

**Larvotto Resources Limited
and its controlled entities**

ABN 16 645 596 238

**Annual Report
31 December 2023**

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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	Cecilia Tyndall (from 12 February 2023) Nicholas Longmire (from 30 October 2023 - resigned 12 February 2023) Matthew Edmondson (resigned 10 November 2023)
Registered office	Suite 1 88 Broadway Nedlands WA 6009
Principal place of business	Suite 1 88 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 my great pleasure to present to you Larvotto Resources Limited (“Larvotto” or “the Company” or “Larvotto Resources”) 2023 Annual Report.

2023 was a transformational year for Larvotto Resources, one which witnessed your Company completing multiple work programs across its portfolio of assets in Australia and New Zealand.

The year finished on a high with, what can only be described as the Company’s “Jewel in the Crown”, , the successful acquisition of the **1.4Moz @ 6.1g/t AuEq** Gold-Antimony Hillgrove Project (Hillgrove), located near Armidale in New South Wales.

The Hillgrove acquisition represents a dramatic gear change for your Company, transforming Larvotto from a pure exploration play to a developer, targeting near-term production.

Hillgrove is truly a once-in-a-lifetime opportunity for a Company of Larvotto’s size – the Project has received over \$200 million in investment since 2004 and maintains significant processing capacity. Historically, Hillgrove has been mined for gold and antimony since 1857 and your Company is committed to bringing this exciting project back into production, bearing fruit to many social and economic benefits in the wider Armidale region.

Our focus at Hillgrove in 2024 will be two-pronged. On the exploration side, we aim to increase the size of the existing 1.4Moz @ 6.1g/t AuEq JORC Resource through exploration drilling, with a 2,000m diamond drilling program commencing in January 2024 and targeting the Bakers Creek area, where historic production is estimated to be over 50g/t Au for 304koz Au from 176kt of ore.

Additionally, we are committed to converting the JORC Measured and Indicated resources into a JORC Ore Reserve and I am happy to report that the Stage 1 Reserve Estimation is already underway.

On the development side, Larvotto is striving ahead at Hillgrove with a full plant review underway, to be followed by the release of a Plant Upgrade Study. The Company is currently undertaking a detailed metallurgical review to ensure optimal recovery of the gold and antimony and we expect to release a feasibility study later in 2024.

The Hillgrove acquisition provides our shareholders with significant exposure to antimony, an in-demand critical metal in many countries including Australia, the United States and China. With the global energy transition progressing and antimony usage increasing, Hillgrove provides the opportunity to be involved in a potentially world-class critical minerals project. Notable is the current record price environment for antimony.

Subsequent to year end, Larvotto executed a non-binding term sheet with Xcelsior Capital Limited (Xcelsior) and Wogen Resources Limited (Wogen), the latter a substantial trader in metals such as antimony, to provide Larvotto with US\$8million of funding for the completion of the studies currently underway at Hillgrove.

The substantial proposed funding and trading package represents a key milestone in the development and recommencement of operations at Hillgrove and is a landmark event in the short history of the Company.

The proposed financing is a clear indication that the Hillgrove Gold and Antimony Project is a very substantial asset that was successfully secured by Larvotto, only a few short months ago in December last year, and for which now Larvotto has been very quickly been able to attract and secure the interest and these proposed financing/trading arrangements from Xcelsior and Wogen.

Exploration programs have continued across the Company’s wider portfolio with drilling at Mt Isa in Queensland extending existing copper mineralisation at Yamamilla and new zones from surface being identified at IXL. Excitingly at Eyre in Western Australia, the metallurgical testwork programs confirmed that rare earth oxide (REO) upgrading is possible and as such, your Company commenced a program in January 2024 to assess if a viable REO processing path exists. Multiple programs are planned in 2024 across both Mt Isa and Eyre.

2023 delivered great success for your Company and I wish to thank the board and management for remaining true to the Company’s corporate focus of identifying projects that can deliver multiple in-demand commodities in Tier 1 locations. I am sure you will agree the Hillgrove acquisition is a fantastic demonstration of this.

Finally, I wish to thank you, our loyal shareholders, for your ongoing support and I look forward to a rewarding 2024 together.

Yours sincerely,



Mark Tomlinson
Chair

28 March 2024

Operating & Financial Review for the year ending 31 December 2023

Larvotto Resources is focused on the discovery of multiple in-demand commodities including copper, gold, antimony, cobalt, rare earths, PGE, lithium and nickel.

The Company maintains an impressive portfolio of assets in Tier 1 locations – Australia and New Zealand, all located close to producing mines, proven discoveries and existing infrastructure.



Figure 1. Location of Larvotto Resources' Project in Australia and New Zealand

Hillgrove Gold-Antimony Project, New South Wales

Acquisition

In October, Larvotto announced the proposed acquisition of the high-grade Hillgrove Project from the Administrators of former ASX listed Red River Resources Limited. The acquisition was subsequently completed in December 2023, via a Placement and Entitlement Offer of \$7.6M and a non-cash consideration of \$2.5M from Trafigura Pte Ltd, a world leading commodity trader. Following the completion of the Acquisition, Trafigura holds 15% of the Company.

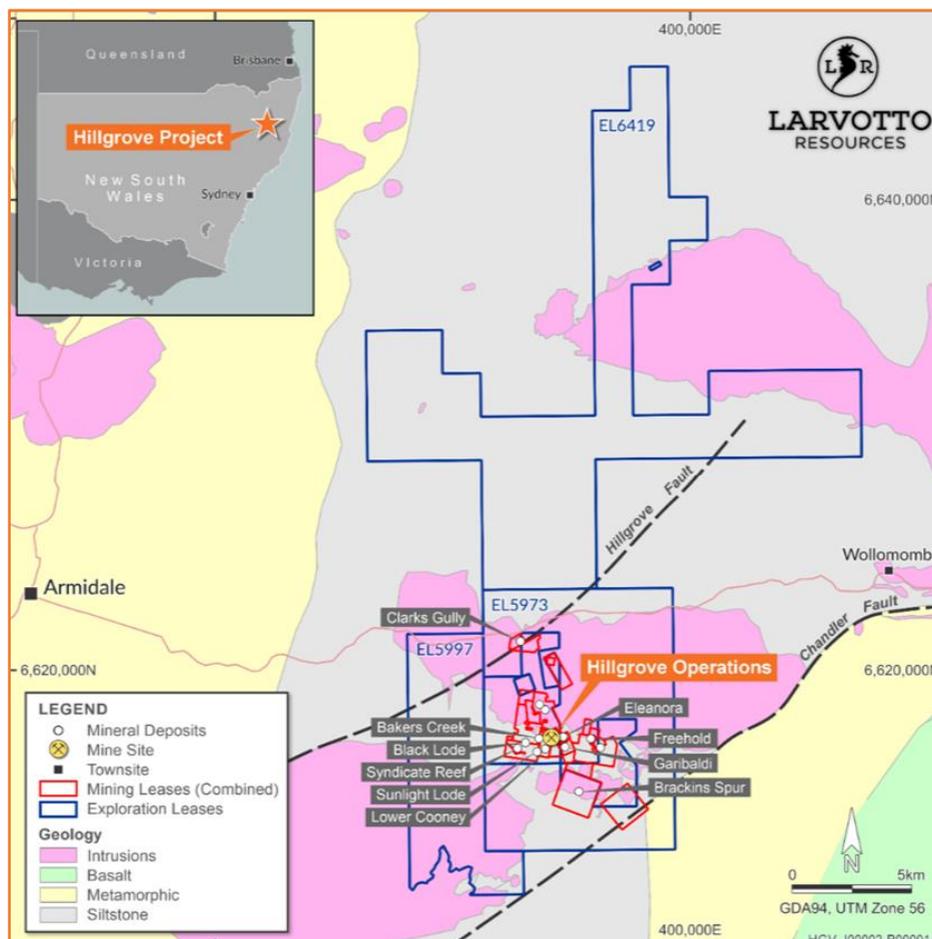


Figure 2. Hillgrove Project Location Map

Project Overview

The Hillgrove Gold-Antimony Project covers 254km² and comprises four exploration leases and 48 granted mining leases.

Hillgrove contains a JORC-compliant Mineral Resource of 1.4Moz at 6.1g/t AuEq, making it Australia's largest antimony deposit and placing it in the world top 10 global antimony deposits, in addition to containing high -grade gold. Antimony is currently listed as a critical mineral for multiple countries including Australia, Europe, China and the United States and its usage in the green economy is increasing dramatically in recent years.

Hillgrove is strategically located adjacent to existing road infrastructure and within close proximity to the urban centres of Armidale (23km), Tamworth (145km) and Coffs Harbour (170km).

The area has been an active mining centre for over 100 years and has historically produced over 750,000oz of gold and 40,000t of antimony.

Multiple high-grade drill targets already exist outside of the current Mineral Resources with drilling programs underway to upgrade the Resource, currently 65.5% in the Measured & Indicated category.

In addition to antimony and gold, the Project also contains largely untested tungsten mineralisation, which has always been mined with the gold and antimony, but never extracted in the process plant. Like antimony, tungsten is considered a critical mineral by multiple countries around the world.

Mineral Resource Estimate

Table 1. Hillgrove Resource

Classification	Tonnes (kt)	Au Grade (g/t)	Sb Grade %	AuEq Grade (g/t)	Cont. Au (koz)	Cont. Sb (kt)	Cont. AuEq (koz)
Measured	442	3.6	3.8	9.4	51	17	134
Indicated	3,766	4.8	1.3	6.5	581	49	784
Measured & Indicated	4,208	4.7	1.6	6.8	632	66	919
Inferred	3,017	4.2	0.8	5.1	404	24	497
Total	7,226	4.5	1.2	6.1	1,036	90	1,415

1. Mineral Resource estimate based on 3g/t & 5g/t AuEq cut-off grades
2. Gold equivalent calculation methodology:
Resources throughout this website include gold equivalent calculations that combine Gold (Au) grades in grams/tonnes and Antimony(Sb) in percentages (%). Both gold and antimony are mined and processed using the same methodology and an Antimony/Gold and Gold/Antimony concentrate is produced.
Calculation metrics as at (17 Jan 23)

Project Review

Following completion of the acquisition, Larvotto initiated an extensive plant review and upgrades across multiple areas at the Hillgrove Project. The results from the exploration program, updated MRE, metallurgical studies will feed into a feasibility study in 2024.

The intention of the Company is to move the Project towards near-term development and subsequent production. With over 15km of underground mine development in place and an operational plant onsite, the Company believes it is well positioned to move rapidly into the development phase in the near-term.

Exploration

Post reporting period, Larvotto's focus shifted to upgrading the existing Mineral Resource with the commencement of a 2,000m diamond drilling program to test excellent historical (2022) results delivered from Bakers Creek including:

- 0.45m @ 257 g/t Au (BKC008)
- 0.4m @ 96.8 g/t Au (BKC009)
- 0.6m @ 108 g/t Au (BKC010)

The 2022 drilling at Bakers Creek identified a new extremely high-grade mineralisation which the Company believes demonstrates the potential to be the possible depth extension of, or adjacent to, a historically-mined high-grade zone.

It is the Company's aim to use this drilling campaign to increase the tonnes and grade of the current JORC Resource. The historic Bakers Creek mineralisation remains some of the highest-grade ore mined across the wider Hillgrove Project, producing over 300,000oz gold between 1880 and 1916.

In addition to Bakers Creek, numerous other targets including Clarkes Gully, have also been identified that are extensions to existing zones or parallel structures, where drilling can either be undertaken from surface or in many cases, from underground.

Historically over 19,000 historical drillholes have been drilled within the Hillgrove Project area and many zones and targets identified require further exploration. Nearer surface, many higher-grade gold zones were left when the entire focus of mining for over 30 years was on antimony and these areas demonstrate significant potential to be exploited.

The aim of the drilling programs is to significantly upgrade the Mineral Resource at Hillgrove, to build on the already impressive JORC Mineral Resource of 1.4Moz @ 6.1g/t AuEq and simultaneously complete Ore Reserve Estimation studies converting the current Measured and Indicated Resources into JORC Reserves.

Development

Larvotto is currently undertaking a detailed metallurgical review with additional testwork and an entire plant review underway. The Company's current path to development comprises the release of the Stage 1 Reserve Estimation, followed by the release of the plant upgrade study, permit of the new tailings storage facility and the complete metallurgical review of underground ore which will also assess the potential to retreat historic tailings.

Exploration and pre-development teams are already in-situ at Hillgrove and 2024 promises to be one of significant activities and progression.

Larvotto expects to release a feasibility study in the second half 2024.



Figure 3: Hillgrove Team

Mt Isa Copper, Gold and Cobalt Project, Queensland

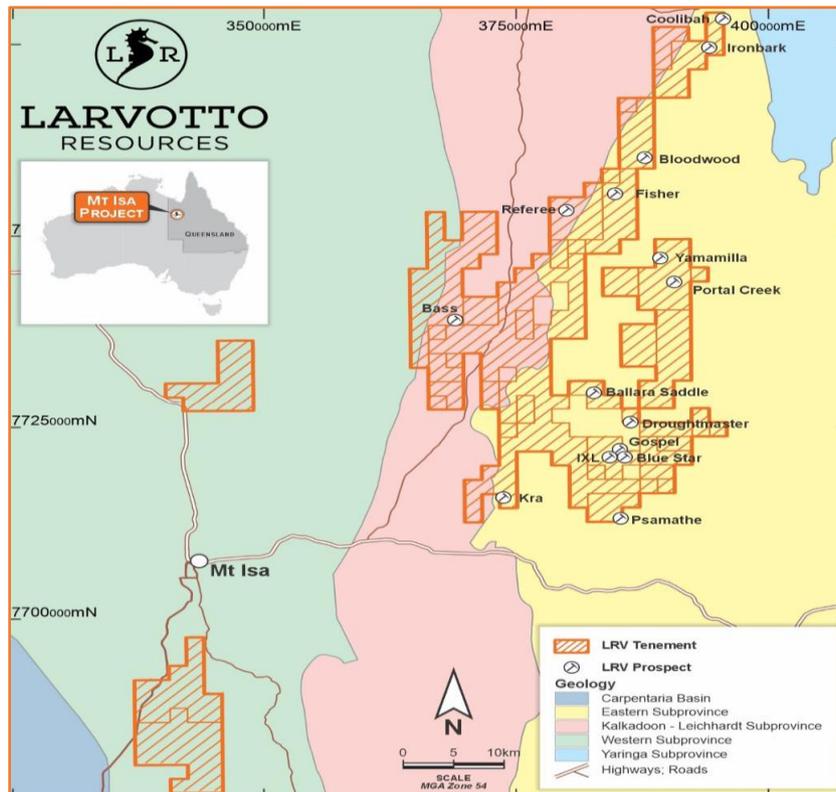


Figure 4 Location of Mt Isa Project

The Mt Isa Project located approximately 60km to the north-east of Mt Isa in Queensland. To date, Larvotto has identified 14 key prospects for targeting including Yamamilla, IXL (previously Whitehorse), Bluestar, Ballara Saddle, Portal Creek and Psmathe.

During the year, multiple exploration programs were conducted over various high priority targets, commencing with soil and rock chip geochemical programs covering both historical and new targets.

The geochemical program targeted both iron sulphide copper gold (ISCG) and iron oxide copper gold (IOCG) mineralisation and by year end, comprised the collection of over 6,200 samples. Anomalous soil geochemistry was returned from multiple prospects, further highlighting the prospectivity of the Mt Isa Project.

A 2,100m RC drilling program was completed in the second half of the year with results confirming and extending the known copper mineralisation at Yamamilla and IXL, including new zones of copper identified from surface at IXL and a wide intercept of copper mineralisation at Yamamilla. Key results included 20m at 1.03% Cu from surface including 4m at 2.48% Cu from 12m (IXL) and 44m at 0.63% Cu from 48m including 8m at 1.64% Cu from 84m (Yamamilla).

Figure 5 Drilling cross-sections



Cross-section looking N-W of IXL drilling of the targeted mineralization



East-West Cross-section looking North of the Yamamilla drilling of the targeted mineralization

The Yamamilla results have highlighted that the mineralised structure now exceeds 2km and as such has increased its rank in becoming a key priority for Larvotto moving into 2024.

Post reporting period, the Company completed a geophysical IP survey with strong conductors identified at Ballara Saddle, Bass and Portal Creek.



Figure 6 Geophysics team

Given the success of Larvotto’s initial drill program in 2023, the Company will complete further exploration programs including a geochemistry soil sampling program, targeting new areas contained within the newly granted area covered by EPM28406 (which covers gaps within the Mt Isa tenure). Drilling programs will include follow up drilling at IXL and drilling of geochemical anomalies at Ballara Saddle and a geophysical IP survey is currently underway

Whilst Larvotto is currently focused on the key 14 targets, due to the copper occurrences and historical diggings throughout the wider Mt Isa Project, it is estimated that potential prospects could number in the hundreds, providing ample opportunity for further exploration programs to be carried out.

Eyre Lithium, Rare Earths, Nickel, Gold, Copper, Platinum and Chromium Project, Western Australia

Larvotto’s Eyre Project encompasses 580km² and is located approximately 30km to the east of Norseman in Western Australia. The Eyre Project is located adjacent to world-class gold and nickel mines.

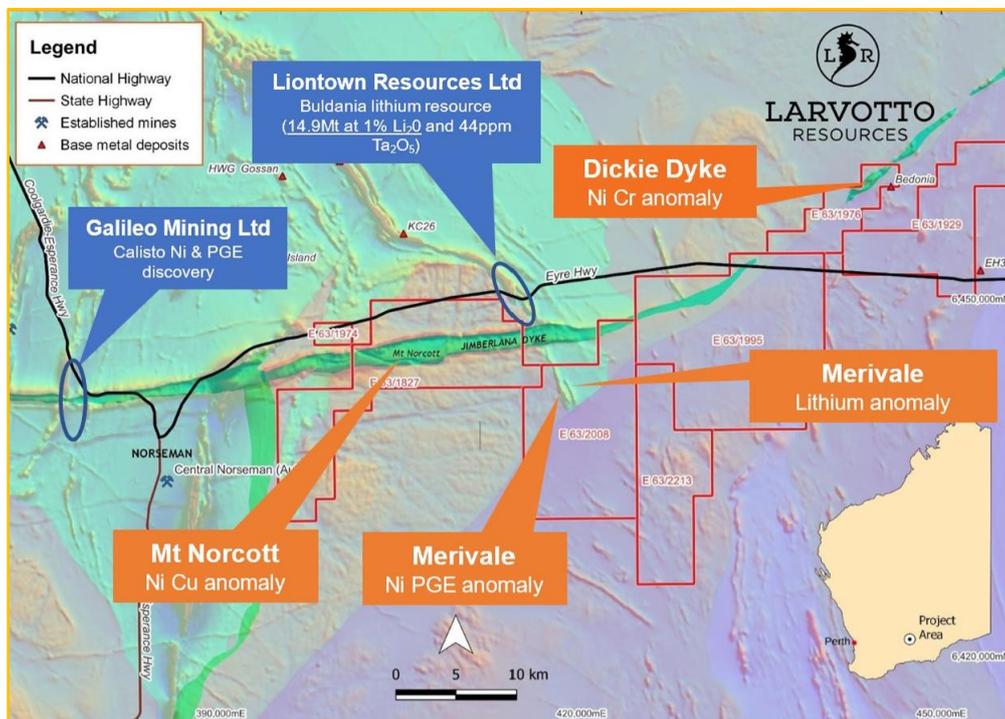


Figure 7 Location map of the Eyre Project

A 24 hole, 2,383m drilling program targeting multiple commodities was completed at Eyre testing the Merivale and Mt Norcott prospects, initially targeting lithium and nickel. This followed a maiden aircore drilling program comprising 107 holes for 2,241m which was carried out earlier in 2023.

Excitingly, further metallurgical testwork carried out by Larvotto confirmed further rare earth oxide (REO) upgrading at the Merivale Prospect is possible. With Larvotto now maintaining an increased understanding of the exact mineralogy gained from TIMA SEM mineralogy testwork on REO studies, combined with the knowledge that the majority of the REO can be easily upgraded, the Company can now target extractive metallurgical processes in the next phase of testwork.

A work program which commenced in January 2024, is aimed at determining if a viable processing path for the REO exists

Merivale

Results from the Merivale program, where 18 holes for 1,374m was drilled, swarms of pegmatites (previously identified through aircore drilling) located in the centre of the prospect, with best results delivered from hole MRC016, which lies under thin alluvial cover, of:

- 16m at 142ppm from 16m and
- 40m at 194ppm from 40m — including 12m at 231ppm from 48m and
- 4m at 224ppm from 68m

Larvotto will be carrying out further analysis to assess additional zones of interest to extend the northern mineralised area and to test the pegmatites at depth.

Mt Norcott

At Mt Norcott, results indicated the presence of a thick anomalous nickel mineralised zone, with the most significant recorded result (Hole MNRC003) returned 100m at 675ppm Ni from surface, including 4m at 0.178% Ni and 913ppm Cu.

Larvotto is currently carrying out further analysis of the drill program results including PGE analysis (Mt Norcott).

In upcoming 2024 programs at Eyre, Larvotto aims to include the high priority Dickie Dyke prospect which was unable to be tested in 2023 due to adverse weather conditions.

Ohakuri Gold Project, New Zealand

The Ohakuri epithermal gold project is located on the North Island of New Zealand where a large, low-grade gold area has been identified.

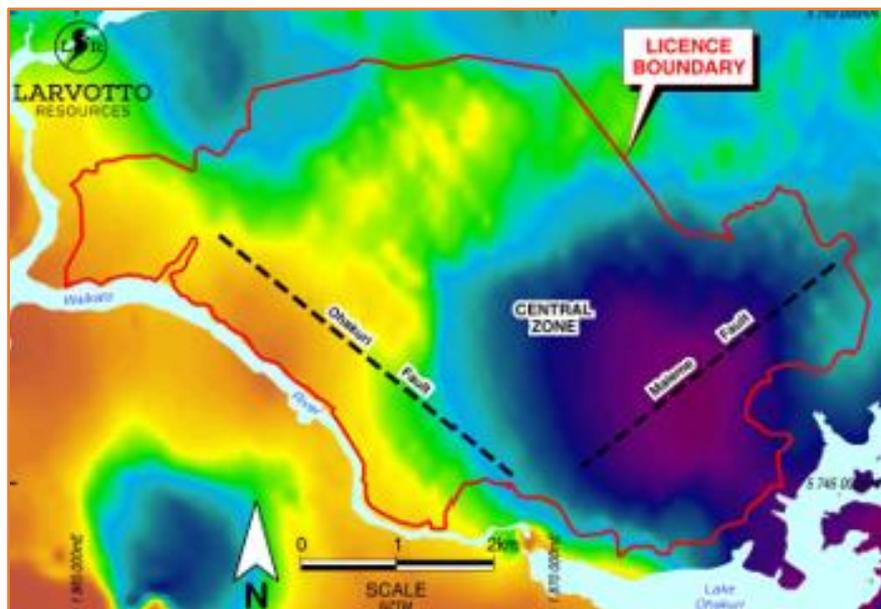


Figure 8 Ohakuri tenement and airborne magnetics

During the year, Larvotto carried out a 7 hole (1,924m) diamond drill program at its Ohakuri Gold Project, located on the North Island of New Zealand. The drilling program was targeting geochemical and geophysical anomalies which the Company believes indicated the potential presence of deep epithermal gold feeder zones.

Interpretation and compilation of the drilling results continues.

Larvotto continues to strive towards moving to Stage 2 of the JV Agreement with its partners at Ohakuri, which would see Larvotto move to 49% ownership in the project.

Corporate

The key activity during 2023 was the acquisition of Hillgrove Mines Pty Ltd, which completed on 15 December 2023. The acquisition price was \$7.6million (\$8million less \$371k), comprised of \$5.1million in cash and \$2.5million in Larvotto shares. To fund the cash component of the acquisition the Company raised \$7.6 million from sophisticated investors by way a placement and entitlement offer.

Subsequent to year end, Larvotto executed a non-binding term sheet with Xcelsior Capital Limited (Xcelsior) and Wogen Resources Limited (Wogen), the latter a substantial trader in metals such as antimony, to provide Larvotto with US\$8m of funding for the completion of the studies currently underway at Hillgrove.

The substantial proposed funding and trading package represents a key milestone in the development and recommencement of operations at Hillgrove and is a landmark event in the short history of the Company.

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 \$6,421,977 (2022: net loss of \$1,962,325) and a cash outflow from operating activities of \$5,743,718 (2022: 1,802,884).

At the year end, the consolidated entity had cash and cash equivalents of \$2,430,481 (2022: \$6,464,140) and a working capital surplus of \$1,688,343 (2022: \$6,454,307).

The ability of the group to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing and budgeted commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that they will be able to raise additional capital as required. The Directors believe that the Group will continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Business Strategies and Outlook

Please refer to the commentary above.

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 2023:

Project/Location Tenement Id	Name	Expiry Date	Area(km ²)
Highlands, Qld			
EPM 14281	Yamamilla	6-Jul-2028	57.77
EPM 16197	Blockade	2-Nov-2026	19.23
EPM 17638	Phillips Hill	11-Jun-2028	54.53
EPM 17914	Blockade East Syndicated	10-Sep-2028	32.05
EPM 17947	Blockade East Extension	26-Sep-2026	16.03
EPM 18492	Mt Remarkable Extension	11-Jun-2028	131.65
EPM 19733	Mt Remarkable Consolidated	26-Jun-2026	320.92
Mt Isa, Qld			
EPM 26510	Clone1	25-Apr-2028	55.19
EPM 26538	Clone2	22-Apr-2023	68.14
EPM 26798	Barkly1	10-Apr-2024	48.81
EPM 27023	Bass	13-May-2024	91.1
EPM 28406		25-Aug-2028	48.5
Eyre, Western Australia			
E 63/1827		11-Oct-2027	147
E 63/1929		28-Jul-2024	80.55
E 63/1974		06-Feb-2025	5.55
E 63/1976		20-Feb-2025	33.33
E 63/2008		26-Oct-2025	125
E 63/1995		Pending	216.5
E 63/2213		Pending	96.9
E 63/2283		Pending	96.9
E 63/2284		Pending	216.5
Hillgrove, NSW			
EL 3326	Hillgrove Mines Pty Ltd	23-Aug-2026	8 Units
EL 5973	Hillgrove Mines Pty Ltd	19-Aug-2025	29 Units
EL 5997	Hillgrove Mines Pty Ltd	27-Sep-2025	13 Units
EL 6419	Hillgrove Mines Pty Ltd	17-May-2024	44 Units
GL 3959	Hillgrove Mines Pty Ltd	08-Feb-2043	5.01 Ha
GL 3980	Hillgrove Mines Pty Ltd	29-Mar-2041	1.619 Ha
GL 5845	Hillgrove Mines Pty Ltd	16-Feb-2030	4.047 Ha
ML 205	Hillgrove Mines Pty Ltd	21-Mar-2042	2.302 Ha
ML 219	Hillgrove Mines Pty Ltd	16-Jun-2042	167.6 Ha
ML 231	Hillgrove Mines Pty Ltd	21-Jul-2042	5.26 Ha

Project/Location Tenement Id	Name	Expiry Date	Area(km ²)
ML 391	Hillgrove Mines Pty Ltd	16-Feb-2043	24.64 Ha
ML 392	Hillgrove Mines Pty Ltd	16-Feb-2043	4046m ²
ML 592	Hillgrove Mines Pty Ltd	03-May-2042	3.53 Ha
ML 600	Hillgrove Mines Pty Ltd	10-May-2042	200 Ha
ML 649	Hillgrove Mines Pty Ltd	04-Oct-2042	19.05 Ha
ML 655	Hillgrove Mines Pty Ltd	04-Oct-2042	7.4 Ha
ML 714	Hillgrove Mines Pty Ltd	21-Mar-2043	56 Ha
ML 749	Hillgrove Mines Pty Ltd	04-Jul-2042	32.05 Ha
ML 772	Hillgrove Mines Pty Ltd	05-Sep-2042	1.617 Ha
ML 810	Hillgrove Mines Pty Ltd	05-Mar-2043	30.06 Ha
ML 945	Hillgrove Mines Pty Ltd	08-Jul-2042	18.53 Ha
ML 961	Hillgrove Mines Pty Ltd	09-Dec-2042	67.12 Ha
ML 972	Hillgrove Mines Pty Ltd	06-Jan-2043	153.5 Ha
ML 1020	Hillgrove Mines Pty Ltd	11-Feb-2041	12.1 Ha
ML 1026	Hillgrove Mines Pty Ltd	08-Dec-2042	97.94 Ha
ML 1100	Hillgrove Mines Pty Ltd	09-Nov-2042	186m ²
ML 1101	Hillgrove Mines Pty Ltd	09-Nov-2042	118.04 Ha
ML 1332	Hillgrove Mines Pty Ltd	11-Feb-2041	24.56 Ha
ML 1440	Hillgrove Mines Pty Ltd	Renewal pending	52.6 Ha
ML 1441	Hillgrove Mines Pty Ltd	Renewal pending	64.12 Ha
ML 1442	Hillgrove Mines Pty Ltd	Renewal pending	256 Ha
ML 1598	Hillgrove Mines Pty Ltd	Renewal pending	6700m ²
ML 1599	Hillgrove Mines Pty Ltd	Renewal pending	2225m ²
ML 1600	Hillgrove Mines Pty Ltd	Renewal pending	1.423 Ha
ML 1601	Hillgrove Mines Pty Ltd	Renewal pending	5.641 Ha
ML 1602	Hillgrove Mines Pty Ltd	Renewal pending	8612m ²
ML 1603	Hillgrove Mines Pty Ltd	Renewal pending	3262m ²
ML 1604	Hillgrove Mines Pty Ltd	Renewal pending	1.972 Ha
ML 5643	Hillgrove Mines Pty Ltd	14-Nov-2042	1.91 Ha
ML 6282	Hillgrove Mines Pty Ltd	12-Mar-2042	3.149 Ha
MPL 146	Hillgrove Mines Pty Ltd	09-Aug-2042	8098m ²
MPL 220	Hillgrove Mines Pty Ltd	07-Dec-2042	2.661 Ha
MPL 745	Hillgrove Mines Pty Ltd	11-Feb-2040	5159m ²
MPL 919	Hillgrove Mines Pty Ltd	11-Feb-2041	1.11 Ha
MPL 1427	Hillgrove Mines Pty Ltd	Renewal pending	2.19 Ha
PLL 350	Hillgrove Mines Pty Ltd	Renewal pending	1.07 Ha
PLL 416	Hillgrove Mines Pty Ltd	20-Dec-2042	4022m ²
PLL 661	Hillgrove Mines Pty Ltd	27-Jul-2042	15.96 Ha
PLL 804	Hillgrove Mines Pty Ltd	22-Jul-2032	7714m ²
PLL 1252	Hillgrove Mines Pty Ltd	Renewal pending	8.2099 Ha
PLL 3827	Hillgrove Mines Pty Ltd	21-Aug-2041	1.95 Ha

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 2023
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, 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 2023.

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 New South Wales, Western Australia, Queensland and New Zealand.

During the year, the Company acquired the Hillgrove Mine in New South Wales. Further information on the acquisition is located in Note 19 of the Financial Statements.

Dividends

There were no dividends paid or declared during the current financial year ended 31 December 2023 (31 December 2022: nil).

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to \$6,421,977 (31 December 2022: \$1,962,325).

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 2023 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Consolidated Entity will continue its exploration and evaluation activities at its Hillgrove, Mount Isa Copper, Eyre and Ohakuri projects with the object of identifying commercial resources.

Material Business Risks

The material business risks faced by the Consolidated Entity that are likely to impact the financial prospects of the Consolidated Entity, and how the Consolidated Entity manages these risks are:

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, and many other factors beyond the control of the Consolidated Entity.

Future capital needs

Further funding will be required by the Consolidated Entity to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

General market risks

The Consolidated Entity is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption.

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): No former listed directorship in the previous 3 years.
Special responsibilities: None
Interests in Number of shares: 3,325,715
Interests in options: 125,000 listed options
Interests in performance rights: 2,600,000

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.. For 10 years Mark was a rated senior mining analyst in equities research with Bankers Trust and JPMorgan before re-joining BHP as Strategy Manager in its Carbon Steel Materials division (iron ore, met coal and manganese)..

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

The Board considers that Mr Tomlinson is an independent Director

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: 3,391,786
Interests in options: 68,750 listed options
Interests in performance rights: 2,100,000

Name: Anna Nahajski-Staples
Title: Non-Executive Director
Qualifications: BA Bus, F Fin, ACIS, GAICD
Experience and expertise: Anna is an investment banker with 30 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, Executive Chair of Nevada gold explorer, Moneghetti Minerals Limited (February 2020 – present) and Non-Executive Director of Amani Gold (ASX:ANL)
Previously, Anna was Chair of AuKing Mining (ASX:AKN) and 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).. 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: 1,925,000

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

Cecilia Tyndall

Appointed 12 February 2024

Cecilia is an experienced chartered accountant having had a variety of CFO and Company Secretary roles with ASX listed companies with over 20 years' experience in resources and industrial sectors.

Cecilia is a member of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each Director were:

	Meetings Held	Meetings Attended
Ronald Heeks	4	4
Mark Tomlinson	4	4
Anna Nahajski-Staples	4	4

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.

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	Share-based payments	
	Salaries and fees	Super- annuation	Long service leave	Performance rights ¹	Total
For the year ended 31 December 2023	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>					
Mark Tomlinson	54,299	5,837	-	100,242	160,378
Anna Nahajski-Staples	45,249	4,864	-	91,863	141,976
<i>Executive Director:</i>					
Ronald Heeks	300,000	-	-	123,356	423,356
	<u>399,548</u>	<u>10,701</u>	<u>-</u>	<u>315,461</u>	<u>725,710</u>

1. The total value of the performance rights granted to the Directors on 31 May 2023 was \$665,000. 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 cost of performance rights also includes an allocation of \$218,055 in relation to the issue in May 2022.

	Short-term benefits	Post- employment benefits	Long- term benefits	Share-based payments	
	Salaries and fees	Super- annuation	Long service leave	Performance rights ²	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>

2. 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 2023	For the year ended 31 December 2022
<i>Non-Executive Directors:</i>		
Mark Tomlinson	37%	43%
Anna Nahajski-Staples	35%	43%
<i>Executive Director:</i>		
Ronald Heeks	71%	74%

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 2023 (2022: 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 2023 (2022: nil).

Performance rights

The Company issued 3,800,000 performance rights to Directors as part of the compensation during the year ended 31 December 2023 (2022: 3,150,000).

Additional information

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

	For the year ended 31 December 2023 \$	For the year ended 31 December 2022 \$
Net loss before tax	(6,421,977)	(1,962,325)
Net loss after tax	(6,421,977)	(1,962,325)

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

	2023	2022
Share price at financial year end (\$)	0.07	0.16

Additional disclosures relating to key management personnel

2023	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	2,677,501	-	714,285	-	3,391,786	851,785
Ronald Heeks	3,040,001	-	285,714	-	3,325,715	2,890,001
Anna Nahajski-Staples	2,075,001	-	(84,713)	-	1,990,288	1,990,288
	<u>7,792,503</u>	<u>-</u>	<u>915,286</u>	<u>-</u>	<u>8,707,789</u>	<u>5,732,074</u>
2022						
<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>

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:

	Balance at the start of the year	Granted	Options and rights exercised	Expired/ forfeited/ other	Balance at the end of the year
2023					
<i>Options and performance rights over ordinary</i>					
<i>Number of shares</i>					
Mark Tomlinson	968,750	1,200,000	-	-	2,168,750
Ronald Heeks	1,225,000	1,500,000	-	-	2,725,000
Anna Nahajski-Staples	825,000	1,100,000	-	-	1,925,000
	<u>3,018,750</u>	<u>3,800,000</u>	<u>-</u>	<u>-</u>	<u>6,818,750</u>
2022					
<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
	-	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>

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, shareholders voted to not support the adoption of the remuneration report for the year ended 31 December 2022. The Company did not receive any specific feedback at the AGM

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	\$0.30	15,703,301
16 December 2022	16 December 2025	\$0.30	11,111,111
22 December 2022	22 December 2025	\$0.30	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	\$Nil	2,825,000
31 May 2023	31 May 2027	\$Nil	5,000,000

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 2023 and up to the date of this report.

Number of Shares issued on the exercise of performance rights

During the year ended 31 December 2023 and up to the date of this report, Larvotto Resources Limited did not issue any 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

During the year the auditor has not performed any other services in addition to their statutory duties.

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

28 March 2024

To the Directors of Larvotto Resources Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the audit of the financial statements of Larvotto Resources Limited and its controlled entities for the financial year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) 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
28 March 2024

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Larvotto Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023



		Consolidated	
	Notes	31-Dec-23	31-Dec-22
		\$	\$
Revenue			
Interest income		67,914	12,042
Other income	5	-	1,400,000
		<u>67,914</u>	<u>1,412,042</u>
Expenses			
Acquisition-related expenses	19	(320,000)	-
Administration expenses		(1,102,103)	(543,754)
Depreciation expense		(62,928)	(19,225)
Employee benefits expense		(841,772)	(575,226)
Exploration expenditure		(3,821,258)	(1,983,161)
Share based payment expense		(315,461)	(251,561)
Other expenses		(26,369)	(1,440)
Total expenses		<u>(6,489,891)</u>	<u>(3,374,367)</u>
Loss before income tax expense		(6,421,977)	(1,962,325)
Income tax expense	6	-	-
Loss after income tax expense for the year		(6,421,977)	(1,962,325)
Other comprehensive loss for the year, net of tax		18,643	(3,388)
Total comprehensive loss for the year		<u>(6,403,334)</u>	<u>(1,965,713)</u>
		Cents	Cents
Basic loss per share	27	(7.5)	(3.4)
Diluted loss per share	27	(7.5)	(3.4)

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 2023



		Consolidated	
	Notes	31-Dec-23	31-Dec-22
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		2,430,481	6,464,140
Trade and other receivables		212,811	97,072
Total current assets		<u>2,643,292</u>	<u>6,561,212</u>
Non-current assets			
Property, plant and equipment	7	5,604,953	224,991
Exploration and evaluation expenditure	8	3,912,525	1,077,370
Security bonds and deposits	9	5,009,771	70,771
Total non-current assets		<u>14,527,249</u>	<u>1,373,132</u>
Total assets		<u>17,170,541</u>	<u>7,934,344</u>
Liabilities			
Current liabilities			
Trade and other payables	10	811,209	104,041
Employee benefits	11	117,047	2,864
Provision for rehabilitation	12	26,693	-
Total current liabilities		<u>954,949</u>	<u>106,905</u>
Non-current liabilities			
Employee benefits	11	70,452	-
Provision for rehabilitation	12	4,820,235	-
Total non-current liabilities		<u>4,890,687</u>	<u>-</u>
Total liabilities		<u>5,845,636</u>	<u>106,905</u>
Net assets		<u>11,324,905</u>	<u>7,827,439</u>
Equity			
Contributed equity	13	20,626,030	11,040,691
Share-based payment reserve	14	538,205	222,744
Foreign currency translation reserve		15,255	(3,388)
Accumulated losses		<u>(9,854,585)</u>	<u>(3,432,608)</u>
Total equity		<u>11,324,905</u>	<u>7,827,439</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 2023



	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 13)	3,875,000	-	-	-	3,875,000
Share-based payments (Note 28)	-	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>

	Contributed equity \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Consolidated					
Balance at 1 January 2023	11,040,691	222,744	(3,388)	(3,432,608)	7,827,439
Loss after income tax expense for the year	-	-	-	(6,421,977)	(6,421,977)
Other comprehensive income for the year, net of tax	-	-	18,643	-	(18,643)
Total comprehensive income for the year	-	-	18,643	(6,421,977)	(6,403,249)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (Note 13)	9,585,339	-	-	-	9,585,339
Share-based payments (Note 28)	-	315,461	-	-	315,461
Balance at 31 December 2023	<u>20,626,030</u>	<u>538,205</u>	<u>15,255</u>	<u>(9,854,585)</u>	<u>11,324,905</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 2023



	Notes	Consolidated	
		31-Dec-23	31-Dec-22
		\$	\$
Cash flows from operating activities			
Interest received		67,914	12,042
Other income		-	1,400,000
Payments to suppliers and employees		(1,685,464)	(1,228,378)
Payments for exploration and evaluation expenditure		(4,126,168)	(1,986,548)
Net cash used in operating activities	26	<u>(5,743,718)</u>	<u>(1,802,884)</u>
Cash flows from investing activities			
Payments for/(refunds) from exploration and evaluation		-	15,000
Payments for property, plant and equipment		(246,280)	(225,483)
Payments for security bonds and deposits		-	(70,771)
Cash acquired on business combination		49,989	-
Payments for acquisitions		(5,178,989)	-
Net cash used in investing activities		<u>(5,375,280)</u>	<u>(281,254)</u>
Cash flows from financing activities			
Proceed from shares issue		7,667,110	4,000,000
Share issue transaction costs		(581,771)	(125,000)
Net cash from financing activities		<u>7,085,339</u>	<u>3,875,000</u>
Net increase/(decrease) in cash and cash equivalents		(4,033,659)	1,790,862
Cash and cash equivalents at the beginning of the financial year		<u>6,464,140</u>	<u>4,673,278</u>
Cash and cash equivalents at the end of the financial year		<u>2,430,481</u>	<u>6,464,140</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:

Suite 1, 88 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 24.

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 2023 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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Pinnacle Listed Exploration and Mining Limited's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

Other revenue

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

Note 2. Significant accounting policies (continued)

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.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Note 2. Significant accounting policies (continued)

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.

Exploration and evaluation assets

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

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Note 2. Significant accounting policies (continued)

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.

Trade and other payables

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

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2. Significant accounting policies (continued)

Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

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

Going Concern

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 \$6,421,977 (2022: net loss of \$1,962,325) and a cash outflow from operating activities of \$5,743,718 (2022: 1,802,884).

At the year end, the consolidated entity had cash and cash equivalents of \$2,430,481 (2022: \$6,464,140) and a working capital surplus of \$1,688,343 (2022: \$6,454,307).

The ability of the group to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing and budgeted commitments and for working capital. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that they will be able to raise additional capital as required. The Directors believe that the Group will continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Note 2. Significant accounting policies (continued)

Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of

- (i) 12 months from the date of the acquisition or
- (ii) when the acquirer receives all the information possible to determine fair value.

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:

Note 3. Critical accounting judgements, estimates and assumptions (continued)

- 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 area 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.

Share based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Business Combinations

As discussed in Note 19, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities are initially estimated by the Company, taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination and may have an impact on the assets and liabilities, depreciation and amortisation reported.

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. Other Income

Consolidated	
For the year ended 31 December 2023	For the year ended 31 December 2022
\$	\$

Other income	-	1,400,000
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During 2022, 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	
For the year ended 31 December 2023	For the year ended 31 December 2022
\$	\$

Numerical reconciliation of income tax expense and tax at the statutory rate

Loss before income tax expense	(6,421,977)	(1,962,325)
Tax at the statutory tax rate of 30%	(1,926,593)	(588,698)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments	94,368	75,378
	(1,832,225)	(513,320)
Current year temporary differences not recognised	-	(56,088)
Income tax losses not taken up as benefit	(1,832,225)	569,408

Income tax expense	-	-
	Consolidated	
	31 December	31 December
	2023	2022
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	5,850,294	4,018,314
Potential tax benefit @ 30%	1,755,088	1,205,494

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	31 December
	December	2022
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Computer equipment - at cost	33,996	23,495
Less: Accumulated depreciation	(10,856)	(9,198)
	23,140	14,297
Office equipment - at cost	12,658	11,146
Less: Accumulated depreciation	(6,677)	(3,973)
	5,981	7,173
Field equipment – at cost	448,289	214,023
Less: Accumulated depreciation	(69,067)	(10,502)
	379,222	203,521
<i>Property, plant and equipment acquired as part of business combination (See Note 19)</i>		
Computer equipment – at provisional value	50,000	
Plant and equipment – at provisional value	1,850,000	-
Buildings and improvements – at provisional value	100,000	-
Freehold land – at cost	3,196,610	-
	<u>5,604,953</u>	<u>224,991</u>

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 \$	Sub -total \$
Balance at 31 December 2022	14,297	7,173	203,521	224,991
Additions	10,501	1,512	234,267	246,280
Depreciation expense	(1,658)	(2,704)	(58,566)	(62,928)
Balance at 31 December 2023	23,140	5,981	379,222	408,343

Consolidated	Computer equipment \$	Plant and equipment \$	Buildings and improvements \$	Freehold land \$	Sub -total \$	Total
Balance at 31 December 2022	-	-	-	-	-	224,991
Additions - <i>acquired as part of business combination (See Note 19)</i>	50,000	1,850,000	100,000	3,196,610	5,146,610	5,442,889
Depreciation expense	-	-	-	-	-	(62,927)
Balance at 31 December 2023	50,000	1,850,000	100,000	3,196,610	5,146,610	5,604,953

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

	2023 \$	2022 \$
Exploration and evaluation expenditure – at cost	1,077,370	1,077,370
<i>Exploration and evaluation expenditure acquired as part of the business combination (refer Note 19)</i>		
Exploration and evaluation expenditure – at provisional value	2,835,155	-
	<u>3,912,525</u>	<u>1,077,370</u>

Note 9. Security bonds and deposits

	Consolidated	
	31 December 2023 \$	31 December 2022 \$
Environment bonds	60,500	60,500
Environment bonds – acquired as part of the business combination (refer Note 19)	4,939,000	-
Office lease bond	10,271	10,271
	<u>5,009,771</u>	<u>70,771</u>

Note 10. Trade and other payables

	Consolidated	Consolidated
	31 December	31 December
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	248,952	90,841
Accrued expenses	562,257	13,200
	<u>811,209</u>	<u>104,041</u>

Refer to note 16 for further information on financial instruments.

Note 11. Employee benefits

	Consolidated	Consolidated
	31 December	31 December
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Provision for annual leave	13,675	2,410
Provision for annual leave – acquired as part of the business combination (refer Note 19)	103,372	-
	<u>117,047</u>	<u>2,410</u>
<i>Non current liabilities</i>		
Provision for long service leave	-	454
Provision for long service leave – acquired as part of the business combination (refer Note 19)	70,452	-

Note 12. Rehabilitation provision

	Consolidated	Consolidated
	31 December	31 December
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Provision for rehabilitation – acquired as part of the business combination (See Note 19)	26,693	-
<i>Non current liabilities</i>		
Provision for rehabilitation - acquired as part of the business combination (See Note 19)	4,820,235	-

Note 13. Contributed equity

	Consolidated			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Number Of Shares	Number Of Shares	\$	\$
Contributed equity	223,611,645	78,367,225	20,626,030	11,040,691

Movements in ordinary Number of share capital

Details	Date	Shares	Issue price	\$
Balance	31 December 2022	78,367,225		11,040,691
Shares issued as consideration shares	15 December 2023	35,714,286	0.07	2,500,000
Shares issued pursuant to a placement	15 December 2023	70,346,521	0.07	4,924,256
Shares issued pursuant to an entitlement offer	15 December 2023	39,183,613	0.07	2,742,852
Capital raising costs		-		(581,769)
Balance	31 December 2023	<u>223,611,645</u>		<u>20,626,030</u>

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 14. Share-based payments reserve

	Consolidated 31 December 2023 \$	31 December 2022 \$
Share-based payments reserve	<u>538,205</u>	<u>222,744</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 28)

Movement in the Share-based payments reserve during the year	\$	\$
Opening balance	222,744	75,183
Share-based payments expense		-
Performance rights issued (Shares-based payment expense)*	315,461	251,561
Performance rights vested (Amount transferred to accumulated losses)	-	(104,000)
Closing balance	<u>538,205</u>	<u>222,744</u>

*On 31 May 2023, 3,800,000 Performance Rights were granted to directors of the Company in two tranches with an expiry date of 31 May 2027 for which the Company has recognised \$97,406 as share base payment expense (2022: nil).

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

Performance Rights Tranche 1:

By 31 May 2027, the Company's share price trades on or above a 20-day VWAP of \$0.26.

Performance Rights Tranche 2:

By 31 May 2027, the Company's share price trades on or above a 20-day VWAP of \$0.31.

Valuation and Assumptions of Performance Rights	Tranche 1	Tranche 2
Grant date	31/5/23	31/5/23
Number of rights	1,900,000	1,900,000
Spot price	\$0.175	\$0.175
Exercise price	-	-
Barrier price	\$0.26	\$0.31
Expiry date	31/3/27	31/3/27
Volatility	135%	135%
Risk-free interest rate	3.61%	3.61%
Value per right	0.175	0.175
Fair value of performance rights	\$332,250	\$332,250

Note 15. Dividends

There were no dividends paid or declared during the current financial year ended 31 December 2023 (31 December 2022: nil).

Note 16. 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 \$2,430,481 (2022: \$6,464,140) is subject to interest rate risk.

Consolidated - 31 December 2023	Basis points change	Basis points increase		Basis points decrease		
		Effect on profit before tax \$	Effect on equity \$	Basis points change	Effect on profit before tax \$	Effect on equity \$
Cash at bank	100	2,431	2,431	100	(2,431)	(2,431)

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.

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.

Consolidated - 31 December 2023	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	811,209	-	-	-	
Total non-derivatives		811,209	-	-	-	

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

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 17. 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

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 2023 \$	Consolidated For the year ended 31 December 2022 \$
Short-term employee benefits	399,548	399,774
Post-employment benefits	10,701	10,226
Share based payments	315,461	251,560
	<u>725,710</u>	<u>661,560</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 (2022: \$300,000) for the services provided by Melron for the year ended 31 December 2023.

Note 18. 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 2023	For the year ended 31 December 2022
	\$	\$
<i>Audit services - Nexia Perth Audit Services Pty Ltd</i>		
Audit or review of the financial statements	33,420	22,000

The auditors did not provide any non-audit services during the year.

Note 19. Business Combinations

Acquisition of Hillgrove Mines Pty Ltd

On the 15 December 2023, the Company paid \$5,129,001 in cash and issued \$2,500,000 in ordinary shares as consideration for the acquisition of 100% of the ordinary shares in Hillgrove Mines Pty Ltd.

Details of the Hillgrove Mines acquisition are:

	Fair value
	\$
Cash and cash equivalents	49,988
Plant and equipment	2,000,000
Land	3,196,610
Exploration and evaluation expenditure	2,835,155
Security bonds and deposits	4,939,000
Employee benefits	(173,824)
Provision for rehabilitation	(4,846,928)
Other payables	(371,000)
Net assets acquired	<u>7,629,001</u>
Representing:	
Cash consideration (\$5.5 million less \$371,000 for assuming rehabilitation bonding liability)	5,129,001
Shares issued as consideration	<u>2,500,000</u>
	<u>7,629,001</u>
Acquisition costs expensed to the profit and loss	<u>320,000</u>

The values disclosed in this note are provisional values and a full valuation will be undertaken within 12 months in accordance with AASB 3.

The acquired business contributed a loss after tax of \$49,654 to the consolidated entity for the period from 15 December 2023 to 31 December 2023.

Note 20. Contingencies

(a) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 31 December 2023 or 30 December 2022 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 2023 or 31 December 2022.

Note 21. 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 2023	For the year ended 31 December 2022
	\$	\$
Commitments for exploration expenditure		
Not longer than 1 year	1,633,851	2,158,337
Longer than 1 year and shorter than 5 years	3,180,658	1,293,009
	<u>4,814,509</u>	<u>3,451,346</u>

Note 22. Related party transactions

Parent entity

Larvotto Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 23.

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.

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 23. 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 2023 %	31 December 2022 %
Eyre Resources Pty Ltd	Australia	100%	100%
Madeleine Exploration Limited	New Zealand	100%	100%
TAS Exploration Pty Ltd	Australia	100%	100%
Hillgrove Mines Pty Ltd	Australia	100%	-

Note 24. 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 2023 \$	31 December 2022 \$
Total current assets	2,588,319	6,853,239
Total assets	13,015,689	8,226,373
Total current liabilities	424,313	106,420
Total liabilities	424,313	106,420
Total equity/(deficiencies)	12,591,376	8,119,953

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 2023 and 31 December 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

Note 25. Events after the reporting period

No- binding term sheet signed with Xcelsior Capital Limited (Xcelsior) and Wogen Resources Limited (Wogen),

On 20 March 2024, the Company executed a non-binding term sheet with Xcelsior Capital Limited (Xcelsior) and Wogen Resources Limited (Wogen), the latter a substantial trader in metals such as antimony, to provide Larvotto with US\$8m of funding for the completion of the studies currently underway at Hillgrove.

Under the non-binding term sheet Xcelsior shall, subject to various conditions being satisfied, provide to the Company a:

- US\$4 million pre-payment loan in return for the right to purchase and distribute Antimony/Gold Concentrate and through Wogen the right to provide sales and distribution services for the Gold Concentrate for the life of the Hillgrove Mine. Interest is to be capitalised until the earlier of 2 years and commencement of production; and
- US\$4 million working capital facility for a term of 18 months with interest to be capitalised and paid on maturity. Both facilities are to be secured by the assets of Hillgrove Mines Pty Ltd.

The non-binding term sheet is subject to negotiation and agreement of formal full-form binding documentation.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	Consolidated
	For the year	For the year
	ended 31	ended 31
	December	December
	2023	2022
	\$	\$
Loss after income tax expense for the year	(6,421,977)	(1,962,325)
Adjustments for:		
Depreciation and amortisation	62,928	19,225
Share based payments	315,461	251,561
Change in operating assets and liabilities:		
Increase in trade and other receivables	(65,752)	(7,448)
Increase in related party receivables	-	27,500
Foreign currency translation reserve	18,643	
Increase/(decrease) in trade and other payables	346,979	(131,397)
Net cash used in operating activities	<u>(5,743,718)</u>	<u>(1,802,884)</u>

Note 27. Loss per share

	Consolidated	Consolidated
	For the year	For the year
	ended	ended
	31 December	31 December
	2023	2022
	\$	\$
Loss after income tax	<u>(6,421,977)</u>	<u>(1,962,325)</u>
	Cents	Cents
Basic loss per share	(7.5)	(3.4)
Diluted loss per share	(7.5)	(3.4)

Note 25. Loss per share (continued)

	Number	Number
Weighted average number of ordinary Number of shares used in calculating basic earnings per Number of share	85,132,033	57,951,608
Weighted average number of ordinary Number of shares used in calculating diluted earnings per Number of share	85,132,033	57,951,608

As the Consolidated Entity incurred a loss for the year (2022: Loss), the options on issue have no dilutive effect, therefore the diluted loss per share is equal to the basic loss per share.

Note 28. 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 2023 \$	For the year ended 31 December 2022 \$
Expense arising from equity-settled share-based payment transactions	315,461	251,561

Security type	Number	Grant date	Expiry date	Vesting date	Exercise Price	Fair value
Performance rights	3,800,000	31 May 2023	26 May 2027	Not applicable	Not applicable	0.175

Information relating to share-based payments has been disclosed in Note 14.

Note 29. Non-cash investing and financing activities

	Consolidated For the year ended 31 December 2023 \$	Consolidated For the year ended 31 December 2022 \$
Shares issued to acquire business (See Note 19)	2,500,000	-
	<u>2,500,000</u>	<u>-</u>

Larvotto Resources Limited
Directors' declaration
31 December 2023



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 2023 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

28 March 2024

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 controlled entities (the "Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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 Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Larvotto Resources Limited and its controlled entities' financial position as at 31 December 2023 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standard 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 Company in accordance with 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 review report.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 2 to the financial report, which indicates that the Consolidated Entity will be required to generate further funding to meet its planned exploration and administration expenditure for a period of at least twelve months from the date of this report. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Consolidated entity's ability to continue as a going concern and therefore the Consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Advisory. Tax. Audit.

ACN 145 447 105

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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.

Key audit matter	How our audit addressed the key audit matter
<p>Accounting treatment of Business Combination</p> <p>Refer to Note 19 Business Combinations</p> <p>On 15 December 2023, the Consolidated Entity announced that it completed the acquisition of Hillgrove Mines Pty Ltd.</p> <p>There is a risk that this transaction has not been appropriately accounted for in line with the requirements of AASB 3 <i>Business Combinations</i> (AASB 3).</p> <p>The business combinations is considered to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> • The size of the acquisition having a significant impact on the Consolidated Entity’s financial statements; and • The judgement exercised by management and complexity relating to the determination of the fair values of assets and liabilities acquired in the transactions requiring significant audit effort. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the transaction being accounted for as business combination; • Reading the underlying contract to understand the terms of the business combination; • Evaluating the reasonableness of provisional fair value used for assets and liabilities acquired; • Assessing the transaction had been correctly accounted for and included in consolidation at 31 December 2023; and • Assessing the disclosures in the financial report to ensure it complies with the requirements of the accounting standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Consolidated Entity’s annual report for the year ended 31 December 2023, but does not include the financial report and the auditor’s report thereon.

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

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

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

Responsibility 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 Consolidated Entity'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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.

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 2023.

In our opinion, the Remuneration Report of Larvotto Resources Limited for the year ended 31 December 2023, 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.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd



Muranda Janse Van Nieuwenhuizen
Director

Perth
28 March 2024

The shareholder information set out below was applicable as at 11 March 2024.

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	28	3,254	0.00%
above 1,000 up to and including 5,000	164	520,767	0.23%
above 5,000 up to and including 10,000	159	1,323,132	0.59%
above 10,000 up to and including 100,000	418	15,578,747	6.97%
above 100,000	165	206,185,745	92.21%
Totals	934	223,611,645	100.00%

Holdings less than a marketable parcel of shares

269 1,041,066 0.47%

(b) Number of holders of Listed Options

Holding Ranges	Holders	Total Units	% of issued
above 0 up to and including 1,000	7	1,799	0.01%
above 1,000 up to and including 5,000	73	363,794	2.43%
above 5,000 up to and including 10,000	32	262,029	1.75%
above 10,000 up to and including 100,000	117	4,676,733	31.18%
above 100,000	38	9,695,645	64.64%
Totals	267	15,000,000	100.00%

(c) Number of holders of Unquoted Options

	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%

(d) Number of holders of Unquoted Performance Rights

	Holders	Total Units	% of issued
5,082,000 unquoted performance rights 100% held by Zedex Gold Limited.	1	5,082,000	39.37%
Expiring 26 May 2026	3	2,825,000	21.89%
Expiring 31 May 2027	4	5,000,000	38.74%
Totals	8	12,907,000	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	GAGE CAPITAL LP	66,855,107	29.90%
2	URION HOLDINGS (MALTA) PTY LTD	33,571,429	15.01%
3	MCNEIL NOMINEES PTY LIMITED	11,904,923	5.32%
4	CITICORP NOMINEES PTY LIMITED	9,403,271	4.21%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	6,911,034	3.09%
6	MRS SHERUZA DILSHANI UDUMAN	4,100,000	1.83%
7	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	4,000,000	1.79%
8	MR NEDELKO MICHAEL NOVAKOVIC	2,907,142	1.30%
9	R HEEKS 2020 PTY LTD <HEEKS SUPER FUND A/C>	2,890,001	1.29%
10	COPPER CAPITAL PTY LTD	2,800,148	1.25%
11	MARK TOMLINSON	2,440,001	1.09%
12	KONSTANTOPOULOS PTY LTD <N KONSTANTOPOULOS S/F A/C>	2,100,000	0.94%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,828,995	0.82%
14	JEREMY NIPPS & BARRY WRIGHT & THOMAS BIRCH	1,820,962	0.81%
15	JR HEALTH INTERNATIONAL PTY LTD <PAWPAW A/C>	1,555,714	0.70%
16	MR WARRICK GEOFFREY CANNON & MRS LORNA HAZEL CANNON <WACKLORN SF A/C>	1,500,000	0.67%
17	BARGOLD HOLDINGS PTY LTD <MOIR SUPER FUND A/C>	1,335,000	0.60%
18	JETOSEA PTY LTD	1,271,429	0.57%
19	MR TONY TZIRTIS	1,150,000	0.51%
20	SJCF PTY LTD <THREE OWLS SUPERFUND A/C>	1,074,286	0.48%
	Total	161,419,442	72.19%

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

Position	Holder Name	Holding	% of options issued
1	MRS SHEETAL SHARON PRASAD	1,203,287	8.02%
2	CITICORP NOMINEES PTY LIMITED	750,000	5.00%
3	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	625,000	4.17%
3	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	625,000	4.17%
4	MYSUPERSUPERVISOR PTY LTD <JACK PERCY SUPER FUND A/C>	500,000	3.33%
5	FINCLEAR PTY LTD <SUPERHERO SECURITIES A/C>	329,514	2.20%
6	MR ROSS DIX HARVEY	300,000	2.00%
7	MR MICHAEL CUSICK	282,000	1.88%
8	MRS HUI LU & MR FENG ZHU <GBN SUPER FUND A/C>	280,000	1.87%
9	MR DENTON PULMANO & MRS VIOLET A PULMANO <DENTON PULMANO S/F A/C>	275,000	1.83%
10	MR MATTHEW STEVEN RALPH <RALPH FAMILY A/C>	270,000	1.80%
11	JOYGLENICE PTY LTD <GJ MCINTYRE PENSION A/C>	250,000	1.67%
11	DR IAN MICHAEL SUTHERLAND & MS JENNIFER MARY MCCARTHY <SUTHERLAND SUPERFUND A/C>	250,000	1.67%
12	MR SHUIWEI XIE	217,500	1.45%
13	MR MARK REX KOZEL	211,996	1.41%
14	MR OON TIAN YEOH & MRS ELZBIETA HELENA YEOH	200,000	1.33%
14	BRIAR HALSTED PTY LIMITED <JM S/F ACCOUNT>	200,000	1.33%
14	MISS HAYLEY KATHLEEN MCCORMACK	200,000	1.33%

15	MRS RAELEEN PETA KAESEHAGEN	191,005	1.27%
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	187,500	1.25%
17	MR KRISHNA CHAITANYA NIMMAGADDA	183,928	1.23%
18	PARKMOND VENTURES PTY LTD	175,000	1.17%
19	XENIUS CAPITAL PTY LTD	170,000	1.13%
20	JPE & CO PTY LTD	149,236	0.99%
	Total	8,025,966	53.51%

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
Gage Capital Management Ltd	20 December 2023	66,855,107	29.90%
Urion Holdings (Malta) Limited	18 December 2023	33,571,429	15.01%

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 there are no securities that are classified as restricted securities on the basis of mandatory disposal restrictions (escrow) imposed by ASX: