



Shareholder Statement: Retention and Reward Program

As we approach the Extraordinary General Meeting on September 12, the board of Larvotto Resources wishes to provide further information on our Retention and Reward Program. We have received correspondence from shareholders, who have raised thoughtful questions regarding the scope, structure, and justification of the program, and we address these directly below.

We are actively recruiting across multiple roles as development at the Hillgrove Mine accelerates toward first production in 2026. Moving from project acquisition to mining within just two years is an exceptionally rapid timeline, and it requires us to build our team much faster than is typical for projects that progress gradually from exploration through development to production.

And whilst we are very optimistic about our long-term potential and confident that our proximity to Armidale and the appeal of the region as a great place to live are strong advantages, we recognise that the market for recruitment remains highly competitive.

Our retention and Reward Program is an important strategy to attract key staff and align individual performance with the Company's long-term growth trajectory. As we transition from a developer to a producer, our remuneration framework, reinforced with the new proposed program, is designed to reflect the operational complexity and performance expectations of a producing company.

To answer some of the questions, that we have been asked

1. Issuance of Shares

The 25,035,992 Performance Rights sought under Resolution 3 are not intended to be issued immediately, nor as a single allocation across all employees. Instead, they will be granted progressively, linked to employee retention and performance outcomes. Directors are excluded from participation unless specifically approved by shareholders.

2. Retention Periods

Performance Rights under this program vest over a two-year period. This ensures continuity through Larvotto's critical transition from developer to producer and directly addresses one of the most significant risks of high workforce turnover facing resource companies.

3. KPIs and Performance Hurdles

For employees in leadership and technical roles, vesting is contingent on both retention and performance hurdles. These KPIs include delivery of key project milestones, safety, cost management, and operational readiness. In other words, rewards are only realised when performance directly contributes to shareholder value creation.

4. Allocation Framework

Allocations are determined as a fraction of base salary, scaled by seniority and role. Leadership positions face higher hurdles to reflect their strategic responsibilities. This structured approach ensures fairness while linking individual incentives to corporate success.

5. Cash-Based Incentives

As we are in a pre-revenue phase until production at Hillgrove commences in 2026, Larvotto is not currently in a position to offer substantial cash incentives. Unlike many of our industry peers who can do so, our strategy is to preserve cash for project development while using equity incentives to remain competitive in attracting and retaining high-calibre talent.

6. Why Shares Instead of Cash

The use of Performance Rights rather than cash is deliberate. It ensures:

- Alignment with shareholders – rewards are tied to share price appreciation and company performance.
- Capital preservation – allowing Larvotto to prioritise development funding through to first production.
- Long-term retention – equity-based incentives encourage employees to remain with the Company through critical development and operational milestones.

Addressing Shareholder Concerns on Quantum

We acknowledge that when viewed in aggregate, the headline figure of 31M Performance Rights may appear significant. However, allocations are staggered, conditional, and performance-linked, not blanket grants. The program also reflects the expected workforce size of approximately 150 employees within the next 12 months, as we scale into mining operations.

To place this into perspective, the program is designed to offset potential costs of recruitment, retraining, and productivity loss that would otherwise be incurred if Larvotto were to experience high turnover. Retention of skilled, motivated employees provides a material long-term benefit to shareholders, supporting project delivery on schedule and on budget. There are examples of mines and companies failing due to production issues and we want to do everything possible to mitigate this risk.

Beyond Financial Rewards

We agree with shareholder feedback that recognition and encouragement are just as important as financial incentives. The Board and management are committed to fostering a culture where employees feel valued for their contributions, through open communication, professional development, and a strong community focus in Armidale.

Summary

Larvotto prioritises a residential workforce in Armidale over a fly-in fly-out workforce to foster community engagement and ensure a stable, long-term presence in the region. In the recruitment process, the program can be used as incentive for applicants to re-locate to the Armidale region.

The Retention and Reward Program is not simply about rewarding employees; it is about protecting and enhancing shareholder value by securing the skills and commitment required to bring the Hillgrove Mine into production and deliver strong cashflows from 2026 onward. This program has been designed to ensure that Larvotto Resources attracts, retains, and motivates the exceptional talent required to execute our growth strategy and deliver enduring value to shareholders, not just in the near term, but over the life of the project and beyond.

If you have further questions, we encourage shareholders to contact me via the details below and hope that we can count on your support to vote to accept this resolution at the upcoming EGM – shareholders can update their vote if they wish to change their preference.



Webinar

Managing Director, Ron Heeks, will be hosting an investor webinar on Tuesday 26 August 2025, to provide an update on recent announcements and activities at the Hillgrove Antimony-Gold Project in NSW. This is also an opportunity to ask / answer further questions relating to employee incentives through Larvotto's Long-Term Incentive Plan.

Shareholders and interested investors can register for the Zoom webinar via the link:
https://us02web.zoom.us/webinar/register/WN_8ylAZGt0Q3m2tZpSTZw_AA

Date: Tuesday 26 August 2025

Time: 9am AWST / 11am AEST

There will be an opportunity for shareholders to ask questions during the presentation or questions can be submitted prior to the webinar by emailing awillis@nwrcommunications.com.au

A separate ASX announcement will be released about the webinar.



About Larvotto

Larvotto Resources Limited (ASX:LRV) is actively advancing its portfolio of in-demand minerals projects including the Hillgrove Gold-Antimony Project in NSW, the large Mt Isa copper, gold, and cobalt project adjacent to Mt Isa townsite in Queensland, the Eyre multi-metals and lithium project located 30km east of Norseman in Western Australia and a gold exploration project at Ohakuri in New Zealand's North Island. Larvotto's board has a mix of experienced explorers, corporate financiers, ESG specialist and corporate culture to progress its projects.

Visit www.larvottoresources.com for further information.

Forward Looking Statements

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

This announcement has been authorised for release by the Board of Directors.

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PROJECTS

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Hillgrove, NSW

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Mt Isa, QLD

Eyre Ni, Au, PGE, Li
Norseman, WA

Ohakuri Au
New Zealand
