ERRAWARRA
Resources
ABN 95 155 472 834

ASX ANNOUNCEMENT

18 March 2022

# GENERAL MEETING TO APPROVE ACQUISITION OF AN INTEREST IN ANDOVER WEST NICKEL PROJECT

Errawarra Resources Ltd (ASX:**ERW**) (the **Company**) advises Shareholders that the Company is to hold a general meeting (**General Meeting**) at Ground Floor, 197 St Georges Terrace, Perth on Friday, 22 April 2022 at 10:00am (WST) to seek the necessary approvals from shareholders to, amongst other things, acquire an 80% interest in Western Exploration Pty Ltd (**Western Exploration**) from Mr Thomas Reddicliffe (**Acquisition**), a director of the Company and the sole director and shareholder of Western Exploration (the **Vendor**). Western Exploration are the owner of the Andover West Nickel Project in the West Pilbara (the **Project**).

The directors of the Company (other than the Vendor) support the Acquisition and following completion of the acquisition believe the Project has the potential to be value accretive for shareholders through the successful identification of nickel sulphide deposits.

## Highlights of the Andover West Nickel Project Acquisition

- Shareholders will gain exposure to priority Electromagnetic (**EM**) nickel targets located just 3km South-West of Azure Minerals Ltd's Nickel Sulphide discovery "VC 07" as well as regional exploration potential within a highly mineralised terrain.[1]
- Recent global geopolitical events have placed significant supply constraints on strategic metals, including nickel. Subsequently, the Board believe that security of supply is set to remain a key supportive aspect for the nickel sector.

The Company anticipates that the Heritage Protection and Access Agreement with the Ngarluma Land Council with respect to the Project tenement application E47/4352 (the **Tenement**) will be finalised in early April and on completion of this process, the Tenement will proceed to grant.

Following completion and the receipt of heritage clearance and necessary work program approvals, the Company will commence a high impact exploration program to investigate and test priority targets.

The mineral potential of this area of the West Pilbara is further highlighted by the Ruth Well nickel-copper discovery and the Carlow Castle copper-gold-cobalt deposit[2] along with numerous nickel targets awaiting drill testing by Novo Resources Ltd[3] and Greentech Metals Ltd[4], which are all located within a 20km radius of the Project.

Further information regarding the Acquisition can be found in the attached Notice of Meeting (which includes the Independent Expert's Report on the Acquisition). The directors encourage you to read the Notice of Meeting in full prior to making any voting decision.

[1] Refer to Azure Metal Ltd's ASX announcement dated 12 October 2020.
[2] Refer to Artemis Resource Ltd's ASX announcement dated 10 February 2022.
[3] Refer to Novo Resource Ltd's ASX announcement dated 2 February 2022.
[4] Refer to Greentech Metals Ltd's Prospectus dated 9 November 2021.

## Andover West Nickel Project

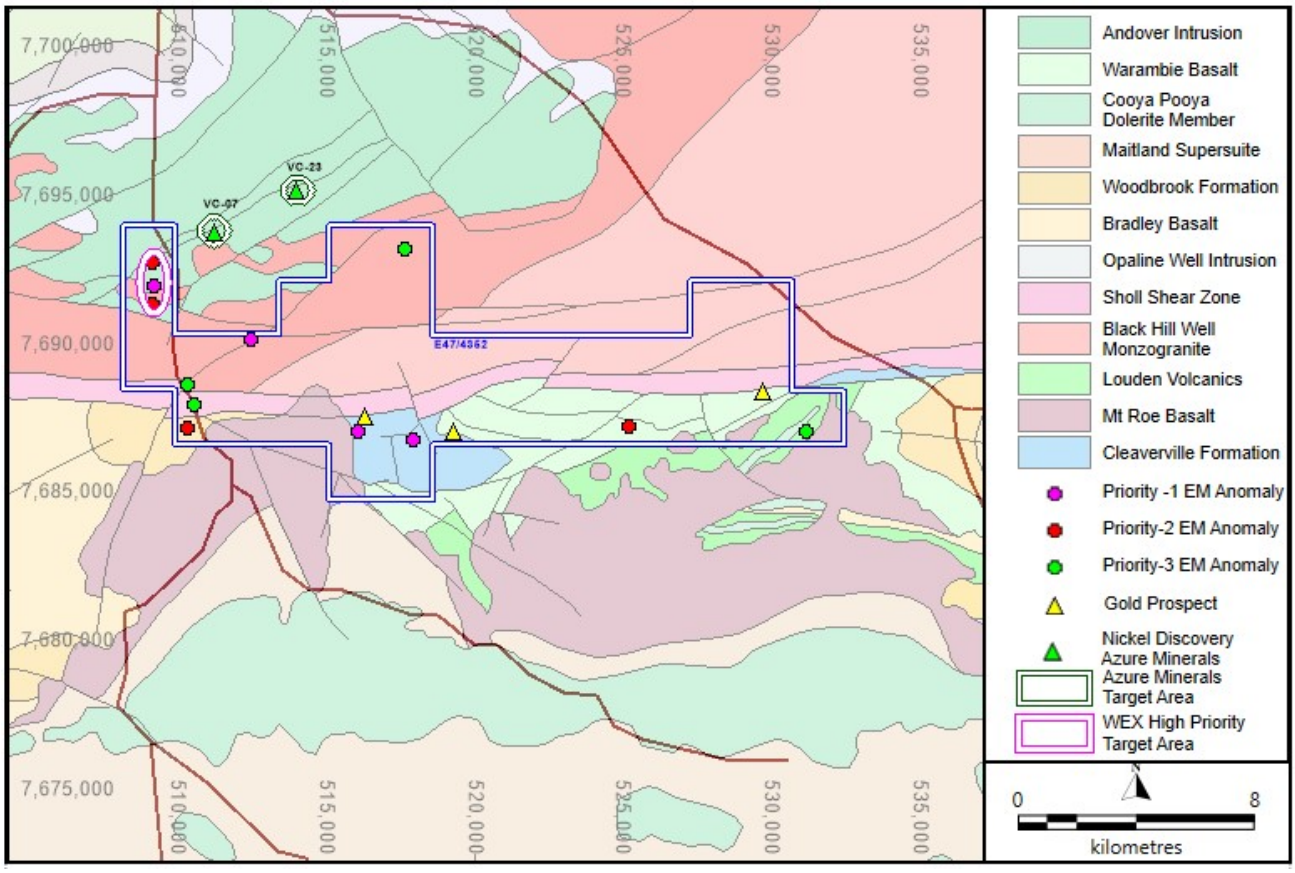
The Andover West Project is situated within the north-western portion of the Pilbara Craton and covers granite greenstone terrane lithologies hosted within the West Pilbara Super Terrane.

An area of economic interest is the Andover Intrusive Complex of the Orpheus Supersuite which is host to nickel sulphide mineralisation and which also outcrops in the northwest corner of the Tenement.[1]

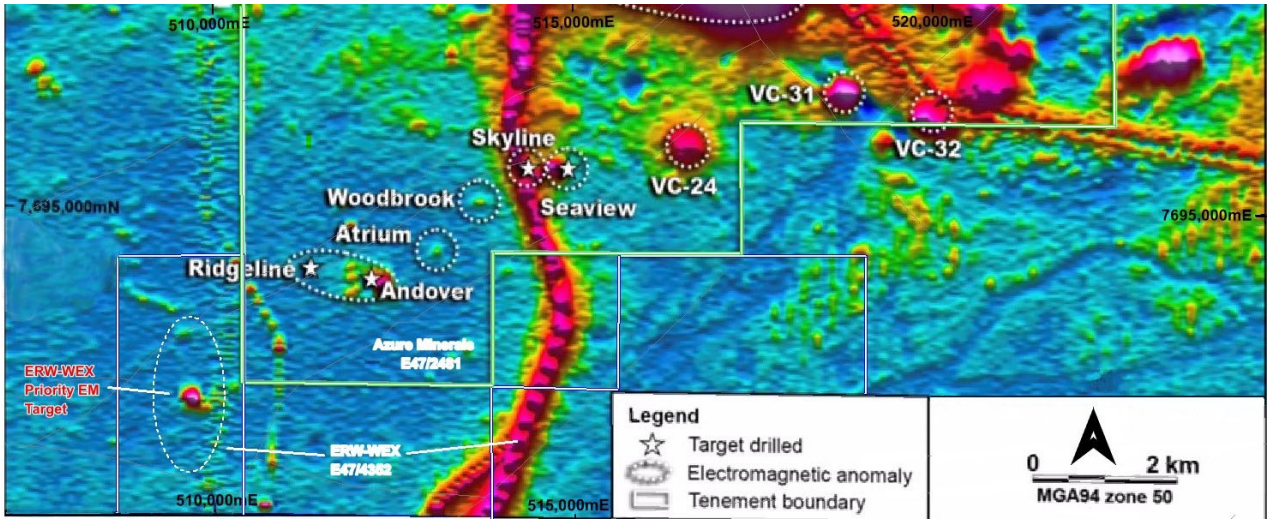
The highest priority EM target identified from historic work is located along the southern margin of the Andover Intrusive Complex in the northwest corner of the Andover West Tenement, and less than 3km SW of Azure Minerals Ltd Nickel Sulphide discovery "VC 07" which sits within a similar position along the edge

of the intrusion contact. Two additional associated VTEM targets have also been identified within the Andover Intrusive Complex to the north and south of the high priority EM target area.

Previous explorers carried out ground based fixed loop EM (FLEM) surveying over four identified VTEM anomalies, with moderate conductors resolved. However, none of these targets were drill tested as the EM anomaly amplitudes and modelled conductive plate sources were considered too small to represent well-developed massive sulphides with economic potential. There has been a technical reassessment of the prospectivity of these EM targets in light of the recent success of Azure across the tenement boundary. The Company considers that these EM anomalies have not been property explained, and that they represent valid untested targets requiring detailed follow up exploration, modelling and drill testing.




**Location of the Tenement and Priority EM anomalies relative to Azure's VC-07 Ni-sulphide discovery**




**Location of High Priority EM anomaly and Azure's VC-07 sulphide discovery**

This ASX announcement has been authorised for release by Jonathan Murray, on behalf of the Board.

For further information, please contact:

Jonathan Murray
Non-Executive Chairman
Errawarra Resources Ltd
E: info@errawarra.com
T: +61 8 9322 3383

## Competent Person Statement

The information in this announcement that relates to exploration results at the Andover West Project is based on information compiled by Thomas Reddicliffe, a Competent Person who is a Fellow of the AusIMM (211186). Mr Reddicliffe is a consultant to Errawarra Resources Ltd and has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Reddicliffe consents to the inclusion of the information relating to the Andover West Project in the form and context in which it appears.

# ERRAWARRA RESOURCES LIMITED
# ACN 155 472 834

## NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

**TIME**: 10:00am (WST)

**DATE**: 22 April 2022

**PLACE**: Ground Floor, 197 St Georges Terrace, PERTH WA 6000

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting and accompanying Independent Expert's Report should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Independent Expert has concluded that the transaction the subject of Resolution 1 of the Notice of Meeting is NOT FAIR AND NOT REASONABLE to the non-associated Shareholders of the Company. All Shareholders should refer to the Independents Expert's Report enclosed with this Notice of Meeting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm WST on 20 April 2022.***

## BUSINESS OF THE MEETING

### AGENDA

### 1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES FOR THE ACQUISITION OF WESTERN EXPLORATION PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rule 10.1 and section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:*
>
> *(a) 15,000,000 Class A Performance Rights; and*
>
> *(b) 5,000,000 Class B Performance Rights,*
>
> *to the Vendor (or his nominees), being the sole shareholder of Western Exploration Pty Ltd, as consideration for the Acquisition on the terms and conditions set out in the Explanatory Statement, which will result in the Vendor's voting power increasing from 8.08% up to a maximum of 43.80% in the capital of the Company (assuming the Milestones are satisfied, the Consulting Options the subject of Resolution 4 are exercised and no other Shares are issued or Options exercised).*

**Short Explanation:** The Company has entered into the Agreement pursuant to which the Company has agreed to issue the Performance Rights (defined below) to the sole shareholder of Western Exploration (the **Vendor**) to acquire 80% of the issued capital of Western Exploration. As a result of these security issues, the voting power of the Vendor and their associates in the Company will increase above 20%. Accordingly, the Company seeks Shareholder approval for the acquisition and the issue of the Consideration in accordance with Listing Rule 10.1 and Section 611 item 7 of the Corporations Act.

**Expert's Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1 and section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

**A voting exclusion statement applies to this Resolution. Please see below.**

### 2. RESOLUTION 2 – RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,600,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

## 3. RESOLUTION 3 – APPROVAL TO ISSUE BROKER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Broker Options on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement applies to this Resolution. Please see below.**

## 4. RESOLUTION 4 – APPROVAL TO ISSUE CONSULTING OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 7,500,000 Consulting Options to Bennelong Resources Capital Pty Ltd (or their nominee) on the terms and conditions set out in the Explanatory Statement."*

**A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.**

**Dated: 18 March 2022**
**By order of the Board**

**Mindy Ku**
**Company Secretary**

**Voting Prohibition Statement**

| | |
|---|---|
| **Resolution 4 – Approval to issue Consulting Options** | A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:<br>(a) the proxy is either:<br>(i) a member of the Key Management Personnel; or<br>(ii) a Closely Related Party of such a member; and<br>(b) the appointment does not specify the way the proxy is to vote on this Resolution.<br>However, the above prohibition does not apply if:<br>(a) the proxy is the Chair; and<br>(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel. |

**Voting Exclusion Statements**

The Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

| | |
|---|---|
| **Resolution 1 – Approval of issue of securities to Western Exploration Pty Ltd** | No votes may be cast in favour of this Resolution by:<br>(a) the person proposing to make the acquisition and their associates; or<br>(b) the persons (if any) from whom the acquisition is to be made and their associates.<br>Accordingly, the Company will disregard any votes cast on this Resolution by Western Exploration Pty Ltd and any of its associates, including the Vendor. |
| **Resolution 2 – Ratification of Placement** | A person who participated in the issue or is a counterparty to the agreement being approved (the Placement participants) or an associate of that person or those persons. |
| **Resolution 3 – Approval to issue Broker Options** | A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) the Placement Brokers (defined below) or an associate of that person (or those persons). |
| **Resolution 4 – Approval to issue Consulting Options** | Bennelong Resources Capital Pty Ltd (or their nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons. |

However, this does not apply to a vote cast in favour of the Resolutions listed above by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
   (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
   (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Voting Form and return by the time and in accordance with the instructions set out on the Voting Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;

- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

**Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary at mku@corpbservices.com or +61 8 9322 3383.***

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

### 1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECURITIES FOR THE ACQUISITION OF WESTERN EXPLORATION PTY LTD

#### 1.1 General Background

On 23 November 2021, the Company announced it had entered into a share sale agreement (**Agreement**) with Western Exploration Pty Ltd (ACN 638 183 490) (**Western Exploration**), the registered holder of tenement application E47/4352 (the **Application**), whereby the Company agreed to acquire 80% of the fully paid ordinary shares in the capital of Western Exploration held by Thomas Reddicliffe (the **Vendor**), the sole shareholder of Western Exploration (the **Acquisition**).

Pursuant to the Agreement, in consideration for the Acquisition, the Company has agreed to issue the Vendor (or his nominees) on completion of the Acquisition:

(a) 15,000,000 Class A Performance Rights; and

(b) 5,000,000 Class B Performance Rights,

on the terms and conditions set out in Schedule 1 of this Notice (together, the **Performance Rights**). The Acquisition is conditional on (among other things) the Application being granted and obtaining all necessary regulatory and Shareholder approvals to effect the Acquisition, including the Company obtaining shareholder approval pursuant to Listing Rule 10.1 and item 7, 611 of the Corporations Act for the allotment and issue of the Performance Rights to the Vendor.

A summary of the material terms of the Agreement are set out below at Section 1.3.

As a result of the issue of the Performance Rights pursuant to the Agreement, the voting power in the Company of the Vendor and their associates will increase from 8.93% at the date of this Notice to a maximum of 43.80% at completion of the Acquisition (assuming the Milestones are satisfied, the Consulting Options the subject of Resolution 4 are exercised and no other Shares are issued or Options exercised).

As this maximum voting power of the Vendor following the issue of the Performance Rights will exceed 20%, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Performance Rights and to enable the Company to issue further Shares to the Vendor (or his nominees) upon satisfaction of the Milestones.

**The Independent Expert has concluded that the Acquisition is not fair and not reasonable to the non-associated Shareholders of the Company. Further details are set out in Section 1.11 and the Independent Expert's Report at Annexure A of this Notice.**

#### 1.2 Western Exploration and the Andover West Project

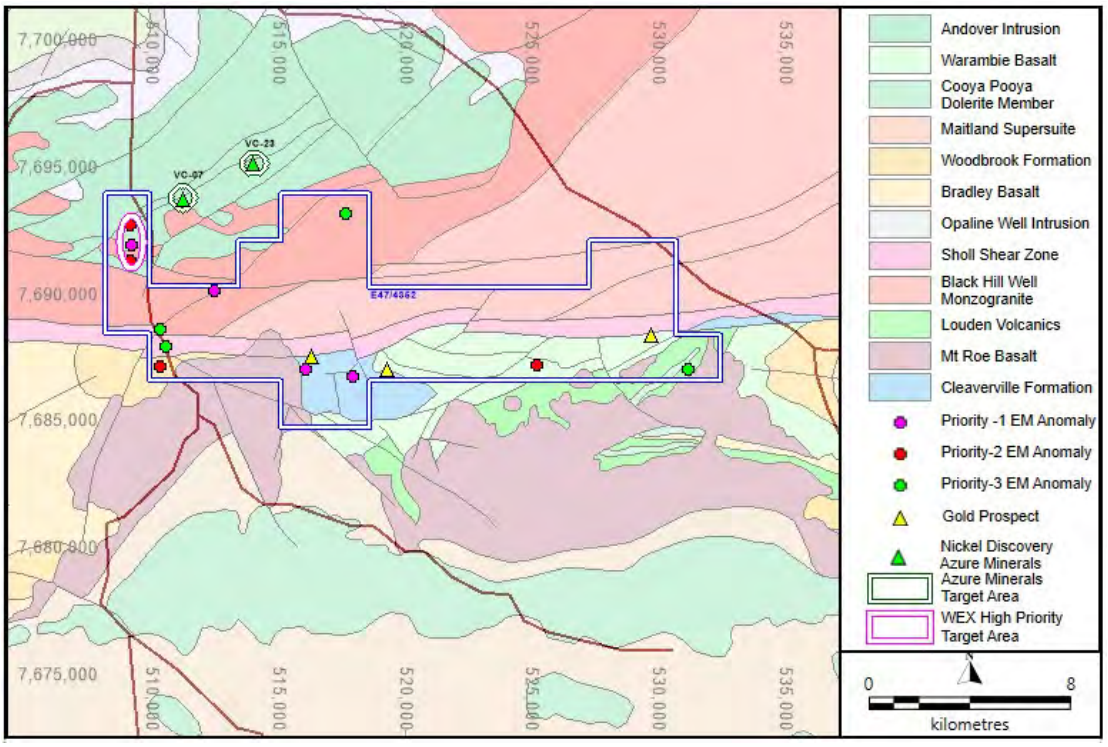
Western Exploration is the legal and beneficial owner of the Application that comprises the Andover West Project as set out in the table below, situated within

the north-western portion of the Pilbara Craton and covers granite greenstone terrane lithologies hosting within the West Pilbara Super Terrane.

| Tenement | Project | Area | Holder | Application Date |
|---|---|---|---|---|
| **E47/4352** | Andover West | 37BL | Western Exploration Pty Ltd | 02/04/2020 |

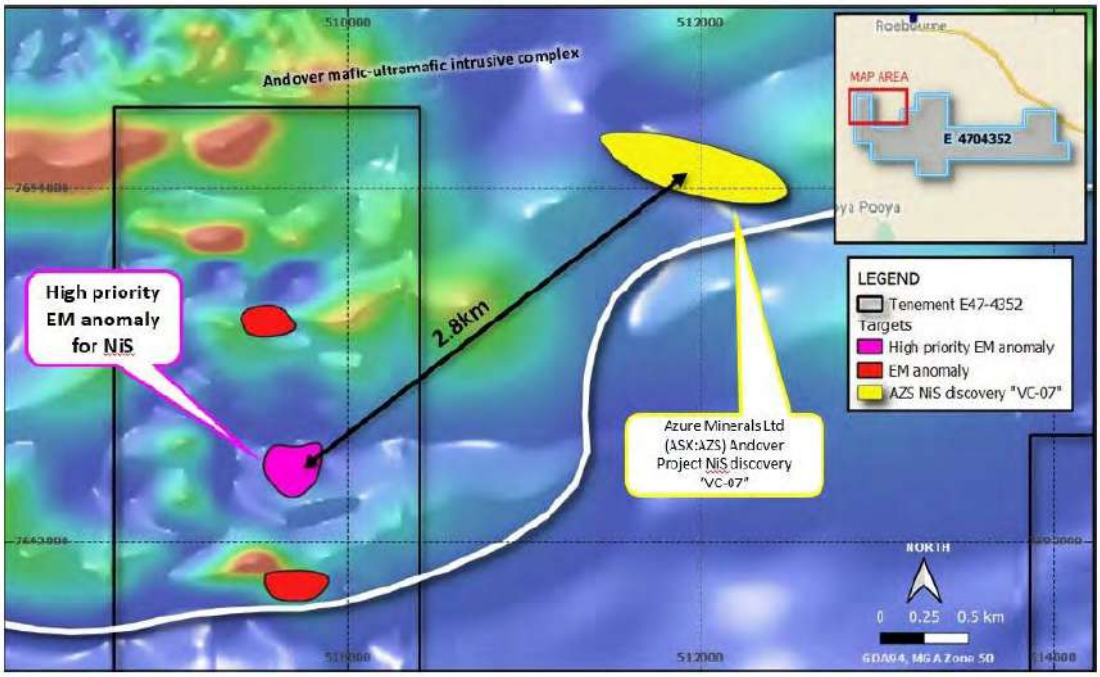
Locally, the Andover West Project is bisected by the major regionally extensive, long lived and multiply reactivated Sholl Shear Zone (**SSZ**), which trends east west through the centre of the Application and constitutes a deformation zone of around 1km wide that separates major terranes and super basins.

The Karratha Terrane located on the north side of the SSZ is dominated by the Harding Granitic Complex, comprised of the Maitland River and Orpheus Supersuites. Of economic interest is the Andover Intrusive Complex of the Orpheus Supersuite which is host to nickel sulphide mineralisation and which also crops out in the northwest corner of the Application.




**Location of the Tenement and Priority EM anomalies relative to Azure's VC-07 Ni-sulphide discovery**

The highest priority EM (Electromagnetic) target identified from historic work is located along the southern margin of the Andover Intrusive Complex in the northwest corner of the Andover West Tenement, and some 2 8 km to the SW of Azure Minerals Ltd Nickel Sulphide discovery "VC 07" which sits within a similar position along the edge of the intrusion contact. Two additional associated VTEM targets have also been identified within the Andover Intrusive Complex to the north and south of the high priority EM target area.




**Location of High Priority EM anomaly and Azure's VC-07 Ni-sulphide discovery over TMI background**

The Andover West Project is regarded by the Company to be considered highly prospective for the discovery of nickel deposits.

## 1.3 Terms of the Agreement

A summary of the key terms and conditions of the Agreement is set out below.

(a) **Conditions**

Settlement of the Acquisition (**Settlement**) is conditional upon satisfaction or waiver of the following:

(i) completion of financial, legal and technical due diligence by the Company on Western Exploration and the Application, to the absolute satisfaction of the Company within 30 days of the execution date (or such later date as the parties may agree);

(ii) the Vendor and the Company entering into an incorporated joint venture agreement on terms customary for this type of agreement;

(iii) the Vendor and the Company entering into a deed to acknowledge the mineral rights agreement by which the Vendor proposes to dispose the iron ore rights in respect of the Application; and

(iv) the parties obtaining all necessary regulatory, shareholder, or third party consents or approval required to lawfully complete the transactions contemplated by the Agreement, including (if required), without limitation, the Company obtaining shareholder approval for the purposes of ASX Listing Rules 10.1 for this issue of the Performance Rights and approval under item 7 section 611 of the Corporations Act for the Vendor (together with his associates) to increase its voting power in the Company beyond 20% by virtue of the Acquisition.

(b) **Consideration**

Subject to the terms and conditions of the Agreement, in consideration for the Acquisition, the Company agrees:

(i) within 5 business days, to pay the Vendor a non- refundable deposit of $10,000 cash (as expenditure reimbursement), by way of electronic transfer to the nominated account of the Vendor;

(ii) on Completion (defined below):

(A) to issue the Vendor (or his nominees) 15,000,000 Class A Performance Rights;

(B) 5,000,000 Class B Performance Rights,

on the terms and conditions set out in Schedule 1 of this Notice.

(c) **Escrow**

The Vendor agrees that Performance Rights will be subject to ASX imposed escrow for a period of 12 months from the date of issue.

(d) **Completion**

Completion of the Acquisition will occur on that date which is two business days after the satisfaction (or waiver) of the Conditions (**Completion**).

(e) **Free Carry**

(i) The Company will free carry the Vendor at 20% shareholding through to a decision to mine based on a Feasibility Study properly conducted by an independent global geological consulting firm (**Free Carry Period**).

(ii) For the duration of the Free Carried Period:

(A) the Company will be responsible for paying 100% ofthe rents, rates, taxes, survey fees and other outgoings chargeable or payable in respect of theApplication (or until the tenementexpires, is surrendered, relinquished or transferred);and

(B) the Company will have exclusive access to the Application and will have complete operational control with respect to any exploration and development programs on the Application Tenement.

(iii) Following a decision to mine, the Vendor must either:

(A) agree to meet its pro-rata share of funding requirements, in which case, the parties will use their best endeavours to enter into a formal joint venture agreement on customary (AMPLA) terms, as soon as practicable following the decision to mine; or

(B) its interest in the Company will dilute inaccordance with the dilution formula as follows

$$RI = \frac{DE \times 100\%}{TE}$$

Where:

**RI** = the remaining interest in the Company of the Vendor after dilution;

**DE** = total expenditure actually incurred by the Vendor from the end of the Free Carry Period up to the date of the Vendor's election, plus expenditure deemed to have been incurred by the Vendor prior to the end of the Free Carry Period; and

**TE** = total expenditure actually incurred from the commencement of the Free Carry Period by the Company and the Vendor, including expenditure deemed to have been incurred by all the Parties, up to the date of the Vendor's election to dilute.

The Agreement otherwise includes terms that are standard for an agreement of its nature including warranties, indemnities, exclusivity and confidentiality provisions.

### 1.4 General

Resolution 1 seeks Shareholder approval for the purpose of Listing Rule 10.1 and Item 7 of section 611 of the Corporations Act to allow the Company to complete the Acquisition and issue the Performance Rights to the Vendor under the Agreement.

The issue of the Performance Rights and exercise of the Consulting Options the subject of Resolution 4 will result in the Vendor's (and his associates) voting power in the Company to increase from 8.08% at the date of this Notice to a maximum of 43.80% (assuming the Milestones are satisfied, the Consulting Options the subject of Resolution 4 are exercised and no other Shares are issued or Options exercised).

Pursuant to ASX Listing Rule 10.12 (Exception 6), Listing Rule 10.11 does not apply to an issue of securities approved for the purpose of Item 7 of section 611 of the Corporations Act, so the Company is not seeking Listing Rule 10.11 approval to issue the Performance Rights to the Vendor.

### 1.5 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from:

(a) a related party of the Company;

(b) a subsidiary of the Company;

(c) a person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the Company;

(d) an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or

(e) a person whose relationship to the entity or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by Shareholders.

The ASX Listing Rules provide that an asset is substantial if the value of the consideration to be paid for the asset is 5% or more of the equity interests of the listed entity as set out in the latest accounts given to ASX. The Vendor, through his personal holding and via his controlled entity, Sorrento Resources Pty Ltd, is currently the registered holder of 8.08% of the Company's issued share capital and is also a Director of the Company.

### 1.6 Technical information required by ASX Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5 the following information is provided in relation to the Acquisition:

(a) the Company is acquiring 80% of the issued capital in Western Exploration from the Vendor;

(b) the Vendor is also the Executive Director of the Company and therefore falls within the category set out in ASX Listing Rule 10.1.1;

(c) the consideration payable by the Company is set out in Section 1.3(b) above;

(d) the timetable for completing the Acquisition is set out below

| Event | Date |
|---|---|
| Execution of the Agreement | 23 November 2021 |
| Announcement of the Acquisition | 23 November 2021 |
| Dispatch of the Notice of Meeting | 18 March 2022 |
| General Meeting to approve the Resolution | 22 April 2022 |
| Completion of the Acquisition (provided the Resolution is passed) | 26 April 2022 |

(e) a summary of the material terms of the Agreement is set out in Section 1.3 above;

(f) a voting exclusion statement is included in Resolution 1 of the Notice;

(g) the Independent Expert's Report is included at Annexure A of the Notice.

### 1.7 Item 7 of section 611 of the Corporations Act

(a) **Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% and below 90%,

(**Prohibition**).

(b) **Voting Power**

The voting power of a person in a body corporate is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(i) pursuant to section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:

(A) a body corporate the first person controls;

(B) a body corporate that controls the first person; or

(C) a body corporate that is controlled by an entity that controls the person;

(ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(i) are the holder of the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(i) a body corporate in which the person's voting power is above 20%; and

(ii) a body corporate that the person controls.

(e) **Relationship between the Vendor and the Associates**

For the purposes of the Corporations Act, Sorrento Resources Pty Ltd (an entity which the Vendor is the sole director and sole shareholder), is considered an associate of the Vendor.

Bennelong Resources Capital Pty Ltd, a current shareholder of the Company, is also deemed to be an associate due to:

(i) their cooperation with the Vendor in negotiating the Acquisition Agreement; and

(ii) the Vendor proposing to issue Bennelong Resources Capital Pty Ltd (as a nominee of the Vendor) 7,500,000 Shares under the Performance Rights,

(Bennelong Resources, together with Sorrento Resources, are the **Associates**).

As at the date of this Notice, the Associates have the following relevant interest in the Company:

(iii) Sorrento Resources Pty Ltd has a relevant interest in 3,643,234 Shares (8.01% of the total Shares on issue);

(iv) Thomas Reddicliffe has a relevant interest in 30,000 Shares (0.07% of the total Shares on issue); and

(v) Bennelong Resources has a relevant interest in 386,013 Shares (0.85% of the total Shares on issue).

As such, the Vendor will be taken to have the same relevant interest in the securities of the Company as the Associates.

Following completion of the Acquisition (assuming the Milestone is satisfied, the Consulting Options the subject of Resolution 4 are exercised and no other Shares are issued or Options exercised) the Vendor (and the Associates) will have a maximum voting power of 43.80%.

(f) **Control**

The Corporations Act defines "control" very broadly under section 50AA of the Corporations Act control to mean that an entity has the capacity

to determine the outcome of decisions about the financial and operating policies of the Company

**1.8 Reason section 611 approval is required**

Item 7 of section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval. Following the proposed issues of the Performance Rights (assuming satisfaction of the Milestones and exercise of the Consulting Options the subject of Resolution 4), the Vendor will have a relevant interest in up to 31,559,247 Shares in the Company, representing 43.80% voting power in the Company.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 and all other purposes to enable the Company to issue the Performance Rights and to enable the Company to issue further Shares to the Vendor (or its nominee) upon exercise of the Performance Rights.

**1.9 Specific Information required by section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM Australia Partners at Annexure A of this Notice.

(a) **Identity of the Acquirer and its Associates**

It is proposed that the Vendor will be issued the Performance Rights in accordance with the terms of the Agreement as set out in Section 1.3 above.

The identity of the the Vendor's Associate and the nature of their relevant interest is summarised in Section 1.7(e) above.

(b) **Relevant Interest and Voting Power**

(i) **Relevant Interest**

The relevant interests of the Vendor and the Associates in voting shares in the capital of the Company (both current, and following the issue of the Performance Rights to the Vendor as contemplated by this Notice) are set out in the table below:

| Party | Capacity | Relevant Interest as at the date of this Notice of Meeting | Performance Rights to be received pursuant to the Agreement | Consulting Options to be received pursuant to the Resolution 4 | Relevant Interest after the Issues |
|---|---|---|---|---|---|
| Mr Thomas Reddicliffe | Direct interest | 30,000 | - | - | 24,059,247 Shares and 7,500,000 Consulting Options (refer to Resolution 4) |
| Sorrento Resources Pty Ltd | Indirect interest | 3,643,234 | 12,500,000 | - | |
| Bennelong Resources | Indirect interest | 386,013 | 7,500,000 | 7,500,000 | |

Assuming all the Performance Rights are issued to the Vendor pursuant to Resolution 1, the relevant interests of the Vendor and the Associate in voting shares in the capital of the Company will be 24,059,247 Shares.

(ii) **Voting Power**

The combined voting power of the Vendor and the Associates is set out in the table below:

| Party | Voting Power as at the date of this Notice of Meeting | Voting Power upon satisfaction of the Class A Milestone | Voting Power upon satisfaction of the Class B Milestone | Voting Power upon exercise of the Consulting Options the subject of Resolution 4[1] |
|---|---|---|---|---|
| **Mr Thomas Reddicliffe** | 8.93% | 31.51% | 36.74% | 43.80% |
| **Sorrento Resources Pty Ltd** | | | | |
| **Bennelong Resources** | | | | |

**Notes:**

1. Assumes that:

   a. the Company has 45,493,238 Shares on issue as at the date of this Notice of Meeting (including the 5,600,000 Shares issued under the Placement as set out in Section 2 below);

   b. the Company does not issue any additional Shares;

   c. no Options are exercised or performance securities converted (apart from the Options issued to the Vendor for the purposes of calculating the Vendor's maximum voting power in the Company); and

   d. the Vendor and the Associate do not acquire any additional Shares (apart from the Shares issued on conversion of the Options).

Further details on the voting power of the Vendor and the Associate are set out in the Independent Expert's Report at Annexure A of this Notice.

(c) **Reasons for the proposed issue of securities**

As set out in Section 1.1 of this Explanatory Statement, the reason for the issue of Performance Rights to the Vendor is to satisfy the Company's obligations under the Agreement for the Acquisition.

(d) **Date of proposed issue of securities**

The Performance Rights the subject of Resolution 1 will be issued after the Meeting.

(e) **Material terms of proposed issue of securities**

The Shares proposed to be issued to the Vendor (on satisfaction of the Milestones) in consideration for the Acquisition will rank equally with the Company's Shares currently on issue.

(f) **The Vendor's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Vendor:

(i) has no present intention of making any significant changes to the business of the Company;

(ii) has no present intention to inject further capital into the Company;

(iii) has no present intention of making changes regarding the future employment of the present employees of the Company;

(iv) does not intend to redeploy any fixed assets of the Company;

(v) does not intend to transfer any property between the Company and the Vendor; and

(vi) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Vendor at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(g) **Interests and Recommendations of Directors**

(i) The Vendor has a material personal interest in the outcome of Resolution 1 as the Vendor is also an Executive Director of the Company. The Vendor will be excluded from voting on Resolution 1.

(ii) The Directors (other than Mr Thomas Reddicliffe) are of the opinion that the Agreement is in the best interests of Shareholders and, accordingly, the Directors (other than Mr Thomas Reddicliffe) recommend that Shareholders vote in favour of Resolution 1. The Director's (other than Mr Thomas Reddicliffe) recommendations are based on the reasons outlined in Section 1.10 below.

(iii) In making their recommendation, the Directors (other than Mr Thomas Reddicliffe) have considered, among other things, the advantages and disadvantages of the Acquisition as summarised in Section 1.11 below and believe that the advantages of the Acquisition outweigh the disadvantages.

(iv) The Directors (other than Mr Thomas Reddicliffe) are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

(h) **Capital Structure**

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Acquisition.

| | Shares | Options (the subject of Resolution 4) | Performance Rights |
|---|---|---|---|
| Balance at the date of this Notice | 45,493,234 | 23,333,417 | - |
| On completion of the Acquisition | - | 7,500,000 | 20,000,000 |
| **Total** | **45,493,234** | **30,833,417** | **20,000,000** |

## 1.10 Intentions if the Acquisition is not approved

If Resolution 1 is not passed and the Acquisition is not completed, the Company will continue to use its current funds to explore and develop its existing projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition and joint venture opportunities.

## 1.11 Independent Expert's Report – Resolution 1

The Independent Expert's Report prepared by RSM Australia Partners (a copy of which is attached as Annexure A to this Notice) assesses whether the transactions contemplated by Resolution 1 are not fair and not reasonable to the non-associated Shareholders of the Company.

The Independent Expert noted the following advantages:

(a) the Acquisition provides the Company with access to the Tenement, which is adjacent to Azure Mineral Limited's Andover Nickel Project, which has reported high grade Ni-Cu mineralisation from its initial drilling program;

(b) Nickel prices have increased significantly over the last year with the ongoing electrification and decarbonisation of the economy driving demand;

(c) If the Tenement is not granted within one year of issue of the Class A Performance Rights, then the Performance Rights will lapse and the parties can terminate the Agreement, thereby minimising the risk for Shareholders if the Tenement is not granted;

(d) the Class B Performance Rights will only convert into Shares if a JORC compliant Inferred Resource of at least 1 million tonnes of Nickel is achieved at the Project. Declaring a JORC Inferred Resources should be

value accretive for the Company, which the non-associated Shareholders will participate in; and

(e) the Acquisition enables the Company to preserve its cash in the short term by issuing Performance Rights as consideration for the Acquisition.

The Independent Expert noted the following disadvantages:

(a) the Class A Performance Rights vest on the grant of the exploration licence for the Project, which is prior to any exploration activity being undertaken by the Company to establish whether the identified anomalies support the view that the Andover West Project is highly prospective for nickel-copper-cobalt;

(b) the Acquisition will dilute the existing Shareholders if the Performance Rights vest and ERW Shares are issued to the Vendor (or his nominees). The non-associated Shareholders hold a 91.1% interest in ERW prior to the Acquisition, this will reduce to 68.5% on vesting of the Class A Performance Rights and to 63.3% on vesting of the Class B Performance Rights;

(c) if the Acquisition occurs and the Class A Performance Rights vest, the Vendor and associates will have voting power in ERW 31.5% (and a maximum of 36.7% if the Class B Performance Rights also vest). As a shareholder with greater than 25% voting interest, the Vendor could block a Special Resolution of the Company; and

(d) the Vendor will have a 20% free carry interest in the Andover West Project, with the Company being responsible for paying 100% of all costs associated with the Project until a decision to mine is made, at which point the Vendor must meet its pro-rata share of funding requirements or dilute its interest.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

## 2. RESOLUTION 2 – RATIFICATION OF PLACEMENT

### 2.1 General

On 1 December 2021, the Company issued 5,600,000 Shares at an issue price of $0.22 per Share to raise $1,232,000 (**Placement Shares**).

The Company has also agreed to issue 2,000,000 Broker Options (the subject of Resolution 3) in consideration for the services provided by various brokers who identified sophisticated and professional investors to participate in Placement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 30 November 2021.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

### 2.2 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 2 is not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

### 2.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

(a) the Placement Shares were issued to professional and sophisticated investors who are clients of the Placement Brokers. The recipients were identified by the Placement Brokers seeking expressions of interest to participate in the capital raising from non-related parties of the Company;

(b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:

(i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and

(ii) issued more than 1% of the issued capital of the Company;

(c) 5,600,000 Placement Shares were issued and the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(d) the Placement Shares were issued on 1 December 2021;

(e) the issue price was $0.22 per Placement Shares. The Company has not and will not receive any other consideration for the issue of the Placement Shares;

(f) the purpose of the issue of the Placement Shares was to raise $1,232,000, which will be applied towards:

(i) funding the costs of the Acquisition;

(ii) exploration activities on the Andover West Project;

(iii) general working capital; and

(g) the Placement Shares were not issued under an agreement.

## 3. RESOLUTION 3 – APPROVAL TO ISSUE BROKER OPTIONS

### 3.1 General

The Company has agreed to issue 2,000,000 Broker Options in consideration services provided by various brokers (or their nominees) (the **Placement Brokers**) for their assistance in identifying sophisticated and professional investors to participate in the Placement (**Broker Options**).

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Broker Options does not fit within any of the exceptions set out in Listing Rule 7.2. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

### 3.2 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Broker Options. In addition, the issue of the Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Broker Options and will need to seek alternative methods to compensate the Placement Brokers for their services provided in relation to the Placement.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Broker Options.

### 3.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

(a) the Broker Options will be issued to the Placement Brokers (or their nominees);

(b) the maximum number of Broker Options to be issued is 2,000,000. The terms and conditions of the Broker Options are set out in Schedule 2;

(c) the Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Broker Options will occur on the same date;

(d) the Broker Options will be issued at a nil issue price, in consideration for the assistance provided by the Placement Brokers in identifying sophisticated and professional investors to participate in the Placement;

(e) the purpose of the issue of the Broker Options is to remunerate the Placement Brokers for the services provided the Placement Brokers in relation to the Placement;

(f) the Broker Options are not being issued under an agreement; and

(g) the Broker Options are not being issued under, or to fund, a reverse takeover.

## 4. RESOLUTION 4 – APPROVAL TO ISSUE CONSULTING OPTIONS

### 4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 7,500,000 Options to Bennelong Resources Capital Pty Ltd (**Bennelong**) (or their nominee) for consultancy services provided to the Company on the terms and conditions set out below (**Consulting Options**).

As set out in section 1.7(e) above, Bennelong is a related party of the Company as Bennelong is an associate of Sorrento Resources Pty Ltd, an entity controlled by Mr Thomas Reddicliffe, the Executive Director of the Company.

Resolution 4 seeks Shareholder approval for the issue of the Consulting Options to Bennelong (or their nominee).

### 4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Consulting Options to Bennelong (or their nominee) constitutes giving a financial benefit and Bennelong is a related party of the Company by virtue of being an associate of Sorrento Resources Pty Ltd, an entity controlled by the Executive Director of the Company.

The Directors (other than Mr Thomas Reddicliffe who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Consulting Options because, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### 4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Consulting Options falls within Listing Rule 10.11.4 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 4 seeks the required Shareholder approval for the issue of the Consulting Options under and for the purposes of Listing Rule 10.11.

**4.4 Technical information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Consulting Options to Bennelong within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Consulting Options (because approval is being obtained under Listing Rule 10.11), the issue of the Consulting Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Consulting Options and will need to seek alternate methods to remunerate Bennelong, which may include by making a cash payment.

**4.5 Technical Information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 4:

(a) the Consulting Options will be issued to Bennelong (or their nominee) as fees for consultancy services provided to the Company, who falls within the category set out in Listing Rule 10.11.1 as Bennelong is a related party of the Company by virtue of being associated with Sorrento Resources Pty Ltd, an entity controlled by the Executive Director of the Company, Mr Thomas Reddicliffe;

(b) the maximum number of Consulting Options to be issued is 7,500,000;

(c) The current the current total annual remuneration package for Mr Reddicliffe, who Bennelong is a related party of by virtue of being associated with Mr Reddicliffe, is $60,000.

(d) the terms and conditions of the Consulting Options are set out in Schedule 3;

(e) the Consulting Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Consulting Options will occur on the same date;

(f) the issue price of the Consulting Options will be nil as they are being issued in consideration for consultancy services provided by Bennelong to the

Company. The Company will not receive any other consideration in respect of the issue of the Consulting Options (other than in respect of funds received on exercise of the Consulting Options);

(g) the purpose of the issue of the Consulting Options is to remunerate Bennelong for consultancy services provided to the Company;

(h) the Consulting Options are not being issued under an agreement.

## GLOSSARY

**$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means Errawarra Resources Limited (ACN 155 472 834).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Independent Expert Report** means the Independent Experts Report prepared by RSM Australia Partners which is attached to this Notice as Annexure A.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Option holder** means a holder of an Option.

**Performance Rights** means the performance rights proposed to be issued to the Vendor on the terms and conditions set out in Schedule 1 of this Notice.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Security** means a Share and Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Vendor** means the sole shareholder of Western Exploration Pty Ltd, being Mr Thomas Reddicliffe.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## ANNEXURE A – INDEPENDENT EXPERT'S REPORT

# ERRAWARRA RESOURCES LTD

## Financial Services Guide and Independent Expert's Report

March 2022

*We have concluded that the Proposed Transaction is not fair and not reasonable*

# FINANCIAL SERVICES GUIDE

2 March 2022

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

## Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

## Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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Draft dated: 2 March 2022

The Directors
Errawarra Resources Ltd
Level 12,197 St Georges Terrace
Perth WA 6000

Dear Directors

# INDEPENDENT EXPERT'S REPORT ("REPORT")

## 1. Introduction

1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Errawarra Resources Ltd ("ERW" or "the Company") to be held on or around [April 2022], at which shareholder approval will be sought for the issue of performance rights ("Rights') and cash consideration to the sole director and shareholder of Western Exploration Pty Ltd ("WEPL"), Mr Thomas Redcliffe ("the Vendor").

1.2 On 23 November 2021, the Company announced the proposed acquisition of 80% of the fully paid ordinary shares in WEPL ("the Proposed Transaction"), which is the registered holder of Exploration License application E47/4352 comprising the Andover Project ("the Application"). WEPL holds all mineral rights over the Andover Project with the exception of iron ore. On 22 February 2022, the Company announced that it had entered into a binding agreement with the Vendor in relation to the Proposed Transaction.

1.3 Pursuant to the terms of the executed Share Sale Agreement ("Agreement"), consideration for the acquisition is as follows:

- Payment of non-refundable deposit of $10,000 cash to the Vendor (or his nominees) as expenditure reimbursement;
- Issue of 15,000,000 ERW Class A Performance Rights to the Vendor (or his nominees) which vest on grant of the Application and have a 1 year expiry term from the date of issue ("Class A Rights"); and
- Issue of 5,000,000 ERW Class B Performance Shares to the Vendor (or his nominees) which vest on announcement of a maiden JORC compliant Inferred Mineral Resources of at least 1,000,000 tonnes of nickel within five years from the date of issue ("Class B Rights").

1.4 The Performance Rights will convert into ordinary shares of ERW on achievement of the performance milestones; if the milestones are not met before the relevant expiry date, the Rights will automatically lapse.

1.5 Additionally, if the Application is not granted within 1 year of completion of the Proposed Transaction, then either party may terminate the Agreement and ERW will return its interest in WEPL to the Vendor.

1.6 The Company is seeking Shareholder approval for the purposes of ASX Listing rule 10.1 on the basis that the Proposed Transaction is with a Director of ERW and therefore a related party of the Company. Shareholder approval is also sought for the purposes of item 7 of section 611 of the Act, on the basis that, following the Proposed Transaction, the Vendor could increase his shareholding in the Company above 20% (assuming the performance milestones are met and the Rights vest into ERW Shares).

1.7 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").

1.8 The request for Shareholder approval of the Proposed Transaction is included as Resolution 1 in the Notice

*"That, for the purposes of ASX Listing Rule 10.1 and section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Company to issue:*

*(a) 15,000,000 Class A Performance Rights; and*

*(c) 5,000,000 Class B Performance Rights,*

*to the Vendor (or his nominees), being the sole shareholder of Western Exploration Pty Ltd, as consideration for the Acquisition on the terms and conditions set out in the Explanatory Statement, which will result in the Vendor's voting power increasing from 8.08% up to a maximum of 43.80% in the capital of the Company (assuming the Milestones are satisfied, the Consulting Options are exercised, and no other Shares are issued or Options exercised).*

1.9 In assessing the Proposed Transaction, we have only considered the impact of Resolution 1 in the Notice as the Proposed Transaction is not inter-dependent with the other resolutions. However, Shareholders should ensure that they have read and understand all resolutions contained in the Notice.

1.10 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

# 2. Summary and Conclusion

## Opinion

2.1 In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, the Proposed Transaction is **not fair and not reasonable** to the Non-Associated Shareholders of ERW.

## Approach

2.2 In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("ASIC") Regulatory Guide 111 – *Content of Expert Reports* ("RG 111"), which provides specific guidance as to how an expert is to appraise transactions.

2.3 Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

2.4 Therefore, we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Market Value of a Share in ERW on a control basis prior to the Proposed Transaction; with
- The Fair Market Value of a Share in ERW on a non-control basis immediately post completion of the Proposed Transaction (assuming the Application is granted and the Class A Rights vest),

and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision.

2.5 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 4 of this Report.

## Fairness

2.6 Our assessed values of an ERW Share prior to and immediately after the Proposed Transaction are summarised in the table and figure below.

2.7 We have assessed the value of an ERW Share post the Proposed Transaction assuming that the Application is granted and therefore the Class A Rights would vest with 15 million ERW Shares being issued to the Vendor (or his nominees) accordingly. If the Application is not granted within 1 year of the Proposed Transaction, then either party may terminate the Agreement and no consideration would be payable.

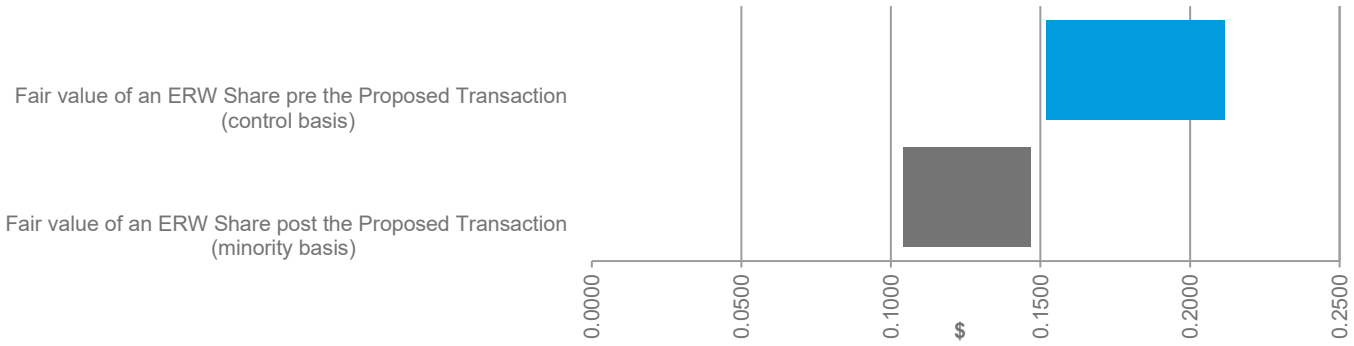
**Table 1 Assessed values of an ERW Share pre and post the Proposed Transaction (assuming the Application is granted and the Class A Rights vest)**

| Assessment of fairness | Value | | |
|---|---|---|---|
| A$ | Low | High | Preferred |
| Fair value of an ERW Share pre the Proposed Transaction (control basis) | 0.1521 | 0.2117 | 0.1819 |
| Fair value of an ERW Share post the Proposed Transaction (minority basis) | 0.1043 | 0.1467 | 0.1259 |

Source: RSM analysis

2.8 We have summarised the values included in the table above in the chart below.

**Figure 1 ERW Share valuation graphical representation (assuming the Application is granted and the Class A Rights vest)**




Source: RSM analysis

2.9 The chart above indicates that the range of values post the Proposed Transaction on a minority basis is less than the assessed value of an ERW Share prior to the Proposed Transaction on a control basis.

2.10 We note that this assessment has been prepared on the assumption that the exploration licence application on the Andover West Project is granted and therefore the Class A Rights vest. We have not considered the impact of the Class B Rights vesting as we consider it too uncertain and unreliable to assess the hypothetical value of the Andover West Project once a maiden JORC compliant resource is declared.

2.11 If the exploration licence application is not granted within one year of the Proposed Transaction, then either party can terminate the Agreement, ERW will return its interest in WEPL to the Vendor and no ERW Shares would be issued to the Vendor.

2.12 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Act, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of ERW.

## Reasonableness

2.13 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

2.14 If the Proposed Transaction does not proceed the Board will continue to use its current funds to explore and develop its existing projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition, and joint venture opportunities.

2.15 The key advantages of the Proposed Transaction are:

| Advantage | Details |
|---|---|
| Access to nickel project in prospective area | The Proposed Transaction provides ERW with access to exploration license application E47/4352 which comprises the Andover West Project southeast of Karratha. The project is of economic interest to ERW and is considered to be host to nickel sulphide mineralisation.<br><br>The tenement is adjacent to Azure Mineral Limited's Andover Nickel Project which has reported high grade Ni-Cu mineralisation from its initial drilling program. Nickel prices have increased significantly over the last year with the ongoing electrification and decarbonisation of the economy driving demand. |
| Class A Rights will only vest if the exploration licence application is granted | The Class A Rights to be issued to the Vendor will only vest if the exploration licence application for E47/4352 is granted.<br><br>In addition, if the Application is not granted within one year of the issue of the Class A Rights, then the Rights would lapse and the parties can terminate the Agreement, thereby minimising the risk for ERW Shareholders of the Application not being granted. |
| Class B Rights milestone should be value accretive for Shareholders (if achieved) | The Deferred Consideration Shares are only payable if a JORC compliant Inferred Resource of at least 1 million tonnes of Nickel is achieved at the Project. Declaring a JORC Inferred Resources should be value accretive for the Company, which the Non-Associated Shareholders will participate in. |
| Cash preservation | The Proposed Transaction enables the Company to preserve its cash in the short term by issuing Rights as consideration for the acquisition, although cash will be required to fund exploration activities in the future. |

2.16 The key disadvantages of the Proposed Transaction are:

| Disadvantage | Details |
|---|---|
| The Proposed Transaction is not fair | The Proposed Transaction is not fair to the Non-Associated Shareholders. |
| Significant portion of consideration payable prior to exploration success | The Class A Rights vest on the grant of the exploration licence for the Project, which is prior to any exploration activity being undertaken by the Company to establish whether the identified anomalies support the view that the Andover West Project is highly prospective for nickel-copper-cobalt.<br><br>The majority of the consideration is therefore payable before any value accretion from exploration results at the Project could be established for the Non-Associated Shareholders. |
| Dilution of Non-Associated Shareholders' Interests | The Proposed Transaction will dilute the existing Shareholders if the Rights vest and ERW Shares are issued to the Vendor (or his nominees). The Non-Associated Shareholders hold a 91.1% interest in ERW prior to the Proposed Transaction, this will reduce to 68.5% on vesting of the Class A Rights and to 63.3% on vesting of the Class B Rights.<br><br>It is noted that to achieve the second milestone of a JORC compliant resource, significant exploration activity would need to be undertaken which would require future equity raises. If the Vendor does not participate in these raises, then their resulting interest in the Company would be diluted over time. |
| Voting power of Vendor and associates | If the Proposed Transaction occurs and the Class A Rights vest, the Vendor and associates will have voting power in ERW 31.5% (and a maximum of 36.7% if the Class B Rights also vest). As a shareholder with greater than 25% voting interest, the Vendor could block a Special Resolution of the Company. |

| Disadvantage | Details |
|---|---|
| Free carry in Project | The Vendor will have a 20% free carry interest in the Andover West Project, with ERW being responsible for paying 100% of all costs associated with the Project until a decision to mine is made, at which point the Vendor must meet its pro-rata share of funding requirements or dilute its interest. |

2.17 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of ERW at this time.

*Key Considerations*

2.18 In forming our opinion on whether the Proposed Transaction is reasonable to the Non-Associated Shareholders of ERW, the key facts we have considered are:

- *Structure of Proposed Transaction* – the initial tranche of Class A Rights (which give rise to the control impact noted above) vest on the grant of the exploration licence for the Project. This is before any exploration activity will have been undertaken by the Company on the Project to establish whether the identified anomalies support the view that the Andover West Project is highly prospective for nickel-copper-cobalt. Whilst a second tranche of Rights will vest on declaration of a JORC compliant resource at the Project this is a significantly smaller tranche and would likely be accompanied by an increase in value of the Project. Therefore, the majority of the consideration is payable before any value accretion from exploration results at the Project will be established for the Non-Associated Shareholders.

- *Control Impact* – the Proposed Transaction will result in an Executive Director of ERW, Mr Thomas Reddicliffe, increasing his relevant interest in the Company from 8.9% to 31.5% (assuming the exploration licence application is granted on the Andover West Project and the Class A Rights vest accordingly). This provides Mr Reddicliffe with a blocking interest in shareholder voting, with a more than 25% interest enabling the holder to block Special Resolutions of the Company. We note that planned exploration expenditure on the Project will necessitate future equity raises by ERW which could dilute the Vendor's interest in time should he not participate in such capital raises.

- *Relativity of Value* – SRK have valued an 80% equity interest in the Andover West Project to be in the range of $0.95 million to $1.89 million based on the limited exploration work undertaken to date at the Project. Assuming the $0.22 placement share value from December 2021 (which was undertaken to fund the acquisition and future exploration activities and is also our preferred value of an ERW Share on a minority basis prior to the Proposed Transaction), the 15 million ERW shares issued following vesting of the Class A Rights would equate to a value of $3.3 million. This is significantly higher than the value attributed by SRK to the Project. The Directors of ERW and Non-Associated Shareholders may not agree with the value concluded by SRK, and therefore may believe that the Project has upside value beyond that considered in this Report.

- *Marketable Asset* – given the location of the Andover West Project, we understand that the Board of ERW (excluding Mr Reddicliffe) considered the Project to be a commercially marketable asset and therefore that negotiation of the acquisition of the Project was a competitive process however we understand that no other formal offers were presented for the Project.

2.19 In our opinion, the position of the Non-Associated Shareholders of ERW if the Proposed Transaction is approved is not more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **not reasonable** for the Non-Associated Shareholders of ERW.

## 3. Summary of Proposed Transaction

### Overview

3.1 On 23 November 2021, ERW announced it had entered into a share sale agreement with WEPL whereby the Company agreed to acquire 80% of the fully paid ordinary shares in Western Exploration Pty Ltd held by Mr Thomas Reddicliffe, the sole shareholder of WEPL.

3.2 WEPL is the registered holder of Exploration Licence application E47/4352 which comprises the Andover West Project ("the Project").

3.3 Pursuant to the Agreement, the Company agreed to pay the Vendor a non-refundable deposit of $10,000 cash and issue the Vendor (or his nominees) on completion of the acquisition:

- 15,000,000 Class A Performance Rights; and
- 5,000,000 Class B Performance Rights.

3.4 The Class A Rights will vest on grant of the Application, providing this occurs within one year from the date of issue. If the Application is not granted within one year of completion of the Proposed Transaction, then either party may terminate the Agreement and ERW will return its interest in WEPL to the Vendor.

3.5 The Class B Rights will vest on announcement of a maiden JORC compliant Inferred Mineral Resources of at least 1,000,000 tonnes of nickel within five years from the date of issue.

3.6 The Rights will convert into ordinary shares of ERW on achievement of the performance milestones; if the milestones are not met before the relevant expiry date, the Rights will automatically lapse.

3.7 The Company will free carry the Vendor at 20% shareholding through to a decision to mine based on a Feasibility Study. For the duration of the free carry period, the Company will be responsible for paying 100% of the Project outgoings and the Company will have exclusive access to the Project.

3.8 Following a decision to mine, the Vendor must either agree to meet its pro-rata share of funding requirements or its interest in the Company will dilute in accordance with the level of expenditure actually incurred to that date.

### Key conditions of the Proposed Transaction

3.9 The Proposed Transaction is conditional on the following:

3.9.1 Completion of financial, legal and technical due diligence by the Company on WEPL and the Project;

3.9.2 The Vendor and the Company entering into a customary incorporated joint venture agreement and a deed of acknowledgement in relation to the mineral rights agreement by which the Vendor proposes to dispose of the iron ore rights in respect of the Project; and

3.9.3 Obtaining all necessary shareholder and regulatory approvals pursuant to ASX Listing Rule 10.1 and Item 7, s611 of the Corporations Act.

### Details of the Project

3.10 The Andover West Project is located within the north-western portion of the Pilbara Craton and covers granite greenstone terrane lithologies within the West Pilbara Super Terrane which is considered prospective for

magmatic nickel-copper-cobalt sulphide mineralisation. The Project is bisected by the Sholl Shear Zone (SSZ) which trends east west through the tenement.

3.11 The project is located immediately adjacent to Azure Mineral Limited's Andover Nickel Project, 35 km to the southeast of Karratha, which is host to nickel sulphide mineralisation (identified as per Azure Minerals Ltd 12 October 2020 ASX announcement).

3.12 The exploration licence application was submitted on 2 April 2020. The Company has reported that a Heritage Protection and Access Agreement with the Ngarluma Land Council is close to finalisation, being one of the key milestones prior to grant of the exploration licence.

3.13 Previous work located the highest priority electromagnetic target along the southern margin of the Andover Intrusive Complex in the northwest corner of the Andover West Project. Ground based fixed loop EM surveying conducted by previous explorers identified four VTEM anomalies, but none were drill tested as they were considered too small to represent well-developed massive sulphides with economic potential. The Company has reassessed these findings alongside consideration of recent Azure Minerals success across the tenement boundary the Company considers these anomalies worth investigating further.

## Rational for Proposed Transaction

3.14 The Andover West Project is considered highly prospective for the discovery of Nickel-Copper-Cobalt deposits given its proximity to the Azure Nickel-Copper-Cobalt deposit VC-07 located 2.8km to the east and on the same mineralisation trend. In addition, the Andover West VTEM conductor is similar to the VC-07 conductor target which has been proven to be associated with massive sulphide mineralisation and currently undergoing a resource drill out.

## Impact of Proposed Transaction on ERW's Capital Structure

3.15 The table below sets out a summary of the capital structure of ERW prior to and post the Proposed Transaction. The impact of vesting of the Class A Rights (Scenario 1) and Class B Rights (Scenario 2) is considered in the table below.

**Table 2 Share structure of pre and post the Proposed Transaction**

| | Prior to Proposed Transaction | | Class A Rights Vest (Scenario 1) | | Class B Rights Vest (Scenario 2) | |
|---|---|---|---|---|---|---|
| **Shares on issue** | | | | | | |
| Non-Associated Shareholders | 41,433,991 | 91.1% | 41,433,991 | 68.5% | 41,433,991 | 63.3% |
| Vendor Shares | 4,059,247 | 8.9% | 19,059,247 | 31.5% | 24,059,247 | 36.7% |
| **Total undiluted shares on Issue** | **45,493,238** | **100%** | **60,493,238** | **100%** | **65,493,238** | **100%** |
| | | | | | | |
| **Options:** | | | | | | |
| Non-Associated Shareholders Options | 21,196,800 | 90.8% | 21,196,800 | 90.8% | 21,196,800 | 90.8% |
| Vendor Options | 2,136,617 | 9.2% | 2,136,617 | 9.2% | 2,136,617 | 9.2% |
| **Total Options** | **23,333,417** | **100%** | **23,333,417** | **100%** | **23,333,417** | **100%** |
| | | | | | | |
| **Fully Diluted Position:** | | | | | | |
| Non-Associated shareholders | 62,630,791 | 91.0% | 62,630,791 | 74.7% | 62,630,791 | 70.5% |
| Vendor Interest | 6,195,864 | 9.0% | 21,195,864 | 25.3% | 26,195,864 | 29.5% |
| **Total fully diluted shares on issue** | **68,826,655** | **100%** | **83,826,655** | **100%** | **88,826,655** | **100%** |

Source: RSM Analysis

1. Scenario 1 considers the vesting of the Class A Rights on grant of the Application.
2. Scenario 2 considers the vesting of the Class B Rights on declaration of a maiden JORC compliant mineral resource. It should be noted that future capital raises would be anticipated to fund exploration expenditure on the Project in this scenario – these have not been factored into the above analysis.

3.16 The Vendor (and his associates) currently hold 4,059,247 ordinary shares and 2,136,616 options in the Company which represents an undiluted interest of 8.9% and fully diluted interest of 9.0% in the Company.

3.17 Immediately following completion, 15,000,000 Class A Rights and 5,000,000 Class B Rights will be issued to the Vendor (or his nominees). This will not result in any immediate change in the ordinary shares on issue or voting rights.

3.18 If the Application is granted within one year of acquisition, the 15,000,000 Class A Rights will vest (Scenario 1) and the Vendor's shareholding will increase to 31.5% of the ordinary share capital on an undiluted basis and fully diluted interest of 25.3%.

3.19 If a JORC compliant resource is declared on the Project within five years of acquisition, the 5,000,000 Class B Rights will vest (Scenario 2) and the Vendor's shareholding would increase to 36.7% of the ordinary share capital on an undiluted basis and fully diluted interest of 29.5% assuming all other factors remain the same. In this scenario, future equity raises would be anticipated in order to fund exploration expenditure on the Project but they have not been factored into the analysis above.

3.20 If the exploration licence application is not granted within one year of the Proposed Transaction, then either party can terminate the Agreement, ERW will return its interest in WEPL to the Vendor and no ERW Shares would be issued to the Vendor.

3.21 We also note that an associate of the Vendor, Bennelong Resources Capital Pty Ltd, will be issued with 7,500,000 options subject to shareholder approval of Resolution 4 in the Notice as remuneration for consulting services provided to the Company. We have not incorporated these options into the above analysis, as the approval of the Proposed Transaction is not inter-dependent on the other resolutions in the Notice.

## 4. Scope of the Report

### Corporations Act

4.1 Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%. Achievement of the performance milestones and therefore vesting of the Rights would result in the Vendor increasing their interest in ERW from 8.9% to a maximum of 36.7% on an undiluted basis.

4.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the company.

4.3 Accordingly, the Company is seeking approval from the Non-Associated Shareholders for Resolution 1 under Item 7 of Section 611 of the Act.

4.4 Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

### ASX Listing Rules

4.5 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

4.6 The Vendor is a Director of ERW, therefore for the purposes of the ASX Listing Rules, the Vendor is a related party of the Company.

4.7 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX". The audited equity value of ERW as at 30 June 2021 was $3.28 million. The Project is considered to have a value greater than 5% of the published equity value, therefore the Proposed Transaction is considered to be substantial and is with a related party.

4.8 ASX Listing Rule 10.5.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.5 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

4.9 Accordingly, ERW is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction for the purposes of Item 7 of s611 of the Corporation Act and ASX Listing Rule 10.1. The Company has engaged RSM to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

### Basis of evaluation

4.10 In determining whether providing the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.

4.11 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.12 RG 111 states that the expert's report should focus on:

- The issues facing the security holders for whom the report is being prepared: and
- The substance of the transaction rather than the legal mechanism used to achieve it.

4.13 Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

4.14 RG 111 applied the fair and reasonable test as two distinct criteria in the circumstance of a takeover offer, stating:

- A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- A takeover is considered "reasonable" if it is fair, or where the offer is "not fair" it may still be reasonable if the expert believes that there are sufficient reasons for security holders to accept the offer.

4.15 Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:

- A comparison of the fair value of an ordinary Share in ERW prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction – fairness; and
- A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.

4.16 The other significant factors to be considered include:

- Other prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.17 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

## 5. Profile of Errawarra Resources Ltd

### Background

5.1 Errawarra Resources Ltd is an Australian company listed on the ASX and is based in Perth, Western Australia. ERW listed on the ASX in December 2020 at an issue price of $0.20 per share. The market capitalisation of ERW at the date of this Report was approximately $10.5 million.

5.2 ERW is a gold and nickel exploration company with the following three projects in Western Australia: Binti (Kalgoorlie), Fraser Range (Norseman) and Errabiddy (Meekatharra). The projects are summarised below.

### Binti Binti Project

5.3 The Binti Binti Project is located approximately 75km north-northeast of Kalgoorlie, Western Australia and covers an area of approximately 116km2. The project is located within the Shire of Menzies and City of Kalgoorlie Boulder and comprises two granted tenements E27/603, E27/577 and an application E31/1298.

5.4 The project is considered prospective for orogenic style gold due to its proximity to the historic Gindalbie / Binti Binti goldfield and evidenced by modest reported gold production and numerous prospector pits. The project is also conceptually prospective for komatiite hosted nickel-cobalt mineralisation. The Company confirmed surface gold mineralisation through limited rock chip sampling and is planning a follow-up program of auger assisted soil sampling aimed at defining prospective structures.

5.5 Gold grades of more than 5g/t Au were reported in a small sample of a 2-stage drill program, although geological mapping interpretation suggests any gold mineralisation shoots in the area were likely to plunge steeply.

### Fraser Range Project

5.6 The Fraser Range Project is located approximately 130km east of Norseman, Western Australia and covers an area of approximately 105km. The project comprises two tenements E363/1941 and E363/1771.

5.7 The Fraser Range Project is considered prospective for Nova-style Ni-Cu-Co magmatic sulphide mineralisation. The highest priority targets within the Fraser Range Project relate to identification of olivine-bearing, mantle derived intrusive with two separate indicators of possible sulphur saturation (SO3 and Th/Nb)

5.8 The early-stage exploration project has priority areas identified for testing based on gravity, magnetic, geochemical anomalies, and favourable geological units for hosting sulphide mineralisation. Surface EM surveying has been completed over four priority areas in August 2021. No large strong EM anomalies consistent with sulphide mineralisation have been identified to date, but nine weaker anomalies have been identified for follow-up field checking.

### Errabiddy Project

5.9 The Errabiddy Project is located in the Gascoyne Region of Western Australia and approximately 190km northwest of Meekatharra and 360km east of Carnarvon. The project consists of seven tenements as follows: E52/3838, E09/2410, E09/2346, E09/2440 and three contiguous tenements E09/2457, E09/2459 and E09/2602.

5.10 Encouraging results achieved by previous and current explorers makes the Errabiddy Project a highly prospective location. A detailed airborne magnetic and radiometric survey was completed in May to June 2021. Additional processing and interpretation of the data is underway and further geological mapping is to be contemplated for identification of potential nickel sulphide targets.

## Directors and management

5.11 The directors and key management of ERW as at the date of this report are summarised in the table below.

**Table 3 ERW Directors**

| Name | Title | Experience |
|---|---|---|
| Mr Jonathan Murray | Non-Executive Chairman | Mr Murray has over 20 years of experience advising on numerous initial public offers and secondary market raising, public and private M&A transactions, corporate governance and strategy. Mr Murry is a partner of a law firm Steinepreis Paganin, based in Perth, Western Australia and is also a member of FINSIA. During the past 3 years Mr Murray has been a director of three ASX listed companies: Hannas Ltd (ASX:HNR), Vietnam Industrial Investments Limited (ASX:VII), and Peak Resources (ASX:PEK). |
| Mr Thomas Reddicliffe | Executive Director | Mr Reddicliffe has over 35 years of experience in mostly Australian focussed exploration, evaluation, trial mining, feasibility studies and company management. Mr Reddicliffe is currently an Executive Director of Errawarra Resources Ltd, Greentech Metals Ltd and Sorrento Resources Pty Ltd as well as Non-Executive Director of Gibb River Diamonds Ltd. Mr Reddicliffe holds a Bachelor of Science (Honours) Geology and a Master of Science in Ore Deposit Geology. He is also a Fellow of the Australiasian Institute of Mining and Metallurgy. |
| Ms Greta Purich | Non-Executive Director | Ms Purich previously held roles as Executive Director, Exploration Manager, Mining Engineer, and Mine Geologist for companies such as BHPB, Doray Minerals, Revolution Mining, Rio Tinto, Xstrata and Saracen. Ms Purich holds a graduate diploma in Engineering at Curtin University, Bachelor of Science in Geology, and a Bachelor of Commerce majoring in Corporate Finance and Investment Finance. |

Source: Company

## Financial information of ERW

5.12 The information in the following section provides a summary of the consolidated financial performance of ERW for the years ended 30 June 2020 and 30 June 2021 extracted from the audited financial statements of the Company, as well as financial performance for the six months ended 31 December 2020 extracted from the reviewed financial statements for the half-year ended 31 December 2020.

5.13 The auditor of ERW, Stantons, issued an unqualified opinion on the financial statements for the year ended 30 June 2021 and an unqualified review conclusion on 31 December 2020 financial statements.

## Financial performance

5.14 The following table sets out a summary of the consolidated financial performance of ERW for the periods ended 30 June 2020, 31 December 2020 and 30 June 2021.

### Table 4 Historical financial performance

| $ | Ref | Year ended 30-Jun-21 Audited | Half-year ended 31-Dec-20 Reviewed | Year ended 30-Jun-20 Audited |
|---|---|---|---|---|
| **Continuing Operations** | | | | |
| Other income | | 431 | - | - |
| | | | | |
| **Expenditure** | | | | |
| Share -based payments | 5.17 | (1,004,722) | (518,957) | - |
| Employee expenses | | (231,517) | (100,872) | - |
| Consultants' expenses | | (243,127) | (118,523) | (55,061) |
| Interest expenses | | (332) | (332) | (37,937) |
| Impairment expenses | | - | - | 7,134 |
| Exploration and evaluation expenses | 5.16 | (1,668,001) | (1,176,724) | - |
| Fair value gain on other financial assets | | 44,059 | - | 14,687 |
| Other expenses | | (155,357) | (105,176) | (6,947) |
| **Loss before income tax expense** | | **(3,258,566)** | **(2,020,584)** | **(78,124)** |
| | | | | |
| Income tax benefit | | - | - | 35,259 |
| **Loss for the period from continuing operations** | **5.15** | **(3,258,566)** | **(2,020,584)** | **(42,865)** |
| | | | | |
| Other comprehensive income for the year | | - | - | - |
| **Total comprehensive loss for the year** | | **(3,258,566)** | **(2,020,584)** | **(42,865)** |
| | | | | |
| Net loss attributable to the parent entity | | - | - | - |
| **Total comprehensive loss attributable to the parent entity** | | **(3,258,566)** | **(2,020,584)** | **(42,865)** |

Source: Company Financials

5.15 ERW recorded losses before income tax on continuing operations of $78k, $2.0 million and $3.3 million over the reviewed periods.

5.16 Exploration and evaluation expenditure is expensed to the statement of profit or loss for non-JORC compliant mineral resources. Exploration and evaluation expenditure was incurred in FY21 following the commencement of exploration work at the Binti Binti, Fraser Range and Errabiddy projects.

5.17 Share based payments for the year ended 30 June 2021 related to 3,600,000 options issued to key management personnel, as consideration for tenement acquisitions and to brokers during the year.

## Financial position

5.18 The table below sets out a summary of the financial position of ERW as at 30 June 2021 and 31 December 2020.

### Table 5 Historical financial position

| $ | Ref | 30-Jun-21 Audited | 31-Dec-20 Reviewed |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5.20 | 3,380,569 | 4,854,628 |
| Trade and other receivables | | 90,626 | 94,061 |
| Other financial assets at fair value though profit and loss | 5.21 | 117,492 | 73,433 |
| **Total Current Assets** | | **3,588,687** | **5,022,122** |
| **Non-current assets** | | | |
| Intangible assets | | - | - |
| **Total Non-Current Assets** | | **-** | **-** |
| **Total Assets** | | **3,588,687** | **5,022,122** |
| **Current liabilities** | | | |
| Trade and other payables | | 305,926 | 383,985 |
| Provisions | | - | 570,705 |
| Borrowings | | - | - |
| **Total Current Liabilities** | | **305,926** | **954,690** |
| **Total Liabilities** | | **305,926** | **954,690** |
| **Net Assets** | **5.19** | **3,282,761** | **4,067,432** |
| Equity | | | |
| Issued capital | | 6,598,326 | 6,145,015 |
| Reserves | | 1,173,399 | 1,173,399 |
| Accumulated losses | | (4,488,964) | (3,250,982) |
| **Total Equity** | | **3,282,761** | **4,067,432** |

Source: Company

5.19 As at 30 June 2021 ERW had net assets of $3.28 million, a decrease of $784k from 31 December 2020.

5.20 Cash and cash equivalents decreased from a balance of $4.9 million as at 31 December 2020 to $3.4 million as at 30 June 2021 driven by exploration and evaluation expenditure.

5.21 Other financial assets at fair value through profit and loss relate to an investment in Critical Metals Ltd. The investment consists of 293,730 ordinary fully paid shares.

5.22 On 1 December 2021, ERW completed a placement of 5,600,000 shares at an issue price of $0.22 per share to sophisticated investors with proceeds anticipated to be used to fund initial exploration works at the Project.

5.23 The December 2021 Quarterly Activities and Cash Flow Report released by ERW on 31 January 2021 showed total cash on hand of $3.915 million as at 31 December 2021, with an operational cash outflow for the quarter of $227,000 offset by $1.22 million of proceeds from share issues.

## Capital structure

5.24 ERW has 45,493,238 ordinary shares on issue at the date of this Report. The top 20 shareholders of the Company as at the date of this Report are set out below.

### Table 6 Top 20 shareholders

| Position | Holder Name | Holding | % IC |
|---|---|---|---|
| 1 | SORRENTO RESOURCES PTY LTD | 3,643,234 | 8.01% |
| 2 | MR ALASTAIR CARDNO | 1,983,717 | 4.36% |
| 3 | CITICORP NOMINEES PTY LIMITED | 1,397,261 | 3.07% |
| 4 | BNP PARIBAS NOMINEES PTY LTD | 1,246,688 | 2.74% |
| 5 | ANNBROOK CAPITAL PTY LTD | 720,010 | 1.58% |
| 6 | HR EQUITIES PTY LTD | 687,594 | 1.51% |
| 7 | QUICKSILVER ASSET PTY LTD | 673,000 | 1.48% |
| 8 | CYGNUS 1 NOMINEES PTY LTD | 650,000 | 1.43% |
| 9 | MRS ANDREA MURRAY <MURRAY FAMILY FUND NO 2 A/C> | 637,642 | 1.40% |
| 10 | CORPORATE BOARD SERVICES | 589,425 | 1.30% |
| 11 | BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C> | 525,872 | 1.16% |
| 12 | SOLSTRAALE NOMINEES PTY LTD <MUSGRAVE SUPER FUND A/C> | 500,000 | 1.10% |
| 12 | VALIAN NOMINEES PTY LTD | 500,000 | 1.10% |
| 13 | MR COLIN MACKAY | 480,000 | 1.06% |
| 14 | MRS ANDREA MURRAY | 456,146 | 1.00% |
| 15 | MR ROSS CAMPBELL WILLIAMS & MRS NICOLA ANN WILLIAMS <WILLIAMS | 448,000 | 0.98% |
| 16 | ACACIA INVESTMENTS PTY LTD <DPH A/C> | 430,114 | 0.95% |
| 17 | WESTRADE RESOURCES PTY LTD | 425,000 | 0.93% |
| 18 | EQUITY & ROYALTY INVESTMENTS LTD | 406,388 | 0.89% |
| 19 | BENNELONG RESOURCE CAPITAL PTY LTD | 386,013 | 0.85% |
| 20 | ROCK BIZ PTY LTD <HICKS GROUP S/F NO 3 A/C> | 364,952 | 0.80% |
| | **Total** | 17,151,056 | 37.70% |
| | Other | 28,342,182 | 62.30% |
| | **Total issued capital - selected security class(es)** | **45,493,238** | **100.00%** |

Source: Company

5.25 ERW had 23,333,417 options outstanding as at the date of this Report, Tranche 1 options are quoted with the remaining being unquoted. Terms of the options on issue are outlined in the table below.

### Table 7 ERW Outstanding Options

| Option Terms | Tranche 1 | Tranche 2 | Tranche 3 | Tranche 4 |
|---|---|---|---|---|
| Number | 16,772,345 | 2,961,072 | 1,800,000 | 1,800,000 |
| Exercise Price | $0.30 | $0.30 | $0.30 | $0.30 |
| Expiry Date | 30-Sep-22 | 30-Sep-22 | 28-Nov-24 | 3 Dec-24 |

Source: Company

## Share price performance

5.26 The figure below sets out a summary of ERW closing share prices and traded volumes for the period from listing to announcement of the Proposed Transaction.

**Figure 2 ERW daily closing share price and traded volumes**


Source: S&P Capital IQ/ASX

5.27 In the 11 months from listing to 23 November 2021, ERW shares traded between $0.180 and $0.325.

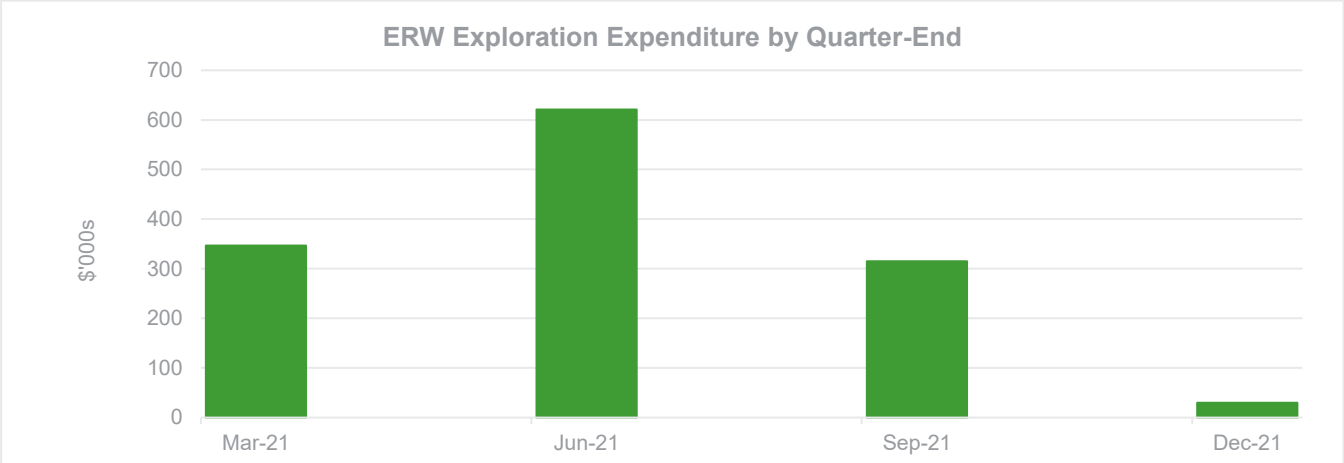
5.28 Significant trading days and announcements have been summarised in the table below:

| No | Date | Comments |
|---|---|---|
| 1 | 5-Jan-21 | ERW announced the completion of the historic Binti Binti / Gindalbie goldfield acquisition for consideration of 250,000 fully paid ordinary shares to the Vendor. |
| 2 | 8-Mar-21 | ERW announced all shareholders on the register at 5pm (WST) on 22 March 2021 will receive one option for every two shares held. Options will be exercisable at $0.30 on or before 30 September 2022. |
| 3 | 29-Mar-21 | ERW announced completion of the issue of free options to eligible shareholders. |
| 4 | 20-Apr-21 | ERW released an update on Fraser Range Exploration, four phases of ground electromagnetic surveys planned, each covering a separate priority areas. First and second ground EM surveys were conducted with no strong bedrock conductors. Third phase surveying underway. |
| 5 | 3-May-21 | ERW released 3rd quarter activities report outlining results from drilling and ground electromagnetic work in the Binti Binti and Fraser Range projects. Mr Thomas Reddicliffe appointed as Executive Director following retirement of Mr Damian Hicks from the Board. Quarter 4 plan outlined for further testing in Binti Binti, Fraser Range and Errabiddy. |
| 6 | 31-May-21 | ERW announced on 20 May 2021 a detailed airborne magnetic survey over the Errabiddy project has commenced with final data interpretation due for completion in June 2021. |
| 7 | 28-Sep-21 | ERW released its 2021 Annual Report highlighting portfolio project updates on Binti Binti, Fraser Range and Errabiddy. A consolidated loss of $3.3 million before tax ($78k in FY20) was recorded and primarily driven by share-based payments and exploration and evaluation expenditure on projects. |
| 8 | 23-Nov-21 | ERW announced acquisition of 80% of fully paid ordinary shares in Western Exploration Pty Ltd, the registered holder of Exploration License application E47/4352 subject to shareholder approval. The board also announced binding commitments from investors to raise $1,232,000 via a share placement at $0.22 to support initial exploration activity at the Project and fund associated transaction costs. |

5.29 The period between 20 April 2021 and 10 September 2021 saw the ERW share price trading in the range of $0.18 to $0.25, trending around $0.21 over the period. Through September to November 2021, the ERW share spiked three times with no notable announcements released by the Company until the announcement of the Proposed Transaction on 23 November 2021. As the Company had announced its intention to seek new projects, it is possible that share price movements were driven by market speculation on a potential transaction.

5.30 The Company's exploration activities has not identified any significant drill targets on its existing projects and therefore expenditure has declined each quarter from June 2021 with mainly follow-up sampling programs planned. The table below shows the trend in exploration expenditure, noting that ERW had cash reserves of $3.4 million at 30 June 2021.

**Figure 3 ERW Quarterly Exploration Expenditure**




Source: Company Quarterly Cash Flow Reports

## 6. Profile of Western Exploration Pty Ltd

### Background

6.1 Western Exploration Pty Ltd is an unlisted proprietary company based in Perth, Western Australia and incorporated in 2019.

6.2 WEPL is the registered holder of the Exploration License application E47/4352 which comprises the Andover West Project. E47/4352 is located 35kms southeast of Karratha in Western Australia and WEPL holds all mineral rights with the exception of iron ore.

### Directors and Capital Structure

6.3 Mr Thomas Reddicliffe is the sole director and shareholder of Western Exploration Pty Ltd. Mr Thomas Reddicliffe is also a director of Errawarra Resources Ltd.

### Financial Information

6.4 The only significant asset of WEPL is the Andover West Project. We have reviewed the financial statements of WEPL for the year ended 30 June 2021 which shows net liabilities of $5,707 and the only recognised asset being tenement rent deposits paid. Expenses incurred by WEPL in the year ended 30 June 2021 of $5,709 related to minor exploration expenditure, contract payments and filing fees.

### Andover West Project

6.5 The Andover West Project is located in the north-western position of the Pilbara Craton. The project location is bisected by the major regionally extensive reactivated Sholl Shear Zone (SSZ). The Karratha Terrane located on the north size of SSZ is dominated by Harding Grantic Complex, comprised of the Maitland River and Orpheus Supersuites. The Andover Intrusive Complex of the Orpheus Supersuite has been considered of economic interest and host to nickel sulphide mineralisation.

6.6 The Project is located immediately adjacent to the Azure Minerals Limited's Andover Nickel Project. Recent announcements by Azure Minerals Limited state that the drilling program conducted at their project has confirmed multiple zones of nickel and copper sulphide mineralisation, with a maiden Mineral Resource Estimate is expected to be delivered in the first quarter of 2022.

6.7 Limited exploration has been undertaken on the Andover West Project with previous explorers conducting ground based fixed loop EM surveying over four anomalies. These targets were not drill tested at the time but there has been a technical reassessment of their prospectivity given the success of Azure Minerals across the tenement boundary. The Company considers these anomalies to represent valid untested targets for detailed follow-up exploration.

# 7. Industry Overview

## Gold Mining

7.1 Gold mining is a capital intensive and high cost process, becoming increasingly difficult as the quality of the ore reserves diminish. Furthermore, there are substantial indirect costs related to exploration, royalties, overheads, marketing and native title law that are usually required to be paid.

7.2 Over the long term, gold has been shown to be an attractive alternative investment during times of economic uncertainty, as gold prices largely maintain or increase in value. Furthermore, it has also been used as a hedge against inflation as gold usually increases in value when currency declines.

7.3 In the industry report B0804 Gold Ore Mining in Australia, IBISWorld identifies the key external drivers to the gold mining industry in Australia to be:

- Domestic price of gold;
- US dollars per Australian dollar;
- Demand from gold and other non-ferrous metal processing; and
- World GDP.

### U.S. Geological Survey - Mineral Commodity Summaries 2021

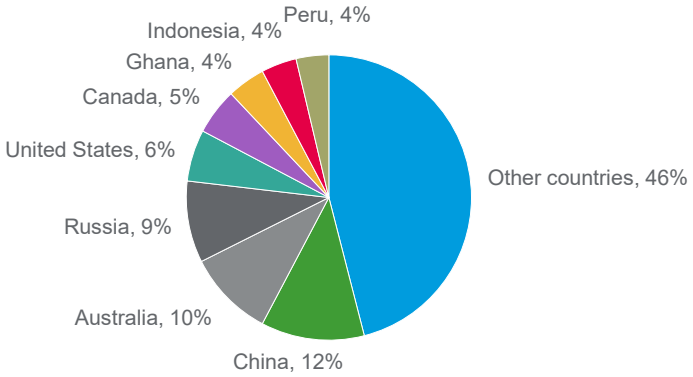
7.4 The U.S. Geological Survey ("USGS") publishes an annual Mineral Commodities Summaries paper, with the latest report published in January 2021.

7.5 The USGS estimated gold production in Australia to be approximately 320 metric tons in 2020, a reduction of around 1.5% from 2019. Globally, 2020 gold mine production was estimated to be 3% less than 2019, which may be attributed to the COVID-19 pandemic impacting operations globally.

7.6 In the first nine months of 2020, global consumption of gold in jewellery decreased by 41%, physical bars by 16% and industrial applications showed a 10% reduction. This has been partially offset by consumption increases in official coins, metal and imitation coins.

7.7 The figure below summarises gold production in 2020 by country:

**Figure 4 Gold production by country - 2020**

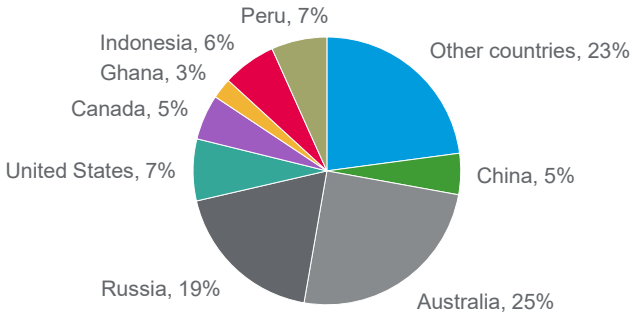



Source: United States Geological Survey

7.8 According to the USGS, gold holdings in central banks reduced by around 58% while investments in gold-based exchange traded funds surged by 168%.

7.9 Australia and Russia have the largest known gold reserves globally, accounting for around 44% collectively, with the stated gold reserves by country summarised in the figure below.

**Figure 5 Gold reserves by country - 2020**




Source: United States Geological Survey

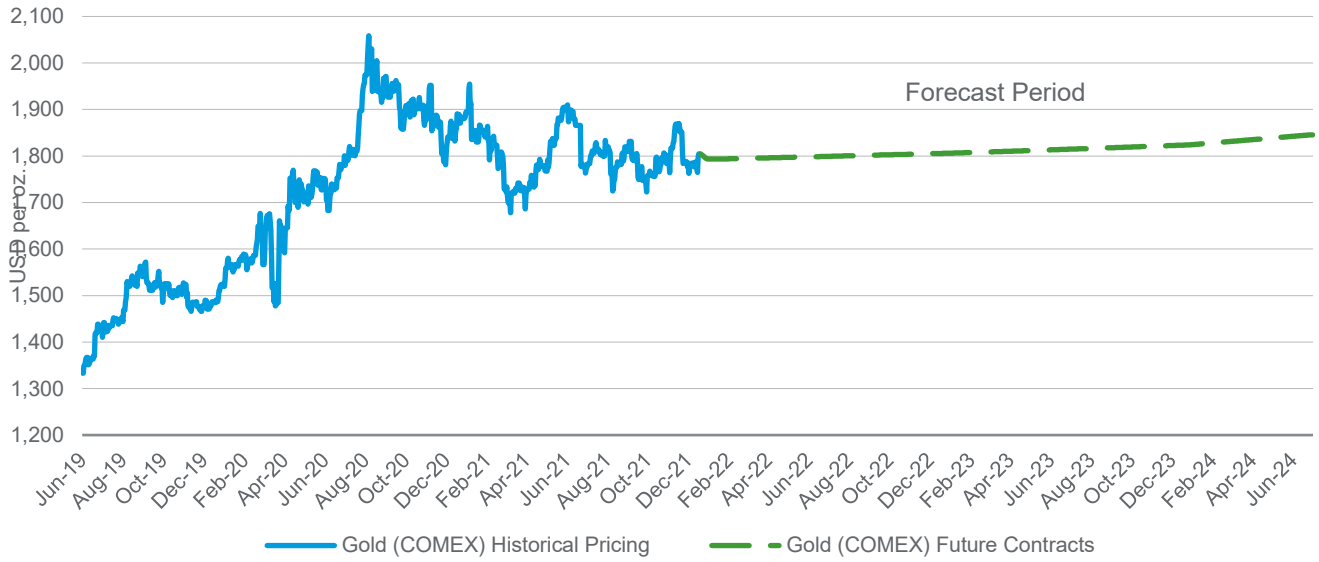
### Gold Prices

7.10 Gold prices have increased steadily from the end of 2018, averaging a 2019 gold price of approximately US$1,400.

7.11 Since the end of the first quarter of 2020, gold prices increased sharply to record highs potentially due to the US elections drawing closer, increasing global uncertainty from the COVID-19 pandemic and investor appetite for gold. The gold price peaked in August 2020 at US$2,058 per oz and has slowly tapered off since then.

7.12 The historical gold price since September 2018, together with forecast pricing through to January 2023 is depicted in the graph below:

**Figure 6 Historical and forecast gold prices**




Source: S&P Capital IQ/ ASX

## Nickel Mining

7.13 Nickel is a metal primarily used to make stainless steel and other alloys stronger and more heat resistant. Other uses include plating, batteries, mobile phone electrical connections, nickel alloys and compounds. Nickel is a vital party of many rechargeable battery systems, including nickel-metal hybride ("NiMH") batteries which were widely used in first generation electric vehicles.

7.14 The IBIS World report B0806 Nickel Ore Mining in Australia released in May 2021 outlines that the Nickel mining industry has faced mixed operating conditions over the past five years as Nickel prices and demand increased while the results were offset against output declines.

7.15 Industry revenues are expected to increase at an annualised 1.7% over the five years through 2020-21. This includes an anticipated increase of 7.2% in the current year as some mines have recommenced operations as restrictions ease from the COVID-19 pandemic.

7.16 Western Australia has the largest nickel resources in Australia, with 96% of total nickel resources.

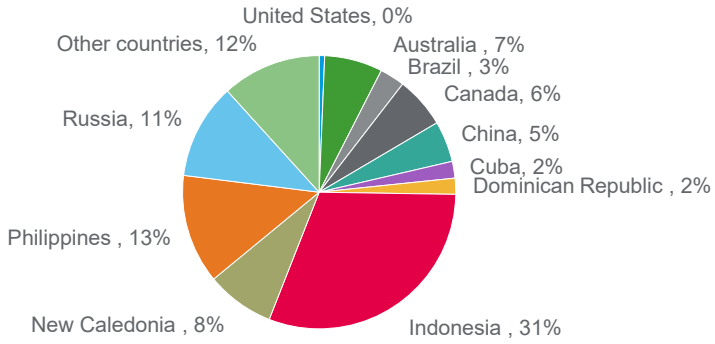
**U.S. Geological Survey - Mineral Commodity Summaries 2021**

7.17 The USGS estimated nickel production in Australia to be approximately 170,000 metric tons in 2020, an increase of around 7% from 2019. Globally, 2020 nickel mine production was estimated to be 5% less than 2019.

7.18 According to the USGS, recycled nickel played a large part in global nickel consumption, accounting for approximately 50% of apparent consumption in 2020.

7.19 The figure below summarises Nickel production in 2020, by country:

**Figure 7 Nickel production by country - 2020**




Source: United States Geological Survey

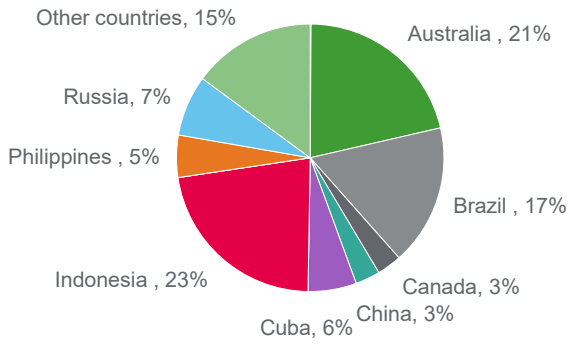
7.20 According to the USGS, Indonesia, Philippines and Russia were the largest Nickel ore producers in 2020, accounting for approximately 55% of global production as shown in the figure above.

7.21 IBIS World has identified the key external drivers that impact the Nickel Ore mining industry as follows:

- World price of nickel;
- US dollars per Australian dollar;
- Demand for gold and other non-ferrous metal processing; and
- World price of steel.

7.22 Shown below are the top eight countries by global nickel reserves in 2020. According to the USGS, Indonesia, Australia and Brazil collectively have 61% of global Nickel reserves.

**Figure 8 Nickel reserves by country - 2020**




Source: United States Geological Survey

7.23 IBIS World identified that the key success factors within the industry are

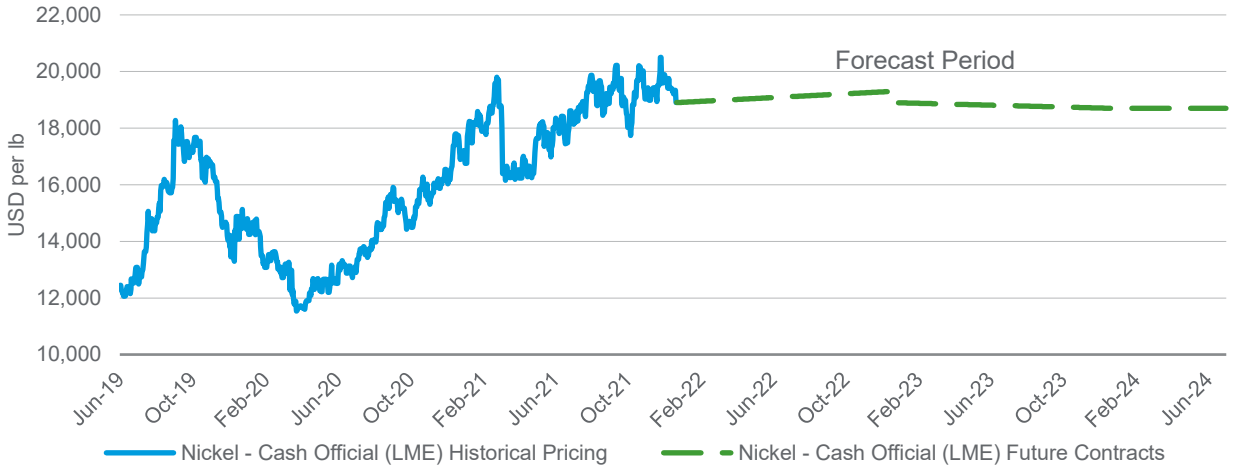
- Availability of resource;
- Output is sold under contract- incorporate long-term sales contract;
- Must comply with government regulations;
- Ability to find new resource deposits; and
- Economies of scale.

7.24 The industry is forecast to grow over the next five years at an annualised 4.8%. IBIS World anticipates output will increase as new mines are formed and current mines expand output. Along with this, profit margins are anticipated to improve slightly as well.

## Nickel Prices

7.25 Historic nickel prices from June 2019 are outlined in the table below along with forecasts to June 2024.

**Figure 9 Nickel prices – historical and forecast**




Source: S&P Capital IQ/ ASX

7.26 The increase in nickel prices from February 2020 has been driven by supply shortages with several mines reducing or halting output over the last five years. Nickel prices are anticipated to continue rising due to the rising demand for Nickel both locally and from China.

# 8. Valuation Approach

## Basis of evaluation

8.1 The valuation of ERW prior to and post the Proposed Transaction has been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

## Valuation methodologies

8.2 In assessing the Fair Market Value of an ordinary ERW Share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

8.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

*Market based methods*

8.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

8.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

8.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

*Income based methods*

8.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow;
- capitalisation of future maintainable earnings.

8.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast

period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

8.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

*Asset based methods*

8.10 Asset based methodologies estimate the Fair Market Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

8.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

8.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

8.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

## Selection of valuation methodologies

### Valuation of an ERW Share pre the Proposed Transaction (control basis)

8.14 In assessing the value of an ERW Share prior to the Proposed Transaction we have utilised the net assets on a going concern basis.

8.15 We have also utilised the quoted market price methodology as a secondary basis of valuation.

8.16 Our valuation methodologies were selected on the following basis:

- The FME or DCF approaches are not considered appropriate as ERW is an exploration company and therefore its operations are currently loss-making.
- We consider the net assets on a going concern methodology to be a suitable valuation approach given the nature of an exploration company investing in mineral assets.
- As ERW's shares are listed and traded on the ASX, we have considered the quoted market price methodology as a secondary valuation methodology. We note that for the quoted market price methodology to be considered a suitable approach, the market should be informed of ERW's activities and trading in its shares should be liquid.

8.17 In assessing the value of ERW's mineral assets, we have requested SRK Consulting (Australasia) Pty Ltd ("SRK") to independently value all tenements held by ERW, including the Binti Binti, Fraser Range and Errabiddy Projects. Their report is attached at Appendix D.

**Valuation of an ERW Share post the Proposed Transaction (non-control basis)**

8.18 In assessing the value of an ERW Share post the Proposed Transaction, we have used the pre-Proposed Transaction value and included the impact of the Proposed Transaction assuming it proceeds.

8.19 We have reflected the impact of the acquisition of 80% of WEPL by:

- Including the attributed value of an 80% interest in the Andover West Project, as assessed by SRK in their report; and
- Including the attributed value of an 80% interest in other assets and liabilities of WEPL.

8.20 As the vesting of the Class A Rights is dependent on the grant of the Application, and both parties have the ability to terminate the Agreement if the Application is not granted within one year (meaning the acquisition would not occur), we have assessed the post-Proposed Transaction value of ERW assuming that the Application has been granted and therefore the Class A Rights have vested.

8.21 We have not assessed the value of ERW post-Proposed Transaction assuming the Class B Rights have vested as this would involve the hypothetical determination of the value of the Project after a maiden JORC compliant resource of at least 1,000,000 tonnes of nickel had been declared. We consider that attempting to determine such an uncertain and unpredictable value would not be reliable enough on which to form our opinion.

8.22 We have assessed the value of an ordinary share in ERW post the Proposed Transaction on a non-controlling basis by adjusting for a minority discount in accordance with RG 111.

.

## 9. Valuation of ERW prior to the Proposed Transaction

9.1 As stated at paragraph 8.14 we have assessed the value of an ERW Share prior to the Proposed Transaction using the net assets as going concern methodology as our primary method and the quoted price of its listed securities as our secondary method. In both valuations, we have incorporated a premium for control.

### Net assets valuation

9.2 We have assessed the value of a an ERW Share on a control basis to be in the range of $0.152 and $0.212 with a preferred value of $0.182 per Share (undiluted), prior to the Proposed Transaction, based on the net assets on a going concern valuation methodology, as summarised in the table below.

**Table 8 Assessed Fair Value of an ERW Share**

| $'000 | | Adjustment | | Assessed Value | | |
|---|---|---|---|---|---|---|
| | 30-Jun-21 | Low | High | Low | High | Preferred |
| Cash and cash equivalents | 3,381 | 669 | 669 | 3,925 | 3,925 | 3,925 |
| Net working capital | (215) | 191 | 191 | (24) | (24) | (24) |
| Mineral assets | - | 2,902 | 5,614 | 2,902 | 5,614 | 4,258 |
| Other financial assets | 117 | - | - | 117 | 117 | 117 |
| **Net Assets** | **3,283** | **3,762** | **6,474** | **6,920** | **9,632** | **8,276** |
| Number of shares on issue (pre-transaction) | 45,493,238 | | | 45,493,238 | 45,493,238 | 45,493,238 |
| **Assessed value per share** | | | | **0.1521** | **0.2117** | **0.1819** |

RSM Analysis

9.3 Our assessment has been based on the audited net assets of ERW as at 30 June 2021 of $3.28 million as set out in the annual report.

9.4 In order to calculate the current market value of ERW's Shares, we have made a number of adjustments to the carrying values of assets included in the statement of financial position. These adjustments are set out below.

*Cash*

9.5 We have adjusted AEV's cash balance to that disclosed in the December 2021 quarterly activities report of $3.925 million to ensure that the Company's monthly cash burn has been reflected in our assessment.

*Mineral Assets*

9.6 SRK has been engaged to prepare a Technical Assessment and Valuation Report, in accordance with the guidelines set out in JORC (2012) and VALMIN (2015) codes, for the tenements of ERW and WEPL.

9.7 SRK has classified all projects (Fraser Range, Binti Binti and Errabiddy) as early to advanced exploration stage projects with exploration potential. The valuation basis for all projects is a combination of market (comparable transactions) and cost (geoscientific rating) based methods.

9.8 In determining comparable transactions, SRK identified 137 gold transactions and 23 nickel transactions that are considered sufficiently relevant in comparison to ERW. Tenure under application has been discounted by 20% due to the inherent risk that the tenure may not be granted or may have extra cost conditions associated.

9.9 An additional cost base valuation method has been adopted, Geoscientific rating. This method is utilised as a cross check to comparable transaction data. The Geoscientific rating attempts to quantify technical aspects of a property through multipliers applied to an appropriate base acquisition cost (being the average cost to identify, apply for and retain a base unit area of title). A discount of 20% is also applied to tenures in application to reflect uncertainty in timing of grant as well as approval conditions.

9.10 The table below summarises the adopted valuations in the SRK report assuming a 100% ownership interest in each tenement. We have then applied the actual ownership interest of ERW in each tenement to result in a value range of $2.90 million to $5.61 million with a preferred value of $4.26 million.

**Table 9 SRK Consulting Valuation Summary**

| Project | Asset | Valuation Method | Low $'000 | High $'000 | Preferred $'000 |
|---|---|---|---|---|---|
| | Exploration Potential | Comparable Transactions | 420 | 840 | 630 |
| | | Geoscientific Rating | 150 | 760 | 455 |
| **100% Interest** | | **Selected** | **420** | **840** | **630** |
| **ERW Equity Interest** | **(70%)** | | **294** | **588** | **441** |
| Binti Binti | Exploration Potential | Comparable Transactions | 660 | 1,320 | 990 |
| | | Geoscientific Rating | 275 | 1,055 | 665 |
| **100% Interest** | | **Selected** | **660** | **1,320** | **990** |
| **ERW Equity Interest** | **(80% - 100%)** | | **600** | **1,202** | **901** |
| Errabiddy | Exploration Potential | Comparable Transactions | 2,100 | 4,010 | 3,055 |
| | | Geoscientific Rating | 2,315 | 7,255 | 2,740 |
| **100% Interest** | | **Selected** | **2,100** | **4,010** | **3,055** |
| **ERW Equity Interest** | **(80% - 100%)** | | **2,008** | **3,824** | **2,916** |
| | | | | | |
| **Total ERW - 100% Interest** | | | **3,180** | **6,170** | **4,675** |
| **Total ERW Equity Interest** | | | **2,902** | **5,614** | **4,258** |

Source: SRK Report and RSM Analysis

*Other Assets*

9.11 We have not assessed any change in the fair market value of ERW's interest in Critical Metals Ltd shares.

## Quoted price of listed securities (secondary method)

9.12 In order to provide a comparison and cross check to our net asset valuation of ERW, we have considered the recent quoted market price for ERW shares on the ASX prior to the announcement of the Proposed Transaction.

### Analysis of recent trading in ERW Shares

9.13 The figure below sets out a summary of the closing Share price and volume of ERW Shares traded in the 12 months to 23 November 2021.

### Figure 10 ERW daily closing Share price and traded volumes


Source: S&P Capital IQ/ ASX

9.14 During the 12-month period prior to the announcement of the proposed transaction, ERW shares traded between $0.170 and $0.355. The closing price on 23 November 2021 was $0.245.

9.15 Over the 12 months, the average volume of shares traded per day was 236k with the maximum daily volume being 5.2 million on 4 March 2021.

9.16 To provide further analysis of the quoted market prices for ERW's Shares, we have considered the VWAP over a number of trading day periods ending 23 November 2021. An analysis of trading in ERW's Shares for the 1, 10, 30, 60, 90, 180 and 360 day trading periods is set out in the table below:

### Table 10 Traded volumes of ERW Shares to 23 November 2021

| # of Days | 1 Day | 5 Day | 10 Day | 30 Day | 60 Day | 90 Day | 120 Day | 180 Day |
|---|---|---|---|---|---|---|---|---|
| **VWAP** | **0.2813** | **0.2878** | **0.2875** | **0.2871** | **0.2747** | **0.2672** | **0.2520** | **0.2517** |
| Total volume (000's) | 1,112 | 1,545 | 1,632 | 3,970 | 9,657 | 11,376 | 15,793 | 27,030 |
| Total volume as a % of total shares | 2.79% | 3.87% | 4.09% | 9.95% | 24.21% | 28.52% | 39.59% | 67.75% |
| Low price | 0.2400 | 0.2400 | 0.2400 | 0.2300 | 0.1700 | 0.1700 | 0.1700 | 0.1700 |
| High price | 0.3550 | 0.3550 | 0.3550 | 0.3550 | 0.3550 | 0.3550 | 0.3550 | 0.3550 |

Source: S&P Capital IQ/ ASX

9.17 This analysis shows that over the last 90 trading days only 28.5% of ERW Shares were traded, and less than 1% of ERW Shares are traded in an average week. We therefore consider that ERW Shares show a low level of liquidity.

9.18 As noted in Section 5 of this Report, the ERW share price spiked several times through September to November 2021 at a time when limited exploration work was being undertaken on the Company's existing projects and no significant announcements were made until the announcement of the Proposed Transaction. We therefore consider it likely that the price movements were driven by market speculation about a potential transaction, as the Company had announced it was seeking new projects in its Annual Report in September 2021.

9.19 We have therefore also considered the share price analysis of ERW Shares prior to this period of volatility, in the period to 10 September 2021. The ERW share price had been relatively stable over the period from April to September 2021, trending around $0.21. A VWAP analysis is shown in the table below:

### Table 11 Traded volumes of ERW Shares to 10 September 2021

| # of Days | 1 Day | 5 Day | 10 Day | 30 Day | 60 Day | 90 Day | 120 Day | 180 Day |
|---|---|---|---|---|---|---|---|---|
| **VWAP** | **0.1900** | **0.1947** | **0.1929** | **0.1961** | **0.2185** | **0.2169** | **0.2181** | **0.2431** |
| Total volume (000's) | 14.5 | 200.4 | 539.0 | 996.4 | 5,040.1 | 8,860.6 | 13,022.4 | 38,072.8 |
| Total volume as a % of total shares | 0.04% | 0.50% | 1.35% | 2.50% | 12.63% | 22.21% | 32.64% | 95.44% |
| Low price | 0.190 | 0.190 | 0.170 | 0.170 | 0.170 | 0.170 | 0.170 | 0.170 |
| High price | 0.190 | 0.205 | 0.205 | 0.230 | 0.250 | 0.255 | 0.280 | 0.340 |

Source: S&P Capital IQ/ ASX

9.20 This analysis shows that the VWAP over the 30, 60 and 90 trading periods respectively was $0.196, $0.219 and $0.217. The liquidity of ERW shares remained relatively low with only 22% traded in the 90-day period.

**Value of ERW Share on a non-control minority basis**

9.21 In our opinion, the weighted average share price of a company over the last 30 days is typically most reflective of the underlying value of a share. However, we have considered the potential market speculation prior to announcement of the Proposed Transaction, the trend in the ERW share price prior to this volatile period and also the share placement which was announced at the same time as the Proposed Transaction at $0.22 per ERW Share.

9.22 Taking into account the above factors, we consider a range of values of between $0.19 and $0.25 reflects the quoted market price valuation of a ERW Share on a minority basis prior to the Proposed Transaction.

**Value of ERW Share on a control basis**

*Control Premium*

9.23 The value derived at paragraph 9.22 is indicative of the value of a marketable parcel of shares assuming the Shareholder does not have control of ERW. RG 111.11 states that when considering the value of a company's Shares the expert should consider a premium for control. If the Proposed Transaction is successful, the Vendor will hold an interest of 31.5 % in the issued capital of ERW. Therefore, as explained in Section 4, our assessment of the Fair Value of an ERW Share must include a premium for control.

9.24 RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on the ASX over the 15.5 years ended 31 December 2020 (RSM Control Premium Study 2021). In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, we used the closing share price of the acquiring company on the day prior to the offer.

9.25 In valuing an ordinary ERW Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 30% to 35%, being the average control premium evidenced in our study for companies in the metals and mining sector.

9.26 Our valuation of a ERW Share, on the basis of the recent quoted market price including a premium for control is between $0.2470 and $0.3375 as summarised in the table below.

### Table 12 Assessed value of ERW Shares – quoted price of listed securities

| $A | Low | High | Preferred |
|---|---|---|---|
| Quoted market price - minority basis | 0.190 | 0.250 | 0.220 |
| Control premium | 30% | 35% | 32.5% |
| **Quoted market price - controlling value** | **0.2470** | **0.3375** | **0.2923** |

Source: RSM Analysis

## Valuation summary and conclusion

9.27 A summary of our assessed values of an ordinary ERW Share on a control basis prior to the Proposed Transaction, derived under the two methodologies, is set out in the table below.

### Table 13 ERW Share valuation summary

| $A | Ref | Low | High | Preferred |
|---|---|---|---|---|
| Net assets value on a going concern – primary method | Table 9 | 0.1521 | 0.2117 | 0.1819 |
| Quoted market price – cross check | Table 12 | 0.2470 | 0.3375 | 0.2923 |
| **Preferred valuation** | | **0.1521** | **0.2117** | **0.1819** |

Source: RSM Analysis

9.28 The quoted market price valuation methodology results in a higher value than the net assets value per share, with the low end of the quoted market price being $0.2470 compared to the high end of the net assets basis at $0.2117.

9.29 In our opinion, we consider that the net assets on a going concern methodology provides a more appropriate representation of the value of an ERW Share as our analysis of the trading of ERW's Shares prior to the announcement of the Proposed Transaction indicates that the market for ERW Shares is not deep enough to provide a reliable assessment under the quoted market price methodology and also seems to have been influenced by market speculation about a potential transaction.

9.30 The values attributed in the net assets methodology are based on an independent technical assessment of the Company's mineral assets. Market participants may have more optimistic expectations of those mineral assets which could result in the quoted market price being higher than the assessed fair value.

9.31 Therefore, in our opinion, the Fair Value of an ERW Share prior to the Proposed Transaction is between $0.1521 and $0.2117 on a controlling and undiluted basis, with a preferred value of $0.1819.

## 10. Valuation of ERW after the Proposed Transaction

10.1 In determining the Fair Value of a ERW Share after the Proposed Transaction using the sum of parts basis, we have taken the Fair Value of ERW prior to the Proposed Transaction and reflected the impact of the Proposed Transaction by including the assessed value of an 80% interest in WEPL and (assuming the Application is granted and the Class A Rights vest) the issue of 15,000,000 ordinary shares to the Vendor (or his nominees).

**Table 14 Assessed value of ERW post the Proposed Transaction**

| $'000 | | Assessed Value | | |
|---|---|---|---|---|
| | Ref | Low | High | Preferred |
| Assessed value of the Company - prior to Proposed Transaction | | 6,920 | 9,632 | 8,276 |
| Assessed value of the Andover West Project – 80% Interest | | 950 | 1,890 | 1,420 |
| Assessed value of other net assets of WEPL – 80% Interest | | 13 | 13 | 13 |
| **Implied value of ERW post Proposed Transaction (control basis)** | | **7,884** | **11,536** | **9,710** |
| Number of shares on issue post the Proposed Transaction (assuming the Application is granted and Class A Rights vest) | | 60,493,238 | 60,493,238 | 60,493,238 |
| **Fair value of an ERW Share on a control basis, post Proposed Transaction** | | **0.1303** | **0.1907** | **0.1605** |
| Minority interest discount (23% - 26%) | | (0.0261) | (0.0440) | (0.0346) |
| **Adjusted value of an ERW Share post the Proposed Transaction, on a minority basis** | | **0.1043** | **0.1467** | **0.1259** |

Source: RSM Analysis

10.2 We consider that the minority value of a ERW Share post the Proposed Transaction is between $0.1043 and $0.1467 on an undiluted basis, with a preferred value of $0.1259.

10.3 We have adjusted the value of ERW and Shares on issue for the following:

*Value of Andover West Project Interest*

10.4 SRK was also engaged to prepare a Technical Assessment and Valuation Report, in accordance with the guidelines set out in JORC (2012) and VALMIN (2015) codes, for the Andover West Project. The valuation basis adopted by SRK is the same as the ERW projects, being a combination of market (comparable transactions) and cost (geoscientific rating) based methods.

10.5 The table below summarises the adopted valuations in the SRK report assuming a 100% ownership interest in the Tenement. SRK applied a 20% discount to the Andover West Project given the exploration licence is still in application phase. As our adopted basis of assessment is to assume the Application has been granted, we have removed this discount from our assessment.

10.6 We have then applied the actual proposed ownership interest of ERW, being 80%, to result in a value range of $0.95 million to $1.89 million with a preferred value of $1.42 million for the relevant interest in the Project.

**Table 15 SRK Consulting Valuation Summary**

| Project | Asset | Valuation Method | Low $'000 | High $'000 | Preferred $'000 |
|---|---|---|---|---|---|
| Andover West | Exploration Potential | Comparable Transactions | 950 | 1,890 | 1,420 |
| | | Geoscientific Rating | 690 | 1,790 | 1,240 |
| **100% Interest** | | **Selected** | **950** | **1,890** | **1,420** |
| **Remove 20% discount for Application status** | | | **1,188** | **2,363** | **1,775** |
| **Proposed ERW Equity Interest** | **(80%)** | | **950** | **1,890** | **1,420** |

Source: SRK Report and RSM Analysis

*Minority Interest Discount*

10.7 In selecting a minority discount we have given consideration to our control premium applied in Paragraph 9.25, where we established a range for a control premium of between 30% and 35%. The resulting corresponding minority discount range based on said control premiums is between 23% and 26%.

*Other net assets of WEPL*

10.8 As ERW is proposing to acquire an 80% equity interest in WEPL, we have also included the assessed value of other net assets (excluding mineral assets) of WEPL which primarily comprise cash and working capital.

*Shares on Issue*

10.9 We have included the 15 million ERW Shares which would be issued to the Vendor (or his nominees) on vesting of the Class A Rights in our analysis, resulting in 60.5 million shares on issue post the Proposed Transaction.

## 11. Is the Proposed Transaction Fair to Non-Associated Shareholders?

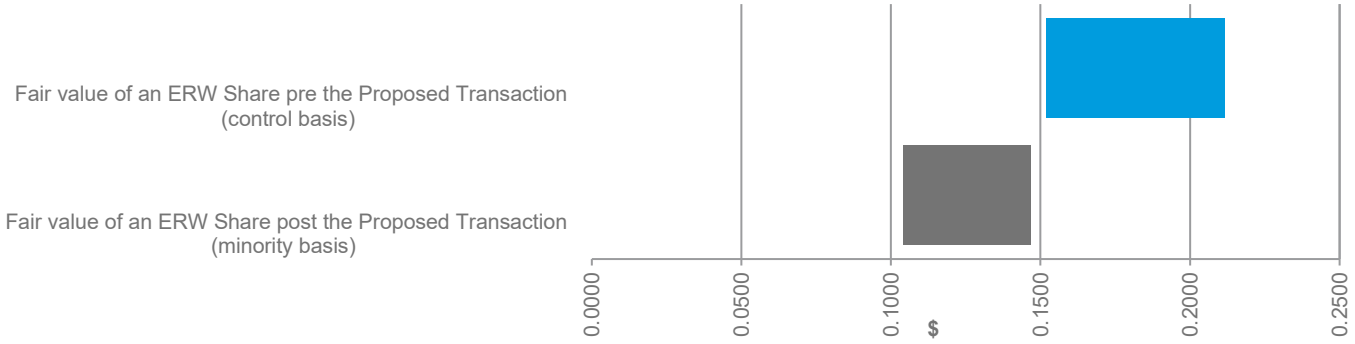
11.1 Our assessed values of an ERW Share prior to and after the Proposed Transaction (assuming the Application is granted and the Class A Rights vest), are summarised in the table and figure below.

**Table 16 Assessed values of an ERW Share pre and post the Proposed Transaction (assuming the Application is granted and Class A Rights vest)**

| Assessment of fairness | Ref. | Value | | |
|---|---|---|---|---|
| A$ | | Low | High | Preferred |
| Fair value of an ERW Share pre the Proposed Transaction (control basis) | 9.31 | 0.1521 | 0.2117 | 0.1819 |
| Fair value of an ERW Share post the Proposed Transaction (minority basis) | 10.2 | 0.1043 | 0.1467 | 0.1259 |

Source: RSM Analysis

**Table 17 ERW Share valuation graphical representation (assuming the Application is granted and Class A Rights vest)**




Source: RSM Analysis

11.2 The ranges of values post the Proposed Transaction are lower than the assessed value of an ERW Share prior to the Proposed Transaction.

11.3 In accordance with the guidance set out in ASIC RG 111, in the absence of any other relevant information and with due consideration of the above, for the purposes of complying with s611 of the Act, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of ERW as the value of an ERW Share prior to the Proposed Transaction lies above the range of the value of an ERW Share post the Proposed Transaction.

11.4 If the exploration licence application is not granted within one year of the Proposed Transaction, then either party can terminate the Agreement, ERW will return its interest in WEPL to the Vendor and no ERW Shares would be issued to the Vendor as consideration.

## 12. Is the Proposed Transaction Reasonable to Non-Associated Shareholders?

12.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of ERW if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

### Future prospects of ERW if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed then the Company will continue to use its current funds to explore and develop its existing projects as well as continuing to implement its growth strategy by seeking out further exploration, acquisition, and joint venture opportunities.

12.3 The Company has reduced its exploration activity on existing projects over the last 8 months, with no significant drilling targets identified during exploration works to date. The Board consider that securing an advanced or highly prospective new project is a key objective for ERW to achieve value accretion for shareholders.

### Advantages and disadvantages

12.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

*Advantages of approving the Proposed Transaction*

**Table 18 Advantages of Approving the Proposed Transaction**

| Advantage | Details |
|---|---|
| Access to nickel project in prospective area | The Proposed Transaction provides ERW with access to exploration licence application E47/4352 which comprises the Andover West Project southeast of Karratha. The project is of economic interest to ERW and is considered to be host to nickel sulphide mineralisation.<br><br>The tenement is adjacent to Azure Mineral Limited's Andover Nickel Project which has reported high grade Ni-Cu mineralisation from its initial drilling program. Nickel prices have increased significantly over the last year with the ongoing electrification and decarbonisation of the economy driving demand. |
| Class A Rights will only vest if the exploration licence application is granted | The Class A Rights to be issued to the Vendor will only vest if the exploration licence application for E47/4352 is granted.<br><br>In addition, if the Application is not granted within one year of the issue of the Class A Rights, then the Rights would lapse and the parties can terminate the Agreement, thereby minimising the risk for ERW Shareholders of the Application not being granted. |
| Class B Rights milestone should be value accretive for Shareholders (if achieved) | The Deferred Consideration Shares are only payable if a JORC compliant Inferred Resource of at least 1 million tonnes of Nickel is achieved at the Project. Declaring a JORC Inferred Resources should be value accretive for the Company, which the Non-Associated Shareholders will participate in. |
| Preservation of cash | The Proposed Transaction enables the Company to preserve its cash in the short term by issuing Rights as consideration for the acquisition, although cash will be required to fund exploration activities in the future. |

*Disadvantages of approving the Proposed Transaction*

**Table 19 Disadvantages of Approving the Proposed Transaction**

| Disadvantage | Details |
|---|---|
| The Proposed Transaction is not fair | The Proposed Transaction is not fair to the Non-Associated Shareholders. |
| Significant portion of consideration payable prior to exploration success | The Class A Rights vest on the grant of the exploration licence for the Project, which is prior to any exploration activity being undertaken by the Company to establish whether the identified anomalies support the view that the Andover West Project is highly prospective for nickel-copper-cobalt.<br>The majority of the consideration is therefore payable before any value accretion from exploration results at the Project will be established for the Non-Associated Shareholders. |
| Dilution of Non-Associated Shareholders' Interests | The Proposed Transaction will dilute the existing Shareholders if the Rights vest and ERW Shares are issued to the Vendor (or his nominees). The Non-Associated Shareholders hold a 91.1% interest in ERW prior to the Proposed Transaction, this will reduce to 68.5% on vesting of the Class A Rights and to 63.3% on vesting of the Class B Rights.<br>It is noted that to achieve the second milestone of a JORC compliant resource, significant exploration activity would need to be undertaken which would require future equity raises. If the Vendor does not participate in these raises, then their resulting interest in the Company would be diluted over time. |
| Voting power of Vendor and associates | If the Proposed Transaction occurs and the Class A Rights vest, the Vendor and associates will have voting power in ERW of 31.5% (and a maximum of 36.7% if the Class B Rights also vest). As a shareholder with greater than 25% voting interest, the Vendor could block a Special Resolution of the Company. |
| Free carry in Project | The Vendor will have a 20% free carry interest in the Andover West Project, with ERW being responsible for paying 100% of all costs associated with the Project until a decision to mine is made, at which point the Vendor must meet its pro-rata share of funding requirements or dilute its interest. |

Source: RSM

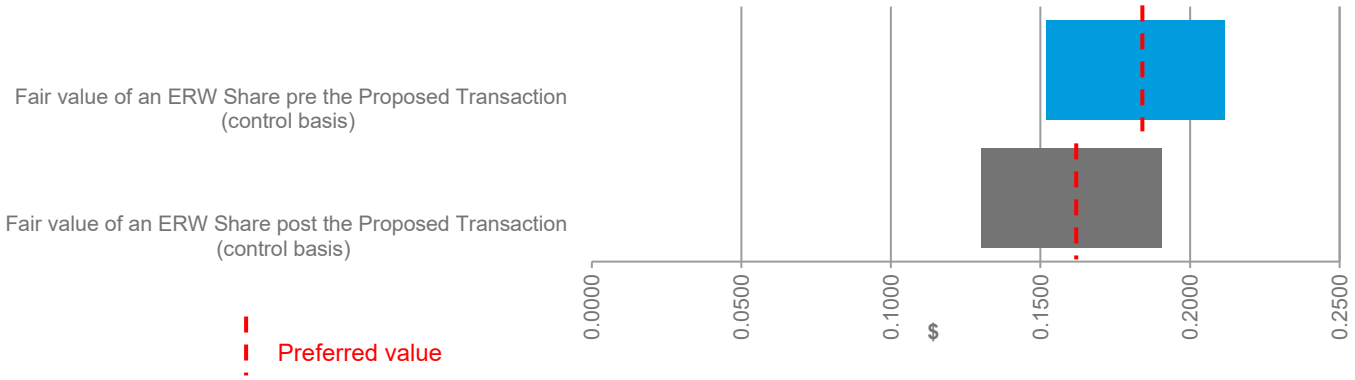
## Consideration of Control Premium on Assessment of Fairness

12.5 In accordance with RG111, we have applied a control premium to the value of ERW shares prior to the Proposed Transaction, given that the Vendor's voting power would increase from 8.9% to 31.5% on vesting of the Class A Rights.

12.6 As further analysis, we have also considered whether the Proposed Transaction would be assessed as fair through a comparison of the pre and post value of an ERW Share on a consistent basis.

12.7 Our assessed value of an ERW Share on a control basis prior to the Proposed Transaction as set out in Table 13 is in the range of $0.1521 to $0.2117 with a preferred value of $0.1819. Our assessed value of an ERW Share on a control basis post the Proposed Transaction as set out in Table 14 is in the range of $0.1303 to $0.1907 with a preferred value of $0.1605. This is illustrated graphically below.

## Figure 11 Assessed Value of an ERW Share on a Control Basis




Source RSM Analysis

12.8 The graph shows that the preferred value of an ERW Share post the Proposed Transaction on a consistent basis is lower than the preferred value prior to the Proposed Transaction, and therefore the Proposed Transaction would still be considered not fair to the Non-Associated Shareholders.

### Trading in ERW shares following the announcement of the Proposed Transaction

12.9 The figure below illustrates the trading in ERW Shares after the initial announcement of the Proposed Transaction on 23 November 2021.

## Figure 12 ERW Share trading after announcement


Source: S&P Capital IQ

12.10 The ERW share price continued its downward trend on the initial announcement of the Proposed Transaction but quickly stabilised around $0.20 to $0.22. Through late January 2022 the share price rose marginally to hit a peak of $0.24 in early February 2022, but following the announcement of the finalised acquisition terms on 22 February 2022 the share price has fallen to $0.20 as at the date of this Report.

12.11 Given the low level of liquidity in ERW Shares over this period it is difficult to draw any meaningful conclusions, but overall there has been no noticeable improvement in the ERW share price as a result of the announcement of the Proposed Transaction to the market.

12.12 It is relevant to note however that the Company successfully completed a $1.2 million share placement in December 2021 at $0.22 per share to sophisticated investors, on the back of the announcement of the Proposed Transaction.

## Alternative proposal

12.13 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of ERW a greater benefit than the Proposed Transaction.

## Summary of Considerations

12.14 In forming our opinion on whether the Proposed Transaction is reasonable to the Non-Associated Shareholders of ERW, the key facts we have considered are:

- *Structure of Proposed Transaction* – the initial tranche of Class A Rights (which give rise to the control impact noted above) vest on the grant of the exploration licence for the Project. This is before any exploration activity will have been undertaken by the Company on the Project to establish whether the identified anomalies support the view that the Andover West Project is highly prospective for nickel-copper-cobalt. Whilst a second tranche of Rights will vest on declaration of a JORC compliant resource at the Project this is a significantly smaller tranche and would likely be accompanied by an increase in value of the Project. Therefore the majority of the consideration is payable before any value accretion from exploration results at the Project will be established for the Non-Associated Shareholders.

- *Control Impact* – the Proposed Transaction will result in an Executive Director of ERW, Mr Thomas Reddicliffe, increasing his relevant interest in the Company from 8.9% to 31.5% (assuming the exploration licence application is granted on the Andover West Project and the Class A Rights vest accordingly). This provides Mr Reddicliffe with a blocking interest in shareholder voting, with a more than 25% interest enabling the holder to block Special Resolutions of the Company. We note that planned exploration expenditure on the Project will necessitate future equity raises by ERW which could dilute the Vendor's interest in time should he not participate in such capital raises.

- *Relativity of Value* – SRK have valued an 80% equity interest in the Andover West Project to be in the range of $0.95 million to $1.89 million based on the limited exploration work undertaken to date at the Project. Assuming the $0.22 placement share value from December 2021 (which was undertaken to fund the acquisition and future exploration activities and is also our preferred value of an ERW Share on a minority basis prior to the Proposed Transaction), the 15 million ERW shares issued following vesting of the Class A Rights would equate to a value of $3.3 million. This is significantly higher than the value attributed by SRK to the Project. The Directors of ERW and Non-Associated Shareholders may not agree with the value concluded by SRK, and therefore may believe that the Project has upside value beyond that considered in this Report.

- *Marketable Asset* – given the location of the Andover West Project, we understand that the Board of ERW (excluding Mr Reddicliffe) considered the Project to be a commercially marketable asset and therefore that negotiation of the acquisition of the Project was a competitive process however we understand that no other formal offers were presented for the Project.

## Conclusion on Reasonableness

12.15 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is not more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **not reasonable** for the Non-Associated Shareholders of ERW.

12.16 An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Yours faithfully

**RSM CORPORATE AUSTRALIA PTY LTD**

**Nadine Marke**
Director

**Justin Audcent**
Director

# APPENDICES

# A. DECLARATIONS AND DISCLAIMERS

**Declarations and Disclosures**

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

**Qualifications**

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Nadine Marke and Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Nadine Marke and Justin Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

**Reliance on this Report**

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

**Reliance on Information**

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Errawarra Resources Ltd and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

**Disclosure of Interest**

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $25,000 - $27,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of Errawarra Resources Ltd receives Shareholder approval for the Proposed Transaction, or otherwise.

**Consents**

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

# B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for ERW for the years ended 30 June 2020 and 30 June 2021;
- Reviewed financial statements for ERW for the six months ended 31 December 2021;
- Consolidated management accounts for ERW for the five months ended 30 November 2021;
- ASX announcements of ERW;
- IBISWorld industry reports;
- United States Geological Survey mineral commodity summaries
- ERW Share register as at 16 December 2021
- Independent Specialist Report on the mineral assets held by ERW, prepared by SRK consulting
- S&P Capital IQ database; and
- Discussions with Directors, Management, and staff of ERW

# C. GLOSSARY OF TERMS

| Term or Abbreviation | Definition |
|---|---|
| **$** | Australian dollar |
| **Act** | Corporations Act 2001 (Cth) |
| **AFCA** | Australian Financial Complaints Authority |
| **Agreement** | Share Sale Agreement between ERW and the Vendor |
| **APES** | Accounting Professional & Ethical Standards Board |
| **Application** | Exploration Licence Application E47/4352 |
| **ASIC** | Australian Securities & Investments Commission |
| **ASX** | Australian Securities Exchange |
| **ASX Listing Rules** | The listing rules of ASX as amended from time to time |
| **Class A Rights** | 15 million Class A Performance Rights to be issued to the Vendor as consideration for the Proposed Transaction |
| **Class B Rights** | 5 million Class B Performance Rights to be issued to the Vendor as consideration for the Proposed Transaction |
| **Company or ERW** | Errawarra Resources Ltd |
| **Control basis** | As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held |
| **Directors** | Directors of the Company |
| **Explanatory Statement** | The explanatory statement accompanying the Notice |
| **Fair Market Value** | The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length |
| **FME** | Future Maintainable Earnings |
| **FSG** | Financial Services Guide |
| **IER** | This Independent Expert Report |
| **NiMH** | Nickel-metal hybride |
| **Non-Associated Shareholders** | Shareholders who are not a party, or associated to a party, to the Proposed Transaction |
| **Notice** | The notice of meeting to vote on, inter alia, the Proposed Transaction |
| **Option or Options** | Unlisted options to acquire Shares with varying vesting conditions |
| **Project** | Andover West Nickel Project |
| **Proposed Transaction** | Approval of acquisition of 80% of ordinary share capital of Western Exploration Pty Ltd |
| **Report** | This Independent Expert's Report prepared by RSM |
| **Resolution** | The resolutions set out in the Notice |
| **Rights** | Performance Rights |
| **RG 111** | ASIC Regulatory Guide 111 Content of Expert Reports |
| **RSM** | RSM Corporate Australia Pty Ltd |

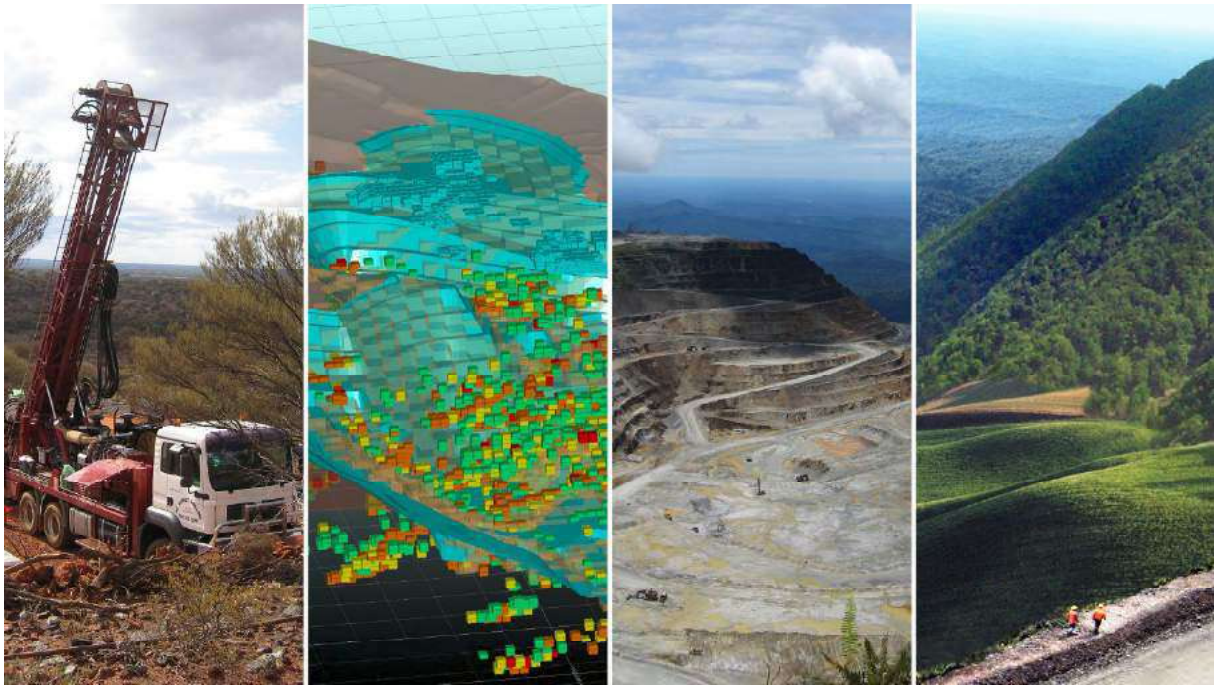
| Term or Abbreviation | Definition |
|---|---|
| **S&P Capital IQ** | An entity of Standard and Poors which is a third party provider of company and other financial information |
| **Share or ERW Share** | Ordinary fully paid share in the capital of the Company |
| **Shareholder** | A holder of Share |
| **SRK** | SRK Consulting (Australasia) Pty Ltd |
| **USGS** | The U.S. Geological Survey |
| **VALMIN Code** | Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015) |
| **Vendor** | Mr Thomas Reddicliffe |
| **VWAP** | Volume weighted average share price |
| **WEPL** | Western Exploration Pty Ltd |

# D. INDEPENDENT SPECIALIST REPORT

# Independent Specialist Report on the Mineral Assets of Errawarra Resources Ltd

Prepared for

RSM Corporate Australia Pty Ltd



SRK Consulting (Australasia) Pty Ltd ■ RSA002 ■ 4 February 2022

srk consulting

# Independent Specialist Report on the Mineral Assets of Errawarra Resources Ltd

Prepared for

RSM Corporate Australia Pty Ltd
Level 32, Exchange Tower
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Perth, WA , 6000
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**Disclaimer**: The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Errawarra Resources Limited (Errawarra). The opinions in this Report are provided in response to a specific request from RSM to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

# Contents

# Tables



# Figures

## Appendices

# Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

| | |
|---|---|
| % | percent |
| < | less than |
| > | greater than |
| ± | plus or minus |
| °C | degrees Celsius |
| A$ | Australian dollars |
| AIG | Australian Institute of Geoscientists |
| ASX | Australian Securities Exchange |
| BAC | base acquisition cost |
| BIF | banded iron formation |
| ca. | circa (approximately) |
| DCF | Discounted Cashflow |
| DMIRS | Department of Mines, Industry Regulation and Safety |
| EGS | Eastern Goldfields Superterrane |
| EL | Exploration Licences |
| EM | electromagnetic |
| Errawarra | Errawarra Resources Ltd |
| ETF | exchange traded fund |
| FLEM | fixed loop electromagnetic |
| g | grams |
| g/t | grams per tonne |
| Ga | billion years ago |
| GPa | gigapascals |
| GSWA | Geological Society of Western Australia |
| ha | hectares |
| HeliTEM | helicopter-borne time domain electromagnetic |
| IER | Independent Expert Report |
| IPO | initial public offering |
| ISR | Independent Specialist Report |
| IVSC | International Valuation Standards Council |

| | |
|---|---|
| JORC | 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves |
| kg | kilograms |
| km/km$^2$ | kilometres/square kilometres |
| M | million |
| m | metres |
| Ma | million years |
| ML | mining lease |
| MLEM | moving loop electromagnetic |
| mm | millimetres |
| Mt | million tonnes |
| MTR | metal transaction ratio |
| Ni-Cu-Co | nickel-copper-cobalt |
| NPI | nickel pig iron |
| NSR | net smelter royalty |
| OCE | Office of the Chief Economist at the Australian Department of Industry, Innovation and Science |
| PGE | platinum group elements |
| PL | prospecting licence |
| ppb | parts per billion |
| ppm | parts per million |
| pXRF | portable x-ray fluorescence |
| RAB | rotary air blast |
| RC | reverse circulation |
| RSM | RSM Corporate Australia Pty Ltd |
| Sorrento | Sorrento Resources Pty Ltd |
| SRK | SRK Consulting (Australasia) Pty Ltd |
| SSZ | Sholl Shear Zone |
| t | tonnes |
| TMI | total magnetic intensity |
| US$ | United States dollars |
| VALMIN | 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets |
| VTEM | |
| WesternEx | Western Exploration Pty Ltd |

# Executive summary

RSM Corporate Australia Pty Ltd (RSM) has been engaged by Errawarra Resources Ltd (Errawarra) to prepare an Independent Expert Report (IER) in relation to a proposed transaction between Errawarra and Western Exploration Pty Ltd (WesternEx), whereby Errawarra will acquire an 80% interest in the issued share capital (fully paid ordinary shares) of WesternEx (Proposed Acquisition).

RSM has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which RSM is not an expert. The scope of the work to be completed by SRK was established by RSM. SRK's ISR will form part of RSM's IER, which is to be provided to Errawarra shareholders. SRK's report does not comment on the 'fairness and reasonableness' of any transaction between Errawarra and WesternEx or Errawarra and any other parties.

SRK's ISR has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012). As defined in the VALMIN Code (2015), mineral assets comprise "*all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure*."

SRK's ISR considers both Errawarra's existing exploration portfolio and WesternEx's Andover West Project. All mineral assets considered in this report are located in Western Australia.

**Errawarra exploration assets**

Errawarra's exploration assets comprise a mixture of granted and application Exploration Licences (ELs) as outlined below:

- Fraser Range
  - The Fraser Range Project consists of two granted ELs (E63/1941 and E63/1771) located within the Proterozoic Fraser Zone of the Albany–Fraser Orogen along the southern and southeastern margin of the Archaean Yilgarn Craton, which are considered prospective for Nova-style nickel-copper-cobalt magmatic sulfide mineralisation and orthomagmatic titanium-vanadium mineralisation. Errawarra holds a 70% beneficial and controlling interest, with the remaining 30% held by subsidiaries of Sorrento Resources Pty Ltd.
- Binti Binti
  - The Binti Binti Project comprises two granted ELs (E27/603 and E27/577) and one application (E31/1298) located within the Kurnalpi Terrane of the Eastern Goldfields Superterrane of Western Australia's Yilgarn Craton, which are prospective for orogenic gold, komatiitic nickel-cobalt mineralisation and nickel-cobalt-scandium laterite mineralisation.

  - Errawarra holds a 100% interest in EL31/1298, an 80% interest in EL27/603 (with the remaining 20% held by Greta Purich) and an 80% interest in EL27/577 (with the remaining 20% held by Peter Romeo Gianni).

- Errabiddy
  - The Errabiddy Project consists of six granted ELs (E52/3838, E09/2410, E09/2346, E09/2440, E09/2457 and E09/2459) and two EL applications (E09/2602 and E09/2652). The Errabiddy Project is located in the Gascoyne Province, which forms part of the Proterozoic Capricorn Orogen in Western Australia. The Errabiddy Project is considered prospective for gold, intrusion-related nickel-copper-cobalt-platinum group elements (PGEs), base metals and graphite mineralisation.
  - Errawarra holds a 100% interest in E52/3838, E09/2410, E09/2440, E09/2457, E09/2459, E09/2602 and E09/2652) and an 80% interest in E09/2346 (with the remaining 20% held by Sammy Resources Pty Ltd).

**WesternEx exploration asset**

This report also considers WesternEx's Andover West Project, which comprises an EL application (E47/4352), located within West Pilbara Superterrane in the Pilbara Craton, which is considered prospective for magmatic nickel-copper-cobalt sulfide mineralisation.

WesternEx holds a 100% interest in E47/4352. Errawarra is seeking to acquire an effective 80% interest in this EL.

SRK's work program commenced on 06 December 2021, with a review of publicly available data and other information sourced from the public domain, as well as subscription databases such as S&P Capital IQ Pro database services. Errawarra also provided SRK with access to a virtual data room and key technical personnel.

Table ES-1 summarises SRK's assessment of the market value of Errawarra and WesternEx's mineral assets.

Overall, SRK has a preference for the values implied through comparable transaction analysis, given the recent gold and nickel price performance and resultant strong market for projects in Western Australia. SRK's adopted Preferred Value represents the mid-point of the valuation range. SRK's selected values were based on the comparative transactions method, which is well supported by the geoscientific method.

**Table ES-1: Valuation summary – 100% basis – as at 23 November 2021**

| Project | Asset | Valuation Method | Low (A$ M) | High (A$ M) | Preferred (A$ M) |
|---|---|---|---|---|---|
| Errawarra's Exploration Assets | Exploration Potential | Comparable Transactions | 3.18 | 6.17 | 4.67 |
| | | Geoscientific Rating | 2.74 | 9.07 | 3.86 |
| | | **Selected** | 3.18 | 6.17 | 4.67 |
| WesternEx's Exploration Asset | Exploration Potential | Comparable Transactions | 0.95 | 1.89 | 1.42 |
| | | Geoscientific Rating | 0.69 | 1.79 | 1.24 |
| | | **Selected** | **0.95** | **1.89** | **1.42** |

Source: SRK analysis

Note: Any discrepancies between values in the table are due to rounding.

# 1 Introduction

RSM Corporate Australia Pty Ltd (RSM) has been engaged by Errawarra Resources Ltd (Errawarra) to prepare an Independent Expert Report (IER) in relation to a proposed transaction between Errawarra and Western Exploration Pty Ltd (WesternEx). Under the proposed terms of this transaction, Errawarra will acquire an 80% interest in the issued share capital (fully paid ordinary shares) of WesternEx (Proposed Acquisition).

RSM has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which RSM is not an expert. The scope of the work to be completed by SRK was established by RSM. SRK's ISR will form part of RSM's IER, which will be provided to Errawarra shareholders.

This ISR considers Errawarra's existing exploration portfolio, as well as WesternEx's Andover West Project. All mineral assets considered in this Report are located in Western Australia.

## 1.1 Reporting standard

This report has been prepared to the standard of, and is considered by SRK, to be a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The authors of this report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- The 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

As per the VALMIN Code (2015), a first draft of the report was supplied to RSM, Errawarra and WesternEx to check for material error, factual accuracy and omissions before the final report was issued.

For the purposes of this report, value is defined as 'market value', being the "*amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion*".

SRK notes that, in line with the requirements of the VALMIN Code and the associated 'market value' concept, its considerations have been based on those of a typical market participant. Therefore, it has not considered the specific measures undertaken by either Errawarra or WesternEx, as any such consideration of a specific buyer/seller would constitute 'investment value', which is not aligned to SRK's mandate.

SRK's report does not comment on the 'fairness and reasonableness' of any transaction between Errawarra and WesternEx or Errawarra and any other parties.

All monetary figures used in this report are expressed in either United States (US$) or Australian dollars (A$). The final valuation is presented in A$. All costs referred to are on a real basis.

## 1.2 Work program

This assignment commenced on 6 December 2021 with a review of publicly available data and other information sourced from the public domain, as well as subscription databases such as S&P Capital IQ Pro database services. Errawarra and WesternEx also provided SRK with access to virtual data rooms pertaining to their respective mineral assets, as well as their technical personnel.

SRK notes that a site inspection, per Section 11.1 of the VALMIN Code (2015), to Errawarra and the WesternEx assets was not completed. In SRK's opinion, any such inspection was not likely to reveal additional information material to this report, as all four projects are early to advanced staged exploration projects. SRK's consultants involved in the preparation of this report have previous working experience in the vicinity to Errawarra and WesternEx's tenures and hence have a reasonable understanding of the likely site conditions.

## 1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this report. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

## 1.4 Valuation Date and Effective Date

The Valuation Date and the Effective Date of this report is 23 November 2021 (date of ASX announcement regarding the Proposed Acquisition).

## 1.5 Project team

This report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below and summarised in Table 1.1.

**Mathew Davies, Senior Consultant (Geology and Project Evaluation), BSc (Hons), MAusIMM**

Mathew is a geologist with 13 years' experience in the Australian mining industry. His experience includes over 10 years' experience working as a consultant for SRK and 3 years' working as an exploration geologist. Mathew's multi-commodity experience includes coal and mineral exploration, with technical competency in exploration management and planning; drill rig supervision; core logging and sampling; regional- to prospect-scale geological mapping; target generation; prospectivity analysis; legislative compliance and reporting. Mathew is also competent in the development of geological models using Leapfrog and Minex, supported by a high level of competence in spatial packages such as ArcGIS and MapInfo. Mathew has been developing his skills in project valuation and has experience in valuation for a broad range of commodities and

geological settings, including coal, iron ore, copper, gold, lead, zinc, silver, tin, nickel, molybdenum, heavy mineral sands, niobium, tantalum and graphite.

Mathew is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Shaun Barry, BSc Hons (Geology), MSc Eng (Mineral Economics), MAusIMM(CP), RICS – Principal Consultant**

Shaun has a commercial and geological background with more than 28 years of experience in mining, exploration and quarry valuations, mineral economics, minerals marketing and geology. In corporate advisory and business development, Shaun has provided independent expert reviews, valuations, due diligence and optimisation mine studies. Shaun has also worked as a Mining Equity Analyst on the Johannesburg Securities Exchange, Mineral Economist and Mine Geologist in South Africa.

Shaun is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Valentina Taranovic, PhD (Economic Geology), MSc (Geology), BSc (Geology), AScMIEAust – Senior Consultant**

Valentina is an exploration geologist and geochemist, having worked for De Grey Mining on its gold project focused around the Hemi discovery in the Pilbara region of Western Australia and with Rio Tinto in the USA. Valentina was a Postdoctoral Fellow at the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and a semi-embedded researcher at IGO Limited, focusing on the Nova-Bollinger Ni-Cu-Co sulfide deposit in Western Australia. Valentina also has experience as a mineralogy and petrology university lecturer in the USA.

**Mark Rieuwers, PhD (Geology), BSc (Geology), MAIG – Senior Consultant**

Mark Rieuwers has 13 years' experience in the mining and exploration industry, mainly working on nickel sulfides, but including work on iron-oxide-copper-gold and gold systems. Mark's PhD work concentrated on the application of structural geology, metamorphic petrology and geochronology to help understand complex tectonics. During his years in the industry, he has focused on integrating mineral systems geoscience, structural geology, geochemistry and geophysics in driving effective exploration strategies, applying 3D geological and structural modelling to help understand and define complex mineral systems. Mark's interests lie in combining field studies and desktop interpretations and implicit 3D modelling in brownfields and greenfields environments, including on-site training in 3D modelling and applied structural geology.

**Jeames McKibben, Principal Consultant (Project Evaluation), MBA, BSc (Hons), FAusIMM (CP), MAIG, MRICS, SME.**

Jeames is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 27 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities

(ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Jeames is a Fellow of the AusIMM, a Member of the AIG, a Member of the Society for Mining, Metallurgy and Exploration (SME) and a Member of the Royal Institution of Chartered Surveyors (RICS). He has the appropriate relevant qualifications, experience, competence and independence to be considered a ‘Specialist’ and ‘Competent Person’ under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Table 1.1: Details of the qualifications and experience of the consultants**

| Specialist | Position/Company | Responsibility | Length and type of experience | Site inspection | Professional designation |
|---|---|---|---|---|---|
| Mathew Davies | Senior Consultant/ SRK Consulting (Australasia) Pty Ltd | Project Management, Comparable Market Transaction analysis, Technical review of the mineral assets of Errawarra's Binti Binti and Errabiddy Projects, WesternEx's Andover West Project and Valuation of the projects | 13 years; 3 as an exploration geologist and 10 working in geology and valuation | None | BSc (Hons) Geology MAusIMM |
| Jeames McKibben | Principal Consultant/ SRK Consulting (Australasia) Pty Ltd | Peer review | +27 years; 17 years in valuation and corporate advisory, 2 years as an analyst, 10 years in exploration and project management | None | MBA, BSc (Hons) FAusIMM (CP), MAIG, MRICS |
| Shaun Barry | Principal Consultant/ SRK Consulting (Australasia) Pty Ltd | Technical review of the mineral assets of Errawarra's Binti Binti Project | 28 years; 10 years consulting, 9 years marketing, 7 years analyst, 2 years mining | None | MSc (MinEcon), BSc(Hons) Geology |
| Valentina Taranovic | Senior Consultant/ SRK Consulting (Australasia) Pty Ltd | Technical review of the mineral assets of Errawarra's Fraser Range | 13 yeas in geology and exploration | None | PhD (Economic Geology), MSc (Geology), BSc (Geology), AScMIEAust |
| Mark Rieuwers | Senior Consultant/ SRK Consulting (Australasia) Pty Ltd | Technical review of the mineral assets of Errawarra's Fraser Range | 11 years: 7 years in geology and exploration, and 4 years in postdoctoral education and research | None | PhD (Geology), BSc (Geology), MAIG |

## 1.6 Limitations, independence and indemnities and fees

### 1.6.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Errawarra and WesternEx throughout the course of SRK's investigations as described in this report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Errawarra and WesternEx was taken in good faith by SRK.

As far as SRK has been able to ascertain, the information provided by Errawarra and WesternEx was complete and not incorrect, misleading or irrelevant in any material aspect. Errawarra has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Errawarra and WesternEx was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect.

SRK has no reason to believe that any material facts have been withheld.

The report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

### 1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this report, has any material present or contingent interest in the outcome of this report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of this report capable of affecting its independence.

### 1.6.3 Indemnities

As recommended by the VALMIN Code (2015), Errawarra has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- that results from SRK's reliance on information provided by Errawarra and WesternEx or Errawarra and WesternEx not providing material information
- that relates to any consequential extension workload through queries, questions or public hearings arising from this report.

### 1.6.4 Consulting fees

SRK’s estimated fee for completing this report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK’s knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$25,000. The payment of this professional fee is not contingent upon the findings of this report, success or failure of the Proposed Scheme, time or cost restrictions or the extent of detail required to duly inform shareholders.

## 1.7 Consents

### 1.7.1 SRK consent

SRK consents to this REPORT being included, in full, in RSM’s IER in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual

sections of this report is considered with, and not independently of, the information set out in the complete report.

### 1.7.2 Practitioner consent

The information in this report that relates to Technical Assessment and Valuation of the Mineral Assets is based on and fairly reflects information compiled and conclusions derived by a team under the direction of Mr Jeames McKibben, who is a Competent Person and Fellow of the AusIMM. Mr McKibben is a full-time employee of SRK, an independent mining consultancy. Mr McKibben has sufficient experience that is relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration, the style of mineralisation and the types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the VALMIN Code. Mr McKibben consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

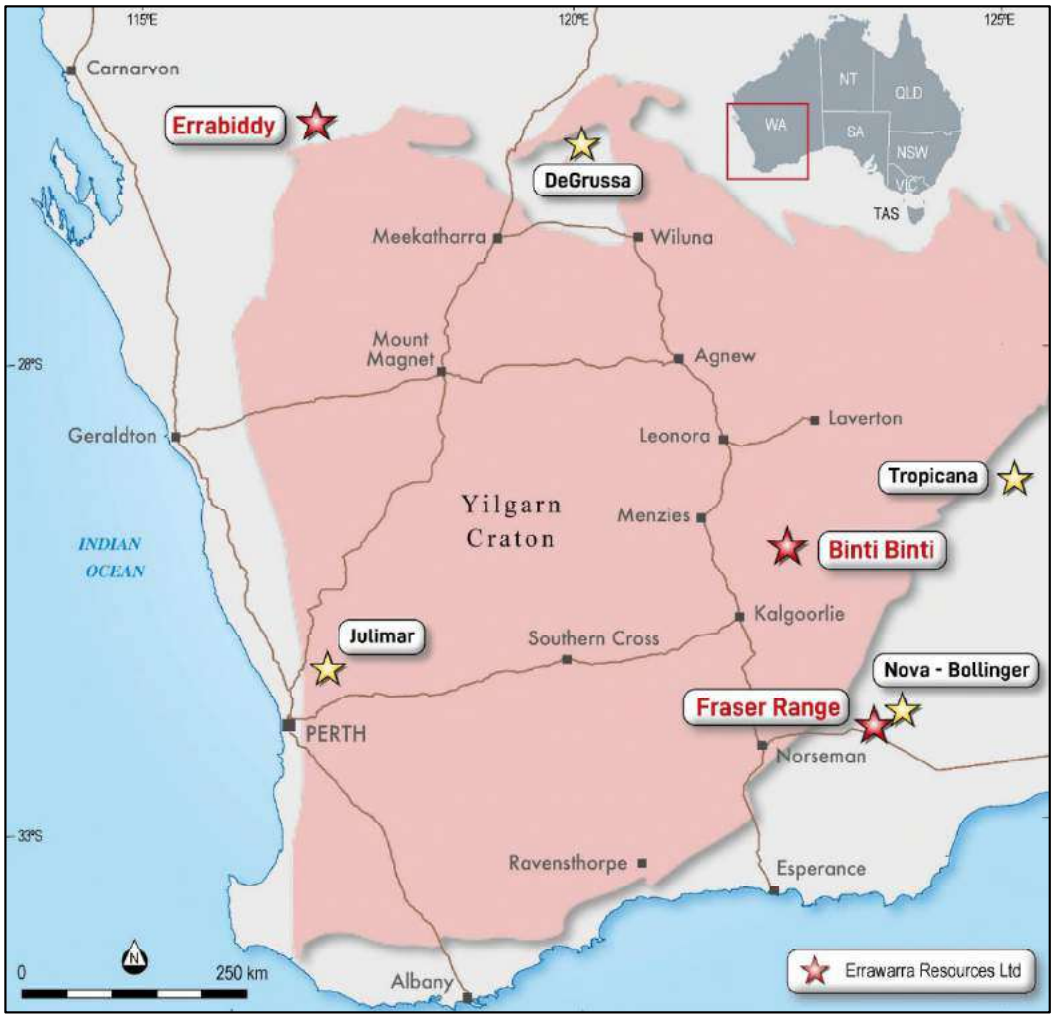
# 2 Overview of Errawarra

Errawarra is an Australian Securities Exchange (ASX) listed exploration company that was admitted to the Official List of the ASX on 14 December 2020. Since listing on the ASX, Errawarra has undertaken exploration activities in line with the proposed programs outlined in its prospectus and continued to expand its tenure holdings through the addition of mineral tenures via pegging and acquisitions.

As at 23 November 2021, Errawarra's portfolio comprised the following key mineral assets (Figure 2.1):

- The Fraser Range Project consisting of two granted ELs (E63/1941 and E63/1771) located within the Proterozoic Fraser Zone of the Albany–Fraser Orogen, which are prospective for Nova-style nickel-copper-cobalt magmatic sulfide mineralisation and orthomagmatic titanium-vanadium mineralisation.
- The Binti Binti Project comprising two granted ELs (E27/603 and E27/577) and one EL application (E31/1298) located within the Kurnalpi Terrane of the Eastern Goldfields, which are prospective for orogenic gold, komatiitic nickel-cobalt mineralisation and nickel-cobalt-scandium laterite mineralisation.
- The Errabiddy Project comprising six granted ELs (E52/3838, E09/2410, E09/2346, E09/2440, E09/2457 E09/2459) and two EL applications (E09/2602 and E09/2652) within the Gascoyne Province and which are prospective for gold, intrusion-related nickel-copper-cobalt-PGE, base metals and graphite.

**Figure 2.1: Location of Errawarra's mineral assets in Western Australia**




Source: Errawarra Prospectus (2020)

## 2.1 Fraser Range

### 2.1.1 Location, access and physiography

Errawarra's Fraser Range Project is located approximately 120 km east of the regional centre of Norseman, approximately 600 km east of Perth.

The Fraser Range Project straddles the Norseman (SI 51-2) and Balladonia (SI 51-3) 1:250,000 scale geological map sheets and Fraser Range (3433) and Harms (3533) 1:100,000 scale geological map sheets. The project lies along the boundary between the Dundas and Warburton Mineral Fields and falls within the Southern Hills Station pastoral lease.

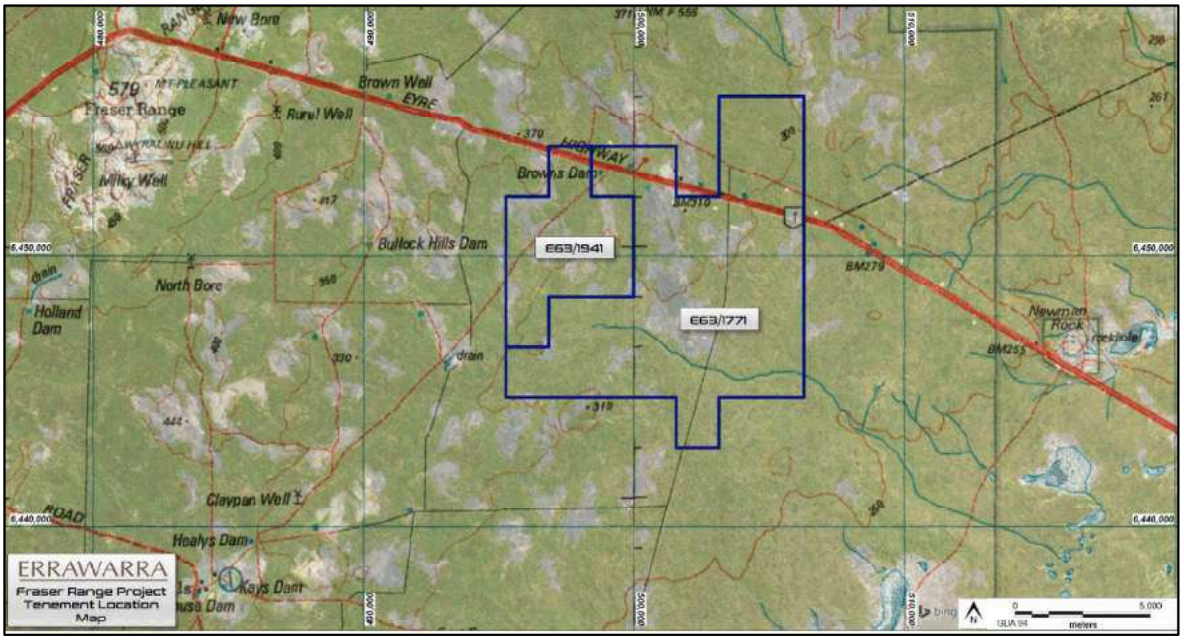
Access to E63/1771 is via the sealed Eyre Highway, which cuts southeast across the tenure for approximately 10 km. Access throughout the remaining area is by a gravel road leading south to the old Fraser Range black granite quarry.

Access to E63/1941 is also via the Eyre Highway before turning south past Browns Dam via minor, poorly maintained station tracks.

Vegetation of the surrounding area to the project is dominated by mixed eucalypt woodland. Topographically, the project area is gently undulating at an elevation of approximately 300–320 m above mean sea level, with sandy soil present on some outcrops and red loam filling depressions between hills. A ridge of northeast–southwest trending hills (Fraser Range) with moderate relief is located approximately 15 km to the northwest of the project area. An ephemeral stream drains eastwards from the southern portion of E63/1771.

The climate is semi-arid with hot summers and mild winters. The nearby Fraser Range Station homestead experiences an average annual precipitation of 310 mm. Rainfall during the summer period is dominated by scattered thunderstorms with occasional tropical rain-bearing depressions (ex-tropical cyclones). The bulk of the winter rainfall occurs as cold, frontal rain which impacts the southern half of Western Australia. The hottest month is January, which has an average maximum of about 31.3° C and an average minimum of 14.7° C. The coldest month is July with an average maximum of 17.7° C and an average minimum of 4.8° C (Bureau of Meteorology).

**Figure 2.2: Location of Errawarra's Fraser Range assets**




Source: Errawarra Prospectus (December 2020)

## 2.1.2 Project tenure

The Fraser Range Project is a coherent landholding comprising two granted ELs, E63/1941 and E63/1771, which cover 28 and 8 graticular blocks, respectively, for a combined area of approximately 104.6 km$^2$.

Errawarra holds a 70% interest in both tenements, while Kingmaker Exploration No 1 Pty Ltd and Kingmaker Metals Pty Ltd each have a 30% interest in the respective tenements. Kingmaker Exploration No 1 Pty Ltd and Kingmaker Metals Pty Ltd are whollyowned subsidiaries of Sorrento Resources Pty Ltd (Sorrento).

**Table 2.1: Status of Errawarra's Fraser Range Project tenements**

| Tenure | Registered holder | Grant date | Expiry date | Errawarra's interest | Area (km²) | Blocks | Rent* (A$) | 2021 Expenditure commitment (A$) |
|---|---|---|---|---|---|---|---|---|
| E63/1941 | Errawarra Resources Ltd, Kingmaker Exploration No 1 Pty Limited | 02/07/2020 | 01/07/2025 | 70% | 81.35 | 8 | 1,168 | 20,000 |
| E63/1771 | Errawarra Resources Ltd, Kingmaker Metals Pty Limited | 08/08/2017 | 07/08/2022 | 70% | 23.25 | 28 | 7,336 | 42,000 |

Source: DMIRS

Notes: Rental for current rental year period.

Both E63/1941 and E63/1771 fall within the Ngadju Native Title claim.

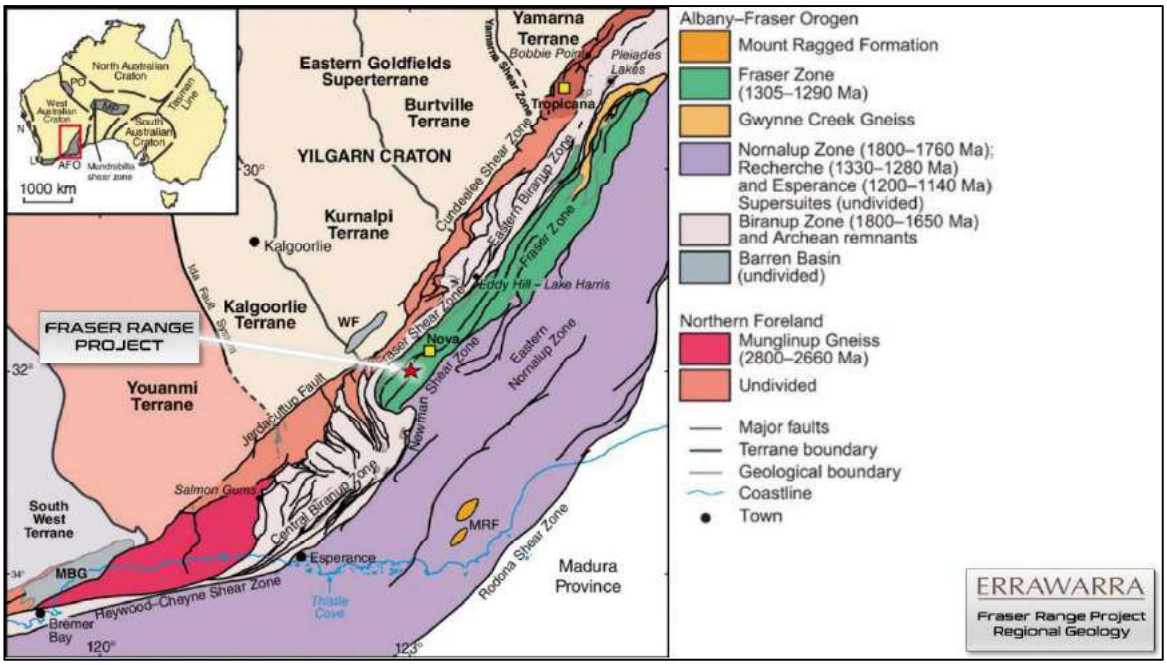
A Regional Standard Heritage Agreement was not executed prior to the tenements being granted. Errawarra has subsequently initiated contact with the claimant's representatives regarding native title and heritage-related issues at the Fraser Range Project.

### 2.1.3 Regional geology

The Fraser Range Project is located within the Proterozoic Fraser Zone of the Albany–Fraser Orogen, which is located along the southern and southeastern margin of the Archaean Yilgarn Craton (Figure 2.3). The orogen is divided into two tectonic components: the dominantly Archaean Northern Foreland and the dominantly younger Proterozoic Kepa Kurl Booya Province, both with a history involving the modification of an Archaean Yilgarn Craton-like source accompanied by injection of juvenile uncontaminated Proterozoic material. The Kepa Kurl Booya Province is further subdivided into the dominantly Palaeoproterozoic Tropicana, Biranup and Nornalup Zones and the Mesoproterozoic Fraser Zone.

The Albany–Fraser Orogen also hosts the Mesoproterozoic Recherche and Esperance Supersuites, which dominantly intrude the Nornalup Zone to the east of the Fraser Zone. The orogen also contains metasedimentary rocks from the Palaeoproterozoic Barren Basin as well as the Mesoproterozoic Arid and Ragged Basins (Maier et al., 2016).

**Figure 2.3: Simplified, pre-Mesozoic interpreted bedrock geology of the eastern Albany–Fraser Orogen**

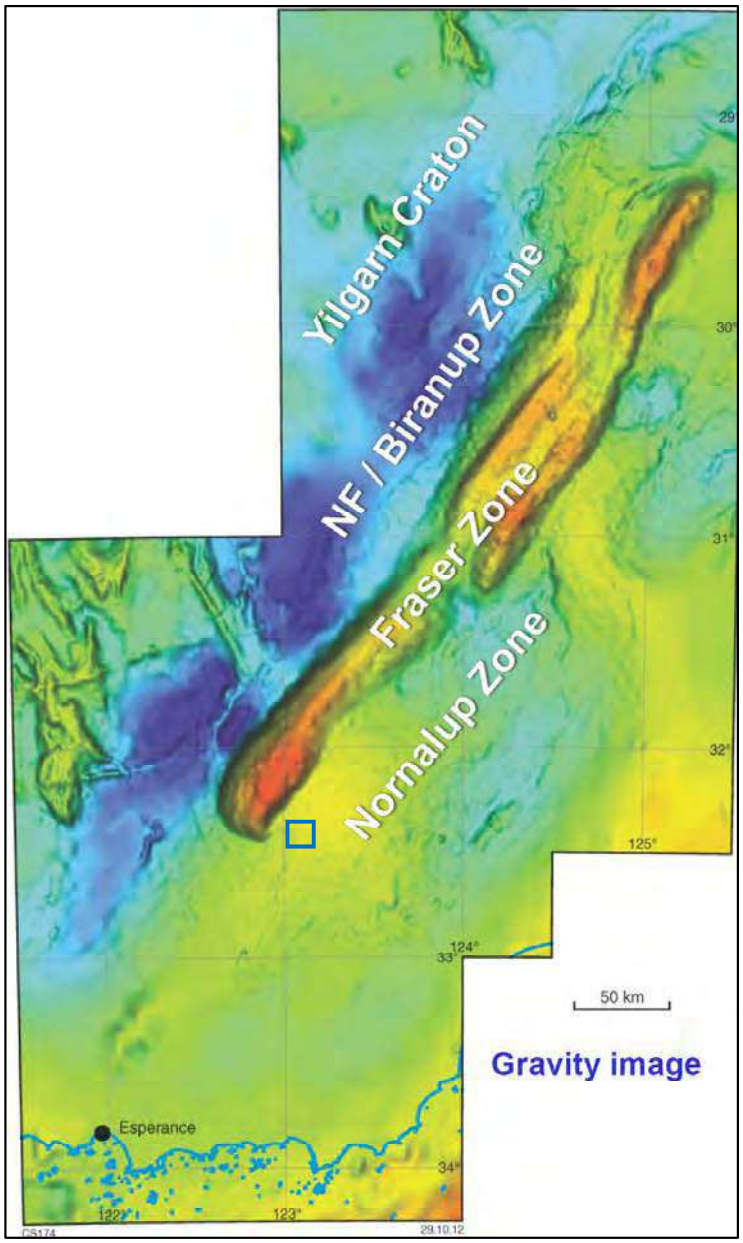



Source: Scott, 2015 (after Spaggiari et al., 2015)

The Kepa Kurl Booya Province is interpreted to have formed through progressive magmatic recycling of Yilgarn crust together with episodic addition of juvenile (tholeiitic) material (Maier et al., 2016) through several tectonic episodes, including the 1810–1800 Ma Salmon Gums Event, the 1780–1760 Ma Ngadju Event and the 1710–1650 Ma Biranup Orogeny (Maier et al., 2016). This prolonged tectonism culminated with the formation of a passive margin and marginal oceanic basin (part of the Madura Province), leading to the deposition of the Arid Basin between ca. 1600 and 1400 Ma (Spaggiari et al., 2015).

Errawarra's Fraser Range Project lies within the Fraser Zone, a distinct, northeasterly-trending 425 × 50 km domain, defined by a strong, distinct geophysical signature in both aeromagnetic and gravity data, with the latter reflecting the high density attributed to the dominance of mafic-ultramafic lithologies (Figure 2.4).

**Figure 2.4: State-wide merged ground and airborne Bouguer gravity grid (400 metres resolution)**

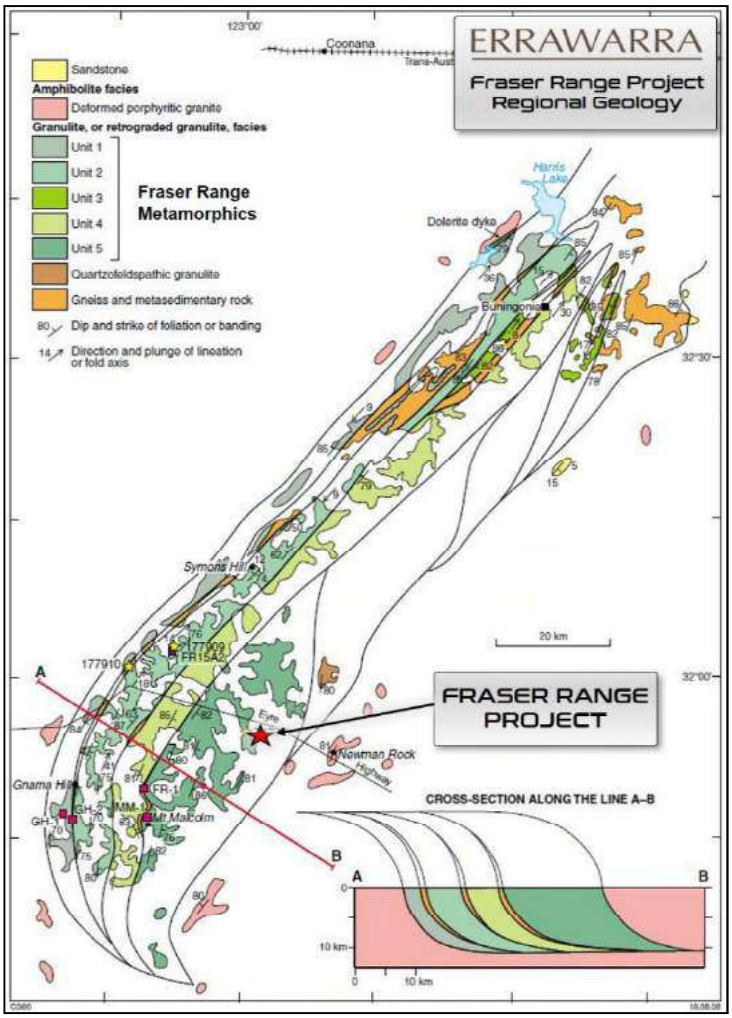



Source: Spaggiari et al., 2014

Notes: Fraser Project extents highlighted by blue box; NF = Northern Foreland

The Fraser Zone is separated from the Biranup Zone to the northwest by the Fraser Shear Zone and to the southeast, from the Nornalup Zone by the Newman Shear Zone. The Fraser Zone includes the ca. 1305–1290 Ma Fraser Range Metamorphics, which comprise five units structurally interlayered with relatively thin slivers of quartzofeldspathic gneiss, metasedimentary gneiss, quartzite, metagranite and pegmatite (Figure 2.5).

**Figure 2.5: Geological map of the southern part of the Fraser Zone with schematic cross section and showing the location of the Fraser Range Metamorphics units**




Sources: Scott, 2020 (after Myers, 1985)

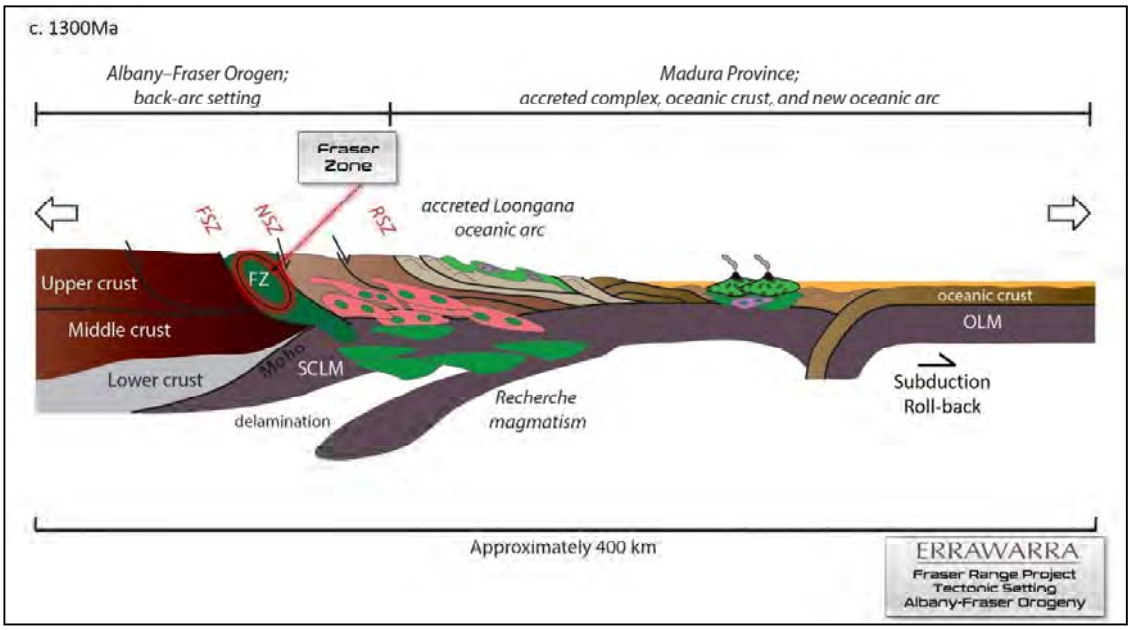
Notes: GSWA sample sites are marked with yellow stars, pink boxes and purple boxes

The metasedimentary rocks of the Fraser Zone (Snowys Dam Formation) comprise pelitic, semi-pelitic and locally calc-silicate gneisses belonging to the Mesoproterozoic Arid Basin. Other units of the Arid Basin include the Malcolm Metamorphics (mafic amphibolitic schist and minor calc-silicate rocks) and the Gwynne Creek Gneiss (psammitic and semi-pelitic gneisses and minor metagranitic, metamafic and metaultramafic rocks).

During Stage I of the Albany–Fraser Orogeny, the Fraser Zone metasedimentary rocks were intruded by the mafic and felsic igneous rocks of the Fraser Zone. The Fraser Zone is interpreted to represent a structurally modified, middle to deep-crustal ‘hot zone’, formed by the repeated pulses of gabbroic magma into quartzofeldspathic country rock (Maier et al., 2016).

The Albany–Fraser Orogen is regarded as an Archaean craton margin that preserves a long history of Proterozoic transformation dominated by extensional processes that resulted in the formation of orogen-wide, basin systems, accompanied by magmatism (Spaggiari et al., 2015).

**Figure 2.6: Tectonic evolution of the Arid Basin at ca. 1300 Ma**




Source: Scott, 2020 (after Spaggiari et al., 2015)

Notes: Renewed subduction dips west beneath the easternmost extent of the orogen and accreted portion of the Madura Province, forming a new magmatic-arc and adjacent back-arc setting. Roll-back leads to extension of the back-arc and formation of the Fraser Zone.

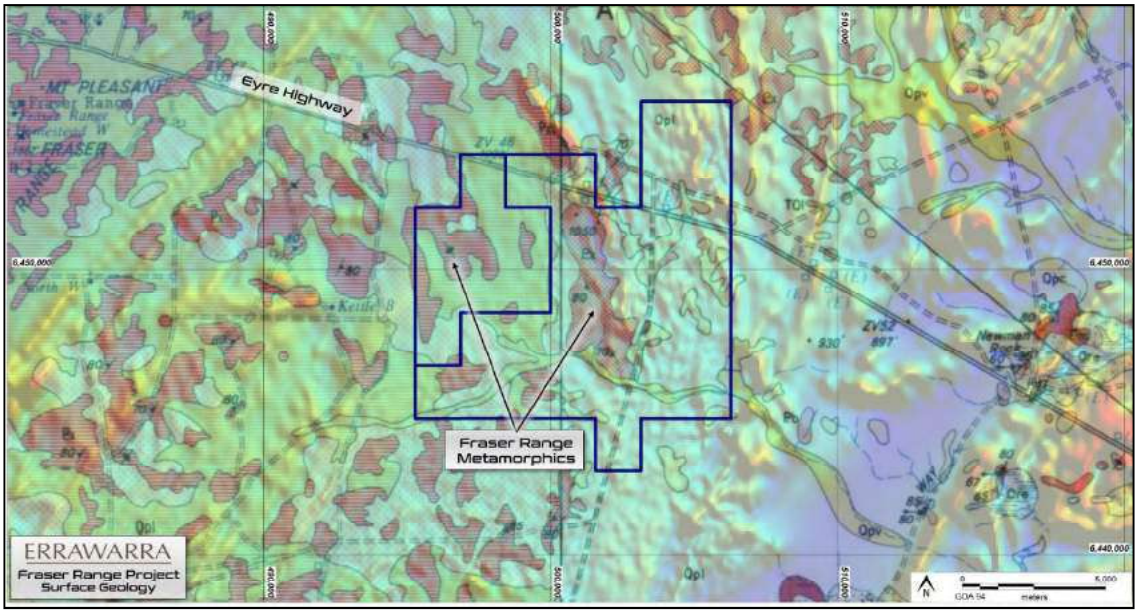
### 2.1.4 Local geology and mineralisation

Based largely on geophysical interpretation of regional geophysical datasets, the Fraser Range Project is interpreted to lie entirely within Unit 5 of the Fraser Range Metamorphic Suite. Unit 5 comprises metagabbro or olivine gabbronorite, much of which is gradational from strongly foliated pyroxene granulites into undeformed two-pyroxene gabbros with well-preserved igneous textures. Unit 5 lies in the eastern part of the Fraser Zone and is less deformed and metamorphosed than the other units.

The published Geological Society of Western Australia (GSWA) geological mapping indicates common outcrop and subcrop throughout the project area. However, work conducted by previous explorers indicates that outcrop is relatively poor. The bedrock is weathered in places to a saprolite unit up to 20 m thick, but generally averages 5–10 m thick (Scott, 2020).

Much of the project area is dominated by transported Cainozoic aeolian deposits of clay, silt and sand, and large areas of alluvial/colluvial sheet wash. The thickness of this transported material is highly variable, ranging from a few metres to over 60 m deep. In some places, fresh crystalline bedrock is in direct, unconformable contact with the overlying Cainozoic sediments.

**Figure 2.7: 250k (Norseman-SI 51-2, Balladonia-SI 51-3) surface geology map over the Fraser Range Project**




Source: Scott, 2020

## Mineralisation

The Fraser Range Project is considered prospective for Nova-style Ni-Cu-Co magmatic sulfide mineralisation and to a lesser extent, Ti-V and orogenic gold mineralisation.

### Nickel

The Albany–Fraser Orogen and associated Fraser Zone mafic-ultramafic intrusive suites have long been viewed as prospective for potential nickel-copper-cobalt (Ni-Cu-Co) orthomagmatic sulfide systems, with exploration for nickel in the region dating back to the 1960s. This nickel exploration focus culminated in the discovery of the Nova-Bollinger Ni-Cu-Co deposit in 2012. Nova Bollinger had a pre-mining combined Mineral Resource of 13.1 Mt at 2% Ni, 0.8% Cu and 0.1% Co (IGO Limited, 2019) and is currently being mined by IGO Limited as an underground operation with an onsite processing plant. Shipment of first concentrate occurred in June 2017.

Nova-Bollinger represents the current analogue for exploration at Errawarra's exploration efforts at Fraser Range being a widely used exploration model for Ni-Cu-Co systems throughout the Albany-Fraser Orogen. Ni-Cu-Co sulfide mineralisation remains to be identified within Errawarra's Fraser Range Project.

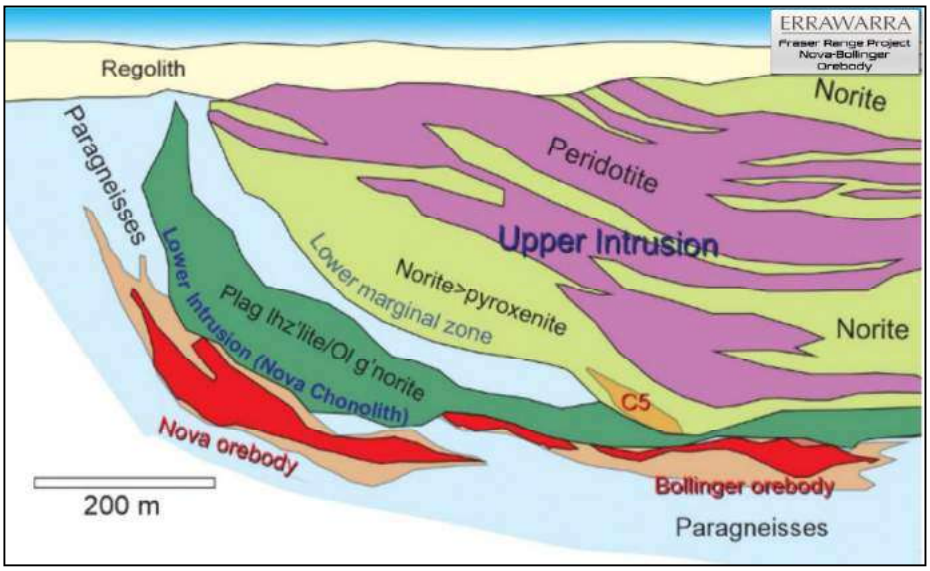
Importantly, Nova-Bollinger is hosted by a suite of cumulate mafic and ultramafic intrusive rocks that intruded the Fraser Range Metamorphics and is emplaced within a prominent fold interference feature termed an 'eye' structure. This structure is currently interpreted to represent a doubly plunging synform with its long axis parallel to the prominent northeast-striking regional tectono-stratigraphic fabric (Donaghy, 2018).

The mineralisation is hosted by the lower of a pair of stacked intrusions (Figure 2.8), characterised as:

- Upper Intrusion: a thick, layered ultramafic-mafic body with a dominantly mafic lower zone
- Lower Intrusion: a thin mafic/ultramafic chonolith hosting the bulk of the disseminated, net-textured and massive sulfide mineralisation in the form of the Nova and Bollinger orebodies. The Nova-Bollinger mafic-ultramafic suite was formed from multiple pulses of fractionated magmas that were typical tholeiitic basalts in composition, with 6–8% MgO, having major and trace element characteristics similar to typical island arc and back-arc basalts.

The intrusions were emplaced into the deep crust at pressures of around 0.7 GPa which coincided with the regional metamorphic peak (Taranovic et al., 2019; Taranovic et al., 2021).

**Figure 2.8: Nova-Bollinger east–west schematic long section, looking north**




Source: Scott, 2015 (after Taranovic et al., 2019; Abbreviations: Plag – plagioclase; lhz'lite – lherzolite; Ol – olivine; g'norite – gabbronorite.

Initial exploration in the Nova-Bollinger area focused on a nickel-copper soil geochemical anomaly in a year-2000 release of data from a regional survey conducted by the GSWA. The soil geochemical anomaly in the area was later determined to not result from the orebody itself, but from adjacent, sparsely mineralised material in other intrusive bodies. The orebody was geochemically blind to surface and was ultimately discovered by drilling an electromagnetic anomaly that did not coincide with any of the anomalous soil geochemical values. The Bollinger extension of the system was discovered following the resource drill-out of the Nova orebody.

Subsequent to the discovery of Nova-Bollinger, other explorers in the region detected disseminated nickel-copper sulfide mineralisation in other mafic intrusive rocks of the Fraser Zone and related rocks, but these have proven uneconomic to date (Silver Knight, Mawsona nd Octagonal). Such exploration results confirm the widespread prospectivity for Ni-Cu-Co systems in the Albany–Fraser Orogen. Regional exploration has successfully used a combination of aeromagnetic and gravity data to focus on anomalies possibly representing buried mafic-ultramafic complexes, followed up by ground geochemical sampling (soils or aircore/top of bedrock drilling) and geophysics (preferably ground electromagnetic surveys; Donaghy, 2018).

Mafic-ultramafic lithologies are typically more dense than other crustal lithologies, and thus offer a positive density geophysical anomaly in gravity surveys relative to the background lithologies. Many explorers note that mafic-ultramafic intrusive systems discovered to date are either neutral in magnetic expression and difficult to differentiate in magnetic data from the background lithologies or appear as magnetic lows in survey results. The combination of magnetic and gravity data allows rapid focus on likely buried intrusive complexes for surface survey techniques (Donaghy, 2018).

Orthomagmatic sulfide systems are often blind to surface with no direct geochemical or gossaniferous expression given they are closed systems within the confines of the host intrusions, with only very limited hydrothermal alteration halo or geochemical exchange with the surrounding wall rock. Soil geochemistry is typically only effective if magmatic nickel-copper sulfide mineralisation is outcropping to subcropping, and the soil profile does not contain a substantial proportion of transported material. Targeted use of electromagnetic geophysical surveys remains the preferred tool for direct detection of preserved likely economic accumulations Ni-Cu sulfide mineralisation, as typical magmatic sulfide assemblages become electrically connected and conductive at 18–20% sulfide content by volume (Donaghy, 2018).

### Gold

The Tropicana gold deposit is the most significant gold deposit located within the Albany–Fraser Orogen. It is hosted in Neoarchaean rocks of the Tropicana Zone of the Kepa Kurl Booya Province of the Albany–Fraser Orogen (Figure 2.3). It was discovered by AngloGold Ashanti Ltd and joint venture partner IGO Limited in 2005.

The Tropicana Zone mainly consists of Neoarchaean rocks of the Tropicana and Hercules Gneiss comprising amphibolite to granulite facies and intermediate to felsic orthogneiss (including garnet gneiss) with meta-greenstone successions. The protoliths of these rocks were deposited in a continental margin arc, in a submarine setting. The magmatic age of the granitic protolith to the gneiss in the Tropicana Zone is taken as ca. 2,722 Ma. Orogenic gold mineralisation is associated with potassium metasomatism and growth of biotite and pyrite under greenschist facies conditions (Occhipinti et al., 2017). The timing of the gold mineralisation at Tropicana is dated at ca. 2,520 Ma and pre-dates the formation of the Fraser Zone by at least >1,100 Ma (Occhipinti et al., 2017).

Neoarchaean gold mineralisation in the Albany–Fraser Orogen developed during a retrograde metamorphic event within the Tropicana Zone during exhumation of that zone onto the Eastern Goldfields Superterrane. There is no known substantial Palaeoproterozoic gold mineralisation within the Tropicana Zone, or in fact within the Albany–Fraser Orogen to the south, or north of Tropicana (Occhipinti et al., 2017).

Gold mineralisation has yet to be identified within the Fraser Range Project.

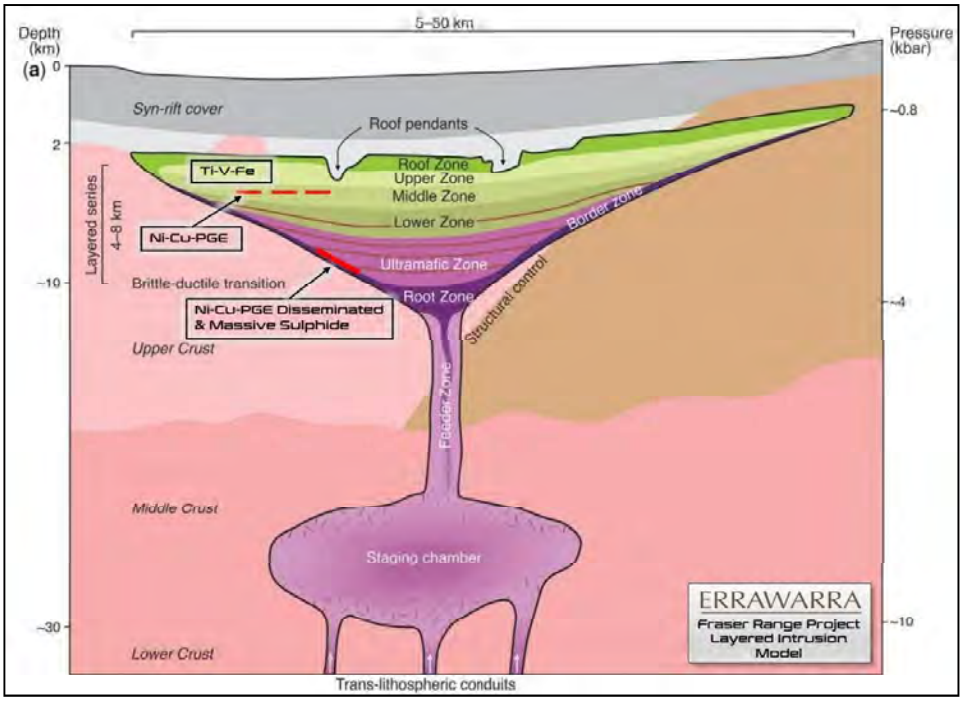
### Titanium and Vanadium

Orthomagmatic Ti-V oxide deposits typically occur in the upper parts of layered mafic-ultramafic intrusions (e.g. Figure 2.9; Bushveld Complex, South Africa), although there are cases of them forming as layers and/or lenses within gabbros concentrated in the lower parts of the intrusions (Pan-Xi deposits, China).

While there are no known economic vanadium-titanium oxide deposits from within the Albany–Fraser Orogen, the Coates vanadium-titanium deposit near Northam and the Windimurra vanadium-titanium deposit near Mount Magnet, are considered type deposits for this type of mineralisation in Western Australia. At Windimurra, the vanadium titanomagnetite is hosted in a layered sequence within gabbro to leucogabbros of the Windimurra layered intrusion.

Significantly anomalous titanium and vanadium rock chip values are present within the Fraser Range Project.

**Figure 2.9: Schematic cross section through a typical mafic-ultramafic layered intrusion**



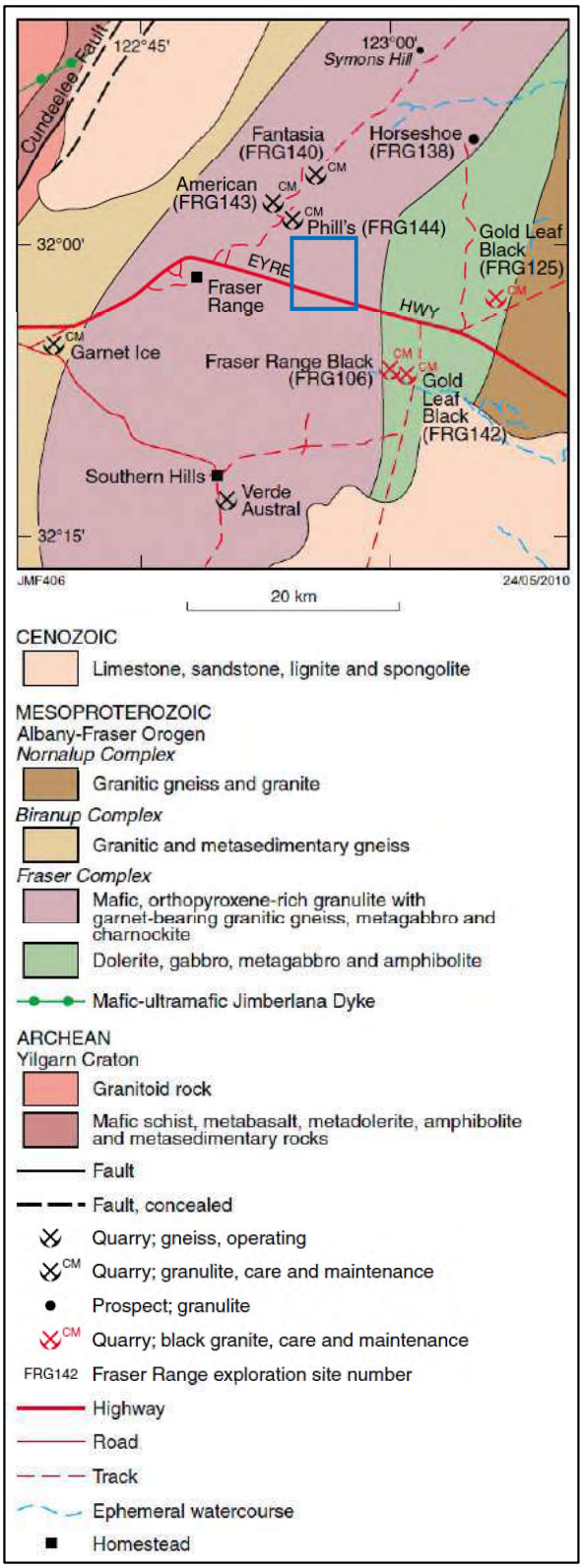

Source: Scott, 2020 [after Ivanic et al., 2017 (modified from Irvine and Smith, 1967)].

## 2.1.5 Historical exploration

The Fraser Range has been explored for nickel since the 1960s when Newmont interpreted the Fraser Range Metamorphics as being analogous to the Thompson Nickel Belt in Canada (Gollan, 2012). The first recorded mineral exploration in the Fraser Range was completed by Newmont, which explored for base metal mineralisation between 1965 and 1972. Newmont discovered sub-economic, disseminated copper-nickel sulfide mineralisation associated with three mafic-ultramafic intrusives in the southwest of the Fraser Range region (Gnamma South). Other companies to have explored the region include Stockdale (1980–1981), CRA (1981–1982), Goldfields Exploration (1983–1984) and Pan Continental Mining (1985–1986) – with little success (Gibson, 1988).

During the late 1980s and 1990s, the region was largely explored for dimension stone, with a number of successful quarries being established. The Fraser Range Black and Gold Leaf Black test quarries are located within E63/1771, where small quantities of a partially recrystallised ophitic, olivine-bearing dolerite were mined in 1990–1991 before being placed on care and maintenance (Fetherston, 2010).

**Figure 2.10: Geological map of the Fraser Range region showing dimension stone quarries**




Sources: Fetherston, 2010

Notes: Fraser Range Project approximate extents shown in blue box.

The Fraser Range region received renewed interest for gold and base metal mineralisation after the discoveries of the Tropicana gold deposit in 2005 and the Nova-Bollinger Ni-Cu-Co deposit in 2012.

The first exploration within Errawarra's Fraser Range Project area comprised regional geological and geophysical programs conducted by Newmont between 1965 and1972, focusing on magmatic nickel-copper mineralisation. Limited shallow auger drilling was undertaken, with no anomalous results returned.

During the late 1980s, Growth Resources completed a regional aeromagnetic survey in the district, identifying a number of strong linear geophysical features within the area warranting follow-up exploration. Anomaly A is partially located within E63/1771 and is a strong, north–northwest trending 7 km linear magnetic feature, which straddles the Eyre Highway, and is associated with magnetite in mafic granulite/metagabbro. Rock chip sampling of a ferruginous caprock developed over the granulite/metagabbro, returned locally anomalous titanium (38% $TiO_2$) and vanadium (0.25% $V_2O_5$) values. A total of 20 percussion (rotary air blast, RAB) drill holes were completed at Anomaly A, where a hard, fine- to medium-grained pyroxene-plagioclase-quartz-biotite-magnetite rock after metagabbro was intercepted. The assaying results returned low-grade Ti and V mineralisation, with $TiO_2$ values averaging 4.1% and $V_2O_5$ averaging 0.10% along with elevated Ce, La, Nb and Y results. Metallurgical testwork results on the mineralised material were positive. Anomaly B, partially located in the northeast of E63/1771, received 16 percussion (RAB) holes in the area now known as the Highway Prospect. No nickel or copper anomalism was noted in the drilling.

Gold Partners picked up the ground in the late 1990s and completed regolith mapping based on purchased Landsat data. No further work was undertaken.

Resolute Gold subsequently completed a limited regional soil and calcrete sampling program along existing tracks targeting gold mineralisation. No anomalous results were returned.

In 2010 and 2011, Enterprise Metals contracted AeroQuest Airborne to complete an aeromagnetic and radiometric survey at 100 m line spacing over the entire area of E63/1771. This was followed by surface sampling of 659 calcrete and 674 soil samples in the area. The sampling program involved east–west lines spaced at 800 m, with sample sites at 400 m along the lines. Initially, work focused exclusively on gold exploration with geochemical analysis of the calcrete samples for low-level gold, and all other samples were archived for later analysis. Following the discovery of the Nova-Bollinger deposit in 2012, Enterprise Metals shifted its exploration focus to include Ni-Cu-Co. The archived soil geochemical samples were analysed, and a number of coincident Ni-Cu-Co anomalous samples were identified. Follow-up work included 100 × 200 m infill soil geochemical sampling for a further 4,892 samples.

In 2013, Fugro Airborne Systems was contracted by Enterprise Metals to fly a helicopter-borne time domain electromagnetic (HeliTEM) geophysical survey over the entirety of the tenement on east–west lines spaced 200 m apart. No strong basement conductivity responses were identified, and the Plato anomaly area (located 15 km southwest of Errawarra's Fraser Project tenements) returned the best conductivity response in the region. Much of the survey response was dominated by near-surface effects resulting from conductive overburden containing clays and saline groundwaters. The survey response largely mapped palaeo-drainage systems and was not effective in exploring for bedrock conductivity features as a result (Donaghy, 2018). In addition,

Enterprise Metals contracted Vortex Geophysics to complete fixed loop electromagnetic (FLEM) and limited moving loop electromagnetic (MLEM) surveys over regional targets identified from the regional magnetic data. This included the Highway Prospect located in the northeastern portion of E63/1771 where FLEM (4 loops, 20 lines) and MLEM (1 line) surveys were completed. While the surveying quality and specifications were considered acceptable, FLEM surveying in situations where the location and geometry of any conductors is unknown risks poor coupling and detection of conductors. Overburden responses were detected in the FLEM survey results but were not replicated in the MLEM results.

In 2015, Apollo Minerals entered a joint venture with Enterprise Metals and took over management of exploration activities completing soil geochemical sampling over the Plato, Heart, Titan South and Highway Ni-Cu-Co prospects. A total of 530 samples were collected. Samples were sieved in the field to a fine fraction (minus 200 mesh) and 100–200 g of material collected in paper geochemical packets. The samples were analysed in Perth using a portable x-ray fluorescence (pXRF) analyser through the side of the packets. It is not certain whether the samples were homogenised prior to taking readings. The only results with anomalous values reported were at the Plato prospect, where Ni values are considered to be anomalous and correlate with Cu and Cr. It should be noted before any conclusions are drawn as to the survey's effectiveness that the methodology of taking the pXRF data by analysing through the paper envelope is not considered good practice. Consequentially, the accuracy of the readings for the pXRF survey are questionable (Donaghy, 2018).

After its exploration activities in 2016, Apollo Minerals compulsorily relinquished the northernmost portion of E63/1281, currently E63/1771, to concentrate on the targets defined in the southern tenement area. No further work has been completed on E63/1771 since that date.

E63/1941 received much of the same early exploration as E63/1771, although between 2013 and 2018, E63/1941 was part of tenement E63/1463 owned and managed (until 2018, when IGO Limited joint ventured into the tenement) by XNi Pty Ltd (formally Chandling Pty Ltd). During the period under XNi's management, an airborne EM geophysical survey was flown, three rock chip geochemical samples collected, geological mapping completed by Walter Witt and gravity surveying was also completed within the area of current E63/1941.

The detailed mapping completed by Witt in 2015 included two thirds of the current E63/1941. Rocks within the tenement area have been classified as belonging to the 'Central Magnetic Domain' where the dominance of coarse-grained, olivine-rich magmas suggests that the central magnetic domain was a conduit for repeated emplacement of hot, mantle-derived magma. Mantle-derived magmas crystallised to form olivine-bearing, commonly cumulate-textured, mafic to ultramafic rocks with geochemical features indicating little or no fractionation since extraction from the mantle. The olivine-bearing intrusions are petrographically and geochemically similar to orthocumulatenorites that host Ni-Cu sulfide mineralisation at Nova-Bollinger, but do not extend to the same extreme MgO contents (Witt, 2015) and some of the olivine-bearing intrusions contain sufficient $SO_3$ to suggest the magma was sulfur saturated (Scott, 2020). Two of the mapped intrusions within E63/1941 were assigned a high-to-moderate prospectivity rating and contained >0.10% $SO_3$ which is indicative of sulfur saturation, which is an important element in the formation of magmatic Ni-Cu-Co sulfide deposits. Th/Nb ratios are also used as an indirect proxy for sulfur saturation and are a monitor of crustal contamination (Scott, 2020). The elevated Th/Nb ratios within the mapped intrusions located within E63/1941, support the elevated sulfur saturation values also received from these intrusions.

In 2018, IGO Limited completed an airborne EM survey over the tenement. After a preliminary review at the completion of the survey (i.e. before final data was received and processed), the part of E63/1463 that now occupies E63/1941 was surrendered.

### 2.1.6 Exploration by Errawarra

In August 2021, Errawarra completed an MLEM (MLEM Slingram) survey at the Fraser Range Project. The configuration for these surveys was designed to emulate the survey parameters that detected the initial MLEM anomaly observed over the Nova-Bollinger deposit in 2012.

In total, an area of 56 $km^2$ representing 54% of the prospective tenement area was subject to MLEM surveying on the Fraser Range Project tenements (total tenement area is 105 $km^2$). No strong anomalous responses considered consistent with a massive sulfide (Nova-style) source have been observed in the EM surveys, although several weak anomalous responses have been observed at early to mid-delay times, particularly over the northeast and the central parts of the survey area. These weak anomalous responses are interpreted to be associated with weak AEM (HeliTEM) anomalies.

A detailed review of all the acquired data has been completed with several weak coincident EM and Ni-Cu soil geochemical anomalies identified and recommended for follow-up. A program of detailed soil sampling is being planned to define these targets. A ground FLEM survey is being considered to complete some of the survey gaps in the tenement that have proved unsuitable for surveying by MLEM due to the nature of the terrain.

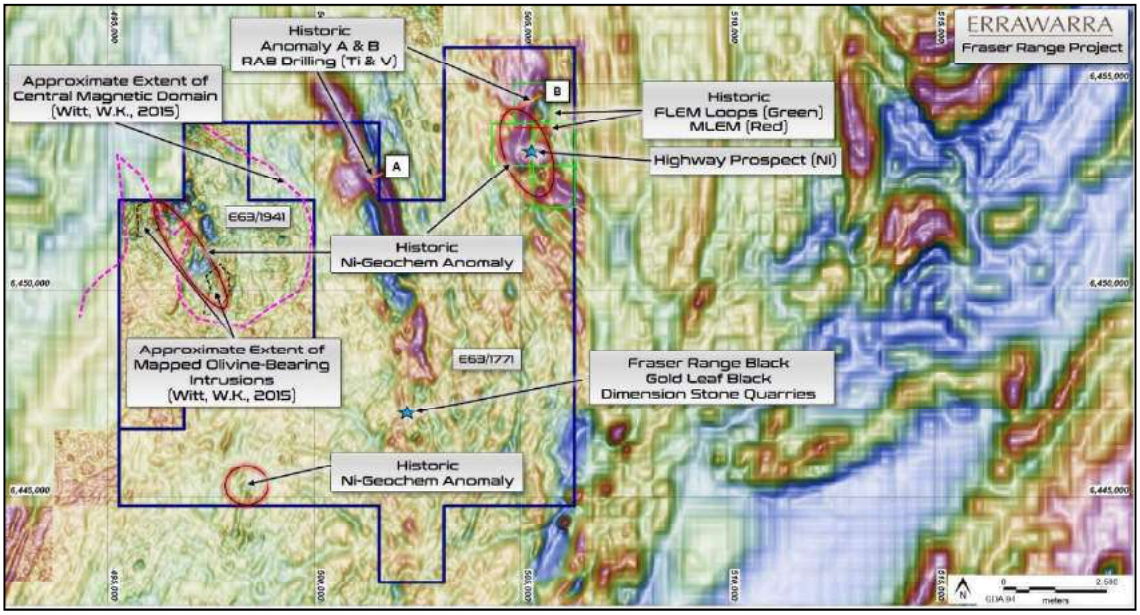
### 2.1.7 Prospectivity and key value drivers

The Fraser Range Project been subject to tenement-wide airborne EM (and aeromagnetic) geophysical surveying and surface geochemical sampling coverage. Both techniques provided limited effectiveness for the direct detection of nickel sulfide mineralisation given the widespread palaeo-drainage network and associated transported cover (up to 50 m in places) over the project area.

The airborne EM data is dominated by shallow, early-time, dendritic conductivity anomalies likely related to the palaeo-drainage features. However, the Highway nickel prospect was identified from coincident Ni, Cu and Co soil geochemical anomalism in regional data that was replicated by detailed follow-up sampling at closer spacing. The surface geochemistry dataset is difficult to interpret as a collective dataset given the various sample media, sample preparation, assay methods and detection limits used historically. Assessing each geochemical dataset individually, however, shows three areas of Ni-Cu anomalism: the Highway Prospect, a north–northwest trending anomaly centrally located within E63/1941 and a discrete anomaly located due south of E63/1941 on the southern edge of E63/1771.

None of these anomalies have been drill tested to date and the latter two have not been covered by ground MLEM geophysical surveying.

**Figure 2.11: Summary map showing historical geochemical anomalies, geophysical surveys, RAB drilling and geological interpretation (Witt, 2015) overlain on combined airborne magnetic imagery**




Sources: Scott, 2020

The dominant feature in the aeromagnetic data is a north–northwest trnding magnetic high in the centre of E63/1771. This laterally extensive feature broadly matches the mapped extent of the Fraser Zone rocks evident in GSWA 1:250,000 geological mapping and drilling by Growth Resources which confirmed a large mafic intrusive body that locally hosts Ti-V-rich titanomagnetite within mafic granulite/metagabbro lithologies. More subtle features in the magnetic data are present, parallel and to the west of, the main magnetic anomaly and located within E63/1941. The Highway Prospect also stands out as having a cluster of anomalous magnetic responses, which loosely trend in a north–northwest direction (Pryor, 2020).

The main magnetic anomaly within E63/1771 is interpreted as a large mafic intrusive attributed to the Fraser Range Metamorphics that locally hosts Ti-V-rich titanomagnetite within mafic granulite/metagabbro lithologies. The majority of mafic intrusions are differentiated into a lower or basal ultramafic zone where dunite, lherzolite, harzburgite, websterite, clinopyroxenite and orthopyroxenite lithologies dominate. Ni-Cu (PGE) sulfide deposits are commonly found in pyroxenitic layers although Ni-Cu sulfides also settle out at the base of the intrusion. Chromium also precipitates early with layers rich in chromitite also found at the base of the intrusion in association with olivine and orthopyroxene. The upper part of a mafic intrusion often consists of a fractionated mafic zone, where Fe-Ti-V-oxides crystallise typically within norite, gabbronorite and troctolite lithologies. While the Ti-V-oxide mineralisation within tenement E63/1771 is not considered prospective for Ni-Cu sulfides, it does suggest a differentiated mafic intrusion, which may be prospective for Ni-Cu sulfide mineralisation.

Only E63/1941 has had an appreciable amount of gravity surveying carried out. The tenement lies over the peak of the regional gravity high that demarcates the Fraser Range Metamorphics. The highest gravity readings appear to coherently map the north–northwest trending density anomalies that coincide with the north–northwest trending magnetic anomalies (Pryor, 2020). A project-wide

detailed ground gravity survey to try and identify possible mafic-ultramafic intrusive complexes located under cover is recommended (Scott, 2020).

The Fraser Range Project is considered prospective for Nova-style Ni-Cu-Co magmatic sulfide mineralisation. The project features Unit 5 of the Fraser Range Metamorphic Suite that elsewhere hosts the Nova-Bollinger mineralisation and is also coincident with the peak of the regional gravity anomaly.

Historical exploration by Growth Resources identified differentiated mafic intrusions within the project and geochemical surveying has identified three areas considered anomalous in Ni-Cu-Co which remain untested to date. The project also contains several untested magnetic and gravity geophysical anomalies prospective for Nova-style Ni-Cu-Co magmatic sulfide mineralisation. While the project has airborne EM, the surface EM coverage is poor (<4% coverage); surface EM, in particularly MLEM, is likely the most effective for directly detecting Nova-style Ni-Cu-Co magmatic sulfide mineralisation due to the extensive palaeo-drainage network and variably thick conductive cover.

The identification of olivine-bearing, mantle-derived intrusives with two separate indicators of possible sulfur saturation ($SO_3$ and Th/Nb) within E63/1941 by Witt in 2015 offer the highest priority targets within the Fraser Range Project (Scott, 2020). These mapped intrusives are coincident with weak soil geochemical anomalies and coincident magnetic and gravity anomalies.

#### Gold

The gold exploration model for the project is orogenic-type, structurally controlled mineralisation. While there is evidence of geological complexity in the project area based on magnetic geophysical data, this is interpreted to relate entirely to the internal stratigraphy of the Fraser Zone.

The project has received reasonably extensive geochemical surveying focused on nickel mineralisation, though the geochemical surveying has not identified any significant gold anomalies to date. The gold prospectivity within the Fraser Range Project is therefore considered to be limited.

#### Titanium and vanadium

A prominent aeromagnetic anomaly located within E63/1771 (Anomaly A) is considered prospective for orthomagmatic Ti-V mineralisation. Historical results (38% $TiO_2$ and 0.25% $V_2O_5$ from rock chip sampling) generated by Growth Resources provide further encouragement for this type of mineralisation. Anomaly A warrants further investigation.

## 2.2 Binti Binti

### 2.2.1 Location, access and physiography

Errawarra's Binti Binti/Gindalbie Gold Project is located 78 km northeast of Kalgoorlie (Figure 2.1). Kalgoorlie lies in the Goldfields–Esperance region of Western Australia and is located 595 km east–northeast of Perth. The site is accessed from Binti Binti Road, which connects to Gindalbie Mine 25 km to the southwest. The Yarri Road connects Gindalbie mine to Kalgoorlie.

Gindalbie is the nearest settlement, which has an airstrip able to service a small plane. It is situated between Kalgoorlie and Laverton. The topography is subdued and characterised by low rounded hills with elevations ranging between 100 m and 200 m above sea level, with the exception of Mount Ballona, which reaches 442 m above sea level.

Vegetation is varied and belies the semi-arid nature of the climate. Dense mulga scrub interspersed with tracts of more open bluebush (*Kochia*), saltbush (*Atriplex*), and eucalyptus country is common north of Lake Yindarlgooda. The sandier areas are covered with mallee, spinifex (*Triodia*), and occasional native pine (*Callistris*). Open eucalyptus woodlands comprising salmon gums, gimlet and mallee, interspersed with saltbush and bluebush cover the flat and undulating country of the south.

The region has a semi-arid climate with hot summers and mild winters. The annual rainfall is 260 mm on average. January is the hottest month, with an average maximum temperature of 33.6° C, but temperatures above 40.0° C occur nearly once a week when hot dry north-northeasterly winds arrive. Such high temperatures are usually followed by a cool change from the south and occasionally with a thunderstorm.

Winters are cool, with July average maximum and minimum temperatures being 16.5° C and 4.8° C, respectively. Cold, wet days with a maximum below 12.0° C occur about once every winter. The lowest maximum temperature recorded is 7.2° C, on 19 July 1961. Overnight temperatures fall below freezing about four times in a typical winter. Such events occur on clear nights following a day of cold southerly winds.

### 2.2.2 Project tenure

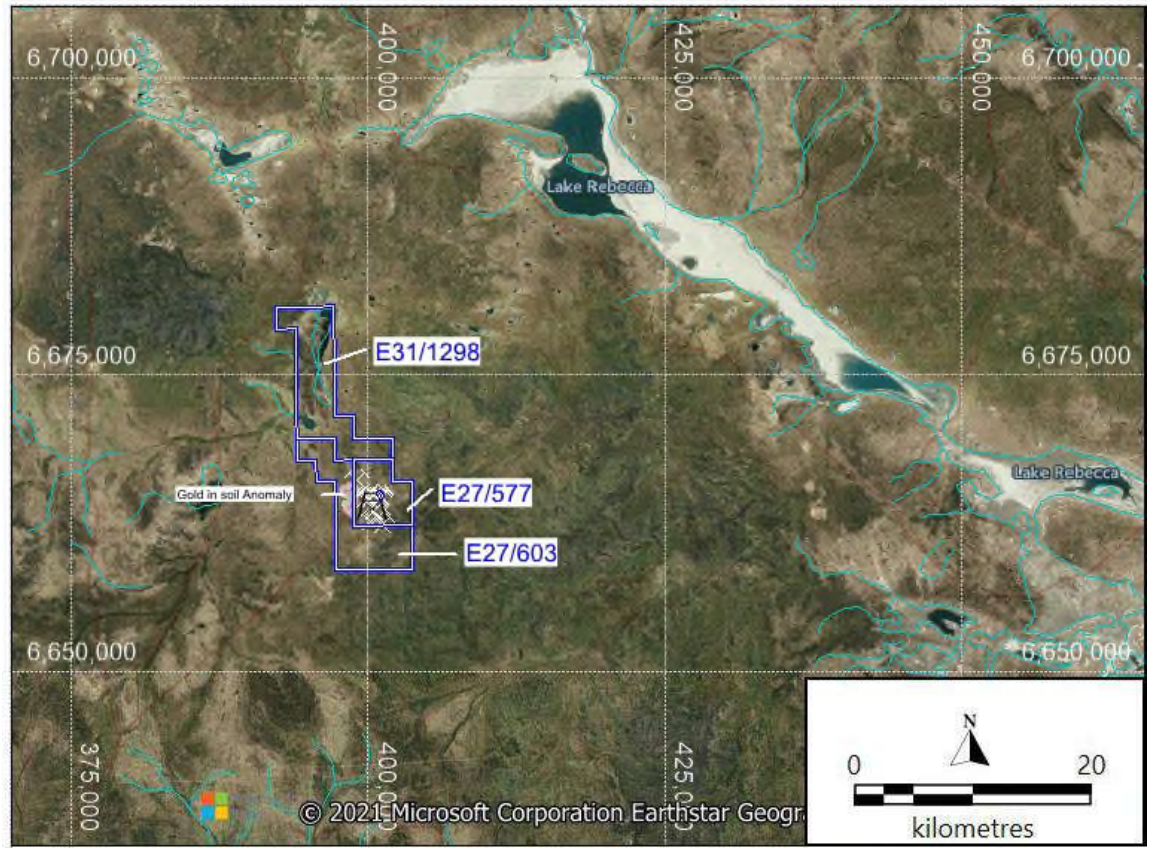
The status of Errawarra's Binti Binti tenure is presented in Table 2.2 and the locations are shown in Figure 2.12.

**Table 2.2: Status of Errawarra's Binti Binti Project tenements**

| Tenure | Registered holder | Grant date | Expiry date | Errawarra's interest | Area ($km^2$) | Blocks | Rent (A$) | Expenditure commitment (A$) |
|---|---|---|---|---|---|---|---|---|
| E27/0577 | Peter Romeo Gianni & Errawarra Resources Ltd | 23/01/2017 | 23/01/2022 | 80% | 23.5 | 8 | 2864 | 30,000 |
| E27/0603 | Greta Purich | 11/02/2019 | 11/02/2024 | 80% | 41.2 | 14 | 3668 | 20,000 |
| EA31/1298* | Errawarra Pty Ltd | pending | pending | 100% | 50.7 | 17 | - | - |

Source: Errawarra Resources Ltd, DMIRS Tengraph http://www.dmp.wa.gov.au/Tengraph_online.aspx
Note: *Application.

**Figure 2.12: Binti Binti tenement location map**

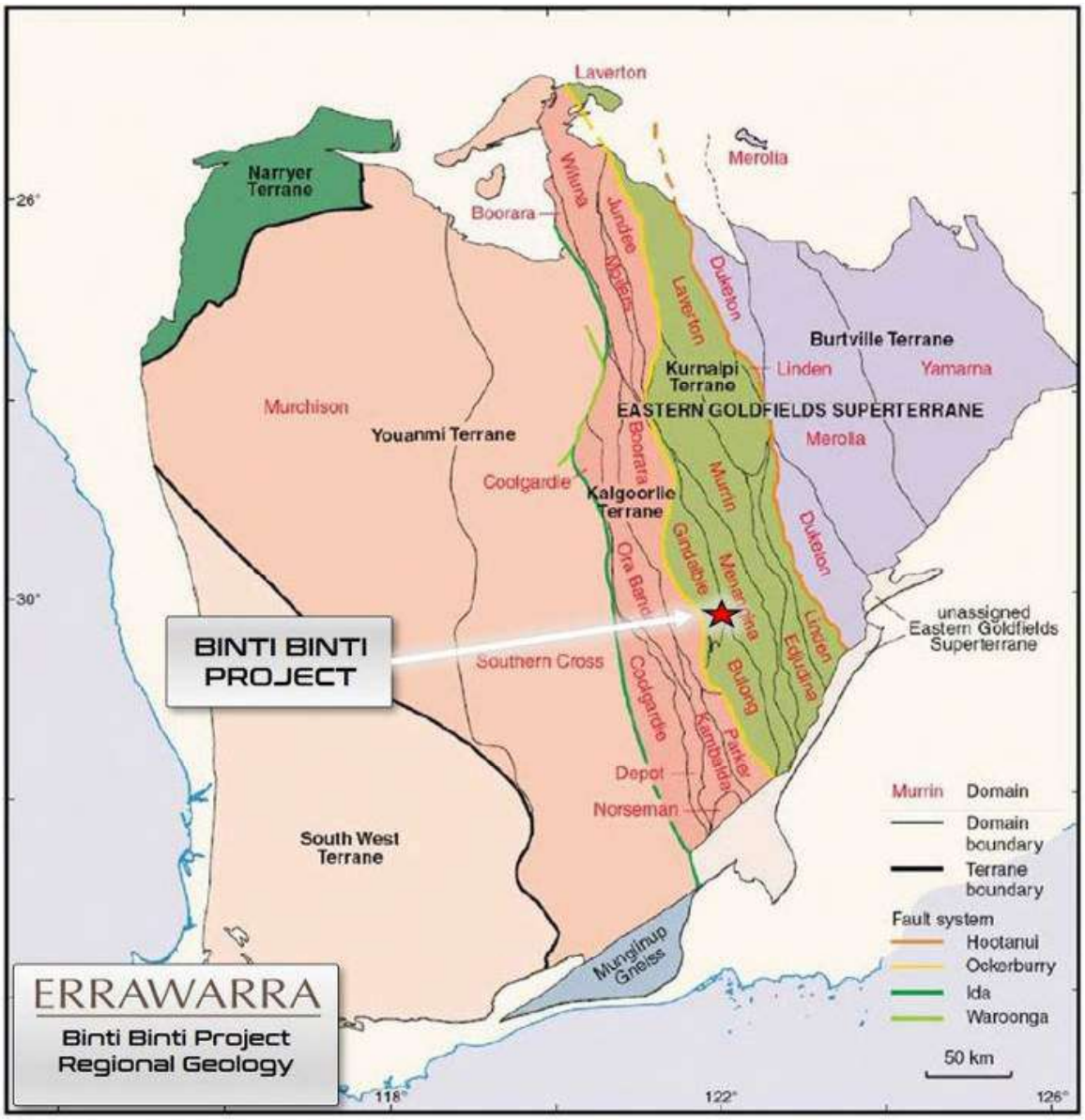



Source: Errawarra Resources Ltd

## 2.2.3 Regional geology

The Binti Binti tenures are located within the Eastern Goldfields Superterrane (EGS) of the Yilgarn Craton in Western Australia (Figure 2.13). The Yilgarn Craton consists of a series of accretionary terranes, where continental collision has added to, or thickened, continental crust. Gold mineralisation forms at all stages of orogenic evolution and, as a result, evolving metamorphic belts typically contain a diverse range of gold deposit types that may be juxtaposed or overprint each other (Goldfarb et al., 2005). The EGS is divided, from west to east, into the Kalgoorlie, Kurnapli and Burtville terranes. In turn, these terranes are divided into a number of fault-bounded geologically continuous domains (Figure 2.13).

**Figure 2.13: Binti Binti regional setting and location map**




Sources: Errawarra Resources Ltd

Notes: Modified from Cassidy et al. (2006)

The Kurnalpi Terrane (host to the Binti Binti Project) lies immediately adjacent and to the east of the Kalgoorlie Terrane. Like the Kalgoorlie Terrane, it forms a north–northwest trending strip ranging from 50 to 150 km in width and is sporadically exposed over a 650 km strike length. It is bound to the west by the east dipping Ockerburry Fault and to the east by the Hootanui Fault. The terrane is composed of seven internal structural domains (Laverton, Murrin. Gindalbie, Bulong, Menangina, Edjudina and Linden). It comprises several calc-alkaline volcanic centres and associated sedimentary sequences, primarily divided into the Laverton (mafic volcanic), Kurnalpi (calc-alkaline volcanic and volcaniclastic sedimentary), Minerie (mafic volcanic) and Basinal (siliciclastic) sequences.

Most Archaean gold deposits within the Yilgarn Craton belong to a group of structurally controlled orogenic gold deposits.

At the regional scale, most of the Yilgarn's orogenic gold deposits are spatially associated with regional-scale shear zones. Important exploration drivers for these vein-hosted gold deposits include:

- proximity to regional structures formed under compressional to transpressional regimes
- boundaries of contrasting lithologies or age domains within the greenstone belts
- localisation at bends or at the intersection of two or more faults (Goldfarb et al., 2005; Robert et al., 2005).

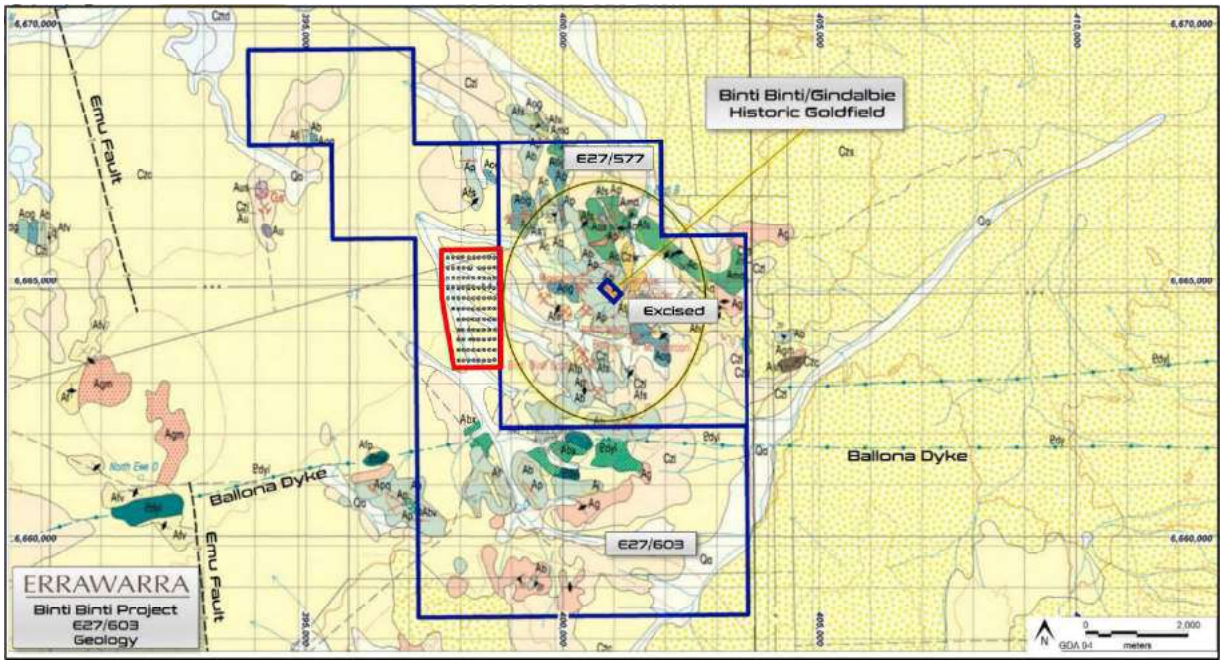
### 2.2.4 Local geology and mineralisation

The Binti Binti Project is dominated by a north–northwest trending belt of interbedded mafic igneous rocks and fine clastic sediments intruded by northeast striking felsic porphyries belonging to the Mulgabbie Formation.

The Bellona Dyke, an east–west Proterozoic dolerite intrusive, cuts the greenstone sequence in the south of the project area. Over significant parts of the Project, Archaean geology is masked by cover consisting of Cenozoic quartz-feldspar yellow sand and Cenozoic laterite/ferricrete; also, younger Quaternary alluvium consisting of clay, silt, sand and gravel occurs in channels, which generally coincide with the current drainage.

The southern portion of E27/603 and E27/577 contain the most exposure which comprises weathered Archaean greenstone and granitoid units. At Mount Ballona, a prominent topographic feature in the south, the geology comprises the Proterozoic Ballona Dyke, an east–west striking Proterozoic Ballona Dyke which intrudes the greenstones and granitoids for several hundred kilometres across the Eastern Goldfields. The dyke forms a distinctive linear pattern in the regional aeromagnetic geophysical data, allowing interpretation of its location under cover. Ahmat (1995) mapped the unit as consisting of mafic to ultramafic intrusive volcanics, in part granophyric.

**Figure 2.14: Surface geology map over the Binti Binti Project tenements (from the GSWA1:100,000 scale map – Gindalbie-3237)**




Source: Errawarra ASX announcement, 18 February 2021

Note: Collar positions for recent aircore drilling are shown as black dots, highlighted by the red shape.

## 2.2.5 Mineralisation

The Binti Binti Project area is considered prospective for:

- orogenic gold mineralisation proximal or associated with faulting and shearing
- komatiite-hosted nickel-cobalt-scandium mineralisation.

### Orogenic gold

The gold prospectivity is highest within E27/577, which covers the historical Gindalbie/Binti Binti Goldfield and associated workings. These historical workings were developed on steeply west dipping quartz veins within an interpreted north–northwest trending shear zone.

Gold mineralisation at Gindalbie was subject to rock chip sampling and geological observations from the nearby workings confirm gold mineralisation in narrow quartz stringers and stockworks. Secondary shearing in outcrop is orientated west–northwest. Boudinage structures along north–northwest shear zones provide evidence of a compressional regime. Potential exists for the identification of structural dilation zones in areas of cover.

### Nickel-cobalt-scandium

The Binti Binti Project is also considered prospective for nickel-cobalt-scandium laterite mineralisation with near-surface enrichment in Archaean-aged olivine-cumulate ultramafic units (komatiites).

The Kalpini Ni-Co-Sc deposit is located outside and approximately 9 km south of Errawarra's Binti Binti Project. At Kalpini, nickel, cobalt and scandium mineralisation has been identified over an approximate strike length of 30 km. In 2010, Heron Resources Limited outlined an Inferred Mineral Resource of 75 Mt averaging 0.73% Ni and 0.04% Co for the deposit (Errawarra Prospectus, 2020).

### 2.2.6 Historical exploration

The Binti Binti Project has previously been explored for both gold and nickel mineralisation with sporadic modern exploration targeting both commodities, largely focused on soil and auger geochemical sampling. Only a small amount of drilling was completed in the four southern graticules and the northernmost graticule of the project, which is considered under-explored, especially in areas of alluvial cover.

No historical mining has occurred within E27/603 or E31/1298, though on E27/577, historical mining produced approximately 1,350 ounces of gold (from 1,871 t of ore averaging 22.5 g/t Au) from several deposits between 1901 and 1981 as outlined in Table 2.3.

**Table 2.3: Historical production in E27/577**

| Mine Name | Mindex Site Code | Tonnes | Gold grade (g/t) | Gold produced (kg) | Year |
|---|---|---|---|---|---|
| Havilah | S0009840 | 983 | 17.3 | 17.0 | 1901–1911 |
| Walls Reward | S0010032 | 588 | 39.4 | 23.1 | 1952–1953 |
| Kurrajong | S0009880 | 288 | 4.6 | 1.3 | 1946–1981 |
| Sunbeam East | S0010009 | 8 | 13.4 | 0.1 | 1920 |
| Myrtle | S0009932 | 4 | 125.5 | 0.5 | 1908 |
| **Total Weighted Average** | | **1,871** | **22.5** | **42.1** | **1901–1981** |

Source: Errawarra Resources Ltd, ASX announcement 14 December 2020

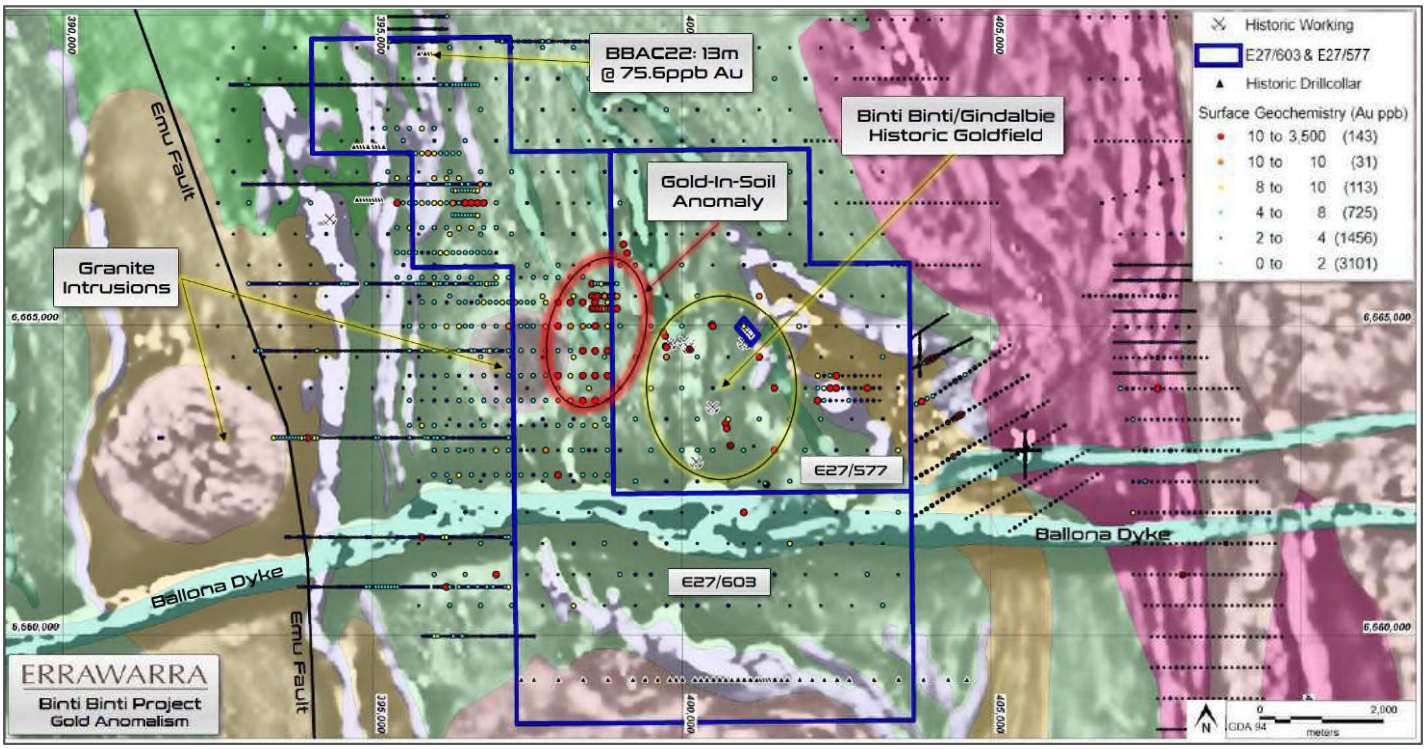
Other significant exploration programs include:

**Delta Gold** completed soil and lag geochemical sampling, in addition to rock chip sampling and costeaning of the historical workings at Binti Binti/Gindalbi. These returned high-grade gold values associated with narrow quartz veining in both mafic and felsic host rocks from the rock chip sampling. In addition, a significant soil geochemical anomaly (Figure 2.15) was delineated within the central part of E27/603 that has not been followed-up.

**Mining Project Investors Pty Ltd (MPI)** intercepted weak gold anomalism in aircore drilling located in the northern part of the project area while exploring for nickel. Drill hole BBAC22 (MPI) returned 13 m averaging 75.6 ppb Au from 71 m downhole depth within mafic lithologies with no obvious veining or hydrothermal alteration. No significant nickel results were received from MPI's drilling.

**Mt Kersey Mining NL (1997)** completed 36 aircore drill holes in the southern part of E27/603 returning some minor low level gold anomalism. Nickel assaying was sporadic and returned no significant results.

**Figure 2.15: Gold mineralisation map and geochemical sampling at the Binti Binti Project**



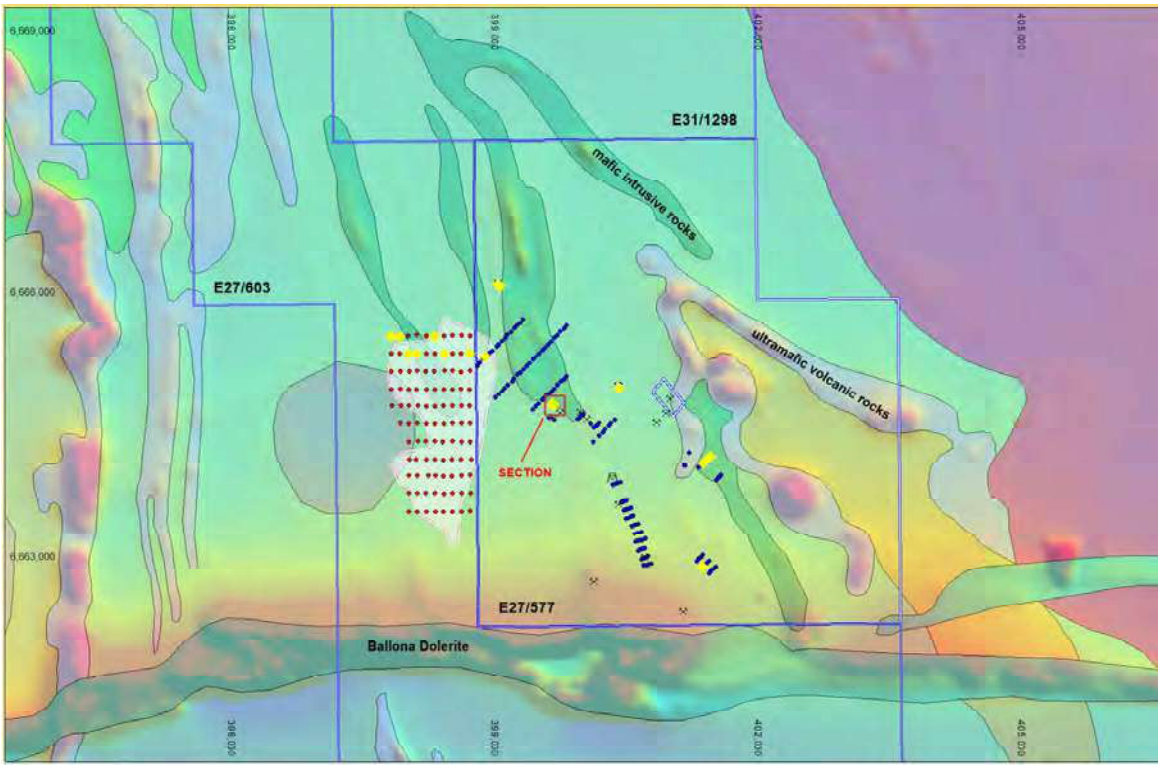

Source: Errawarra Resources Ltd, ASX announcement 14 December 2020

## 2.2.7 Exploration by Errawarra

### E27/603

Within E27/603, gold-anomalous soil geochemistry, combined with aeromagnetic data, outlined a structural corridor favourable for mineralisation. Aircore drilling for gold commenced in November 2020. Errawarra drilled 99 holes for a total of 5,267 m testing a low-level gold-in-soil geochemical anomaly. Interpretation of Errawarra's drilling results suggest the anomaly was potentially transported from the adjacent Gindalbie Goldfield, not from an underlying bedrock source. No significant results were returned from the first drill program.

**Figure 2.16: Exploration drilling at the Binti Binti Project**




Sources: Errawarra AGM Presentation 30 November 2021
Notes: Section is illustrated in Figure 2.17

## E27/577

Following acquisition of E27/577, an aircore drilling program was undertaken during March and April 2021 and successfully tested several areas for gold mineralisation. The program consisted of 162 holes for a total of 4,760 m. To facilitate the planning of the aircore program, field reconnaissance and geochemical sampling was carried out during March 2021. A total 55 samples were taken, consisting of rock chips and grab samples.

Gold grades of more than 5 g/t Au were reported in two holes (Figure 2.17). These holes were drilled in an area interpreted to be highly prospective due to its location beneath a shallow prospector's pit, where previous grab sampling had returned significant gold results (227.2 and 1.2 g/t Au in two separate samples). As outlined in Errawarra's ASX release dated 2 July 2021, the drill intersections were:

- EBBAC219: 8 m grading at 2.76 g/t Au from 26 m, including 4 m grading at 5.09 g/t Au
- EBBAC218: 1 m grading at 6.61 g/t Au from 15 m.

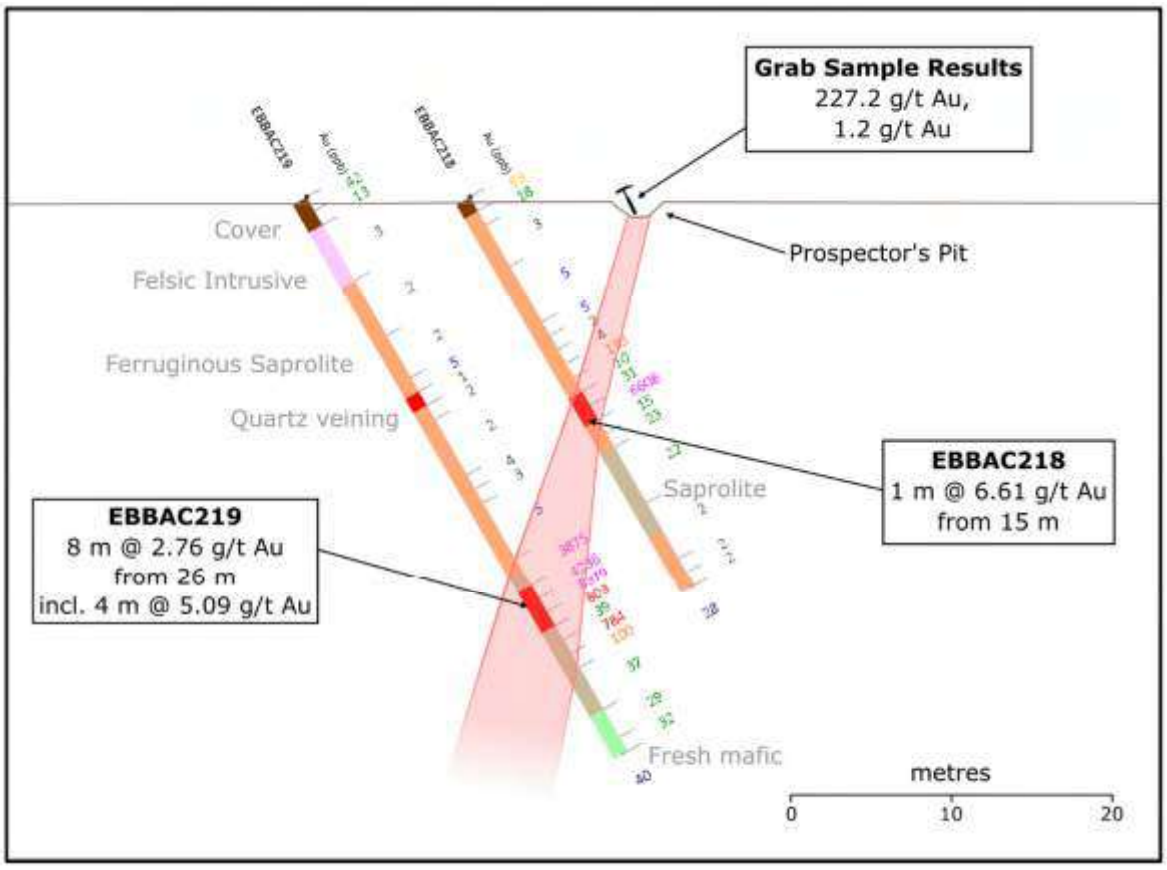
EBBAC219 also returned a peak assay of 8.4 g/t Au over 1 m from 29 m downhole depth. EBBAC218 also returned 0.13 g/t Au from 12 m downhole.

The high-grade results were encountered in steeply dipping quartz veins, indicating that the gold intersected relates to a bedrock gold system (rather than a surface upgrading) and may persist at depth. The results highlight a zone of gold mineralisation that is open at depth and along strike.

A further drill hole, EBBAC220, drilled along strike to the east from EBBAC219, intersected several intervals of low-grade mineralisation including 1 m averaging 0.39 g/t Au from 15 m downhole.

Interpretation of the structure from geological mapping in this area suggests that any shoots of gold mineralisation are likely to plunge very steeply. This is consistent with the orientation of the high-grade mineralisation interpreted from intersections in drill holes EBBAC218 and EBBAC219. The significance of these results is being assessed within the context of local structural controls and other drill results.

**Figure 2.17: Cross section facing west showing holes EBBAC218 and EBBAC219**




Sources: Errawarra ASX Announcement 2 July 2021

## E31/1298

No work has been completed to date by Errawarra on E31/1298.

### 2.2.8 Prospectivity and key value drivers

The Binti Binti/Gindalbi Project is considered prospective for both orogenic gold and komatiitic nickel-cobalt mineralisation. The project lies within a prime structural position located 4 km east of the regional Emu Fault and hosts the same lithologies as nearby gold and nickel mineralisation.

#### E27/577

The perceived gold prospectivity is based on the presence of the historical Gindalbie/Binti Binti Goldfield and associated workings, which are developed on steeply west-dipping quartz veins within an interpreted north–northwest trending shear zone. Recent drilling generally confirmed the mineralised nature of the historical workings and associated structures, which both warrant further modern exploration.

E27/577 is also prospective for nickel-cobalt-scandium laterite mineralisation within Archaean-aged olivine-cumulate ultramafic units (komatiites).

#### E27/603

The gold prospectivity at E27/603 has been downgraded by recent aircore drill testing within the gold geochemical anomaly suggesting that gold is derived from an alluvial source associated with the adjacent Gindalbie Goldfield.

However, the area remains prospective for deeper, structurally hosted gold and nickel-cobalt-scandium laterite mineralisation developed during the weathering and near-surface enrichment of mafic and ultramafic units.

#### E31/1298

The known gold mineralisation at Gindalbie is associated with the western limb of a north plunging anticline. E31/1298 covers the interpreted northern extension and potentially hinge zone. While this area is largely untested, exploration for the potential continuation of the Binti Binti mineralised zone is warranted.

## 2.3 Errabiddy

### 2.3.1 Location, access and physiography

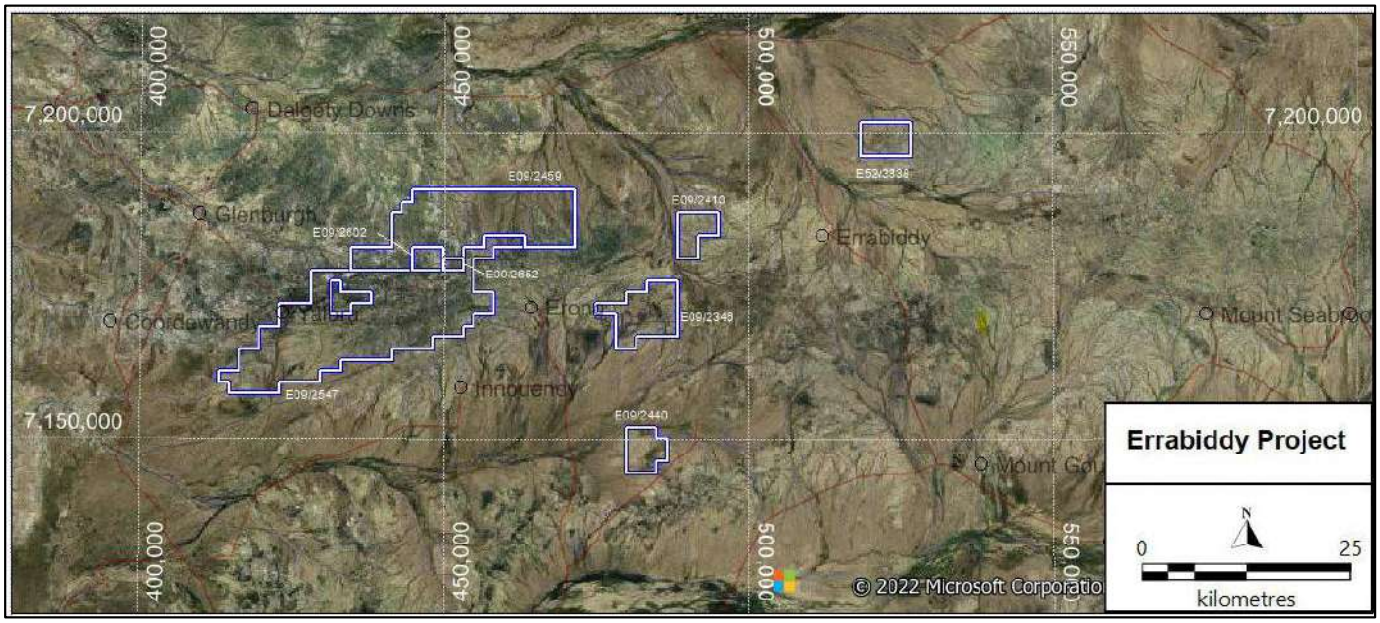
The Errabiddy Project is located within the Upper Gascoyne Shire and Murchison Shire in the Gascoyne region of central Western Australia, approximately 190 km northwest of Meekatharra and 360 km east of Carnarvon. The project lies south of the Gascoyne River.

The project comprises a disparate land package comprising eight tenements, with access via the Carnarvon-Meekatharra Road that separates E52/3838 to the east and E09/2410, E09/2346, E09/2440, E09/2457 and E09/2459 to the west or via the Carnarvon-Mullewa Road. Tenement E09/2457 can be accessed via the Yalbra or Erong roads, while E09/2410, E09/2459, E09/2346 and E09/2440, E09/2602 and E09/2652 can also be accessed via the Erong Road. Internal access within the project area is provided by minor station tracks.

The project is situated within the floodplains and low-gradient sheetwash plains of the Gascoyne River, which support open mulga woodland and groundcover of grasses and ephemeral herbs. Large bare areas are also present. On low, rocky hill slopes, rock fuchsia bush, turpentine bush, and green cassia are abundant. The main river channels are lined by ghost gums and various acacias, while many of the smaller creeks are fringed by creek-line miniritchie.

The project area experiences a semi-arid climate (Bwh, Köppen Climate Classification) with hot summers and mild winters typical of central Western Australia. The mean annual rainfall recorded at Errabiddy Homestead is about 200 mm, with the majority of this rain falling between January and July. All creeks are ephemeral, and the Gascoyne River flows only after heavy rain.

**Figure 2.18: Location of Errawarra's Errabiddy project tenure**




Source: Errawarra Resources Ltd

## 2.3.2 Project tenure

Table 2.4 summarises the status of the project tenure.

**Table 2.4: Status of Errawarra's Errabiddy Project tenements**

| Tenure | Registered holder | Grant date | Application Date | Expiry date | Errawarra's interest | Area (km²) | Blocks | Rent (A$) | Expenditure commitment (A$) |
|---|---|---|---|---|---|---|---|---|---|
| E09/2346 | Sammy Resources | 18/10/2019 | 26/05/2016 | 22/01/2022 | 80% | 92.68 | 30 | 7,860 | 30,000.00 |
| E09/2410 | Errawarra | 8/06/2021 | 27/02/2018 | 10/02/2024 | 100% | 37.11 | 12 | 1,752 | 20,000.00 |
| E52/3838 | Errawarra | 11/08/2020 | 10/12/2018 | 17/10/2024 | 100% | 46.44 | 15 | 2,190 | 20,000.00 |
| E09/2440 | Errawarra | 11/08/2021 | 19/05/2020 | 7/06/2026 | 100% | 43.18 | 14 | 2,044 | 20,000.00 |
| E09/2457 | Errawarra | 10/08/2021 | 10/06/2020 | 10/08/2025 | 100% | 519 | 168 | 24,528 | 168,000.00 |
| E09/2459 | Errawarra | 22/07/2021 | 8/09/2020 | 10/08/2026 | 100% | 300 | 97 | 14,162 | 97,000.00 |

| Tenure | Registered holder | Grant date | Application Date | Expiry date | Errawarra's interest | Area (km²) | Blocks | Rent (A$) | Expenditure commitment (A$) |
|---|---|---|---|---|---|---|---|---|---|
| E09/2602* | Errawarra | | 9/10/2020 | | 100% | 18.55 | 6 | 876 | 20,000.00 |
| E09/2652* | Errawarra | | 15/10/2020 | | 100% | 6.18 | 2 | 292 | 15,000.00 |

Source: Errawarra Resources Ltd – data room
Note: *Application.

Tenements E09/2346, E09/2410, E09/2440, E09/2457, E09/2459, E09 2602 and E09/2652 are located within the Wajarri Yamatji 1 Native Title claim administered by the Yamatji Marlpa Aboriginal Corporation; a Regional Standard Heritage Agreement (RSHA) is yet to be reached between Yamatji Marlpa Aboriginal Corporation and Errawarra Resources Ltd for tenements E09/2410, E09/2440, E09/2457, E09/2459, E09 2602 and E09/2652.

Similarly, Sammy has not yet executed an RHSA with the Yamatji Marlpa Aboriginal Corporation for tenement E09/2346. Tenement E52/3838 is located within the Nharnuwangga Wajarri and Ngarlawangga Native Title claim administered by the Jidi Jidi Aboriginal Corporation; Errawarra has not yet executed a RHSA with the Jidi Jidi Aboriginal Corporation for tenement E52/3838. Tenement E52/3838 is located on the Landor pastoral lease, tenement E09/2410 is located on the Dalgety Downs pastoral lease, tenements E09/2457 and E09/2459 are located on the Glenburgh, Innouendy and Dalgety Downs pastoral leases, tenement E09/2346 is located on the Dalgety Downs, Innouendy and Milly Milly pastoral leases and tenement E09/2440 is located on the Innouendy and Milly Milly pastoral leases.

### 2.3.3 Regional geology

The following summary is derived from Errawarra's Prospectus, dated October 2020.

The Errabiddy Project lies within the Gascoyne Province, which forms part of the Proterozoic Capricorn Orogen, a collisional belt between the Archaean Pilbara and Yilgarn cratons in Western Australia. The West Australian Craton was assembled during two separate events:

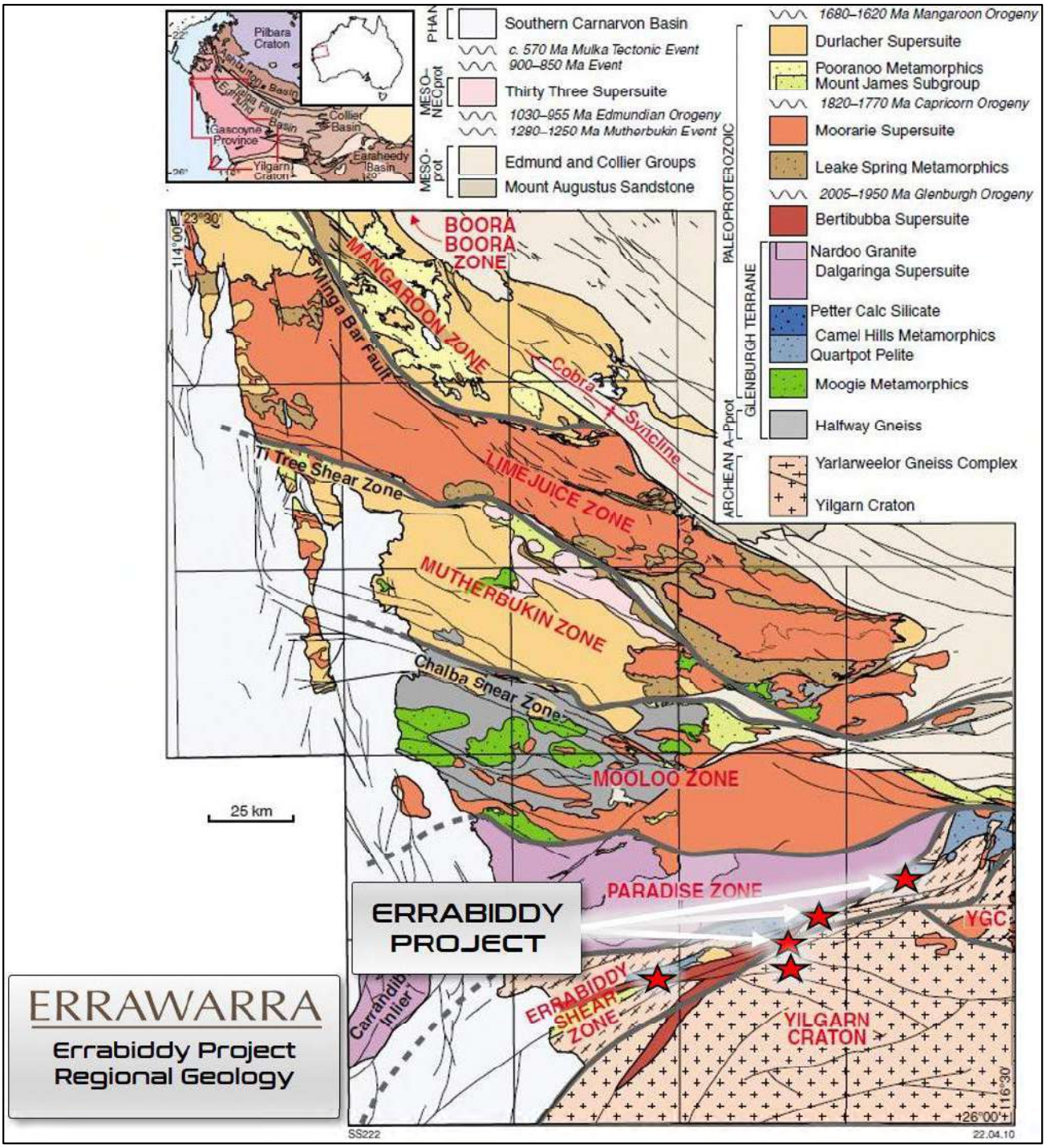
1. Collision of the Pilbara Craton with the oldest part of the Gascoyne Province (Glenburgh Terrane) during the 2215–2145 Ma Opthalmian Orogeny, the suture of which is not exposed but is possibly represented by the Talga Fault.
2. Collision of the combined Pilbara Craton–Glenburgh Terrane with the Yilgarn Craton during the 2000–1960 Ma Glenburgh Orogeny, the suture of which is represented by the Errabiddy Shear Zone.

Following these collisions, the Gascoyne Province was subject to over one billion years of intracontinental reworking, including deformation, metamorphism and magnetism (Johnson et al., 2019).

The Gascoyne Province comprises six fault-bounded zones of granitic and medium to high-grade metamorphic rocks. Although the province has been commonly regarded as a Palaeoproterozoic entity, it has an extended history of reworking and reactivation until the late Neoproterozoic. Basement to the province consists of the Glenburgh Terrane, which comprises granitic rocks of the Halfway Gneiss (2660-2430 Ma), psammitic and pelitic rocks of the Moogie Metamorphics (2240-2125 Ma), and 2005–1970 Ma Andean-type batholith (Dalgaringa Supersuite) and associated

volcanic-arc related metasedimentary rocks of the Camel Hills Metamorphics (Johnson et al., 2010, as cited in Sheppard et al., (2010).

**Figure 2.19: Regional geological setting of the Errabiddy Project**

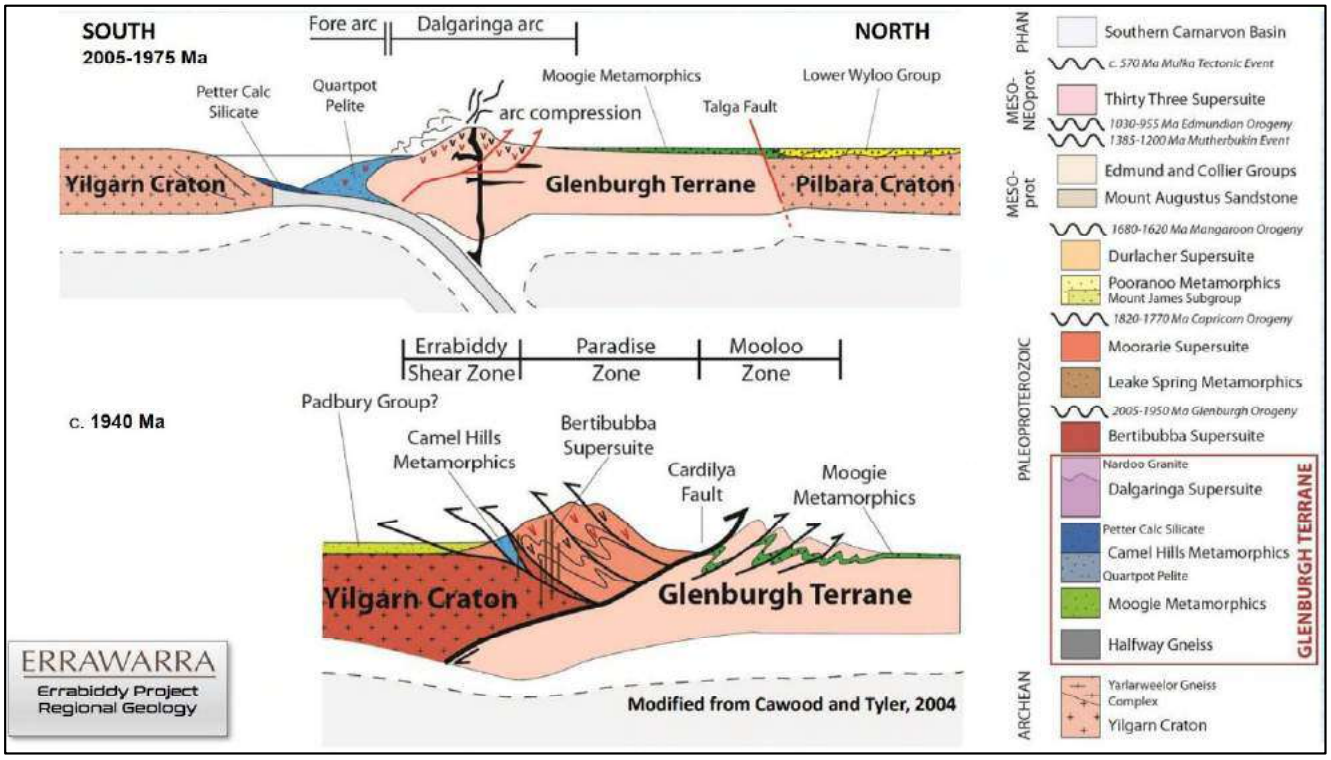



Source: Errawarra Prospectus, December 2020

The 2,005–1,970 Ma Dalgaringa Supersuite rocks are strongly deformed gneisses and granites with continental margin arc affinity. The Camel Hills Metamorphics are syn-arc siliciclastics (meta)sediments derived from the erosion of older parts of the arc. The Dalgaringa Supersuite

intrudes, and is tectonically interleaved with, the Halfway Gneiss and Moogie Metamorphics, although no intrusions of Dalgaringa age have been identified in the Yilgarn Craton.

**Figure 2.20: Schematic drawing the tectonic regime responsible for the regional geology and structural setting at the Errabiddy Project**




Source: Errawarra Prospectus, December 2020

Notes: (top) the Dalgaringa Arc during the early stages of the collision of the Pilbara Craton–Glenburgh Terrane with the Yilgarn Craton during the 2000–1960 Ma Glenburgh Orogeny and at the later (bottom) stages of the collision (Johnson et al., 2019)

The moderately north dipping, imbricate Errabiddy Shear Zone is more than 200 km long and up to 20 km wide. It marks the suture between the Pilbara Craton–Glenburgh Terrane and the Yilgarn Craton during the 2,000–1,960 Ma Glenburgh Orogeny and merges with the moderately south dipping, mantle-tapping, Cardilya Fault at upper lithospheric levels. While the Errabiddy Shear Zone is the principal suture zone between the Glenburgh Terrane and the Yilgarn Craton, the Cardilya Fault is the main crustal structure that separates the two (Johnson et al., 2019).

The Errabiddy Shear Zone juxtaposes rocks of the Glenburgh Terrane (Mooloo, Paradise and Errabiddy Shear Zone, (Figure 2.20) against granitoids of the Narryer Terrane (Figure 2.21). The Narryer Terrane comprises several groups of gneiss, derived from early to late Archaean granites and interleaved metasedimentary and mafic igneous rocks (Williams and Myers, 1987; Nutman et al., 1991, as cited in Sheppard et al., 2000).

Outcrop of the Palaeoproterozoic Camel Hills Metamorphics is confined to the Errabiddy Shear Zone. The Dalgaringa Supersuite and Camel Hills Metamorphics were deformed and metamorphosed during the 2000–1960 Ma Glenburgh Orogeny (Occhipinti et al., 1999a; Sheppard et al., 1999, as cited in Sheppard et al., 2000). Later during the Capricorn Orogeny at 1,830–1,780 Ma when the Errabiddy Shear Zone was reactivated, the rocks were deformed and

metamorphosed at low to medium grade (greenschist) and intruded by granite and pegmatite dykes and plugs of the Moorarie Supersuite (Sheppard et al., 2000).

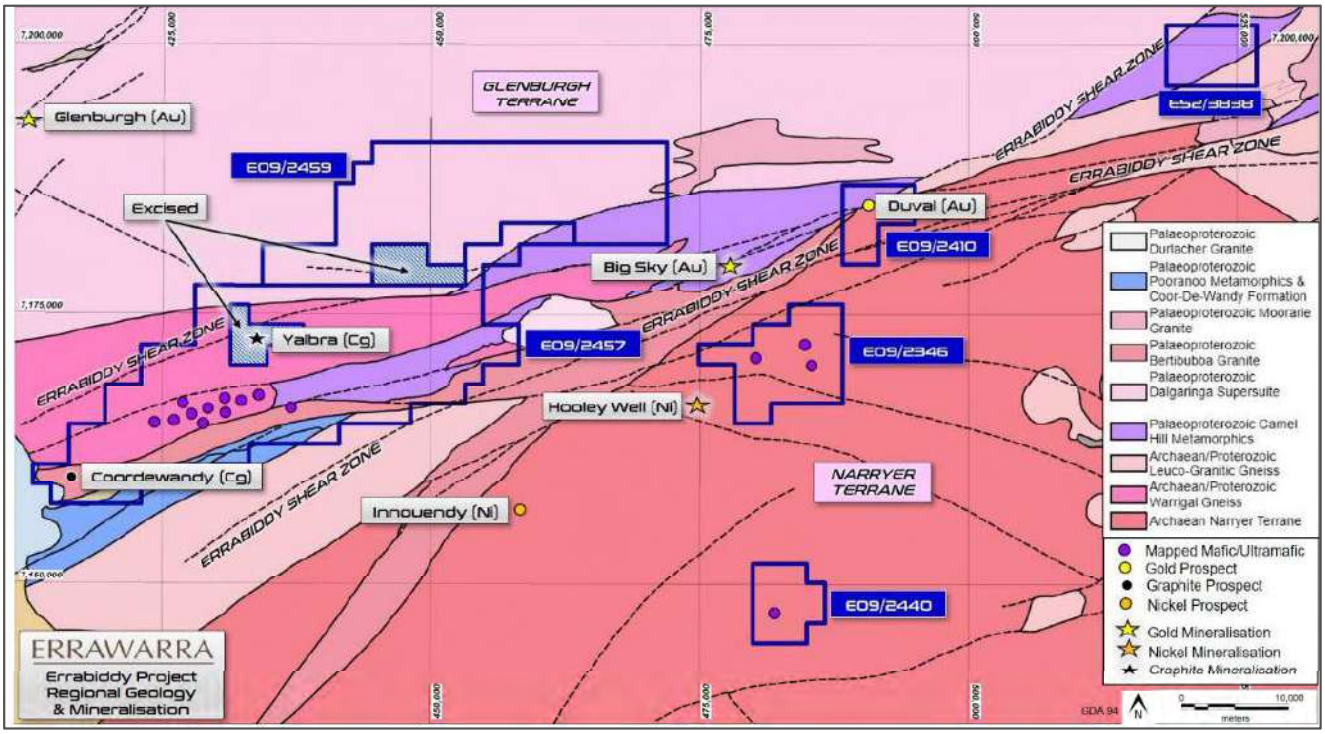
### 2.3.4 Local geology

E52/3838, E09/2410, and E09/2457 are all located within the Errabiddy Shear Zone, where rock units are dominated by pelites, calc-silicate rocks, quartzites, banded iron formations (BIFs) and amphibolites of the Camel Hills Metamorphic Suite.

E09/2346 and E09/2440 are located immediately south of the Errabiddy Shear Zone within the Archaean Narryer Terrane where Archaean quartz-biotite granitic gneiss, locally pegmatitic feldspar-rich granite and strike-extensive BIFs intruded by gabbro, gabbro-norite, dolerite and unresolvable ultramafic rocks of differing Proterozoic age are present.

E09/2459 and E09/2602 are located on the northern margins of the Errabiddy Shear Zone and cover predominantly of Nardoo Granites belonging to the Dalgaringa Supersuite, Palaeoproterozoic Quartpot Pelite and extensive Cainozoic and Quaternary colluvial and sheetwash cover sequences.

**Figure 2.21: Simplified geology and mineralisation, Errabiddy Project (GSWA)**




Source: Errawarra Prospectus, December 2020

#### E09/2410

E09/2410 hosts relatively little outcrop that is limited to the northeastern portion of the tenement. The mapped lithologies include Archaean-aged leucocratic and mesocratic granitic gneiss belonging to the Narryer Terrane and minor intercalations of calc-silicate gneiss.

While covered with younger sediments, the northwestern portion of the tenement is interpreted (GSWA) to comprise the Camel Hill Metamorphics (Quartpot Pelite), which have been thrust up against the rocks of the Narryer Terrane (Figure 2.21). The Quartpot Pelite consists of pelitic schist or gneiss and migmatitic pelitic gneiss, with minor amounts of interlayered quartzite, calc-silicate schist and gneiss, and amphibolite.

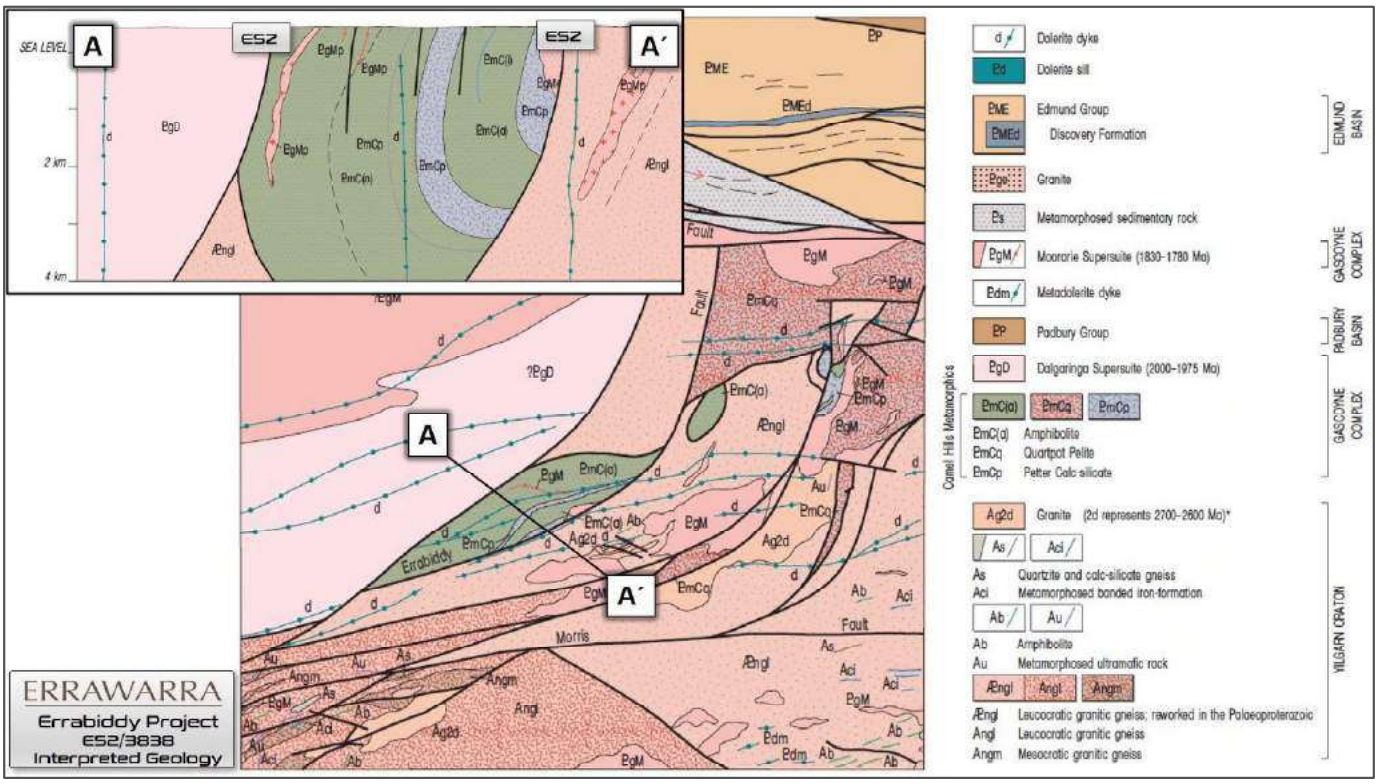
### E52/3838

Major rock units within E52/3838 include strongly deformed, intermediate to felsic gneisses and granites of the 2005–1970 Ma Dalgaringa Supersuite in the northwest and pelites, calc-silicate rocks, quartzites, BIFs and amphibolites of the Camel Hills Metamorphics unit in the central part. The southeastern section is occupied by reworked granitic gneisses of the Archaean Yarlarweelor Gneiss Complex of the Narryer Terrane. Intrusive granitoids and their metamorphosed equivalents of the Moorarie Supersuite occur as slivers in the north and central southeast (Figure 2.22).

Outcrop of basement lithologies within the tenement is confined to the central parts with the surrounding ground covered by extensive sheetwash and colluvial units. Minor alluvial drainage channels are aligned in a northwesterly direction.

The Errabiddy Shear is represented by two parallel structures (below) each traversing the tenement in a northeasterly direction. Several minor east–west orientated faults cross the central part of the tenement area.

**Figure 2.22: Interpreted bedrock geology and cross section over E52/3838**




Source: Errawarra Prospectus, December 2020

Note: Based on Errabiddy (2347) 1:100,000 scale mapping by the GSWA.

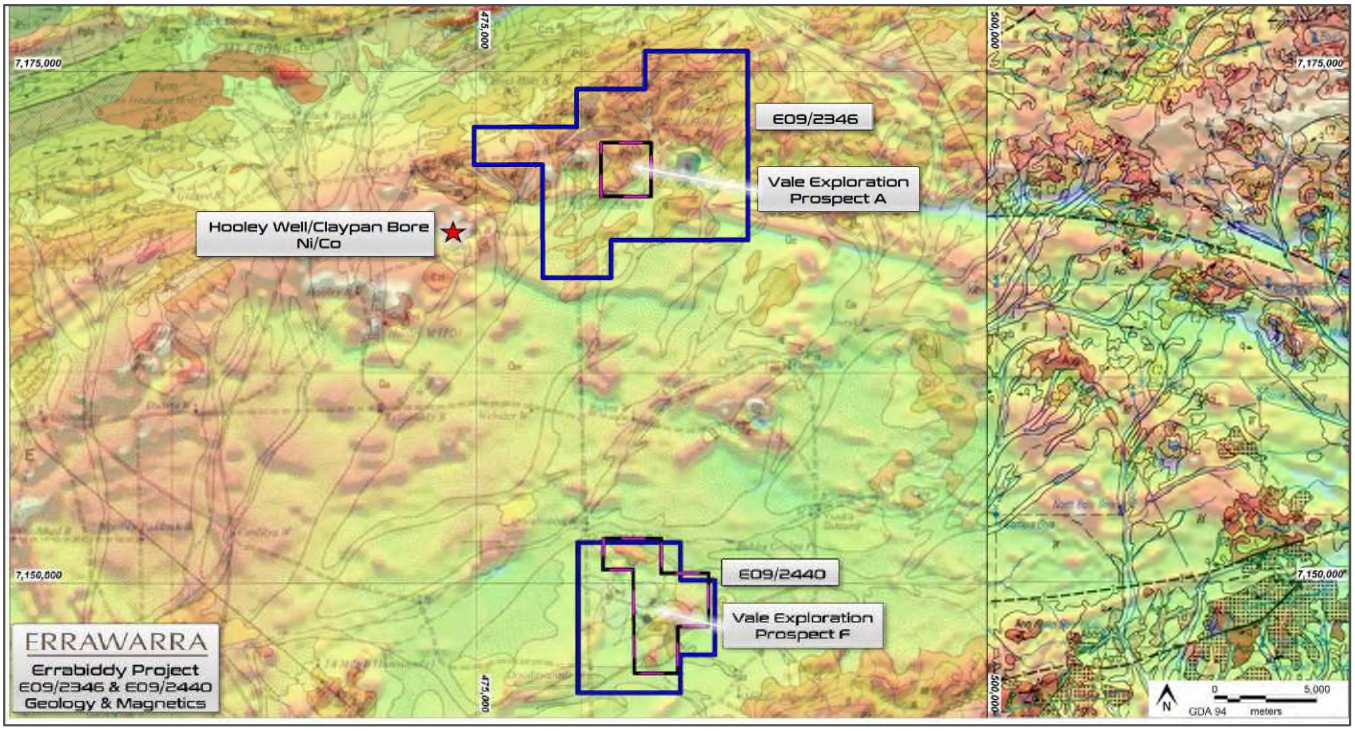
### E09/2346 & E09/2440

These tenements contain relatively good outcrop exposures with non-exposed areas covered by Recent floodplain alluvials and Quaternary sediments.

E09/2346 is located immediately south of the Errabiddy Shear Zone within the Archaean Narryer Terrane while E09/2440 is located approximately 25 km due south of the Errabiddy Shear Zone. Bedrock types within E09/2346 and E09/2440 comprise Archaean quartz-biotite granitic gneiss, locally pegmatitic feldspar-rich granite and strike-extensive BIFs intruded by gabbro, gabbro-norite, dolerite and unresolvable ultramafic rocks of differing Proterozoic age. Younger dolerite dykes cut the gneissic sequence and are characterised by brittle fracturing.

In 2014, Vale Exploration Australia Ltd (Vale) completed detailed (1:2,500 & 1:5000 scale) surface mapping over the north of E09/2346 (Prospect A) and a large part of E09/2440 (Prospect F). The majority of the observed outcrop was basement granite, granitic gneiss and schist, BIF, ferruginous quartzite, quartzite and laterite. Intrusions of dolerite/gabbro/gabbronorite and pyroxenites, with minor outcrops of ultramafic dykes and plugs, were also observed. Tremolite-actinolite schist, interpreted as altered ultramafic, was also mapped over both of the areas.

**Figure 2.23: 250,000k (Glenburgh, SG 50-06) surface geology map over tenements E09/2346 and E09/2440 overlain by airborne TMI magnetic imagery**




Source: Errawarra Prospectus, October 2020

Notes: Vale Exploration's detailed mapping areas, Prospects A & F are also shown.

### E09/2457

E09/2457 covers the southwestern part of the east–northeast-trending Errabiddy Shear Zone, where lithologies are dominated by the Archaean/Proterozoic Warrigal Gneiss, the Palaeoproterozoic Bertibubba Granite and the Palaeoproterozoic Camel Hill Metamorphics.

The Camel Hill Metamorphics, which host gold mineralisation at Big Sky, were deposited between 2000 and 1955 Ma and can be subdivided into the Quartpot Pelite and the Petter Calc-silicate.

A significant (>15) cluster of small Proterozoic ultramafic intrusions are located to the immediate west–southwest of the Petter calc-silicate unit within E09/2457. Mapping by WMC Resources Ltd (WMC) in 2004 revealed the mapped ultramafic intrusions to consist of gabbros, pyroxenites and peridotites trending east–northeast, within a granite-derived gneissic terrane where shear fabrics within the gneissic rocks wraps around the ultramafic rocks, but as multiple deformation phases are evident, timing of the ultramafic-mafic intrusion is unclear.

#### E09/2459, E09/2602 Application and E09/2652 Application

The western and southeastern portions of these tenements contains good outcrop exposures and non-exposed areas in the east and northeast are covered in Recent floodplain alluvials and Quaternary sediments.

E09/2459 is located on the northern margins of the Errabiddy Shear Zone, predominantly within rocks belonging to the Dalgaringa Supersuite in the west and the Quartpot Pelite in the southeast. The tenement occupies a position between the ductile, dextral Errabiddy Shear Zone and the brittle, sinistral Deadman Fault Zone through a series of northwest striking faults.

Dolerite dykes of various ages are present with the dominant trends striking east–west and north to north–northwest. The dykes post-date metamorphism and ages of these dykes broadly fit in two groupings of ~1200 Ma and ~750 Ma.

### 2.3.5 Mineralisation styles

The Errabiddy Project area is considered prospective for

- orogenic gold systems proximal or associated with faulting and shearing
- magmatic nickel-copper±PGE sulfide deposits associated with ultramafic-mafic rocks
- BIFs
- graphite.

### 2.3.6 Historical exploration

#### E09/2410

**Duval Mining (1984) –** The exploration conducted by Duval Mining was not reported to the GSWA and hence does not appear on the WAMEX system. Aurora Minerals obtained results of Duval's work via personal contact with the geologists, who were working on the Duval Mining project, and they kindly lent Aurora Minerals historical maps to reproduce.

Duval Mining completed a program of stream sediment geochemical sampling with gold panning. The locations of their panning points were recorded on aerial photographs, with these locations transposed by Aurora Minerals into MapInfo. No assay results were obtained from this work; however, it was reported that samples produced visible gold. Duval Mining also conducted a soil sampling geochemical program over the 'Duval Grid' area (within E09/2410). Mapped results

included spotty, patchy, high-grade mineralisation, consistent with coarse gold being present in the regolith environment. Aurora Minerals did not compile these results into a digital format but rather conducted its own soil sampling program over parts of the Duval Grid considered prospective for gold mineralisation (as outlined below).

Duval Mining also conducted a program of reverse circulation (RC) drilling. No results of this drilling were evident in the information supplied to Aurora Minerals. However, the Duval Mining geologists reported seeing visible gold in the drill cuttings when they were panned. Aurora Minerals did not receive any details of the holes that had been drilled by Duval Mining. However, Aurora did locate the position of the drill holes in the field, but no material remained that could be reliably sampled.

**Newmont Australia (1989) –** Newmont completed stream sediment sampling over E09/383-384 (E09/384 is coincident with E09/2410) during 1989 to verify reports of visible gold in pan concentrates from the Camel Hills area. Only one creek sample returned a value of greater than the detection limit and as a result the tenements were surrendered.

**Aurora Minerals/Desert Mines and Metals (2007–2012) –** the project was owned by Aurora Resources Ltd (wholly owned subsidiary of Aurora Minerals Ltd) and managed by Desert Mines and Metals Ltd. Aurora Minerals obtained Landsat satellite imagery, aerial photography and open-file magnetic and radiometric datasets all used for interpretation and targeting. Aurora Minerals commissioned a combined magnetic and radiometric geophysical survey across its Camel Hills Project including E52/1961.

In total 1,156 soil samples (of these, 119 samples were not assayed due to poor results being obtained) and 191 rock chip samples were collected from E52/1961 (now partially covered by E09/2410). The target for the soil sampling was reported by previous tenement operators (Duval Mining) to have produced visible gold in stream pan concentrates. The maximum soil assay result obtained from the soil sampling was 29 ppb Au, with 11 samples reporting results greater than 10 ppb Au.

The rock chip samples were collected mostly from quartz veins that were considered prospective for gold mineralisation. All 191 rock chip samples were collected from the ‘Duval Grid’ area (of these, 20 were not assayed due to poor results being obtained). The maximum assay result from the rock chip sampling was reported in WAMEX report A093355 as being 8 ppb Au, although the geochemical data provided with the report noted a maximum assay result of 183 ppb Au. The overall results from the soil and rock chip sampling were not considered worthy of further follow-up and the tenement was surrendered in 2012.

**Lodestar Minerals (2015–2020) –** No work completed prior to surrendering the tenement (E09/3064).

### E52/3838

E52/3838 has seen only limited exploration activity in recent times with limited to no focus given to base metals. The full potential remains to be explored.

**Egerton Gold NL (1994–1997)**

Egerton operated E52/919 from December 1994 until 1997 as part of the Egerton Project that included the Hibernian gold deposit. During its tenure, Egerton conducted a regional

reconnaissance review and collected ten 3 kg stream sediment samples. Samples were only analysed for gold content with no anomalous results returned. In addition, five rock chip samples were collected from quartz veins and shear zones and analysed for Au, As, Cu, Pb and Zn. Again, no anomalous results were returned, and the tenement was surrendered.

**Astro Mining NL (1998–1999) –** Astro explored the area for diamonds as part of its Narryer Project from 1998 onwards. During this time, they purchased SPOT and Landsat Thematic Mapper data sets, interpreted geophysical data and aerial photography and carried out reconnaissance work that included data review and a detailed geological mapping program. Furthermore, a detailed study of lamprophyres was completed but no lamprophyres were located within E52/3838. As part of the campaigns, 51 stream sediment samples were collected. Results did not return any anomalous values.

**Desert Metals Ltd (2018–2019) –** Desert explored the Wheela tenement as a conceptual geophysical target for potential Ni-Cu mineralisation, applying proprietary geophysical modelling algorithms and conducting historic data review and reconnaissance. Fathom Geophysics performed a range of proprietary geophysical modelling techniques on gridded GSWA airborne magnetic datasets across the Wheela tenement area. Semiautomated structure detection, radial symmetry and shallow residual analysis tools were applied to filter out valuable information that may help in delineating ore bodies. However, targets developed as part of the geophysical filtering exercise could not be verified in the field and the tenement was surrendered.

### E09/2457 and E09/2459, E09/2602 application and E09/2652 Application

Past exploration within E09/2457 and E09/2459 was focused predominately on stream sediment, lag, soil and rock chip geochemical sampling with only 10 drill holes completed in 1980 targeting graphite mineralisation. The target commodity has varied historically between gold, nickel and graphite, with graphite occurring in outcrop within the Errabiddy Shear Zone.

**Peregrine Resources (1994–1995) –** Rock chip sampling and stream sediment geochemical sampling was conducted outlining several contiguous bulk leach extractable gold (BLEG)-Au anomalies generated located within E09/633-635 (E09/2457) related to the Camel Hill Metamorphics, in particular near Olsen Well.

**Helix Resources (1996, 2007–2009) –** A total of 66 stream sediment samples were collected in 1996 with a peak gold value of 5.78 ppb Au returned, although only a very small portion of E09/743 overlapped with E09/2457. During the period 2007–2009, Helix collected a total of 142 stream sediment samples and 6 soil samples from E09/1289, which is partially located within E09/2457; the maximum gold value returned from the stream sediment sampling on E09/1289 was 3.4 ppb. A total of 351 stream sediment samples, 114 soil samples and 12 rock chip samples were collected from E09/1288 (E09/2457); the maximum gold value returned from the stream sediment sampling was 5.1 ppb, the maximum gold value returned from the soil sampling was 29 ppb and the maximum gold value returned from the rock chip sampling was 7.8 ppb. A total of 198 stream sediment samples were collected from E09/1281 (E09/2457).

**Aurora Minerals/Desert Mines and Metals (2009–2012) –** During the period 2009–2012, Aurora Minerals/Desert Mines and Metals completed regional airborne magnetic and radiometric surveys, detailed geological mapping and collected 105 stream sediment samples, 240 soil samples and 8 rock chip samples collected from E09/1597, which is located within E09/2457. The peak gold

value from the stream sediment sampling was 56 ppb, 205 ppb from the soil sampling and 8 ppb from the rock chip sampling.

**Buxton Resources (2014–2017) –** During the period 2014–2017, Buxton was focused on exploring for gold and graphite completing a desktop review, geological mapping and soil and rock chip geochemical sampling. A total of 18 rock chip samples and 19 soil samples collected from E09/1972 (E09/2457) with a peak graphite assay of 22.5% Cg and no significant gold anomalism. A total of 35 soil samples were collected from E09/2101 (E09/2457), with no significant results returned.

**Lodestar Minerals (2016–2017) –** During the period 2016–2017, Lodestar completed a historical data compilation and review carried out by W K Witt; no field work was completed prior to surrender.

### E09/2346 & E09/2440

**Peregrine Resources (1994–1995) –** Regional BLEG sampling (Au, Ag, Cu, As, Bi, Mo and W) identified a Au-Cu-As-Zn anomaly in a 6 km by 3.5 km area adjacent to the Claypan Bore/Hooley Well ultramafic body and inside tenement E09/2346. The drainage gold anomalism was attributed to the outcropping BIF and calc-silicate rocks, although the anomaly was never followed up.

**Helix Resources (1994–1995) –** Regional stream sediment sampling assayed for BLEG-Au only was completed by Helix Resources in response to the discovery of the Glenburgh gold deposit. Helix identified two +0.5 ppb Au anomalies at Outcamp Bore, which is located to the east of E09/2346.

**Normandy Yandal (1998–2000) –** Normandy Yandal acquired E09/903 based on open-file data from Peregrine Resources, which reported BLEG results up to 21.24 ppb Au in the Camel Hills area. Normandy Yandal could not replicate this BLEG result. Only 18 of 334 BLEG samples were located on E09/903 and of those 18, only 6 were located within E09/2346, with no significant results reported.

**Aurora Resources (2009–2012) –** Work completed during 2009–2012 consisted of a search for previous exploration data, Landsat, geophysical and aerial photography interpretation, airborne radiometric and magnetic survey (MAGIX R61028) and the collection of soil and rock chip samples. The results generated by rock chip and soil sampling were not sufficiently encouraging to pursue and the tenements were relinquished.

**Vale Exploration (2014) –** Vale acquired the ground (E09/2048) targeting magmatic nickel-style deposits similar to Voisey's Bay, Jinchuan, Sally Malay and Nebo-Babel. In early 2014, Vale completed detailed geological mapping at 1:2,500 and 1:5,000 scales focusing on two areas: the northern area (Prospect A), which is located within E09/2346 and the southern area (Prospect F), which is located approximately 25 km due south within E09/2440.

Handheld XRF assaying and soil sampling was completed over both prospect areas. A petrological study was completed on rock chip samples collecting during the mapping exercise. In total, 48 rock chip samples were collected and 29 of the 48 samples were derived from mafic-ultramafic rocks. Assaying and analysis (Ni vs Cr plots) of the rock chip samples indicated that mafic/ultramafic rocks from Prospect A plot along the barren komatiite/peridotite trend and Prospect F has two

populations:  one along the barren komatiite/peridotite trend and another along the mineralised komatiite/peridotite trend.

Later in 2014, an FLEM survey was completed over Prospects A and F, which returned no significant results. SRK notes this method is not considered to be appropriate for greenfields nickel exploration; use of an MLEM survey would have been more appropriate.

#### E09/2346

**Claypan Bore/Hooley Well (3 km east of E09/2346) –** Previous exploration (by WMC, Peter Woods & Associates) at Claypan Bore/Hooley Well was unsystematic in its approach, failed to adequately test residual/saprolitic basement rocks, failed to adequately follow-up identified anomalism and for the most part used poor quality analytical techniques. The work completed by Platinum Australia Ltd (2002–2004), however, was of good quality and aircore drilling of the Claypan Bore/Hooley Well ultramafic body returned broad zones of anomalous nickel mineralisation:

- HAC003: 33 m grading at 0.48% Ni (from surface)
- HAC005: 32 m grading at 0.45% Ni (from surface).

The best individual result was in HAC004, which returned:

- HAC004: 4 m grading at 1.41% Ni, 1.99% Cr, 0.11% Co and 36 ppb Pt+Pd (from 16 m).

In late 2010, Eagle Nickel Ltd completed a single diamond hole (WAMEX A090414) in the vicinity of Platinum Australia's aircore drill program testing a 2 km by 300 m induced polarisation (IP) chargeability anomaly. The diamond hole reached a total depth of 276 m. Ultramafic basement of serpentinised dunites and peridotites were intersected from approximately 30 m. Thin disseminated chalcopyrite sulfide and carbonate veining was intersected twice at 238.4 m and 255.9 m. Analysis of the Platinum Australia data by Vale concluded that the mineralisation at Claypan Bore/Hooley Well is 'very small and localised shear hosted accumulation of nickel and cobalt'.

### 2.3.7 Exploration by Errawarra

A detailed airborne magnetic (gradiometer) and radiometric survey (14,384 km) was completed between 18 May 2021 and 17 June 2021. This survey covered the entire tenement package with the exception of E31/3838. Flight lines were 100 m apart and sensor height was 30 m. The final report and data were received from Magspec Airborne Surveys on 8 July 2021 and processing and interpretation was reported to be complete in late 2021.

No further on-ground exploration has been undertaken.

### 2.3.8 Prospectivity and key value drivers

#### E09/2410

E09/2410 is considered prospective for shear-hosted gold mineralisation associated with the gold-mineralised Errabiddy Shear Zone and contains favourable lithological contacts for gold mineralisation. The tenement contains a 600 × 1,400 m gold-in-soils geochemical anomaly that is

supported by anomalous rock chip samples from the same area and unverified reports of visible gold in the historical RC drilling completed in the vicinity of the geochemical anomaly. The prime structural location combined with the previously identified gold anomalism warrants further investigation.

### E52/3838

The tenement has received relatively little exploration and while no mineralisation (gold or base metals) has been identified to date, E52/3838 is considered prospective for both gold and base metals mineralisation, with structural and geophysical targets warranting further investigation.

### E09/2457

In the Dunstan Well area of E09/2457, there is a cluster (>15) of Proterozoic ultramafic pods consisting of gabbros, pyroxenites and peridotites. Historical rock chip and LAG sampling by WMC identified anomalous nickel and copper associated with the ultramafic units, although WMC quickly relinquished the ground, Cu >250 ppm in association with elevated Ni >1,000 ppm in rock chips is considered potentially indicative of Cu-Ni-PGE sulfides and this area warrants further investigation.

Gold anomalism at Dunstan Well and Olsen Well were not followed up by Aurora and may warrant further exploration.

### E09/2459, E09/2602 Application and E/092652 Application

This area appears to be structurally complex, with apparent fault imbrication. Two of Peregrine's stream sediment samples located immediately due south of the tenement boundary are moderately anomalous for gold. These samples are also located within Quartpot Pelite units and in a similar structural setting to E09/2410.

### E09/2346 & E09/2440

E09/2346 and E09/2440 are considered highly prospective for Julimar-style intrusion-related Ni-Cu-Co±PGE mineralisation hosted both in Proterozoic mafic-ultramafic rocks intruded into the Archaean Narryer Terrane and in Archaean-aged mafic-ultramafic intrusives belonging to the Narryer Terrane.

# 3 Western Exploration Pty Ltd

WesternEx is a private mineral exploration and development company and there is limited information available. Searches in the WA state government's Tengraph system show that E47/4352 (the Andover West Project) is the only project held by the company.

WesternEx applied for E47/4352 on 2 April 2020.

Mr Thomas Reddicliffe, a director of Errawarra, is the sole director and shareholder of Western Exploration Pty Ltd (the Vendor).

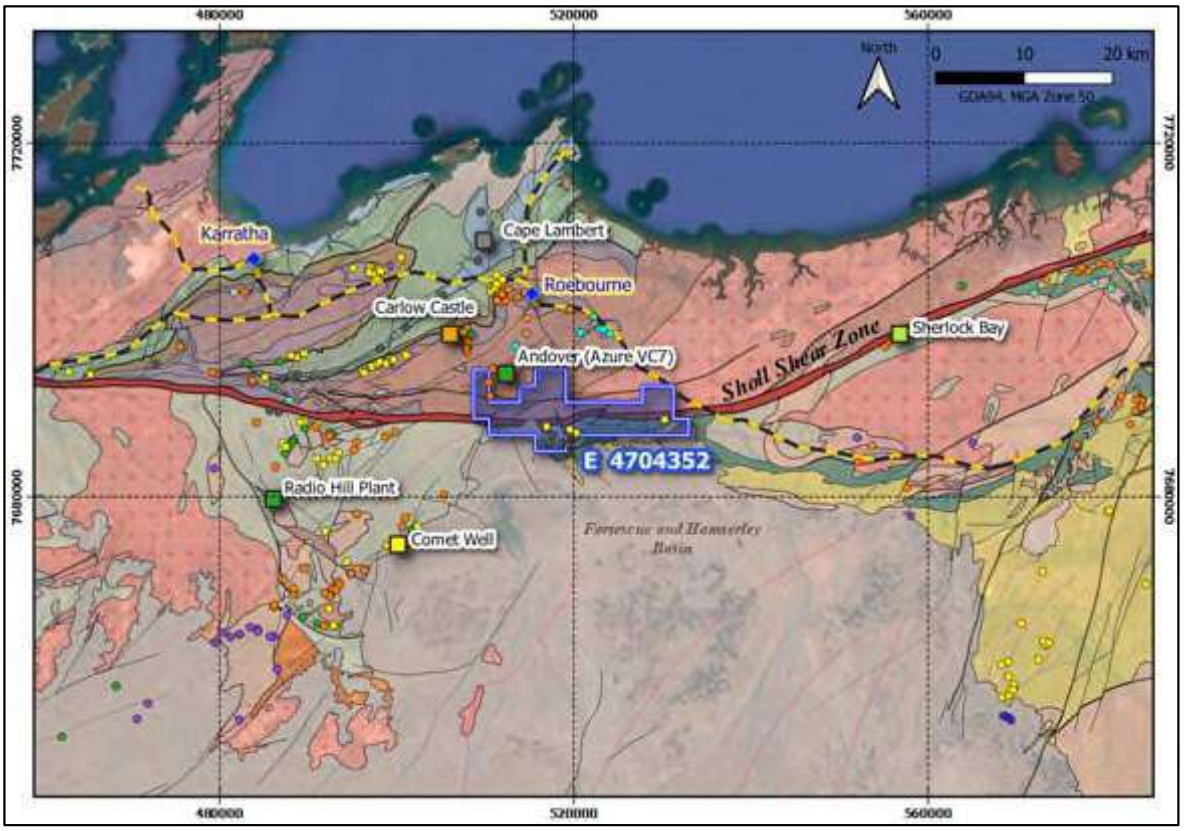
## 3.1 Andover West Project

### 3.1.1 Location access and physiography

WesternEx's Andover West Project is located approximately 35 km to the southeast of Karratha, within the West Pilbara granite-greenstone region of the northern Archaean Pilbara Craton.

The Andover West Project is located within the Warambie and Sherlock pastoral leases. Access to the western part of the application area is along the Harding Dam Road south of Roebourne, while access to the eastern parts of the tenure is via the Northwest Coastal Highway to the north of Roebourne.

**Figure 3.1: Location of WesternEx's project tenure**




Source: Errawarra ASX announcement 23 November 2021

### 3.1.2 Project tenure

WesternEx has applied for all mineral rights, but has subsequently sold the iron ore rights to a third party. The consideration for the sale of these rights has not been publicly disclosed.

**Table 3.1: Status of WesternEx's Andover West Project tenement**

| Tenure | Registered holder | Application Data | Grant date | Expiry date | WesternEx's interest | Area (km²) | Blocks |
|---|---|---|---|---|---|---|---|
| E47/4352* | Western Exploration Pty Ltd | 02/04/2020 | – | – | 100% | 118.3 | 37 |

Source: *Application

Notes: Does not include mineral rights for iron ore.

The grant of the tenement is subject to the holder entering into a Heritage Protection Agreement with the Ngarluma Native Title Party. Once completed, the tenement will proceed to grant.

### 3.1.3 Regional geology

The following summary is derived from Huston et al. (2016) in *Australian Ore Deposits Monograph 32*.

The Pilbara Craton is a segment of 3.80–2.83 Ga crust that underlies the northwestern part of Western Australia. The Pilbara Craton is subdivided into three tectonic units: the East Pilbara Terrane, the West Pilbara Superterrane and the Kurrana Terrane. These are separated by the younger Mallina and Mosquito Creek Basins. The East Pilbara Terrane (oldest) is characterised by repeated ultramafic to felsic volcanic cycles, beginning at ~3530 Ma and continuing to ~3220 Ma, together with periods of felsic volcanism accompanied by felsic to intermediate plutonism that formed major granite complexes (Figure 3.2).

The West Pilbara Superterrane is divided by the Sholl Shear Zone into the Karratha and Regal Terranes to the north and the Sholl Terrane to the south (Figure 3.2).

The Karratha Terrane is characterised by ~3,280–3,235 Ma volcanism and granitic intrusion, coinciding with the last magmatic event in the East Pilbara Terrane (Figure 3.2).

In the Sholl Terrane, the main period of volcanism and granitic intrusion occurred at ~3,130–3,095 Ma (Hickman, 2016). Both terranes are dominated by mafic volcanism, with subordinate felsic volcanism in the later event. The older volcanic rocks in both the East Pilbara Terrane and the West Pilbara Superterrane are overlain by clastic sedimentary rocks, BIF and basalt, with depositional ages constrained between 3,220 and 3,020 Ma (Van Kranendonk et al., 2002; Hickman, 2016).

The Kurrana Terrane is a granite-dominated tectonic unit along the southeastern margin of the Pilbara Craton, with an age range of 3500–3170 Ma (Figure 3.2). Major orogenic episodes between ca. 2,955 and 2,890 Ma marked cratonisation of the Pilbara. Post-tectonic 2,850–2,830 Ma reduced and fractionated granites intruded the craton during a 125 million-year break in volcanism and sedimentation. Around 2,775 Ma, development of the Fortescue and subsequent Hamersley basins began with cycles of mafic–felsic volcanism of the Fortescue Group.

The Mallina Basin (Figure 3.2) is composed mainly of 3015–2930 Ma turbiditic sedimentary rocks, with volcanic rocks present in the northwest. Granite plutonism, which also affected the adjacent margin of the East Pilbara Terrane, occurred late in the history of the Mallina Basin between 2,955 and 2,920 Ma. Turbiditic rocks in the Mallina Basin are the same age as similar rocks in the Mosquito Creek Basin (Figure 3.2), but volcanic rocks and granite are absent from the latter.

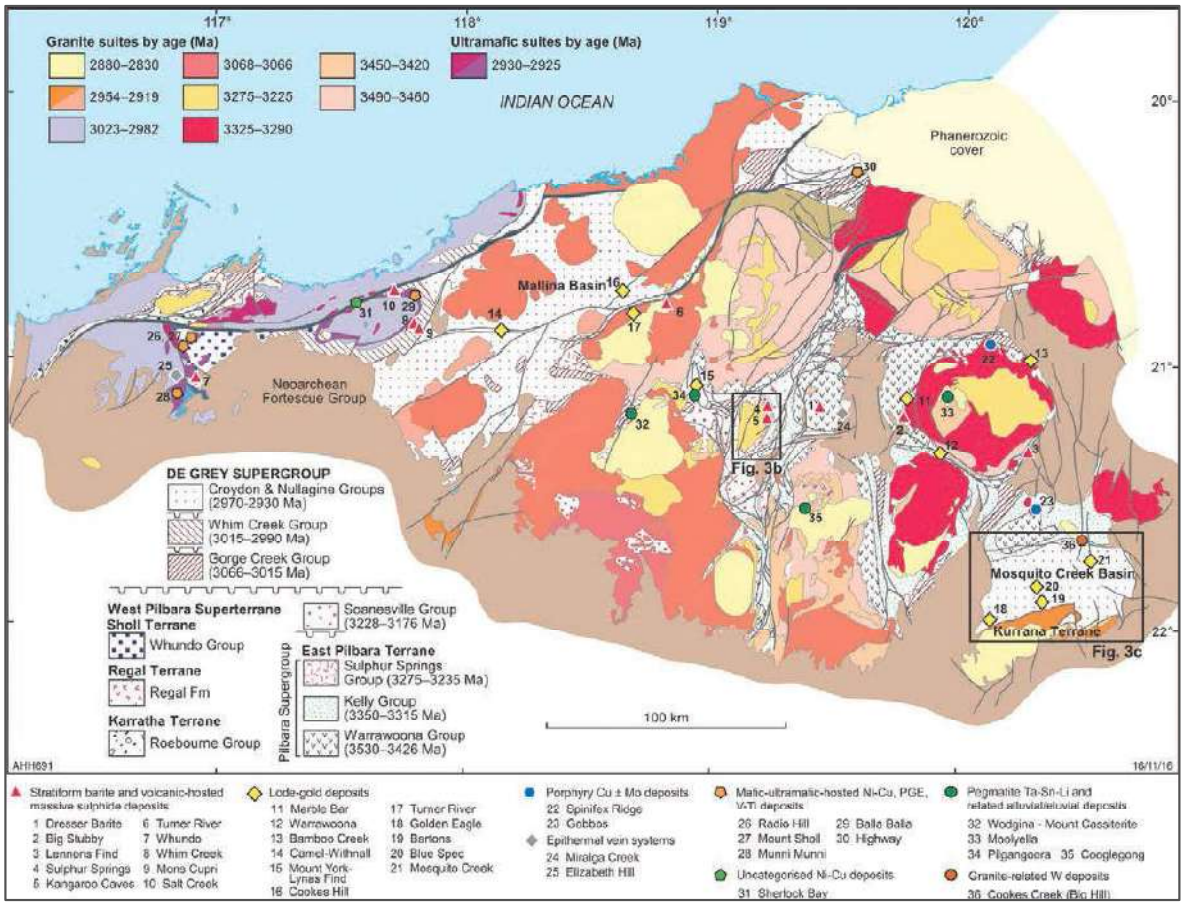
Major orogenic episodes between ca. 2955 and 2890 Ma marked cratonisation of the Pilbara. Post-tectonic 2850–2830 Ma reduced and fractionated granites intruded the craton during a 125 million-year break in volcanism and sedimentation. Around 2,775 Ma, development of the Fortescue and subsequent Hamersley basins began with cycles of mafic–felsic volcanism of the Fortescue Group.

Mineral deposits in the Pilbara Craton range in age from 3480 to 2830 Ma, and differ greatly between the Palaeoarchean East Pilbara Terrane and the Mesoarchaean terranes and basins of the West Pilbara. Major mineralising events include:

- lode gold at 3,440–3,300 Ma; 3,070 Ma and 2,955–2,890 Ma
- VMS at 3,480 Ma; 3,465 Ma; 3,235 Ma; 3120 Ma and 2,950 Ma
- porphyry and epithermal events at 3,450 Ma and 3,315–3,300 Ma
- mafic-ultramafic Ni-Cu-PGE-V deposits at 2,925 Ma
- Sn-Ta-Be-Li pegmatites at 2,880–2,830 Ma.

There is a diversity of mineralisation styles but also a relative lack of major deposits, except for Ta-Sn-Li pegmatites.

**Figure 3.2: Local geology and targets at the Andover West Project**




Source: Huston et al. (2016)

## 3.1.4 Local geology and mineralisation

The Andover West Project is situated within the northwestern portion of the Pilbara Craton and covers granite greenstone terrane within the West Pilbara Superterrane.

Locally, the Andover West Project is bisected by the Sholl Shear Zone (SSZ), a major regionally extensive, long-lived structure, which trends east–west through the centre of the application area. The SSZ constitutes a deformation zone of approximately 1 km width that separates major terranes and super basins. To the north of the SSZ, the geology is generally prospective for gold mineralisation, while the southern geology is dominated by magnetite-bearing BIFs.

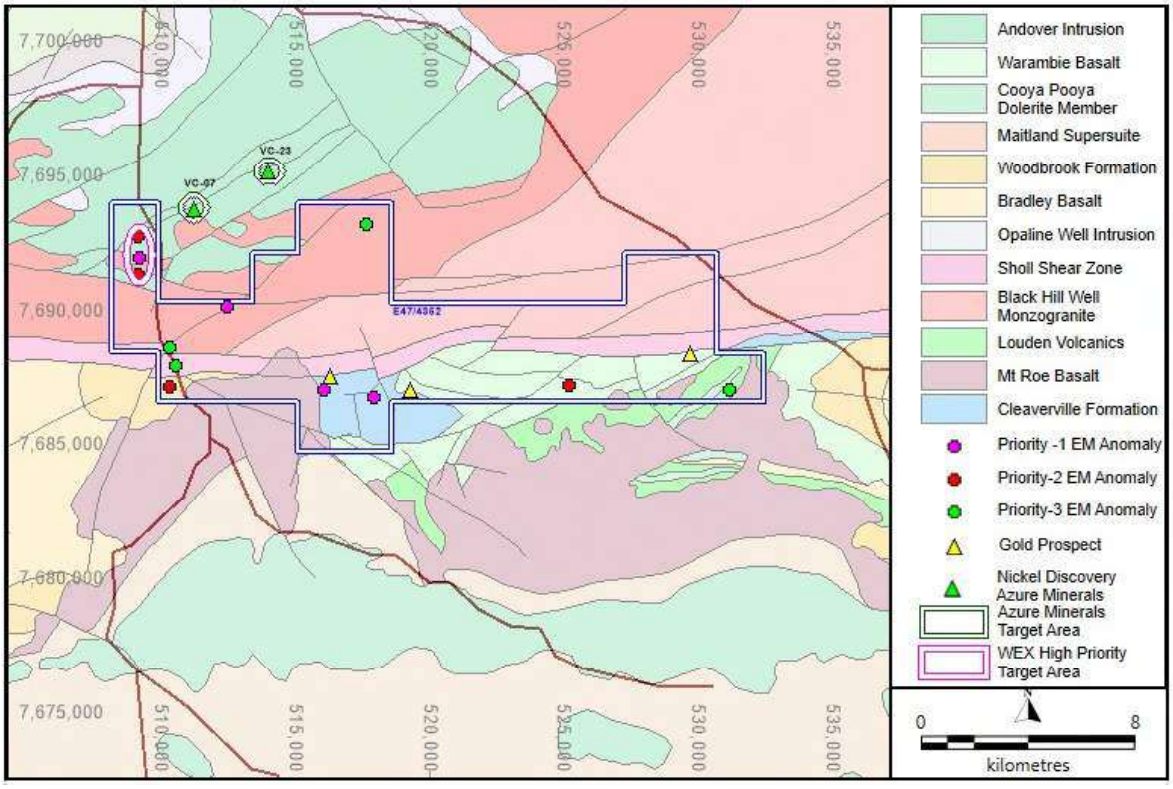
The Karratha Terrane located on the north side of the SSZ is dominated by the Harding Granitic Complex, comprising the Maitland River and Orpheus Supersuites. Of economic interest is the Andover Intrusive Complex of the Orpheus Supersuite, which is host to nickel sulfide mineralisation as reported by Azure Minerals Ltd (ASX announcement 12 October 2020). Rocks of the Andover Intrusive Complex are reported to be exposed in the northwestern corner of WesternEx's Andover West application area.

The southern side of the SSZ is dominated by the Warambie Basalt and Mount Roe Basalt, with a smaller isolated exposure of the Cleaverville Formation.

The application area is considered prospective for gold mineralisation within the Mesoarchean Warambie Basalt Conglomerates of the Whim Creek Group, proximal to a major shear zone located to the southeast of E47/4362. A known example of this gold mineralisation is the White Quartz Hill prospect also located in the southeast of E47/4362. In addition, alluvial-style gold potential associated with the basal conglomerates of the Mount Roe basalts also exists.

There is limited exposure of the Cleaverville Formation to the south of the SSZ. Here, the Cleaverville Formation largely consists of a thick sequence of BIF and cherty units. The BIF units of the Cleaverville Formation within E47/4362 have been the subject of significant previous exploration, including the delineation of a magnetite Mineral Resource estimated at 72 Mt at 34% Fe at Mount Oscar (refer Fox Resources Limited, ASX announcement, 2 July 2021). For the avoidance of doubt, Errawarra will not acquire or hold the iron ore mineral rights and reference to them is for the sake of completeness only.

**Figure 3.3: Local geology and electromagnetic targets at the Andover West Project**




Source: Errawarra ASX announcement, 21 November 2021

### 3.1.5 Historical exploration

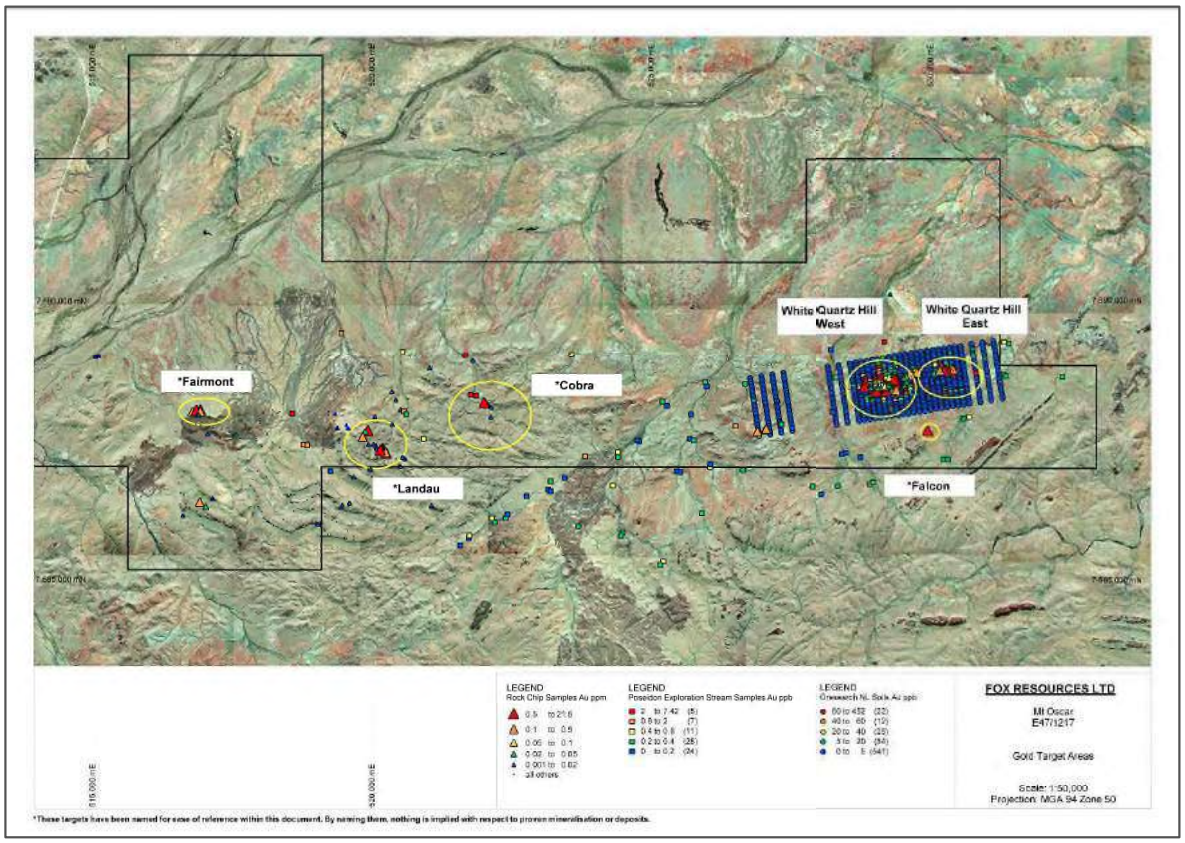
The Andover West Project has been the subject of significant historical exploration, with previous explorers generally focusing on the area's gold and iron ore potential.

## Exploration by Fox Resources

Fox Resources Limited (Fox) held the Mount Oscar Project from approximately 2002 to 2021. Fox was targeting gold mineralisation previously identified by OreSearch NL in the 1980s. A data compilation of all historical data was undertaken by Fox that identified a number of geochemical anomalies (Figure 3.4), which were then tested by drilling (Figure 3.4).

In 2013, under a joint venture agreement with Magnetic Resources Limited (Magnetic), the JV partners completed a program of RC and aircore drilling in and around the White Quartz Hill prospect area (Figure 3.4), with associated results reported in Table 3.2.

**Figure 3.4: Historical exploration compilation - E47/1217-I Mount Oscar**




Source: Fox Resources E47 / 1217 Statutory Annual Report 2013

**Table 3.2: Historical RC drilling at Quartz Hill completed by Fox in 2012**

| Hole ID | Grid | Easting* | Northing* | Azimuth | Dip | Gold intersection |
|---|---|---|---|---|---|---|
| JRRCP1 | MGA94_50 | 529351 | 7688592 | 350 | -60 | 1 m @ 1.15 g/t Au (103–104 m) |
| JRRCP4 | MGA94_50 | 529691 | 7688761 | 170 | -60 | 1 m @ 1.60 g/t Au (27–28 m) |
| JRRCP5 | MGA94_50 | 530300 | 7688816 | 170 | -60 | 4 m @ 1.51 g/t Au (24–28 m) |
| JRRCP7 | MGA94_50 | 529325 | 7688635 | 350 | -60 | 1 m @ 2.97 g/t Au (6–7 m) |
| JRRCP9 | MGA94_50 | 529312 | 7688622 | 350 | -60 | 1 m @ 1.64 g/t Au (24–25 m) |
| JRRCP10 | MGA94_50 | 529286 | 7688412 | 350 | -60 | 1 m @ 1.82 g/t Au (28–29 m) |
| JRRCP12 | MGA94_50 | 529346 | 7688421 | 350 | -60 | 1 m @ 2.74 g/t Au (14–15 m) |
| JRRCP13 | MGA94_50 | 529366 | 7688424 | 350 | -60 | 1 m @ 1.61 g/t Au (24–25 m) |
| JRRCP14 | MGA94_50 | 529349 | 7688402 | 350 | -60 | 1 m @ 1.00 g/t Au (28–29 m) |
| JRRCP19 | MGA94_50 | 530261 | 7688810 | 170 | -60 | 3 m @ 2.64 g/t Au (22–25 m) |

Source: Fox Resources June Quarterly ASX announcement 2012
Notes: Does not include mineral rights for iron ore.

In 2013, Fox also undertook a new RC drilling directly to the north of Quartz Hill area. While a series of these holes returned gold mineralisation (Table 3.3), it does not appear that any further work was undertaken thereafter.

A total of 44 aircore holes were completed over an area of White Quartz Hill that hosted structures (covered by colluvium) parallel to the main shear zone to the south. Drilling (497 m) was completed, and 148 samples were collected. All the drill holes were shallow (approximately 12 m deep) and ended in fresh granite. No significant assay results were reported from the aircore drilling.

**Table 3.3: Historical RC drilling at Quartz Hill completed by Fox in 2013**

| Hole ID | Sample ID | From (m) | To (m) | Thickness (m) | Grade (ppm Au) |
|---|---|---|---|---|---|
| 13WQRC002 | MTX22039 | 12 | 16 | 4 | 0.1 |
| 13WQRC002 | MTX23238 | 124 | 125 | 1 | 0.184 |
| 13WQRC003 | MTX22053 | 16 | 17 | 1 | 1.25 |
| 13WQRC003 | MTX22054 | 17 | 18 | 1 | 1.62 |
| 13WQRC003 | MTX22055 | 18 | 19 | 1 | 0.493 |
| 13WQRC005 | MTX22162 | 52 | 53 | 1 | 0.217 |
| 13WQRC005 | MTX22164 | 54 | 55 | 1 | 0.201 |
| 13WQRC005 | MTX22166 | 56 | 57 | 1 | 0.657 |
| 13WQRC005 | MTX22168 | 58 | 59 | 1 | 0.486 |
| 13WQRC006 | MTX22193 | 23 | 24 | 1 | 4.86 |
| 13WQRC006 | MTX22196 | 26 | 27 | 1 | 0.268 |
| 13WQRC006 | MTX22197 | 27 | 28 | 1 | 0.286 |
| 13WQRC006 | MTX22198 | 28 | 29 | 1 | 0.207 |
| 13WQRC006 | MTX22226 | 54 | 55 | 1 | 0.683 |

| Hole ID | Sample ID | From (m) | To (m) | Thickness (m) | Grade (ppm Au) |
|---|---|---|---|---|---|
| 13WQRC007 | MTX22354 | 134 | 135 | 1 | 0.103 |
| 13WQRC009 | MTX22458 | 23 | 24 | 1 | 0.169 |
| 13WQRC010 | MTX22524 | 11 | 12 | 1 | 0.179 |
| 13WQRC010 | MTX22525 | 12 | 13 | 1 | 0.124 |
| 13WQRC010 | MTX22526 | 13 | 14 | 1 | 0.85 |
| 13WQRC010 | MTX22527 | 14 | 15 | 1 | 0.93 |
| 13WQRC010 | MTX22528 | 15 | 16 | 1 | 2.48 |
| 13WQRC010 | MTX22529 | 16 | 17 | 1 | 0.127 |
| 13WQRC010 | MTX22530 | 17 | 18 | 1 | 0.137 |
| 13WQRC010 | MTX22538 | 25 | 26 | 1 | 2.46 |
| 13WQRC010 | MTX22539 | 26 | 27 | 1 | 0.86 |
| 13WQRC011 | MTX22744 | 182 | 183 | 1 | 0.215 |
| 13WQRC012 | MTX22818 | 66 | 67 | 1 | 1.98 |
| 13WQRC012 | MTX22819 | 67 | 68 | 1 | 0.185 |
| 13WQRC013 | MTX22901 | 58 | 59 | 1 | 3.11 |
| 13WQRC012 | MTX22818 | 66 | 67 | 1 | 1.98 |

Source: Fox Resources ASX announcement 05 September 2013

### VTEM Survey – 2013

In 2013, Fox reportedly undertook a VTEM geophysical survey over the Mt Oscar Tenementwith data acquired on north–south orientated survey lines, spaced 200 m apart over the entire tenement. The VTEM survey identified 25 initial anomalies for follow up work.

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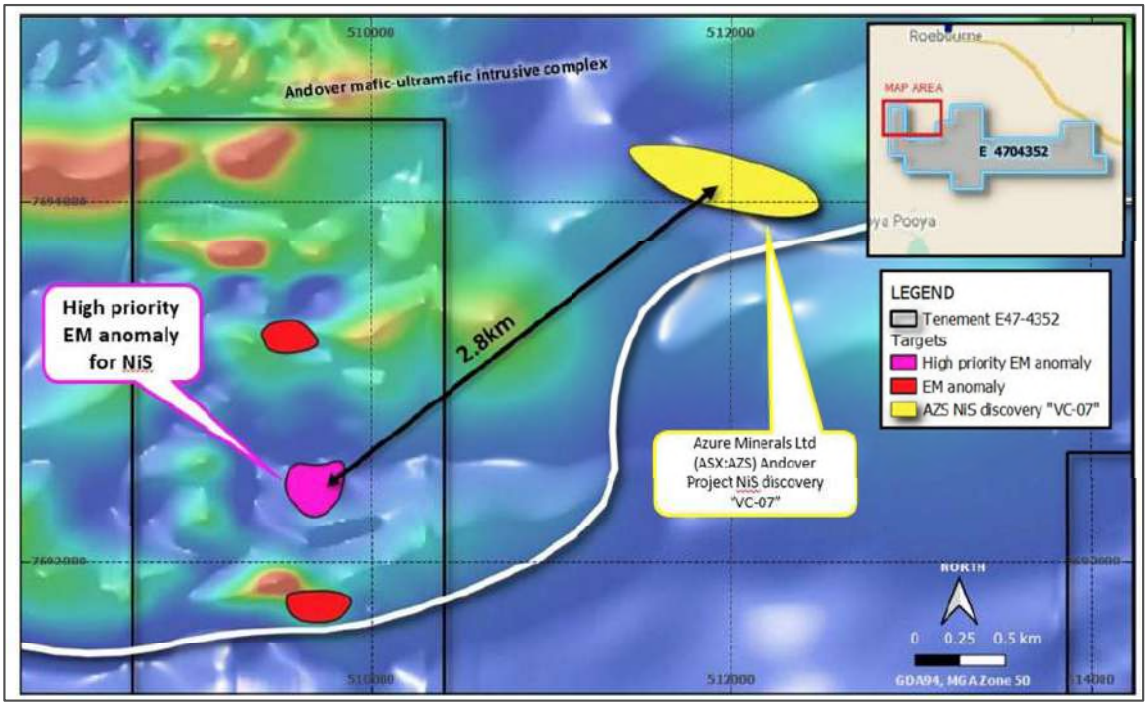
**Figure 3.5: Location of high priority electromagnetic anomaly within the and Azure's Ni sulfide discovery over TMI background**




Source: Errawarra ASX announcement 23 November 2021

### Ground-based EM – 2015

In late 2015, Fox carried out follow-up ground-based fixed loop EM (FLEM) surveying of the VTEM anomalies identified in 2013, with moderate conductors resolved at one target.

On 1 February 2016 Fox Resources provided an update on the FLEM survey's as follows.

> *'The HP FLTEM program entailed a total of 19 traverse lines (4loops) for 17.03 line kms of surveying within the targets AND03, ROE02, ADA02, and ADA07 loops.*
>
> *The survey results confirm that the AND03 Loop reported a shallow, moderately dipping, moderate conductance body coincident with an elevated airborne magnetic feature consistent with the signature expected from a sulphide body, but it is unlikely to be related to the presence of well-developed Nickel or Copper massive sulphides. However, this conductive source still remains a viable follow-up drill target as it may well provide vectors to additional deeper mineralisation.*
>
> *Given the projected small volume of the AND03 conductor it would be understood that additional mineralised bodies would need to be discovered from an economic point of view*
>
> *The other three loops did not identify any drill targets.'*

SRK is not aware of any further work undertaken on the tenure since this announcement and Fox Resources was de-listed shortly thereafter.

### 3.1.6 Exploration by WesternEx

Given the tenement remains in application, WesternEx has not completed any on-ground exploration at the Andover West Project.

WesternEx's interest in the area previously held by Fox Resources is largely driven by the recent success at Azure Minerals Limited'(Azure) Andover Project. At Andover EM Anomalies have been demonstrated to host mineralisation. To date whilst significant exploration has been conducted a maiden Resource has not yet been announced by Azure at Andover.

WesternEx considers the project Andover West project to be prospective for orthomagmatic nickel sulfide mineralisation. In particular WesternEx considers that the conductors identified by Fox are analogues for Andover and warrant drill testing. WesternEx also acknowledges the potential for shear-hosted orogenic gold as previously identified at Quartz Hill.

### 3.1.7 Prospectivity and key value drivers

SRK considers the application to offer good potential for shear zone hosted gold given the presence of regionally-continuous mineralised structures, the presence of known (albeit low to moderate grade) gold mineralisation of adjacent tenures, with limited drilling undertaken to date despite low to moderate grade intersections being identified in previous drilling campaigns.

The recent discovery of nickel sulfide mineralisation by Azure at the third party held Andover Project by Azure which lies immediately adjacent and to the east of the application area has spurred a WesternEx's review of the previous EM geophysical targets identified by Fox. On this basis, the prospectivity and further exploration of the Andover West Project is considered warranted.In particular drill testing of these targets to evaluate the further potential for discoveries of nickel, copper ± cobalt sulfide mineralisation associated with the Andover Igneous Complex. SRK notes that given the paucity of drilling completed to date, the mineralisation potential of the geophysical targets remains conceptual and subject to confirmation by adequate drill testing.

# 4 Other considerations

## 4.1 Commodity prices

SRK has carried out a limited analysis of the metal commodity markets. This analysis reflects the prevailing conditions as at 23 December 2021 and is considered reasonable to support the opinions and conclusions presented in this report.

### 4.1.1 Gold

According to the *Resources and Energy Quarterly* (September 2021), world gold consumption is forecast to increase by 8.7% to 4,057 tonnes in 2021, as uncertainty persists — due to the uneven pace of the COVID-19 vaccine roll-out and rising COVID-19 cases in many nations. World gold consumption is forecast to grow at an average annual rate of 5.7% in 2022 and 2023, to 4,535 tonnes in 2023. The growth is expected to be largely driven by jewellery consumption, which is forecast to rise by 9.1% a year in 2022 and 2023, to 2,208 tonnes in 2023.

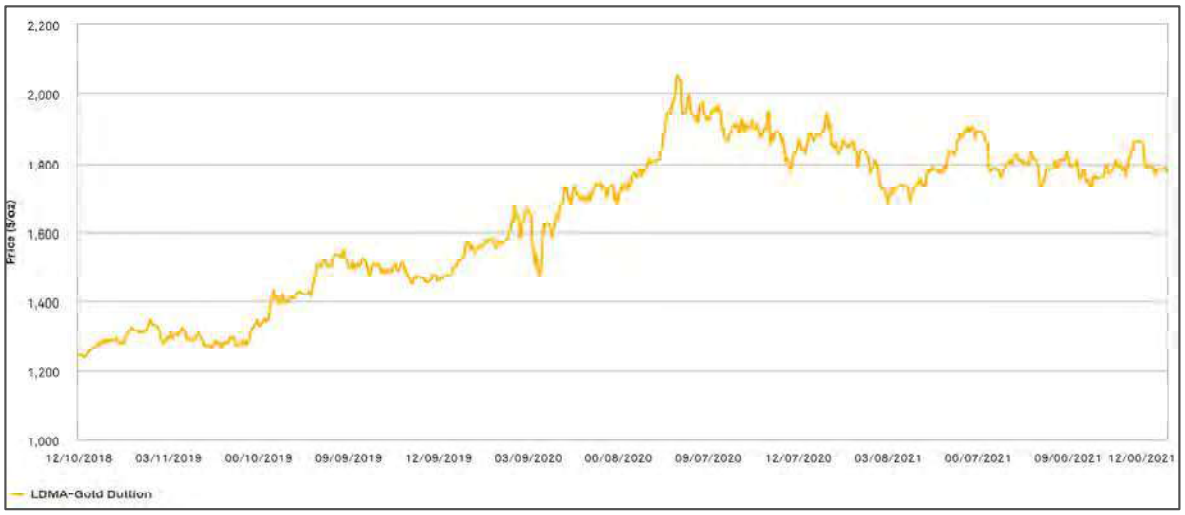
World gold demand decreased by 10% year-on-year to 1,833 tonnes in the first half of 2021, led by a strong outflow from gold-backed exchange traded funds (ETFs). Offsetting the fall in gold-backed ETFs was a 62% rise year-on-year in official gold buying (i.e. from central banks and other government financial institutions) in the first half of 2021. Jewellery demand rose by 57% year-on-year to 874 tonnes, led by a 124% (or 189 tonnes) rise in consumption in China.

In 2021, world gold supply is forecast to increase by 2.7% to 4,840 tonnes, driven by higher gold mine production in Australia, USA and Canada. Propelled by higher mine production, world gold supply is forecast to rise at an average annual rate of 1.1% between 2022 and 2023, reaching 4,942 tonnes by the end of 2023.

World mine production is forecast to increase by 3.0% (to 3,758 tonnes) in 2022 and by 2.0% (to 3,834 tonnes) in 2023, driven by increased production in Australia, Canada and Chile. In Australia, a solid pipeline of projects is expected to bring the country's gold mine production to 396 tonnes in 2023. Australian gold output is forecast to rise by 3.2% to 338 tonnes in 2021.

The LBMA gold price is forecast to average US$1,785 per ounce in 2021, a 0.9% rise from the 2020 price average. Beyond 2021, gold prices are forecast to fall by an average 4.3% a year, to US$1,634 per ounce in 2023, due to the recovery of the global economy and a higher interest rate environment.

**Figure 4.1: Gold price (US$/oz) history**




Source: S&P Capital IQ Pro (accessed 15 December 2021)

### 4.1.2 Copper

According to the *Resources and Energy Quarterly* (September 2021) by the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science (OCE), copper is entering a strong demand phase, supported in the immediate term by economic recovery and a pick-up in industrial production, and in the longer term by the global energy transition – which is boosting demand for copper in renewable energy technology and battery storage. Emerging technologies, such as electric vehicles and portable consumer devices, are also likely to play a role in building copper demand over time. Infrastructure spending in a range of countries (most notably USA) presents a further potential upside to copper demand over the outlook period, though the scale of this is not yet clear.

In 2020, China accounted for more than half (54%) of global refined copper consumption, in addition to being the largest refiner of copper (42%). This position at the heart of the global copper market makes China highly influential with respect to global copper prices and investment decisions.

A renewed wave of COVID-19 infections may reduce growth in Chinese industrial production and has already closed several significant ports used in the shipment of copper. China's Performance of Manufacturing Index fell to 50.3 in July 2021, indicating very slow growth from June. Chinese copper consumption peaked in the September quarter of 2020 and subsequently declined for two quarters but is now recovering again at a moderate pace.

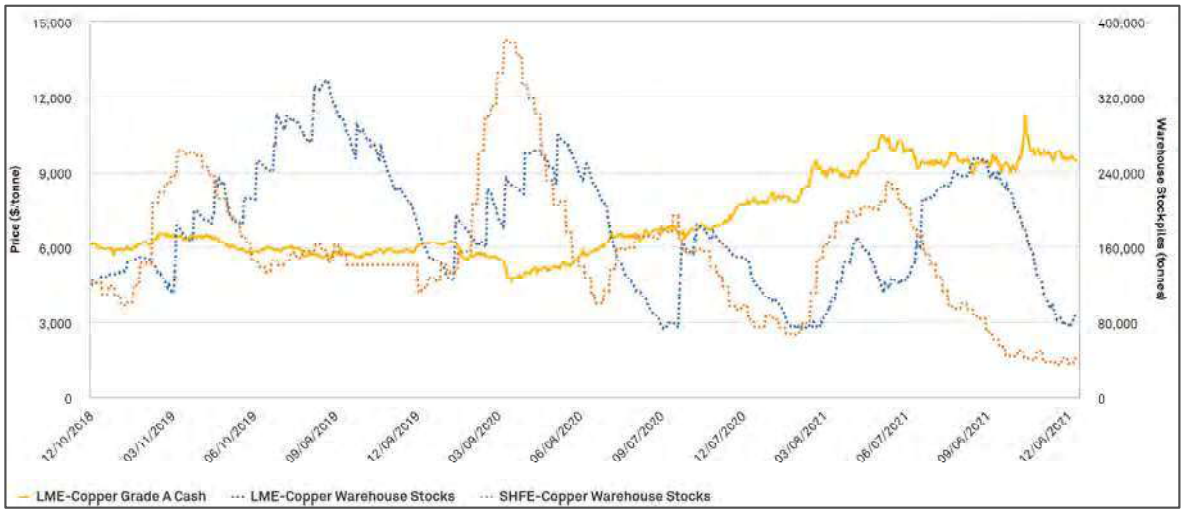
World copper production is forecast to reach 25 Mt in 2023 up from 22 Mt in 2021. High prices, and expectations of future price and demand growth, are creating a strong incentive for development projects, while producers balance declining ore grades and potential changes to taxation arrangements in Chile. Long project development timelines may result in production taking some time to come online, despite the incentive of recent price growth. Over the next two years, the largest production increases are expected to come from Peru and Chile, with growth also expected in Russia.

After increasing by 3% in 2020, global refined copper production is forecast to grow by 4.4% in 2021 to 25 Mt, as new refining capacity comes online in China, and high prices encourage increased processing rates. Refined production is expected to grow by 7% over the next two years, to reach 27 Mt in 2023. This is expected to slightly exceed growth in consumption, reducing some of the upward price pressure in the global copper market.

There remain some downside risks to production growth, which could potentially prevent any significant price easing over the next two years. China's refinery output has been affected by input shortages repeatedly since 2020. Refineries have also experienced concentrate shortages (influenced by reduced South American output) and sulfuric acid shortages. China's refineries may also moderate output in an effort to reduce carbon emissions, taking voluntary measures before becoming part of China's industry peak emissions target in 2025. Shifts towards emissions reductions and changes to scrap import restrictions have already seen rises in copper scrap imports.

Copper prices rose to a record level (US$10,720/tonne) in May 2021, propelled by rising demand for material used in low emission technologies and batteries, fears of shortages, rising industrial activity in China, and the prospect of infrastructure rollouts in USA. The spot copper price is forecast to average US$9,122 per tonne in 2021 and end the year just short of US$8,500 per tonne. In 2023, the copper spot price is forecast to average US$8,650 a tonne, lower than current levels but well above 2020 prices.

**Figure 4.2: Copper price (US$/t) and stockpile volume history**




Source: S&P Capital IQ Pro (accessed 15 December 2021)

### 4.1.3 Nickel

According to the *Resources and Energy Quarterly* (September 2021 Edition) the nickel price is forecast to average US$18,035/t in 2021, 31% higher than in 2020, driven by strong demand from stainless steel producers and upward revisions to demand for electric vehicle batteries.

New projects and expansions are expected to lift Australia's export volumes from an estimated 181,000 t in 2020–2021 to approximately 260,000 t in 2022–2023.

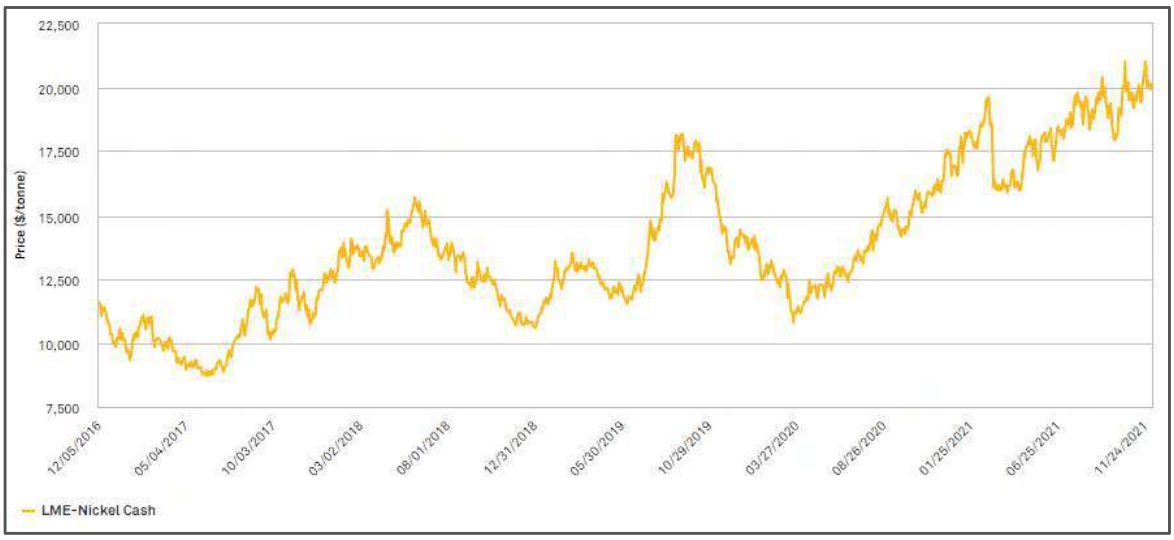
Australia's nickel export earnings are forecast to rise on the back of growing export volumes and higher prices, reaching A$5.1 billion in 2021–2022 and A$4.6 billion in 2022–2023, up from A$3.8 billion in 2020–2021.

In the June quarter of 2021, global consumption of nickel rose by 20% year-on-year, continuing the industry rebound from the fallout from the COVID-19 pandemic, assisted by both strong demand from both stainless steel consumption and the electric vehicle battery market.

Global mined nickel production in 2021 is forecast to rise 10% year-on-year to 2.7 Mt, as production ramps up in Indonesia and returns to pre-COVID-19 levels in other regions. Mine production increased by 24% year-on-year in the June quarter of 2021, while refined production increased by 10% year-on-year. In 2021, refined nickel is expected to increase by 10% to 2.6 Mt. Burgeoning production of nickel pig iron (NPI) in Indonesia and other parts of the world has meant that, for the first time, more than half of nickel production was in the form of NPI during the June quarter 2021, with the top three producers being Chinese. For production inside China, nickel is being increasingly sourced from the Philippines and New Caledonia.

The nickel price continues its volatile behaviour, which saw prices peak at almost US$20,000/t in mid-February 2021, fall to US$17,320 in the June quarter 2021 and then largely recover to peak at over US$19,500/t in late July 2021 (Figure 4.3). Prices for the September quarter 2021 were around US$19,000/t. This was up around 9% quarter-on-quarter, but up 55% compared to the recent low of the June quarter 2020.

**Figure 4.3: Nickel price**




Sources: S&P Global
Note: Price is US dollars per tonne

## 4.2 Previous valuations

The VALMIN Code (2015) requires that practitioners should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed. Having asked Errawarra, SRK is not aware of any recent valuations relating to the mineral assets that are the subject of this report.

## 4.3 Previous acquisitions

### 4.3.1 Fraser Range Agreement Project

Prior to listing on 11 December 2020, Errawarra agreed to acquire, from Kingmaker Metals and Kingmaker Exploration, a 70% interest in E63/1771 and E63/1941, which comprise part of the Fraser Range Project.

In consideration for the acquisition of these tenements, Errawarra paid A$150,000 from the proceeds of the Errawarra initial public offering (IPO) and issued 3,500,000 Errawarra shares (including 2-year escrow) with Kingmaker free carried up to completion of a feasibility study. The remaining 30% interest is to be free carried up to a feasibility study after which expenses can be funded pro rata or diluted to a 1.5% net smelter royalty (NSR).

Based on the terms of this agreement and the areas of the tenure, the implied value of the transaction is A$1.21 M on a 100% equity basis. This implies an area multiple of A$11,609/km² on a raw basis and A$11,757/km² on a normalised basis.

### 4.3.2 Binti Binti Acquisition Agreement

Prior to listing, Errawarra agreed to acquire, from Ms Greta Purich, an 80% interest in the Binti Binti tenement, E27/603.

In consideration for the acquisition, Errawarra is to fund exploration costs of A$500,000 over 36 months from the proceeds of the Errawarra IPO. The remaining 20% interest is to be free carried until completion of a feasibility study, after which expenses can be funded pro rata or diluted to a 1.5% NSR.

Based on the transaction terms (assuming this level of expenditure is realised) and the area of the tenures at the transaction date, the implied value of the transaction is A$0.63 M on a 100% basis. This transaction implies an area multiple of A$15,057/km² on a raw basis and A$15,249/km² on a normalised basis.

### 4.3.3 Binti Binti E27/577 Acquisition 14 December 2020

On 14 December 2020, Errawarra agreed to acquire, from Mr Peter Romeo Gianni, an 80% interest in the tenement E27/577, which covers the Binti Binti Gindalbie Goldfield and adjoins Erawarra's existing tenure at Binti Binti.

In consideration for the acquisition, Errawarra paid A$50,000 in cash and issued 250,000 fully paid ordinary shares in Errawarra escrowed for 6 months. Furthermore, Errawarra will be responsible for 100% of outgoing and exploration costs and free carry the vendor's 20% interest until a decision to proceed to development and mining, after which expenses can be funded pro rata or diluted to a 2.0% NSR.

Any alluvial mineralisation discovered to a depth of 2 m is to be retained by the vendor.

Based on the transaction terms and the tenure areas at the transaction date, the implied value of the transaction is A$0.13 M on a 100% basis. This implies an area multiple of A$5,550/km² on a raw basis and A$5,621/km² on a normalised basis.

### 4.3.4 Errabiddy Project Agreement

Prior to listing, Errawarra agreed to aquire, from Sammy Resources Pty Ltd, an 80% interest in the tenement, E09/2346 part of the Errabiddy Project

In consideration for the acquisition, Errawarra agreed to pay A$50,000 in cash from the proceeds of the Errawarra IPO. Furthermore, all costs of rent, rates, taxes and survey fees were to be borne 100% by Errawarra until the tenement is surrendered, relinquished or expires. The remaining 20% interest is to be free carried until to completion of a feasibility study, after which expenses can be funded pro rata or diluted to a 1.5% NSR.

Based on the transaction terms and the tenure areas at the transaction date, the implied value of the transaction is A$0.06 M on a 100% basis. This implies an area multiple of A$674/km² on a raw basis and A$683/km² on a normalised basis.

# 5 Valuation preface

## 5.1 Introduction

SRK was engaged by RSM to assist in the preparation of an assessment of the market value of Errawarra's Fraser Range, Binti Binti and Errabiddy Projects, as well as WesternEx's Andover West application.

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the projects and the projects' associated tenure.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Errawarra and WesternEx, as well as information sourced from the public domain, SRK's internal databases and subscription databases (i.e. S&P Capital IQ Pro and Global Data).

The opinions expressed and conclusions drawn are appropriate at the Valuation Date of 23 November 2021. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to the receipt of new exploration information.

## 5.2 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

- Market Approach
- Income Approach
- Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code 2015). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. Table 5.1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

**Table 5.1: VALMIN Code – page 29 – valuation approaches according to development status**

| Valuation approach | Exploration Projects | Pre-Development Projects | Development Projects | Production Projects |
|---|---|---|---|---|
| **Market** | Yes | Yes | Yes | Yes |
| **Income** | No | In some cases | Yes | Yes |
| **Cost** | Yes | In some cases | No | No |

Source: VALMIN Code (2015)

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The ‘Market Value’ is defined in the VALMIN Code (2015) as – in respect of a mineral asset – the amount of money (or the cash equivalent or some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term ‘Market Value’ has the same intended meaning and context as the International Valuation Standards Council (IVSC) term of the same name. This has the same meaning as ‘Fair Value’ in Regulatory Guide 111. In the 2005 edition of the VALMIN Code this was known as ‘Fair Market Value’.

The ‘Technical Value’ is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term ‘Technical Value’ has an intended meaning that is similar to the IVSC term ‘Investment Value’.

In summary, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets that logically fall under more than one of the previously discussed development categories.

## 5.3 Valuation basis

In estimating the value of Errawarra’s and WesternEx’s projects as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK’s valuation basis is presented in Table 5.2.

**Table 5.2: Valuation basis**

| Project | Development stage | Description | Valuation basis |
|---|---|---|---|
| Fraser Range | Early to Advanced Exploration | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Binti Binti | Early to Advanced Exploration | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Errabiddy | Early to Advanced Exploration | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |
| Andover West | Early to Advanced Exploration | Exploration Potential | Market: Comparable Transactions<br>Cost: Geoscientific Rating |

Source: SRK analysis (2021)

## 5.4 Market Value of exploration potential

### 5.4.1 Comparable Market Transaction Analysis

SRK has compiled a list of transactions (Appendix C) involving early to advanced exploration projects in Western Australia without defined Mineral Resources to support its assessment of the Market Value of the exploration potential associated with Errawarra's mineral assets.

The implied transaction multiples are expressed in cost per area (A$/km²) terms. The implied multiples are calculated using the transaction value (at the implied 100% acquisition cost) and the total area of all tenure acquired. The implied transaction multiples for gold were then normalised to the gold price as at the Valuation Date. For nickel transactions, the implied transaction multiple was then normalised to the nickel price as at the Valuation Date.

SRK identified 137 gold transactions and 22 nickel transactions that it considers to be sufficiently relevant, appropriately recent and for which ample information was available to calculate an area multiple.

SRK has considered the transaction dataset in terms of the types of tenure acquired. There is a clear distinction in the implied price paid for mining lease (ML), prospecting licence (PL), exploration licence (EL) and mixed tenure projects when considered in terms of the acquisition area size.

SRK notes there is also a clear relationship between the size of tenure acquired and the implied acquisition price per square kilometre. MLs (and PLs) are generally smaller than ELs and are also generally more advanced. Consequently, MLs and PLs generally attract higher implied values on an area basis. Transactions with MLs and PLs and have been excluded from the transaction analysis as Errawarra and WesternEx do not hold tenure of this type.

**Table 5.3: Area based transaction multiple analysis Western Australia**

| | Area multiple – raw (A$/km$^2$) | Area multiple – normalised (A$/km$^2$) |
|---|---|---|
| **Gold – All Exploration Licences** | | |
| Minimum | 66 | 65 |
| Median | 3,010 | 3,136 |
| Average | 9,784 | 10,409 |
| Maximum | 200,000 | 187,408 |
| Weighted average | 4,499 | 5,063 |
| **Gold – All Exploration Licences (excluding high outliers)** | | |
| Minimum | 66 | 65 |
| Median | 2,936 | 2,922 |
| Average | 5,954 | 6,385 |
| Maximum | 50,000 | 57,948 |
| Weighted average | 3,812 | 4,328 |
| **Nickel – All Exploration Licences** | | |
| Minimum | 335 | 528 |
| Median | 6,563 | 8,790 |
| Average | 29,004 | 37,652 |
| Maximum | 208,333 | 225,774 |
| Weighted average | 23,751 | 32,632 |
| **Nickel – All Exploration Licences (excluding high outlier)** | | |
| Minimum | 335 | 528 |
| Median | 3,950 | 5,641 |
| Average | 6,804 | 9,070 |
| Maximum | 23,611 | 28,493 |
| Weighted average | 4,076 | 5,458 |

Source: SRK analysis

Note: Weighted average calculated using total area.

Note: Any discrepancies between values in the table are due to rounding.

Based on its review of the available technical information, SRK has assessed the market value of Errawarra's and WesternEx's exploration holdings on an area basis. All values are presented on a 100% equity basis. SRK's ranges for the tenure are based on the implied values for ELs only. Tenure under application has been discounted by 20% due to the inherent risk that the tenure may not be granted or may have extra conditions imposed in association with the grant.

The implied values of a 100% interest in the exploration potential associated with Errawarra's and WesternEx's projects using the comparable transaction method are provided in Table 5.4.

**Table 5.4: Summary Exploration Valuation – comparable transactions method**

| Project | Tenement | Area (km$^2$) | Multiple (A$/km$^2$) | | | Market Value (A$ M) | | |
|---|---|---|---|---|---|---|---|---|
| | | | Lower | Upper | Preferred | Lower | Upper | Preferred |
| Fraser Range | E63/1771 | 81.35 | 4,000 | 8,000 | 6,000 | 0.33 | 0.65 | 0.49 |
| | E63/1941 | 23.25 | 4,000 | 8,000 | 6,000 | 0.09 | 0.19 | 0.14 |
| Binti Binti | E31/1298* | 50.45 | 5,000 | 10,000 | 7,500 | 0.20 | 0.40 | 0.30 |
| | E27/0577 | 23.65 | 12,500 | 25,000 | 18,750 | 0.30 | 0.59 | 0.44 |
| | E27/0603 | 41.51 | 4,000 | 8,000 | 6,000 | 0.17 | 0.33 | 0.25 |
| Errabiddy | E09/2346 | 92.68 | 5,000 | 10,000 | 7,500 | 0.46 | 0.93 | 0.70 |
| | E09/2410 | 37.11 | 10,000 | 15,000 | 12,500 | 0.37 | 0.56 | 0.46 |
| | E52/3838 | 46.44 | 1,000 | 2,000 | 1,500 | 0.05 | 0.09 | 0.07 |
| | E09/2440 | 43.18 | 5,000 | 10,000 | 7,500 | 0.22 | 0.43 | 0.32 |
| | E09/2457 | 519.00 | 1,250 | 2,500 | 1,875 | 0.65 | 1.30 | 0.97 |
| | E09/2459 | 300.00 | 1,000 | 2,000 | 1,500 | 0.30 | 0.60 | 0.45 |
| | E09/2602* | 18.55 | 2,500 | 5,000 | 3,750 | 0.04 | 0.07 | 0.06 |
| | E09/2652* | 6.18 | 2,500 | 5,000 | 3,750 | 0.01 | 0.02 | 0.02 |
| **Total Errawarra** | | **1,283.35** | | | | 3.18 | 6.17 | 4.67 |
| Andover West | E47/4352* | 118.3 | 10,000 | 20,000 | 15,000 | 0.95 | 1.89 | 1.42 |
| **Total WesternEx** | | **118.3** | **10,000** | **20,000** | **15000** | 0.95 | 1.89 | 1.42 |

Source: SRK analysis

Note: Any discrepancies between values in the table are due to rounding.

* indicates EL applications have been discounted by 20% to market value.

Using the Comparative Transactions – area-based method, SRK considers the exploration potential of Errawarra's tenures resides between A$3.18 M and A$6.17 M, with a preferred valuation of A$4.67 M. SRK's preferred value represents the mid-point of the range, as SRK has no preference towards either end of the range.

Using the Comparative Transactions – area-based method, SRK considers WesternEx's interests in the exploration potential associated with the Andover West Project resides between A$0.95 M and A$1.89 M, with a preferred valuation of A$1.42 M. SRK's preferred value represents the mid-point of the range, as SRK has no preference towards either end of the range.

### 5.4.2 Geoscientific rating

In addition, SRK has also used the geoscientific rating method as a cross-check for its estimated value using comparable transaction data. The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value Table 5.5. The intrinsic value is referred to as the base acquisition cost (BAC) and is critical because it forms the standard base from which to commence a valuation. It represents the 'average cost to identify, apply for and retain a base unit of area of title'.

Multipliers (Table 5.6) are considered for off-property aspects, on-property aspects, anomaly aspects and geology aspects. These multipliers are applied sequentially to the BAC to estimate the

technical value for each tenement. A further market factor is then considered to derive a market value.

A BAC of A$492/km$^2$ (~A$5/ha) has been assumed in this valuation, which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification. The parameters used to calculate the BAC are shown in Table 5.5.

**Table 5.5: Base acquisition cost calculation for ELs in Western Australia**

| **Exploration Licence base acquisition cost** | | |
|---|---|---|
| **Metric** | **Unit** | **Value** |
| Average licence size | km$^2$ | 67.7 |
| Average licence age | Years | 4 |
| Application fee | A$ per licence | 1,580 |
| Annual rent Year 1–3 | A$ per km$^2$ | 45.82 |
| Annual rent Year 4 | A$ per km$^2$ | 38.67 |
| Minimal annual expenditure Year 1–3 | A$ per km$^2$ | 324.96 |
| Minimal annual expenditure Year 4 | A$ per km$^2$ | 243.72 |
| Costs of identification, legal costs and negotiations and compensation agreements | A$ per licence | 35,132 |
| Annual rates | A$ per licence | 2,000 |
| **BAC of average exploration licence** | **A$ per km$^2$** | **492** |

In converting the implied technical values to a market value, SRK considers that market participants are likely to apply a small premium to the technical value to account for the current market sentiment for gold and recent nickel price performance.

In addition, SRK considers that any tenures in application would attract a 20% discount to reflect the uncertainty in likely timing of grant as well as approval conditions associated with grant. In general, SRK's preferred values reflect the mid-point of the high and low value. Where SRK considers the geoscientific method is either undervaluing or overvaluing a tenement SRK has adjusted the preferred value accordingly.

Application of these factors to Errawarra's projects implies a value range of between A$2.74 M and A$9.07 M and a preferred value of A$3.86 M on a 100% equity basis (Table 5.7).

Application of these factors to WesternEx's application implies a value range of between A$0.61 M and A$1.57 M with a mid-point (or preferred value) of A$1.09 M on a 100% equity basis (Table 5.7).

SRK notes that the Kilburn method may result in high values for very large tenements, such as E09/2457 and E09/2459. In these cases, SRK considers the low end of the range to be better reflect the value likely to be attributed by the market and hence has applied this rationale to these tenures.

**Table 5.6: SRK's modified property rating criteria**

| Rating | Off-property factor | On-property factor | Geological factor | Anomaly factor |
|---|---|---|---|---|
| 0.1 | | | Unfavourable geological setting | No mineralisation identified – area sterilised |
| 0.5 | Unfavourable district/ basin | Unfavourable area | Poor geological setting | Extensive previous exploration provided poor results |
| 0.9 | | | Generally favourable geological setting, under cover or complexly deformed or metamorphosed | Poor results to date |
| 1.0 | No known mineralisation in district | No known mineralisation on lease | Generally favourable geological setting | No targets outlined |
| 1.5 | Minor workings | Minor workings or mineralised zones exposed | | Target identified; initial indications positive |
| 2.0 | Several old workings in district | Several old workings or exploration targets identified | Multiple exploration models being applied simultaneously | |
| 2.5 | | | Well-defined exploration model applied to new areas | Significant grade intercepts evident but not linked on cross sections or long sections |
| 3.0 | Mine or abundant workings with significant previous production | Mine or abundant workings with significant previous production | Significant mineralised zones exposed in prospective host rock | |
| 3.5 | | | | Several economic grade intercepts on adjacent sections |
| 4.0 | Along strike from a major deposit | Major mine with significant historical production | Well-understood exploration model, with valid targets in structurally complex area, or under cover | |
| 5.0 | Along strike for a world-class deposit | | Well-understood exploration model, with valid targets in well understood stratigraphy | |
| 6.0 | | | Advanced exploration model constrained by known and well-understood mineralisation | |
| 10.0 | | World-class mine | | |

Source: Modified after Xstract (2009) and Agricola Mining Consultants (2011)

**Table 5.7: Geoscientific rating approach – modified Kilburn rating**

| Project | Permit | Area ($km^2$) | BAC ($A$/km^2$) | Equity interest | Off-property | | On-property | | Anomaly | | Geology | | Market factor | Valuation (A$ M) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Low | High | Low | High | Low | High | Low | High | | Low (A$ M) | High (A$ M) | Preferred (A$ M) |
| Fraser Range | E63/1771 | 81.35 | 40,024 | 70% | 3.0 | 4.0 | 1.0 | 1.5 | 1.0 | 1.5 | 0.9 | 1.5 | 1.1 | 0.12 | 0.59 | 0.36 |
| Fraser Range | E63/1941 | 23.25 | 11,439 | 70% | 3.0 | 4.0 | 1.0 | 1.5 | 1.0 | 1.5 | 0.9 | 1.5 | 1.1 | 0.03 | 0.17 | 0.10 |
| Binti Binti | E31/1298* | 50.45 | 24,821 | 100% | 2.0 | 3.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 1.1 | 0.07 | 0.29 | 0.18 |
| Binti Binti | E27/0577 | 23.65 | 11,636 | 80% | 2.0 | 3.0 | 2.5 | 3.0 | 1.0 | 1.5 | 2.5 | 3.0 | 1.1 | 0.16 | 0.52 | 0.34 |
| Binti Binti | E27/0603 | 41.51 | 20,423 | 100% | 2.0 | 3.0 | 1.0 | 1.5 | 1.5 | 2.0 | 0.7 | 1.2 | 1.1 | 0.05 | 0.24 | 0.14 |
| Errabiddy | E09/2346 | 92.68 | 45,599 | 80% | 1.0 | 1.5 | 1.0 | 1.5 | 1.5 | 2.0 | 1.5 | 2.0 | 1.1 | 0.15 | 0.56 | 0.36 |
| Errabiddy | E09/2410 | 37.11 | 18,258 | 100% | 1.5 | 2.0 | 1.0 | 1.2 | 1.5 | 2.0 | 1.5 | 2.0 | 1.1 | 0.07 | 0.19 | 0.13 |
| Errabiddy | E52/3838 | 46.44 | 22,848 | 100% | 1.5 | 2.0 | 1.0 | 1.2 | 1.5 | 2.0 | 1.0 | 1.5 | 1.1 | 0.06 | 0.18 | 0.12 |
| Errabiddy | E09/2440 | 43.18 | 21,245 | 100% | 1.0 | 1.5 | 1.0 | 1.5 | 1.5 | 2.0 | 1.0 | 1.5 | 1.1 | 0.04 | 0.16 | 0.10 |
| Errabiddy | E09/2457 | 519.00 | 255,348 | 100% | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 2.0 | 1.1 | 1.42 | 4.49 | 1.42** |
| Errabiddy | E09/2459 | 300.00 | 147,600 | 100% | 1.5 | 2.0 | 1.0 | 1.2 | 1.5 | 2.0 | 1.5 | 2.0 | 1.1 | 0.55 | 1.56 | 0.55** |
| Errabiddy | E09/2602* | 18.55 | 9,127 | 100% | 1.5 | 2.0 | 1.0 | 1.2 | 1.5 | 2.0 | 1.5 | 2.0 | 1.1 | 0.03 | 0.08 | 0.05 |
| Errabiddy | E09/2652* | 6.18 | 3,041 | 100% | 1.5 | 2.0 | 1.0 | 1.2 | 1.5 | 2.0 | 1.0 | 1.5 | 1.1 | 0.01 | 0.02 | 0.01 |
| **Total Errawarra** | | | | | | | | | | | | | | **2.74** | **9.07** | **3.86** |
| Andover West | E47/4352* | 103.60 | 50,971 | 80% | 3.0 | 3.5 | 1.5 | 2.0 | 1.5 | 2.0 | 2.0 | 2.5 | 1.1 | 0.69 | 1.79 | 1.24 |
| **Total WesternEx** | | | | | | | | | | | | | | 0.69 | 1.79 | 1.24 |

Source: SRK analysis

Notes: Any discrepancies between values in the table are due to rounding.

Please

* indicates EL applications have been discounted by 20%

**SRK notes that the geoscientific method tends to overvalue large tenure. In the case of E09/2457 and E09/2459 SRK considers this to be the case. SRK has therefore selected the preferred value towards the low end of the range in order to reflect this.

# 6 Valuation summary

## 6.1 Errawarra exploration assets

Table 6.1 summarises the market value of the Errawarra's projects at the effective Valuation Date.

Based on its review of the values implied by the various valuation methodologies, SRK considers the market would pay in the range between A$3.18 M and A$6.17 M, with a preferred value of A$4.67 M, for a 100% interest in the projects held by Errawarra, as at the Valuation Date.

In selecting its overall valuation range and preferred value, SRK is cognisant of the implied acquisition values paid by Errawarra for certain tenure in 2020/ 2021. In consideration of the subsequent exploration activities that have either added too, or resulted in a discount too, the potential value of the tenure.

In SRK's opinion, the values implied by SRK's valuation on a transaction multiple basis are not significantly different when taking into consideration exploration results since acquisition and recent market activity. Therefore, SRK has selected the values implied by the Comparable Transactions method over those outlined by the Kilburn method.

WesternEx's Andover West Project Table 6.1 summarises the market value of the project at the effective Valuation Date. Based on its review of the values implied by the various valuation methodologies, SRK considers the market would pay in the range between A$0.95 M and A$1.89 M, with a preferred value of A$1.42 M, for a 100% interest in the Andover West Project, as at the Valuation Date.

As per the Errawarra assets, SRK has selected the values implied by the Comparable Transactions method over those outlined by the Kilburn method. SRK's selection of the value range for WesternEx's Andover Project was based on evaluation of the range of data and projects that have transacted recently.

In particular, SRK notes the implied terms of the option agreement for the acquisition of E53/1802 and E53/1788 as exercised by Rox Resources in 2018 was considered instructive in establishing a value for the Andover West Project.

SRK has also considered Azure's acquisition of a 100% interest in the Andover Project from the Creasy Group in July 2020 when considering the value of the Andover West Project. SRK notes that at the time of this transaction, exploration drilling of various EM geophysical targets had successfully tested these anomalies and encountered several high grade nickel intersections. In comparison, the EM targets within WesternEx's Andover West remain to be drill tested. Furthermore, previous tenure holders downgraded the potential of these targets on the basis of their subdued amplitude and elected not to incur further expenditures in order to drill test these targets.  As such, SRK considers that while these targets represent a valid exploration concept, their potential for economically viable base metal mineralisation remains to be demonstrated.

In further analysing Azure's Andover transaction, SRK notes theimplied acquisition price by Azure for Andover was $5M on a 100% basis, with most of the ground being prospective. In comparison, Andover West currently offers only has only limited exposures of the prospective host rocks evident

at Andover in the northwest corner, albeit with 3 historically defined EM targets also evident within that area.

Given these elements, SRK considers the market would adopt a cautious approach to the application of value to this tenure until the tenement is granted and at least the results of the first drill hole are known.

**Table 6.1: Valuation summary of exploration assets on a 100% basis – as at 23 November 2021**

| Company | Project | Valuation Method | Low (A$ M) | High (A$ M) | Preferred (A$ M) |
|---|---|---|---|---|---|
| Errawarra | Fraser Range | Comparable Transactions | 0.42 | 0.84 | 0.63 |
| | | Geoscientific Rating | 0.15 | 0.76 | 0.46 |
| | | **Selected** | **0.42** | **0.84** | **0.63** |
| | Binti Binti | Comparable Transactions | 0.66 | 1.33 | 1.00 |
| | | Geoscientific Rating | 0.27 | 1.06 | 0.66 |
| | | **Selected** | **0.66** | **1.33** | **1.00** |
| | Errabiddy | Comparable Transactions | 2.10 | 4.00 | 3.05 |
| | | Geoscientific Rating | 2.31 | 7.24 | 2.74 |
| | | **Selected** | 2.10 | 4.00 | 3.05 |
| **Total Errawarra** | | | **3.18** | **6.17** | **4.67** |
| WesternEx | Andover West Project | Comparable Transactions | 0.95 | 1.89 | 1.42 |
| | | Geoscientific Rating | 0.69 | 1.79 | 1.24 |
| | | **Selected/ total** | **0.95** | **1.89** | **1.42** |
| **Total WesternEx** | | | **0.95** | **1.89** | **1.42** |

Note: Any discrepancies between values in the table are due to rounding.

## 6.2 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with early to advanced stage exploration assets.

The range in value is driven by the confidence limits placed around the potential size and grade of mineralised occurrences assumed to occur within each project area. Typically, this means that as exploration progresses, and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Mineral Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained minerals and its potential to be extracted profitably.

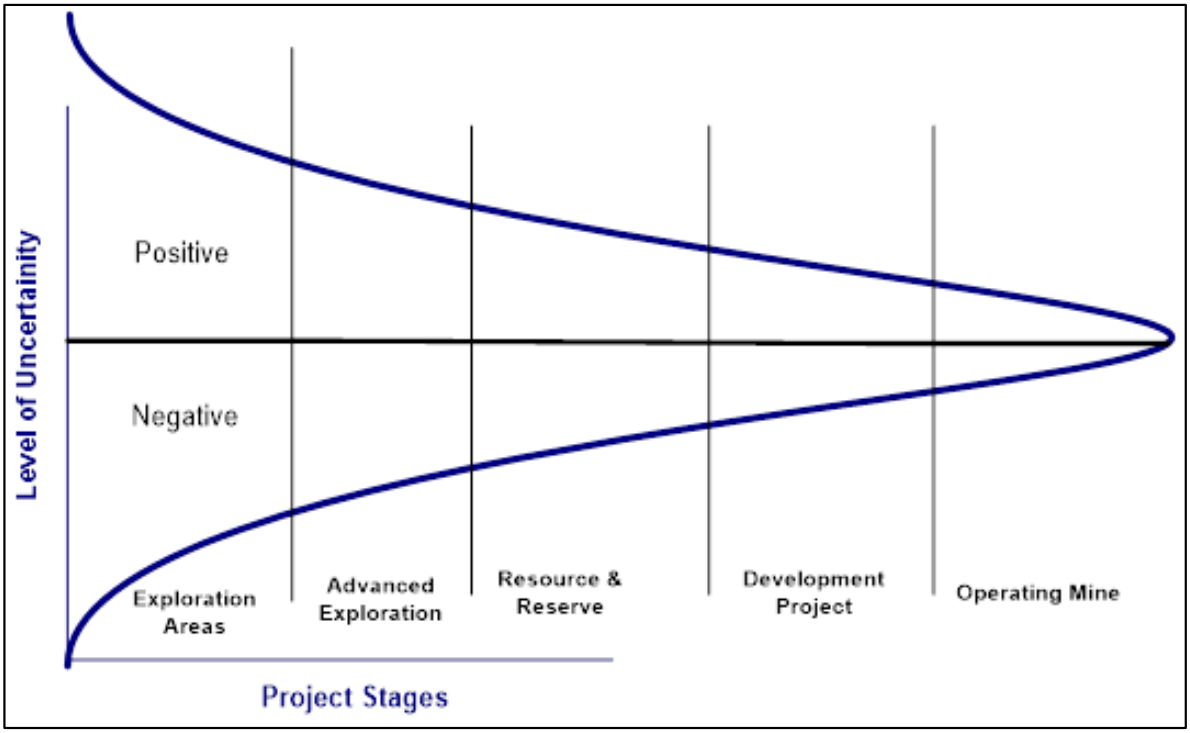
Table 6.2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

**Table 6.2: General guide regarding confidence for target and Mineral Resource/Ore Reserve estimates**

| Classification | Estimate range (90% confidence limit) |
|---|---|
| Proven/Probable Reserves | ±5 to 10% |
| Measured Mineral Resources | ±10 to 20% |
| Indicated Mineral Resources | ±30 to 50% |
| Inferred Mineral Resources | ±50 to 100% |
| Exploration target | +100% |

This level of uncertainty with advancing project stages can be seen in Figure 6.1.

**Figure 6.1: Uncertainty by advancing exploration stage**




Estimated confidence of ±60% to 100% or more, are not uncommon for exploration areas and are within acceptable bounds, given the level of uncertainty associated with early-stage exploration assets. By applying narrower confidence ranges, one is implying a greater degree of certainty regarding these assets than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

# Closure

This report, Independent Specialist Report on the Mineral Assets of Errawarra Resources Ltd, was prepared by

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All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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# Appendix A Comparative transactions

**Comparable transactions on an area basis – Gold**

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Maynards Dam project | 07/12/2020 | Sensore Ltd | Torque Metals Ltd | 5.88 | 51% | 58.50 | 100,553 | 101,839 |
| Hong Kong project | 11/10/2018 | Pacton Gold Inc | Sagon Resources Ltd | 2.64 | 70% | 40.15 | 65,825 | 96,057 |
| Tuckanarra project | 19/10/2020 | Odyssey Energy Ltd | Monument Mining Ltd | 5.00 | 80% | 25.00 | 200,000 | 187,408 |
| Phantom Tenements | 03/09/2020 | Carawine Resources Ltd | Phantom Resources Pty Ltd | 0.23 | 100% | 1,004.65 | 229 | 215 |
| Mt Zephyr and Darlot East projects | 19/11/2020 | Darlot Mining Company Pty Ltd | Ardea Resources Ltd | 2.50 | 60% | 830.50 | 3,010 | 2,930 |
| Fourteen licenses | 08/11/2019 | Golden Mile Resources Ltd | Chalice Gold Mines Ltd | 0.20 | 100% | 455.85 | 428 | 496 |
| Gidgee project | 23/07/2020 | Gateway Mining Ltd | Golden Mile Resources Ltd | 1.24 | 51% | 421.62 | 2,930 | 2,783 |
| Harrier tenements | 01/03/2021 | Hammer Metals Ltd | Undisclosed seller | 0.02 | 100% | 15.41 | 1,298 | 1,454 |
| E27/577 tenement | 21/12/2020 | Errawarra Resources Ltd | Private investor - Peter Romeo Gianni | 0.13 | 80% | 23.65 | 5,550 | 5,621 |
| Binti Binti | 11/12/2020 | Errawarra Resources Ltd | Greta Purich | 0.63 | 80% | 41.51 | 15,057 | 15,249 |
| E09/2346 | 11/12/2020 | Errawarra Resources Ltd | 0 | 0.06 | 80% | 92.68 | 674 | 683 |
| E31/1121 | 31/12/2020 | OreCorp Ltd | Global Fortune Investment Ltd | 0.77 | 100% | 153.00 | 5,038 | 5,102 |
| E31/1134 & E31/1150 | 31/12/2020 | OreCorp Ltd | Investor group | 0.15 | 100% | 41.50 | 3,670 | 3,717 |
| E31/1178 tenement | 31/12/2020 | OreCorp Ltd | Private investor - Mitchell Jones | 0.16 | 100% | 56.70 | 2,771 | 2,807 |
| Exploration licence application and prospecting licence | 31/12/2020 | OreCorp Ltd | Investor group | 0.16 | 100% | 24.00 | 6,691 | 6,777 |
| E53/2109 tenement | 18/12/2020 | Renegade Exploration Ltd | Undisclosed seller | 0.03 | 100% | 27.65 | 1,085 | 1,099 |
| Two exploration licences | 26/02/2018 | Riversgold Ltd | Alloy Resources Ltd | 0.21 | 70% | 321.57 | 640 | 945 |
| Crest tenements | 13/03/2020 | DiscovEx Resources Ltd | Crest Investment Group Ltd | 0.06 | 80% | 310.00 | 202 | 197 |
| Edjudina project | 06/11/2019 | Syndicated Metals Ltd | Gateway Mining Ltd | 0.31 | 80% | 226.34 | 1,381 | 1,600 |
| | 01/02/2021 | | | | | | 182 | 195 |
| Wells Group | 17/04/2020 | NTM Gold Ltd | Kingwest Resources Ltd | 0.13 | 100% | 426.00 | 293 | 275 |

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Yarri east tenements | 08/07/2020 | Black Cat Syndicate Ltd | Investor group | 0.20 | 100% | 210.00 | 952 | 905 |
| Yandal project | 09/06/2021 | Strickland Metals Ltd | Renegade Exploration Ltd | 2.67 | 75% | 320.00 | 8,333 | 8,662 |
| E39/2073 tenement | 08/10/2021 | Western Mines Group Ltd | Pvt invrs - Thomas Williams and Neelesh Bhasin | 0.12 | 100% | 38.75 | 3,187 | 3,315 |
| Oldham Range property | 14/04/2021 | Meryllion Resources Corp | Undisclosed seller | 0.52 | 100% | 147.00 | 3,556 | 3,883 |
| E31/1186 | 08/07/2021 | OzAurum Resources Ltd | Revolution Mining Pty Ltd | 0.08 | 100% | 17.83 | 4,206 | 4,313 |
| Pinnacle Well project | 25/11/2021 | Ozz Resources Ltd | Private Investor - Allan Pellegrini | 1.23 | 75% | 95.00 | 12,947 | 12,947 |
| Rocky Dam project | 21/06/2021 | Lycaon Resources Ltd | Dreadnought Resources Ltd | 0.10 | 100% | 190.00 | 526 | 547 |
| Two tenements | 02/04/2020 | Bulletin Resources Ltd | Encounter Resources Ltd | 0.03 | 100% | 198.00 | 152 | 142 |
| Three tenements | 20/09/2018 | Nexus Minerals Ltd | Newmont Mining Corporation | 0.01 | 100% | 190.00 | 68 | 103 |
| Whiteheads project | 30/08/2019 | Great Boulder Resources Ltd | Zebina Minerals Proprietary Ltd | 0.67 | 75% | 185.00 | 3,604 | 4,062 |
| Kenya project | 21/01/2021 | Ragnar Metals Ltd | Jindalee Resources Ltd | 0.09 | 100% | 7.50 | 12,000 | 12,381 |
| Lake Rebecca project | 23/07/2019 | Bulletin Resources Ltd | Matsa Resources Ltd | 0.16 | 80% | 172.00 | 908 | 1,121 |
| Thunderstruck tenements | 03/09/2020 | Carawine Resources Ltd | Thunderstruck Investments Pty Ltd | 0.26 | 90% | 168.14 | 1,520 | 1,427 |
| NWA Nickel Sulphide and Reindlers Gossans | 06/12/2019 | Dreadnought Resources Ltd | Private investors - Gianni & Peter Romeo | 1.10 | 100% | 146.37 | 7,515 | 8,736 |
| Porphyry project | 16/09/2020 | Pacific American Holdings Ltd | Salazar Gold Pty Ltd | 2.29 | 35% | 114.76 | 19,917 | 18,696 |
| Bronzewing South project | 14/03/2019 | Hammer Metals Ltd | Investor group | 0.55 | 100% | 111.00 | 4,955 | 6,731 |
| Tempest project | 11/11/2019 | Nelson Resources Ltd | Undisclosed seller | 0.02 | 100% | 105.00 | 147 | 171 |
| Jindalee tenements | 16/04/2020 | Torque Metals Ltd | Jindalee Resources Ltd | 0.25 | 80% | 75.00 | 3,350 | 3,136 |
| Exploration Licence E38/3438 | 08/02/2021 | Brightstar Resources Ltd | Mining Equities Pty Ltd | 0.20 | 100% | 16.00 | 12,500 | 13,383 |
| Sentinel project | 15/02/2018 | Fin Resources Ltd | Crosspick Resources Pty Ltd | 0.10 | 51% | 44.00 | 2,228 | 3,290 |
| White Eagle (E29/991) tenement | 18/12/2019 | Alt Resources Ltd | Private investor - Bruce Legendre | 0.02 | 100% | 22.78 | 878 | 1,021 |

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Monte Cristo prospect | 25/11/2020 | Emu NL | Navigator Holdings Pty Ltd | 0.15 | 100% | 3.00 | 50,000 | 48,675 |
| Edjudina project | 16/07/2020 | Gibb River Diamonds Ltd | Nexus Minerals Ltd | 0.44 | 100% | 145.79 | 3,018 | 2,866 |
| E25/526 | 18/04/2018 | Aruma Resources Ltd | Rare Earth Contracting Pty Ltd | 0.06 | 100% | 19.00 | 3,158 | 4,537 |
| Cutler gold prospect | 26/02/2018 | Riversgold Ltd | Westex Resources Pty Ltd | 0.11 | 100% | 14.70 | 7,687 | 11,350 |
| Metzkes Find | 06/12/2019 | Dreadnought Resources Ltd | Private investors - Gianni & Peter Romeo | 0.18 | 100% | 11.98 | 14,858 | 17,273 |
| Gladiator project | 25/09/2020 | Pursuit Minerals Ltd | Investor group | 0.10 | 100% | 10.00 | 10,000 | 9,387 |
| Jillewarra project | 05/10/2020 | S2 Resources Ltd | Black Raven Mining Pty Ltd | 11.76 | 51% | 790.00 | 14,892 | 13,954 |
| Comet Well project | 25/10/2021 | Brightstar Resources Ltd | Milford Resources Pty Ltd | 0.76 | 100% | 120.00 | 6,292 | 6,545 |
| Ninghan project | 21/07/2021 | Power Metals Pty Ltd | Legend Resources Pty Ltd | 0.06 | 100% | 29.83 | 2,145 | 2,200 |
| Two exploration tenements | 23/09/2021 | Odyssey Gold Ltd | Private investor - Thomas Peter Sanders | 0.06 | 100% | 5.88 | 10,034 | 10,334 |
| Julimar North project | 21/06/2021 | Tambourah Metals Ltd | Baracus Pty Ltd | 1.16 | 80% | 508.28 | 2,280 | 2,370 |
| Sandstone project | 11/02/2020 | Westar Resources Ltd | Rafaella Resources Ltd | 0.15 | 100% | 255.89 | 586 | 611 |
| Mt Maitland project | 06/07/2020 | Red Mountain Mining Ltd | Private investor- Simon Jones | 0.30 | 100% | 62.00 | 4,839 | 4,595 |
| Side Well project | 14/07/2020 | Great Boulder Resources Ltd | Zebina Minerals Proprietary Ltd | 1.13 | 75% | 131.74 | 8,603 | 8,170 |
| Bulgera project | 09/07/2019 | Norwest Minerals Ltd | Accelerate Resources Ltd | 0.22 | 100% | 36.80 | 5,978 | 7,376 |
| South Yamarna project | 05/02/2018 | Gold Road Resources Ltd | Sumitomo Metal Mining Company Ltd | 14.00 | 50% | 2,467.00 | 5,675 | 8,379 |
| Wanganui project | 28/04/2020 | Castle Minerals Ltd | Bar None Exploration Pty Ltd | 0.51 | 100% | 18.40 | 27,717 | 25,944 |
| Garden Gully project | 16/02/2021 | Sipa Resources Ltd | Miramar Resources Ltd | 0.15 | 100% | 207.00 | 725 | 776 |
| Exploration tenement E57/1108 | 08/02/2021 | Alto Metals Ltd | Gateway Mining Ltd | 0.05 | 100% | 115.00 | 435 | 465 |
| Cracker Jack project | 09/11/2020 | White Cliff Minerals Ltd | Private Investor - Peter Gianni | 0.03 | 100% | 16.00 | 1,875 | 1,825 |
| Polelle project | 28/04/2020 | Castle Minerals Ltd | Investor group | 1.01 | 100% | 144.50 | 6,990 | 6,542 |

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Yuinmery project | 21/08/2019 | Golden Mile Resources Ltd | Legend Resources Pty Ltd | 0.10 | 100% | 66.00 | 1,439 | 1,623 |
| Kirkalocka project | 04/05/2018 | Blaze International Ltd | Bar None Exploration Pty Ltd | 0.10 | 100% | 33.14 | 3,018 | 4,352 |
| Mt Magnet project | 02/07/2020 | Blaze International Ltd | Eastern Goldfields Exploration (Pty) Ltd | 1.25 | 100% | 147.00 | 8,503 | 8,076 |
| Jundee South project | 20/04/2020 | Avenira Ltd | Faurex Pty Ltd | 0.35 | 100% | 720.00 | 486 | 455 |
| EL77/2607 | 13/05/2020 | Torque Metals Ltd | Tribal Mining Pty Ltd | 0.05 | 100% | 48.00 | 1,042 | 989 |
| E59/1989 | 15/09/2020 | Venture Minerals Ltd | Bright Point Gold Pty Ltd | 1.33 | 90% | 33.98 | 39,239 | 36,832 |
| Challa project | 11/06/2020 | Platina Resources Ltd | Investor group | 0.23 | 100% | 293.00 | 785 | 780 |
| South Big Bell project | 15/02/2018 | Fin Resources Ltd | Neon Space Pty Ltd | 0.10 | 51% | 49.67 | 1,974 | 2,914 |
| Warrawoona (E46/1026) | 04/12/2020 | Calidus Resources Ltd | Gondwana Resources Ltd | 0.98 | 51% | 38.02 | 25,786 | 26,116 |
| Three exploration licenses | 24/09/2021 | Bryah Resources Ltd | Rilukin Holdings Pty Ltd | 0.22 | 100% | 50.00 | 4,480 | 4,614 |
| Pascalle and Taunton tenement | 16/09/2021 | Greatland Gold plc | Province Resources Ltd | 0.05 | 100% | 75.14 | 665 | 685 |
| EL 45/4807 | 19/06/2018 | Rio Tinto Exploration Proprietary Ltd | Alloy Resources Ltd | 0.77 | 70% | 424.02 | 1,819 | 2,657 |
| E59/2237 and E59/2249 | 15/03/2019 | Blaze International Ltd | Beau Resources Pty Ltd | 0.13 | 100% | 65.07 | 1,998 | 2,714 |
| E59/2310 and E59/2309 | 15/03/2019 | Blaze International Ltd | Iron Clad Prospecting Pty Ltd | 0.14 | 100% | 132.25 | 1,059 | 1,438 |
| E 77/2313 | 10/10/2018 | Marindi Metals Ltd | Bar None Exploration Pty Ltd | 0.58 | 100% | 14.48 | 39,710 | 57,948 |
| E46/1340 and E46/1354 tenements | 23/11/2020 | Thor Mining PLC | Redstone Metals Pty Ltd | 0.51 | 100% | 80.02 | 6,367 | 6,199 |
| Two tenements | 29/03/2018 | Keras (Pilbara) Gold Pty Ltd | Gardner Mining Pty Ltd | 0.08 | 100% | 44.72 | 1,722 | 2,518 |
| Meentheena and Coongan projects | 17/07/2020 | Azure Minerals Ltd | Creasy Group Pty Ltd | 2.57 | 70% | 884.00 | 2,942 | 2,794 |
| Black Hills and Paterson Range East licences | 30/11/2020 | Newcrest Operations Ltd | Greatland Gold Plc | 5.88 | 51% | 249.00 | 23,624 | 22,998 |
| Koongulla project | 25/06/2020 | Boadicea Resources Ltd | Undisclosed seller | 0.02 | 95% | 240.00 | 66 | 65 |

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| EL38/3302 | 16/09/2020 | Tigers Paw Prospecting Pty Ltd | Trigg Mining Ltd | 0.12 | 100% | 293.85 | 408 | 383 |
| Southern Cross project | 09/12/2020 | Slipstream ICP Pty Ltd | Investor group | 0.28 | 100% | 76.00 | 3,684 | 3,731 |
| Johnstone Range project | 10/12/2020 | Twenty Seven Co Ltd | Revolution Mining Pty Ltd | 0.04 | 100% | 107.22 | 373 | 378 |
| E45/5484 | 06/01/2021 | Trek Metals Ltd | Redstone Metals Pty Ltd (50%) & Territory Prospecting Pty Ltd (50%) | 0.10 | 100% | 106.47 | 963 | 993 |
| Pilbara gold project | 22/08/2018 | Pacton Gold Inc | Arrow Minerals Ltd | 4.09 | 49% | 609.00 | 6,714 | 10,222 |
| Kangan project | 17/09/2018 | Novo Group and Sumitomo? | Pioneer Resources Ltd | 0.83 | 70% | 336.00 | 2,479 | 3,718 |
| Ruby Plains Gold project | 18/06/2018 | Dampier Gold Ltd | Undisclosed sellers | 0.45 | 100% | 800.00 | 563 | 821 |
| Pincunah and Jimblebar project | 14/07/2020 | Trek Metals Ltd | Australian Commercial Minerals Exporters Pty Ltd | 0.40 | 100% | 265.00 | 1,509 | 1,434 |
| Pascalle and Gnama projects | 03/06/2020 | ScandiVanadium Ltd | Private investor - Thomas Edward Langley | 1.32 | 100% | 118.00 | 11,158 | 11,088 |

**Comparable transactions on an area basis – Nickel**

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Exploration Licence E08/9242 | 4/10/2019 | Todd River Resources Ltd | Cratonix Pty Ltd | 2.56 | 80% | 12.3 | 208,333 | 225,774 |
| Symons Hill project | 17/06/2020 | IGO Ltd | Matsa Resources Ltd | 10.00 | 70% | 70.0 | 142,857 | 210,708 |
| Fraser Range tenements | 4/09/2020 | IGO Ltd | Boadicea Resources Ltd | 55.50 | 100% | 740.0 | 75,000 | 99,340 |
| E59/2257 and E59/2259 | 3/07/2018 | Santa Fe Minerals Ltd | Gunex Pty Ltd | 0.14 | 100% | 418.0 | 335 | 528 |
| Tenement E28/2587 | 17/07/2020 | Carnavale Resources Ltd | Private investor - Simon Buswell-Smith | 0.11 | 80% | 15.0 | 7,500 | 11,860 |
| Tenement E29/1041 | 28/02/2018 | St George Mining Ltd | Single Figures Pty Ltd | 0.06 | 100% | 84.0 | 679 | 969 |
| Kurnalpi project | 26/06/2019 | Carnavale Resources Ltd | Mithril Resources Ltd | 0.34 | 80% | 60.0 | 5,625 | 6,895 |
| Southern Hills tenements | 11/11/2019 | IGO Ltd | Creasy Group Pty Ltd | 30.00 | 70% | 1100.0 | 27,273 | 39,841 |
| E16/489 tenement | 5/12/2019 | Aldoro Resources Ltd | Private investor - Peter Romeo Gianni | 0.15 | 100% | 45.0 | 3,333 | 5,222 |
| EL 47/2481 (Andover project) | 7/09/2018 | Azure Minerals Ltd | Creasy Group Pty Ltd | 5.00 | 60% | 72.5 | 68,966 | 98,494 |
| Four exploration licences | 27/07/2020 | Auroch Minerals Ltd | Jindalee Resources Ltd | 0.86 | 70% | 217.0 | 3,950 | 5,641 |
| E53/1802 and E53/1788 | 3/07/2018 | Rox Resources Ltd | Undisclosed seller | 0.60 | 100% | 57.0 | 10,526 | 15,377 |
| E70/5204 | 1/07/2020 | Todd River Resources Ltd | Avenger Projects Ltd | 0.91 | 100% | 171.1 | 5,301 | 7,570 |
| E28/2797 tenement | 5/11/2021 | Galileo Mining Ltd | Private investor - SE Creasy | 0.17 | 100% | 70.0 | 2,297 | 2,297 |
| Atltilium's projects | 6/09/2019 | Aldoro Resources Ltd | Altilium Metals Ltd | 2.00 | 100% | 756.0 | 2,646 | 2,777 |
| E70/5385 and 3 applications | 1/07/2020 | Todd River Resources Ltd | Undisclosed seller | 1.79 | 100% | 97.6 | 18,374 | 26,241 |
| McKenzie Springs project | 7/04/2020 | Fin Resources Ltd | Cazaly Resources Ltd | 2.63 | 19% | 134.0 | 19,639 | 28,493 |
| Jimperding project | 26/10/2020 | Mandrake Resources Ltd | Andean Energy Resources Pty Ltd | 1.10 | 49% | 140.0 | 7,872 | 10,010 |

| Project | Date | Purchaser | Vendor | Consideration (100% basis) (A$ M) | Equity Acquired (%) | Area (km²) | Area Multiple (A$/km²) | Normalised Area Multiple (A$/km²) |
|---|---|---|---|---|---|---|---|---|
| Bedonia East project | 8/02/2021 | Moneghetti Minerals Ltd | Ardea Resources Ltd | 0.30 | 100% | 300.0 | 1,000 | 1,135 |
| Mt Windarra Project | 22/08/2018 | Acacia Coal Ltd | Private investors - Peter Gianni & Mr. Robert Jewson | 0.04 | 100% | 18.0 | 2,431 | 3,612 |
| Two tenements | 24/02/2017 | Legend Mining Ltd | Musgrave Minerals Ltd | 0.13 | 100% | 238.5 | 545 | 1,068 |
| E58/571 | 4/08/2021 | Aldoro Resources Ltd | Mining Equities Pty Ltd | 0.21 | 100% | 9.0 | 23,611 | 24,493 |

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

A summary of the key terms and conditions of the Performance Rights (**Performance Rights**) to be issued by the Company are set out below:

(a) **Milestones** and **Expiry Dates**

The Performance Rights shall be subject to the following **Milestone** and shall expire on the dates as set out below (together, the **Expiry Date**).

| Class | Milestone | Expiry Date |
|---|---|---|
| Class A | Vesting on the grant of the Application. | 1 year from the date of issue |
| Class B | Vesting on the Purchaser announcing a maiden JORC compliant Inferred Mineral Resource (as defined in the JORC Code 2012 Edition) on the Application Tenement of at least 1,000,000 tonnes of nickel at 1% (including nickel equivalent metals) within and using industry standard lower cut off grades. | 5 years from the date of issue |

(b) **Notification to holder**

The Company shall notify the holder in writing when the Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (n), upon satisfaction of the Milestone, and the issue of the notice referred to in paragraph (b) above, each Performance Right will convert into one Share at the election of the holder.

(d) **Change of Control**

In the circumstance of a Change of Control occurring, the Milestone is deemed to be automatically satisfied and each Performance Right will, at the election of the holder, convert into one Share.

(e) **Lapse of a Performance Rights**

Any Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse.

(f) **Share ranking**

All Shares issued upon the conversion of Performance Rights on satisfaction of the Milestone will upon issue rank pari passu in all respects with other Shares.

(g) **Application to ASX**

Should the Company be admitted to the official list of the ASX at any time prior to the expiry of the Performance Rights, the Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(h) **Timing of issue of Shares on Conversion**

Within 10 Business Days after date that Performance Rights are converted, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (k)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(j) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules (if the Company is at the time admitted to the official list of the ASX) and the Corporations Act at the time of reorganisation.

(l) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(m) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(n) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

(i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and

(ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (q)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(o) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(p) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up of the Company.

(q) **Tax Deferral**

For the avoidance of doubt, Subdivision 83A-C of the Income Tax Assessment Act 1997, which enables tax deferral on performance rights, applies (subject to the conditions in that Act) to the Performance Rights.

(r) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(s) **ASX Imposed Escrow**

The holder acknowledges that the Performance Rights and or Shares issued on the vesting of Performance Rights will be subject to 12 months of ASX imposed escrow.

(t) **Amendment for ASX Compliance**

The board of the Company may, for the purposes of facilitating or seeking admission to the official list of the ASX, amend or add to all or any of the terms or conditions of the Performance Rights that remain on issue at that time such as to

preserve the commercial intent of the Performance Rights but to also ensure that they comply with the requirements of the ASX Listing Rules, and any amendment may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

## SCHEDULE 2 – TERMS AND CONDITIONS OF BROKER OPTIONS

(a) **Entitlement**:

Each Broker Option entitles the holder to subscribe for one Share upon exercise of the Broker Option.

(b) **Exercise Price**

The amount payable upon exercise of each Broker Option will be $0.40 (**Exercise Price**)

(c) **Expiry Date**

Each Broker Option will expire at 5:00 pm (WST) on the date that is four years from the date of issue (**Expiry Date**)

An Broker Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Broker Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

Subject to the relevant Vesting Conditions being achieved, the Broker Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Broker Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Broker Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Broker Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Broker Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)€ of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Broker Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Broker Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Broker Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Broker Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options.

(k) **Change in exercise price**

A Broker Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Broker Option can be exercised.

(l) **Escrow**

The Broker Options will be subject to ASX imposed escrow for a period of 12 months from their date of issue (**Escrow Period**).

(m) **Transferability**

The Broker Options are transferable subject to any restriction or escrow period imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 3 – TERMS AND CONDITIONS OF CONSULTING OPTIONS

(a) **Entitlement**:

Each Consulting Option entitles the holder to subscribe for one Share upon exercise of the Consulting Option.

(b) **Exercise Price**

The amount payable upon exercise of each Consulting Option will be $0.30 (**Exercise Price**)

(c) **Expiry Date**

Each Consulting Option will expire at 5:00 pm (WST) on the date that is three years from the date of issue (**Expiry Date**)

A Consulting Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Consulting Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

Subject to the relevant Vesting Conditions being achieved, the Consulting Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Consulting Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Consulting Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Consulting Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Consulting Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Consulting Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Consulting Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Consulting Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Consulting Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Consulting Options without exercising the Consulting Options.

(k) **Change in exercise price**

A Consulting Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Consulting Option can be exercised.

(l) **Escrow**

The Consulting Options will not be subject to ASX imposed escrow.

(m) **Transferability**

The Consulting Options are transferable subject to any restriction imposed by ASX or under applicable Australian securities laws.

ERRAWARRA Resources

ACN 155 472 834

# Proxy Voting Form

**If you are attending the meeting in person, please bring this with you for Securityholder registration.**

**Holder Number:**

Your proxy voting instruction must be received by **10:00am (WST) Wednesday, 20 April 2022,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

## SUBMIT YOUR PROXY VOTE ONLINE

### Vote online at https://investor.automic.com.au/#/loginsah

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.**

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

## SUBMIT YOUR PROXY VOTE BY PAPER

**Complete the form overleaf in accordance with the instructions set out below.**

**YOUR NAME AND ADDRESS**

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

**STEP 1 – APPOINT A PROXY**

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

**DEFAULT TO THE CHAIR OF THE MEETING**

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

**STEP 2 - VOTES ON ITEMS OF BUSINESS**

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

**APPOINTMENT OF SECOND PROXY**

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

**SIGNING INSTRUCTIONS**

**Individual**: Where the holding is in one name, the Shareholder must sign.
**Joint holding**: Where the holding is in more than one name, all Shareholders should sign.
**Power of attorney**: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.
**Companies**: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.
**Email Address**: Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

**CORPORATE REPRESENTATIVES**

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

## Contact

**Return your completed form**

**BY MAIL**
Automic
GPO Box 5193
Sydney NSW 2001

**IN PERSON**
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

**BY EMAIL**
meetings@automicgroup.com.au

**BY FACSIMILE**
+61 2 8583 3040

**All enquiries to Automic**

**PHONE**
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

## STEP 1: Appoint Your Proxy

### Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Errawarra Resources Ltd, to be held at **10:00am (WST) on Friday, 22 April 2022 at Ground Floor, 197 St Georges Terrace Perth WA** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**
Unless indicated otherwise by ticking the "for"," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**
Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

## STEP 2: Your Voting Direction

| Resolutions | | For | Against | Abstain |
|---|---|---|---|---|
| 1. | Approval of Issue of Securities for the Acquisition of Western Exploration Pty Ltd | ☐ | ☐ | ☐ |
| 2. | Ratification of Placement | ☐ | ☐ | ☐ |
| 3. | Approval to Issue Broker Options | ☐ | ☐ | ☐ |
| 4. | Approval to Issue Consulting Options | ☐ | ☐ | ☐ |

***Please note:*** *If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

If two proxies are being appointed, the proportion of voting rights this proxy represents is ____ %

ERW

## STEP 3: Sign Here + Contact Details

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

| Individual or Securityholder 1 | Securityholder 2 | Securityholder 3 |
|---|---|---|
| Sole Director and Sole Company Secretary | Director | Director / Company Secretary |

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY) ___ / ___ / ___

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**