Annual Report 2023

Alto Metals Limited
ABN 62 159 819 173

CORPORATE DIRECTORY

Directors

Mr Mark Connelly (Non-Executive Chairman)

Mr Matthew Bowles (Managing Director and CEO)

Mr Richard Monti (Non-Executive Director)

Company Secretary

Mr Graeme Smith

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Australian Securities Exchange

ASX code: AME

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About Alto Metals and the Sandstone Gold Project

Alto Metals Limited is a Western Australian based company focused on the exploration and development of its 100% owned Sandstone Gold Project, located in the East Murchison Mineral Field of Western Australia. The Sandstone Gold Project comprises over 740km^2 of granted tenure over the vast majority of the Archaean Sandstone Greenstone Belt (Figure 1).

Since acquiring the Sandstone Gold Project, Alto has compiled and reviewed a large legacy database ahead of a series of focused exploration drilling campaigns which have defined a current JORC (2012) Mineral Resource of 832,000 ounces at 1.5 g/t gold (within A$2,500/oz optimized pit shells) and numerous drill ready targets using a systematic approach.

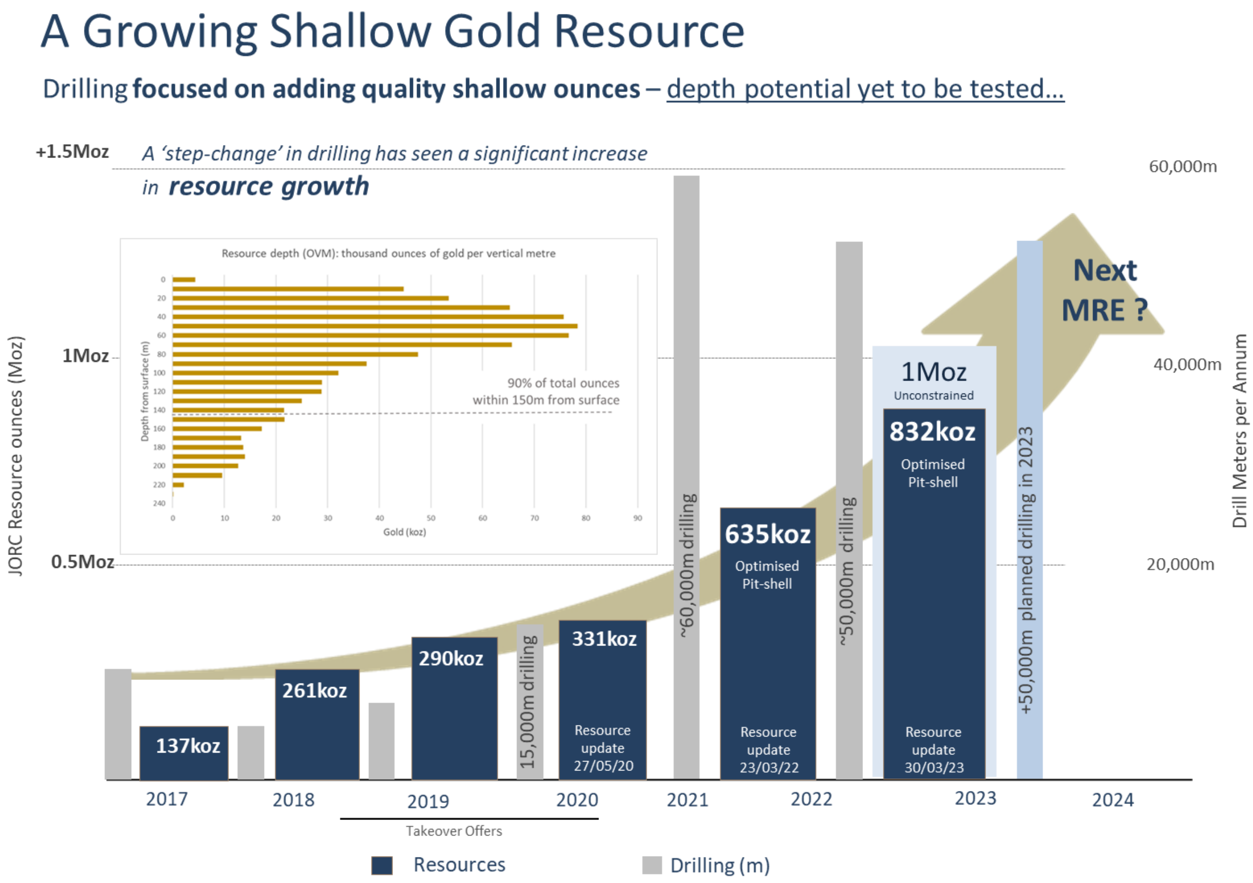
Figure 1. Location of Sandstone Gold Project within the East Murchison Gold Field, WA

Updated Mineral Resource Estimate

Optimised and pit constrained resource increased to 832,000oz @ 1.5 g/t gold, capturing 80% of the total unconstrained MRE.

During the financial year, the Company announced a significant Mineral Resource update at the Sandstone Gold Project. The updated Mineral Resource incorporates updates for the Indomitable Camp (including a maiden resource for Indomitable East and Musketeer), an update to Lord Nelson and a maiden Mineral Resource estimate for Bull Oak. The updated Mineral Resource Estimates (MRE) were prepared by independent mining industry consultants, Snowden Optiro and reported in accordance with the JORC Code (2012 Edition).

The updated MRE included all drilling completed up to the end of November 2022. Resource estimates for Lord Henry, Vanguard, Vanguard North, Havilah Camp, Tiger Moth, Piper and Ladybird deposits are unchanged from the Mineral Resources reported in March 2022, 25 September 2018 and 11 June 2019, respectively.



1 Updated Mineral Resources in this release includes Inferred and Indicated Resources and are optimised and constrained using A$2,500/oz pit shells. Mineral resources for Ladybird, Piper and Tiger Moth are based on A$2,000/oz pit shells and have not been updated.
2 Refer to ASX announced dated 23 March 2022 "Sandstone Mineral Resource increases to 635,000oz gold"
3 Refers to the optimised and constrained Resources reported 3 April 2023.
4 All mineral resources are located within granted mining licences, with the exception of Indomitable East, Musketeer, Ladybird and Bull Oak.

Optimised pit-shell constrained MRE – 832,000oz @ 1.5 g/t gold

Open-pit optimisations have been performed by Snowden Optiro on the updated Mineral Resource using a $2,500/oz gold price and reported at a 0.5 g/t gold cut-off, **resulting in an optimised pit-shell constrained Total Inferred and Indicated Mineral Resource Estimate totalling 17.6Mt at 1.5 g/t gold for 832,000oz of contained gold**.

The optimised pit shells are based on mining parameters and operating costs typical for Australian open pit extraction deposits of similar scale and geology.

Table 1: Mineral Resource Estimate for Sandstone Gold Project, March 2023

Mineral Resource Estimate for the Sandstone Gold Project as at March 2023				
Classification	Cut-off grade (g/t gold)	Tonnes (Mt)	Grade (g/t gold)	Contained gold (koz)
Total Indicated	0.5	4.3	1.6	226
Total Inferred	0.5	13.3	1.4	606
TOTAL	**0.5**	**17.6**	**1.5**	**832**

Updated Mineral Resources reported at a cut-off grade of 0.5 g/t gold within the optimised pit-shell. Minor discrepancies may occur due to rounding of significant figures.

Only Indicated and Inferred categories of mineralisation that fall within the optimised pit shells are reported in the optimised Mineral Resources. Mineralisation outside of the optimised pit shells (based on the current optimisation parameters) has been excluded from the optimised Mineral Resource statement until such time as further drilling and / or a refinement of optimisation parameters and gold price can be undertaken, to potentially convert additional in-pit resources.

Over 27% of the Total MRE within the optimised pit-shells is in the Indicated category.

All resources contained in the Inferred category are due to the drill spacing at Indomitable, Vanguard, Havilah and Ladybird and the historical nature of drilling at Lord Nelson, Lord Henry and Bull Oak. It is reasonably expected that infill drilling and additional confirmatory drilling of the historical areas should allow an upgrade of the Inferred Resources to a higher category.

Alto considers the total mineral resources (Table 1) for the Sandstone Gold Project have a reasonable prospect of eventually being mined, taking into account the shallow nature of the deposits, the thickness and gold grades of the deposits, which are located on granted mining or exploration leases, and proximity to existing infrastructure.

The updated 2023 MRE was optimised and pit-constrained using the same gold price and optimisation parameters to provide continuity to the 2022 MRE.

Unconstrained MRE – 1Moz @ 1.4 g/t gold

The unconstrained Mineral Resource Estimate for the Sandstone Gold Project is, **23.5Mt at 1.4 g/t gold for 1,046,000oz of contained gold**, using a 0.5 g/t gold cut-off (refer to Tables 2 and 5). **The 214,000oz outside the optimised pit-shell constrained MRE highlights the potential for additional in-pit resource growth through refinement of optimisation parameters, an improving gold price and further drilling.**

Table 2: Unconstrained Mineral Resources for Sandstone Gold Project, March 2023

Unconstrained Mineral Resources for the Sandstone Gold Project as at March 2023				
Classification	Cut-off grade (g/t gold)	Tonnes (Mt)	Grade (g/t gold)	Contained gold (koz)
Total Indicated	0.5	4.3	1.6	227
Total Inferred	0.5	19.2	1.4	819
TOTAL	**0.5**	**23.5**	**1.4**	**1,046**

Unconstrained Mineral Resources reported at a cut-off grade of 0.5 g/t gold. Minor discrepancies may occur due to rounding of significant figures.

Next Steps – Future Resource Growth Potential

This latest Mineral Resource update is a significant increase in the total Mineral Resources at the Sandstone Gold Project and provides strong encouragement that the Company can continue to grow its Resource Inventory and progress its strategy to develop a stand-alone gold operation.

Significant potential for both shallow and deeper high-grade resource expansion remains, with the Company's exploration strategy continuing to focus on the Alpha Domain as a priority.

Importantly, when considering the exploration potential of the Sandstone Gold Project, **over 70% of the current Mineral Resources are less than 100m from surface and 90% are defined within the top 150m from surface**. The vast majority of the +740km^2 project area is virtually untested below 100m.

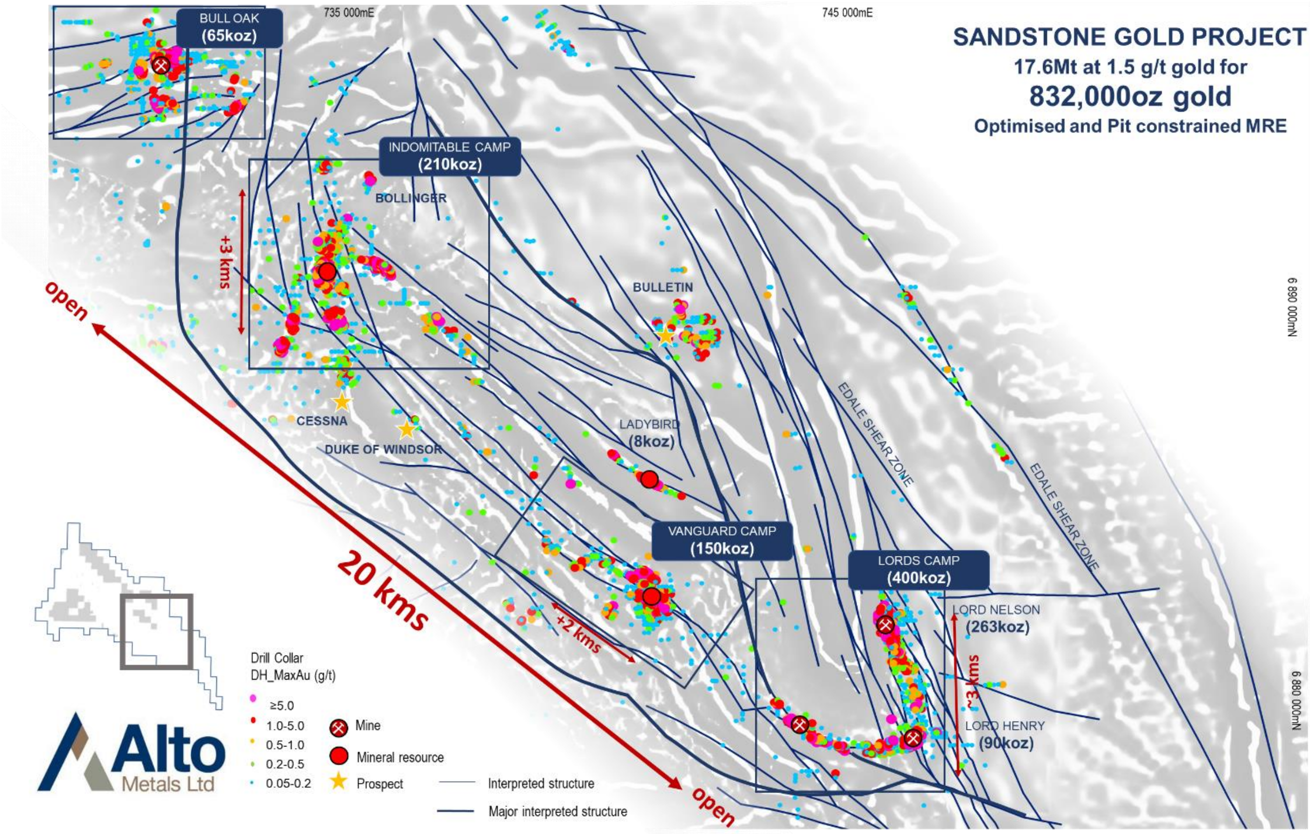


Figure 2: Sandstone Gold Project –Mineral Resources hosted within the +20km gold corridor of the Alpha Domain

Exploration & Results

The Company completed a significant amount of exploration and resource drilling at Sandstone during the financial year, with the programs focused on the 20km long NW/SE trending gold corridor of the Alpha Domain.

The best RC drilling results from Indomitable during the period, drilled subsequent to the MRE update, included:

- **16m @ 13.1 g/t gold** from 19m, incl. **3m @ 62.2 g/t gold** from 29m, incl.**1m @ 122.6 g/t gold** from 29m.
- **5m @ 7.9 g/t gold** from 32m, incl. **1m @ 23.4 g/t gold** from 34m (SRC907)
- **5m @ 3.0 g/t gold** from 34m, incl. **1m @ 11.6 g/t gold** from 36m and **14m @ 2.2 g/t gold** from 47m incl **4m @ 5.5 g/t gold** from 48m (SRC916)
- **6m @ 3.0 g/t gold** from 95m, incl. **1m @ 11.0 g/t gold** from 99m (SRC908)
- **6m @ 2.1 g/t gold** from 46m, incl. **2m @ 5.2 g/t gold** from 48m (SRC904)
- **10m @ 1.1 g/t gold** from 82m, incl. **3m @ 2.0 g/t gold** from 85m and **10m @ 1.2 g/t gold** from 154m, incl. **5m @ 2.0 g/t gold** from 157m (SRC913)
- **7m @ 1.0 g/t gold** from 10m, incl. **1m @ 2.1 g/t gold** from 13m (SRC909)
- **14m @ 2.6 g/t gold** from 61m; incl. **1m @ 18.8 g/t gold** from 62m (SRC961)
- **11m @ 3.4 g/t gold** from 57m; incl. **1m @ 19.8 g/t gold** from 60m (SRC962)
- **14m @ 1.1 g/t gold** from 60m; incl. **1m @ 5.6 g/t gold** from 64m (SRC963)
- **12m @ 1.0 g/t gold** from 34m; incl. **3m @ 2.4 g/t gold** from 41m (SRC964)
- **15m @ 3.1 g/t gold** from 32m; incl. **1m @ 22.2 g/t gold** from 33m (SRC944)
- **15m @ 2.1 g/t gold** from 72m; and **1m @ 18.9 g/t gold** from 83m (SRC949)
- **16m @ 1.2 g/t gold** from 44m; incl. **1m @ 9.8 g/t gold** from 46m (SRC959)
- **24m @ 2.2 g/t gold** from 160m; incl. **16m @ 3.0 g/t gold** from 167m (SRC941)

Figure 3: RC samples at Indomitable

Reconnaissance drilling at the new Cessna prospect, located within the Indomitable Camp, has confirmed high-grade mineralisation, including:

- **6m @ 1.6 g/t gold** from 56m, incl. **4m @ 2.0 g/t gold** from 58m (SRC928); and

  16m @ 7.2 g/t gold from 65m, incl. **4m @ 24.2 g/t gold** from 74m;
- **8m @ 2.0 g/t gold** from 70m, incl. **1m @ 11.8 g/t gold** from 71m (SRC929)

Significant results from historical first pass air-core (AC) drilling at Cessna include:

- **12m @ 3.1 g/t gold** from 60m, incl. **6m @ 5.2 g/t gold** from 60m (CSA010) (ended in mineralisation)
- **30m @ 1.0 g/t gold** from 40m, incl. **10m @ 2.0 g/t gold** from 44m (CSA011)
- **15m @ 1.3 g/t gold** from 5m, incl. **7m @ 2.1 g/t gold** from 7m (CSA012)
- **14m @ 1.3 g/t gold** from 21m, incl. **1m @ 6.5 g/t gold** from 31m (CSA005) (ended in mineralisation)

These latest assays from Cessna have confirmed mineralisation at Indomitable extends over 3.5kms of strike and remains open in all directions. The Company believes the extent of shallow oxide mineralisation at Indomitable Camp, is an indication of a potentially much larger gold system at depth.

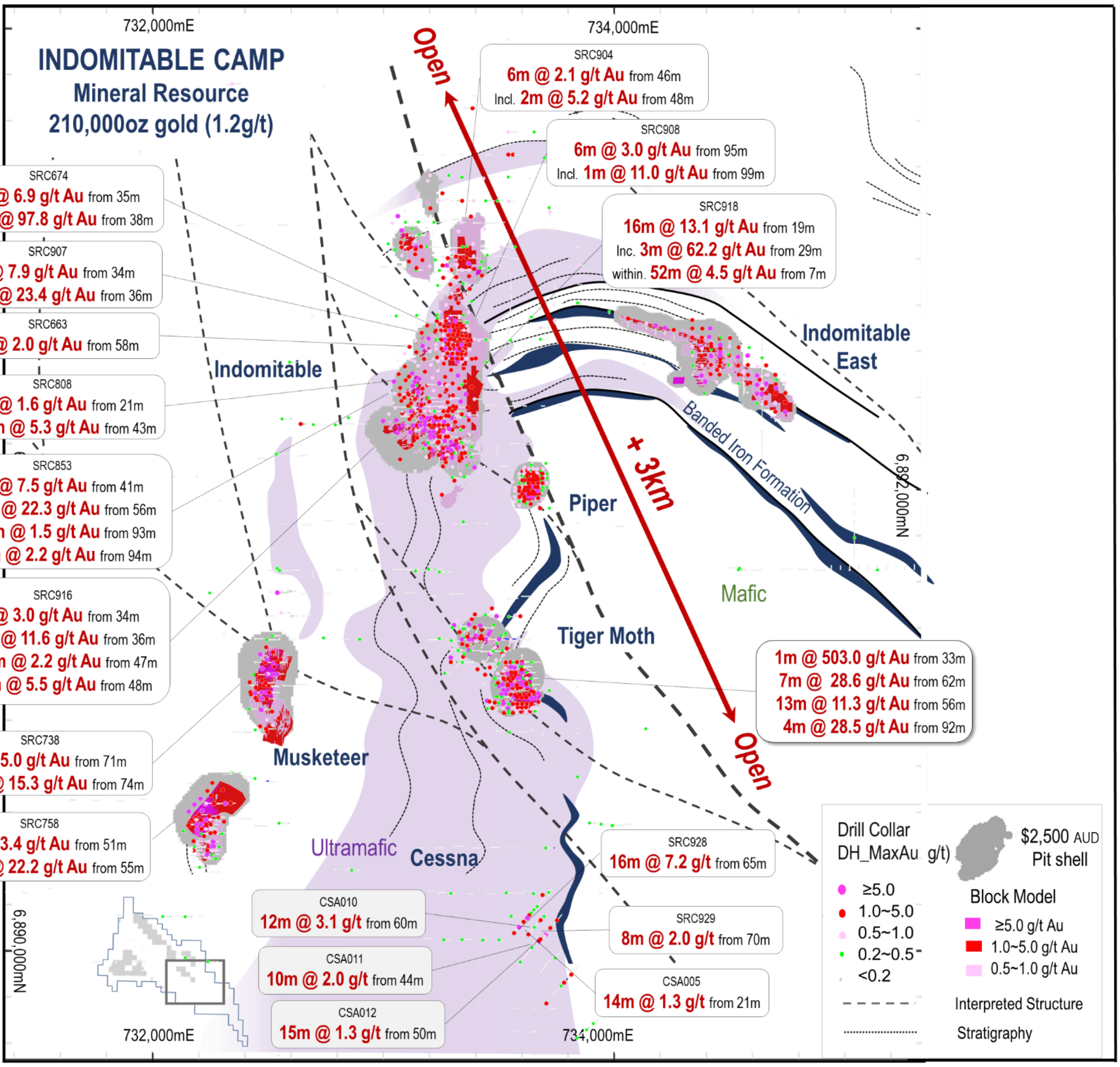


Figure 4: Indomitable Camp plan view block model of Resources (0.5 g/t cut-off) constrained within a A$2,500/oz optimised

Regional Exploration - Multiple regional targets across the entire Sandstone Gold Project

Based on the success of the systematic approach to exploration to date, Alto commenced a review of the multiple other early greenfield and advanced brownfield targets within the +740km2 Sandstone Gold Project, as part of the Company's longer term strategy to continue to advance the overall project pipeline to support a stand-alone operation. This review included the historic Oroya and Hacks Mines.

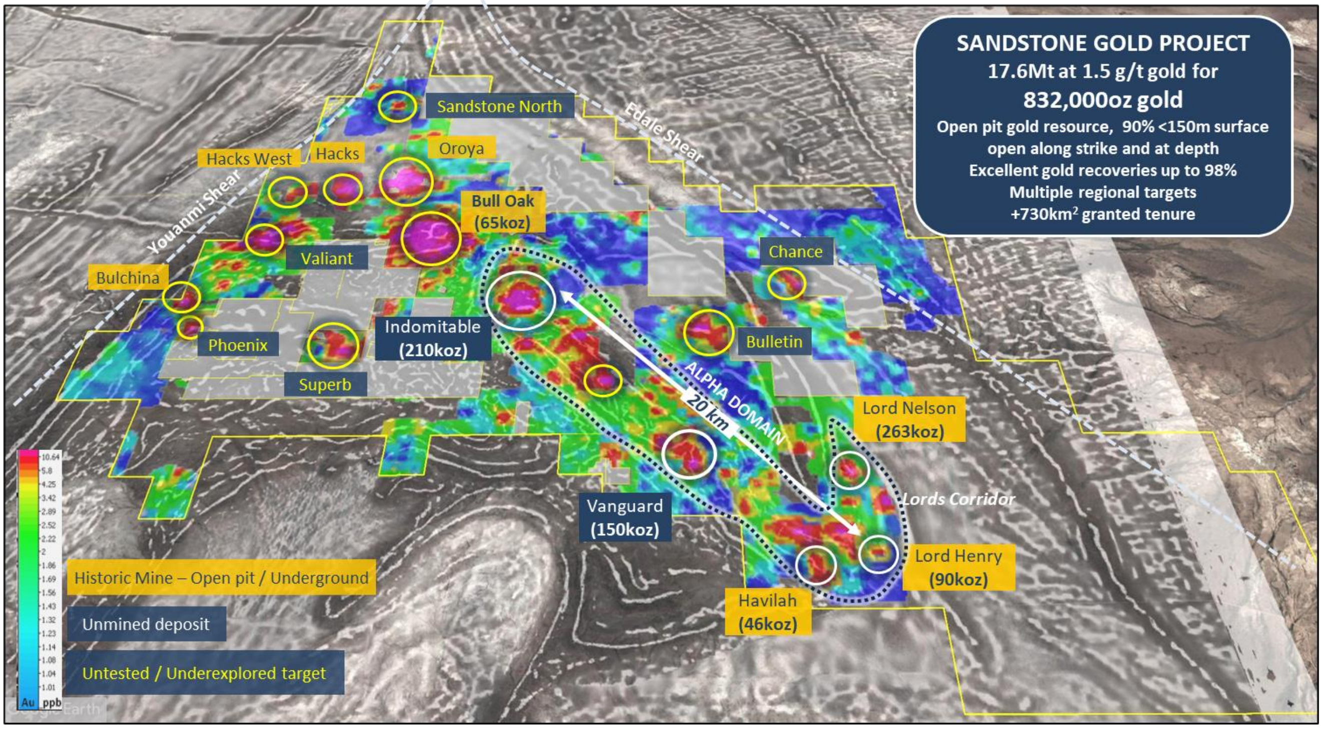


Figure 5: Regional prospect map showing gold-in-soils over 1VD Magnetics highlighting the +20km long gold corridor within the Alpha Domain and multiple brown and greenfield regional prospects within the Sandstone Gold Project..

Review of historic Oroya & Hacks mines

The Oroya and Hacks mines were major gold producers, together accounting for almost 40% of the total gold production from the Sandstone Greenstone Belt. The Oroya Mine produced **220,000oz at 16.5g/t gold** from underground mining between 1904-1920 and a further ~**25,000oz at 2.3g/t gold** from open pit mining from 1994-1995. The historic Hacks Reef Black Range Mine produced 260,000t at 24 g/t gold for ~200,000oz gold from underground mining, between 1907-1916.

Despite the historical production and numerous old workings over the areas, there has been limited modern exploration undertaken over these prospects. The lack of recent exploration and numerous historic high-grade drill results provides an exciting opportunity for Alto to re-explore these 'long forgotten mines' and fits with the Company's strategy of continuing to focus on growing its existing resource base within the Alpha Domain, while progressing regional prospects.

A review of the historic Oroya and Hacks mines **identified multiple near-mine high-grade gold targets including;**

- Potential extension of the Oroya Sandstone reef along NW strike, beyond the north end of the pit, which has not been adequately tested, along with the down-dip extensions of the shallow west dipping Main reef.
- Testing the high-grade tenor of remnant mineralisation at Oroya and the unmined Juno Reef which have the potential to add additional shallow resources in the near term.
- Historical results north of Hacks may represent the offset to the main Hacks high-grade reef on the north-western side of the cross-course.
- Hacks West, a +16km^2 target area is considered highly prospective for additional 'repeat' high-grade gold reefs, which may link to the regional Youanmi shear corridor.

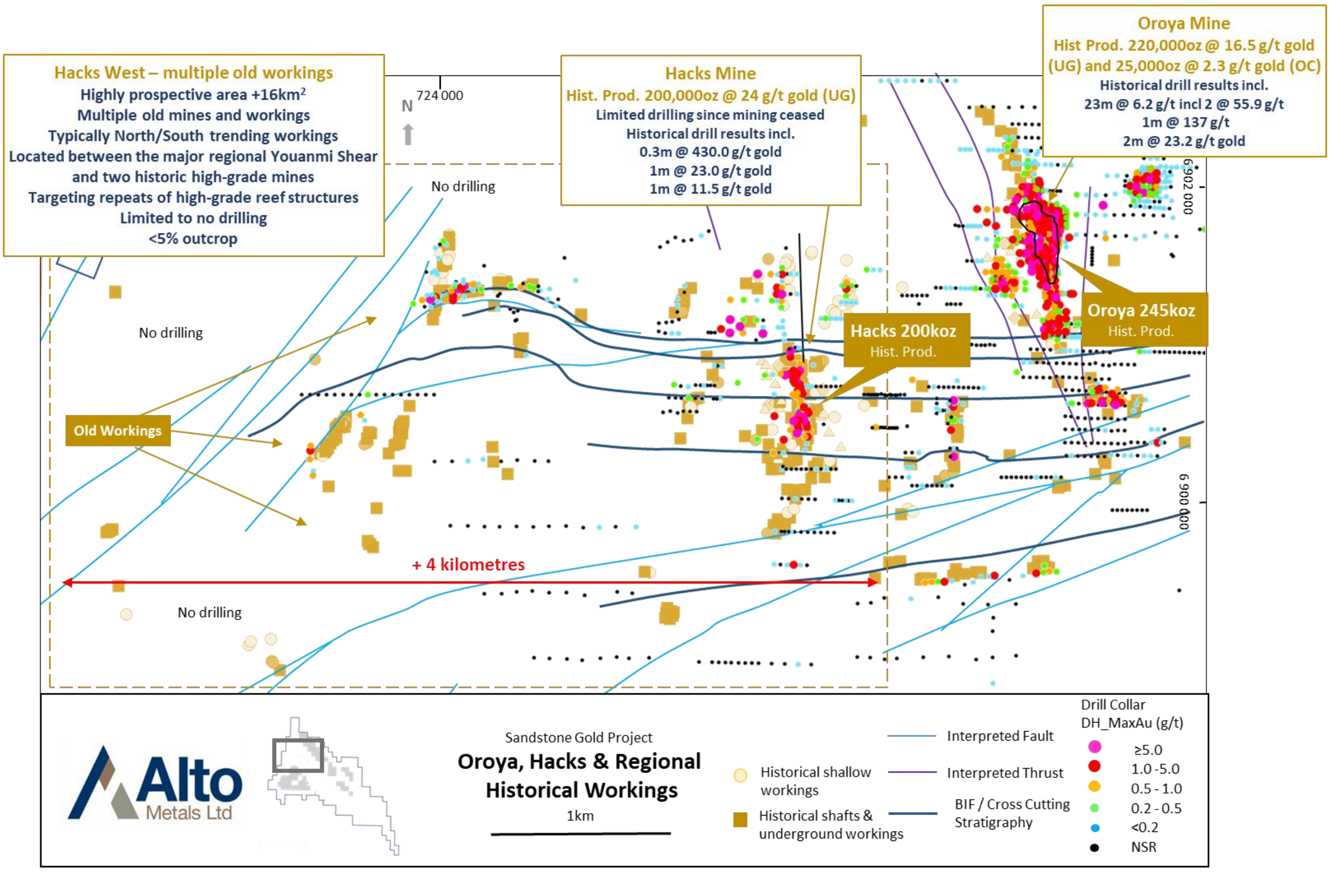


Figure 6: Location of the Oroya, Hacks and Hacks West prospects within the Sandstone Gold Project, Western Australia.

Regional review outlines several lithium targets coincident with mapped pegmatites.

The **Sandstone Greenstone Belt is considered to be highly prospective for lithium**, given that within Western Australia, the rare-element Lithium-Caesium-Tantalum (LCT) family of pegmatite deposits occur dominantly within Archean greenstone belts in upper greenschist to amphibolite-facies, however, **no previous lithium exploration has ever been undertaken** at the Sandstone Project.

Lithium focused exploration activity has recently increased in the Sandstone region, including Rio Tinto Exploration Pty Limited, a wholly owned subsidiary of Rio Tinto Ltd (ASX :RIO) entering a joint venture earn-in with Everest Metals (ASX:EMC) and acquiring additional ground contiguous to the Sandstone Project on the eastern border and Sensore (ASX:S3N) farming into tenure held by Gateway Mining Ltd's (ASX: GML) for lithium focused exploration (see Figure 7).

Lithium Targeting work

Low-cost regional exploration work undertaken by Alto has highlighted the lithium prospectivity and identified numerous lithium pegmatite targets, at its 100% owned, Sandstone Project, in Western Australia. This work includes

- High-resolution satellite imagery and multi spectral analysis has **identified several lithium pegmatite targets at the Sandstone Project**
- Field work has commenced, **identifying outcropping pegmatites** spatially coincident to several of the targets located on the eastern flank of the project area where Rio Tinto have recently enter into a JV earn-in and secured additional contiguous tenure, focused on lithium exploration.
- **Further field mapping and sampling is ongoing**. Planning is underway for an infill soil geochemistry program and assays are currently pending for selected rock chip samples.
- **No previous lithium exploration work ever been undertaken at the Sandstone Project** and, whilst early stage, the Company considers the results of this initial reconnaissance and targeting work encouraging. Alto has engaged CSA Global and Terra Resources to support its ongoing lithium targeting work.

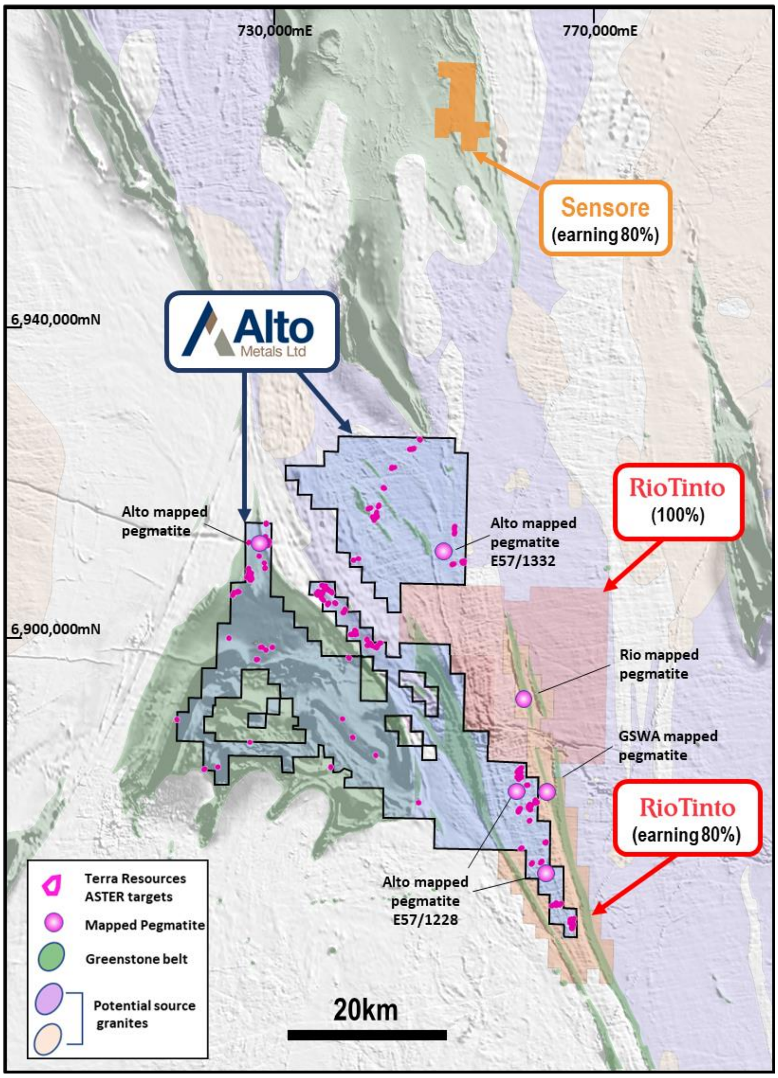


Figure 7: Lithium targets and mapped pegmatites at the Sandstone Project and surrounding tenure

Given the scale of the project and in response to third party interest in the lithium potential at Sandstone, Alto is considering various options to maximise shareholder value, so that it can remain focused on gold exploration.

MINERAL RESOURCE – SANDSTONE

Table 1 & 2: Optimised pit-shell constrained Mineral Resource Estimate for Sandstone Gold Project

Table 1: Mineral Resource Estimate for Sandstone Gold Project, March 2023 (by deposit)

Mineral Resource Estimate for the Sandstone Project - March 2023										
		Indicated			Inferred			TOTAL		
Prospect	Cut-Off	Tonnes (Mt)	Grade (g/t)	Gold Ounces (koz)	Tonnes (Mt)	Grade (g/t)	Gold Ounces (koz)	Tonnes (Mt)	Grade (g/t)	Gold Ounces (koz)
Lord Nelson	**0.5**	**1.5**	**2.1**	**100**	**3.5**	**1.4**	**163**	**5.0**	**1.6**	**263**
Lord Henry	**0.5**	**1.6**	**1.5**	**77**	**0.3**	**1.2**	**13**	**1.9**	**1.4**	**90**
Havilah	0.5				0.9	1.4	38	0.9	1.4	38
Maninga Marley	0.5				0.1	2.6	8	0.1	2.6	8
Havilah Camp	**0.5**				**1**	**1.5**	**46**	**1.0**	**1.5**	**46**
Vanguard	0.5	0.4	2	26	1.5	1.6	77	1.9	1.7	103
Vanguard North	0.5				0.4	3.8	47	0.4	3.8	47
Vanguard Camp	**0.5**	**0.4**	**2**	**26**	**1.9**	**1.6**	**124**	**2.3**	**2.0**	**150**
Musketeer	0.5				0.8	1.5	40	0.8	1.5	40
Indomitable	0.5	0.8	0.9	23	2.2	1.2	81	3.0	1.1	104
Indomitable East	0.5				1	1.1	34	1.0	1.1	34
Tiger Moth	0.5				0.5	1.7	28	0.5	1.7	28
Piper	0.5				0.1	1	4	0.1	1.0	4
Indomitable Camp	**0.5**	**0.8**	**0.9**	**23**	**4.6**	**1.1**	**187**	**5.4**	**1.2**	**210**
Bull Oak	**0.5**				**1.9**	**1.1**	**65**	**1.9**	**1.1**	**65**
Ladybird	**0.5**				**0.1**	**1.9**	**8**	**0.1**	**1.9**	**8**
Total	**0.5**	**4.3**	**1.6**	**226**	**13.3**	**1.4**	**606**	**17.6**	**1.5**	**832**

Reported at a cut-off grade of 0.5 g/t gold. Mineral Resources for Lord Henry, Vanguard Camp, Havilah Camp, Piper, Tiger Moth and Ladybird deposits have not been updated. Minor discrepancies may occur due to rounding of appropriate significant figures.

Unconstrained MRE

Table 2: Unconstrained total classified resources for Sandstone Gold Project, March 2023 (by deposit)

		Indicated			Inferred			TOTAL		
Prospect	Cut-Off	Tonnes (Mt)	Grade (g/t)	Gold Ounces (koz)	Tonnes (kt)	Grade (g/t)	Gold Ounces (koz)	Tonnes (kt)	Grade (g/t)	Gold Ounces (koz)
Lord Nelson	**0.5**	**1.5**	**2.1**	**100**	**4.1**	**1.4**	**191**	**5.6**	**1.6**	**291**
Lord Henry	**0.5**	**1.6**	**1.5**	**78**	**0.6**	**1.1**	**20**	**2.2**	**1.4**	**98**
Havilah	0.5				1.0	1.3	42	1.0	1.3	42
Maninga Marley	0.5				0.2	2.1	12	0.2	2.1	12
Havilah Camp	**0.5**				**1.2**	**1.3**	**54**	**1.2**	**1.3**	**54**
Vanguard	0.5	0.4	2.0	26	2.7	1.4	119	3.1	1.5	145
Vanguard North	0.5				0.7	3.3	72	0.7	3.3	72
Vanguard Camp	**0.5**	**0.4**	**2.0**	**26**	**3.4**	**1.4**	**191**	**3.8**	**1.5**	**217**
Musketeer	0.5				1.4	1.3	59	1.4	1.3	59
Indomitable	0.5	0.8	0.9	23	3.2	1.1	110	4.0	1.0	133
Indomitable East	0.5				2.1	0.9	64	2.1	0.9	64
Tiger Moth	0.5				0.5	1.7	28	0.5	1.7	28
Piper	0.5				0.1	1.0	4	0.1	1.0	4
Indomitable Camp	**0.5**	**0.8**	**0.9**	**23**	**7.3**	**0.9**	**265**	**8.1**	**0.9**	**288**
Bull Oak	**0.5**				**2.5**	**1.1**	**90**	**2.5**	**1.1**	**90**
Ladybird	**0.5**				**0.1**	**1.9**	**8**	**0.1**	**1.9**	**8**
Total		**4.3**	**1.6**	**227**	**19.2**	**1.3**	**819**	**23.5**	**1.4**	**1,046**

Updated Mineral Resources reported at a cut-off grade of 0.5 g/t gold and are constrained within a A$2,500/oz optimised pit shells based on mining parameters and operating costs typical for Australian open pit extraction deposits of a similar scale and geology. Mineral Resources for Lord Henry, Vanguard Camp, Havilah Camp, Piper, Tiger Moth and Ladybird deposits have not been updated. Minor discrepancies may occur due to rounding of appropriate significant figures.

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

(a): Lord Nelson, Indomitable, Bull Oak release: "Significant increase in shallow gold resources at Sandstone Gold Project" 3 April 2023;

(b) Vanguard Camp, Havilah Camp, Lord Henry: release titled: *"Sandstone Mineral Resource increases to 635,000oz gold"* 23 March 2022;

(c): Indomitable Camp (Piper & Tiger Moth deposits): release "*Maiden Gold Resource at Indomitable & Vanguard Camps, Sandstone WA*" 25 Sep 2018; and

(d): Ladybird: release "*Alto increases Total Mineral Resource Estimate to 290,000oz, Sandstone Gold Project*" 11 June 2019.

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

Competent Persons Statement

The information in this Report that relates to current and historical Exploration Results is based on information compiled by Mr Michael Kammermann, who is an employee and shareholder of Alto Metals Ltd, and he is also entitled to participate in Alto's Employee Incentive Scheme. Mr Kammermann is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Kammermann consents to the inclusion in the report of the matters based on the information in the context in which it appears.

Your Directors submit their report together with the annual financial statements of Alto Metals Limited (the "Company") and the entities it controlled (together "the Group") for the year ended 30 June 2023 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 Mark Connelly (joined 17 October 2022)

Mr Richard Monti

Mr Matthew Bowles

Dr Jingbin Wang (retired 30 November 2022)

Mr Terry Wheeler (retired 30 November 2022)

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

Information on Directors

Mark Connelly (Non-Executive Chairman)

Mark Connelly has a proven track record in the mining industry and over thirty years' experience

In recent years he was the CEO of Papillon Resources and Adamus Resources. Both companies were acquired in by way of takeovers with Papillon valued at over USD570m. Papillon was developing the Fekola gold deposit in Mali and Adamus Resources was a gold production company based in Ghana.

Prior to this Mark Connelly worked held senior management roles at Inmet Mining and Newmont Mining and also as COO at Endeavour Mining following its acquisition of Adamus Resources.

Mr Connelly is a Director of Calidus Resources Limited, Nickel Search Limited, Omnia Metals Limited, BeMetals Corp Inc, Warriedar Resources Limited and Renegade Exploration Limited.

Within the last three years Mr Connelly has been a director of Barton Gold (January 2021 to April 2022), Emmerson plc (July 2018 to June 2021), Tao Commodities Limited (May 2018 to May 2021), Primero Group (April 2018 to February 2021), Oklo Resources Limited (July 2019 - May 20-22), Chesser Resources Limited (Jul 2020 - Sept 2023).

Richard Monti (Non-Executive Director)

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, Caravel Minerals Ltd, Nickel X Limited and Black Dragon Gold Corp (retired 11 August 2021).

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

Matthew Bowles (Managing Director and Chief Executive Officer)

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: Nil.

Dr Jingbin Wang (Non-Executive Director) – Retired 30 November 2022

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 BSc 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.

Terry Wheeler (Non-Executive Director) – Retired 30 November 2022

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.

Company Secretary

Graeme 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 companies.

Principal Activities

The Group is a gold explorer holding a significant land position in the Archaean Sandstone Goldfield approximately 600km north of Perth in the East Murchison Mineral Field of Western Australia.

The Sandstone Gold Project is an advanced exploration project which comprises both brown-field and green-field exploration portfolio. The current mineral resource base of the Sandstone Gold Project consists of 17.6Mt at 1.5 g/t Au for 832,000oz of gold (Indicated and Inferred, JORC 2012). Refer to Mineral Resource Table.

Alto's immediate focus is to rapidly expand the current mineral resources with further exploration and step out and infill drilling. The Priority targets are shallow gold deposits (new deposits such as Vanguard, Indomitable Camps, Havilah and Ladybird etc.), extension and primary zone discoveries in the vicinity of previously partial-mined deposits (such as Lord Nelson, Lord Henry and Bulchina etc.) that could be profitably mined through establishment of standalone oxide and primary gold mining operations at Sandstone.

Refer to the Operations Report starting on page 4 for details of the Group's exploration activities during the year

Operating Results

The consolidated loss of the Group after providing for income tax amounted to $2,528,144 (2022: $2,296,096).

Financial Position

The net assets of the Group at 30 June 2023 are $28,735,880 (2022: $25,394,529). The cash and cash equivalent of the Group at 30 June 2023 are $1,075,068 (2022: $3,256,340).

Risk Management

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

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

Significant Changes in State of Affairs

Other than the capital raising of $5 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

On 24 July 2023, the Group raised $5 million through the issue of approximately 96 million shares at an issue price of $0.052 per share. No other 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.

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.

Material Business Risks

The objective of the Company is to create long-term shareholder value through the discovery, development, and acquisition of technically and economically viable mineral deposits. To date, the Company has not commenced production of any minerals, The material business risks faced by the Company that could have an effect on the Company's future prospects, and how the Company manages these risks include:

The Company may not identify an economic deposit

Despite positive exploration results on a number of projects, current and potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. The success of the Company also depends, among other things on successful exploration and/or acquisition of resources, securing and maintaining title to tenements and consents, in accordance with budgets and successful management of Alto's operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems. There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern".

The Company's exploration activities being delayed due to lack of available equipment and services

The exploration activities of the Company requires the involvement of a number of third parties, including drilling contractors, assay laboratories, consultants, other contractors, and suppliers. Demand for drilling equipment and exploration related services in Western Australia fluctuates and can result in higher exploration costs, delays in completing the Company's exploration activities, and delays in the assessment and reporting of the results. Should there continue to be high demand for exploration equipment and related services continue, there may be delays in undertaking exploration activities, which may result in increased exploration costs and/or increased working capital requirements for the Company which may have a material impact on the Company's operations and performance.

The Company's operations will require further capital

The exploration and any development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying, or the indefinite postponement of exploration and development of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

The Company may be adversely affected by fluctuations in commodity prices

The price of commodities fluctuates widely and are affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties will depend on the price of commodities being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically.

Global financial conditions may adversely affect the Company's growth and profitability

Many industries, including the mineral resource industry, are impacted by financial; market conditions. Some of the key impacts include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity markets, commodity prices, foreign exchange fluctuations and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities.

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
M Connelly	5	5
M Bowles	7	7
R Monti	7	7
J Wang	2	3
T Wheeler	3	3

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 $15,406 (2022: $13,376).
- No indemnity has been given to the Group's auditors.

Options

At the date of this report, the following options were on issue over ordinary shares of the Company.

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**		

Performance Rights

At the date of this report, the following performance rights were on issue over ordinary shares of the Company.

Date performance rights granted	Number of unissued shares under rights[1]	Expiry date of rights
25 November 2020	5,000,000	30 November 2023
29 October 2021	500,000	30 November 2023
17 October 2022	500,000	30 November 2023
12 December 2022	400,000	30 November 2023
12 December 2022	18,250,000	12 December 2026
Total performance rights on issue	**24,650,000**	

[1] Performance Rights on issue at 30 June 2022 were 13,000,000. On 8 July 2022, 6,500,000 performance rights were converted to fully paid ordinary shares

LTI Rights

At the date of this report, the following LTI rights were on issue.

Date LTI rights granted	Number of unissued shares under rights	Expiry date of rights
29 November 2019	6,250,000	29 November 2023
Total LTI rights on issue	**6,250,000**	

For details of options and rights issued to Directors and Executives as remuneration, refer to the Remuneration Report.

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:

	2023	2022
	$	$
Tax compliance services	5,000	1,700

Corporate

During the year, 78.3 million shares were issued through placements and raised $5 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.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial period ended 30 June 2023.

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")

The Company received 99.8% of "yes" votes based on the number of proxy votes received on its remuneration report for the 2022 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 2023

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 2023

	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
	$	$	$	$	$	%
2023						
M Connelly[1]	42,500	-	9,228	148,877	200,605	74%
R Monti	48,000	-	5,040	166,490	219,530	76%
M Bowles	315,326	-	27,835	310,583	653,744	48%
T Wheeler[2]	15,221	-	1,598	14,932	31,751	47%
J Wang[2]	16,666	-	-	14,932	31,598	47%
	437,713	**-**	**43,701**	**655,814**	**1,137,228**	**58%**
2022						
R Monti	48,000	-	4,800	118,078	170,878	69%
M Bowles	301,401	36,000	27,503	165,310	530,214	31%
T Wheeler	36,530	-	3,653	47,231	87,414	54%
J Wang	40,000	-	-	47,231	87,231	54%
	425,931	**36,000**	**35,956**	**377,850**	**875,737**	**43%**

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	Conversion of Performance Rights	Changes during the period	Balance at the end of the period
2023				
Ordinary Shares				
M Connelly[1]	-	-	-	-
R Monti	2,888,889	1,250,000	1,230,769	5,369,658
M Bowles	6,250,000	1,750,000	-	8,000,000
T Wheeler[2]	97,949,646		(97,949,646)	-
J Wang[2]	444,444		(444,444)	-
Total	**107,532,979**	**3,000,000**	**(97,163,321)**	**13,369,658**

[1] **Joined 17 Oct 2022**
[2] **Retired 30 Nov 2022**

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	Balance at the end of the period	Vested and exercisable
2023				
Unlisted Options				
M Connelly	-	-	-	-
R Monti	-	-	-	-
M Bowles	7,500,000	-	7,500,000	7,500,000
T Wheeler	-	-	-	-
J Wang	-	-	-	-
Total	**7,500,000**	**-**	**7,500,000**	**7,500,000**

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	Issued during the period[(a)]	Other changes during the period	Balance at the end of the period	Vested and exercisable
2023					
Performance Rights					
M Connelly	-	3,500,000	-	3,500,000	-
R Monti	2,500,000	3,000,000	(1,250,000)*	4,250,000	-
M Bowles	3,500,000	6,000,000	(1,750,000)*	7,750,000	-
T Wheeler	1,000,000	-	(1,000,000)	-	-
J Wang	1,000,000	-	(1,000,000)	-	-
Total	**8,000,000**	**12,500,000**	**(5,000,000)**	**15,500,000**	**-**

* *Converted during the year into fully paid ordinary shares*

a. *Refer to Note 4 – Share Based Payments*

Service Agreements

The Group has a formal employment contracts with Matthew Bowles. 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 2023 are set out below:

NAME	TERMS
Matthew Bowles (Managing Director and CEO)	Base salary of $329,365 (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.

D. Other Transactions with Directors and Key Management Personnel

During the year, BB Consulting & Communications, an entity related to the spouse of M Bowles, a Director of the Group, provided social 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 $42,490 (2022: $14,636). As at 30 June 2023 $Nil (2022: $Nil) was payable to BB Consulting & Communications.

Other than noted elsewhere in this report, no significant related party transactions have arisen during the year ended 30 June 2023.

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.

	2023	**2022**	2021	2020	2019
Net loss after tax ($)*	**(2,528,144)**	**(2,296,096)**	(1,810,766)	(1,393,043)	(1,147,517)
Basic loss per share (cents)*	**(0.44)**	**(0.47)**	(0.46)	(0.48)	(0.55)
Share Price at year end (cents)	**6.0**	**7.0**	9.3	6.8	3.3

*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 2022 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 on 29 September 2023.

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.

Mark Connelly
Non-Executive Chairman

Dated this 29th day of September 2023

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ALTO METALS LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2023, 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 its controlled entities during the year.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 29 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June

	Note	2023 $	2022 $
Other income	2	95,457	150,746
Consulting expense		(80,421)	(102,109)
Depreciation		(85,077)	(51,240)
Employee benefits expense	3	(646,481)	(868,221)
Exploration & Evaluation expenses		(78,853)	(19,535)
Investor relations		(193,809)	(169,176)
Office rental and occupation expenses		(88,591)	(108,956)
Share based payments	4	(987,953)	(631,186)
Share registry and listing fees		(110,267)	(87,956)
Other expenses	5	(352,149)	(408,463)
Loss before income tax		**(2,528,144)**	**(2,296,096)**
Income tax (expense) / benefit	6	-	-
Loss for the year attributable to members of the parent entity		**(2,528,144)**	**(2,296,096)**
Other comprehensive income, net of tax			
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	11	(10,000)	(20,000)
Other comprehensive income / (loss) for the period		**(10,000)**	**(20,000)**
Total comprehensive loss attributable to members of the parent entity		**(2,538,144)**	**(2,316,096)**
Basic & Diluted loss per share (cents per share)	8	(0.44)	(0.47)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June

	Note	2023 $	2022 $
Current Assets			
Cash and cash equivalents	9	1,075,068	3,256,340
Trade and other receivables	10	70,133	267,105
Prepayments		15,430	19,502
Total Current Assets		**1,160,631**	**3,542,947**
Non-Current Assets			
Equity instruments at fair value	11	10,000	20,000
Property, plant and equipment	12	187,071	213,817
Right of Use Assets	13	233,462	131,370
Exploration and evaluation	14	28,720,181	23,481,586
Total Non-Current Assets		**29,150,714**	**23,846,773**
TOTAL ASSETS		**30,311,345**	**27,389,720**
Current Liabilities			
Trade and other payables	15	1,162,043	1,710,479
Lease liability	13	89,036	35,910
Employee Provisions		172,890	150,565
Total Current Liabilities		**1,423,969**	**1,896,954**
Non-Current Liabilities			
Lease liability	13	151,496	98,237
Total Non- Current Liabilities		**151,496**	**98,237**
TOTAL LIABILITIES		**1,575,880**	**1,995,191**
NET ASSETS		**28,735,880**	**25,394,529**
Equity			
Issued capital	16	48,105,200	42,563,659
Reserves	17	1,436,858	1,156,523
Accumulated losses		(20,806,178)	(18,325,653)
TOTAL EQUITY		**28,735,880**	**25,394,529**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June

	Issued Capital	Share Based Payments Reserve	Equity Instruments at FVOCI Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2021	**35,645,566**	**785,803**	**(12,500)**	**(16,029,557)**	**20,389,312**
Loss attributable to members of the entity for the period					
Loss for the period	-	-	-	(2,296,096)	(2,296,096)
Other comprehensive income, net of tax	-	-	(20,000)	-	(20,000)
Total comprehensive loss for the period	**-**	**-**	**(20,000)**	**(2,296,096)**	**(2,316,096)**
Transaction with owners, directly in equity					
Shares issued during the period	7,000,000	-	-	-	7,000,000
Performance Rights issued	-	631,186	-	-	631,186
Transfer from Share Based Payments Reserve to Issued Capital for options exercised	227,966	(227,966)	-	-	-
Share issue transaction costs	(309,873)	-	-	-	(309,873)
Balance at 30 June 2022	**42,563,659**	**1,189,023**	**(32,500)**	**(18,325,653)**	**25,394,529**
Balance at 1 July 2022	**42,563,659**	**1,189,023**	**(32,500)**	**(18,325,653)**	**25,394,529**
Loss attributable to members of the entity for the period					
Loss for the period	-	-	-	(2,528,144)	(2,528,144)
Other comprehensive income, net of tax	-	-	(10,000)	-	(10,000)
Total comprehensive loss for the period			**(10,000)**	**(2,528,144)**	**(2,538,144)**
Transaction with owners, directly in equity					
Shares issued during the period	5,738,069	(650,000)	-	-	5,088,069
Performance Rights issued	-	940,335	-	47,619	987,954
Share issue transaction costs	(196,528)		-	-	(196,528)
Balance at 30 June 2023	**48,105,200**	**1,479,358**	**(42,500)**	**(20,806,178)**	**28,735,880**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June

	Note	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		18,017	3,591
Interest paid		-	(3,703)
Payments to suppliers and employees		(1,459,793)	(1,674,640)
Other receipts		77,440	147,155
Net cash used in operating activities	18a	**(1,364,336)**	**(1,527,597)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,928)	(70,157)
Payments for exploration and evaluation expenditure		(5,691,679)	(6,922,679)
Net cash used in investing activities		**(5,693,607)**	**(6,992,836)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares during the period		5,088,070	7,000,000
Costs associated with shares issued during the period		(152,528)	(309,873)
Payment of lease liabilities		(58,871)	(21,408)
Net cash provided by financing activities		**4,876,671**	**6,668,719**
Net decrease in cash and cash equivalents held		(2,181,272)	(1,851,714)
Cash and cash equivalents at beginning of the period		3,256,340	5,108,054
Cash and cash equivalents at 30 June	**9**	**1,075,068**	**3,256,340**

The accompanying notes form part of these 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 on 29 September 2023.

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 $2,528,144 (2022: $2,296,096), net current liabilities of $263,338 (2022: net current assets of $1,645,993), net cash outflows used in operating activities of $1,364,336 (2022: $1,527,597), net cash outflows used in investing activities of $5,693,607 (2022: $6,992,836) and had cash and cash equivalents of $1,075,068 (2022: $3,256,340) for the year ended 30 June 2023.

The Board considers that the Group is a going concern. 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, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report. Specifically, the Directors' conclusion is supported by the following:

- Subsequent to year end, the Group raised $5 million through the issue of approximately 96 million shares at an issue price of $0.052 per share as disclosed within Note 20.
- The Group has the ability to curtail administrative, discretionary exploration and overhead cash outflows as and when required.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

(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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) 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.

(E) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases of 12-months or greater

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Interest expense on lease liabilities is recognised in profit or loss (presented as a component of office rental and occupation expense.)

(iii) Leases - Estimating the incremental borrowing rate

When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(F) 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. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset. 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(G) 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.

(H) EMPLOYEE BENEFITS

Short term employee benefits

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

Other long-term employee benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

Retirement benefit obligations

The Group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

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.

Performance Rights

The Company measures the value of its performance rights using a Black & Scholes valuation on the date of granting of the rights. 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.

(I) 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. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(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 measured in accordance with the effective interest method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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) 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.

(P) EARNINGS PER SHARE

Basic earnings per share

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

Diluted earnings per share

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

(Q) 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 that can significantly affect the amounts recognised in the financial statements. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of the specific assets and liabilities affected by the assumptions.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2023.

The key assumptions about the future, and other major sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

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 2023 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.

(R) 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 2023:

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Consolidated Entity in the financial year commencing 1 July 2023.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

AASB 2021-5 amends AASB 112 Income Taxes to clarify the accounting for deferred tax transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences.

This amending standard mandatorily apply 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 likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2021-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2021-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

AASB 2021-1 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 2021-6 defers the mandatory effective date of amendments that were originally made in AASB 2021-1 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 2021-2 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.

NOTE 2: OTHER INCOME

	2023 $	2022 $
Interest received	**18,017**	3,591
Government grants	**-**	73,016
Gold Sales[1]	**77,440**	74,139
	95,457	150,746

1. Gold sales related to the refining of gold nuggets received pursuant to a royalty agreement and are not considered ongoing or material.

NOTE 3: EMPLOYEE BENEFITS EXPENSE

	2023 $	2022 $
Salary, Wages & Director Fees	**1,240,607**	2,047,694
Superannuation	**123,533**	143,939
Provision for leave	**22,325**	31,666
Taxes	**28,847**	45,441
Salary & superannuation transferred to Capitalised Exploration	**(768,831)**	(1,400,519)
	646,481	868,221

NOTE 4: SHARE-BASED PAYMENTS

Share based payments recognised during the year are:

	2023 $	2022 $
Performance Rights continued to vest during the period (i)	**170,873**	631,186
Performance Rights issued during the period (ii) (iii)	**817,080**	-
	987,953	631,186

(i) 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.

On 29 October 2021 an additional 1,000,000 Performance Rights were issued 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 $170,873 was recognised for the year ended 30 June 2023 (2022: $631,186).

The Performance Rights are subject to the following vesting conditions:

(a) The Performance Rights will vest, subject to the satisfaction of the following performance milestones being met before the Expiry Date and the relevant holder being an employee, office-bearer or consultant of the Company at the time of the Milestone being satisfied, or as otherwise determined by the Board.

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

NOTE 4: SHARE-BASED PAYMENTS (continued)

Milestone	% of Class Performance Rights Eligible for Vesting	Performance Rights Vested @ 30 June 2023
JORC 2012 compliant Mineral Resource of .5 million ounces of gold located within the Sandstone Gold Project	50%	Yes
JORC 2012 compliant Mineral Resource of 1 million ounces of gold located within the Sandstone Gold Project	100%	Yes [(d)]

(c) A Performance Right for which Vesting Condition has not been satisfied expires on the date which is three (3) years from issue of that Performance Right.

(d) Performance Rights have vested but have not yet been issued.

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	Performance Rights issued
Number of instruments	12,000,000	1,000,000
Date of grant	25-Nov-20	29-Oct-21
Share price at grant date	$0.10	$0.10
Volatility factor[1]	77.54%	68.51%
Risk free rate	0.11%	0.16%
Expected life of instrument (years)	3 years	2 years
Valuation per instrument	$0.10	$0.10
Exercise price per instrument	-	-
Vesting conditions	As above	As above
Number of instruments exercisable as at 30 June 2023	5,000,000	500,000

[1] Expected volatility is based on historic volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

(ii) On 17 October 2022 the Company issued 500,000, Performance Rights to incoming director Mr Mark Connelly. On 12 December 2022 an additional 400,000 Performance Rights were issued 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 $33,994 was recognised for the year ended 30 June 2023 (2022: $Nil).

The Performance Rights above have vested as they have met the conditions of the relevant performance milestone of a JORC 2012 compliant Mineral Resource of 1 million ounces of gold located within the Sandstone Gold Project.

NOTE 4: SHARE-BASED PAYMENTS (continued)

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	**Performance Rights issued**
Number of instruments	500,000	400,000
Date of grant	17-Oct-22	12-Dec-22
Share price at grant date	$0.07	$0.07
Volatility factor[1]	100%	100%
Risk free rate	3.35%	3.07%
Expected life of instrument (years)	1 year	1 year
Valuation per instrument	$0.10	$0.07
Exercise price per instrument	-	-
Vesting conditions	As above	As above
Number of instruments exercisable as at 30 June 2023	Nil	Nil

[1] Expected volatility is based on historic volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

(iii) On 30 November 2022, Shareholders approved the issue of 12,000,000 Performance Rights to Messrs Connelly, Bowles and Monti, directors of the Company. These were issued on 12 December 2022 along with an additional 6,250,000 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 $783,086 was recognised for the year ended 30 June 2023 (2022: $Nil).

The Performance Rights are subject to the following vesting conditions:

(a) The Performance Rights will vest, subject to the satisfaction of the following performance milestones being met before the Expiry Date and the relevant holder being an employee, office-bearer or consultant of the Company at the time of the Milestone being satisfied, or as otherwise determined by the Board.

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

JORC 2012 compliant Mineral Resource located within the Sandstone Gold Project	**% of Class Performance Rights Eligible for Vesting**	**Performance Rights Vested @ 30 June 2023**
JORC 2012 compliant Mineral Resource of 1.5 million ounces of gold located within the Sandstone Gold Project	50%	No
Completion of a Feasibility Study	50%	No

(c) A Performance Right for which Vesting Condition has not been satisfied expires on the date which is three (3) years from issue of that Performance Right.

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.

NOTE 4: SHARE-BASED PAYMENTS (continued)

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	Performance Rights issued
Number of instruments	12,000,000	6,250,000
Date of grant	30-Nov-22	12-Dec-22
Share price at grant date	$0.07	$0. 07
Volatility factor[1]	100%	100%
Risk free rate	3.51%	3.07%
Expected life of instrument (years)	4 years	4 years
Valuation per instrument	$0.10	$0.10
Exercise price per instrument	-	-
Vesting conditions	As above	As above
Number of instruments exercisable as at 30 June 2023	Nil	Nil

[1] Expected volatility is based on historic volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

NOTE 5: OTHER EXPENSES

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

	2023 $	2022 $
Accounting and audit fees	**(74,230)**	(39,275)
Computers and software	**(37,258)**	(83,179)
Conferences and Seminars	**(92,221)**	(52,128)
Insurance	**(40,882)**	(33,002)
Legal fees	**(43,102)**	(39,567)
Travel and accommodation	**(52,827)**	(22,237)
Other expenses	**(11,629)**	(139,075)
	(352,149)	(408,463)

NOTE 6: INCOME TAX

	2023 $	2022 $
(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 25% (2021: 30%)	**(632,029)**	(574,024)
Add / (Less) tax effect of:		
Entertainment	**4,169**	5,992
Share based payments	**246,988**	157,797
Research and development costs	**29,183**	-
Deferred tax asset not brought to account	**351,688**	410,235
Income tax benefit attributable to operating loss	**-**	-

NOTE 6: INCOME TAX (continued)

(b) Deferred tax assets		
Tax Losses	**9,382,543**	7,657,482
Provisions and Accrual	**52,910**	47,484
Capital Raising and business-related costs	**127,248**	162,857
Plant and Equipment under lease	**1,768**	694
Investments revalued through equity	**22,500**	20,000
	9,586,968	7,888,516
Set-off deferred tax liabilities	**(9,586,968)**	(7,888,516)
Net deferred tax assets	**-**	-
(c) Deferred tax liabilities		
Exploration expenditure	**(7,180,045)**	(5,870,397)
Prepayments	**(3,858)**	(4,876)
	(7,183,903)	(5,875,272)
Set-off deferred tax assets	**7,183,903**	5,875,272
Net deferred tax liabilities	**-**	-
(d) Deferred income tax (revenue)/expense included in income tax expense comprise:		
Increase in deferred tax assets	**(1,772,517)**	(2,257,901)
Increase in deferred tax liabilities	**1,334,154**	1,765,198
Non-recognition of deferred tax position	**438,363**	188,595
Revaluation of deferred tax position due to change in tax rate	**-**	304,108
Net deferred income tax	**-**	-
(e) Deferred income tax related to items charged or credited directly to equity		
Increase in deferred tax assets	**(40,632)**	82,468
Decrease in deferred tax liabilities	**-**	-
Non-recognition of deferred tax position	**40,632**	(79,468)
Revaluation of deferred tax position due to change in tax rate	**-**	(3,000)
Net deferred income tax	**-**	-
(f) Deferred tax assets not brought to account		
Unused tax losses for which no deferred tax asset has been recognised	**9,382,543**	7,657,482
Temporary differences for which no deferred tax asset has been recognised	**(6,979,477)**	(5,644,237)

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2023 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.

NOTE 7: AUDITORS' REMUNERATION

	2023 $	2022 $
Remuneration of the auditor of the Group for:		
- Auditing or reviewing the financial report by Pitcher Partners BA&A Pty Ltd	**36,390**	32,865
Remuneration of the auditor, or associated entities, of the Group for non-audit services:		
- Tax compliance services	**2,600**	1,700

NOTE 8: LOSS PER SHARE

	2023 $	2022 $
(a) Reconciliation of earnings to loss		
Earnings used in the calculation of basic EPS	**(2,528,144)**	(2,296,096)
(b) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	**579,478,176**	490,030,087
Basic & diluted loss per share (cents per share)	**(0.44)**	(0.47)
Antidilutive options on issue not used in dilutive EPS calculation	**7,500,000**	7,500,000
Antidilutive performance rights on issue not used in dilutive EPS calculation	**24,250,000**	13,000,000

NOTE 9: CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank	**1,075,068**	3,256,340
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:		
Cash and cash equivalents	**1,075,068**	3,256,340

NOTE 10: TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
CURRENT		
GST receivable	**5,303**	224,272
Trade and other receivables	**64,830**	42,833
	70,133	267,105

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 $42,833 (2022: $42,833) which is subject to an indemnity guarantee for two rental agreements.

NOTE 11: 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 2023		
Financial assets		
Cash and cash equivalents(i)	**1,075,068**	**-**
Trade and other receivables(i)	**70,133**	**-**
Equity instruments(ii)	**-**	**10,000**
Total financial assets	**1,145,201**	**10,000**
Financial liabilities		
Trade and other payables(i)	**(1,162,043)**	**-**
Lease liabilities(iii)	**(240,532)**	**-**
Total financial liabilities	**(1,402,575)**	**-**
30 June 2022		
Financial assets		
Cash and cash equivalents(i)	3,256,340	-
Trade and other receivables(i)	267,105	-
Equity instruments(ii)	-	20,000
Total financial assets	3,523,445	20,000
Financial liabilities		
Trade and other payables(i)	(1,710,479)	-
Lease liabilities(iii)	(134,147)	-
Total financial liabilities	**(1,844,626)**	-

(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

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

	2023	2022
	$	$
Balance at the beginning of the reporting period	**20,000**	**40,000**
Add revaluation increments/(decrements)	**(10,000)**	**(20,000)**
	10,000	**20,000**

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

(iii) Lease liabilities – refer to note 13 for details

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
NON-CURRENT		
Plant and equipment – cost	**184,434**	182,506
Accumulated depreciation	**(163,436)**	(151,745)
	20,998	30,761
Motor vehicles – cost	**92,933**	92,933
Accumulated depreciation	**(66,453)**	(49,470)
	26,480	43,463
Land and Building – cost	**139,593**	139,593
Accumulated depreciation	**-**	-
	139,593	139,593
Total property, plant and equipment	**187,071**	213,817

a) Reconciliation of Carrying Amounts

	2023 $	2022 $
Plant and Equipment		
Opening balance	**30,761**	22,064
- Additions	**1,928**	18,611
- Depreciation expense	**(11,691)**	(9,914)
Carrying amount at the end of the period	**20,998**	30,761
Motor Vehicles		
Opening balance	**43,463**	60,603
- Additions	**-**	-
- Depreciation expense	**(16,983)**	(17,140)
Carrying amount at the end of the period	**26,480**	43,463
Land and Buildings		
Opening balance	**139,593**	88,048
- Additions	**-**	51,545
- Depreciation expense	**-**	-
Carrying amount at the end of the period	**139,593**	139,593
Totals		
Opening balance	**213,817**	170,715
- Additions	**1,928**	70,156
- Depreciation expense	**(28,674)**	(27,054)
Carrying amount at the end of period	**187,071**	213,817

NOTE 13: LEASES

Accounting Policies

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Leases - Estimating the incremental borrowing rate

When the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Right-to-use assets recognised and movements during the year	**2023 $**	**2022 $**
Opening net carrying amount	**131,370**	**-**
Additions	**158,495**	155,555
Depreciation expense	**(56,403)**	(24,185)
Net carrying amount	**233,462**	131,370

Lease liabilities and movements during the year	**2023 $**	**2022 $**
Opening net carrying amount	**134,147**	-
Additions	**158,494**	155,555
Interest expense	**6,762**	3,703
Payments	**(58,871)**	(25,111)
Closing net carrying amount	**240,532**	134,147
Current	**89,036**	35,910
Non-current	**151,496**	98,237
	240,532	134,147

NOTE 13: LEASES (continued)

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The expense relating to payments not included in the measurement of the lease liability is as follows:

	2023 $	2022 $
Short term leases	-	59,400
	-	59,400

NOTE 14: EXPLORATION AND EVALUATION

	2023 $	2022 $
Exploration and evaluation – at cost	28,720,181	23,481,586
Exploration and evaluation - movement		
Opening balance	23,481,586	16,561,596
Exploration and evaluation expenditure	5,238,595	6,919,990
Closing balance	28,720,181	23,481,586

Projects		
Sandstone North	2,582,254	1,898,020
Hacks	3,013,013	2,188,204
Raffertys	6,241,720	5,257,624
Marley Well	3,524,553	3,415,531
Twin Reef	564,023	473,591
Black Hill	237,528	127,153
Mt Dwyer	221,637	96,558
Hancocks	326,713	253,992
Maynard Hills	95,457	32,154
Coonayunna Spring	99,685	-
Indomitable	4,102,861	2,191,587
Vanguard	2,549,432	2,493,777
Maninga Marley	476,281	445,569
Lord Henry	1,145,303	1,127,284
Lord Nelson	3,539,273	3,480,542
Wirraminna	448	-
	$28,720,181	$23,481,586

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 2023 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.

NOTE 15: TRADE AND OTHER PAYABLES

	2023 $	2022 $
CURRENT – UNSECURED LIABILITIES		
Trade and other payables	**1,107,792**	1,536,104
Accrued expenses	**54,251**	174,375
	1,162,043	1,710,479

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 22 related party transactions for payable balances with related parties.

NOTE 16: ISSUED CAPITAL

(a) Issued capital

	2023 $	2022 $
612,815,479 (2022: 528,037,512) Fully paid ordinary shares	**48,105,200**	42,563,659
	48,105,200	42,563,659

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

(b) Ordinary shares

	2023 No.	2023 $	2022 No.	2022 $
The following movements in ordinary share capital occurred during the reporting period:				
Balance at beginning of the period	**528,037,512**	**42,563,659**	450,259,736	35,645,566
Shares issued during the period				
Conversion of Performance Shares	**6,500,000**	**650,000**		
10-Nov-22	**36,153,848**	**2,350,000**		
19-Dec-22	**21,354,887**	**1,388,068**		
22-Dec-22	**10,000,000**	**650,000**		
22-Dec-22	**10,769,232**	**700,000**		
Prior year				
19 Nov 2021			60,683,526	5,461,517
17 Dec 2021			17,094,250	1,538,483
Write Back options exercised			-	227,966
Costs associated with equity raisings		**(196,527)**	-	(309,873)
Balance at end of the period	**612,815,479**	**48,105,200**	528,037,512	42,563,659

NOTE 16: ISSUED CAPITAL (continued)

(c) Performance Rights

	2023 No.	2022 No.
The following movements in performance rights occurred during the reporting period:		
Balance at beginning of the period	**13,000,000**	12,000,000
Issued during the period	**19,150,000**	
Cancelled during the period	**(1,000,000)**	
Vested during the period[i]	**(6,500,000)**	
Prior year		
Issued during the period		1,000,000
	24,650,000	13,000,000

[i]6,500,000 performance rights vested during the year end of 30 June 2023 at $0.10 per performance right

(d) LTI rights

	2023 No.	2022 No.
The following movements in LTI rights occurred during the reporting period:		
Balance at beginning of the period	**6,250,000**	6,250,000
LTI rights issued during the period		
LTI rights expired during the period		
Prior year		
LTI rights issued during the period		
LTI rights expired during the period		
Balance at end of the period	**6,250,000**	6,250,000

(e) Unlisted Options

	2023 No.	**2023 $**	2022 No.	2022 $
The following movements in unlisted options occurred during the reporting period:				
Balance at beginning of the period	**7,500,000**	**120,901**	7,500,000	348,867
Options exercised during the period				
Prior year				
Options transferred to issued capital				(227,966)
Balance at end of period (100% vested)	**7,500,000**	**120,901**	7,500,000	120,901

(f) 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 2023 therefore has no externally imposed capital restrictions.

NOTE 17: RESERVES

	2023 $	2022 $
Equity instruments at FVOCI Reserve	**(42,500)**	(32,500)
Share based payments reserve	**1,479,358**	1,189,023
	1,436,858	1,156,523

Movements in reserves

	2023 $	2022 $
Equity instruments at FVOCI Reserve		
Balance at beginning of the period	**(32,500)**	(12,500)
Add revaluation increments during the period	**(10,000)**	(20,000)
Balance at end of the period	**(42,500)**	(32,500)

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

	2023 $	2022 $
Share-based payments reserve		
Balance at beginning of the period	**1,189,023**	785,803
Issue of performance rights during the period(i)	**987,953**	631,186
Write Back value of exercised options	**(47,618)**	(227,966)
Tfr Performance Rights to issued Capital	**(650,000)**	-
Balance at end of the period	**1,479,358**	1,189,023

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 for details.

NOTE 18: CASH FLOW INFORMATION

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

	2023 $	2022 $
Loss after income tax	**(2,528,144)**	(2,296,096)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss from ordinary activities:		
Depreciation	**85,077**	51,240
Share based payments	**987,953**	631,186
Interest expense		-
Changes in assets and liabilities:		
(Increase)/decrease in prepayments	**4,072**	(9,431)
(Increase)/decrease in other assets	**22,325**	42,390
(Decrease)/increase in payables	**64,381**	53,114
Cash flow used in operations	**(1,364,336)**	(1,527,597)

NOTE 18: CASH FLOW INFORMATION (continued)

(b) Change in liabilities from financing activities

	Opening balance 1-Jul-22	Additions during the year	Interest expense	Payments	Closing balance 30-Jun-23
Lease liabilities (Refer Note 13)	134,147	158,494	6,762	(58,871)	240,532
	134,147	158,494	6,762	(58,871)	240,532

NOTE 19: CONTROLLED ENTITIES

Details of Controlled Entities	Country of Incorporation	Class of Shares	Percentage Owned % 2023	2022
Cue Metals Pty Ltd	Australia	Ordinary	100%	100%
Sandstone Exploration Pty Ltd	Australia	Ordinary	100%	100%

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 24 July 2023, the Group raised $5 million (before costs) through the issue of approximately 96 million shares at an issue price of $0.052 per share. No other 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 up 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 2023. The totals of remuneration paid to KMP during the year are as follows:

	2023 $	2022 $
Short-term employee benefits (i)	**437,713**	461,931
Post-employment benefits	**43,701**	35,956
Share based payments	**655,814**	377,850
	1,137,228	875,737

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

Other Related Party Transactions

During the year, BB Consulting & Communications, an entity related to the spouse of M Bowles, a Director of the Group, provided social 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 $42,490 (2022: $14,636). As at 30 June 2023 $Nil (2022: $Nil) was payable to BB Consulting & Communications.

NOTE 22: 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.

	2023 $	2022 $
- not later than 12 months	829,520	743,570
- between 12 months and 5 years	3,837,310	3,276,730
	4,666,830	4,020,300

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 2023. 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	2023 $	2022 $
Cash and cash equivalents			
- AA Rated	9	1,075,068	3,256,340

(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.

NOTE 23: FINANCIAL INSTRUMENT RISK (continued)

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	
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	1,162,043	1,690,479	-	-	1,162,043	1,690,479
Lease liabilities	96,924	40,797	152,848	99,868	249,772	140,665
Total expected outflows	1,258,967	1,731,276	152,848	99,868	1,411,815	1,831,144

(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:

	2023	2022
Variable rate instruments		
Cash and cash equivalents	1,075,068	3,256,340

A change of 1% (2022: 1%) in variable interest rates would not have a significant effect on the Group.

(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.

NOTE 23: FINANCIAL INSTRUMENT RISK (continued)

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 2023, 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 2023	10,000	(1,000)	(1,000)	1,000	1,000
30 June 2022	20,000	(2,000)	(2,000)	2,000	2,000

(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.

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 2023	$	$	$	$
Financial Assets				
Equity instruments at FVOCI	10,000			10,000
Year ended 30 June 2022				
Financial Assets				
Equity instruments at FVOCI	20,000	-	-	20,000

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position of Alto Metals Limited

	2023 $	2022 $
CURRENT ASSETS		
Cash and cash equivalents	1,075,066	3,256,338
Trade and other receivables	70,133	267,105
Prepayments	15,430	19,502
TOTAL CURRENT ASSETS	1,160,629	3,542,945
NON-CURRENT ASSETS		
Equity instruments at fair value	10,000	20,000
Right of Use Assets	187,071	131,370
Property, plant and equipment	233,462	213,817
Other assets	28,739,718	23,501,123
TOTAL NON-CURRENT ASSETS	29,170,251	23,866,310
TOTAL ASSETS	30,330,880	27,409,255
CURRENT LIABILITIES		
Trade and other payables	1,162,043	1,710,479
Lease liability	89,036	35,910
Provisions	172,890	150,565
TOTAL CURRENT LIABILITIES	1,423,969	1,861,044
NON-CURRENT LIABILITIES		
Lease liability	151,496	98,237
TOTAL NON - CURRENT LIABILITIES	151,496	98,237
TOTAL LIABILITIES	1,575,465	1,995,191
NET ASSETS	28,755,415	25,414,064
EQUITY		
Issued capital	48,105,200	42,563,659
Reserves	1,436,858	1,156,523
Accumulated losses	(20,786,643)	(18,306,118)
TOTAL EQUITY	28,755,415	25,414,064
(b) Financial Performance of Alto Metals Limited		
Loss for the year	(2,528,144)	(2,276,561)
Other comprehensive (loss) / income	(10,000)	(20,000)
Total comprehensive loss	(2,538,144)	(2,296,561)

The parent entity has no commitments as at year end (2022: Nil)

NOTE 25: CONTINGENT LIABILITIES

As at 30 June 2023 the Group has bank guarantees to the value of $42,833 (2022: $42,833) 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 for the financial year ended 30 June 2023, and notes set out on pages 28 to 59 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 2022 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.

Mark Connelly

Mark Connelly
Non-Executive Chairman

Dated this 30th day of September 2023

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 2023, the consolidated statement of profit or loss and 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 2023 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

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

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of exploration and evaluation expenditure *Refer to Note 14 to the financial report.*	
As at 30 June 2023, the Group held capitalised exploration and evaluation expenditure of $28,720,181. 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, 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. Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the amount recognised as deferred exploration and evaluation assets is in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources.* 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.

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

Key Audit Matter	How our audit addressed the key audit matter
Share based payments *Refer to Note 1(H) & 4*	
Share based payments represent $987,953 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 payment expense to be a key audit matter.	Our procedures included, amongst others: Obtaining an understanding of and evaluating the design and implementation of the processes and 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. Assessing the Group's accounting policy as set out within Note 1(h) 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 2023, 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.

Responsibilities of the Directors for the Financial Report

ALTO METALS LIMITED
ABN 62 159 819 173

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

The directors of the Group 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 21 to 25 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Alto Metals Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group 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
Executive Director
Perth, 29 September 2023

Additional information required by the ASX Listing Rules and not shown elsewhere in the report is as follows. The information is current as at 28 September 2023.

(a) Twenty largest holders of quoted equity securities

Position	Holder Name	Holding	% IC
1	WINDSONG VALLEY PTY LTD	107,155,416	15.00%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	70,141,603	9.82%
3	GS GROUP AUSTRALIA PTY LTD	56,754,212	7.95%
4	PRECISION OPPORTUNITIES FUND LTD	28,761,538	4.03%
5	NATIONAL NOMINEES LIMITED	24,970,174	3.50%
6	LION SELECTION GROUP LTD	19,230,769	2.69%
7	SINOTECH (HONG KONG) CORPORATION LIMITED	17,291,250	2.42%
8	OLGEN PTY LTD	15,899,998	2.23%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,376,748	1.73%
10	SILVERLIGHT HOLDINGS PTY LTD	11,182,781	1.57%
11	BNP PARIBAS NOMS PTY LTD	8,680,275	1.22%
12	WERSMAN NOMINEES PTY LTD	8,243,589	1.15%
13	ATLANTIC CAPITAL PTY LTD	8,000,000	1.12%
14	HARDROCK CAPITAL PTY LTD	7,660,000	1.07%
15	CROWNLUXE INVESTMENT LTD	7,500,000	1.05%
16	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	6,872,222	0.96%
17	CITICORP NOMINEES PTY LIMITED	6,373,664	0.89%
18	MR ALAN CONIGRAVE	5,500,000	0.77%
19	GREATCITY CORPORATION PTY LTD	5,369,658	0.75%
20	WERSMAN NOMINEES PTY LTD	5,343,589	0.75%
	Total	**433,307,486**	**60.67%**
	Total issued capital - selected security class(es)	**714,200,095**	**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	107.2 million	15.00%
HORIZON GOLD LIMITED	60.8 million	8.5%
GS GROUP AUSTRALIA PTY LTD	56.7 million	7.95%

(c) Distribution of equity securities

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	325	142,313	0.02%
above 1,000 up to and including 5,000	441	1,184,015	0.17%
above 5,000 up to and including 10,000	304	2,509,729	0.35%
above 10,000 up to and including 100,000	698	30,429,226	4.26%
above 100,000	463	679,934,812	95.20%
Totals	**2,231**	**714,200,095**	**100.00%**

The number of fully paid ordinary shareholdings held in less than marketable parcels is 1,091 (based on a share price of $0.046).

(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
Atlantic Capital Pty Ltd	7,500,000
Total Holders	1

(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.

TENEMENT REPORT

As at 30 June 2023

Alto Metals Ltd and its 100% owned subsidiary, on a consolidated basis at 30 June 2023

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
E57/1108	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1153	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1228	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1232	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
E57/1233	Sandstone, WA	-	Sandstone Exploration Pty Ltd	Application
M57/646	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/647	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/650	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/651	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/652	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
M57/658	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Application
M57/662	Sandstone, WA	-	Sandstone Exploration Pty Ltd	Application
M57/663	Sandstone, WA	-	Sandstone Exploration Pty Ltd	Application
P57/1377	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1378	Sandstone, WA	100%	Sandstone Exploration Pty Ltd	Granted
P57/1529	Sandstone, WA	-	Sandstone Exploration Pty Ltd	Application