

Larvotto Secures \$3.4M to Advance Lithium Strategy

Highlights

- \$3.4M capital injection to expedite lithium exploration at Eyre Project in WA
- Great endorsement of Merivale lithium prospect and overall Eyre Project potential
- Funding will allow for rapid expansion of lithium exploration at Eyre Project

Larvotto Resources Limited (ASX: LRV, TGAT: K6X, Larvotto, Seller or Company) today announced it has signed a Royalty, Equity and Offtake Agreement (REO Agreement) with Canadian-based Lithium Royalty Corp. (LRC) and Waratah Capital's Electrification and Decarbonization Fund AIE LP (E&D Fund, collectively the Purchaser).

REO Agreement Summary

Binding agreement (subject to satisfaction of conditions precedent) signed with LRC as part of \$3.4M, 3-tiered deal:

- \$700,000 cash payment by LRC for 1% gross revenue royalty over lithium and all other pegmatite materials (Material);
- \$2M cornerstone equity investment and free attaching options; and
- \$700,000 cash payment by LRC as consideration for a 20% offtake investment.

REO Agreement Details

Under the REO Agreement, the Purchaser has agreed to:

1. acquire a newly created 1% gross revenue royalty payable in relation to any lithium and other pegmatite related minerals extracted or sold by Larvotto from its Eyre Project for \$700,000, (Royalty);
2. subscribe for 11,111,111 new ordinary shares (Share) at an issue price of \$0.18, plus one (1) free attaching option to raise \$2M (Equity Investment); and
3. acquire a 20% life of mine offtake right for lithium in any form including ore, concentrates, sulphates, chemicals and other pegmatite minerals that are located within or mined and other pegmatite related minerals extracted or sold by Larvotto from its Eyre Project for \$700,000 (Offtake Investment).

Waratah Capital manages over CAD\$4B in assets and is the founding sponsor of Lithium Royalty Corp. (taking \$200,000 in the Equity Investment), which holds royalty investments in lithium explorers including Core Lithium (ASX: CXO, \$2.2B market cap), and Sayona Mining (ASX: SYA; OTCQB: SYAXF, \$2.9B market cap). The remaining \$1.8M of the Equity Investment is being taken by Waratah Capital's "Electrification and Decarbonization Fund".

Larvotto Resources' Managing Director, Mr Ron Heeks commented:

"Bringing a substantial North American institutional fund onto the register is a huge vote of confidence in our assets and management and will enable the Company to accelerate its lithium exploration at the Merivale prospect and other areas within the Eyre Project well beyond what was initially planned on listing."

"This working capital injection significantly improves our balance sheet and enables Larvotto to confidently progress our various drill programs into 2023."

"\$3.4M from a highly experienced lithium investor such as Lithium Royalty Corp and the Waratah Capital managed E&D Fund, is a strong endorsement of the exciting lithium potential demonstrated so far at our Eyre Project in WA."

The large 690km² tenement package Larvotto holds east of Norseman in WA (Eyre Project) has been under-explored for lithium and recent work by Liontown Resources Ltd (ASX: LTR) in the area has gained significant attention from the investment community. The recent soil geochemistry results and surface mapping (ASX Release: *Lithium Anomaly Identified at Eyre Project WA. October 4, 2022*) has highlighted several anomalous lithium zones associated with pegmatite float and small pegmatite outcrops. The investment from LRC and the E&D Fund will allow for a rapid expansion of the lithium exploration at the Merivale prospect and Eyre project in general.

Key Terms of the REO Agreement

- **Royalty**

The Royalty entitles the Purchaser to receive a 1% Gross Revenue Royalty relating to any lithium and any other pegmatite related minerals extracted, mined and sold by or on behalf of Larvotto from the Eyre Project (E63/1827, E63/1929, E63/1974, E63/1976, E63/2008, application EA63/1995 (subject to grant and transfer to Seller) and application E63/2213 (subject to grant) in Western Australia.

As consideration for the Royalty, the Purchaser will pay to the Seller:

1. within 5 business days after the date of execution of the Royalty Agreement, the sum of \$350,000; and
2. on the earlier of completion of the Equity Investment or 30 November 2022, an additional sum of \$350,000.

The granting of the Royalty is not conditional on the Equity Investment and Offtake Investment completing.

- **Equity Investment and Offtake Investment**

The price of \$0.18 per Share under the Equity Investment represents an approximate 10% discount to the 10-day VWAP and last closing price of Larvotto shares on the ASX on Tuesday 4 October 2022.

At completion of the Equity Investment and Offtake Investment, the Purchaser will invest \$2M in ordinary shares of the Seller at an issue price of \$0.18 per share. Each share shall carry one option with a strike price of \$0.30 per share for a period of 36 months from issue.

At completion of the Equity Investment and Offtake Investment, the Purchaser agrees to concurrently pay the amount of \$700,000 in the form of an offtake investment on the Projects. The Offtake Investment will entitle the Purchaser to twenty percent (20%) of the offtake rights on any and all of the Material extracted from the Project at agreed market-based prices for the life of the Project.



Amongst the Conditions Precedent to the deal, Larvotto's shareholders will be asked to consider the Equity Investment at a General Meeting to be convened on or around 30 November 2022. The approval for the 11,111,111 Shares and 11,111,111 will be satisfied under the Listing Rule 7.1.

A summary of the customary Conditions Precedent relating to the Equity Investment and Offtake Investment to be satisfied or waived by the Purchaser by 7 December 2022, are:

- the Purchaser's satisfaction of no undisclosed encumbrances on the Projects (other than third party agreements, including heritage and native title agreements);
- receipt of all necessary third-party consents including any required government approvals;
- the execution of appropriate and agreed documentation.

If the Conditions Precedent have not all been satisfied or waived by the Purchaser by 7 December 2022, either party may terminate this agreement by notice in writing to the other party (except that the rights and obligations of the parties in respect of the purchase of the Royalty shall survive termination).

About Waratah Capital Advisors (Waratah)

Waratah Capital Advisors is the sponsor and investment manager of the Electrification and Decarbonization Fund. The E&D Fund seeks to achieve attractive risk-adjusted returns through investments in battery material, decarbonisation and electric vehicle related opportunities. Waratah is a Toronto-based asset manager that specialises in alternative strategies and manages over CAD\$4 B in assets from high-net-worth individuals, family offices, foundations, Canadian bank platforms and pension funds.

-ENDS-



This announcement was authorised for release by the Board of Larvotto Resources Limited.

About Larvotto Resources Ltd

Larvotto Resources Limited (ASX:LRV) is actively exploring its portfolio of projects including the large Mt Isa copper, gold, and cobalt project adjacent to Mt Isa townsite in Queensland, an exciting gold exploration project at Ohakuri in New Zealand's North Island and the Eyre multi-metals and lithium project located some 30km east of Norseman in Western Australia. Larvotto's board is a mix of experienced explorers and corporate financiers. Visit www.larvottoresources.com for further information.

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.

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PROJECTS

Mt Isa Au, Cu, Co

Mt Isa, QLD

Ohakuri Au

New Zealand

Eyre Ni, Au, PGE, Li

Norseman, WA

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