

EQUITY UPDATE

# Errawarra Resources (ASX:ERW)

Errawarra Resources (ASX:ERW) is a Western Australian mineral exploration company. Already with several high priority projects across Western Australia, ERW have obtained the option to purchase a highly prospective tenement in the Andover region.<sup>1</sup>

Highlights:

- Errawarra’s prospective tenement is located **2.8km from Azure Mineral’s (ASX:AZS \$113m market cap) Andover discovery.**
- **ERW’s prospective targets are considered lookalike EM signatures to Azure’s Andover discovery.**
- Confirmation of nickel sulphide on the ERW tenement could result in a similar share price per share experienced by **AZS which was up more than 10x upon their Nickel-Copper discovery.**
- ERW’s proposed Andover site has a **heritage agreement finalised** and is in **close proximity to existing infrastructure** making it well prepared for operations once shareholder approval is achieved.
- The **tenement contains over a dozen targets**; however, the initial programme will likely involve ground EM surveys and the drilling of 6-8 holes at the priority VTEM/FLEM abnormality.
- Post completion of the deal, ERW will have **60.6m shares on issue, a market cap of \$10.9m with \$3.5m in cash.**
- **Nickel prices have surged to near 10 year highs** and prices are forecast to keep climbing as they are supported by the EV battery industry

COMPANY STATEMENT

GICS Industry Group	Materials
Location	Perth
Shares on issue (post deal)	60,600,000
Share Price (ASX.ERW)	\$0.215
52 week high/low	\$0.355/\$0.170
Market Capitalisation (undiluted)	\$8,000,000

MANAGEMENT

Mr Jonathan Murray	Non-Executive Chairman
Mr Thomas Reddicliffe	Executive Director
Ms Greta Purich	Non-Executive Director
Ms Mindy Ku	Company Secretary

MAJOR SHAREHOLDERS

Sorrento Resources Pty Ltd	9.13%
Mr Alastair Cardno	4.97%
Citicorp Nominees Pty Limited	3.63%
Top 20	42%

12 MONTH PERFORMANCE

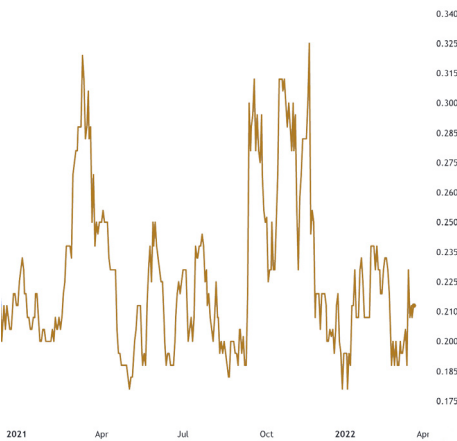
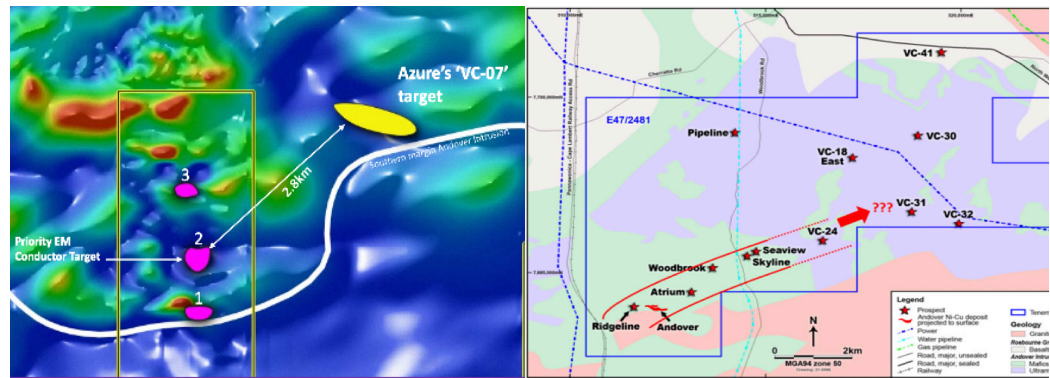


Figure 1,2: Location of ERW’s High Priority EM Anomaly and Azure’s Southern Mineralised Corridor



## ANDOVER REGION:

The Andover region is located 30km south east of Karratha supported by local infrastructure including airports, port access, railway, grid power and sealed highways. Being a layered mafic-ultramafic intrusion, Andover has similar geological characteristics as the Fraser Range Province (host to the Nova-Bollinger Ni-Cu-Co mine) and the Julimar Intrusive Complex (host to Chalice Mining’s Gonville Pd-Pt-Ni-Cu-Co project). The Radio Hill Ni/Cu processing plant is located 30km to the southwest of the Andover project. The 0.5mtpa plant is currently on care and maintenance and owned by Artemis Resources (ARV). The Radio Hill deposit currently has a resource of 1.15Mt at 0.52% Ni, 0.73% Cu and 0.08% Co. The deposit is hosted in a mafic Ni-Cu sulphide bearing intrusion<sup>2</sup>. The Castle Carlow Au/Cu and Co deposit is located ~3km east of the Andover project and is also owned by ARV. The deposit currently hosts a total mineral resource of 8.0Mt at 1.63g/t Au, 0.6% Cu and 0.08% Co.

## ANDOVER WEST NICKEL PROJECT:

The Andover west project is situated within the northwestern portion of the Pilbara Craton and covers granite greenstone terrane lithologies hosted within the West Pilbara Super Terrane. An area of economic interest is the Andover Intrusive Complex of the Orpheus Supersuite which is host to nickel sulphide mineralization and which also outcrops in the northwest corner of the tenement. In late 2015, Fox Resources carried out a ground-based fixed loop EM (FLEM) surveying the VTEM anomalies identified in 2013. "The survey results confirm that the ANDO3 loop reported a shallow, moderately dipping, moderate conductance body coincident with an elevated airborne magnetic feature consistent with the signature expected from a sulphide body"<sup>3</sup>. The highest priority EM target is located along the southern margin of the Andover Intrusive Complex and only 2.8km to the SW of Azure minerals Ltd nickel sulphide discovery "VC 07". The targets sit within a similar position along the edge of the intrusion contact & could be a continuation of the southern mineralised corridor defined by Azure Minerals (as per figure 1 and 2).

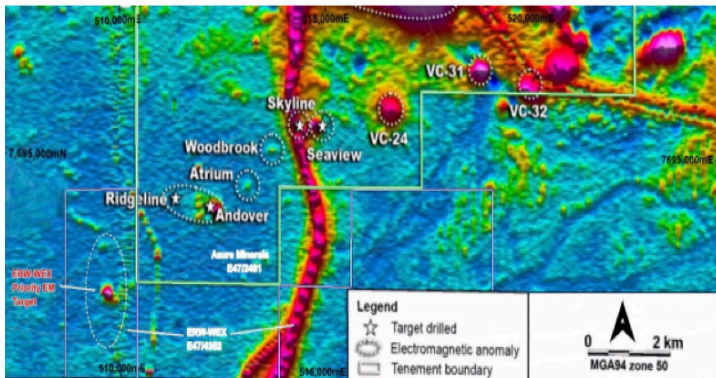


Figure 4: Location of High Priority EM Anomaly and Azure's VC-07 Discovery

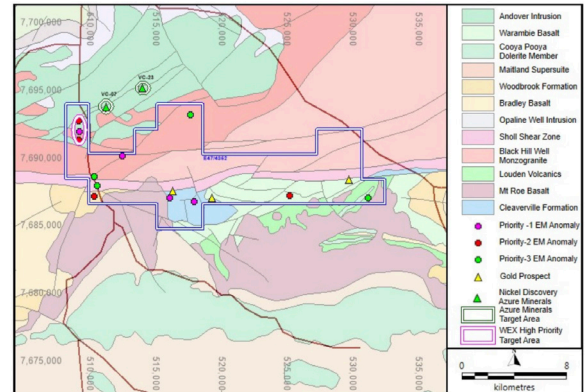


Figure 3: Map of ERW's Proposed Tenement Within The Region

## REGIONAL PLAYERS:

### AZURE MINERALS:

Azure Minerals is an explorer primarily focused on its Andover nickel project in the Pilbara. The company acquired a 60% stake from Mark Creasy in July 2020 which now sees Creasy own 40% of the project. Under the terms of the deal, Azure Mineral's will sole fund exploration and free carry the Creasy group through to BFS. The Creasy Group initially discovered mineralisation in 2018 after testing a series of EM anomalies and surface gossans anomalous in nickel and copper. AZS had initial success by using a fix loop electromagnetic (FLTEM) survey which defined the Andover target. 4 holes were initially drilled with all holes intersecting massive sulphides and hole 004 delivering 16.2m @ 2.09% Ni and 0.75% Cu.<sup>4</sup> More recently, on the 16th of March this year, Azure announced further high-grade Ni-Cu hits at their Ridgeline site.<sup>5</sup> Four EM targets have hit Ni-Cu sulphides, with no false positives from EM surveys in the southern corner. Azure's maiden resource was recently released which came in at 6Mt at 1.11% Ni, 0.47% Cu and 0.05% Co for 51.7kt of Ni, which encouragingly was largely in the Indicated category. Incl. High grade resource 2.0Mt 1.41% Ni and 0.49% Cu.<sup>6</sup>

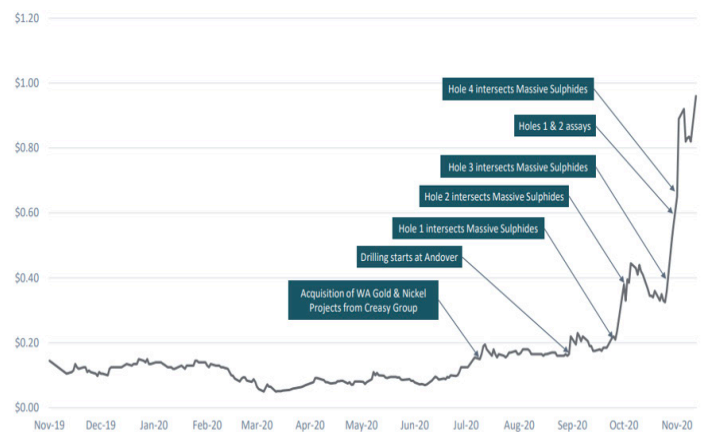


Figure 5: AZS's Share Price In Relation To Major Events

### NOVO RESOURCES CORP:

Toronto-listed Novo Resources (TSX:NVO) has also identified a series of nickel copper targets adjacent to Azure's maiden resource in the Andover region. Their primary areas of interest, Southcourt and Milburn, contain several VTEM anomalies first identified by Legend Mining (ASX:LEG) in 2007. None of these anomalies have been drill tested and the renewed interest comes off the back of Azure's success. 20m x 20m soil sampling by NVO, at its Southcourt anomaly, measured soil values including 1,456 ppm Cu, 1,521 ppm Ni and 1,938 ppm Co. Peak rock chips at this anomaly also drew grades of up to 19.6 per cent Cu, 0.13 per cent Co and 2.07 per cent Ni.<sup>7</sup> The Southcourt anomaly sits on the Andover intrusion, alongside Azure's resource and Errawarra's prospective tenement.

**REFERENCES**

- 1 ANN: Errawarra Resources, 18 Mar, 2022
- 2 ANN: Artemis Resources, 20 Nov, 2019
- 3 ANN: Errawarra Resources, 23 Nov, 2021
- 4 ANN: Azure Minerals, 12 Oct, 2020
- 5 ANN: Azure Minerals, 16 Mar, 2022
- 6 ANN: Azure Minerals, 30 March, 2022
- 7 ANN: Novo Resources, Nov 30, 2021
- 8 www.mining.com, LME Cancels Nickel Trading After Price Soars Past \$100,000/tonne, 8 Mar, 2022
- 9 www.bloomberg.com, Nickel's Rapid Cool Down Pushes London's price near To China's, 22 Mar, 2022
- 10 www.spglobal.com, EV's Stimulate Nickel Demand Growth In 2021 Despite Chip Shortage, 14 Feb, 2022
- 11 www.reuters.com, Stainless Surge Revives Nickel Market, Aug 11, 2020
- 12 www.reuters.com, Indonesia's Restrictions On Commodities Rattle Markets, Jan 21, 2022

**NICKEL MACRO**

Nickel prices on the LME saw a historic 250% spike in recent weeks, reaching prices in excess of \$100,000/tonne, resulting in the exchange halting trades and later announcing the cancellation of all trades<sup>8</sup>. Whilst this move was fueled by traders trying to cover their short positions, the preceding price movements and underlying trends are still overwhelmingly positive. Since trading has resumed on the LME reopened nickel prices have fallen to ~\$33,000/tonne.<sup>9</sup>

Prices continue to be supported by the burgeoning EV battery industry. Nickel demand in this sector was estimated to be ~296,000 MT in 2021 and HSBC forecast this figure to grow to 855,000 MT by 2026 as more battery producers adopt nickel dominant cathodes.<sup>10</sup>

Stainless steel demand has been steady and underpins the price rise with stainless steel mills still accounting for ~70% of global nickel demand.<sup>11</sup>

Supplies have been under pressure on multiple fronts. The ongoing crisis in the Ukraine and resulting geopolitical issues with Russia has evolved into supply disruptions of numerous commodities, nickel included. There has been additional disruptions at nickel mines in New Caledonia and Canada and more recently, Indonesia's restrictions on some commodity exports have led to fears they may introduce restrictions on nickel exports (they've banned nickel exports previously) which would further constrict global supply.<sup>12</sup>

There are increasingly fewer and fewer new high quality nickel sulphide deposits leading to high valuations of potential sites such as ERW's proposed tenement at Andover.

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