI Reserve ($)	Total ($)
Opening Balance at 1 July 2018	-	-	-
Change in Accounting Policy arising from AASB 9	-	-	-
Changes in the fair value of equity instruments carried at fair value through other comprehensive income	-	32,500	32,500
Closing Balance at 30 June 2019	-	32,500	32,500

(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 16 Leases (AASB 16) replaces AASB 17 Leases and some lease related interpretations and becomes mandatorily effective on 1 January 2019. AASB 16 requires all leases to be accounted for 'on-balance sheet' by lessees, other than short term and low value asset leases. AASB 16 provides guidance on the application of the definition of lease and on sale and lease back accounting. AASB 16 largely retains the existing lessor accounting requirements of AASB 17. AASB 16 requires new and different disclosures about leases.

When this standard is first adopted for the year ended 30 June 2020, all leases will be accounted for 'on-balance sheet'. As the current lease is due to expire prior to 30 June 2020, the impact of the adoption of AASB 16 has not been quantified.

	Note	2019 $	2018 $
NOTE 2: OTHER INCOME			
Interest received from other parties		8,174	25,561
Gain on disposal of AFS assets		-	302,011
		8,174	327,572
NOTE 3: LOSS FOR THE PERIOD			
(a) Expenses			
Depreciation and amortisation		23,997	34,676
Office rental and occupation expenses		97,344	81,044
(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	5,196	16,000
NOTE 4: INCOME TAX			
(a) Income tax (benefit)/expense			
Current tax		-	-
Deferred tax		-	-
		-	**-**
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% (2018: 30%)		(344,255)	(187,208)
Add / (Less) tax effect of:			
Other non-deductible/ (assessable) items		-	5,329
Deferred tax asset not brought to account		344,255	181,879
Income tax benefit attributable to operating loss		**-**	**-**
The applicable weighted average effective tax rates are as follows:		nil%	nil%
(b) Deferred tax assets			
Tax Losses		1,820,217	1,339,362
Provisions and Accrual		7,681	9,935
Other - Equity		60,984	9,291
		1,888,882	1,358,588
Set-off deferred tax liabilities	4(c)	(1,888,882)	(1,358,588)
Net deferred tax assets		-	-
(c) Deferred tax liabilities			
Exploration expenditure		(1,840,397)	(1,357,137)
Other – P&L		(48,485)	(1,451)
		(1,888,882)	(1,358,588)
Set-off deferred tax assets		1,888,882	1,358,588
Net deferred tax liabilities		-	-

NOTE 4: INCOME TAX

(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	858,609	1,808,407
Temporary differences for which no deferred tax asset has been recognised – Equity	24,000	15,750

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2019 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	2019	2018
		$	$

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel during the year are as follows:

Short-term employee benefits	381,907	445,545
Post-employment benefits	3,470	3,470
Share based payments	-	-
	385,377	449,015

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 2019.

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

NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial report by Grant Thornton Audit Pty Ltd	27,144	20,500
Remuneration of the auditor, or associated entities, of the parent entity for non-audit services:		
- Tax compliance services	10,075	10,000

NOTE 7: LOSS PER SHARE

(a) Reconciliation of earnings to loss		
Earnings used in the calculation of basic EPS	(1,147,517)	(624,026)
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	207,685,167	172,735,754
Basic / Diluted loss per share (cents per share)	(0.55)	(0.36)

	2019 $	2018 $
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash at bank	1,327,148	856,345
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	1,327,148	856,345

NOTE 9: TRADE AND OTHER RECEIVABLES

	2019	2018
CURRENT		
GST receivable	73,613	90,111
Trade and other receivables	33,685	94,286
Security bonds	32,971	27,972
Interest receivable	660	610
	140,929	212,979

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due.

Included in security bonds is $26,365 which is subject to an indemnity guarantee for a rental agreement.

NOTE 10: FINANCIAL ASSETS AND LIABILITIES

Note 1 provides a description of each category of financial assets and financial liabilities and related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Amortised Cost $	Available for Sale $	FVOCI $
30 June 2019			
Financial assets			
Cash and cash equivalents	1,327,148	-	-
Trade and other receivables	140,929	-	-
Equity instruments	-	-	20,000
Total financial assets	1,468,077	-	20,000
Financial liabilities			
Trade and other payables	726,476	-	-
Total financial liabilities	726,476	-	-
30 June 2018			
Financial assets			
Cash and cash equivalents	856,345	-	-
Trade and other receivables	217,207	-	-
Available for sale financial asset	-	52,500	-
Total financial assets	1,073,552	52,500	-
-			
Financial liabilities			
Trade and other payables	496,904	-	-
Total financial liabilities	496,904	-	-

NOTE 10: FINANCIAL ASSETS AND LIABILITIES

	2019 $	2018 $
Equity instruments at fair value through other comprehensive income		
Opening balance	-	-
Reclassification arising from the adoption of AASB 9	52,500	-
Revaluation	(32,500)	-
	20,000	-

Equity instruments are shares held in an ASX listed entity, Enterprise Metals Ltd, and were revalued in the current period based on the share sale price at reporting date. Fair value has been determined by reference to quoted market prices.

	2019 $	2018 $
Available for sale financial assets		
Opening balance	52,500	681,256
Disposals	-	(613,756)
Revaluation	-	(15,000)
Reclassification arising from the adoption of AASB 9	(52,500)	-
	-	52,500

Available-for-sale financial asset are shares held in an ASX listed entity, Enterprise Metals Ltd, and were revalued in the current period based on the share sale price at reporting date. Fair value has been determined by reference to quoted market prices.

Other financial instruments
The carrying amount of the following financial assets and liabilities is considered reasonable approximation of fair value:
- cash and cash equivalents
- trade and other receivables
- trade and other payables

NOTE 11: PLANT AND EQUIPMENT

	2019 $	2018 $
NON-CURRENT		
Plant and equipment – cost	136,588	134,032
Accumulated depreciation	(134,044)	(128,702)
	2,544	5,330
Motor vehicle – cost	25,000	25,000
Accumulated depreciation	(12,500)	(6,250)
	12,500	18,750
Property – cost	88,048	87,708
Accumulated depreciation	-	-
	88,048	87,708
Total property, plant and equipment	103,092	111,788

NOTE 11: PLANT AND EQUIPMENT

a) Reconciliation of Carrying Amounts

Plant and Equipment		
Opening balance	5,330	3,606
- Additions	2,556	13,422
- Depreciation expense	(5,342)	(11,698)
Carrying amount at the end of the period	2,544	5,330
Motor Vehicles		
Opening balance	18,750	-
- Additions	-	25,000
- Depreciation expense	(6,250)	(6,250)
Carrying amount at the end of the period	12,500	18,750
Land and Buildings		
Opening balance	87,708	87,708
- Additions	340	-
- Depreciation expense	-	-
Carrying amount at the end of the period	88,048	87,708
Totals		
Opening balance	111,788	91,314
- Additions	2,896	38,422
- Depreciation expense	(11,592)	(17,948)
Carrying amount at the end of period	103,092	111,788

NOTE 12: INTANGIBLE ASSETS

	2019 $	2018 $
NON-CURRENT		
Software – cost	75,137	75,137
Accumulated amortisation	(64,500)	(52,094)
	10,637	23,043
Total	10,637	23,043
Reconciliation of Carrying Amounts		
Opening balance	23,043	39,770
- Amortisation expense	(12,406)	(16,727)
Carrying amount at the end of the period	10,637	23,043

NOTE 13: EXPLORATION AND EVALUATION

Exploration and evaluation phases – at cost	10,337,937	8,727,068
Exploration and evaluation - movement		
Opening balance	8,727,068	6,360,816
Exploration expenditure	1,616,065	2,382,252
Impairment of exploration and evaluation expenses	(5,196)	(16,000)
Closing balance	10,337,937	8,727,068

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.

NOTE 13: EXPLORATION AND EVALUATION

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

	2019	2018
	$	$
CURRENT – UNSECURED LIABILITIES		
Trade and other payables	407,893	467,714
Accrued expenses	318,583	29,190
	726,476	496,904

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

	2019	2018
	$	$
245,457,115 (2018:160,459,462) Fully paid ordinary shares at no par value	22,043,529	18,994,278
25,000,000 (2018: 25,000,000) Performance shares	2,175,000	2,175,000
	24,218,529	21,169,278

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	21,169,278	18,680,470
Shares issued during the period		
9,733,334 on 6 December 2017 at $0.075 per share	-	730,000
12,226,642 on 21 Nov. 2017 at $0.075 per share	-	916,998
11,616,667 on 23 October 2017 at $0.075 per share	-	871,250
9,595,141 on 27 August 2018 at $0.047 per share	451,019	-
3,000,000 on 18 January 2019 at $0.039 per share(i)	117,600	-
9,143,474 on 18 February 2019 at $0.036 per share	329,166	-
6,382,948 on 6 March 2019 at $0.047 per share(i)	300,000	-
56,875,060 on 13 May 2019 at $0.036 per share(i)(ii)	2,047,502	-
Costs associated with equity raisings	(196,036)	(29,440)
At reporting date	24,218,529	21,169,278

NOTE 15: ISSUED CAPITAL

	2019 $ No.	2018 $ No.
At the beginning of the reporting period	185,459,462	151,882,819
Shares issued during the period:		
9,733,334 on 6 December 2017 at $0.075 per share	-	9,733,334
12,226,642 on 21 Nov. 2017 at $0.075 per share	-	12,226,642
11,616,667 on 23 October 2017 at $0.075 per share	-	11,616,667
9,595,141 on 27 August 2018 at $0.047 per share	9,596,141	-
3,000,000 on 18 January 2019 at $0.039 per share(i)	3,000,000	-
9,143,474 on 18 February 2019 at $0.036 per share	9,143,474	-
6,382,948 on 6 March 2019 at $0.047 per share(i)	6,382,978	-
56,875,060 on 13 May 2019 at $0.036 per share(i)(ii)	56,875,060	-
At reporting date	270,457,115	185,459,462

(i) *Share Based Payments*

- 3,000,000 shares issued on 18 January 2019 as consideration for two meter prospecting and fossicking rights at Sandstone. The shares issues have a six month escrow period, these shares were released from escrow on 17 July 2019.
- 6,382,948 shares issued on 6 March 2019 being conversion of $300,000 convertible loan with Windsong Valley Pty Ltd a related party of the chairman.
- 9,897,278 shares issued on 13 May 2019 at $0.036 per share in lieu of cash payment to trade creditors.

(ii) 56,875,060 shares issued on 13 May 2019, are suspended from trading until the earlier of:

- Middle Island Ltd (MDI) withdrawing the takeover offer;
- 22 November 2019 or such later date if the offer period for MDI's takeover offer is further extended by MDI; and
- The date on which MDI announces that the takeover will extend to the shares, following receipt of ASIC relief to extend the takeover offer to the shares.

(b) Performance shares	**$**	**$**
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	**No.**	**No.**
At the beginning of the reporting period	7,312,500	10,750,000
Performance rights issued during the period	-	-
Performance rights expired during the period	(6,312,500)	(3,437,500)
At reporting date	1,000,000	7,312,500

(d) Options	**No.**	**No.**
At the beginning of the reporting period	-	-
Options issued during the period:		
$0.07 Options expiring 17 August 2020	4,571,711	-
$0.07 Options expiring 13 November 2020	28,437,523	-
Options exercised during the period	-	-
At reporting date	33,009,234	-

NOTE 15: ISSUED CAPITAL

On 18 February 2019, the Company issued of one free attaching option for every two shares subscribed for under the entitlement offer. The options have been issued to shareholders of the Company and therefore do not fall within the scope of AASB 2 *Share-based payment.* Accordingly, the options have a $nil value.

On 13 May 2019, the Company issued of one free attaching option for every two shares subscribed for under the shortfall placement. The options have been issued to shareholders of the Company and therefore do not fall within the scope of AASB 2 *Share-based payment.* Accordingly, the options have a $nil value.

(e) 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 2019 is as follows:

	2019	2018
	$	$
Cash and cash equivalents	1,327,148	856,345
Trade and other receivables	140,929	212,979
Trade and other payables	(726,476)	(496,904)
Working capital position	741,601	572,420

NOTE 16: RESERVES

	2019	2018
	$	$
AFS Financial Asset Reserve	-	-
Performance Right Reserve	-	-
Equity instruments at FVOCI Reserve	32,500	-
	32,500	-

Movement in Reserves

	2019	2018
AFS Financial Asset Reserve		
At the beginning of the reporting period	-	157,607
Add revaluation increments, net of tax	-	(15,000)
Less impairments	-	138,517
Less disposal of AFS shares transferred to profit or loss	-	(281,124)
At reporting date	-	-
Performance Right Reserve		
At the beginning of the reporting period	-	100,064
Add performance rights issued	-	-
Less impairments	-	(100,064)
At reporting date	-	-

NOTE 16: RESERVES

Equity instruments at FVOCI Reserve		
At the beginning of the reporting period	-	-
Add revaluation increments, net of tax	32,500	-
Less impairments	-	-
At reporting date	32,500	-

NOTE 17: CASH FLOW INFORMATION

	2019 $	2018 $
(a) Reconciliation of Cash Flow from Operations with loss after Income Tax		
Loss after income tax	(1,147,517)	(624,026)
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
Depreciation	23,997	34,676
Share based payment	-	(100,064)
Impairment of Exploration and Evaluation	5,196	16,000
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	77,652	(82,627)
(Increase) / Decrease in other assets	-	-
Increase / (Decrease) in payables	181,715	101,260
Cash flow used in operations	(858,957)	(818,275)

(b) Credit Standby Facilities

The Group had no credit standby facilities as at 30 June 2019 (2018: nil).

NOTE 18: CONTROLLED ENTITIES

Details of Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned % 2019	Percentage Owned % 2018
Cue Metals Pty Ltd	Australia	Ordinary	100	100
Sandstone Exploration Pty Ltd	Australia	Ordinary	100	100

NOTE 19: SHARE-BASED PAYMENT

Share Based Payments made during the year are:

- 3,000,000 shares issued on 18 January 2019 as consideration for two meter prospecting and fossicking rights at Sandstone. The shares issues have a six month escrow period, these shares were released from escrow on 17 July 2019.
- 6,382,948 shares issued on 6 March 2019 being conversion of $300,000 convertible loan with Windsong Valley Pty Ltd a related party of the chairman.
- 9,897,278 shares issued on 13 May 2019 at $0.036 per share in lieu of cash payment to trade creditors.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 July 2019, 3 million ordinary shares issued on 17 January 2019, for the purchase of two meter prospecting and fossicking rights at Sandstone, were released from escrow.

On 18 July 2019, the Company raised a further $600,000 by way of issue of 16,666,666 ordinary shares at $0.036 per share together with 1 free attaching option for every two shares held exercisable at $0.07. The expiry date is 18 January 2021. These shares and options were issued to Alto's Chairman and major shareholder, Mr Terry Wheeler.

NOTE 21: RELATED PARTY TRANSACTIONS

	2019 $	2018 $
XServ Pty Ltd		
Mr Ryan is a Director and Shareholder of Xserv Pty Ltd. Mr Ryan's company provides director and geological consulting services to Alto Metals Limited.		
In addition Xserv Pty Ltd provides field equipment and vehicles at commercial rates equating to $Nil (2018: $32,750) in the current financial year.		
Directors fees and vehicle hire	152,221	249,773

As at 30 June 2019 $Nil (2018: $Nil) was payable to Xserv Pty Ltd

	2019 $	2018 $
Enterprise Metals Ltd		
Enterprise Metals Ltd is a significant Shareholder in the Company. The Company provides office space and office administration services including telephone, electricity and office equipment to Enterprise Metals Ltd.		
Reimbursement of shared costs charged to Enterprise Metals Ltd.	47,861	85,627
Rental of office space, purchase of plant and equipment and office administration expenses charged to Alto Metals Ltd.	-	43,447
	47,861	129,074

As at 30 June 2019 $22,510 (2018: $85,627) was receivable from Enterprise Metals Ltd.
At reporting date the Company holds 2,500,000 ordinary shares in Enterprise Metals Limited at a fair value of $20,000 (2018: $52,500).

	2019 $	2018 $
Atlantic Capital Pty Ltd		
Mr Bowles is a Director and Shareholder of Atlantic Capital Pty Ltd. Mr Bowles' company provides director and corporate advisory services to Alto Metals Limited.		
Directors fees and corporate advisory services	56,582	-

As at 30 June 2019 $14,083 (2018: $Nil) was payable to Atlantic Capital Pty Ltd.

	2019 $	2018 $
Windsong Valley Pty Ltd		
Mr Wheeler is a Director and Shareholder of Windsong Valley Pty Ltd.		
During the year Windsong Valley Pty Ltd issued a Convertible Loan to the Company, the loan was repaid in full during the year.	300,000	-
During the year Windsong Valley made a one-off cash advance to the Company, the advance was repaid in full during the year. No interest was incurred on the advance.	50,000	-
	350,000	-

As at 30 June 2019 $Nil (2018: $Nil) was payable to Windsong Valley 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 $2,600,000 (2018: $264,000).

Operating lease commitments:
Operating lease commitments contracted for Rental of the Company's Registered Office

	2019	2018
	$	$
Amounts payable:		
- not later than 12 months	68,042	65,424
- between 12 months and 5 years	-	59,972
	68,042	125,396

NOTE 23: FINANCIAL INSTRUMENT RISK

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.

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 2019. 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	2019	2018
		$	$
Cash and cash equivalents			
- AA Rated	8	1,327,148	856,345

NOTE 23: FINANCIAL INSTRUMENT RISK

(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.

A summary of the Group's financial assets and liabilities exposed to interest rate risk is shown below:

NOTE 23: FINANCIAL INSTRUMENT RISK

	Floating Interest Rate	Fixed Int maturing in 1 year or less	Fixed Int maturing over 1 to 5 years	Non-interest bearing	Total
	$	$	$	$	$
2019					
Financial Assets					
Cash and cash equivalents	1,327,148	-	-	-	1,327,148
Loans and receivables	-	-	-	140,929	140,929
Equity instruments at FVOCI	-	-	-	20,000	20,000
Total Financial Assets	1,327,148	-	-	160,929	1,488,077
Weighted ave int rate – cash	1.75%				
Financial Liabilities at cost					
Trade and other payables	-	-	-	(726,476)	(726,476)
Total Financial Liabilities	-	-	-	(726,476)	(726,476)
Net financial assets	1,327,148	-	-	(565,547)	761,601
2018					
Financial Assets					
Cash and cash equivalents	856,345	-	-	-	856,345
Loans and receivables	-	-	-	212,979	212,979
Available for sale financial assets	-	-	-	52,500	52,500
Total Financial Assets	856,345	-	-	265,479	1,121,824
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	-	-	(231,425)	624,920

(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 2019		
+/-1% in interest rates	+/- 13,271	+/- 13,271
Period ended 30 June 2018		
+/-1% in interest rates	+/- 8,563	+/- 8,563

(d) Equity price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the Statement of Financial Position as equity instruments at fair value through other comprehensive income (2018: Available for sale financial assets).

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 2019, 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:

NOTE 23: FINANCIAL INSTRUMENT RISK

	Carrying Amount	Listed equity price -10% Net Loss	Listed equity price -10% Equity	Listed equity price +10% Net Loss	Listed equity price +10% Equity
	$	$	$	$	$
30 June 2019	20,000	(2,000)	(2,000)	2,000	2,000
30 June 2018	52,500	(5,250)	(5,250)	5,250	5,250

(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.

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 2019	**$**	**$**	**$**	**$**
Financial Assets				
Equity instruments at FVOCI	20,000	-	-	20,000
Year ended 30 June 2018				
Financial Assets				
Available for sale financial assets	52,500	-	-	52,500

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.

NOTE 24: PARENT ENTITY DISCLOSURES

	2019 $	2018 $
(a) Financial Position of Alto Metals Limited		
CURRENT ASSETS		
Cash and cash equivalents	1,327,146	856,341
Trade and other receivables	132,084	217,207
Prepayments	160,955	-
Available for sale financial assets	-	52,500
TOTAL CURRENT ASSETS	1,620,185	1,126,048
NON-CURRENT ASSETS		
Equity instruments at fair value through other comprehensive income	20,000	-
Plant and equipment	103,092	111,788
Intangible assets	10,637	23,043
Exploration and evaluation	-	-
Other assets	10,346,784	8,737,814
TOTAL NON-CURRENT ASSETS	10,480,513	8,872,645
TOTAL ASSETS	12,100,698	9,998,693
CURRENT LIABILITIES		
Trade and other payables	726,476	496,902
Provisions	13,941	-
TOTAL CURRENT LIABILITIES	740,417	496,902
TOTAL LIABILITIES	740,417	496,902
NET ASSETS	11,360,281	9,501,791
EQUITY		
Issued capital	24,218,529	21,169,278
Reserves	(32,500)	(38,453)
Accumulated losses	(12,825,748)	(11,629,035)
TOTAL EQUITY	11,360,281	9,501,790
(b) Financial Performance of Alto Metals Limited		
Loss for the year	(1,141,717)	(574,832)
Other comprehensive income	(32,500)	-
Total comprehensive loss	(1,174,217)	(574,832)

The parent entity has no commitments at year end (2018: Nil)

Refer to Note 25 for contingent liabilities of the parent.

NOTE 25: CONTINGENT LIABILITIES

As at 30 June 2019 the Group has bank guarantees to the value of $26,365 (2018: $26,512) to secure a rental bonds.

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

The directors of Alto Metals Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 8 to 47, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of their performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the chief executive and chief financial officer for the year 1 July 2018 to 30 June 2019.

Signed in accordance with a resolution of the directors.

Terry Wheeler
Chairman

Perth, Western Australia
30 September 2019

Level 3, 170 Frome Street
Adelaide SA 5000

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GPO Box 1270
Adelaide SA 5001

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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 2019, 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 2019 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 $1,147,517 during the year ended 30 June 2019, and as of that date, the Group's incurred net operating cash flows of $858,957. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 2b, 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 - Notes 1E & 13	

At 30 June 2019 the carrying value of exploration and evaluation assets was $10,337,937.
 	
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; 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 2019, 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 Company/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 the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Alto Metals Limited, for the year ended 30 June 2019 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

J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 September 2019

ADDITIONAL ASX INFORMATION

Additional information required by the ASX Listing Rules and not shown elsewhere in the report is as follows. The information is current as at 11 September 2019.

(a) Twenty largest holders of quoted equity securities

	Holder Name	Holding	%
1	WINDSONG VALLEY PTY LTD	56,908,175	19.82
2	SINOTECH (HONG KONG) CORPORATION LIMITED	15,900,000	5.54
3	ENTERPRISE METALS LTD	12,000,000	4.18
4	OLGEN PTY LIMITED	9,722,222	3.39
5	MR STEPHEN STONE	8,787,500	3.06
6	SILVERLIGHT HOLDINGS PTY LTD	8,333,334	2.90
7	MR DERMOT MICHAEL RYAN & MRS VIVIENNE ELEANOR RYAN	7,559,029	2.63
8	CROWNLUXE INVESTMENT LTD	7,500,000	2.61
9	MR BRUCE ROBERT LEGENDRE	5,048,500	1.76
10	AJAVA HOLDINGS PTY LTD	4,000,000	1.39
10	PETER ERMAN PTY LIMITED	4,000,000	1.39
11	OSSART HOLDINGS PTY LTD	3,000,000	1.04
12	NOAH'S ARK INVESTMENT GROUP PTY LTD	2,777,778	0.97
12	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS	2,777,778	0.97
12	FEIS FAMILY TRUST	2,777,778	0.97
13	MR ROBERT WILMOT CREASY	2,506,904	0.87
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,500,000	0.87
15	WERSMAN NOMINEES PTY LTD	2,266,666	0.79
16	CORPORATE PROPERTY SERVICES PTY LTD	2,000,000	0.70
16	ALL-STATES FINANCE PTY LTD	2,000,000	0.70
17	MICJUD PTY LTD	1,883,333	0.66
18	WILLOWOOD CORPORATE PTY LTD	1,813,889	0.63
19	ROSANE PTY LTD	1,781,835	0.62
20	OCTIFIL PTY LTD	1,750,000	0.61
	Total	**169,594,721**	**59.07**

There is a total of 287,123,781 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 Holder	Holding	%
WINDSONG VALLEY PTY LTD	56,908,175	19.82
SINOTECH (HONG KONG) CORPORATION LIMITED	15,900,000	5.54
ENTERPRISE METALS LTD	12,000,000	4.18

(c) Distribution of equity securities

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	328	153,949	0.05%
1,001 - 5,000	465	1,238,941	0.43%
5,001 - 10,000	209	1,676,940	0.58%
10,001 - 100,000	300	11,508,836	4.01%
100,001 - 9,999,999,999	259	272,545,115	94.92%
Totals	**1,561**	**287,123,781**	**100.00%**

ADDITIONAL ASX INFORMATION

The number of fully paid ordinary shareholdings held in less than marketable parcels is 1,065 (based on a share price of $0.034).

(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:

	PERFORMANCE SHARES - VENDOR	UNLISTED OPTIONS $0.07 EXP 17/08/2020	UNLISTED OPTIONS $0.07 EXP 18/01/2021	UNLISTED OPTIONS $0.07 EXP 09/03/2021
MR STEPHEN STONE	12,500,000			
MR BRUCE ROBERT LEGENDRE	12,500,000			
WINDSONG VALLEY PTY LTD		1,388,888	8,333,333	
SILVERLIGHT HOLDINGS PTY LTD				10,000,000
BLUEBIRD CAPITAL PTY LTD				10,000,000
LONGREACH CAPITAL PTY LTD				10,000,000
TOTAL HOLDERS	2	108	1	3

(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.

TENEMENT REPORT
As at 30 June 2019

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	E57/1072	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	E57/1011	100%	WA	Granted	Sandstone Exploration Pty Ltd
Sandstone	M57/646	100%	WA	Granted	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	M57/647	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	M57/650	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	P57/1415	100%	WA	Application	Sandstone Exploration Pty Ltd
Sandstone	P57/1417	100%	WA	Application	Sandstone Exploration Pty Ltd