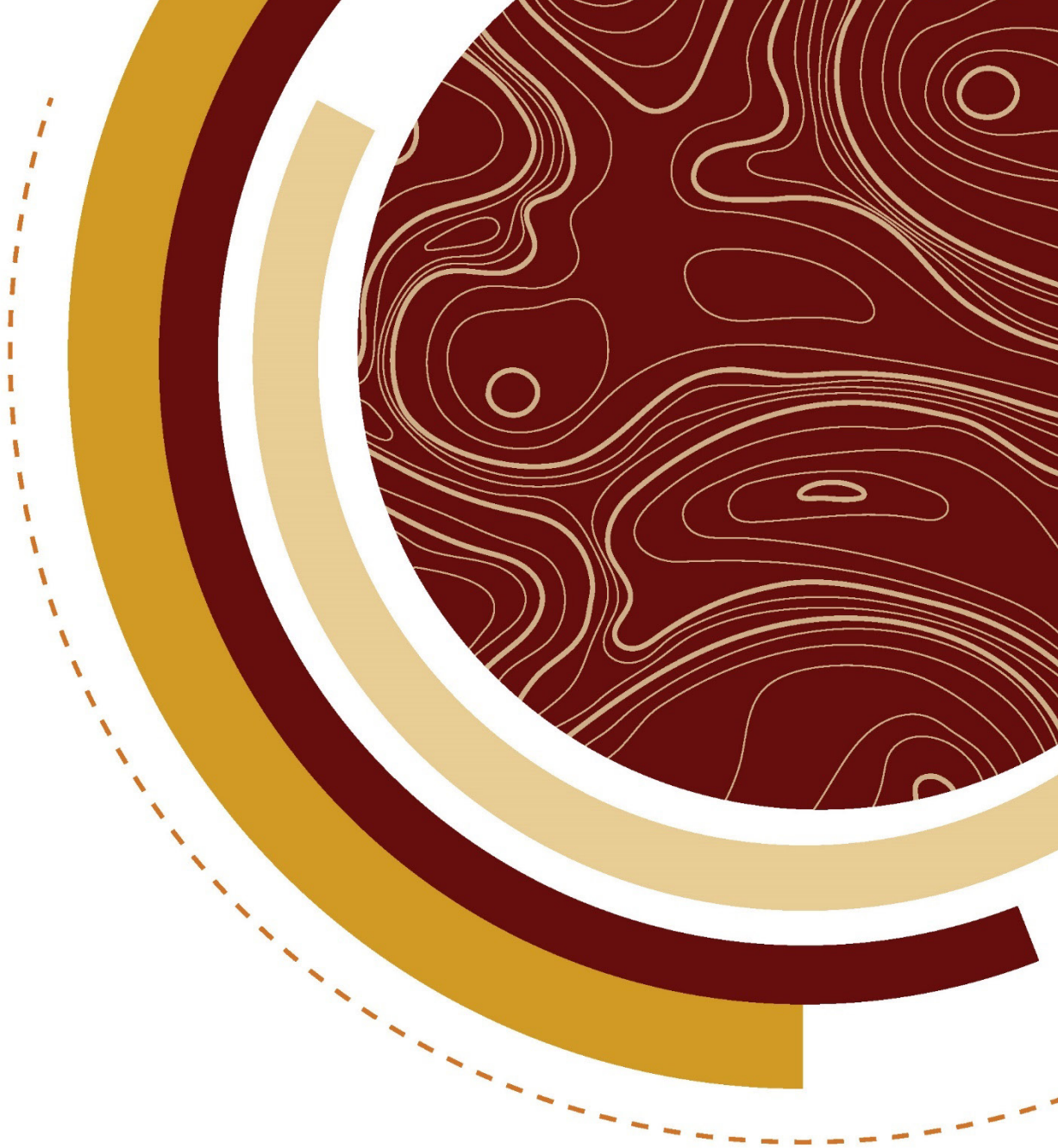


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ERRAWARRA

ANNUAL REPORT

(ASX:ERW)

2023

CORPORATE DIRECTORY

ANNUAL REPORT

for the financial year ended 30 June 2023

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive Chairman: Mr Thomas Reddcliffe

Non-Executive Directors: Mr Jonathan Battershill
Mr George Ventouras

Company Secretary: Mrs Mindy Ku

PRINCIPAL OFFICE

1202 Hay Street
West Perth WA 6005

REGISTERED OFFICE

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AUDITORS

Stantons
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40 Kings Park Road
West Perth
Western Australia 6005

LETTER TO SHAREHOLDERS

Dear Shareholders,

Your Company's primary focus over the past year has been to secure the grant of the Andover West tenement and to test the compelling nickel targets on this project through a maiden drill program. Errawarra Resources Ltd (**Errawarra** or the **Company**) gained exposure to this prospective Ni-Cu bearing terrain in the West Pilbara following the purchase of 80% interest in Western Exploration Pty Ltd, the holder of tenement E47/4352.

The Andover West Project is located 30km south-east of Karratha with exploration targeting mafic intrusions hosting nickel-copper mineralisation. Nearby Azure Minerals have made significant nickel discoveries at their Andover and Ridgeline prospects including a maiden resource at Andover of 4.6Mt @ 1.11%Ni, 0.47% Cu and 0.05% Co.

Errawarra completed a detailed MLEM survey, and 3 priority targets were drill tested resulting in the identification of a fertile Cu-Ni-Fe sulphide system in two of the holes. Further MLEM surveys were completed, and additional conductor targets identified.

The Company is continuing to assess the lithium prospectivity of pegmatites on the Company's Andover West project tenement. This was prompted due to discoveries by Azure Minerals of lithium bearing pegmatites some 10km to the north-east of the Company's tenement. The Company's lithium pegmatite exploration is at an early stage, but it has been established that some of the pegmatites analysed to date have geochemical affinities to lithium pegmatites (**LCT**).

The Company has also turned its focus to its Errabiddy project which comprises eight exploration licenses located ~200kms north-west of Meekatharra and which are prospective for graphite, nickel, rare earth elements (**REE**) and gold. The Company is currently evaluating the graphite prospectivity within its largest tenement E09/2457 which surrounds a graphitic carbon resource discovered by Buxton Resources. The Company is currently undertaking ground EM surveys aimed at identifying potential extensions to the known graphitic carbon mineralisation within the Company's tenement.

The Company has reviewed its commitment to its foundation projects at Binti Binti and Fraser Range, and is actively seeking to sell or Joint Venture these projects.

- **Nickel east of Norseman** | Errawarra has 70% interest in two adjoining tenements located ~100kms east of Norseman in the Fraser Range Province. This project is located 30kms south-west of the operating Nova nickel mine owned by IGO Ltd. However, despite extensive Moving Loop Electromagnetic (**MLEM**) surveys undertaken by the Company indicates no drill targets have been identified.
- **Gold north of Kalgoorlie** | The Binti Binti gold project comprises 3 contiguous tenements located ~70kms north-east of Kalgoorlie. The Company has completed 10,027m of reconnaissance drilling on this project resulting in a best intercept of 5.1g/t over 4m beneath historic workings.

The Board has appointed George Ventouras who has extensive experience in mining, corporate financing and project management as Non-Executive Director to assist with Errawarra's activities.

The Company will continue to seek and review exploration and acquisition opportunities particularly in favourable jurisdictions which could complement its focus on the battery technology metals nickel, copper, and PGM's with a preference for advanced projects with high value potential.

Kind regards,

Thomas Reddcliffe
Executive Chairman

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The Company's primary focus over the past year has been to test compelling nickel targets on its Andover West project tenement E47/4352. Errawarra gained exposure to this prospective Ni-Cu bearing terrain in the West Pilbara following the purchase of 80% interest in Western Exploration Pty Ltd the holder of tenement E47/4352. More recently the Company undertook to assess the lithium pegmatite potential of the tenement.

The Company has also undertaken exploration activity on its Errabiddy project which comprises eight exploration licenses located ~200kms north-west of Meekatharra and which are considered prospective for graphite, nickel, rare earth elements (**REE**) and gold. The Company is currently evaluating the graphite prospectivity within its largest tenement E09/2457.

The Company's projects are:

1 Andover West (Nickel-Copper, Lithium) Project

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. Despite considerable delays this tenement was granted on 1 September 2022 and a Heritage survey was undertaken shortly afterwards which allowed exploration activities including drilling to commence.

2 Errabiddy 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.

3 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 expenditure 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 has 80% interest in adjoining granted tenement E27/577 and has also acquired tenement E31/1298 which it holds 100%.

4 Fraser Range Project

Errawarra holds interests in two adjoining tenements in the Fraser Range Region of Western Australia. These interests are by way of an agreement with Sorrento Resources Pty Ltd (**Sorrento**) and represents a 70% interest in both E63/1771 and E63/1941. 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

ANDOVER WEST NICKEL & LITHIUM PROJECT

- The Company's primary focus over the past year has been to test compelling nickel targets on its Andover West project tenement E47/4352 and to assess the lithium pegmatite potential of the tenement.
- Heritage clearances completed
- MLEM survey completed over priority VTEM conductor targets
- Three diamond core holes completed for 490m
- Assays indicate a fertile Cu-Ni-Fe mineralising system in 2 holes but mineralisation is sub-optimal
- No new conductor targets were interpreted from DHEM surveys conducted on 2 holes
- Additional MLEM surveys identify further targets
- Rock chip sampling of pegmatite outcrop indicate some pegmatites with geochemical affinity to LCT pegmatite

FORWARD EXPLORATION CONCEPTS AND PLANS

- Additional conductor targets identified from recent MLEM survey to be further investigated and potentially drill tested
- A further nine geophysical targets in the wider project tenement to be ground assessed and prioritised for drill testing
- Exploration for and assessment of pegmatites within the broader tenement area to continue

ERRABIDY PROJECT

- A detailed aeromagnetic/radiometric survey was completed over five of the eight Errabiddy Project tenements in 2021
- Ground reconnaissance and ground EM Loupe surveys have been completed on tenement E09/2457 aimed at identifying graphitic schist lithologies
- Preliminary results are encouraging with conductive zones identified and surface samples reporting up to 14.4% total graphitic carbon (TGC)
- Reconnaissance soil and rock chip samples have been taken from the broader tenement area with a focus on nickel, rare earths and gold. Results are awaited

- Ongoing exploration is aimed at determining the prospectivity for graphite in proximity to the Graphite Bull deposit currently being evaluated by Buxton Resources. Following on from initial promising results ground based Loupe Em surveys will be used to identify potential areas prospective for graphite, with modelling of conductors and drill testing of targets to follow
- The follow-up of rock chip and soil samples taken in the broader project tenements will be undertaken following receipt and assessment of results. These samples were targeting nickel, rare earths and gold
- Nickel targets interpreted from the Company's aeromagnetic survey data will be ground assessed

BINTI BINTI AND FRASER RANGE PROJECT

- The Company has reviewed its exploration plans for two of its foundation projects to reflect exploration results. Exploration results to date is as follows:

Binti Binti

- 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)

Fraser Range

- 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 tenement area
- No significant conductor targets representative of massive nickel sulphide mineralisation has been identified
- The remaining unsurveyed portion of the tenements is not amenable to the MLEM survey technique

- 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.

PROJECT GENERATION

- The Company will continue to seek and review exploration and acquisition opportunities particularly in favourable jurisdictions which could complement its focus on the green technology metals nickel, copper and PGM's with a preference for advanced projects with high value potential.

ANDOVER WEST PROJECT

Introduction

The Andover West Project is located 30km south-east of Karratha with exploration initially targeting only mafic intrusions hosting nickel-copper mineralisation. On their adjoining tenement Azure Minerals has announced a maiden resource of 4.6Mt @ 1.11%Ni, 0.47% Cu and 0.05% Co¹. A high priority VTEM/FLEM anomaly within the project tenement only 1.5km from Azure's most recent Ridgeline discovery was drill tested. Errawarra is now equally focussed on the discovery and evaluation of lithium pegmatites following the identification of pegmatites on the project tenement.

Exploration

Andover West Nickel

At Andover West three priority VTEM/FLEM conductor anomalies all within the Andover Mafic Intrusion were drill tested following the undertaking of a detailed MLEM survey. The highest priority of these targets was only 1.5km SW of Azure's Ridgeline discovery where a high grade nickel intercept of 18.2m @ 1.93% Ni² and a maiden resource of 1.3Mt @ 1.11% Ni, 0.46% Cu and 0.05% Co³ was reported. The drilling resulted in the identification of a fertile Cu-Ni-Fe sulphide system in two of the holes based on drill sample analysis.

A high powered (deep penetrating) electromagnetic (**EM**) survey was undertaken to the north of the previously drilled targets which was aimed at identifying deeper and subtle targets that could warrant drill testing. Additional conductor targets were identified associated with a broader east-west trending conductive zone. These relatively shallow (<100m) targets are being assessed prior to potential drill testing. In addition, there are a further nine (9) untested EM anomalies of varying priority. Several gold occurrences in proximity to Sholl Shear also warrant follow-up.

Andover West Lithium

The Company recently reported the assay results for 80 pegmatite samples taken from pegmatite outcrop identified on the Company's tenement. A small subset of the samples reported a geochemical affinity to LCT pegmatites. With the Pilbara region becoming a focus for lithium pegmatite exploration, the Company will continue to actively explore its tenements.

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. 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 tenement was initially acquired to explore for mafic hosted nickel deposits within the mineralised and highly prospective Andover Mafic Intrusion. More recently the exploration has been broadened to include lithium bearing pegmatites following the discovery of lithium bearing (**LCT**) pegmatites by Azure on their adjoining tenement.

Geological setting

The north western portion of the tenement is dominated by the Andover Mafic Intrusion comprised of gabbro, pyroxenite and monzodiorite and is prospective for Ni-Cu mineralisation. These rocks are also host to significantly mineralised LCT pegmatites. The southern and larger portion of the tenement is dominated by monzogranites. The Sholl Shear Zone, a mylonite zone represents a major geological boundary in the southern of the tenement.



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

2 Refer to Azure Minerals Ltd ASX announcement dated 23 November 2022.

3 Refer to Azure Minerals Ltd ASX announcement dated 8 February 2023.

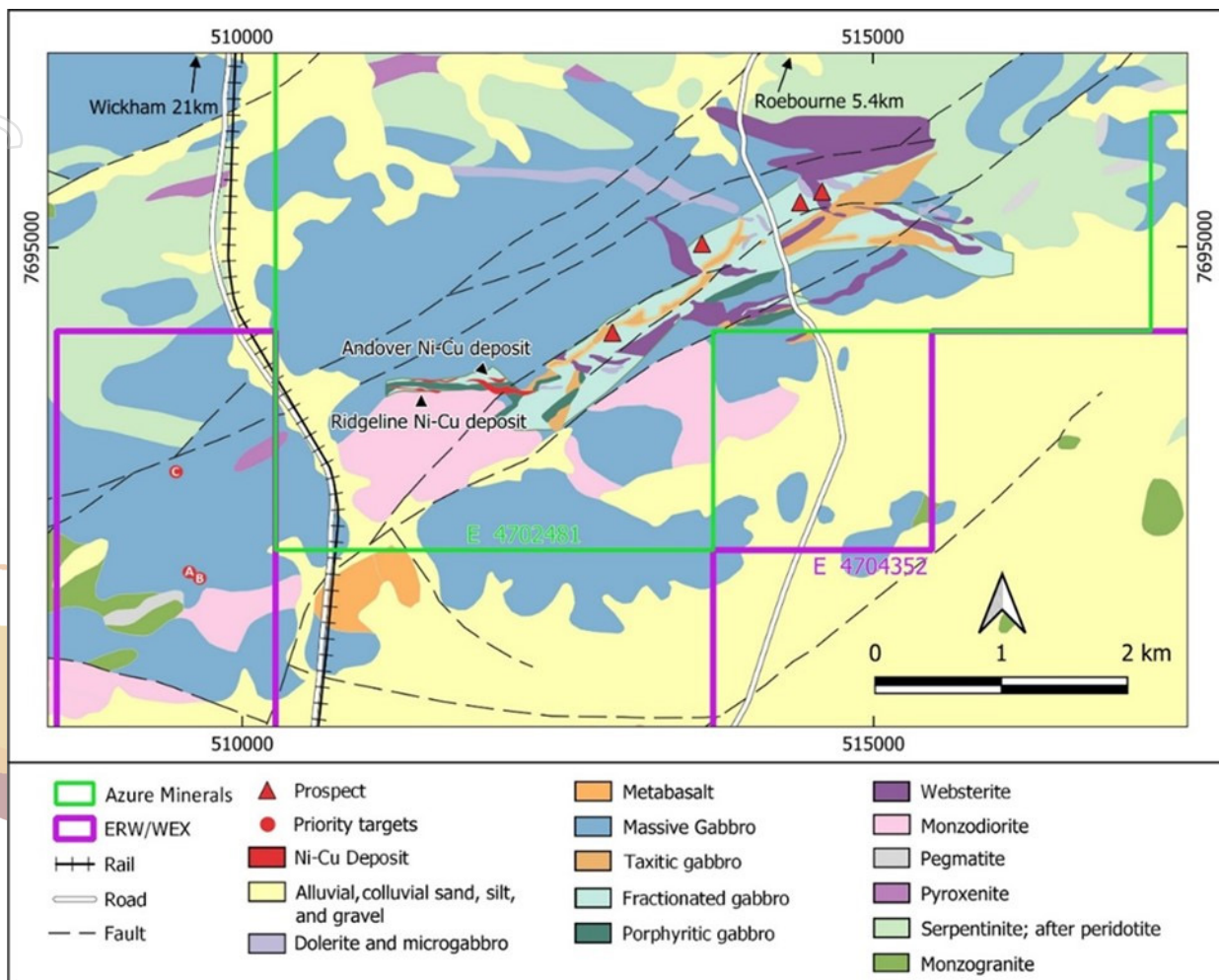


Figure 2. Location of the Tenement and Priority EM anomalies relative to Azure's Ni-sulphide discoveries

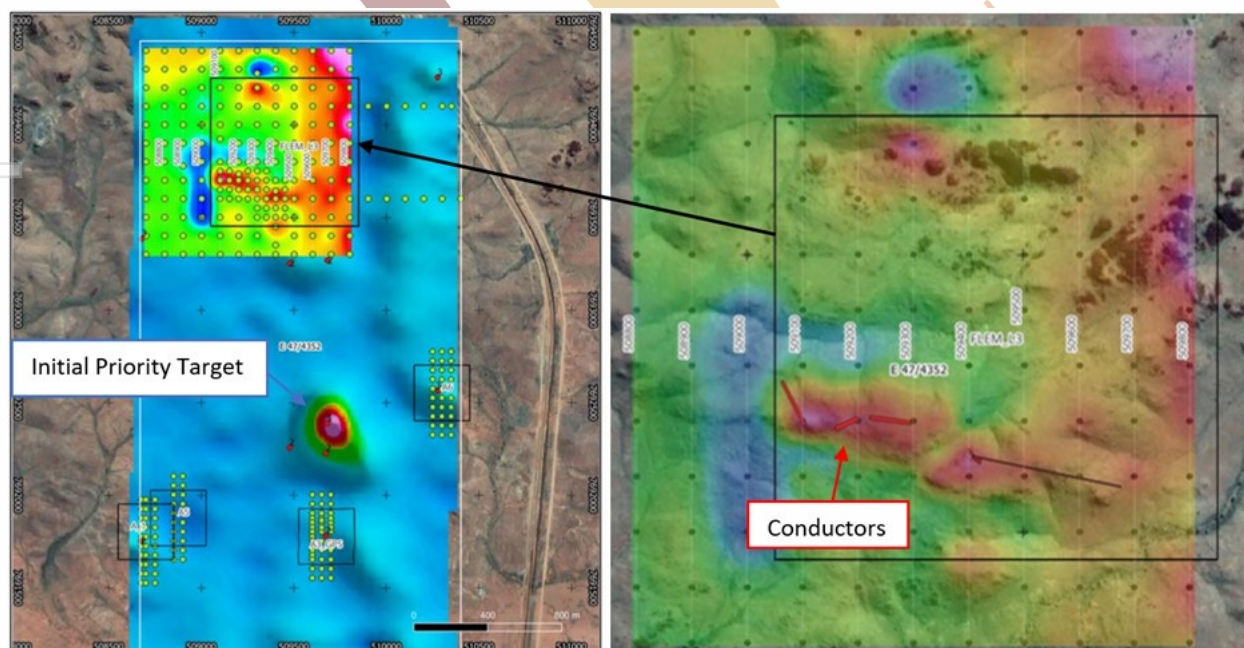
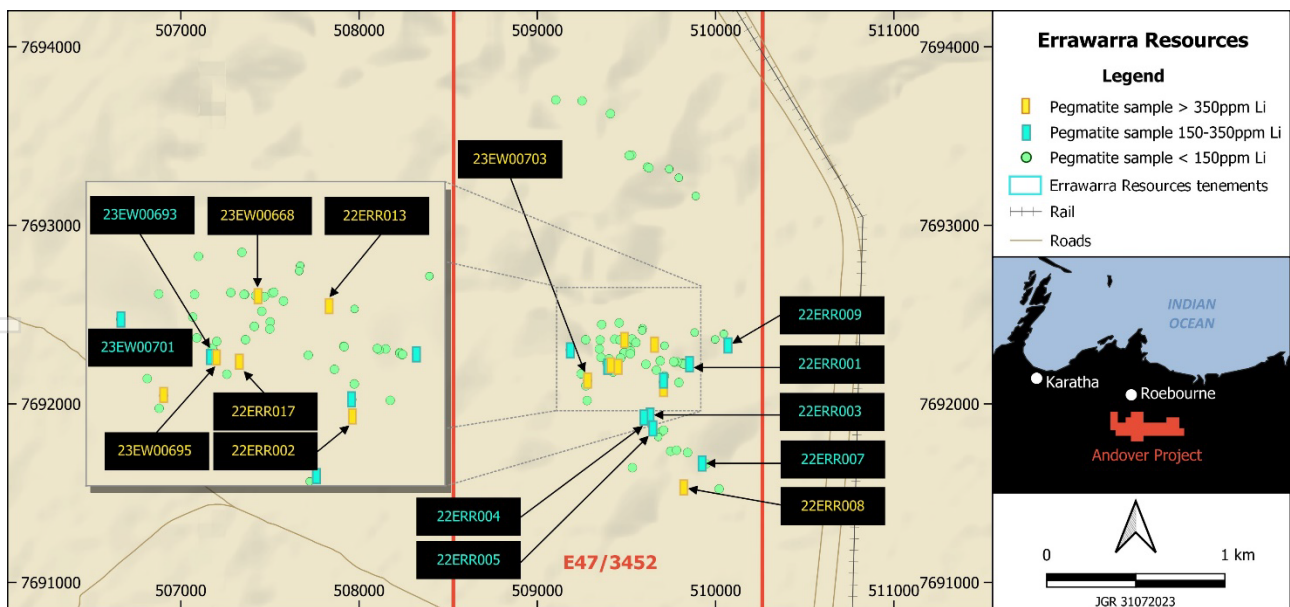
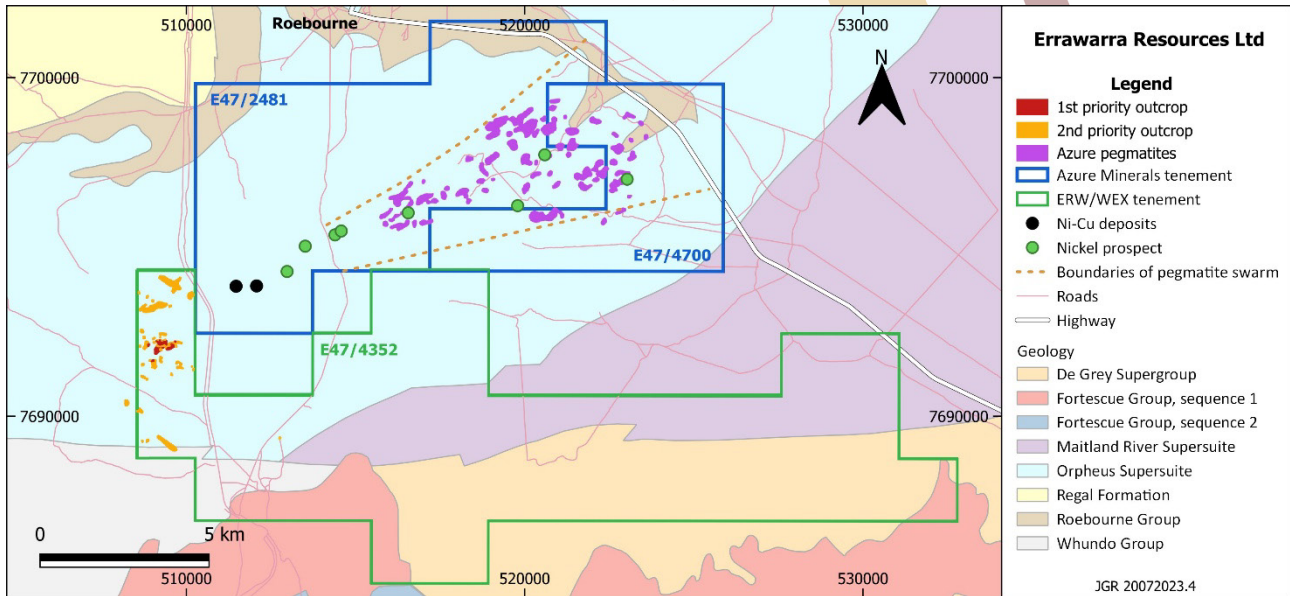


Figure 3. Follow-up MLEM Surveys with New Conductor Targets



DIRECTORS' REPORT

ERRABIDY PROJECT

Introduction

The Errabiddy Project is 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.

Background

The north-western margin of the Yilgarn Craton (Narryer Terrane) hosts several known mafic-ultramafic intrusive bodies that were emplaced into the deforming northwest Yilgarn 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.

Tenement E09/2457 the largest of the Errabiddy tenements is also prospective for graphite within graphitic schist lithologies. Buxton Resources have reported a mineral resource of 4Mt @ 16.2% Total Graphitic Carbon (TGC)⁴ at their Graphite Bull Project on their tenement which is surrounded by E47/2457.

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 Yilgarn 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 Yilgarn Craton during the 2000-1960Ma Glenburgh Orogeny. Whilst the Errabiddy Shear Zone is the principal suture zone between the Glenburgh Terrane and the Yilgarn Craton, the Cardilya Fault is the main crustal structure that separates the two.

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 Quartpot Pelite and extensive Cainozoic and Quaternary colluvial and sheetwash cover sequences.

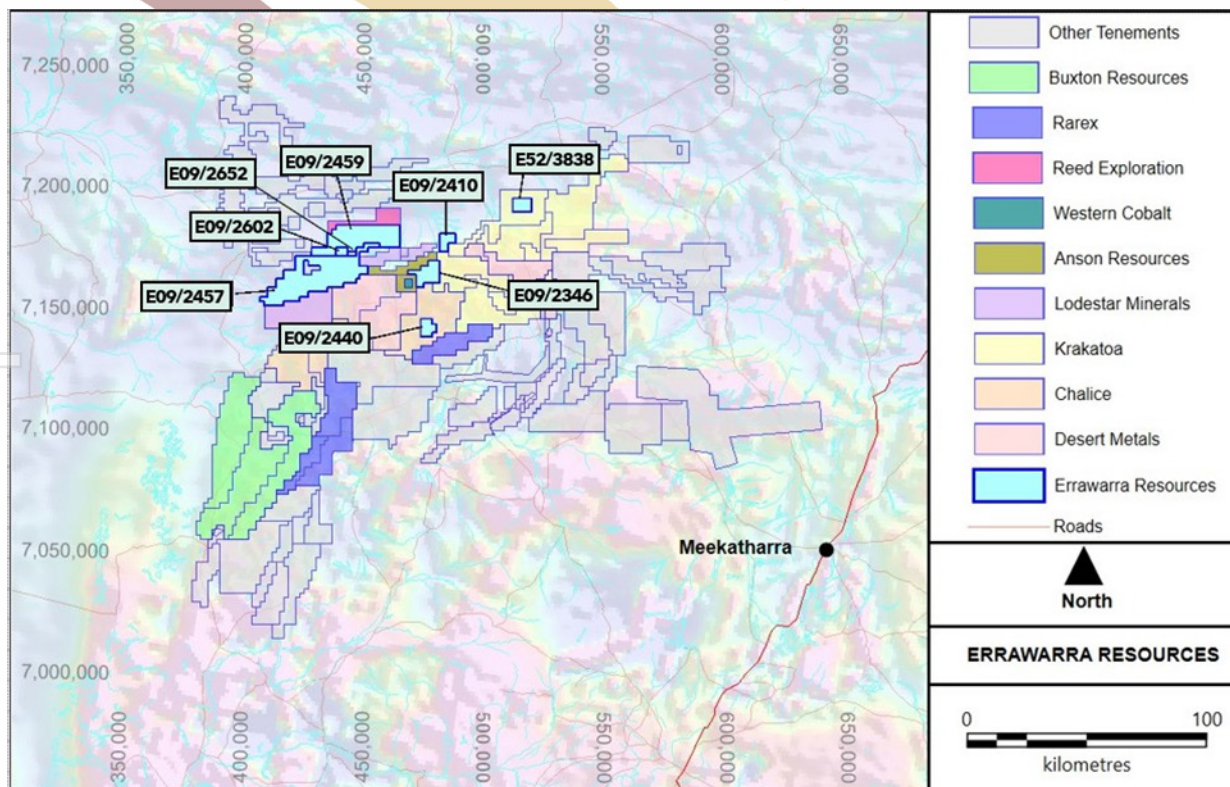


Figure 6. Errabiddy Project, regional landholders map

⁴ Refer to Buxton Resources Limited ASX Announcement dated 24 October 2014.

Exploration

The Errabiddy project 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 by the Company in the period between 18 May 2021 and 17 June 2021. This survey covered the tenement package except for tenement E52/3838. Flight lines were 100m apart and sensor height was 30m.

Errabiddy Graphite

The Errabiddy project tenement E09/2457 surrounds the Buxton Resources Tenement E09/1985 where Buxton previously announced a significant graphite resource⁴. The presence of a graphitic schist just 6km west of the Buxton Resources graphite project as well as 2km to the north, provides confidence to the Company that the Errabiddy graphite mineralisation is one that demands follow up exploration and potentially the drill testing of graphite conductor targets identified from the Loupe surveys.

Preliminary field reconnaissance confirmed the presence of graphitic schists less than 6km from Graphite Bull within the Company's 520km² tenement E09/2457 and with surface samples reporting up to 14.4% Total Graphitic Carbon (TGC). The Identification of outcrops of graphitic schist associated with conductive zones that extend beyond the known graphite areas of graphite occurrence highlights the prospectivity of the areas in proximity to the Graphite Bull deposit. The Errabiddy project tenement E09/2457 surrounds the Buxton Resources Tenement E09/1985 where Buxton previously announced a significant graphite resource⁵.

Subsequently Errawarra has commenced follow-up ground-based Loupe EM surveys over selected target areas in proximity to the Graphite Bull prospect. The surveys aim to identify potential extensions to the Graphite Bull graphite horizons as well as identifying other prospective horizons in the area.

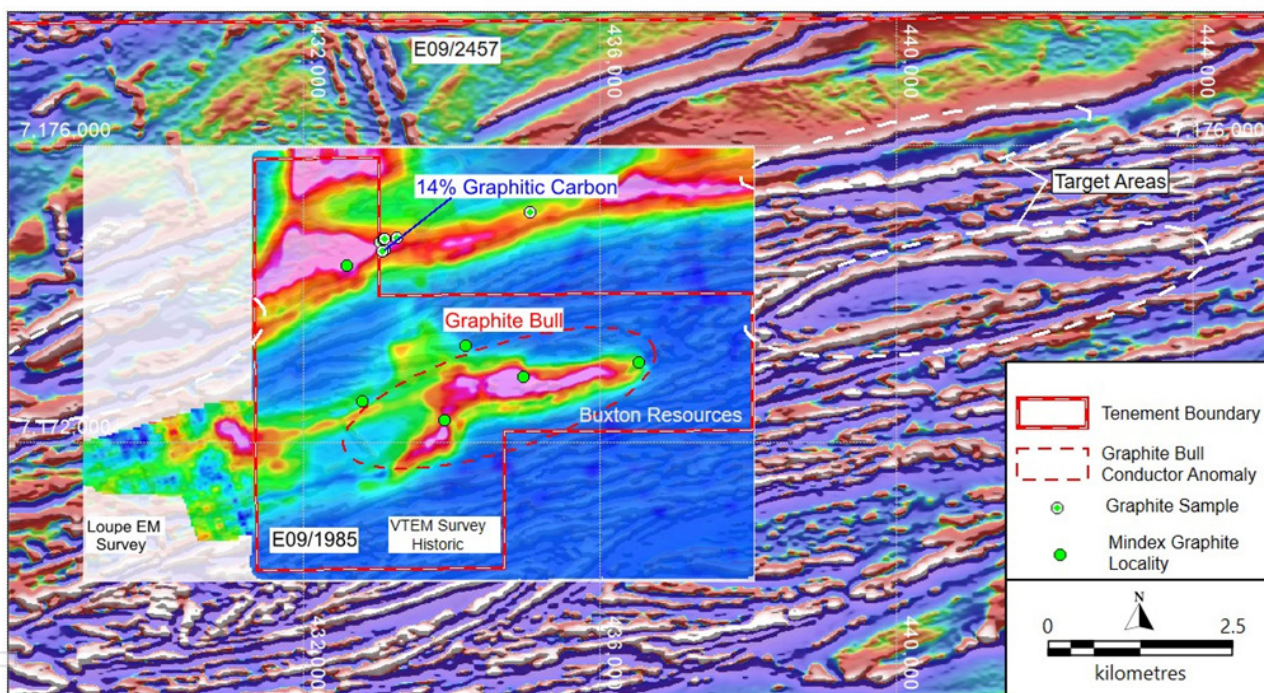


Figure 7. Graphite prospective areas over TMI Magnetic Image

Errabiddy Nickel

In addition to the encouraging graphite results, the Company has also identified potential nickel targets from the aeromagnetic survey data flown by the Company in 2021. These targets present as strong magnetic anomalies that may represent the presence of mafic intrusions. The Company is planning to ground test these targets to ascertain whether follow-up by airborne or ground based EM surveys is warranted.⁵

⁵ Refer to Buxton Resources Limited ASX Announcement dated 24 October 2014.

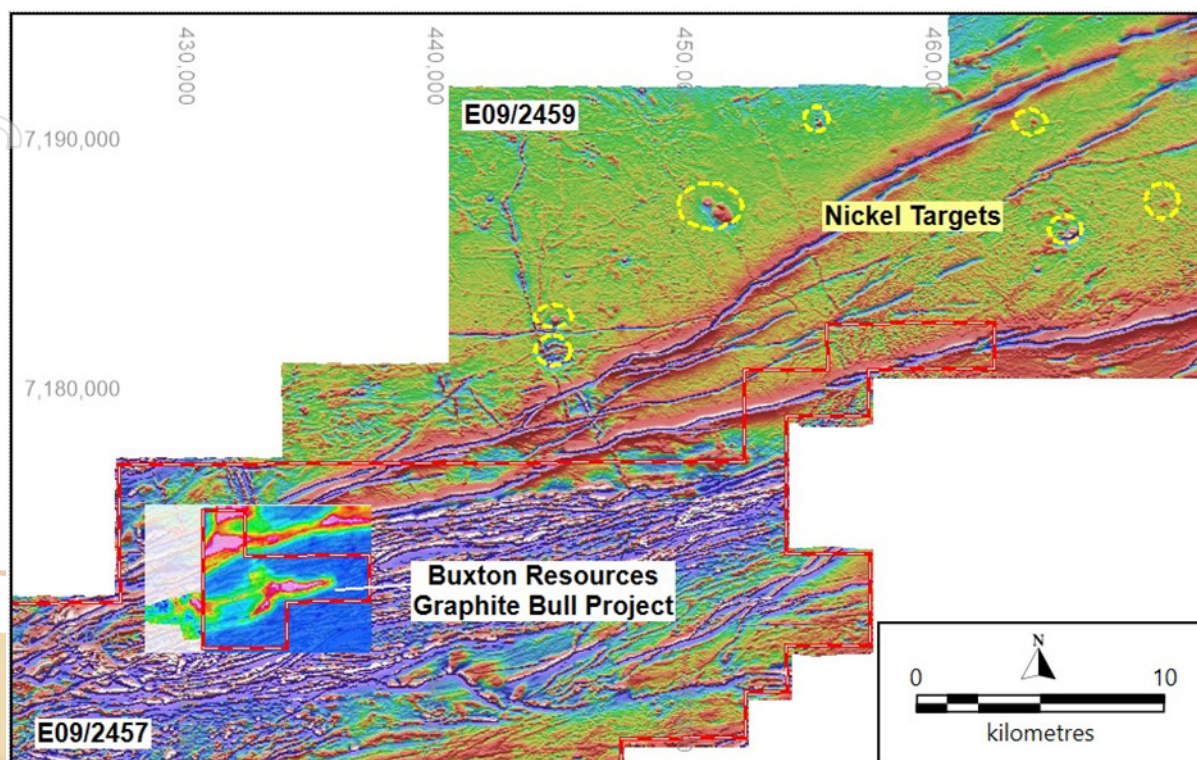


Figure 8. Nickel targets over TMI magnetic image

Reconnaissance

Reconnaissance soil and rock chip samples have been selectively taken from the broader tenement area with a focus on nickel, rare earths and gold. The results from the assays delivered to the lab through this ground reconnaissance program will enable the Company to further refine exploration targets and to better design drill programs in future exploration activity. The area is prospective for a host of commodities and the Company will seek to progress the Errabiddy project exploration activity to take advantage of the wider market interest in the commodities it potentially holds.

BINTI BINTI & FRASER RANGE PROJECT

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. Details of exploration results to date is as follows:

Binti Binti

- 10,027m AC drilling for 261 holes completed
- A steeply inclined high grade (4m@5.09g/t) vein was identified beneath a prospecting pit (surface grab sample reports 227g/t)

Fraser Range

- 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 tenement area
- The remaining unsurveyed portion of the tenements is not amenable to the MLEM survey technique

PROJECT GENERATION

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

COMPETENT PERSON

Thomas Reddcliffe, BSc (Hons), MSc, a Director and Shareholder of the Company, is a Fellow of the AUSIMM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration 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'. Thomas Reddcliffe consents to the inclusion in the report of the information in the form and context in which it appears.



DIRECTORS' REPORT

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

Quarter 1	Appointment of new director - Jo Battershill commenced on 1 July 2022 Issue of shares - Performance Rights A converted to fully paid ordinary shares on satisfaction of milestone, being the grant of the Tenement Audited Annual Report 2022 - for year ended 30 June 2022 Expiry of options - listed options exercisable at \$0.30 each expired
Quarter 2	Issue of options - issue of multiple tranches of options exercisable at \$0.25 each AGM - all resolutions were passed by poll Release of escrow - ordinary fully paid shares and unlisted options Board succession - George Ventouras appointed as a Director - Jonathan Murray retired as a Director
Quarter 3	Change to Executive Chairman Remuneration - change effective starting 1 January 2023 Half-year financial report - for period ended 31 December 2022
Quarter 4	Release of escrow - ordinary fully paid shares, unlisted options, and performance rights

BOARD OF DIRECTORS

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



Mr Thomas Reddcliffe
Executive Chairman

Appointed Executive Director 1 April 2021, previously appointed Non-Executive Director on 2 November 2020, appointed Executive Chairman on 8 December 2022

Mr Reddcliffe 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 Reddcliffe has more than 40 years of experience in Australian focused exploration, evaluation, trial mining, feasibility studies and company management.

Mr Reddcliffe 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 Reddcliffe 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, resigned 26 April 2023); and
- Black Dragon Gold Corporation (appointed 1 July 2017, resigned 18 March 2022).



Mr George Ventouras
Non-Executive Director

Appointed 8 December 2022

Mr Ventouras has over 30 years of business, marketing, and corporate experience including restructuring and recapitalising publicly listed entities and co-ordinating IPOs. Mr Ventouras developed and promoted ASX listed companies and has served on the board of various public and private companies in executive and non-executive roles. His experience includes resources, agriculture, aquaculture, luxury goods, and manufacturing.

Mr Ventouras holds a Bachelor of Business Degree (Marketing and Accounting) from Edith Cowan University.

Mr Ventouras has not held directorships in other Australian listed entities in the past 3 years.

Mr Jonathan Murray, Non-Executive Chairman

Appointed 22 June 2021, resigned 8 December 2022

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. He has over 25 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); and
- Peak Resources Limited (appointed 22 February 2011, resigned 8 March 2021).

DIRECTORS' REPORT

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.

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 2023.

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)
T Reddicliffe ⁽ⁱ⁾	30,000	(11,143,234)	800,000	(3,750,000)	-	(2,500,000)
J Battershill ⁽ⁱⁱ⁾	100,000	-	2,275,000	-	-	-
G Ventouras ⁽ⁱⁱ⁾	-	-	250,000	-	-	-

Note:

- (i) Mr Reddicliffe was appointed Executive Chairman on 8 December 2022. On 12 July 2023, Mr Reddicliffe announced that he ceased to be a substantial holder due to a corporate restructure in Sorrento Resources Pty Ltd.
- (ii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.

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		Circular Resolutions Passed		Total
	Attended	Attended	Passed	Passed	
T Reddicliffe	4	4	6	6	10
J Battershill ⁽ⁱ⁾	4	3	6	6	9
G Ventouras ⁽ⁱ⁾	3	3	1	1	4
J Murray ⁽ⁱⁱ⁾	2	2	5	5	7
G Purich ⁽ⁱⁱ⁾	-	-	-	-	-

Note:

- (i) Mr Murray and Ms Purich resigned as directors on 8 December 2022 and 31 July 2022 respectively.
- (ii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.

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 11% (10.5% until 30 June 2023) 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 4 years.

Summary of 4 Years earnings and market performance as at 30 June

	2023	2022	2021	2020
Profit/(Loss) (\$)	(2,583,004)	(3,358,514)	(3,258,566)	(42,865)
No of shares on issue	60,504,002	45,493,238	39,893,234	2,187,643
Share price (\$)	0.185	0.195	0.225	-
Market capitalisation (Undiluted) (\$)	11,193,240	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 2023 and 2022 figures for remuneration received by the Company's directors.

	Short Term			Post-employment		Equity		Total	Value options as proportion of remuneration
	Salary & fees	Other benefits ⁽ⁱ⁾	D&O insurance ⁽ⁱⁱ⁾	Super-annuation	Prescribed benefits	Shares	Options ⁽ⁱⁱⁱ⁾		%
	\$	\$	\$	\$	\$	\$	\$		
2023									
Directors									
T Reddcliffe ^(iv)	150,000	-	4,384	-	-	-	76,400	230,784	33%
J Battershill ^(v)	24,000	-	4,384	-	-	-	139,654	168,038	83%
G Ventouras ^(v)	14,000	-	2,462	-	-	-	21,854	38,316	57%
J Murray ^(vi)	9,968	-	1,934	-	-	-	76,400	88,302	87%
G Purich ^(vi)	1,818	-	372	191	-	-	-	2,381	0%
Total	199,786	-	13,536	191	-	-	314,308	527,821	60%
2022									
Directors									
J Murray	24,000	-	9,929	-	-	-	-	33,929	0%
T Reddcliffe ^(iv)	60,000	-	9,929	-	-	-	-	69,929	0%
G Purich	21,818	-	9,929	2,182	-	-	-	33,929	0%
Total	105,818	-	29,787	2,182	-	-	-	137,787	0%

Note:

- (i) Short Term Other benefits include annual leaves accrued during the year, if any.
- (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 Non-Executive Director on 2 November 2020 and Executive Director on 1 April 2021. He was appointed Executive Chairman on 8 December 2022.
- (v) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.
- (vi) Mr Murray and Ms Purich resigned as Non-Executive Directors on 8 December 2022 and 31 July 2022 respectively.

C. Service agreements

Executive Chairman - T Reddcliffe

Mr Thomas Reddcliffe was appointed 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 was appointed Executive Chairman on 8 December 2022. On 23 January 2023, the Company announced that his remuneration package was increased to \$120,000 per annum starting 1 January 2023 to reflect the increase of work as the Executive Chairman of the Company. 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	3 months	3 months	3 months

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 Directors

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, if applicable. 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		
	By Company ⁽ⁱ⁾	By Director	Termination payments ⁽ⁱⁱ⁾
J Battershill ⁽ⁱⁱⁱ⁾	Immediately	Immediately	Immediately
G Ventouras ⁽ⁱⁱⁱ⁾	Immediately	Immediately	Immediately
J Murray ^(iv)	Immediately	Immediately	Immediately
G Purich ^(iv)	Immediately	Immediately	Immediately

Note:

- (i) The Company can only terminate for gross misconduct, bankruptcy, or by other reason made under the *Corporations Act 2001* (Cth).
- (ii) Termination payments (other than for gross misconduct) are calculated on current remuneration at date of termination and are inclusive of the notice period.
- (iii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.
- (iv) Mr Murray and Ms Purich resigned as Non-Executive Directors on 8 December 2022 and 31 July 2022 respectively.

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. During the year, a total of 1,750,000 options were issued to directors.

As at 30 June 2023, 8,175,000 (2022: 4,650,000) 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										
T Reddcliffe ⁽ⁱ⁾	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-
	2022	-	3,750,000	22 Apr 22	\$0.103	22 Apr 22	\$0.30	21 Apr 25	-	-
	2023	500,000	500,000	29 Nov 22	\$0.153	29 Nov 22	\$0.25	25 Sep 25	500,000	-
J Battershill ⁽ⁱⁱ⁾	2022	-	275,000	22 Apr 22	\$0.108	22 Apr 22	\$0.40	21 Apr 26	-	-
	2022	-	500,000	26 Jun 22	\$0.077	26 Jun 22	\$0.25	29 Jun 25	-	-
	2022	-	500,000	26 Jun 22	\$0.077	30 Jun 23	\$0.25	29 Jun 25	500,000	-
	2022	-	500,000	26 Jun 22	\$0.077	31 Dec 23	\$0.25	29 Jun 25	-	-
	2023	500,000	500,000	29 Nov 22	\$0.153	29 Nov 22	\$0.25	25 Sep 25	500,000	-
G Ventouras ⁽ⁱⁱ⁾	2023	250,000	250,000	24 Oct 22	\$0.087	24 Oct 22	\$0.25	30 Nov 25	250,000	-
J Murray ⁽ⁱⁱⁱ⁾	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-
	2023	500,000	500,000	29 Nov 22	\$0.153	29 Nov 22	\$0.25	25 Sep 25	500,000	-
G Purich ⁽ⁱⁱⁱ⁾	2021	-	300,000	26 Nov 20	\$0.124	26 Nov 20	\$0.30	26 Nov 24	-	-
Total		1,750,000	8,175,000						2,250,000	-

Note:

- (i) On 7 July 2023, 3,750,000 options were disposed of by Mr Reddcliffe indirectly as a result of a corporate restructure in Sorrento Resources Pty Ltd to a third party.
- (ii) Messrs Battershill and Ventouras were appointed Directors 1 July 2022 and 8 December 2022 respectively.
- (iii) Mr Murray and Ms Purich resigned as Directors on 8 December 2022 and 31 July 2022, respectively. The balance reflects their holding at date of resignation.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

D. Share-based compensation (cont'd)

As at 30 June 2023, 2,500,000 (2022: 10,000,000) performance rights granted as share-based compensation were held by the Company's director.

	Financial year	Performance rights issued during the year No.	No of performance rights No.	Issue date	Fair value per performance rights at issue date	Vesting date	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised during the year No.
Directors										
T Reddicliffe	2022	-	-	22 Apr 22	\$0.0705	1 Sep 22	M1 ⁽ⁱ⁾	21 Apr 23	7,500,000	7,500,000
	2022	-	2,500,000	22 Apr 22	\$0.0705	21 Apr 27	M2 ⁽ⁱⁱ⁾	21 Apr 27	-	-
Total		-	2,500,000						7,500,000	7,500,000

On 23 November 2021, the Company announced it had entered into a share sale agreement (the **Agreement**) with Western Exploration Pty Ltd (ACN 638 183 490) (**Western Exploration**), the registered holder of tenement application E47/4352 (the **Application**), whereby the Company agreed to acquire 80% of the fully paid ordinary shares in the capital of Western Exploration held by Mr Thomas Reddicliffe (the **Vendor**), the sole director and shareholder of Western Exploration (the **Acquisition**). Pursuant to the Agreement, in consideration for the Acquisition, the Company issued 7,500,000 Performance Rights Class A and 2,500,000 Performance Rights Class B to Sorrento Resources Pty Ltd, an entity controlled by Mr Reddicliffe to acquire 80% of Western Exploration. This issue was approved by shareholders on 22 April 2022.

- (i) Milestone 1 (**M1**) vests on the grant of the tenement E47/4352 and converted into 7,500,000 fully paid ordinary shares on 6 September 2022.
- (ii) 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 1% (including nickel equivalent metals) without and using industry standard lower cut off grades.

E. Directors' equity holdings

(a) Fully paid ordinary shares of Errawarra Resources Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Received on exercise of performance rights No.	Received on conversion of debt to equity No.	Received on sale of tenements No.	Net other changes ^(vi) No.	Balance at 30 June No.
2023							
T Reddicliffe ⁽ⁱ⁾	3,673,234	-	7,500,000	-	-	-	11,173,234
J Battershill ⁽ⁱⁱ⁾	-	-	-	-	-	100,000 ^(iv)	100,000
G Ventouras ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
J Murray ⁽ⁱⁱⁱ⁾	1,138,939	-	-	-	-	-	1,138,939
G Purich ⁽ⁱⁱⁱ⁾	25,000	-	-	-	-	-	25,000
	4,837,173	-	7,500,000	-	-	100,000	12,437,173
2022							
J Murray	1,138,939	-	-	-	-	-	1,138,939
T Reddicliffe	3,673,234	-	-	-	-	-	3,673,234
G Purich	25,000	-	-	-	-	-	25,000
	4,837,173	-	-	-	-	-	4,837,173

Note:

- (i) On 6 September 2022, the Company was notified that E47/4352, a key tenement was granted for a period of five years. On 6 September 2022, 7,500,000 Performance Rights Class A were exercised and converted into 7,500,000 fully paid ordinary shares on the satisfaction of the milestone, being the grant of E47/4352. On 7 July 2023, 11,143,234 shares were disposed of by Mr Reddicliffe indirectly as a result of a corporate restructure in Sorrento Resources Pty Ltd to a third party.
- (ii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.
- (iii) Mr Murray and Ms Purich resigned as Non-Executive Directors on 8 December 2022 and 31 July 2022 respectively.
- (iv) Shares held by Mr Battershill disclosed on appointment.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Directors' equity holdings (cont'd)

(b) Options of Errawarra Resources Ltd

Key management personnel	Vested at 30 June						
	Balance at 1 July	Granted as remuneration	Options exercised	Net other changes	Balance at 30 June	Exercisable	Not exercisable
	No.	No.	No.	No.	No.	No.	No.
2023							
T Reddicliffe ⁽ⁱ⁾	5,886,617	500,000	-	(1,836,617) ^(iv)	4,550,000	4,550,000	-
J Battershill ⁽ⁱⁱ⁾	-	2,275,000	-	-	2,275,000	1,775,000	500,000
G Ventouras ⁽ⁱⁱⁱ⁾	-	250,000	-	-	250,000	250,000	-
J Murray ⁽ⁱⁱⁱ⁾	819,470	500,000	-	(519,470) ^(iv)	800,000	800,000	-
G Purich ⁽ⁱⁱⁱ⁾	312,500	-	-	-	312,500	312,500	-
	7,018,587	3,525,000	-	(2,356,087)	8,187,500	7,687,500	500,000
2022							
J Murray	819,470	-	-	-	819,470	819,470	-
T Reddicliffe ⁽ⁱ⁾	2,136,617	-	-	3,750,000	5,886,617	5,866,617	-
G Purich	312,500	-	-	-	312,500	312,500	-
	3,268,587	-	-	3,750,000	7,018,587	7,018,587	-

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 Reddicliffe is the sole director, to receive 3,750,000 Consulting Options. On 7 July 2023, 3,750,000 options were disposed of by Reddicliffe indirectly as a result of a corporate restructure in Sorrento Resources Pty Ltd to a third party.
- (ii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.
- (iii) Mr Murray and Ms Purich resigned as Non-Executive Directors on 8 December and 31 July 2022 respectively.
- (iv) Listed options expired on 30 September 2022 unexercised by Messrs Reddicliffe and Murray.

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

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (cont'd)

E. Directors' equity holdings (cont'd)

(a) Performance Rights of Errawarra Resources Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Performance rights exercised No.	Net other changes No.	Balance at 30 June No.	Vested at 30 June	
						Exercisable No.	Not exercisable No.
2023							
T Reddicliffe ⁽ⁱ⁾	10,000,000	-	(7,500,000)	-	2,500,000	-	2,500,000
J Battershill ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
G Ventouras ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
J Murray ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
G Purich ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
	10,000,000	-	(7,500,000)	-	2,500,000	-	2,500,000
2022							
J Murray	-	-	-	-	-	-	-
T Reddicliffe ⁽ⁱ⁾	-	-	-	10,000,000	10,000,000	-	10,000,000
G Purich	-	-	-	-	-	-	-
	-	-	-	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. On 6 September 2022, the Company was notified that E47/4352, a key tenement was granted for a period of five years. On 6 September 2022, 7,500,000 Performance Rights Class A were exercised and converted into 7,500,000 fully paid ordinary shares on the satisfaction of the milestone, being the grant of E47/4352. On 7 July 2023, 2,500,000 performance rights were disposed of by Mr Reddcliffe indirectly as a result of a corporate restructure in Sorrento Resources Pty Ltd to a third party.
- (ii) Messrs Battershill and Ventouras were appointed Non-Executive Directors on 1 July 2022 and 8 December 2022 respectively.
- (iii) Mr Murray and Ms Purich resigned as Non-Executive Directors on 8 December 2022 and 31 July 2022 respectively.

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

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

During the year, Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to \$21,972 (2022: \$147,768). At 30 June 2023 no amount was payable to Steinepreis Paganin (2022: \$9,742 payable). Mr Murray resigned as director of the Company on 8 December 2022.

During the year, Sorrento Resources Pty Ltd, of which Mr Thomas Reddcliffe is a Director, provided consulting services for Andover West Project and corporate services amounting to \$274,350 inclusive of expense reimbursements (2022: nil). As at 30 June 2023, \$8,800 was owed to Sorrento Resources Pty Ltd (2022: nil).

End of Remuneration Report

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year included exploration and maiden drilling at the Andover West project, and exploration, ground reconnaissance and EM surveys at the Errabiddy project which is considered prospective for graphite, nickel, rare earth elements, and gold. 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.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of \$3,298,900.

During the year, total exploration expenditure expensed by the Group in accordance with the Group's accounting policy amounted to \$1,397,372 (2022: \$1,883,850). Net administration expenditure incurred by the Group amounted to \$1,354,950 (2022: \$1,476,785). This has resulted in an operating loss after income tax for the year of \$2,583,004 (2022: loss \$3,358,514).

As at 30 June 2023, cash and cash equivalents totalled \$1,258,343.

Summary of 5 Year Financial Information as at 30 June

	2023	2022	2021	2020	2019
Cash and cash equivalents (\$)	1,258,343	3,298,900	3,380,569	16,825	312
Net assets / equity (\$)	732,146	2,497,117	3,282,761	(379,293)	(346,428)
Exploration expenditure expensed (\$)	(1,397,372)	(1,883,850)	(1,668,001)	-	-
No of issued shares	60,504,002	45,493,238	39,893,234	2,187,643	20,757,741
No of options	17,600,000	34,333,413	23,333,417	-	-
Share price (\$)	0.185	0.195	0.225	-	-
Market capitalisation (Undiluted) (\$)	11,193,240	8,871,181	8,975,978	-	-

Summary of Share Price Movement to the date of this report

	Share Price (\$)	Date
Highest	\$0.290	31 January 2022
Lowest	\$0.067	16 May 2023
Latest	\$0.160	4 September 2023

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, and reapproved on 24 September 2021.

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>

DIRECTORS' REPORT

COMPLIANCE

Risk and Risk Management

The Group manages the risks listed below, and other day-to-day risks through a number of risk controls and mitigants. Specific risk controls and mitigants include but are not limited to:

- Board risk oversight;
- Implementation and adoption of Company policies and standards;
- Insuring business activities and operations in accordance with industry practice; and
- Engaging appropriate finance, accounting, and legal advisors.

Government regulation

The Group's current and future exploration activities are subject to various laws and statutory regulations governing prospecting, development, production, taxes, royalty payments, labour standards and occupational health, mine safety, toxic substances, land use, water use, communications, land claims of local people and other matters, and to obtaining and maintaining the necessary titles, authorisations, permits and licences.

No assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could have an adverse effect on the Group's financial position and results of operations, or on the success of development projects. Any such amendments to current laws, regulations and permits governing operations and activities of mining, exploration and development projects, or more stringent implementation thereof, could have a material adverse impact on the Group's result of operations, financial condition and prospects. Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against the Group, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Tenure, Native Title, Aboriginal Heritage and Land Claims risks

Interests in exploration and mining tenements in Australia are governed by state legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance.

These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently, the Group could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which the Group has an interest or may acquire such an interest, there may be areas over which legitimate native title rights exist or which are subject to native title claims made under the *Native Title Act 1993* (Cth). In such circumstances, the ability of the Group to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

Further, it is possible that there will exist on the Group's mining tenements, areas containing sacred sites or sites of significance to Aboriginal people in accordance with their tradition that are protected under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth). As a result, land within the tenements may be subject to restrictions on exploration, mining or other uses and/or significant approval hurdles may apply.

Tenement Renewals

Renewal of tenements owned by the Group is made by way of application to the relevant department. There is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state or territory mining legislation. In addition, the relevant department may impose conditions on any renewal, including relinquishment of ground.

Exploration and development risks

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. The Group's exploration activities will also be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Although the Group's activities are primarily directed towards exploration for mineral deposits and the possibility of third-party arrangements including joint ventures, partnerships, ore purchase arrangements or other third-party contracts, its activities also include the development of mineral deposits into mining operations. An ability to sustain or increase the current level of production in the longer term is in part dependent on the success of the Group's exploration activities and development projects.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the exploration or development programs the Group plans will result in a profitable mining operation.

COMPLIANCE (cont'd)

Risk and Risk Management (cont'd)

Commodity prices

The Group's future prospects and Errawarra share price will be influenced by the prices obtained for the commodities produced and targeted in the Group's exploration and development programs. Commodity prices fluctuate and are impacted by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production, geopolitical factors (including trade tensions), hostilities and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse effect on the Group's production and exploration activities and any subsequent development and production activities, as well as its ability to fund its future activities. Further, rare earth products are not exchange traded commodities.

Occupational health and safety

Exploration activities may expose the Group's contractors to potentially dangerous working environments. Occupational health and safety legislation and regulations differ in each jurisdiction. If any of the Group's contractors suffers injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business. Such an incident may also have an adverse effect on the Group's business and reputation.

Environment

The Group's projects are subject to the environmental laws and regulations of Australia (including statutory rehabilitation obligations that the Group will need to comply with in the future and which may be material). While the Group proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that the Group may incur liability for any breaches of these laws and regulations.

The Group is also unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Insurance

The Group maintains insurance to protect against certain risks. However, the Group's insurance will not cover all the potential risks associated with an exploration company's operations. The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other hazards as a result of exploration is not generally available to the Group, or to other companies in the mining industry on acceptable terms.

Reliance on key personnel

The Group is dependent on its directors and consultants to implement its business strategy. A number of factors including the departure of key management personnel or a failure to attract or retain suitable qualified key personnel, could adversely affect the Group's business strategy.

Access to and dependence on capital raisings

The Group's exploration activities require substantial expenditure going forward. The Group's objectives when managing capital is to safeguard its ability to continue as a going concern. Although Errawarra believes that additional funding can be obtained via capital raising, no assurances can be made that appropriate funding will be available when required. If the Group is unable to obtain additional financing as required, it may be required to scale back its exploration and development program. As a result, the Group's ability to continue as a going concern may be diminished.

DIRECTORS' REPORT

COMPLIANCE (cont'd)

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 2023 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 6 September 2023 the Company announced that it has received firm commitments by way of a placement to raise \$4.25 million (before costs) in two (2) tranches.

On completion of the placement, a total of 35,416,667 fully paid ordinary shares will be issued at the share price of \$0.12 per share.

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 17,600,000 options on issue to purchase ordinary shares (17,600,000 options at 30 June 2023). Refer to the remuneration report for further details of the options issued to directors as remuneration, and notes 15 and 23 for options granted over shares during the year.

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 since the end of the reporting period.

Performance rights

As at the date of this report, there were 5,000,000 performance rights on issue to purchase ordinary shares (5,000,000 performance rights at 30 June 2023). Refer to notes 15 and 23 for performance rights granted over shares during the year.

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 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 \$13,535.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Stantons, 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 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 26.

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

On behalf of the Directors

Thomas Reddcliffe
Executive Chairman

Perth, Western Australia this 7th of September 2023

INDEPENDENCE DECLARATION TO THE DIRECTORS' OF ERRAWARRA RESOURCES LTD



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Australia

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07 September 2023

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 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 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 2023.

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 Chairman

Perth, Western Australia this 7th of September 2023

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 2023, 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 2023 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial report which describes the events and or conditions which give rise to the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



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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.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Share-based payments As disclosed in note 23 of the financial report, the Company granted share options to consultants and Directors of the Company. Share-based payments expense recognized amounted to \$423,580. 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> . 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.	 In assessing the valuation of share-based payment, our audit procedures included, among others: i. Obtaining an understanding of the underlying transactions, reviewing agreements, minutes of the Board meeting and ASX announcements; ii. Verifying the input, the vesting period and examining the assumptions used in the valuation models and discussing with management the justification for these inputs; iii. Assessing the accounting treatment and its application in accordance with AASB 2 <i>Share based payments</i> ; and iv. Assessing the adequacy of disclosure made by the Group in the financial report.

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 2023, 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 21 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Errawarra Resources Limited for the year ended 30 June 2023 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
7 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Continuing operations			
Other income	5(a)	17,170	1,461
Shared-based payment	23	(423,580)	(813,296)
Employee expenses	5(b)	(109,977)	(72,000)
Consultants expenses		(615,807)	(455,820)
Interest expenses		(2,471)	-
Exploration and evaluation expenses		(1,397,372)	(1,883,850)
Fair value gain on other financial assets	10	(29,373)	-
Other expenses		(205,586)	(135,669)
(Loss) from continuing operations before income tax benefit		(2,766,996)	(3,359,174)
Income tax benefit	6	-	-
(Loss) attributable to members of the parent entity		(2,766,996)	(3,359,174)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		(2,766,996)	(3,359,174)
Net (loss) attributable to:			
Owner of Errawarra Resources Ltd		(2,583,004)	(3,358,514)
Non-controlling interest		(183,992)	(660)
		(2,766,996)	(3,359,174)
Total comprehensive (loss) attributable to:			
Owner of Errawarra Resources Ltd		(2,583,004)	(3,358,514)
Non-controlling interest		(183,992)	(660)
		(2,766,996)	(3,359,174)
Loss per share attributable to the parent entity:			
Basic (cents per share)	17	(4.47)	(7.78)

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 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	25(a)	1,258,343	3,298,900
Trade and other receivables	9	62,116	29,240
Other financial assets at fair value through profit or loss	10	88,119	117,492
Other asset		10,040	10,000
Total current assets		1,418,618	3,455,632
Non-current assets			
Right-of-use asset	13	35,634	-
Intangible assets	11	-	-
Total non-current assets		35,634	-
TOTAL ASSETS		1,454,252	3,455,632
Current liabilities			
Trade and other payables	12	487,142	689,842
Lease liability	13	29,485	-
Total current liabilities		516,627	689,842
Non-current liabilities			
Trade and other payables	12	197,979	268,673
Lease liability	13	7,500	-
Total non-current liabilities		205,479	268,673
TOTAL LIABILITIES		722,106	958,515
NET ASSETS		732,146	2,497,117
Equity			
Issued capital	14	7,579,621	7,576,392
Reserves	15	3,767,659	2,768,863
Accumulated losses	16	(10,430,482)	(7,847,478)
Parent interest		916,798	2,497,777
Non-controlling interest		(184,652)	(660)
TOTAL EQUITY		732,146	2,497,117

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2023

For the year ended 30 June 2023	Attributable to equity holders						Total Equity/ (Deficiency) \$
	Issued capital \$	Option Reserves \$	Performance Rights Reserves \$	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 year	-	-	-	-	(183,992)	(2,583,004)	(2,766,996)
Other comprehensive (loss) for the year	-	-	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	-	(183,992)	(2,583,004)	(2,766,996)
Transactions with owners recorded direct to equity							
Share-based payments – note 23	-	423,580	575,216	-	-	-	998,796
Exercise of options	3,229	-	-	-	-	-	3,229
Total transactions with owners	3,229	423,580	575,216	-	-	-	1,002,025
Balance as at 30 June 2023	7,579,621	1,897,751	1,141,328	728,580	(184,652)	(10,430,482)	732,146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2023

For the 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 \$	
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 (loss) 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

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments for exploration and evaluation		(1,104,944)	(639,946)
Payments to suppliers and employees		(928,222)	(627,277)
Interest received		15,947	1,432
Net cash (used in) operating activities	25(b)	(2,017,219)	(1,265,791)
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
Proceeds from exercise of options		3,229	1
Payment for share issue costs		-	(37,879)
Repayment from lease liabilities		(26,567)	-
Net cash (used in) / provided by financing activities		(23,338)	1,194,122
Net (decrease) in cash and cash equivalents		(2,040,557)	(81,669)
Cash and cash equivalents at the beginning of the financial year		3,298,900	3,380,569
Cash and cash equivalents at the end of the financial year	25(a)	1,258,343	3,298,900

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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 2023 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 22.

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 27.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2023 and the comparative information presented in these financial statements for the year ended 30 June 2022.

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 2023 the Group incurred a loss of \$2,583,004 (2022: loss \$3,358,514) and had a working capital surplus of \$901,991 (2022: \$2,765,790 surplus). Based upon the Group's existing cash resources of \$1,258,343 (2022: \$3,298,900) and other financial assets of \$88,119 (2022: \$117,492) as at 30 June 2023, 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 2023 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 2022 except for the new accounting standards stated below:

New and Amended Standards Adopted by the Group

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

The Group adopted AASB 2020-3 which makes some small amendments to a number of standards including the following: AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-7a: Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2020-7a makes various editorial corrections to a number of standards effective for reporting periods beginning on or after 1 January 2022. The adoption of the amendment did not have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

New and Amended Standards 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 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

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 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.

AASB 2021-7b & c: Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7b makes various editorial corrections to AASB 17 *Insurance Contracts* which applies to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

AASB 2021-7c defers the mandatory effective date (application date) of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2024 and 30 June 2026. The impact of initial application is not yet known.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to the following standards: AASB 7, AASB 116, AASB 124, AASB 128, AASB 134 and AASB as well as to AASB Practice Statement 2. It also formally repeals superseded and redundant Australian Account Standards as set out in Schedules 1 and 2 to the Standard.

The Group plans on adopting the amendments for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

(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.

(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.

(e) Financial assets (cont'd)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

(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.

(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.

(i) Tax (cont'd)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

(i) Tax (cont'd)

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.

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

(m) Joint arrangements (cont'd)

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.

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 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 2023. 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.

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.

(n) Principles of consolidation (cont'd)

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. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

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

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the asset.

Right-of-use assets are depreciated on a straight-line method from the commencement date to the end of the lease term.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(ii) Lease Liabilities

The lease liability is measured at the present value of the lease payments discounted at the Group's incremental borrowing rate. Lease payments include fixed payments, and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

(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 2023

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 2023

3. Critical accounting estimates and judgements (cont'd)

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 2023.

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 23. 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	
		2023 %	2022 %
Parent entity:			
Errawarra Resources Ltd ⁽ⁱ⁾	Australia	100	100
Subsidiary:			
Errawarra Pty Ltd	Australia	100	100
Western Exploration Pty Ltd ⁽ⁱⁱ⁾	Australia	80	80

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**). The 20% non-controlling interest is held by Mr Thomas Reddcliffe. Refer to notes 18 and 22(d) for further details.

5. Income/expenses from operations

	2023 \$	2022 \$
(a) Interest income		
Bank	17,170	1,461
Total interest income	17,170	1,461
(b) Employee expenses		
Salary and wages	109,786	69,818
Post-employment benefits		
Defined contribution plans	191	2,182
Total employee expenses	109,977	72,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

6. Income taxes

	2023 \$	2022 \$
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	691,749	839,793
Deferred tax not recognised	(691,749)	(839,793)
Total tax benefit	-	-
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 2023 is as follows:		
Loss from operations	(2,766,996)	(3,359,174)
Income tax expense calculated at 25% (2022: 25%)	(691,749)	(839,794)
Effect of expenses that are not deductible in determining taxable loss	105,895	344,852
Temporary differences not recognised	55,855	60,239
Consolidation non-tax effecting	39,830	403,161
Unused tax losses not recognised as deferred tax assets	490,169	31,542
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	
	2023 \$	2022 \$	2023 \$	2022 \$
Deferred Income Tax				
Deferred tax assets have not been recognised in respect of the following items				
Exploration	224,524	242,575	224,524	242,575
Accruals	34,162	22,244	11,918	11,125
Other financial assets	7,681	-	7,681	(11,455)
Capital raising costs	136,332	82,025	54,307	75,594
Revenue tax losses	1,539,267	866,667	645,282	24,186
Deferred tax assets not brought to account as realisation is not probable	(1,941,966)	(1,213,511)		
	-	-		
Deferred tax assets not recognised			(943,712)	(342,025)
Deferred tax (income)/expense			-	-

The Group has tax losses of \$6,157,066 (2022: \$866,667) 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 2023

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 (resigned 8 Dec 2022)
- Thomas Reddicliffe
- Jonathan Battershill (appointed 1 Jul 2022)
- Greta Purich (resigned 31 Jul 2022)
- George Ventouras (appointed 8 Dec 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 21.

	2023 \$	2022 \$
Short-term employee benefits	213,322	135,605
Post-employment benefits	191	2,182
Shared-based payment	314,308	-
	527,821	137,787

8. Remuneration of auditors

Audit or review of the financial report

Stantons	45,606	41,621
	45,606	41,621

The auditor of the Group is Stantons International.

9. Trade and other receivables - current

Net goods and services tax (GST) receivable	43,706	13,419
Other receivables	18,410	15,821
	62,116	29,240

10. Other financial assets fair value through profit or loss

Investment in Critical Metals Ltd ⁽ⁱ⁾	88,119	117,492
	88,119	117,492

Note:

- (i) The investment in Critical Metals Ltd consists of 293,730 (2022: 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	117,492
Movement for the year	(29,373)	-
Balance at end of financial year	88,119	117,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

11. Intangible assets

	Patent, trademarks and other rights \$	Total \$
Gross carrying amount		
Balance at 1 July 2021	600,307	600,307
Additions - development	-	-
Balance at 1 July 2022	600,307	600,307
Additions - development	-	-
Balance at 30 June 2023	600,307	600,307
Accumulated depreciation and impairment		
Balance at 1 July 2021	(600,307)	(600,307)
Impairment provision	-	-
Balance at 1 July 2022	(600,307)	(600,307)
Impairment provision	-	-
Balance at 30 June 2023	(600,307)	(600,307)

	2023 \$	2022 \$
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

12. Trade and other payables

Current

Trade payables ⁽ⁱ⁾	228,576	11,278
Payables to related party ⁽ⁱⁱ⁾	8,800	9,742
Accruals	136,647	91,730
Other payables ⁽ⁱⁱⁱ⁾	113,119	577,092
	487,142	689,842

Non-current

Other payables ⁽ⁱⁱⁱ⁾	197,979	268,673
	197,979	268,673

Notes:

- (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 22(d) for further details.
- (iii) Other payables include performance rights current liability of \$70,693 (2022: \$575,216) and non-current liability of \$197,979 (2022: \$268,673).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

13.

Leases

Right-of-use asset

Non-current

2023
\$

2022
\$

35,634

-

35,634

-

Balance at beginning of financial year

Addition

57,014

-

Depreciation expense

(21,380)

-

Balance at end of financial year

35,634

-

Lease Liability

Current

29,485

-

Non-current

7,500

-

36,985

-

Amounts recognised in profit or loss

Depreciation expense on right-of-use asset

21,380

-

Interest expense on lease liabilities

2,471

-

23,851

-

14.

Issued capital

60,504,002 fully paid ordinary shares (2022: 45,493,238)

7,579,621

7,576,392

	2023		2022	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	45,493,238	7,576,392	39,893,234	6,598,326
Issue of shares - Placement ⁽ⁱ⁾	-	-	5,600,000	1,232,000
Issue of shares - Conversion of performance rights ⁽ⁱⁱ⁾	15,000,000	-	-	-
Issue of shares - Exercise of options	10,764	3,229	4	1
Share issue costs	-	-	-	(253,935)
Balance at end of financial year	60,504,002	7,579,621	45,493,238	7,576,392

Note:

- (i) In December 2021, the Company completed a \$1,232,000 placement at \$0.22 per share to sophisticated investor.
- (ii) 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. Refer to notes 18 and 23 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 2023

	2023 \$	2022 \$
15. Reserves		
Comprising:		
Reserve relating to the in-specie distribution of shares received from Hannans Ltd in February 2012	728,580	728,580
Option reserve	1,897,751	1,474,171
Performance Rights reserve	1,141,328	566,112
Total reserves	3,767,659	2,768,863
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	1,474,171	444,819
Share-based payments	423,580	1,029,352
Balance at end of financial year	1,897,751	1,474,171
Movements in performance rights reserve		
Balance at beginning of financial year	566,112	-
Share-based payments	575,216	566,112
Balance at end of financial year	1,141,328	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 2023, options over 17,600,000 (2022: 34,333,413) ordinary shares in aggregate are as follow:

Issuing entity	No of shares under options	Class of shares	Options exercise price	Option expiry date
Errawarra	1,800,000	Ordinary	\$0.30 each	26 Nov 2024
Errawarra	1,800,000	Ordinary	\$0.30 each	03 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	1,500,000	Ordinary	\$0.25 each	25 Sep 2025
Errawarra	1,500,000	Ordinary	\$0.25 each	30 Nov 2025
Errawarra	2,000,000	Ordinary	\$0.40 each	21 Apr 2026
Total	17,600,000			

All share options are unlisted, carry no rights to dividends and no voting rights. During the year, 3,000,000 options were issued, 10,764 options were exercised, and 19,722,649 options expired. Refer to note 23 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

15. Reserves (cont'd)

Performance Rights

As at 30 June 2023, performance rights (PR) over 5,000,000 (2022: 20,000,000) ordinary shares in aggregate as follow:

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

Note:

- (i) 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.

Performance rights carry no rights to dividends and no voting rights. No performance rights were issued during the year. During the year, 15,000,000 performance rights were exercised and converted into ordinary shares. Refer to Note 23 for further details.

16. Accumulated losses

	2023 \$	2022 \$
Balance beginning of financial year	(7,847,478)	(4,488,964)
Loss attributable to members of the parent entity	(2,583,004)	(3,358,514)
Balance at end of financial year	(10,430,482)	(7,847,478)

17. Loss per share attributable to the parent entity

	2023 Cents per share	2022 Cents per share
Basic loss per share:		
From continuing operations	(4.47)	(7.78)
Total basic loss per share	(4.47)	(7.78)

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

	2023 \$	2022 \$
Loss for the year	(2,583,004)	(3,358,514)
	2023 No	2022 No
Weighted average number of ordinary shares for the purposes of basic loss per share	57,747,978	43,145,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

18. 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

On 6 September 2022, 15,000,000 Performance Rights - Class A were exercised and converted into ordinary shares on the satisfaction of the milestone, being the grant of E47/4352. Refer to Note 23 for more details.

(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 during the year ended 30 June 2022.

(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.

19. Commitments for expenditure

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

	2023 \$	2022 \$
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	708,064	519,126
Longer than 1 year and not longer than 5 years	1,900,839	1,368,683
Longer than 5 years	223,702	53,008
Total	2,832,605	1,940,817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

20. 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 2023.

21. 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.

22. Related party disclosure

(a) Equity interests in related parties

Equity interests in subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of its subsidiaries. Refer to note 4 for further details of the ownership interest.

(b) Key management personnel (KMP) remuneration

Details of KMP remuneration are disclosed in pages 16 to 21 and note 7 to the financial statements.

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

There were no loans to and from KMP and their related parties during the year (2022: nil).

(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 \$3,721,781 (2022: \$2,601,511 owed to its subsidiary).

Director transactions

- (i) During the year, Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to \$21,972 (2022: \$147,768). At 30 June 2023 no amount was payable to Steinepreis Paganin (2022: \$9,742 payable). Mr Murray resigned as director of the Company on 8 December 2022.
- (ii) During the year, Sorrento Resources Pty Ltd, of which Mr Thomas Reddcliffe is a Director, provided consulting services for Andover West Project and corporate services inclusive of expense reimbursements amounting to \$274,350 (2022: nil). As at 30 June 2023, \$8,800 (2022: nil) was owed to Sorrento Resources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

22. Related party disclosures (cont'd)

- (iii) 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 15, 18 and 23 for further details.

During the year ended 30 June 2023, 15,000,000 Performance Rights - Class A were exercised and converted into ordinary shares on the satisfaction of the milestone, being the grant of E47/4352.

(e) Parent entity

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

23. Shared-based payments

	2023 ⁽ⁱ⁾ \$	2022 ⁽ⁱⁱ⁾ \$
Expenses arising from share-based payment transactions		
Options issued to directors	314,308	387,124
Options issued to consultants	109,272	426,172
	423,580	813,296
Options issued to Broker ⁽ⁱⁱⁱ⁾	-	216,056
Performance rights issued for acquisition - Western Exploration (refer notes 15 and 18) ^(iv)	-	1,410,000
Total	423,580	2,439,352

Note:

- (i) Share-based payments during the year ended 30 June 2023 relates to:
- 1,500,000 options issued to directors on 26 June 2022 for nil consideration. The expense recognised in respect of the 1,500,000 options was \$63,256.
 - 250,000 options issued to a director on 24 October 2022 for nil consideration. The expense recognised in respect of the 250,000 options was \$21,854.
 - 1,500,000 options issued to directors on 29 November 2022 for nil consideration. The expense recognised in respect of the 1,500,000 options was \$229,198.
 - 1,250,000 options were issued to consultants on 24 October 2022 for nil consideration. The expense recognised in respect of the 1,250,000 options was \$109,272.
- (ii) Share-based payments during the year ended 30 June 2022 relates to:
- 3,750,000 options issued to consultant on 22 April 2022 for nil consideration. The expense recognised in respect of the 3,750,000 options was \$387,124.
 - 1,500,000 options issued to consultant on 26 June 2022 for nil consideration. The expense recognised in respect of the 1,500,000 options was \$39,048.
- (iii) Share-based payments in relation to options issued to Broker during the year ended 30 June 2022 were included in capital raising costs.
- (iv) 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 during the year ended 30 June 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

23. Shared-based payments (cont'd)

Options

The 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 21 of the Remuneration Report.

The following unlisted options were in existence during the current year and relates to payments to directors, 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	1,500,000	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
Total	17,600,000			

The following unlisted options were issued during the year and are share-based payments to directors and consultants:

Option series	Number	Grant date	Expiry date	Exercise price
ERWO5	1,500,000	24 Oct 2022	30 Nov 2025	\$0.25
ERWO6	1,500,000	29 Nov 2022	25 Sep 2025	\$0.25
Total	3,000,000			

The following table summarises the options during the year:

Grant date	Expiry date	Exercise price	Balance at 1 Jul No.	Granted No.	Exercised No.	Forfeited No.	Balance at 30 Jun No.	Vested and exercisable at 30 Jun No.
2023								
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	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
Total			14,600,000	3,000,000	-	-	17,600,000	17,100,000
Weighted average exercise price			\$0.31	3,000,000	-	-	17,600,000	17,100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

23. Shared-based payments (cont'd)

Grant date	Expiry date	Exercise price	Balance at 1 Jul No.	Granted No.	Exercised No.	Forfeited No.	Balance at 30 Jun No.	Vested and exercisable at 30 Jun No.
2022								
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

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of years (2022: 2.87 years).

(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
24 Oct 22	30 Nov 25	\$0.16	\$0.25	98.55%	Nil	3.29%	\$0.087
29 Nov 22	25 Sep 25	\$0.25	\$0.25	98.55%	Nil	3.29%	\$0.153

(ii) Exercised and expired during the financial year

During the financial year a total of 10,764 (2022: 4) options over ordinary shares were exercised, comprising of 10,764 options exercisable at \$0.30 per option expiring on 30 September 2022 to raise \$3,229.

During the financial year a total of 19,722,649 options (2022: nil) options over ordinary shares expired as the vesting conditions were not achieved, comprising of 19,722,649 options exercisable at \$0.30 per option expiring on 30 September 2022.

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 as at 30 June 2023 and relates to payments to key management personnel and consultant:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

23. Shared-based payments (cont'd)

The following table summarises the performance rights during the year:

Grant date	Expiry date	Exercise price	Balance at 1 Jul No.	Granted No.	Exercised No.	Forfeited No.	Balance at 30 Jun No.	Vested and exercisable at 30 Jun No.
2023								
22 Apr 22	21 Apr 23	M1 ⁽ⁱ⁾	15,000,000	-	(15,000,000) ⁽ⁱⁱ⁾	-	-	-
22 Apr 22	21 Apr 27	M2 ⁽ⁱⁱⁱ⁾	5,000,000	-	-	-	5,000,000	-
Total			20,000,000	-	(15,000,000)	-	5,000,000	-
2022								
22 Apr 22	21 Apr 23	M1 ⁽ⁱ⁾	-	15,000,000	-	-	15,000,000	-
22 Apr 22	21 Apr 27	M2 ⁽ⁱⁱⁱ⁾	-	5,000,000	-	-	5,000,000	-
Total			-	20,000,000	-	-	20,000,000	-

Notes:

- Milestone 1 (**M1**) vests on the grant of the tenement application.
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. Refer to Notice of General Meeting dated 18 March 2022 for more information.
- 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 1% (including nickel equivalent metals) without and using industry standard lower cut off grades.

No performance rights were issued during the financial year.

24. Subsequent events

The following matters or circumstances have arisen since 30 June 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.

- On 6 September 2023 the Company announced that it has received firm commitments by way of a placement to raise \$4.25 million (before costs) in two (2) tranches.

On completion of the placement, a total of 35,416,667 fully paid ordinary shares will be issued at the share price of \$0.12 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

25.

Notes to the statement of cash flows

(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:

	2023 \$	2022 \$
Cash and cash at bank	1,258,343	3,298,900
	1,258,343	3,298,900

(b) Reconciliation of loss for the year to net cash flows from operating activities

Loss for the year	(2,766,996)	(3,359,174)
Shared-based payments	423,580	813,296
Share-based payments classified as exploration and evaluation expenses	-	566,112
Interest of Rights-of-use assets	2,471	-
Depreciation on Rights-of-use assets	25,447	-
Fair value gain on other financial assets	29,373	-
<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	(32,916)	61,386
Increase/(decrease) in liabilities:		
Trade and other payables and provisions	301,822	652,589
Net used in operating activities	(2,017,219)	(1,265,791)

(c) Non-cash financing and investing activities

During the current year, nil (2022: 2,000,000) options were granted to broker. The share-based payments recognised in respect of the 2,000,000 options issued in 2022 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 2023

26. 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 2023 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 2022:

	Profit or loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2023				
Variable rate instruments	8,528	(8,528)	-	-
Cash flow sensitivity	8,528	(8,528)	-	-
2022				
Variable rate instruments	32,989	(32,989)	-	-
Cash flow sensitivity	32,989	(32,989)	-	-

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		
			%	\$	\$		
2023							
Financial assets							
Cash and cash equivalent	1.87%	852,806	-	-	-	405,537	1,258,343
Trade and other receivables	0.00%	-	-	-	-	62,116	62,116
Other financial assets	0.40%	-	10,040	-	-	88,119	98,159
Total		852,806	10,040	-	-	555,772	1,418,618
Financial liabilities							
Trade and other payables	0.00%	-	-	-	-	685,121	685,121
Total		-	-	-	-	685,121	685,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

26. Financial instruments (cont'd)

	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	

(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 \$
2023					
Trade and other payables	416,449	-	-	-	416,449
Total	416,449	-	-	-	416,449
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 2023

26. Financial instruments (cont'd)

(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 \$
2023				
Financial assets at fair value through profit and loss				
Equity instruments (note 10)-	-	-	88,119	88,119
Total financial assets recognised at fair value	-	-	88,119	88,119
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year ended 30 June 2023

27. Parent entity disclosure

The following details information related to the parent entity, Errawarra Resources Ltd at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2023 \$	2022 \$
Results of the parent entity		
Loss for the year	(1,494,793)	(1,851,113)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,494,793)	(1,851,113)
Financial position of parent entity at year end		
Current assets	1,009,564	3,064,354
Non-current assets (d)	2,612,424	1,606,985
Total assets	3,621,988	4,671,339
Current liabilities	182,969	676,359
Non-current liabilities	205,480	268,673
Total liabilities	388,449	945,032
Total equity of the parent entity comprising of:		
Share capital	7,579,621	7,576,392
Reserves	3,039,079	2,040,283
Accumulated losses	(7,385,161)	(5,890,368)
Total equity	3,233,539	3,726,307

(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 2023 other than disclosed in this financial report.

(b) Parent entity contingencies

The parent entity had no contingent liabilities or assets as at 30 June 2023 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 2023 other than disclosed in this financial report.

(d) Non-current assets

Non-current assets include investment in subsidiaries of \$1,606,984 (2022: 1,606,984) and inter-company loan receivable of \$969,805 (2022: nil) which is eliminated at a group level.

ADDITIONAL SHAREHOLDER INFORMATION

CAPITAL

as at 4 September 2023

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:

	Number of shares
Quoted ordinary fully paid shares	60,504,002
Ordinary fully paid shares at 30 June 2023	60,504,002
Exercise of listed options exercisable at \$0.30 each expiring 30 September 2022	-
Ordinary fully paid shares at the date of this report	60,504,002
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	7,736,013	12.79%

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	7,736,013	12.79%
3	Mr Alastair Cardno	1,573,503	2.60%
4	BNP Paribas Nominees Pty Ltd <IB AU Noms RetailClient DRP>	1,436,649	2.37%
5	Mrs Andrea Rae Murray <Murray Family No 2 A/C>	1,093,788	1.81%
6	Swancave Pty Ltd <The BMC Family A/C>	700,000	1.16%
6	Mr Douglas Roy Dillon	700,000	1.16%
7	Mr Dean Andrew Kent <The Wattle A/C>	600,000	0.99%
8	MacDonnell Investment Group Pty Ltd	500,000	0.83%
8	Corporate Board Services Pty Ltd	500,000	0.83%
8	Kseniya Pty Ltd <Stones SMSF A/C>	500,000	0.83%
9	Citicorp Nominees Pty Limited	485,943	0.80%
10	Mr Darren James Page	430,000	0.71%
11	Equity & Royalty Investments Ltd	406,388	0.67%
12	UBS Nominees Pty Ltd	400,000	0.66%
12	Geordie Bay Holdings Pty Ltd	400,000	0.66%
12	Mr Wilson Ted Sin Chee & Miss Pattama Kittithirapomchai <Chee Family A/C>	400,000	0.66%
12	Applinks Pty Ltd	400,000	0.66%
13	HSBC Custody Nominees	392,964	0.65%
14	Ms Zhen Chen	383,332	0.63%
15	Sharesies Nominee Limited <Child A/C>	381,058	0.63%
16	Rock Biz Pty Ltd <Hicks Group S/F No 3 A/C>	364,952	0.60%
17	Acacia Investments Pty Ltd <DPH A/C>	347,914	0.58%
18	Orion Holdings WA Pty Ltd	322,580	0.53%
19	Mr Russell John William Phillips & Mrs Marni Kate Phillips <RJW & MK Phillips S/F A/C>	300,000	0.50%
20	Mr Stephen Mark Dixon	296,235	0.49%
Total of Top 20 holders of ORDINARY SHARES		32,194,553	53.22%

ADDITIONAL SHAREHOLDER INFORMATION

Range of Shares

Range	Holders	Units	% Issued Capital
1 - 1,000	1,487	335,123	0.55%
1,001 - 5,000	267	743,032	1.23%
5,001 - 10,000	154	1,280,526	2.12%
10,001 - 100,000	440	16,783,069	27.74%
100,001 - 9,999,999	80	41,362,252	68.36%
Total	2,428	60,504,002	100.00%

Unmarketable Parcels

Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.160 per unit	3,125	1,658

OPTIONS

At the date of this report there are a total of 30 unlisted option holders holding 17,600,000 unissued ordinary shares in respect of which options are outstanding. The 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	2,247	34,333,413
Movements of share options during the year		
Exercise of listed options exercisable at \$0.30 each expiring 30 September 2022	(10)	(10,764)
Expiry of listed options exercisable at \$0.30 each expiring 30 September 2022	(2,198)	(16,761,577)
Expiry of unlisted options exercisable at \$0.30 each expiring 30 September 2022	(17)	(2,961,072)
Issue of unlisted options exercisable at \$0.25 each expiring 25 September 2025	3	1,500,000
Issue of unlisted options exercisable at \$0.25 each expiring 30 November 2025	5	1,500,000
Balance at 30 June 2023	30	17,600,000
Total number of options outstanding at the date of this report	30	17,600,000

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	4	20,000,000
Movements of performance rights during the year		
Exercise of Performance Rights - Class A on satisfaction of milestone	(2)	(15,000,000)
Balance at 30 June 2023	2	20,000,000
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.

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	100	Live
E09/2652	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.

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

Name of project	Principal activity	Interest	
		2023 %	2022 %
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)	Exploration	80	80

- (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 22(d) for further details.
- (ii) The Company entered into a joint venture with Sammy Resources Pty Ltd (**Sammy**) whereby the Company retained an 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 22(d) for further details.
- (iv) The Company entered into a joint venture with Peter Gianni and his nominee whereby the Company retained an 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 an 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 22(d) for further details.

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