

**Larvotto Resources Limited
and its controlled entities**

ABN 16 645 596 238

**Annual Report
31 December 2022**

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Directors	Ronald Heeks - Managing Director and Chief Executive Officer Mark Tomlinson - Non-Executive Chair Anna Nahajski-Staples - Non-Executive Director
Company secretaries	Matthew Edmondson (from 21 September 2022) Suzanne Irwin (resigned 21 September 2022)
Registered office	Unit 6 105 Broadway Nedlands WA 6009
Principal place of business	Unit 6 105 Broadway Nedlands WA 6009 T +61 (8) 6373 0112
Share register	Automic Group Level 5, 191 St Georges Terrace Perth WA 6000 Telephone: 1300 288 664
Auditor	Nexia Perth Audit Services Pty Ltd Level 3, 88 William Street Perth WA 6000
Stock exchange listing	Australian Securities Exchange Limited
ASX Code:	LRV - Ordinary fully paid shares
Website	https://www.larvottoresources.com/

Dear Shareholders,

It is with great pleasure that I can share with you Larvotto Resources Limited's ("Larvotto" or "the Company") (LRV: ASX) 2022 Annual Report. The 2022 reporting year was our first full year following the listing of Larvotto on the Australian Securities Exchange (ASX) in December 2021. It has been a year that has seen substantial progress by your Company and its management team.

A key plank of Larvotto's strategy is to focus on stable, Tier 1 mining jurisdictions. To that end, the Company has advanced each of its projects in Western Australia, Queensland and New Zealand during this last 12 months. This mostly early-stage exploration has generated results, in conjunction with reviews of historical geological data conducted by past holders of each project, which has generally served to increase the prospectivity of each of the Company's assets. As expected, Larvotto's exploration programs have increased in momentum during the year and now into 2023, starting with early-stage exploration programs and moving into drilling phases at both the Eyre and Ohakuri projects. Despite the rapid general expansion of exploration spending in Australia and the COVID-19 pandemic resulting in heavy demand for technical staff and specialist exploration equipment, your management has nevertheless established significant exploration programs at each project. Similarly, the Company's exploration efforts during much of 2022 have repeatedly been hampered by unusually wet weather at all three project areas, particularly at Mt Isa and more recently the North Island of New Zealand.

At the Eyre Project east of Norseman in Western Australia, data reworking and results delivered during 2022 included:

- Identification of Nickel anomalies.
- Rare Earth Oxide (REO) anomalies, since followed up with an initial drill program completed in February 2023. Drill results from this shallow, limited drill program are awaited.
- Lithium anomalies also recently shallow drilled for which results are pending.

At the Mt Isa Project in Queensland, we have only effectively begun to "scratch the surface" of the potential targets identified across the very extensive, circa 900km² project area, such is the size and scale of the opportunity:

- Ground surveys and soil sampling programs have commenced across a number of targets.
- IP surveys have been conducted and this work defined initial drill targets that have been followed up. Drill samples have now been submitted for assay and we await results.
- Ongoing field work continues to generate new targets.

In New Zealand at the Ohakuri Project, the Company's work has targeted the potential high-grade feeder zones that would be expected with a gold epithermal system. Work has confirmed that:

- The Ohakuri mineralisation indicates that a full gold epithermal system exists.
- Reworking of historic geophysical data indicates two or three feeder zones may be present and these are being followed up by a diamond drill program currently underway.

Encouragingly, in the local regions surrounding or nearby Larvotto's Eyre and Mt Isa projects there has been a substantial increase in interest by other ASX-listed junior companies and the market in general. This suggests that we are in the right regions and exploring for the right commodities. We also note the dramatic increase in focus on "battery metals" such as copper, lithium, rare earths and lithium – all of which have been identified at Eyre and/or Mt Isa.

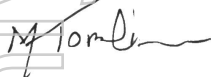
Your Company's board also continues to evaluate and consider a number of corporate opportunities that we have been invited to review or have been generated through management approaches to third parties. A number of these discussions are currently ongoing.

Importantly, Larvotto also successfully completed a substantial refinancing of the Company in the December quarter of 2022 and on the back of this capital raising welcomed new substantial shareholders to the share register, Waratah Capital's Electrification and Decarbonization Fund and Lithium Royalty Corp. This has given Larvotto a very firm platform from which to expand the Company's exploration efforts and programs over the course of this year. We are excited to see what 2023 brings.

The combination of the early and ongoing exploration results in conjunction with the substantial capital raising in October 2022 sees Larvotto well positioned to take the Company forward.

In closing, I would like to thank Larvotto's MD Ron Heeks and his team for their tireless efforts to build and promote your Company and set it up for the future.

Yours faithfully



Mark Tomlinson
Chair

31 March 2023

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Operating & Financial Review

for the year ending 31 December 2022

We are pleased to provide this first full year operations report of Larvotto Resources Limited ("Larvotto" or "the Company") and its controlled entities (together referred to as the "Consolidated Entity" or "Group") since the Company listed on the Australian Securities Exchange (ASX) in December 2021.

The year began with Western Australia still in COVID lockdown, which continued until April. The restricted travel gave the Company ample opportunity to undertake detailed field exploration at the Eyre Project, located east of Norseman in the WA goldfields. Work commenced with a geochemical survey being carried out over nearly half of the 600km² project. The focus of the geochemistry was predominantly on the Jimberlana Dyke, a late stage intrusive dyke known to be mineralised with nickel, copper and PGE's and the Merivale area, which is located to the south of the Liontown Resources' (ASX: LTR) Buldania Lithium Project.

The geochemistry was hugely successful revealing:

- A significant nickel and copper anomaly adjacent to and over Mt Norcott, which lies on the Jimberlana Dyke;
- A lithium anomaly along strike to the south of Buldania in the same suite of rocks; and
- A rare earth element (REE) anomaly at Merivale South in the Albany-Fraser terrane suite of rocks.

The Merivale lithium and Merivale South REE anomalies were subsequently drilled in January 2023 and at the time of writing this report, results are still pending.

Over at our Ohakuri Epithermal Gold Project in New Zealand, compilation of historic data and site reviews were undertaken. Ohakuri is an advanced project with over 10,000m of drilling, as well as geochemistry and geophysics having been carried out over the area throughout the past 40 years. This historic work identified a very large area of lower grade gold mineralisation, and finding the potential higher grade source of this mineralisation is the key focus for Larvotto.

The Ohakuri data review lead to a reinterpretation of past exploration and this was then tested with an auger soil geochemistry program. The positive results from this program led to a detailed ground Induced Polarity (IP) geophysical survey being undertaken. The aim of this survey was to identify the location of silicified (electrically resistive) zones that may potentially be higher grade gold feeder zones that extend from depth. Several targets were successfully identified and these are currently being tested by diamond drilling that commenced in Jan 2023. Drilling is continuing with a program of circa 6,000m to be completed. Final results from sampling of the diamond core are not expected to be available until early May.

The 900km² of the Mt Isa Copper, Gold, Cobalt Project in Queensland forms the lead project for Larvotto. Throughout 2022, the Mt Isa Project suffered from a delayed start due to COVID travel restrictions and an incredibly wet "Dry" season, due to fallout from the Tongan volcano eruption in January 2022, the effects of which are still being felt. When the weather allowed, a large geochemical soil program commenced and this continued for most of field season. The geochemistry results added significantly to the already substantial number of copper anomalies that require more detailed follow up.

After numerous rig availability delays, drilling of the Gospel and Blue Star trends commenced in August 2022, after a ground Electro-Magnetic (EM) geophysical survey had identified several chargeability targets. The trend had been sporadically mined historically, was logistically available as no significant creek crossings were involved and would provide a good test of the geophysics method. Rain hampered drilling and the program was cut-short by the beginning of the wet season. Core was stuck in the field until January and is currently being processed.

We are pleased to report that 2023 has started extremely well with an aircore drilling program having commenced at Eyre and a diamond drilling program at Ohakuri. Geochemistry teams are ready to begin work when the field season opens in April at both Mt Isa and at Eyre. Additionally, metallurgical testwork will be undertaken on the REE samples from the Merivale South prospect at Eyre to determine if they are amenable to rapid leaching.

With the recent appointments of an Exploration Manager and several geologists and field assistants, Larvotto now has a full team in place to aggressively progress its projects in 2023.

Corporate

During the fourth quarter of 2022, the Group finalised two significant capital raisings. The combined proceeds of these capital raisings was \$5.4 million (before capital raising costs).

The first capital raise saw the Group raise \$2 million from an equity placement to sophisticated and professional investors. The placement occurred in two tranches and was concluded in December 2022. The placement was well supported by existing shareholders, in addition to new institutional investors.

The second capital raise saw an investment of \$3.4 million from Canadian-based Waratah Capitals Electrification and Decarbonisation Fund and Lithium Royalty Corp. The investment occurred via direct equity investment of \$2 million, the granting of a royalty over future production from the Group's Eyre project (\$700,000) and the right to an offtake agreement of 20% of any future production from the Group's Eyre Project (\$700,000).

Both capital raises result in the Group having a solid financial base to execute its exploration plans in 2023.

Financial position

The Consolidated Entity has reported a net loss for the year of \$1,962,325 (2021: net loss of \$1,512,042) and a cash outflow from operating activities of \$1,802,884 (2021: \$1,627,082).

At the year end, the Consolidated Entity had cash and cash equivalents of \$6,464,140 (2021: \$4,673,278) and a working capital surplus of \$6,454,307 (2021: \$4,555,488).

Business Strategies and Outlook

With the Group now in a very solid financial position, the Group will continue with exploration activities throughout 2023 at its three projects.

The objective at each of these projects is to identify and develop a mineral resource.

Statement in accordance with ASX Listing Rule 4.10.19

The Group confirms that it has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Tenement Interests

Mineral Resources and Ore Reserves Statement (ASX LR 5.21)

It is noted that there has been insufficient exploration conducted to estimate Mineral Resources according to the JORC Code, and it is uncertain if further exploration will result in the estimation of Mineral Resources. To date, no Ore/Mineral Reserves have been estimated and reported for the Mt Isa Copper, Eyre or Ohakuri projects, from the perspective of conformance with both the JORC (2012 Edition) and VALMIN Codes, there is insufficient basis to undertake an economic assessment of the Mt Isa Copper, Eyre or Ohakuri projects at this time.

Mining Tenements (ASX LR 5.20)

The following tables is submitted with respect to tenements acquired by the Company and its controlled entities and held at 31 December 2022:

Project/Location Tenement Id	Name	Holding Entity	Expiry Date	Area (km ²)
Highlands, Qld				
EPM 14281	Yamamilla	TAS Exploration Pty Ltd	6-Jul-2023	57.77
EPM 16197	Blockade	TAS Exploration Pty Ltd	2-Nov-2026	19.23
EPM 17638	Phillips Hill	TAS Exploration Pty Ltd	11-Jun-2023	54.53
EPM 17914	Blockade East Syndicated	TAS Exploration Pty Ltd	10-Sep-2023	32.05
EPM 17947	Blockade East Extension	TAS Exploration Pty Ltd	26-Sep-2026	16.03
EPM 18492	Mt Remarkable Extension	TAS Exploration Pty Ltd	11-Jun-2023	131.65
EPM 19733	Mt Remarkable Consolidated	TAS Exploration Pty Ltd	26-Jun-2026	320.92
Mt Isa, Qld				
EPM 26510	Clone 1	TAS Exploration Pty Ltd	25-Apr-2023	55.19

Project/Location Tenement Id	Name	Holding Entity	Expiry Date	Area (km ²)
EPM 26538	Clone 2	TAS Exploration Pty Ltd	22-Apr-2023	68.14
EPM 26798	Barkly 1	TAS Exploration Pty Ltd	10-Apr-2024	48.81
EPM 27023	Bass	TAS Exploration Pty Ltd	12-May-2024	91.10
Eyre, Western Australia				
E 63/1827		Eyre Resources Pty Ltd	11-Oct-2027	147.00
E 63/1929		Eyre Resources Pty Ltd	28-Jul-2024	80.55
E 63/1974		Eyre Resources Pty Ltd	06-Feb-2025	5.55
E 63/1976		Eyre Resources Pty Ltd	20-Feb-2025	33.33
E 63/1995		Eyre Resources Pty Ltd	Pending	186.11
E 63/2008		Eyre Resources Pty Ltd	26-Oct-2025	125.00
E 63/2283		Eyre Resources Pty Ltd	Pending	87.10

Larvotto, and its wholly owned subsidiary Madeleine Exploration Pty Limited, entered into a farm-in joint venture agreement with Zedex (the Ohakuri JVA), under which Larvotto may acquire up to an 75% interest in the Exploration Permit comprising the Ohakuri Project.

Project/Location Tenement Id	Grant Date	Expiry Date	Area (km ²)	Beneficial % interest at 31 December 2022
Ohakuri, NZ				
EP 60555	19-Dec-2019	18-Dec-2024	25.78	Nil

JORC Reporting of Historic Exploration Results

Full location data on the historical drill holes as well as details of any previous exploration activities and results, and JORC Tables 1 and 2 (Sampling Techniques and Data, and Reporting of Exploration Results) according to the JORC Code 2012 Edition were included at Annexure A of the Company's Prospectus dated 18 October 2021 as released on the ASX on 2 December 2021, and was based on information compiled by Mr Aaron Radonich. The Company confirms that it is not aware of any new information or data that materially affects the information included within the Prospectus dated 18 October 2021.

Forward Looking Statements

Any forward-looking information contained in this news release is made as of the date of this news release. Except as required under applicable securities legislation, Larvotto does not intend, and does not assume any obligation, to update this forward-looking information. Any forward-looking information contained in this news release is based on numerous assumptions and is subject to all of the risks and uncertainties inherent in the Company's business, including risks inherent in resource exploration and development. As a result, actual results may vary materially from those described in the forward-looking information. Readers are cautioned not to place undue reliance on forward looking information due to the inherent uncertainty thereof.

The Directors present their report on Larvotto Resources Limited ("Larvotto" or "the Company" or "parent entity") and the entities it controlled, together referred to as the Consolidated Entity or Group, at the end of, or during, the year ended 31 December 2022.

Directors

The following persons were directors of Larvotto Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Ronald Heeks - Managing Director and Chief Executive Officer
Mark Tomlinson - Non-Executive Director and Chair
Anna Nahajski-Staples - Non-Executive Director

Principal activities

The principal activities of the Consolidated Entity during the year consisted of exploration and evaluation of mineral resources projects in Western Australia, Queensland and New Zealand.

There were no significant changes in the nature of the activities during the year.

Dividends

There were no dividends paid or declared during the current financial year ended 31 December 2022 (31 December 2021: nil).

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$1,962,325 (31 December 2021: \$1,512,042).

Significant changes in the state of affairs

Other than as disclosed in this report, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial year

Matters subsequent to the end of the financial period

No 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's will continue its exploration and evaluation activities at its Mount Isa Copper, Eyre and Ohakuri projects with the object of identifying commercial resources.

Environmental regulation

The Consolidated Entity is subject to significant environmental regulation in respect to its exploration activities. The Consolidated Entity aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation.

The directors of the Consolidated Entity are not aware of any breach of environmental legislation for the year under review.

Information on Directors

Name: Ronald Heeks
Title: Managing Director and Chief Executive Officer
Qualifications: BAppSc, MAusIMM
Experience and expertise: With 35 years' mining industry experience, Mr Ronald (Ron) Heeks was most recently managing director of Geopacific Resources Ltd which acquired and developed the 1.6moz Woodlark gold project in PNG. Previously, Mr Heeks also served as managing director of Coolgardie Gold NL and technology company Smarttrans Ltd. In addition, he has been a director of Kula Gold Limited and Mongolian based Xanadu Mines Ltd.

Mr Heeks was a founder of Exploration and Mining Consultants, an international geological consultancy company, and has had previous experience with Western Mining Corporation, Newcrest, Newmont (US) and RSG Consulting. Mr Heeks has held senior roles in both mine management and exploration and is a former General Manager – Technical for Straits Asia Indonesian gold and coal operations and Chief Technical Officer for Adamus Resources Southern Ashanti Gold Operation. He has lived and worked in various countries worldwide gaining extensive experience in South-East Asia and in particular, Indonesia. During his senior roles, debt and equity funds raised are in excess of half a billion dollars.

The Board does not consider that Mr Heeks is an independent Director.

Other current directorships: None
Former directorships (last 3 years): Geopacific Resources Limited (ASX: GPR) (from March 2013 to June 2020), Kula Gold Limited (ASX: KGD) (from September 2018 to July 2019)
Special responsibilities: None
Interests in Number of shares: 3,040,001
Interests in options: 125,000 listed options
Interests in performance rights: 1,100,000

Name: Mark Tomlinson
Title: Non-Executive Chair
Qualifications: B Eng (Mining), FAusIMM
Experience and expertise: Mark Tomlinson is an Investment Banker and Mining Engineer with over 40 years' experience in the Australian mining sector. Most recently, Mark was a Corporate Finance Director for over 13 years with Paterson Securities in Melbourne and was involved in originating and executing capital raisings including IPOs for a range of ASX-listed companies primarily in the resources and energy sector. Mark also acted as corporate adviser to a number of ASX listed companies during this time, advising on strategy, assets, M&A and funding initiatives.

Mark commenced his career as a mining engineer with BHP Billiton and Rio Tinto in underground coal operations for over a decade before joining Bankers Trust. For 10 years Mark was a rated senior mining analyst in equities research with Bankers Trust and JPMorgan covering a range of ASX resources companies including BHP and Rio Tinto. He subsequently re-joined BHP as Strategy Manager in its Carbon Steel Materials division (iron ore, met coal and manganese) in Melbourne, prior to joining Paterson's.

Mark is a Fellow of the Australasian Institute of Mining and Metallurgy.

Other current directorships: None
Former directorships (last 3 years): No former listed directorship in the previous 3 years.
Special responsibilities: None
Interests in Number of shares: 2,677,501
Interests in options: 68,750 listed options
Interests in performance rights: 900,000

Name: Anna Nahajski Staples
Title: Non-Executive Director
Qualifications: BA Bus, F Fin, ACIS, GAICD
Experience and expertise: Anna is an investment banker with 28 years' experience (15 years in mining) representing over half a billion dollars in transactions. Currently, Anna is an Executive Director (and Responsible Person with ASIC for current AFSL) of Paloma Investments Pty Ltd, Managing Director of Nevada gold explorer, Moneghetti Minerals Limited (February 2020 – present) and Chair or AuKing Mining (ASX: AKN).

Previously, Anna was executive director of New Zealand-focused gold exploration company Condamine Resources Limited, which she co-founded in 2017 and is now called Siren Gold (ASX: SNG) (from May 2017 – June 2019). Prior to that, Ms Nahajski-Staples completed a 7-year engagement with Doray Minerals supporting the company's executive team from pre-IPO through to the company being awarded 'Australian Mine of the Year' for Andy Well in 2015 and a 2-year engagement with MOD Resources following its successful T3 copper discovery in Botswana and leading up to its dual- listing on the LSE. Ms Nahajski-Staples has also held company secretary roles and acted as corporate advisor to a variety of junior to mid-cap ASX-listed resource companies in addition to consulting to large companies such as BHP Billiton.

Anna is a Fellow of FINSIA, a graduate of the Governance Institute of Australia (2009) and the Australian Institute of Company Directors (2007) and studied accounting at Harvard University (1993) before receiving a Bachelor of Business Administration from the University of Washington.

Other current directorships: Chair of AuKing Mining (ASX: AKN)
Former directorships (last 3 years): No former listed directorship in the previous 3 years.
Special responsibilities: None
Interests in Number of shares: 1,990,288
Interests in performance rights: 825,000

Note 1 - 'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Note 2 - 'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Matthew Edmondson held the position of Company Secretary of the Company at the end of the financial year. Matthew holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant and Chartered Secretary.

Matthew has acted as company secretary for ASX listed companies previously and has approximately 30 years' accounting and corporate experience, both in Australia and internationally.

Matthew was appointed as Company Secretary on 21 September 2022.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each Director were:

	Meetings Held	Meetings Attended
Ronald Heeks	9	9
Mark Tomlinson	9	7
Anna Nahajski-Staples	9	9

Held: represents the number of meetings held during the time the Director held office.

Due to the size and nature of the Company the Board fulfils the role of both the Audit & Risk Committee and Nomination & Remunerations Committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive 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
- 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 conforms with the market best practice for 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
- 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 Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Consolidated Entity.

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:

- Focusing on sustained growth in shareholder wealth, consisting of dividends and growth in Number of share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- 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; and
- 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 which are made on, and the responsibilities of, the directors. Non-executive directors fees and payments are reviewed annually by the Board. The chair's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chair is not present at any discussions relating to determination of his/her own remuneration. Non-executive directors do not receive share options or other incentives.

As per clause 14.7 of the Company's Constitution, the total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors) shall initially be no more than \$250,000 and may be varied by ordinary resolution of shareholders in general meeting.

Executive remuneration

The Consolidated Entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which are both fixed.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits;
- share-based payments; and
- 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, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and adds additional value to the executive.

All Executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information) or consulting fee. The Board reviews the Executive Director's remuneration package, and the Executive Director's review the senior Executives' remuneration packages (where applicable) annually by reference to the Consolidated Entity's performance, executive performance and comparable information within the industry.

The performance of Executives will be measured against criteria agreed annually with each executive and is based predominantly on the overall success of the Consolidated Entity in achieving its broader corporate goals. Bonuses and incentives will be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can require changes to the Executive's remuneration. This policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to Directors and Executives is valued at the cost to the Consolidated Entity and expensed. Options are valued using the Black-Scholes or Binomial methodology. Performance rights are valued using the Hoadley Barrier¹ trinomial model methodology.

Long-term incentives ('LTI') includes long service leave and share-based payments. Shares and or options are awarded to executives on the discretion of the Board based on long-term incentive measures.

Consolidated Entity performance and link to remuneration

Remuneration packages do not include performance-based components. An individual member of staff's performance will be assessed by reference to their contribution to the Consolidated Entity's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the executive's remuneration will be tied to the Consolidated Entity's successful achievement of certain key milestones as they relate to its operating activities.

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.

Details of the remuneration of the directors and other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity) 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 Larvotto Resources Limited:

- Mark Tomlinson
- Ronald Heeks
- Anna Nahajski-Staples

The Consolidated Entity is aware of the need to have sufficient management to properly supervise its operations and the Consolidated Entity has, or will in the future have, an interest and the Board will continually monitor the management roles in the Consolidated Entity. As the Consolidated Entity's Projects requires an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Consolidated Entity's Projects.

	Short-term benefits	Post- employment benefits	Long- term benefits Long service leave	Share-based payments	
	Salaries and fees	Super- annuation		Performance rights ¹	Total
For the year ended 31 December 2022	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Mark Tomlinson	54,422	5,578	-	79,019	139,019
Anna Nahajski-Staples	45,352	4,648	-	67,084	117,084
<i>Executive Director:</i>					
Ronald Heeks	300,000	-	-	105,457	405,457
	<u>399,774</u>	<u>10,226</u>	<u>-</u>	<u>251,560</u>	<u>661,560</u>

	Short-term benefits	Post- employment benefits	Long- term benefits Long service leave	Share-based payments	
	Salaries and fees	Super- annuation		Performance rights	Total
For the year ended 31 December 2021	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Mark Tomlinson	3,812	381	-	-	4,193
Anna Nahajski-Staples	3,177	318	-	-	3,495
<i>Executive Director:</i>					
Ronald Heeks	300,000	-	-	-	300,000
	<u>306,989</u>	<u>699</u>	<u>-</u>	<u>-</u>	<u>307,688</u>

1. The total value of the performance rights granted to the Directors on 26 May 2022 was \$976,816. The value was calculated by an independent expert. In accordance with accounting standards, the total value of the performance rights will be brought to account over the life of the performance rights (four years).

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

Name	Fixed remuneration	
	For the year ended 31 December 2022	For the year ended 31 December 2021
<i>Non-Executive Directors:</i>		
Mark Tomlinson	43%	100%
Anna Nahajski-Staples	43%	100%
<i>Executive Director:</i>		
Ronald Heeks	74%	100%

Service agreements

Remuneration and other terms of employment for the executives are formalised in service agreements which include a position description that sets out duties, rights and responsibilities as well as entitlements on termination. All service agreements include provision that the Controlled Entity can dismiss the employee at any time without notice if the employee is guilty of serious misconduct, becomes unable to pay debts or is found guilty by court of a criminal offence. Details of these agreements are as follows:

Name: Ronald Heeks
Title: Managing Director and Chief Executive Officer
Agreement commenced: 1 January 2021
Term of agreement: Ongoing
Details: The Company has entered into an independent contractor agreement with Melron Investments Pty Ltd ("Melron"), a company associated with Mr Ronald Heeks. The Company pays at a rate of \$25,000 per month for 12 months per year.

Under the agreement, Mr Ronald Heeks may be entitled to a non-cash benefit by way of a short term incentive and or a long term incentive. The entitlement to any short term incentive and long term incentive will be subject to any required shareholder approvals and the performance and/or fulfilment of certain conditions as determined by the Board in its sole direction

Notice of Termination: Company 12 months / Ronald Heeks 3 months.

No entitlement to termination payments in the event of removal for misconduct.

Name: Anna Nahajski-Staples
Title: Non-Executive Director
Agreement commenced: 2 November 2020
Term of agreement: Ongoing
Details: Director's fees of A\$50,000 per annum in equal monthly instalments (with the monthly fee prorated on commencement or cessation), inclusive of superannuation.

Name: Mark Tomlinson
Title: Non-Executive Chair
Agreement commenced: 2 November 2020
Term of agreement: Ongoing
Details: Director's fees of A\$60,000 per annum in equal monthly instalments (with the monthly fee prorated on commencement or cessation), inclusive of superannuation.

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

Share-based compensation

Issue of shares

There have been no shares issued to Directors and key management personnel as part of compensation during the year ended 31 December 2022 (2021: nil).

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2022 (2021: nil).

Performance rights

The Company issued 3,150,000 performance rights to Directors as part of the compensation during the year ended 31 December 2022 (2021:nil).

Additional information

The earnings of the Consolidated Entity for the two years to 31 December are summarised below:

	For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Net loss before tax	(1,962,325)	(1,512,042)
Net loss after tax	(1,962,325)	(1,512,042)

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

	2022	2021
Share price at financial year end (\$)	0.16	0.125

Additional disclosures relating to key management personnel

2022	At the start of the year	As part of remuneration	Net other changes	Disposals/ Other	At the end of the year	Balance held Nominally
<i>Ordinary shares</i>						
Mark Tomlinson	2,577,501	-	100,000	-	2,677,501	137,500
Ronald Heeks	2,890,001	-	150,000	-	3,040,001	3,040,001
Anna Nahajski-Staples	2,000,001	-	75,000	-	2,075,001	2,075,001
	<u>7,467,503</u>	<u>-</u>	<u>325,000</u>	<u>-</u>	<u>7,792,503</u>	<u>5,252,502</u>
2021	At the start of the year	As part of remuneration	Net other changes	Disposals/ Other	At the end of the year	Balance held Nominally
<i>Ordinary shares</i>						
Mark Tomlinson	2,000,001	-	577,500	-	2,577,501	137,500
Ronald Heeks	2,000,001	-	890,000	-	2,890,001	2,890,001
Anna Nahajski-Staples	2,000,001	-	-	-	2,000,001	2,000,001
	<u>6,000,003</u>	<u>-</u>	<u>1,467,500</u>	<u>-</u>	<u>7,467,503</u>	<u>5,027,502</u>

Option and performance rights holding

The number of options over ordinary Number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

2022	Balance at the start of the year	Granted	Options and rights exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options and performance rights over ordinary</i>					
<i>Number of shares</i>					
Mark Tomlinson	68,750	1,000,000	(100,000)	-	968,750
Ronald Heeks	125,000	1,250,000	(150,000)	-	1,225,000
Anna Nahajski-Staples	-	900,000	(75,000)	-	825,000
	<u>193,750</u>	<u>3,150,000</u>	<u>(325,000)</u>	<u>-</u>	<u>3,018,750</u>

2021	Balance at the start of the year	Granted	Others	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary Number of shares</i>					
Mark Tomlinson	-	-	68,750	-	68,750
Ronald Heeks	-	-	125,000	-	125,000
	<u>-</u>	<u>-</u>	<u>193,750</u>	<u>-</u>	<u>193,750</u>

This concludes the remuneration report, which has been audited.

Number Of Shares under option

Unissued ordinary Number of shares of Larvotto Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
1 December 2021	1 December 2024	\$0.3000	15,703,301
16 December 2022	16 December 2025	\$0.3000	11,111,111
22 December 2022	22 December 2025	\$0.3000	11,111,111
			<u>37,925,523</u>

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

Number Of Shares under performance rights

Unissued ordinary Number of shares of Larvotto Resources Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
26 May 2022	26 May 2026	\$0.0000	2,825,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any Number of share issue of the Company or of any other body corporate.

Number Of Shares issued on the exercise of options

There were no ordinary Number of shares of Larvotto Resources Limited issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report.

Number Of Shares issued on the exercise of performance rights

During the year ended 31 December 2022 and up to the date of this report, Larvotto Resources Limited issued 325,000 ordinary shares upon exercise of performance rights.

Indemnity and insurance of directors

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

During the year, the Company paid a premium in respect of a contract to insure the directors 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 liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

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

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

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

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

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

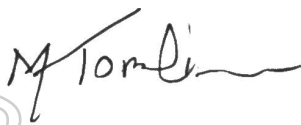
Nexia Perth Audit Services Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts

Larvotto Resources Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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



Mark Tomlinson
Chair

31 March 2023

For personal use only

To the directors of Larvotto Resources Limited

Auditor's independence declaration under section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Larvotto Resources Limited for the financial year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor's independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen

Director

Perth, Western Australia

31 March 2023

For personal use only

Larvotto Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022



		Consolidated	
	Note	For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Revenue			
Interest income		12,042	-
Other income	5	<u>1,400,000</u>	<u>-</u>
		<u>1,412,042</u>	<u>-</u>
Expenses			
Administration expenses		(543,754)	(254,903)
Capital structuring costs		-	(575,647)
Depreciation expense		(19,225)	(4,448)
Employee benefits expense		(575,226)	(424,791)
Exploration expenditure		(1,983,161)	(249,973)
Share based payment expense		(251,561)	-
Other expenses		(1,440)	(2,280)
Total expenses		<u>(3,374,367)</u>	<u>(1,512,042)</u>
Loss before income tax expense		(1,962,325)	(1,512,042)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss after income tax expense for the year		(1,962,325)	(1,512,042)
Other comprehensive loss for the year, net of tax		<u>(3,388)</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,965,713)</u>	<u>(1,512,042)</u>
		Cents	Cents
Basic loss per share	24	(3.4)	(6.7)
Diluted loss per share	24	(3.4)	(6.7)

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

Larvotto Resources Limited
Statement of financial position
As at 31 December 2022



		Consolidated	
	Note	31 December 2022 \$	31 December 2021 \$
Assets			
Current assets			
Cash and cash equivalents		6,464,140	4,673,278
Trade and other receivables		97,072	89,622
Related party receivables	19	-	27,500
Total current assets		<u>6,561,212</u>	<u>4,790,400</u>
Non-current assets			
Property, plant and equipment	7	224,991	18,733
Exploration and evaluation expenditure	8	1,077,370	1,092,370
Security bonds and deposits	9	70,771	-
Total non-current assets		<u>1,373,132</u>	<u>1,111,103</u>
Total assets		<u>7,934,344</u>	<u>5,901,503</u>
Liabilities			
Current liabilities			
Trade and other payables	10	104,041	234,912
Employee benefits		2,864	-
Total current liabilities		<u>106,905</u>	<u>234,912</u>
Total liabilities		<u>106,905</u>	<u>234,912</u>
Net assets		<u>7,827,439</u>	<u>5,666,591</u>
Equity			
Contributed equity	11	11,040,691	7,165,691
Share-based payment reserve	12	222,744	75,183
Foreign currency translation reserve		(3,388)	-
Accumulated losses		(3,432,608)	(1,574,283)
Total equity		<u>7,827,439</u>	<u>5,666,591</u>

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

Larvotto Resources Limited
Statement of changes in equity
For the year ended 31 December 2022



	Contributed equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Consolidated					
Balance at 1 January 2021	6,000	-	-	(62,241)	(56,241)
Loss after income tax expense for the year	-	-	-	(1,512,042)	(1,512,042)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,512,042)	(1,512,042)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	7,159,691	-	-	-	7,159,691
Share-based payments (note 25)	-	75,183	-	-	75,183
Balance at 31 December 2021	<u>7,165,691</u>	<u>75,183</u>	<u>-</u>	<u>(1,574,283)</u>	<u>5,666,591</u>

	Contributed equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Consolidated					
Balance at 1 January 2022	7,165,691	75,183	-	(1,574,283)	5,666,591
Loss after income tax expense for the year	-	-	-	(1,962,325)	(1,962,325)
Other comprehensive income for the year, net of tax	-	-	(3,388)	-	(3,388)
Total comprehensive income for the year	-	-	(3,388)	(1,962,325)	(1,965,713)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 11)	3,875,000	-	-	-	3,875,000
Share-based payments (note 25)	-	251,561	-	-	251,561
Transfers from the share-based payments reserve to accumulated losses	-	(104,000)	-	104,000	-
Balance at 31 December 2022	<u>11,040,691</u>	<u>222,744</u>	<u>(3,388)</u>	<u>(3,432,608)</u>	<u>7,827,439</u>

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

Larvotto Resources Limited
Statement of cash flows
For the year ended 31 December 2022



	Note	Consolidated	
		For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Cash flows from operating activities			
Interest received		12,042	-
Other income		1,400,000	-
Payments to suppliers and employees		(1,228,378)	(1,353,113)
Payments for exploration and evaluation expenditure		(1,986,548)	(273,969)
Net cash used in operating activities	23	(1,802,884)	(1,627,082)
Cash flows from investing activities			
Payments for/(refunds) from exploration and evaluation		15,000	(136,150)
Payments for property, plant and equipment		(225,483)	(23,181)
Payments for security bonds and deposits		(70,771)	-
Net cash used in investing activities		(281,254)	(159,331)
Cash flows from financing activities			
Proceed from shares issue		4,000,000	6,890,000
Share issue transaction costs		(125,000)	(560,309)
Net cash from financing activities		3,875,000	6,329,691
Net increase in cash and cash equivalents		1,790,862	4,543,278
Cash and cash equivalents at the beginning of the financial year		4,673,278	130,000
Cash and cash equivalents at the end of the financial year		<u>6,464,140</u>	<u>4,673,278</u>

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

Note 1. General information

The financial statements cover Larvotto Resources Limited as a consolidated entity consisting of Larvotto Resources Limited (the 'Company') and the entities it controlled (collectively "Consolidated Entity") at the end of, or during, the year.

The financial statements are presented in Australian dollars, which is Larvotto Resources Limited's functional and presentation currency.

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

Unit 6, 105 Broadway
Nedlands,
WA 6009

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 31 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").

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 21.

Note 2. Significant accounting policies (continued)

Principal of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Larvotto Resources Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the period then ended. Larvotto Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Note 2. Significant accounting policies (continued)

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

Financial position

The consolidated financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The consolidated entity has reported a net loss for the year of \$1,962,325 (2021: net loss of \$1,512,042) and a cash outflow from operating activities of \$1,802,884 (2021: \$1,627,082).

At the year end, the consolidated entity had cash and cash equivalents of \$6,464,140 (2021: \$4,673,278) and a working capital surplus of \$6,454,307 (2021: \$4,555,488). The directors manage discretionary expenditure in line with the consolidated entity's cashflows and are confident that there are sufficient funds to meet the consolidated entity's working capital and funding requirements for a minimum of 12 months from the date of this report.

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.

Impairment of exploration and evaluation expenditure

The expectation of recovery of the costs capitalised is based on the assumption that the Consolidated Entity will be able to successfully develop and commercially exploit, or alternatively, sale, of the exploration and evaluation expenditure.

On a regular basis, management consider whether there are indicators as to whether the asset carrying values exceed their recoverable amounts. This consideration includes assessment of the following:

- expiration of the period for which the Consolidated Entity has the right to explore in the specific area of interest with no plans for renewal;
- substantive expenditure on further exploration for and evaluation in the specific area is neither budgeted nor planned;
- exploration for and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the Consolidated Entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific are is likely to proceed, the carrying amount of the exploration and evaluation expenditure is unlikely to be recovered in full from successful development or by sale.

To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 4. Operating Segment

Identification of reportable operating segments

The Consolidated Entity operates in one segment, being an explorer of mineral resources, which is also the basis on which the board reviews the Consolidated Entity'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 within Australia and New Zealand.

All assets and liabilities and operations are based in Australia and New Zealand.

Accounting policy for operating segments

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

Note 5. Revenue

	Consolidated	
	For the year ended	For the year ended
	31 December	31 December
	2022	2021
	\$	\$
Other income	<u>1,400,000</u>	<u>-</u>

During the year, the Company received payments for the granting of a 1% production royalty at its Eyre Project and for granting the right for a third party to 20% offtake agreement of any production at its Eyre Project. The royalty and offtake agreement are in relation to lithium and lithium related materials

Note 6. Income tax expense

Income tax recognised in profit or loss

The prima facie income tax expense/(income) on the pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the consolidated financial statements as follows:

	Consolidated	Consolidated
	For the year	For the year
	ended	ended
	31 December	31 December
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,962,325)	(1,512,042)
Tax at the statutory tax rate of 30%	(588,698)	(453,613)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	75,378	-
Corporate and administrative expense	-	171,389
	(513,320)	(282,224)
Current year temporary differences not recognised	(56,088)	(14,331)
Capitalised deductible exploration expenditure	-	(327,711)
Income tax losses not taken up as benefit	569,408	624,266
Income tax expense	<u>-</u>	<u>-</u>
	Consolidated	Consolidated
	31 December	31 December
	2022	2021
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	4,018,314	2,120,291
Potential tax benefit @ 30%	<u>1,205,494</u>	<u>636,087</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Property, plant and equipment

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
<i>Non-current assets</i>		
Computer equipment - at cost	23,495	12,892
Less: Accumulated depreciation	(9,198)	(2,577)
	14,297	10,315
Office equipment - at cost	11,146	10,289
Less: Accumulated depreciation	(3,973)	(1,871)
	7,173	8,418
Field equipment – at cost	214,023	-
Less: Accumulated depreciation	(10,502)	-
	203,521	-
	224,991	18,733

Reconciliations

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

Consolidated	Computer equipment \$	Office equipment \$	Field equipment \$	Total \$
Balance at 31 December 2021	10,315	8,418	-	18,733
Additions	10,603	857	214,023	225,483
Depreciation expense	(6,621)	(2,102)	(10,502)	(19,225)
Balance at 31 December 2022	14,297	7,173	203,521	224,991

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

Computer equipment	3 years
Office equipment	5 years
Field equipment	3 to 15 years

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

Note 8. Exploration and evaluation expenditure

	2022 \$	2021 \$
Exploration and evaluation expenditure	1,077,370	1,092,370

Note 9. Security bonds and deposits

	Consolidated 31 December 2022 \$	31 December 2021 \$
Environment bonds	60,500	-
Office lease bond	10,271	-
	<u>70,771</u>	<u>-</u>

Note 10. Trade and other payables

	Consolidated 31 December 2022 \$	31 December 2021 \$
<i>Current liabilities</i>		
Trade payables	90,841	221,573
Accrued expenses	13,200	13,339
	<u>104,041</u>	<u>234,912</u>

Refer to note 14 for further information on financial instruments.

Note 11. Contributed equity

	31 December 2022 Number Of Shares	31 December 2021 Number Of Shares	Consolidated 31 December 2022 \$	31 December 2021 \$
Contributed equity	<u>78,367,225</u>	<u>55,820,003</u>	<u>11,040,691</u>	<u>7,165,691</u>

On 24 October 2022, the Company issued 8,373,000 ordinary fully paid shares to investors at a price of \$0.18 per share. This issue raised \$1,507,140 before capital raising costs.

On 16 December 2022, the Company issued 2,738,111 ordinary fully paid shares to investors at a price of \$0.18 per share. This issue raised \$492,860 before capital raising costs.

On 22 December 2022, the Company issued 11,111,111 ordinary fully paid shares to the Electrification and Decarbonization AiE LP and Lithium Royalty Corp. This issue raised \$2,000,000. There were no capital raising costs for this issue.

Movements in ordinary Number of share capital

Details	Date	Shares	Issue price	\$
Balance	31 December 2021	55,820,003		7,165,691
Shares issued upon vesting of performance rights	6 June 2022	325,000	-	-
Shares issued	24 October 2022	8,373,000	0.18	1,507,140
Shares issued	16 December 2022	2,738,111	0.18	492,860
Shares issued	22 December 2022	11,111,111	0.18	2,000,000
Capital raising costs				(125,000)
Balance	31 December 2022	<u>78,367,225</u>		<u>11,040,691</u>

Note 11. Contributed equity (continued)

Ordinary Number of shares

Ordinary Number of 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 Number of shares held. The fully paid ordinary Number of shares have no par value and the Company does not have a limited amount of authorised capital.

Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can maintain an optimum capital structure to achieve the objectives.

Capital is regarded as total equity, as recognised in the statement of financial position.

The Consolidated Entity would look to raise capital when an opportunity to acquire a Company or exploration project became available that the Board viewed as adding value. The Consolidated Entity continually monitors the exploration business environment for these opportunities.

Accounting policy for issued capital

Ordinary Number of shares are classified as equity.

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

Note 12. Share-based payments reserve

	Consolidated 31 December 2022	31 December 2021
	\$	\$
Share-based payments reserve	<u>222,744</u>	<u>75,183</u>

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 or assets acquired. (note 25)

Movement in the Share-based payments reserve during the year

	\$	\$
Opening balance	75,183	-
Share-based payments expense	-	75,183
Performance rights issued (Shares-based payment expense)*	251,561	-
Performance rights vested (Amount transferred to accumulated losses)	<u>(104,000)</u>	<u>-</u>
Closing balance	<u>222,744</u>	<u>75,183</u>

*On 6 June 2022, 3,150,000 Performance Rights were granted to directors of the Company in four tranches with an expiry date of 26 May 2026 for which the Company has recognised \$251,561 as share base payment expense (2021: nil).

The Performance Rights will vest subject to satisfaction of the following performance milestones:

Performance Rights Class A:

By 20 May 2026, the Company's share price trades on or above a 10-day VWAP of \$0.30, being 50% premium to the initial IPO price of \$0.20 and subject to continued employment up to the satisfaction of the performance condition. On 6 June 2022, the Company announced that the price milestone hurdle for Performance Rights Class A had been met.

Performance Rights Class B:

By 26 May 2026, the Company's share price trades on or above a 10-day VWAP of \$0.35, being 75% premium to the initial IPO price of \$0.20 and subject to continued employment up to the satisfaction of the performance condition.

Performance Rights Class C:

By 26 May 2026, the Company's share price trades on or above a 10-day VWAP of \$0.40, being 100% premium to the initial IPO price of \$0.20 and subject to continued employment up to the satisfaction of the performance condition.

Performance Rights Class D:

By 26 May 2026, the Company's share price trades on or above a 10-day VWAP of \$0.50, being 150% premium to the initial IPO price of \$0.20 and subject to continued employment up to the satisfaction of the performance condition.

Valuation and Assumptions of Performance Rights	Class A	Class B	Class C	Class D
Grant date	26/5/2022	26/5/2022	26/5/2022	26/5/2022
Number of rights	325,000	625,000	925,000	1,275,000
Spot price	\$0.32	\$0.32	\$0.32	\$0.32
Exercise price	-	-	-	-
Barrier price	\$0.30	\$0.35	\$0.40	\$0.50
Expiry date	26/5/2026	26/5/2026	26/5/2026	26/5/2026
Volatility	100%	100%	100%	100%
Risk-free interest rate	2.81%	2.81%	2.81%	2.81%
Value per right	\$0.3200	\$0.3156	\$0.3116	\$0.3038
Fair value of performance rights	\$104,000	\$197,238	\$288,221	\$387,358

Note 13. Dividends

There were no dividends paid or declared during the current financial year ended 31 December 2022 (31 December 2021: nil).

Note 14. Financial Risk Management

Financial risk management objectives

The Controlled Entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity 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.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. Senior management, as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

Interest rate risk

The Controlled Entity is exposed to movements in market interest rates on cash and cash equivalents.

The entire balance of cash and cash equivalents for the Controlled Entity of \$6,464,140 (2021: \$4,673,278) is subject to interest rate risk.

Consolidated - 31 December 2022	Basis points change	Basis points increase Effect on		Basis points decrease Effect on	
		profit before tax \$	Effect on equity \$	profit before tax \$	Effect on equity \$
Cash at bank	100	<u>64,641</u>	<u>64,641</u>	100	<u>(64,641)</u>

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

Credit risk management: cash deposits

The credit risk on liquid funds is limited because the counterparty is a bank with a high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 14. Financial Risk Management (continued)

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 consolidated statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 31 December 2022	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	104,041	-	-	-	104,041
Total non-derivatives		104,041	-	-	-	104,041
	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated - 31 December 2021	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	234,912	-	-	-	234,912
Total non-derivatives		234,912	-	-	-	234,912

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. Where appropriate, the fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 15. Key management personnel disclosures

Directors

The following persons were Directors of Larvotto Resources Limited during the financial year:

Ronald Heeks	Managing Director and Chief Executive Officer
Mark Tomlinson	Non-Executive Director
Ms Anna Nahajski-Staples	Non-Executive Director

Note 15. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	For the year ended 31 December 2022	For the year ended 31 December 2021
	\$	\$
Short-term employee benefits	399,774	306,989
Post-employment benefits	10,226	699
Share based payments	251,560	-
	<u>661,560</u>	<u>307,688</u>

The Company is party to a consultancy agreement with Melron Investments Pty Ltd (ACN 072 899 015) (an entity controlled by Ronald Heeks) (Melron or the Consultant) pursuant to which the Company has agreed to engage Melron as an independent contractor and Mr Ron Heeks (as the nominated personnel of Melron) to perform the roles and be appointed as Managing Director and Chief Executive Officer of the Company. There were charges of \$300,000 (2021: \$300,000) for the services provided by Melron for the year ended 31 December 2022.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Australia:

	Consolidated	
	For the year ended 31 December 2022	For the year ended 31 December 2021
	\$	\$
<i>Audit services - Nexia Perth Audit Services Pty Ltd</i>		
Audit or review of the financial statements	<u>22,000</u>	<u>16,000</u>
<i>Other services - Nexia Perth Corporate Finance Pty Ltd</i>		
IPO independent limited assurance report	-	13,750
Others	-	375
	<u>-</u>	<u>14,125</u>
	<u>22,000</u>	<u>30,125</u>

Nexia Perth Corporate Finance as well as Nexia Perth Audit Services are members of Nexia International Ltd. Nexia Perth Corporate Finance Pty Ltd did not have any interest in the outcome of the IPO other than in connection with the preparation of the Independent Limited Assurance Report for the Prospectus as lodged with the ASX on 2 December 2021 for which the above professional fees were received. Nexia Perth Audit Services is the auditor of Larvotto Resources Limited.

Note 17. Contingencies

(a) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 31 December 2022 or 30 December 2021 other than:

Eyre Project Production Royalty

The Consolidated Entity is subject to a 1.0% Gross Revenue Royalty relating to any material extracted, mined and sold by or on behalf of the Consolidated Entity from the Eyre Project (E63/1827, E63/1929, E63/1974, E63/1976, E63/2008, application EA63/1995 (subject to grant and transfer to the Consolidated Entity) and application E63/2213 (subject to grant).

“Material” means all and any lithium in any form including ore, concentrates, sulfates, chemicals and other pegmatite minerals that are located within or mined from the tenements mentioned.

(b) Contingent assets

There were no material contingent assets as at 31 December 2022 or 31 December 2021.

Note 18. Commitments

The Consolidated Entity has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	Consolidated	
	For the year ended 31 December 2022	For the year ended 31 December 2021
	\$	\$
Commitments for exploration expenditure		
Not longer than 1 year	2,158,337	1,900,000
Longer than 1 year and shorter than 5 years	1,293,009	2,747,000
	<u>3,451,346</u>	<u>4,647,000</u>

Note 19. Related party transactions

Parent entity

Larvotto Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 20.

Key management personnel

The Company has entered into a corporate advisory mandate with Paloma Investments Pty Ltd (Paloma) (an entity controlled by Director, Anna Nahajski-Staples) under which Paloma had been engaged to act as corporate advisor in relation to proposed project acquisitions to be undertaken by the Company and/or its wholly owned subsidiaries.

During the period, the Company settled an outstanding liability of \$27,500 to Paloma which was recognised as due and payable at 31 December 2021

Receivable from and payable to related parties

There were no other 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 20. Interests in subsidiaries

Interests in subsidiaries are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2022 %	31 December 2021 %
Eyre Resources Pty Ltd	Australia	100%	100%
Madeleine Exploration Limited	New Zealand	100%	100%
TAS Exploration Pty Ltd	Australia	100%	100%

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
Total current assets	6,853,239	5,840,627
Total assets	8,226,373	5,901,503
Total current liabilities	106,420	234,912
Total liabilities	106,420	234,912
Total equity/(deficiencies)	8,119,953	5,666,591

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.

Note 22. Events after the reporting period

No 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 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Loss after income tax expense for the year	(1,962,325)	(1,512,042)
Adjustments for:		
Depreciation and amortisation	19,225	4,448
Share based payments	251,561	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,448)	(79,606)
Increase in related party receivables	27,500	(27,500)
Increase/(decrease) in trade and other payables	(131,397)	(12,382)
Net cash used in operating activities	<u>(1,802,884)</u>	<u>(1,627,082)</u>

Note 24. Loss per share

	Consolidated	
	For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Loss after income tax	<u>(1,962,325)</u>	<u>(1,512,042)</u>
	Cents	Cents
Basic loss per share	(3.4)	(6.7)
Diluted loss per share	(3.4)	(6.7)
	Number	Number
Weighted average number of ordinary Number of shares used in calculating basic earnings per Number of share	<u>57,951,608</u>	<u>22,654,417</u>
Weighted average number of ordinary Number of shares used in calculating diluted earnings per Number of share	<u>57,951,608</u>	<u>22,654,417</u>

As the Consolidated Entity incurred a loss for the year (2021: Loss), the options on issue have no dilutive effect, therefore the diluted loss per share is equal to the basic loss per share.

Note 25. Share-based payments

From time to time, the Company provides incentive securities to officers, employees and consultants as part of remuneration and incentive arrangements. The number of securities granted, and the terms of the securities granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	For the year ended 31 December 2022 \$	For the year ended 31 December 2021 \$
Expense arising from equity-settled share-based payment transactions	251,561	75,183

Security type	Number	Grant date	Expiry date	Vesting date	Exercise Price	Fair value
Options	703,301	1/12/21	1/12/24	1/12/21	0.30	\$0.107
Performance rights	<u>3,150,000</u>	26/5/22	26/5/26	26/5/26	-	\$0.310
Total	<u>3,853,301</u>					

Information relating to share-based payments has been disclosed in Note 12.

Larvotto Resources Limited
Directors' declaration
31 December 2022



In the Directors' opinion:

- the attached consolidated 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 consolidated 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

A handwritten signature in black ink, appearing to read 'M Tomlinson', written over a horizontal line.

Mark Tomlinson
Chair

31 March 2023

Independent Auditor's Report to the Members of Larvotto Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Larvotto Resources Limited ("the Company") and its subsidiaries ("the Group") 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 the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
<p>Funding and Liquidity</p> <p><i>Refer to Note 2(Financial position)</i></p> <p>The Group focus on exploration of gold and Copper opportunities in Australia and New Zealand.</p> <p>The exploration activities of the Group have not yet advanced to a stage where it is able to generate revenue. The Group is reliant on funding from external sources to support its operations.</p> <p>The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the inherent uncertainties associated with the future development of the Group’s projects and the level of funding required to support that development.</p>	<p>We evaluated the Group’s funding and liquidity position at 31 December 2022 and its ability to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. In doing so, we:</p> <ul style="list-style-type: none"> ▪ obtained management’s cash flow forecast for the period to 31 March 2024; ▪ assessed the reliability and completeness of management’s assumptions by comparing the forecast cash flows to those of current and previous years and as well as our understanding of future events and conditions; and ▪ considered events subsequent to year end to determine whether any additional facts or information have become available since the date on which management made its assessment.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2022 but does not include the financial report and our auditor’s report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

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

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 Larvotto Resources Limited for the year ended 31 December 2022, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

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



Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen

Director

Perth, Western Australia

31 March 2023

The shareholder information set out below was applicable as at 3 March 2023.

1. Distribution of equitable securities

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

(a) Number of holders of Ordinary Shares

Holding Ranges	Holders	Total Units	% of issued
above 0 up to and including 1,000	20	4,012	0.01%
above 1,000 up to and including 5,000	167	521,454	0.67%
above 5,000 up to and including 10,000	154	1,312,932	1.68%
above 10,000 up to and including 100,000	355	12,496,503	15.95%
above 100,000	112	64,032,324	81.71%
Totals	808	78,367,225	100.00%

Holdings less than a marketable parcel of shares	93	149,744	0.19%
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Number of holders of Quoted Options

	Holders	Total Units	% of issued
above 0 up to and including 1,000	6	1,734	0.01%
above 1,000 up to and including 5,000	86	427,173	2.85%
above 5,000 up to and including 10,000	34	273,529	1.82%
above 10,000 up to and including 100,000	138	5,656,094	37.71%
above 100,000	37	8,641,470	57.61%
Totals	301	15,000,000	100.00%

Unquoted options over ordinary shares

	Holders	Total Units	% of issued
Exercise price of \$0.30 expiring 01/12/2024	1	703,301	3.06%
Exercise price of \$0.30 expiring 16/12/2025	48	11,111,111	48.47%
Exercise price of \$0.30 expiring 22/12/2025	2	11,111,111	48.47%
Totals	51	22,925,523	100.00%

Unquoted Performance Rights Over Ordinary Shares

	Holders	Total Units	% of issued
5,082,000 unquoted performance rights 100% held by Zedex Gold Limited.	1	5,082,000	64.27%
Expiring 26 May 2026	3	2,825,000	35.73%
Totals	4	7,907,000	100.00%

2. Equity security holders

(a) The names of the twenty largest holders of quoted fully paid ordinary shares (**Shares**) are listed below:

Position	Holder Name	Holding	% of Shares on issue
1	SCOTIA CAPITAL INC <ELECTRIFICATION AND DECARBONIZATION A/C 40301537>	10,000,000	12.76%
2	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	5,033,333	6.42%
3	R HEEKS 2020 PTY LTD <HEEKS SUPER FUND A/C>	3,040,001	3.88%
4	MARK TOMLINSON	2,440,001	3.11%
5	MR NEDELKO MICHAEL NOVAKOVIC	2,250,000	2.87%
6	MCNEIL NOMINEES PTY LIMITED	2,200,000	2.81%
6	MR TONY TZIRTIS	2,200,000	2.81%
7	PARKMOND VENTURES PTY LTD	2,050,000	2.62%
8	AIC MINES LIMITED	2,000,000	2.55%
9	PALOMA CAPITAL PTY LTD <PALOMA A/C>	1,990,288	2.54%
10	MRS SHERUZA DILSHANI UDUMAN	1,600,000	2.04%
11	LITHIUM ENTERPRISES PTY LTD	1,427,000	1.82%
12	CITICORP NOMINEES PTY LIMITED	1,395,531	1.78%
13	MCNEIL NOMINEES PTY LIMITED	1,222,223	1.56%
14	JR HEALTH INTERNATIONAL PTY LTD <PAWPAW A/C>	1,119,539	1.43%
15	SCOTIA CAPITAL INC <LITHIUM ROYALY CORP A/C 40301442>	1,111,111	1.42%
16	KONSTANTOPOULOS PTY LTD <N KONSTANTOPOULOS S/F A/C>	1,000,000	1.28%
16	ARDEA RESOURCES LIMITED	1,000,000	1.28%
17	KASHMIRI PTY LTD <KASHMIRI SF A/C>	852,456	1.09%
18	RAJ KASH PTY LTD <KASHMIRI SMSF A/C>	719,221	0.92%
19	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	608,274	0.78%
20	SAM INVESTORS PTY LTD <THE MILENDA A/C>	565,000	0.72%
	Total	45,823,978	58.47%

(b) The names of the twenty largest security holders of quoted options are listed below:

Position	Holder Name	Holding	% of options issued
1	SCOTIA CAPITAL INC <ELECTRIFICATION AND DECARBONIZATION A/C 40301537>	10,000,000	26.37%
2	CITICORP NOMINEES PTY LIMITED	1,877,777	4.95%
3	MCNEIL NOMINEES PTY LIMITED	1,222,223	3.22%
4	SCOTIA CAPITAL INC <LITHIUM ROYALY CORP A/C 40301442>	1,111,111	2.93%
4	BNP PARIBAS NOMS PTY LTD <DRP>	1,111,111	2.93%
5	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	777,777	2.05%
6	CITICORP NOMINEES PTY LIMITED	750,000	1.98%
7	MINOTAUR RESOURCES INVESTMENTS PTY LTD	703,301	1.85%
8	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	625,000	1.65%
8	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	625,000	1.65%
9	EVOLUTION CAPITAL PTY LTD	585,702	1.54%
10	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	583,333	1.54%
11	MS CHUNYAN NIU	565,388	1.49%
12	DROCK INTERNATIONAL PTY LTD	555,555	1.46%
13	MYSUPERSUPERVISOR PTY LTD <JACK PERCY SUPER FUND A/C>	500,000	1.32%
14	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	469,446	1.24%
15	MRS HUI LU & MR FENG ZHU <GBN SUPER FUND A/C>	400,000	1.05%
16	LE DEDHIA PTY LTD <LE DEDHIA CONSULTING A/C>	380,256	1.00%
17	PARKMOND VENTURES PTY LTD	348,089	0.92%
18	MGL CORP PTY LTD	333,333	0.88%

19	MR SIMON JOHN BLAKE & MS JUDY CHRISTINE TAN <THE SJ A/C>	325,000	0.86%
20	MR KRISHNA CHAITANYA NIMMAGADDA	299,999	0.79%
	Total	24,149,401	63.68%

3. Substantial holders

Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

Names of substantial holder/s	Date notice received by the Company	Relevant interest in number of securities	Percentage of total voting rights
Electrification and Decarbonization AIE LP, Lithium Royalty Corp. and Waratah Capital Advisors Ltd.	30 January 2023	11,111,111	14.18%
Cremorne Capital Limited as registered entity for the Lowell Resources Fund	8 December 2021	5,033,333	6.42%

4. Buy-backs

The Company is not currently undertaking any on-market buy-backs.

5. Voting rights

(a) Ordinary shares

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.

(b) Options

The options on issue do not carry any voting rights.

(c) Performance rights

The performance rights on issue do not carry any voting rights.

6. Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that it has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

There are no other classes of equity securities.

7. Restricted Securities

The Company advises that the following securities are classified as restricted securities on the basis of mandatory disposal restrictions (escrow) imposed by ASX:

Securities	Number	Restriction Period ends
Ordinary Shares	11,112,503	6 December 2023