ALVO
MINERALS

2022
Annual Report

Year Ending 31 December 2022

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Corporate Directory

Directors

Mr Graeme Slattery (Non-Executive Chairman)

Mr Robert Smakman (Managing Director and Chief Executive Officer)

Mr Beau Nicholls (Non-Executive Director)

Company Secretary

Mrs Carol Marinkovich

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Solicitor

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Stock Exchange Listing

Alvo Minerals Limited shares are listed
on the Australian Securities Exchange (ASX code: ALV)

Website

www.alvo.com.au

Chair's Letter

Dear Shareholders

It is my pleasure to present to you the Alvo Minerals Limited (Alvo) Annual Report for the financial year ended 31 December 2022, our first full calendar year report since listing in October 2021.

It has been a busy year on site in Brazil. The exploration team led by our Managing Director Rob Smakman and Exploration Manager Julio Liz have focussed on effective exploration which first commenced literally days after listing on the ASX. We have used the local connections and knowledge to achieve the most economical and efficient exploration as well as clever acquisitions of advanced in-house exploration equipment. The Board has been very pleased with the acquisition of this exploration equipment as it has taken Alvo's exploration and identification of targets far beyond what would have otherwise been possible had consultants been used as the only material expense being incurred is labour. This has positioned Alvo well along the path of updating the existing JORC-2012 Mineral Resource Estimate (MRE) of 4.6Mt @ 1.0% Cu, 3.9% Zn, 0.4% Pb and 20g/t Ag and targeting potential new discoveries which we are confident will be able to occur in the course of 2023.

With a company at Alvo's stage, the quality of our exploration team is absolutely critical. During this period there has been a real focus on employing key managers in Brazil and the Board has been very pleased with the team Rob, Julio and Administration Manager Luiz Noronha have established in Brazil. The Brazil exploration team is of exceptionally high calibre both in their expertise but also in fitting well into the culture and values of Alvo. As exploration continues this year we have every confidence that the work being carried out by the team in Brazil will achieve the results we are expecting .

The Board is committed to our goal of being a sustainable, responsible and profitable mining enterprise, and are keenly aware of our social licence to operate in Brazil and the need to demonstrate the value we place on the faith the government and community have placed in Alvo. We seek to put our stakeholders at the heart of our activities and we strive to maintain excellent relationships with the local community.

The key pillars for our community engagement are centred around education, environment, health and security; and these values underpin our relationships with the local municipality of Palmeiropolis. Our actions centre around supporting these vital pillars, through initiatives such as education seminars directly within the schools, support to families and young mothers through donations of care packages and practical support for road maintenance across the district, which can have a direct and positive effect on the local community

We remain firm in our commitment to the pursuit of sustainable mining, the Operations Report details some of our low impact exploration initiatives and how our framework for metallurgical testing and processing options is guided by sustainability.

We are looking forward to an exciting year ahead, and I would like to thank our staff, management and technical team for their efforts in 2022 as we progress our exploration plans at Palma.

Thank you as my fellow shareholders for joining Alvo on this exciting journey and for your continued support and belief in Alvo.

Graeme Slattery

Chair

"It has been a busy year on site in Brazil. The exploration team led by our Managing Director Rob Smakman and Exploration Manager Julio Liz have focussed on effective exploration which first commenced literally days after listing on the ASX."

– Graeme Slattery, Chair

Figure 1:
Palma Project
Location Map

Managing Director's Report

Review of Operations

Alvo is exploring the Palma Polymetallic Project in Central Brazil. Exploration activities commenced immediately following Alvo's listing on the ASX in October 2021 - this report provides an update on exploration progress since listing and during 2022.

Alvo is exploring for base metals employing a methodical approach and using cutting edge geophysical, geochemical and geological techniques to discover and define economic mineral deposits. Alvo is systematically exploring brownfields and greenfields targets across the Palma Project. Alvo has acquired mineral rights over multiple areas, creating a district scale opportunity of over 750km^2 - including >70km of strike covering the prospective geological sequence.

This project footprint is highly prospective as the Volcanogenic Massive Sulphide (VMS) style of mineralisation being sought are commonly found in clusters of deposits which define major mining camps. Mining of these camps accounts for significant amounts of Cu, Zn, Pb, Ag and Au production around the world today. Palma is defined as bi-modal mafic- the most common of the VMS styles. Common examples similar to the Palma Project from around the world include Kidd Creek, Flin-Flon, Noranda (all in Canada), San Nicholas (Mexico) and Preiska (RSA).

VMS mineralisation was identified early in the exploration phase, at the C1, C3, C4 and C5 prospects which are separated by ~20km within the Palma Project. These prospects were all discovered over 40 years ago by mapping and soil sampling as they were exposed at surface as gossans. There has been virtually no modern or systematic exploration since their discovery in the 1970's - Alvo's exploration plan is to hunt for the VMS prospects that could be just below the surface - using the tools of geophysics, geochemistry, drilling and geology, tools unavailable to previous explorers.

Alvo drilled and studied the known deposits of C1 and C3, to better understand their setting, geophysical and geochemical signatures to apply this to the exploration plan.

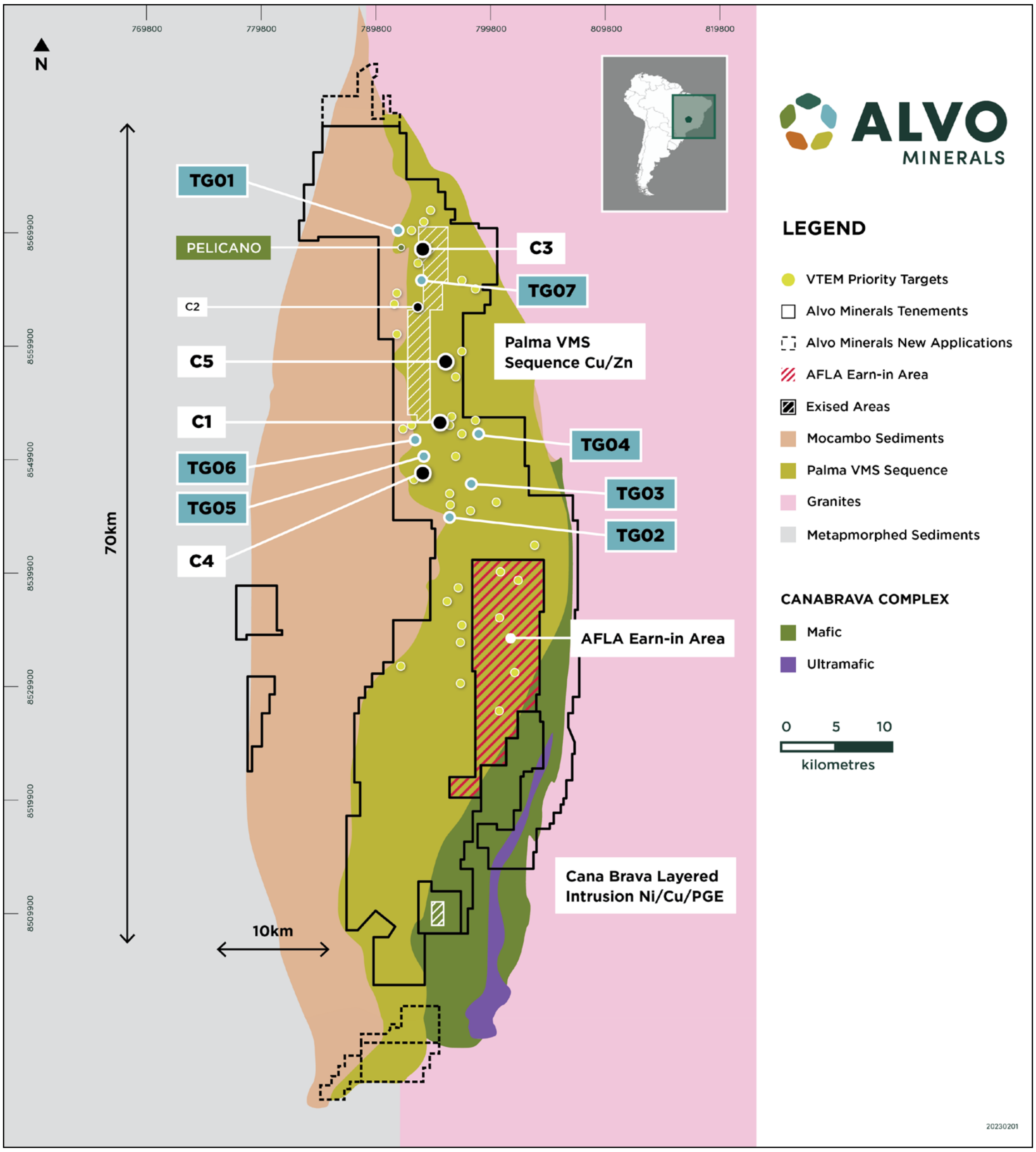

Figure 2: Project Plan with prospects and targets

2022 Exploration Program

The Palma Project contains an existing JORC-2012 Mineral Resource Estimate (**MRE**) of 4.6Mt @ 1.0% Cu, 3.9% Zn, 0.4% Pb and 20g/t Ag.

A 10,000m diamond drilling program, which commenced immediately on listing in 2021 and continued through 2022, was expanded based on positive Phase 1 results. Phase 2 drilling is ongoing and Alvo completed 15,697m of diamond drilling and 1,467m of reverse circulation (**RC**) drilling up to the end of 2022.

Diamond and subsequently RC drilling focused predominantly on the C3 and C1 deposits at Palma, being the deposits with existing mineral resources. In addition to exploring to expand the mineral resources, the Company successfully utilised geophysical methods to aid in targeting. These included fixed loop electromagnetics (**FLEM**), downhole electromagnetics (**DHEM**) and induced polarisation (**IP**), which have proved effective in identifying conductive areas that host the VMS mineralisation.

These methods proved so successful that the Company purchased its own ground and downhole EM system and IP equipment to more efficiently and cost effectively assess the known deposits and apply the techniques to new prospects across the district.

C3 DEPOSIT

The C3 deposit was identified prior to listing and currently comprises approximately 60% of the tonnage in the overall Palma Project MRE. The Company identified that mineralisation was not closed off and a significant portion of the drilling program during 2022 was focused on expanding and upgrading this mineral resource. An updated MRE is anticipated during 2023.

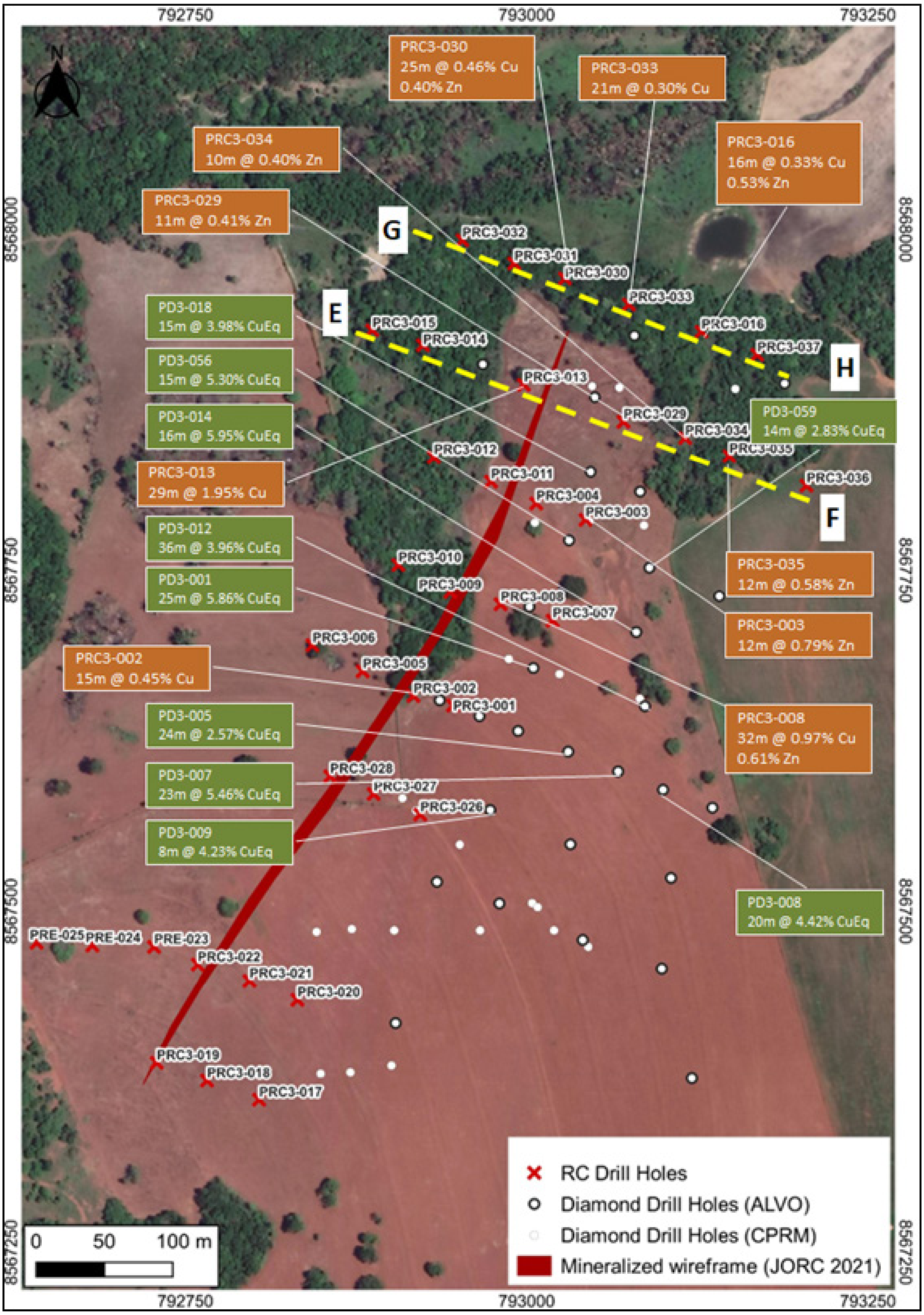

Figure 3: Drill plan at C3 including current and historical drilling

A number of significant intercepts were returned from C3 during the reporting period including:

- **PD3-001: 25.00m @ 6.3% CuEq** or **15.4% ZnEq** (1.8% Cu, 14.1% Zn, 0.2% Pb, 17g/t Ag & 0.11g/t Au) from 187m

  Including **9.00m @ 8.2% CuEq** or **20.1% ZnEq** (2.9% Cu, 17.2% Zn, 0.3% Pb, 19.6g/t Ag & 0.09g/t) Au from 198m

- **PD3-007: 23.2m @ 5.5% CuEq** or **13.4% ZnEq** (3.3% Cu, 8.1% Zn, 0.3% Pb, 31.3g/t Ag & 0.12g/t Au) from 258.9m

  Including **10.6m @ 10.1% CuEq** or **24.7% ZnEq** (6.3% Cu, 14.8% Zn, 0.2% Pb, 40.0g/t Ag & 0.2g/t Au) from 267.5m

- **PD3-012: 36m @ 4.2% CuEq** or **10.2% ZnEq** (1.5% Cu, 8.6% Zn, 0.3% Pb, 19.1g/t Ag & 0.04g/t Au) from 285m

  Including **14m @ 6.5% CuEq** or **16.0% ZnEq** (1.7% Cu, 14.8% Zn, 0.4% Pb, 26.6g/t Ag & 0.04g/t Au) from 306m

- **PD3-014: 16m @ 6.4% CuEq** or **15.6% ZnEq** (1.8% Cu, 14.2% Zn, 0.4% Pb, 20.5g/t Ag & 0.04g/t Au) from 252m

  Including **7.4m @ 9.8% CuEq** or **23.8% ZnEq** (2.20% Cu, 23.1% Zn, 0.60% Pb, 30.3g/t Ag & 0.06g/t Au) from 259m

- **PD3-018: 15m @ 3.9% CuEq** or **9.5% ZnEq** (2.9% Cu, 4.4% Zn, 0.3% Pb, 29.8g/t Ag & 0.09g/t Au) from 71m

  Including **7m @ 7.1% CuEq** or **17.2% ZnEq** (5.2% Cu, 8.0% Zn, 0.5% Pb, 49.7g/t Ag & 0.2g/t Au) from 73m

- **PD3-056: 14.9m @ 5.6% CuEq** or **13.6% ZnEq** (2.2% Cu, 10.8% Zn, 0.5% Pb, 34.0g/t Ag & 0.11g/t Au) from 74.1m

  Including **5m @ 8.3% CuEq** or **20.4% ZnEq** (2.7% Cu, 17.5% Zn, 0.9% Pb, 52.6g/t Ag & 0.2g/t Au) from 75m

- **PD3-059: 14.2m @ 3.0% CuEq** or **7.3% ZnEq** (1.1% Cu, 6.1% Zn, 0.2% Pb & 12.5g/t Ag) from 227.8m

  Including **4.8m @ 7.3% CuEq** or **17.8% ZnEq** (1.8% Cu, 16.8% Zn, 0.4% Pb & 24.0g/t Ag) from 237.2m

In addition to the diamond drilling, the Company also undertook a program of RC drilling at C3 during the reporting period. 37 holes for 1,466m were completed, targeting shallow supergene mineralisation, a previously unknown style of mineralisation first discovered by Alvo during diamond drilling on the Project in early 2022.

The supergene appears to form as a blanket of oxidised material around the near-surface extension of the VMS mineralisation. Results confirmed the mineralisation is primarily concentrated in the northeast of C3 and appears to be getting broader and is still open towards the northeast. The near-surface mineralisation was expected to be broad and lower grades, however several holes returned exceptional high-grade and wide copper intercepts, including:

- **PRC3-002: 15m @ 0.5% Cu, 0.2% Zn** from 3m
- **PRC3-013: 14m @ 0.6% Cu, 0.1% Zn, 0.4% Pb, 6.1g/t Ag & 0.46g/t Au** from 6m
- **PRC3-013: 29m @ 2.0% Cu, 0.3% Zn, 0.1% Pb, 7.6g/t Ag & 0.03g/t Au** from 28m

  Including **6m @ 7.1% Cu, 0.4% Zn, 0.3% Pb, 68.0g/t Ag & 0.04g/t Au** from 32m

- **PRC3-008: 32m @ 1.0% Cu & 0.6% Zn** from 17m

  Including **6m @ 2.3% Cu & 0.4% Zn** from 41m

- **PRC3-030**: **25m @ 0.5% Cu & 0.4% Zn** from 4m
- **PRC3-031: 25m @ 0.3% Cu & 0.4% Zn** from 3

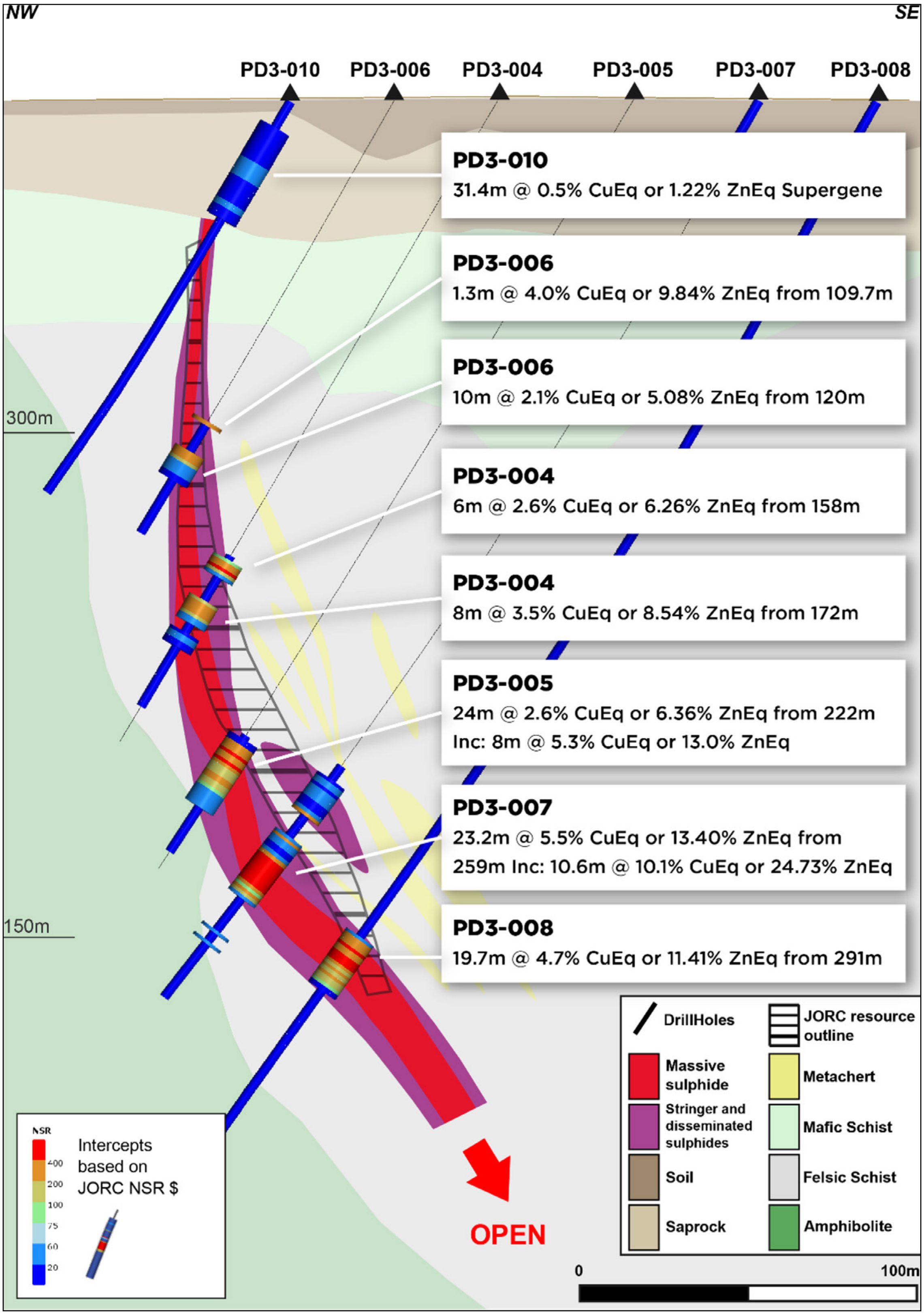

Figure 4: Cross section from C3 prospect including most recent drill results.

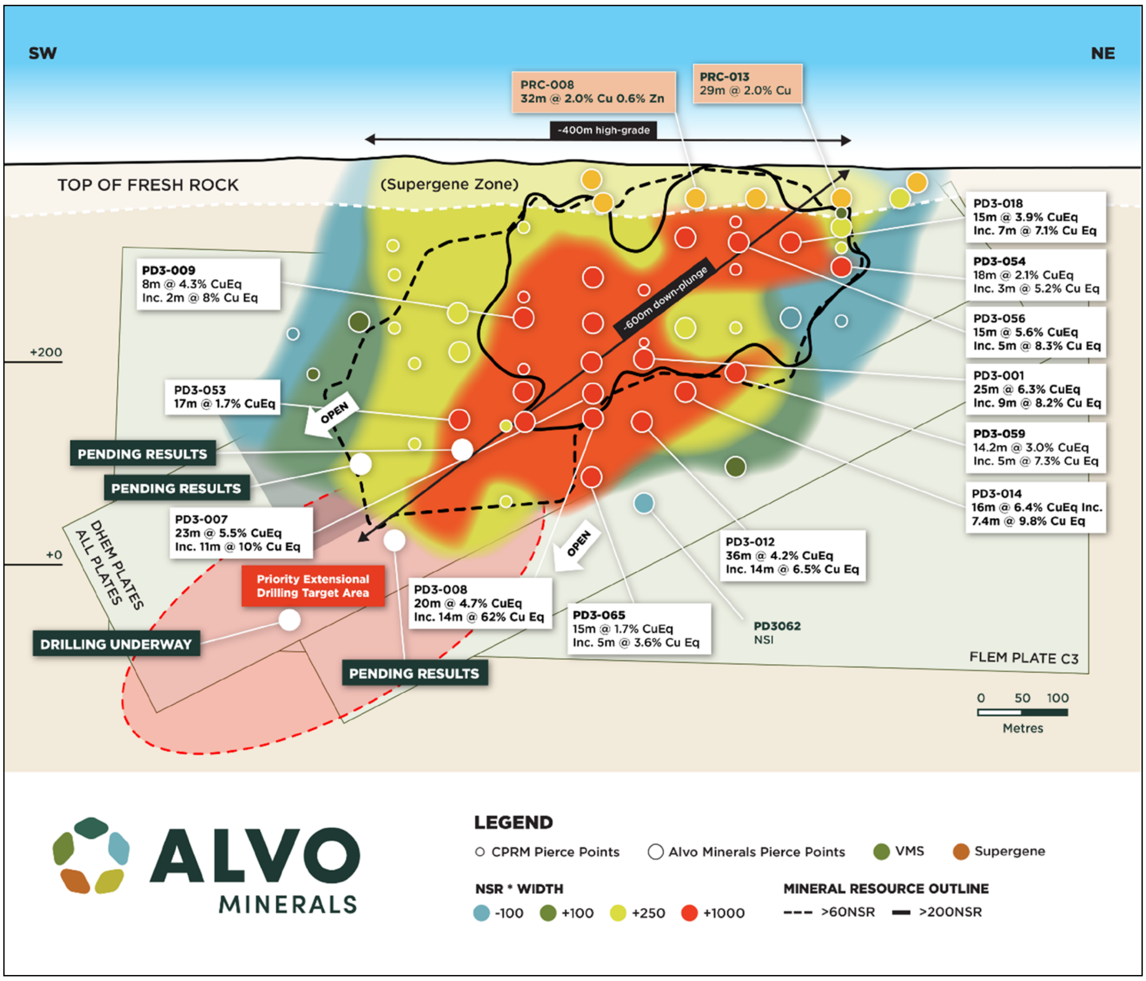

Figure 5: C3 Long section illustrating selected significant diamond and RC drilling intercepts, DHEM and FLEM interpreted conductive plates

Metallurgical Testwork Program

During 2022, the Company announced excellent preliminary metallurgical testwork results from a bulk sample of mineralised samples from the C3 deposit.

Alvo prepared and sent over 315kg of diamond core in 202 individual samples from C3 to Auralia Metallurgy (a specialist in minerals flotation) in Perth, Australia. The samples were selected and received under the supervision of BHM Process Consultants ("BHM"), specialists in Metallurgical testwork management and supervision.

The samples were received and logged, composited and the preparation of a master composite was completed. The master composite was selected to approximately match the overall expected grade of the C3 mineralised zone. The sample was initially tested with a 2-stage rougher flotation at P80 125µm, 106µm and 75µm and the results analysed for future work.

Bond Work Index test results

Auralia Metallurgy also completed a Bond Mill closed circuit grindability test on the C3 master composite sample. The open test aperture for this sample was 106µm and the resultant Bond ball mill work index was 14.0 (kilowatt hours/dry tonne). On the standard scale of material properties, this is considered Medium-Hardness and relatively soft compared to other VMS projects.

Preliminary metallurgical testwork results

The finest of the rougher tests (P80 at 75µm) was chosen for single-pass Rougher and Cleaner stage Flotation tests and the various samples were sent to the Nagrom independent laboratory for assaying.

Two concentrates were successfully separated, with the Copper and Lead reporting to the first bulk sulphide concentrate containing grades of 25.2% Cu, 3.35% Pb, 1.84% Zn, 246g/t Ag, 0.9g/t Au.

The recovery of the Cu to this concentrate was >70%, however there is significant metals in the tails which may be recovered during additional testwork. A calculated projected recovery to this concentrate for the Cu (to be confirmed by locked cycle tests currently underway) is 81.1% Cu, at >20% Cu grade.

The second concentrate was a Zinc concentrate which reported a grade of 46.2% Zn, 1.93% Cu, 0.25% Pb, 0.12 g/t Au and 20 g/t Ag. The recovery of the Zn to this concentrate was >56%, however there is significant metals in the tails which may be recovered during additional testwork. Overall assumed recovery of the Zn in this concentrate (to be confirmed by locked cycle tests currently underway) is estimated 82.3% Zn at >50% Zn grade.

The ongoing locked cycle testwork will better estimate the final concentrate grades and recoveries as the cleaner tails are re-circulated. This will allow for the metal in the system to either report to a concentrate or final tailings.

C1 DEPOSIT

The C1 VMS Deposit is the original discovery in the region and subject to the most historical exploration, mainly by the Brazilian Geological Survey in the mid 1980's. Alvo estimated a maiden JORC compliant MRE at C1 in 2021 and undertook exploration in 2022 aimed at confirming and increasing the mineral resource.

During 2022, the Company reported multiple thick, high-grade polymetallic results. Better results included:

- **PD1-019: 21.8m @ 4.8% CuEq** or **11.7% ZnEq** (1.9% Cu, 8.7% Zn, 1.9% Pb, 56.1g/t Ag & 0.12g/t Au) from 141.5m

  Including **8m @ 7.7% CuEq** or **18.8% ZnEq** (3.4% Cu, 13.0% Zn, 2.9% Pb, 89.2g/t Ag & 0.2g/t Au) from 148.9m
- **PD1-030: 8.9m @ 4.1% CuEq** or **10.1% ZnEq** (0.9% Cu, 8.7% Zn, 2.3% Pb, 52.1g/t Ag & 0.04g/t Au) from 63.5m

  Including **2.8m @ 6.9% CuEq** or **16.8% ZnEq** (1.2% Cu, 15.3% Zn, 4.0% Pb, 82.2g/t Ag & 0.1g/t Au) from 63.5m
- **PD1-039: 22.0m @ 2.8% CuEq** or **6.94% ZnEq** (0.9% Cu, 5.6% Zn, 1.3% Pb, 30.8g/t Ag & 0.04g/t Au) from 49.8m

  Including **5.7m @ 7.6% CuEq** or **18.5% ZnEq** (1.5% Cu, 16.9% Zn, 3.6% Pb, 80.9g/t Ag & 0.1g/t Au) from 58.7m
- **PD1-044: 10.9m @ 1.7% CuEq** or **4.0% ZnEq** (0.6% Cu, 3.0% Zn, 0.8% Pb, 16.5g/t Ag & 0.01g/t Au) from 60.3m

  Including **2.5m @ 4.7% CuEq** or **11.4% ZnEq** (1.1% Cu, 9.9% Zn, 2.1% Pb & 56.5g/t Ag) from 67.9m

The VMS mineralisation intercepted to date at C1 varies between massive, semi-massive and disseminated with the overall geometry demonstrating a thickened massive/semi-massive zone along an interpreted fold hinge which plunges shallowly to the south. This high-grade polymetallic zone extends for about 600m along strike and is shallow, starting from approximately 25m below surface.

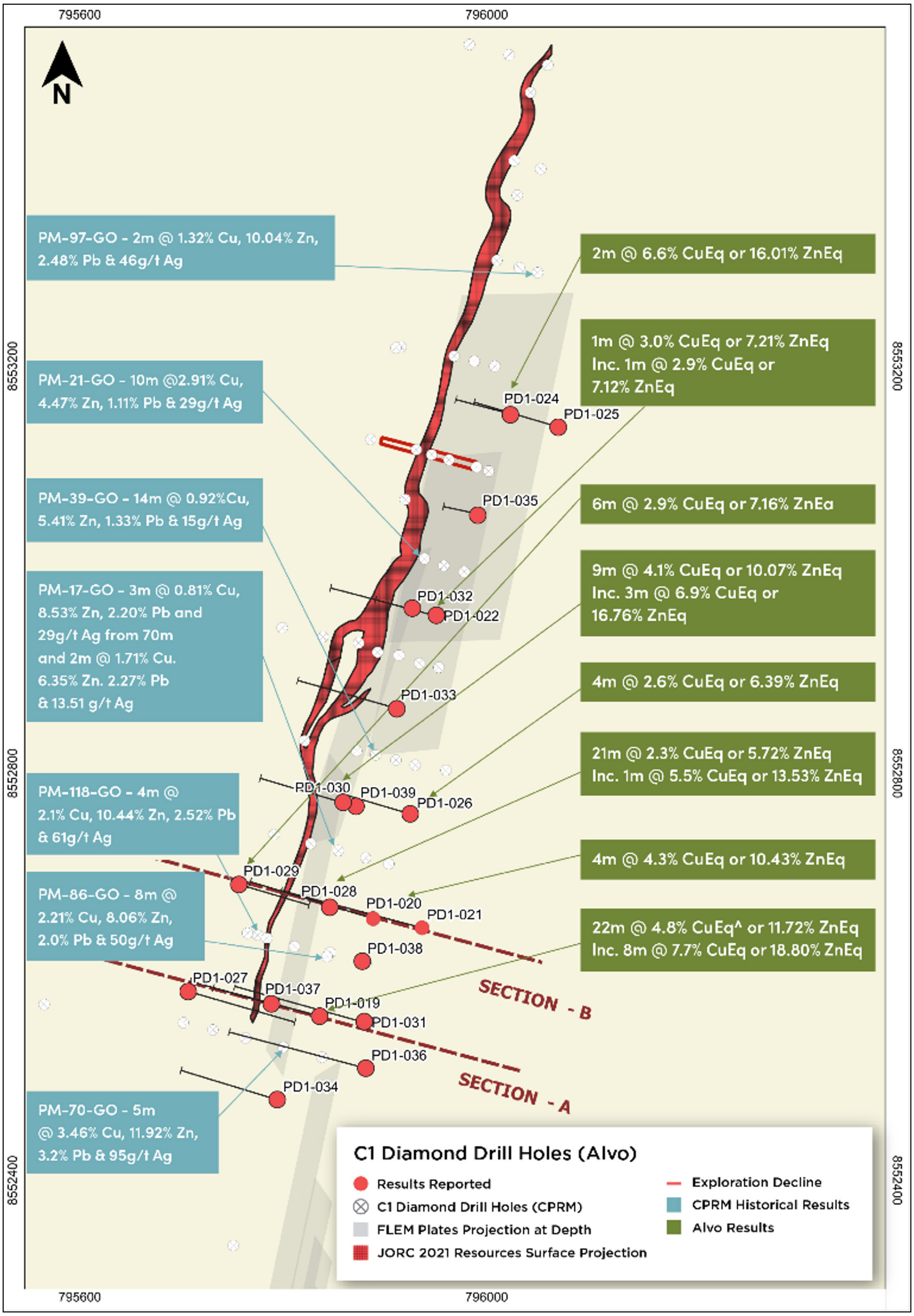

Figure 6: C1 prospect plan including significant intercepts.

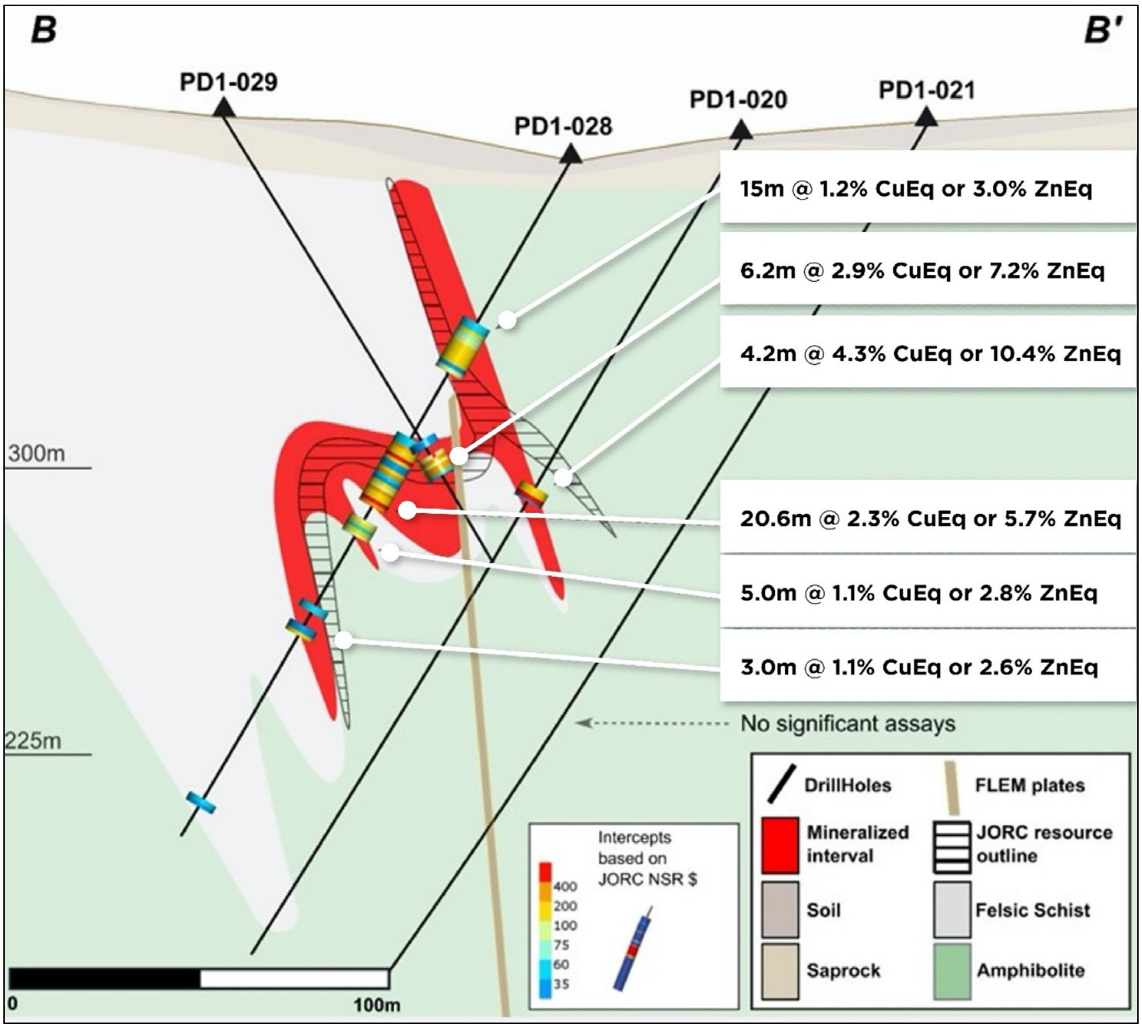

Figure 7: Cross section A, C1 prospect

Overall, the grade intercepted from Phase 1 drilling at C1 has consistently been wider intercepts with higher grade than historical holes used in the JORC 2012 compliant MRE published by Alvo in 2021, which is based on the historical drilling of the Brazilian Geological Survey (CPRM).

Exploration is ongoing at C1 where additional thickened folds are being targeted. Overall, the mineralisation extends for over 1km in strike length, with the southern extent of the mineralisation appearing to be truncated by a fault, with recent FLEM, DHEM and IP suggesting extensions at depth.

NEW PROSPECTS

During 2022, the Company defined several new prospects within the Palma Project and carried out exploration activities over these areas.

FLEM surveys conducted over these prospects were designed to map and discover conductors which could be mineralised, similar to the VMS style mineralisation being explored at C3 and C1. Exploration was conducted over Macaw; Mafico; Ema (previously C3 West); and Pombo; which confirmed these anomalies and provided the Company with areas for potential further geological mapping and sampling.

Once the geochemical sampling and geological mapping was complete, Alvo drilled several targeted holes on these prospects, aiming for mineralised massive sulphide mineralisation. Drilling was successful in intercepting massive iron sulphides which have a strong conductive response, but are ultimately unmineralised.

Far from being discouraged by these results, the modelled interpretation of EM and IP anomalies at Palma has been adjusted and targeting improved with the expectation that future prospects will yield better results. Alvo's geological team has defined over 20 new prospects that will be systematically tested over coming years.

Pelicano Prospect

Pelicano is the first "Discovery" greenfields regional target ranked by Alvo's in-house technical team as a high priority new target.

Pelicano is located approximately 1km west of the C3 deposit, on a similar orientation and in a similar geological setting. In early 2023, Alvo was pleased to report that drill testing had commenced on this prospect.

Pelicano was first noted in historical geochemical sampling where a co-incident, first order anomaly of Zn, Cu and Pb was noted over a distance of 600m. Due to the presence of this discreet soil anomaly, its proximity to C3 an additional survey loop (Loop 3) was designed (Figures 8 & 9), and a FLEM survey completed.

The FLEM survey conducted by Alvo's geophysical team identified the Pelicano anomaly which, when processed, shows a major electromagnetic conductor with a conductive thickness of ~200 siemens, a strike length of 1.2km (NNE dips moderately to the east), depth extent of up to 700m and which starts from ~250m below surface (see Figure 8).

Electromagnetic conductors are an indication of rocks that have a relatively higher conductance than the surrounding rocks, at levels that could be either massive/semi-massive conductive sulphide species or a conducting lithological unit. The Company has yet to encounter significant conductive lithological units in its exploration around Palma, however several drillholes have intercepted unmineralized semi-massive sulphides.

Several IP lines (arranged in pole-dipole) have been surveyed across the Pelicano prospect and all the lines have demonstrated a strong chargeability anomaly above the FLEM conductor- on a similar strike orientation. This chargeability anomaly is closely associated with low resistivity, indicating the anomaly could be associated with disseminated sulphides.

Dependant on initial results, Alvo plans to complete Downhole Electromagnetic ("DHEM") surveys on initial diamond holes to build on the overall interpretation of the Pelicano prospect.

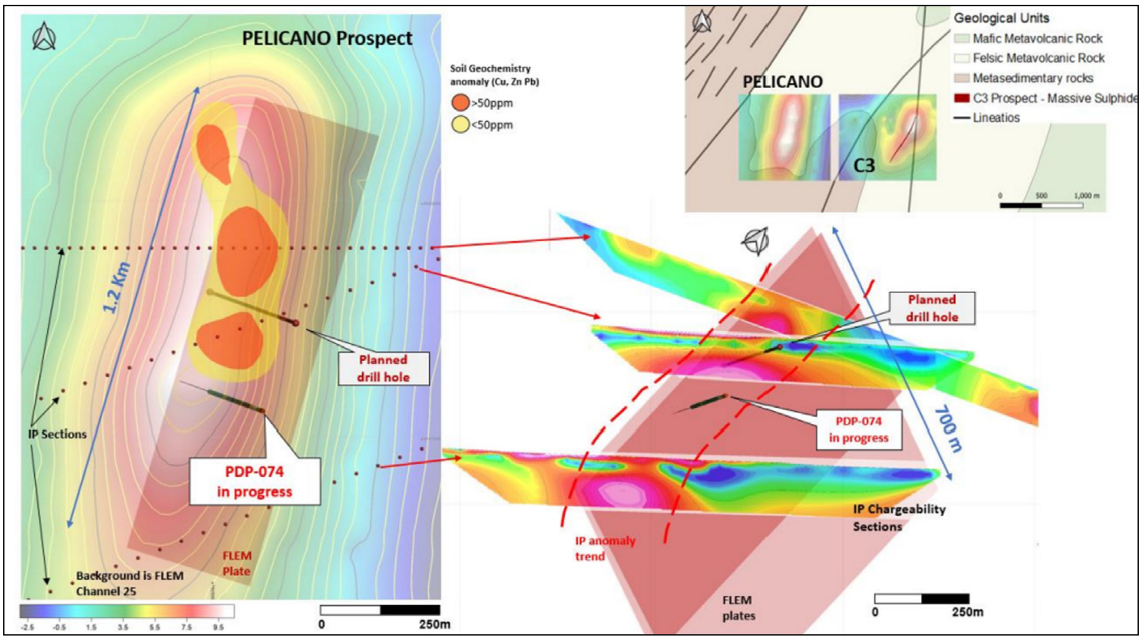

Figure 8: Pelicano Prospect in plan view (left), 3D interpretation (right)and simplified geological setting top right.
Image includes drillhole location, IP Chargeability sections, FLEM results and interpreted electromagnetic conductor location.

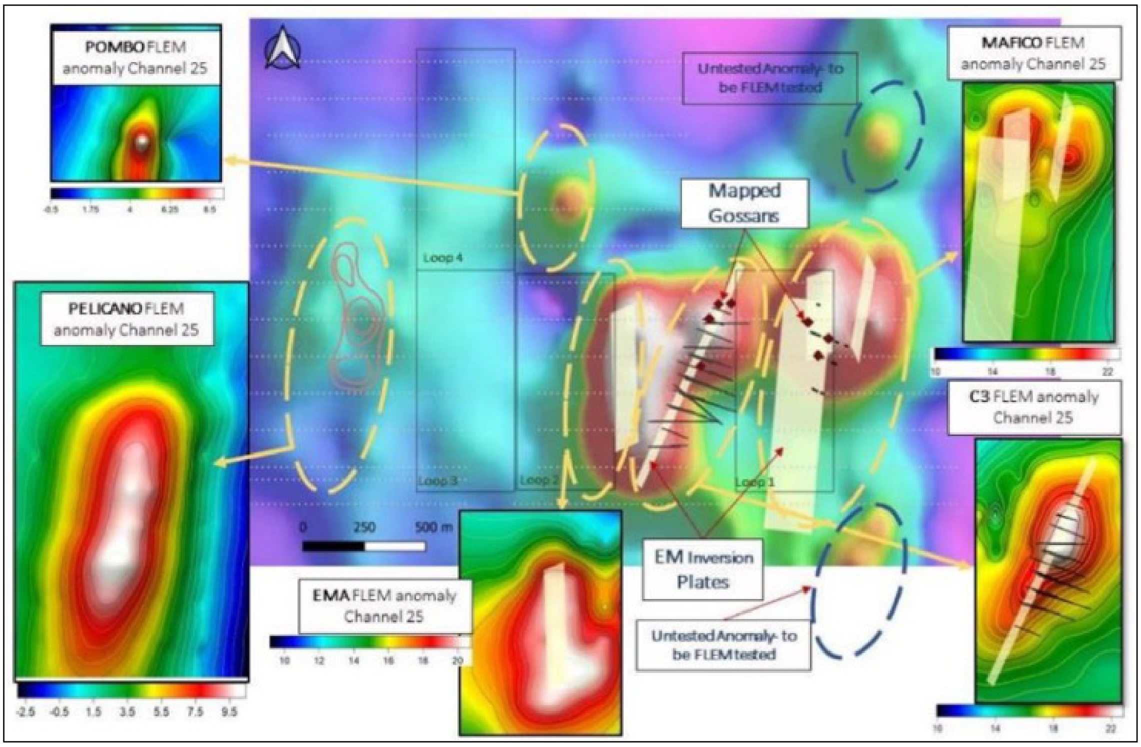

Figure 9: Pelicano Prospect (west side) relative to the C3 'cluster'.
Background image shows results from VTEM which didn't identify the massive Pelicano conductor

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Plans For 2023

Ongoing exploration at the C3 & C1 Deposits:

Alvo will continue the program of extensional (Phase 2) diamond drilling at C1 and C3, targeting significant extensions along strike and at depth to the high-grade VMS mineralisation. Once the extents of the mineralisation are better understood, an updated MRE is planned over these deposits, expected to be in calendar 2023.

DHEM surveys are ongoing at C3 and C1, on diamond holes completed during phases 1 and 2. These surveys are a key component of the expansion drilling as they vector towards the higher conductivity zones which often relate directly to mineralisation.

Metallurgical test work at C3 and C1 will also continue into 2023 with the aim of understanding the general parameters around potential metallurgical flowsheets.

Regional Exploration activity:

The Company firmly believes that the Palma region could be the next VMS district to host multiple mineralised orebodies- akin to other similarly sized VMS districts around the world. Alvo has patiently acquired ground through the district and if the discovery of new prospects is made, the Palma district could emerge as a VMS exploration hotspot.

Alvo is applying a systematic and extensive exploration approach across the tenure of >750km^2 using multi-disciplinary approach based around geology, geochemistry and geophysics. The exploration model is based on the learnings of the exploration completed to date at C3 and C1.

Geological mapping across the region is completed at various scales, targeting the important lithological contacts and mineralised gossans.

FLEM surveys on regional targets across Palma, defined by the previously completed VTEM surveys. IP surveys at C3, C1 and regional targets is ongoing - targeting areas of high conductivity.

Geochemical sampling will continue across known exploration project - including soil sampling and auger drilling, using Alvo's new truck mounted mechanical Auger.

This exploration plan combining a large and prospective search area, advanced science, owned equipment and a supported team of exploration experts, equates to the best and most cost effective exploration. Alvo is operating on multiple prospects at the same time - to focus drilling activity on the most advanced and prospective areas - all with the aim of Discovery.

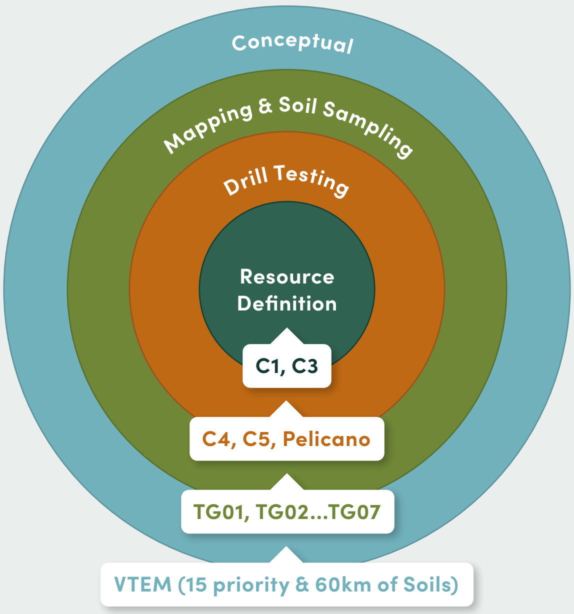

Figure 10: Palma Project Prospects and Targets ranked for level of planned CY23 exploration activity

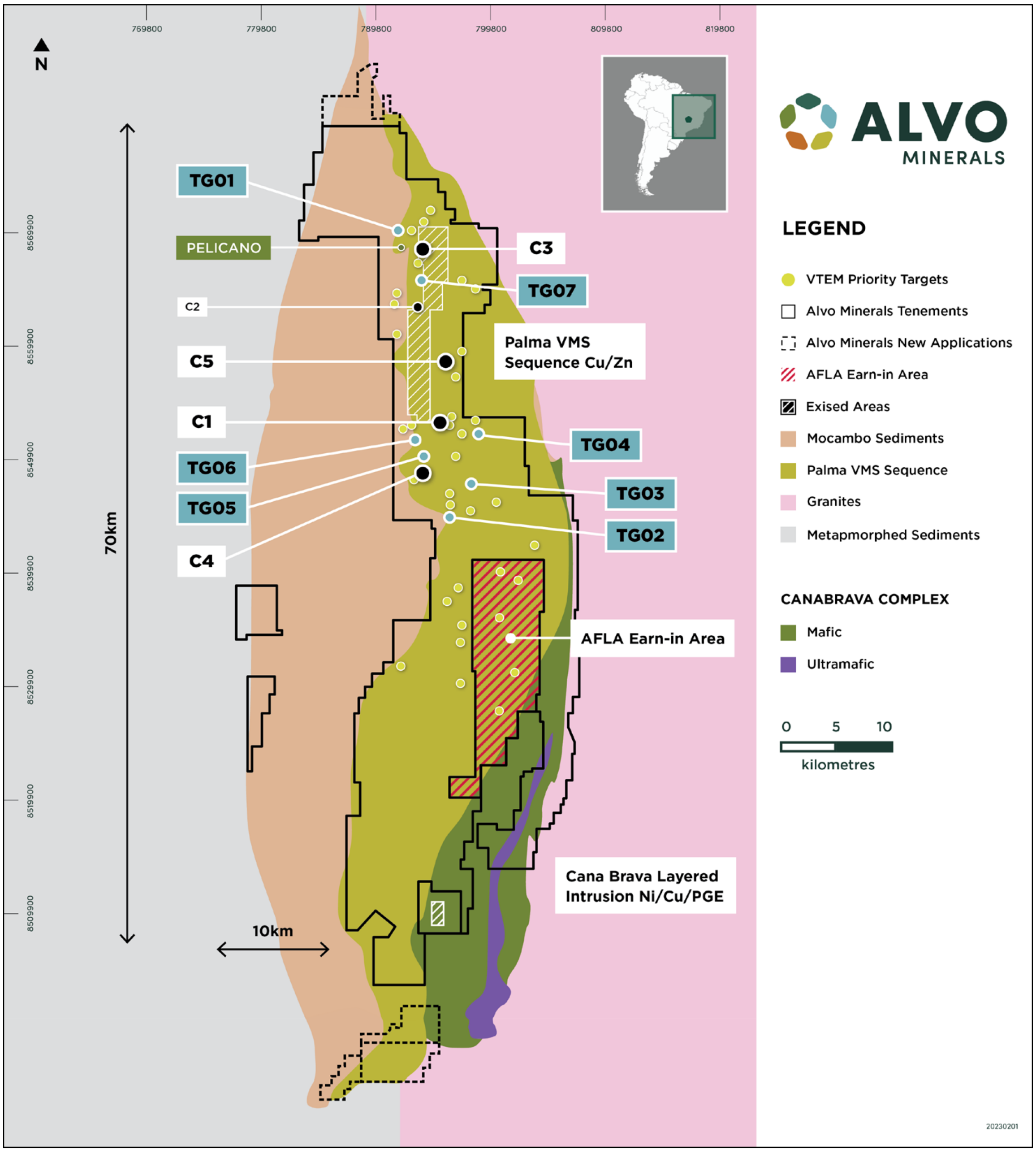

Figure 11: Palma Project including known deposits (C3 & C1), advanced mineralised prospects (C4, C5 and C2) and emerging exploration prospects.

Sustainability

The Company is conscious of its obligation to the environment and strives to carry out its exploration activities with as little impact on the surrounding environment wherever possible. This principle remains at the core of Alvo's actions and plans through all stages of exploration, development and production. The Company is committed to prioritising sustainability to the same level as potential economic return.

Alvo acquired the Palma Project at public auction from the Brazilian Federal Geological Survey Department (**CPRM**) and there is strong local municipal support for the Palma Project. The Company has excellent relationships with the local community and takes its responsibility to the local stakeholders very seriously.

Alvo's exploration methods embody the principle of low environmental impact. Regional auger sampling is carried out on open roads and along fence lines, to preserve the natural landscape - without the need to cut trees. The Alvo team also works closely with the local farmers to ensure that exploration activities are planned around their crop cycles.

A further example is the approach taken to assessing the options for processing during the metallurgical testwork program, undertaken during the year. It was under this framework that Alvo initiated a study into converting the sulphur rich tails into sulphuric acid. The Company understands that the tails will naturally generate acid and that potential environmental issues will need mitigation.

The desktop study completed by Alvo's consultants confirmed that by floating the sulphur rich minerals in the tails and passing through a separate (and simple) process route, the Company can generate commercial sulphuric acid (which is sought after in the region and globally), as well as iron ore and more importantly, energy to power a portion of the main processing plant.

The energy solution would significantly enhance the sustainability credentials of the Project when combined with extensive locally available hydroelectricity in the immediate vicinity. The 'sustainability first' approach in this example means that a potentially damaging environmental issue is not only mitigated before design work is contemplated, the benefits of additional revenue streams and an alternative energy source can actually enhance project economics.

Alvo will look to incorporate these and other potential processing options as a key part of its ESG framework.

Directors' Report

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 2022.

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
Mr Robert Smakman, Managing Director and Chief Executive Officer (CEO)
Mr Beau Nicholls, Non-Executive Director

Principal activities
During the financial year ended 31 December 2022, Alvo continued its mineral exploration activities at their Brazilian Palma Project, considered prospective for base and precious metals.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $5,985,370 (31 December 2021: $2,249,045).

Risks and uncertainties
The Company is subject to general risks as well as risks that are specific to the Company and the Company's business activities. The following is a list of risks which the Directors believe are or potentially will be material to the Company's business, however, this is not a complete list of all risks which the Company is or may be subject to.

General economic risks
The Company is subject to general risks as well as risks that are specific to the Company and the Company's business activities. Economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Brazilian country risk
The Company is subject to the risks associated with operating in Brazil. Failure to comply with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in the loss or reduction of entitlements.

Exploration and Operating
The Projects are at various stages of exploration and investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that the exploration of any of the Projects, will result in the discovery of an economic resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company is also dependent upon the Company being able to maintain title to the mineral tenements comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programmes at any Project prove to be unsuccessful this could lead to a diminution in the value of that Project, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral tenements comprising that Project.

Regulatory Compliance
The Company's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Directors' Report

While the Company believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the mining claims comprised in a Project.

Reliance on key personnel
The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

Dependence on service providers and third-party collaborators
There is no guarantee that the Company will be able to find suitable third-party providers and third-partly collaborators to complete the exploration work. The Company therefore is exposed to the risk that any of these parties can experience problems related to operations, financial strength or other issues, and collaborative agreements may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's exploration efforts, financial condition and results of operations.

Government Policy Changes
Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the Company. It is possible that the current system of exploration and mine permitting in Brazil may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation.

Future funding risks
The Company is involved in exploration for minerals in Brazil and is yet to generate revenues. The Company has a cash and cash equivalents balance, inclusive of $1.50 million cash on short term deposits, of $2.05 million and net assets of $3.02 million at 31 December 2022. Additional funding will be required in the future for the costs of the Company's exploration programs to effectively implement its business and operations plans, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remain unknown at the date of this report. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Market conditions
Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

Directors' Report

(i) general economic outlook;
(ii) introduction of tax reform or other new legislation;
(iii) interest rates and inflation rates;
(iv) changes in investor sentiment toward particular market sectors;
(v) the demand for, and supply of, capital; and
(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Commodity price volatility and exchange rate risks
If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian and Brazilian currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Brazilian Real, as determined in international markets.

Litigation
The Company is not currently involved in any litigation. However, the Company may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or employees over a broad range of matters. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors or other stakeholders. Any such outcomes may have an adverse impact on the Company's business, market reputation and financial condition and financial performance.

IT system failure and cyber security risks
Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters.

The Company is committed to preventing and reducing cyber security risks through outsourced the IT management to a reputable services provider.

Local Community
The Company's Projects are situated throughout Palmeiropolis and Minacu districts of Brazil. While the Company is and will do all in its power to maintain good working relationships with the local community and will pursue a mining plan designed to minimize any community impact, there is a risk that this will not be sufficient to satisfy community expectations. In that event, the activities of the Company could potentially be disrupted and/or delayed.

Mine Development
Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production on one of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of any of the Projects.

The risks associated with the development of a mine will be considered in full should any of the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.

Directors' Report

Environmental
The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Climate Risk
There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

(i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

(ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Ukraine Conflict
The current conflict between Ukraine and Russia (Ukraine Conflict) has and continues to impact global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Furthermore, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine Conflict on the Company's business and financial performance to, at this stage, to be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

Impact of Coronavirus (COVID-19)
The outbreak of the COVID-19 has impacted the global economic markets. The COVID-19 pandemic has and may also give rise to issues, delays or restrictions in relation to land access and the Company's ability to freely move people and equipment to and from exploration projects and may cause delays or cost increases. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance, to be limited. However, the situation is continually evolving, and the consequences are therefore uncertain.

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

Significant changes in the state of affairs
On 13 January 2022, Ms Patricia Vanni de Oliveira resigned as the Company Secretary and Mrs Carol Marinkovich was appointed as the Company Secretary.

On 27 May 2022, at the AGM shareholders approved the following unlisted options to be issued to the board of directors effective 1 July 2022:

- 3,000,000 unlisted options exercisable at $0.45, expiring 27 May 2026;
- 200,000 unlisted options exercisable at $0.00, expiring 1 January 2027;
- 200,000 unlisted options exercisable at $0.00, expiring 1 January 2028; and
- 200,000 unlisted options exercisable at $0.00, expiring 1 January 2029.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Directors' Report

Matters subsequent to the end of the financial year
On 28 March 2023, the Company announced that its wholly owned Brazilian subsidiary Perth Recursos Minerais Ltda signed a binding agreement with AFLA INVESTIMENTOS E PARTICIPAÇÕES LTDA, ("Afla Investimentos") for 5 granted exploration permits (the Afla Project) in Goias state, Central Brazil. The Afla Project covers a total area of 9,758Ha and is located adjacent to Alvo's Palma VMS Project and considered prospective for VMS style (Cu, Zn, Pb, Ag, Au) mineralisation.

The key terms of the agreement are:

- Alvo has 18 months to complete a minimum of 1,000m of diamond drilling on the Afla Project to earn a 60% interest. Following completion of 1,000m diamond drilling a new company will be created into which the Afla licenses will be transferred.
- Alvo can elect to earn an additional 20% project interest (80% total) by completing an additional 5,000m of diamond drilling on the Afla Project.
- Upon Alvo earning 80% interest in the Afla Project, Afla Investmentos can elect to sell 10% of the Afla Project to Alvo for US$0.25/t per JORC 2012 compliant Measured and Indicated Resources (per copper equivalent tonne) or a once-off payment of US$500,000, payable in cash or shares at Alvo's election.
- Upon Alvo earning 80%, Afla Investmentos can choose to contribute pro-rata to exploration and development costs or dilute based on explorations costs incurred to date.
- Should Afla Investmentos project interest fall below 5%, its project interest will convert to a 1% NSR royalty.
- Alvo will be responsible for exploration management and statutory reporting and payments during the agreement and may withdraw anytime without penalty.

No other matter or circumstance has arisen since 31 December 2022 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
The Consolidated Entity will continue to pursue the continued exploration and evaluation of its prospective tenements and the opportunities intrinsic therein.

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

The Consolidated Entity holds interests in a number of exploration tenements. The various authorities granting rights over tenements require the tenement holder to comply with the terms of the grant of the tenement. There have been no known breaches of the tenements' conditions, as they relate to environmental provisions and no such breaches have been notified by any government agency during the financial year ended 31 December 2022 or previously.

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.

Directors' Report

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 the Managing 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:	1,026,250 (shares held by GM & LA Slattery Family A/C and MMH Capital Ltd) 280,000 (shares held by MMH Capital Pty Ltd, which entity Mr Slattery is associated with being a director and shareholder holding a 10% voting interest of 2,800,000 Fully paid Ordinary Shares)
Interests in options:	1,250,000 (unlisted options held by GM & LA Slattery Family Trust) 300,000 (unlisted options held by Graeme Slattery)

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:	8,816,565 (shares held by Spezia 55 Pty Ltd and The Bundi Family Fund) 1 (share held by Itta Somaia) 700,000 (shares held by MMH Capital Pty Ltd, which entity Mr Smakman is associated with being a director and shareholder holding a 25% voting interest of 2,800,000 fully paid Ordinary Shares
Interests in options:	2,500,000 (unlisted options held by Spezia 55 Pty Ltd 3,000,000 (unlisted options held by the Bundi Family Fund)

Directors' Report

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 a Principal Consultant for Sahara Natural Resources, specialising in exploration and mining services in Africa and a member of the Australian Institute of Geoscientists.
Other current directorships:	None
Former directorships (last 3 years):	Executive Director, Big River Gold Ltd (ASX:BRV)
Special responsibilities:	Chair of Audit and Risk Committee
Interests in shares:	4,825,000 (shares held by Silvanicholls Pty Ltd and MMH Capital Ltd) 840,000 (shares held by MMH Capital Pty Ltd, which entity Mr Nicholls is associated with being a director and shareholder holding a 30% voting interest of 2,800,000 Fully Paid Ordinary Shares)
Interests in options:	1,250,000 unlisted options (held by Silvanicholls Pty Ltd) 300,000 unlisted options (held by Beau Nicholls)

'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. Mrs Marinkovich 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 2022, 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 the CEO 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.

Use of remuneration consultants
During the financial year ended 31 December 2022, the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the company's 27 May 2022 Annual General Meeting ('AGM')
At the 27 May 2022 AGM, 99.63% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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
- Mr Robert Smakman, Managing Director and CEO
- Mr Beau Nicholls, Non-Executive Director

	Short-term benefits			Post-employment benefits	Long-term benefits		
31 December 2022	**Cash salary and fees $**	**Annual leave $**	**Non-monetary $**	**Super-annuation $**	**Long service leave $**	**Equity-settled share-based payments (i) $**	**Total $**
Non-Executive Directors:							
Graeme Slattery	66,000	-	-	6,765	-	39,955	112,720
Beau Nicholls	44,000	-	-	4,510	-	39,955	88,465
Executive Directors:							
Robert Smakman	253,333	-	-	26,008	-	78,396	357,737
	363,333	-	-	37,283	-	158,306	558,922

(i) In May 2022, the AGM approved the grant of 3,600,000 options over fully paid ordinary shares, of which 3,000,000 options were granted to Mr R Smakman with an exercise price of $0.45 (45 cents) per option and an expiry date of 27 May 2026 and a further 300,000 options with an exercise price of nil granted to Mr G Slattery and Mr B Nicholls, 100,000 of these options expiring 1 January 2027, 100,000 options expiring 1 January 2028 and 100,000 options expiring 1 January 2029

Directors' Report

31 December 2021	Short-term benefits Cash salary and fees $	 Annual leave $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Equity-settled share-based payments (i) $	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

(i) During the year ended 31 December 2021, 5,000,000 options over fully paid ordinary shares with an exercise price of $0.35 (35 cents) per fully paid ordinary share and an expiry date of 21 July 2025 were granted, including 2,500,000 options granted to Mr R Smakman and 1,250,000 options over fully paid ordinary shares each to Mr G Slattery and Mr B Nicholls, respectively.

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

Name	Fixed remuneration 31 December 2022	 31 December 2021	At risk - LTI 31 December 2022	 31 December 2021
Non-Executive Directors:				
Graeme Slattery	65%	100%	35%	-
Beau Nicholls	55%	100%	45%	-
Executive Directors:				
Robert Smakman	69%	100%	31%	-

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 $270,000 (excluding statutory superannuation) plus entitlements (such as sick leave, annual leave, and long service leave) effective from 1 May 2022 ($220,000 excluding statutory superannuation up to and including 30 April 2022). 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 2022.

Directors' Report

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	100,000	27/05/2022	01/01/2023	01/01/2027	$0.0000	$0.2500
Graeme Slattery	100,000	27/05/2022	01/01/2024	01/01/2028	$0.0000	$0.2500
Graeme Slattery	100,000	27/05/2022	01/01/2025	01/01/2029	$0.0000	$0.2500
Beau Nicholls	100,000	27/05/2022	01/01/2023	01/01/2027	$0.0000	$0.2500
Beau Nicholls	100,000	27/05/2022	01/01/2025	01/01/2029	$0.0000	$0.2500
Beau Nicholls	100,000	27/05/2022	01/01/2024	01/01/2028	$0.0000	$0.2500
Robert Smakman	1,200,000	27/05/2022	27/05/2026	27/05/2026	$0.4500	$0.1500
Robert Smakman	900,000	27/05/2022	27/05/2026	27/05/2026	$0.4500	$0.1923
Robert Smakman	900,000	27/05/2022	27/05/2026	27/05/2026	$0.4500	$0.1915

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 2022 are set out below:

Name	Number of options granted during the year 31 December 2022	Number of options granted during the year 31 December 2021	Number of options vested during the year 31 December 2022	Number of options vested during the year 31 December 2021
Graeme Slattery	300,000	1,250,000	1,250,000	-
Robert Smakman	3,000,000	2,500,000	2,500,000	-
Beau Nicholls	300,000	1,250,000	1,250,000	-

Additional information
The earnings of the consolidated entity for the two years to 31 December 2022 are summarised below:

	2022 $	2021 $
Other income	20,864	9,596
Loss after income tax	(5,985,370)	(2,249,045)

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

	2022	2021
Share price at financial year end ($)	0.160	0.315
Total dividends declared (cents per share)	-	-
Basic losses per share (cents per share)	8.218	5.569
Diluted losses per share (cents per share)	8.218	5.569

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:

Directors' Report

	Balance at the start of the year	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares				
Graeme Slattery	1,306,250	-	-	1,306,250
Robert Smakman	9,266,565	250,000	-	9,516,565
Beau Nicholls	4,825,000	-	-	4,825,000
	15,397,815	250,000	-	15,647,815

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	Addition	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Graeme Slattery	1,250,000	300,000	-	-	1,550,000
Robert Smakman	2,500,000	3,000,000	-	-	5,500,000
Beau Nicholls	1,250,000	300,000	-	-	1,550,000
	5,000,000	3,600,000	-	-	8,600,000

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
27/05/2022	01/01/2027	$0.0000	200,000
27/05/2022	01/01/2028	$0.0000	200,000
27/05/2022	01/01/2029	$0.0000	200,000
12/09/2022	27/05/2026	$0.4500	3,000,000
			12,600,000

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 2022 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.

Directors' Report

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
There were no non-audit services provided during the financial year by the auditor.

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

30 March 2023

Auditor's Independence Declaration

William Buck
ACCOUNTANTS & ADVISORS

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 2022 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, 30th March 2023

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
vic.info@williambuck.com
williambuck.com

Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated 31 December 2022 $	31 December 2021 Restated $
Revenue			
Other Income		20,865	9,596
Expenses			
Employee benefits expense		(587,299)	(1,130,742)
Exploration expenditure		(4,573,042)	(481,604)
Corporate and administration expense		(713,243)	(639,319)
Depreciation and amortisation expense		(130,017)	(6,359)
Finance costs		(2,634)	(617)
Loss before income tax expense		(5,985,370)	(2,249,045)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Alvo Minerals Limited		(5,985,370)	(2,249,045)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(64,649)	1,192
Other comprehensive income / (loss) for the year, net of tax		(64,649)	1,192
Total comprehensive income / (loss) for the year attributable to the owners of Alvo Minerals Limited		(6,050,019)	(2,247,853)
		Cents	**Cents Restated**
Basic loss per share	22	(8.218)	(5.569)
Diluted loss per share	22	(8.218)	(5.569)

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

Consolidated statement of financial position

	Note	31 December 2022 $	Consolidated 31 December 2021 Restated $	1 January 2021 Restated $
Assets				
Current assets				
Cash and cash equivalents		551,720	8,898,341	99,272
Other current assets		58,615	82,542	649
Security and other deposits	6	1,798,177	-	75,077
Total current assets		2,408,512	8,980,883	174,998
Non-current assets				
Plant and equipment	7	801,037	110,562	-
Right-of-use assets		48,303	43,490	-
Total non-current assets		849,340	154,052	-
Total assets		3,257,852	9,134,935	174,998
Liabilities				
Current liabilities				
Trade and other payables	8	133,442	161,655	180,193
Loan from directors		-	-	75,077
Lease liabilities		29,124	14,529	-
Employee benefits		48,740	16,366	-
Total current liabilities		211,306	192,550	255,270
Non-current liabilities				
Lease liabilities		23,814	29,455	-
Employee benefits		1,794	279	-
Total non-current liabilities		25,608	29,734	-
Total liabilities		236,914	222,284	
Net assets/(deficit)		3,020,938	8,912,651	(80,272)
Equity				
Issued capital	9	10,719,977	10,719,977	824,901
Reserves	10	1,467,895	1,374,238	27,346
Accumulated losses		(9,166,934)	(3,181,564)	(932,519)
Total equity/(deficit)		3,020,938	8,912,651	(80,272)

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

Consolidated statement of changes in equity

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
Adjustment for change in accounting policy	-	145,564	-	(546,717)	(401,153)
Balance at 1 January 2021 - **Restated**	824,901	27,346	-	(932,519)	(80,272)
Loss after income tax expense for the year - **Restated**	-	-	-	(2,249,045)	(2,249,045)
Other comprehensive income for the year, net of tax - **Restated**	-	1,192	-	-	1,192
Total comprehensive income / (loss) for the year - **Restated**	-	1,192	-	(2,249,045)	(2,247,853)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	9,895,076	-	-	-	9,895,076
Share-based payments (note 22)	-	-	1,345,700	-	1,345,700
Balance at 31 December 2021 - **Restated**	10,719,977	28,538	1,345,700	(3,181,564)	8,912,651

Consolidated	Issued capital $	Foreign currency translation reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 January 2022	10,719,977	28,538	1,345,700	(3,181,564)	8,912,651
Loss after income tax expense for the year	-	-	-	(5,985,370)	(5,985,370)
Other comprehensive income / (loss) for the year, net of tax	-	(64,649)	-	-	(64,649)
Total comprehensive income / (loss) for the year	-	(64,649)	-	(5,985,370)	(6,050,019)
Transactions with owners in their capacity as owners:					
Share-based payments (note 22)	-	-	158,306	-	158,306
Balance at 31 December 2022	10,719,977	(36,111)	1,504,006	(9,166,934)	3,020,938

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

Consolidated statement of cash flows

	Note	Consolidated 31 December 2022 $	31 December 2021 Restated $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,090,488)	(877,581)
Interest received		20,864	9,596
Interest and other finance costs paid		-	(617)
Net cash used in operating activities	21	(1,069,624)	(868,602)
Cash flows from investing activities			
Payments for plant and equipment	7	(840,293)	(112,415)
Payments for exploration and evaluation		(4,682,128)	(481,462)
Payments for term deposits	6	(1,500,000)	-
Payments for other deposits	6	(20,000)	-
Payments for security deposits	6	(278,177)	-
Net cash used in investing activities		(7,320,598)	(593,877)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs	9	-	10,265,151
Repayment of lease liabilities		(35,473)	(3,459)
Net cash from/(used in) financing activities		(35,473)	10,261,692
Net increase/(decrease) in cash and cash equivalents		(8,425,695)	8,799,213
Cash and cash equivalents at the beginning of the financial year		8,898,341	99,272
Effects of exchange rate changes on cash and cash equivalents		79,074	(144)
Cash and cash equivalents at the end of the financial year		551,720	8,898,341

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

Notes to the consolidated financial statements

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, as detailed in note 19. 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 30 March 2023. 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.

Going Concern
The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the payment of liabilities in the ordinary course of business.

The Group has incurred a net loss after tax for the year ended 31 December 2022 of $5,985,370, a net cash outflow from operations of $1,069,624 and net cash used in investing activities of $7,320,598, including payments of $1,500,000 for term deposits held with banks. As at 31 December 2022, the Group had net equity of $3,020,938 and cash and term deposits of $2,051,720.

There is a material uncertainty that the Group will be able to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group’s ability to continue as a going concern and pay its debts as and when they fall due is dependent upon one or a combination of the following:

- maintaining the current level of corporate and administrative activity, with the exception of fundraising activities;
- the success of drilling and other exploration activities and the development of the Consolidated Entity's operations in Brazil associated with these activities; and
- the success of capital raising activities to be undertaken by the Consolidated Entity.

Notes to the consolidated financial statements

Note 2. Significant accounting policies (continued)

The Directors have considered the Consolidated Entity's financial position and its expected exploration activities and related cash flow forecasts and are of the view that the use of going concern basis accounting is appropriate as the Directors believe the Consolidated Entity will be able to pay its debts as and when they fall due.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor to the amounts or classifications of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

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.

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.

Notes to the consolidated financial statements

Note 2. Significant accounting policies (continued)

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.

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 2022. 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.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Russian-Ukrainian conflict
The Russian-Ukrainian conflict continues to have significant global macro-economic impacts, including instability in global energy prices. Related impacts include volatility in commodity prices, currency movements, supply-chain and travel disruptions, disruption in banking systems and capital markets, increased costs and expenditures and cyberattacks.

The conflict's development and conclusion is inherently uncertain and the consequences for the global economy and the Company's operations unpredictable. The Company has, to the extent possible, in assessing the carrying value of its assets and liabilities, reflected the impact which the conflict has and has on its financial position and performance.

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.

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.

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. Restatement of comparatives

Change in accounting policy

Notes to the consolidated financial statements

Note 4. Restatement of comparatives (continued)

During the year ended 31 December 2022, the Consolidated Entity concluded that given the early stage of the development of its projects, in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, it is more appropriate to expense all costs associated with the exploration and evaluation activities undertaken. This includes the cost of acquisition of tenements and all associated expenditures incurred.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the Consolidated Entity has retrospectively applied the aforementioned change in accounting policy and therefore comparative information presented herein has been restated.

Statement of profit or loss and other comprehensive income
When there is a restatement of comparatives, it is mandatory to provide a statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

	Restated 31 December 2021 $	As previously reported 31 December 2021 $
Income		
Other income	9,596	9,596
Expenses		
Employee benefits expense	(1,130,742)	(1,204,310)
Exploration expenditure	(481,604)	(370,963)
Corporate and administration expense	(639,319)	(639,319)
Depreciation and amortisation expense	(6,359)	(6,359)
Finance costs	(617)	(617)
Loss before income tax expense	(2,249,045)	(2,211,972)
Income tax expense		
Loss after income tax expense for the year attributable to the owners of Alvo Minerals Limited	(2,249,045)	(2,211,972)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	1,192	(3,839)
Other comprehensive income / (loss) for the year, net of tax	1,192	(3,839)
Total comprehensive income / (loss) for the year attributable to the owners of Alvo Minerals Limited	(2,247,853)	(2,215,811)
Basic loss per share	(5.569)	(5.477)
Diluted loss per share	(5.569)	(5.477)

Cashflow Statement at the beginning of the earliest comparative period

Notes to the consolidated financial statements

Note 4. Restatement of comparatives (continued)

	Restated 31 December 2021 $	As previously reported 31 December 2021 $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(877,581)	(1,321,971)
Interest received	9,596	9,596
Interest and other finance costs paid	(617)	(627)
Net cash used in operating activities	(868,602)	(1,313,002)
Payments for plant and equipment	(112,415)	(112,415)
Payments for exploration and evaluation	(481,462)	(37,072)
Net cash used in investing activities	(593,877)	(149,487)
Cash flows from financing activities		
Proceeds from issue of shares, net of transaction costs	10,265,151	10,265,151
Repayment of lease liabilities	(3,459)	(3,459)
Net cash from/(used in) financing activities	10,261,692	10,261,692
Net increase/(decrease) in cash and cash equivalents	8,799,213	8,799,213
Cash and cash equivalents at the beginning of the financial year	99,272	99,272
Effects of exchange rate changes on cash and cash equivalents	(144)	(144)
Cash and cash equivalents at the end of the financial year	8,898,341	8,898,341

Statement of financial position at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 January 2021.

	Restated 31 December 2021 $	As previously reported 31 December 2021 $	Restated 1 January 2021 $	As previously reported 1 January 2021 $
Cash and cash equivalents	8,898,341	8,898,341	99,272	99,272
Other current assets	82,542	82,542	649	649
Deposits	-	-	75,077	75,077
Total current assets	8,980,883	8,980,883	174,998	174,998
Plant and equipment	110,562	110,562	-	-
Right-of-use assets	43,490	43,490	-	-
Exploration and evaluation	-	433,195	-	401,154
Total non-current assets	154,052	587,247	-	401,154
Total assets	**9,134,935**	**9,568,130**	**174,998**	**576,152**

Notes to the consolidated financial statements

Note 4. Restatement of comparatives (continued)

Trade and other payables	161,655	161,655	180,193	180,194
Loan from directors	-	-	75,077	75,077
Lease liabilities	14,529	14,529	-	-
Employee benefits	16,366	16,366	-	-
Total current liabilities	192,550	192,550	255,270	255,271
Lease liabilities	29,455	29,455	-	-
Employee benefits	279	279	-	-
Total non-current liabilities	29,734	29,734	-	-
	222,284	222,284	255,270	255,271
Net assets/(deficit)	**8,912,651**	**9,345,846**	**(80,272)**	**320,881**
Equity				
Issued capital	10,719,977	10,719,977	824,901	824,901
Reserves	1,374,238	1,223,643	27,346	(118,218)
Accumulated losses	(3,181,564)	(2,597,774)	(932,519)	(385,802)
Total equity/(deficit)	**8,912,651**	**9,345,846**	**(80,272)**	**320,881**

Note 5. 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 2022 $	**31 December 2021 $**	**31 December 2022 $**	**31 December 2021 Restated $**
Australia	-	-	456,168	9,035
Brazil	-	-	393,172	578,212
	-	-	849,340	587,247

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.

Notes to the consolidated financial statements

Note 6. Current assets - Security and other deposits

	Consolidated 31 December 2022 $	31 December 2021 $
Short term deposits held with banks	1,500,000	-
Tenement security bond	278,177	-
Other deposits	20,000	-
	1,798,177	-

During the year ended 31 December 2022, the Consolidated Entity placed $1,500,000 on term deposit with National Australia Bank. Furthermore, the Consolidated Entity paid a refundable deposit to CPRM of $278,177, the refund of which was obtained in March 2023.

Note 7. Non-current assets - Plant and equipment

	Consolidated 31 December 2022 $	31 December 2021 $
Plant and equipment - at cost	569,106	29,048
Less: Accumulated depreciation	(74,385)	(571)
	494,721	28,477
Motor vehicles - at cost	338,816	79,001
Less: Accumulated depreciation	(35,225)	(1,290)
	303,591	77,711
Computer equipment - at cost	4,947	4,947
Less: Accumulated depreciation	(2,222)	(573)
	2,725	4,374
	801,037	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 2021	-	-	-	-
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
Additions	590,560	249,733	-	840,293
Depreciation expense	(100,173)	(28,196)	(1,649)	(130,018)
Exchange differences	(24,143)	4,343	-	(19,800)
Balance at 31 December 2022	494,721	303,591	2,725	801,037

Notes to the consolidated financial statements

Note 7. Non-current assets - Plant and equipment (continued)

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 8. Current liabilities - trade and other payables

	Consolidated	
	31 December 2022 $	31 December 2021 $
Trade payables	9,052	28,691
Other payables	124,390	132,964
	133,442	161,655

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 9. Equity - issued capital

	Consolidated			
	31 December 2022 Shares	31 December 2021 Shares	31 December 2022 $	31 December 2021 $
Ordinary shares - fully paid	72,830,316	72,830,316	10,719,977	10,719,977

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2021	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				(1,287,849)
Balance	31 December 2021	72,830,316		10,719,977
Balance	31 December 2022	72,830,316		10,719,977

Notes to the consolidated financial statements

Note 9. Equity - issued capital (continued)

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 10. Equity - Reserves

	Consolidated	
	31 December 2022	**31 December 2021 Restated**
	$	**$**
Foreign currency reserve	(36,111)	28,538
Share-based payments reserve	1,504,006	1,345,700
	1,467,895	1,374,238

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.

Notes to the consolidated financial statements

Note 10. Equity - Reserves (continued)

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 2021 - **Restated**	27,346	-	27,346
Foreign currency translation - **Restated**	1,192	-	1,192
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 - **Restated**	28,538	1,345,700	1,374,238
Foreign currency translation	(64,649)	-	(64,649)
Options issued to directors during the period	-	158,306	158,306
Balance at 31 December 2022	(36,111)	1,504,006	1,467,895

Note 11. Equity - dividends

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

Note 12. 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.

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:

Consolidated	Assets 31 December 2022 $	Assets (Restated) 31 December 2021 $	Liabilities 31 December 2022 $	Liabilities 31 December 2021 $
Brazilian real	1,069,340	752,608	93,725	48,432

Notes to the consolidated financial statements

Note 12. Financial instruments (continued)

The consolidated entity had net assets denominated in foreign currencies of $976,615 at 31 December 2022 (December 2021: $704,171). 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 2022	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Brazilian real	10%	97,562	97,562	10%	(97,562)	(97,562)

	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%	70,418	70,418	(10%)	(70,418)	(70,418)

Interest rate and credit risk
The consolidated entity has no material exposure to interest rate and credit risk.

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 when appropriate, available borrowing facilities, by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2022	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	133,442	-	-	-	133,442
Interest-bearing - fixed rate						
Lease liability	5.67%	31,184	24,254	-	-	55,438
Total non-derivatives		164,626	24,254	-	-	188,880

Notes to the consolidated financial statements

Note 12. Financial instruments (continued)

Consolidated - 31 December 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	161,655	-	-	-	161,655
Interest-bearing - fixed rate						
Lease liability	5.67%	14,529	29,455	-	-	43,984
Total non-derivatives		176,184	29,455	-	-	205,639

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 13. 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)

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 2022 $	31 December 2021 $
Short-term employee benefits	363,333	310,813
Post-employment benefits	37,283	26,950
Long-term benefits	-	279
Share-based payments	158,306	792,700
	558,922	1,130,742

Note 14. 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 2022 $	31 December 2021 $
Audit services - William Buck		
Audit or review of the financial statements	31,500	28,000
Other services - William Buck		
Investigating Accountants Report	-	17,500
	31,500	45,500

Notes to the consolidated financial statements

Note 15. Contingencies

The consolidated entity has no contingent assets or liabilities at 31 December 2022 (2021: nil).

Note 16. Commitments

The consolidated entity had $34,296 in tenement rental commitments at 31 December 2022 (2021: nil).

Note 17. Related party transactions

Parent entity
Alvo Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 19.

Key management personnel
Disclosures relating to key management personnel are set out in note 13 and the remuneration report included in the directors' report.

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

	Consolidated	
	31 December 2022 $	31 December 2021 $
Payment for other expenses:		
Consulting fee paid to Ndoo Pty Ltd (entity associated with Mr R Smakman)	-	20,000
Tenement acquisition fee paid to MMH Capital Ltd (entity associated with Mr B Nicholls, Mr R Smakman and Mr G Slattery)	-	150,000
Drill rig purchased from Sahara Operations (Australia) Pty Ltd (entity associated with Messrs B Nicholls and G Slattery)	120,000	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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

Note 18. 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 2022 $	31 December 2021 $
Loss after income tax	(1,294,461)	(1,736,980)
Total comprehensive income / (loss)	(1,294,461)	(1,736,980)

Note 18. Parent entity information (continued)

Statement of financial position

	Parent 31 December 2022 $	Parent 31 December 2021 $
Total current assets	1,732,346	8,373,297
Total assets	8,885,514	10,052,332
Total current liabilities	38,469	70,648
Total liabilities	40,263	70,927
Equity		
Issued capital	10,719,977	10,719,977
Share-based payments reserve	1,504,006	1,345,700
Accumulated losses	(3,378,732)	(2,084,272)
Total equity	8,845,251	9,981,405

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 2022 and 31 December 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 31 December 2021.

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 19. 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 2022 %	Ownership interest 31 December 2021 %
Perth Recursos Minerais Ltda (Perth Brazil)	Brazil	100.00%	100.00%
Alvo Recursos Minerais SPE Eireli	Brazil	100.00%	100.00%

Note 20. Events after the reporting period

On 28 March 2023, the Company announced that its wholly owned Brazilian subsidiary Perth Recursos Minerais Ltda signed a binding agreement with AFLA INVESTIMENTOS E PARTICIPAÇÕES LTDA, ("Afla Investimentos") for 5 granted exploration permits (the Afla Project) in Goias state, Central Brazil. The Afla Project covers a total area of 9,758Ha and is located adjacent to Alvo's Palma VMS Project and considered prospective for VMS style (Cu, Zn, Pb, Ag, Au) mineralisation.

The key terms of the agreement are:

- Alvo has 18 months to complete a minimum of 1,000m of diamond drilling on the Afla Project to earn a 60% interest. Following completion of 1,000m diamond drilling a new company will be created into which the Afla licenses will be transferred.
- Alvo can elect to earn an additional 20% project interest (80% total) by completing an additional 5,000m of diamond drilling on the Afla Project.
- Upon Alvo earning 80% interest in the Afla Project, Afla Investmentos can elect to sell 10% of the Afla Project to Alvo for US$0.25/t per JORC 2012 compliant Measured and Indicated Resources (per copper equivalent tonne) or a once-off payment of US$500,000, payable in cash or shares at Alvo's election.
- Upon Alvo earning 80%, Afla Investmentos can choose to contribute pro-rata to exploration and development costs or dilute based on explorations costs incurred to date.
- Should Afla Investmentos project interest fall below 5%, its project interest will convert to a 1% NSR royalty.
- Alvo will be responsible for exploration management and statutory reporting and payments during the agreement and may withdraw anytime without penalty.

No other matter or circumstance has arisen since 31 December 2022 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 21. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	31 December 2022 $	31 December 2021 $
Loss after income tax expense for the year	(5,985,370)	(2,249,045)
Adjustments for:		
Exploration and evaluation expenses	4,682,128	481,462
Depreciation and amortisation	130,018	6,359
Share-based payments	158,306	872,700
Foreign exchange differences	(79,074)	65,703
Interest expenses	2,634	-
Change in operating assets and liabilities:		
Increase in prepayments	(30,427)	(7,312)
Decrease in other receivables	54,354	496
Decrease in trade and other payables	(36,082)	(55,610)
Increase in employee benefits	33,889	16,645
Net cash used in operating activities	(1,069,624)	(868,602)

Notes to the consolidated financial statements

Note 22. Loss per share

	Consolidated	
	31 December 2022 $	31 December 2021 Restated $
Loss after income tax attributable to the owners of Alvo Minerals Limited	(5,985,370)	(2,249,045)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	72,830,314	40,385,384
Weighted average number of ordinary shares used in calculating diluted loss per share	72,830,314	40,385,384
	Cents	Cents (Restated)
Basic loss per share	(8.218)	(5.569)
Diluted loss per share	(8.218)	(5.569)

Accounting policy for loss per share

Basic loss per share
Basic loss 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.

Diluted loss per share
Diluted loss per share adjusts the figures used in the determination of basic loss 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 23. 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.

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.

Note 23. Share-based payments (continued)

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

	Number of options 31 December 2022	Weighted average exercise price 31 December 2022	Number of options 31 December 2021	Weighted average exercise price 31 December 2021
Outstanding at the beginning of the financial year	9,000,000	$0.3500	9,000,000	$0.3500
Granted	3,600,000	$0.3800	-	$0.0000
Outstanding at the end of the financial year	12,600,000	$0.3600	9,000,000	$0.3500

On 27 May 2022, the Consolidated Entity granted the following unlisted options:

- 3,000,000 unlisted options exercisable over fully paid ordinary shares at $0.45 (45 cents), expiring 27 May 2026;
- 200,000 unlisted options exercisable over fully paid ordinary shares at $0.00 expiring 1 January 2027;
- 200,000 unlisted options exercisable over fully paid ordinary shares at $0.00 expiring 1 January 2028;
- 200,000 unlisted options exercisable over fully paid ordinary shares at $0.00 expiring 1 January 2029;

31 December 2022

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
27/05/2022	01/01/2027	$0.0000	-	200,000	-	-	200,000
27/05/2022	01/01/2028	$0.0000	-	200,000	-	-	200,000
27/05/2022	01/01/2029	$0.0000	-	200,000	-	-	200,000
27/05/2022	27/05/2026	$0.4500	-	3,000,000	-	-	3,000,000
			9,000,000	3,600,000	-	-	12,600,000
Weighted average exercise price			$0.3500	$0.3800	$0.0000	$0.0000	$0.3571

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			$0.1200	$0.3500	$0.0000	$0.0100	$0.3500

The remaining contractual maturity of options on issue at 31 December 2022 is 2.56 years (2021: 2.72 years).

The 3,000,000 unlisted options exercisable at $0.45, expiring 27 May 2026 have market performance conditions below:

- Class A Options of 1,200,000 vest when the Company announces to ASX the Palma Project has an inferred resource of greater than 10M tonnes at 2% or greater copper equivalent (200,000t CuEq). The resource will be an independently verified JORC Compliant Resource. The options expire on 27 May 2026;
- Class B Options of 900,000 vest when the ASX share price of Alvo reaches $0.50 (over a 20 Day VWAP), expiring on 27 May 2026; and
- Class C Options of 900,000 vest when the ASX share price of Alvo reaches $0.75 (over a 20 Day VWAP), expiring on 27 May 2026.

Notes to the consolidated financial statements

Note 23. 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
27/05/2022	01/01/2027	$0.2500	$0.0000	100.00%	-	2.88%	$0.2500
27/05/2022	01/01/2028	$0.2500	$0.0000	100.00%	-	2.88%	$0.2500
27/05/2022	01/01/2029	$0.2500	$0.0000	100.00%	-	2.88%	$0.2500
27/05/2022	27/05/2026	$0.2500	$0.4500	100.00%	-	2.88%	$0.1500
27/05/2022	27/05/2026	$0.2500	$0.4500	100.00%	-	2.88%	$0.1923
27/05/2022	27/05/2026	$0.2500	$0.4500	100.00%	-	2.88%	$0.1915

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.

Note 23. Share-based payments (continued)

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.

Director's Declaration

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 2022 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

30 March 2023

Independent auditor's report

William Buck
ACCOUNTANTS & ADVISORS

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 consolidated entity)), which comprises the consolidated statement of financial position as at 31 December 2022, 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 consolidated entity, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 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 consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial report, which indicates that the consolidated entity incurred a net loss of $5,985,370 for the year ended 31 December 2022 and had net cash outflows from operations of $1,069,624 and net cash used in investing activities of $7,320,598. As stated in Note 2, these events or conditions, along with the other matters set forth in Note 2 indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Independent auditor's report

William Buck
ACCOUNTANTS & ADVISORS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters below to be the key audit matters to be communicated in our report.

CHANGE IN ACCOUNTING POLICY	
Area of focus **Refer also to notes 2 and 4**	**How our audit addressed it**
The consolidated entity has changed its accounting policy during the year to expense its exploration and evaluation costs as opposed to capitalising these costs as it had previously done in line with AASB 6. This has resulted in a restatement of the comparative information presented in the financial report with a total of $4,573,042 expensed during the year. There is a risk that the restatement is not fully understood within the context of the financial information presented and in comparison to the previous financial year's results under a different accounting policy. This has required significant auditor attention to ensure that the amounts restated are correct and that the impact of the change in accounting policy has been disclosed appropriately. Therefore, we considered this to be a key audit matter.	Our audit procedures included: — Vouching the exploration and evaluation expense to supporting documentation without exception; — Assessing the amounts to be restated between costs incurred in the respective periods and the impact of foreign currency translation at the time; and — Assessing the adequacy of disclosures in the financial report relating to the restatement of comparative information.

Independent auditor's report

William Buck
ACCOUNTANTS & ADVISORS

SHARE BASED PAYMENTS	
Area of focus **Refer also to notes 2, 10, 23 and the Remuneration Report**	**How our audit addressed it**
The consolidated entity has incurred share based payments expenses during the year as a result of options issued to key management personnel during the year. There is a risk that the Group may not have valued these options appropriately and that the expense due to be recognised from these options issued during the year is incorrect. Therefore, we considered this to be a key audit matter. The zero exercise priced options issued to key management personnel was valued using the share price on grant date whilst a bi-nominal model was used to value the options issued to key management personnel due to market vesting conditions.	Our audit procedures included the following: — Understanding the terms of the options being issued including the number of options issued, grant date, expiry date, exercise price and the presence of any market or non market conditions; — Assessing the bi-nominal models used by management's expert to determine the valuation of the options and examining the key inputs used in the model; — Recalculating the expense recognised during the year in line with the terms of the options; and — Assessing the adequacy of the consolidated entity's disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the consolidated entity's annual report for the year ended 31 December 2022 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 consolidated entity 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 consolidated entity 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 consolidated entity or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

William Buck
ACCOUNTANTS & ADVISORS

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2022.

In our opinion, the Remuneration Report of Alvo Minerals Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the consolidated entity 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.

Yours sincerely

William Buck

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

A. A. Finnis
Director
Melbourne, 30th March 2023

Additional Shareholder information

The shareholder information set out below was applicable as at 17 March 2023

Number of shareholders
There were 417 shareholders. All shares are fully paid ordinary shares. Each fully paid ordinary share carries one voting right.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares Number of holders	Ordinary shares Number of shares	Ordinary shares % of total shares issued
1 to 1,000	11	671	0.01%
1,001 to 5,000	47	162,156	0.22%
5,001 to 10,000	61	494,984	0.68%
10,001 to 100,000	208	8,250,308	11.33%
100,001 and over	90	63,922,195	87.77%
	417	72,830,314	

There are 32 holders of unmarketable parcels of fully paid ordinary shares of $500 or less, comprising a total of 47,244 shares.

Equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below as at 17 March 2023:

	Ordinary shares Number held	Ordinary shares % of total shares issued
1. CITICORP NOMINEES PTY LIMITED	12,782,285	17.55
2. SPEZIA 55 PTY LTD (THE ZULU A/C)	8,566,565	11.76
3. UBS NOMINEES PTY LTD	4,000,000	5.49
4. SILVANICHOLLS PTY LTD SILVANICHOLLS FAMILY A/C>	3,783,656	5.20
5. EQUITY TRUSTEES LIMITED LOWELL RESOURCES FUND A/C>	3,450,000	4.74
6. MMH CAPITAL LIMITED	2,800,000	3.84
7. PONDEROSA INVESTMENTS (WA) PTY LTD THE PONDEROSA INVESTMENT A/C>	1,530,000	2.10
8. BNP PARIBAS NOMINEES PTY LTD AGENCY LENDING DRP A/C>	1,529,011	2.10
9. JETOSEA PTY LTD	1,133,750	1.56
10. J FOGARTY SUPERANNUATION PTY LTD J FOGARTY SUPER FUND A/C>	1,100,000	1.51
11. KASLAM PTYLTD	1,040,537	1.43
12. GRAEME SLATTERY GM & LA SLATTERY FAMILY A/C>	1,026,250	1.41
13. MR STEPHEN DISCO HEMPTON	866,371	1.19
14. AMBER CLOUD PTY LTD	816,875	1.12
15.BNP PARIBAS NOMS PTY LTD DRP>	800,900	1.10
16. CADDEN NOMINEES PTY LTD CJ CARSON FAMILY A/C>	800,000	1.10
16. SECLEM ASSETS PTY LTD	800,000	1.10
18. MR DOMINIC JOSEPH NOONAN	700,000	0.96
19. BOLIN CAPITAL PTY LTD BOLIN SF A/C>	660,000	0.91
20. MR MEHDI MOHSENIN-MOSHIRI	500,000	0.69
	48,686,200	66.86

Additional Shareholder information

Substantial holders
An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
1. SPEZIA 55 PTY LTD (THE ZULU A/C)	8,566,565	11.76
2. SILVANICHOLLS PTY LTD	4,000,000	5.49

Unquoted Securities (as at 17 March 2023)

As at 17 March 2023, there were 12 holders of unlisted options over fully paid ordinary securities as detailed below:

CLASS OF OPTIONS	EXPIRATION	HOLDINGS
UNLISTED OPTIONS @ $0.35 EXERCISE PRICE ESCROWED UNTIL 20/10/23	21/07/2024	4,000,000
UNLISTED OPTIONS @ $0.35 EXERCISE PRICE ESCROWED UNTIL 20/10/23	21/07/2025	5,000,000
UNLISTED OPTIONS @ $0.45 EXERCISE PRICE	27/05/2026	3,000,000
UNLISTED OPTIONS @ ZERO EXERCISE PRICE	01/01/2027	200,000
UNLISTED OPTIONS @ ZERO EXERCISE PRICE	01/01/2028	200,000
UNLISTED OPTIONS @ ZERO EXERCISE PRICE	01/01/2029	200,000

Voting rights
The voting rights attached to ordinary fully paid shares are set out below:

Ordinary fully paid shares
Every member present at a meeting in person or by proxy shall have one vote and upon a poll each fully paid share shall have one vote.

There are no other classes of equity securities.

Tenement Schedule

Tenements

Description	Tenement number	Interest owned %
Amazon Consultoria Em Mineração e Serviços Ltda	864.207/2018	100.00
Perth Recursos Minerais Ltda	864.152/2018	100.00
Perth Recursos Minerais Ltda	864.151/2018	100.00
Perth Recursos Minerais Ltda	864.150/2018	100.00
Perth Recursos Minerais Ltda	864.149/2018	100.00
Perth Recursos Minerais Ltda	864.206/2018	100.00
Perth Recursos Minerais Ltda	864.205/2018	100.00
Perth Recursos Minerais Ltda	864.204/2018	100.00
Perth Recursos Minerais Ltda	864.203/2018	100.00
Perth Recursos Minerais Ltda	864.202/2018	100.00
Perth Recursos Minerais Ltda	864.153/2018	100.00
Perth Recursos Minerais Ltda	864.125/2018	100.00
Perth Recursos Minerais Ltda	864.124/2018	100.00
Perth Recursos Minerais Ltda	864.123/2018	100.00
CPRM	811.686/1975	100.00
CPRM	811.689/1975	100.00
CPRM	811.702/1975	100.00
CPRM	800.744/1978	100.00
CPRM	860.310/1984	100.00
CPRM	860.317/1984	100.00
Perth Recursos Minerais Ltda	864.076/2020	100.00
Perth Recursos Minerais Ltda	860.527/2020	100.00
Perth Recursos Minerais Ltda	864.179/2020	100.00
Perth Recursos Minerais Ltda	864.180/2020	100.00
Perth Recursos Minerais Ltda	864.181/2020	100.00
Perth Recursos Minerais Ltda	864.182/2020	100.00
Perth Recursos Minerais Ltda	860.603/2020	100.00
Perth Recursos Minerais Ltda	864.183/2020	100.00
Perth Recursos Minerais Ltda	860.753/2021	100.00
Perth Recursos Minerais Ltda	860.752/2021	100.00
Perth Recursos Minerais Ltda	864.072/2022	100.00
Perth Recursos Minerais Ltda	864.109/2022	100.00
Perth Recursos Minerais Ltda	860.380/2022	100.00
Perth Recursos Minerais Ltda	860.382/2022	100.00
Perth Recursos Minerais Ltda	860.384/2022	100.00
Perth Recursos Minerais Ltda	860.385/2022	100.00
Perth Recursos Minerais Ltda	860.386/2022	100.00
Perth Recursos Minerais Ltda	860.387/2022	100.00
Perth Recursos Minerais Ltda	860.390/2022	100.00
Perth Recursos Minerais Ltda	860.391/2022	100.00
Perth Recursos Minerais Ltda	860.392/2022	100.00
Perth Recursos Minerais Ltda	860.393/2022	100.00
Perth Recursos Minerais Ltda	864.120/2022	100.00
Perth Recursos Minerais Ltda	864.121/2022	100.00
Perth Recursos Minerais Ltda	864.255/2022	100.00
Perth Recursos Minerais Ltda	864.256/2022	100.00
Perth Recursos Minerais Ltda	861.021/2022	100.00
Perth Recursos Minerais Ltda	861.023/2022	100.00

Mineral Resources and Reserves

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources and Ore Reserves at least annually. The date of reporting is 31 December each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources or Ore Reserves over the course of the year, the Company is required to promptly report these changes.

The Estimated Mineral resources for the Companies Palma Project are shown in the following table.

Palma Project Inferred Mineral Resource Estimate at USD$60/t NSR* cut-off

Prospect	NSR Cut Off ($USD)	TONNES (t)	Cu (%)	Metal_Cu (t)	Zn (%)	Metal_Zn (t)	Pb (%)	Metal_Pb (t)	Ag (ppm)	Metal_Ag (oz)
C1	60	1,800,000	0.8	14,000	3.2	59,000	0.8	14,000	15	900,000
C3	60	2,800,000	1.1	30,000	4.3	120,000	0.2	6,000	23	2,100,000
Total For Palma Project	60	4,600,000	1.0	44,000	3.9	179,000	0.4	20,000	20	3,000,000

*The NSR (Net Smelter Return) cut-off of USD$60/t has been calculated using the following prices: 2.90$/lb Cu, 1.04$/lb Zn, 0.79$/lb Pb, 24.5$/oz Ag and assuming recoveries of 90% for all metals in sulphide and 45% for all metals in oxides.
Due to the rounding in the table, the figures the value may not add-up.

The information in this report that relates to Mineral Resource estimates is based on information compiled by both Mr Simon Mortimer and Mr Rob Smakman. Mr Mortimer is a fellow of The Australian Institute of Geoscientists (AIG) and Mr Smakman is a fellow of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Mortimer is employed by Atticus Geoscience Consulting and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Mortimer is responsible for the geological modelling and resource evaluation sections of this report.

Mr Smakman is a full-time employee of Alvo Minerals and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Smakman is responsible for the site visit report and sampling sections of this report.

Both Mr Mortimer and Mr Smakman consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Ore Reserve Summary

At this time, Alvo has no interest in any Mineral Reserves.

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