

Silica Resources Australia Ltd

ABN 97 655 231 066

Audited Financial Statements - 30 September 2024

Silica Resources Australia Ltd
Corporate directory
30 September 2024

Directors	Mr Peter Lansom (Chairman) Mr Robert Tindall (Managing Director) Mr Michael Everard (Non-Executive Director) Mr Tyler Mapstone (Non-Executive Director) Mr Mark Pitcher (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 2024

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 year ended 30 September 2024.

Directors

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

Mr Peter Lansom (Chairman)
Mr Robert Tindall (Managing Director)
Mr Michael Everard (Non-Executive Director)
Mr Tyler Mapstone (Non-Executive Director)
Mr Mark Pitcher (Non-Executive Director)

Principal activities

SRA was established in 2021 to develop the Mourilyan Silica Sands Project. SRA currently owns 100% of the shares of Mourilyan Silica Resources (MSR) which holds all the assets that comprise the Mourilyan Silica Sands Project. During the year the Company completed technical due diligence on Mourilyan Silica Sands Project, which sets out certain standards for extraction and is expected to start extracting silica in early 2025.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to \$8,380,351 (30 September 2023: \$2,087,243).

The net assets of the Company were \$7,162,186 as at 30 September 2024 and had net cash outflows from operating activities for the period of \$1,810,135.

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year.

Subsequent to 30 September 2024, the Company entered into three Land Option Agreements for \$5.8 million.

Over the course of October, November and December 2024, the company successfully raised \$6.3 million.

No other matter or circumstance has arisen since 30 September 2024 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 year ended 30 September 2024, the Company was not subject to any particular environmental regulations.

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Shares under option

Grant date	Expiry date	Exercise price	Number under option
15 May 2023	16 May 2025	\$0.0625	2,240,000
29 September 2023	30 September 2026	\$0.0625	2,500,000
2 November 2023	16 May 2025	\$0.0625	1,612,500
9 April 2024	16 May 2025	\$0.0625	50,000
18 July 2024	3 years from vesting date	\$0.2500	2,000,000
25 July 2024	16 May 2025	\$0.0625	375,000
4 October 2024	16 May 2025	\$0.0625	3,950,000
			<u>12,727,500</u>

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.

Shares issued on the exercise of options

The following ordinary shares of Silica Resources Australia Ltd were issued during the period ended 30 September 2024 and up to the date of this report on the exercise of options granted:

Grant date	Exercise price	Number of shares issued
15 May 2023	\$0.0625	9,354,500
19 May 2023	\$0.0625	1,075,000
2 November 2023	\$0.0625	43,125,000
11 May 2024	\$0.0625	1,600,000
3 June 2024	\$0.0625	3,200,000
		<u>58,354,500</u>

Shares under performance rights

Unissued ordinary shares of Silica Resources Australia Ltd under performance rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Number under rights
1/7/2023	1/7/2026	\$0.0000	3,500,000
1/7/2023	1/7/2026	\$0.0000	3,500,000
1/7/2023	1/7/2026	\$0.0000	1,500,000
1/7/2023	1/7/2026	\$0.0000	1,500,000
			<u>10,000,000</u>

These performance rights have no expiry date. No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

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 2024 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.

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Directors' report
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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



Peter Lansom
Chairman

20 January 2025

**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 year ended 30 September 2024 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

Matthew Forbes

Matthew Forbes
Partner

Hawthorn
20 January 2025

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 2024

	Note	30 September 2024 \$	30 September 2023 \$
Interest income		3,101	-
R&D tax incentives		149,854	-
Total income		<u>152,955</u>	<u>-</u>
Expenses			
Corporate and administration expenses		(3,498,133)	(1,241,635)
Exploration costs		(574,097)	(264,673)
Finance costs	4	(4,461,076)	(580,935)
Total expenses		<u>(8,533,306)</u>	<u>(2,087,243)</u>
Loss before income tax expense		(8,380,351)	(2,087,243)
Income tax expense	5	-	-
Loss after income tax expense for the period attributable to the owners of Silica Resources Australia Ltd		(8,380,351)	(2,087,243)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Silica Resources Australia Ltd		<u>(8,380,351)</u>	<u>(2,087,243)</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 2024

	Note	30 September 2024 \$	30 September 2023 \$
Assets			
Current assets			
Cash and cash equivalents	6	1,476,020	2,479,847
GST receivable		129,455	189,229
Inventories		56,371	-
Total current assets		<u>1,661,846</u>	<u>2,669,076</u>
Non-current assets			
Property, plant and equipment	7	3,430,870	-
Right-of-use assets	8	578,918	-
Deposits		126,475	-
Exploration and evaluation	9	12,590,626	11,745,883
Total non-current assets		<u>16,726,889</u>	<u>11,745,883</u>
Total assets		<u>18,388,735</u>	<u>14,414,959</u>
Liabilities			
Current liabilities			
Trade and other payables	10	684,690	652,203
Lease liabilities		150,905	-
Employee benefits		145,282	-
Total current liabilities		<u>980,877</u>	<u>652,203</u>
Non-current liabilities			
Lease liabilities		446,157	-
Convertible notes	11	9,270,315	3,698,755
Deferred revenue		529,200	-
Other liabilities	12	-	1,660,000
Total non-current liabilities		<u>10,245,672</u>	<u>5,358,755</u>
Total liabilities		<u>11,226,549</u>	<u>6,010,958</u>
Net assets		<u>7,162,186</u>	<u>8,404,001</u>
Equity			
Issued capital	13	8,639,932	3,641,076
Reserves	14	9,497,225	7,357,545
Accumulated losses		<u>(10,974,971)</u>	<u>(2,594,620)</u>
Total equity		<u>7,162,186</u>	<u>8,404,001</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 2024

	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2022	1,862,056	-	(507,377)	1,354,679
Loss after income tax expense for the period	-	-	(2,087,243)	(2,087,243)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(2,087,243)	(2,087,243)
Convertible note reserve (note 14)	-	4,140,045	-	4,140,045
Convertible note option reserve (note 14)	-	3,217,500	-	3,217,500
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	1,779,020	-	-	1,779,020
Balance at 30 September 2023	<u>3,641,076</u>	<u>7,357,545</u>	<u>(2,594,620)</u>	<u>8,404,001</u>
	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2023	3,641,076	7,357,545	(2,594,620)	8,404,001
Loss after income tax expense for the period	-	-	(8,380,351)	(8,380,351)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(8,380,351)	(8,380,351)
Convertible note reserve (note 14)	-	445,735	-	445,735
Convertible note option reserve (note 14)	-	1,113,750	-	1,113,750
Share Based Payments (note 26)	-	580,195	-	580,195
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	4,998,856	-	-	4,998,856
Balance at 30 September 2024	<u>8,639,932</u>	<u>9,497,225</u>	<u>(10,974,971)</u>	<u>7,162,186</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 2024

	30 September 2024	30 September 2023
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(1,936,511)	(1,237,599)
Interest received	3,101	-
Receipt of R&D tax incentives	149,854	-
Finance costs paid	<u>(26,579)</u>	<u>(324,635)</u>
Net cash used in operating activities	25 <u>(1,810,135)</u>	<u>(1,562,234)</u>
Cash flows from investing activities		
Payment for land acquisition, construction work in progress and equipment	7 (4,060,334)	-
Payments for deposits	(126,475)	-
Payments for exploration and evaluation	9 <u>(965,043)</u>	<u>(11,314,901)</u>
Net cash used in investing activities	<u>(5,151,852)</u>	<u>(11,314,901)</u>
Cash flows from financing activities		
Proceeds from issue of shares	15 3,530,156	2,117,000
Share issue transaction costs	15 (191,300)	(337,980)
Repayment of lease liabilities	15 (80,696)	-
Advance from share capital	12 -	1,660,000
Proceeds from convertible notes	15 <u>2,700,000</u>	<u>10,800,000</u>
Net cash from financing activities	<u>5,958,160</u>	<u>14,239,020</u>
Net increase/(decrease) in cash and cash equivalents	(1,003,827)	1,361,885
Cash and cash equivalents at the beginning of the financial period	<u>2,479,847</u>	<u>1,117,962</u>
Cash and cash equivalents at the end of the financial period	6 <u><u>1,476,020</u></u>	<u><u>2,479,847</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 2024

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 20 January 2025. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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.

There are a number of standards, amendments to standards, and interpretations which have been issued by the AASB that are effective in future accounting periods that the Consolidated Entity has decided not to adopt early.

Rounding of amounts

Silica Resources Australia Ltd is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity made a loss after tax of \$8,380,351 during the year ended 30 September 2024 (30 September 2023: \$2,087,243) and had net operating cash outflows of \$1,810,135 (30 September 2023: \$1,562,234). As at 30 September 2024, the cash balance was \$1,476,020 and net working capital surplus was \$680,969.

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Note 2. Material accounting policy information (continued)

Subsequent to the year end, the company successfully raised \$6.3 million via capital raise. The Directors will continue to monitor the ongoing funding requirements of the Consolidated Entity and may receive grants of \$2,400,000 as per the Industry Partnership Program Agreement (refer note 20). As a consequence of the above, the directors believe that, notwithstanding the Consolidated Entity's operating results for the year, the Consolidated Entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silica Resources Australia Ltd ('Company' or 'parent entity') as at 30 September 2024 and the results of all subsidiaries for the period then ended. Silica Resources Australia Ltd and its subsidiaries together are referred to in these financial statements as the 'Company'.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Company. Losses incurred by the Company are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

Note 2. Material accounting policy information (continued)

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.

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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 3. Critical accounting judgements, estimates and assumptions (continued)

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.

Accounting for convertible notes

The classification as debt or equity may have a significant impact on the quantum of the Company's net equity. Significant judgement involved in determining whether the convertible notes represent liability, equity or compound financial instrument. Contractual terms, especially those conversion features require careful analysis to determine the nature of instrument. A convertible note will only be a compound instrument where the component relating to conversion satisfies the requirements of the 'fixed for fixed' test. Terms are carefully examined to determine whether separate components exist and, where they do, whether they are equity components or liability components.

Significant judgement is involved in determining the substance of the conversion feature of convertible notes whether a conversion option is fixed in economic terms and appropriate interest rates in fair valuing the loan amounts. When a convertible instrument has been determined to contain a host liability (i.e. coupon payments and principal) and embedded equity conversion feature, the fair value of the host liability is determined first with the residual amount assigned as the equity component by deducting the host liability component from the fair value of the convertible notes as a whole. The entire convertible notes are therefore segregated into two key components:

- (1) Coupon and principal amount (financial liability); and
- (2) Conversion feature of the instrument (equity).

The free attaching share options issued concurrently with the convertible notes are treated as transaction costs. The carrying amount of the financial liability and equity component is adjusted for the transaction costs incurred.

Note 4. Finance Cost

	30 September 2024	30 September 2023
	\$	\$
<i>Finance costs</i>		
Interest and finance charges paid/payable on convertible notes at EIR	4,846,923	580,935
Revaluation gains on embedded derivative	(412,426)	-
Interest charges paid/payable on lease liabilities	26,579	-
	<hr/>	<hr/>
Total finance costs expensed	<u>4,461,076</u>	<u>580,935</u>

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 5. Income tax

	30 September 2024	30 September 2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(8,380,351)	(2,087,243)
Tax at the statutory tax rate of 25%	(2,095,088)	(521,811)
Current period tax losses not recognised	2,095,088	521,811
Income tax expense	<u>-</u>	<u>-</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 6. Current assets - Cash and cash equivalents

	30 September 2024	30 September 2023
	\$	\$
Cash on hand	100	100
Cash at bank	1,475,920	2,479,747
	<u>1,476,020</u>	<u>2,479,847</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 7. Non-current assets - Property, plant and equipment

	30 September 2024	30 September 2023
	\$	\$
Land - at cost	1,949,924	-
Other equipment	4,793	-
Less: Accumulated depreciation	(60)	-
	<u>4,733</u>	<u>-</u>
Computer equipment - at cost	6,620	-
Less: Accumulated depreciation	(1,572)	-
	<u>5,048</u>	<u>-</u>
Construction work in progress	1,471,165	-
	<u>3,430,870</u>	<u>-</u>

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 7. Non-current assets - Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period are set out below:

	Land \$	Other equipment \$	Computer equipment \$	Construction work in progress \$	Total \$
Balance at 1 October 2023	-	-	-	-	-
Additions	1,949,924	4,793	6,620	1,471,165	3,432,502
Depreciation expense	-	(60)	(1,572)	-	(1,632)
Balance at 30 September 2024	<u>1,949,924</u>	<u>4,733</u>	<u>5,048</u>	<u>1,471,165</u>	<u>3,430,870</u>

Accounting policy for land and construction WIP

Land is stated at historical cost less any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Costs arising directly from capital WIP are recognised as an asset and are not depreciated. The costs are transferred to the relevant class of property, plant and equipment from the time the asset is held ready for use on a commercial basis.

Accounting policy for plant and equipment, furniture and fittings

Computer and other equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the life of asset to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Other equipment	10 years
Computer equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 8. Non-current assets - Right-of-use assets

The Consolidated Entity has entered a lease arrangement for warehouse facility at Mourilyan port. Rental contracts are made for fixed periods of 24 months but have an extension option for further 24 months. This note provides information for leases where the Consolidated Entity is a lessee.

The lease agreements do not impose any covenants other than the security deposit held by the lessor. Leased assets may not be used as security for borrowing purposes.

	30 September 2024 \$	30 September 2023 \$
Warehouse facility- right-of-use	677,758	-
Less: Accumulated depreciation	<u>(98,840)</u>	<u>-</u>
	<u>578,918</u>	<u>-</u>

The Consolidated Entity had no short-term lease arrangements during the year ended 30 September 2024.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 8. Non-current assets - Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

	Warehouse facility Right-of-use \$	Total \$
Balance at 1 October 2023	-	-
Additions	677,758	677,758
Depreciation expense	(98,840)	(98,840)
	<u>578,918</u>	<u>578,918</u>
Balance at 30 September 2024	<u>578,918</u>	<u>578,918</u>

Accounting policy for right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 9. Non-current assets - Exploration and evaluation

	30 September 2024 \$	30 September 2023 \$
Exploration rights	11,100,000	11,100,000
Capitalised exploration expenditure	1,490,626	645,883
	<u>12,590,626</u>	<u>11,745,883</u>

- (i) During 2022 and 2023 financial years, the Company paid \$11,100,000 and acquired 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 MSR acquisition is not deemed to be a business combination as defined in AASB 3 Business Combination and treated as an asset acquisition and accounted as per AASB 3. 2(b) guidance. Total purchase consideration paid is recognised as exploration rights in the financial statements.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 9. Non-current assets - Exploration and evaluation (continued)

Consolidated	Exploration Assets \$
Balance at 1 October 2022	-
Expenditure during the year	645,883
Balance at 30 September 2023	645,883
Expenditure during the year	844,743
Balance at 30 September 2024	<u>1,490,626</u>

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditures in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 10. Current liabilities - Trade and other payables

	30 September 2024 \$	30 September 2023 \$
Trade payables	277,524	586,130
Accrued expenses	407,166	66,073
	<u>684,690</u>	<u>652,203</u>

Refer to note 17 for further information on financial instruments.

Note 11. Non-current liabilities - Convertible notes

	30 September 2024 \$	30 September 2023 \$
Convertible notes	<u>9,270,315</u>	<u>3,698,755</u>

The Company has entered into agreements to issue Convertible notes with face value of \$13,500,000 at an interest rate of 10% per annum. The Convertible Notes mature on 30 June 2026. Interest is compounded quarterly and is paid on the maturity date. The Convertible Notes will be redeemable or will convert into fully paid ordinary shares in the Company, and the redemption or conversion value will be lower of:

- \$0.20; or
- The lowest price at which the company issues shares after the Convertible note agreement (excluding any issues on exercise of the free-attaching options).

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 11. Non-current liabilities - Convertible notes (continued)

The Company issued 40,500,000 free attaching options to the Convertible Note holders. The Free Attaching Options issued concurrently with the Convertible Notes are treated as transaction costs (Transaction Costs) at their independently determined fair value. The carrying amount of the financial liability and equity component are adjusted for the fair value of transaction costs incurred.

Interest expenses on the liability component is recognised using Effective Interest Rate method until the maturity date of the Convertible Notes.

\$9,270,315 of the convertible notes are issued to Wahl Citadel Pty Limited, an entity associated with Mr. Mark Pitcher, a non-executive director of the Company. All transactions were made on normal commercial terms and conditions and at market rates.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 12. Non-current liabilities - Other liabilities

	30 September 2024 \$	30 September 2023 \$
Advances for share capital	-	<u>1,660,000</u>

The balance represents the advances received at 30 September 2023 in relation to a Placement, which was completed subsequent to the year end on 17 October 2023 by issuing 8,300,000 shares.

Note 13. Equity - Issued capital

	30 September 2024 Shares	30 September 2023 Shares	30 September 2024 \$	30 September 2023 \$
Ordinary shares - fully paid	<u>176,353,882</u>	<u>123,106,052</u>	<u>8,639,932</u>	<u>3,641,076</u>

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 13. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1/10/2022	28,130,263		1,862,056
Share split	24/02/2023	84,390,789	\$0.0000	-
Share issue	27/04/2023	3,435,000	\$0.2000	687,000
Share issue	19/05/2023	2,150,000	\$0.2000	430,000
Share issue	29/09/2023	5,000,000	\$0.2000	1,000,000
Capital raising costs		-	\$0.0000	(337,980)
Balance	30/09/2023	123,106,052		3,641,076
Share issue	17/10/2023	8,300,000	\$0.2000	1,660,000
Share issue	1/03/2024	2,280,000	\$0.0625	142,500
Share issue	3/06/2024	27,039,200	\$0.0625	1,689,950
Share issue	30/06/2024	15,503,630	\$0.0521	1,689,893
Share issue	4/6/2024	125,000	\$0.0625	7,813
Capital raising costs		-	\$0.0000	(191,300)
Balance	30/09/2024	<u>176,353,882</u>		<u>8,639,932</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.

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 14. Equity - Reserves

	30 September 2024 \$	30 September 2023 \$
Share option reserve	580,195	-
Convertible note reserve	4,585,780	4,140,045
Convertible note option reserve	4,331,250	3,217,500
	<u>9,497,225</u>	<u>7,357,545</u>

Convertible note reserve

This reserve is used to recognise equity component of the convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
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Note 14. Equity - Reserves (continued)

Convertible note options reserve

The convertible notes have Free Attaching Options ("Options") to acquire ordinary shares in the Company. A total of 40,500,000 Options were issued and are exercisable at \$0.0625 per share, which will otherwise expire on 16 May 2025. The Options issued concurrently with Convertible Notes are treated as transaction costs. The carrying amount of financial liability and equity component are adjusted for fair value of transaction costs incurred with the corresponding credit recognised in equity.

Note 15. Changes in liabilities arising from financing activities

Consolidated	Right-of-use assets	Convertible notes	Share Capital	Total
	\$	\$	\$	\$
Balance at 1 October 2022	-	-	1,862,056	1,862,056
Proceeds from issue of shares	-	-	2,117,000	2,117,000
Share issue transaction costs	-	-	(337,980)	(337,980)
Proceeds from convertible notes	-	10,800,000	-	10,800,000
Convertible note reserve	-	(4,140,045)	-	(4,140,045)
Convertible note option reserve	-	(3,217,500)	-	(3,217,500)
Interest charges on convertible notes	-	256,300	-	256,300
	-	3,698,755	3,641,076	7,339,831
Balance at 30 September 2023	-	3,698,755	3,641,076	7,339,831
Leases on Right of Use assets at recognition	677,758	-	-	677,758
Repayment of lease liabilities	(80,696)	-	-	(80,696)
Transfers from advance for share capital	-	-	1,660,000	1,660,000
Proceeds from issue of shares	-	-	3,530,156	3,530,156
Share issue transaction costs	-	-	(191,300)	(191,300)
Proceeds from convertible notes	-	2,700,000	-	2,700,000
Convertible note reserve	-	(445,735)	-	(445,735)
Convertible note option reserve	-	(1,113,750)	-	(1,113,750)
Interest charges on convertible notes	-	4,431,045	-	4,431,045
	597,062	9,270,315	8,639,932	18,507,309
Balance at 30 September 2024	<u>597,062</u>	<u>9,270,315</u>	<u>8,639,932</u>	<u>18,507,309</u>

Note 16. Commitments

	30 September 2024	30 September 2023
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	3,700,000	-

Note 17. Financial instruments

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks and reports to the Board on a monthly basis.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 17. Financial instruments (continued)

Market risk

Foreign currency risk

The Company is not exposed to any significant Foreign currency risk at the reporting date.

Price risk

The Company is not exposed to any significant price risk at the reporting date.

Interest rate risk

The Company's main interest rate risk arises from borrowings. Borrowings obtained at variable rates could expose the Company to interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value risk. To mitigate risks arising from variable rates, the management have entered into borrowing agreements with fixed rates of interest.

Credit risk

There are no significant concentration of credit risks, whether through exposure to individual customers, specific industry sectors or regions.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and raising additional funding as required.

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Interest rate	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Remaining contractual maturities \$
30 September 2024					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	-	277,524	-	-	277,524
<i>Interest-bearing - fixed rate</i>					
Convertible note	10.00%	-	-	17,270,866	17,270,866
Total non-derivatives		<u>277,524</u>	<u>-</u>	<u>17,270,866</u>	<u>17,548,390</u>

	Interest rate	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Remaining contractual maturities \$
30 September 2023					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	-	586,130	-	-	586,130
<i>Interest-bearing - fixed rate</i>					
Convertible note	10.00%	-	-	13,847,671	13,847,671
Total non-derivatives		<u>586,130</u>	<u>-</u>	<u>13,847,671</u>	<u>14,433,801</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 17. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade payables are assumed to approximate their fair values due to their short-term nature. Where appropriate, the fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 18. Key management personnel disclosures

Directors

The following persons were Directors of Silica Resources Australia Ltd during the financial period:

Mr Peter Lansom	Chairman
Mr Robert Tindall	Managing Director
Mr Michael Everard	Non-Executive Director
Mr Tyler Mapstone	Non-Executive Director
Mr Mark Pitcher	Non-Executive Director

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	30 September 2024	30 September 2023
	\$	\$
Consulting fees paid to key management personnel	-	425,000
Short-term employee benefits	499,994	-
Post-employment benefits	55,624	-
	<u>555,618</u>	<u>425,000</u>

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by McLean Delmo Bentleys, the auditor of the Company:

	30 September 2024	30 September 2023
	\$	\$
<i>Audit services - McLean Delmo Bentleys Audit Pty Ltd</i>		
Audit of the financial statements	<u>9,500</u>	<u>5,500</u>

Note 20. Contingent assets / liabilities

During the year, the Consolidated Entity entered into an Industry Partnership Program Agreement with the State of Queensland. Subject to satisfactory fulfilment of conditions precedent, the Consolidated Entity may receive grants of \$2,400,000 as project support expenditure by 30 September 2025 or such later date that the State may notify in writing to the Consolidated Entity.

The consolidated entity also provided security deposits in the form of term deposits totalling \$46,000 as security for the lease agreement.

There were no other contingent assets or liabilities existing at the year ended 30 September 2024 and 30 September 2023.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 21. Related party transactions

Transactions with related parties

	30 September 2024 \$	30 September 2023 \$
Payment for goods and services:		
Payment for services from related party	343,106	1,092,675

During the year, the company issued convertible notes to Wahl Citadel Pty Limited, an entity associated with Mr. Mark Pitcher, a non-executive director of the Company. All transactions were made on normal commercial terms and conditions and at market rates. Refer to note 11 for further information on convertible notes.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30 September 2024 \$	30 September 2023 \$
Current payables:		
Trade payables to related party	3,260	257,480

Loans to/from related parties

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

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	30 September 2024 \$	30 September 2023 \$
Loss after income tax	<u>(8,380,351)</u>	<u>(2,087,243)</u>
Total comprehensive income	<u>(8,380,351)</u>	<u>(2,087,243)</u>

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 22. Parent entity information (continued)

Statement of financial position

	30 September 2024	30 September 2023
	\$	\$
Total current assets	1,661,846	2,669,076
Total assets	18,388,735	14,414,959
Total current liabilities	980,877	652,203
Total liabilities	11,226,549	6,010,958
Equity		
Issued capital	8,639,932	3,641,076
Share option reserve	580,195	-
Convertible note reserve	4,585,780	4,140,045
Convertible note option reserve	4,331,250	3,217,500
Accumulated losses	(10,974,971)	(2,594,620)
Total equity	7,162,186	8,404,001

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 September 2024 and 30 September 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 September 2024 and 30 September 2023.

Capital commitments - Property, plant and equipment

The parent entity had capital commitments for property, plant and equipment of \$3,700,000 as at 30 September 2024 (30 September 2023:Nil).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Company, as disclosed in this financial report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 23. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 September 2024 %	30 September 2023 %
Mourilyan Silica Resources Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Services Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Mining Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Property Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Mourilyan Port Pty Ltd	Australia	100.00%	100.00%

Note 24. Events after the reporting period

Subsequent to 30 September 2024, the Company entered into three Land Option Agreements for \$5.8 million.

Over the course of October, November and December 2024, the company successfully raised \$6.3 million.

No other matter or circumstance has arisen since 30 September 2024 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.

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	30 September 2024 \$	30 September 2023 \$
Loss after income tax expense for the period	(8,380,351)	(2,087,243)
Adjustments for:		
Depreciation and amortisation	100,472	-
Finance costs	4,431,044	256,300
Exploration cost	1,002,036	-
Share-based payments	580,195	-
Change in operating assets and liabilities:		
Decrease/(increase) in other receivables	59,774	(153,926)
Increase in inventories	(56,371)	-
Increase/(decrease) in trade and other payables	(221,419)	422,635
Increase in deferred revenue	529,200	-
Increase in employee benefits	145,285	-
Net cash used in operating activities	<u>(1,810,135)</u>	<u>(1,562,234)</u>

Note 26. Share-based payments

On 1 July 2023, the Company issued 10,000,000 performance rights to directors of the Company. The Performance Rights were issued for Nil consideration as remuneration and are subject to various vesting conditions.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2024

Note 26. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

30 September 2024

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
16/08/2023	15/08/2027	\$0.0000	10,000,000	-	-	-	10,000,000
			10,000,000	-	-	-	10,000,000
Weighted average exercise price			\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

30 September 2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
16/08/2023	15/08/2027	\$0.0000	-	10,000,000	-	-	10,000,000
			-	10,000,000	-	-	10,000,000
Weighted average exercise price			\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

For the performance rights issued during the current 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
16/08/2023	15/08/2027	\$0.2000	\$0.0000	85.000%	-	3.910%	\$0.200

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 26. Share-based payments (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Silica Resources Australia Ltd
Consolidated entity disclosure statement
As at 30 September 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest	
			%	Tax residency
Silica Resources Australia Limited	Body Corporate	Australia	-	Australian
Mourilyan Silica Resources Pty Ltd	Body Corporate	Australia	100.00%	Australian
Silica Resources Australia Services Pty Ltd	Body Corporate	Australia	100.00%	Australian
Silica Resources Australia Mining Pty Ltd	Body Corporate	Australia	100.00%	Australian
Silica Resources Australia Property Pty Ltd	Body Corporate	Australia	100.00%	Australian
Silica Resources Australia Mourilyan Port Pty Ltd	Body Corporate	Australia	100.00%	Australian

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Consolidated Entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A) (vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Consolidated Entity has applied the following interpretations:

Australian tax residency

The Consolidated Entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Silica Resources Australia Ltd
Directors' declaration
30 September 2024

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 2024 and of its performance for the financial period ended on that date;
- 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; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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



Peter Lansom
Chairman

20 January 2025

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

Opinion

We have audited the accompanying financial report of Silica Resources Australia Ltd and its subsidiaries (the Consolidated Entity) which comprises the consolidated statement of financial position as at 30 September 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2024 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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 Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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.

Responsibilities of the Directors for the Financial Report

The directors of the Consolidated Entity are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

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

for such internal controls as the directors determine is necessary to enable the preparation of;

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability 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 Consolidated Entity 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 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.

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

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

Matthew Forbes

**Matthew Forbes
Partner**

**Hawthorn
20 January 2025**