



ERRAWARRA
RESOURCES

Financial Report for the half-year ended
31 December 2023

www.errawarra.com | ASX:ERW

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CORPORATE DIRECTORY

Board of Directors

Executive Chairman	Mr Thomas Reddcliffe
Executive Director	Mr George Ventouras
Non-Executive Director	Mr Bruce Garlick

Company Secretary
Mrs Mindy Ku

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West Perth WA 6005

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Auditors
Stantons
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West Perth, Western Australia, 6005

Registered Office
Level 12, 197 St Georges Terrace,
Perth, Western Australia 6000

Social Network Sites
Twitter | @AuNiCuWA
LinkedIn | Errawarra Resources Ltd

Share Registry
Automic
Level 5/191 St George's Terrace
Perth, Western Australia, 6000
1300 288 664 (Telephone)
www.automicgroup.com.au (Website)

Lawyers
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street, Perth, Western Australia, 6000

DIRECTORS' REPORT

The Directors of Errawarra Resources Ltd (**Errawarra, Group or Company**) submit the financial report for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the Company who have held office during and since the end of the half-year are:

Executive Chairman	Mr Thomas Reddicliffe (appointed on 8 Dec 2022, previously Executive Director)
Executive Director	Mr George Ventouras (appointed 6 November 2023, previously Non-Executive Director)
Non Executive Directors	Mr Jonathan Battershill (resigned 23 October 2023) Mr Bruce Garlick (appointed on 23 October 2023)

The Directors held their position throughout the entire half-year period and up to the date of this report unless stated otherwise.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the half-year period was exploration and evaluation of mineral interests.

RESULTS

The consolidated net loss of the Group for the half-year period after income tax expense was \$1,015,088 (Dec 2022: loss \$1,496,314).

REVIEW OF OPERATIONS

The Company's continues to focus its efforts on progressing the Andover West lithium project.

ANDOVER WEST | NICKEL-COPPER (80% interest)

The discovery of lithium pegmatites on the adjoining tenement owned by Azure prompted a review of the lithium prospectivity of the tenement to the extent that this has become the priority focus for exploration on tenement E47/4352.

Exploration activities

- › Current activities are focussed on the southern margin of the Andover Mafic Intrusion where a new LCT pegmatite zone has been identified. This zone extends into Errawarra's tenement
- › A new LCT pegmatite has been discovered by Errawarra along strike and 600m east of a significant discovery made by Raiden Resources on their adjoining tenement.
- › Results from 242 soil samples taken to test soil covered areas along the southern margin of the Andover Mafic Intrusion were received and have highlighted a strong EW orientated lithium soil trend which could represent a zone of lithium pegmatite
- › A follow-up program of 289 samples closed off the previously identified soil anomalies to the east and the south.
- › In the south a previously identified discrete soil anomaly was found to have possible extensions along strike.
- › Identification, assessment, and sampling of pegmatites in the western part of the tenement was completed with anomalous/elevated lithium values continuing to be reported. A total 62 rock chip samples were analysed. Two of these samples were found to contain spodumene when analysed by TIMA and XRD at Curtin University.
- › Application has been made for heritage clearances over the rock chip and soil anomalous areas

Forward plans

- › Follow-up sampling and mapping is continuing and is focused on the new southern Andover lithium pegmatite zone
- › The spodumene and lithium anomalous bearing pegmatites will be reassessed with a view to possible drill testing
- › Undertake heritage clearances over areas selected for drill testing
- › Follow-up of nickel targets is on hold

DIRECTORS' REPORT

ERRABIDDY | GOLD & NICKEL-COPPER (80-100% interest)

A detailed airborne magnetic (gradiometer) and radiometric survey (14,384 line kilometres) was completed in May and June 2021. This survey covered the tenement package with the exception of tenement E31/3838. Flight lines were 100m apart and sensor height was 30m.

In late 2022 the rare earth potential of portions of the tenement package was highlighted following announcements by nearby competitors Desert Metals.

More recently Buxton Resources announced a graphite resource in their tenement which is surrounded by one of the larger Errabiddy tenements (E09/2457). Reconnaissance and sampling and Loupe EM surveying undertaken by Errawarra has confirmed the presence of graphitic shists in proximity to the Graphite Bull Project of Buxton Resources with a significant conductor with 10km strike highlighted to the north of Graphite Bull.

The results from the sampling programs undertaken by Errawarra comprising over 1,000 samples was assessed and highlighted a significant gold in soil anomaly within tenement E09/2457. The anomaly is 3km long and 1.5km wide and has reported a peak gold value of 234ppb.

OTHER PROJECTS

The company has reviewed its commitment to its foundation projects at Binti Binti and the Fraser Range and is actively seeking to sell or Joint Venture these projects. The Binti Binti JV has been terminated and another tenement was surrendered.

CORPORATE

Errawarra held its Annual General Meeting on 24 October 2023 with all resolutions carried by poll. The majority of proxy votes cast were in favour of resolutions. The Annual Report 2022/23 was lodged with the ASIC in accordance with required timeframes.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since 31 December 2023 that may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 and forms part of the Directors' report for the six months ended 31 December 2023.

Signed in accordance with a resolution of directors.

On behalf of the Directors

Thomas Reddicliffe
Executive Chairman
6th March 2024

DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- (a) subject to the achievement of matters noted in note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standard AASB 134 and the *Corporations Regulations 2001* as disclosed in note 2 and giving a true and fair view of the financial position and performance of the Group for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Thomas Reddcliffe

Executive Chairman

Perth, Western Australia this 6th day of March 2024

INDEPENDENCE DECLARATION TO THE DIRECTORS OF ERRAWARRA RESOURCES LTD



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6 March 2024

Board of Directors
Errawarra Resources Limited
Level 2, 10 Ord Street
West Perth, Western Australia 6005

Dear Sirs

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 review of the financial statements of Errawarra Resources Limited for the half-year ended 31 December 2023, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

**Samir Tirodkar
Director**

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF ERRAWARRA RESOURCES LTD



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Errawarra Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Errawarra Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Errawarra Resources Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 6 March 2024.

Responsibility of the Directors for the Financial Report

The directors of Errawarra Resources Limited are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director

West Perth, Western Australia
6 March 2024

CONSOLIDATED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2023

	Note	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Continuing operations			
Other income		35,531	8,490
Share-based payment	12	25,593	(392,212)
Employee expenses		(61,479)	(98,009)
Consultants expenses		(235,484)	(436,724)
Depreciation expense		(2,616)	–
Interest expense		(272)	(978)
Exploration and evaluation expenses		(638,778)	(450,932)
Other expenses		(137,583)	(125,949)
(Loss) from continuing operations before income tax benefit		(1,015,088)	(1,496,314)
Income tax benefit		–	–
(Loss) attributable to members of the parent entity		(1,015,088)	(1,496,314)
Other comprehensive income for the period		–	–
Total comprehensive (loss) for the period		(1,015,088)	(1,496,314)
Net (loss) attributable to:			
Owner of Errawarra Resources Ltd		(977,564)	(1,447,410)
Non-controlling interest		(37,524)	(48,904)
		(1,015,088)	(1,496,314)
Total comprehensive (loss) attributable:			
Owner of Errawarra Resources Ltd		(977,564)	(1,447,410)
Non-controlling interest		(37,524)	(48,904)
		(1,015,088)	(1,496,314)
(Loss) per share attributable to the parent entity:			
Basic (cents per share)		(1.30)	(2.63)

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

as at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Current assets			
Cash and cash equivalents		3,847,831	1,258,343
Trade and other receivables	3	118,412	62,116
Other financial assets at fair value through profit and loss		88,119	88,119
Other asset		–	10,040
Total current assets		4,054,362	1,418,618
Non-current assets			
Property, plant and equipment	4	82,635	–
Right-of-use asset	7	–	35,634
Total non-current assets		82,635	35,634
TOTAL ASSETS		4,136,997	1,454,252
Current liabilities			
Trade and other payables	5	284,193	487,142
Provision	6	2,309	–
Lease liability	7	–	29,485
Total current liabilities		286,502	516,627
Non-current liabilities			
Trade and other payables	5	162,440	197,979
Lease liability	7	–	7,500
Total non-current liabilities		162,440	205,479
TOTAL LIABILITIES		448,942	722,106
NET ASSETS		3,688,055	732,146
Equity			
Issued capital	8	11,540,319	7,579,621
Reserves	9	2,720,458	3,767,659
Accumulated losses		(10,350,546)	(10,430,482)
Parent interest		3,910,231	916,798
Non-controlling interest		(222,176)	(184,652)
TOTAL EQUITY		3,688,055	732,146

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2023

For the half-year ended 31 December 2023	Attributable to equity holders						Total Equity \$
	Issued Capital \$	Option Reserve \$	Performance Rights Reserve \$	In-specie Distribution Reserve \$	Non- controlling Interest \$	Accumulated Losses \$	
Balance as at 1 July 2023	7,579,621	1,897,751	1,141,328	728,580	(184,652)	(10,430,482)	732,146
Total comprehensive income							
Loss for the period	–	–	–	–	(37,524)	(977,564)	(1,015,088)
Other comprehensive loss for the period	–	–	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	–	(37,524)	(977,564)	(1,015,088)
Transactions with owners recorded direct to equity							
Issue of shares	4,250,000	–	–	–	–	–	4,250,000
Share-based payments	–	353	35,539	–	–	–	35,892
Options and PRs exercised or forfeited	–	(25,593)	(1,057,500)	–	–	1,057,500	(25,593)
Shares issue expense	(289,302)	–	–	–	–	–	(289,302)
Total transactions with owners	3,960,698	(25,240)	(1,021,961)	–	–	1,057,500	3,970,997
Balance as at 31 December 2023	11,540,319	1,872,511	119,367	728,580	(222,176)	(10,350,546)	3,688,055

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2023

For the half-year ended 31 December 2022	Attributable to equity holders						Total Equity \$
	Issued Capital \$	Option Reserve \$	Performance Rights Reserve \$	In-specie Distribution Reserve \$	Non- controlling Interest \$	Accumulated Losses \$	
Balance as at 1 July 2022	7,576,392	1,474,171	566,112	728,580	(660)	(7,847,478)	2,497,117
Total comprehensive income							
Loss for the period	–	–	–	–	(48,904)	(1,447,410)	(1,496,314)
Other comprehensive loss for the period	–	–	–	–	–	–	–
Total comprehensive loss for the period	–	–	–	–	(48,904)	(1,447,410)	(1,496,314)
Transactions with owners recorded direct to equity							
Share-based payments	–	392,212	540,256	–	–	–	932,467
Options and PRs exercised or forfeited	3,229	–	–	–	–	–	3,229
Total transactions with owners	3,229	392,212	540,256	–	–	–	935,696
Balance as at 31 December 2022	7,579,621	1,866,383	1,106,368	728,580	(49,564)	(9,294,888)	1,936,499

The accompanying notes form part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

for the half-year ended 31 December 2023

	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Cash flows from operating activities		
Payments for exploration and evaluation	(897,215)	(334,362)
Payments to suppliers and employees	(405,330)	(662,916)
Interest received	36,703	6,576
Net cash (used) in operating activities	(1,265,842)	(990,702)
Cash flows from investing activities		
Purchase of fixed assets	(85,251)	–
Net cash (used) in investing activities	(85,251)	–
Cash flows from financing activities		
Proceeds from issues of equity securities	4,250,353	3,229
Payment for share issue costs	(289,302)	–
Repayment of lease liabilities	(20,470)	–
Net cash received from financing activities	3,940,581	3,229
Net (decrease) / increase in cash and cash equivalents	2,589,488	(987,473)
Cash and cash equivalents at the beginning of the financial period	1,258,343	3,298,900
Cash and cash equivalents at the end of the financial period	3,847,831	2,311,427

The accompanying notes form part of the financial statements.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

1. Reporting Entity

Errawarra Resources Ltd (**Errawarra** or **the Company**) is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange. The consolidated half-year financial report of the Group as at and for the six months ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as **the Group**).

The consolidated financial statements are presented in Australian Dollars, which is the Group's functional and presentation currency.

The financial report of Errawarra for the half-year ended 31 December 2023 was authorised for issue by the Directors on the 6th of March 2024.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2023 is available upon request from the Company's registered office or at www.errawarra.com.

2. Basis of preparation and changes to the accounting policies

(a) Basis of preparation

This general purpose condensed financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and considered together with any public announcements made by the Company during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis except for financial assets which are measured at fair value through profit and loss.

Apart from the changes in accounting policy in note 2(b), the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Going concern basis of preparation

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(b) Changes in accounting policies

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of new standards effective as of 1 July 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim consolidated financial statements of the Group.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

	31 Dec 2023 \$	30 Jun 2023 \$
3. Current trade and other receivables		
Net goods and services tax (GST) receivable	61,658	43,706
Other receivable	56,754	18,410
	118,412	62,116

4. Property, plant and equipment

	Equipment at cost \$	Total \$
Cost		
Balance at 1 July 2023	–	–
Additions	85,251	85,251
Balance at 31 December 2023	85,251	85,251
Accumulated depreciation		
Balance at 1 July 2023	–	–
Depreciation expense	2,616	2,616
Balance at 31 December 2023	2,616	2,616
Net book value		
As at 30 June 2023	–	–
As at 31 December 2023	82,635	82,635

	31 Dec 2023 \$	30 Jun 2023 \$
5. Current trade and other payables		
Current		
Trade payables	78,483	228,576
Payables to related party	19,968	8,800
Accruals	99,771	136,647
Other payables ⁽ⁱ⁾	85,971	113,119
	284,193	487,142
Non-current		
Other payables ⁽ⁱ⁾	162,440	197,979
	162,440	197,979

(i) Other payables include performance rights current liability of \$70,693 (Jun 2023: \$70,693) and non-current liability of \$162,440 (Jun 2023: \$197,979).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

	31 Dec 2023 \$	30 Jun 2023 \$
6. Provisions		
Current		
Employee benefits	2,309	–
	2,309	–
	Employee benefits \$	Total \$
Balance at beginning of the financial period	–	–
Increase/(decrease) in provisions	2,309	2,309
Balance at end of the financial period	2,309	2,309
7. Leases		
	31 Dec 2023 \$	30 Jun 2023 \$
Right-of-use asset		
Non-current	–	35,634
	–	35,634
	Building \$	Total \$
Balance at beginning of financial year	35,634	35,634
Addition	–	–
Depreciation expense	(11,683)	(11,683)
Disposals	(23,951)	(23,951)
Balance at end of financial year	–	–
	31 Dec 2023 \$	30 Jun 2023 \$
Lease Liability		
Current	–	29,485
Non-current	–	7,500
	–	36,985
Amounts recognised in profit or loss		
Depreciation expense on right-of-use asset	11,683	21,380
Interest expense on lease liabilities	272	2,471

The Group entered into a lease agreement for its offices in December 2022. The lease had an initial one-year term and was renewable, for an additional one year. During the current financial period ended 31 December 2023, the lease was terminated, and the Company has vacated the leased premises effective 30 November 2023. The right-of-use asset and lease liability balances have been reassessed to reflect the change in lease term. This has resulted in reducing the carrying amount of right-of-use asset by \$23,951, reducing the carrying amount of lease liability by \$37,257 and credit to the consolidated statement of profit or loss and other comprehensive income \$13,306.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

8. Issued capital

	31 Dec 2023	30 Jun 2023
	\$	\$
95,920,669 fully paid ordinary shares (Jun 2023: 60,504,002)	11,540,319	7,579,621
	11,540,319	7,579,621

	31 Dec 2023		30 Jun 2023	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial period	60,504,002	7,579,621	45,493,238	7,576,392
Issue of shares				
– Conversion of performance rights ⁽ⁱ⁾	–	–	15,000,000	–
Issue of shares – Exercise of options	–	–	10,764	3,229
Issue of shares – Placement	35,416,667	4,250,000	–	–
Share issue costs	–	(289,302)	–	–
Balance at end of financial period	95,920,669	11,540,319	60,504,002	7,579,621

(i) 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.

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

9. Reserves

	31 Dec 2023	30 Jun 2023
	\$	\$
Comprising:		
Reserve relating to the in-specie distribution of shares received from Hannans Ltd in February 2012	728,580	728,580
Option reserve	1,872,511	1,897,751
Performance Rights reserve	119,367	1,141,328
	2,720,458	3,767,659

Movements in reserve relating to the in-specie distribution of shares received from Hannans Ltd in February 2012

Balance at the beginning of the financial period	728,580	728,580
Reserve movement during the financial period	–	–
Balance at the end of the period	728,580	728,580

Movements in Option reserve

Balance at the beginning of the financial period	1,897,751	1,474,171
Share-based payments	353	423,580
Forfeiture of options	(25,593)	–
Balance at the end of the financial period	1,872,511	1,897,751

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

9. Reserves (cont'd)

	31 Dec 2023 \$	30 Jun 2023 \$
Movements in Performance Rights reserve		
Balance at the beginning of the financial period	1,141,328	566,112
Share-based payments	35,539	575,216
Exercise of performance rights	(1,057,500)	–
Balance at the end of the financial period	119,367	1,141,328

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 31 December 2023 options over 20,625,000 (Jun 2023: 17,600,000) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under option	Class of shares	Exercise price of option	Expiry date
Errawarra Resources Ltd	300,000	Ordinary	\$0.30 each	26 Nov 2024
Errawarra Resources Ltd	1,500,000	Ordinary	\$0.30 each	26 Nov 2024
Errawarra Resources Ltd	1,800,000	Ordinary	\$0.30 each	03 Dec 2024
Errawarra Resources Ltd	7,500,000	Ordinary	\$0.30 each	21 Apr 2025
Errawarra Resources Ltd	1,000,000	Ordinary	\$0.25 each	29 Jun 2025
Errawarra Resources Ltd	2,000,000	Ordinary	\$0.40 each	21 Apr 2026
Errawarra Resources Ltd	1,500,000	Ordinary	\$0.25 each	30 Nov 2025
Errawarra Resources Ltd	1,500,000	Ordinary	\$0.25 each	25 Sep 2025
Errawarra Resources Ltd	3,525,000	Ordinary	\$0.18 each	30 Oct 2026
Total	20,625,000			

All share options are unlisted, carry no rights to dividends and no voting rights. During the period, 3,525,000 options were issued, and 500,000 options were forfeited. Refer to note 12 for further details.

PERFORMANCE RIGHTS

As at 31 December 2023 performance rights (PR) over 5,000,000 (Jun 2023: 5,000,000) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under PR	Class of shares	Exercise price of option	Expiry date
Errawarra Resources Ltd	5,000,000	Ordinary	Class B Milestone ⁽ⁱ⁾	21 Apr 2027

(i) Class B Milestone will vest when the Company announces a maiden JORC compliant Inferred Mineral Resources (as defined in the JORC Code 2012 Edition) on the Application Tenement at least 1 million tonnes of nickel at 1% (including nickel equivalent metals) within and using industry standard lower cut off grades.

Performance rights carry no rights to dividends and no voting rights. No performance rights were issued during the period. Refer to note 12 for further details.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

10. Contingencies and commitments

(a) 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.

(b) Contingent assets

In 2014, the Group sold the Jigalong manganese project in the East Pilbara region of Western Australia to Atlas Iron Limited (ASX:AGO). 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 31 December 2023.

(c) Exploration and evaluation and associate commitments

As at 31 December 2023, tenement commitments for the group totalled \$3,033,029 (Jun 2023: \$2,832,605).

11. Related party disclosure

(a) Transactions with other related parties

Director transactions

- (i) During the period Sorrento Resources Pty Ltd, of which Mr Reddcliffe is a Director, provided geological consulting services amounting to \$98,419 inclusive of expense reimbursements (Jun 2023: \$274,350). As at 31 December 2023, \$19,968 was owed to Sorrento Resources (Jun 2023: \$8,800).
- (ii) During the period, Royal Corporate Services Pty Ltd, of which Mr Bruce Garlick is a Director, provided consulting services, office rent services amounting to \$14,850 (Jun 2023: nil). As at 31 December 2023, no amount was payable to Royal Corporate Services Pty Ltd (Jun 2023: nil).
- (iii) During the period, Financial and Computer Services Pty Ltd, of which Mr Bruce Garlick is a Director, provided geological and corporate consulting services amounting to \$4,307 (Jun 2023: nil). As at 31 December 2023, no amount was payable to Financial and Computer Services Pty Ltd (Jun 2023: nil).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

12. Share-based payment

Expenses arising from share-based payment transactions:

	31 Dec 2023 \$	30 Jun 2023 \$
Options issued to directors ⁽ⁱ⁾	–	314,308
Options issued to consultants ⁽ⁱⁱ⁾	353	109,272
	353	423,580

(i) Shared-based payments in relation to 1,500,000 options issued to directors on 26 June 2022 for nil consideration.; and

(ii) On 30 October 2023, 3,525,000 options were issued to consultants for \$353. The expense recognised in respect of the 3,525,000 options was \$353.

OPTIONS

The following unlisted options were in existence during the current period and relates to payments to key management personnel, brokers and consultants:

Option series	Number	Grant date	Expiry date	Exercise price
ERWO1ESCA	1,800,000	26 Nov 2020	26 Nov 2024	\$0.30
ERWO1ESCB	1,800,000	03 Dec 2020	03 Dec 2024	\$0.30
ERWO1ESCC	2,000,000	22 Apr 2022	21 Apr 2026	\$0.40
ERWO3	7,500,000	22 Apr 2022	21 Apr 2025	\$0.30
ERWO4	1,000,000	26 Jun 2022	29 Jun 2025	\$0.25
ERWO5	1,500,000	24 Oct 2022	30 Nov 2025	\$0.25
ERWO6	1,500,000	29 Nov 2022	25 Sep 2025	\$0.25
ERWO7	3,525,000	30 Oct 2023	30 Oct 2026	\$0.18
Total	20,625,000			

No unlisted options were issued during the period that were share-based payments to directors and consultants.

The following table summarises the options during the period:

Grant date	Expiry date	Exercise price	Balance at 1 Jul No.	Granted No.	Forfeited No.	Balance at 31 Dec No.	Vested and exercisable at 31 Dec 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	–	(500,000)	1,000,000	1,000,000	
24 Oct 22	30 Nov 25	\$0.25	1,500,000	–	–	1,500,000	1,500,000	
29 Nov 22	25 Sep 25	\$0.25	1,500,000	–	–	1,500,000	1,500,000	
30 Oct 23	30 Oct 26	\$0.18	–	3,525,000	–	3,525,000	3,525,000	
			17,600,000	3,525,000	(500,000)	20,625,000	20,625,000	
			Weighted average exercise price	\$0.30	\$0.18	\$0.25	\$0.28	\$0.28

The share options outstanding at the end of the financial period had a weighted average remaining contractual life of 1.68 years (Jun 2023: 2.87 years)

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2023

12. Share-based payment (cont'd)

(i) Issued during the financial period

During the financial period, 3,525,000 unlisted options exercisable at \$0.18 expiring 30 October 2026 were issued under the lead manager mandate in consideration for the services provided to the Company. The fair value of the services rendered for these options were \$353.

(ii) Exercised during the financial period

No options over ordinary shares were exercised during the period (Jun 2023: 10,764).

(iii) Expired during the financial period

During the financial period a total of 500,000 options (Jun 2023: 19,722,649) options over ordinary shares expired as the vesting conditions were not achieved, comprising of 500,000 options exercisable at \$0.25 per option expiring on 29 June 2025.

PERFORMANCE RIGHTS

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

Option series	Number	Grant date	Expiry date	Exercise price
PR B	5,000,000	22 Apr 2022	21 Apr 2027	Milestone 2 (M2)

The following table summarise the performance rights during the period:

Grant date	Expiry date	Exercise price	Balance at 1 Jul No.	Granted No.	Exercised No.	Balance at 31 Dec No.	Vested and exercisable at 31 Dec No.
22 Apr 22	21 Apr 27	M2 ⁽ⁱ⁾	5,000,000	–	–	5,000,000	–
			5,000,000	–	–	5,000,000	–

(i) Milestone 2 (M2) will vest when the Group announces a maiden JORC compliant Inferred Mineral Resource (as defined in the JORC Code 2012 Edition) on the Application Tenement of at least 1 million tonnes of nickel at 1% (including nickel equivalent metals) without and using industry standard lower cut off grades.

No performance rights were issued, exercised, or lapsed during the financial period.

13. Subsequent events

No other matters or circumstances have arisen since 31 December 2023 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.