



ERRAWARRA

Resources

ANNUAL REPORT

ASX Listing (ASX:ERW)

Gold & Nickel in Western Australia

Andover West – Nickel-Copper | Fraser Range – Nickel-Copper-PGE
| Errabiddy – Gold & Nickel-Copper | Binti Binti – Gold

CORPORATE DIRECTORY

ANNUAL REPORT

for the financial year ended 30 June 2022

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman: Mr Jonathan Murray
Directors: Mr Thomas Reddicliffe
Mr Jo Battershill (appointed 1 July 2022)

Company Secretary: Mrs Mindy Ku

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LETTER TO SHAREHOLDERS

Dear Shareholders,

The move by Errawarra Resources Ltd (**Errawarra** or the **Company**) to gain exposure to highly prospective Ni-Cu bearing terrain in the West Pilbara is now completed following the grant of tenement E47/4352 and follows the purchase of 80% interest in Western Exploration Pty Ltd the holder of tenement E47/4352 which was announced 2 May 2022. The acquisition of Andover West is an exciting move for the company and if exploration is successful, it will be potentially transformative for the Company. The Company believes this is the highest priority project within our project portfolio and with good chances of exploration success.

The Andover West Project is located 30km south-east of Karratha and is targeting mafic intrusions hosting nickel-copper mineralisation in proximity to Azure Minerals who recently announced a maiden resource of 4.6Mt @ 1.11%Ni, 0.47% Cu and 0.05% Co¹ on their adjoining tenement. Errawarra has a high priority VTEM/FLEM anomaly on its project tenement only 2.8km from Azure's VC-07 Ni-Cu discovery. We will be progressing exploration activities including ground geophysical surveys and drilling as quickly as possible.

The Company will continue to progress its other WA focussed nickel and gold foundation exploration projects at Fraser Range, Errabiddy and Binti Binti. These being;

- Nickel east of Norseman - Errawarra has 70% interest in two strategic tenements located ~100kms east of Norseman in the Fraser Range. This project comprising 2 adjoining tenements is located 30kms south-west of the operating Nova nickel mine owned by IGO Ltd and is considered by Newexco Exploration the company's technical consultants to have high nickel prospectivity. Although Errawarra has already completed MLEM (Moving Loop Electromagnetic) surveys over three quarters of the project area without success the company is looking at ways of exploring the less accessible portions of the tenements.
- Nickel & Gold north-west of Meekatharra - This project comprises eight exploration licenses located ~200kms north-west of Meekatharra which are considered prospective for nickel and gold. The company has previously completed a 14,384-line km aeromagnetic/radiometric survey over almost the entire tenement area and Newexco are now reviewing the prospectivity of this tenement package. We anticipate undertaking ground-based activities in selected areas this quarter.
- Gold north of Kalgoorlie - The Binti Binti gold project comprises 3 contiguous tenements located ~70kms north-east of Kalgoorlie. To date the company has completed 10,027m of reconnaissance drilling on two of the project tenements. Drilling beneath historic workings reported a best intercept of 5.1g/t over 4m which correlated with a grab sample from the overlying workings of 227.2g/t. The company continues to review the potential of this discovery as the steeply dipping lode remains open along strike and at depth.

The Board has appointed Jonathan (Jo) Battershill who has extensive expertise in minerals exploration, mining and corporate financing as non-executive director to assist with Errawarra's activities following the resignation of non-executive director Greta Purich.

The Company will continue to review exploration opportunities as and when they arise particularly in favourable jurisdictions which could complement its focus on the green technology metals nickel and copper, with a preference for advanced projects with high value potential.

Kind regards,



Thomas Reddcliffe
Executive Director

¹ Refer to Azure Minerals ASX announcement dated 30 March 2022.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Errawarra has continued to focus its exploration efforts on the discovery of Ni-Cu and Au deposits in 3 areas located on and marginal to the Yilgarn shield. More recently however, as part of a move to focus on the battery metals the company after, receiving shareholder approval, acquired an 80% interest in Western Exploration Pty Ltd the owner of the nickel, copper and gold tenement E47/4352 which has been recently granted. The Company's projects are:

➤ **ANDOVER WEST** *(Nickel-Copper)*

Errawarra acquired an 80% interest in the project on 2 May 2022 following shareholder approval at a meeting held 22 April 2022. Errawarra's interest was acquired by way of an 80% interest in Western Exploration Pty Ltd, the owner of the project tenement. The focus has been on finalisation of the Heritage and Access Agreement and the grant of the Andover West project tenement. Despite considerable delays this tenement was granted on 1 September 2022 which will now allow exploration activities to commence subject to the usual regulatory requirements.

➤ **ERRABIDY PROJECT**

Errawarra holds interests in eight tenements which comprise the Errabiddy project in the Gascoyne Region of Western Australia. Errawarra has acquired an 80% interest in tenement E09/2346 with Sammy Resources free carried to the completion of a feasibility study at 20%. The other seven tenements are held 100% by Errawarra.

➤ **BINTI BINTI PROJECT**

Errawarra holds interests in three tenements in the Edjudina Region of Western Australia. Errawarra reached an agreement with Ms Purich to acquire the Earn-in-Right to 80% interest of tenement E27/603 through incurring \$500,000 within 3 years. Ms Purich is free-carried to the completion of a feasibility study at 20%, and if she elects not to fund on a pro-rata basis, her interest converts to a 1.5% NSR.

In addition, Errawarra also acquired 80% interest in adjoining granted tenement E27/577 from P. Gianni by way of payment of \$50,000 and the issue of 250,000 ordinary shares. Errawarra has also acquired tenement E31/1298 which Errawarra holds 100%.

➤ **FRASER RANGE PROJECT**

Errawarra holds interests in two tenements in the Fraser Range Region of Western Australia. Errawarra has an agreement with Sorrento Resources Pty Ltd (Sorrento) and has a 70% interest in tenements E63/1771 and E63/1941 in consideration for reimbursement of direct exploration costs and the issue of 3.5 million fully paid ordinary shares. Sorrento is free-carried to completion of a feasibility study at 30%. If Sorrento elects not to fund on a pro-rata basis, their interest converts to 1.5% NSR.



Figure 1. Location of Errawarra Projects

DIRECTORS' REPORT

SUMMARY OF ACTIVITIES AND HIGHLIGHTS

The Company is continuing with its exploration plan for its foundation projects but with modifications reflecting new exploration results. In addition, the Company has pursued the acquisition of a highly prospective nickel project located in the West Pilbara in proximity to Azure Minerals nickel-copper discoveries.

Acquisition

- The Andover West project was acquired 2 May 2022 following shareholder approval at a meeting held 22 April 2022.
- Heritage Agreement signed 1 August 2022.
- Deed for Grant of Mining Lease lodged 1 August 2022.
- Objection removed by warden 24 August 2022.
- Recommendation for grant by Warden 1 September 2022.
- Grant of tenement by DMIRS on 1 September 2022.
- A heritage clearance survey is scheduled to be completed in September.

Drilling

- 10,027m AC drilling for 261 holes completed at Binti Binti/Gindalbie gold project.
- A steeply inclined high grade (4m@5.09g/t) vein was identified beneath a prospecting pit (grab sample reports 227g/t).
- This discovery remains open along strike and at depth.

Ground Geophysics

- An area of 76km² has been subject to MLEM surveying on the Fraser Range Project tenements (total tenement area is 105km²). This represents 70% of the prospective tenement area.
- Several weak anomalies have been highlighted, and these will be further investigated.
- The remaining unsurveyed portion of the tenements is not amenable to the MLEM survey technique, and alternative exploration techniques including FLEM are being considered.

Airborne Geophysics

- An aeromagnetic/radiometric survey was completed over five of the eight Errabiddy Project tenements.
- The processed data from the 14,384-line km survey was received and interpreted.
- The majority of the tenement area is over the Errabiddy shear which is prospective for mafic intrusion hosted nickel and shear hosted gold.
- Newexco is undertaking a review of the prospectivity of this large tenement package with a view to identifying areas and providing recommendations for focussed ground-based exploration activities.

FORWARD EXPLORATION CONCEPTS AND PLANS

Andover West Nickel Project

- Following the recent grant of the project tenement E47/4352, Errawarra will quickly move to investigation and drill testing of its high priority nickel target. This is one of 9 targets identified within the tenement. A heritage clearance survey is planned for September to enable the undertaking of ground disturbing activities including drilling.

Errabiddy Project

- Subject to a review of the prospectivity of the Errabiddy tenement package it is anticipated that focused ground exploration activities will be undertaken.
- Initial exploration will target nickel.

Binti Binti Project

- The discovery of the high-grade vein has been a significant milestone in developing the exploration strategy for Binti Binti.
- A review of the mineralisation style and resource style potential of the discovery is being undertaken.

Fraser Range Project

- The Fraser Range Zone and particularly within the main gravity ridge is proven exploration terrain for nickel-copper sulphide deposits.
- With two thirds of the project tenements surveyed, the exploration effort in this area will continue as the tenements remain highly prospective.
- The challenge is in overcoming terrain/access issues that significantly limit the use of the MLEM survey technique. Fixed Loop EM is being considered to counter operational difficulties.

Project Generation

- The Company will continue to seek out/examine further exploration opportunities in favourable jurisdictions which could complement its existing focus on gold and the green technology metals nickel and copper, with a preference for advanced projects with high value potential.

ANDOVER WEST PROJECT

(a) Introduction

The Andover West Project is located 30km south-east of Karratha and is targeting mafic intrusions hosting nickel-copper mineralisation. Azure Minerals has recently announced a maiden resource of 4.6Mt @ 1.11%Ni, 0.47% Cu and 0.05% Co (ASX Announcement Azure 30 March 2022) on their adjoining tenement. There is a high priority VTEM/FLEM anomaly within the project tenement only 2.8km from Azure's VC-07 Ni-Cu discovery. There are also an additional 9 conductor targets identified and recommended for testing. Following the recent grant of the tenement, a heritage clearance survey has been scheduled for September.

(b) Background

Errawarra received approval from shareholders to complete the Andover West transaction with Western Exploration Pty Ltd at a General Meeting held 22 April 2022 (refer ASX announcement 22 April). For details of the terms of the acquisition refer to ASX announcements 23 November 2021 and 23 February 2022. The company announced finalisation of the acquisition of the Andover West project on 2 May 2022. This was achieved by acquiring 80% interest in private company Western Exploration Pty Ltd the holder of tenement application E47/4352 which comprises the project.

The execution of a Heritage and Access Agreement was completed with the Ngarluma Aboriginal Corporation on 1 August and the Deed to Grant a Mining Lease was submitted to DMIRS the same day. A final objection to the grant of the tenement was removed by the warden on 24 August and the warden's recommendation to grant the tenement was completed on 1 September and with the tenement granted the same day. A heritage clearance survey has been scheduled for 23 September 2022.

(c) Exploration

The tenement adjoins the Azure Minerals tenement where significant nickel-copper mineralisation has been discovered, including the VC-07 discovery which is currently undergoing resource drill out. At Andover West a priority VTEM/FLEM conductor anomaly has been identified within the Andover mafic intrusion only 2.8km SW of the VC-07 discovery. The West Andover priority target is associated with two nearby and possibly associated similar targets. Drill testing of this nickel target is a priority and will be undertaken following heritage clearance and grant of the tenement.

In addition, there are a further 9 untested EM anomalies of varying priority. Several gold occurrences in proximity to Sholl Shear also warrant followed-up.

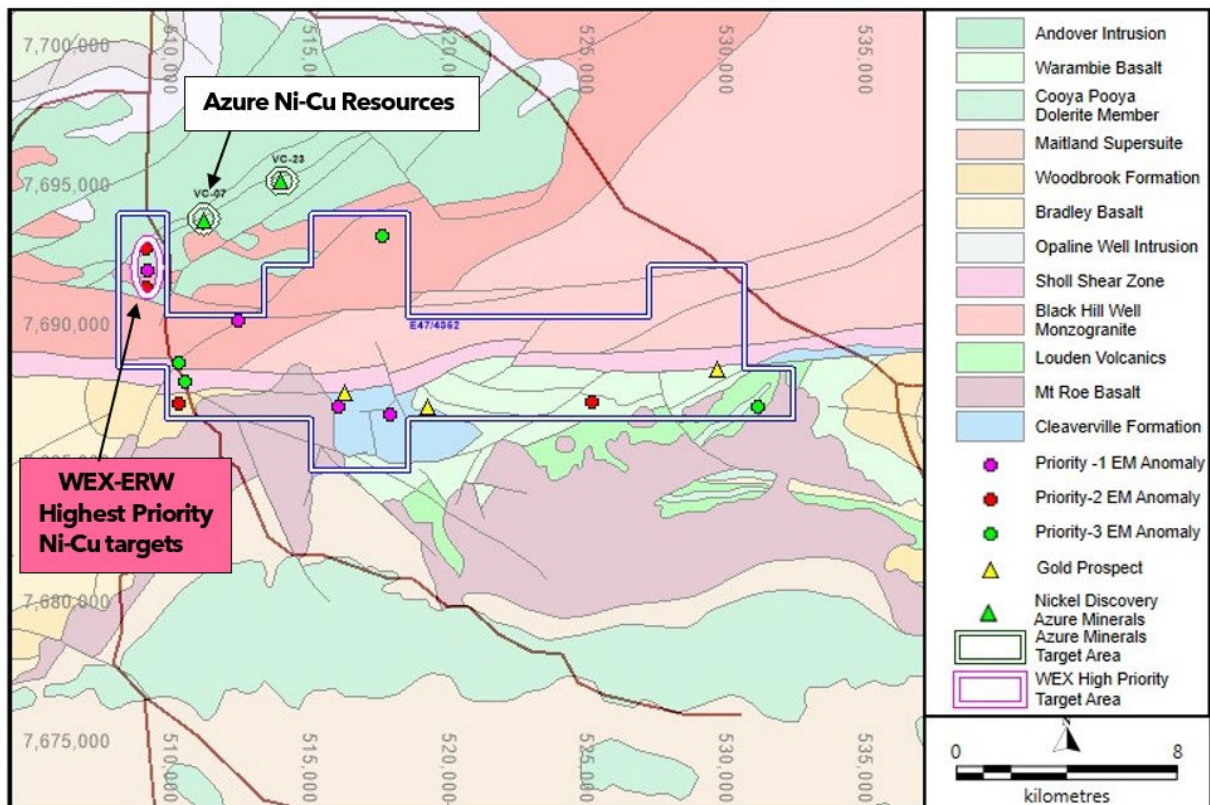


Figure 2. Location of the Tenement and Priority EM anomalies relative to Azure's VC-07 nickel sulphide discovery.

ERRABIDY PROJECT

(a) Introduction

The Errabiddy Project is located in the Gascoyne Region of Western Australia approximately 190km northwest of Meekatharra and 360km east of Carnarvon and within the Shires of Upper Gascoyne and Murchison. The project comprises eight tenements namely, E52/3838, E09/2410, E09/2346, E09/2440 and the four contiguous tenements namely E09/2457, E09/2459, E09/2652 and E09/2602.

(b) Background

The north-western margin of the Yilgam Craton (Narryer Terrane) hosts several known mafic-ultramafic intrusive bodies that were emplaced into the deforming northwest Yilgam Craton margin and appear to consist of an earlier set of layered mafic complexes and later discrete ultramafic plugs. Both intrusion types have Ni- Cu-Co-PGE potential with similarities to the Jinchuan deposit in China, the Voisey's Bay deposit in Canada and the Nova-Bollinger, Julimar, Milly Milly and Byro prospects in Western Australia. Because of this geological setting the area has not only been targeted by Errawarra but also by numerous other resource companies.

(c) Geological Setting

The Errabiddy Project is located within the Gascoyne Province, which forms part of the Proterozoic Capricorn Orogen, a collisional belt between the Archaean Pilbara and Yilgam Cratons in Western Australia. The moderately north dipping, imbricate Errabiddy Shear Zone is more than 200km long and up to 20km wide and marks the suture between the Pilbara Craton-Glenburgh Terrane with the Yilgam Craton during the 2000-1960Ma Glenburgh Orogeny. Whilst the Errabiddy Shear Zone is the principal suture zone between the Glenburgh Terrane and the Yilgam Craton, the Cardilya Fault is the main crustal structure that separates the two.

Tenements E52/3838, E09/2410, and E09/2457 are located within the regionally significant Errabiddy Shear Zone where rock units are dominated by the syn-arc siliciclastic metasediments (pelites, calc-silicate rocks, quartzites, banded iron formations (BIFs) and amphibolites) of the Camel Hills Metamorphic Suite. Tenements E09/2346 and E09/2440 are located immediately south of the Errabiddy Shear Zone within the Archaean Narryer Terrane where bedrock is comprised of Archaean quartz-biotite granitic gneiss, locally pegmatitic feldspar-rich granite and strike-extensive BIF intruded by gabbro, gabbro-norite, dolerite and unresolvable ultramafic rocks of differing Proterozoic age. Tenements E09/2459, E09/2652 and E09/2602 are located on the northern margins of the Errabiddy Shear Zone and is comprised predominately of Nardoo Granites belonging to the Dalgaringa Supersuite, Palaeoproterozoic Quartzpot Pelite and extensive Cainozoic and Quaternary colluvial and sheetwash cover sequences.

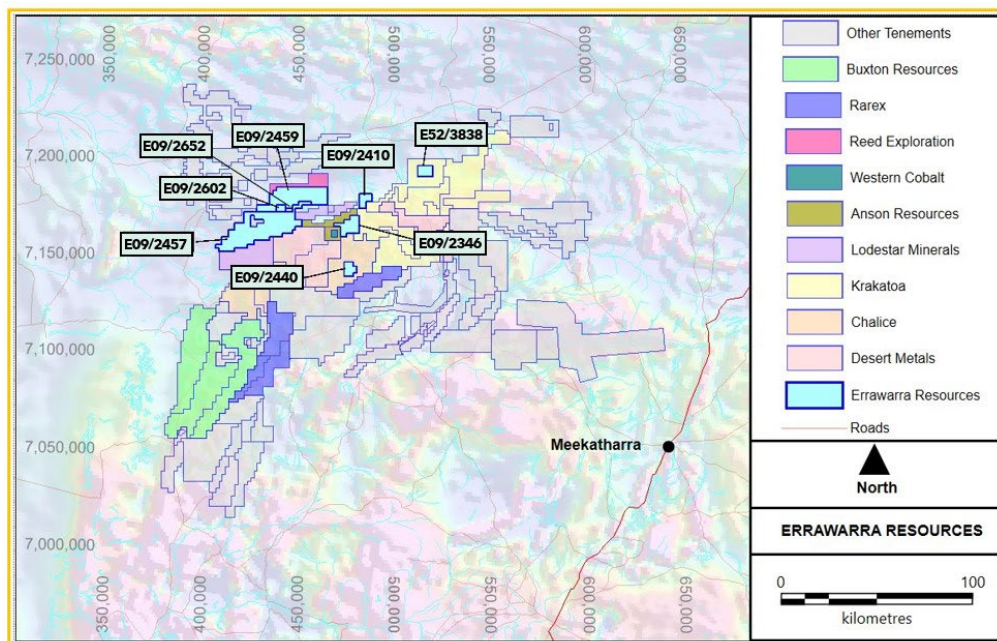


Figure 3. Errabiddy Project, regional landholder map.

(d) Exploration

The Errabiddy project is at an early stage and is considered highly prospective due to its location and the encouraging results achieved by both previous and current explorers. A detailed airborne magnetic (gradiometer) and radiometric survey (14,384-line kilometres) was completed in the period 18th May 2021 - 17th June 2021. This survey covered the tenement package with the exception of tenement E52/3838. Flight lines were 100m apart and sensor height was 30m. The final report and data were received from Magspec Airborne Surveys on 8th July 2021. Errawarra's technical consultants Newexco are currently assessing the prospectivity of the tenement package with a view to providing recommendations for focused exploration activities.

BINTI BINTI PROJECT

(a) Introduction

The Binti Binti Project is located approximately 75km north-northeast of Kalgoorlie, Western Australia and covers an area of approximately 116km² within the Kanowna Mineral Field.

The project is located within the Shire of Menzies and City of Kalgoorlie-Boulder and comprises the three granted tenements E27/603, E27/577 and E31/1298.

(b) Background

The Binti Binti Project is considered prospective for both orogenic gold and komatiitic nickel-cobalt mineralisation. The gold prospectivity is considered high given the proximity to 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. Rock-chip sampling and geological observations from the workings confirm gold mineralisation in narrow quartz stringers and stockworks. Reported historic production is shown in the table below.

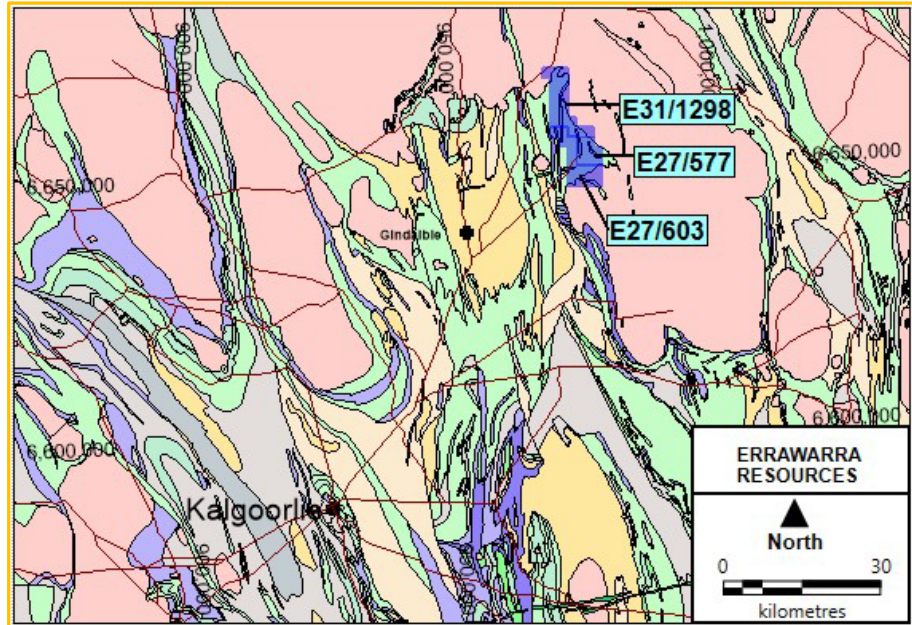


Figure 4. Project Tenements over Regional Geology.

Table 1. Summary of Historic Gold Production

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		1871	200.2	42	1901-1981

The Binti Binti Project is also considered prospective for nickel-cobalt-scandium laterite mineralisation which potentially developed during the weathering and near surface enrichment of Archaean-aged olivine-cumulate ultramafic units (komatiites). The Kalpini Ni-Co-Sc deposit is located approximately 9km south of the Binti Binti Project where nickel, cobalt and scandium mineralisation has been identified over an approximate strike length of 30km and in 2010, Heron produced a JORC-Inferred Mineral Resource Estimate (MRE) of 75Mt @ 0.73% Ni and 0.04% Co for the deposit.

Whilst there has been limited exploration for nickel within the project area and with limited success, the mafic-ultramafic-volcano-sedimentary package that hosts the nearby Kalpini nickel-cobalt-scandium mineralisation has also been mapped by GSWA within the Binti Binti Project area and as such is considered prospective for lateritic nickel-cobalt-scandium mineralisation.

BINTI BINTI PROJECT (cont'd)

(c) Geological Setting

The Binti Binti Project is located within the Kurnalpi Terrane of the Eastern Goldfields Superterrane of the Yilgarn Craton in Western Australia. The Kurnalpi Terrane, which is found immediately to the east of the Kalgoorlie Terrane, across the east dipping Ockerburry Fault, is composed of 7 fault bounded internal domains (Gindalbie, Menangina, Bulong, Edjudina, Linden, Murrin and Laverton). This terrane is interpreted to be part of the same rift complex as the Kalgoorlie Terrane but contains a differing suite of supracrustal rocks. It varies from 50 to 150km in width and is sporadically exposed over a north-northwest-south-southeast trending strike length of ~650km.

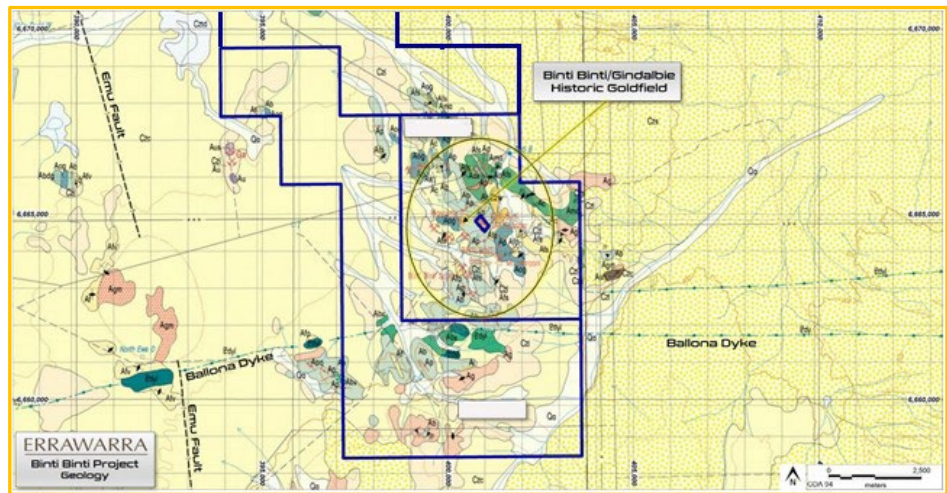


Figure 5. Project Tenements over 100,000k (Gindalbie-3237) surface geology map (GSWA).

The Binti Binti project tenements are dominated by a north to 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 tenement, 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 current drainage generally coincide with current drainage.

(d) Exploration

The Binti Binti gold project is located 70km north-east of Kalgoorlie. Binti Binti is considered prospective for orogenic (lode) gold mineralisation given the historic Binti Binti Goldfield and associated workings within the project tenure.

Tenement E27/603 was the focus of the 1st round of aircore drilling and targeted a structural corridor with associated anomalous gold-in soil geochemistry which was considered potentially favourable to mineralisation. Errawarra drilled 99 aircore holes for a total of 5,267 metres in late 2020 testing this low-level gold-in soil anomaly. Interpretation of Errawarra's drilling results indicated the anomaly was potentially transported from the adjacent Binti Binti gold workings (2km east), and not sourced from mineralisation associated with the underlying bedrock.

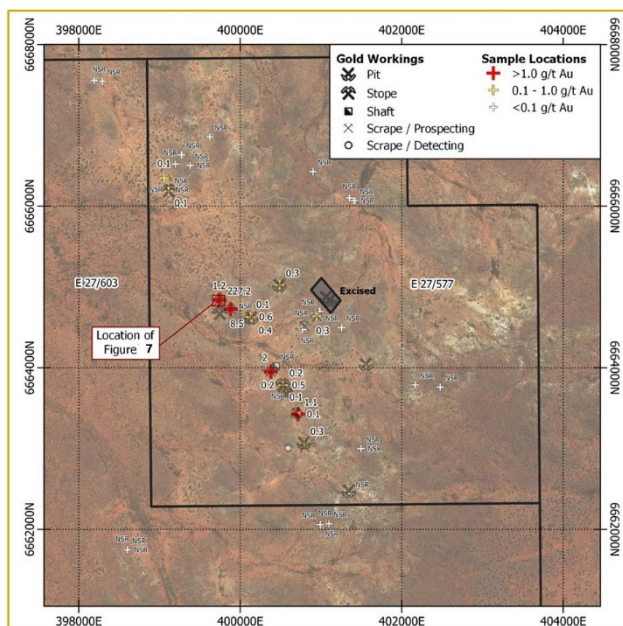


Figure 6. Location and assay results of rock chip and grab samples taken during reconnaissance field work during March 2021 (NSR = no significant result).

Errawarra undertook a 2nd round of aircore drilling focused on the adjacent Gindalbie tenement (E27/577). Errawarra acquired an 80% interest in the Gindalbie tenement in December 2020 and settled the acquisition in January 2021. Gold-bearing structures identified throughout the southern and western parts of the tenement hosting historic gold workings were mostly untested by drilling. The aircore program consisted of 162 holes for a total of 4,760 m and was planned to broadly test the area, with numerous target areas selected for reconnaissance / first pass drill testing.

Prior to the planning of the aircore program, field reconnaissance and geochemical sampling were carried out during March 2021. A total 55 samples were taken, consisting of rock chips and grab samples (of previously disturbed materials). The purpose of the sampling was to assist in the identification of rock types and to determine which rocks hosted gold mineralisation. Of the 55 samples, 15 returned gold assays in excess of 0.1 g/t Au which were all were taken from locations of previous mining and/or prospector activity; there were also numerous samples taken from such locations that returned <0.1 g/t Au. The peak sample assayed 227.2 g/t Au, with a second adjacent sample returning 1.2 g/t Au which highlights the nuggety nature of the gold in this area.

BINTI BINTI PROJECT (cont'd)

High Grade Results

Gold grades of more than 5 g/t Au reported in two holes (see Figure 7). These holes were drilled in an area interpreted to be highly prospective due to their 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). The drill intersections were:

- EBBAC219: 8 m @ 2.76 g/t Au from 26m, including 4 m @ 5.09 g/t Au.
- EBBAC218: 1 m @ 6.61 g/t Au from 15m.

EBBAC219 returned a peak assay of 8.4 g/t Au over one metre from 29 m. EBBAC218 also returned 1m @ 0.13 g/t Au from 12 m down hole.

The high-grade results were encountered in what appear to be 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 to date highlight a zone of gold mineralisation which is open at depth and along strike.

A further drill hole, EBBAC220, drilled along strike to the east from EBBAC219, intersected a number of intervals of low-grade mineralisation including 1 m @ 0.39 g/t Au from 15 m down hole.

Interpretation of the structures 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 in the context of local structural controls and other drill results.

Results from the Aircore Drilling Program

Of the 162 drill holes, two contained high-grade intersections of >5.0 g/t Au, a further 13 contained intersections of at least 0.1 g/t Au, and a further 36 drill holes contained anomalous results of >20 ppb Au. Details for the holes with significant results are tabulated in Table 2.

Table 2. Significant gold intercepts (0.1 g/t Au cut-off)

Hole ID	Easting	Northing	Total Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Interval (m)	Au (g/t)
EBBAC219	399740	6664819	40	-60	015	26	34	8	2.76
incl.						26	30	4	5.09
EBBAC218	399743	6664833	28	-60	015	12	13	1	0.13
and						15	16	1	6.61
EBBAC122	400720	6663364	16	-60	070	3	7	4	0.92
EBBAC174	399121	6666183	32	-60	350	14	15	1	0.89
EBBAC220	399761	6664822	28	-60	015	0	1	1	0.28
and						15	16	1	0.39
and						24	25	1	0.18
EBBAC260	399700	6664660	61	-60	045	0	2	2	0.23
EBBAC249	401459	6664147	44	-60	045	43	44 (EOH)	1	0.19
EBBAC178	399146	6666171	40	-60	350	25	27	2	0.17
EBBAC243	401244	6664137	59	-60	090	55	57	2	0.17
EBBAC151	401453	6662968	44	-60	045	32	40	8	0.13
EBBAC240	400500	6665019	25	-60	298	24	25 (EOH)	1	0.13
EBBAC141	400776	6662981	23	-60	070	1	4	3	0.12
EBBAC169	398982	6665368	60	-60	045	46	50	4	0.11
EBBAC247	401492	6664187	38	-60	045	37	38 (EOH)	1	0.11
EBBAC103	400448	6663902	10	-60	070	8	9	1	0.10

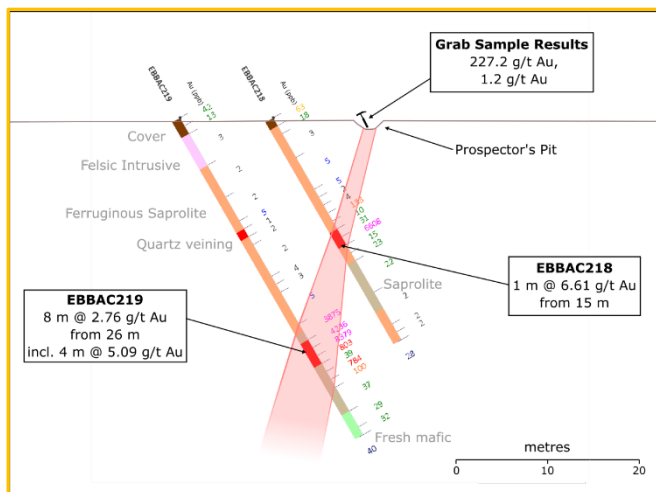


Figure 7. Section facing west showing holes EBBAC218 and 219, which targeted the vein beneath an historic prospector's pit.

FRASER RANGE PROJECT

(a) Introduction

The Fraser Range Project is located approximately 130km east of Norseman, Western Australia and covers an area of approximately 105km² within the Dundas and Warburton Mineral Fields. The project is located within the Shire of Dundas and comprises the two tenements E63/1941 and E63/1771.

(b) Background

The Fraser Range Project is located within the Proterozoic Fraser Zone of the Albany-Fraser Orogen which is located along the southern and south-eastern margin of the Archaean Yilgarn Craton. The Fraser Range Project is considered prospective for Nova-style Ni-Cu-Co magmatic sulphide mineralisation. The project hosts Unit 5 of the Fraser Range Metamorphic Suite that hosts the Nova-Bollinger mineralisation and is similarly located on the peak of the regional gravity anomaly. The project is located 33km south of the Nova-Bollinger deposit and 33km northeast of the Talbot/Gnamma South nickel occurrences.

The identification of olivine-bearing, mantle-derived intrusives with two separate indicators of possible sulphur saturation (SO₃ and Th/Nb) within tenement E63/1941 by Witt, W.K in 2015 are considered the highest priority targets within the Fraser Range Project. These mapped intrusions have associated weak soil geochemical anomalies and coincident magnetic and gravity anomalies.

The prominent aeromagnetic anomaly located within tenement E63/1771 (Anomaly A) is considered prospective for orthomagmatic Ti-V mineralisation and historic results (38% TiO₂ and 0.25% V₂O₅ from rock chip sampling) generated by Growth Resources provide further encourage for this type of mineralisation.

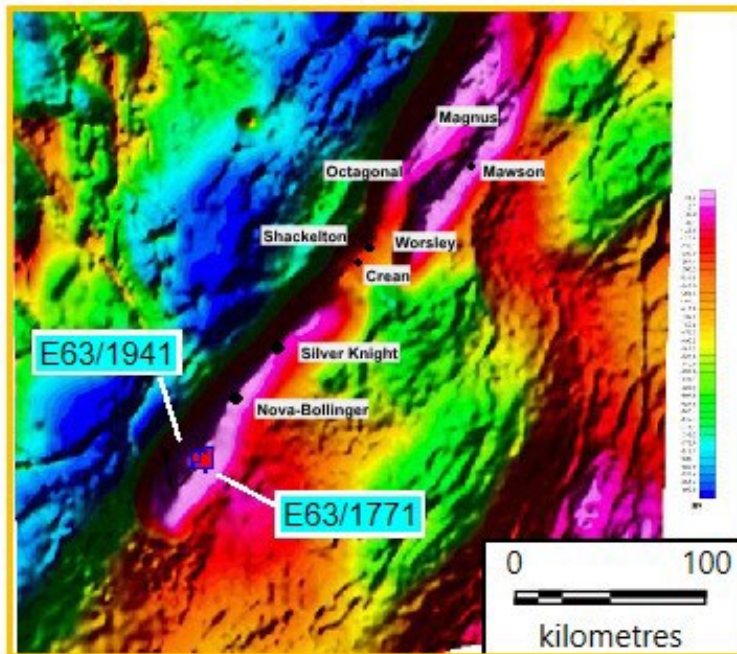


Figure 8. Location of Project Tenements over TMI Image.

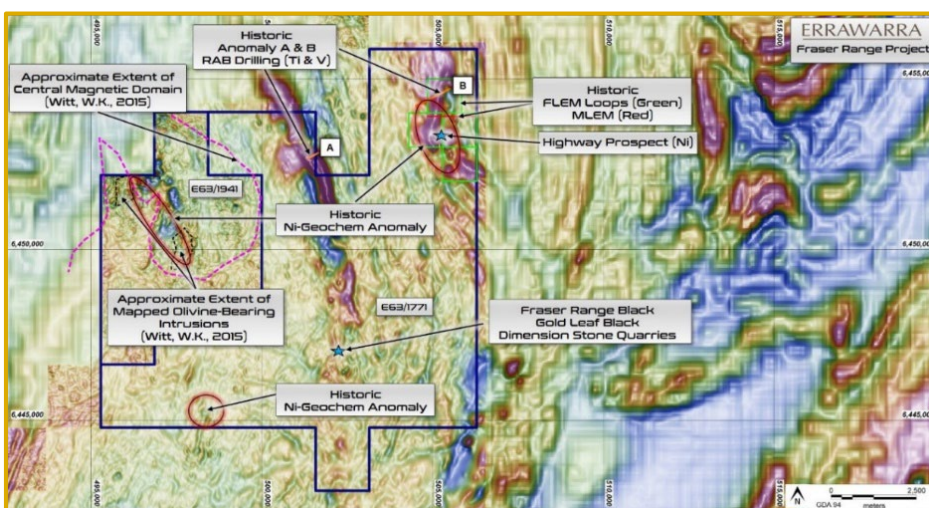


Figure 9. Prospectivity map.

the project area; the Highway Prospect located in the northeast of tenement E63/1771, a north-northwest trending anomaly centrally located within tenement E63/1941 and a discrete anomaly located due south of tenement E63/1941 on the southern edge of tenement E63/1771, none of which have been drill tested and the latter two have not received MLEM geophysical surveys.

Whilst the Fraser Range project area has seen tenement-wide airborne EM (and magnetic) coverage and surface geochemical sampling, both techniques are considered to have had little effectiveness for testing nickel-sulphide mineralisation given the wide-spread palaeo-drainage network and associated transported cover (up to 50m in places) over the project area potentially obscuring any bedrock signatures. Historical surface

geochemistry sampling has identified three areas of Ni-Cu-anomalism within

FRASER RANGE PROJECT (cont'd)

(c) Geological Setting

The Fraser Range Project is located within the Fraser Zone of the Kepa Kurl Booya Province, the zone of which is a distinct, northeasterly-trending unit that is 425km long by 50km wide, defined by a strong, distinct geophysical signature in both aeromagnetic and gravity data, the latter reflecting the high density attributed to the dominance of mafic-ultramafic lithologies.

The Fraser Range Project is located entirely within Unit 5 of the Fraser Range Metamorphic Suite which comprises metagabbro or olivine gabbro, much of which is gradational from strongly foliated pyroxene granulites into undeformed two-pyroxene gabbros with well-preserved igneous textures. Outcrop exposures within the project area are relatively limited with much of the project area 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 60m deep.

The dominant feature in the airborne magnetics over the project area, is a north-northwest trending magnetic high that passes approximately through the middle of tenement E63/1771. The feature broadly matches the mapped extent of the Fraser Zone rocks as mapped in the 1:250,000 geological map sheets and drilling by Growth Resources confirmed a large mafic intrusive body that locally hosts Ti-V-rich titanomagnetite from within mafic granulite/metagabbro lithologies. Whilst the Ti-V-oxide mineralisation within tenement E63/1771 is not considered prospective for Ni-Cu sulphides, it does suggest the presence of a differentiated mafic intrusion, which is also the target for Ni-Cu sulphide mineralisation.

(d) Exploration

The Fraser Range Project is located within the Fraser Zone of the Kepa Kurl Booya Province, the zone of which is a distinct, northeasterly-trending unit that is 425km long by 50km wide, defined by a strong, distinct geophysical signature in both aeromagnetic and gravity data, the latter reflecting the high density attributed to the dominance of mafic-ultramafic lithologies.

The Fraser Range Project is an early-stage exploration project with priority areas identified for testing based on gravity anomalies, magnetic anomalies, geochemical anomalies, and favourable geological units for hosting sulphide mineralisation. Surface EM surveying has been completed over four priority areas within the project and is aimed at identifying bedrock conductors that may be related to nickel-copper-cobalt sulphide mineralisation.

The ground EM surveys to date comprised the use of the Moving Loop Electromagnetic (MLEM-Slingram) survey technique. The MLEM surveys were carried out using a base frequency of 1 Hz with the SMART Fluxgate B-field sensor. The transmitter loop size was 200x200m operating at 70 amps into the loop. The line spacing was 400m and station spacing was 100m. The TX centre to RX centre was 300m for the Slingram survey. 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 (several hundred metres strike length).

No strong anomalous responses considered consistent with a massive sulphide (Nova-style) source have been observed in the initial MLEM surveys, although several weak anomalous responses have been observed at early to mid-delay times. These weak anomalous responses are interpreted to be associated with weak AEM (HeliTEM) anomalies and the preliminary interpretation suggests that these weak anomalous responses could be caused by regolith variation and/or the conductive drainage system.

A detailed review of all of the acquired data is being undertaken. The follow-up investigation of the weak anomalous responses will be undertaken if warranted, including drill testing when appropriate. In addition FLEM surveys are being considered for those areas where MLEM could not be completed due to the nature of the terrain.

PROJECT GENERATION

The Company will continue to seek out/examine further exploration opportunities in favourable jurisdictions which could complement its existing focus on gold and the green technology metals nickel and copper.

COMPETENT PERSONS

The information in this document that relates to exploration results at the Fraser Range and Binti Binti is based on information compiled by Adrian Black, a Competent Person who is a Member of the AIG (1364). Adrian Black is a consultant to Errawarra Resources Ltd and its subsidiary companies. Adrian Black 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).

DIRECTORS' REPORT

CORPORATE

Corporate and governance activities completed for the year are set out below.

Quarter 1	Audited Annual Report 2021 - for year ending 30 June 2022
Quarter 2	Announce acquisition of Andover West - acquire 80% of Western Exploration Pty Ltd , registered holder of E47/4352 AGM - all resolutions were passed by poll Placement - raised \$1,232,000 at \$0.22 each Release of Escrow - 300,000 unlisted options
Quarter 3	Half year financial report - for period ending 31 Dec 2021
Quarter 4	General Meeting - all resolutions were passed by poll Completion of Andover West acquisition - conditions precedent were met Announce appointment of new director - Jo Battershill to commence on 1 July 2022

BOARD OF DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:



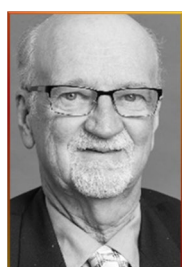
Mr Jonathan Murray, Non-Executive Chairman

Appointed 2 February 2012, resigned 2 November 2020, re-appointed 22 June 2021

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. He has over 20 years experience advising on numerous initial public offers and secondary market capital raisings, public and private M&A transactions, corporate governance and strategy. Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia).

During the past 3 years Mr Murray has also served as a director of the following other listed companies:

- Non-Executive Chairman, Hannans Ltd (appointed 22 January 2010)
- Vietnam Industrial Investments Limited (appointed 19 January 2016, resigned 15 May 2020)
- Peak Resources Limited (appointed 22 February 2011, resigned 8 March 2021)



Mr Thomas Reddicliffe, Executive Director

Appointed Executive Director 1 April 2021, previously appointed Non-Executive Director on 2 November 2020

Mr Reddicliffe was previously employed by Ashton Mining Ltd as Australian Exploration Manager, Striker Resources Ltd as Technical Director, North Australian Diamonds Ltd as CEO and TopEnd Uranium Ltd as CEO. Mr Reddicliffe is currently the Executive Director of Sorrento Resources Pty Ltd. Sorrento Resources Pty Ltd is the Company's largest shareholder and co-owner of both the Fraser Range Nickel-Copper Project and Andover West Project. Mr Reddicliffe has more than 40 years of experience in Australian focused exploration, evaluation, trial mining, feasibility studies and company management.

Mr Reddicliffe holds a Bachelor of Science (Honours) Geology from the University of Queensland and a Master of Science in Ore Deposit Geology from the University of Western Australia. He is also a Fellow of the Australian Institute of Mining and Metallurgy.

During the past 3 years Mr Reddicliffe has also served as a director of the following listed companies:

- Non-Executive Director, Gibbs River Diamond Ltd (appointed 24 March 2020); and
- Executive Director, GreenTech Metals Ltd (appointed 24 March 2021)



Mr Jonathan (Jo) Battershill, Non-Executive Director

Appointed 1 July 2022

Mr Battershill has over 25 years in global mining, business development and finance-based roles across Australia, the UK, North America and the Caribbean. Mr Battershill industry experience includes senior operational and business development roles with WMC Resources as well as significant stockbroking and banking experience at Hartleys, Citigroup, UBS and Canaccord in Perth, Sydney, and London. Between UBS and Canaccord, Jo ran a private consulting business where he worked with both public and private corporates in the natural resources sector on strategy, M&A and capital raisings with transactions totalling over circa US\$300 million.

Mr Battershill holds a Bachelor of Engineering (Geology) (Hons) from Camborne School of Mines, United Kingdom.

During the past 3 years Mr Battershill has also served as a director of the following other listed companies:

- Non-Executive Director, Silver Mines Limited (appointed 16 June 2017)
- Chief Executive, Anglesey Mining plc (AIM listed) (appointed 1 August 2021);
- Non-Executive Director, Alien Metals Limited (AIM listed) (appointed 22 October 2021); and
- Black Dragon Gold Corporation (appointed 1 July 2017, resigned 18 March 2022).



Ms Greta Purich, Non-Executive Director

Appointed 2 November 2020, resigned 31 July 2022

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 Post Graduate Diploma in Mining Engineering from Curtin University, Bachelor of Science in Geology from the University of Western Australia, Bachelor of Commerce (majoring in Corporate Finance and Investment Finance) from the University of Western Australia. She is also a member of Australian Institute of Geoscientists.

During the past 3 years Ms Purich did not serve as a director on other listed companies.

DIRECTORS' REPORT

COMPANY SECRETARY

Mrs Mindy Ku

Appointed 10 January 2013

Mrs Ku has over 15 years' international experience in financial analysis, financial reporting, management accounting, compliance reporting, board reporting, company secretarial services and office management across multiple jurisdictions (Australia, Malaysia, UK, Sweden and Norway) including ASX listed public and private companies.

She holds a Bachelor of Science in Computing from the University of Greenwich, United Kingdom, is a Member of Certified Practising Accountant Australia and a Fellow Member of the Governance Institute of Australia.

Directors' Relevant Interest in Shares and Options

At the date of this report, the following table sets out the current directors' relevant interests in shares and options of Errawarra Resources Ltd and the changes since 30 June 2022.

Director	Ordinary Shares		Options over Ordinary Shares		Performance Rights over Ordinary Shares	
	Current Holding	Net Increase/(decrease)	Current Holding	Net Increase/(decrease)	Current Holding	Net Increase/(decrease)
J Murray	1,138,939	-	819,470	-	-	-
T Reddicliffe	11,173,234	7,500,000	5,886,617	-	2,500,000	(7,500,000)
J Battershill ⁽ⁱ⁾	100,000	-	1,775,000	-	-	-
G Purich ⁽ⁱⁱ⁾	25,000	-	312,500	-	-	-

Note:

(i) Mr Battershill was appointed as a Non-Executive Director on 1 July 2022.

(ii) Ms Purich resigned as a Non-Executive Director on 31 July 2022. The table shows the balance on her resignation date.

Directors Meetings

The following table sets out information in relation to Board meetings held during the financial year.

Board Member	Board Meetings held while Director	Attended	Circular Resolutions Passed	Total
J Murray	5	5	5	10
T Reddicliffe	5	5	3	8
G Purich ⁽ⁱ⁾	5	5	5	10

Note:

(i) Ms Purich resigned as a Director on 31 July 2022.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out under the following main headings:

- | | |
|---|-------------------------------|
| A. Principles used to determine the nature and amount of remuneration | D. Share-based compensation |
| B. Details of remuneration | E. Directors' equity holdings |
| C. Service agreements | F. Additional information |

A. Principles used to determine the nature and amount of remuneration

The whole Board forms the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The Board reviews executive packages annually and determines policy recommendations by reference to executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.
- The executives receive a superannuation guarantee contribution required by the government where applicable, which is currently 10.5% (10% until 30 June 2022) of base salary and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology where relevant.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advice was sought during the year. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. The Company intends to seek shareholder approval at the Annual General Meeting for the maximum aggregate amount that may be paid to Non-Executive Directors as remuneration for each financial year which may be divided among the Non-Executive Directors in the manner determined by the Board and Company from time to time. Fees for Non-Executive Directors are not linked to the performance of the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and directors and executive performance. The Company facilitates this through the issue of options from time to time to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance based remuneration component built into director and executive remuneration packages.

The Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of directors' remuneration. Refer below for a summary of the Group's earnings and the Company's market performance for the past 3 years.

Summary of 3 Years earnings and market performance as at 30 June

	2022	2021	2020
Profit/(Loss) (\$)	(3,358,514)	(3,258,566)	(42,865)
No of shares on issue	45,493,238	39,893,234	2,187,643
Share price (\$)	0.195	0.225	-
Market capitalisation (Undiluted) (\$)	8,871,181	8,975,978	-

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

B. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Errawarra Resources Ltd are set out in the following table.

The key management personnel of Errawarra Resources Ltd are the directors as listed on page 14.

The table below shows the 2022 and 2021 figures for remuneration received by the Company's directors.

	Short Term			Post-employment		Equity			Value options as proportion of remuneration
	Salary & fees	Other benefits ⁽ⁱ⁾	D&O insurance ⁽ⁱⁱ⁾	Super-annuation	Prescribed benefits	Shares	Options ⁽ⁱⁱⁱ⁾	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	%
2022									
Directors									
J Murray	24,000	-	9,929	-	-	-	-	33,929	0%
T Reddcliffe ^(iv)	60,000	-	9,929	-	-	-	-	69,929	0%
G Purich ^(v)	21,818	-	9,929	2,182	-	-	-	33,929	0%
Total	105,818	-	29,787	2,182	-	-	-	137,787	0%
2021									
Directors									
J Murray	667	-	3,753	-	-	-	37,054	41,474	89%
T Reddcliffe ^(iv)	20,415	-	2,478	1,939	-	-	37,054	61,886	60%
G Purich	12,196	-	2,478	1,159	-	-	37,054	52,887	70%
M Bachmann ^(vi)	24,000	-	3,753	-	-	-	37,054	64,807	57%
D Hicks ^(vi)	150,000	6,293	2,826	14,848	-	-	37,054	211,021	18%
Total	207,278	6,293	15,288	17,946	-	-	185,270	432,075	43%

Note:

- (i) Short Term Other benefits include annual leaves accrued during the year.
- (ii) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage for the financial year.
- (iii) The amounts included are under the Company's Incentive Option plan approved by shareholders on 27 November 2020. These amounts are accounting valuation options issued as remuneration and are not cash payments.
- (iv) Mr Reddcliffe was appointed as an Executive Director on 1 April 2021, previously appointed as Non-Executive Director on 2 November 2020.
- (v) Ms Purich resigned as a Director on 31 July 2022.
- (vi) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. In accordance with Mr Hicks Executive Services Agreement, Mr Hicks provided a 3-month written notice and continued to carry out his duties under the agreement and receive his contracted remuneration entitlements to 30 June 2021.

C. Service agreements

Executive Director - T Reddcliffe

Mr Thomas Reddcliffe was appointed an Executive Director on 1 April 2021. He entered into a Consultancy Services Agreement with the Company, rendering a fee of \$60,000 per annum including superannuation. Mr Reddcliffe's fees will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries or fees paid to consultants and directors of the Company.

Name	Termination Notice Period		
	By Company	By Director	Termination payments*
T Reddcliffe	1 month	1 month	1 month

Note:

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

REMUNERATION REPORT (AUDITED) (cont'd)

Non-Executive Director

Remuneration and other terms of employment for the Non-executive Directors are formalised in service agreements. The Non-executive directors are employed on a rolling basis with no specified fixed terms. They are remunerated on a fixed remuneration basis, inclusive of superannuation. On 1 October 2020 the Non-Executive Directors fees were set at \$24,000 per annum for each Non-executive Director.

Major provisions of the agreements relating to the Non-Executive Directors are set out below.

Name	Termination Notice Period		Termination payments*
	By Company	By Director	
J Murray	1 month	Immediately	Immediately
G Purich ⁽ⁱ⁾	1 month	Immediately	Immediately

Note:

* Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.

(i) Ms Purich resigned as a Director on 31 July 2022.

D. Share-based compensation

If approved by shareholders, options are issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders. A total of 1,500,000 options were issued to Mr Battershill during the year, who was appointed a director on 1 July 2022.

As at 30 June 2022, 4,650,000 (2021:900,000) options granted as share-based compensation were held by the Company's directors.

	Financial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised during the year No.
Directors										
J Murray	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-
T Reddcliffe	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-
	2022	3,750,000	3,750,000	22 Apr 22	\$0.103	22 Apr 22	\$0.30	21 Apr 25	3,750,000	-
G Purich ⁽ⁱⁱ⁾	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-

Note:

(i) Ms Purich resigned as a Director on 31 July 2022.

E. Directors' equity holdings

(a) Fully paid ordinary shares of Errawarra Resources Ltd

Key management personnel	Balance at 1 July	Granted as remuneration	Received on exercise of options	Received on conversion of debt to equity	Received on sale of tenements	Net other changes ^(vi)	Balance at 30 June
	No.	No.	No.	No.	No.	No.	No.
2022							
J Murray	1,138,939	-	-	-	-	-	1,138,939
T Reddcliffe	3,673,234	-	-	-	-	-	3,673,234
G Purich ⁽ⁱ⁾	25,000	-	-	-	-	-	25,000
	4,837,173	-	-	-	-	-	4,837,173
2021							
J Murray ⁽ⁱⁱ⁾	77,308	-	-	917,881	-	143,750	1,138,939
T Reddcliffe ⁽ⁱⁱⁱ⁾	-	-	-	-	3,643,234	30,000	3,673,234
G Purich	-	-	-	-	-	25,000	25,000
M Bachmann ^(iv)	182,124	-	-	-	-	750,000	932,124
D Hicks ^{(iv)(v)}	2,987	-	-	359,375	-	-	362,362
	262,419	-	-	1,277,256	3,643,234	948,750	6,131,659

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

Note:

- (i) Ms Purich resigned as a Director on 31 July 2022.
- (ii) In October 2020 the Company converted the outstanding loan owing to Mr Jonathan Murray of \$146,860 to 917,881 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis. The loan was executed with Murray Trust Account no 2.
- (iii) On 4 December 2020 and 10 March 2021, 1,214,411 and 2,428,823 fully paid ordinary shares were granted respectively, as settlement of the Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd of which Mr T Reddcliffe is a director for the acquisition of 70% interests in E63/1941 and E63/1771.
- (iv) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. The balance at end of the year represents balance at the date of resignation.
- (v) In October 2020 the Company converted the outstanding loan owing to Mr Damian Hicks of \$57,500 to 359,375 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis. The loan was executed with Rock Biz Pty Ltd.
- (vi) Net other changes represent number of shares acquired through Initial Public Offering.

(b) Options of Errawarra Resources Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Options exercised No.	Net other changes No.	Balance at 30 June No.	Vested at 30 June	
						Exercisable No.	Not exercisable No.
2022							
J Murray	819,470	-	-	-	819,470	819,470	-
T Reddcliffe ⁽ⁱ⁾	2,136,617	-	-	3,750,000	5,886,617	5,886,617	-
G Purich ⁽ⁱⁱ⁾	312,500	-	-	-	312,500	312,500	-
	3,268,587	-	-	3,750,000	7,018,587	7,018,587	-
2021							
J Murray	-	300,000	-	519,470	819,470	819,470	-
T Reddcliffe	-	300,000	-	1,836,617	2,136,617	2,136,617	-
G Purich	-	300,000	-	12,500	312,500	312,500	-
M Bachmann ⁽ⁱⁱⁱ⁾	-	300,000	-	466,062	766,062	766,062	-
D Hicks ⁽ⁱⁱⁱ⁾	-	300,000	-	(118,818)	181,182	181,182	-
	-	1,500,000	-	2,715,831	4,215,831	4,215,831	-

Note:

- (i) On 22 April 2022 the Company received shareholder approval to issue 7,500,000 Consulting Options to Bennelong Resources Capital Pty Ltd (**Bennelong**) (or their nominee). Bennelong nominated Sorrento Resources Pty Ltd, of which Mr Reddcliffe is the sole director, to receive 3,750,000 Consulting Options.
- (ii) Ms Purich resigned as a Director on 31 July 2022.
- (iii) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. The balance at the end of the year represents the balance at the date of resignation.

The options include those held directly, indirectly and beneficially by KMP.

(c) Performance Rights of Errawarra Resources Ltd

Key management personnel 2022	Balance at 1 July No.	Granted as remu- neration No.	Options exercised No.	Net other changes No.	Balance at 30 June No.	Vested at 30 June	
						Exercisable	Not
						No.	exercisable No.
J Murray	-	-	-	-	-	-	-
T Reddcliffe ⁽ⁱ⁾	-	-	-	10,000,000	10,000,000	-	10,000,000
G Purich ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
	-	-	-	10,000,000	10,000,000	-	10,000,000

Note:

- (i) On 23 November 2021, the Company announced it had entered into a share sale agreement with Western Exploration Pty Ltd (**WEX**), the registered holder of tenement application E47/4352, whereby the Company agreed to acquire 80% of the fully paid ordinary shares in the capital of WEX held by Mr Thomas Reddcliffe. Mr Reddcliffe nominated Sorrento Resources Pty Ltd to receive 10 million performance rights, and an associate party to receive the balance 10 million performance rights. Refer section F, notes 17, 21(d) and 22 for further details.
- (ii) Ms Purich resigned as a Director on 31 July 2022.

The performance rights include those held directly, indirectly and beneficially by KMP. No performance rights were on issue in 2021.

REMUNERATION REPORT (AUDITED) (cont'd)

F. Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to directors or executives during the financial year.

Loans to KMP and their related parties

There were no loans to KMP and their related parties during the year.

Other transactions and balances with KMP and their related parties

Directors transactions

Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to \$147,768 during the year (2021: \$203,196). At 30 June 2022 the amount payable to Steinepreis Paganin was \$9,742 (2021: \$733 payable). Refer to note 21(d) for further details.

On 23 November 2021, the Company announced it had entered into a share sale agreement (the **Agreement**) with Western Exploration Pty Ltd (**WEX**), 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 Mr Thomas Reddcliffe (the **Vendor**), the sole director and shareholder of WEX (the **Acquisition**). Pursuant to the Agreement, in consideration for the Acquisition, the Company issued 15,000,000 Performance Rights Class A and 5,000,000 Performance Rights Class B to Sorrento Resources Pty Ltd (or their nominees), an entity controlled by Mr Reddcliffe to acquire 80% of WEX. On 22 April 2022, the Company received shareholder approval to proceed with the Acquisition. Refer to notes 14, 17, 21(d) and 22 for further details.

End of Remuneration Report

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year included reassessing the prospectivity of its foundation projects namely the Binti Binti, Fraser Range and Errabiddy exploration projects in light of the exploration results to date and the acquisition of Andover West a highly prospective nickel exploration project. The Company continues to search for a partner to economically manufacture Sulphate of Potash (**SOP**).

FINANCIAL REVIEW

The Group began the financial year with cash reserves of \$3,380,569.

During the year, total exploration expenditure expensed by the Group in accordance with the Group's accounting policy amounted to \$1,883,850 (2021: \$1,668,001). Net administration expenditure incurred by the Group amounted to \$1,476,785 (2021: \$1,590,996). This has resulted in an operating loss after income tax for the year of \$3,358,514 (2021: loss \$3,258,566).

As at 30 June 2022, cash and cash equivalents totalled \$3,298,900.

Summary of 5 Year Financial Information as at 30 June

	2022	2021	2020	2019	2018
Cash and cash equivalents (\$)	3,298,900	3,380,569	16,825	312	707
Net assets / equity (\$)	2,497,117	3,282,761	(379,293)	(346,428)	(362,886)
Exploration expenditure expensed (\$)	(1,883,850)	(1,668,001)	-	-	-
No of issued shares	45,493,238	39,893,234	2,187,643	20,757,741	20,757,741
No of options	34,333,413	23,333,417	-	-	-
Share price (\$)	0.195	0.225	-	-	-
Market capitalisation (Undiluted) (\$)	8,871,181	8,975,978	-	-	-

Summary of Share Price Movement to the date of this report

	Share Price (\$)	Date
Highest	\$0.325	18, 19, 22 November 2021
Lowest	\$0.155	7, 8 July 2022
Latest	\$0.205	16 September 2022

CORPORATE GOVERNANCE STATEMENT

The Company is committed to high standards of corporate governance designed to enable the Company to meet its performance objectives and better manage its risks.

The Company has adopted a comprehensive governance framework in the form of a formal corporate governance charter together with associated policies, protocols and related instruments (together **Charter**). The Charter was formally adopted by the board on 20 October 2020.

The Company's Charter is based on a template which has been professionally verified to be complementary to and in alignment with the ASX Corporate Governance Council Principles and Recommendations 4th Edition 2019 (**ASX CGCPR**) in all material respects. The Charter also substantially addresses the suggestions of good corporate governance mentioned in the 'Commentary' sections of the ASX CGCPR.

The Board is responsible for the overall corporate governance of the Group. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management and operations of the Group with the aim of delivering value to its Shareholders and respecting the legitimate interest of its other valued stakeholders, including employees, suppliers and joint venture partners.

Under ASX Listing Rule 4.10.3, the Company is required to provide in its annual report details of where shareholders can obtain a copy of its corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. The corporate governance statement is published on the Company's website:

<https://www.errawarra.com/corporate-governance.php>

COMPLIANCE

Significant Changes in State of Affair

Other than those disclosed in this annual report no significant changes in the state of affairs of the Group occurred during the financial year.

Significant Events after the Balance Date

The following matters or circumstances have arisen since 30 June 2022 that may significantly affect the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years:

- (a) On 1 July 2022, Jonathan (Jo) Battershills was appointed a Non-Executive Director of the Company;
- (b) On 31 July 2022, Greta Purich resigned as a Non-Executive Director of the Company;
- (c) On 1 September 2022, the Company was notified that E47/4352, a key tenement was granted for a period of five years. On 6 September 2022, the Company converted 15,000,000 Performance Rights Class A into fully paid ordinary shares on the satisfaction of the milestone, being the grant of E47/4352.
- (d) On 19 September 2022, the Company issued 4,933 shares on exercise of options exercisable at \$0.30 expiring 30 September 2022.

Likely Developments and Expected Results

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The Directors of the Group are not aware of any breach of environmental legislation for the year under review.

Share Options

As at the date of this report, there were 34,328,480 options on issue to purchase ordinary shares (34,333,413 options at 30 June 2022). Refer to the remuneration report for further details of the options issued to directors as remuneration.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

There have been no options granted over unissued shares or interest of any controlled entity within the Group during or since the end of the reporting period.

On behalf of the Directors



Thomas Reddcliffe
Executive Director

Perth, Western Australia this 30th of September 2022

Performance rights

As at the date of this report, there were 5,000,000 performance rights on issue to purchase ordinary shares (20,000,000 performance rights at 30 June 2022). Refer to the remuneration report for further details of the options issued to directors as remuneration.

Performance rights do not have any right to participate in any share issue of the Company or any related body corporate.

There have been no performance rights granted over unissued shares or interest of any controlled entity within the Group during or since the end of the reporting period.

Insurance of directors and officers

During or since the end of the financial year, the Company has paid premiums insuring all the directors of Errawarra Resources Limited against costs incurred in defending conduct involving:

- (a) a wilful breach of duty, and
- (b) a contravention of sections 182 or 183 of the *Corporations Act 2001*, as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was \$29,787.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Stantons International, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Stantons during or since the financial year.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non-Audit Services

During the year, neither Stantons International or any of its associated entities provided any non-audit services to the Group. Refer to note 8 for further details.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a part for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 23.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

INDEPENDENCE DECLARATION TO THE DIRECTORS' OF ERRAWARRA RESOURCES LTD



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Australia

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ABN: 84 144 581 519
www.stantons.com.au

30 September 2022

Board of Directors
Errawarra Resources Limited
Level 12, 197 St Georges Terrace
PERTH WA 6000

Dear Directors

RE: ERRAWARRA RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Errawarra Resources Limited.

As Audit Director for the audit of the financial statements of Errawarra Resources Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir R Tirodkar
Director



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DIRECTORS DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 and giving a true and fair view of the financial position and performance of the Group for the financial year ended on that date; and
- (d) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Thomas Reddcliffe
Executive Director

Perth, Western Australia this 30th of September 2022

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ERRAWARRA RESOURCES LTD



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERRAWARRA RESOURCES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Errawarra Resources Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have determined the matter described below to be Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Key Audit Matters	How the matter was addressed in the audit
Valuation of Share-based payments	
<p>As disclosed in notes 14 and 22 of the financial report, the Company granted a number of performance rights for acquiring 80% interest in Western Exploration Pty Ltd and share options to consultants, brokers and the Directors of the Company. The total fair value recognised as share-based payments amounted to \$1,595,464.</p> <p>The Company accounted for these share options and performance rights in accordance with its accounting policy and the accounting standard AASB 2 - <i>Share-based Payment</i>.</p> <p>Measurement of share-based payments was a key audit matter due to the complex and judgmental estimate used in determining the fair value of the equity instruments granted, the granted date, vesting conditions and vesting periods.</p>	<p>In assessing the valuation of share-based payment, our audit procedures included, among others:</p> <ol style="list-style-type: none"> Obtaining an understanding of the underlying transactions, reviewing agreements, minutes of the Board meeting and ASX announcements; Verifying the input and examining the assumptions used in the valuation models and discussing with management the justification for these inputs; Retrieving the Expert Report to understand the project's valuation used as the fair value of the Performance Rights granted as consideration; Assessing the accounting treatment and its application in accordance with AASB 2; and Assessing the adequacy of disclosure made by the Group in the financial report.
Key Audit Matters	How the matter was addressed in the audit
Asset Acquisition – Acquisition of Western Exploration Pty Ltd (“WEX”)	
<p>As referred to in note 17 of the financial report, during the year, the Company acquired 80% of the issued capital in Western Exploration Pty Ltd (“WEX”) which holds the exploration licence application E47/4352.</p> <p>Management has determined that the transaction constitutes an asset acquisition and not a business combination in accordance with AASB 3 <i>Business Combinations</i> (“AASB 3”) as the only identified asset acquired consists of the exploration licence application E47/4352.</p> <p>In accordance with the Company's accounting policy in note 2(l), the exploration acquisition costs incurred amounting to \$1,606,935 were expensed to the consolidated statement of profit or loss and other comprehensive income. Out of the total costs incurred, \$1,410,000 relates to the fair value of 20 million Performance Rights issued to the vendor.</p> <p>The acquisition is a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the expenditure representing 48% of net loss for the year; and The judgement required in the application of AASB 3 <i>Business Combinations</i> (“AASB 3”) 	<p>In assessing the acquisition, our audit procedures included, among others:</p> <ol style="list-style-type: none"> Examining the contract for the acquisition of Western Exploration Pty Ltd; Reviewing and assessing the determination made by Management on whether the transaction is an asset acquisition or a business combination; Assessing the fair value of the consideration paid and related costs incurred for the acquisition of Western Exploration Pty Ltd; Ensuring the consideration paid and related costs incurred for the acquisition of Western Exploration Pty Ltd were expensed to the consolidated statement of profit or loss and other comprehensive income in accordance with AASB 6 - <i>Exploration for and Evaluation of Mineral Resources</i> its accounting policy; and Considering the adequacy of the financial report disclosure contained in note 17 in relation to AASB 3.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Errawarra Resources Limited for the year ended 30 June 2022 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir R Tirodkar
Director
West Perth, Western Australia
30 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Continuing operations			
Other income	5(a)	1,461	431
Shared-based payment	22	(813,296)	(1,004,722)
Employee expenses	5(b)	(72,000)	(231,517)
Consultants expenses		(455,820)	(243,127)
Interest expenses		-	(332)
Exploration and evaluation expenses		(1,883,850)	(1,668,001)
Fair value gain on other financial assets	10	-	44,059
Other expenses		(135,669)	(155,357)
(Loss) before income tax benefit		(3,359,174)	(3,258,566)
Income tax benefit	6	-	-
(Loss) for the year		(3,359,174)	(3,258,566)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(3,359,174)	(3,258,566)
Net loss attributable to:			
Owner of Errawarra Resources Ltd		(3,358,514)	-
Non-controlling interest		(660)	-
		(3,359,174)	-
Total comprehensive loss attributable to:			
Owner of Errawarra Resources Ltd		(3,358,514)	-
Non-controlling interest		(660)	-
		(3,359,174)	-
Loss per share attributable to the parent entity:			
Basic (cents per share)	16	(7.78)	(13.89)

Diluted earnings per share are not disclosed as the economic entity incurred a loss and the options are not deemed to be dilutive.

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	24(a)	3,298,900	3,380,569
Trade and other receivables	9	29,240	90,626
Other financial assets at fair value through profit or loss	10	117,492	117,492
Other asset		10,000	-
Total current assets		3,455,632	3,588,687
Non-current assets			
Intangible assets	11	-	-
Total non-current assets		-	-
TOTAL ASSETS		3,455,632	3,588,687
Current liabilities			
Trade and other payables	12	689,842	305,926
Total current liabilities		689,842	305,926
Non-current liabilities			
Trade and other payables	12	268,673	-
Total current liabilities		268,673	-
TOTAL LIABILITIES		958,515	305,926
NET ASSETS / (LIABILITIES)		2,497,117	3,282,761
Equity			
Issued capital	13	7,576,392	6,598,326
Reserves	14	2,768,863	1,173,399
Accumulated losses	15	(7,847,478)	(4,488,964)
Parent interest		2,497,777	3,282,761
Non-controlling interest		(660)	-
TOTAL EQUITY / (DEFICIENCY)		2,497,117	3,282,761

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

Attributable to equity holders							Total Equity/ (Deficiency) \$
	Issued capital \$	Option Reserves \$	Performance Rights Reserves \$	In-specie Distribution Reserve \$	Non-controlling Interest \$	Accumulated losses \$	
For the year ended 30 June 2022							
Balance as at 1 July 2021	6,598,326	444,819	-	728,580	-	(4,488,964)	3,282,761
Total comprehensive income							
Loss for the year	-	-	-	-	(660)	(3,358,514)	(3,359,174)
Other comprehensive loss for the year	-	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	-	(660)	(3,358,514)	(3,359,174)
Transactions with owners recorded direct to equity							
Issue of shares	1,232,000	-	-	-	-	-	1,232,000
Share-based payments	-	813,296	566,112	-	-	-	1,379,408
Share issue costs	(253,935)	216,056	-	-	-	-	(37,879)
Exercise of options	1	-	-	-	-	-	1
Total transactions with owners	978,066	1,029,352	566,112	-	-	-	2,573,530
Balance as at 30 June 2022	7,576,392	1,474,171	566,112	728,580	(660)	(7,847,478)	2,497,117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2022

	Attributable to equity holders						Total Equity/ (Deficiency) \$
	For the year ended 30 June 2021	Issued capital \$	Option Reserves \$	Performance Rights Reserves \$	In-specie Distribution Reserve \$	Non- controlling Interest \$	
Balance as at 1 July 2020		122,525			728,580		(1,230,398)
							(379,293)
Total comprehensive income							
Loss for the year		-	-	-	-	-	(3,258,566)
Other comprehensive loss for the year		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	(3,258,566)
Transactions with owners recorded direct to equity							
Issue of shares		6,609,977	-	-	-	-	6,609,977
Share-based payments		782,397	222,325	-	-	-	1,004,722
Share issue costs		(916,573)	222,494	-	-	-	(694,079)
Total transactions with owners		6,475,801	444,819	-	-	-	6,920,620
Balance as at 30 June 2021		6,598,326	444,819	-	728,580	-	(4,488,964)
							3,282,761

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Payments for exploration and evaluation		(639,946)	(1,494,629)
Payments to suppliers and employees		(627,277)	(607,647)
Interest received		1,432	431
Interest paid		-	(332)
Net cash (used in) operating activities	24(b)	(1,265,791)	(2,102,177)
Cash flows from investing activities			
Security deposit paid		(10,000)	-
Net cash (used in) investing activities		(10,000)	-
Cash flows from financing activities			
Proceeds from issues of equity securities		1,232,000	6,160,000
Proceeds from exercise of options		1	-
Payment for share issue costs		(37,879)	(694,079)
Proceeds/(repayment) from borrowing		-	-
Net cash provided by financing activities		1,194,122	5,465,921
Net (decrease) / increase in cash and cash equivalents		(81,669)	3,363,744
Cash and cash equivalents at the beginning of the financial year		3,380,569	16,825
Cash and cash equivalents at the end of the financial year	24(a)	3,298,900	3,380,569

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

1. General Information

Errawarra Resources Ltd (**Errawarra** or the **Company**) is a for profit company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial report of the Group as at year ended 30 June 2022 comprises the Company and its subsidiary (together referred to as the **Group**).

The nature of the operations and principal activities of the Group are mineral exploration and project development which is further described in the Directors' Report. Information on other related party relationships is provided in note 21.

2. Summary of significant accounting policies

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report includes the financial statements of Errawarra Resources Ltd and its subsidiary.

The financial report also complies with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Separate financial statements for Errawarra as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*, however, required financial information for the Company as an individual entity is included in note 26.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2022 and the comparative information presented in these financial statements for the year ended 30 June 2021.

Going concern basis of preparation

The consolidated financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business.

For the year ended 30 June 2022 the Group incurred a loss of \$3,358,514 (2021: loss \$3,258,566) and had a working capital surplus of \$2,765,790 (2021: \$3,282,761 surplus). Based upon the Group's existing cash resources of \$3,298,900 (2021: \$3,380,569) and other financial assets of \$117,492 (2021: \$117,492) as at 30 June 2022, the ability to modify expenditure outlays if required, and the directors' confidence of sourcing additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Group's 2022 financial report.

The Board of Directors is aware, having prepared a cashflow forecast, of the Group's working capital requirements and the Group needs to have sufficient funds to continue minimal operations for the next 12 months. However, the directors are aware that access to additional equity funding is required to expand operations.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts lower to those stated in its financial report. No adjustments have been made in this report with regard to the recoverability or classification of recorded asset amounts or to the amounts on classification of liabilities that might be necessary should the group not be able to continue as a going concern.

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2021 except for the new accounting standards stated below.

New and Amended Standards Adopted by the Group

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

Initial adoption of AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021*

The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications.

The amendment has not had a material impact on the Group's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

New and Amended Standards Adopted by the Group (cont'd)

Initial adoption of AASB 2020-8:

Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

- will not have to derecognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
- will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The amendment has not had a material impact on the Group's financials.

New and Amended Accounting Policies Not Yet Adopted by the Group

AASB 2020-1: Amendments to

Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

(b) New Accounting Standards for Application in the Current Financial Year and Future Periods (cont'd)

New and Amended Accounting Policies Not Yet Adopted by the Group (cont'd)

AASB 2021-2: Amendments to

Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

AASB 2021-5: Amendments to

Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(e) Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding (SPPI criterion). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at FVPL.

The group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime ECL for trade receivables carried at amortised cost. The ECL on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to ECL within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(e) Financial assets (cont'd)

Equity instruments

Shares and options held by the Group are classified as equity instruments and are stated at FVPL. Gains and losses arising from changes in fair value are recognised directly to profit or loss for the period.

Loans receivables

Loans receivables are classified, at initial recognition, and subsequently measured at amortised cost, FVOCI, or FVPL. Loan receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Loan receivables that do not meet the criteria for amortised cost are measured at FVPL.

(f) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(h) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

(i) Tax (cont'd)

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Research & Development (R&D) tax incentive

R&D tax incentive is calculated by reference to the eligible R&D amount to be claimed. It is calculated using the R&D tax offset rates and tax laws that have been enacted or substantively enacted by reporting date. R&D tax incentive for prior periods are recognised as a tax refund to the extent that it has been refunded on a cash basis to the Group.

Tax consolidation

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiary have implemented the tax consolidation legislation in February 2012 with Errawarra Resources Ltd as the head entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(j) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(k) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line or diminishing value basis to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate (%)
Plant & equipment	20.00
Office furniture	10.00 – 20.00
Office equipment	7.50 – 66.67

(l) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource. Where the area of interest contains a JORC compliant mineral resource exploration and evaluation expenditure is capitalised.

These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

(l) Exploration and evaluation expenditure (cont'd)

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(m) Joint arrangements

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(m) Joint arrangements (cont'd)

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

The Group's recognises its interest in joint operations by recognising its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

(n) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

(n) Principles of consolidation (cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A list of subsidiary appears in note 4 to the financial statements.

(o) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(p) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(q) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(r) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black and Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the Group estimates the amount of consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

(t) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(t) Leases (cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment assessment.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and Low Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of their Office Spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption (i.e. below \$5,000). Lease payments on short-term leases and leases of low value assets are expensed on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

2. Summary of significant accounting policies (cont'd)

(u) Fair value measurement

The Group measures equity instrument at fair value and receivables are measured at amortised costs at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(v) Intangible assets

Acquired rights to commercialise trademark and licences

Trademarks and licences acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Upon completion of the commercialised project, the carried costs are amortised to profit or loss using the straight-line method over 10 to 20 years, which is the shorter of their estimated useful lives and periods of contractual rights.

(w) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

(x) Business combination

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

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

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

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

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

Key estimates – intangible assets

The future recoverability of the intangible assets are dependent on a number of factors including whether it successfully recovers the related intangible asset through sale or development. The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The Group assessed the intangible asset's recoverability and if recoverable, would only be recoverable in the long term and therefore provided for the full amount as at 30 June 2022.

Key judgements – share-based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model. The related assumptions detailed in note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Key judgments – deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences in accordance with accounting policies. Deferred tax assets are recognised in respect of tax losses only where the tax losses are expected to be recovered. The Group has not recognised any deferred tax assets as the directors cannot determine with any degree of certainty the probability of using the deferred tax assets arising from tax losses and other temporary differences.

Key judgments – acquisition of asset

The Group assessed the transaction to acquire 80% of interest in Western Exploration Pty Ltd constituted an asset acquisition and therefore has accounted for the transaction as it did not meet the definition of a business combination as per AASB 3 *Business Combinations*. In accordance with note 2(l), the asset acquisition expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource.

4. Subsidiary

Name of entity	Country of incorporation	Ownership Interest	
		2022 %	2021 %
Parent entity:			
Errawarra Resources Ltd ^(a)	Australia	100	100
Subsidiary:			
Errawarra Pty Ltd	Australia	100	100
Western Exploration Pty Ltd ^(a)	Australia	80	0

Note:

- (i) Errawarra Resources Ltd is the ultimate parent entity. All the companies are members of the Group.
- (ii) On 5 May 2022, the Group acquired 80% of shares in Western Exploration Pty Ltd (**WEX**). Refer to notes 14, 17, 21(d) and 22 for further details.

5. Income/expenses from operations

	2022 \$	2021 \$
(a) Interest income		
Bank	1,461	431
Total interest income	1,461	431
(b) Employee expenses		
Salary and wages	69,818	213,571
Post-employment benefits		
Defined contribution plans	2,182	17,946
Total employee expenses	72,000	231,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

6. Income taxes

Income tax recognised in consolidated profit or loss

Current income tax

Current income tax charged	-	-
Research and Development rebate	-	-

Deferred income tax

Relating to origination and reversal of temporary differences	839,793	847,227
Deferred tax not recognised	(839,793)	(847,227)

Total tax benefit	-	-
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Reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period ended 30 June 2022 is as follows:

Loss from operations	(3,359,174)	(3,258,566)
Income tax expense calculated at 25% (2021: 26%)	(839,794)	(847,227)
Effect of expenses that are not deductible in determining taxable loss	344,852	57,804
Temporary differences not recognised	60,239	278,042
Consolidation non-tax effecting	403,161	-
Unused tax losses not recognised as deferred tax assets	31,542	511,381
Income tax benefit	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Statement of Financial Position		Statement of Comprehensive Income	
	2022 \$	2021 \$	2022 \$	2021 \$
Deferred Income Tax				
Deferred tax assets have not been recognised in respect of the following items				
Exploration	242,575	257,599	242,575	257,599
Accruals	22,244	11,119	11,125	6,718
Other financial assets	-	11,455	(11,455)	7,416
Capital raising costs	82,025	6,431	75,594	6,309
Revenue tax losses	866,667	842,481	24,186	511,867
Deferred tax assets not brought to account as realisation is not probable	(1,213,511)	(1,129,085)		
	-	-		
Deferred tax assets not recognised			(342,025)	(789,909)
Deferred tax (income)/expense			-	-

The Group has tax losses of \$866,667 (2021: \$842,481) that are available for offsetting against future taxable profits of the companies in which the losses arose.

Tax consolidation

Relevance of tax consolidation to the Group

Legislation to allow groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

7. Key management personnel disclosures

(a) Details of key management personnel

The Directors and Executives of Errawarra Resources Ltd during the year were:

Directors

- Jonathan Murray
- Thomas Reddicliffe
- Greta Purich (resigned 31 July 2022)

(b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below. Detailed compensation of each member of the key management personnel of the Group is set out in the Remuneration Report in the Directors' Report on pages 16 to 20.

	2022 \$	2021 \$
Short-term employee benefits	135,605	228,859
Post-employment benefits	2,182	17,946
Shared-based payment	-	185,270
	137,787	432,075

8. Remuneration of auditors

Audit or review of the financial report

Stantons International	41,621	30,000
	41,621	30,000

The auditor of the Group is Stantons International.

9. Trade and other receivables - current

Net goods and services tax (GST) receivable	13,419	53,575
Receivable from related party	-	23,903
Other receivables	15,821	13,148
	29,240	90,626

10. Other financial assets fair value through profit or loss

Investment in Critical Metals Ltd ⁽ⁱ⁾	117,492	117,492
	117,492	117,492

Note:

- (i) The investment in Critical Metals Ltd consists of 293,730 (2021: 293,730) ordinary fully paid shares. This is measured and classified as a Tier 3 financial asset which is the lowest level input to fair value unquoted ordinary shares.

Balance at beginning of financial year	117,492	73,433
Movement for the year	-	44,059
Balance at end of financial year	117,492	117,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

11. Intangible assets

	Patent, trademarks and other rights \$	Total \$
Gross carrying amount		
Balance at 1 July 2020	600,307	600,307
Additions - development	-	-
Balance at 1 July 2021	600,307	600,307
Additions - development	-	-
Balance at 30 June 2022	600,307	600,307
Accumulated depreciation and impairment		
Balance at 1 July 2020	(600,307)	(600,307)
Impairment provision	-	-
Balance at 1 July 2021	(600,307)	(600,307)
Impairment provision	-	-
Balance at 30 June 2022	(600,307)	(600,307)
	2022 \$	2021 \$
Net book value		
Cost	600,307	600,307
Impairment provision	(600,307)	(600,307)
	-	-
Amortisation methods and useful lives		
The Group amortises intangible assets with a limited useful life using the straight-line method	Patent, trademark and licences	10 years
	2022 \$	2021 \$

12. Trade and other payables

Current		
Trade payables ⁽ⁱ⁾	11,278	126,508
Payables to related party ⁽ⁱⁱ⁾	9,742	11,508
Accruals	91,730	139,825
Other payables ⁽ⁱⁱⁱ⁾	577,092	28,085
	689,842	305,926
Non-current		
Other payables ⁽ⁱⁱⁱ⁾	268,673	-
	268,673	-

Note:

- (i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
- (ii) Refer to note 21(d)(i) for further details.
- (iii) Other payables include performance rights current liability of \$575,216 and non-current liability of \$268,673.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

13. Issued capital

	2022 \$	2021 \$
45,493,238 fully paid ordinary shares (2021: 39,893,234)	7,576,392	6,598,326

	2022		2021	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	39,893,234	6,598,326	2,187,643	122,525
Issue of shares – Placement ⁽ⁱ⁾	5,600,000	1,232,000	–	–
Issue of shares – Convert debt to equity ⁽ⁱⁱ⁾	–	–	2,812,357	449,977
Issue of shares – Seed raising ⁽ⁱⁱⁱ⁾	–	–	1,000,000	160,000
Issue of shares- IPO ^(iv)	–	–	30,000,000	6,000,000
Issue of shares – Acquisition of tenements ^(v)	–	–	3,643,234	728,647
Issue of shares – Acquisition of tenement ^(vi)	–	–	250,000	53,750
Issue of shares – Exercise of options	4	1	–	–
Share issue costs	–	(253,935)	–	(916,573)
Balance at end of financial year	45,493,238	7,576,392	39,893,234	6,598,326

Note:

- (i) In December 2021, the Company completed a \$1,232,000 placement at \$0.22 per share to sophisticated investor.
- (ii) In October 2020, the Company converted the outstanding loan of \$379,398 and outstanding owing to CBS of \$70,579 to 2,812,357 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis. The loans were executed between Hannans Ltd, Murray Trust Account no 2, Rock Biz Pty Ltd and Equity & Royalty Investments Ltd. Refer to note 21(c) for further details.
- (iii) In November 2020, the Company completed a \$160,000 seed raising at \$0.16 per share to sophisticated investor.
- (iv) In December 2020, the Company completed the IPO raising of \$6 million under the prospectus dated 11 November 2020.
- (v) On 3 September 2020, the Company entered into a Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd (altogether referred to as Kingmaker). On 8 December 2020 the Company completed the acquisition of 70% interest in E63/1941 and issued 1,214,411 fully paid ordinary shares in the Company and cash reimbursement of \$40,451 to Kingmaker. On 10 March 2021, the Company completed the acquisition of 70% interest in E63/1771 and issued 2,428,823 fully paid ordinary shares in the Company and cash reimbursement of \$80,902 to Kingmaker. Refer to notes 21(d)(iii) and 22 for further details.
- (vi) On 21 December 2020, the Company entered into a tenement acquisition agreement for a new Binti Binti Gold tenement. On 5 January 2021, the Company issued 250,000 shares for the acquisition of the tenement. Refer to note 22 for further details.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

	2022 \$	2021 \$
14. Reserves		
<i>Comprising:</i>		
Reserve relating to the in-specie distribution of shares received from Hannans Ltd in February 2012	728,580	728,580
Option reserve	1,474,171	444,819
Performance Rights reserve	566,112	-
Total reserves	2,768,863	1,173,399
Movements in reserve relating to the in-specie distribution of shares received from Hannans Ltd in Feb 2012		
Balance at beginning of financial year	728,580	728,580
Reserve movement during the year	-	-
Balance at end of financial year	728,580	728,580
Movements in option reserve		
Balance at beginning of financial year	444,819	-
Share-based payments	1,029,352	444,819
Balance at end of financial year	1,474,171	444,819
Nature and purpose		
Movements in performance rights reserve		
Balance at beginning of financial year	-	-
Share-based payments	566,112	-
Balance at end of financial year	566,112	-

Nature and purpose

Option reserve

The option reserve recognises the fair value of options issued and valued using the Black-Scholes model.

Performance rights reserve

The performance rights reserve recognises the fair value of performance rights issued and is based on the independent expert report prepared by RSM.

Options

As at 30 June 2022, options over 32,333,413 (2021: 23,333,417) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under options	Class of shares	Options exercise price	Option expiry date
Errawarra	16,772,341	Ordinary	\$0.30 each	30 Sep 2022
Errawarra	2,961,072	Ordinary	\$0.30 each	30 Sep 2022
Errawarra	1,800,000	Ordinary	\$0.30 each	26 Nov 2024
Errawarra	1,800,000	Ordinary	\$0.30 each	3 Dec 2024
Errawarra	7,500,000	Ordinary	\$0.30 each	21 Apr 2025
Errawarra	1,500,000	Ordinary	\$0.25 each	29 Jun 2025
Errawarra	2,000,000	Ordinary	\$0.40 each	21 Apr 2026

Options carry no rights to dividends and no voting rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

14. Reserves (cont'd)

Performance Rights

As at 30 June 2022, performance rights over 20,000,000 (2021: nil) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under performance rights	Class of shares	Performance rights conditions	Expiry date
Errawarra	15,000,000	Ordinary	Class A Milestone ⁽ⁱ⁾	21 Apr 2023
Errawarra	5,000,000	Ordinary	Class B Milestone ⁽ⁱⁱ⁾	21 Apr 2027

Note:

(i) Class A Milestone will vest on the grant of the Application Tenement.

(ii) Class B Milestone will vest when the Company announces 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.

Refer to notes 17, 21(d)(ii) and 22 for further details.

Performance rights carry no rights to dividends and no voting rights. No performance rights were exercised during the period.

15. Accumulated losses

	2022 \$	2021 \$
Balance beginning of financial year	(4,488,964)	(1,230,398)
Loss attributable to members of the parent entity	(3,358,514)	(3,258,566)
Balance at end of financial year	(7,847,478)	(4,488,964)

16. Loss per share attributable to the parent entity

	2022 Cents per share	2021 Cents per share
Basic loss per share:		
From continuing operations	(7.78)	(13.89)
Total basic loss per share	(7.78)	(13.89)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2022 \$	2021 \$
Loss for the year	(3,358,514)	(3,258,566)
	2022 No	2021 No
Weighted average number of ordinary shares for the purposes of basic loss per share	43,145,839	23,463,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

17. Acquisition of asset

On 5 May 2022, the Group acquired 80% of shares in Western Exploration Pty Ltd (**WEX**), holder of the exploration licence application E47/4352. The Company believe the Project has the potential to be value accretive for shareholders through the successful identification of nickel sulphide deposits.

The Group has assessed the transaction to constitute an asset acquisition and therefore has accounted for the transaction as it did not meet the definition of a business combination as per AASB 3 *Business Combinations*. In accordance with the note 2(l), the asset acquisition expenditure incurred is expensed immediately to the profit and loss where the applicable area of interest does not contain a JORC compliant mineral resource.

(a) Consideration transferred

	2022 \$
Cash	10,000
Equity instruments ⁽ⁱ⁾ consisting of:	1,410,000
15,000,000 Performance Rights - Class A	
5,000,000 Performance Rights - Class B	
Total consideration transferred	1,420,000
Acquisition costs	186,935
Total costs	1,606,935

Note:

(i) The fair value of the Performance Rights were based on the Independent Expert Report prepared by RSM Corporate Australia Pty Ltd in March 2022.

The Performance Rights will be converted to ordinary shares when the performance milestone conditions are met prior to the expiry date as shown below.

Class	Performance Milestone	Expiry date
Class A	Vest on the grant of the E47/4352	21 Apr 2023
Class B	Vest on the announcement by the Company that 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.	21 Apr 2027

(b) Acquisition costs

The group incurred acquisition costs of \$186,935 relating to legal fees, due diligence costs and advisory fees. These amounts have been expensed into the cost of the assets acquired.

(c) Identifiable assets acquired

The only identified asset acquired which consists of the exploration licence application E47/4352. In accordance with note 2(l), the acquisition was expensed to the consolidated profit or loss statement together with all the directly attributable transaction related cost.

18. Commitments for expenditure

As at the reporting date, the Company has no obligation to commit to any fixed expenditure.

	2022 \$	2021 \$
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	519,126	467,000
Longer than 1 year and not longer than 5 years	1,368,683	1,369,164
Longer than 5 years	53,008	738,330
Total	1,940,817	2,574,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

19. Contingent liabilities and contingent assets

Contingent liabilities

The Office of State Revenue ('OSR') informed the Company on 30 October 2012 that it has raised a Duties Investigation regarding the restructure involving the Mineral Rights Deed between the Company and Hannans Ltd. OSR has requested preliminary supporting information to assess the duty on the transaction. The Company responded to the OSR in regard to this matter. On 21 October 2015 OSR informed the Company that the matter is currently being reviewed by the technical branch. The Company does not consider it probable a stamp duty liability will arise.

Contingent assets

In 2014, the Group sold the Jigalong manganese project in the East Pilbara region of Western Australia to Atlas Iron Limited (ASX:AVI). As part of the sale agreement, Atlas Iron agreed to pay the Group a 1% gross sales revenue royalty from manganese sourced from within the tenements.

Other than the above, there are no other contingent liabilities or contingent assets as at 30 June 2022.

20. Segment reporting

The Group operates predominantly in the Australia mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

21. Related party disclosure

(a) Equity interests in related parties

Equity interests in subsidiary

Details of the percentage of ordinary shares held in subsidiary is disclosed in note 4 to the financial statements.

(b) Key management personnel (KMP) remuneration

Details of KMP remuneration are disclosed in pages 16 to 20 and note 7 to the financial statements.

(c) Loans to and from KMP and their related parties

Loan to related party

There were no loans to KMP and their related parties during the year (2021: nil).

Loan from related party

On 10 February 2016 Hannans Ltd (**Hannans**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are the directors, provided a loan facility of \$50,000 to the Group at an interest rate of 20% per annum. The interest rate was reduced to 12.5% starting from 1 July 2019 onwards. The loan was secured against the Company's rights, title and interest in the agreement executed between the Company, Reid Systems Inc and Reid Systems (Australia) Pty Ltd. A total loan drawdown of \$50,000 was made between February and March 2016. Interest on the loan facility to 30 June 2020 amounted to \$60,016.

On 8 September 2020 Hannans agreed to convert the outstanding loan principal and interest of \$110,016 to 687,594 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 687,594 fully paid ordinary shares. There were no amounts owing to Hannans at 30 June 2022 (2021: nil). Refer to note 13 for further details.

On 30 March 2016 Murray Family Trust No 2 (**Murray Trust**), of which Mr Jonathan Murray is a beneficiary, provided a loan facility of \$250,000 to the Group at an interest rate of 32% per annum. The interest rate was reduced to 12.5% starting from 1 July 2017 onwards. The loan funds were initially to be provided for a short term only. The loan held second mortgage against the Company's rights, title and interest in the agreement executed between the Company, Reid Systems Inc and Reid Systems (Australia) Pty Ltd.

On 6 October 2020 Murray Trust agreed to convert the outstanding loan principal and interest of \$146,860 to 917,881 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 917,881 fully paid ordinary shares. There were no amounts owing to Murray Trust at 30 June 2022 (2021: nil). Refer to note 13 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

21. Related party disclosures (cont'd)

(c) Loans to and from KMP and their related parties (cont'd)

Loan from related party (cont'd)

On 26 March 2018 Rock Biz Pty Ltd (**Rock Biz**), of which Mr Damian Hicks is a director, provided a loan facility of \$50,000 to the Group at an interest rate of 12.5% per annum. The loan was unsecured. A total loan drawdown of \$50,000 was made between March and April 2018 with further loan drawdowns of \$7,500 between August and September 2018. On 30 June 2020 a payment of \$18,392 was made to repay the accrued interest to 30 June 2020.

On 8 September 2020 Rock Biz agreed to convert the outstanding loan principal and interest of \$57,500 to 359,375 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company repaid the loan by issuing the 359,375 fully paid ordinary shares. Refer to note 13 for further details.

On 5 November 2020, the Company fully repaid the remaining loan principal and interest of \$35,536. There were no amounts owing to Rock Biz at 30 June 2022 (2021: nil).

On 19 March 2019 Equity & Royalty Investments Ltd (**ERI**), of which Mr Damian Hicks is a director, provided a loan facility of \$5,350 to the Group at an interest rate of 12.5% per annum. The loan was unsecured. A loan drawdown of \$5,350 was made in March 2019 with further loan drawdowns of \$56,800 between November 2019 and June 2020 which increased the loan facility. Interest on the loan facility to 30 June 2020 amounted to \$2,872.

On 15 September 2020 ERI agreed to convert the outstanding loan principal and interest of \$65,022 to 406,388 fully paid ordinary shares in the Company at \$0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 406,388 fully paid ordinary shares. There were no amounts owing to ERI at 30 June 2022 (2021: nil). Refer to note 13 for further details.

Hannans, Rock Biz and ERI were not related party to the Group for the year ended 30 June 2022 as Mr Damian Hicks resigned as a Director of Errawarra Resources Ltd on 30 June 2021.

(d) Transactions with other related parties

Subsidiary

All loans advanced to and payable to related parties are unsecured. No interest was charged on the outstanding intercompany loan balances during the financial year. Errawarra Resources Ltd received interest of nil from loans to subsidiary, and paid interest of nil to subsidiary. The amount owed to the parent at year end is \$2,601,511 (2021: \$2,210,834 owed to its subsidiary).

Director transactions

- (i) Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to \$147,768 during the year (2021: \$203,196). At 30 June 2022 the amount payable to Steinepreis Paganin was \$9,742 (2021: 733).
- (ii) On 23 November 2021, the Company entered into a binding agreement to acquire an 80% interest in Western Exploration Pty Ltd (**WEX**), the holder of application E47/4352 which comprises the Andover West Project (the **Tenement**). Mr Thomas Reddicliffe, a director of Errawarra, is the sole director and shareholder of WEX (the **Vendor**). In consideration for the acquisition, the Company agreed to pay \$10,000 as reimbursement of expenses to the Vendor, issue the Vendor (or his nominees) 15,000,000 Class A Performance Rights, which convert into fully paid ordinary shares in the Company on the granting of E47/4352; and 5,000,000 Class B Performance Rights, which convert into fully paid ordinary shares in the Company on the announcement of a JORC inferred mineral resource of at least 1,000,000 tonnes nickel at 1% (including nickel equivalent metals) using industry standard cut-offs. The acquisition was subject to the Company obtaining all necessary regulatory, shareholder, or third party consents or approval. On 22 April 2022, the Company received shareholder approval to proceed with the acquisition, and on 5 May 2022 the Company acquired 80% interest in WEX. Refer to notes 14, 17 and 22 for further details.
- (iii) On 3 September 2020 the Company entered into a Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd (altogether referred to as **Kingmaker**), of which Mr Thomas Reddicliffe is a director appointed on 2 November 2020, to acquire 70% legal and beneficial interest in tenements E63/1771 and E63/1941. In consideration for the acquisition, the Company has agreed to issue 3,500,000 ordinary shares in the Company and pay \$150,000 as a reimbursement of past expenditure on the project, subject to ASX approval for the purposes of ASX Listing Rule 1.1 (Condition 11). ASX confirmed that the approved consideration to Kingmaker is the issue of 3,643,234 fully paid ordinary shares in the Company and cash reimbursement of \$121,353 for past expenditure. The Company and Kingmaker agreed that two thirds of the consideration (Shares and cash reimbursement) will be withheld until the applications for forfeiture against E63/1771 have been dismissed, on terms satisfactory to the Company. On 8 December 2020 the Company completed the acquisition of 70% interest in E63/1941 and issued 1,214,411 fully paid ordinary shares in the Company and cash reimbursement of \$40,451 to Kingmaker. On 10 March 2021, the Company completed the acquisition of 70% interest in E63/1771 and issued 2,428,823 fully paid ordinary shares in the Company and cash reimbursement of \$80,902 to Kingmaker. Refer to note 13 for further details. There were no amounts owing to Kingmaker at 30 June 2022 (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

21. Related party disclosures (cont'd)

(d) Transactions with other related parties (cont'd)

Director transactions (cont'd)

(iv) On 8 September 2020 the Company entered into a Binding Earn-In Agreement with Ms Greta Purich, a director appointed on 2 November 2020, to grant the Company the Earn-in Right over the 80% interest of tenement E27/603 which included the reimbursement of historical expenditure. On 4 December 2020 the Company met the conditions precedent and reimbursed Ms Purich for historic exploration expenditure of \$25,592 incurred on the Tenement. There were no amounts owing to Ms Purich at 30 June 2022 (2021: nil).

(e) Parent entity

The ultimate parent entity in the Group is Errawarra Resources Ltd.

22. Shared-based payments

Expenses arising from share-based payment transactions	2022 \$	2021 \$
Options issued to key management personnel ⁽ⁱ⁾	387,124	185,270
Options issued to an unrelated third party	426,172	37,055
Shares issued for tenement acquisitions – Kingmaker (refer note 13)	–	728,647
Shares issued for tenement acquisition – P Gianni (refer note 13)	–	53,750
	813,296	1,004,722
Options issued to Broker ⁽ⁱⁱ⁾	216,056	222,494
Performance rights issued for acquisition – Western Exploration (refer notes 14 and 17) ⁽ⁱⁱⁱ⁾	566,112	–
Total	1,595,464	1,227,216

Note:

- (i) Share-based payments in relation to 3,750,000 Consulting Options issued to Sorrento Resources Pty Ltd of which Mr Reddcliffe is the sole director.
- (ii) Share-based payments in relation to options issued to Broker during the year are included in capital raising costs.
- (iii) Share-based payments in relation to performance rights issued for acquisition were classified as exploration and evaluation expenses in the consolidated statement of profit or loss and other comprehensive income.

Unlisted options

Company has an ownership-based compensation arrangement for employees of the Group.

Each option issued under the arrangement converts into one ordinary share on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate. Detailed of options over ordinary shares in the Company provided as remuneration to each director during the year are set out on pages 16 to 20 of the Remuneration Report.

The following unlisted options were in existence during the current year and relates to payments to key management personnel:

Option series	Number	Grant date	Expiry date	Exercise price
OPT001	900,000	26 Nov 2020	26 Nov 2024	\$0.30
OPT004	3,750,000	22 Apr 2022	21 Apr 2025	\$0.30

The following unlisted options were issued during the period and are share-based payments to Broker, consultants, and Directors:

Option series	Number	Grant date	Expiry date	Exercise price
OPT003	2,000,000	22 Apr 2022	21 Apr 2026	\$0.40
OPT004	7,500,000	22 Apr 2022	21 Apr 2025	\$0.30
OPT005	1,500,000	26 Jun 2022	29 Jun 2025	\$0.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

22. Shared-based payments (cont'd)

Unlisted options (cont'd)

The following table summarise the options during the year.

Grant date	Expiry date	Exercise price	Balance at 1 Jul	Granted	Exercised	Forfeited	Balance at 30 Jun	Vested and exercisable at 30 Jun
			No.				No.	No.
26 Nov 20	26 Nov 24	\$0.30	1,800,000	-	-	-	1,800,000	1,800,000
3 Dec 20	3 Dec 24	\$0.30	1,800,000	-	-	-	1,800,000	1,800,000
22 Apr 22	21 Apr 26	\$0.40	-	2,000,000	-	-	2,000,000	2,000,000
22 Apr 22	21 Apr 25	\$0.30	-	7,500,000	-	-	7,500,000	7,500,000
26 Jun 22	29 Jun 25	\$0.25	-	1,500,000	-	-	1,500,000	500,000
Total			3,600,000	11,000,000	-	-	14,600,000	13,600,000
Weighted average exercise price			\$0.30	\$0.31	-	-	\$0.31	\$0.31

(i) Issued during the financial year

For the options granted during the financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22 Apr 22	21 Apr 26	\$0.215	\$0.40	85.10%	Nil	2.92%	\$0.108
22 Apr 22	21 Apr 25	\$0.215	\$0.30	85.10%	Nil	2.70%	\$0.103
26 Jun 22	29 Jun 25	\$0.165	\$0.25	85.10%	Nil	3.24%	\$0.077

Performance rights

Each performance right issued converts into one ordinary share of Errawarra on exercise. Performance rights neither carry rights to dividends nor voting rights. Performance rights may be exercised at any time from the date of vesting to the date of their expiry. Performance rights vest subject to meeting applicable performance criteria.

The following performance rights were in existence during the current year and relates to payments to key management personnel:

Performance rights series

	Number	Grant date	Expiry date	Exercise price
PR-A	15,000,000	22 Apr 2022	21 Apr 2023	Milestone 1 (M1) ⁽ⁱ⁾
PR-B	5,000,000	22 Apr 2022	21 Apr 2027	Milestone 2 (M2) ⁽ⁱⁱ⁾

Note:

- (i) **Milestone 1:** Vest on the grant of the tenement application.
- (ii) **Milestone 2:** Vest when the Group announces a maiden JORC compliant Inferred Mineral Resource (as defined in the JORC Code 2012 Edition) on the tenement of at least 1 million tonnes of nickel at 1% (including nickel equivalent metals) without and using industry standard lower cut off grades.

The following table summarise the performance rights during the year.

Grant date	Expiry date	Exercise price	Balance at 1 Jul	Granted	Exercised	Forfeited	Balance at 30 Jun	Vested and exercisable at 30 Jun
			No.				No.	No.
22 Apr 22	21 Apr 23	M1	-	15,000,000	-	-	15,000,000	-
22 Apr 22	21 Apr 27	M2	-	5,000,000	-	-	5,000,000	-
Total			-	20,000,000	-	-	20,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

22. Shared-based payments (cont'd)

Performance rights (cont'd)

(ii) Issued during the financial year

For the performance rights granted during the financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
22 Apr 22	21 Apr 23	\$0.215	M1	N/A	N/A	N/A	\$0.071
22 Apr 22	21 Apr 27	\$0.215	M2	N/A	N/A	N/A	\$0.071

23. Subsequent events

The following matters or circumstances have arisen since 30 June 2022 that may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Group in future financial years.

- Mr Jonathan Battershill was appointed as a Non-Executive Director on 1 July 2022.
- Ms Greta Purich retired as a Non-Executive Director on 31 July 2022.
- On 1 September 2022, the Company was notified that E47/4352, a key tenement was granted for a period of five years. On 6 September 2022, the Company converted 15,000,000 Performance Rights Class A into fully paid ordinary shares on the satisfaction of the milestone, being the grant of E47/4352.
- On 19 September 2022, the Company issued 4,933 shares on exercise of options exercisable at \$0.30 expiring 30 September 2022.

24. Notes to the statement of cash flows

	2022 \$	2021 \$
(a) Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:		
Cash and cash at bank	3,298,900	3,380,569
	3,298,900	3,380,569
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(3,359,174)	(3,258,566)
Shared-based payments	813,296	1,004,722
Share-based payments classified as exploration and evaluation expenses	566,112	-
Fair value gain on other financial assets	-	(44,059)
<i>Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	61,386	(90,626)
Increase/(decrease) in liabilities:		
Trade and other payables and provisions	652,589	286,352
Net used in operating activities	(1,265,791)	(2,102,177)

(c) Non-cash financing and investing activities

During the current year, 2,000,000 options were granted to broker. The share-based payments recognised in respect of the 2,000,000 options of \$216,056 was included in capital raising costs.

The Group did not enter any other non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

25. Financial instruments

(a) Financial risk management objectives

The Group manages the financial risks relating to the operations of the Group. The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by the Group's Board of Directors. The Group's activities expose it primarily to the financial risks of changes in interest rates, but at 30 June 2022 it is also exposed to market price risk. The Group does not enter derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Interest rate risk management

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Cash flow sensitivity analysis for variable rate instruments

A change of 1 per cent in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021:

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2022				
Variable rate instruments	32,989	(32,989)	-	-
Cash flow sensitivity	32,989	(32,989)	-	-
2021				
Variable rate instruments	33,806	(33,806)	-	-
Cash flow sensitivity	33,806	(33,806)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

25. Financial instruments (cont'd)

(c) Interest rate risk management (cont'd)

The following table details the Group's exposure to interest rate risk.

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	5+ Years		
	%	\$	\$	\$	\$	\$	\$
2022							
Financial assets							
Cash and cash equivalent	0.18%	3,298,898	-	-	-	2	3,298,900
Trade and other receivables	0.00%	-	-	-	-	29,240	29,240
Other financial assets	0.40%	-	10,000	-	-	117,492	127,492
Total		3,298,898	10,000	-	-	146,734	3,455,632
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	958,515	958,515
Total		-	-	-	-	958,515	958,515
2021							
Financial assets							
Cash and cash equivalent	0.04%	3,380,567	-	-	-	2	3,380,569
Trade and other receivables	0.00%	-	-	-	-	90,626	90,626
Other financial assets	0.00%	-	-	-	-	117,492	117,492
Total		3,380,567	-	-	-	208,120	3,588,687
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	305,926	305,926
Total		-	-	-	-	305,926	305,926

(d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 months \$	6-12 months \$	1-2 years \$	2+ years \$	Total \$
2022					
Trade and other payables	114,627	-	-	-	114,627
Total	114,627	-	-	-	114,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

25. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

	Less than 6 months \$	6-12 months \$	1-2 years \$	2+ years \$	Total \$
2021					
Trade and other payables	305,926	-	-	-	305,926
Total	305,926	-	-	-	305,926

The following table details the Group's exposure to interest rate risk.

(e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

It is a policy of the Group that creditors are paid within 30 days.

(f) Market risk

Market risk is the potential for loss arising from adverse movement in the level and volatility of equity prices.

The Group's investment subject to price risk is unlisted as detailed in note 10 and therefore does not have a market price or a fluctuating price at a certain date.

(g) Capital risk management

The board's policy is to endeavour to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group sources any additional funding requirements from either debt or equity markets depending on the market conditions at the time the funds are sourced and the purpose for which the funds are to be used. The Group is not subject to externally imposed capital requirements.

(h) Fair value of financial instruments

The net fair value of financial assets and liabilities of the consolidated Group approximated their carrying amount. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The table below analyses financial instruments carried at fair value by value measurement hierarchy.

Quantitative disclosures of fair value measurement hierarchy as at 30 June	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2022				
Financial assets at fair value through profit and loss				
Equity instruments (note 10)	-	-	117,492	117,492
Total financial assets recognised at fair value	-	-	117,492	117,492
2021				
Financial assets at fair value through profit and loss				
Equity instruments (note 10)	-	-	117,492	117,492
Total financial assets recognised at fair value	-	-	117,492	117,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2022

26. Parent entity disclosures

The following details information related to the parent entity, Errawarra Resources Ltd at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2022 \$	2021 \$
Results of the parent entity		
Loss for the year	(1,851,113)	(3,028,071)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,851,113)	(3,028,071)
Financial position of parent entity at year end		
Current assets	3,064,354	3,089,864
Non-current assets	1,606,985	50
Total assets	4,671,339	3,089,914
Current liabilities	676,359	86,023
Non-current liabilities	268,673	-
Total liabilities	945,032	86,023
Total equity of the parent entity comprising of:		
Share capital	7,576,392	6,598,326
Reserves	2,040,283	444,820
Accumulated losses	(5,890,368)	(4,039,255)
Total equity	3,726,307	3,003,891

(a) Guarantees entered into by the parent entity in relation to the debts of its subsidiary

The parent entity had not entered into any guarantees in relation to the debts of its subsidiary as at 30 June 2022 other than disclosed in this financial report.

(b) Parent entity contingencies

The parent entity had no contingent liabilities or assets as at 30 June 2022 other than disclosed in this financial report.

(c) Commitments for the acquisition of property, plant and equipment by the parent entity

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 other than disclosed in this financial report.

ADDITIONAL SHAREHOLDER INFORMATION

CAPITAL

as at 19 September 2022

Errawarra Resources Ltd issued capital is as follows:

ORDINARY FULLY PAID SHARES

Number of ordinary fully paid shares at the date of this report are:

	End of escrow period	Number of shares
Quoted ordinary fully paid shares		39,571,095
Restricted fully paid shares until 14 December 2022	14 December 2022	5,922,143
Ordinary fully paid shares at 30 June 2022		45,493,238
Conversion of Performance Rights – Class A to ordinary fully paid shares on satisfaction of milestone		15,000,000
Exercise of listed options exercisable at \$0.30 each expiring 30 September 2022		4,933
Ordinary fully paid shares at the date of this report		60,498,171
At a general meeting of shareholders: (a) on a show of hands, each person who is a member or sole proxy has one vote; and (b) on a poll, each shareholder is entitled to one vote for each fully paid share.		

Substantial Shareholders

Name	Number of shares	% of issued capital
Sorrento Resources Pty Ltd	11,143,234	18.42%
Bennelong Resource Capital Pty Ltd	7,886,013	13.04%

Top 20 Holders of Ordinary Shares

Rank	Name	Units	% of Issued Capital
1	Sorrento Resources Pty Ltd	11,143,234	18.42%
2	Bennelong Resource Capital Pty Ltd	7,886,013	13.04%
3	Mr Alastair Cardno	1,983,717	3.28%
4	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retailclient DRP>	1,500,036	2.48%
5	Citicorp Nominees Pty Limited	1,410,372	2.33%
6	Annbrook Capital Pty Ltd	1,008,180	1.67%
7	Cygnus 1 Nominees Pty Ltd <Cygnus Account>	705,000	1.17%
8	HR Equities Pty Ltd	687,594	1.14%
9	Quicksilver Asset Pty Ltd	673,000	1.11%
10	Valian Nominees Pty Ltd <McDonagh S/F A/C>	650,000	1.07%
11	Mrs Andrea Rae Murray <Murray Family No 2 A/C>	637,642	1.05%
12	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	590,000	0.98%
13	Corporate Board Services	589,326	0.97%
14	Mr Dean Andrew Kent <The Wattle A/C>	500,000	0.83%
14	Mr Colin Mackay	500,000	0.83%
14	Solstraale Nominees Pty Ltd <Musgrave Super Fund A/C>	500,000	0.83%
15	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	456,146	0.75%
16	Acacia Investments Pty Ltd <DPH A/C>	430,114	0.71%
17	Mr Darren James Page	411,977	0.68%
18	Equity & Royalty Investments Ltd	406,388	0.67%
19	Mr Wilson Ted Sin Chee & Miss Pattama Kittithirapornchai <Chee Family A/C>	400,000	0.66%
20	Rock Biz Pty Ltd <Hicks Group S/F No 3 A/C>	364,952	0.60%
Total of Top 20 holders of ORDINARY SHARES		33,433,691	55.27%

ADDITIONAL SHAREHOLDER INFORMATION

Range of Shares

Range	Holders	Units	% Issued Capital
1 – 1,000	1,495	339,533	0.56%
1,001 – 5,000	210	525,334	0.87%
5,001 – 10,000	119	996,536	1.65%
10,001 – 100,000	348	13,362,164	22.09%
100,001 – 9,999,999	88	45,274,604	74.83%
Total	2,260	60,498,171	100.00%

Unmarketable Parcels

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.205 per unit	2,439	1,620	550,939

OPTIONS

At the date of this report there are a total of 2,233 listed option holders holding 19,728,480 unissued ordinary shares and 14 unlisted option holders holding 14,600,000 unissued ordinary shares in respect of which options are outstanding. The listed and unlisted options do not carry voting rights at a general meeting of shareholders.

	Number of option holders	Number of options
Balance at the beginning of the year	2,248	23,333,417
Movements of share options during the year		
Exercise of listed options exercisable at \$0.30 expiring 30 September 2022	(2)	(4)
Issue unlisted options exercisable at \$0.40 expiring 21 April 2026	4	2,000,000
Issue unlisted options exercisable at \$0.30 expiring 21 April 2025	2	7,500,000
Issue unlisted options exercisable at \$0.25 expiring 29 June 2025	1	1,500,000
Balance at 30 June 2022	2,253	34,333,413
Exercise of listed options exercisable at \$0.30 each expiring 30 September 2022	(6)	(4,933)
Total number of options outstanding at the date of this report	2,247	34,328,480

Restricted Options

	End of escrow period	Number of options
Restricted unlisted options exercisable at \$0.30 each expiring 26 November 2024	14 December 2022	1,800,000
Restricted unlisted options exercisable at \$0.30 each expiring 3 December 2024	14 December 2022	2,961,072
Restricted unlisted options exercisable at \$0.30 each expiring 30 September 2022	14 December 2022	
Restricted unlisted options exercisable at \$0.40 each expiring 21 April 2026	21 April 2023	2,000,000

PERFORMANCE RIGHTS

At the date of this report there are a total of 2 performance rights holders holding 5,000,000 unissued ordinary shares in respect of which performance rights are outstanding. The performance rights do not carry voting rights at a general meeting of shareholders.

	Number of option holders	Number of options
Balance at the beginning of the year	-	-
Movements of performance rights during the year		
Issue Performance Rights – Class A expiring 21 April 2023	2	15,000,000
Issue Performance Rights – Class B expiring 21 April 2027	2	5,000,000
Balance at 30 June 2022	2	20,000,000
Performance Rights – Class A converted on satisfaction of milestone	2	(15,000,000)
Total number of performance rights outstanding at the date of this report	2	5,000,000

ADDITIONAL SHAREHOLDER INFORMATION

ON-MARKET BUY BACK

There is no current on-market buy-back.

SECURITIES EXCHANGE LISTING

The Company's ordinary shares are listed on the Australian Securities Exchanger. The Company's ASX code for quoted ordinary shares is ERW and the Company's ASX code for listed options is ERWO.

ASX ADMISSION STATEMENT

Use of Funds

Since its admission to the ASX's official list on 11 December 2020 until 30 June 2022, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

TENEMENTS

The Projects are constituted by the following tenements:

Tenement Number	Interest %	Status
Project: Errabiddy		
E09/2346 ⁽ⁱⁱ⁾	80	Live
E09/2410	100	Live
E52/3838	100	Live
E09/2457	100	Live
E09/2459	100	Live
E09/2440	100	Live
E09/2602 ^(iv)	0	Pending
E09/2652 ^(iv)	0	Pending

Tenement Number	Interest %	Status
Project: Fraser Range		
E63/1771 ⁽ⁱⁱⁱ⁾	70	Live
E63/1941	70	Live
Project: Binti Binti		
E27/0603 ⁽ⁱ⁾	0	Live
E27/0577 ⁽ⁱⁱ⁾	80	Live
E31/1298	100	Live
Project: Andover West		
E47/4352	100	Live

Note:

- (i) Errawarra has the exclusive rights to earn up to an 80% interest subject to meeting the conditions set out in the agreement.
- (ii) Errawarra holds 80% of all minerals rights, title and interests.
- (iii) Errawarra holds 70% of all minerals rights, title and interests.
- (iv) Tenements under application.

Name of project	Principal activity	Interest	
		2022 %	2021 %
Binti Binti - G Purich ⁽ⁱ⁾	Exploration	-	-
Errabiddy ⁽ⁱⁱ⁾	Exploration	80	80
Fraser Range ⁽ⁱⁱⁱ⁾	Exploration	70	70
Binti Binti - P Gianni ^(iv)	Exploration	80	80
Andover West ^(v)			

- (i) The Company entered into an earn-in agreement with Ms Greta Purich, a Non-Executive Director of Errawarra, where the Company may earn a 80% interest in the Tenement through incurring \$500,000 within 36 months of the Commencement Date being 3 December 2023. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Refer to note 21(d) for further details.
- (ii) The Company entered into a joint venture with Sammy Resources Pty Ltd (**Sammy**) whereby the Company retained a 80% interest in the Tenement. The Company will be the manager and is solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Sammy will be free-carried until a decision to mine is made.
- (iii) The Company entered into a joint venture with Kingmaker Metals Pty Ltd (**Kingmaker**) whereby the Company retained a 70% interest in the Tenement. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Kingmaker will be free-carried until a decision to mine is made. Refer to note 21(d) for further details.
- (iv) The Company entered into a joint venture with Peter Gianni and his nominee whereby the Company retained a 80% interest in the Tenement. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. The vendors will be free-carried until a decision to mine is made.
- (v) The Company entered into a joint venture with Mr Thomas Reddcliffe (**Vendor**) whereby the Company holds a 80% interest in the Tenement. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. The Vendor will be free-carried until a decision to mine is made. Refer to note 21(d) for further details.

Contact Info

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ERRAWARRA

(ASX:ERW)