Alvo Minerals Limited

ABN 37 637 802 496

Annual Financial Report for the Year Ended 31 December 2021

Alvo Minerals Limited
Corporate directory
31 December 2021

Directors	Mr Graeme Slattery (Non-Executive Chairman) Mr Robert Smakman (Managing Director and CEO) Mr Beau Nicholls (Non-Executive Director)
Company secretary	Mrs Carol Marinkovich
Registered office and business address	Level 4 100 Albert Road South Melbourne VIC 3205
Share register	Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth, WA 6000 Ph: 1300 850 505 www.computershare.com
Auditor	William Buck Level 20, 181 William Street Melbourne, VIC 3000
Solicitor	Squire Patton Boggs Level 21, 300 Murray Street Perth, WA 6837 www.squirepattonboggs.com
Banker	National Australia Bank Level 4 800 Bourke Street Docklands VIC 3008
Stock exchange listing	Alvo Minerals Limited shares are listed on the Australian Securities Exchange (ASX code: ALV)
Website	www.alvo.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Alvo Minerals Limited (referred to hereafter as 'Alvo' or the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors

The following persons were directors of Alvo during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Graeme Slattery, Non-Executive Chairman (appointed as Non-Executive Chairman on 21 May 2021)
Mr Robert Smakman, Managing Director and CEO (appointed as Managing Director and CEO on 21 May 2021)
Mr Beau Nicholls, Non-Executive Director

Principal activities

During the financial year, Alvo readied the company and their Brazilian mineral exploration assets for IPO on the Australian Stock Exchange (ASX). Exploration on the ground at the Palma base and precious metals project in Brazil was initiated in October 2021 and is ongoing.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $2,211,972 (31 December 2020: $385,802).

Alvo Minerals Limited (ACN 637 802 496) was incorporated and registered in Victoria, Australia in December 2019 and is an Australian registered tax company. On 20 October 2021, Alvo achieved a successful listing on the ASX, raising A$10M at 25cps. The Company was established as a Brazilian focussed, base and precious-metals explorer.

Alvo is currently exploring the Palma Project in Brazil, which it considers prospective for base and precious metals. Alvo has established a team of exploration professionals and contracted several different groups to provide exploration activities - including drilling, assaying and geophysical surveys. Alvo in Brazil has opened an office in the town of Palmeiropolis (Central Brazil) to support ongoing exploration activities.

The Coronavirus (COVID-19) pandemic has had severe social and economic impacts in Brazil and remains an ongoing source of uncertainty over future exploration operations. However, management is confident that the ongoing COVID-19 impact to Alvo's business is limited and can be managed. The Company's COVID-19 management plan has been established to address the ongoing potential future impact

Significant changes in the state of affairs

On 13 January 2021, 1,286,565 shares were issued to Spezia 55 Pty Ltd (an entity associated with Robert Smakman) at $0.08 AUD to settle the $75,077 AUD loan payable to director as at 31 December 2020.

On 30 January 2021, Ms Melanie Leydin and Ms Patricia Vanni de Oliveira were appointed as the company secretaries.

On 1 March 2021 and 2 March 2021, 1,000,000 shares in total were issued to the nominees of Discovery Capital Partners at $0.0001 AUD as a part consideration for their services as the Lead Manager in Alvo's Pre-IPO. The 3 nominees are AKM (WA) Pty Ltd as trustee for the AKM Family Trust (325,000 shares), Horizon Investment Services Pty Ltd (350,000 shares) and Winsome Mary Stavrianou (325,000 shares).

On 9 March 2021, Robert Smakman resigned as the company secretary.

On 19 May 2021, Ms Melanie Leydin resigned as the company secretary.

On 21 May 2021, Graeme Slattery was appointed as the Non-Executive Chairman and Robert Smakman was appointed as the Managing Director and CEO.

On 28 May 2021, Alvo raised $1,000,000 AUD, before capital raising costs, of additional funding through its Pre-IPO seed raising. 6,250,000 fully paid ordinary shares were issued at an issue price of $0.16.

On 21 July 2021, the Company issued 4,000,000 unlisted options to Discovery Capital Partners exercisable at $0.35 expiring 21 July 2024 for corporate advisory services. On the same day, the Company issued 5,000,000 unlisted options to the board of directors exercisable at $0.35 expiring 21 July 2025.

On 28 September 2021, Alvo finalised the capital raise of $10,000,000, before capital raising costs, pursuant to the offer under the prospectus for its Initial Public Offering dated 30 July 2021 by issuing of 40,000,000 fully paid ordinary shares issued at an issue price of $0.25.

On 18 October 2021, Alvo Minerals Limited ('ALV') was admitted to the Official List of ASX Limited ('ASX'). Official quotation of ALV's ordinary fully paid shares commenced at 11:30 AM AEST on 20 October 2021.

Matters subsequent to the end of the financial year
On 13 January 2022, Ms Patricia Vanni de Oliveira resigned as the company secretary and Mrs Carol Marinkovich was appointed as the company secretary.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Corporate governance
In recognising the need for high standards of corporate behaviour and accountability, the Directors support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance policies are all available on the Company's website at www.alvo.com.au.

Information on directors

Name:	Graeme Slattery
Title:	Non-Executive Chairman
Experience and expertise:	Graeme is a practising lawyer with over 20 years of experience advising listed and unlisted companies in the mining and resources sector on aspects of corporate and commercial law. He has extensive experience dealing with foreign jurisdictions and regulatory issues and serves on numerous international boards. His experience includes being involved in the start-up and management of a successful international mining services business. Graeme has extensive experience and knowledge of corporate governance, risk and regulatory issues which serve him well in his role as chairman on a number of private operating companies. He also served on the boards of a number of not for profit organisations including serving as Chairman of a large independent private school. Graeme is currently a Partner at Squire Patton Boggs where he provides advice on corporate and commercial disputes, regulatory investigations and prosecutions and with strategic and risk management advice.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	1,306,250 (shares held by GM & LA Slattery Family A/C and MMH Capital Ltd)
Interests in options:	1,250,000

Name:	Robert Smakman
Title:	Managing Director and CEO
Experience and expertise:	Rob is a geologist with over 25 years international experience, over 10 of which have been in Brazil where the Company's Project is located. Fluent in Portuguese, his experience in Brazil has included sourcing, negotiating, exploring and building minerals projects. Rob has raised more than $US100M in capital (equity and debt) for multiple Brazilian projects including gold, iron ore and base metals. Rob is a Fellow of the AusIMM.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Committee
Interests in shares:	9,266,565 (shares held by Spezia 55 Pty Ltd and MMH Capital Ltd)
Interests in options:	2,500,000

Name:	Beau Nicholls
Title:	Non-Executive Director
Experience and expertise:	Beau is a Geologist with over 25 years international experience, including 9 years in Brazil as the principal consultant for Coffey Mining a leading international consulting firm. Beau is fluent in Portuguese. Beau is an executive director with ASX listed Big River Gold (ASX:BRV), Principal Consultant for Sahara Natural Resources, specialising in exploration and mining services in Africa and Federal Director of the Australian Institute of Geoscientists.
Other current directorships:	Executive Director, Big River Gold Ltd (ASX: BRV)
Former directorships (last 3 years):	Middle Island Resources Limited (ASX: MDI)
Special responsibilities:	Chairman of Audit and Risk Committee
Interests in shares:	4,825,000 (shares held by Silvanicholls Pty Ltd and MMH Capital Ltd)
Interests in options:	1,250,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Carol Marinkovich

Carol has over 25 years' experience in the mining industry. She has extensive experience in Company Secretary and Corporate Governance Practices both within Australia and Internationally working with companies in the ASX200, ASX300 and for other listed junior explorers. Carol is a Member of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators in London.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Graeme Slattery	6	6	2	2
Robert Smakman	6	6	2	2
Beau Nicholls	6	6	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Executive Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having remuneration framework linked to the goals of shareholders
- focusing on sustained growth in shareholder wealth, consisting of growth in share price
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. No remuneration consultant was used during the financial year. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:
- base pay
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary and superannuation, are reviewed annually by the Board based on individual's performance and the overall performance of the consolidated entity and comparable market remunerations.

The long-term incentives ('LTI') include long service leave and share-based payments. The Board may seek to incentivise the executive by long term incentives such as the issue of options or performance rights (subject to Shareholder approval).

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. This is achieved through consideration of those actions including but not limited to the identification, analysis, acquisition and development of tenements which enhance shareholder wealth.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Alvo Minerals Limited:
- Mr Graeme Slattery, Non-Executive Chairman (appointed as Non-Executive Chairman on 21 May 2021)
- Mr Robert Smakman, Managing Director and CEO (appointed as Managing Director and CEO on 21 May 2021)
- Mr Beau Nicholls, Non-Executive Director

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
31 December 2021	**Cash salary and fees $**	**Annual leave $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled $**	**Total $**
Non-Executive Directors:							
Graeme Slattery	55,000	-	-	5,390	56	198,175	258,621
Beau Nicholls	36,667	-	-	3,593	37	198,175	238,472
Executive Directors:							
Robert Smakman	203,333	15,813	-	17,967	186	396,350	633,649
	295,000	15,813	-	26,950	279	792,700	1,130,742

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	**Fixed remuneration 31 December 2021**	**At risk - LTI 31 December 2021**
Non-Executive Directors:		
Graeme Slattery	100%	-
Beau Nicholls	100%	-
Executive Directors:		
Robert Smakman	100%	-

Executive Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Robert Smakman
Title:	Managing Director and CEO
Agreement commenced:	1 March 2021
Term of agreement:	The term is not fixed
Details:	Base salary of $220,000 (excluding statutory superannuation) plus entitlements (such as sick leave, annual leave and long service leave). The remuneration of the Executive shall be reviewed at least every 12 months from the Commencement Date or as otherwise agreed between the Parties. The Company may seek to incentivise the Executive by short or long term incentives such as the issue of options or performance rights (subject to Shareholder approval). The executive can terminate the contract with 6 months' notice. The Company can terminate the agreement with 6 months' notice, or payment in lieu thereof. Termination without notice by the Company in the event of serious misconduct or breach of law or the employment agreement.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Graeme Slattery	1,250,000	21/07/2021	21/07/2021	21/07/2025	$0.3500	$0.1585
Robert Smakman	2,500,000	21/07/2021	21/07/2021	21/07/2025	$0.3500	$0.1585
Beau Nicholls	1,250,000	21/07/2021	21/07/2021	21/07/2025	$0.3500	$0.1585

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2021 are set out below:

Name	Number of options granted during the year 31 December 2021	Number of options granted during the year 31 December 2020	Number of options vested during the year 31 December 2021	Number of options vested during the year 31 December 2020
Graeme Slattery	1,250,000	-	1,250,000	-
Robert Smakman	2,500,000	-	2,500,000	-
Beau Nicholls	1,250,000	-	1,250,000	-

Additional information

The earnings of the consolidated entity for the two years to 31 December 2021 are summarised below:

	2021 $	2020 $
Income	9,596	1,697
Loss after income tax	(2,211,972)	(385,802)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021
Share price at financial year end ($)	0.315
Total dividends declared (cents per share)	-
Basic losses per share (cents per share)	(5.477)
Diluted losses per share (cents per share)	(5.477)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company at the date of the report by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Additions	Balance on admission to the ASX	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares						
Graeme Slattery	1,215,000	91,250	1,306,250	-	-	1,306,250
Robert Smakman	7,980,000	1,286,565	9,266,565	-	-	9,266,565
Beau Nicholls	4,825,000	-	4,825,000	-	-	4,825,000
	14,020,000	1,377,815	15,397,815	-	-	15,397,815

Option holding

The number of options over ordinary shares in the company at the date of the report by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Balance on admission to the ASX	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Graeme Slattery	-	1,250,000	-	-	1,250,000
Robert Smakman	-	2,500,000	-	-	2,500,000
Beau Nicholls	-	1,250,000	-	-	1,250,000
	-	5,000,000	-	-	5,000,000

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Alvo Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
21/07/2021	21/07/2024	$0.3500	4,000,000
21/07/2021	21/07/2025	$0.3500	5,000,000
			9,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Alvo Minerals Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and officers of the company for costs incurred, in their capacity as a director or officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 16 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 16 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of William Buck

There are no officers of the company who are former partners of William Buck.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

William Buck continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Graeme Slattery
Non-Executive Chairman

24 March 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ALVO MINERALS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director

Melbourne, 24 March 2022

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Alvo Minerals Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Revenue			
Other Income		9,596	1,697
Expenses			
Employee benefits expense		(1,204,310)	(120,154)
Exploration expenditure		(370,963)	-
Corporate and administration expense		(639,319)	(267,345)
Depreciation and amortisation expense		(6,359)	-
Finance costs		(617)	-
Loss before income tax expense		(2,211,972)	(385,802)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Alvo Minerals Limited		(2,211,972)	(385,802)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(3,839)	(118,218)
Other comprehensive income / (loss) for the year, net of tax		(3,839)	(118,218)
Total comprehensive income / (loss) for the year attributable to the owners of Alvo Minerals Limited		(2,215,811)	(504,020)
		Cents	**Cents**
Basic losses per share	24	(5.477)	(1.926)
Diluted losses per share	24	(5.477)	(1.926)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Alvo Minerals Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Assets			
Current assets			
Cash and cash equivalents		8,898,341	99,272
Other current assets	5	82,542	649
Deposits		-	75,077
Total current assets		8,980,883	174,998
Non-current assets			
Plant and equipment	6	110,562	-
Right-of-use assets	7	43,490	-
Exploration and evaluation	8	433,195	401,154
Total non-current assets		587,247	401,154
Total assets		9,568,130	576,152
Liabilities			
Current liabilities			
Trade and other payables	9	161,655	180,194
Loan from directors		-	75,077
Lease liabilities	10	14,529	-
Employee benefits		16,366	-
Total current liabilities		192,550	255,271
Non-current liabilities			
Lease liabilities	10	29,455	-
Employee benefits		279	-
Total non-current liabilities		29,734	-
Total liabilities		222,284	255,271
Net assets		9,345,846	320,881
Equity			
Issued capital	11	10,719,977	824,901
Reserves	12	1,223,643	(118,218)
Accumulated losses		(2,597,774)	(385,802)
Total equity		9,345,846	320,881

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Alvo Minerals Limited
Consolidated statement of changes in equity
For the year ended 31 December 2021

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2020	1	-	-	-	1
Loss after income tax expense for the year	-	-	-	(385,802)	(385,802)
Other comprehensive income / (loss) for the year, net of tax	-	(118,218)	-	-	(118,218)
Total comprehensive income / (loss) for the year	-	(118,218)	-	(385,802)	(504,020)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	824,900	-	-	-	824,900
Balance at 31 December 2020	824,901	(118,218)	-	(385,802)	320,881

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2021	824,901	(118,218)	-	(385,802)	320,881
Loss after income tax expense for the year	-	-	-	(2,211,972)	(2,211,972)
Other comprehensive income / (loss) for the year, net of tax	-	(3,839)	-	-	(3,839)
Total comprehensive income / (loss) for the year	-	(3,839)	-	(2,211,972)	(2,215,811)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	9,895,076	-	-	-	9,895,076
Share-based payments (note 25)	-	-	1,345,700	-	1,345,700
Balance at 31 December 2021	10,719,977	(122,057)	1,345,700	(2,597,774)	9,345,846

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,321,971)	(170,095)
Interest received		9,596	1,697
Interest and other finance costs paid		(617)	-
Net cash used in operating activities	23	(1,312,992)	(168,398)
Cash flows from investing activities			
Payments for plant and equipment	6	(112,415)	-
Payments for exploration and evaluation	8	(37,072)	(546,718)
Net cash used in investing activities		(149,487)	(546,718)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	11	10,265,151	824,901
Repayment of lease liabilities		(3,459)	-
Net cash from financing activities		10,261,692	824,901
Net increase in cash and cash equivalents		8,799,213	109,785
Cash and cash equivalents at the beginning of the financial year		99,272	-
Effects of exchange rate changes on cash and cash equivalents		(144)	(10,513)
Cash and cash equivalents at the end of the financial year		8,898,341	99,272

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Alvo Minerals Limited as a consolidated entity consisting of Alvo Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Alvo Minerals Limited's functional and presentation currency.

Alvo Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC, 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Alvo Minerals Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Alvo Minerals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Note 2. Significant accounting policies (continued)

Foreign currency translation
The financial statements are presented in Australian dollars, which is Alvo Minerals Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The consolidated entity recognises revenue as follows:

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Note 2. Significant accounting policies (continued)

In Brazil, GST is equivalent to ICMS (Imposto sobre Circulação de Mercadorias e Serviços). It is a state sales tax on the circulation of goods and transportation and communication services and the rates vary in different states.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2021. The directors expect that none of these new standards and interpretations will materially impact these financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and carry forward losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

At this stage all of the consolidated entity's projects are in exploration phase, which has only a minimal disturbance to the underlying areas of interest and for which the consolidated entity rehabilitates as it conducts its exploration activity.

In 2019, Alvo won an open auction in Brazil from the Brazilian Geological Survey (CPRM) for the tenements over the main deposits. The exploration assets is mainly the cash consideration paid for the Palma Project tenements acquisition and the acquisition of prospective tenements adjacent to and nearby the Palma Project.

Founder shares and fair value
Founder shares were issued at nil fair value at foundation date because there were no goods or services exchanged or provided for the shares issued.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment, being an explorer of base and precious metals, which is also the basis on which the board reviews the company’s financial information.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the consolidated entity as one operating segment being mineral exploration in Brazil.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $
Australia	-	-	9,035	-
Brazil	-	-	578,212	401,154
	-	-	587,247	401,154

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Current assets - Other current assets

	Consolidated	
	31 December 2021 $	31 December 2020 $
GST receivables	74,581	-
Prepayments	7,961	649
	82,542	649

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 6. Non-current assets - Plant and equipment

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Plant and equipment - at cost	29,048	-
Less: Accumulated depreciation	(571)	-
	28,477	-
Motor vehicles - at cost	79,001	-
Less: Accumulated depreciation	(1,290)	-
	77,711	-
Computer equipment - at cost	4,947	-
Less: Accumulated depreciation	(573)	-
	4,374	-
	110,562	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment $	Motor vehicles $	Computer equipment $	Total $
Balance at 1 January 2020	-	-	-	-
Balance at 31 December 2020	-	-	-	-
Additions	29,154	78,314	4,947	112,415
Exchange differences	(107)	684	-	577
Depreciation expense	(570)	(1,287)	(573)	(2,430)
Balance at 31 December 2021	28,477	77,711	4,374	110,562

Accounting policy for plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 - 10 years
Motor vehicles	5 years
Computer equipment	3 years

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

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 7. Non-current assets - right-of-use assets

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Land and buildings - right-of-use	47,443	-
Less: Accumulated depreciation	(3,953)	-
	43,490	-

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Land and buildings $**	**Total $**
Balance at 1 January 2020	-	-
Balance at 31 December 2020	-	-
Additions	47,443	47,443
Exchange differences	(24)	(24)
Depreciation expense	(3,929)	(3,929)
Balance at 31 December 2021	43,490	43,490

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 8. Non-current assets - Exploration and evaluation

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Exploration and evaluation - at cost	433,195	401,154

Note 8. Non-current assets - Exploration and evaluation (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation $	Total $
Balance at 1 January 2020	-	-
Additions	546,718	546,718
Foreign exchange impact	(145,564)	(145,564)
Balance at 31 December 2020	401,154	401,154
Additions	37,072	37,072
Foreign exchange impact	(5,031)	(5,031)
Balance at 31 December 2021	433,195	433,195

The principal activity of Alvo is the exploration of Base and Precious Metals in Brazil with a view to development of the Palma VMS Project, a Volcanic hosted Massive Sulphide (VMS) style project. In 2019, Alvo won an open auction in Brazil from the Brazilian Geological Survey (CPRM) for tenements over the main mineralised prospects. The exploration assets are mainly the cash consideration paid for the Palmeiropolis Project tenements acquisition and the acquisition of prospective tenements adjacent to and nearby the Palma Project.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 December 2021 $	31 December 2020 $
Trade payables	28,691	173,685
Other payables	132,964	6,509
	161,655	180,194

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 10. Non-current liabilities - lease liabilities

	Consolidated 31 December 2021 $	31 December 2020 $
Current liabilities		
Lease liability	14,529	-
Non-current liabilities		
Lease liability	29,455	-
	43,984	-

Refer to note 14 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 11. Equity - issued capital

	Consolidated 31 December 2021 Shares	31 December 2020 Shares	31 December 2021 $	31 December 2020 $
Ordinary shares - fully paid	72,830,316	24,293,751	10,719,977	824,901

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Note 11. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2020	-		-
Issue of shares to key management personnel	2 December 2019	1	$1.0000	1
Issue of shares to related party entity	20 January 2020	2,800,000	$0.0001	280
Issue of shares to key management personnel	3 February 2020	10,640,000	$0.0001	1,064
Issue of shares to key management personnel	3 February 2020	625,000	$0.0800	50,000
Issue of shares to investors	3 February 2020	5,625,000	$0.0800	450,000
Issue of shares to investors	10 February 2020	1,387,500	$0.0800	111,000
Issue of shares to key management personnel	14 February 2020	560,000	$0.0001	56
Issue of shares to key management personnel	7 April 2020	375,000	$0.0800	30,000
Issue of shares to investors	8 April 2020	1,906,250	$0.0800	152,500
Issue of shares to investors	15 April 2020	375,000	$0.0800	30,000
Balance	31 December 2020	24,293,751		824,901
Issue of shares to key management personnel	13 January 2021	1,286,565	$0.0800	102,925
Issue of shares to corporate advisers	1 March 2021	325,000	$0.0800	26,000
Issue of shares to corporate advisers	2 March 2021	675,000	$0.0800	54,000
Issue of shares to investors	28 May 2021	6,250,000	$0.1600	1,000,000
Issue of shares to investors	28 September 2021	40,000,000	$0.2500	10,000,000
Costs of capital raising		-	$0.0000	(1,287,849)
Balance	31 December 2021	72,830,316		10,719,977

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 12. Equity - Reserves

	Consolidated	
	31 December 2021 $	31 December 2020 $
Foreign currency reserve	(122,057)	(118,218)
Share-based payments reserve	1,345,700	-
	1,223,643	(118,218)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Share-based payments reserve $	Total $
Balance at 1 January 2020	-	-	-
Foreign currency translation	(118,218)	-	(118,218)
Balance at 31 December 2020	(118,218)	-	(118,218)
Foreign currency translation	(3,839)	-	(3,839)
Options issued to directors during the period	-	792,700	792,700
Options issued to corporate adviser during the period	-	553,000	553,000
Balance at 31 December 2021	(122,057)	1,345,700	1,223,643

Note 13. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 14. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (mainly foreign currency risk) and liquidity risk. It has no exposure to price risk, interest rate risk or credit risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 14. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $
Brazilian real	1,185,798	488,349	48,432	82,170

The consolidated entity had net assets denominated in foreign currencies of $1,137,366 (assets of $1,185,798 less liabilities of $48,432) as at 31 December 2021 (December 2020: $406,179). Based on this exposure, the following sensitivity analysis has been performed. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

	AUD strengthened			AUD weakened		
Consolidated - 31 December 2021	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Brazilian real	10%	113,737	113,737	(10%)	(113,737)	(113,737)

	AUD strengthened			AUD weakened		
Consolidated - 31 December 2020	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Brazilian real	10%	40,618	40,618	(10%)	(40,618)	(40,618)

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. As at balance date all financial liabilities had payable terms within 60 days.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 15. Key management personnel disclosures

Directors
The following persons were directors of Alvo Minerals Limited during the financial year:

Mr Graeme Slattery (Non-Executive Chairman)
Mr Robert Smakman (Managing Director and CEO)
Mr Beau Nicholls (Non-Executive Director)

Note 15. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Short-term employee benefits	310,813	120,000
Post-employment benefits	26,950	-
Long-term benefits	279	-
Share-based payments	792,700	-
	1,130,742	120,000

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the company:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Audit services - William Buck		
Audit or review of the financial statements	28,000	6,000
Other services - William Buck		
Investigating Accountants Report	17,500	-
	45,500	6,000

Note 17. Contingencies

The consolidated entity has no contingent assets or liabilities at 31 December 2021 (2020: nil).

Note 18. Commitments

The consolidated entity had no commitments at 31 December 2021 (2020: nil).

Note 19. Related party transactions

Parent entity
Alvo Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 15 and the remuneration report included in the directors' report.

Note 19. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Payment for other expenses:		
Consulting fee paid to Ndoo Pty Ltd (entity associated with Robert Smakman)	20,000	120,000
Tenement acquisition fee paid to MMH Capital Ltd (entity associated with Beau Nicholls, Robert Smakman and Graeme Slattery)	150,000	-

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Current payables:		
Trade payables to MMH Capital Ltd (entity associated with Beau Nicholls, Robert Smakman and Graeme Slattery)	-	150,000

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 December 2021 $	31 December 2020 $
Current borrowings:		
Loan from key management personnel	-	75,077

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 20. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2021 $	31 December 2020 $
Loss after income tax	(1,736,980)	(190,198)
Total comprehensive income / (loss)	(1,736,980)	(190,198)

Note 20. Parent entity information (continued)

Statement of financial position

	Parent 31 December 2021 $	Parent 31 December 2020 $
Total current assets	8,373,297	87,803
Total assets	10,052,332	657,803
Total current liabilities	70,648	23,101
Total liabilities	70,927	23,101
Equity		
Issued capital	10,719,977	824,900
Share-based payments reserve	1,345,700	-
Accumulated losses	(2,084,272)	(190,198)
Total equity	9,981,405	634,702

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 31 December 2020.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 31 December 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 21. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2021 %	Ownership interest 31 December 2020 %
Perth Recursos Minerais Ltda (Perth Brazil)	Brazil	100.00%	100.00%
Alvo Recursos Minerais SPE Eireli	Brazil	100.00%	100.00%

Note 22. Events after the reporting period

On 13 January 2022, Ms Patricia Vanni de Oliveira resigned as the company secretary and Mrs Carol Marinkovich was appointed as the company secretary.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Loss after income tax expense for the year	(2,211,972)	(385,802)
Adjustments for:		
Depreciation and amortisation	6,359	-
Share-based payments	872,700	-
Foreign exchange differences	28,631	37,859
Change in operating assets and liabilities:		
Increase in prepayments	(7,312)	(649)
Decrease in other receivables	496	-
Increase/(decrease) in trade and other payables	(18,539)	180,194
Increase in employee benefits	16,645	-
Net cash used in operating activities	(1,312,992)	(168,398)

Note 24. Losses per share

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Loss after income tax attributable to the owners of Alvo Minerals Limited	(2,211,972)	(385,802)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic losses per share	40,385,384	20,035,308
Weighted average number of ordinary shares used in calculating diluted losses per share	40,385,384	20,035,308
	Cents	**Cents**
Basic losses per share	(5.477)	(1.926)
Diluted losses per share	(5.477)	(1.926)

Accounting policy for losses per share

Basic losses per share
Basic losses per share is calculated by dividing the loss attributable to the owners of Alvo Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 24. Losses per share (continued)

Diluted losses per share
Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account the after income tax effect of interest and other financing 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.

The rights to shares held by option holders to a settlement through the issue of fully paid ordinary shares in the Company have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted loss per share as they do not meet the requirements for inclusion in AASB 133 Earnings per Share. The rights are non-dilutive as the consolidated entity has generated a loss for the year.

Note 25. Share-based payments

Options issued to corporate adviser
From time to time, the Company may issue options over ordinary shares in the Company for services rendered to the Company.

In the twelve-month period ending 31 December 2021, there was 4,000,000 options issued to the company's advisers Discovery Capital Partners (December 2020: nil) at a fair value of $553,000.

Options issued to employees
The company has an Employee Share Option Plan which have been established to encourage employees of the consolidated entity and its subsidiaries, including directors, to share in the ownership of the consolidated entity and its subsidiaries, in order to promote their long-term success. The Plans offer selected employees of the consolidated entity and its subsidiaries, including directors, an opportunity to share in the growth and profits of the consolidated entity and its subsidiaries alongside the consolidated entity's shareholders.

In the twelve-month period ending 31 December 2021, there was 5,000,000 options issued to the board of directors (December 2020: nil) at a fair value of $792,700.

Set out below are summaries of options granted under the plan:

	Number of options 31 December 2021	Weighted average exercise price 31 December 2021	Number of options 31 December 2020	Weighted average exercise price 31 December 2020
Outstanding at the beginning of the financial year	-	$0.0000	-	$0.0000
Granted	9,000,000	$0.3500	-	$0.0000
Outstanding at the end of the financial year	9,000,000	$0.3500	-	$0.0000

* On 21 July 2021, the Company issued 4,000,000 unlisted options to Discovery Capital Partners exercisable at $0.35 expiring 21 July 2024 for corporate advisory services.

** On 21 July 2021, the Company issued 5,000,000 unlisted options to the board of directors exercisable at $0.35 expiring 21 July 2025.

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
21/07/2021	21/07/2024	$0.3500	-	4,000,000	-	-	4,000,000
21/07/2021	21/07/2025	$0.3500	-	5,000,000	-	-	5,000,000
			-	9,000,000	-	-	9,000,000
Weighted average exercise price			$0.0000	$0.3500	$0.0000	$0.0000	$0.3500

Note 25. Share-based payments (continued)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/07/2021	21/07/2024	$0.2500	$0.3500	100.00%	-	0.98%	$0.1383
21/07/2021	21/07/2025	$0.2500	$0.3500	100.00%	-	0.98%	$0.1585

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Graeme Slattery
Non-Executive Chairman

24 March 2022

William Buck

Alvo Minerals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Alvo Minerals Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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. This matter was 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 this matter.

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CARRYING VALUE OF EXPLORATION AND EVAUATION ASSETS

Area of focus **Refer also to notes 3 and 8**	**How our audit addressed it**
The Group has incurred exploration costs for their Brazilian mining projects over a number of years. There is a risk that the accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate. Due to the nature of the mining industry, indicators of impairment could include: — Changes to exploration plans; — Loss of rights to tenements; — Changes to reserve estimates; or — Costs of extraction and production. Based on management's assessment the Brazilian exploration area continues to meet the requirements for capitalisation at 31 December 2021.	Our audit procedures included: — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and their impairment assessment; — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry; and — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest. We also assessed the adequacy of the Group's disclosures in respect of exploration costs in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Alvo Minerals Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A. A. Finnis
Director
Melbourne, 24 March 2022