

Earn-In on the Afla Cu/Zn Project Consolidates the Palma VMS Belt

HIGHLIGHTS

- Binding agreement to earn-in to the Afla Cu/Zn Project, consolidating the southern portion of the highly prospective Palma VMS belt
- The Afla Project was partially covered by a VTEM survey, and multiple conductors have been identified which appear similar to conductors that host significant VMS mineralisation at Palma
- The Brazilian Geological Survey (CPRM) conducted regional stream sediment sampling and soils sampling across the area highlighting several highly anomalous prospects
- Earn-in transaction has no upfront cash payments and will utilise Alvo's existing exploration team to deliver the 1,000m of diamond drilling within 18 months of the agreement to earn the initial 60% of the project
- Ability to earn up to 100% of the project dependant on additional exploration and contract milestones

Alvo Minerals Limited (ASX: ALV) ("Alvo" or the "Company") is pleased to announce the signing of a binding agreement to earn-in to the highly prospective Alfa Project ("Afla"), consolidating the broader Palma Volcanogenic Massive Sulphide (VMS) belt. The Afla Project is located adjacent to Alvo's Palma Project and covers a strategic southern portion of the target host rocks of the VMS sequence.

Alvo has the team, the tools and expertise to conduct a cost-effective exploration program across the Afla Project.

Rob Smakman, Alvo's Managing Director commented on the Afla Project:

"We have secured the Afla Project due to its prospectivity and strategic location. It's a significant area that increases our control over the VMS district, an enviable land package for a junior anywhere in the world and we are confident that integrating exploration at Afla with our existing CY2023 plans will be seamless. Field work on the ground will start immediately, focussed on the already identified targets. We will continue our systematic approach to prioritisation of the multiple greenfields targets to the point of being drill-ready.

"We have built an expert in-house team that is motivated and focussed on making new discoveries. We have leading edge in-house exploration tools available and continue to enhance our knowledge of the typical type and style of mineralisation in the district. We are really excited that we will be integrating the Afla Project into our exploration plans."

Afla Cu/Zn Project

Alvo has signed a binding deal with AFLA INVESTIMENTOS E PARTICIPAÇÕES LTDA, ("Afla Investimentos") a Brazilian company with interests in gold and limestone mining, agriculture, and real estate. The Afla Project includes 5 granted exploration licenses covering a total area of 9,758Ha (98km²), located adjacent to both Alvo's Palma VMS Project and Alvo's Ni/Cu/PGE Project at Cana Brava (see Figure 1). The Project is considered predominantly prospective for VMS style (Cu, Zn, Pb, Ag, Au) mineralisation.

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PROJECT

Palma VMS Cu/Zn Project

Shares on Issue 72,830,314
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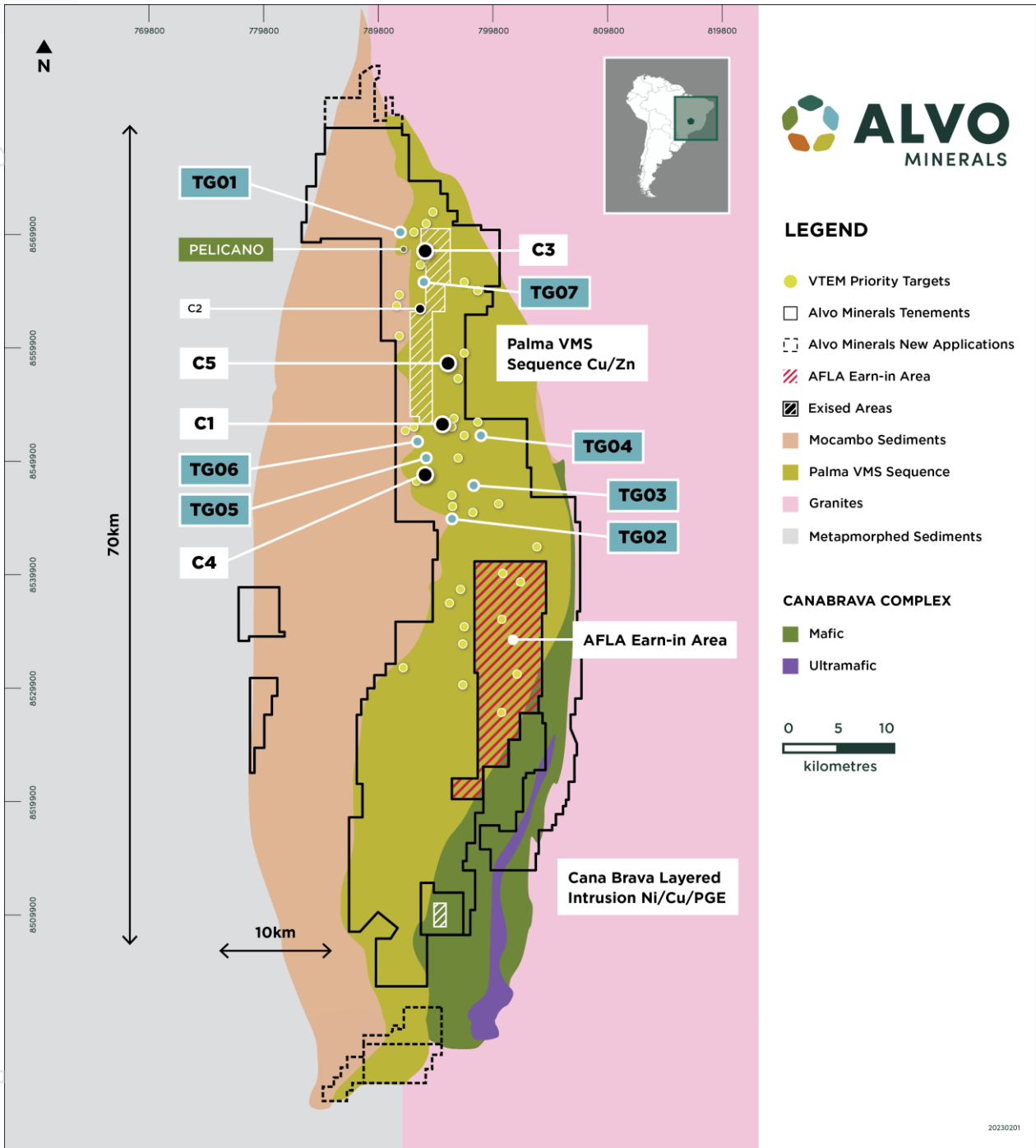


Figure 1: Regional geology and tenement holdings for Alvo's Palma project area- Afla Project area in red hash.

Prior to Afla Inverimentos taking control of the project in 2018, the area was explored by the Brazilian subsidiary of BHP (Colorado Exploration circa 1980's), Glencore (early 2000's) and Nexa in 2008. No historical data from these companies is currently available, however a recent due diligence field visit noted historical drill-core believed to be from when BHP was exploring the area.



Alvo is pursuing the historical information which may exist in the Mines Department, however there is no guarantee that this information will be available.

The Geological survey of Brazil (CPRM) completed a regional Stream Sediment survey which covered the Afla Project ground and indicated anomalous catchments of Cu, Zn and Pb. The CPRM also completed several soil sampling and mapping traverses also confirming anomalous Cu and Zn.

In 2008, Votorantim Exploration (now Nexa) flew a VTEM survey covering most of the Afla ground. This is the same survey that covers much of the Palma project and the source of multiple conductive targets currently being followed up by the Alvo exploration team. Alvo's consultants have highlighted 5 individual conductors on the Afla ground that warrant follow up (see Figure 1).

The work by the CPRM and the VTEM survey is a great starting point for Alvo's exploration strategy.

Integrating Afla into the Palma Regional Exploration Strategy

Alvo is undertaking an extensive regional exploration program across the Palma project which covers over 780km² (including the Afla Project increases this tenure to ~875 km²) of contiguous and highly prospective ground in a known VMS district. The district has been largely unexplored for over 30 years since the first discovery in the 1970s and presents an extraordinary opportunity to make new discoveries by applying modern and systematic exploration techniques.

VMS deposits typically occur in clusters, where multiple deposits are located in similar geological districts. These districts can host a number of VMS deposits that range in size from less than 1Mt to exceeding 100Mt.

Exploration work is underway across multiple prospects with the aim of advancing prospects to drill-ready status. Field activities including geological mapping, soil sampling, Auger drilling ("Auger"), Induced Polarisation Surveys ("IP") and Fixed Loop electromagnetic surveys ("FLEM") are underway. These activities are being undertaken concurrently within the district on various prospects identified by the Company from historical work completed to date.

Importantly, the Company's key equipment purchases allow for flexible, fast and efficient exploration which is significantly less expensive than typical contracted exploration as the only material expense is labour and maintenance.

The Afla project areas have been integrated into the Palma project plan and exploration will proceed across the new areas according to the current schedule in place. Alvo expects that the time required to complete the earn-in is sufficient assuming the first pass exploration is successful.

Commercial Terms

Alvo's wholly owned Brazilian subsidiary Perth Recursos Minerais Ltda. has signed a binding agreement with Afla Investmentos for 5 exploration permits in Goias state, Central Brazil.

Key terms of the earn-in agreement are:

- Alvo has 18 months to complete a minimum of 1,000m of diamond drilling on the Afla Project to earn a 60% interest. Following completion of 1,000m diamond drilling a new company will be created into which the Afla licenses will be transferred.
- Alvo can elect to earn an additional 20% project interest (80% total) by completing an additional 5,000m of diamond drilling on the Afla Project.
- Upon Alvo earning 80% interest in the Afla Project, Afla Investmentos can elect to sell 10% of the Afla Project to Alvo for US\$0.25/t per JORC 2012 compliant Measured and Indicated Resources (per copper equivalent tonne) or a once-off payment of US\$500,000, payable in cash or shares at Alvo's election.



- Upon Alvo earning 80%, Afla Investmentos can choose to contribute pro-rata to exploration and development costs or dilute based on explorations costs incurred to date.
- Should Afla Investmentos project interest fall below 5%, its project interest will convert to a 1% NSR royalty.
- Alvo will be responsible for exploration management and statutory reporting and payments during the agreement and may withdraw anytime without penalty.

Next Steps and Upcoming Newsflow

- Extensional diamond drilling at C3 prospect targeting significant extensions along strike and at depth to high-grade VMS mineralisation – **Ongoing**
- Extensional diamond drilling at C1 prospect targeting significant extensions along strike and at depth to high-grade VMS mineralisation – **Planned for Q2**
- Auger Drilling using Alvo’s new truck mounted mechanical Auger – **Underway**
- DHEM surveys at C3 and C1, on diamond holes completed during phase 1 and phase 2 drill programs – **Ongoing**
- Induced Polarisation (IP) surveys at C3, C1 and regional targets – **Ongoing**
- FLEM surveys on regional targets across the Palma Project– **Ongoing**
- Geochemical sampling across known exploration prospects – **Ongoing**
- Metallurgical test work at C3 – **Ongoing**
- Metallurgical test work at C1 – **Ongoing**

This announcement has been approved for release by the Board of Alvo Minerals Limited.

ENQUIRIES

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References to Previous ASX Announcements

Reference in this report is made to previous announcements including:

As reported in the announcement "ALVO INTERCEPTS BROAD ZONE IN THE FIRST HOLE AT C3" dated 4 November 2021 issued by Alvo Minerals Limited

As reported in the announcement "ALVO TO INITIATE EM SURVEY AND SECURES ADDITIONAL RIG FOR 2022" dated 8 December 2021 issued by Alvo Minerals Limited

As reported in the announcement "C3 DELIVERS EXCEPTIONAL DRILL RESULTS INCLUDING 10.57m @ 6.27% COPPER & 14.76% ZINC" dated 14 February 2022 issued by Alvo Minerals Limited

As reported in the announcement "FURTHER OUTSTANDING DRILL RESULTS INCLUDING 36m @ 1.49% COPPER & 8.58% ZINC" dated 30 March 2022 issued by Alvo Minerals Limited

As reported in the announcement "MULTIPLE DISCOVERY AND EXTENSIONAL TARGETS HIGHLIGHTED BY EM SURVEYS" dated 8 July 2022 issued by Alvo Minerals Limited

As reported in the announcement "FLEM CONDUCTORS & MINERALISED GOSSANS DEFINE HIGH PRIORITY TARGETS, DRILLING UNDERWAY" dated 16 August 2022 issued by Alvo Minerals Limited

As reported in the announcement "ALVO DELIVERS DRILLING INTERCEPTS UP TO 4.3% CU, 17% ZN & 184G/T AG" dated 30 August 2022 issued by Alvo Minerals Limited

As reported in the announcement "DRILLING AT PALMA EXPANDS POLYMETALLIC POTENTIAL" dated 18 October 2022 issued by Alvo Minerals Limited

As reported in the announcement "PRELIMINARY METALLURGICAL TESTWORK INDICATES EXCELLENT RECOVERIES" dated 9 November 2022 issued by Alvo Minerals Limited

As reported in the announcement "DRILLING IDENTIFIES NEW SHALLOW, HIGH-GRADE COPPER ZONE AT PALMA" dated 6 December 2022 issued by Alvo Minerals Limited

As reported in the announcement "LARGE EXTENSION OF HIGH-GRADE COPPER AND ZINC MINERALISATION" dated 19 January 2023 issued by Alvo Minerals Limited

In relation to the MRE and other exploration results or estimates cross-referenced above, these are extracted from the Independent Geologists' Report prepared by Target Latin America and others (the "IGR"), which is included in full in Alvo's prospectus dated 30 July 2021 (the "Prospectus") and which was announced to ASX within the Prospectus on 18 October 2021. Alvo confirms that it is not aware of any new information or data that materially affects the information included in the IGR and that all the material assumptions and technical parameters underpinning the Inferred Mineral Resource Estimate continue to apply and have not materially changed.



Forward Looking Statements

Statements regarding plans with respect to Alvo's Palma Project and its exploration program are forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside Alvo's control and actual values, results or events may be materially different to those expressed or implied herein. Alvo does not undertake any obligation, except where expressly required to do so by law, to update or revise any information or any forward-looking statement to reflect any changes in events, conditions, or circumstances on which any such forward-looking statement is based.

Competent Person's Statement

The information contained in this announcement that relates to recent exploration results is based upon information compiled by Mr Rob Smakman of Alvo Minerals Limited, a Competent Person and Fellow of the Australasian Institute of Mining and Metallurgy. Mr Smakman is a full-time employee of Alvo and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (or JORC 2012). Mr Smakman consents to the inclusion in this announcement of the matters based upon the information in the form and context in which it appears.

ABOUT ALVO

Alvo Minerals (ASX: ALV) is a base and precious metals exploration company, hunting high-grade copper and zinc at its flagship Palma Project, located in Central Brazil. The Palma Project has a JORC 2012 Inferred Mineral Resource Estimate - 4.6Mt @ 1.0% Cu, 3.9% Zn, 0.4% Pb & 20g/t Ag.

Alvo's strategic intent is to aggressively explore and deliver growth through discovery, leveraging managements' extensive track record in Brazil. There are three phases to the exploration strategy – *Discover, Expand and Upgrade*.

Alvo is committed to fostering best in class stakeholder relations and supporting the local communities in which it operates.

