

# **Silica Resources Australia Ltd**

**ABN 97 655 231 066**

**Audited Financial Statements - 30 September 2022**

**Silica Resources Australia Ltd**  
**Corporate directory**  
**30 September 2022**

Directors	Mr Peter Lansom (Chairman) Mr Robert Tindall (Managing Director) Mr Michael Everard (Non-Executive Director) Mr Tyler Mapstone (Non-Executive Director)
Company secretary	Mr Robert Tindall
Registered office	Level 4 96-100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4 96-100 Albert Road South Melbourne VIC 3205
Auditor	McLean Delmo Bentleys Audit Pty Ltd Level 3, 302 Burwood Road, Hawthorn VIC 3122

**Silica Resources Australia Ltd**  
**Directors' report**  
**30 September 2022**

The Directors present their report, together with the financial statements, of Silica Resources Australia Ltd (the 'Company' or 'SRA') at the end of, or during, the period ended 30 September 2022.

**Directors**

The following persons were Directors of Silica Resources Australia Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Peter Lansom (Chairman) - Appointed on 20 April 2022  
Mr Robert Tindall (Managing Director) - Appointed on 11 November 2021  
Mr Michael Everard (Non-Executive Director) - Appointed on 11 November 2021  
Mr Tyler Mapstone (Non-Executive Director) - Appointed on 11 November 2021

**Principal activities**

Silica Resources Australia Ltd was incorporated on 11 November 2021. The Company entered into a binding agreement to acquire the shares in Mourilyan Silica Resources Pty Ltd (MSR), a company which holds a series of licences and permits that form the Mourilyan Silica Sands Project (MSP). Under the agreement SRA will have full access rights and will conduct a series of technical studies. SRA will also have a right to mine on a 50/50 profit share until the first option is exercised and SRA acquires 70% of the company and project. During the period the Company has spent money to undertake technical due diligence to support funding and the exercise of the rights.

**Dividends**

There were no dividends paid or declared during the current financial period.

**Review of operations**

The loss for the Company after providing for income tax amounted to \$507,377.

The net assets of the Company were \$1,354,679 as at 30 September 2022 and had net cash outflows from operating activities for the period of \$393,994.

The loss for the current period is consistent with the principal activities of the Company as it has no revenue-generating activities.

**Significant changes in the state of affairs**

Between May 2022 to July 2022, the Company issued 28,130,263 fully paid ordinary shares to raise \$2,032,666 (before transaction costs) in total to fund the operations.

There were no other significant changes in the state of affairs of the Company during the financial period.

**Matters subsequent to the end of the financial year.**

No matter or circumstance has arisen since 30 September 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on other likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

**Environmental regulation**

During the period ended 30 September 2022, the Company was not subject to any particular environmental regulations.

**Shares under option**

Grant date	Expiry date	Exercise price	Number under option
16 May 2022	16 May 2025	\$0.2500	3,788,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

**Silica Resources Australia Ltd**  
**Directors' report**  
**30 September 2022**

**Shares under performance rights**

There were no unissued ordinary shares of Silica Resources Australia Ltd under performance rights outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of Silica Resources Australia Ltd issued on the exercise of options during the period ended 30 September 2022 and up to the date of this report.

**Shares issued on the exercise of performance rights**

There were no ordinary shares of Silica Resources Australia Ltd issued on the exercise of performance rights during the period ended 30 September 2022 and up to the date of this report.

**Indemnity and insurance of officers**

The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the period, the Company paid a premium in respect of a contract to insure the directors of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not otherwise, during or since the period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001

On behalf of the Directors



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Robert Tindall  
Managing Director

12 January 2023



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Peter Lansom  
Executive Chair

12 January 2023

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF SILICA RESOURCES AUSTRALIA LTD**

I declare that, to the best of my knowledge and belief, during the half-year ended 30 September 2022 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

McLean Delmo Bentleys Audit Pty Ltd

**MCLEAN DELMO BENTLEYS AUDIT PTY LTD**



**FREDERIC FERGES**  
Partner

Hawthorn  
16 January 2023

**Silica Resources Australia Ltd**

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**Silica Resources Australia Ltd**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 30 September 2022**

	30 September 2022 \$
<b>Expenses</b>	
Corporate and administration expenses	(285,041)
Exploration costs	(222,336)
Total expenses	<u>(507,377)</u>
<b>Loss before income tax expense</b>	(507,377)
Income tax expense	<u>-</u>
<b>Loss after income tax expense for the period attributable to the owners of Silica Resources Australia Ltd</b>	(507,377)
Other comprehensive income for the period, net of tax	<u>-</u>
<b>Total comprehensive income for the period attributable to the owners of Silica Resources Australia Ltd</b>	<u><u>(507,377)</u></u>

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Silica Resources Australia Ltd**  
**Consolidated statement of financial position**  
**As at 30 September 2022**

	Note	30 September 2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4	1,117,962
Other receivables		<u>35,303</u>
Total current assets		<u>1,153,265</u>
<b>Non-current assets</b>		
Prepayment	5	<u>350,000</u>
Total non-current assets		<u>350,000</u>
<b>Total assets</b>		<u>1,503,265</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payable	6	<u>148,586</u>
Total current liabilities		<u>148,586</u>
<b>Total liabilities</b>		<u>148,586</u>
<b>Net assets</b>		<u>1,354,679</u>
<b>Equity</b>		
Issued capital	7	1,862,056
Accumulated losses		<u>(507,377)</u>
<b>Total equity</b>		<u>1,354,679</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*



**Silica Resources Australia Ltd**  
**Consolidated statement of changes in equity**  
**For the period ended 30 September 2022**

	Share capital \$	Accumulated losses \$	Total equity \$
Balance at 11 November 2021	-	-	-
Loss after income tax expense for the period	-	(507,377)	(507,377)
Other comprehensive income for the period, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(507,377)	(507,377)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 7)	1,862,056	-	1,862,056
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2022	<u>1,862,056</u>	<u>(507,377)</u>	<u>1,354,679</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Silica Resources Australia Ltd**  
**Consolidated statement of cash flows**  
**For the period ended 30 September 2022**

	Note	30 September 2022 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers (inclusive of GST)		<u>(393,994)</u>
Net cash used in operating activities		<u>(393,994)</u>
<b>Cash flows from investing activities</b>		
Payments for non-current prepayments	5	<u>(350,000)</u>
Net cash used in investing activities		<u>(350,000)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	7	2,032,566
Share issue transaction costs		<u>(170,610)</u>
Net cash from financing activities		<u>1,861,956</u>
Net increase in cash and cash equivalents		1,117,962
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	4	<u><u>1,117,962</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Silica Resources Australia Ltd**  
**Notes to the consolidated financial statements**  
**30 September 2022**

**Note 1. General information**

The financial statements cover Silica Resources Australia Ltd at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Silica Resources Australia Ltd's functional and presentation currency.

Silica Resources Australia Ltd is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4  
96-100 Albert Road South Melbourne  
VIC 3205

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 19 December 2022. The Directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below.

**New or amended Accounting Standards and Interpretations adopted**

The Company has adopted all of the new or amended Accounting Standards issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Note 2. Significant accounting policies (continued)**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

**Silica Resources Australia Ltd**  
**Notes to the consolidated financial statements**  
**30 September 2022**

**Note 2. Significant accounting policies (continued)**

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the Company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. To the extent that exploration costs are determined not to be recoverable in the future, they will be written off in the period in which they are incurred.

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. The expectation of recovery of the costs capitalised is based on the assumption that the Group will be able to obtain adequate financing to allow the continued exploration and subsequent development of areas of interest by either successfully farming out a proportion of existing permits or raising adequate capital in its own right. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

**Note 4. Current assets - Cash and cash equivalents**

	<b>30 September 2022 \$</b>
Cash at bank	<u><u>1,117,962</u></u>

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 5. Non-current assets - Prepayment**

	<b>30 September 2022 \$</b>
Prepaid exploration costs	<u><u>350,000</u></u>

During the period, the Company signed a binding agreement to acquire 100% of shares in Mourilyan Silica Resources Pty Ltd (MSR) from Daraleigh Pty Ltd, legal and beneficial owners of MSR. MSR holds a series of licences and permits that form the Mourilyan Silica Sands Project (MSP). The Company have the right to acquire the shares in two tranches for a total cumulative payment of \$10 million (knowns as "Call Option 1 fees of \$5 million " and "Call Option 2 fees of \$5 million").

Subject to making respective call option payments, the Company have rights to exercise

**Silica Resources Australia Ltd**  
**Notes to the consolidated financial statements**  
**30 September 2022**

**Note 5. Non-current assets - Prepayment (continued)**

- Call Option 1 on, on or before 31 March 2023 and
- Call Option 2 12 months from the completion of Call Option 1

In return for the Call Option 1 rights, during the period, the Company paid \$350,000 (consisting of a \$100,000 signing fees and \$250,000 Tranche 1 payment). If the Company elect to exercise Call Option 1, an additional payment of \$750,000 required to made to retain the rights over Call Option 2 (Tranche 2 Payment).

Under the agreement SRA have full access rights and will conduct a series of technical studies. SRA will also have a right to mine on a 50/50 profit share until the first option is exercised and SRA acquires 70% of the company and project.

**Note 6. Current liabilities - Trade and other payable**

	<b>30 September 2022 \$</b>
Trade payables	114,336
Accrued expenses	<u>34,250</u>
	<u><u>148,586</u></u>

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial half-year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 7. Equity - Issued capital**

	<b>30 September 2022 Shares</b>	<b>\$</b>
Ordinary shares - fully paid	<u>28,130,263</u>	<u>1,862,056</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	11 November 2021	-		-
Share issue	13/05/2022	10,800,000	\$0.0001	100
Share issue	3/06/2022	3,400,000	\$0.0000	-
Share issue	13/06/2022	7,170,263	\$0.2500	1,792,566
Share issue	22/08/2022	400,000	\$0.0000	-
Share issue	26/08/2022	3,360,000	\$0.0268	90,000
Share issue	2/09/2022	600,000	\$0.2500	150,000
Share issue	1/07/2022	2,400,000	\$0.0000	-
Capital raising costs		<u>-</u>	\$0.0000	<u>(170,610)</u>
Balance	30 September 2022	<u><u>28,130,263</u></u>		<u><u>1,862,056</u></u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Silica Resources Australia Ltd**  
**Notes to the consolidated financial statements**  
**30 September 2022**

**Note 7. Equity - Issued capital (continued)**

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 8. Equity - Dividends**

There were no dividends paid or declared during the current financial period.

*Accounting policy for dividends*

Dividends are recognised when declared during the financial period and no longer at the discretion of the Company.

**Note 9. Commitments**

No other commitments exists at the period ended 30 September 2022.

**Note 10. Related party transactions**

*Transactions with related parties*

There were no transactions with related parties during the reporting period.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the reporting date.

**Note 11. Events after the reporting period**

No matter or circumstance has arisen since 30 September 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.


**Silica Resources Australia Ltd**  
**Directors' declaration**  
**30 September 2022**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards issued by the Australian Accounting Standards Board, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 September 2022 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



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Robert Tindall  
Managing Director

12 January 2023



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Peter Lansom  
Executive Chair

12 January 2023



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILICA RESOURCES AUSTRALIA LTD

### Opinion

We have audited the accompanying financial report, being a general purpose financial report, of Silica Resources Australia Ltd which comprises the statement of financial position as at 30 September 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report Silica Resources Australia Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 September 2022 and of its performance for the period ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 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 Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Emphasis of Matter Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SILICA RESOURCES AUSTRALIA LTD (CONTINUED)**

**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 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Entity'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 Entity to cease to continue as a going concern.
- 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 communicate with those charged with governance 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.

McLean Delmo Bentleys Audit Pty Ltd

McLean Delmo Bentleys Audit Pty Ltd



**Frederic Ferges  
Partner**

Hawthorn  
16<sup>th</sup> January 2023