Annual Report 2021

Alto Metals Limited
ABN 62 159 819 173

CORPORATE DIRECTORY

Directors

Mr Richard Monti (Non-Executive Chairman)

Mr Matthew Bowles (Managing Director and CEO)

Dr Jingbin Wang (Non-Executive Director)

Mr Terry Wheeler (Non-Executive Director)

Company Secretary

Mr Graeme Smith

Principal registered office

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Share Registry

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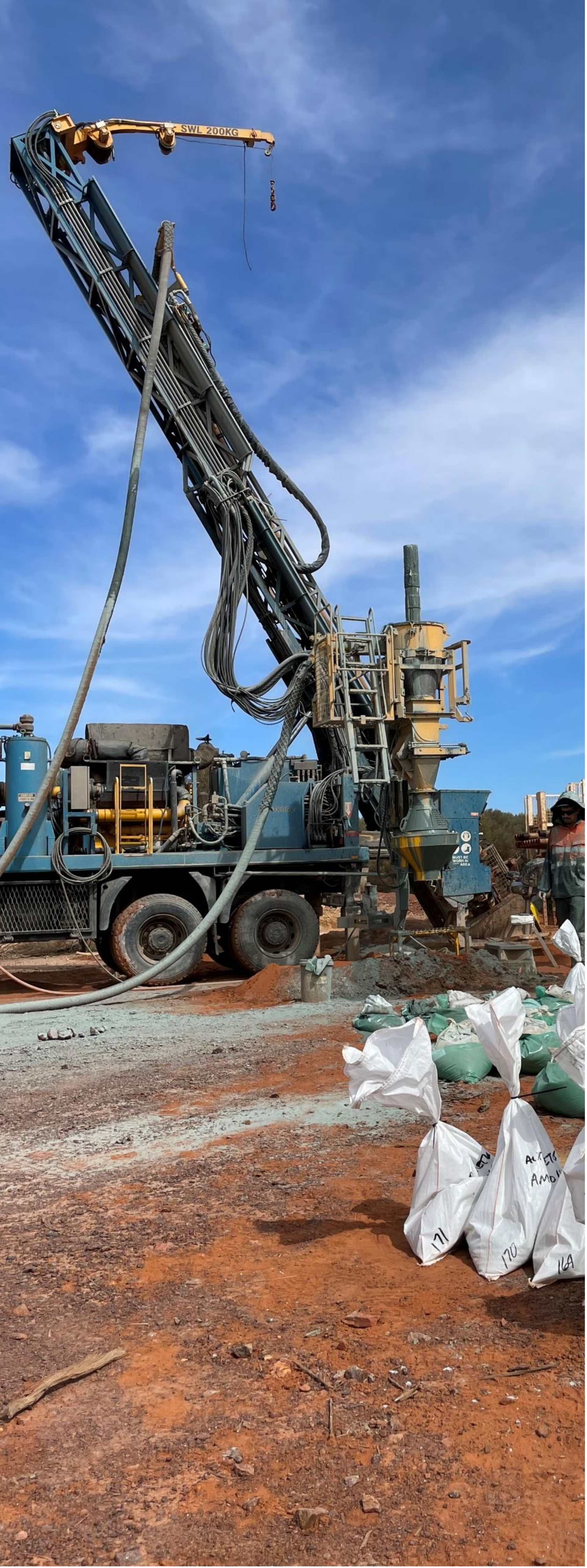
Australian Securities Exchange

ASX code: AME



“During FY2021, Alto commenced the largest single drilling campaign it has ever undertaken to unlock the value of the Sandstone Gold Project.

And we are starting to see the rewards from that program."

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Welcome to the 2021 Annual Report for Alto Metals Limited, a year which has been one of growth for our Company.

Irrespective of the distractions from various corporate approaches Alto has continued to focus on exploration and commenced the largest single drilling campaign it has ever undertaken, to start unlocking the value of the Sandstone Gold Project.

Our major drilling campaign started at the end of last year and has continued for over eight months. During which time we have drilled over 50,000 metres of RC drilling, more than the Company has drilled in last four years combined. In addition to the record amount of RC drilling, Alto commenced its maiden 3,000m diamond drilling program at the Lords corridor, Vanguard and Indomitable Camps.

And we are starting to see the rewards from that program. Recent drilling below the Lord Nelson pit has intercepted significant gold mineralisation, including 19m @ 6.0 g/t gold, while drilling at the Orion lode delivered 134m @ 1.9 g/t gold. All of which highlights the potential for additional lodes to be discovered further along the corridor.

In addition to the Lords Corridor, Vanguard, located only 5kms to the west, continues to deliver excellent results from step-out drilling, with mineralisation now defined along a NW corridor for over 2km and remaining open.

We believe these results demonstrate the clear potential for a much larger gold system at Sandstone and believe that our drilling will lead to further discoveries across our large strategic landholding.

These achievements were made possible through the successful capital raising completed at the end of last year and I would like to thank our shareholders, both new and existing for your support.

Looking to the future the Alto team is currently working on expanding our resource base which currently sits at 6.2 million tonnes @ 1.7 g/t for 331,000 ounces and planning the next major drill program, once all pending results have been received.

I would like to thank our Managing Director, Matthew Bowles, and the Alto exploration & support team for their dedication and hard work. Your commitment and perseverance has led to the success we have achieved to date.

We appreciate the support our shareholders have given us this past 12 months as we continue to unlock the value of the Sandstone Gold Project. Next year will be another exciting year for the Company as we focus on resource growth and further new discoveries, and I hope you continue to share the journey with us.

Yours sincerely,

Richard Monti
Non-Executive Chairman

Dated this 30th day of September 2021

EXPLORATION HIGHLIGHTS OF 2021

- 237 RC drill holes for ~43,200m of infill and step-out drilling at Lord Nelson, Orion, Central Zone and Lord Henry.
- 6 diamond drill holes were completed for ~1,100m during the period.
- High-grade results from Lord Nelson & Orion Lode including:
  - 19m @ 6.0 g/t gold from 223m within 48m @ 3.4 g/t gold from 214m
  - 134m @ 1.9 g/t gold from 24m, incl. 20m @ 5.9 g/t gold from 80m (SRC257)
  - 60m @ 1.9 g/t gold from 44m, incl. 12m @ 6.3 g/t gold from 92m (SRC254)
  - 28m @ 1.2 g/t gold from 112m incl. 4m @ 3.8 g/t gold from 132m (SRC255)
  - 20m @ 1.5 g/t gold from 124m incl. 4m @ 4.3 g/t gold from 44m (SRC251)
- Step-out drilling north of the Lord Henry pit, continue to intersect multiple stacked shallow lodes, incl:
  - 72m @ 1.2 g/t gold from 60m, incl. 12m @ 5.1 g/t gold from 108m (SRC259)
  - 52m @ 2.1 g/t gold from 40m, incl 4m @ 13.8 g/t gold from 72m
  - 8m @ 13.6 g/t gold from 56m
- New Central Zone discovered 1km south of the Lord Nelson Pit
  - 4m @ 5.3g/t gold from 124m; within
  - 16m @ 1.6g/t gold from 116m, (SRC240).
- Vanguard drilling continues to highlight the continuity of gold mineralisation over 800 metre strike
  - 12m @ 22.5 g/t gold from 40m, incl. 4m @ 60.6 g/t gold from 40m (SRC286)
  - 8m @ 3.1 g/t gold from 8m incl. 4m @ 5.8 g/t gold from 8m (SRC318)
  - 8m @ 2.8 g/t gold from 44m incl. 4m @ 5.3 g/t gold from 44m (SRC290) – Vanguard North
  - 12m @ 3.0g/t gold from 132m (SRC220)
- EIS grants totalling $300,000 as co-funded drilling by the WA government for:
  - Up to four deep diamond holes designed to test the down-plunge extensions of known primary gold mineralisation in the central part of the Lords Corridor; and
  - RC and diamond drilling to test the Chance Prospect, within the Edale Shear
- Preliminary testwork highlights excellent gold recoveries averaging 96% in Lord Nelson primary zone mineralisation

REVIEW OF OPERATIONS

Sandstone Gold Project (100%)

Alto Metals Limited ("Alto" or the "Company") and the entities it controls (together "the Group") is a Western Australian based company and is focused on gold exploration in Australia.

The Group's Sandstone Gold Project is located ~600km north of Perth in the East Murchison Mineral Field of Western Australia and covers approximately 900 km^2 of the highly prospective Sandstone Greenstone Belt, (Figure 1).

Since the discovery of gold at the end of the 19th century the Sandstone Greenstone Belt has produced over 1.3 million ounces gold of gold from numerous underground and open pit mining operations. Of this, some 612,000 ounces was produced between 1994 and 2008 from the open-pit mining of shallow oxide ore by ASX listed companies Herald Resources Ltd and Troy Resources NL.

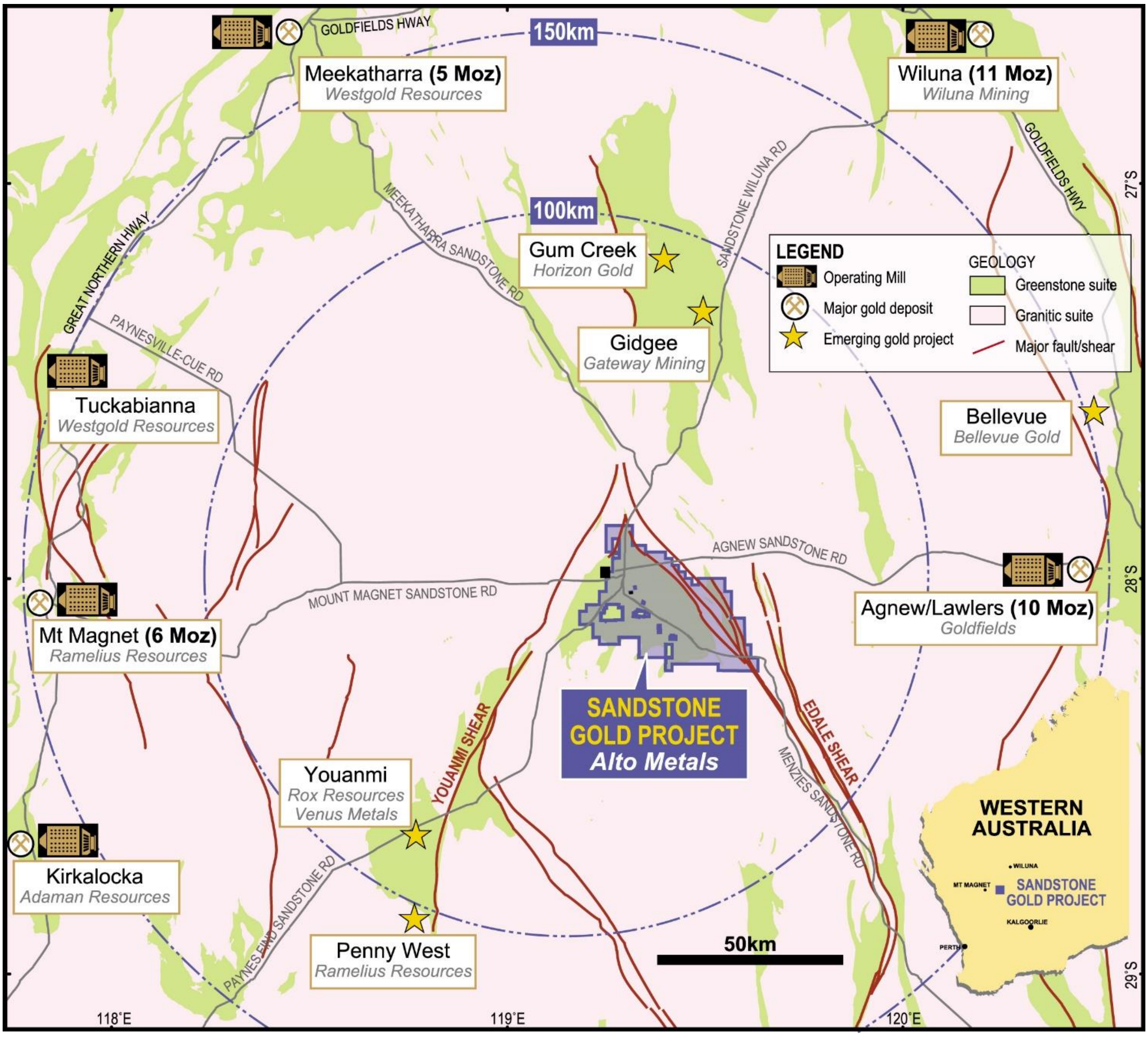

Figure 1. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

REVIEW OF OPERATIONS

During the 2021 financial year, Alto focused on discovery and mineral resource growth and delivered on a number of key objectives in relation to advancing the Sandstone Gold Project, including:

- A successful major drilling campaign utilising multiple RC drill rigs, which returned significant high-grade results from the Lords Corridor, Vanguard Camp and other prospects.
- The discovery of thick, shallow gold mineralisation at the Orion Lode, south of the Lord Nelson pit
- A second discovery of high grade gold mineralisation down plunge, below the Lord Nelson pit
- High-grade results from Vanguard which is now defined over 2 kilometre NW trend and remains open
- In addition to the record amount of RC drilling, the Company commenced its maiden 3,000m diamond drilling program at the Lords corridor, Vanguard and Indomitable Camps.

The Company drilled more metres in 2021 than in the previous 4 years. RC drilling remains ongoing into H2 2021.

Sandstone Gold Project Mineral Resources as at 30 June 2021

The current Total Indicated and Inferred (JORC 2012) Mineral Resource Estimate for the Sandstone Gold Project is **6.2 Million tonnes at 1.7 g/t Au for 331,000 ounces gold**

Table 1: JORC 2021 Sandstone Gold Project – Summary of Total Mineral Resources[1]

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

For reporting purposes at a high level, totals have been rounded. Rounding may result in some slight discrepancies in totals reported.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of all Inferred Mineral Resources to Indicated Mineral Resources.

All material assumptions and technical parameters underpinning the 2017, 2018, 2019 and 2020 JORC (2012) Mineral Resource estimates continue to apply and have not materially changed since last reported.

The Company views the current Resource as an interim estimate and further resource growth is targeted in FY2022, based on numerous high-grade results which are outside the current resource. A regional review is currently underway targeting additional mineralisation from both step-out targets, such as Vanguard and Indomitable and new targets, such as Bulchina camp.

1. AME ASX Release 16 May 2017. "Maiden Lord Henry JORC 2012 Mineral Resource of 69,000oz.". AME ASX Release 25 Sept 2018. "Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA" AME ASX release 11 June 2020. "Alto increases Total Mineral Resource Estimate to 290,000oz, Sandstone Gold Project" AME ASX release 27 May 2021. "Alto increases Lord Nelson Resource by 60% to 109,000 Ounces at 1.9 g/t Gold"

The Lords Corridor

The Lord Nelson and Lord Henry deposits are hosted predominantly within a +3km long, granodiorite intrusion with sheared remnant ultramafic layers.

Troy Resources NL (Troy) previously mined the Lord Nelson deposit and produced 220,000 ounces of gold at 4.6 g/t. Troy also previously mined the Lord Henry deposit and produced 48,000 ounces of gold at 3.6 g/t.

The current mineral resources for the two deposits are;

- Lord Nelson; 109,000oz of gold (Inferred Mineral Resource, Refer to Table 1).
- Lord Henry; 69,000oz of gold (65,000oz Indicated, 4,000oz Inferred, Refer to Table 1).

During FY 2021 the Company completed 142 RC drill holes for ~27,000m at the Lords Corridor targeting infill, step-out and exploration targets. In addition, a further 6 diamond holes for ~1,100m were completed.

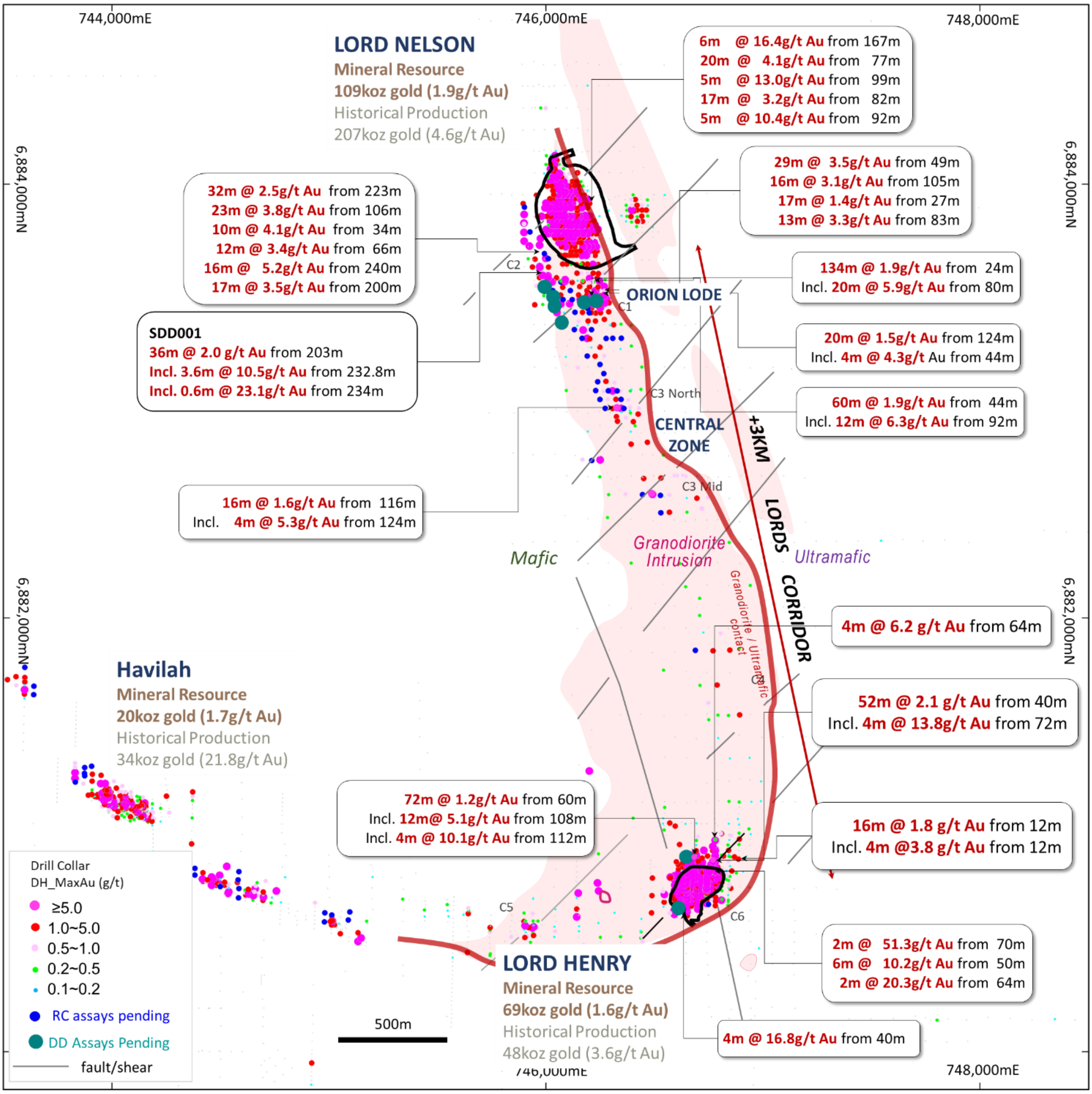

Figure 2. 3km long Lords Corridor showing pending RC assays and planned DD holes – Simplified geological interpretation.

Primary mineralisation beneath Lord Nelson

RC drilling was carried out at Lord Nelson targeting the primary high grade gold zone beneath the Lord Nelson pit.

Significant mineralisation was intersected extending the high grade gold mineralisation down-dip and down-plunge with excellent continuity in the primary zone.

These results are outside of the current Mineral Resource and include:

- **32m** @ **2.5g/t gold** from 223m, including **4m @ 12.3g/t gold** from 245m (SRC184)
- **7m** @ **4.6g/t gold** from 209m, including **2m @ 11.6g/t gold** from 210m (SRC209)
- **8m** @ **2.5g/t gold** from 190m, including **2m @ 7.8g/t gold** from 194m (SRC214)

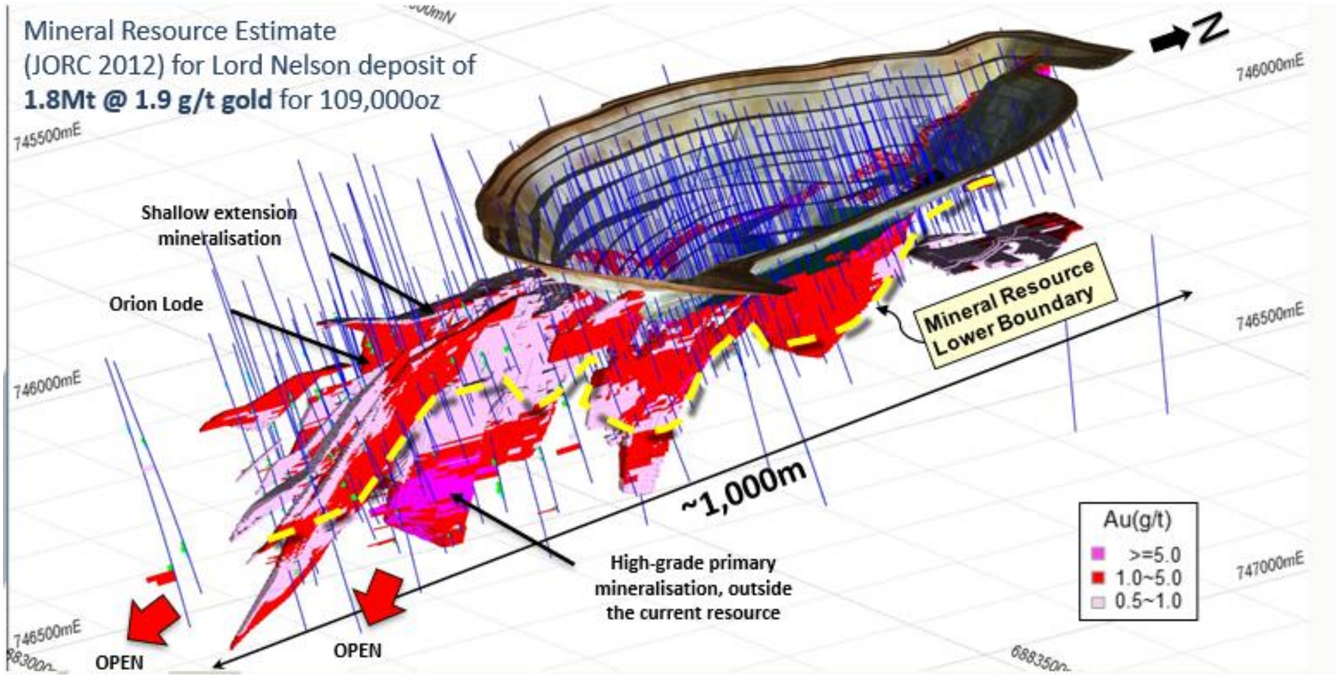

Figure3. Mineral Resources 3D modeling at Lord Nelson showing existing drilling (blue lines), existing open pit, and mineral resource lower boundary (yellow dashed line). The blocks below yellow line are unclassified.

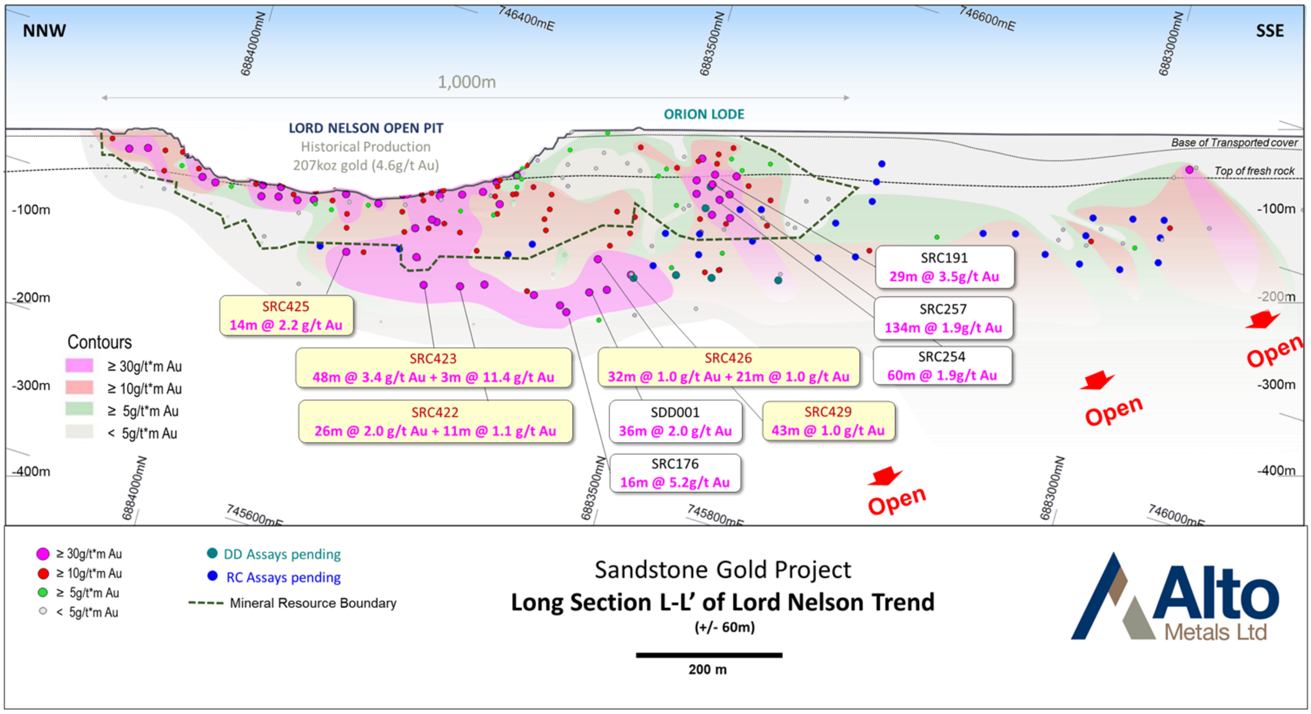

Figure 4. Lord Nelson Long Section

Orion Lode

The Orion Lode, a shallow high-grade gold lode, is located approximately 200 meters south of the current Lord Nelson Pit. The lode strikes NNW-SSE (350° Azimuth) with a moderate dip to the west (50° -70°). The Orion Lode is considered a repeat lode of the Lord Nelson deposit. The geology and mineralisation is identical to the mined portion of the Lord Nelson oxide mineralisation, with the majority of the mineralisation defined in shallow oxide and transitional zone.

Significant results reported from infill and step-out RC drilling at the Orion lode include;

- 134m @ 1.9 g/t gold from 24m;
- 60m @ 1.9 g/t gold from 44m;
- 29m @ 3.5 g/t gold from 49m; and
- 23m @ 3.8 g/t gold from 106m.

Central Zone

Wide-spaced (80m x80m) exploration drilling along the Central Zone of the Lords Corridor, targeting an IP anomaly and conceptual targets based on the current geological model, continue to intercept broad zones of gold mineralisation, including:

- 24m @ 1.1 g/t gold from 88m, incl. 8m @ 2.6 g/t gold from 100m (SRC321)

This intercept is located 240 metres south of SRC240, which reported 16m @ 1.6 g/t gold from 116m, incl. 4m @ 5.3 g/t gold from 124m and is open in all directions.

Anomalous gold results have been returned in a number of RC holes from the Central Zone, including 20m @ 0.3 g/t gold from 140m (SRC334). Mineralisation within the new Central Zone has now been defined over a 1 kilometre strike and remains open.

Lord Henry

Step-out drilling beneath the Lord Henry open-pit has intersected multiple stacked lodes of high-grade gold within the primary mineralisation, outside the current resource, including:

- **72m @ 1.2 g/t gold** from 60m, incl. **12m @ 5.1 g/t gold** from 108m, incl.
- **4m @ 10.1 g/t gold** from 112m (SRC259)

SRC259 is located ~230 metres north of SRC252, which reported **12m @ 6.1 g/t gold** from 40m, incl. **4m @ 16.8 g/t gold** from 40m. These results demonstrate the potential for further high-grade mineralisation outside the current resource and that mineralisation at Lord Henry **remains open to the North**.

Drilling at Lord Henry is designed to target extensions on a 40m x 40m spacing around previous high-grade intersections and 40m x 80m spaced section stepping out to the NNE of the open pit. Assay results for nine RC holes drilled to an average depth of ~150m are currently pending, with further RC drilling continuing.

- 52m @ 2.1 g/t gold from 40m and 4m @ 13.8 gold from 72m
- 4m @ 16.8 g/t gold from 40m
- 12 @ 5.1 g/t gold from 108m
- 2m @ 51.3 g/t gold from 70m
-

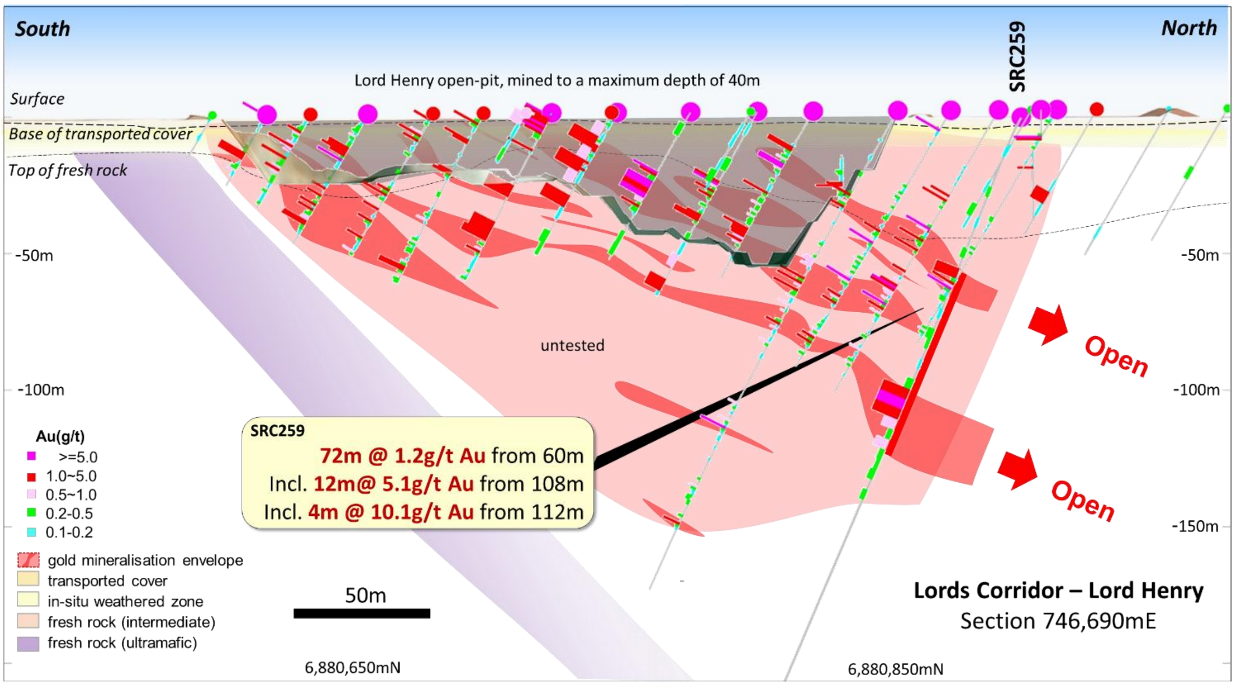

Figure 5. Lord Henry cross-section 746,690mE

Maiden diamond drilling program

Alto commenced its maiden diamond drilling program in May 2021, planned for a total of 17 holes for ~3,000 metres at Lord Nelson, Lord Henry, Vanguard and Indomitable deposits The purpose of this drilling is to target the extensions of known primary mineralisation at each of the deposits and also assist with advancing mineral resource work, including bulk density, acquiring geotechnical information as well as gaining details for litho-structural study, aiming for further discovery at the Sandstone Gold Project.

Results for the first diamond hole, SDD001, drilled at Lord Nelson were received subsequent to the period:

- **36m @ 2.0 g/t gold** from 203m, incl. **3.6m @ 10.5 g/t gold** from 232.8m

This high-grade intercept is less than 200m vertical depth and continues to demonstrate the high-grade mineralisation outside the current mineral resource that **remains open down plunge**

The high-grade (+10 g/t Au) gold mineralisation observed in SDD001, is characterised by multiple phases of gold carrying fluids and deposition of pyrite-quartz gold mineralisation, accumulating gold mineralisation over multiple generations.

The remaining 16 diamond holes have been completed and assays are currently pending.

Figure 6. Lord Nelson diamond core from 229.6m to 236.8m showing high-grade gold associated with strong sulphide rich alteration (SDD001).

REVIEW OF OPERATIONS

Vanguard

The Vanguard Camp is located five kilometres west of the Lords Corridor, within a 20 kilometre north-west/south-east trending corridor of which also hosts the Indomitable and Havilah deposits.

Gold mineralisation at Vanguard is hosted within a north-west/south-east trending differentiated dolerite package and is predominantly associated with quartz-pyrite veins in carbonate alteration haloes. The differentiated dolerite and granophyre texture occur within a sequence of mafic rocks, with the overall stratigraphy intruded by numerous felsic intrusions.

The current mineral resource at Vanguard Camp is 856kt @ 1.8g/t gold for 50,000oz (Inferred Mineral Resource, Refer to Table 1).

Drilling during the year has more clearly defined mineralisation at the Vanguard and Vanguard North trends, with both significantly extended to over 2,000m and remain open along strike and down dip. Some of the significant results reported from Vanguard during the year include:

- 12m @ 22.5 g/t gold from 40m, incl. 4m @ 60.6 g/t gold from 40m (SRC286)
- 28m @ 1.5 g/t gold from 132m, incl. 4m @ 4.3 g/t gold from 152m (SRC272)
- 8m @ 3.1 g/t gold from 8m incl. 4m @ 5.8 g/t gold from 8m (SRC318)
- 8m @ 2.8 g/t gold from 44m incl. 4m @ 5.3 g/t gold from 44m (SRC290)
- 4m @ 6.8 g/t gold from 124m (SRC307)
- 9m @ 2.0 g/t gold from 120m incl. 1m @ 10.3 g/t gold from 126m (SRC222)

The results highlight the continuity of high-grade gold in primary mineralisation at Vanguard and the significant likelihood of further resource growth with multiple significant intercepts outside the current resource.

RC drilling is ongoing into the second half of 2021 calendar year concurrent with four planned diamond holes, which will be the first ever diamond drilling into the Vanguard deposit.

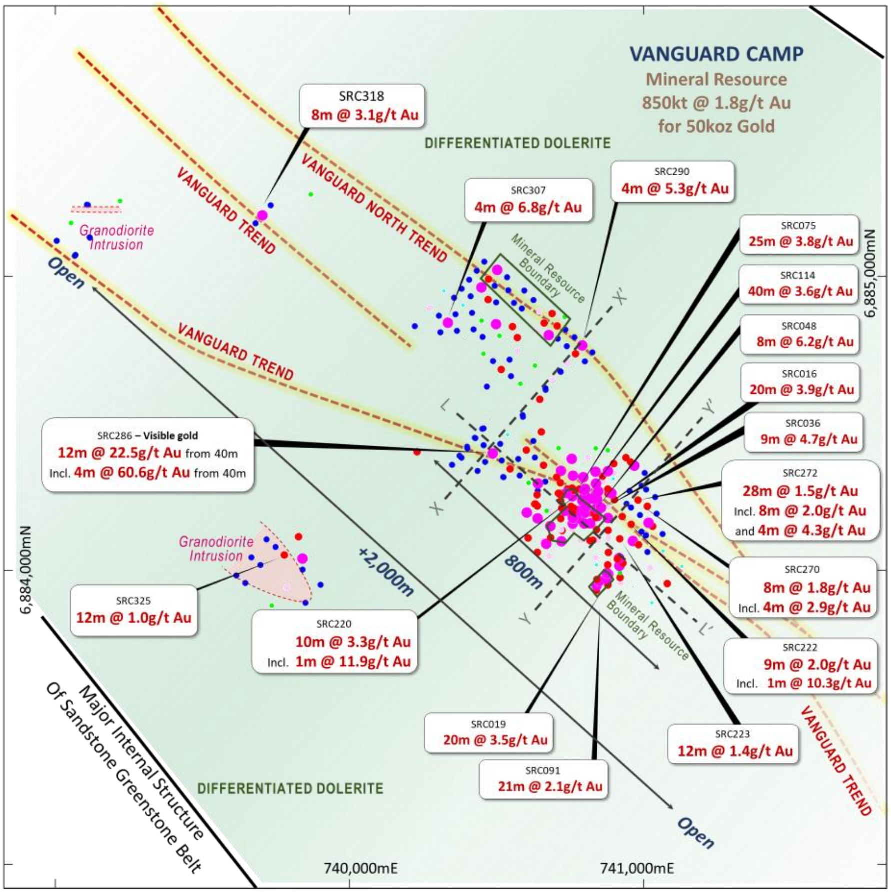

Figure 7. Vanguard Plan View

REVIEW OF OPERATIONS

Regional exploration

The Group's exploration efforts are currently focused on the south east quadrant of the Sandstone Gold Project area, referred to as the Alpha Domain, which hosts both the Lords corridor and the much larger north-west trending 20 kilometre corridor, which hosts the Vanguard, Indomitable, Ladybird and Havilah deposits.

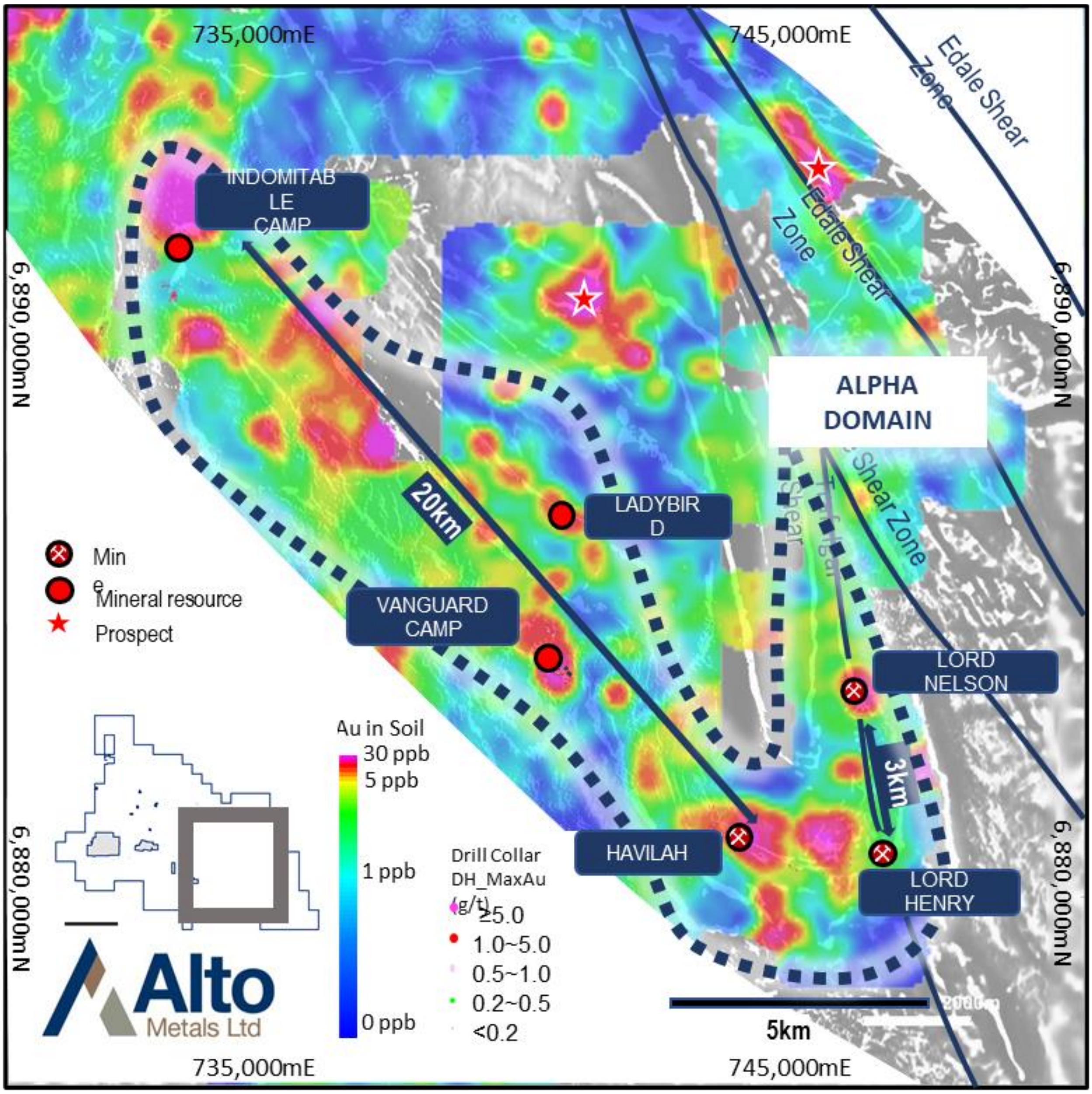

Figure 8. Regional prospect map (Alpha domain) showing gold in soil anomalies over 1VD Magnetics.

Preliminary Gold Recovery Testwork

Primary Mineralisation

During August 2020, Alto collected 4 RC drill samples within primary zone mineralisation from Lord Nelson with gold grades ranging from ~3 g/t Au to ~11 g/t Au and submitted the samples to Intertek Genalysis (Intertek) for Accelerated Cyanide Leach LeachWELL™ testwork.

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

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

Oxide and Transitional Mineralisation

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

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

This testwork determined:

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

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

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

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

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

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

Samples comprised various grades and lithologies within oxide, transitional and primary mineralisation.

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

REVIEW OF OPERATIONS

CORPORATE

Takeover offers

In March 2020, Goldsea Australia Mining Pty Ltd lodged a 6.5 cents per share bid on the Company (subsequently increased to 7.5 cents) which was allowed to lapse in July 2020.

In July 2020, Habrok (Alto) Pty Ltd lodged an unconditional cash offer of 6.6 cents per share for all the issued shares in the Company (subsequently increased to 7 cents) and a separate cash offer for the Company's options. This offer expired on 30 September 2020.

Subsequent to the period, ASX listed Western Australian gold miner Westgold Resources acquired ~14% interest in the Company.

EIS Co-funding Grants of $300,000 Received

Alto was awarded 2 EIS grants by the WA Government during the year. The first in November 2020 was for $150,000 for RC and diamond drilling at the Company's Edale Shear prospect.

A further $150,000 grant targeting depth extensions of known mineralisation within the Lords Corridor was awarded in June.

Forward-Looking Statements

This report may include forward-looking statements. Forward-looking statements may generally be identified by the use of forward-looking verbs such as anticipate, aim, expect, intend, plan or similar words, which are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Alto Metals Limited. Actual values, results or events may be materially different to those expressed or implied in this release. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this release speak only at the date of issue. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Alto Metals Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this release or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Competent Persons Statement

The information in this Report that relates to current and historical Exploration Results is based on information compiled by Dr Changshun Jia, who is an employee and security holder of Alto Metals Limited. Dr Jia is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Jia consents to the inclusion in the report of the matters based on the information in the context in which it appears.

Previously Reported Results

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

DIRECTORS' REPORT

Your Directors submit their report together with the annual financial statements of Alto Metals Limited ("Alto" or the "Company") and the entities it controlled (together "the Group") for the year ended 30 June 2021 and the auditor's review report thereon.

Directors

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

Mr Richard Monti

Mr Matthew Bowles

Dr Jingbin Wang

Mr Terry Wheeler

Directors were in office for the entire year unless otherwise stated.

Information on Directors

Richard Monti (Non-Executive Chairman)

Mr Monti is a geologist with a successful career of over 30 years in the international mineral resource industry, resulting in broad industry knowledge and strong strategic planning capabilities. He has first-hand working knowledge of all aspects of the industry. He has been a Director on 15 ASX and TSX listed companies, covering exploration and mining activities. Directorships include four as Chairman and sitting on numerous sub-committees. Mr Monti has held roles at several international and Australian companies including Anaconda Nickel, Azimuth Resources Limited, The North Group and The Normandy Group. He was a founding Director of Azimuth Resources and the architect of the Company's eventual take over for A$190m in 2013. Mr Monti was Principal of Ventnor Capital from 2005 to 2010, a corporate advisory business supplying advice across the commercial and corporate spectrum to junior and mid-size companies.

Directorships held in other listed entities: Boab Metals Ltd, Zinc of Ireland NL, Black Dragon Gold Corp (retired 11 August 2021) and Caravel Minerals Ltd.

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

Matthew Bowles (Managing Director and Chief Executive Officer, appointed 13 July 2020, previously Non-Executive Director from 27 February 2019 to 13 July 2020)

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.

Directorships held in other listed entities: Tanga Resources Limited (resigned 8 September 2020).

Dr Jingbin Wang (Non-Executive Director)

Dr. Wang is a senior geologist with extensive international minerals experience, and has been Chairman of Sinotech Minerals Exploration Co. Ltd since March 2004. He has a B.Sc in Mineral Prospecting & Exploration from Central South University of Technology in Changsha, China, and a 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 an 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: There have been no listed entity directorships in the last 3 years.

Terry Wheeler (Non-Executive Director)

Mr Wheeler 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.

Mr Wheeler 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 listed entity directorships in the last 3 years.

Company Secretary

Graeme Smith Mr Smith is a corporate governance and finance professional with over 30 years' experience in accounting and company administration. He is a Fellow of the Australian Society of Certified Practicing Accountants, the Chartered Governance Institute 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.

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 $1,810,766 (2020: $1,393,043).

Financial Position

The net assets of the Group at 30 June 2021 are $20,389,312 (2020: $10,854,306). The cash and cash equivalent of the Group at 30 June 2021 are $4,048,593 (2020: $1,107,261). The net current assets of the Group at 30 June 2021 are 3,617,001 (2020: $621,664)

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.

COVID-19

The COVID-19 outbreak has continued to affect everybody in 2021, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home).

At this stage, the impact on our business and results is limited. We will continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

Significant Changes in State of Affairs

Other than the Capital raising of $11 million during the year, there have been no significant changes in the affairs of the Group during the year.

Significant Events After the Reporting Date

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 Group 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 Group.

Environmental Regulation and Performance

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

Dividends Paid or Recommended

No dividend has been paid or recommended.

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	**Number attended**
R Monti	16	16
M Bowles	15	15
J Wang	16	15
T Wheeler	16	16

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 $11,040 (2020: $11,476).
- No indemnity has been given to the Group's auditors.

DIRECTORS' REPORT

Options

At the date of this report, the following options were on issue over ordinary shares of the Company. (on 30 September 2020: 73,893,078).

Date options granted	Number of unissued shares under option	Exercise price per option	Expiry date of options
29 November 2019	7,500,000	$0.07	29 November 2023
Total options on issue	**7,500,000**		

During the year 70,613,545 options were exercised at $0.07 per share and 70,613,545 new shares were issued as a result. Refer to note 16 (b) for details. 729,073 $0.07 options lapsed during year. Refer to note 16 (e) for details.

Performance Shares

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 25,000,000 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 any time prior to 23 June 2021.

The Group did not confirm a combined inferred and /or indicated mineral resource and/or reserve of at least 500,000oz gold in aggregate and the 25,000,000 performance shares converted into one (1) ordinary share.

Performance Rights

On 25 November 2020, Shareholders approved the issue of 8,000,000 Performance Rights to Messrs Bowles, Monti, Wheeler and Wang, Directors of the Company. These were issued on 1 December 2020 along with an additional 4,000,000 Performance Rights under the Company's Employee Share Plan. The fair value of these Performance Rights granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the Performance Rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. 12 million performance rights remains as at reporting date. (2020: Nil). Refer to note 4 for further details.

Non-audit Services

The following non-audit services were provided by the Group's auditor, Pitcher Partners BA&A 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 (including Independence Standards)*.

Pitcher Partners BA&A Pty Ltd, or associated entities, received or are due to receive the following amounts for the provision of non-audit services:

	2021	2020
	$	**$**
Tax compliance services	6,069	5,000

Corporate

During the year, shareholders exercised 70,613,545 options at an exercise price of $0.07 each for $4.9 million. A further 85.7 million shares were issued through placements and raised $6.4 million.

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

On 11 August 2020, the Company entered into a Loan Facility Agreement with major shareholder, Harvest Lane Asset Management Pty Ltd for up to $1 million. The loan can be drawn down between 11 August 2020 and 10 August 2021, interest is payable on the loan at a rate of 8% per annum. The loan was not utilised during the year and has now expired.

Substantial Shareholders

At year end, the following substantial shareholders were noted:

Holder	Number of Shares
Windsong Valley Pty Ltd & Marymount Pty Ltd	83.5 million
Westgold Resources Limited	64.5 million
GS Group Australia Pty Ltd (GSGA)	56.75 million

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of each element of the remuneration of each of the key management personnel("KMP") of the Group (defined as "Directors", both Non-Executive and Executive).

A. Remuneration Policy

The remuneration policy of Alto Metals Limited has been designed to align Directors 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 Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Group, as well as create goal congruence between Directors and shareholders.

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

The remuneration policy, setting the terms and conditions for the Managing Director ("MD"), was developed and approved by the Board. The MD receives a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews the MD's package periodically by reference to the Group's performance, the MD's performance, and comparable information from industry sectors and other listed companies in similar industries.

The MD is also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors is valued at the cost to the Company and expensed. Options given to Directors 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 Group. To align Directors' interests with shareholder interests, the Non-Executive Directors are encouraged to hold shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and KMP's performance. The Group believes this policy will be effective in increasing shareholder wealth. There is no direct link between remuneration paid to Non-Executive Directors and corporate performance.

From time to time, the Board may issue, at its discretion, issue performance rights or incentive options to KMP which are intended to align the interests of the KMP with those of Shareholders. During the year ended 30 June 2021, the Board issued 8,000,000 Performance Rights to KMP. The Performance Rights will vest subject to the relevant KMP remaining an employee, office-bearer or consultant of the Company for 3 years from the date of grant and the satisfaction of key performance milestones within that timeframe.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial period ended 30

June 2021.

Voting and comments made at the Company's 2020 Annual General Meeting ("AGM")

The Company received approximately 99.9% of "yes" votes based on the number of proxy votes received on its remuneration report for the 2020 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 2021

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

Table of Benefits and Payments for the Period Ended 30 June 2021

	Short-term benefits		Post-employment benefits	Equity-settled share-based payments		
	Salary, fees and leave	Cash bonuses	Superannuation	Options and Performance Rights	Total	Remuneration performance based
	$	$	$	$	$	%
2021						
R Monti	50,000	-	6,080	66,444	122,524	54%
M Bowles	272,350	-	12,350	93,022	377,722	25%
T Wheeler	35,662	-	4,338	26,578	66,578	40%
J Wang	40,000	-	-	26,578	66,578	40%
	398,012	**-**	**22,768**	**212,622**	**633,402**	**34%**
2020						
R Monti(1)	14,000	-	1,330	-	15,330	-
M Bowles(2)	203,242	-	-	238,905	442,147	-
T Wheeler	37,397	-	2,603	-	40,000	-
J Wang	40,000	-	-	-	40,000	-
	294,639	**-**	**3,933**	**238,905**	**537,477**	**-**

(1) Mr Monti was appointed to the board on 16 March 2020.
(2) 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. During the year, Mr Bowles was issued 7,500,000 options under the Employee Share Option Plan ("ESOP") and 6,250,000 LTI rights.

Equity instrument disclosures relating to KMP

Ordinary Shares

The number of ordinary shares held by each KMP of the Group during the financial period is as follows:

	Balance at the start of the period	Other changes during the period(1)	Other changes during the period(2)	Balance at the end of the period
2021				
Ordinary Shares				
R Monti	-	-	666,667	666,667
T Wheeler	57,374,841	15,480,554	10,666,667	83,522,062
J Wang	-	-	-	-
M Bowles	6,250,000	-	-	6,250,000
Total	**63,624,841**	**15,480,554**	**11,333,334**	**90,438,729**

(1) Pursuant to the conversion of $0.07 options.
(2) Placement pursuant to shareholder approval at the 2020 AGM

Options

The number of options on issue over ordinary shares of the Company held by each KMP of the Group during the financial period is as follows:

	Balance at the start of the period	Other changes during the period(1)	Other changes during the period(2)	Balance at the end of the period	Vested and exercisable	Unvested and unexercisable
2021 Unlisted Options						
R Monti	-	-	-	-	-	-
T Wheeler	9,780,554	5,700,000	(15,480,554)	-	-	-
J Wang	-	-	-	-	-	-
M Bowles	7,500,000	-	-	7,500,000	7,500,000	-
Total	**17,280,554**	**5,700,000**	**(15,480,554)**	**7,500,000**	7,500,000	-

(1) Options were acquired via an off market transfer on 10 March 2021.
(2) 15,480,554 number of Options were exercised at $0.07

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(1)	Other changes during the period	Balance at the end of the period	Vested and exercisable	Unvested and unexercisable
2021 Performance Rights						
R Monti	-	2,500,000	-	2,500,000	-	2,500,000
T Wheeler	-	1,000,000	-	1,000,000	-	1,000,000
J Wang	-	1,000,000	-	1,000,000	-	1,000,000
M Bowles	-	3,500,000	-	3,500,000	-	3,500,000
Total	**-**	**8,000,000**	**-**	**8,000,000**	**-**	**8,000,000**

(1) Pursuant to shareholder approval at the 2020 AGM . Refer to page 23 of the Director's report.

Loans to KMP

There were no loans to KMP as at 30 June 2021 (2020: Nil), nor were any made during the reporting period.

Service Agreements

The Group has entered into formal employment contracts with Matthew Bowles in July 2020. The employment contract for Mr Bowles has no fixed term and does not prescribe how remuneration levels are to be modified from year to year. A summary of the main provisions of these contracts for the year ended 30 June 2021 are set out below:

NAME	TERMS
Matthew Bowles (Managing Director and CEO)	Base salary of $260,000 (exclusive of superannuation contributions), reviewed annually. 6 months' notice by Mr. Bowles. 12 months by Company, including upon change of control. Termination payments to reflect appropriate notice, except in cases of termination for cause. Mr. Bowles shall be eligible to participate in any Short Term or Long Term Incentive Schemes that the Company may offer.

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.

Long term incentive rights (LTI)

LTI rights to directors and employees are delivered under an Employee Share Plan (the "Plan") that was adopted by the Group pursuant to approval by shareholders at the Annual General Meeting held of 29th November 2019.

A material feature of the Plan is that the issue of ordinary shares to directors and employees can be by way of provision of a limited-recourse, interest free loan, to be used for the purpose of subscribing for the shares. The offer of a limited-recourse, interest free loan is based on a share price not less than the volume weighted average price at which shares are traded on the ASX over the 10 trading days up to and including the date of the issue of shares offered under the Plan, or such other price as the Board of Directors determines. The term of each loan will be 3 years from the date of issue of the shares, subject to the earlier repayment in accordance with the terms of the Plan.

After subscription, the shares are issued as ordinary shares, and the directors and employees enjoy the same rights and benefits as other shareholders, apart from any vesting conditions that are attached and the fact the shares cannot be sold until the loan is settled. Shares may be issued subject to vesting conditions relating to achievement of milestones (such as period of employment) or escrow restrictions which must be satisfied before the shares can be sold, transferred, or encumbered.

The nature of the Plan is to provide an incentive to cause the share price to rise over the term of a director's and employee's service, as well as retaining the director's and employee's service, and hence there are no specific performance conditions attaching to these shares. The shares are considered to be "in substance options" or "long-term incentive rights" ("LTI rights") under generally accepted accounting principles, and accordingly are accounted for similar to options. The fair value of the LTI rights is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the LTI rights are granted and factors such as the share price at grant date, volatility of the share price and risk free rate. Accounting standards require the value of the LTI rights to be brought to account over the expected term of vesting the benefits to the holder.

Performance Rights

On 25 November 2020, Shareholders approved the issue of 8,000,000 Performance Rights to Messrs Bowles, Monti, Wheeler and Wang, directors of the Company. These were issued on 1 December 2020 along with an additional 4,000,000 Performance Rights issued to employee and contractors under the Plan. The fair value of these Performance Rights granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the Performance Rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate.

An expense of $318,932 was recognised for the year ended 30 June 2021. $212,622 was related to the share based payment expense for the directors.

The Performance Rights are subject to the following vesting conditions:

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

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

JORC 2012 compliant Mineral Resource located within the Sandstone Gold Project	% of Class Performance Rights Eligible for Vesting
500,000 ounces of gold	80%
1,000,000 ounces of gold	50%

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

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

	Performance Rights issued
Number of instruments	12,000,000
Date of grant	25-Nov-20
Share price at grant date	$0.10
Volatility factor	77.54%
Risk free rate	0.11%
Expected life of instrument (years)	3 years
Valuation per instrument	$0.10
Exercise price per instrument	-
Vesting conditions	As above
Number of instruments exercisable as at 30 June 2021	Nil

D. Other Transactions with Directors and Key Management Personnel

In March 2020, the Company entered into a Loan Facility Agreement ("Loan Agreement") for up to A$1 million with its largest shareholder, Windsong Valley Pty Ltd ("Windsong"), an entity associated with Non-Executive Director, Terry Wheeler. Refer to Note 15 for key terms of the facility. At June 2020, $250,000 was owed under the facility and during the year, an additional $200,000 was drawn down.

During the year, all outstanding amounts under the facility ($450,000 plus interest) were repaid to Windsong.

During the year, the spouse of M Bowles, a Director of the Group, provided media consulting services to the Group. All fees paid for such services were at market rates and on a normal arm's length basis. Total fees paid during the year were $7,300 (2020: $2,200). As at 30 June 2021 $Nil (2020: $Nil) was payable to Mr Bowles' spouse.

During the year, Mr Monti was paid $26,000 in consulting fees for services beyond those expected of a non-executive director.

Other than noted elsewhere in this report, no significant related party transactions have arisen during the year ended 30 June 2021.

Group's Performance

The table below sets out information about the Group's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2021	2020	2019	2018	2017
Net loss after tax ($)*	(1810,766)	(1,393,043)	(1,147,517)	(624,026)	(1,482,442)
Basic loss per share (cents)*	(0.46)	(0.48)	(0.55)	(0.36)	(1.0)
Share Price at year end (cents)	9.3	6.8	3.3	6.4	2.6

*Historical results have not been assessed and adjusted for the impact of new accounting standards.

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 30 June 2021 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.

Rounding amounts

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

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors

Richard Monti
Non-Executive Chairman

Dated this 30th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ALTO METALS LIMITED

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2021 $	2020 $
Other income	2	60,030	57,690
Accounting and audit fees		(47,830)	(37,574)
Computers and software expense		(72,110)	(45,047)
Consulting expense		(225,785)	(235,934)
Depreciation	3	(17,495)	(20,758)
Employee benefits expense		(535,709)	(435,423)
Impairment of exploration and evaluation	3	-	(6,519)
Insurance		(28,839)	(25,763)
Investor relations		(161,975)	(22,359)
Legal fees		(122,295)	(139,607)
Office rental and occupation expenses	3	(68,679)	(63,524)
Share based payments	4	(268,932)	(288,905)
Share registry and listing fees		(121,639)	(66,055)
Travel and accommodation		(14,498)	(3,921)
Other expenses		(185,010)	(59,344)
Loss before income tax		**(1,810,766)**	**(1,393,043)**
Income tax (expense) / benefit	5	-	-
Loss for the year		**(1,810,766)**	**(1,393,043)**
Other comprehensive income			
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	10	15,000	5,000
Other comprehensive income for the year		**15,000**	**5,000**
Total comprehensive loss attributable to members of the parent entity		**(1,795,766)**	**(1,388,043)**
Basic loss per share (cents per share)	7	(0.46)	(0.48)
Diluted loss per share (cents per share)	7	(0.46)	(0.48)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021	2020
		$	$
Current Assets			
Cash and cash equivalents	8	5,108,054	126,834
Trade and other receivables	9	298,683	79,971
Prepayments		10,071	9,315
Total Current Assets		**5,416,808**	**216,120**
Non-Current Assets			
Equity instruments at fair value through other comprehensive income	10	40,000	25,000
Property, plant and equipment	11	170,715	95,971
Intangible assets	12	-	-
Exploration and evaluation	13	16,561,596	11,354,999
Total Non-Current Assets		**16,772,311**	**11,475,970**
TOTAL ASSETS		**22,189,119**	**11,692,090**
Current Liabilities			
Trade and other payables	14	1,691,632	530,014
Loans and borrowings	15	-	250,000
Provisions		108,175	57,770
Total Current Liabilities		**1,799,807**	**837,784**
TOTAL LIABILITIES		**1,799,807**	**837,784**
NET ASSETS		**20,389,312**	**10,854,306**
Equity			
Issued capital	16	35,645,566	24,583,726
Reserves	17	773,303	489,371
Accumulated losses		(16,029,557)	(14,218,791)
TOTAL EQUITY		**20,389,312**	**10,854,306**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Based Payments Reserve	Equity Instruments at FVOCI Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2019	**23,990,563**	**227,966**	**(32,500)**	**(12,825,748)**	**11,360,281**
Loss attributable to members of the entity for the period					
Loss for the period	-	-	-	(1,393,043)	(1,393,043)
Other comprehensive income, net of tax	-	-	5,000	-	5,000
Total comprehensive loss for the period	**-**	**-**	**5,000**	**(1,393,043)**	**(1,388,043)**
Transaction with owners, directly in equity					
Shares issued during the period	600,000	-	-	-	600,000
Options issued to Director	-	120,901	-	-	120,901
LTI rights issued to Director	-	118,004	-	-	118,004
Shares issued to creditors	-	50,000	-	-	50,000
Share issue transaction costs	(6,837)	-	-	-	(6,837)
Balance at 30 June 2020	**24,583,726**	**516,871**	**(27,500)**	**(14,218,791)**	**10,854,306**
Loss attributable to members of the entity for the period					
Loss for the period	-	-	-	(1,810,766)	(1,810,766)
Other comprehensive income, net of tax	-	-	15,000	-	15,000
Total comprehensive loss for the period	**-**	**-**	**15,000**	**(1,810,766)**	**(1,795,766)**
Transaction with owners, directly in equity					
Shares issued during the period	11,422,840	-	-	-	11,422,840
Performance Rights issued	-	318,932	-	-	318,932
Shares cancelled	-	(50,000)	-	-	(50,000)
Share issue transaction costs	(361,000)	-	-	-	(361,000)
Balance at 30 June 2021	**35,645,566**	**785,803**	**(12,500)**	**(16,029,557)**	**20,389,312**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		5,149	6,963
Payments to suppliers and employees		(1,523,163)	(1,057,557)
Other receipts		54,881	50,000
Net cash used in operating activities	**18a**	**(1,463,133)**	**(1,000,594)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	**11**	(92,239)	(3,000)
Payments for exploration and evaluation expenditure		(4,259,029)	(1,039,883)
Net cash used in investing activities		**(4,351,268)**	**(1,042,883)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares during the period		11,422,840	600,000
Costs associated with shares issued during the period	**16**	(361,000)	(6,837)
Proceeds from related party loan	**15**	200,000	250,000
Repayment of related party loan principle and interests	**15**	(466,219)	
Net cash provided by financing activities		**10,795,621**	**843,163**
Net increase/(decrease) in cash and cash equivalents held		4,981,220	(1,200,314)
Cash and cash equivalents at beginning of the period		126,834	1,327,148
Cash and cash equivalents at 30 June	**8**	**5,108,054**	**126,834**

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 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("AASB") 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 investments.

The financial statements were authorised for issue by the Directors.

Rounding amounts

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

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 Group'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 $1,810,766 (2020: $1,393,043), net current assets of $3,617,001 (2020: net current liabilities $621,664), net cash outflows used in operating activities of $1,463,133 (2020: $1,000,594), net cash outflows used in investing activities of $4,351,268 (2020: $1,042,883) and had cash and cash equivalents of $5,108,054 (2020: $126,834) for the year ended 30 June 2021.

The Group is forecasting an increase in operations over the next 12 months and consequently requires an additional injection of capital to ensure that it can meet its forecasted liabilities as and when they fall due based on the increased operations. The COVID-19 pandemic has resulted in uncertain economic market conditions in which the Group operates and hence the exact timing and nature of the required capital injection remains uncertain at the date of this report.

Notwithstanding the uncertainty regarding the exact timing and nature of the required capital injection, these financial statements have been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, the Group will have access to, sufficient cash to fund administrative and additional committed exploration expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the Directors have taken into consideration the following:

- Obtaining an additional capital injection as and when required to meet forecasted liabilities;
- The ability to reduce budgeted exploration and evaluation expenditures accordingly should the need arise through the ongoing closing monitoring of cash reserves; and
- Receiving the continued support of its shareholders and creditors.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

(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 19.

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.

(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 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 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.

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 equipment	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 profit or loss.

(D) INTANGIBLE ASSETS

Recognition of intangible assets

Acquired intangible assets

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

Subsequent measurement

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

The following useful lives are applied:

Software: 4 years

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

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

(E) EXPLORATION & EVALUATION EXPENDITURE

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

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

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

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

The Company receives research and development ("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 profit or loss.

(F) LEASES

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Leases of 12-months or greater

Lease Asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease Liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(G) FINANCIAL INSTRUMENTS

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 Revenue from Contracts with Customers, 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 Group'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.

Equity instruments at fair value through other comprehensive income ("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

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 ("FVPL"). 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.

(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 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 Group'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 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 profit of loss. 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. The issue of shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest-free loan to be used for the purposes of subscribing for the shares. The shares issued are fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing shares, other than being subject to any Loan being extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

(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 result 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 Consolidated 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.

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

All other income is stated net of the amount of goods and services tax.

(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 Consolidated Statement of Financial Position are shown inclusive of GST.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(O) LOANS AND BORROWINGS

Borrowings are recognised initially at fair value net of transaction costs.

Subsequent to initial recognition, borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. Transaction costs are capitalised initially and included in the effective interest rate calculation and unwound over the expected term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period.

Interest expense is recognised as interest accrues using the effective interest rate and if not paid at balance date, is reflected in the balance sheet as a payable.

(P) 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:
- Retained earnings include all current and prior period retained profits.
- Shared based payment reserves – comprises expenses recorded for share based payments.

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

(Q) 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.

(R) PERFORMANCE RIGHTS

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

(S) 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 of Assets

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.

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recorded for the year ended 30 June 2021.

Key Estimates – Share-based payments (Refer to note 4)

The Group measures the cost of equity settled share-based payments at fair value at the grant date using the Black Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Key Judgments – Benefit from Deferred Tax Losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2021 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 Group 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 Group continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss and exploration expenditure.

(T) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There is no material impact on any new or amended Accounting Standards and Interpretations adopted by the Group. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following relevant standards and interpretations have been issued by the AASB but are not yet effective for the year ending 30 June 2021:

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments

AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture. The main amendments relate to:
(a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;
(b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting;
(c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;
(d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;
(e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and
(f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

AASB 2020-3 mandatorily applies to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The Group is in the process of assessing the likely impact of this accounting standard on the financial statements of the Group.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2014-10 amends AASB 10: Consolidated Financial Statements and AASB 128: Investments in Associates and Joint Ventures to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:
(a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and

(b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2022 and will be first applied by the Group in the financial year commencing 1 July 2022.

The Group is in the process of assessing the likely impact of this accounting standard on the financial statements of the Group.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Company in the financial year commencing 1 July 2023.

The Group is in the process of assessing the likely impact of this accounting standard on the financial statements of the Group.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2020-1 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to:
(a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
(b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies;
(c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates;
(d) AASB 134 – to identify material accounting policy information as a component of a complete set of financial statements; and
(e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

AASB 2021-2 mandatorily applies to annual reporting periods commencing on or after 1 January 2023 and will be first applied by the Group in the financial year commencing 1 July 2023.

The Group is in the process of assessing the likely impact of this accounting standard on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: OTHER INCOME

	2021	2020
	$	$
Interest received	5,149	7,690
Government grants	54,881	50,000
	60,030	57,690

NOTE 3: LOSS FOR THE PERIOD

Included in the loss for the period are the following items of revenue and expenses:

		2021	2020
		$	$
Depreciation expense		17,495	20,758
Superannuation expense		87,169	46,258
Office short term lease expenses		68,679	63,524
Impairment of exploration and evaluation	13	-	6,519

NOTE 4: SHARE-BASED PAYMENTS

Share based payments recognised during the year are:

	2021	2020
	$	$
Options issued to Director(i)	-	120,901
LTI rights issued to Director(ii)	-	118,004
Shares (cancelled) / issued for services received(iii)	(50,000)	50,000
Performance Rights issued(iv)	318,932	-
	268,932	288,905

(i) On 29 November 2019, Shareholders approved the issue of 7,500,000 options with an exercise price of $0.07 to Mr Matthew Bowles, a Director of the Group. The fair value of the options granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. As there were no vesting conditions attached, the expense of $120,901 was recognised in full in the year ended 30 June 2020.

(ii) On 29 November 2019, Shareholders approved the provision of a limited-recourse, interest-free loan to Mr Matthew Bowles, a Director of the Group, for the purpose of subscribing for 6,250,000 shares at $0.032 per share. After subscribing, the shares were issued as ordinary shares and Mr Matthew Bowles enjoyed the same rights and benefits as any other shareholder (other than he cannot sell the shares until they are paid for). The loan is limited-recourse because it is repayable in full no later than 3 years from the issue date, but can be settled by Mr Matthew Bowles at any time by returning the shares to the Company. The shares have been issued with no vesting conditions attached and are retained by Mr Matthew Bowles even if employment with the Group ceases, in all circumstances other than a case of gross misconduct. The nature of the arrangement is to retain Mr Matthew Bowles' as a Director and hence there are no specific performance conditions attaching to the arrangement. The arrangement is considered "in substance options" or "long-term incentive rights" ("LTI rights") under generally accepted accounting principles, and accordingly is accounted for similar to options. The fair value of the LTI rights was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the LTI rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. Accounting standards require the value of the LTI rights to be brought to account over the expected term of vesting the benefits to the holder. As there were no vesting conditions attached, the expense of $118,004 was recognised in full in the year ended 30 June 2020.

(iii) During the year ended 30 June 2020, an accrual was raised for an expected share-based payment payable to a creditor. During the current half-year period, an agreement was reached between the creditor and the Company that the shares would not be issued. Consequently, the share-based payment expense accrued at 30 June 2020 was reversed in the year ended 30 June 2021.

(iv) On 25 November 2020, Shareholders approved the issue of 8,000,000 Performance Rights to Messrs Bowles, Monti, Wheeler and Wang, Directors of the Group. These were issued on 1 December 2020 along with an additional 4,000,000 Performance Rights under the Company's Employee Share Plan. The fair value of these Performance Rights granted was estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the Performance Rights were granted and factors such as the share price at grant date, volatility of the share price and risk free rate. An expense of $318,932 was recognised for the year ended 30 June 2021.

The Performance Rights are subject to the following vesting conditions:

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

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

JORC 2012 compliant Mineral Resource located within the Sandstone Gold Project	% of Class Performance Rights Eligible for Vesting
500,000 ounces of gold	80%
1,000,000 ounces of gold	50%

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

Change of control

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

Valuation of Share Based Payments

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

	Performance Rights issued	Options issued to Director	LTI Rights issued to Director
Number of instruments	12,000,000	7,500,000	6,250,000
Date of grant	25-Nov-20	29-Nov-19	29-Nov-19
Share price at grant date	$0.10	$0.04	$0.04
Volatility factor	77.54%	84.00%	76.00%
Risk free rate	0.11%	0.65%	0.65%
Expected life of instrument (years)	3 years	4 years	3 years
Valuation per instrument	$0.10	$0.02	$0.02
Exercise price per instrument	-	$0.07	$0.03
Vesting conditions	As above	None	None
Number of instruments exercisable as at 30 June 2021	Nil	7,500,000	6,250,000

NOTE 5: 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% (2020: 30%)		(543,230)	(417,914)
Add / (Less) tax effect of:			
Entertainment		2,864	210
Penalties and Fines		-	180
Share based payments		80,680	86,672
Cash flow boost payment		(15,000)	(15,000)
Deferred tax asset not brought to account		474,686	345,852
Income tax benefit attributable to operating loss		**-**	**-**
The applicable weighted average effective tax rates are as follows:			
(b) Deferred tax assets			
Tax Losses		6,570,363	4,540,171
Provisions and Accrual		64,201	33,271
Capital Raising and business-related costs		143,586	59,515
Investments revalued through equity		18,000	24,000
		6,796,150	4,656,957
Set-off deferred tax liabilities	4(c)	(6,796,150)	(4,656,957)
Net deferred tax assets		-	-
(c) Deferred tax liabilities			
Exploration expenditure		(4,968,479)	(3,406,499)
Prepayments		(3,021)	(2,795)
		(4,971,500)	(3,409,294)
Set-off deferred tax assets		4,971,500	3,409,294
Net deferred tax liabilities			-
(d) Deferred tax assets not brought to account			
Unused tax losses for which no deferred tax asset has been recognised		6,570,363	4,540,171
Temporary differences for which no deferred tax asset has been recognised		(4,745,714)	(3,292,507)

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2021 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: AUDITORS' REMUNERATION

	2021 $	2020 $
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the financial report by Pitcher Partners BA&A Pty Ltd	28,358	25,500
Remuneration of the auditor, or associated entities, of the Group for non-audit services:		
- Tax compliance services	6,069	5,000

NOTE 7: LOSS PER SHARE

	2021 $	2020 $
(a) Reconciliation of earnings to loss		
Earnings used in the calculation of basic EPS	(1810,766)	(1,393,043)
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	390,260,110	289,540,448
Basic loss per share (cents per share)	(0.46)	(0.48)
Diluted loss per share (cents per share)	(0.46)	(0.48)
Antidilutive options on issue not used in dilutive EPS calculation	7,500,000	78,842,567

NOTE 8: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank	5,108,054	126,834

Reconciliation of cash

Cash at the end of the financial period as shown in the Consolidated Statement Of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

	2021	2020
Cash and cash equivalents	5,108,054	126,834

NOTE 9: TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
CURRENT		
GST receivable	264,662	29,169
Trade and other receivables	34,021	50,802
	298,683	79,971

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 trade and other receivables is a security bond of $26,365 (2020: $26,365) which is subject to an indemnity guarantee for a rental agreement.

NOTE 10: FINANCIAL INSTRUMENTS

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

	Amortised Cost $	FVOCI $
30 June 2021		
Financial assets		
Cash and cash equivalents(i)	5,108,054	-
Trade and other receivables(i)	298,683	-
Equity instruments(ii)	-	40,000
Total financial assets	5,406,737	40,000
Financial liabilities		
Trade and other payables(i)	(1,691,632)	-
Loans and borrowings(iii)	-	-
Total financial liabilities	(1,691,632)	-
30 June 2020		
Financial assets		
Cash and cash equivalents(i)	126,834	-
Trade and other receivables(i)	79,971	-
Equity instruments(ii)	-	25,000
Total financial assets	206,805	25,000
Financial liabilities		
Trade and other payables(i)	530,014	-
Loans and borrowings(iii)	250,000	-
Total financial liabilities	780,014	-

(i) 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
- loan and borrowings

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

	2021 $	2020 $
Balance at the beginning of the reporting period	25,000	20,000
Add revaluation increments/(decrements)	15,000	5,000
	40,000	25,000

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.

(iii) Loans and borrowings – refer to note 15 for details

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
NON-CURRENT		
Plant and equipment – cost	163,895	139,588
Accumulated depreciation	(141,831)	(137,898)
	22,064	1,690
Motor vehicles – cost	92,933	25,000
Accumulated depreciation	(32,330)	(18,767)
	60,603	6,233
Land and Building – cost	88,048	88,048
Accumulated depreciation	-	-
	88,048	88,048
Total property, plant and equipment	**170,715**	**95,971**

a) Reconciliation of Carrying Amounts

Plant and Equipment		
Opening balance	1,690	2,544
- Additions	24,307	3,000
- Depreciation expense	(3,933)	(3,854)
Carrying amount at the end of the period	22,064	1,690
Motor Vehicles		
Opening balance	6,233	12,500
- Additions	67,933	-
- Depreciation expense	(13,563)	(6,267)
Carrying amount at the end of the period	60,603	6,233
Land and Buildings		
Opening balance	88,048	88,048
- Additions	-	-
- Depreciation expense		-
Carrying amount at the end of the period	88,048	88,048
Totals		
Opening balance	95,971	103,092
- Additions	92,240	3,000
- Depreciation expense	(17,496)	(10,121)
Carrying amount at the end of period	170,715	95,971

NOTE 12: INTANGIBLE ASSETS

	2021 $	2020 $
NON-CURRENT		
Software – cost	75,137	75,137
Accumulated amortisation	(75,137)	(75,137)
	-	-

Reconciliation of Carrying Amounts

Opening balance	-	10,637
Amortisation expense	-	(10,637)
Carrying amount at the end of the period	-	-

NOTE 13: EXPLORATION AND EVALUATION

	2021 $	2020 $
Exploration and evaluation – at cost	16,561,596	11,354,999
Exploration and evaluation - movement		
Opening balance	11,354,999	10,337,937
Exploration and evaluation expenditure	5,206,597	1,023,581
Impairment of exploration and evaluation	-	(6,519)
Closing balance	16,561,596	11,354,999

The Directors' assessment of the carrying amount for the Group's exploration and evaluation assets 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 and evaluation assets for an amount at least equal to the carrying value. There may exist on the Group's exploration and evaluation assets, 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 and evaluation assets or areas within the tenements may be subject to exploration and mining restrictions.

As at 30 June 2021, the Directors have concluded that there remains an expectation that the carrying amount of the Group's exploration and evaluation assets will be recovered in full on the basis of the above factors, and hence no impairment triggers exist. Consequently, no detailed impairment assessment has been performed. During the year, an impairment of $NIL (2020: $6,519) was recognised due to the surrender of tenements.

NOTE 14: TRADE AND OTHER PAYABLES

	2021 $	2020 $
CURRENT – UNSECURED LIABILITIES		
Trade and other payables	1,552,795	486,531
Accrued expenses	138,837	43,483
	1,691,632	530,014

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: LOANS AND BORROWINGS

	2021 $	2020 $
Loan from related party(i)	-	250,000

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

The key terms of the Facility are set out below:

- The Company may drawdown up to $1,000,000 during the period 11 March 2020 to 10 March 2021 (Availability Period);
- The interest rate applicable on outstanding monies is 8% per annum, accrued monthly and calculate monthly;
- All outstanding monies and interest under the Facility are payable on or before 11 March 2021 (Maturity Date); and
- The Facility is repayable immediately in the event that the Company is subject to a change of control.

During the year, the Company drew down an additional $200,000. Total balance owing including interest was $466,219 prior to the settlement of the loan. The loan was fully repaid during the year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: ISSUED CAPITAL

(a) Issued capital

	2021 $	2020 $
450,259,736(2020: 270,457,115) Fully paid ordinary shares	35,645,566	22,408,726
- (2020: 25,000,000) Performance shares	-	2,175,000
	35,645,566	24,583,726

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

(b) Ordinary shares

	2021 $	2020 $
The following movements in ordinary share capital occurred during the reporting period:		
Balance at beginning of the period	22,408,726	21,815,563
Shares issued during the period		
70,613,545 options exercised at $0.07 per share	4,942,949	
73,007,311 on 2 Oct at $0.075 per share	5,475,548	
1,391,250 on 9 Oct at $0.075 per share	104,344	
11,333,334 on 16 Dec 2020 @ $0.075 per share	850,000	
540,515 on 15 Feb 2021 at $0.093 per share	50,000	
Lapse of 25,000,000 Performance Shares	2,175,000	
Prior year		
16,666,666 on 3 December 2019 at $0.036 per share(ii)		600,000
Costs associated with equity raisings	(361,001)	(6,837)
Balance at end of the period	35,645,566	22,408,726

	No.	No.
Balance at beginning of the period	**293,373,781**	270,457,115
Shares issued during the period		
70,613,545 Options exercised at $0.07 per share	70,613,544	
73,007,311 on 2 Oct at $0.075 per share	73,007,311	
1,391,250 on 9 Oct at $0.075 per share	1,391,250	
11,333,334 on 16 Dec 2020 @ $0.075 per share	11,333,334	
540,515 on 15 Feb 2021 at $0.093 per share	540,515	
Conversion of 25,000,000 Performance Shares	1	
Prior year		
16,666,666 on 18 July 2019 at $0.036 per share(ii)		16,666,666
Director incentive shares		6,250,000
Balance at end of the period	**450,259,736**	293,373,781

(c) Performance rights

	2021 No.	2020 No.
The following movements in performance rights occurred during the reporting period:		
Balance at beginning of the period	-	1,000,000
Performance rights issued during the period(v)	12,000,000	-
Performance rights expired during the period	-	(1,000,000)
Balance at end of the period	12,000,000	-

(d) LTI rights

	2021 No.	2020 No.
The following movements in LTI rights occurred during the reporting period:		
Balance at beginning of the period	6,250,000	-
LTI rights issued during the period(iii)	-	6,250,000
LTI rights expired during the period	-	-
Balance at end of the period	6,250,000	6,250,000

(e) Unlisted Options

	2021 $	2020 $
The following movements in unlisted options occurred during the reporting period:		
Balance at beginning of the period	348,867	227,966
Options issued during the period:	-	-
$0.07 Options expiring 29 November 2023(iv)	-	120,901
Balance at end of the period	348,867	348,867
	No.	**No.**
Balance at beginning of the period	78,842,567	63,009,234
Options exercised during the period	(70,613,544)	
Options lapsed during the period	(729,023)	
Options issued during the period:		
$0.07 Options expiring 18 January 2021(ii)		8,333,333
$0.07 Options expiring 29 November 2023(iv)		7,500,000
Balance at end of the period	7,500,000	78,842,567

(f) Performance shares

	2021 $	2020 $
The following movements in performance shares occurred during the reporting period:		
Balance at beginning of the period	2,175,000	2,175,000
Performance shares lapsed during the period	(2,175,000)	-
Balance at end of the period(i)	-	2,175,000
	No.	**No.**
Balance at beginning of the period	25,000,000	25,000,000
Performance shares converted during the period	(25,000,000)	-

Balance at end of the period[(i)]	-	25,000,000

(i) The above Performance Shares expired on 23 June 2021 and converted into one fully paid ordinary share.

(ii) On 12 July 2019, following Shareholder approval, the Company raised $600,000 through a placement of 16,666,666 ordinary shares together with 8,333,333 options, to Alto's then Chairman and major shareholder Mr Terry Wheeler. 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.

(iii) On 24 December 2019, following Shareholder approval at the 2019 AGM, the Company issued 6,250,000 shares to Atlantic Capital Pty Ltd, the private company of Mr Matthew Bowles. Details are set out in Note 4.

(iv) On 24 December 2019, following Shareholder approval at the 2019 AGM the Company issued 7,500,000 options to a Director under the Employee Share Option Plan. Details are set out in Note 4.

(v) Refer Note 4 (iv).

(g) Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. The Group has no debt as at 30 June 2021 therefore has no externally imposed capital restrictions.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings or alternative funding arrangements as required. The Group's working capital position, being current assets less current liabilities as at 30 June 2021 is a surplus of $3,617,001 (2020: deficit of $621,664).

NOTE 17: RESERVES

	2021	2020
	$	$
Equity instruments at FVOCI Reserve	(12,500)	(27,500)
Share based payments reserve	785,803	516,871
	773,303	489,371

Movements in reserves

	2021	2020
	$	$
Equity instruments at FVOCI Reserve		
Balance at beginning of the period	(27,500)	(32,500)
Add revaluation increments during the period	15,000	5,000
Balance at end of the period	(12,500)	(27,500)

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

	2021	2020
	$	$
Share-based payments reserve		
Balance at beginning of the period	516,871	227,966
Issue of performance rights during the period[(i)]	318,932	-
Issue of options to Director during the period[(ii)]	-	118,004

Issue of LTI rights to Director during the period[ii]	-	120,901
Issue of shares to creditors for services received	(50,000)	50,000
Balance at end of the period	785,803	516,871

This reserve is used to record the value of equity benefits provided to Directors, employees and third parties of the Group in accordance with its accounting policy.

(i) Refer to Note 4 (iv) for details.
(ii) Refer to Note 4 (i) and (ii) for details.

NOTE 18: CASH FLOW INFORMATION

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

	2021 $	2020 $
Loss after income tax	(1,810,766)	(1,393,043)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss from ordinary activities:		
Depreciation	17,495	20,758
Share based payments	268,932	288,905
Impairment of Exploration and Evaluation	-	6,519
Interest expense	16,219	-
Changes in assets and liabilities:		
(Increase) / Decrease in receivables	24,191	60,958
(Increase) / Decrease in prepayments	(756)	13,535
(Increase) / Decrease in other assets	50,405	-
Increase / (Decrease) in payables	(28,853)	1,774
Cash flow used in operations	(1,463,133)	(1,000,594)

(b) Credit Standby Facilities

On 11 August 2020, the Company entered into a Loan Facility Agreement with major shareholder, Harvest Lane Asset Management Pty Ltd for up to $1 million. The loan can be drawn down upon between 11 August 2020 and 10 August 2021, interest is payable on the loan at a rate of 8% per annum and the loan is repayable in full by 11 August 2021. The loan was not utilised during the year.

NOTE 19: CONTROLLED ENTITIES

Details of Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned % 2021	Percentage Owned % 2020
Cue Metals Pty Ltd	Australia	Ordinary	100	100
Sandstone Exploration Pty Ltd	Australia	Ordinary	100	100

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has 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 subsequent financial periods.

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

KMP Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2021. The totals of remuneration paid to KMP during the year are as follows:

	2021	2020
	$	$
Short-term employee benefits (i)	398,012	294,639
Post-employment benefits	22,768	3,933
Share based payments	212,622	238,905
	633,402	537,477

(i) A portion of short-term employee benefits are paid to director-related parties.

Other Related Party Transactions

During the year, the spouse of Matthew Bowles, a director of the Company provided media consulting services to the Company, all fees paid for such services were at market rates and on a normal arm's length basis. Total fees paid during the year were $7,300 (2020: $2,200). As at 30 June 2021 $Nil (2020: $Nil) was payable to M Bowles' spouse.

In March 2020, the Company entered into a Loan Facility Agreement ("Loan Agreement") for up to A$1m with its largest shareholder, Windsong Valley Pty Ltd ("Windsong"), an entity associated with Non-Executive Director, Terry Wheeler. The Facility provides Alto with the flexibility to draw down for working capital as required to ensure the continuation of planned exploration at Lord Nelson. Refer to Note 15 for key terms of the facility. During the current year, $250,000 was drawn down and the full amount owing including interests amounting to repaid $466,219 was fully settled via shares (2020: Nil).

During the year, Mr Monti was paid $26,000 in consulting fees for services beyond those expected of a non-executive director.

NOTE 22: CAPITAL AND LEASING COMMITMENTS

Expenditure commitments

The Group has entered into certain obligations to perform minimum work on mineral tenements held. The Group is required to meet tenement minimum expenditure requirement which are set out below. These may be varied or deferred on application and are expenditures expected to be met in the normal course of business.

	2021	2020
	$	$
- not later than 12 months	710,970	629,020
- between 12 months and 5 years	3,256,080	2,516,080
	3,967,050	3,145,100

NOTE 23: FINANCIAL INSTRUMENT RISK

The Group's financial instruments consist mainly of deposits with banks, short-term and long-term investments, accounts receivable and payable and short-term fixed rate loans. 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, 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 Consolidated Statement of Financial Position and Notes to the Financial Statements.

There are no material amounts of collateral held as security at 30 June 2021. Trade and other receivables are expected to be settled within 30 days and there is no history of credit losses.

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	2021 $	2020 $
Cash and cash equivalents			
- AA Rated	8	5,108,054	126,834

(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. The Board constantly monitors the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings or alternative funding arrangements as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group include trade and other payables, and loans and borrowings, 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. All loans and borrowings are interest bearing and due within 12 months of the reporting date.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflects management's expectation as to the timing of realization. Actual timing may therefore differ from that disclosed.

	Within 1 Year		1 to 5 Years		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Financial liabilities due for payment						
Trade and other payables	1,605,576	486,531	-	-	1,605,576	486,531
Total expected outflows	1,605,576	486,531	-	-	1,605,576	486,531
Financial asset - cash flows realisable						
Cash and cash equivalent	5,108,054	126,529	-	-	5,108,054	126,529
Trade and other receivables	290,884	55,534	-	-	290,884	55,534

Equity Instruments at fair value	-	-	40,000	25,000	40,000	25,000
Other assets	7,799	7,799	-	-	7,799	7,799
Total anticipated inflows	5,406,737	189,862	40,000	25,000	5,446,737	214,862
Net (outflow)/inflow on financial instruments	3,801,161	(296,669)	(40,000)	(25,000)	3,841,161	(271,669)

(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 and using fixed rate debt.

At the reporting date the Group’s only exposure to interest rate risk is related to the balance of its cash and cash equivalents. The following table represents the Group’s exposure to interest rate risk:

Variable rate instruments	**2021**	**2020**
Cash and cash equivalents	5,108,054	126,834

A change of 1% (2020: 1%) in variable interest rates would have increased or decreased the Group’s equity and profit by $51,080 (2020: $1,268) and would have had the same effect on cash. The 1% sensitivity is based on reasonable possible movements over a financial year, after observation of a range of actual historical rate movement over the past five years.

(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 Consolidated Statement of Financial Position as equity instruments at fair value through other comprehensive income.

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 2021, 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:

		Listed equity price -10%		**Listed equity price +10%**	
	Carrying Amount	**Net Loss**	**Equity**	**Net Loss**	**Equity**
	$	**$**	**$**	**$**	**$**
30 June 2021	40,000	(4,000)	(4,000)	4,000	4,000
30 June 2020	25,000	(2,500)	(2,500)	2,500	2,500

(e) Net Fair Values

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

NOTES TO THE FINANCIAL STATEMENTS

Fair value measurement hierarchy

AASB 13 Fair value measurement: 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 used 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 Fair value measurement.

	Level 1	Level 2	Level 3	Total
Year ended 30 June 2021	**$**	**$**	**$**	**$**
Financial Assets				
Equity instruments at FVOCI	40,000	-	-	40,000
Year ended 30 June 2020				
Financial Assets				
Equity instruments at FVOCI	25,000	-	-	25,000

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position of Alto Metals Limited

	2021	2020
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	5,108,052	126,832
Trade and other receivables	298,683	79,971
Prepayments	10,071	9,315
TOTAL CURRENT ASSETS	5,416,806	216,118
NON-CURRENT ASSETS		
Equity instruments at fair value through other comprehensive income	40,000	25,000
Property, plant and equipment	170,715	95,971
Other assets	16,561,598	11,361,761
TOTAL NON-CURRENT ASSETS	16,772,313	11,482,732
TOTAL ASSETS	22,189,119	11,698,850
CURRENT LIABILITIES		
Trade and other payables	1,691,632	530,014
Loans and borrowings	-	250,000
Provisions	108,175	57,770
TOTAL CURRENT LIABILITIES	1,799,807	837,784
TOTAL LIABILITIES	1,799,807	837,784
NET ASSETS	20,389,312	10,861,066
EQUITY		
Issued capital	35,645,566	24,583,726
Reserves	773,303	489,371
Accumulated losses	(16,029,557)	(14,212,031)

TOTAL EQUITY	20,389,312	10,861,066
(b) Financial Performance of Alto Metals Limited		
Loss for the year	(1,810,766)	(1,386,283)
Other comprehensive income	15,000	5,000
Total comprehensive loss	(1795,766)	(1,381,283)

The parent entity has no commitments at year end (2020: Nil)

NOTE 25: CONTINGENT LIABILITIES

As at 30 June 2021 the Group has bank guarantees to the value of $26,365 (2020: $26,365) to secure 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.

DIRECTORS' DECLARATION

The Directors declare that:

1. The financial statements and notes set out on pages 28 to 56 are in accordance with the *Corporations Act 2001*, including:

    a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and

    b. giving a true and fair view of the Group's financial position as at 30 June 2021 and of their performance for the financial year ended on that date;

2. In their opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

3. A statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Richard Monti
Non-Executive Chairman

Dated this 30th day of September 2021

ALTO METALS LIMITED
ABN 62 159 819 173

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 controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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 2021 and of its financial performance for the year then ended; 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 (including Independence Standards)* ("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 to the consolidated financial report which indicates that the Group incurred a net loss of $1,810,766 during the year ended 30 June 2021 (2020: $1,393,043), and as of that date, the Group had net current assets of $3,617,001 (2020: $ net current liabilities $621,664) and net assets of $20,389,312 (2020: $10,854,306). The Group incurred net cash outflows used in operating activities of $1,463,133 (2020: $1,000,594), net cash outflows used in investing activities of $4,351,268 (2020: $1,042,883) and had cash and cash equivalents of $5,416,808 (2020: $126,834) for the year ended 30 June 2021.

These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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.

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of exploration and evaluation expenditure Refer to Note 13 to the financial report.	
As at 30 June 2021, the Group held capitalised exploration and evaluation expenditure of $16,561,596. The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to: • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. Due to the significance to the Group's financial report and the level of judgment involved in assessing whether there are impairment indicators present and in the calculation of the recoverable amount of the capitalised exploration and evaluation expenditure, we consider this to be a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment indicators. Examining the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure. Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant area of interest, including an assessment of the Group's cash-flow forecast models, discussions with senior management and directors as to the intentions and strategy of the Group. Reviewing management's evaluation and judgement as to whether the exploration activities within each relevant area of interest have reached a stage where the commercial viability of extracting the resource could be determined. Assessing the adequacy of the disclosures included within the financial report.

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

Share-based Payments *Refer to Note 1(i) & 4*	
Share-based payments represent $268,932 of the Group's expenditure. Share-based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted. Under Australian Accounting Standards, equity settled awards are measured at fair value on the measurement date taking into consideration the probability of the vesting conditions (if any) attached. This amount is recognised as an expense either immediately if there are no vesting conditions, or over the vesting period if there are vesting conditions. In calculating the fair value there are a number of judgements management must make, including but not limited to: • Estimating the likelihood that the equity instruments will vest; • Estimating expected future share price volatility; • Expected dividend yield; and • Risk-free rate of interest. Due to the significance to the Group's financial report and the level of judgment involved in determining the valuation of the share-based payments, we consider the Group's calculation of the share-based payments expense to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of the relevant controls and evaluating the design and implementation of the controls associated with the preparation of the valuation model used to assess the fair value of share-based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation. Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, including management's assessment of likelihood of vesting, agreeing inputs to internal and external sources of information as appropriate, which includes below but not limited to: • Estimating the likelihood that the equity instruments will vest; • Estimating expected future share price volatility; • Expected dividend yield; and • Risk-free rate of interest. Assessing the Group's accounting policy as set out within Note 1(i) for compliance with the requirements of AASB 2 *Share-based Payment*. Assessing the adequacy of the disclosures included in the financial report.

Other Information

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 2021, 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 accordingly 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.

ALTO METALS LIMITED
ABN 62 159 819 173

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

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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

ALTO METALS LIMITED
ABN 62 159 819 173

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 25 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Alto Metals Limited, for the year ended 30 June 2021, 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.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

Paul Mulligan

PAUL MULLIGAN
Executive Director
Perth, 30 September 2021

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 23 September 2021.

(a) Twenty largest holders of quoted equity securities

Position	Holder Name	Holding	% IC
1	WINDSONG VALLEY PTY LTD	82,997,063	18.43%
2	GS GROUP AUSTRALIA PTY LTD	56,754,212	12.60%
3	ARGONAUT SECURITIES (NOMINEES) PTY LTD	37,313,438	8.29%
4	WESTGOLD RESOURCES LIMITED	18,900,464	4.20%
5	SINOTECH (HONG KONG) CORPORATION LIMITED	17,291,250	3.84%
6	OLGEN PTY LIMITED	14,583,333	3.24%
7	NATIONAL NOMINEES LIMITED	13,457,289	2.99%
8	SILVERLIGHT HOLDINGS PTY LTD	11,182,781	2.48%
9	MERCHANT GROUP PTY LTD	9,166,318	2.04%
10	CROWNLUXE INVESTMENT LTD	7,500,000	1.67%
11	ATLANTIC CAPITAL PTY LTD	6,250,000	1.39%
12	CITICORP NOMINEES PTY LIMITED	5,722,346	1.27%
13	MS XIAOXIA LIU	5,115,881	1.14%
14	PETER ERMAN PTY LIMITED	5,000,000	1.11%
15	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	4,650,000	1.03%
16	MRS LUCY FEI	4,166,667	0.93%
17	LONGREACH CAPITAL PTY LTD	3,191,666	0.71%
18	MR DERMOT MICHAEL RYAN & MRS VIVIENNE ELEANOR RYAN	3,059,029	0.68%
19	MR KENNETH JOSEPH HALL	2,666,666	0.59%
20	CERTANE CT PTY LTD	2,500,000	0.56%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,500,000	0.56%
	Total	**313,968,403**	**69.73%**
	Total issued capital - selected security class(es)	**450,259,736**	**100.00%**

(b) Substantial Shareholders

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

Holder Name	Holding Balance	% IC
WINDSONG VALLEY PTY LTD & MARYMOUNT PTY LTD	83,522,062	18.55%
WESTGOLD RESOURCES LIMITED	65,380,220	14.52%
GS GROUP AUSTRALIA PTY LTD	56,754,212	12.60%

(c) Distribution of equity securities

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	320	142,693	0.03%
above 1,000 up to and including 5,000	447	1,211,086	0.27%
above 5,000 up to and including 10,000	258	2,066,860	0.46%
above 10,000 up to and including 100,000	584	24,727,446	5.49%
above 100,000	311	422,111,651	93.75%
Totals	**1,920**	**450,259,736**	**100.00%**

The number of fully paid ordinary shareholdings held in less than marketable parcels is 796 (based on a share price of $0.085).

(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:

	UNLISTED OPTIONS $0.07 EXP 29/11/2023	PERFORMANCE RIGHTS EXP 30/11/2023
GREATCITY CORPORATION PTY LTD	-	2,500,000
ATLANTIC CAPITAL PTY LTD	7,500,000	3,500,000
TOTAL HOLDERS	1	2

(f) Corporate governance statement

The Directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the Appendix 4G released to ASX and posted on the Company website. The Directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 4th 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.

ADDITIONAL ASX INFORMATION

TENEMENT REPORT
As at 30 June 2021

Tenement	Location	Interest	Registered Holder	Lease Status
E57/1029	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1030	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1031	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1033	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1044	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1072	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1101	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1153	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/647	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/650	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/651	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/652	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1108	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted