ERRAWARRA
Resources

ANNUAL REPORT

(ASX:ERW)

2021

CORPORATE DIRECTORY

ANNUAL REPORT
for the financial year ended 30 June 2021

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman: Mr Jonathan Murray

Directors: Mr Thomas Reddicliffe
Ms Greta Purich

Company Secretary: Mrs Mindy Ku

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AUDITORS

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LETTER TO SHAREHOLDERS

Dear Shareholders,

Errawarra successfully completed a $6 million capital raising and listed on ASX on 11 December 2020 (**IPO**) following which it has aggressively explored its WA focussed gold and nickel exploration projects namely Binti Binti, Fraser Range and Errabiddy.

The Board has secured a promising portfolio of gold and nickel projects in Western Australia via execution of two agreements with third parties, and applications for exploration licenses in the name of Errawarra:

Nickel east of Norseman

Following listing on ASX Errawarra acquired (via the issue of equity) a 70% interest in two strategic tenements located ~100kms east of Norseman in the Fraser Range. The (**Fraser Range**) tenements are located 30kms south-west of the operating Nova nickel mine owned by IGO Ltd and are considered by successful consultants Newexco Exploration (www.newexco.com) to have high nickel prospectivity. Errawarra commenced a four stage MLEM (Moving Loop Electromagnetic) survey with 80% of the project area currently completed. Interpretation of the data is ongoing.

Gold north of Kalgoorlie

Following listing on ASX Errawarra had the right to earn (via exploration expenditure) an 80% interest in one tenement (**Binti Binti**) located ~70kms north-east of Kalgoorlie and ~40kms west of the Carosue Dam gold mine owned by Saracen Mineral Holdings Ltd. Following the completion of a 5,267m reconnaissance drill program the company has secured its 80% interest in the project. The drilling confirmed that the targeted gold in soil anomaly was not bedrock related but restricted to the transported alluvium. The significance of several low level gold anomalies identified in the bedrock is being considered. During this period the company acquired the adjoining tenement which was contained historic gold workings. An initial drill program comprising 4,760m was completed. Two holes completed under the workings reports a best intercept of 5.1g/t over 4m and correlated with a grab sample of 227.2g/t from the shallow workings. This steeply dipping lode remains open along strike and at depth.

Nickel & Gold north-west of Meekatharra

Five exploration licenses, 2 of which are granted (collectively referred to as **Errabiddy**) are located ~200kms north-west of Meekatharra. The tenements are considered prospective for nickel and gold. The company has recently completed a 14,384 line km aeromagnetic/radiometric survey over the entire tenement area the interpretation of which is underway. Subject to grant and interpretation of the survey data, Errawarra plans to start reconnaissance geological mapping and possibly ground geophysical surveys.

On listing the Board appointed two additional directors with minerals exploration and mining expertise to oversee Errawarra's activities.

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

Kind regards,

Thomas Reddicliffe
Executive Director

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Following the successful listing on ASX, Errawarra has focussed its exploration efforts on the discovery of Ni-Cu and Au deposits in 3 areas located on and marginal to the Yilgarn shield. These projects are:

(1) **Errabiddy Project:** Errawarra holds interests in seven tenements which comprise the Errabiddy project in the Gascoyne Region of Western Australia. Errawarra reached an agreement with Sammy and acquired an 80% interest in tenement E09/2346 with Sammy free-carried to the completion of a feasibility study at 20%. If Sammy elects not to fund on a pro-rata basis, their interest converts to a 1.5% No Significant Result (**NSR**). The other six tenements are held 100% by Errawarra.

(2) **Binti Binti Project:** Errawarra holds interests in three tenements in the Edjudina Region of Western Australia. Errawarra reached an agreement with Ms. Purich and acquired the Earn-in-Right over the 80% interest of tenement E27/603 and Ms. Purich is free-carried to the completion of a feasibility study at 20%. If Ms. Purich elects not to fund on a pro-rata basis, her interest converts to a 1.5% NSR. In addition, Errawarra has acquired 80% interest in adjoining granted tenement E27/577 from P. Gianni by way of payment of $50,000 and the issue of 250,000 ordinary shares. Application was also made for adjoining tenement E31/1298 which Errawarra holds 100%.

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

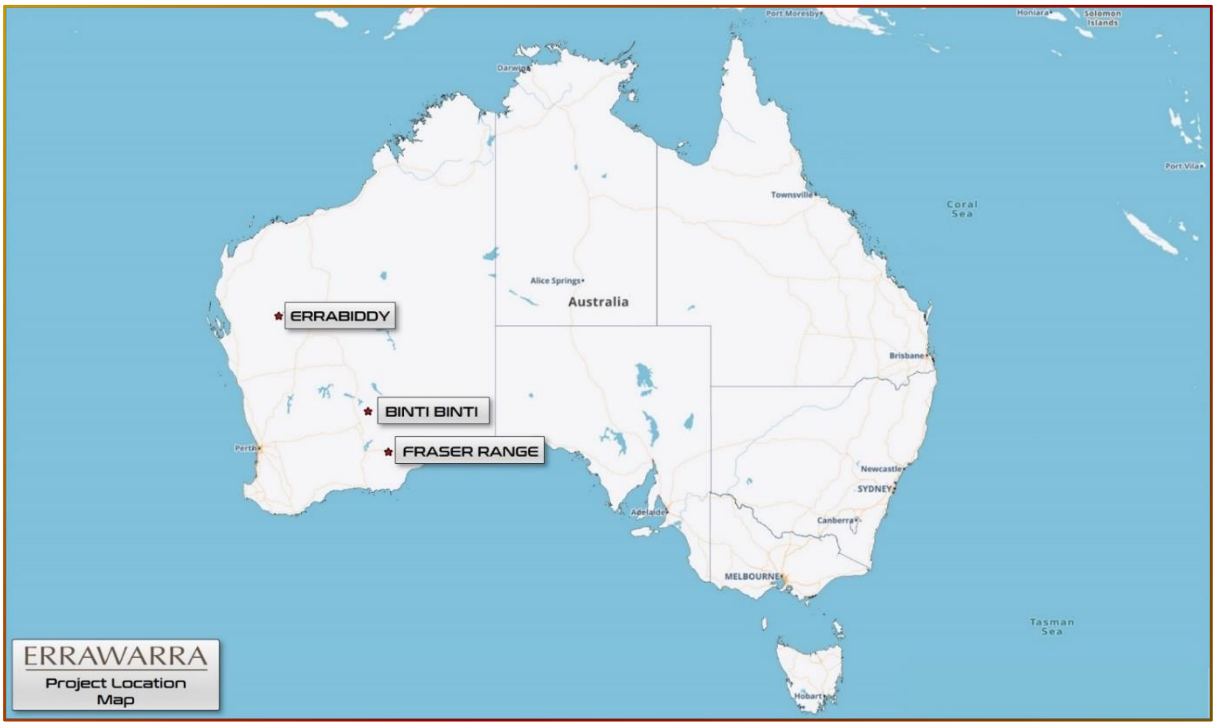


Figure 1. Location of Errawarra Projects

SUMMARY OF ACTITIVES AND HIGHLIGHTS

Since date of listing the company has swiftly and efficiently actioned its exploration plan as proposed in its Prospectus1 and remains on track to complete all of the exploration program as outlined.

Drilling

- 10,027m AC drilling for 261 holes completed at Binti Binti/Gindalbie gold project3.
- A steeply inclined high grade (4m@5.09g/t) vein was identified beneath a prospecting pit (grab sample reports 227g/t)4.
- This discovery remains open along strike and at depth.

Ground Geophysics

- An area of 56km2 has been subject to MLEM surveying on the Fraser Range Project tenements (total tenement area is 105km2). This represents 56km2 or 54% of the prospective tenement area5.
- Several weak anomalies have been highlighted, and these will be further investigated.
- The remaining unsurveyed portion of the tenements is not amenable to the MLEM survey technique, and alternative exploration techniques are being considered.

Airborne Geophysics

- An aeromagnetic/radiometric survey was completed over five of the seven Errabiddy Project tenements6.
- The processed data from the 14,384line km survey was received in July and is currently being interpreted with a view to identifying areas for focussed ground follow-up.
- This is a new and competitive area considered highly prospective for mafic intrusion hosted nickel sulphide deposits.

Figure 2. Inspecting the old workings at Binti Binti

Figure 3. Drilling at Binti Binti

FORWARD EXPLORATION CONCEPTS AND PLANS

Errabiddy Project

- Subject to interpretation of the airborne survey data complementary geological mapping and sampling is contemplated with a view to identifying target areas for follow-up by EM surveys aimed at identifying potential nickel sulphide targets.

Binti Binti Project

- Understanding of the controls on the gold mineralisation at Binti Binti is fundamental to exploration success in this area, as there is little in the way of associated alteration/mineralised haloes associated with the newly discovered gold bearing zone.
- The discovery of the high-grade vein is a significant milestone in developing the exploration strategy.
- An adjoining tenement application on the northern extension of the goldfield will provide scope to explore for regional extensions to the mineralised zone.
- While some effort will be put into understanding the resource potential of the new discovery, a greater effort will be focussed on delivering additional discoveries within the field.

Fraser Range Project

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

Project Generation

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

ERRABIDDY PROJECT

(a) Introduction

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

(b) 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.

(c) Geological Setting

The Errabiddy Project is located within the Gascoyne Province, which forms part of the Proterozoic Capricorn Orogen, a collisional belt between the Archaean Pilbara and 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 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.

(d) Exploration

The Errabiddy project is at an early stage and is considered highly prospective due to its location and the encouraging results achieved by both previous and current explorers. A detailed airborne magnetic (gradiometer) and radiometric survey (14,384 line kilometres) was completed in the period 18th May 2021 - 17th June 2021. This survey covered the tenement package with the exception of tenement E31/3838. Flight lines were 100m apart and sensor height was 30m. The final report and data were received from Magspec Airborne Surveys on 8th July 2021. Additional processing and interpretation of the survey data is currently underway. Subject to interpretation of the airborne survey data complementary geological mapping and sampling is contemplated with a view to identifying target areas for follow-up by EM surveys aimed at identifying potential nickel sulphide targets.

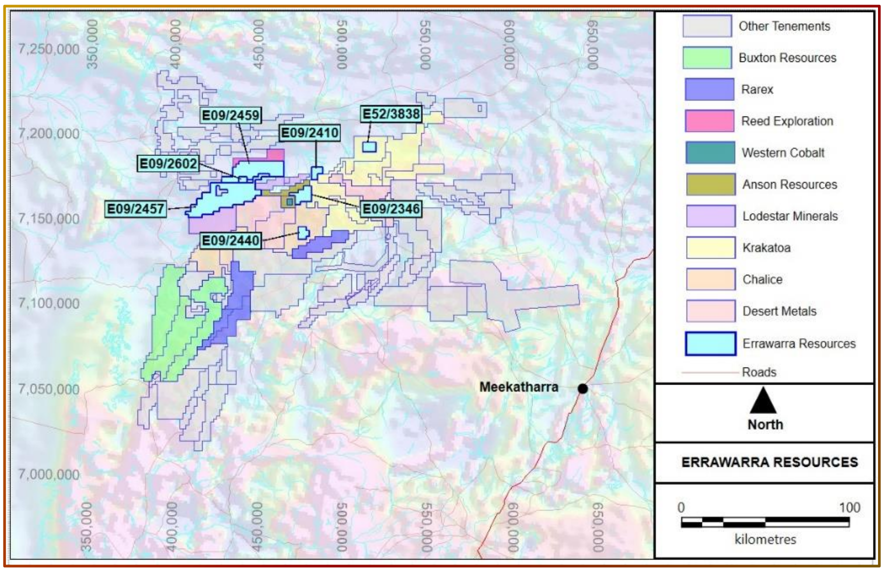


Figure 4. Errabiddy Project, regional landholders map

BINTI BINTI PROJECT

(a) Introduction

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

(b) Background

The Binti Binti Project is considered prospective for both orogenic gold and komatiitic nickel-cobalt mineralisation. The gold prospectivity is considered high given the proximity to the historical Gindalbie/Binti Binti Goldfield and associated workings which are developed on steeply west dipping quartz veins within an interpreted north-northwest trending shear zone. Rock-chip sampling and geological observations from the workings confirm gold mineralisation in narrow quartz stringers and stockworks. Reported historic production is shown in the Table below.

Table 1. Summary of Historic Gold Production

Mine Name	Mindex Site Code	Tonnes	Gold Grade (g/t)	Gold Produced (Kg)	Year
Havilah	S0009840	983	17.3	17.0	1901-1911
Walls Reward	S0010032	588	39.4	23.1	1952-1953
Kurrajong	S0009880	288	4.6	1.3	1946-1981
Sunbeam East	S0010009	8	13.4	0.1	1920
Myrtle	S0009932	4	125.5	0.5	1908
Total Weighted Average		1871	22.5	42.1	1901-1981

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

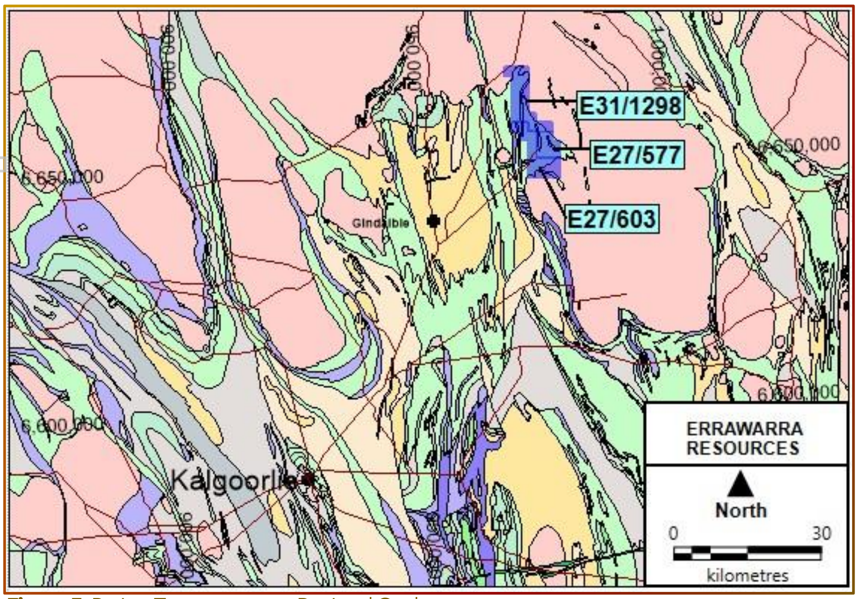


Figure 5. Project Tenements over Regional Geology

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

BINTI BINTI PROJECT (cont'd)

(c) Geological Setting

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

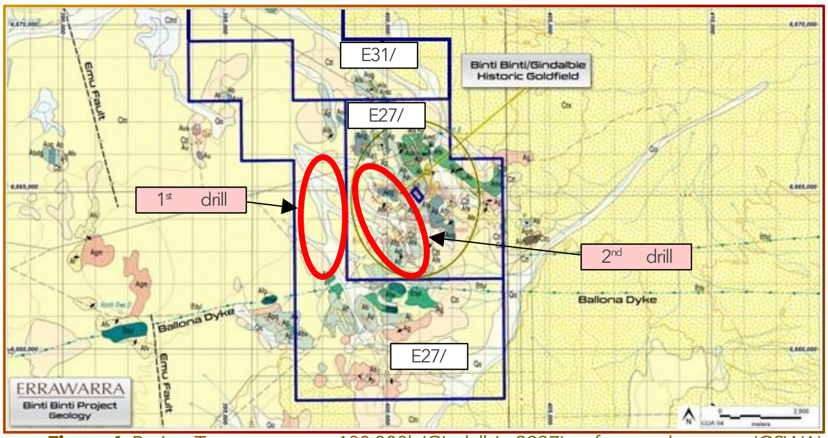


Figure 6. Project Tenements over 100,000k (Gindalbie-3237) surface geology map (GSWA)

The Binti Binti project tenements are dominated by a north to northwest trending belt of interbedded mafic igneous rocks and fine clastic sediments intruded by northeast striking felsic porphyries belonging to the Mulgabbie Formation. The Bellona Dyke, an east-west Proterozoic dolerite intrusive, cuts the greenstone sequence in the south of the project area. Over significant parts of the tenement, Archaean geology is masked by cover consisting of Cenozoic quartz-feldspar yellow sand and Cenozoic laterite/ferricrete; also, younger Quaternary alluvium consisting of clay, silt, sand and gravel occurs in channels which generally coincide with current drainage.

(d) Exploration

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

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

Errawarra undertook the 2nd round of aircore drilling focused on the adjacent Gindalbie tenement (E27/577). Errawarra acquired its 80% interest in the Gindalbie tenement in December 2020 and settled the acquisition in January 2021. Gold-bearing structures identified throughout the southern and western parts of the tenement hosting historic gold workings were mostly untested by drilling. The aircore program consisted of 162 holes for a total of 4,760 m and was planned to broadly test the area, with numerous target areas selected for reconnaissance / first pass drill testing. The total program metres fell short of the planned 10,000 m due to slower than expected penetration rates and the drill contractor departing prior to the conclusion of the program (as the drill rig was committed elsewhere).

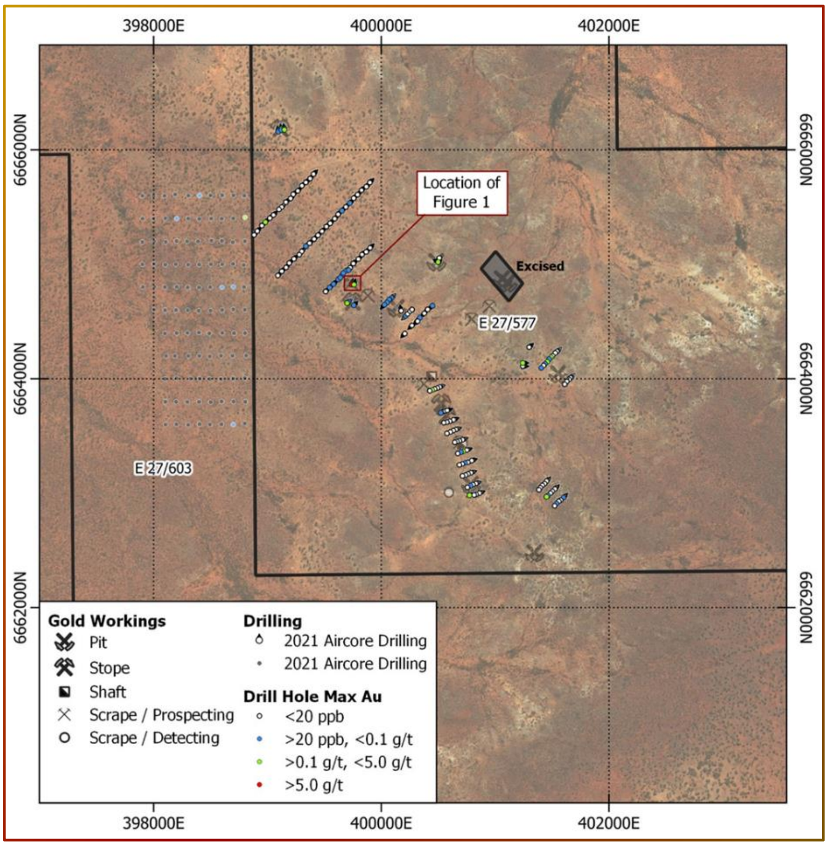


Figure 7. Layout of the recently completed aircore drill holes at Binti Binti. The arrow indicates the orientation of the drill hole.

Drill line and drill hole spacing were variable across the project area dependent on the local geology (see Figure 7). Drill holes were sampled in their entirety in either composites of up to 4 m in length, or as individual 1 m samples at the discretion of the geologist.

BINTI BINTI PROJECT (cont'd)

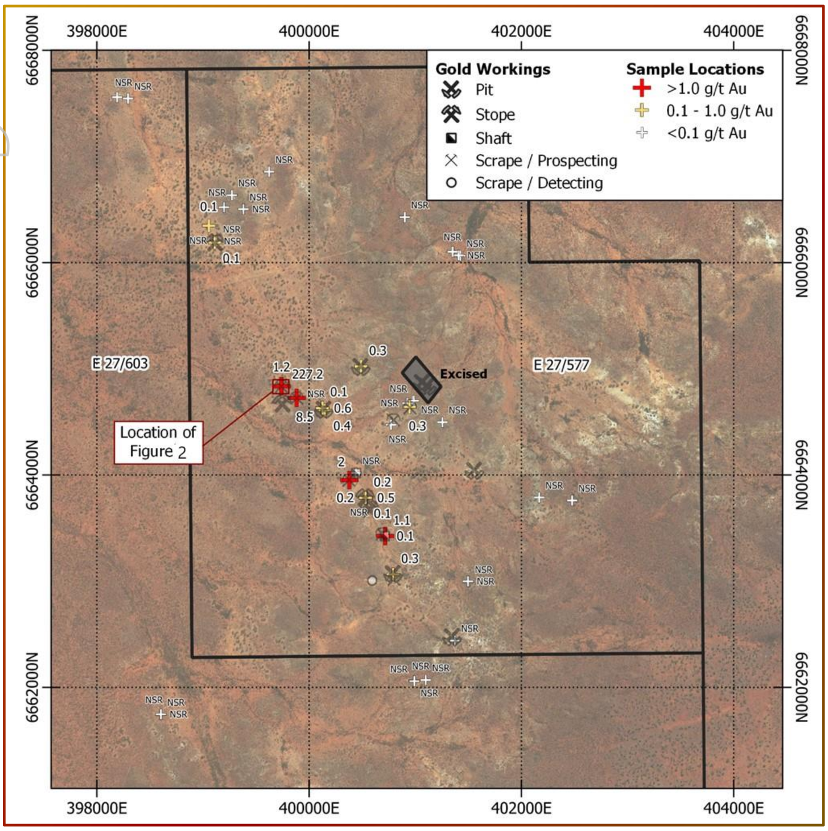


Figure 8. Location and assay results of rock chip and grab samples taken during reconnaissance field work during March 2021. **NSR** = no significant result.

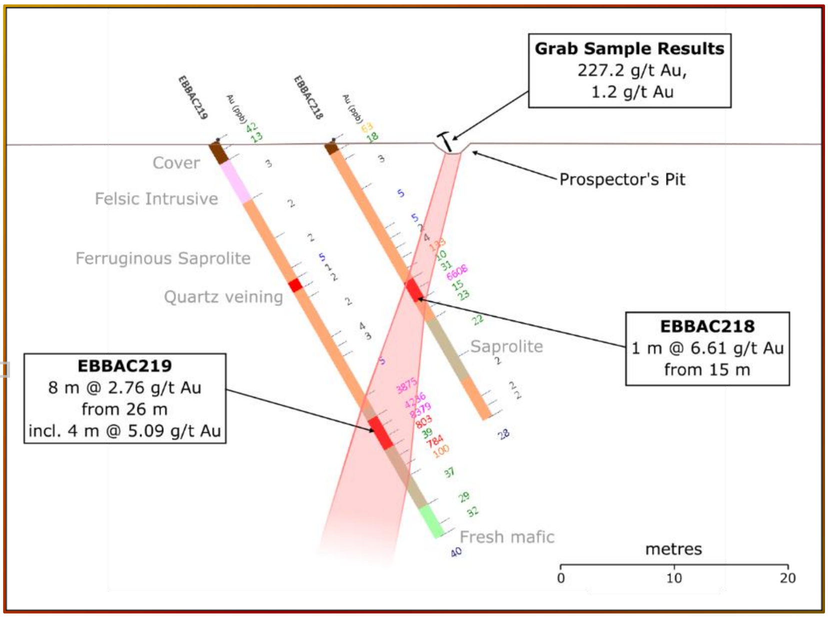


Figure 9. Section facing west showing holes EBBAC218 and 219, which targeted the vein beneath an historic prospector's pit.

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

High Grade Results

Gold grades of more than 5 g/t Au reported in two holes (see Figure 9). These holes were drilled in an area interpreted to be highly prospective due to their location beneath a shallow prospector's pit, where previous grab sampling had returned significant gold results (227.2 and 1.2 g/t Au in two separate samples). The drill intersections were:

- EBBAC219: 8 m @ 2.76 g/t Au from 26m, including 4 m @ 5.09 g/t Au;
- EBBAC218: 1 m @ 6.61 g/t Au from 15m.
- EBBAC219 returned a peak assay of 8.4 g/t Au over one metre from 29 m. EBBAC218 also returned 0.13 g/t Au from 12 m down hole.

The high-grade results were encountered in what appear to be steeply dipping quartz veins, indicating that the gold intersected relates to a bedrock gold system (rather than a surface upgrading) and may persist at depth. The results to date highlight a zone of gold mineralisation which is open at depth and along strike.

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

Interpretation of the structures from geological mapping in this area suggests that any shoots of gold mineralisation are likely to plunge very steeply. This is consistent with the orientation of the high-grade mineralisation interpreted from intersections in drill holes EBBAC218 and EBBAC219. The significance of these results is being assessed in the context of local structural controls and other drill results.

BINTI BINTI PROJECT (cont'd)

Further Results from the Aircore Drilling Program

In addition to the high-grade intersections described above, a further thirteen holes contained low-grade yet significant gold mineralisation of >0.1 g/t Au (Figure x). These intersections are broadly spread across the project area along interpreted mineralised trends. A number of these intersections occurred at end of hole (holes terminated due to intersection of hard bedrock) suggesting that deeper drilling in these locations may yield further gold-bearing intersections.

A further 36 aircore drill holes returned anomalous gold results of greater than 20 ppb Au. These intersections, while not of economic grades, have revealed (and confirmed) the location and orientation of fertile structures that may potentially host significant gold mineralisation somewhere along their length. This will provide focus for future exploration targeting along with a number of other locations where low-grade gold mineralisation was detected.

The results of the aircore drilling added considerably to the geological knowledge of the area, particularly the areas under soil cover. The majority of gold mineralised samples contain quartz veining, suggesting that the mineralisation is related to bedrock rather than surficial processes.

Of the 162 drill holes, two contained high-grade intersections of >5.0 g/t Au, a further 13 contained intersections of at least 0.1 g/t Au, and a further 36 drill holes contained anomalous results of >20 ppb Au. Details for the holes with significant results are tabulated in Table 1.

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

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

FRASER RANGE PROJECT

(a) Introduction

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

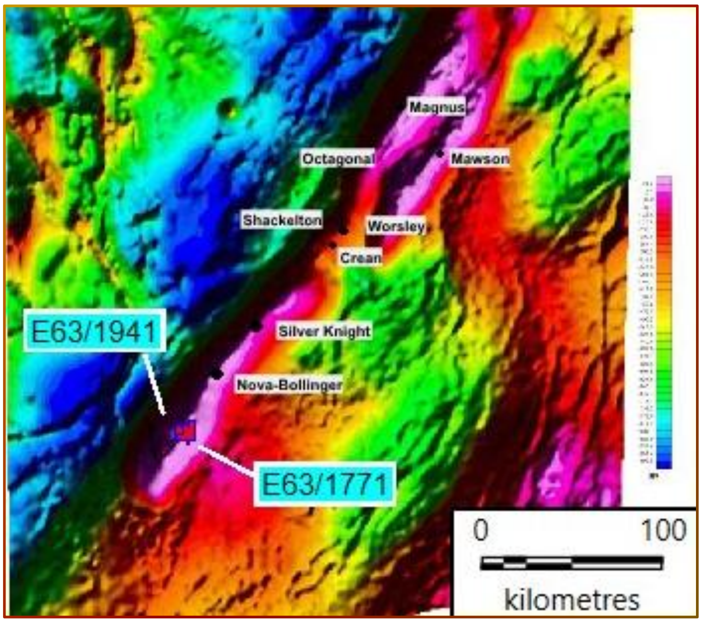


Figure 10. Location of Project Tenements

(b) Background

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

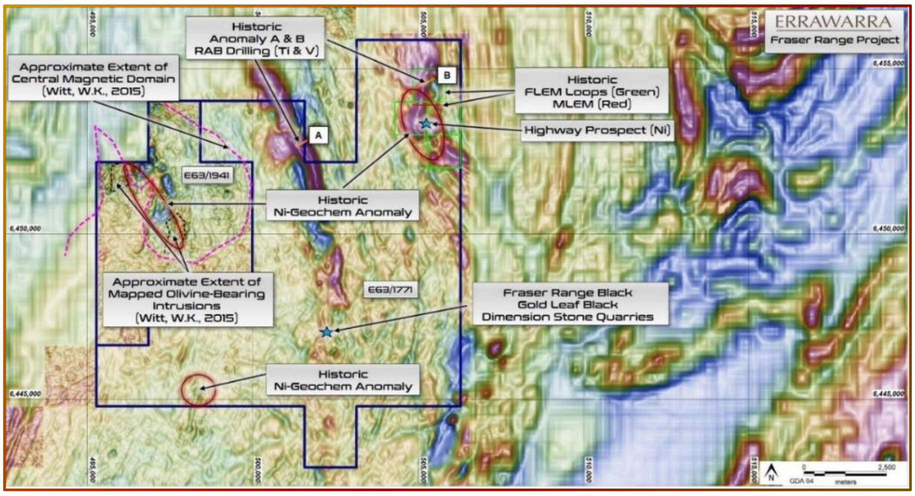


Figure 11. Prospectivity Map

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

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

Whilst the Fraser Range project area has seen tenement-wide airborne EM (and magnetic) coverage and surface geochemical sampling, both techniques are considered to have had little effectiveness for testing nickel-sulphide mineralisation given the wide-spread palaeo-drainage network and associated transported cover (up to 50m in places) over the project area potentially obscuring any bedrock signatures. Historical surface geochemistry sampling has identified three areas of Ni-Cu-anomalism within the project area; the Highway Prospect located in the northeast of tenement E63/1771, a north-northwest trending anomaly centrally located within tenement E63/1941 and a discrete anomaly located due south of tenement E63/1941 on the southern edge of tenement E63/1771, none of which have been drill tested and the latter two have not received MLEM geophysical surveys.

FRASER RANGE PROJECT (cont'd)

(c) Geological Setting

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

The Fraser Range Project is located entirely within Unit 5 of the Fraser Range Metamorphic Suite which comprises metagabbro or olivine gabbronorite, much of which is gradational from strongly foliated pyroxene granulites into undeformed two-pyroxene gabbros with well-preserved igneous textures. Outcrop exposures within the project area are relatively limited with much of the project area dominated by transported Cainozoic aeolian deposits of clay, silt and sand, and large areas of alluvial/colluvial sheet wash. The thickness of this transported material is highly variable, ranging from a few metres to over 60m deep.

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

(d) Exploration

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

The Fraser Range Project is an early-stage exploration project with priority areas identified for testing based on gravity anomalies, magnetic anomalies, geochemical anomalies, and favourable geological units for hosting sulphide mineralisation[21]. Surface EM surveying has been completed over four priority areas within the project and is aimed at identifying bedrock conductors that may be related to nickel-copper-cobalt sulphide mineralisation. The MLEM component of the EM surveying was completed by early August 2021.

The ground EM surveys to date comprised the use of the Moving Loop Electromagnetic (MLEM-Slingram) survey technique. The MLEM surveys was carried out using a base frequency of 1 Hz with the SMART Fluxgate B-field sensor. The transmitter loop size was 200x200m operating at 70 amps into the loop. The line spacing was 400m and station spacing was 100m. The TX centre to RX centre was 300m for the Slingram survey. The configuration for these surveys[2] was designed to emulate the survey parameters that detected the initial MLEM anomaly observed over the Nova-Bollinger deposit in 2012[3] (several hundred metres strike length).

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

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

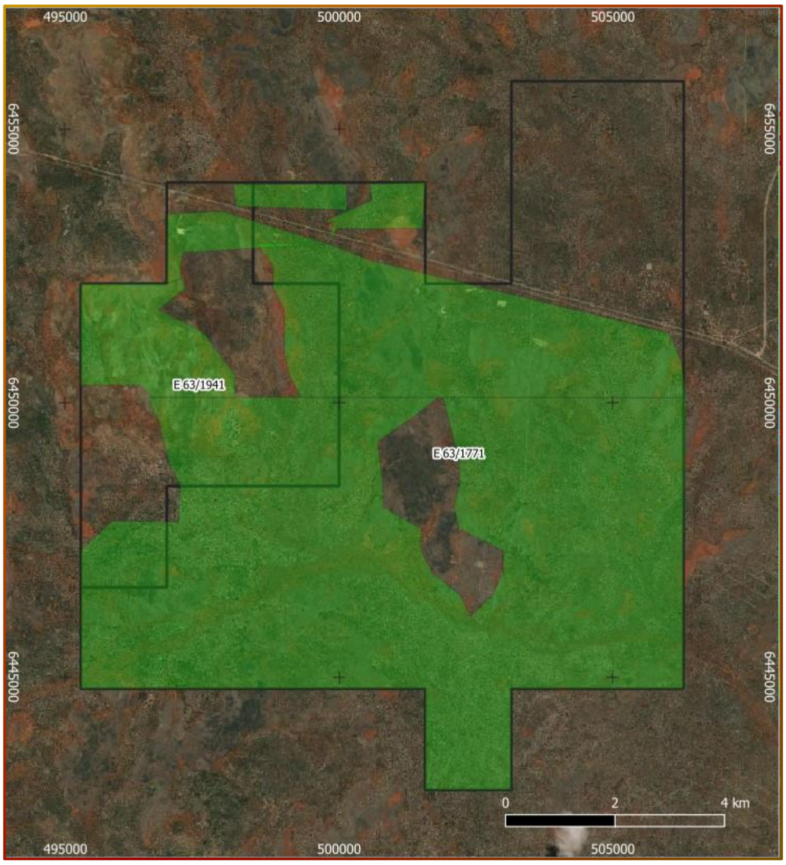


Figure 12. Extent of MLEM Surveys..

[1] Refer Prospectus lodged with ASX 11th December 2020.
[2] Refer ASX announcement dated 20 April 2021 .
[3] Refer to ASX announcement dated 18 December 2020, 22nd March 2021
[4] Refer to ASX announcement dated 2 July 2021.
[5] Refer to ASX announcement dated 10 February 2021, 20th April 2021, 16th June 2021
[6] Refer to ASX announcement dated 20 May 2021.

DIRECTORS' REPORT

PROJECT GENERATION

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

COMPETENT PERSONS

The information in this document that relates to exploration results at the Fraser Range and Binti Binti is based on information compiled by Adrian Black, a Competent Person who is a Member of the AIG (1364). Adrian Black is a consultant to Errawarra Resources Ltd and its subsidiary companies. Adrian Black has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

CORPORATE

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

Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audited Annual Report 2020 – lodged with ASIC	**AGM** – all resolutions were passed on a show of hands **IPO** – lodged Prospectus, completed a $6 million capital raising, and listed on ASX **Share consolidation** – on the basis that every 9.53434404 shares be consolidated into 1 share **Grant of options** – options issued to directors and executives as part of remuneration	**Free options** – eligible shareholders received one free option for every two shares held	**Board succession** – Mr Thomas Reddicliffe was appointed Executive Director **Appointment of Chairman** – Mr Jonathan Murray was appointed Non-Executive Chairman

BOARD OF DIRECTORS

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

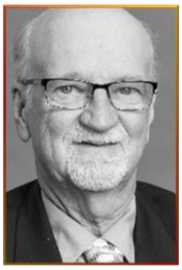
Mr Jonathan Murray, Non-Executive Chairman

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

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

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

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



Mr Thomas Reddicliffe, Executive Director

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

Mr Reddicliffe was previously employed by Ashton Mining Ltd as Australian Exploration Manager, Striker Resources Ltd as Technical Director, North Australian Diamonds Ltd as CEO and related company TopEnd Uranium Ltd as CEO. Mr Reddicliffe is currently the Technical Director of Geocrystal Ltd, Technical Director of Kalyan Resources Pty Ltd and Executive Director of Sorrento Resources Pty Ltd. Sorrento Resources Pty Ltd is the Company's largest shareholder and co-owner of the Fraser Range Nickel-Copper Project. Mr Reddicliffe has more than 30 years of experience in Australian focused exploration, evaluation, trial mining, feasibility studies and company management.

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

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

Ms Greta Purich, Non-Executive Director

Appointed 2 November 2020

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.

Mr Markus Bachmann, Non-Executive Director

Appointed 2 February 2012, resigned 30 June 2021

Mr Markus Bachmann holds a Master (MA) in Business and Economics (cum laude) from the University of Berne, Switzerland. Markus started his career in the corporate finance department of the Credit Suisse Group, before joining SBC Brinson Asset Management Emerging Markets team in 1997. There he was assigned responsibility for the analysis and portfolio management for the equity markets of Greece, Portugal, the Middle East (including Israel) and Africa.

In 2000 he joined Coronation Fund Managers in Cape Town, South Africa, as a senior manager for various retail products and institutional mandates. In 2001 he recieved the S&P Award for the best performing large cap equity unit trust in South Africa. Markus co-funded Craton Capital in 2003. He is the Manager of the Craton Capital Precious Metal Fund and the Global Resources Fund. Under his management, the Craton Capital funds recieved a number of prestigious industry awards for management and performance excellence, including Sauren Golden Award, €uro am Sonntag and Mining Journal Outstanding Achievement.

During the past 3 years Mr Bachmann also served as a director of the following other listed company:

- Hannans Ltd (appointed 2 August 2012)

Mr Damian Hicks, Executive Director

Appointed 2 February 2012, resigned 1 April 2021

Mr Hicks was a founding Director of Errawarra Resources Ltd and was appointed to the position of Chairman on 2 February 2012.

Mr Hicks holds a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia, is admitted as a Barrister and Solicitor of the Supreme Court of Western Australia, holds a Graduate Diploma in Applied Finance & Investment from FINSIA, a Graduate Diploma in Company Secretarial Practice from Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors course.

Mr Hicks is Executive Director of both ASX listed Hannans Ltd, unlisted Critical Metals Ltd and Chairman of advisory firm Corporate Board Services.

During the past 3 years Mr Bachmann also served as a director of the following other listed company:

- Hannans Ltd (appointed 2 August 2012)

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 2021.

	Ordinary Shares		Options over Ordinary Shares	
Director	Current Holding	Net Increase/ (decrease)	Current Holding	Net Increase/ (decrease)
J Murray	1,138,939	-	819,470	-
T Reddicliffe	3,673,234	-	2,136,617	-
G Purich	25,000	-	312,500	-

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
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Directors' equity holdings
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 Executive Director and executives receive a superannuation guarantee contribution required by the government where applicable, which is currently 10.0% (9.5% until 30 June 2021) 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.

REMUNERATION REPORT (AUDITED) (cont'd)

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 2 years.

Summary of 2 Years earnings and market performance as at 30 June

	2021	2020
Profit/(Loss) ($)	(3,258,566)	(42,865)
Share price ($)	0.23	–
Market capitalisation (Undiluted) ($)	8,975,978	–

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 2021 and 2020 figures for remuneration received by the Company's directors.

	Short Term			Post-employment		Equity			
	Salary & fees	Other benefits (i)	D&O insurance (ii)	Super-annuation	Prescribed benefits	Shares	Options (iii)	Total	Value options as proportion of remu-neration
	$	$	$	$	$	$	$	$	%
2021									
Directors									
J Murray	667	–	3,753	–	–	–	37,054	41,474	89%
T Reddicliffe (iv)	20,415	–	2,478	1,939	–	–	37,054	61,886	60%
G Purich	12,196	–	2,478	1,159	–	–	37,054	52,887	70%
M Bachmann (v)	24,000	–	3,753	–	–	–	37,054	64,807	57%
D Hicks (v)	150,000	6,293	2,826	14,848	–	–	37,054	211,021	18%
Total	**207,278**	**6,293**	**15,288**	**17,946**	**-**	**-**	**185,270**	**432,075**	**43%**
2020									
Directors									
D Hicks	–	–	–	–	–	–	–	–	–
J Murray	–	–	–	–	–	–	–	–	–
M Bachmann	–	–	–	–	–	–	–	–	–
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(i) Short Term Other benefits include annual leaves accrued during the year.

(ii) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage for the financial year.

(iii) The amounts included are under the Company's Incentive Option plan approved by shareholders on 27 November 2020. These amounts are accounting valuation options issued as remuneration and are not cash payments. Refer to Section D for more information.

(iv) Mr Reddicliffe was appointed as an Executive Director on 1 April 2021, previously appointed as Non-Executive Director on 2 November 2020.

(v) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. In accordance with Mr Hicks Executive Services Agreement, Mr Hicks provided a 3-month written notice and continued to carry out his duties under the agreement and receive his contracted remuneration entitlements to 30 June 2021.

REMUNERATION REPORT (AUDITED) (cont'd)

C. Service agreements

Executive Director – T Reddicliffe

Mr Thomas Reddicliffe was appointed a Non-Executive Director on 2 November 2020 for a fee of $24,000 per annum inclusive of superannuation. Mr Reddicliffe was appointed an Executive Director on 1 April 2021. He entered into a Consultancy Services Agreement with the Company, rendering a fee of $60,000 per annum including superannuation which commenced on 1 April 2021. Mr Reddicliffe'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.

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

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

Executive Director – D Hicks

Mr Damian Hicks was appointed a Director of Errawarra 2 February 2012 and commenced employment as an Executive Director of the Company on 1 July 2020 for an executive fee of $150,000 per annum. The remuneration package includes statutory superannuation entitlements, a remuneration increase of not less than 5% per annum and provision of leave in accordance to the National Employment Standards. Mr Hicks resigned as an Executive Director on 1 April 2021.

Non-Executive Director

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

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

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

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

(i) Mr Bachmann resigned as a Director on 30 June 2021.

Other

The Group has a corporate service agreement with Corporate Board Services Pty Ltd (**CBS**) to provide management, financial, company secretary and administrative services from 10 February 2012. Mr Damian Hicks is a director of CBS. There are no monthly fees payable to CBS. One month notice of termination is required. CBS ceased to be a related party at 1 April 2021 on the resignation of Mr Hicks.

D. Share-based compensation

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

As at 30 June 2021, 900,000 options (2020: nil) were held by directors and non-executives.

	Financial year	Options issued during the year No.	No of options No.	Issue date	Fair value per options at issue date	Vesting date	Exercise price	Expiry date	Vested during the year No.	Expired/ Exercised during the year No.
Directors										
J Murray	2021	300,000	300,000	26 Nov 20	$0.124	26 Nov 20	$0.30	26 Nov 24	300,000	–
T Reddicliffe	2021	300,000	300,000	26 Nov 20	$0.124	26 Nov 20	$0.30	26 Nov 24	300,000	–
G Purich	2021	300,000	300,000	26 Nov 20	$0.124	26 Nov 20	$0.30	26 Nov 24	300,000	–
M Bachmann (i)	2021	300,000	300,000	26 Nov 20	$0.124	26 Nov 20	$0.30	26 Nov 24	300,000	–
D Hicks (i)	2021	300,000	300,000	26 Nov 20	$0.124	26 Nov 20	$0.30	26 Nov 24	300,000	–

(i) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. The table shows the balance on their respective resignation date.

REMUNERATION REPORT (AUDITED) (cont'd)

E. Directors' equity holdings

(a) Fully paid ordinary shares of Errawarra Resources Ltd

Key management personnel	Balance at 1 July	Granted as remuneration	Received on exercise of options	Received on conversion of debt to equity	Received on sale of tenements	Net other changes[vi]	Balance at 30 June
2021	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
J Murray [i]	77,308	–	–	917,881	–	143,750	1,138,939
T Reddicliffe [ii]	–	–	–	–	3,643,234	30,000	3,673,234
G Purich	–	–	–	–	–	25,000	25,000
M Bachmann [iii]	182,124	–	–	–	–	750,000	932,124
D Hicks [iii][iv]	2,987	–	–	359,375	–	–	362,362
	262,419	**-**	**-**	**1,277,256**	**3,643,234**	**948,750**	**6,131,659**
2020							
J Murray [v]	77,308	–	–	–	–	–	77,308
M Bachmann [v]	182,124	–	–	–	–	–	182,124
D Hicks [v]	2,987	–	–	–	–	–	2,987
	262,419	**-**	**-**	**-**	**-**	**-**	**262,419**

(i) In October 2020 the Company converted the outstanding loan owing to Mr Jonathan Murray of $146,860 to 917,881 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis. The loan was executed with Murray Trust Account no 2. Refer to notes 14 and 21(c) for further details.
(ii) On 4 December 2020 and 10 March 2021, 1,214,411 and 2,428,823 fully paid ordinary shares were granted respectively, as settlement of the Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd of which Mr T Reddicliffe is a director for the acquisition of 70% interests in E63/1941 and E63/1771. Refer to notes 14, 21(d) and 22 for further details.
(iii) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. The balance at end of the year represents balance at the date of resignation.
(iv) In October 2020 the Company converted the outstanding loan owing to Mr Damian Hicks of $57,500 to 359,375 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis. The loan was executed with Rock Biz Pty Ltd. Refer to notes 14 and 21(c) for further details.
(v) Represent number of shares after consolidation on the basis that every 9.53434404 shares be consolidated into 1 share.
(vi) Net other changes represent number of shares acquired though Initial Public Offering.

(b) Share options of Errawarra Resources Ltd

Key management personnel	Balance at 1 July	Granted as remu-neration	Options exercised	Net other changes[i]	Balance at 30 June	Vested at 30 June: Exercisable	Vested at 30 June: Not exercisable
2021	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
J Murray	–	300,000	–	519,470	819,470	819,470	–
T Reddicliffe	–	300,000	–	1,836,617	2,136,617	2,136,617	–
G Purich	–	300,000	–	12,500	312,500	312,500	–
M Bachmann [ii]	–	300,000	–	466,062	766,062	766,062	–
D Hicks [ii]	–	300,000	–	(118,818)	181,182	181,182	–
	–	1,500,000	–	2,715,831	4,215,831	4,215,831	–
2020							
J Murray	–	–	–	–	–	–	–
M Bachmann	–	–	–	–	–	–	–
D Hicks	–	–	–	–	–	–	–
	-	**-**	**-**	**-**	**-**	**-**	**-**

(i) In March 2021, the Company issued to shareholders on the share register on 22 March 2021 one free option for every two shares held.
(ii) Mr Bachmann and Mr Hicks resigned as Directors on 30 June 2021 and 1 April 2021 respectively. The balance at the end of the year represents the balance at the date of resignation.

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

REMUNERATION REPORT (AUDITED) (cont'd)

F. Additional information

Performance income as a proportion of total compensation

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

Loans to KMP and their related parties

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

Other transactions and balances with KMP and their related parties

Directors transactions

Corporate Board Services (**CBS**), of which Mr Damian Hicks is a director, provided management, financial, company secretary and administrative services amounting to $138,313 during the year (2020: $14,716). Mr Hicks resigned as a director of Errawarra on 1 April 2021. The services provided were on arm's length commercial terms. At 30 June 2021 the amount payable to CBS was $8,907 (2020: $70,579). On 8 September 2020 CBS agreed to convert the outstanding services fee of $70,579 at 30 June 2020 to 441,119 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis. On 30 October 2020 the Company issued the fully paid ordinary shares. Refer to note 14 for further details.

Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to $203,196 during the year (2020: $203). At 30 June 2021 the amount payable to Steinepreis Paganin was $733 (2020: Nil). Refer to note 21(d) for further information.

Hannans Ltd (**Hannans**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are directors, invoiced the Group for reimbursements amounting to $5,228 during the year (2020:$2,046). At 30 June 2021 the amount payable to Hannans for reimbursements was $1,868 (2020: $1,954). The Group recharged Hannans for expenses amounting to $ 23,903 during the year (2020: nil). As at 30 June 2021, the amount receivable from Hannans for recharges was $23,903 (2020: nil). Refer to note 21(d) for further information.

On 3 September 2020 the Company entered into a Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd (altogether referred to as **Kingmaker**), of which Mr Thomas Reddicliffe is a director appointed on 2 November 2020, to acquire 70% legal and beneficial interest in tenements E63/1771 and E63/1941. In consideration for the Acquisition, the Company has agreed to issue 3,500,000 ordinary shares in the Company and pay $150,000 as a reimbursement of past expenditure on the project, subject to ASX approval for the purposes of ASX Listing Rule 1.1 (Condition 11). ASX confirmed that the approved consideration to Kingmaker is the issue of 3,643,234 fully paid ordinary shares in the Company and cash reimbursement of $121,353 for past expenditure. The Company and Kingmaker agreed that two thirds of the consideration (Shares and cash reimbursement) will be withheld until the applications for forfeiture against E63/1771 have been dismissed, on terms satisfactory to the Company. On 8 December 2020 the Company completed the acquisition of 70% interest in E63/1941 and issued 1,214,411 fully paid ordinary shares in the Company and cash reimbursement of $40,451 to Kingmaker. On 10 March 2021, the Company completed the acquisition of 70% interest in E63/1771 and issued 2,428,823 fully paid ordinary shares in the Company and cash reimbursement of $80,902 to Kingmaker. There were no amounts owing to Kingmaker at 30 June 2021 (2020: Nil). Refer to notes 14 and 21(d) for further information.

On 8 September 2020 the Company entered into a Binding Earn-In Agreement with Ms Greta Purich, a director appointed on 2 November 2020, to grant the Company the Earn-in Right over the 80% interest of tenement E27/603 which included the reimbursement of historical expenditure. On 4 December 2020 the Company met the conditions precedent and reimbursed Ms Purich for historic exploration expenditure of $25,592 incurred on the Tenement. At 30 June 2021 the Company did not owe Ms Purich. Refer to note 21(d) for further information.

End of Remuneration Report

Directors Meetings

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

Board Member	Board Meetings held while Director	Attended	Circular Resolutions Passed	Total
J Murray	1	-	3	3
T Reddicliffe	3	3	8	11
G Purich	3	3	8	11
M Bachmann	3	3	11	14
D Hicks	2	2	10	12

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were aggregating a land position with the potential to host an economic mineral deposit, successfully listing the Company on ASX and commencing its exploration programs on its Binti Binti, Fraser Range and Errabiddy exploration projects. The company is also continuing the search for a partner to economically manufacture SOP.

FINANCIAL REVIEW

The Group began the financial year with cash reserves of $16,825.

During the year, total exploration expenditure expensed by the Group in accordance with the Group's accounting policy amounted to $1,668,001 (2020: nil). Net administration expenditure incurred by the Group amounted to $1,590,996 (2020: $78,124), of which interest expense incurred of $332 (2020: $37,937). This has resulted in an operating loss after income tax for the year of $3,258,566 (2020: loss $42,865).

As at 30 June 2021, cash and cash equivalents totalled $3,380,569.

Summary of 5 Year Financial Information as at 30 June

	2021	2020	2019	2018	2017
Cash and cash equivalents ($)	3,380,569	16,825	312	707	46,384
Net assets / equity ($)	3,282,761	(379,293)	(346,428)	(362,886)	(110,035)
Exploration expenditure expensed ($)	(1,668,001)	–	–	–	–
No of issued shares	39,893,234	2,187,643	20,757,741	20,757,741	16,702,851
No of options	23,333,417	–	–	–	–
Share price ($)	0.225	–	–	–	–
Market capitalisation (Undiluted) ($)	8,975,978	–	–	–	–

Summary of Share Price Movement to the date of this report

	Share Price ($)	Date
Highest	$0.32	12 March 2021
Lowest	$0.18	3 May 2021
Latest	$0.28	23 September 2021

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

DIRECTORS' REPORT

COMPLIANCE

Significant Changes in State of Affair

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

Significant Events after the Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affected the operations of the Group, the results of those operations, or state of affairs of the Group in future financial years

COVID-19

The COVID-19 pandemic continues to pose a global socio-political, economic and health risk. The potential for the pandemic to have both lasting and unforeseen impacts is high. At this point in time the Group is experiencing minor delays in project timelines as a result of the pandemic. These delays are not expected to be significant. As a Group, we adhere to the changes in government policies and changed the way we work to protect the wellbeing of our people and ensure business continuity. We continue to maintain a state of response readiness commensurate with the risks and in accordance with Government recommendations and health advice.

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 23,333,417 options on issue to purchase ordinary shares exercisable at $0.30 (23,333,417 options at 30 June 2021). Refer to the remuneration report for further details of the options issued to directors as remuneration.

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

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

On behalf of the Directors

Thomas Reddicliffe
Executive Director

Perth, Western Australia this 24th of September 2021

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 $15,288.

Indemnification of auditors

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

Dividends

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

Non-Audit Services

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

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 22.

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

INDEPENDENCE DECLARATION TO THE DIRECTORS' OF ERRAWARRA RESOURCES LTD

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

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

24 September 2021

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 2021, 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 faithfully

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

Samir R Tirodkar
Director

Liability limited by a scheme approved under Professional Standards Legislation

Russell Bedford
taking you further

Stantons is a member of the Russell Bedford International network of firms

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 2021.

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 Reddicliffe
Executive Director

Perth, Western Australia this 24th of September 2021

Stantons

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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 entity (the Group), which comprises the consolidated statement of the financial position as at 30 June 2021, and 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 the notes to the consolidated 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 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

We have determined the matters described below to be key audit matters to be communicated in the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Stantons

Key Audit Matters	How the matter was addressed in the audit
Going Concern Assessment As disclosed in Note 2 (a) the financial report have been prepared on a going concern basis. Historically, the Group has incurred losses, and has depended on borrowing or raising capital to fund its operations. At 30 June 2021, the Group had cash and cash equivalents of $3,380,569 and incurred loss from continuing operations after income tax of $3,258,566. The Group had net operating cash outflows totalling $2,102,177. The going concern assumption is considered to be a key audit matter as the Group is reliant on existing cash reserves and future capital raising to cover its operations.	In assessing the appropriateness of the going concern assumption used in preparing the financial report, our procedures included, amongst others: i. Assessing the cash flow requirements of the Group over 12 months from the date of sign off of the financial report based on budgets and forecasts; ii. Understanding what forecast expenditure is committed and what could be considered discretionary; iii. Considering the liquidity of existing assets on balance sheet; and iv. Reviewing the financial report to ensure adequate disclosure in the notes regarding the going concern basis of preparation.
Valuations of Share based payments As disclosed in notes 15 and 22 of the financial report, during the period the Company granted a number of shares for acquiring tenements and options to seed investors, brokers and the Directors of the Company. The Company prepared the valuations of options using the Black-Scholes model in accordance with its accounting policy and the accounting standard *AASB 2 - Share-based Payment*. The valuations of options are considered to be a key audit matter as they involved judgment in assessing the fair value of the equity instruments granted, the grant date, vesting conditions and vesting periods.	In assessing the valuations of options, our audit procedures included, among others: i. Obtaining an understanding of the underlying transactions, reviewing agreements, minutes of the Board meetings and ASX announcements; ii. Reviewing the inputs used in the valuation models, the underlying assumptions used and discussing with management the justification for these inputs; iii. Assessing the accounting treatment and its application in accordance with AASB 2; and iv. Assessing whether the Company's disclosures met the requirements of the accounting standards.

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 2021, 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,

Stantons

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 have 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 skepticism 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 Group'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 Group'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 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.

Stantons

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

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2021. 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.

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Errawarra Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

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

Stantons International Audit and Consulting Pty Ltd

Samir R Tirodkar
Director
West Perth, Western Australia
24 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2021

	Note	2021 $	2020 $
Continuing operations			
Other income	5(a)	431	–
Shared-based payment	22	(1,004,722)	–
Employee expenses	5(b)	(231,517)	–
Consultants expenses		(243,127)	(55,061)
Interest expenses		(332)	(37,937)
Impairment expenses	5(c)	–	7,134
Exploration and evaluation expenses		(1,668,001)	–
Fair value gain on other financial assets	10	44,059	14,687
Other expenses		(155,357)	(6,947)
Loss before income tax benefit		(3,258,566)	(78,124)
Income tax benefit	6	–	35,259
Loss from attributable to members of the parent entity		(3,258,566)	(42,865)
Other comprehensive income for the year		–	–
Total comprehensive loss for the year		**(3,258,566)**	**(42,865)**
Net loss attributable to the parent entity		**(3,258,566)**	**(42,865)**
Total comprehensive loss attributable to the parent entity		**(3,258,566)**	**(42,865)**
Loss per share:			
Basic (cents per share)	17	(13.89)	(1.97)

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 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	24(a)	3,380,569	16,825
Trade and other receivables	9	90,626	–
Other financial assets at fair value through profit or loss	10	117,492	73,433
Total current assets		**3,588,687**	**90,258**
Non-current assets			
Intangible assets	11	–	–
Total non-current assets		**-**	**-**
TOTAL ASSETS		**3,588,687**	**90,258**
Current liabilities			
Trade and other payables	12	305,926	90,153
Borrowings	13	–	379,398
Total current liabilities		**305,926**	**469,551**
TOTAL LIABILITIES		**305,926**	**469,551**
NET ASSETS / (LIABILITIES)		**3,282,761**	**(379,293)**
Equity			
Issued capital	14	6,598,326	122,525
Reserves	15	1,173,399	728,580
Accumulated losses	16	(4,488,964)	(1,230,398)
TOTAL EQUITY / (DEFICIENCY)		**3,282,761**	**(379,293)**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2021

For the year ended 30 June 2021	Issued capital $	Reserves $	Accumulated losses $	Total Equity/ (Deficiency) $
	Attributable to equity holders			
Balance as at 1 July 2020	122,525	728,580	(1,230,398)	(379,293)
Total comprehensive income				
Loss for the year	–	–	(3,258,566)	(3,258,566)
Other comprehensive loss for the year	–	–	–	–
Total comprehensive profit for the year	–	–	(3,258,566)	(3,258,566)
Transactions with owners recorded direct to equity				
Issue of shares	6,609,977	–	–	6,609,977
Share-based payments	782,397	222,325	–	1,004,722
Share issue costs	(916,573)	222,494	–	(694,079)
Total transactions with owners	6,475,801	444,819	–	6,920,620
Balance as at 30 June 2021	**6,598,326**	**1,173,399**	**(4,488,964)**	**3,282,761**

For the year ended 30 June 2020	Issued capital $	Reserves $	Accumulated losses $	Total Equity/ (Deficiency) $
	Attributable to equity holders			
Balance as at 1 July 2019	112,525	728,580	(1,187,533)	(346,428)
Total comprehensive income				
Loss for the year	–	–	(42,865)	(42,865)
Other comprehensive loss for the year	–	–	–	–
Total comprehensive loss for the year	–	–	(42,865)	(42,865)
Transactions with owners recorded direct to equity				
Issue of shares	10,000	–	–	10,000
Share issue costs	–	–	–	–
Total transactions with owners	10,000	–	–	10,000
Balance as at 30 June 2020	**122,525**	**728,580**	**(1,230,398)**	**(379,293)**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Payments for exploration and evaluation		(1,494,629)	(27,008)
Payments to suppliers and employees		(607,647)	(13,891)
Interest received		431	-
Interest paid		(332)	(18,392)
Research and Development rebate received		-	35,259
Net cash used in operating activities	**24(b)**	**(2,102,177)**	**(24,032)**
Cash flows from investing activities			
Payments for intangible asset		-	(16,255)
Net cash used in investing activities		**-**	**(16,255)**
Cash flows from financing activities			
Proceeds from issues of equity securities		6,160,000	-
Payment for share issue costs		(694,079)	-
Proceeds/(repayment) from borrowing		-	56,800
Net cash provided by financing activities		**5,465,921**	**56,800**
Net increase in cash and cash equivalents		**3,363,744**	**16,513**
Cash and cash equivalents at the beginning of the financial year		**16,825**	**312**
Cash and cash equivalents at the end of the financial year	**24(a)**	**3,380,569**	**16,825**

The accompanying notes form part of the financial statements.

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 2021 comprises the Company and its subsidiary (together referred to as the **Group**).

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

2. Summary of significant accounting policies

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

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

(a) Basis of preparation

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

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

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 2021 the Group incurred a loss of $3,258,566 (2020: loss $42,865) and had a working capital surplus of $3,282,761 (2020: $379,293 deficit). Based upon the Group's existing cash resources of $3,380,569 (2020: $16,825) and other financial assets of $117,492 (2020: $73,433) as at 30 June 2021, 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 2021 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 2020 except for the new accounting standards stated below.

New and Amended Standards Adopted by the Group

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

Initial adoption of AASB 2020-04: COVID-19-Related Rent Concessions

AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

Initial adoption of ASB 2018-6: Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

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

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

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

Initial adoption of AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issued by the AASB.

Initial adoption of AASB 2019-3: Amendments to Australian Accounting Standards – Interest Rate Benchmark

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

Initial adoption of AASB 2019-1: Amendments to Australian Accounting Standards – References to the Conceptual Framework

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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.

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

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

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.

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

(e) Financial assets (cont'd)

Loans receivables

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

(f) Financial instruments issued by the Company

Debt and equity instruments

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

Transaction costs on the issue of equity instruments

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

(g) Goods and services tax

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

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

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

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

(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.

(h) Impairment of non-financial assets (cont'd)

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

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

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

(i) Tax

Current tax

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

Deferred tax

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

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

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

(i) Tax (cont'd)

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

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

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

Current and deferred tax for the period

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

Research & Development (R&D) tax incentive

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

Tax consolidation

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

(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.

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

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

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

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

(m) Joint arrangements

Joint ventures

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

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

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

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

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

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

(m) Joint arrangements (cont'd)

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

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

Joint operations

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

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

(n) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group as at and for the period ended 30 June 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

(n) Principles of consolidation (cont'd)

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

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

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

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

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

(o) Operating cycle

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

(p) Payables

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

(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.

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

(t) Leases (cont'd)

(i) Right-of-use assets

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

(ii) Lease Liabilities

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

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

(iii) Short-term leases and Low Value Assets

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

(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.

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:

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 2021.

Key judgements – share-based payments

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

Key judgments – deferred taxation

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

4. Subsidiary

		Ownership Interest	
Name of entity	**Country of incorporation**	**2021 %**	**2020 %**
Parent entity:			
Errawarra Resources Ltd (i)	Australia	100	100
Subsidiary:			
Errawarra Pty Ltd	Australia	100	100

(i) Errawarra Resources Ltd is the ultimate parent entity. All the companies are members of the Group.

5. Income/expenses from operations

		2021 $	2020 $
(a)	**Interest income**		
	Bank	431	–
	Total interest income	**431**	**-**
(b)	**Employee expenses**		
	Salary and wages	213,571	–
	Post-employment benefits		
	Defined contribution plans	17,946	–
	Total employee expenses	**231,517**	**-**

		2021 $	2020 $
5.	**Income/expenses from operations (cont'd)**		
	(c) Impairment		
	Impairment provision of intangible assets [(i)]	–	(7,134)
	Total impairment	**-**	**(7,134)**

(i) Refer note 11 for further details.

		2021 $	2020 $
6.	**Income taxes**		
	Income tax recognised in consolidated profit or loss		
	Current income tax		
	Current income tax charged	–	–
	Research and Development rebate	–	35,259
	Deferred income tax		
	Relating to origination and reversal of temporary differences	847,227	21,484
	Deferred tax not recognised	(847,227)	(21,484)
	Total tax benefit	-	35,259
	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 2021 is as follows:		
	Loss from operations	(3,258,566)	(78,124)
	Income tax expense calculated at 26% (2020: 27.5%)	(847,227)	(21,484)
	Research and Development rebate received	–	35,259
	Effect of expenses that are not deductible in determining taxable loss	57,804	–
	Temporary differences not recognised	278,042	2,503
	Unused tax losses not recognised as deferred tax assets	511,381	18,981
	Income tax benefit	–	35,259

The tax rate used in the above reconciliation is the corporate tax rate of 26% 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.

6. Income taxes (cont'd)

Deferred Income Tax	Statement of Financial Position 2021 $	Statement of Financial Position 2020 $	Statement of Comprehensive Income 2021 $	Statement of Comprehensive Income 2020 $
Deferred tax assets have not been recognised in respect of the following items				
Exploration	257,599	-	257,599	-
Accruals	11,119	4,400	6,718	426
Other financial assets	11,455	4,039	7,416	(4,039)
Capital raising costs	6,431	122	6,309	45
Revenue tax losses	842,481	330,615	511,867	22,469
Deferred tax assets not brought to account as realisation is not probable	(1,129,085)	(339,176)		
	-	-		
Deferred tax assets not recognised			(789,909)	(18,902)
Deferred tax (income)/expense			-	-

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.

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 2 November 2020 and re-appointed on 22 June 2021)
- Thomas Reddicliffe (appointed 2 November 2020)
- Greta Purich (appointed 2 November 2020)
- Markus Bachmann (resigned 30 June 2021)
- Damian Hicks (resigned 1 April 2021)

(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 15 to 19.

	2021 $	2020 $
Short-term employee benefits	228,859	-
Post-employment benefits	17,946	-
Shared-based payment	185,270	-
	432,075	**-**

		2021 $	2020 $
8.	**Remuneration of auditors**		
	Audit or review of the financial report		
	Stantons International	30,000	7,000
		30,000	**7,000**
	The auditor of the Group is Stantons International.		
9.	**Trade and other receivables – current**		
	Net goods and services tax (GST) receivable	53,575	–
	Receivable from related party (refer note 21(d))	23,903	–
	Other receivables	13,148	–
		90,626	**-**
10.	**Other financial assets fair value through profit or loss**		
	Investment in Critical Metals Ltd (i)	117,492	73,433
		117,492	**73,433**

(i) The investment in Critical Metals Ltd consists of 293,730 (2020: 293,730) ordinary fully paid shares. This is measured and classified as a Tier 1 financial asset which is valued at fair value.

	2021 $	2020 $
Balance at beginning of financial year	73,433	58,746
Movement for the year	44,059	14,687
Balance at end of financial year	**117,492**	**73,433**

11. Intangible assets

	Patent, trademarks and other rights $	Total $
Gross carrying amount		
Balance at 1 July 2019	607,441	607,441
Additions – development	(7,134)	(7,134)
Balance at 1 July 2020	600,307	600,307
Additions – development	–	–
Balance at 30 June 2021	**600,307**	**600,307**
Accumulated depreciation and impairment		
Balance at 1 July 2019	(607,441)	(607,441)
Impairment provision	7,134	7,134
Balance at 1 July 2020	(600,307)	(600,307)
Impairment provision	–	–
Balance at 30 June 2021	**(600,307)**	**(600,307)**

	2021 $	2020 $
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

		2021 $	2020 $
12.	**Current trade and other payables**		
	Trade payables [i]	126,508	1,379
	Payables to related party [ii]	11,508	72,534
	Accruals	139,825	16,000
	Other payables	28,085	240
		305,926	**90,153**

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.
(ii) Refer to note 21(d) for further details.

		2021 $	2020 $
13.	**Borrowings**		
	Current		
	Loan from related party entities includes interest payable [i]	–	379,398
		-	**379,398**

(i) The loans were executed between Hannans Ltd, Murray Trust Account no 2, Rock Biz Pty Ltd and Equity & Royalty Investments Ltd. Refer to note 21(c) for further details.

		2021 $	2020 $
14.	**Issued capital**		
	39,893,234 fully paid ordinary shares (2020: 2,187,643)	6,598,326	122,525

	2021		2020	
	No.	**$**	**No.**	**$**
Fully paid ordinary shares				
Balance at beginning of financial year	2,187,643	122,525	2,177,155	112,525
Issue of shares	–	–	10,488	10,000
Issue of shares – Convert debt to equity (i)	2,812,357	449,977	–	–
Issue of shares – Seed raising (ii)	1,000,000	160,000	–	–
Issue of shares- IPO (iii)	30,000,000	6,000,000	–	–
Issue of shares – Acquisition of tenements (iv)	3,643,234	728,647	–	–
Issue of shares – Acquisition of tenement (v)	250,000	53,750	–	–
Share issue costs	–	(916,573)	–	–
Balance at end of financial year	**39,893,234**	**6,598,326**	**2,187,643**	**122,525**

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

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

Share consolidation

Pursuant to the resolution passed at the General Meeting held on 15 October 2020, shareholders approved the consolidation of capital from 20,857,741 ordinary shares to 2,187,643 ordinary shares. The 9.53434404:1 share consolidation was effected on 15 October 2020. All shares have been retrospectively adjusted to reflect this.

	2021 $	2020 $
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	444,819	–
Total reserves	**1,173,399**	**728,580**
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	–	–
Share-based payments	444,819	–
Balance at end of financial year	**444,819**	**-**

Nature and purpose

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

Share options

As at 30 June 2021, options over 23,333,417 (2020: nil) ordinary shares in aggregate are as follows:

Issuing entity	No of shares under options	Class of shares	Options exercise price	Option expiry date
Errawarra	16,772,345	Ordinary	$0.30 each	30 Sep 2022
Errawarra	2,961,072	Ordinary	$0.30 each	30 Sep 2022
Errawarra	1,800,000	Ordinary	$0.30 each	26 Nov 2024
Errawarra	1,800,000	Ordinary	$0.30 each	3 Dec 2024

Share options carry no rights to dividends and no voting rights. No options were exercised during the period.

16. Accumulated losses

	2021 $	2020 $
Balance beginning of financial year	(1,230,398)	(1,187,533)
Loss attributable to members of the parent entity	(3,258,566)	(42,865)
Balance at end of financial year	**(4,488,964)**	**(1,230,398)**

17. Loss per share

	2021 Cents per share	2020 Cents per share
Basic loss per share:		
From continuing operations	(13.89)	(1.97)
Total basic loss per share	(13.89)	(1.97)

Basic loss per share

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

	2021 $	2020 $
Loss for the year	(3,258,566)	(42,865)
	2021 No	**2020 No**
Weighted average number of ordinary shares for the purposes of basic loss per share	23,463,627	2,178,330

Share consolidation

Pursuant to the resolution passed at the General Meeting held on 15 October 2020, shareholders approved the 9.53434404:1 share consolidation. The weighted average number of ordinary shares for the purposes of basic loss per share have been retrospectively adjusted to reflect this.

18. Commitments for expenditure

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

	2021 $	2020 $
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	467,000	-
Longer than 1 year and not longer than 5 years	1,369,164	-
Longer than 5 years	738,330	-
Total	**2,574,494**	**-**

19. Contingent liabilities and contingent assets

Contingent liabilities

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

Contingent assets

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

Other than the above, there are no other contingent liabilities or contingent assets as at 30 June 2021.

20. Segment reporting

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

21. Related party disclosure

(a) Equity interests in related parties

Equity interests in subsidiary

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

(b) Key management personnel (KMP) remuneration

Details of KMP remuneration are disclosed in pages 15 to 19 and note 7 to the financial statements.

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

Loan to related party

There were no loans to KMP and their related parties during the year (2020: nil).

Loan from related party

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

On 8 September 2020 Hannans agreed to convert the outstanding loan principal and interest of $110,016 to 687,594 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 687,594 fully paid ordinary shares. Refer to note 14 for further details.

A summary of the loan is shown below.

	2021	2020
Principal outstanding at 30 June	–	$50,000
Interest accrued during the year	–	$12,864
Interest balance at 30 June	–	$60,016

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

On 6 October 2020 Murray Trust agreed to convert the outstanding loan principal and interest of $146,860 to 917,881 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 917,881 fully paid ordinary shares. Refer to note 14 for further details.

A summary of the loan is shown below.

	2021	2020
Principal outstanding at 30 June	–	$107,528
Interest accrued during the year	–	$13,515
Interest balance at 30 June	–	$39,332

21. Related party disclosures (cont'd)

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

Loan from related party (cont'd)

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

On 8 September 2020 Rock Biz agreed to convert the outstanding loan principal and interest of $57,500 to 359,375 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company repaid the loan by issuing the 359,375 fully paid ordinary shares. Refer to note 14 for further details.

On 5 November 2020, the Company fully repaid the remaining loan principal and interest of $35,536.

A summary of the loan is shown below.

	2021	2020
Principal outstanding at 30 June	–	$57,500
Interest accrued during the year	279	$8,874
Interest balance at 30 June	–	$Nil

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

On 15 September 2020 ERI agreed to convert the outstanding loan principal and interest of $65,022 to 406,388 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis and waive all rights to interest from 1 July 2020 until the date of the conversion. On 30 October 2020 the Company fully repaid the loan by issuing the 406,388 fully paid ordinary shares. Refer to note 14 for further details.

A summary of the loan is shown below.

	2021	2020
Principal outstanding at 30 June	–	$62,150
Interest accrued during the year	–	$2,683
Interest balance at 30 June	–	$2,872

(d) Transactions with other related parties

Subsidiary

All loans advanced to and payable to related parties are unsecured. No interest was charged on the outstanding intercompany loan balances during the financial year. Errawarra Resources Ltd received interest of nil from loans to subsidiary, and paid interest of nil to subsidiary. The amount owed to the parent at year end is $2,210,834 (2020: $435,878 owed to its subsidiary).

Director transactions

(i) Corporate Board Services (**CBS**), of which Mr Damian Hicks is a director, provided management, financial, company secretary and administrative services amounting to $138,313 during the year (2020: $14,716). Mr Hicks resigned as a director of Errawarra on 1 April 2021. The services provided were on arm's length commercial terms. At 30 June 2021 the amount payable to CBS was $8,907 (2020: $70,579).

On 8 September 2020 CBS agreed to convert the outstanding services fee of $70,579 at 30 June 2020 to 441,119 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis. On 30 October 2020 the Company issued the fully paid ordinary shares. Refer to note 14 for further details.

(ii) Steinepreis Paganin, of which Mr Jonathan Murray is a Partner, provided legal services amounting to $203,196 during the year (2020: $203). At 30 June 2021 the amount payable to Steinepreis Paganin was $733 (2020: Nil).

(iii) Hannans Ltd (**Hannans**), of which Mr Damian Hicks, Mr Jonathan Murray and Mr Markus Bachmann are directors, invoiced the Group for reimbursements amounting to $5,228 during the year (2020: $2,046). At 30 June 2021 the amount payable to Hannans for reimbursements was $1,868 (2020: $1,954). The Group recharged Hannans for expenses amounting to $ 23,903 during the year (2020: nil). As at 30 June 2021 the amount receivable from Hannans for recharges was $23,903 (2020:nil).

21. Related party disclosures (cont'd)

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

Director transactions (cont'd)

(iv) On 3 September 2020 the Company entered into a Binding Agreement with Sorrento Resources Pty Ltd, Kingmaker Metals Pty Ltd and Kingmaker Exploration No 1 Pty Ltd (altogether referred to as **Kingmaker**), of which Mr Thomas Reddicliffe is a director appointed on 2 November 2020, to acquire 70% legal and beneficial interest in tenements E63/1771 and E63/1941. In consideration for the Acquisition, the Company has agreed to issue 3,500,000 ordinary shares in the Company and pay $150,000 as a reimbursement of past expenditure on the project, subject to ASX approval for the purposes of ASX Listing Rule 1.1 (Condition 11). ASX confirmed that the approved consideration to Kingmaker is the issue of 3,643,234 fully paid ordinary shares in the Company and cash reimbursement of $121,353 for past expenditure. The Company and Kingmaker agreed that two thirds of the consideration (Shares and cash reimbursement) will be withheld until the applications for forfeiture against E63/1771 have been dismissed, on terms satisfactory to the Company. On 8 December 2020 the Company completed the acquisition of 70% interest in E63/1941 and issued 1,214,411 fully paid ordinary shares in the Company and cash reimbursement of $40,451 to Kingmaker. On 10 March 2021, the Company completed the acquisition of 70% interest in E63/1771 and issued 2,428,823 fully paid ordinary shares in the Company and cash reimbursement of $80,902 to Kingmaker. Refer to note 14 for further details. There were no amounts owing to Kingmaker at 30 June 2021 (2020: Nil).

(v) On 8 September 2020 the Company entered into a Binding Earn-In Agreement with Ms Greta Purich, a director appointed on 2 November 2020, to grant the Company the Earn-in Right over the 80% interest of tenement E27/603 which included the reimbursement of historical expenditure. On 4 December 2020 the Company met the conditions precedent and reimbursed Ms Purich for historic exploration expenditure of $25,592 incurred on the Tenement. At 30 June 2021 the Company did not owe Ms Purich.

(e) Parent entity

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

22. Shared-based payments

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 15 to 19 of the Remuneration Report.

The following share-based payment arrangements were in existence during the current year and relates to payments to key management personnel:

Option series	Number	Grant date	Expiry date	Exercise price
OPT001	1,500,000	26 Nov 2020	26 Nov 2024	$0.30

The following unlisted options were issued during the period and are share-based payments to Broker and founder shareholders:

Option series	Number	Grant date	Expiry date	Exercise price
OPT001	300,000	26 Nov 2020	26 Nov 2024	$0.30
OPT002	1,800,000	3 Dec 2020	3 Dec 2024	$0.30

Expenses arising from share-based payment transactions	2021 $	2020 $
Options issued to key management personnel	185,270	-
Options issued to an unrelated third party	37,055	-
Shares issued for tenement acquisitions – Kingmaker (refer note 14)	728,647	-
Shares issued for tenement acquisition – P Gianni (refer note 14)	53,750	-
	1,004,722	**-**
Options issued to Broker [(i)]	222,494	-
Total	**1,227,216**	**-**

(i) Share-based payments in relation to options issued to Broker during the year are included in capital raising costs.

22. Shared-based payments (cont'd)

Unlisted options

The following table summarise the share 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.
2021								
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
Total			**-**	**3,600,000**	**-**	**-**	**3,600,000**	**3,600,000**
Weighted average exercise price			–	$0.30	–	–	$0.30	$0.30

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.42 years (2020: nil).

(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
26 Nov 20	26 Nov 24	$0.20	$0.30	100%	Nil	0.30%	$0.124
3 Dec 20	3 Dec 24	$0.20	$0.30	100%	Nil	0.34%	$0.124

23. Subsequent events

No matters or circumstances have arisen since 30 June 2021 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.

24. Notes to the statement of cash flows

	2021 $	2020 $
(a) Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the consolidated statement of financial position as follows:		
Cash and cash at bank	3,380,569	16,825
	3,380,569	**16,825**

24. Notes to the statement of cash flows (cont'd)

	2021 $	2020 $
(b) Reconciliation of loss for the year to net cash flows from operating activities		
Loss for the year	(3,258,566)	(42,865)
Shared-based payments	1,004,722	–
Interest on loan from related party	–	19,545
Impairment of intangible assets	–	(7,134)
Fair value gain on other financial assets	(44,059)	(14,687)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Trade and other receivables	(90,626)	840
Increase/(decrease) in liabilities:		
Trade and other payables and provisions	286,352	20,269
Net used in operating activities	**(2,102,177)**	**(24,032)**

(c) Non-cash financing and investing activities

During the current year, 1,800,000 options were granted to Broker. The share-based payments recognised in respect of the 1,800,000 options of $222,494 was included in capital raising costs. In October 2020 the Company converted the outstanding loan of $379,398 and outstanding owing to CBS of $70,579 to 2,812,357 fully paid ordinary shares in the Company at $0.16 per share on an arm's length basis. The loans were executed between Hannans Ltd, Murray Trust Account no 2, Rock Biz Pty Ltd and Equity & Royalty Investments Ltd. Refer to note 21(c) for further details. The Group did not enter any other non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows.

25. Financial instruments

(i) 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 2021 it is also exposed to market price risk. The Group does not enter derivative financial instruments to manage its exposure to interest rate.

(ii) 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.

(iii) 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 2020:

	Profit or loss		Equity	
2021	1% increase	1% decrease	1% increase	1% decrease
Variable rate instruments	33,806	(33,806)	–	–
Cash flow sensitivity	**33,806**	**(33,806)**	**-**	**-**
2020				
Variable rate instruments	168	(168)	–	–
Cash flow sensitivity	**168**	**(168)**	**-**	**-**

25. Financial instruments (cont'd)

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

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

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates: Less than 1 year	Fixed maturity dates: 1-5 years	Fixed maturity dates: 5+ Years	Non interest bearing	Total
	%	$	$	$	$	$	$
2021							
Financial assets							
Cash and cash equivalent	0.04%	3,380,567	–	–	–	2	3,380,569
Trade and other receivables	0.00%	–	–	–	–	90,626	90,626
Other financial assets	0.00%	–	–	–	–	117,492	117,492
Total		**3,380,567**	**-**	**-**	**-**	**208,120**	**3,588,687**
Financial liabilities							
Trade and other payables	0.00%	–	–	–	–	305,926	305,926
Total		**-**	**-**	**-**	**-**	**305,926**	**305,926**
2020							
Financial assets							
Cash and cash equivalent	0.10%	16,823	–	–	–	2	16,825
Other financial assets	0.00%	–	–	–	–	73,433	73,433
Total		**16,823**	**-**	**-**	**-**	**73,435**	**90,258**
Financial liabilities							
Trade and other payables	0.00%	–	–	–	–	90,153	90,153
Borrowings	12.50%	–	–	379,398	–	–	379,398
Total		**-**	**-**	**379,398**	**-**	**90,153**	**469,551**

(iv) 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
	$	$	$	$	$
2021					
Trade and other payables	305,926	–	–	–	305,926
Total	**305,926**	**-**	**-**	**-**	**305,926**

25. Financial instruments (cont'd)

(d) Liquidity risk (cont'd)

	Less than 6 months $	6-12 months $	1-2 years $	2+ years $	Total $
2020					
Trade and other payables	90,153	–	–	–	90,153
Borrowings	379,398	–	–	–	379,398
Total	**469,551**	**-**	**-**	**-**	**469,551**

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

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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 $
2021				
Financial assets at fair value through profit and loss				
Equity instruments (note 10)	–	–	117,492	117,492
Total financial assets recognised at fair value	**-**	**-**	**117,492**	**117,492**
2020				
Financial assets at fair value through profit and loss				
Equity instruments (note 10)	–	–	73,433	73,433
Total financial assets recognised at fair value	**-**	**-**	**73,433**	**73,433**

26. Parent entity disclosures

The following details information related to the parent entity, Errawarra Resources Ltd at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2021 $	2020 $
Results of the parent entity		
Loss for the year	(3,028,071)	(50,475)
Other comprehensive income	–	–
Total comprehensive loss for the year	**(3,028,071)**	**(50,475)**
Financial position of parent entity at year end		
Current assets	3,089,864	16,805
Non-current assets	50	50
Total assets	**3,089,914**	**16,855**
Current liabilities	86,023	469,636
Non-current liabilities	–	435,878
Total liabilities	**86,023**	**905,514**
Total equity of the parent entity comprising of:		
Share capital	6,598,326	122,525
Reserves	444,820	–
Accumulated losses	(4,039,255)	(1,011,184)
Total equity	**3,003,891**	**(888,659)**

(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 2021 other than disclosed in this financial report.

(b) Parent entity contingencies

The parent entity had no contingent liabilities or assets as at 30 June 2021 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 2021 other than disclosed in this financial report.

CAPITAL

as at 21 September 2021

Errawarra Resources Ltd issued capital is as follows:

ORDINARY FULLY PAID SHARES

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

	End of escrow period	Number of shares
Quoted ordinary fully paid shares		33,721,091
Voluntary escrow fully paid shares until 4 July 2021 (i)	4 July 2021	250,000
Restricted fully paid shares until 14 December 2022	14 December 2022	5,922,143
Ordinary fully paid shares at 30 June 2021		**39,893,234**
Ordinary fully paid shares at the date of this report		**39,893,234**

(i) The shares were released from voluntary escrow on 4 July 2021.

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	3,643,234	9.19%

OPTIONS

At the date of this report there are a total of 2,217 listed option holders holding 16,772,345 unissued ordinary shares and 31 unlisted option holders holding 6,561,072 unissued ordinary shares in respect of which options are outstanding. The listed and unlisted options do not carry voting rights at a general meeting of shareholders.

	Number of option holders	Number of options
Balance at the beginning of the year	-	-
Movements of share options during the year		
Issue unlisted options exercisable at $0.30 expiring 26 November 2024	13	1,800,000
Issue unlisted options exercisable at $0.30 expiring 3 December 2024	1	1,800,000
Issue unlisted options exercisable at $0.30 expiring 30 September 2022	17	2,961,072
Issue listed options exercisable at $0.30 expiring 30 September 2022	2,217	16,772,345
Balance at 30 June 2021	**2,248**	**23,333,417**
Total number of options outstanding at the date of this report	**2,248**	**23,333,417**

Restricted Options

	End of escrow period	Number of options
Restricted unlisted options exercisable at $0.30 expiring 30 September 2022	2 December 2021	300,000
Restricted unlisted options exercisable at $0.30 expiring 26 November 2024	14 December 2022	1,500,000
Restricted unlisted options exercisable at $0.30 expiring 3 December 2024	14 December 2022	1,800,000
Restricted unlisted options exercisable at $0.30 expiring 30 September 2022	14 December 2022	2,961,072

ADDITIONAL SHAREHOLDER INFORMATION

Top 20 Holders of Ordinary Shares

Rank	Name	Units	% of Issued Capital
1	Sorrento Resources Pty Ltd	3,643,234	9.13%
2	Mr Alastair Cardno	1,983,717	4.97%
3	Citicorp Nominees Pty Limited	1,448,486	3.63%
4	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	1,127,035	2.83%
5	BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	700,000	1.75%
6	HR Equities Pty Ltd	687,594	1.72%
7	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	637,642	1.60%
8	Corporate Board Services	589,425	1.48%
9	Annbrook Capital Pty Ltd	570,000	1.43%
10	Quicksilver Asset Pty Ltd	525,000	1.32%
11	Mrs Andrea Murray <Murray Family Fund No 2 A/C>	456,146	1.14%
12	Acacia Investments Pty Ltd <DPH A/C>	430,114	1.08%
13	Equity & Royalty Investments Ltd	406,388	1.02%
14	Bennelong Resource Capital Pty Ltd	386,013	0.97%
15	Westrade Resources Pty Ltd <Sheppard Super A/C>	375,000	0.94%
16	Rock Biz Pty Ltd <Hicks Group S/F No 3 A/C>	364,952	0.91%
17	BNP Paribas Nominees Pty Ltd SIX SIX Ltd <DRP A/C>	359,264	0.90%
18	Valian Nominees Pty Ltd <McDonagh S/F A/C>	350,000	0.88%
19	Starlet Court Pty Ltd <Musgrave Super Fund A/C>	335,000	0.84%
20	TT Nicholls Pty Ltd <Superannuation A/C>	300,000	0.75%
20	Mr Ross Campbell Williams & Mrs Nicola Ann Williams <Williams Superannuation A/C>	300,000	0.75%
20	Mr Edward Patrick Smith <Cosmos Enterprises A/C>	300,000	0.75%
20	Le Nez Rouge Pty Ltd	300,000	0.75%
Total of Top 20 holders of ORDINARY SHARES		**16,575,010**	**41.54%**

Range of Shares

Range	Holders	Units	% Issued Capital
1 – 1,000	1,515	349,001	0.87%
1,001 – 5,000	222	556,533	1.40%
5,001 – 10,000	136	1,148,737	2.88%
10,001 – 100,000	358	13,694,560	34.33%
100,001 – 9,999,999	71	24,144,403	60.52%
Total	**2,302**	**39,893,234**	**100.00%**

Unmarketable Parcels

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.310 per unit	1,613	1,574	426,854

ON-MARKET BUY BACK

There is no current on-market buy-back.

SECURITIES EXCHANGE LISTING

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

ASX ADMISSION STATEMENT

Use of Funds

Since its admission to the ASX's official list on 11 December 2020 until 30 June 2021, 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: Binti Binti		
E27/0603 (i)	0	Live
E27/0577 (ii)	80	Live
Project: Errabiddy		
E09/2346 (ii)	80	Live
E09/2410	100	Live
E52/3838	100	Live
E09/2457	100	Live
E09/2440	100	Live
E09/2602 (iv)	0	Pending
E31/1298 (iv)	0	Pending

Tenement Number	Interest %	Status
Project: Fraser Range		
E63/1771 (iii)	70	Live
E63/1941	70	Live

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

Name of project	Principal activity	Interest 2021 %	Interest 2020 %
Binti Binti – G Purich (i)	Exploration	–	–
Errabiddy (ii)	Exploration	80	–
Fraser Range (iii)	Exploration	70	–
Binti Binti – P Gianni (iv)	Exploration	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 21(d) for further information.

(ii) The Company entered into a joint venture with Sammy Resources Pty Ltd (**Sammy**) whereby the Company retained a 80% interest in the Tenement. The Company will be the manager and is solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Sammy will be free-carried until a decision to mine is made.

(iii) The Company entered into a joint venture with Kingmaker Metals Pty Ltd (**Kingmaker**) whereby the Company retained a 70% interest in the Tenement. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. Kingmaker will be free-carried until a decision to mine is made. Refer to note 21(d) for further information.

(iv) The Company entered into a joint venture with Peter Gianni and his nominee (**Vendors**) whereby the Company retained a 80% interest in the Tenement. The Company will be the manager and be solely responsible for all exploration decisions, pay all rates and rents and maintain the Tenement in good standing. The Vendors will be free-carried until a decision to mine is made.

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ERRAWARRA
Resources