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RSM

Silica Resources Australia Limited

Financial Services Guide and Independent Expert's Report

15 August 2025

Financial Services Guide

15 August 2025

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("**RSM**" or "**we**" or "**us**" or "**our**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence ("**AFSL**"), Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we produce is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; Silica Resources Australia Limited ("**Silica Resources**" or "**the Company**") will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisors. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and/or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, PO Box R1253, Perth, WA, 6844.

If we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to external dispute resolution Proposed Transaction

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA is an independent dispute resolution Proposed Transaction that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report.

RSM Corporate Australia Pty Ltd

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15 August 2025

The Non-Associated Shareholders
Silica Resources Australia Limited
Sydney NSW 2000

Dear Non-Associated Shareholders,

Independent Expert's Report

Introduction

This Independent Expert's Report (the "**Report**" or "**IER**") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("**Notice**" or **"NoM"**) to be provided to shareholders for a General Meeting of Silica Resources Australia Limited ("**Silica Resources**" or the "**Company**") to be held on or around 21 August 2025, at which shareholder approval will be sought for the issue of ordinary shares in Silica Resources ("**Shares**" or "**Silica Shares**") to Wahl Citadel Pty Ltd ("**Wahl Citadel**") upon conversion of the Convertible Loan, issuance of the Deferred Shares, and exercise of the Capital Raising Options (together, the "**Proposed Transaction**"). Approval for the Proposed Transaction is being sought under a single resolution in the Notice.

A more detailed discussion of the Proposed Transaction is set out in **Section 1** of this report.

Purpose of the report

On 25 June 2023, Silica Resources entered into a Convertible Loan Agreement, as amended, ("**Convertible Loan Agreement**") with Wahl Citadel. The purpose for the entry into the Convertible Loan Agreement was to raise funding for Silica Resources ("**Specified Purpose**") to exercise an option to acquire all of the issued share capital of Mourilyan Silica Resources Pty Ltd ("**MSR**"). Silica Resources subsequently exercised its option(s) and acquired 100% of MSR. MSR holds the Mourilyan Silica Sands Project ("**MSS Project**" or "**Mourilyan Silica Sands Project**"). As at 30 June 2025, under the Convertible Loan Agreement:

- Wahl Citadel has advanced a total of $13,500,000 to the Company which is outstanding ("**Loan Amount**"); and
- The Company owes Wahl Citadel accrued interest of $2,548,005 ("**Interest Amount**" and together with the Loan Amount, the "**Outstanding Amount**").

In addition to drawing down the loan, Silica Resources issued to Wahl Citadel the CN Options (defined in **Section 1**) and the Company and MSR entered into General Security Deeds ("**GSDs**") with Wahl Citadel over all of the assets of the Company and MSR to secure performance of the Company's obligations under the Convertible Loan Agreement.

As at the date of the NoM, Wahl Citadel has issued a notice to exercise all of the CN Options. The Company has already issued 8,351,175 Shares and following the exercise has the obligation to issue a further 8,591,245 Shares to Wahl Citadel, upon demand, as and when Wahl Citadel is entitled to be issued the Shares without breaching section 606 of the Corporations Act ("**Deferred Shares**").

On 16 January 2025, Wahl Citadel requested the Company obtain the required board and shareholder approvals for the issue of Shares in repayment of the Outstanding Amount in the event that Wahl Citadel issues a Conversion Notice ("**Repayment Shares**") and for the issue of the Deferred Shares.

In November and December 2024, Silica Resources undertook a capital raise at $0.40 per Share. The Company invited Wahl Citadel to participate in its capital raising but Wahl Citadel could not subscribe for Shares as its voting power exceeded 20%. Wahl Citadel offered to participate in the capital raising by subscribing for the options which were to be issued at the same price as the capital raising, that is, paid for in full despite the Shares not being able to be issued. As such, Wahl Citadel paid $0.40 per option, which was the price at which the Company was issuing Shares in the capital raising.

In May and June 2025, the Company undertook a further capital raising at $0.75 and again invited Wahl Citadel to participate and again Wahl Citadel offered to participate in the capital raising by subscribing for the options which were to be issued at the same price as the capital raising, that is, paid for in full despite the Shares not being able to be issued.

Accordingly,

- 12,500,000 options were issued to Wahl Citadel in December 2024; and
- 13,333,334 options were issued to Wahl Citadel in May/June 2025; and
- up to 2,666,667 options may be issued to Wahl Citadel in July 2025,

(together the "**Capital Raising Options**"). The terms of the Capital Raising Options are set out in **Section 1**.

Wahl Citadel has stated that it will issue a notice of exercise for these options if and when the Resolution is passed, as a result of which the Company will be required to issue a total of 28,500,001 Shares to Wahl Citadel ("**Option Shares**").

As at the date of this Report, Wahl Citadel and its associates (being Wahl Citadel Pty Ltd and A.C.N 136 965 538 Pty Ltd ATF The Nagy Trust) hold:

- 45,966,950 Shares equal to 21.8% in voting power of the Company;
- the right to be issued 8,591,245 Deferred Shares; and
- 12,500,000 Capital Raising Options from 20 December 2024 and 13,333,334 Capital Raising Options from May/June 2025,

and through its ongoing participation in the Company's current capital raise could be issued with up to 2,666,667 further Capital Raising Options post 30 June 2025, which, together with the Repayment Shares if issued, provides Wahl Citadel and its Associates with a potential 49.7% relevant interest, or a 49.4% relevant interest on a fully diluted basis, in the total issued share capital of the Company.

Shareholder approval is required under item 7 of section 611 ("**s611(7)**") of the Corporations Act ("**the Act**") for the issuance of the Repayment Shares, Deferred Shares and Option Shares, as the issuance of the aggregate of 117,331,271 Shares will increase the interest of Wahl Citadel in Silica Resources from 21.8% to 49.7%, or 49.4% on a fully diluted basis.

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("**RSM**"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("**Non-Associated Shareholders**").

Accordingly, we have prepared this Report for the purpose of stating, in our opinion, whether or not the Proposed Transaction is fair and reasonable to Silica Resource's Non-Associated Shareholders and to set out the reasons for that opinion.

This Report represents general financial product advice only and has been prepared without taking into consideration the circumstances of individual Silica Shareholders. The ultimate decision whether to accept the Proposed Transaction should be based on each Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position, and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this Report, Shareholders should seek independent professional advice.

Summary of opinion

In our opinion, and for the reasons set out in **Section 10** of this report, the Proposed Transaction is not fair but reasonable for the Non-Associated Shareholders of Silica Resources.

We have formed this opinion for the reasons set out below.

Approach

In assessing whether the Proposed Transaction is "fair and reasonable" to Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 111 – Content of expert reports ("**RG 111**"), which provides specific guidance as to how an expert is to appraise transactions

Where an issue of shares by a Company otherwise prohibited under section 606 of the Corporations Act 2001 (the "**Act**") is approved under item 7 of section 611, and the effect on the Company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

Therefore, consistent with the guidance set out in RG 111, we have considered whether the Proposed Transaction is "fair" to Non-Associated Shareholders by assessing and comparing:

- the Fair Value of a Silica Share on a controlling basis prior to the Proposed Transaction; with
- the Fair Value of a Silica Share following the implementation of the terms of the Proposed Transaction on a non-controlling basis.

Our assessment of the Fair Value of a Silica Share has been prepared on the following basis:

> *"the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length".*

In accordance with RG 111, we have considered whether the Proposed Transaction is "reasonable" to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to Non-Associated Shareholders, in their decision as to whether or not to accept the Proposed Transaction.

Further information on the approach we have employed in assessing whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders is set out in **Sections 7 and 8** of this report.

Fairness opinion

In assessing whether we consider the Proposed Transaction to be fair to Non-Associated Shareholders, we have valued a Silica Share prior to the Proposed Transaction on a controlling basis and compared it to value of a Silica Share immediately following the implementation of the terms of the Proposed Transaction on a non-controlling basis, to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved.

Our assessment is set out in the table below.

Table 1 Valuation Summary

	Low	High	Preferred
Fair value of a Silica Share prior to the Proposed Transaction (control basis)	**$1.06**	**$1.28**	**$1.16**
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming no conversion)	**$0.57**	**$0.74**	**$0.65**
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming full conversion)	**$0.53**	**$0.66**	**$0.59**

Source: RSM analysis

The above comparison is presented graphically below.

Figure 1 Assessed Fair Value of a Silica Share prior to the Proposed Transaction on a controlling basis and the Assessed Fair Value of a Silica Share immediately post the Proposed transaction on a non-controlling basis

Source: RSM analysis

The table and chart above indicate that the Fair Value of a Silica Share (on a non-controlling basis) immediately after the Proposed Transaction is less than the Fair Value of a Silica Share (on a controlling basis) prior to the Proposed Transaction.

As such, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Act, we consider the Proposed Transaction to be not fair to the Non-Associated Shareholders of Silica Resources.

Reasonableness opinion

RG 111 establishes that a Proposed Transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes.

As such, we have also considered the following factors in relation to the reasonableness aspect of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the potential advantages and disadvantages of the Proposed Transaction for the Non-Associated Shareholders, including the specific terms of the Proposed Transaction; and
- the existence of alternative proposals.

Future Prospects of Silica Resources if the Proposed Transaction Does Not Proceed

If the Proposed Transaction does not proceed as a result of it not being approved by the Non-Associated Shareholders, the Convertible Loan will continue to accrue interest at the rate of 10% p.a., and Wahl Citadel will maintain its rights under the Convertible Loan Agreement, including its right to:

- Issue a Conversion Notice (as defined in **Section 1**) at any time for the repayment the Outstanding Amount (as defined in **Section 1**) through the issuance of Shares, subject to Shareholder approval, failing which Wahl Citadel will be entitled to the Repayment Amount (as defined in **Section 1**). Wahl Citadel has indicated that it will not issue a Conversion Notice without prior shareholder approval being obtained.
- Request repayment of the total Outstanding Amount in cash after 30 June 2026.

For the avoidance of doubt, should the Non-Associated Shareholders not approve the Proposed Transaction, the Company will not be obliged to pay Wahl Citadel the Repayment Amount, as Wahl Citadel has not issued a Conversion Notice.

Wahl Citadel will also maintain its rights to the Deferred Shares and Option Shares, subject to obtaining Shareholder approval in accordance with the relevant requirements of the Act.

In the above circumstances, the business operations will continue as is. However, should Wahl Citadel request repayment of the Outstanding Amount in cash after 30 June 2026, then the Company is highly likely to require additional debt or equity funding at that time to pay the Outstanding Amount. If such funding was to be raised by issuing new equity, any such equity is likely to be at a discount to the Fair Value of Silica Shares at the time of the equity issue.

Advantages and disadvantages of approving the Proposed Transaction

In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction is approved than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

The key advantages of the Proposed Transaction are outlined below.

Table 2 Advantages of the Proposed Transaction

Advantage	Details
Avoidance of future repayment obligation and enhanced cash flow certainty	If the Proposed Transaction is not approved, Wahl Citadel will maintain its rights under the Convertible Loan Agreement, including its right to request repayment of the total Outstanding Amount in cash after 30 June 2026. Wahl Citadel will also maintain its right to issue a Conversion Notice (noting that Wahl Citadel has indicated that it will not issue a Conversion Notice without prior shareholder approval being obtained), requiring the repayment of the Outstanding Amount through the issuance of Shares subject to requisite Shareholder approval being obtained, failing which Wahl Citadel will be entitled to the Repayment Amount. Approval of the Proposed Transaction will allow Wahl Citadel to issue a Conversion Notice, which in turn will provide Silica Resources with enhanced certainty on the future cash flows pertaining to the settlement of the Convertible Loan, that is, no future cash payments will be required, allowing Silica Resources to use current cash reserves and future cash reserves raised through capital raises or its operations to fund the working capital requirements of the business.
Interest savings	If the Proposed Transaction is approved and Wahl Citadel issues a Conversion Notice, no further interest will accrue on the Convertible Loan. This will either: ▪ Reduce the potential dilutionary impact on Non-Associated Shareholders, where Wahl Citadel issues a Conversion Notice and obtains relevant Shareholder approvals for the conversion of the Convertible Loan to equity in future; or ▪ Reduce the potential repayment liability of Silica Resources, where Wahl Citadel requests repayment of the total Outstanding Amount in cash after 30 June 2026.
Improved capital structure	If the Proposed Transaction is approved and Wahl Citadel issues a Conversion Notice, the Convertible Loan will convert to equity. Silica's gearing and net asset position will be improved by eliminating a secured liability and stabilising its capital structure, which may improve its attractiveness to future investors or lenders through future capital raising or an IPO.
Reduces uncertainty	If the Proposed Transaction is approved, the risk of future refinancing or default is reduced, especially if market conditions deteriorate between the date of this Report and 30 June 2026.
No new dilution	Wahl Citadel's rights to the Conversion Shares, Deferred Shares and Option Shares are already contractually agreed, albeit subject to Non-Associated Shareholder approval. Approval of the Proposed Transaction will provide Wahl Citadel the option to accelerate their issuance.
Aligning long-term interests of Wahl Citadel	If the Proposed Transaction is approved, and Wahl Citadel issues a Conversion Notice, Wahl Citadel will no longer hold any debt and will subsequently only be an equity holder in Silica Resources, further aligning its interests with the long-term success of Silica. Wahl Citadel has been and continues to be a key funder and supporter of Silica and its operations.

Source: RSM analysis

The key disadvantages of the Proposed Transaction are set below.

Table 3 Disadvantages of the Proposed Transaction

Disadvantage	Details
The Proposed Transaction is not fair	As the Fair Value of a Silica Share (on a non-controlling basis) immediately after the Proposed Transaction is less than the Fair Value of a Silica Share (on a controlling basis) prior to the Proposed Transaction, we consider the Proposed Transaction to be not fair to Non-Associated Shareholders.

Disadvantage	Details
Dilutionary impact	If the Proposed Transaction is approved, the Non-Associated Shareholders will, collectively, be diluted from a 78.2% shareholding in Silica Resources (or a 78.5% on a fully diluted basis), to a 50.3% shareholding (or a 50.6% shareholding on a fully diluted basis). With a shareholding exceeding 25%, Wahl Citadel will be able to unilaterally block schemes of arrangement and special resolutions. This will reduce Non-Associated Shareholders' ability to influence decisions such as the composition of the Board, the strategic direction of the Company and the acquisition and disposal of assets. Wahl Citadel's shareholding of 49.7% (or 49.4% on a fully diluted basis), will allow them to continue to acquire shares under the creep provision of the Act and may subsequently be able to gain a controlling interest in the Company. It should be noted, however, that increasing its shareholding above 50% would be inconsistent with Wahl Citadel's investment strategy, as it would trigger financial consequences that are not aligned with its current position.
Limited new funding	Except for the potential $2.0m subscription price for the future Capital Raising Options, passing the Resolution does not approve new funding or new instruments, as the Convertible Loan has already been drawn down in full, and the Deferred Shares and Option Shares have already been subscribed for in full.
Potential ability to appoint a new Director to the board of Silica Resources	To facilitate the Company's ability to secure senior debt, it is understood that Wahl Citadel will be granted the right to appoint an additional Director to the board of Silica Resources, which will increase Wahl Citadel's ability to influence decisions of the Company.

Source: RSM Analysis

Alternative proposals to the Proposed Transaction

We are unaware of any alternative proposal at the current time which might provide the Non-Associated Shareholders of Silica Resources a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Silica Resources.

An individual shareholder's opinion in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

General

This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of Shareholders.

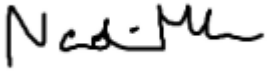
The ultimate decision whether to approve the Proposed Transaction should be based on each of Non-Associated Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations of future market conditions.

Non-Associated Shareholders should read and have regard to the contents of the Notice which has been prepared by the Directors and management of Silica Resources. Non-Associated Shareholders who are in doubt as to the action they should take with regard to the Proposed Transaction and the matters dealt with in this Report, should seek independent professional advice.

This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM CORPORATE AUSTRALIA PTY LTD



Andrew Clifford
Partner – Corporate Finance

Nadine Marke
Partner – Corporate Finance

Contents

1. Summary of the Proposed Transaction

1.1 Overview

On 25 June 2023, Silica Resources entered into a Convertible Loan Agreement, as amended, with Wahl Citadel. The purpose for the entry into the Convertible Loan Agreement was to raise funding for Silica Resources ("**Specified Purpose**") to exercise an option to acquire all of the issued share capital of MSR. Silica Resources subsequently exercised its option(s) and acquired 100% of MSR. MSR holds the MSS Project. As at 31 May 2025, under the Convertible Loan Agreement:

- Wahl Citadel has advanced a total of $13,500,000 to the Company which is outstanding ("**Loan Amount**"); and
- The Company owes Wahl Citadel accrued interest of $2,548,005 ("**Interest Amount**" and together with the Loan Amount, the "**Outstanding Amount**").

In addition to drawing down the loan, Silica Resources issued to Wahl Citadel the CN Options and the Company and MSR entered into GSDs with Wahl Citadel over all of the assets of the Company and MSR to secure performance of the Company's obligations under the Convertible Loan Agreement.

As at the date of the NoM, Wahl Citadel has issued a notice to exercise all of the CN Options. The Company has already issued 8,351,175 Shares and following the exercise has the obligation to issue a further 8,591,245 Shares to Wahl Citadel, upon demand, as and when Wahl Citadel is entitled to be issued the Shares without breaching section 606 of the Corporations Act ("**Deferred Shares**").

On 16 January 2025, Wahl Citadel requested the Company obtain the required board and shareholder approvals for the issue of Shares in repayment of the Outstanding Amount in the event that Wahl Citadel issues a Conversion Notice ("**Repayment Shares**") and for the issue of the Deferred Shares.

In November and December 2024, Silica Resources undertook a capital raise at $0.40 per Share. The Company invited Wahl Citadel to participate in its capital raising but Wahl Citadel could not subscribe for Shares as its voting power exceeded 20%. Wahl Citadel offered to participate in the capital raising by subscribing for the options which were to be issued at the same price as the capital raising, that is, paid for in full despite the Shares not being able to be issued. As such, Wahl Citadel paid $0.40 per option, which was the price at which the Company was issuing Shares in the capital raising.

In May and June 2025 the Company undertook a further capital raising at $0.75 and again invited Wahl Citadel to participate and again Wahl Citadel offered to participate in the capital raising by subscribing for the options which were to be issued at the same price as the capital raising, that is, paid for in full despite the Shares not being able to be issued.

Accordingly,

- 12,500,000 options were issued to Wahl Citadel in December 2024; and
- 13,333,334 options were issued to Wahl Citadel in May/June 2025; and
- up to 2,666,667 options may be issued to Wahl Citadel in July 2025,

(together the "**Capital Raising Options**"). The terms of the Capital Raising Options are set out below.

Wahl Citadel has stated that it will issue a notice of exercise for these options if and when the Resolution is passed, as a result of which the Company will be required to issue the Option Shares.

As at the date of this Report, Wahl Citadel and its associates (being Wahl Citadel Pty Ltd and A.C.N 136 965 538 Pty Ltd ATF The Nagy Trust) hold:

- 45,966,950 Shares equal to 21.8% in voting power of the Company;
- the rights to be issued 8,591,245 Deferred Shares; and
- 12,500,000 Capital Raising Options from 20 December 2024 and 13,333,334 Capital Raising Options from May/June 2025,

and through its ongoing participation in the Company's current capital raise could be issued with a up to 2,666,667 further Capital Raising Options post 30 June 2025, which, together with the Repayment Shares if issued, provides Wahl Citadel and its Associates with a potential 49.7% relevant interest, or a 49.4% relevant interest in the total issued share capital of the Company on a fully diluted basis.

1.2 Key terms of the Convertible Loan Agreement and CN Options

We have set out below the detailed terms of the Convertible Loan Agreement.

Table 4 Key terms of the Convertible Loan Agreement

Term	Details
Loan	Originally Wahl Citadel agreed to lend the Company up to $8,000,000 in two advancements of equal instalments. This was amended to become a facility of $13,500,000 which has been fully drawn down. The funds advanced by Wahl Citadel may only be used by the Company for the Specified Purpose, unless otherwise agreed by the parties.
Interest	Interest is payable on the Loan Amount at a rate of 10% per annum (or such other rate as agreed to between the parties).
CN Options	For each $1 advanced by Wahl Citadel to the Company, the Company was obliged to issue two options (**"CN Options"**) whereby: (a) each option entitles Wahl Citadel to one Share; (b) each option has an exercise price of $0.0625; and (c) each option was exercisable until 16 May 2025. In the circumstances where Wahl Citadel advanced funds of $6,500,000 or more, then in addition to the above options, the Company was obliged to issue Wahl Citadel an additional option for every $1 advanced. As at the date of this Notice, Wahl Citadel has issued a notice to exercise and paid the exercise price for all of the CN Options, where 8,351,175 Shares have been issued and the Company has agreed to issue 8,591,245 shares on demand (i.e. the Deferred Shares).
Repayment	The Outstanding Amount must be repaid by the Company: (a) through the issue of the Conversion Shares; (b) by repayment in cash at any time after 30 June 2026; or (c) if an Event of Default occurs.
Repayment through the issue of shares	Wahl Citadel may request, at any time, repayment of the Outstanding Amount by way of issue of the Conversion Shares. Where Wahl Citadel requests that the Outstanding Amount be repaid through the issue of Conversion Shares, the Company must issue the maximum number of Conversion Shares that can be issued without Shareholder approval. Where Shareholder approval is required under the Corporations Act, the Company must seek Shareholder approval as soon as practicable having regard to all relevant laws and regulations. Subject to compliance with the applicable laws and regulations, the Company must recommend Shareholders vote in favour of the issue of the Conversion Shares to Wahl Citadel. Each Conversion Share will rank equally with the existing shares on issue by the Company. Upon the issue of the Conversion Shares, the Company must issue Wahl Citadel a preference share that allows Wahl Citadel to appoint two directors of its choosing to the Company's board.

Term	Details
Consequences of failure to obtain Shareholder approval	Where the Company has issued the maximum number of Conversion Shares that can be issued without Shareholder approval, and the Company, having been requested by Wahl Citadel, fails to obtain Shareholder approval required for the issue of the remaining Conversion Shares, the Company is required to repay Wahl Citadel in accordance with the following formula: a. Repayment amount = (Max RS – Issued RS) x FRP i. Max RS = the maximum number of Conversion Shares; ii. Issued RS = the number of Conversions Shares actually issued without shareholder approval; and iii. FSP = the share price for the shares which is the highest price per share where shares are issued after the date of the Convertible Loan Agreement; or $0.80, whichever is higher. b. The number of Conversion Shares (required for the Max RS) is determined in accordance with the following formula: i. Conversion Shares = P / IP P = the amount outstanding that has been required to be repaid; and IP = the issue price for the Conversion Shares which is $0.20 or where shares are issued after the date of the Convertible Loan Agreement, other than on the exercise of options as at the date of the Convertible Loan Agreement, the lowest price per share, whichever is lower.
Appointment of Directors	After Wahl Citadel advanced $3,000,000 to the Company, Wahl Citadel had the right to appoint one director to the Company's board during the term of the loan. Currently that appointee is Mark Pitcher. In a Deed of Variation to the Convertible Loan Agreement dated 17 September 2024, Wahl Citadel's appointment power increased to two directors. As at the date of this Notice, Wahl Citadel has not appointed a second director.

Source: RSM Analysis

1.3 Key terms of the Capital Raising Options

We have set out below the detailed terms of the Capital Raising Options.

- each option entitles Wahl Citadel to one Share in the Company and each Share will rank equally with the other issued Shares in the Company ("**Capital Raising Shares**");
- the grant of options does not have an expiry date;
- each option has an issue price of $0.40 for those issued in December 2024 and or $0.75 for those issued in May/June and July 2025;
- each option has an exercise price of nil;
- each option is exercisable at any time;
- the options do not entitle Wahl Citadel to any dividends and do not entitle Wahl Citadel to notice of, to attend or to vote at, meetings of Shareholders;
- if, prior to the exercise of the options, the Company makes a bonus issue to Shareholders, the number of Shares that Wahl Citadel is entitled to will be increased to reflect what they would have received had they already exercised their options prior to the bonus issue;
- Wahl Citadel cannot take part in a new issue of securities offered to Shareholders unless they exercise their options and receive the Share prior to the date for the determination of entitlement to the new issue;
- the options are non-transferable; and
- in the event of an initial public offering or proposed sale to a third party of all, or substantially all, of the issued securities in the Company, the Board may declare that some or all of the options vest and required that the options be exercised on a particular date.

Wahl Citadel has stated that it will issue a notice of exercise for these Options if and when the Resolution is passed.

1.4 Rationale for the Proposed Transaction

Wahl Citadel has been one of the Company's main capital partners for the past two years, having:

- provided funds to enable the Company to acquire MSR and, through MSR, the MSS Project;
- exercised all of the CN Options approximately a year earlier than their expiry;
- provided liquidity opportunities to some smaller selling shareholders;
- supported the Company's capital raise in November/December 2024 to fund working capital and phase 1 of MSS Project construction; and
- led the capital raise the Company is currently undertaking to fund working capital and the purchase of a number of high value properties and to support the balance sheet to meet the requirements of the Company's chosen senior debt provider.

The support that Wahl Citadel has provided the Company has resulted in Wahl Citadel having more than 20% of the voting power of the Company and, therefore, being restricted from purchasing or being issued with further Shares, except in certain limited circumstances. This means that, without the approval of Non-Associated Shareholders, the Corporations Act prevents Wahl Citadel from having the Outstanding Amount paid through the issue of Shares.

In addition, as the Company moves towards taking on senior debt, the senior lender has requested that Wahl Citadel enters into an agreement with the senior lender and the Company to subordinate its rights to the senior lender and to "standstill" by not being paid interest or principal on the Convertible Loan whilst the senior lender has advanced funds. This means that Wahl Citadel cannot have the Outstanding Amount paid in cash, even though it has the right to request a cash repayment at any time after 30 June 2026. It should also be noted that, under the terms of taking on the senior debt, Wahl Citadel will obtain the right to appoint an additional Director to the board of Silica Resources.

As Wahl Citadel is effectively prevented from repayment of the Outstanding Amount through the issue of Shares or through cash, Wahl Citadel has requested the Company seek the approval of its Shareholders to allow the Outstanding Amount being paid through the issue of Shares to ensure that it has some ability to have the Convertible Loan Agreement repaid should it wish to do so.

1.5 Impact of Proposed Transaction on Silica Resources' Capital Structure

Table 5 Capital Structure Pre and Post the Proposed Transaction

	No. of Ordinary Shares	% Ownership	% Ownership (fully diluted)[1]
Capital structure prior to the Proposed Transaction			
Non-Associated Shareholders	164,998,834	78.2%	78.5%
Wahl Citadel	45,966,950	21.8%	21.5%
Total Ordinary Shares prior to the Proposed Transaction	**210,965,784**		
Capital structure following issuance of Deferred Shares			
Non-Associated Shareholders	164,998,834	75.2%	75.4%
Wahl Citadel	54,558,195	24.8%	24.6%
Total Ordinary/Preferred Shares following full draw down of the Convertible Note ($13.5m facility) (fully diluted)	**219,557,029**		
Capital structure following issuance of Deferred Shares and full exercise of the Options			
Non-Associated Shareholders	164,998,834	66.5%	66.9%
Wahl Citadel	83,058,196	33.5%	33.1%
Total Ordinary/Preferred Shares following full draw down of Convertible Note ($13.5m facility) (fully diluted) and	**248,057,030**		
Capital structure following issuance of Deferred Shares, full exercise of the Options and settlement of the Convertible Note ($13.5m facility) (fully diluted)			
Non-Associated Shareholders	164,998,834	50.3%	50.6%
Wahl Citadel	163,298,221	49.7%	49.4%
Total Ordinary/Preferred Shares following full draw down of Convertible Note ($13.5m facility) (fully diluted)	**328,297,055**		

Source: RSM Calculations

Note 1: The fully diluted shareholding considers the potential number of Shares to be issued at date of exercise of the Related Party Options

Completion of the Proposed Transaction would result in the dilution of Non-Associated Shareholders' interests from 78.2% to 50.3%, or 50.6% on a fully diluted basis.

2. Scope of the Report

2.1 Purpose of this Report

Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%, or from a starting point that is above 20% and below 90%. Completion of the Proposed Transaction will result in Wahl Citadel increasing its interest in Silica Resources from 21.8% to approximately 49.7%, or 49.4% on a fully diluted basis.

Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company.

Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Resolution under Item 7 of Section 611 of the Act.

Item 7 of Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. RG 111 advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

2.2 Regulatory guidance

In assessing whether the Proposed Transaction is "fair" and "reasonable", we have given regard to the views expressed by ASIC in RG 111.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover offer, stating:

- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- a takeover is considered "reasonable" if it is fair, or where the offer is "not fair" it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.

2.3 Adopted basis of evaluation

Consistent with the guidelines in RG 111 as summarised above, we have considered whether the Proposed Transaction is "fair" to Non-Associated Shareholders by assessing and comparing:

- the Fair Value of a Share in Silica on a controlling basis prior to the Proposed Transaction; with
- the Fair Value of a Share in Silica on a non-controlling basis immediately post the Proposed Transaction.

Our assessment of the Fair Value of a Share in Silica has been prepared on the following basis:

> *"the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length".*

In accordance with RG 111, we have considered whether the Proposed Transaction is "reasonable" to Silica Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to Non-Associated Shareholders in their decision as to whether or not to approve the Proposed Transaction.

We have also considered whether the Proposed Transaction is "reasonable" by undertaking an analysis of the following factors:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the potential advantages and disadvantages of the Proposed Transaction for the Non-Associated Shareholders, including the specific terms of the Proposed Transaction; and
- the existence of alternative proposals;

Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

3. Profile of Silica Resources

3.1 Background

Silica Resources Australia was incorporated on 11 November 2021 under the Corporations Act. It is a public, unlisted Australian mining and exploration company, established to acquire and commercialise the Mourilyan Silica Sands Project (MSS Project). The Company has 63 shareholders as at the date of this Report.

Managed by an experienced board with a resources background and a focus on ESG principles, Silica specialises in the responsible mining and manufacturing of Australian critical minerals, aiming to support the global energy transition and technological innovation.

Silica has one advanced project, located in Far North Queensland 100km south of Cairns, in the Cassowary Coat Regional Council area, being the Mourilyan Silica Sands Project (Stage 1 & 2).

3.2 Project Overview

Mourilyan Silica Sands Project

On 11 November 2021 Silica Resources acquired 100% ownership of MSR, which encompasses all the assets related to the MSS Project. The project is fully licensed and the construction phase has been completed. Commercial operations were commissioned in April 2025.

Silica's MSS Project is a high-purity Silica sand and flour processing mine. The project has secured the following permits and licenses:

- Mining Licence (ML) 20378 (freehold land)
- Mining Lease Application (MLA) 20695 (Crown Reserve)
- Mining Lease Application (MLA) 20696 (Gravel Reserves)
- Exploration Permit (EPM) 27352
- Environmental Authority (EA) 0001918
- Environmental Authority (EPVL) 00591713
- 2012 JORC Resource (January 2024)

The project is forecast to generate over $100 million in annual revenue and contribute $45 million in royalties to the Australian economy over the mine's lifetime. It is also expected to support more than 180 full-time jobs over the next decade. The project's value is driven by low forecast operating costs of AUD $40 per tonne and low capital expenditure (**"Capex"**) requirements of AUD $30 million. Notably, advanced funding for these capex requirements has been secured through a $6 million grant from the Queensland government and a $30 million senior facility with the Queensland Investment Corporation.

The Mourilyan Sands Project is planned to be executed in two phases.

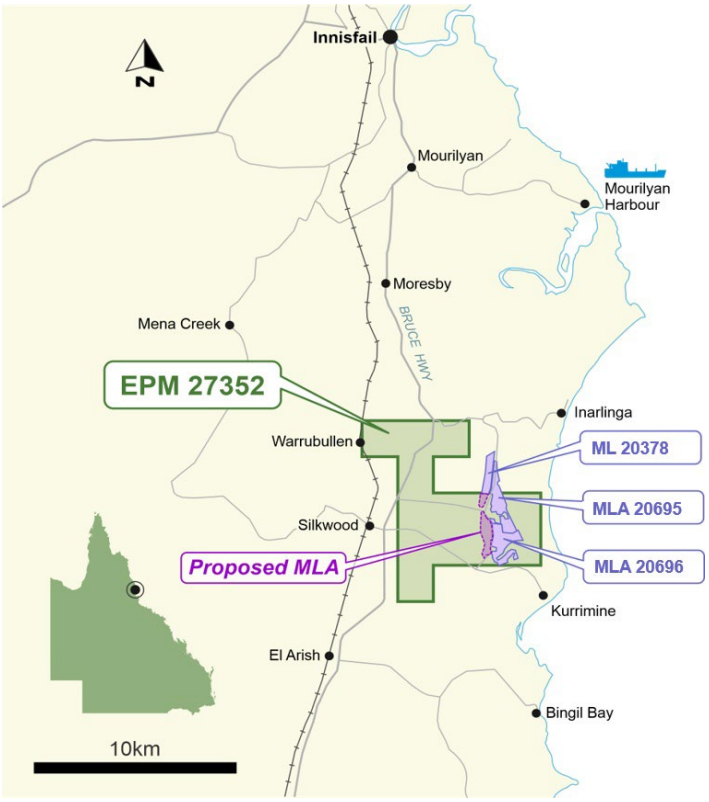
1. Stage 1 of the Mourilyan Silica Sands Project commenced in the second half of 2024, focused on mining Silica from a 3.43m tonne brownfield former quarry site. The site operates under an existing mining lease that specifies extraction standards and outlines a mine life of nine years. Production is planned to ramp up to approximately 360,000 tonnes per annum within the first few years of mining.
2. Stage 2 of the Mourilyan Silica Sands Project is expected to commence in 2028, pending necessary approvals and a final investment decision. This phase will be guided by the State Government of Queensland, which will conduct various ecological, social and water resource studies prior to the start of operations. Stage 2 will involve expanding the Stage 1 project and increasing the depth of extraction over a 50-year anticipated lifetime, with the deposit size significantly growing to 45.25m tonnes.

This initiative represents a significant investment in the future of sustainable energy in Australia facilitating the transition from traditional fossil fuels to renewable energy sources. The Federal Government has identified the resource as a high-grade critical mineral, driven by its importance in solar photovoltaic technology, high-end glass, and silicon wafers for microchips. Environmental sustainability is at the forefront of this project, through developing progressive site rehabilitation programs, utilising an open-cut dry mining method to avoid the use of explosives and leveraging the under-utilised capacity of services at the Port of Mourilya.

Mourilyan Silica Sands Project Operation location

The project is located 100km south-southeast of Cairns and 30km south of Innisfail. It is situated between Mourilyan Harbour and Kurrimine Beach and is located on Stephenson Rd, Cowley in the Cassowary Coast Regional Council. It is located in close proximity to major infrastructure, 5km from the Bruce Highway and 27km to the port of Mourilyan Harbour.

Figure 2 Location of Mourilyan Silica Sands Mine



Source: SRA Presentation March 2025

3.3 Directors and management

The directors and key management of Silica Resources are summarised in the table below.

Table 6 Silica Australia Managers and Directors

Name	Title	Experience
Mr Peter Lansom	Executive Chairman	Peter has over 30 years' experience in resource exploration, appraisal and development, working in executive roles within ASX-listed companies including Galilee Energy, Eastern Star Gas, Origin Energy and Santos. Peter holds a Bachelor of Petroleum Engineering (Honours) degree from the University of NSW. Over the past eight years Peter has been Managing Director of Galilee Energy and has overseen the growth of the Company as it seeks to grow from explorer to become a new gas supplier into the Eastern Australia gas market. Peter also holds non-Executive Director roles for Metgasco Ltd and Bengal Energy Ltd.
Mr Rob Tindall	Founder, Managing Director and CEO	Rob founded SRA and has an extensive background in natural resources and investment banking. He is the Founder and non-Executive Director of the formerly ASX-listed Montem Resources (ASX:MR1) – now Evolve Energy. Rob was previously CEO and President of a listed underground gold and copper mining company (TSX.V- TCO) and was a co-principal of a boutique corporate advisory business working with natural resources and renewables (GTG Corporate). Rob holds a Bachelor of Arts and a Master of Taxation Degrees. He is an ASX – accredited derivatives advisor and a member of the Australian Institute of Company Directors.

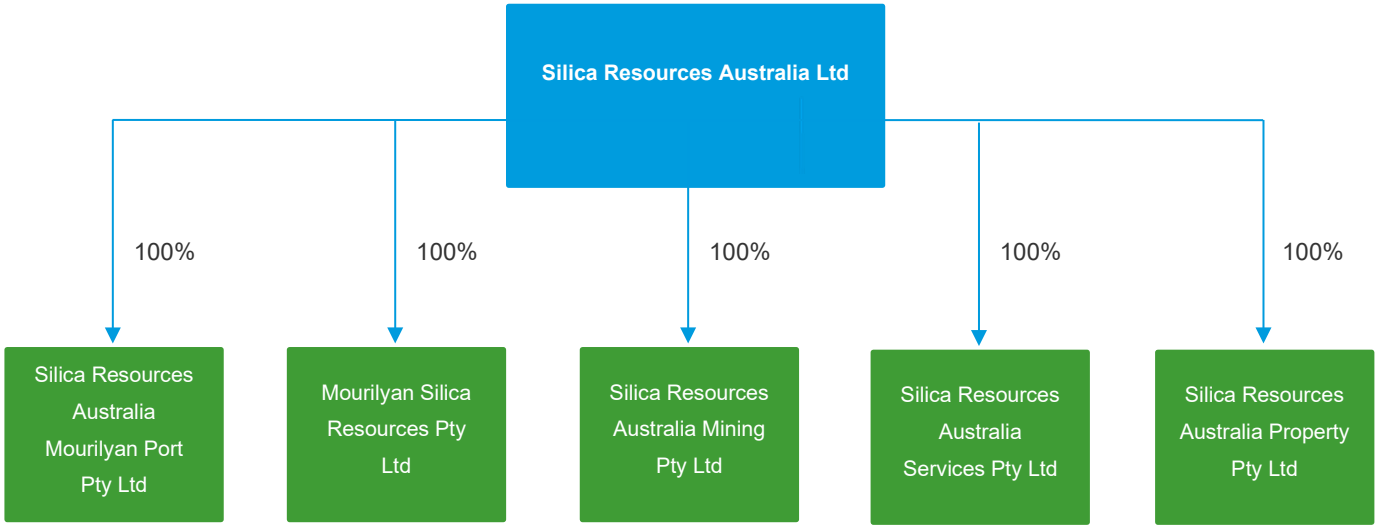
Mr Tyler Mapstone	Non-Executive Director	Tyler is a financial analyst with a finance degree from the University of Adelaide. In previous roles Tyler worked in logistics, and height and access safety equipment dealing with multinationals, and including a site management role in the UAE. Tyler holds non-Executive Director roles for Journey Into and QLD-based Electric Future Minerals.
Mr Michael Everard	Non-Executive Director	Michael has over 20 years' experience working within the energy, mining and infrastructure sector within Australia and SE Asia. Over the past 15 years Michael has worked as the CEO of Bardon Capital, a boutique corporate advisory specialising in the sourcing, financing and commercialisation of resources projects and was a founding shareholder of Montem Resources (ASX:MR1). Michael is engaged in physical commodities trading of bulk commodities through to end users in SE Asia and is a founding partner and principal shareholder of Silica.
Mr Mark Pitcher	Non-Executive Director	Mark has over two decades experience in CFO and CEO roles across a range of industries in listed and unlisted public companies. He has been responsible for leadership of a number of rapid growth businesses through Initial Public Offerings (IPO) and to successful exits. He holds directorships in investment, mining, manufacturing, technology and for-purpose enterprises.

Source: silicaresources.com.au

3.4 Legal Structure

The current legal structure of Silica Resources is presented in the figure below.

Figure 2 Silica Resources Australia legal structure



Source: Silica Resources Audited Financial Statements – 30 September 2024

3.5 Financial information

The information in the following section provides a summary of the financial performance of Silica Resources for the financial years ended 30 September 2022 ("**FY22**"), 30 September 2023 ("**FY23**"), 30 September 2024 ("**FY24**"), and the eight-month period ended 31 May 2025 (**"YTD25"**) (collectively the "**Historical Period**"), extracted from the audited financial statements and management accounts of Silica Resources.

The auditors of Silica, McLean Delmo Bentleys Audit Pty Ltd, provided an unqualified audit opinion for the year ended 30 September 2024.

3.6 Financial performance

The following table sets out a summary of the financial performance of Silica Resources for the financial years FY22, FY23, FY24, and YTD25.

Table 7 Silica Resources historical financial performance

$'000	FY22	FY23	FY24	YTD25
	Audited	*Audited*	*Audited*	*Management*
Total revenue	**-**	**-**	**-**	**1,975**
Cost of sales	-	-	-	(2,084)
Gross profit	**-**	**-**	**-**	**(109)**
Operating expenses				
Corporate expenses	(285)	(1,242)	(3,498)	(272)
Exploration costs	(222)	(265)	(574)	(183)
Administrative expenses	-	-	-	(9)
Total operating expenses	**(507)**	**(1,506)**	**(4,072)**	**(464)**
Other income	-	-	150	-
EBITDA	**(507)**	**(1,506)**	**(3,922)**	**(573)**
Depreciation and amortisation	-	-	-	(14)
EBIT	**(507)**	**(1,506)**	**(3,922)**	**(587)**
Net interest expense	-	(581)	(4,458)	(138)
Income tax expense	-	-	-	-
Loss after income tax for the year	**(507)**	**(2,087)**	**(8,380)**	**(725)**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency gain / loss	-	-	-	-
Other comprehensive income for the year	**-**	**-**	**-**	**-**
Total comprehensive profit / (loss)	**(507)**	**(2,087)**	**(8,380)**	**(725)**

Source: Audited financial statements, management accounts and RSM analysis

We note the following in relation to Silica Resources' historical financial performance:

- Stage 1 of the Mourilyan Silica Sands Project commenced production in the first quarter of FY25. The Company's financial performance in FY22 through FY24 is indicative of the project's development phase. YTD25 revenue consists of silica revenue of $529k and freight income of $1.4m;
- Other income relates to R&D tax incentives;
- Cost of sales are inclusive of freight costs, direct labour costs, property expenses associated with the port at Mourilyan, and costs related to the Company's property, plant and equipment (i.e. repairs & maintenance and fuel);
- Corporate expenses are related to variable labour costs, travel expenses, professional fees, marketing expenses, and insurance;
- Administrative expenses consist of ASIC fees, bank fees, IT expenses, motor vehicle expenses, postage, subscriptions, and telephone and internet expenses; and
- Exploration costs comprise overheads associated with the research and development of the Company's projects along with miscellaneous compliance related expenses.

3.7 Financial position

The table below sets out a summary of the financial position of Silica Resources as at 30 September 2022, 30 September 2023, 30 September 2024, and 31 May 2025.

Table 8 Silica Resources historical financial position

$'000	30-Sep-22 *Audited*	30-Sep-23 *Audited*	30-Sep-24 *Audited*	31-May-25 *Unaudited*
Assets				
Current assets				
Cash and cash equivalents	1,118	2,480	1,476	1,558
Prepayments	-	-	-	375
Trade and other receivables	35	189	129	750
Inventories	-	-	56	-
Total current assets	**1,153**	**2,669**	**1,662**	**2,683**
Non current assets				
Trade and other receivables	-	-	-	346
Property, plant & equipment	-	-	3,431	7,800
Right-of-use assets	-	-	579	466
Deposits	-	-	126	-
Exploration assets	350	11,746	12,591	12,591
Total non-current assets	**350**	**11,746**	**16,727**	**21,203**
Total assets	**1,503**	**14,415**	**18,389**	**23,887**
Current liabilities				
Trade and other payables	149	652	685	2,431
Deferred revenue	-	-	-	-
Lease liabilities	-	-	151	57
Employee related payables	-	-	145	38
Tax liabilities	-	-	-	(180)
Provisions	-	-	-	56
Total current liabilities	**149**	**652**	**981**	**2,402**
Non current liabilities				
Trade and other payables	-	1,660	-	-
Lease liabilities	-	-	446	446
Convertible notes	-	3,699	9,270	10,294
Advances for share capital	-	-	-	7,787
Deferred revenue	-	-	529	-
Total non-current liabilities	**-**	**5,359**	**10,246**	**18,527**
Total liabilities	**149**	**6,011**	**11,227**	**20,929**
Net assets	**1,355**	**8,404**	**7,162**	**2,958**
Equity				
Issued capital	1,862	3,641	8,640	9,896
Reserves	-	7,358	9,497	9,497
Retained earnings	(507)	(2,595)	(10,975)	(10,975)
Current year earnings	-	-	-	(5,461)
Total equity	**1,355**	**8,404**	**7,162**	**2,958**

Source: Audited financial statements for FY22, FY23 and FY24 and management accounts for 31 May 2025

We note the following in relation to Silica Resources' financial position:

- Cash and cash equivalents are used to fund the working capital requirements of the Company;
- Current trade and other receivables comprise term deposits ($669k), land option payments ($80k), and a security deposit ($1k);
- Non-current trade and other receivables consists of port permit in escrow ($300k), and bonds related to ports north ($46k) and the Department of Resources ($1k);

- Property, plant and equipment consists of land at cost related to the Rosendahl farm ($1.8m), McLaughlin farm ($41k), Strano farm ($1.3m), and Andrijevic farm ($187k), construction phase 1 ($4.2m), construction phase 2 ($67k), plant and equipment ($5k) less accumulated depreciation ($60), office furniture and equipment ($12k) less accumulated depreciation ($2k);
- Right-of-use asset relates to the Company's warehouse facility at Mourilyan port ($678k) less accumulated depreciation ($212k);
- Exploration assets of $12.6m as at 30 April 2025 relates to the Company's exploration rights and the capitalised cost of Silica Resources' exploration projects;
- Trade and other payables balance of $2.4m solely comprises accounts payable. We understand that this balance has increased compared with prior periods as part of SRA's continued scale up in operations with one large balance of $1.17m owed to MC Group related to freight invoices for the delivery of Frac sand. We understand that this balance was fully paid in June 2025;
- Current tax liabilities consist of pay-as-you-go withholdings payable ($159k) and goods and services tax (negative $338k);
- Employee related payables of $38k solely comprise superannuation payable;
- Provisions of $56k solely comprise annual leave provision;
- Advances for share capital received balance represents funds received from capital raising. Management has advised that once share certificates are issued, this balance will be reallocated to issued capital (equity).
- On 25 June 2023, Silica Resources entered into a Convertible Loan Agreement with Wahl Citadel, which has a face value of $13.5m at an interest rate of 10.0%, the proceeds of which were used to finance the $11.1m acquisition of MSR during the 2023 financial year. Refer to the **Section 1** of this Report for further details on the Convertible Loan Agreement.
- Issued capital has increased between 30 September 2023 and June 2025 as a result of the following:
  - Issue of 8,300,000 shares at a share price of $0.20 on 17 October 2023;
  - Issue of 2,280,000 shares at a share price of $0.0625 on 1 March 2024;
  - Issue of 27,038,300 shares at a share price of $0.0625 on 30 June 2024;
  - Issue of 1,322,667 shares at a share price of $0.0625 on 4 October 2024;
  - Issue of 611,733 shares at a share price of $0.0625 on 12 November 2024;
  - Issue of 125,000 shares at a share price of $0.0625 on 4 July 2024;
  - Issue of 2,900,000 shares at a share price of $0.40 on 28 November 2024; and
  - Issue of 1,061,327 shares at a share price of $0.75 in May 2025.

3.8 Capital structure

As at 30 July 2025, Silica Resources had 210,965,784 ordinary shares on issue. The top 20 shareholders of Silica Resources as at the date of this Report are set out below.

Table 9 Silica Resources top 20 shareholders

Shareholder	Shares	% Issued Share Capital
Wahl Citadel Pty Ltd ATF Wahl Citadel SRA Fund	45,966,950	21.79%
Michael James Timothy Everard	35,375,000	16.77%
Robert James Tindall	13,900,000	6.59%
MacLans Services Pty Ltd (ACN 159539143) ATF MacLans Superannuation Fund (ABN 86352728341)	12,387,500	5.87%
Rigi Investments Pty Ltd ATF The Cape Trust	10,258,944	4.86%
Australian Solar Innovations Pty Ltd ATF Philip Amery Family Trust	9,580,000	4.54%
NJ Family Pty Ltd ATF NJ Family Trust	8,022,667	3.80%
Carolyn Tindall	7,345,000	3.48%
Stephen Smith	5,800,000	2.75%
Pw And Vj Cooper Pty Ltd ATF P W And V J Cooper Superannuation Fund	5,672,667	2.69%
Daraleigh Pty Ltd ATF DC & ML Dillon Trust	5,000,000	2.37%
Tyler Samuel Mapstone and Charles Edward Young ATF Acacia Street Family Trust (ABN 80961718860)	4,785,670	2.27%
Andrew Thompson & Lydia Thompson ATF The LJD Discretionary Trust	4,025,000	1.91%
C&A Lam Pty Ltd ATF C&A Lam Family Trust	4,000,000	1.90%
Peter Lansom	3,500,000	1.66%
Gyton Pty Ltd ATF Gyton Pty Ltd Superannuation Fund	2,995,000	1.42%
Mrs Catherine Anne Marson + Mr Joseph Marson ATF The Marson Family S/F A/C	2,850,000	1.35%
DM Woodley SMSF Pty Ltd ATF Woodley DM Woodley Super Fund	1,760,000	0.83%
Mr Andrew Moffa & Mrs Sonia Catherine Moffa ATF The Moffa Superannuation Fund	1,612,500	0.76%
Loosemore Investments Pty Ltd ATF Loosemore Investments Family Turst	1,612,500	0.76%
Top 20 shareholders	**186,449,398**	**88.38%**
Other shareholders	24,516,386	11.62%
Total	**210,965,784**	**100.00%**

Source: Management

As at the date of this Report, there were 2,500,000 related party options (the **"Related Party Options"**) on issue, as summarised in the table below.

Table 10 Summary of Related Party Options

No.	Name of Registered Holders	Balance after Issue	Exercise Price	Expiry Date
1	Daraleigh Pty Ltd ATF DC & ML Dillon Trust	2,500,000	$ 0.06	30/09/2026

Source: Management

As at the date of this Report there are 25,833,334 Capital Raising Options on issue to Wahl Citadel from the Company, with 2,666,667 further Capital Raising Options which may be issued to Wahl Citadel in July 2025. We have summarised these options in the table below. We note that the Capital Raising Options have no expiry date, and an exercise price of $nil.

Table 11 Summary of Capital Raising Options

Date Issued	Options issued	Balance after issue	Issue price
December 2024	12,500,000	12,500,000	$ 0.40
June 2025	13,333,334	25,833,334	$ 0.75
July 2025	2,666,667	28,500,001	$ 0.75

Source: Management

Note: while the July 2025 issuance is not yet finalised, it is included in the NoM dated July 2025, and as such has been included in our total assessed amount

4. Valuation Approach

4.1 Valuation methodologies

RG 111 proposes that it is generally appropriate for an expert to consider using the following valuation methodologies:

- the discounted cash flow ("**DCF**") method and the estimated realisable value of any surplus and non-operating assets and liabilities;
- the application of earnings multiples to the estimated future maintainable earnings added to the estimated realisable value of any surplus assets surplus and non-operating assets and liabilities;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

Market based methods estimate the fair value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

The recent quoted price for listed securities method provides evidence of the fair value of a Company's securities where they are publicly traded in an informed and liquid market.

Industry specific methods usually involve the use of industry rules of thumb to estimate the fair value of a Company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair value of a Company than other market-based valuation methods because they may not account for Company specific risks and factors.

Income based methods

Income based methods estimate value by calculating the present value of a Company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow; and
- capitalisation of future maintainable earnings ("**CFME**").

The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the Company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

CFME is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("**FME**") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable target companies and the trading multiples of comparable listed companies. This methodology is commonly applied where earnings are stable and a FME stream can be established with a degree of confidence. Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, EBITDA, EBIT or net profit after tax ("**NPAT**"). The earnings from any surplus and non-operating assets and liabilities are excluded from the estimate of FME and the value of such assets and liabilities is separately added/subtracted to the value of the business in order to derive the total value of the Company. The appropriate multiple to be applied is usually derived from an analysis of stock market trading multiples of comparable companies (which do not include a control premium) and the implied multiples paid in comparable transactions (which include a control premium).

Asset based methods

Asset based methodologies estimate the fair value of a Company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis (**"NAV"**).

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a Company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation

charges that arise, assuming the Company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a Company is not valued on a going concern basis.

The NAV method estimates the market values of the net assets of a Company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the Company's assets are liquid, or for asset holding companies.

4.2 Selection of valuation methodologies

Valuation of a Silica Share prior to the Proposed Transaction (control basis)

In assessing the value of a Silica Share prior to the Proposed Transaction, we have selected the following valuation methodologies:

- A sum of the parts methodology which assesses the Fair Value of the Company by valuing the various assets and liabilities of Silica Resources, and aggregating these values (primary methodology); and
- The price per Share based on the latest capital raise of the Company (secondary methodology).

Primary Methodology

The sum of the parts approach comprises the Fair Value of the following:

- The Mourilyan Silica Sands Project, as the aggregate of:
  - The value of the ore reserves defined in the definitive feasibility study ("**DFS**" and the "**Ore Reserves**") valued using the DCF methodology based on the 28 years and 7 months life of mine ("**LOM**") model titled 'SRA DFS Financial Model Final' supplied by Management ("**Mine Plan**"), with the resources estimates, forecast production cash flows and technical assumptions reviewed by the independent technical specialist, SRK Consulting;
  - The value of the defined residual mineral resources ("**Residual Resources**") outside the DFS stage, as assessed by SRK Consulting; and
- The other assets and liabilities of the Company adopting a net assets on a going concern methodology.

As Management has supplied us with the Mine Plan containing the Ore Reserves defined by Mining Plus in their 2024 DFS as at 28 February 2024 in accordance with the definitions and guidelines contained in the JORC Code, and given that the Mourilyan Silica Sands Project has been classified as a Development Project by SRK in accordance with the VALMIN Code definitions, we consider that we have reasonable basis under Regulatory Guide 170 Prospective financial information ("**RG 170**") and Information Sheet 214: Mining and resources: Forward-looking statements ("**INFO 214**") to apply the DCF methodology.

We have instructed SRK to act as an independent technical specialist to review the technical assumptions contained in the Mine Plan as well as provide an independent valuation of the Residual Resources and Exploration Assets ("**SRK Report**"). The SRK Report is set out in **Appendix I** of this Report.

In applying the net assets on a going concern methodology, we have adjusted the reported net asset value of the Company as at 31 May 2025 for the following:

- the removal of the impact of AASB16 Leases;
- the book value of the capitalised costs pertaining to the MSS Project; and
- The potential dilutionary impact of the Related Party Options.

The value of a Silica Share prior to the Proposed Transaction has been assessed on a controlling basis.

Secondary Methodology

We have utilised the price per Share based on the latest capital raise of the Company as a secondary supporting valuation methodology.

Valuation of a Silica Share immediately following the Proposed Transaction (non-controlling basis)

We have assessed the Fair Value of a Share in Silica Resources immediately post the Proposed Transaction (on a minority interest basis) under two scenarios, firstly assuming no conversion of the Convertible Loan, and secondly assuming full conversion of the Convertible Loan.

*Scenario 1: Assuming no conversion of the Convertible Loan ("**Scenario 1**")*

Our valuation of a Silica Share (on a non-control basis) assuming no conversion of the Convertible Loan has been assessed based on our assessed Valuation of a Silica Share prior to the Proposed Transactions (control basis), adjusted for the following:

- the potential dilutionary impact of the options created by the Non-Associated Shareholder approval;
- the cash to be received upon subscription by Wahl Citadel for the Capital Raising Options post 30 June 2025;
- the impact of the Deferred Shares issuance on the total number of shares;
- the impact of the Capital Raising Options on the total number of shares; and
- a discount for lack of control.

*Scenario 2: Assuming full conversion of the Convertible Loan ("**Scenario 2**")*

Our valuation of a Silica Share (on a non-control basis) assuming full conversion has been assessed based on our assessed Valuation of a Silica Resource share prior to the Proposed Transactions (control basis) adjusted for the following:

- adding back the Debt Component of the Convertible Loan to adjusted net assets;
- the cash to be received upon subscription by Wahl Citadel for the Capital Raising Options post 30 June 2025;
- the impact of the Option Shares issuance on the total number of shares;
- the impact of the Deferred Shares issuance on the total number of shares;
- the impact of the Capital Raising Options exercise on the total number of shares; and
- a discount for lack of control.

5. Valuation of a Silica Share prior to the Proposed Transaction

As stated in **Section 4** of the Report, we have assessed the Fair Value of Silica Resources on a 100% controlling interest basis prior to the Proposed Transaction utilising the following methodologies:

- Sum of the parts approach; and
- Value per share based on Silica Resources' recent capital raise.

5.1 Sum of the parts approach

In applying the sum of the parts approach, we have considered the Fair Value of the following:

- The MSS Project, as the aggregate of:
  - The value of the Ore Reserves defined in the DFS, valued using the DCF methodology;
  - The value of the Residual Resources outside the DFS model, as assessed by SRK Consulting;
- The book value of the Convertible Loan Agreement being materially equal to the Fair Value. We have performed benchmarking of the interest rate of the Convertible Loan Agreement to comparable companies with external debt. See Appendix H for our detailed assessment of this; and
- The other assets and liabilities of the Company adopting a net assets on a going concern methodology.

Our assessment of the Fair Value of a Silica Share is summarised in the table below. The sum of the parts approach represents the value of a controlling shareholding. Accordingly, we consider no further premium is necessary to assess the Fair Value of the Company prior to the Proposed Transaction.

Table 12 Fair Value of a Silica Share prior to the Proposed Transaction

$'000	Low	High	Preferred
Mourilyan Silica Sands Project			
Fair Value of Ore Reserves	240,543	282,659	260,190
Fair Value of Residual Resources	2,400	7,100	4,700
Fair Value of Exploration Assets	-	-	-
Fair Value of Mourilyan Silica Sands Project (100% interest)	**242,943**	**289,759**	**264,890**
Other assets and liabilities of the Company			
Net Assets at 31 May 2025	2,958	2,958	2,958
Less: Book value of Exploration Assets	(12,591)	(12,591)	(12,591)
Less: Property, plant & equipment	(7,800)	(7,800)	(7,800)
Less: Right of use asset	(466)	(466)	(466)
Add: Lease liabilities	503	503	503
Less: Potential dilutionary impact of the Related Party Options	(2,040)	(2,040)	(2,040)
Fair Value of other assets and liabilities of the Company	**(19,436)**	**(19,436)**	**(19,436)**
Equity Value (control basis)	**223,507**	**270,323**	**245,454**
Number of Shares on issue (prior to the proposed transaction) (#'000)	210,965,784	210,965,784	210,965,784
Assessed Fair Value per Share (control basis) ($)	**$1.06**	**$1.28**	**$1.16**

Source: Management and RSM analysis

Assessment of Fair Value of the Mourilyan Silica Sands Project

Ore Reserves

We have assessed the Fair Value of the MSS Project at between $242.9m to $289.8m, with a preferred value of $264.9m, using the DCF methodology and based on the forecasts included in the Mine Plan and adjustments to key inputs as suggested by SRK in the SRK Report.

Management has prepared detailed cash flow projections for the extraction of resources from the MSS Project based on current mine and operational plans as part of their DFS. The cash flow for the MSS Project comprises A$ denominated nominal after-tax cash flows for an approximately 29-year period (when reserves as defined per the JORC code are expected to be depleted).

SRK has reviewed the technical assumptions included in the Mine Plan and has recommended changes to a number of these assumptions. We have incorporated these changes in our discounted cash flow model valuation to arrive at an adjusted model ("**Adjusted Model**"). The assumptions reviewed and recommendations by SRK include:

Table 13 Adjustments to key inputs to the Mine Plan suggested by SRK

Assumption	Recommendation
Ore tonnage profile	No change
Ore grade profile	No change
Waste tonnage profile	No change
Mining operating costs	No change
Mining capital cost	No change
Processing yield	No change
Processing and port capital cost	Increase capital cost by 7.5%
Processing operating cost	No change
Product split	Decrease product price basket by 5%

Source: SRK Report

A copy of the SRK report is set out in **Appendix I**.

Future cash flows

We have reviewed the assumptions used in the Mine Plan, including:

- Analysing the Mine Plan, including limited procedures regarding the mathematical accuracy of the model (but have not performed a detailed review nor audit of the Mine Plan);
- Conducting independent research on certain economic inputs such as exchange rates, inflation, and the discount rate applicable to the future cash flows of the Mine Plan; and
- updating the Mine Plan for changes arising from SRK's review of the technical assumptions and our own work.

We note that any prospective financial information is dependent upon the outcome of many assumptions, some of which are outside the control of Management and may be affected by unforeseen events. Assumptions relating to the prospective financial information can be reasonable at the time of their preparation but can change materially over a relatively short period of time. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model.

The key assumptions adopted in the preparation of the cash flow projections, and the adjustments we have made, are discussed below.

Economic assumptions

Inflation

Management has provided us with the Mine Plan, which includes projected LOM cash flows in nominal terms for the MSS Project. Management applied a forecast inflation rate of 2.0%.

The MSS Project is situated in Mourilyan, Queensland, Australia. As such we have applied an inflation rate based on the current trends and consensus forecasts for Australia. Accordingly, we have adjusted to adopt an inflation rate of 2.5% per annum.

Foreign exchange

All underlying inputs utilised in the Mine Plan are initially denominated in A$, apart from those associated with pricing which is denominated in US$. Management have applied a foreign exchange rate for the conversion of their product prices of US$0.6750 to A$1.00. We have applied an exchange rate in each year corresponding to those set out in the table below, and for 2032 onward, we have applied an exchange rate of US$0.693 to A$1.00 in the Adjusted Model, being the forecast exchange rate for the final period, 2031, included in our source, as set out in the table below.

Table 14 US$ to A$ exchange rates

$	2025	2026	2027	2028	2029	2030	2031	2032-54
US$ to A$	0.640	0.662	0.673	0.682	0.696	0.697	0.693	0.693

Source: Consensus Economics

In deriving the exchange rates shown above, we have considered forecasts prepared by economic analysts as well as other publicly available industry estimates and commentary such as broker estimates and industry research.

Pricing

The MSS Project is expected to produce silica sands over its expected life. In assessing price assumptions, we have had regard to the following:

- SRK recommendations contained in the SRK Report;
- MSS Project ITE prepared by a mining consultant and advisory expert, supplied to us by Management;
- Asia Pacific Silica Sand Target Market Segments Report for the Mourilyan Silica Sand Project prepared by a mining consultant and advisory expert, supplied to us by Management; and
- other publicly available industry estimates and commentary such as broker estimates and industry research.

We note that our research for forecast pricing information from reputable independent sources yielded no results. Accordingly, we consider SRK's recommendation of a 5% price decrease for the product basket to be appropriate in the circumstances.

We acknowledge that the Asia Pacific Silica Sand Target Market Segments Report includes forecast price expectations for various flour and sand products, however, due to the limitations of use and reliance stipulated in this report, we are unable to rely on its contents. We note nonetheless that the forecast prices included in that report corroborates the price assumptions in the Mine Plan.

We have considered the lack of independent forecast pricing information in our assessment of the level of forecasting risk inherent in the Adjusted Model, which has been used in assessing an appropriate discount rate for the purpose of valuing the Ore Resources using the DCF methodology.

The price adopted by Management in the Mine Plan, along with those utilised in the Adjusted Model, are detailed in the table below.

Table 15 Pricing matrix

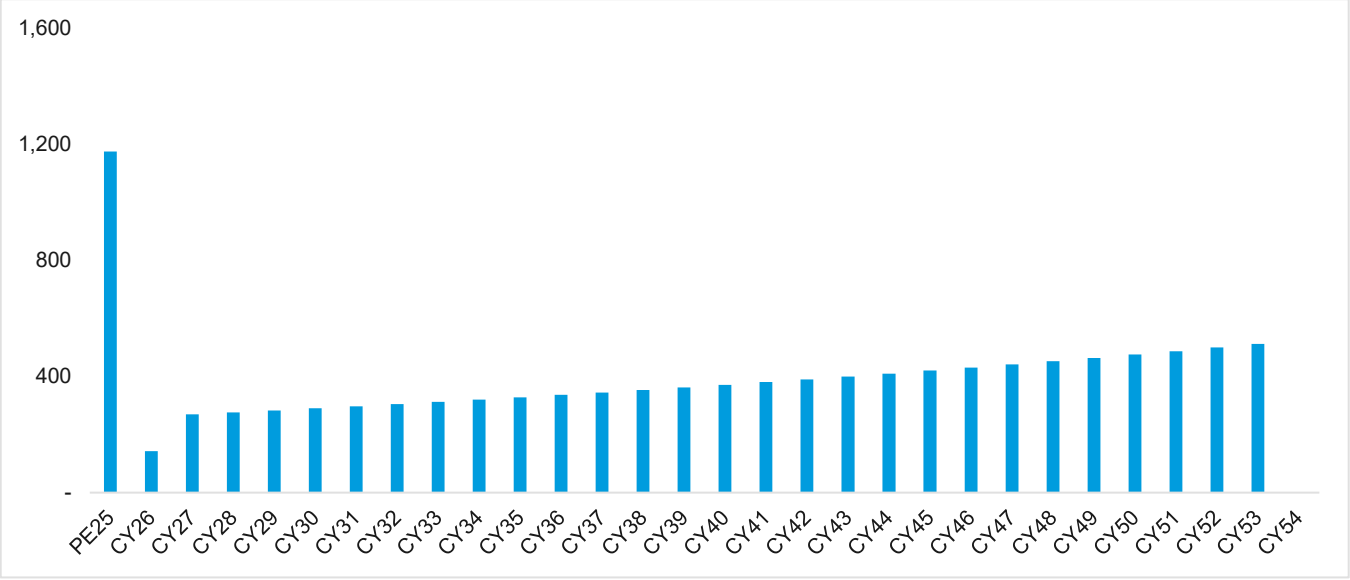
Product	Base currency	Mine Plan US$/tonne	Adjusted Model US$/tonne
75-150 Flour	US$	140	133
150-250 Industrial Sand - Operational price	US$	90	86
150-250 Industrial Sand - Initial stage price	US$	90	86
150-250 Flour	US$	140	133
Low Iron Flour	US$	210	200

Source: Mine Plan and RSM analysis

LOM assumptions

Capital expenditure

The following figure sets out the projected capital expenditure in the Adjusted Model, forecast to total A$11.6m (in nominal terms).



We have adjusted Capex according to SRK's recommendation to increase by 7.5%, from $10.7m to $11.6m, on the basis that they cited significant cost increases in the mining industry since the third quarter of 2023.

Commencement of production

The Mine Plan adopts an owner-leasing model as the basis for the construction and mining operations of the MSS Project. The Mine Plan shows that production and revenue generation will commence in December 2024. As the historical period extends to May 2025, we have adopted a start date in June 2025 as we consider this would reflect the accurate range of forecast earnings and cash flows arising from the Model, and therefore, the accurate range of the value of the MSS Project at the date of this Report.

Other assumptions

In addition to the assumptions discussed in the preceding sections, the following assumptions have also been applied in the Mine Plan and Adjusted Model:

- Cash flows are modelled on a post-tax basis based on taxable income and the local tax jurisdiction. Australia's corporate tax rate is currently 30%; and
- The MSS Project is subject to mining royalty payments to the Queensland Government of $0.90/tonne. Over the life of the MSS Project, royalties of A$9.1m are expected to be paid (in nominal terms).

Discount rate

The discount rate we have selected allows for both the time value of money and the risks attached to future cash flows. The applicable discount rate is the likely rate of return an acquirer of the MSS Project would require for the risks inherent in investing in the asset.

We have utilised the weighted average cost of capital ("**WACC**") as our discount rate. We have assessed the WACC to be in the range of 13.0% to 15.0%, with midpoint of 14.0%. Details of our assessment of the WACC is set out in **Appendix G**.

Sensitivity Analysis

We have performed a sensitivity analysis by adjusting five key inputs included in the Adjusted Model and DCF. We have selected our sensitivities based on the key assumptions that underpin the Adjusted Model and drives the value under the DCF. We consider the key sensitivities to be:

- Forecast price of silica products;
- Operational expenditure (Opex);
- Capital expenditure (Capex);
- Exchange rate; and
- Discount rate.

The table below summarises the high level impact on the value after applying the relevant sensitivity to the Adjusted Model and the DCF.

Table 16 Discount rate sensitivity analysis

$'000	12.0%	12.5%	13.0%	13.5%	14.0%	14.5%	15.0%	15.5%	16.0%
NPV - 100% interest	308,485	295,114	282,659	271,041	260,190	250,043	240,543	231,638	223,280

Table 17 Adjusted Model assumptions sensitivity analysis

$'000	Price	Opex	Capex	Exchange rate
-10%	224,082	283,250	260,485	284,586
-5%	242,136	271,720	260,338	271,746
0%	260,190	260,190	260,190	260,190
+5%	278,244	248,660	260,042	249,734
+10%	296,298	237,129	259,894	240,230

We note that the DCF and Adjusted Model is most sensitive to changes in price, operating expenditure (**"Opex"**), exchange rate, and the applied discount rate.

Shareholders should note that each of the variables noted above is unlikely to move in isolation and may have offsetting or compounding effects. The sensitivities performed do not cover the full range of possible outcomes and there is significant uncertainty involved with forecasting commodity prices in particular.

SRK valuation of Residual Resources and Exploration Assets

The Mine Plan only incorporates the DFS production plan of the current declared mineral resources of the MSS Project. The majority of the remaining declared resources are classified as either Measured or Indicated Resources.

Therefore, we have instructed SRK to provide a valuation of the Residual Resources not included in the Mine Plan and other mineral assets owned by the Company (the "**Exploration assets**"), as set out in the SRK Report set out in **Appendix H**.

In forming its opinion on the market value of the Residual resources, SRK has utilised the comparable market transactions method with cross checks from the Yardstick method (for resources).

SRK has attributed a valuation range of the Residual Resources of $2.4m to $7.1m, with a preferred valuation of $4.7m.

SRK has attributed no value to the Exploration Assets.

Value of other assets and liabilities

The value of other assets and liabilities which have not been specifically considered elsewhere in the sum of parts valuation should also be reflected in the value of a Silica Share. Our analysis of the other assets and liabilities is shown in the table below, based on the reviewed balance sheet at 31 May 2025 and adjusted as set out below.

Table 18 Value of other assets and liabilities

Silica Resources Australia Limited Statement of financial position ($'000)	31-May-25 Unaudited	Adjustments	Assessed Value
Assets			
Current assets			
Cash and cash equivalents	1,558	-	1,558
Prepayments	375	-	375
Trade and other receivables	750	-	750
Total current assets	**2,683**	**-**	**2,683**
Non current assets			
Trade and other receivables	346	-	346
Property, plant & equipment	7,800	(7,800)	-
Right-of-use assets	466	(466)	-
Exploration assets	12,591	(12,591)	-
Total non-current assets	**21,203**	**(20,857)**	**346**
Total assets	**23,887**	**(20,857)**	**3,030**
Current liabilities			-
Trade and other payables	2,431	-	2,431
Lease liabilities	57	(57)	-
Employee related payables	38	-	38
Tax liabilities	(180)	-	(180)
Provisions	56	-	56
Total current liabilities	**2,402**	**(57)**	**2,345**
Non current liabilities			-
Lease liabilities	446	(446)	-
Convertible Loan	10,294	-	10,294
Advances for share capital	7,787	-	7,787
Total non-current liabilities	**18,527**	**(446)**	**18,081**
Total liabilities	**20,929**	**(503)**	**20,426**
Net assets	**2,958**	**(20,354)**	**(17,396)**

Source: Management accounts and RSM analysis

To assess whether the book value of the Convertible Loan approximates its Fair Value, we have undertaken a benchmarking of the interest rates applicable to the borrowings of comparable companies with similar terms to the Convertible Loan, to assess whether the interest rate applicable to the Convertible Loan is a commercial, arms-length interest rate. Our benchmarking is set out in **Appendix H**. Based on our analysis, we consider the interest rate applicable to the Convertible Loan of 10% to be reasonable, and have therefore not made any adjustments to the carrying value of the Convertible Loan.

Based on our review of the management accounts of the Company for YTD25, other than the above eliminations, no further adjustments are required to the value of the other assets and liabilities not specifically considered elsewhere in the value of a Silica Share prior to the Proposed Transaction.

Dilutionary impact of Silica Options

At the date of this Report, Silica Resources has 2,500,000 Related Party Options.

It is necessary to consider the remaining balance of the potential dilutionary impact of any options subject to vesting conditions as representative of the future services that Silica Resources will receive, being part of the future remuneration of any recipients, and therefore not included within our valuation of a Silica Share prior the Proposed Transaction. In this case, we have determined that all Related Party Options have fully vested and as such, the remaining balance excluded is $nil.

The dilutionary impact of the Silica Options included in our assessment of the Fair Value of a Silica Share prior to the Proposed Transaction are set out in the table below.

Table 19 Silica Options valuation summary

Option	Number of options	Exercise price	Value per option/right	Total dilutionary impact
Related Party Options				
DC & ML Options	2,500,000	$0.0625	$0.82	$2,049,250
Total	**2,500,000**			**$2,049,350**

Source: RSM analysis

Details of the assumptions and inputs we have used to value the potential dilutionary impact of the Options are set out in **Appendix D**.

Refer to **Section 3.8** for detail on issued Options.

Number of Silica Shares on issue

We have utilised the total number of Shares outstanding at the date of this Report of 210,965,784, as set out in **Table 5**, to assess the Fair Value of a Share immediately prior to the Proposed Transaction.

Guidance provided in RG 111.15 states that experts should consider the funding requirements of a company that is not under financial distress when considering its value using certain methodologies, such as the discounted cash flow methodology. Based on our review of the Mine Plan and Adjusted Model, Silica Resources will generate sufficient cash flows over the LOM to fund its operations. Accordingly, no notional funding adjustments have been considered in our valuation.

5.2 Consideration of recent capital raises

In order to provide a comparison and cross check to our primary valuation of Silica Resources, we have also considered the Fair Value of the Company implied by the recent capital raise performed by the Company in May/June 2025.

In May/June 2025, Silica Resources issued 1,061,327 ordinary shares as part of a capital raise, at an issue price of $0.75 per share, to raise total funds prior to costs of $796k.

Our valuation of a Silica Share, based on the implied value per Share per the June 2025 capital raise, including a premium for control, is between $0.98 and $1.01, as summarised in the table below.

Table 20 Value of a Silica Share based on April 2025 capital raise

	Low	High	Preferred
Total capital raised (prior to costs) ($'000)	796	796	796
Number of shares issued ('000)	1,061	1,061	1,061
Equity value per share (non-controlling basis)	**$ 0.75**	**$ 0.75**	**$ 0.75**
Control premium	30.0%	35.0%	32.5%
Equity value per share (control basis)	**$ 0.98**	**$ 1.01**	**$ 0.99**

Source: Management and RSM analysis

Control Premium

Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

- access to potential synergies;
- control over decision making and strategic direction;
- access to underlying cash flows; and
- control over dividend policies.

RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on ASX over the 15.5 years ended 31 December 2020 (**"RSM Control Premium Study 2021"**). In determining the control premium, RSM compared the

offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, RSM used the closing share price of the acquiring company on the day prior to the date of the offer. The findings are summarised in the table below, showing the average control premiums paid 20, 5 and 2 days prior to announcement of a transaction, which are applied at the equity level.

Table 21 RSM Control Premium Study 2021

	No. of transactions	20 days pre	5 days pre	2 days pre
Average control premium (all industries)	605	34.7%	29.2%	27.1%
Average – Metals & Mining	161	36.6%	32.5%	29.8%

Source: Management and RSM analysis

In valuing a Silica Share prior to the Proposed Transaction and having regard to Silica Resources' gearing structure and the industry in which the Company operates, we consider that a premium for control of between 30% to 35% would be reflective of Silica Resources' operations.

5.3 Valuation Summary of a Silica Share Prior to the Proposed Transaction

A summary of our assessed Fair Value of a Silica Share on a controlling interest basis prior to the Proposed Transaction, derived under the two valuation methodologies, is set out in the table below.

Table 22 Valuation summary of a Silica Share prior to the Proposed Transaction

$	Low		High		Preferred
Sum of the parts approach	$	1.06	$	1.28	$ 1.16
Implied value per the recent capital raise	$	0.98	$	1.01	$ 0.99

Source: RSM analysis

We have assessed the Fair Value of a Silica Share on a controlling interest basis to be in the range of $1.06 and $1.28 derived using the sum of the parts approach, which we have applied as our primary methodology.

The value per Share implied by the recent capital rase of Silica Resources implies a lower value relative to our primary methodology. This variance may be due to the investors not having access to the same level of information which we have utilised in our analysis, a difference in the valuation inputs applied, such as our assessed WACC of the Company, or a difference in the discount applied for lack of control or marketability applicable to the issued parcels of shares. In our opinion, we consider the valuation range assessed utilising our primary methodology, being the sum of the parts approach, to be a better indicator of the Fair Value of a Share prior to the Proposed Transaction.

Therefore, in our opinion, we consider the Fair Value of a Silica Share to be between $1.06 and $1.28, with a preferred value of $1.16, on a controlling interest basis.

6. Valuation Summary of a Silica Share immediately following the Proposed Transaction

We have assessed the Fair Value of a Share in Silica Resources immediately following the Proposed Transaction (on non-control basis) under two scenarios, firstly assuming no conversion of the Convertible Loan ("**Scenario 1**"), and secondly assuming full conversion of the Convertible Loan ("**Scenario 2**" and together the **"Two Scenarios"**).

Refer to **Section 4** for our detailed valuation approach and methodology.

6.1 Assuming no conversion

Our assessed Fair Value of a Share immediately following the Proposed Transaction, on a control basis, under Scenario 1, is set out in the table below.

Table 23 Assessed value of a Silica Share immediately following the Proposed Transaction (control basis, no conversion)

	Low	High	Preferred
	$'000	$'000	$'000
Equity Value prior to the Proposed Transaction (control basis), excl. dilutionary impact of Related Party Options	225,547	272,363	247,494
Less: Potential dilutionary impact of the Related Party Options	(1,459)	(1,459)	(1,459)
Add: Cash to be received upon subscription for Capital Raising Options post 30 June 2025	2,000	2,000	2,000
Less: Potential dilutionary impact of the option created by the Non-Associated Shareholder approval	(35,787)	(35,787)	(35,787)
Equity Value immediately following the Proposed Transaction (assuming no conversion)	**190,301**	**237,117**	**212,248**
Number of shares on issue immediately following the Proposed Transaction (assuming no conversion) (#)	248,057,030	248,057,030	248,057,030
Fair Value of a Silica Resources Share immediately following the Proposed Transaction (control basis, assuming no conversion)	**0.77**	**0.96**	**0.86**

Source: RSM analysis

Potential dilutionary impact of the option created by the Non-Associated Shareholder approval

As discussed in **Section 4**, we have included the potential dilutionary impact of the option created by the Non-Associated Shareholder approval for the issuance of the Repayment Shares in our assessment of the Fair Value of a Silica Share immediately following the Proposed Transaction. Further detail of our assessment of the potential dilutionary impact of the option created by the Non-Associated Shareholder approval is set out in **Appendix D**.

We consider that the Fair Value of a Silica Share following the settlement of the Convertible Loan on a control basis, assuming no conversion, is between $0.77 and $0.96.

Discount for lack of control

A discount to reflect a minority interest in an entity is the inverse of a control premium. Accordingly, we have applied a discount for lack of control ("**DLOC**") of between 23% to 26%, being the inverse of our assessed control premium in **Section 5.2** of between 30% to 35%, rounded.

We have applied our assessed DLOC, to the Fair Value of a Silica Share on a control basis assessed above, as set out in the table below.

Table 24 Assessed value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, no conversion)

$	Low	High	Preferred
Fair Value of a Silica Share immediately following the Proposed Transaction (control basis, no conversion)	0.77	0.96	0.86
Discount for lack of control	26.0%	23.0%	24.5%
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming no conversion)	**0.57**	**0.74**	**0.65**

Source: RSM analysis

Number of Silica Shares on issue

We have utilised the total number of Shares outstanding at the date of this Report, along with the Shares to be issued as Deferred Shares and Option Shares of 248,057,030, as set out in **Table 5**, to assess the Fair Value of a Share immediately following the Proposed Transaction under Scenario 1.

We consider that the Fair Value of a Silica Share immediately following the Proposed Transaction on a non-controlling basis, assuming no conversion, is between $0.57 and $0.74.

6.2 Assuming full conversion

Our assessed Fair Value of a Share immediately following the Proposed Transaction, on a control basis, under Scenario 2, is set out in the table below.

Table 25 Assessed value of a Silica Share immediately following the Proposed Transaction (control basis, full conversion)

	Low	High	Preferred
	$'000	$'000	$'000
Equity Value prior to the Proposed Transaction (control basis), excl. dilutionary impact of Related Party Options	225,547	272,363	247,494
Less: Potential dilutionary impact of the Related Party Options	(1,330)	(1,330)	(1,330)
Add: Cash to be received upon subscription for Capital Raising Options post 30 June 2025	2,000	2,000	2,000
Less: Debt related to Convertible Loan on 31 May 2025 Balance Sheet	10,294	10,294	10,294
Equity Value immediately following the Proposed Transaction (assuming full conversion)	**236,511**	**283,327**	**258,458**
Number of shares on issue immediately following the Proposed Transaction (assuming full conversion) (#)	328,297,055	328,297,055	328,297,055
Fair Value of a Silica Share immediately following the Proposed Transaction (control basis, assuming full conversion)	**0.72**	**0.86**	**0.79**

Source: RSM analysis

We consider that the Fair Value of a Silica Share post settlement of the Convertible Loan on a control basis, assuming full conversion, is between $0.72 and $0.87.

We have applied our assessed DLOC, as discussed in **Section 5.3**, to the assessed value above, as set out in the table below.

Table 26 Assessed value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, full conversion)

$	Low	High	Preferred
Fair Value of a Silica Share immediately following the Proposed Transaction (control basis, full conversion)	0.72	0.86	0.79
Discount for lack of control	26.0%	23.0%	24.5%
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming full conversion)	**0.53**	**0.66**	**0.59**

Source: RSM analysis

Number of Silica Shares on issue

We have utilised the total number of Shares outstanding at the date of this Report, along with the Shares to be issued as Deferred Shares, Option Shares and Repayment Shares of 328,297,055, as set out in **Table 5**, to assess the Fair Value of a Share immediately following to the Proposed Transaction under Scenario 2.

We consider that the Fair Value of a Silica Share post settlement of the Convertible Loan on a non-controlling basis, assuming full conversion, is between $0.53 and $0.66.

6.3 Valuation Summary of a Silica Share immediately following the Proposed Transaction

We have set out in the table below our summary of the Fair Value of a Silica Share post the Proposed Transaction, under the Two Scenarios.

Table 27 Summary of assessed value/s of a Silica Share immediately following the Proposed Transaction

$	Low	High	Preferred
No conversion			
Fair Value of a Silica Share immediately following the Proposed Transaction (control basis, assuming no conversion)	0.77	0.96	0.86
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming no conversion)	0.57	0.74	0.65
Full conversion			
Fair Value of a Silica Share immediately following the Proposed Transaction (control basis, assuming full conversion)	0.72	0.86	0.79
Fair Value of a Silica Share immediately following the Proposed Transaction (non-controlling basis, assuming full conversion)	0.53	0.66	0.59

Source: RSM analysis

7. Is the Proposed Transaction Fair to the Non-Associated Shareholders?

In assessing whether we consider the Proposed Transaction to be fair to Non-Associated Shareholders, we have valued a Silica Share prior to the Proposed Transaction on a controlling basis and compared it to value of a Silica Share immediately following the implementation of the terms of the Proposed Transaction on a non-controlling basis, to determine whether a Non-Associated Shareholder would be better or worse off should the Proposed Transaction be approved.

Our assessment is set out in the table below.

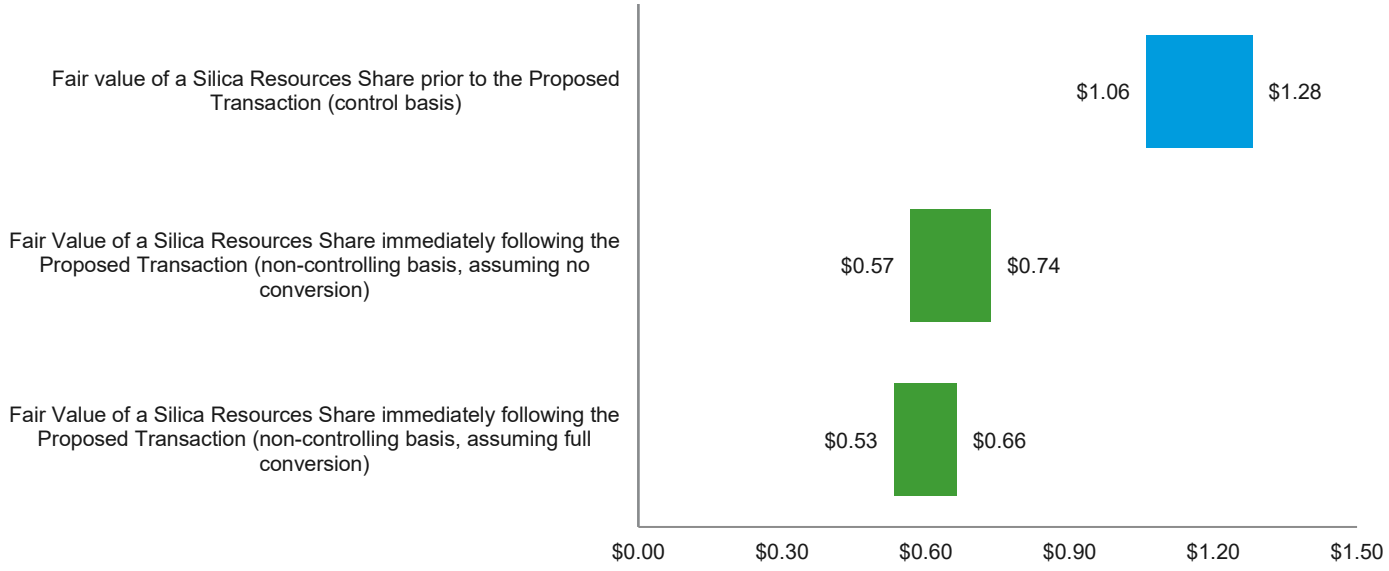
Table 28 Valuation Summary

	Low	High	Preferred
Fair value of a Silica Share prior to the Proposed Transaction (control basis)	**$1.06**	**$1.28**	**$1.16**
Fair Value of a Silica Share following the settlement of the $13.5m Convertible Loan (non-controlling basis, assuming no conversion)	**$0.57**	**$0.74**	**$0.65**
Fair Value of a Silica share following the settlement of the $13.5m Convertible Loan (non-controlling basis, assuming full conversion)	**$0.53**	**$0.66**	**$0.59**

Source: RSM analysis

The above comparison is presented graphically below.

Figure 3 Assessed Fair Value of a Silica Share prior to the Proposed Transaction on a controlling basis and the Assessed Fair Value of a Silica Share immediately post the Proposed transaction on a non-controlling basis



Source: RSM analysis

The table and chart above indicate that the Fair Value of a Silica Share (on a non-controlling basis) immediately after the Proposed Transaction is less than the Fair Value of a Silica Share (on a controlling basis) prior to the Proposed Transaction.

As such, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Act, we consider the Proposed Transaction to be not fair to the Non-Associated Shareholders of Silica Resources.

8. Is the Proposed Transaction Reasonable to Non-Associated Shareholders?

RG 111 establishes that a Proposed Transaction is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the Proposed Transaction in the absence of a higher bid before the Proposed Transaction closes.

As such, we have also considered the following factors in relation to the reasonableness aspect of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the potential advantages and disadvantages of the Proposed Transaction for the Non-Associated Shareholders, including the specific terms of the Proposed Transaction; and
- the existence of alternative proposals.

Future Prospects of Silica Resources if the Proposed Transaction Does Not Proceed

If the Proposed Transaction does not proceed as a result of it not being approved by the Non-Associated Shareholders, the Convertible Loan will continue to accrue interest at the rate of 10% p.a., and Wahl Citadel will maintain its rights under the Convertible Loan Agreement, including its right to:

- Issue a Conversion Notice at any time for the repayment the Outstanding Amount through the issuance of Shares, subject to Shareholder approval, failing which Wahl Citadel will be entitled to the Repayment Amount. Wahl Citadel has indicated that it will not issue a Conversion Notice without prior shareholder approval being obtained.
- Request repayment of the total Outstanding Amount in cash after 30 June 2026.

For the avoidance of doubt, should the Non-Associated Shareholders not approve the Proposed Transaction, the Company will not be obliged to pay Wahl Citadel the Repayment Amount, as Wahl Citadel has not issued a Conversion Notice.

Wahl Citadel will also maintain its rights to the Deferred Shares and Options Shares, subject to obtaining Shareholder approval in accordance with the relevant requirements of the Act.

In the above circumstances, the business operations will continue as is. However, should Wahl Citadel request repayment of the Outstanding Amount in cash after 30 June 2026, that the Company is highly likely to require additional debt or equity funding at that time to pay the Outstanding Amount. If such funding was to be raised by issuing new equity, any such equity is likely to be at a discount to the Fair Value of Silica Shares at the time of the equity issue.

Advantages and disadvantages of approving the Proposed Transaction

In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction is approved than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

The key advantages of the Proposed Transaction are outlined below.

Table 29 Advantages of the Proposed Transaction

Advantage	Details
Avoidance of future repayment obligation and enhanced cash flow certainty	If the Proposed Transaction is not approved, Wahl Citadel will maintain its rights under the Convertible Loan Agreement, including its right to request repayment of the total Outstanding Amount in cash after 30 June 2026. Wahl Citadel will also maintain its right to issue a Conversion Notice (noting that Wahl Citadel has indicated that it will not issue a Conversion Notice without prior shareholder approval being obtained), requiring the repayment of the Outstanding Amount through the issuance of Shares subject to requisite Shareholder approval being obtained, failing which Wahl Citadel will be entitled to the Repayment Amount. Approval of the Proposed Transaction will allow Wahl Citadel to issue a Conversion Notice, which in turn will provide Silica Resources with enhanced certainty on the future cash flows pertaining to the settlement of the Convertible Loan, that is, no future cash payments will be required, allowing Silica Resources to use current cash reserves and future cash reserves raised through capital raises or its operations to fund the working capital requirements of the business.

Interest savings	If the Proposed Transaction is approved and Wahl Citadel issues a Conversion Notice, no further interest will accrue on the Convertible Loan. This will either: ▪ Reduce the potential dilutionary impact on Non-Associated Shareholders, where Wahl Citadel issues a Conversion Notice and obtains relevant Shareholder approvals for the conversion of the Convertible Loan to equity in future; or ▪ Reduce the potential repayment liability of Silica Resources, where Wahl Citadel requests repayment of the total Outstanding Amount in cash after 30 June 2026.
Improved capital structure	If the Proposed Transaction is approved and Wahl Citadel issues a Conversion Notice, the Convertible Loan will convert to equity. Silica's gearing and net asset position will be improved by eliminating a secured liability and stabilising its capital structure, which may improve its attractiveness to future investors or lenders through future capital raising or an IPO.
Reduces uncertainty	If the Proposed Transaction is approved, the risk of future refinancing or default is reduced, especially if market conditions deteriorate between the date of this Report and 30 June 2026.
No new dilution	Wahl Citadel's rights to the Conversion Shares, Deferred Shares and Option Shares are already contractually agreed, albeit subject to Non-Associated Shareholder approval. Approval of the Proposed Transaction will provide Wahl Citadel the option to accelerate their issuance.
Aligning long-term interests of Wahl Citadel	If the Proposed Transaction is approved, and Wahl Citadel issues a Conversion Notice, Wahl Citadel will no longer hold any debt and will subsequently only be an equity holder in Silica Resources, further aligning its interests with the long-term success of Silica. Wahl Citadel has been and continues to be a key funder and supporter of Silica and its operations.

Source: RSM analysis

The key disadvantages of the Proposed Transaction are set below.

Table 30 Disadvantages of the Proposed Transaction

Disadvantage	Details
The Proposed Transaction is not fair	As the Fair Value of a Silica Share (on a non-controlling basis) immediately after the Proposed Transaction is less than the Fair Value of a Silica Share (on a controlling basis) prior to the Proposed Transaction, we consider the Proposed Transaction to be not fair to Non-Associated Shareholders.
Dilutionary impact	If the Proposed Transaction is approved, the Non-Associated Shareholders will, collectively, be diluted from a 78.2% shareholding in Silica Resources (or a 78.5% on a fully diluted basis), to a 50.3% shareholding (or a 50.6% shareholding on a fully diluted basis). With a shareholding exceeding 25%, Wahl Citadel will be able to unilaterally block schemes of arrangement and special resolutions. This will reduce Non-Associated Shareholders' ability to influence decisions such as the composition of the Board, the strategic direction of the Company and the acquisition and disposal of assets. Wahl Citadel's shareholding of 49.7% (or 49.4% on a fully diluted basis), will allow them to continue to acquire shares under the creep provision of the Act and may subsequently be able to gain a controlling interest in the Company. It should be noted, however, that increasing its shareholding above 50% would be inconsistent with Wahl Citadel's investment strategy, as it would trigger financial consequences that are not aligned with its current position.
Limited new funding	Except for the potential $2.0m subscription price for the future Capital Raising Options, passing the Resolution does not approve new funding or new instruments, as the Convertible Loan has already been drawn down in full, and the Deferred Shares and Option Shares have already been subscribed for in full.
Potential ability to appoint a new Director to the board of Silica Resources	To facilitate the Company's ability to secure senior debt, it is understood that Wahl Citadel will be granted the right to appoint an additional Director to the board of Silica Resources, which will increase Wahl Citadel's ability to influence decisions of the Company.

Source: RSM Analysis

Alternative proposals to the Proposed Transaction

We are unaware of any alternative proposal at the current time which might provide the Non-Associated Shareholders of Silica Resources a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of Silica Resources.

An individual shareholder's opinion in relation to the Proposed Transaction may be influenced by their individual circumstances. If in doubt, shareholders should consult an independent advisor.

Appendices

A. Declarations and Disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM), a large national firm of chartered accountants and business advisors.

Andrew Clifford and Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Andrew Clifford and Nadine Marke are Charted Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Non-Associated Shareholders of Silica Resources in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on the Report for any other purpose.

Reliance on Information

The statements and opinions contained in the Report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Silica Resources, and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of the Report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of the Report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of the Report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of **$40,000 to $45,000** (excluding goods and services tax ("**GST**") based on time occupied at normal professional rates for the preparation of the Report. The fees are payable regardless of whether Silica Resources receives Non-Associated Shareholders' approval for the Proposed Transaction.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of the Report in the form and context in which it is included with the Notice to be issued to Shareholders. Other than the Report, neither of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd has been involved in the preparation of the Notice. Accordingly, we take no responsibility for the content of the Notice.

B. Sources of Information

In preparing the Report, we have relied upon the following principal sources of information:

- Notice of Meeting dated 22 July 2025.
- Independent Specialist Report on the mineral assets of Silica Resources Australia Limited prepared by SRK Consulting, dated July 2025.
- Silica Resources audited financial statements for the years ended 30 September 2022, 30 September 2023, and 30 September 2024.
- Silica Resources management accounts for the eight-month period ended 31 May 2025.
- Excel file 'SRA DFS Financial Model' containing the forecast financial model prepared by Management.
- Options Agreement between Silica Resources and Daraleigh Pty Ltd ATF DC & ML Dillon Trust executed 31 March 2022, and associated amendments dated 30 November 2022, 28 April 2023, and 30 September 2023.
- Amendment to Options Agreement between Silica Resources and Andrew Thompson ADLET Pty Ltd ATF The LJD Discretionary Trust signed 31 June 2024.
- Subscription forms related to Silica Resources May 2025 capital raise.
- Silica Resources Australia Aged payables summary.
- Details of Silica Resource's Shareholders.
- S&P Capital IQ database.
- Consensus Economics.
- Connect4 database.
- IBISWorld.
- Reserve Bank of Australia
- Information provided to us throughout correspondence with the Directors and Management of Silica Resources.
- Silica Resources website.

C. Glossary of Terms and Abbreviations

Term or Abbreviation	Definition
$ or AUD	Australian dollar
Act or Corporations Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services Licence
APES	Accounting Professional & Ethical Standards
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of the Australian Stock Exchange amended from time to time
ATO	The Australian Taxation Office
the Act	the Corporations Act 2001
Adjusted Model	Version of Mine Plan adjusted for SRK recommendations, utilised in our DCF valuation
bn	Billion
CAGR	Compound annual growth rate
CFME	Capitalisation of future maintainable earnings
CGT	Capital gains tax
Capital Raising Options	Options issued to Wahl Citadel through capital raisings performed by the Company in December 2024, May/June 2025, and July 2025
Capital Raising Shares	One share as entitled to through each one of the Capital Raising Options
Capex	Capital expenditure
Controlling Interest Basis	As assessment of the Fair Value of an equity interest, which assumes the holder or holders have control of the entity in which the equity is held.
Convertible Loan Agreement	Convertible Loan Agreement between Silica Resources and Wahl Citadel entered into on 25 June 2023
CN Options	Two options issued to Wahl Citadel for each $1 advanced to the Company under the Convertible Loan Agreement
CYXX	Calendar year ended 31 December 20XX
DCF	Discounted Cash Flow
DFS	Definitive Feasibility Statement
DLOC	Discount for lack of control
DSR	Deferred share rights
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enterprise Value or EV	The market value of a business on a cash free and debt free basis
Equity Value	The owner's interest in a Company after the addition of all non-operating or surplus assets and the deduction of all non-operating or excess liabilities from the Enterprise Value.
Exploration assets	Other mineral assets owned by the Company
FME	Future Maintainable Earnings

Term or Abbreviation	Definition
Forward-looking information	Prospective financial information (including forecasts and projections) or any other statements or assumptions about future matters.
FSG	Financial Services Guide
FX	Foreign Exchange
FYXX	Financial year ended 30 September 20XX
GSDs	General Security Deeds between the Company, MSR, and Wahl Citadel over all the assets of the Company and MSR to secure performance of the Company's obligations under the Convertible Loan Agreement
GST	Goods and services tax
Historical Period, the	FY22, FY23, and YTD May 25
IFRS	International Financial Reporting Standards
INFO 214	Information Sheet 214: Mining and resources: Forward-looking statements
Implementation Date	the Implementation of the Proposed Transaction
Interest Amount	Interest associated with Loan Amount calculated as 10% per annum, compounded quarterly
k	Thousands
Loan Amount	$13,500,000 advanced by Wahl Citadel to Silica Resources under Convertible Loan Agreement
LOM	Life of Mine
LTM	Last twelve months
m	Millions
M&A	Merger & acquisition
Management, or Mgmt.	The management of Silica Resources
Market Value or Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length.
Mine Plan	Forecast model prepared by Management as part of the DFS
Minority or Non-Controlling Interest	A non-controlling ownership interest, generally less than 50.0% of a Company's voting shares
MSR	Mourilyan Silica Resources Pty Ltd
MSS Project or Mourilyan Silica Sands Project	Mourilyan Silica Sands Project
NAV	Net assets on a going concern basis
Non-Associated Shareholders or Shareholders	Shareholders who are not a party, or associated to a party, of the Proposed Transaction
Notice / NoM	Notice of General Meeting and Explanatory Statement dated 25 July 2025
NPAT	Net profit after tax
Option Shares	28,500,001 shares to be issued on exercise of the Capital Raising Options
Opex	Operating expenditure
Ore Reserves	Ore reserves defined in DFS valued using DCF based on Mine Plan
Outstanding Amount	Sum of Loan Amount and Interest Amount
Proposed Transaction Booklet	Booklet prepared for the Proposed Transaction to which this Report is attached

Term or Abbreviation	Definition
Proposed Transaction Participants	Each person who is a Silica Resources shareholder on the Proposed Transaction Record Date
Proposed Transaction, the	Conversion of the Convertible Loan, issuance of the Deferred Shares, and exercise of the Capital Raising Options
Plan, the	Silica Resources Long Term Incentive Plan
RBA	Reserve Bank of Australia
Related Party Options	Related party share options
Repayment Amount	Amount payable to Wahl Citadel under the Convertible Loan Agreement if the Proposed Transaction is not approved
Repayment Shares	Shares issued in the repayment of the Outstanding Amount
Report, or IER	This Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd
Residual resources	The residual resources not included in the Mine Plan
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
RG 170	ASIC Regulatory Guide 170 Prospective financial information
RSM Control Premium Study 2021	RSM study on 605 takeovers and schemes of arrangement involving companies listed on ASX over the 15.5 years ended 31 December 2020
RSM, we, us or our	RSM Corporate Australia Pty Ltd
S611(7)	Item 7 of Section 611 of the Corporations Act
S&P Capital IQ or Capital IQ	An entity of Standard and Poor's which is a third-party provider of Company and other financial information
Scenario 1	Scenario assuming no conversion of the Convertible Loan
Scenario 2	Scenario assuming full conversion of the Convertible Loan
Silica Resources, the Company	Silica Resources Australia Ltd
Silica Options	The options on issue in Silica Resources
Silica Shares or Shares	The ordinary shares on issue in Silica Resources
Specified Purpose	Purpose of Convertible Loan Agreement to raise funding for Silica Resources
SRK	SRK Consulting
SRK Report	SRK Consulting independent valuation report of the Residual Resources and Exploration Assets
Superior Proposal	Has the meaning given to the term as defined in the Bidder's Statement
Treasurer	The Treasurer of Australia
Two Scenarios	Scenario 1 and Scenario 2
WACC	Weighted Average Cost of Capital
Wahl Citadel	Wahl Citadel Pty Ltd ATF the Citadel SRA Fund
YTD May 25	Eight-month period ended 31 May 2025

D. Assessment of the potential dilutionary impacts on the Fair Value of a Silica Share

Silica Resources Related Party Options

At the date of this Report, Silica Resources has 2,500,000 Related Party Options on issue.

It is necessary to consider the remaining balance of the potential dilutionary impact of any options subject to vesting conditions as representative of the future services that Silica Resources will receive, being part of the future remuneration of any recipients, and therefore not included within our valuation of a Silica Share prior the Proposed Transaction. In this case, we have determined that all Related Party Options have fully vested and as such, the remaining balance excluded is $nil.

Related Party Options – Prior to the Proposed Transaction

As part of our valuation of a Silica Share prior to the Proposed Transaction, we have assessed the potential dilutionary impact of the Related Party Options.

As the Related Party Options are American options (may be exercised at any time before the expiration date), we have utilised the binomial options valuation model.

The binomial model uses either a binomial or a trinomial distribution process to derive value by separating the total maturity period of the option into discrete periods. When progressing from one time period, or node, to another, the underlying common stock price is assumed to have an equal probability of increasing and/or decreasing by upward and downward price movements.

The key inputs and assumptions we have used in the binomial model to value the potential dilutionary impact of the Related Party Options prior to the Proposed Transaction are set out in the table below.

	Dillon Options
Number of options	2,500,000
Valuation date	23-Jul-25
Vesting date	-
Expiry date	30-Sep-26
Exercise price	$ 0.0625
Initial share price	$ 0.88
Maximum option life in years	1.19
Assessed volatility	90%
Risk free rate	3.16%
Dividend yield	0.00%
Vesting period (years)	0.00
Early exercise factor	2.50

Valuation date and option life – We have valued the options as at 23 July 2025, and accordingly, have calculated the remaining option life in years based on the date of this IER to the expiry date under the terms of each of the options on issue.

Exercise price – The Dillon Options have an exercise price of $0.0625, as per the Company's share register.

Initial share price – We have adopted $1.02 as the price of a Silica Share at the valuation date, based on the preferred Fair Value of a Silica Share prior to the Proposed Transaction, based on our assessment in **Section 5**, adjusted for DLOC (as discussed in **Section 6**), as set out in the table below.

Table 31 Initial share price for the valuation of the Related Party Options

	Low	High	Preferred
Equity value per share (control basis)	**$1.06**	**$1.28**	**$1.16**
Discount for lack of control	26.0%	23.0%	24.5%
Equity value per share (non-controlling basis)	**$0.78**	**$0.99**	**$0.88**

Source: RSM analysis

Volatility – The volatility of the share price is a measure of the uncertainty about the returns provided by Silica Shares. Generally, it is possible to predict future volatility of a stock by reference to its historical volatility. A share with a greater volatility has a greater time component of the total value.

Our assumption is predicated on the fact that historical volatility is representative of expected future volatility.

Based on the above, and having regard to the liquidity and historical volatility of comparable listed companies – we have assessed a volatility of 90% for the Related Party Options, based on the average daily and weekly share price volatility comparable listed companies for the preceding 1-2 years, in correspondence with the respective maximum options terms.

Refer to **Appendix G** for our comparable listed companies' volatility analysis.

Risk free rate – We have assessed the risk-free rate based on the yield of appropriate Commonwealth bond rates as at the Valuation Date of 3.16%, that covers the period that best match the life of the options as at the valuation date as set out above.

Dividend yield – an annual average dividend yield of 0% was paid over the last two years and has been utilised as the assumed dividend yield going forward.

Early exercise factor – Expected early exercise is factored into the valuation by our application of the binomial model. The model incorporates an exercise factor, which determines the conditions under which an option holder is expected to exercise their options. It is defined as a multiple of the exercise price (e.g., 2.5 would mean that on average option holders tend to exercise their options when the stock price reaches 2.5 times the exercise price).

This is considered more reliable than trying to guess the average time to exercise. For example, trying to estimate an average time after which option holders exercise is likely to be inaccurate as during periods when the market is high option holders are more likely to exercise early as opposed to times when the market is low. Using an exercise multiple, which is based on a robust theory of stock price behaviour/distribution overcomes these problems.

We have assumed that the exercise factor for these options is 2.5. There have been a number of historical studies that indicate that option holders early exercise options generally at between 2 to 3 times the exercise price, with the higher multiples generally attributable to more senior employees within the Company.

We have set out in the table below our assessed Fair Value of the potential dilutionary impact of the:

- Related Party Options prior to the Proposed Transaction, based on the inputs and assumptions detailed above, which we included in our valuation of a Silica Share prior to the Proposed Transaction.

Table 32 Silica Options valuation summary prior to the Proposed Transaction

Option	Number of options	Exercise price	Value per option	Total dilutionary impact
Related Party Options				
DC & ML Options	2,500,000	$0.0625	$0.82	$2,039,750
Total				**$2,039,750**

Source: RSM analysis

Related Party Options and the option created by the Non-Associated Shareholder approval – Post the Proposed Transaction, assuming no conversion

The key inputs and assumptions we have used in the binomial model to value the potential dilutionary impact of the Related Party Options and the option created by the Non-Associated Shareholder approval immediately following the Proposed Transaction, assuming no conversion, are set out in the table below.

	Option created by Non-Associated Shareholder Approval	Dillon Options
Number of options	80,240,025	2,500,000
Valuation date	23-Jul-25	23-Jul-25
Vesting date	-	-
Expiry date	30-Jun-26	30-Sep-26
Exercise price	$0.20	$ 0.0625
Initial share price	$ 0.65	$ 0.65
Maximum option life in years	0.94	1.19
Assessed volatility	80%	90%
Risk free rate	3.20%	3.16%
Dividend yield	0.00%	0.00%
Vesting period (years)	0.00	0.00
Early exercise factor	2.5	2.50

The only input changed from our valuation of the Related Party Options prior to the Proposed Transaction is the initial share price. In this scenario, we have utilised our assessment of the Fair Value of a Silica Share immediately following the Proposed Transaction, assuming no conversion, on a non-controlling basis.

We note the following key inputs to the valuation of the option created by the Non-Associated Shareholder approval:

Number of options – based on the Outstanding Amount ($16.0m), divided by the conversion exercise price of $0.20;

Exercise price – $0.20 per the Convertible Loan Deed; and

Initial share price – our assessment of the Fair Value of a Silica Share immediately following the Proposed Transaction, assuming no conversion, on a non-controlling basis.

All other inputs are similar to those used in the valuation of the Related Party Options as discussed above.

We have set out in the table below our assessed Fair Value of the potential dilutionary impact of the:

- Option created by the Non-Associated Shareholder Approval, which we have included in our valuation of a Silica Share immediately following the Proposed Transaction (assuming no conversion); and
- Related Party Options immediately following the Proposed Transaction (assuming no conversion), based on the inputs and assumptions detailed above, which we included in our valuation of a Silica Share immediately following the Proposed Transaction (assuming no conversion).

Table 33 Silica Options valuation summary post the Proposed Transaction, assuming no conversion

Option	Number of options	Exercise price	Value per option	Total dilutionary impact
Option created by the Non-Associated Shareholder Approval	**80,240,025**	**$0.00**	**$0.45**	**$35,787,051**
Related Party Options				
DC & ML Options	2,500,000	$0.0625	$0.58	$1,458,750
Total (excl. Option created by the Non-Associated Shareholder Approval)				**$1,458,750**

Source: RSM analysis

Related Party Options – Post the Proposed Transaction, assuming full conversion

The key inputs and assumptions we have used in the binomial model to value the potential dilutionary impact of the Related Party Options immediately following the Proposed Transaction (assuming full conversion) are set out in the table below.

	Dillon Options
Number of options	2,500,000
Valuation date	23-Jul-25
Vesting date	-
Expiry date	30-Sep-26
Exercise price	$ 0.0625
Initial share price	$ 0.59
Maximum option life in years	1.19
Assessed volatility	90%
Risk free rate	3.16%
Dividend yield	0.00%
Vesting period (years)	0.00
Early exercise factor	2.50

The only input changed from our valuation of the Related Party Options prior to the Proposed Transaction is the initial share price. In this scenario, we have utilised our assessment of the Fair Value of a Silica Share immediately following the Proposed Transaction (assuming full conversion, on a non-controlling basis).

Silica Options valuation summary

We have set out in the table below our assessed Fair Value of the potential dilutionary impact of the:

- Related Party Options immediately following the Proposed Transaction (assuming full conversion), based on the inputs and assumptions detailed above, which we included in our valuation of a Silica Share immediately following the Proposed Transaction (assuming full conversion).

Table 34 Silica Options valuation summary post the Proposed Transaction, assuming full conversion

Option	Number of options	Exercise price	Value per option	Total dilutionary impact
Related Party Options				
DC & ML Options	2,500,000	$0.0625	$0.53	$1,329,750
Total				**$1,329,750**

Source: RSM analysis

E. Industry Overview

In evaluating the industry in which Silica Resources operates, we have had regard to the following:

- Mineral Sand Mining in Australia (**"Mineral Sand Mining in Australia"**) – IBISWorld report, published January 2025; and
- Lithium and Other Non-Metallic Mining in Australia (**"Non-Metallic Mining in Australia"**) – IBISWorld report, published December 2024.

Mineral Sand Mining in Australia

General overview

Industry firms primarily engage in mining titanium dioxide mineral sands, such as rutile, ilmenite and leucoxene, for titanium dioxide pigment production. Industry firms produce synthetic rutile by processing ilmenite concentrates.

Key industry performance drivers

The key drivers that influence the Sand Mining in Australia Industry include:

- Demand from polymer product and rubber product manufacturing:
  - Polymer, plastic, rubber, paint and coating products rely on titanium dioxide pigment for their production.
  - The industry mines and supplies rutile, ilmenite and other titanium feedstock to downstream processors, who supply the pigments to polymer and rubber product manufacturers.
- Demand from basic inorganic chemical manufacturing:
  - Some basic inorganic chemical manufacturing firms process rutile, ilmenite and other mineral sands to produce titanium dioxide pigments.
  - Inorganic chemical manufacturers also use zircon to produce zirconium-based chemicals, which are used for various industrial purposes like catalytic converters.
- Demand from pulp, paper and paperboard manufacturing:
  - Pulp, paper and paperboard manufacturers use titanium dioxide pigment to enhance the opacity and brightness of their products. The compound is crucial in producing high-quality paper and paper-based laminates.
  - Lower paper and paperboard production volumes can reduce demand for titanium dioxide and, consequently, industry mineral sand products like ilmenite and rutile.
- Trade-weighted index:
  - The Australian dollar's value relative to the currencies of Australia's major trading partners can influence prices and demand from foreign buyers. A weaker Australian dollar makes industry exports less expensive in foreign markets, improving competitiveness.
  - In contrast, a strong Australian dollar negatively affects the industry by making mineral sand products less competitive, which can reduce demand. However, offtake contracts and vertical integration limit the impact of the trade-weighted index.

The factors leading to the current performance of the Sand Mining in Australia Industry include:

- Mineral sand miners' revenue has shrunk as high-value mineral sand production has plummeted:
  - Domestic production of mineral sands like leucoxene and zircon has decreased due to the depletion of ore in older mines. However, new projects like Strandline Resources' Coburn and Sheffield Resources' Thunderbird have started production, boosting ilmenite concentrate output.
  - Despite the increase in ilmenite concentrates production, the low content of titanium dioxide in these concentrates did not fully compensate for the revenue decline from other high-value commodities.
- Soaring mineral sand prices have helped offset revenue slumps and enhanced miners' profitability:
  - The rise in zircon and rutile prices has benefited mineral sand miners despite the drop in domestic production. While elevated commodity prices have supported profitability, fluctuations in zircon and ilmenite prices in 2023-24 have posed challenges.
  - These market conditions pushed Strandline Resources to undergo an operational review, emphasizing the importance of commodity prices for smaller miners.

- Market share concentration has intensified as new and existing players ramp up production:
  - New market entrants like Strandline and Sheffield Resources have increased market share concentration in the industry by ramping up production. Major players like Iluka Resources and Tronox Limited have also strengthened their positions through production enhancements.
  - As these companies boost production, market share concentration has grown in the mineral sand mining sector.

Outlook

Mineral sand output is set to climb, stimulating revenue growth. The mineral sand sector is anticipating a surge in output in the coming years, driven by expanded production at both new and existing operations. Iluka Resources, a key player in the industry, has several projects in the pipeline, such as the Balranald project due to commence production in the first half of 2025. Initiatives like the Wimmera project are exploring innovative processes to convert high impurity zircon into marketable products, potentially opening new prospects in Western Victoria for further production growth.

Mineral sand miners will look into cost-cutting initiatives to maintain operational viability and lift profitability. As cost pressures loom, mineral sand miners are focusing on reducing expenses to ensure operational sustainability and enhance profitability. Major players like Tronox Limited are better equipped to handle cost increases compared to smaller producers. Initiatives like Kimberly Mineral Sand's Business Improvement Initiative at the Thunderbird project aim to streamline operations and cut costs, with plans for further cost-saving measures in the near future.

Robust construction activity will drive mineral sand demand. The mineral sand industry is set to benefit from a surge in demand driven by robust construction activity, particularly in Asia. Rising construction and manufacturing growth are expected to boost titanium dioxide and mineral sand prices. The growing steel consumption in India, fuelled by solid construction activity, will create a ripple effect on zircon demand and prices in the foreseeable future, further propelling the mineral sand market.

Non-Metallic Mining in Australia

General overview

Non-Metallic Mining in Australia industry firms harvest lithium ore and salt, and mine or quarry non-metallic and related minerals such as diamonds, phosphate rock, silica, gypsum, magnesite, talc and lithium minerals. Industry firms also carry out some basic processing functions.

Key industry performance drivers

The key drivers that influence the Non-Metallic Mining in Australia Industry include:

- Demand from fertiliser manufacturing:
  - Fertiliser manufacturing directly affects demand for industry phosphate rock and sulphur as these products are used by lithium mining companies to produce fertilisers.
  - Demand from fertiliser manufacturing will typically move in line with fluctuations in the fertiliser price year on year.
- Demand from basic inorganic chemical manufacturing:
  - The salt mined by industry mining firms is often used in industrial salt manufacturing, which is carried out by basic inorganic chemical manufacturers.
  - As lithium has grown to dominate this industry, this driver is rapidly declining in significance for this industry.
- Gross Domestic Product of major markets:
  - China and the European Union represent major downstream markets for mineral mining companies.
  - China maintains the majority of the world’s lithium hydroxide refining capacity.
  - The European Union is one of the largest global sources of consumer demand for products that use lithium batteries.
- Mining firms face significant long-term risks from the development of alternatives to lithium batteries. The potential for a commercially viable alternative that uses lower cost minerals, with better safety features and lower environmental impact threatens global demand for lithium.
- Fluctuating lithium prices have exacerbated revenue volatility. After lithium prices skyrocketed over the two years through 2022-23, on the back of strong demand from Chinese manufacturers, prices have since normalised amid shaky demand and global oversupply, driving volatile revenue movements.

The factors leading to the current performance of the Non-Metallic Mining in Australia Industry include:

- Soaring lithium prices drove revenue to skyrocket over the two years through 2022-23:
  - A strong Chinese electric vehicle market and lithium stockpiling by battery manufacturers led to a jump in lithium prices and miners’ profitability.

- Lithium prices have receded from their 2023 peak but remain elevated compared to pre-pandemic levels:
  - This price normalisation, stemming from global demand shifts and supply adjustments, has instigated structural changes within the lithium ore mining industry.
- Mining firms have developed lithium hydroxide refining facilities, moving up in the value chain:
  - These activities aren't included in the industry and are set to reduce spodumene concentrate exports over the coming years.
- Alternative battery technologies pose a major threat to lithium miners:
  - Researchers are exploring alternatives to lithium batteries, so the potential development of commercially viable alternatives poses a significant risk to lithium miners.

Outlook

Lithium prices are set to continue its downwards trajectory over the medium term. Global demand for electric vehicles has been uncertain, leading to price declines in critical minerals like lithium. World prices for lithium have dropped after intense price inflation post-pandemic, anticipating a surge in supply. The future growth in demand from local lithium hydroxide refiners in Australia is expected to counterbalance the revenue declines.

Global and domestic production is set to climb despite easing spodumene prices. New lithium deposits in South America and Iran will increase international competition for Australian miners. Investment in Australian lithium production is growing, with SQM teaming up with Wesfarmers for a joint venture centred around the Mt Holland mine. This joint venture focuses on creating an integrated lithium business with a new mine already producing its first ore.

The shift towards domestic spodumene refining is set to reduce exports. Exports are forecasted to decline as the focus shifts towards domestic refining of spodumene concentrate. The partnership between SQM and Wesfarmers aims to vertically integrate mining, concentrating, and refining operations, set to begin production in 2025. With an increase in domestic refining, exports will gradually diminish as a percentage of total revenue.

Alternative battery technologies pose a major threat to demand for lithium. The demand for lithium hinges on its application in various technologies but concerns over mining impacts and battery lifespan are driving research for alternatives. While no major commercial alternative to lithium batteries currently exists, the development of a more environmentally friendly and long-lasting battery could significantly impact future demand. Geopolitical tensions and the search for alternatives by Chinese manufacturers could further challenge the lithium mining industry in the future.

F. Comparable Companies Volatility Analysis

Table 35 Comparable companies volatility analysis

Company Ticker	Company Name	5 Yr(s)	4 Yr(s)	3 Yr(s)	2 Yr(s)	1 Yr(s)
ASX:VMC	Venus Metals Corporation Limited	81.48%	81.59%	85.90%	86.76%	94.79%
ASX:NWF	Newfield Resources Limited	66.27%	70.45%	76.22%	90.22%	60.98%
ASX:ODE	Odessa Minerals Limited	191.94%	161.84%	178.26%	198.03%	225.02%
ASX:FME	Future Metals NL	92.14%	92.14%	95.65%	106.31%	111.91%
ASX:MKR	Manuka Resources Limited	90.22%	89.44%	97.59%	103.30%	116.53%
ASX:ILU	Iluka Resources Limited	47.39%	38.18%	37.87%	37.36%	40.12%
ASX:IMA	Image Resources NL	53.60%	53.24%	55.37%	55.08%	47.30%
ASX:SYR	Syrah Resources Limited	76.67%	75.32%	78.49%	84.66%	83.26%
ASX:DRX	Diatreme Resources Limited	79.11%	71.36%	70.70%	66.49%	60.45%
ASX:DVP	Develop Global Limited	87.57%	56.29%	53.21%	51.32%	54.68%
ASX:AMI	Aurelia Metals Limited	68.95%	70.17%	74.97%	63.91%	63.46%
ASX:VRX	VRX Silica Limited	82.47%	82.88%	87.92%	93.57%	105.28%
ASX:CRB	Carbine Resources Limited	106.40%	118.99%	131.15%	144.18%	156.91%
ASX:IND	Industrial Minerals Ltd	106.00%	106.00%	111.20%	119.53%	112.24%
ASX:MML	McLaren Minerals Limited	91.06%	91.06%	91.06%	94.74%	82.14%
ASX:ASQ	Australian Silica Quartz Group Ltd.	99.03%	102.32%	101.96%	109.83%	132.62%
ASX:SFX	Sheffield Resources Limited	67.42%	59.99%	62.25%	65.36%	81.34%
Mean		**82.4%**	**78.9%**	**82.1%**	**85.5%**	**85.6%**
Median		**82.0%**	**78.5%**	**82.2%**	**88.5%**	**82.7%**
Minimum		**66.3%**	**56.3%**	**53.2%**	**51.3%**	**54.7%**
Maximum		**106.0%**	**106.0%**	**111.2%**	**119.5%**	**116.5%**

Source: RSM analysis
Note: Grey shading denotes exclusion as outlier in 1 Yr(s) and 2 Yr(s) periods

G. Weighted Average Cost of Capital

The WACC represents the weighted rate of return required by providers of both debt and equity to compensate for the time value of money and the perceived risk of the associated cash flows. The discount rates required by providers of both debt and equity are weighted in proportion to the optimal proportions of debt and equity.

The WACC is calculated as follows:

WACC = [Re x E/V] + [Rd x (1 – tc) x D/V]

Where:

WACC = post tax weighted average cost of capital

Re = required rate of return on equity capital

E = market value of equity capital

V = market value of debt and equity capital (D + E)

Rd = required rate of return on debt capital

D = market value of debt capital

tc = corporate tax rate

Required Rate of Return on Equity Capital (Re)

The Capital Asset Pricing Model (CAPM) can be used to estimate the cost of equity, being the required rate of return or cost of equity of a business.

The CAPM determines the cost of equity by the following formula:

Re = Rf + β(Rm – Rf) + α

The components of the formula are as follows:

Re = Required return on equity;

Rf = Risk free rate of return;

Rm = the expected return from a market portfolio;

β = Beta, a measure of the systematic risk of a stock; and

α = specific company risk premium.

Risk Free Rate

The risk free rate of return compensates investors for the time value of money.

The Australian Government Bond rate is widely used and is an accepted benchmark for the risk free return. We have used the 10 year bond rate as this provides the best match against the timeframe of the cash flows being valued.

The yield on the 10-year Australian Government Bond rate as at 31 May 2025 was 4.25% (Source: Capital IQ).

Market risk premium (Rm)

This represents the additional risk in holding the market portfolio of investments. The term (Rm–Rf) represents the additional return required, above the risk free rate, to hold the market portfolio of investments. (Rm–Rf) is known as the Equity Market Risk Premium.

There are a number of studies around the Equity Market Risk Premium (“EMRP”) with, generally, most estimates falling within a range of 6% to 8%.

Using our professional judgement, RSM has assessed the Equity Market Risk Premium (Rm–Rf) for Silica Resources to be 5.5%. This is consistent with the standard premium applied by most valuation practitioners when assessing the Market Rate in the current economic climate.

Beta (β)

The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market. A beta greater than 1 represents higher than market risk and a beta below 1 represents lower than market risk.

In assessing beta, we have considered the betas for companies with relatively comparable operations to Silica Resources (Column A). The equity betas are adjusted to remove the effect of company specific debt levels resulting in an ungeared beta (Column B).

The table below sets out the equity beta analysis in relation to the comparable companies.

Table 36 Comparable companies beta analysis

Company	Country	Net Debt (excl. Leases) $'M	Leases $'M	Market Value of Equity $'M	Levered Beta (A)	Unlevered Beta (B)
Venus Metals Corporation Limited	Australia	-	0	26	(0.17)	(0.17)
Newfield Resources Limited	Australia	2	-	84	0.66	0.65
Odessa Minerals Limited	Australia	-	-	10	0.23	0.23
Future Metals NL	Australia	-	-	8	0.90	0.90
Manuka Resources Limited	Australia	37	0	30	1.30	0.69
Iluka Resources Limited	Australia	251	41	1,575	0.88	0.78
Image Resources NL	Australia	9	1	90	0.21	0.19
Syrah Resources Limited	Australia	414	22	318	2.35	1.20
Diatreme Resources Limited	Australia	1	0	103	0.20	0.20
Develop Global Limited	Australia	137	21	1,098	1.39	1.26
Aurelia Metals Limited	Australia	7	1	507.8	0.85	0.85
VRX Silica Limited	Australia	-	0	46.3	2.19	2.18
Carbine Resources Limited	Australia	-	-	1.7	0.57	0.57
Industrial Minerals Ltd	Australia	-	0	8.8	(2.15)	(2.13)
McLaren Minerals Limited	Australia	-	0	4.5	0.39	0.38
Australian Silica Quartz Group Ltd.	Australia	-	-	4.8	1.28	1.28
Sheffield Resources Limited	Australia	-	-	65.1	0.71	0.71
All Comps	**Low**	**-**	**-**	**1.7**	**(2.15)**	**(2.13)**
	High	**414**	**40.7**	**1,575.5**	**2.35**	**2.18**
	Mean	**54**	**5.4**	**244.7**	**0.69**	**0.57**
	Median	**1**	**0.1**	**38.2**	**0.76**	**0.67**
Selected Comps	**Low**	**-**	**-**	**1.7**	**0.57**	**0.57**
	High	**414**	**40.7**	**1,575.5**	**2.35**	**1.28**
	Mean	**94**	**9.4**	**403.0**	**1.13**	**0.91**
	Median	**7**	**0.3**	**83.7**	**0.90**	**0.85**

Source: Capital IQ and RSM analysis

Note: red text denotes exclusion from our analysis as beta outlier

The comparable company descriptions are included in **Appendix H**.

We have adopted a range of 1.1 to 1.2 as the unlevered beta in our assessment of the appropriate WACC for Silica Resources since SRA is a recently developed single project entity with further development required to see out the LOM production forecasts. We note that this range aligns to the upper quartile of the beta's of the comparable companies.

Specific company risk, size premium and country risk premium (α)

In considering the appropriate WACC for Silica Resources, we have considered the specific risks to the Company which are not experienced by the listed comparable companies and are therefore not reflected in the reported betas or implied multiples derived from publicly available market data.

We have specifically considered the risk associated with the size of the Company and our assessment of the forecasting risk inherent in the Adjusted Model.

Using our professional judgement, we have adopted a specific company risk factor of 3.0% to 4.0% for Silica Resources which incorporates our assessment of the additional project risks not factored into the Adjusted Model such as the uncertainty surrounding the future silica prices (due to the lack of independent forecast pricing information as discussed in **Section 5.1**).

Required rate of return on debt (Rd)

The rate of return required by providers of debt includes a risk premium over and above the risk-free rate that reflects the debt risk that is specific to the business being valued. This risk effectively represents the risk of default on payments.

In assessing an appropriate debt premium, we have considered a number of factors including:

- Silica Resource's debt mix and current cost of debt;
- the cost of debt for Australian companies similar to Silica Resources (publicly listed companies in pre-production and production phase);
- the gearing levels adopted for the purposes of calculating the WACC; and
- the prevailing economic conditions as at the date of this report.

We have adopted a risk premium of 5.0% to 6.0%. Based on the risk-free rate as at 31 May 2025 (as assessed above), this equates to a pre-tax cost of debt in the range of 9.2% to 10.2%, with a preferred midpoint of 9.7%. After adjusting for tax, we have assessed a post-tax cost of debt of 6.5% to 7.2%, with a preferred midpoint of 6.8%.

Capital structure or Gearing Level (D/V)

The capital structure or gearing level adopted for the purposes of undertaking the valuation should generally reflect the level of debt that can be reasonably sustained by any company operating in a particular industry as opposed to the actual capital structure adopted by the business.

The optimal capital structure of a business is driven by two main considerations:

- the tax benefits of debt finance i.e. the deductibility of interest payments for the purposes of assessing corporate tax liabilities; and
- the financial risk to equity holders i.e. the risk of financial distress as a result of over-gearing.
- In assessing the optimal capital structure, we have considered the following:
- the gearing levels of comparable companies as set out in Appendix H; and
- the level of debt sustainable by the forecast earnings and cash flows of Silica Resources.

For the purposes of this valuation, we have assessed the optimal net debt to equity ratio (D/V) as being 10% (resulting in E/V of 90%).

Corporate tax rate (tc)

We have utilised the Australian corporate tax rate of 30.0%.

Assessment of the WACC

Based on the assumptions set out above, we have assessed the WACC of Silica Resources to be in the range of 13.0% to 15.0%, with a preferred midpoint of 14.0% as set out in the table below.

Table 37 WACC

WACC	Low	High	Mid
Cost of Equity			
Risk free rate	4.25%	4.25%	4.25%
Beta	1.19	1.29	1.24
Unlevered beta	1.10	1.20	1.15
Debt to equity ratio	11.1%	11.1%	11.1%
Corporate tax rate	30.0%	30.0%	30.0%
Risk premium	5.5%	5.5%	5.5%
Company specific risk factor	3.0%	4.0%	3.5%
R_e	**13.8%**	**15.4%**	**14.6%**
Cost of Debt			
Risk free rate (spot rate)	4.25%	4.25%	4.25%
Debt premium	5.0%	6.0%	5.5%
R_I (pre-tax)	**9.2%**	**10.2%**	**9.7%**
Corporate Tax Rate	30.0%	30.0%	30.0%
R_I (post-tax)	**6.5%**	**7.2%**	**6.8%**
Capital Structure			
Equity / (Equity + Debt + Leases)	90.0%	90.0%	90.0%
Debt / (Equity + Debt + Leases)	9.0%	9.0%	9.0%
Leases / (Equity + Debt + Leases)	1.0%	1.0%	1.0%
Cost of Equity			
Equity / (Equity + Debt + Leases) x Re	**12.4%**	**13.8%**	**13.1%**
Cost of Debt			
Debt / (Equity + Debt + Leases) x Rd	**0.6%**	**0.6%**	**0.6%**
Cost of Leases			
Leases / (Equity + Debt + Leases) x Rl	**0.0%**	**0.0%**	**0.0%**
WACC (Post Tax, Nominal)	**13.0%**	**14.5%**	**13.8%**
WACC (Post Tax, Nominal, Rounded)	**13.0%**	**15.0%**	**14.0%**

Source: RBA, Capital IQ and RSM analysis

H. Comparable companies' business descriptions

Table 38 Comparable companies' business descriptions

Company	Business description
Venus Metals Corporation Limited	Venus Metals Corporation Limited engages in the exploration of mineral tenements in Western Australia. The company explores for lithium, nickel, copper, gold, base metals, vanadium, rare earths, and platinum-group element deposits. Venus Metals Corporation Limited was incorporated in 2006 and is based in Subiaco, Australia.
Newfield Resources Limited	Newfield Resources Limited engages in the mine development, stope mining, and mineral exploration activities in Australia and Africa. It primarily explores for diamonds and gold deposits. The company's flagship project is the Tongo diamond project, which covers an area over 134 square kilometers in eastern Sierra Leone. Newfield Resources Limited was incorporated in 2011 and is based in North Fremantle, Australia.
Odessa Minerals Limited	Odessa Minerals Limited operates as a mineral exploration company in Western Australia. It primarily explores for diamond, uranium, lithium, rare earth elements, copper, and nickel. The company holds granted and application exploration licenses covering an area of 3,200 square kilometers in the Gascoyne region of Western Australia. The company was formerly known as Fargo Enterprises Limited and changed its name to Odessa Minerals Limited in January 2022. Odessa Minerals Limited was incorporated in 1935 and is based in Perth, Australia.
Future Metals NL	Future Metals NL engages in the exploration and development of mineral properties in Western Australia. The company explores for nickel, chromium, copper, platinum, palladium, and gold deposits. Its flagship project is the 100% owned Panton platinum group metals project consisting of three granted mining leases covering a total area of approximately 23 square kilometers located in the East Kimberley Region of Western Australia. Future Metals NL is based in West Perth, Australia.
Manuka Resources Limited	Manuka Resources Limited engages in the exploration and development of gold, silver, and vanadium properties in Australia and New Zealand. The company operates through Exploration and Operations segments. It holds interest in the Mt Boppy gold project, which comprises three granted mining leases, four gold leases, and one exploration license covering an area approximately 210 square kilometers located in east of Cobar in the Central West region of New South Wales, Australia; and the Wonawinta silver project located in the east of Cobar Basin, Australia. The company also holds 100% interests in the Taranaki VTM iron sands project in New Zealand. Manuka Resources Limited was incorporated in 2016 and is based in Sydney, Australia.
Iluka Resources Limited	Iluka Resources Limited engages in the exploration, project development, mining, processing, marketing, and rehabilitation of mineral sands in Australia, China, rest of Asia, Europe, the Americas, and internationally. It operates through Mineral Sands, Rare Earths, and Idle segments. The company produces zircon; titanium dioxide products of rutile and synthetic rutile; and ilmenite, as well as activated carbon, gypsum, and iron concentrate products. It also engages in the exploration of rare earths elements, such as monazite and xenotime. Its products are used in technology, construction, medical, lifestyle, defense, and industrial applications. The company was formerly known as Westralian Sands Limited and changed its name to Iluka Resources Limited in May 1999. Iluka Resources Limited was incorporated in 1954 and is headquartered in Perth, Australia.
Image Resources NL	Image Resources NL engages in the production and exploration of mineral sands in Western Australia. Its flagship property is the 100% owned Atlas Mineral Sands Project located in North Perth Basin in Western Australia. The company was incorporated in 1994 and is headquartered in West Perth, Australia.
Syrah Resources Limited	Syrah Resources Limited, together with its subsidiaries, engages in the exploration, evaluation, and development of mineral properties in Australia, China, Europe, India, the Americas, and internationally. It operates through Balama and Vidalia segments. The company's flagship project is the Balama graphite; and vanadium project located in Cabo Delgado Province, Mozambique. It also involved in the operation and expansion of the Vidalia active anode material facility; construction of the Vidalia Initial Expansion project; and evaluation of the Vidalia Further Expansion project. Syrah Resources Limited was incorporated in 2007 and is headquartered in Melbourne, Australia.
Diatreme Resources Limited	Diatreme Resources Limited engages in the exploration and development activities in Australia. The company explores for heavy mineral sands, copper, base metals, and gold deposits. Its flagship property is the Northern Silica project located in the Far North Queensland. Diatreme Resources Limited was formerly known as Minstrike Limited and changed its name to Diatreme Resources Limited in May 2001. The company was incorporated in 1993 and is based in Coorparoo, Australia.
Develop Global Limited	Develop Global Limited, together with its subsidiaries, engages in the exploration and development of mineral resource properties in Australia. The company primarily explores for copper, zinc, lead, silver, and gold deposits. It also provides underground mining services. In addition, the company holds interest in the Sulphur Springs project that includes Sulphur Springs and Kangaroo Caves deposits and tenements, as well as the Whim Creek Joint Venture project, located to the south west of Port Hedland; and the Woodlawn zinc-copper project is located at Lachlan Fold belt in New South Wales. Develop Global Limited was formerly known as Venturex Resources Limited and changed its name to Develop Global Limited in October 2021. The company was incorporated in 2006 and is based in West Leederville, Australia.

Company	Business description
Aurelia Metals Limited	Aurelia Metals Limited engages in the exploration and production of mineral properties in Australia. The company primarily explores for gold, silver, copper, lead, and zinc. It holds interests in the Peak Mine located in the Cobar Basin, New South Wales. The company was formerly known as YTC Resources Limited and changed its name to Aurelia Metals Limited in June 2014. Aurelia Metals Limited was incorporated in 2004 and is headquartered in Brisbane, Australia.
VRX Silica Limited	VRX Silica Limited, together with its subsidiaries, engages in the exploration and development of mineral properties in Australia. The company explores for silica. It owns 100% interests in the Arrowsmith and the Muchea silica sand projects located to the north of Perth in Western Australia; and the Boyatup silica sand project located to the east of the port town of Esperance. The company was formerly known as Ventnor Resources Limited and changed its name to VRX Silica Limited in December 2018. VRX Silica Limited was incorporated in 2010 and is headquartered in West Perth, Australia.
Carbine Resources Limited	Carbine Resources Limited engages in the exploration and evaluation of mineral properties in Western Australia. The company explores for silica sand deposits. Its flagship project is the 100% owned Muchea West Silica Sand project which consist of granted exploration licence and a mining licence application covering approximately a land area of 102 square kilometre located to the north of Perth; and the Down South Silica Sand Project consisting of three granted exploration licences which covers approximately 5,800 hectares located in the southeast of Bunbury. Carbine Resources Limited was incorporated in 2006 and is based in Subiaco, Australia.
Industrial Minerals Ltd	Industrial Minerals Ltd engages in the evaluation and exploration of mineral projects in Western Australia. The company primarily explores for gypsum and salt, silica sand, construction sand, and aggregates. Its flagship project is the 100% owned Stockyard High Purity Silica Sand project which hosts a granted tenement package of 575 square kilometers located near Eneabba. The company was incorporated in 2021 and is based in Peppermint Grove, Australia.
McLaren Minerals Limited	McLaren Minerals Limited engages in the exploration and evaluation of mineral resources in Western Australia. It primarily explores for silica sand. The company was formerly known as Allup Silica Limited and changed its name to McLaren Minerals Limited in December 2024. The company was incorporated in 2013 and is based in Perth, Australia.
Australian Silica Quartz Group Ltd.	Australian Silica Quartz Group Ltd., together with its subsidiaries, engages in the acquisition, exploration, and development of hard rock quartz and high-grade silica sand properties in Australia. It also explores for nickel, copper, platinum group elements, bauxite, and refined alumina deposits. The company was formerly known as Bauxite Resources Limited and changed its name to Australian Silica Quartz Group Ltd. in November 2019. Australian Silica Quartz Group Ltd. was incorporated in 2006 and is based in Subiaco, Australia.
Sheffield Resources Limited	Sheffield Resources Limited engages in the evaluation and development of mineral sands in Australia. It primarily explores for zircon, rutile, ilmenite, leucoxene, anatase, and titanium minerals. The company's flagship project is the Thunderbird mineral sands property located in the Canning Basin in northern Western Australia. Sheffield Resources Limited was incorporated in 2007 and is based in West Perth, Australia.

Source: Capital IQ and RSM analysis

I. Convertible Loan Agreement Interest Rate Benchmarking

To assess whether the book value of the Convertible Loan approximates its Fair Value, we have undertaken a benchmarking of the interest rates applicable to the borrowings of comparable companies with similar terms to the Convertible Loan, to assess whether the interest rate applicable to the Convertible Loan is a commercial, arms-length interest rate.

We have assessed a commercial market rate of interest that we consider would apply to the Convertible Loan Agreement, assuming that the Convertible Loan Agreement did not have any conversion features.

We have reviewed the annual financial statements of comparable companies sourced from Capital IQ to look at the terms of external borrowings that have been obtained and then considered other factors when comparing to the Convertible Loan Agreement such as:

- changes in economic conditions and underlying borrowing rates since the date that the comparable company borrowings were obtained;
- underlying security granted on the comparable company borrowings; and
- term of the comparable company borrowings.

The table below sets out a summary of the comparable borrowings identified together with the terms of borrowings disclosed in the companies' financial statements.

Table 39 Convertible Loan Agreement Interest Rate Benchmarks

Company/Institution	FYE	Loan amount (AUD$)	Facility	Rate	Term	Security disclosed
Manuka Resources Ltd	31 Dec 2024	$19.1m	Senior Secured Debt Facility	12.5% p.a.	5 years	Not disclosed
Iluka Resources Limited	30 June 2024	$248.8m	EFA Loan	Average floating interest rate of BBSY + 3% (7.5% in FY24)	16 years	Secured against the Eneabba Rare Earths Refinery
Iluka Resources Limited	30 June 2024	$10.0m	RCF – Multi Option Facility Agreement	5.9% p.a.	5 years	Unsecured
Image Resources NL	31 December 2024	USD$20m	Offtake Prepayment Facility	10% p.a.	Not disclosed	Not disclosed
Syrah Resources Limited	31 December 2024	USD$150m	Development Finance Corporation Loan	8.44%	13 years	Not disclosed
Diatreme Resources Limited	31 December 2024	$1m	Loan Facility	7.5% p.a.	Not disclosed	Unsecured
Develop Global Limited	31 December 2024	USD$65m	Senior Secured Loan Facility	Bank Bill Swap Rate +2% p.a.	Not disclosed	Secured against the share capital of a number of subsidiaries and all assets
Develop Global Limited	31 December 2024	USD$92.9m	Five separate loan facilities	Weighted average of 7.1% p.a.		Secured against equipment financed

Source: RBA and CapIQ

As set out above, the selected comparable company interest rates ranged from a low of 5.9% per annum to a high of 10.0% per annum, with a mean of 8.4% (excluding Development Global Limited's Senior Secured Loan Facility as we were unable to verify the Bank Bill Swap Rate used as this was not included in the financial statement disclosure).

We note that the borrowings relate to financial statements for the 2024 financial year, being the latest available information at the Valuation Date. Subsequent to these dates, we do not consider there to be material movements in either Australian or US denominated government debt. Therefore, we consider these benchmarks to be reasonable in assessing an arm's length interest rate for the Convertible Loan Agreement.

We have also considered the current all-in yield for corporate bonds of companies with a 'CCC', 'B' and 'BB' credit rating by Standard and Poor's (Source: S&P Capital IQ). As at 30 June 2025, the all-in yields for a 1-year bond was 25.6%, 14.8% and 6.34%. In addition, we obtained the business lending rates published by the RBA. As at 31 May 2025 (the latest date published), the rate for small businesses was 7.2%.

Based on the above analysis, we consider the interest rate of 10% to be representative of a commercial market rate that would apply to the Convertible Loan Agreement assuming that the Convertible Loan Agreement did not have any conversion features.

J. Independent Specialist Report on the mineral assets of Silica Resources Australia Limited prepared by SRK

Final

Independent Specialist Report on the mineral assets of Silica Resources Australia Limited

Prepared for RSM Corporate Australia Pty Limited

SRK Consulting (Australasia) Pty Ltd ▪ RSA005 ▪ July 2025

srk consulting

Final

Independent Specialist Report on the mineral assets of Silica Resources Australia Limited

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Cover Image:
Mourilyan Silica Sands deposit

srk consulting

Acknowledgments

The following consultants have contributed to the preparation of this Report.

Role	Name	Professional designation
Coordinating Author	Ian de Klerk	MSc, BSc (Hons), GDip Eng (Mining), MAusIMM
Contributing Author	Manish Garg	BEng, MAppFin, MAusIMM, MAICD
Peer Review	Donald Elder	GDE(Mining), NHD(MRM), MAusIMM, AAICD
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Useful definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

A$	Australian dollars
AACEi	Association for the Advancement of Cost Engineering International
ADT	articulated dump trucks
AFS	American Foundryman's Society
AIG	Australian Institute of Geoscientists
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
Cable Sands	Cable Sands (WA) Pty Ltd
Calcifer	Calcifer Industrial Minerals Pty Ltd
CIF	Cost, Infrastructure and Freight
DCF	discounted cashflow
DFS	definitive feasibility study
dmt	dry metric tonnes
EA	Environmental Authority
Encompass	Encompass Mining Solutions
EPA	Environmental Protection Agency
EP Act	*Environmental Protection Act 1994* (Qld)
EPBC Act	*Environment Protection and Biodiversity Conservation Act 1999* (Cth)
EPM	exploration permit
EV	Enterprise Value
FEL	front-end loader
ha	hectares
HDPE	high-density polyethylene
HM	heavy minerals
IER	Independent Expert's Report
IVSC	International Valuation Standards Council
JORC	Joint Ore Reserves Committee
JV	joint venture
kg	kilograms
km	kilometres
km^2	square kilometres
LOI	loss on ignition
LOM	life of mine
M	million
m	metres
m^3	cubic metres
Ma	millions of years ago
mAHD	metres above Australian height datum
MEE	multiples of exploration expenditure
mg	milligrams
ML	megalitres
ML/s	mining lease/s

MLA	mining lease application
mm	millimetres
Model(s)	All financial models provided to SRK by SRA for review. Models refers to the collective group of associated models unless stated specifically to an individual model.
MRE	Mineral Resource estimate
MSR	Mourilyan Silica Resources Pty Ltd
MSSP	Mourilyan Silica Sand Project
Mt	million tonnes
MTR	metal transaction ratio
OK	ordinary kriging
PFS	pre-feasibility study
PLs	prospecting licences
ppm	parts per million
QA/QC	quality assurance/quality control
Q3	third quarter
Report	Independent Specialist Report
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine
RSM	RSM Corporate Australia Pty Limited
RSM Report	Independent Expert's Report
S&P	Standard & Poor's
SGCL	Southern Gold Coast Laboratory
SRA	Silica Resources Australia Limited
SRK	SRK Consulting (Australasia) Pty Ltd
SRK Scope	Independent Technical Assessment and Valuation Report providing its opinion on matters to which RSM are not the Specialist
t	tonnes
t/a	tonnes per annum
t/h	tonnes per hour
US$	United States dollars
°	degrees
%	per cent
µm	microns
10^6	mega, million
3D	three-dimensional

Executive summary

RSM Corporate Finance Australia Pty Ltd (RSM) has been engaged by Silica Resources Australia Limited (SRA or the Company) to prepare an Independent Expert Report (IER or the RSM Report) to accompany the Notice of General Meeting and Explanatory Statement (Notice) to be provided to the shareholders for a General Meeting of SRA.

SRK Consulting (Australasia) Pty Ltd (SRK) was engaged by SRA to prepare an Independent Specialist Report (Report) incorporating a technical assessment and valuation of certain mineral assets and providing its opinion on matters for which RSM is not a Specialist (SRK Scope).

SRA's key mineral asset is the Mourilyan silica sands mining operation located in northern Queensland (the Project).

This Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

SRK's recommended valuation ranges and preferred values are detailed in Section 4 of this Report (Valuation) and are summarised in Table ES.1. The valuation represents the Market Value of the Company's mineral assets as at the Valuation Date, this being 31 May 2025.

Based on its technical assessment and valuation, Table ES.1 summarises SRK's market value assessment of the defined residual Mineral Resources and exploration potential at the Mourilyan Silica Sand Project in accordance with its mandate. The values have been derived using peer group analysis with support provided through the industry yardstick methods (for defined Mineral Resources). SRK has adopted the midpoint of its derived range as its preferred value as it has no strong inclination towards either end of its range based on the information available in relation to each of the project areas.

Table ES.1: Summary valuation

Project	Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Mourilyan	Residual Resources	2.4	7.1	4.7
	Exploration Potential	0	0	0
	Total	**2.4**	**7.1**	**4.7**

Note: Any discrepancies between values in the tables are due to rounding.

Based on its analysis, SRK considers the Market Value of the Mineral Assets of SRA resides between A$2.4 M and A$7.1 M, with a preferred valuation of A$4.7 M as at the Valuation Date.

In defining its valuation ranges, SRK notes that there are inherent risks involved when conducting any arm's length valuation exercise. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

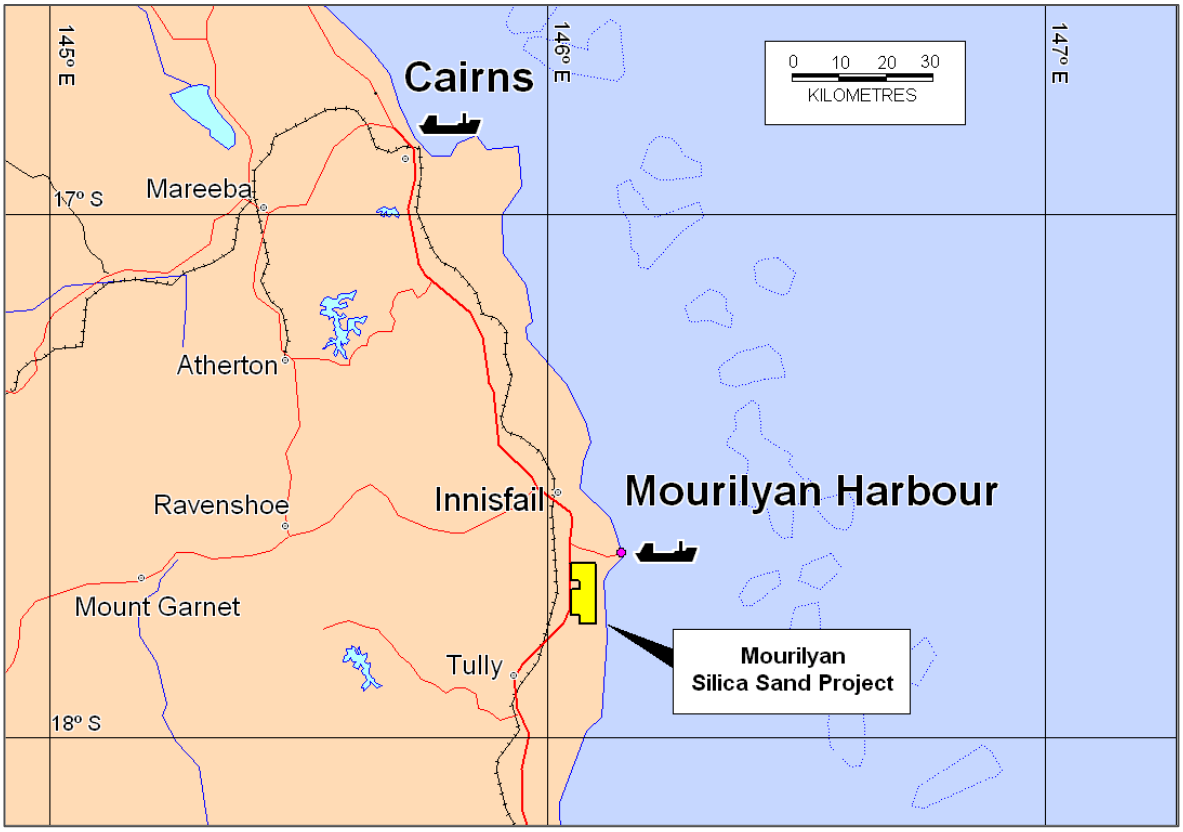
1 Introduction

RSM has been engaged by Silica Resources Australia Limited to prepare an Independent Expert Report to accompany the Notice of General Meeting and Explanatory Statement to be provided to the shareholders for a General Meeting of SRA.

SRK was engaged by SRA to provide an Independent Specialist Report incorporating a technical assessment and valuation of certain mineral assets held by SRA. SRK understands its Report is to accompany the RSM Report.

SRA is a minerals exploration company with a focus on exploring and developing silica and heavy mineral projects in Australia. The Company's current focus is directed towards its 100% owned Mourilyan silica sand project located in Queensland (Figure 1.1).

Figure 1.1: Location of the Mourilyan Silica Sand Project



Source: Senet (2022) in SRA Prospectus, ASX announcement dated 25 November 2022

The Mourilyan Project is a pre-development stage mineral asset that has been studied to feasibility study level; the studies were most recently updated in early 2024 (2024 Definitive Feasibility Study – DFS). The 2024 DFS confirmed Mourilyan as a technically robust and economically viable development asset.

1.1 Scope

Under its Letter of Instructions from RSM dated 12 May 2025, SRK was to provide:

1. a detailed description of the Project, including the operational status/forecast development, Mineral Resources and Ore Reserves, production/processing operations and expansion opportunities
1. the valuation methodologies and principal assumptions adopted by SRK in determining the value of the Project
2. an assessment regarding the reasonableness of the technical inputs and assumptions used in the cashflow model pertaining to Mourilyan (the Model), including, but not limited to:
    a. Mineral Resources and Ore Reserves incorporated into the Model
    b. mining physicals (including tonnes of ore mined, quality, waste material and mine life)
    c. processing physicals (including ore processed and produced)
    d. production and operating costs (including, but not limited to, drilling, blasting, mining, haulage, processing, transport, general adminstration, distribution and marketing, contingencies and royalties or levies)
    e. capital expenditure (including, but not limited to, pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation and contingency)
    f. any other relevant technical assumptions not specified above
3. valuation of any residual Mineral Resources not included in the Model
4. valuation of any other assets held by SRA that are likely to have material value.

1.2 Site visit

Site visits were not conducted in preparing this Report as members of SRK's team have previously inspected the site while conducting a valuation in 2016. Given the project has only recently commenced production, the limited information that would be obtained by visiting the site was not considered likely to be material to the outcomes presented in this Report.

1.3 Reporting standard

As noted previously, the Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of the Report was supplied to RSM and SRA to check for material errors, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

The SRK Report does not comment on the 'fairness and reasonableness' of any transaction between SRA and any other parties.

For this Report, SRK has classified the mineral assets of SRA in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

As discussed further in this Report, SRK has classified SRA's Mourilyan Project as a Development Project, as per the VALMIN Code definitions outlined above.

SRK has used valuation approaches that are typically used for mineral assets at this stage. Additional details are provided in Section 4 of this Report.

1.4 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions. In accordance with section 7.2 of the VALMIN Code (2015), SRK has satisfied itself regarding the legal status of the Company's projects by reviewing the Queensland Government online tenure portal that outlines the status of the project tenures.

1.5 Valuation date

The Valuation Date adopted for this Report is 31 May 2025.

1.6 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1.1.

Table 1.1: Details of qualifications and experience of consultants

Specialist	Position, Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Ian de Klerk	Principal Consultant, SRK	Project Manager, geology and mining	>45 years in exploration and mining industry ranging from early stage to feasibility study and operations; specialising in the evaluation and assessment of Mineral Resource characteristics, uncertainty and risk	None	MSc, BSc (Hons), GDip Eng (Mining), MAusIMM
Manish Garg	Associate Principal Consultant, Mining Insight	Metallurgy and Valuation	+30 years in mineral processing, site operations, project development, marketing, optimisation and corporate consulting in valuation and due diligence	None	BEng, MAppFin, MAusIMM, MAICD
Donald Elder	Principal Consultant, SRK	Peer review	35 years, 20 years in operations, 15 years in consulting	None	GDE(Mining), NHD(MRM), MAusIMM, AAICD
Jeames McKibben	Principal Consultant, SRK	Releasing authority	+30 years: 20 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles	None	BSc (Hons), MBA, FAusIMM(CP), MAIG, MRICS

1.7 Limitations, independence, indemnities, and consent

1.7.1 Limitations and reliance

SRK's opinion contained herein is based on information provided to SRK by SRA throughout the course of SRK's investigations as described in this Report, which in turn reflect various technical and economic conditions at the time of writing. SRK has sought and been provided with the results of previous public reports commissioned by SRA. Such technical information as provided by SRA was taken in good faith by SRK. SRK has not recalculated Mineral Resource or Ore Reserve estimates but has independently assessed the reasonableness of the estimates.

This Report includes technical information, that requires subsequent calculations to derive subtotals, totals, averages, and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider it to be material.

As far as SRK has been able to ascertain, the information provided by SRA was complete and was not incorrect, misleading, or irrelevant in any material aspect. The information on which SRK has relied is noted throughout this Report and in the references section at the back of this Report.

1.7.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, have any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

SRK has not previously prepared any public reports relating to the mineral assets or entities that are the subject of this Report.

1.7.3 Indemnities

As recommended by the VALMIN Code (2015), SRA has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of SRA's knowledge and understanding, such information is complete, accurate and true.

SRA has advised SRK whether any of the information provided is deemed to be confidential and any restrictions as to its use. Where warranted, SRK confirms it has taken any such information into account in its value deliberations and has provided appropriate summary information and context to assist readers of its report without compromising the commercially sensitive nature of such information.

In line with the VALMIN Code (2015), SRA has also provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by SRA, or from SRA not providing material
- relates to any consequential extension of workload through queries, questions or public hearings arising from this Report.

1.7.4 Consent

SRK provides its consent for this Report to be included in the RSM Report on the basis that the technical assessment and valuation expressed in the executive summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

The information in this Report that relates to the technical assessment and valuation of mineral assets is based on, and fairly reflects information compiled and conclusions derived by a team of technical specialists under the supervision of Mr Jeames McKibben, who is a Competent Person and Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and Member of the Australian Institute of Geoscientists (AIG). Mr McKibben is employed by SRK, an independent mining consultancy. Mr McKibben has sufficient experience that is relevant to the technical assessment and valuation of the mineral assets under consideration and to the activity being

undertaken to qualify as a Practitioner as defined in the VALMIN Code (2015) and a Competent Person as defined in the JORC Code (2012). Mr McKibben consents to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

1.7.5 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A$58,500. The payment of this professional fee is not contingent on the outcome of this Report.

2 Mourilyan Project

2.1 Project description and background

The Mourilyan Silica Sand Project (Mourilyan Project or MSSP or the Project) is located 100 km south-southeast of Cairns and 20 km south of Innisfail in north Queensland, Australia (see Figure 1.1).

Access to the Project area is by the sealed, all-weather Bruce Highway – approximately 105 km by road from Cairns. Cairns is Queensland's fourth largest city with a population of around 200,000.

Innisfail is the closest regional centre to the Project area, with a population of approximately 7,672 in 2022. Situated 3 km to the southeast of the Project area, Kurrimine Beach, has a population of 729 (2016 census).

Mourilyan Harbour is 27 km by sealed, all-weather road to the northeast of the Project area, using the Cowley Beach Road, part of the Bruce Highway, and the Mourilyan Harbour Road.

The topography of the Project area is described as low-lying, flat to gently sloping.

The Bingil Bay weather station (Bureau of Meteorology Station Number 32009), approximately 11 km south of the Project area, recorded an average annual rainfall of 3,108.7 mm over its period of operation (1925 to present) with more than half of the average monthly rainfall occurring between January and March (nominally, the wet season). Climate and topographical factors are unlikely to adversely affect future operations for an extended period.

The Mourilyan Silica Sand Project is located on a low-lying, flat area behind a coastal beach. The current land use for the immediate Project area is cattle grazing. The substrate is sand and uniform throughout and will not support agricultural (cultivation) activity.

Vegetation within the Mourilyan Silica Sand Project area is varied. Coconut palms typically fringe and line the beach strip. Behind the beach dunes, a narrow rainforest beach strip is present, comprising remnant mesophyll rainforest vegetation and freshwater swamp. This remnant mesophyll rainforest vegetation also covers the isolated small hills of bedrock in the area.

Further inland, the original rainforest has been cleared for sugarcane cultivation. The coast lowlands of the Wet Tropics bioregion in general are dominated by sugarcane farming and other agricultural uses. To support this industry, a Bulk Sugar Terminal facility is located at Mourilyan Harbour, situated approximately 10 km northeast of the mining lease.

The Wet Tropics bioregion has a great diversity of fauna. In the general proximity of the mining lease and mining lease applications, the notable Listed Threatened Species is the endangered mahogany glider *Petaurus gracilis*. Other birds listed as threatened species consist of the red goshawk (*Erythrotriorchis radiatus*). Amphibians listed as threatened species include the waterfall frog (*Litoria nannotis*), common mist frog (*Litoria rheocola*) and the lace-eyed tree frog (*Nyctimystes dayi*). Mammals listed as threatened species include Semon's leaf-nosed bat (*Hipposideros semoni*), spectacled flying fox (*Pteropus conspicillatus*) and the greater large-eared horseshoe bat (*Rhinolophus philippinensis*).

The endangered southern cassowary (*Casuarius casuarius johnstonii*) is found in the Innisfail region. While Environmental Protection Agency (EPA) officers have advised SRA the rainforest in the vicinity of the mining lease and mining lease application areas host vegetation indicative of the

passage of the southern cassowary, the forest is not a primary and continual habitat for this species.

2.2 Tenure

The Mourilyan Project tenure comprises a single granted mining lease (ML20378), two mining lease applications (MLA20695 and MLA20696) and a granted exploration permit (EPM27352). These tenures are registered to Mourilyan Silica Resources Pty Ltd. SRA has the option to purchase the assets of Mourilyan Silica Resources Pty Ltd (MSR).

All the Mineral Resources and Ore Reserves held by the Company are situated within the Mourilyan mining permits (ML20378, MLA20695 and MLA20696).

Table 2.1: SRA's Mourilyan tenure summary – as at 31 May 2025

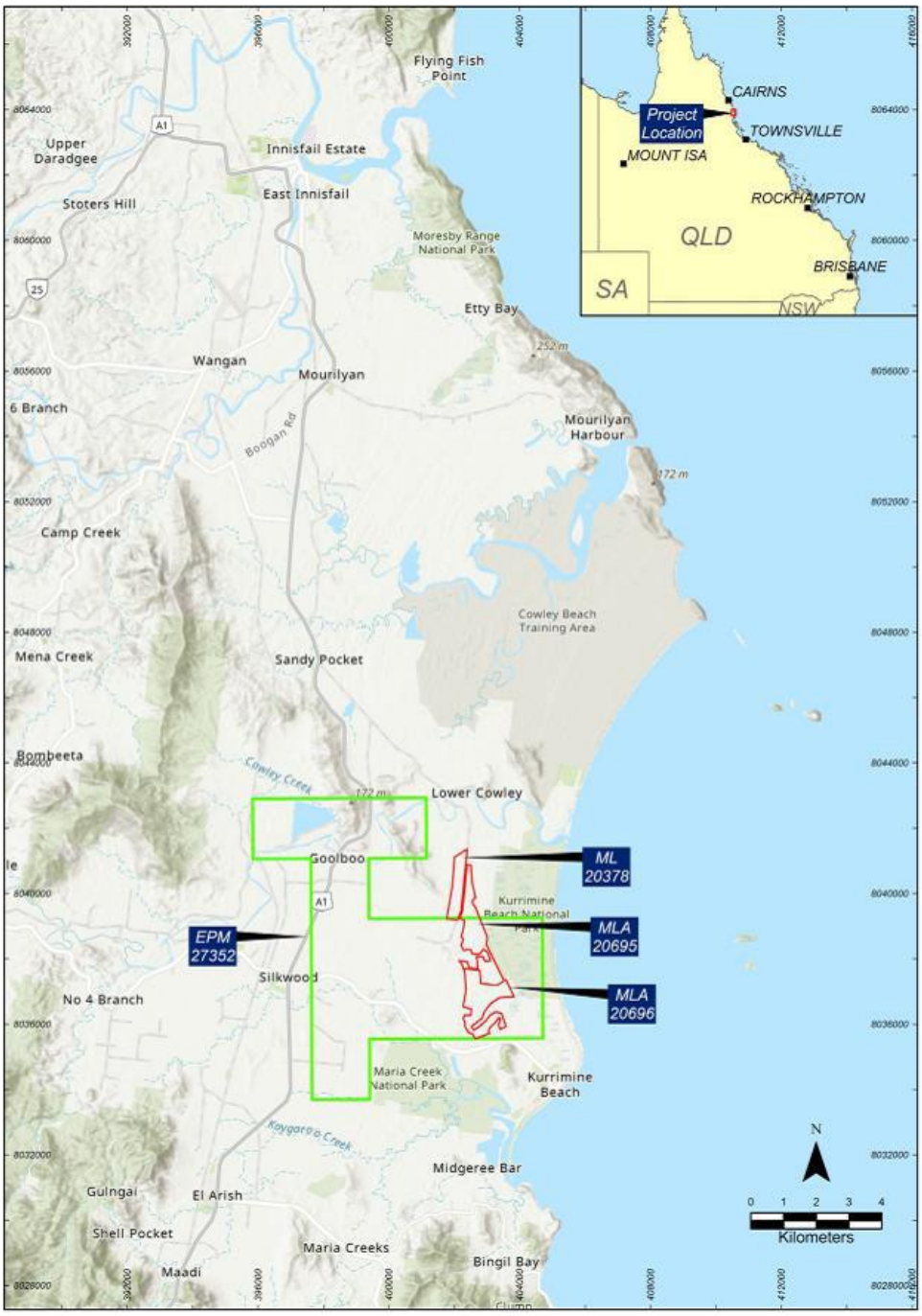
Tenement type	Interest (%)	Number	Area (km^2)	Comments
Mining lease granted	100	20378	0.73	
Mining lease application	100	20695	1.73	Lodged in 2012
Mining lease application	100	20696	1.70	Lodged in 2012
Exploration permit granted	100	27352	13 sub-blocks	
Total				

Source: Georesglobe.information.qld.gov.au

SRK notes that the mining lease applications were initially lodged in 2003 and are the former ML20377 Vacant Crown Land and ML20379 Gravel Reserves. These MLs were not developed and were moved to application status in 2012. MSR and SRA intend to develop the MLAs into MLs and have already begun this process through technical work and planning.

MLA20695 has an area of 173.50 ha while MLA20696 covers 169.80 ha. The MLAs have previously been disturbed by extractive activities for sand and a gravel pit (as named). These areas were never rehabilitated to current licensing standards within the mining industry.

Figure 2.1: The Mourilyan mining and exploration permits



Source: Mining Plus (2024)

Environmental permits

The granted mining lease (i.e. ML20378) has an environmental authority (EA) – EPVL00591713 dated 6 January 2015 – issued under the Queensland *Environmental Protection Act 1994* (EP Act). A former proponent of the mining project, Calcifer Industrial Minerals Pty Ltd (Calcifer), obtained approval under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) (EPBC 2003/1123) to develop the Mourilyan silica sand deposit on ML20378.

2.2.2 Royalties and other fees

The Mourilyan Silica Sand Project is wholly owned by SRA. The prevailing royalty owing to the Queensland Government and used in the economic assessment is $0.90/t of sand mined.

There are currently no other royalties payable.

2.2.3 Ownership

All tenements including mining leases, mining lease applications and exploration permits are held 100% by Mourilyan Silica Resources Pty Ltd.

2.2.4 Historical exploration and development

Historical exploration predominantly includes drilling by Calcifer in 2003 (142 holes with average hole length of 4.33 m) and MSR between 2022 and 2023 (339 holes with an average hole length of 3.75 m).

2.2.5 Previous studies

Significant previous studies include:

- Mourilyan Logistics Report, GHD September 2022
- Global Silica Sands Market Report, IMARC 2022
- Silica Sand Flour and High Purity Sand Markets, QY Research, 2022
- Independent Economic Contribution Report, EY 2023
- Process Engineering and Design, Optimise Group, 2023
- Mineral Resource Estimate, January 2024
- Definitive feasibility studies, February 2024
- Ore Reserves Statement, February 2024.

2.2.6 Historical production

The southern part of the ML has had historical ad hoc operations carried out on it. The pit in this area was developed under an old extractive licence that was used for local construction sand sales in north Queensland until December 2022.

2.3 Geological setting

2.3.1 Regional geology

Published sources of regional geological mapping over the Mourilyan area include the Hodgkinson Province 1:500,000 Sheet (Bultitude, Garrad and Toberts, 1997) and the Innisfail 1:250,000 scale geological map (Sheet SE55-6).

The Mourilyan Silica Sand Project is situated on the coastal plain of the Hodgkinson Province of north Queensland. Forming the northern part of the Tasman Fold Belt, the Hodgkinson Province is bounded to the west by the Palmerville Fault system, a major structural discontinuity with a long history of episodic movements. Most of the rock units within the province represent belts of distinctive rock types that are bounded and internally disrupted by numerous thrust faults (Bultitude et al., 1997). The tectonic setting for the Hodgkinson Province remains controversial (Garrad and Bultitude, 1999), but recent investigations tend to favour an extensional structural regime for the evolution of the province.

Rocks in the region range in age from Ordovician (~485 Ma) to Recent, with their distribution shown in Figure 2.2.

Ordovician (Ogm)

Pale to dark grey, foliated, medium-grained biotite granite, granodiorite and minor diorite form a significant part of the Mission Beach Granite Complex. This unit is of Ordovician age and forms the main outcrops within the Project area.

Late Silurian to Carboniferous – Hodgkinson Formation (Dhm)

Most of the Hodgkinson Province comprises the Hodgkinson Formation, a very thick, late Silurian to Devonian early Carboniferous geosynclinal sedimentary sequence dominated by deep-water turbidity density current deposits. Movements along the Palmerville Fault probably initiated the deposition of the Hodgkinson Formation.

The formation consists mainly of phyllitic mudstone, meta-mudstone, siltstone, slate, minor arenite, thinly bedded chert, quartzite, impure limestone, marble, conglomerate, conglomeratic arenite, and schist. The regional strike of the strata is north-northwest, with generally steep dips.

Late Permian to Triassic – Cowley Ultramafic Complex (Eoc)

A lens of mafic-ultramafic rocks is poorly exposed in the Cowley area, immediately west of the Mourilyan Project area. The ultramafic complex at Cowley consists of metamorphosed serpentinite, talc schist, tremolite-talc schist, chlorite schist, talc-magnesite rocks with relict peridotite, as well as minor altered gabbro, and basaltic or andesitic dykes.

The Cowley Ultramafic Complex is considered by Bultitude et al. (1997) to have been emplaced in the Permian-Triassic, during the Hunter-Bowen Orogeny. However, the actual age of the rock formation is unknown.

Pleistocene – Beach Ridge Sand Dune System

Fossil beach sands are extensively developed southeast of Mourilyan for approximately 22 km, along the coastal sand plain between Mourilyan Harbour in the north and Kurrimine Beach in the south. The beach sands comprise inner and outer beach ridge barrier complexes, extending up to 10 km inland. The inner barrier is of Pleistocene age (2.6–0.01 Ma) and is partly covered by low, degraded, transgressive dunes.

The Mourilyan silica sand deposit is hosted in the Pleistocene beach ridge sand of aeolian origin, with some swash zones preserved in the basal portions. The silica sand is lenticular and may

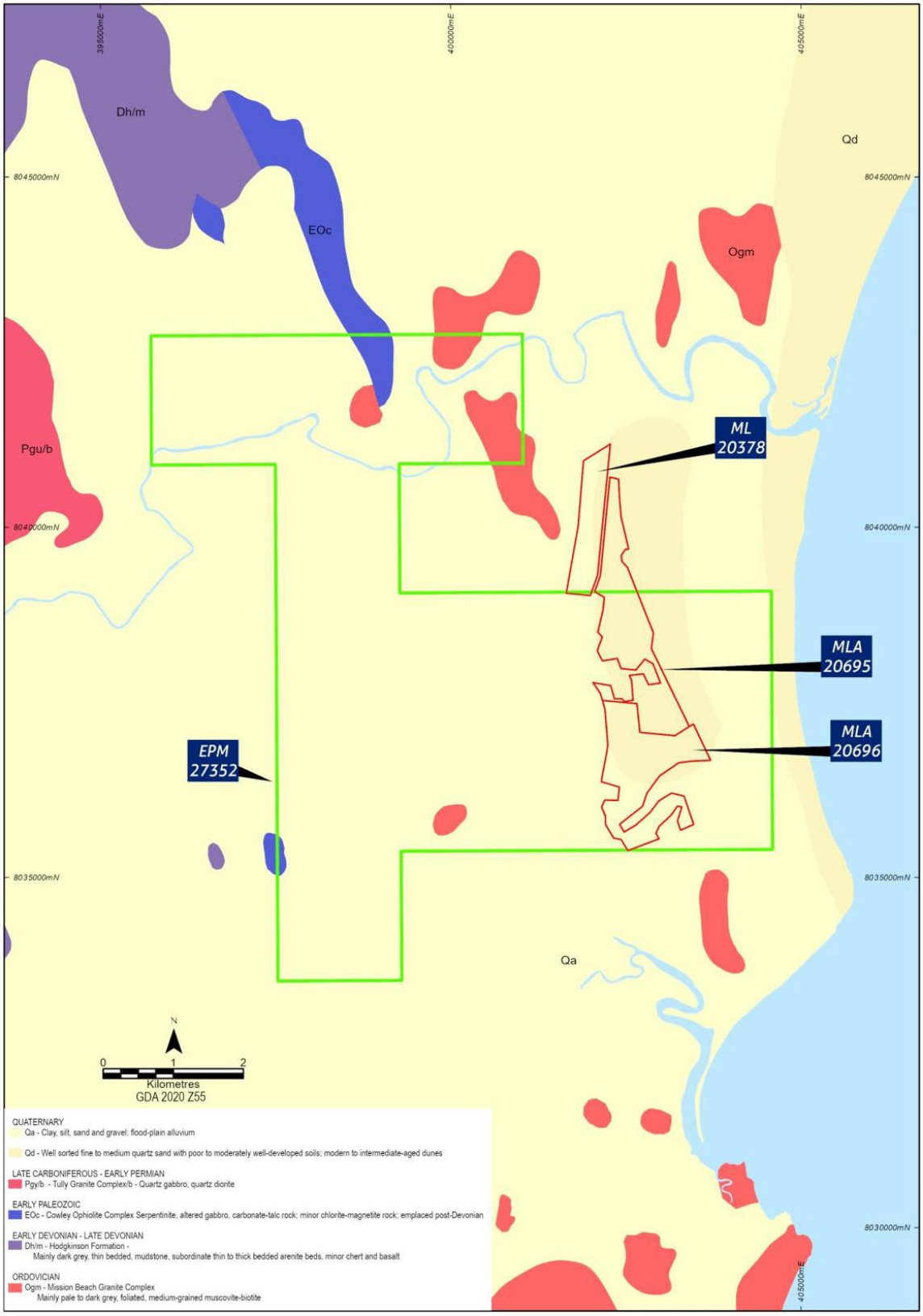
represent backfilled areas, which were probably originally swamps that became filled by windblown sands.

The degree of sorting and the sub-rounded shape of quartz and heavy mineral grains indicate the deposits were derived from distant exposures of Permian, Mesozoic, and Tertiary sedimentary formations rich in sandstone. These, in turn, were derived from areas of granitic and granulitic rocks of the Precambrian shield and granitoids of the eastern highlands.

Leaching under suitable hydrological conditions has produced clean white sand. The iron coatings have been stripped from the overlying sand layer and, along with topsoil humus, have been precipitated at the water table as a B-horizon, known as ‘Organic Silica Sand Rock’. This leaching has been demonstrated to be caused by downward percolating acid swamp waters mixing with near-neutral ground waters, resulting in the deposition of iron oxide colloidal cement.

Underlying the Organic Silica Sand Rock are slightly coarser-grained sands and gravels of the older outer barrier deposit.

Figure 2.2: Regional surface geology of the Mourilyan Silica Sand Project

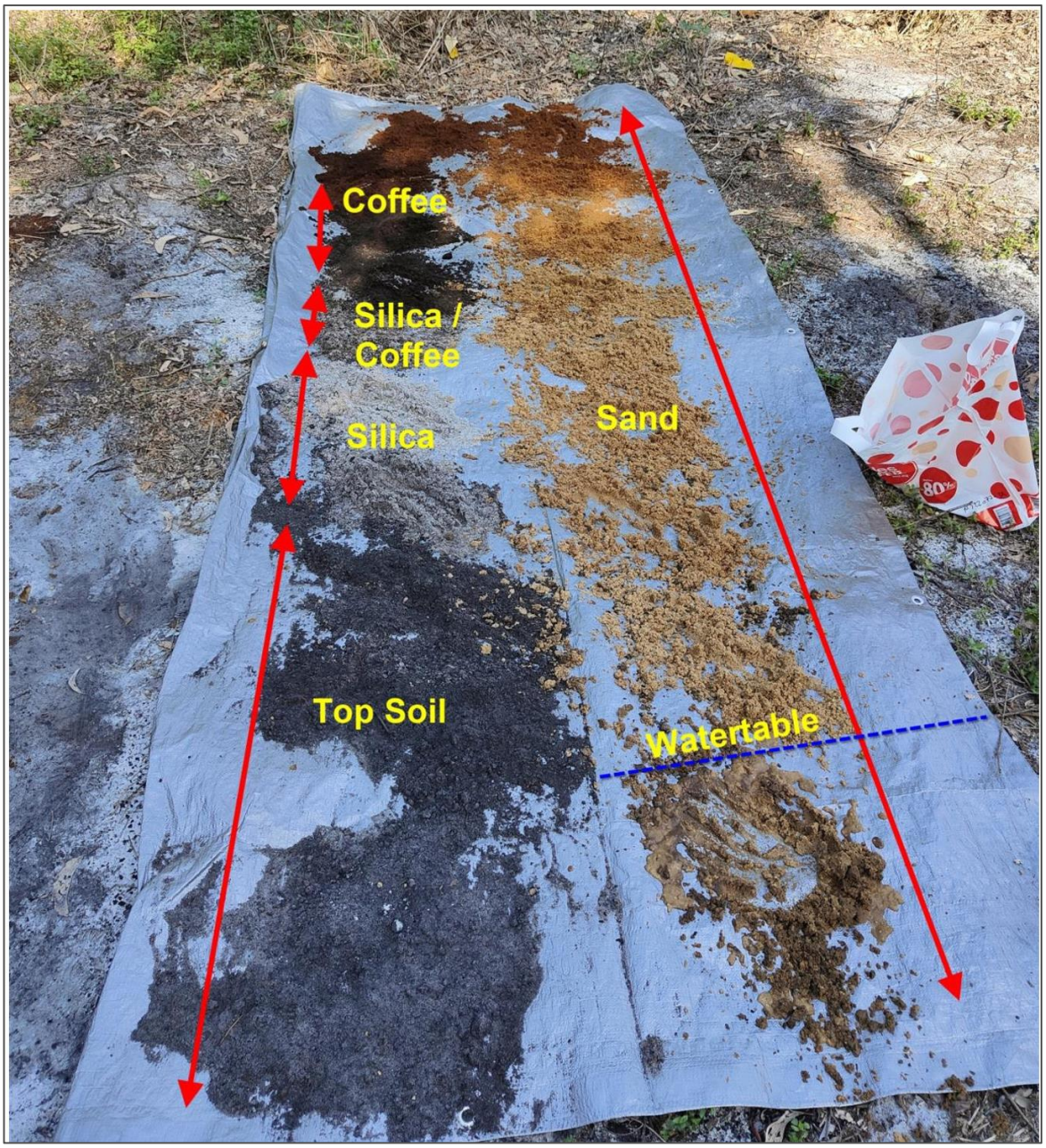


Source: Encompass Mining Solutions (2024)

2.3.2 Local geology

The Mourilyan silica sand deposit is hosted within the Pleistocene beach ridge barrier sand dune system. Geologically, the deposit consists of a well-developed podzolic topsoil profile that covers the silica sand orebody. This high organic, dark grey-black, sandy soil horizon forms the only overburden over the deposit and is consistently 0.4 m ±0.1 m thick. Underlying this horizon is the primary silica horizon orebody, an occasionally coarse (gritty) silica sand, and an underlying organic silica sand horizon. Below this, further unconsolidated sands are developed, although these are not suitable for glass manufacture without beneficiation (see Figure 2.3).

Figure 2.3: Example of the lithological units and colours encountered



Source: Encompass Mining Solutions (2024)

2.3.3 Deposit geology

Silica Sand horizon

Beneath the topsoil, the silica sand ore zone consists of clean white sand of high purity. The silica sand is a white to off-white colour that has resulted from weathering processes. Deep leaching of the sand has created a podzolic soil profile with a deep white horizon of pure silica sand. The ore zone is composed principally of high-grade silica sand grading >99.0% SiO_2. The major contaminants are 0.25% of heavy minerals, composed of ilmenite, zircon, monazite, minor andalusite, tourmaline and magnetite. Discoloured silica sand is found sporadically on the western edge of ML20378 and tends to be more cream to grey in colour.

The sand is unconsolidated and thinly bedded. Textural features observed in the deposit included grainfall lamination and crossbedding. Sand grains are well rounded, with moderately high sphericity and lie within a narrow size range. The sand grains have been naturally sorted, primarily due to winnowing by aeolian processes.

The primary silica orebody varies in thickness from 0.5 m up to a maximum of 5 m. Using all the available drill hole data, thickness contours show a reasonably continuous 2 m thick silica sand ridge that trends north–south for a distance of at least 5,000 m, varying in width between 200 m and 600 m.

Using microscopy, the quartz grains are seen to have clean surfaces without coatings. Under transmitted polarised light, the quartz grains occur as unstrained or mildly-strained free grains (>96.3%) or simple crystalline composites of several grains (3%).

Gritty Silica Sand horizon

Towards the base of the silica sand ore horizon, grain size increases with depth, such that the base of the unit is marked by a ‘gritty’ silica sand bed. The thickness of this unit varies between 0.40 m and 1.2 m. This unit appears to be quite distinct and has been logged across the Project area.

The chemical composition of this unit does not appear to change and remains the same as the overlying silica sand. This unit is included in the silica sand unit in the modelling process and for resource estimation purposes.

Organic Silica Sand horizon

A marked colour change to brown-dark grey identifies the underlying Organic Silica Sand. The silica sand rapidly changes to brown, black, and dark brown-grey sand. This brown sand is known as Organic Silica Sand and is iron-rich, alumina-rich, and partially cemented, varying in thickness from 0.4 m up to 2.8 m.

The grain size characteristics of this unit are similar to those of the overlying silica sand. Multiple hand auger drilling programs indicate an intimate association with the silica sand, as the Organic Silica Sand is restricted in distribution to the limits of the overlying silica sand.

The Organic Silica Sand colouration is attributed to humic acids released by rotting vegetation that percolated downwards through the deposit and accumulated organic matter and oxides. These humic acids have formed a colloidal cement upon contact and interaction with the water table. The

stranded freshwater swamps and mangroves of the inter-barrier zone between the outer Pleistocene and inner Holocene beach ridge barriers, together with the high rainfall, have provided an ideal environment to generate humic acids.

This unit may have a local commercial value as a fertiliser additive/blend. A single sample of Organic Silica Sand submitted to SGS Australia Pty Ltd to determine trace elements using Method I104 returned the results shown in Table 2.2.

Table 2.2: Trace element geochemistry of Organic Silica Sand (single sample)

Element	Analysis	Element	Analysis	Element	Analysis
Ag	1 ppm	Fe	2700 ppm	S	85 ppm
Al	1.29%	K	2350 ppm	Sb	<5 ppm
As	<5 ppm	Li	4 ppm	Sr	9 ppm
Ba	60 ppm	Mg	275 ppm	Th	12 ppm
Bi	<10 ppm	Mn	73 ppm	Ti	3330 ppm
Ca	50 ppm	Mo	<10 ppm	U	<100 ppm
Cd	<1 ppm	Na	285 ppm	V	20 ppm
Co	<5 ppm	Ni	<5 ppm	Zn	6 ppm
Cr	130 ppm	P	645 ppm	Zr	52 ppm
Cu	12 ppm	Pb	219 ppm		

Source: Encompass Mining Solutions (2024)

Unconsolidated Sand horizon

Hand auger drilling over ML20378, MLA20695 and MLA20696, and recent deeper mechanical augering over the ML and MLAs has indicated the presence of an unconsolidated sand unit below the Organic Silica Sand horizon. This unit consists of fine to medium-grained, micaceous quartz-feldspathic sand, that also contains gritty beds and quartz pebble bands and typically tends towards a clayey matrix (that is interpreted as the basal horizon for any potential mining).

Multiple drilling programs have recorded the water table is usually found within this unit, typically 0.5–12 m below the Organic Silica Sand. The unit tends towards a light brown-orange colour to cream to off-white and can be fluffy, particularly in the northern part of ML20378. In the southwest, where the silica and coffee rock is not present, the sand unit presents as a very coarse yellow quartz sand.

Clays

Geological logs from the Queensland Department of Resources groundwater observation bores in the Mourilyan Project area (bore RN 11210037) indicate that coloured clay bands occur below the unconsolidated sand and silty clay units. These coloured clays predominate to about 67 m depth when metamorphic basement rocks are intersected. Logs from other observation bores indicate similar lithologies and basement depths for the coastal lowlands elsewhere.

2.3.4 Geochemistry and grain size distribution

Geochemistry

An average result of major element oxides for 1,818 samples, from the Mourilyan deposit, submitted for testing in 2022 and 2023 by MSR is shown in Table 2.3.

Table 2.3: Geochemistry of the Mourilyan deposit

	Silica Unit			Organic Silica Sand Unit			Sand Unit		
Whole Rock Analysis	Mean (%)	Minimum (%)	Maximum (%)	Mean (%)	Minimum (%)	Maximum (%)	Mean (%)	Minimum (%)	Maximum (%)
SiO_2	99.13	93.60	99.90	96.41	90.96	99.73	95.75	65.78	99.54
Fe_2O_3	0.094	0.01	1.05	0.25	0.02	1.31	0.31	0.03	4.49
Al_2O_3	0.22	0.03	3.34	1.09	0.04	4.45	2.11	0.08	18.77
TiO_2	0.20	0.02	2.34	0.31	0.02	2.35	0.21	0.04	3.08
CaO	0.01	0.00	0.13	0.01	0.00	0.06	0.01	0.01	0.21
MgO	0.01	0.01	0.05	0.02	0.01	0.09	0.04	0.01	0.43
K_2O_3	0.03	0.00	0.54	0.14	0.00	0.60	0.37	0.01	3.10
LOI	0.23	0.01	2.06	1.65	0.06	4.83	1.07	0.06	6.17

Source: Encompass Mining Solutions (2024)

Heavy mineral contamination consists predominantly of Fe_2O_3 and TiO_2. Since the iron and titanium are contained principally in heavy minerals, such as ilmenite and leucoxene, such low concentrations are common in aeolian-derived silica sand deposits, with anomalous concentrations usually located where troughs develop. The heavy minerals component is dominated by ilmenite ($FeTiO_3$) which makes up approximately 72% of this heavy mineral concentrate.

Trends

In the Silica Sand horizon, high proportions of retained +250 µm particles are located on the periphery of the tenements in the northwest and southwest, while the middle of the deposit shows a high proportion within the -150 µm to +75 µm fraction. The middle of the deposit shows elevated Fe_2O_3 >0.40%, MgO >0.03%, MnO >0.04% and TiO_2 >0.80%. The middle of the deposit generally has slightly lower SiO_2. No discernible trends are seen in Al_2O_3, CaO and K_2O.

In the Organic Silica Sand horizon, high proportions of retained +250 µm are located to the south, with high proportions of -150 µm +75 µm sand in the middle of the deposit. High values of K_2O occur in the south of the Project and high values of SiO_2 occur on the eastern margin.

In the Unconsolidated Sand horizon, high Al_2O_3, CaO, Fe_2O_3, K_2O, MgO are constrained to the western extent.

Grain size

The Mourilyan silica sand deposit has been built by wind action, with grains winnowed by natural sorting to a narrow size range. A fineness number has been calculated for each of the drill holes using the method recommended by the American Foundryman's Society (AFS). Detailed screening also occurred on the samples MSR submitted to ALS in 2022 and 2023. Results from the grain size analysis of all the samples indicate the deposit has excellent sizing characteristics, as indicated in Table 2.4.

Table 2.4: Grain size distribution (per cent retained on sieve)

Mesh Retained Fraction - Fractional (%)										
Unit	Count	+850 µm	-850µm +600µm	-600µm +425µm	-425µm +300µm	-300µm +212µm	-212µm +150µm	-150µm +106µm	-106µm +75µm	-75µm
Silica	1,260	3.45	2.25	5.31	15.52	30.36	32.28	7.56	1.37	1.90
Grit	55	33.45	5.73	5.30	8.98	17.03	21.19	5.28	1.29	1.75
Organic Silica	487	5.51	2.73	6.17	17.48	32.50	26.78	6.59	1.05	2.24
Sand	505	12.35	4.27	7.29	14.83	24.75	22.70	8.76	0.90	5.05

Source: Encompass Mining Solutions (January 2024)

Vertical variations are evident in the drilling, with an overall increase in the grain size of the deposit from fine at the top to coarse at the bottom (the Gritty Silica Sand horizon). The overall grain size pattern indicates a general coarsening of the deposit from west to east, with finer grain sizes of AFS 60–70 classification developed in the western-central parts of the deposit.

A north–south to north-northeast orientation in grain size distribution is also evident. These observations are consistent with a prevailing wind direction from the east and southeast. The average grain size appears to decrease landwards, consistent with deposition by onshore winds.

Some variations encountered in the drilling are consistent with trends that could be expected to develop between peaks and troughs in an aeolian dune system.

The grain size characteristics of the non-beneficiated silica sand ore from the Mourilyan silica sand deposit compare favourably with other major deposit types (e.g. Cape Flattery and Coonarr Creek in Queensland, Canning Vale and Jandakot in Western Australia).

Grain size distribution indicates that the samples are in the range of 51–85 AFS, with an average of 71 AFS. An average grain size of 240 µm (Sennitt, 2004) was calculated using the Rufford particle size distribution procedure. Although some minor coarse sieving may be necessary, these sizes are highly acceptable as glass-making sands.

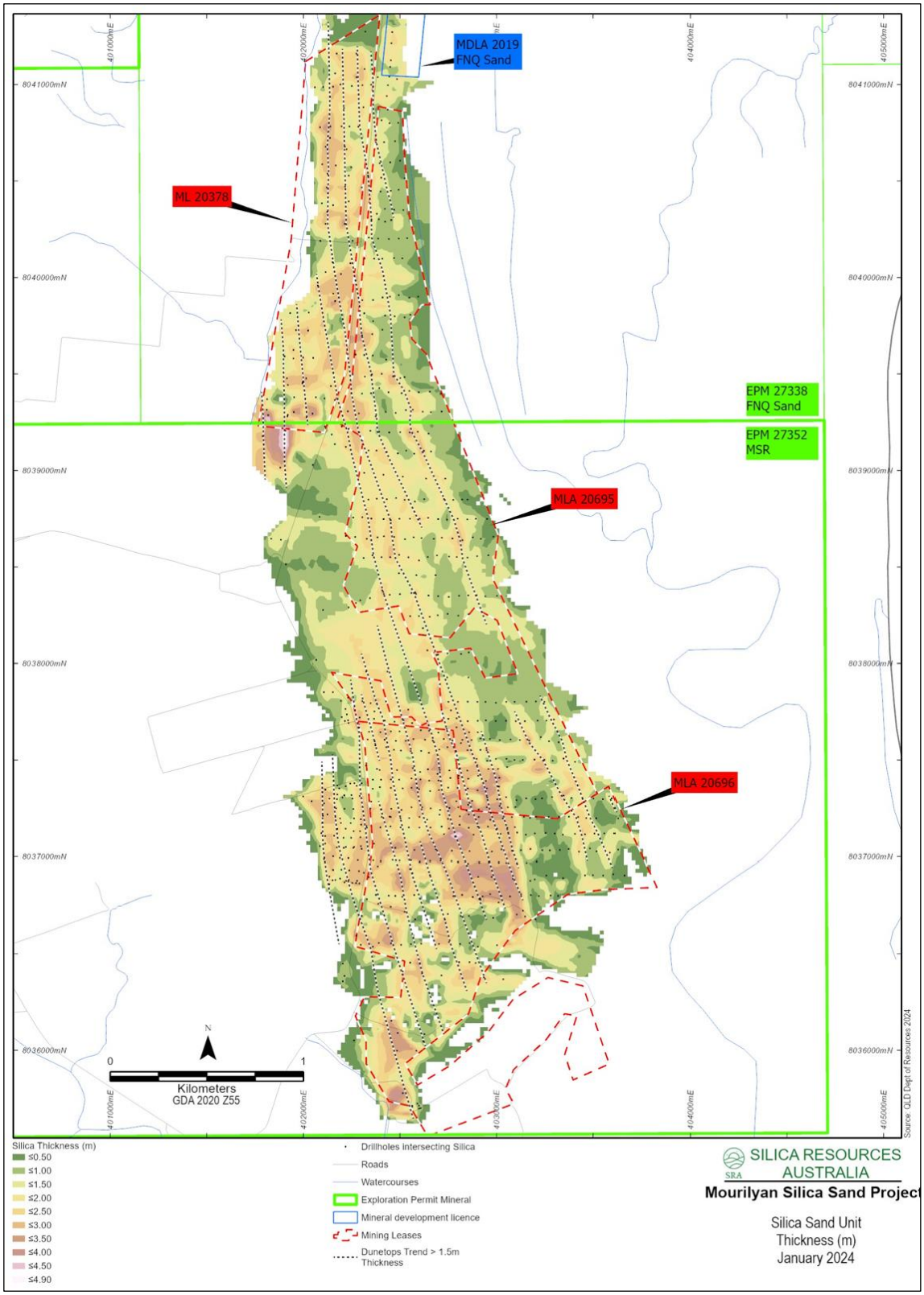
2.3.5 Deposit morphology

The interpretated morphology of the deposit indicates the presence of multiple near north–south trending lenticular (silica) sand dune ridges separated by troughs. The silica sand may represent backfilled areas – originally swamps – that became filled by windblown sand. A freshwater swamp environment separates these older Pleistocene beach ridge sand deposits from the Holocene beach ridge deposit on Cowley Beach.

A southeasterly and easterly onshore wind is interpreted as the prevailing wind direction, and this generated the silica sand deposit. The bedrock outcrop behind Kurrimine Beach would have acted as a significant wind break and enhanced the northwest to southeast trends evident in heavy minerals and the tails of the >1.5 m-thick lenticular sand ridges (see Figure 2.4).

Organic Silica Sand is restricted in distribution to the limits of the overlying Silica Sand. The Organic Silica Sand colouration is attributed to humic acids released by rotting vegetation.

Figure 2.4: Silica Sand unit thickness (m)



Source: Encompass Mining Solutions (2024)

The Silica Sand unit consists of fine to medium-grained, micaceous quartz-feldspathic sand, which also contains gritty beds and quartz pebble bands, and typically tends towards a clayey matrix (that is interpreted as the basal horizon for any potential mining). Multiple drilling programs have found the water table is within this unit, typically 0.5–12 m below the Organic Silica Sand.

2.4 Mineral Resource estimates

The Mineral Resource for the Mourilyan Silica Sand Project was estimated by Encompass Mining Solutions (Encompass) as at the 25 January 2024. The Competent Person is Mr Chris Speedy, Principal Geologist at Encompass and a Member of the AIG (RPGeo No. 10251). The Mineral Resources are estimated and reported in accordance with the definitions and guidelines contained in the JORC Code (2012) and are reported on a dry in situ basis. Mineral Resources are reported inclusive of Ore Reserves. All grade estimation was completed using Ordinary Kriging (OK) for 10 element oxides (Al_2O_3, CaO, Fe_2O_3, K_2O, LOI, MgO, MnO, P_2O_5, SiO_2, and TiO_2).

Based on the analysis performed by SRK – which reviewed the input data, geological modelling, estimation and reporting as well as an overview of QAQC procedures – there were no material issues identified with the Mourilyan silica sand Mineral Resource estimates. SRK recommends using the estimates as stated for valuation purposes.

The Mineral Resources are reported as a global summary in Table 2.5 and in more detail in Table 2.6, Table 2.7 and Table 2.8.

Table 2.5: Global Mineral Resource tonnage summary (cut-off >95% SiO_2)

Unit	Measured Tonnes (Mt)	Indicated Tonnes (Mt)	Inferred Tonnes (Mt)	Total Tonnes (Mt)
Silica	3.05	5.56	2.54	11.15
Organic	-	2.24	0.75	2.99
Sand	-	26.62	8.02	34.64
Total	**3.05**	**34.42**	**11.31**	**48.78**

Source: Encompass Mining Solutions (2024)

Table 2.6: Silica Sand Mineral Resource (cut-off >95% SiO_2)

Resource Category	Tenement	Density t/m³	Tonnes (Mt)	SiO_2 %	Al_2O_3 %	CaO %	Fe_2O_3 %	K_2O %	LOI %	MgO %	MnO %	P_2O_5 %	TiO_2 %
Measured	ML20378	1.63	0.72	99.21	0.15	0.01	0.09	0.02	0.25	0.01	0.01	0.01	0.18
	MLA20695		0.58	99.31	0.15	0.01	0.09	0.02	0.13	0.01	0.01	0.01	0.2
	MLA20696		1.31	99.19	0.16	0.01	0.09	0.02	0.22	0.01	0.01	0.01	0.21
	EPM 27352		0.45	99.21	0.16	0.01	0.09	0.03	0.19	0.01	0.01	0.01	0.22
Total Measured			***3.05***	***99.22***	***0.16***	***0.01***	***0.09***	***0.02***	***0.21***	***0.01***	***0.01***	***0.01***	***0.20***
Indicated	ML20378	1.63	0.88	98.4	0.64	0.01	0.13	0.05	0.41	0.02	0.01	0.01	0.26
	MLA20695		3.19	99.12	0.17	0.01	0.11	0.02	0.22	0.01	0.01	0.01	0.25
	MLA20696		1.11	99.36	0.17	0.01	0.06	0.03	0.2	0.01	0.01	0.01	0.1
	EPM 27352		0.38	98.55	0.23	0.01	0.23	0.03	0.22	0.02	0.02	0.01	0.55
Total Indicated			***5.56***	***99.02***	***0.25***	***0.01***	***0.11***	***0.03***	***0.25***	***0.01***	***0.01***	***0.01***	***0.24***
Inferred	MLA20695	1.63	0.09	99.14	0.26	0.01	0.05	0.06	0.32	0.01	0	0.01	0.09
	MLA20696		1.08	99.37	0.21	0.01	0.05	0.05	0.17	0.01	0.01	0.01	0.09
	EPM 27352		1.37	98.91	0.26	0.01	0.13	0.03	0.28	0.01	0.01	0.01	0.28
Total Inferred			***2.54***	***99.11***	***0.24***	***0.01***	***0.09***	***0.04***	***0.23***	***0.01***	***0.01***	***0.01***	***0.19***
Total Measured + Indicated + Inferred			***11.15***	***99.09***	***0.22***	***0.01***	***0.10***	***0.03***	***0.23***	***0.01***	***0.01***	***0.01***	***0.22***

Source: Encompass Mining Solutions (2024)

A portion of the Silica Sand Mineral Resource reports directly to silica sand flour, defined as silica sand with an average particle size of 60 mesh and above, and SiO_2 >99% (QYR Research, 2022). However, a spiral circuit is needed to reduce the heavy mineral grade to acceptable parameters. The remaining silica sand will need to be crushed to meet the particle size for flour.

Table 2.7: Organic Silica Sand Mineral Resource (cut-off >95% SiO_2)

Resource Category	Tenement	Density t/m³	Tonnes (Mt)	SiO_2 %	Al_2O_3 %	CaO %	Fe_2O_3 %	K_2O %	LOI %	MgO %	MnO %	P_2O_5 %	TiO_2 %
Indicated	ML20378	1.64	0.64	97.11	0.85	0.01	0.25	0.11	1.14	0.02	0.01	0.02	0.35
	MLA20695		1.00	96.87	0.87	0.01	0.24	0.1	1.51	0.01	0.01	0.02	0.28
	MLA20696		0.56	96.71	1.13	0.01	0.25	0.17	1.35	0.02	0.01	0.03	0.24
	EPM 27352		0.05	96.29	0.91	0.01	0.15	0.09	2	0.02	0.01	0.01	0.4
Total Indicated			***2.24***	***96.89***	***0.93***	***0.01***	***0.24***	***0.12***	***1.38***	***0.02***	***0.01***	***0.02***	***0.29***
Inferred	ML20378	1.64	-										
	MLA20695		0.13	96.68	0.95	0.01	0.16	0.13	1.67	0.02	0.01	0.02	0.28
	MLA20696		0.30	96.52	1.32	0.01	0.16	0.22	1.43	0.03	0.01	0.03	0.22
	EPM 27352		0.31	96.37	1.02	0.01	0.17	0.11	1.78	0.02	0.01	0.02	0.38
Total Inferred			***0.75***	***96.49***	***1.13***	***0.01***	***0.16***	***0.16***	***1.62***	***0.02***	***0.01***	***0.02***	***0.30***
Total Indicated + Inferred			***2.99***	***96.79***	***0.98***	***0.01***	***0.22***	***0.13***	***1.44***	***0.02***	***0.01***	***0.02***	***0.29***

Source: Encompass Mining Solutions (2024)

The Organic Silica Sand and Silica Sand units have an in situ silica content of 90–98% and are high in Al_2O_3, Fe_2O_3 and K_2O. In their current raw in situ state, these sands are not considered a

genuine silica sand and beneficiation using crushing and spirals is required to produce a silica sand specification.

Table 2.8: Silica Sand Mineral Resource (cut-off >95% SiO_2)

Resource Category	Tenement	Density t/m³	Tonnes (Mt)	SiO_2 %	Al_2O_3 %	CaO %	Fe_2O_3 %	K_2O %	LOI %	MgO %	MnO %	P_2O_5 %	TiO_2 %
Indicated	ML20378	1.67	1.79	96.36	1.84	0.01	0.23	0.25	0.9	0.04	0.01	0.02	0.23
	MLA20695		8.37	96.66	1.47	0.01	0.23	0.22	1.05	0.03	0.01	0.02	0.2
	MLA20696		8.76	96.43	1.79	0.01	0.23	0.31	0.91	0.04	0.01	0.02	0.17
	EPM27352		7.70	96.37	1.76	0.01	0.22	0.27	1	0.04	0.01	0.02	0.21
Total Indicated			***26.62***	***96.48***	***1.68***	***0.01***	***0.23***	***0.27***	***0.98***	***0.04***	***0.01***	***0.02***	***0.20***
Inferred	ML20378	1.67	0.18	96.94	1.49	0.01	0.18	0.18	0.82	0.03	0.01	0.02	0.23
	MLA20695		3.81	96.44	1.64	0.01	0.24	0.28	1.1	0.02	0.01	0.02	0.17
	MLA20696		1.92	96.54	1.65	0.01	0.35	0.27	0.91	0.03	0.01	0.02	0.14
	EPM27352		2.10	96.99	1.39	0.01	0.18	0.22	0.88	0.02	0.01	0.02	0.19
Total Inferred			***8.02***	***96.62***	***1.57***	***0.01***	***0.25***	***0.26***	***0.99***	***0.02***	***0.01***	***0.02***	***0.17***
Total Indicated + Inferred			***34.64***	***96.51***	***1.66***	***0.01***	***0.23***	***0.26***	***0.98***	***0.03***	***0.01***	***0.02***	***0.19***

Source: Encompass Mining Solutions (2024)

2.4.1 Drilling

Drilling up until November 2023 has defined Mineral Resources in ML20378, MLA20695, MLA20696 and selected areas of EPM27352 in all three target units (Silica Sand, Organic Sand and Sand).

Future drilling will aim to increase resource confidence in the two MLAs. Mechanical augering will aim to increase the confidence and resource of the Sand unit which underlies the coffee unit, and has not been fully tested by hand augering due to the depth limitations of that drilling method.

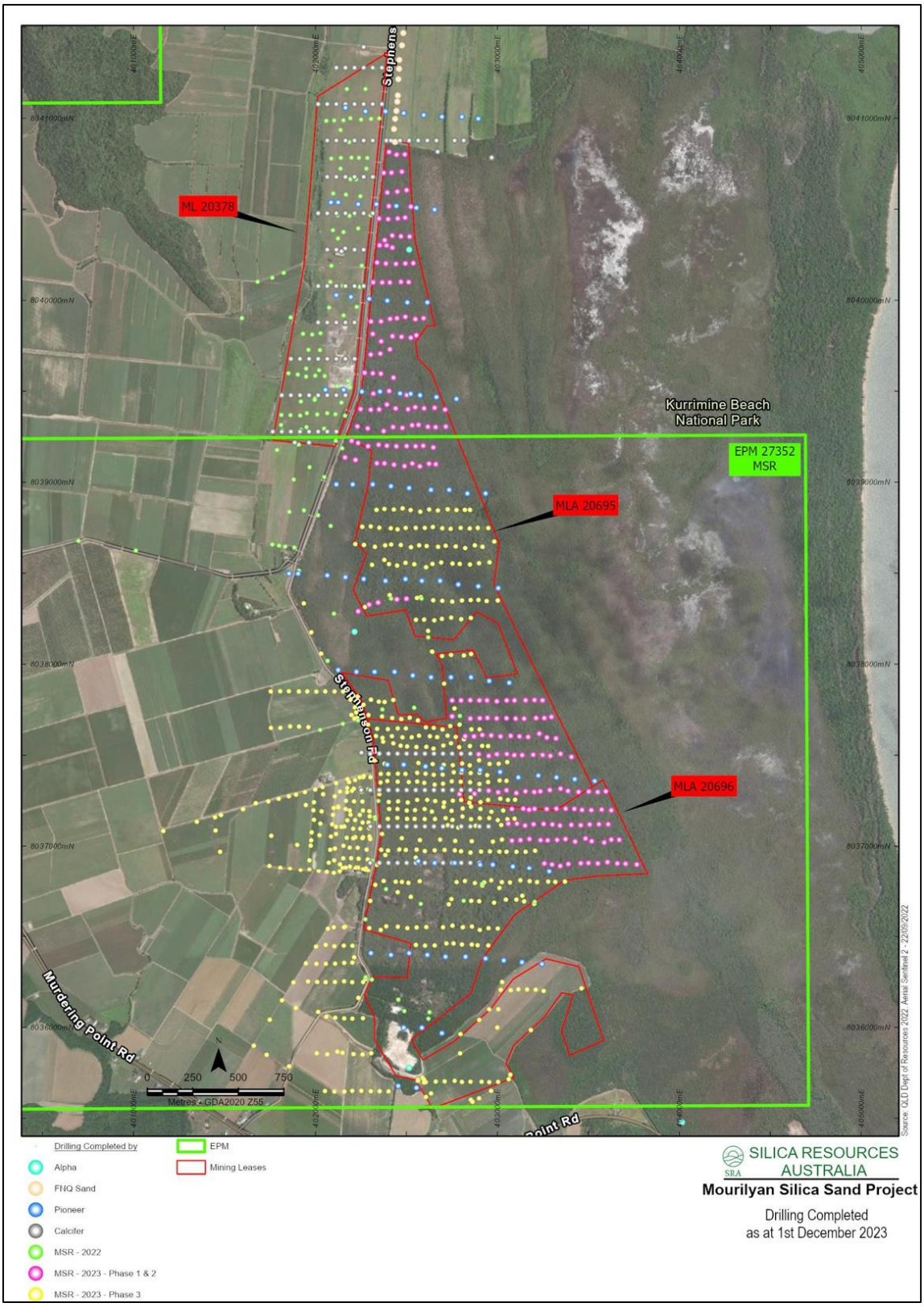
A summary of the drilling (augering) completed to date is shown in Table 2.9 and Figure 2.5. A dormer hand auger was used for the Calcifer and MSR hand auger programs. The MSR dataset also includes five trenches dug as part of a bulk sampling program. The Pioneer dataset includes two sets of trenching data (costean and trench); trenches and costeans were treated the same as drill holes (hole diameter is not applicable).

Table 2.9: Drilling and analysis

Company	Number of Holes	Drill Program	Year	Drilled (m)	Average Hole Length (m)	Hole Diameter (mm)
Alpha Discovery	4	Alpha	1970	18.60	4.65	61
Calcifer Minerals	142	CA	2003	615.10	4.33	61
FNQ Sand	14	B	2021	72.80	5.2	47
MSR	130	MS22	2022	504.40	3.91	61-110
MSR	743	MS23	2023	2,655.50	3.57	61-115
Pioneer Concrete	120	P, Costean & Trench	1987-1989	225.02	1.89	61

Source: Encompass Mining Solutions (2024)

Figure 2.5: Drill hole locations



Source: Encompass Mining Solutions (2024)

A summary of the analytical methods is provided in Table 2.10.

Table 2.10: Summary of analytical methods

Operator	Period	Laboratory	Elements	Method	Code	Detection Limit
Pioneer	1987	Tochu - Japan	SiO_2, Fe_2O_3, TiO_2, Al_2O_3 and LOI.	Assumed ICP		
Pioneer	1987	ASP Resources, QLD	Slime, Heavy Minerals, TiO_2, Fe_2O_3, CaO, MgO, K_2O_3, Al_2O_3, LOI and SiO_2.	XRF		0.01
Calcifer	2005	ALS Brisbane, QLD	SiO_2, Al_2O3, Fe2O3, CaO, MgO, Na_2O, K_2O, TiO_2, MnO, P_2O_5, LOI, Cd, Pb, Cu and Zn	ICP-AES	ME-ICP85, OA-GRA05, ME-ICP41, ME-MS81	0.01, 0.5, 5
Calcifer Bulk Sample	2005	Ultratrace, Perth	SiO_2, Fe_2O_3, Al_2O_3, TiO_2, CaO, MgO, K_2O_3, Na_2O, P_2O_5, SO_3, MnO, BaO, SrO, ZrO_2, V_2O_5, Cr_2O_3, and LOI	XRF		0.01
FNQ	2021	SGS, Townsville, QLD	Al_2O_3, CaO, Cr_2O_3, K_2O, MgO, MnO, Na_2O, P_2O_5, Fe_2O_3, SiO_2, TiO_2, LOI, SO_3, Ba, Cu, Ni, Ta, V, Zn and Zr	XRF	XRF78S	0.01
MSR	2022 & 2023	ALS Brisbane, QLD	Al_2O_3, BaO, CaO, Cr_2O_3, Fe_2O_3, K_2O, MgO, MnO, Na_2O, $P2O_5$, SO_3, SiO_2 SrO, TiO_2 & LOI	XRF	ME-XRF26n & OA-GRA05x	0.01
MSR Bulk Sample	2023	ALS, Brisbane QLD	SiO_2 Al_2O_3, Fe_2O_3, TiO_2 Cr_2O_3 LOI	ICP-AES	ME-PKG85 ME-PKG85 ME-PKG85 ME-GRA05	0.1 0.001 1 0.01
MSR[1] Bulk Sample	2022	BrisbaneMetLaboratory				
MSR Bulk Sample	2023	Southern Gold Coast Laboratories, QLD	Al_2O_3, CaO, Fe_2O_3, SiO_2, TiO_2, M_gO, P, MnO, ZrO_2, Th+U	XRF		
MSR Bulk Sample	2023	AGC, Japan	SiO_2, Al_2O_3, Fe_2O_3, TiO_2, CaO, Na_2O, K_2O, LOI	XRF	Fused the sample with sodium carbonate, then digested with HF followed by 3 acid digest that is finished on ICP.	0.001

Source: Encompass Mining Solutions (2024)

2.4.2 Geological model

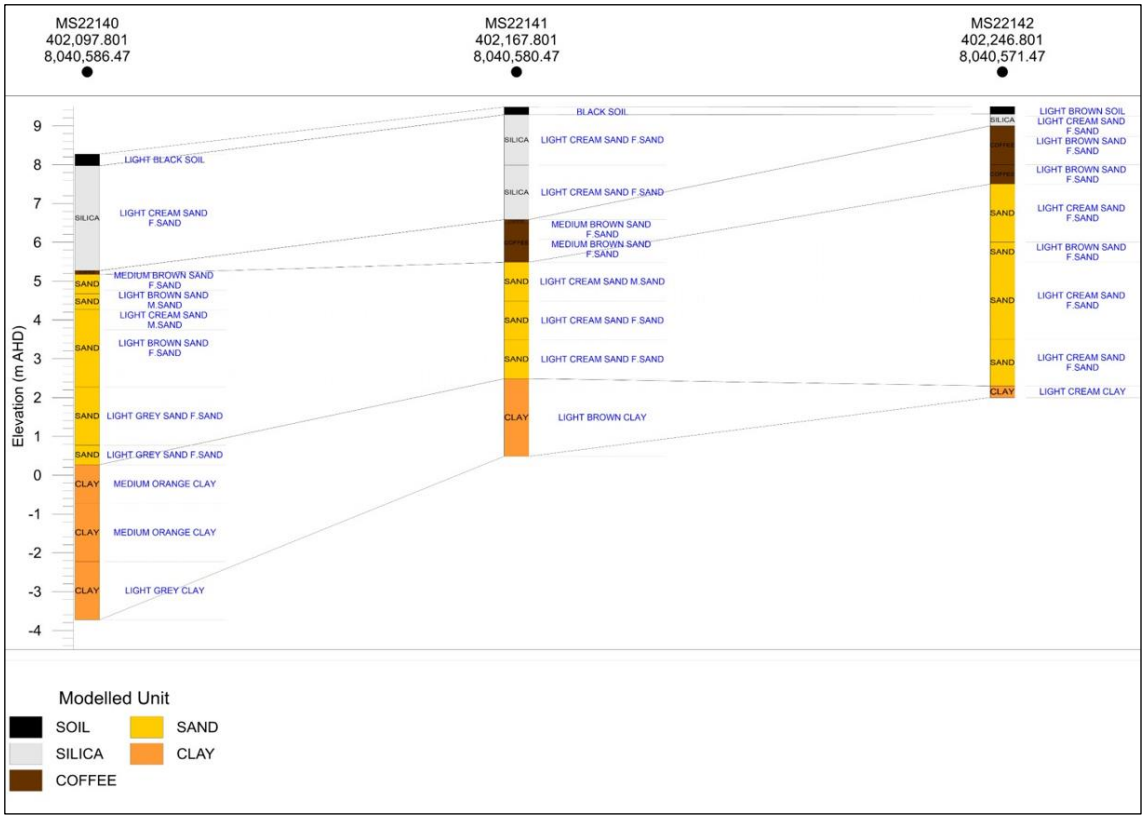
The deposit extends from the surface (less topsoil of 0.3 m) up to 7–10 m below the surface (see Figure 2.6).

The nature of the deposit, the consistently very high silica grades throughout the deposit, and deposit modelling, place a high degree of confidence in the geological interpretation. Geological continuity can be traced between drill holes according to visual and geochemical results.

Encompass digitised the wireframes based on lithological boundaries for Silica Sand (topsoil excluded from wireframing and the unit includes the grit layer), Organic Sand and Sand. Wireframes were extrapolated by approximately half of the average drill spacing past the last mineralised intersections.

The three-dimensional (3D) block model was created in the Geocentric Datum of Australia (GDA 2020/Zone 55) using Surpac mining software. The parent block size was selected based on the average drill spacing and to best represent the lode geometry. A parent cell size of 40 mE by 80 mN by 0.8 mRL was selected with sub-blocks allowed down to 10 mE by 20 mN by 0.20 mRL to accommodate adequate volume representation.

Figure 2.6: Example of lithological units across strike



Source: Encompass Mining Solutions (2024)

Compositing

The drill hole database was coded according to each wireframe shell and then composited to achieve uniform sample support. It should be noted, however, that equalising sample length is not the only criterion for standardising sample support. Factors such as the angle of intersection of the sampling to the mineralisation, sample type and diameters, drilling conditions, recovery, sampling/sub-sampling practices and laboratory practices all affect the 'support' of a sample and were considered.

After consideration of the relevant factors and bench/flitch height, a regular 1.0 m length (downhole) composite was selected as the most appropriate composite interval for Silica, 0.5 m for Organic Sand and 2.0 m for Sand.

SRK notes that compositing samples to different lengths for lithological units is not considered best practice as this results in a different sample support per unit. However, in this case the overall effect on the Mineral Resource estimate is not material.

Classification

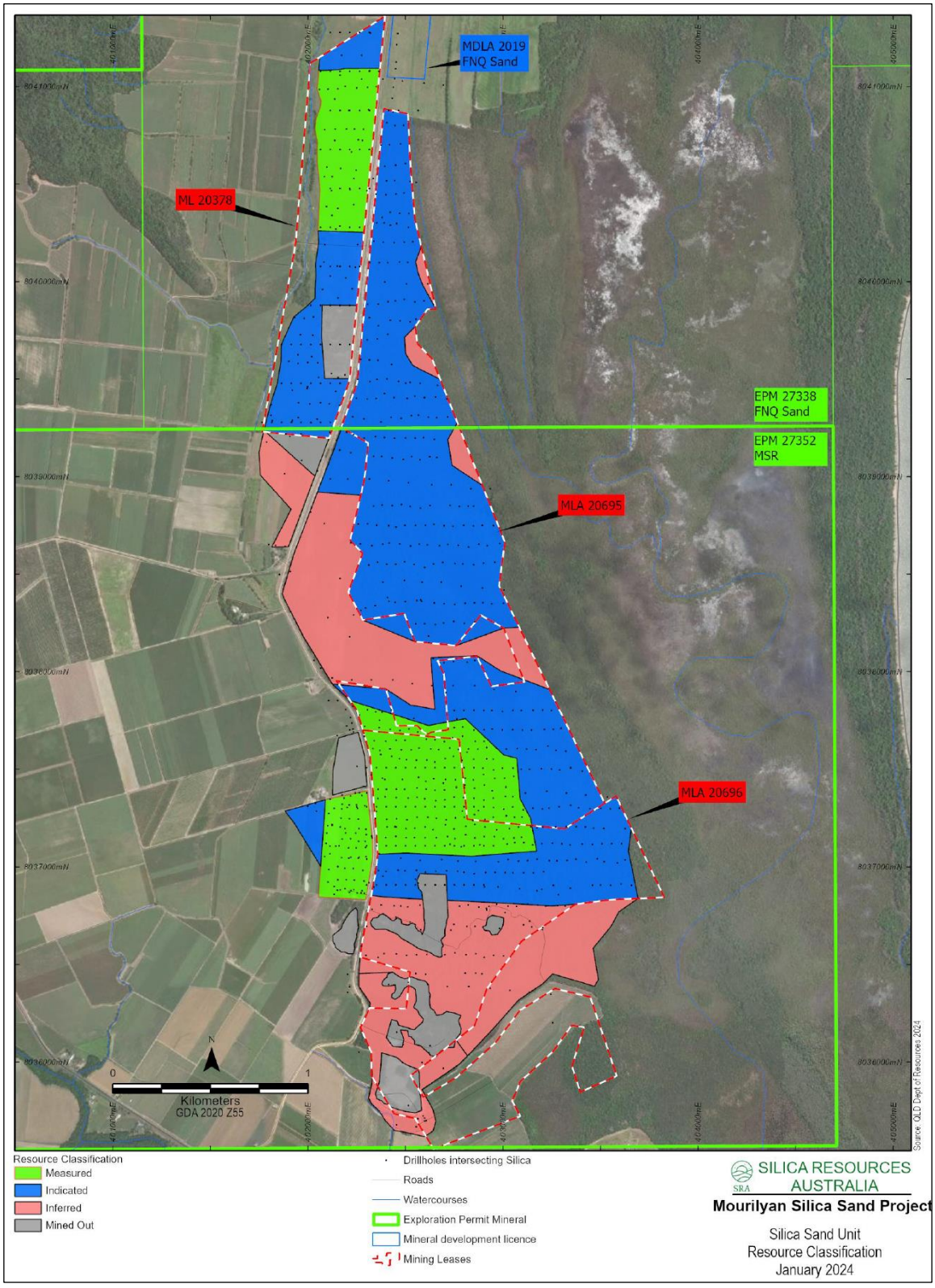
A range of classification criteria were considered to determine the Mineral Resource classification, including:

- geological continuity, plans, sections and structural data (i.e. thickness)

- quality of data
- assumptions used in the modelling and estimation process
- interpolation criteria and estimate reliability based on sample density, search distance, and interpolation parameters (including kriging efficiency, kriging variance and drill hole spacing)
- for the Silica Sand:
  - Measured Resource – blocks are from estimation pass 1 and drill holes are no further apart than ~50 mN × 50 mE
  - Indicated Resource – blocks are from estimation pass 1 or 2 and drill holes are no further apart than ~75 mN × 75 mE
  - Inferred Resource – blocks are predominately estimation pass 3 and drill holes are no further apart than ~300 mN × 120 mN
- for the Organic Sand:
  - Indicated Resource – blocks are from estimation pass 1 or 2 and drill holes are no further apart than ~75 mN × 75 mE
  - Inferred Resource – blocks are predominately estimation pass 1, 2 or 3 and drill holes are no further apart than ~300 mN × 120 mN
- for the Sand:
  - Indicated Resource – blocks are from estimation pass 1 or 2, and drill holes no further apart with analysis than ~250 mN × 250 mE
  - Inferred Resource – blocks are predominately estimation pass 2 or 3 and drill holes are no further apart than ~500 mN × 500 mN.

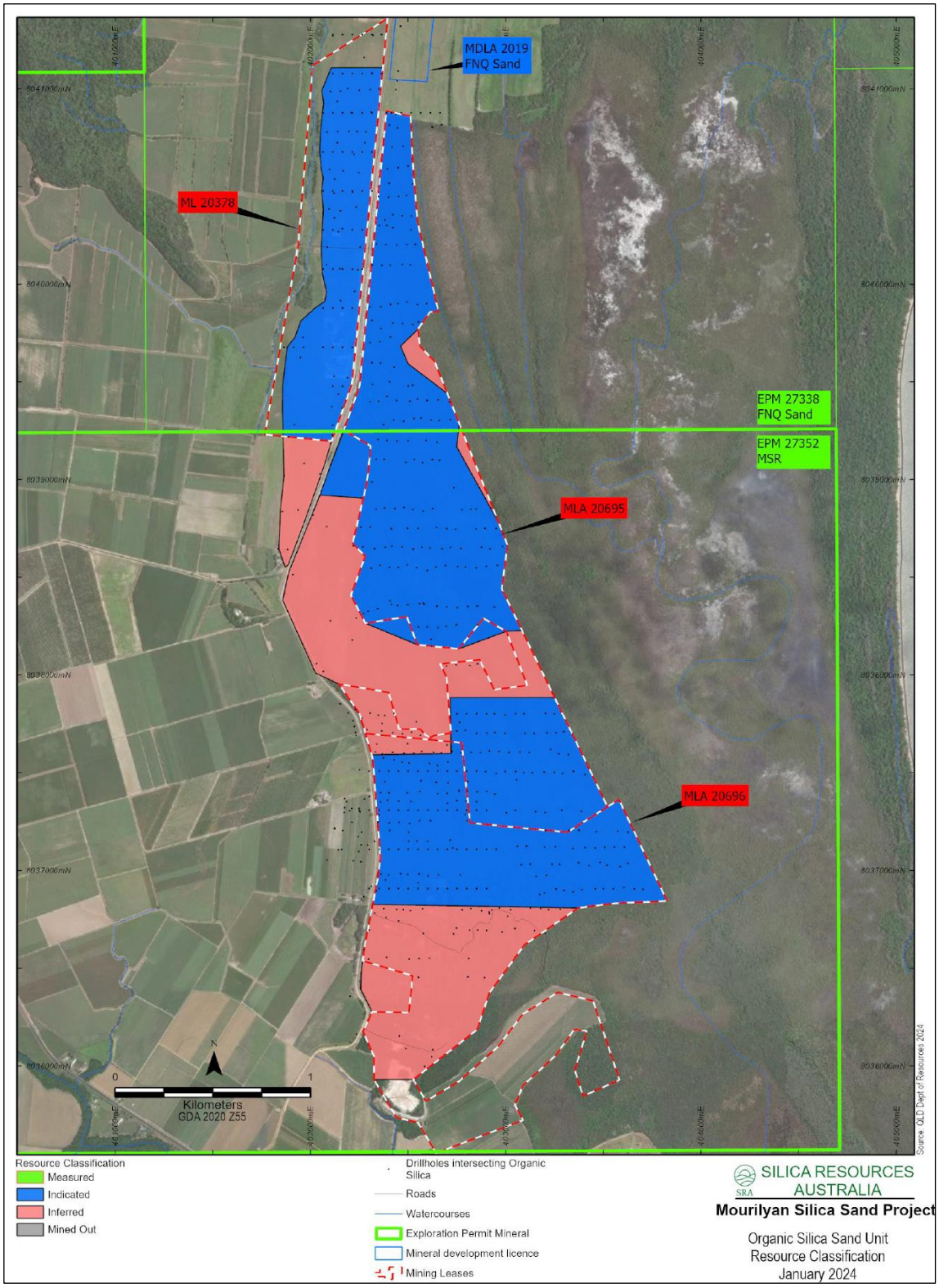
Mineral Resource classification diagrams for the reported lithological units are shown in Figure 2.7, Figure 2.8 and Figure 2.9.

Figure 2.7: Resource classification – Silica unit



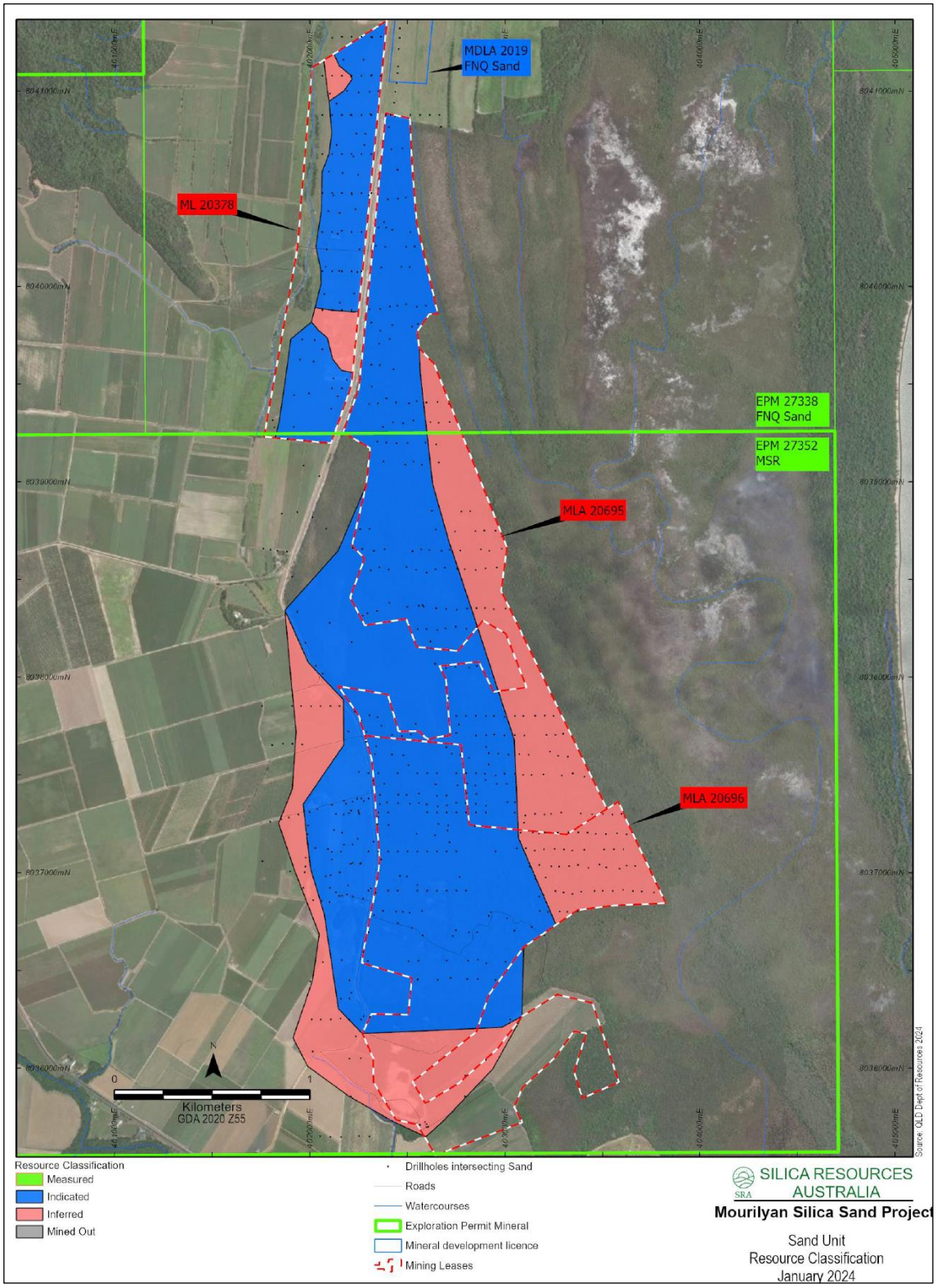
Source: Encompass Mining Solutions (2024)

Figure 2.8: Resource classification – Organic Sand unit



Source: Encompass Mining Solutions (2024)

Figure 2.9: Resource classification – Sand unit



Source: Encompass Mining Solutions (2024)

2.4.3 Reconciliation and applicability of Mineral Resources to Ore Reserve and Life of Mine Plan

Historical production has been sourced from records, however, this has limited value for the purposes of reconciliation for the Mineral Resource due to the quality of historical data.

2.4.4 Prospectivity

Future drilling is proposed for the MLAs to increase resource confidence and potentially also the Ore Reserve base.

There is no known drilling, or sampling, in the greater EPM27352 area beyond the identified Mineral Resource area. No additional backfilled silica sand deposits, filled by windblown sand, have been identified that are similar to the Mourilyan deposit depositional style.

Opportunities

The main opportunity is with infill drilling to improve the resource confidence, particularly in the lower Sand unit – this may increase the resource and reserve base.

Risks

Risks related to tonnage and grade estimates and geological continuity are considered to be low.

2.5 Mining and Ore Reserves

2.5.1 Introduction

SRK has completed a review of the mine planning aspects of the Mourilyan open pit and provides the following opinion on the reasonableness of the approach, parameters and results from the current mine plan. SRK has also outlined key risks that could impact operations.

2.5.2 Background

In 1987 Pioneer Concrete (QLD) Pty Ltd extracted a 15 t bulk sample for analysis (ASP in Queensland and Toyomenka), indicating the deposit had an AFS of 59.2 and average grades of 99.70% SiO_2, 0.02% Fe_2O_3, 0.10% Al_2O_3, 0.06% TiO_2, 0.01% MgO and 0.01% CaO.

In 1989, Pioneer Concrete (QLD) Pty Ltd transferred the asset to its wholly owned subsidiary Cable Sands (WA) Pty Ltd (Cable Sands). Cable Sands then conducted testwork on the Mourilyan silica sand deposit to determine if a commercial product could be achieved. Ten costeans were excavated, and bulk samples were forwarded to Cable Sands' Bunbury laboratory. The results indicated that with proper beneficiation, such as magnetic separation, the silica sand deposit was suitable to produce colourless glass.

Calcifer submitted two batches of samples for testing. In May 2005, a 3 t composite sample was made up using only the holes drilled on ML20378. In late October 2005, drilling was undertaken on MLA20695. In November, a 3 t composite was made up of all the silica intervals from all the drill holes from (what was ML20378) and ML20379. Samples were sent to Roche to run a full test.

The southern portion of ML20378 has had historical ad hoc operations as shown in Figure 2.10. It can be observed that a batter angle of approximately 45° was used when developing the pit and limited pit optimisation was undertaken in lieu of high grading during the mining operations. A water management plan was not developed and pockets of water from recent rainfall are observed.

This pit was developed under an old extractive licence that was being used for local construction sand sales in north Queensland until December 2022. This operation was owned and operated by the Dilon Family Trust and was suspended under an agreement in which SRA paid $250,000.

Figure 2.10: Historical workings in the southern portion of ML20378

Source: Ausrocks Resource Consultants (2024)

During the early part of 2024, SRA completed an updated Mineral Resource estimate (MRE) (Encompass Mining Consultants, 2024) and DFS (Mining Plus, 2024) which form the basis of this report.

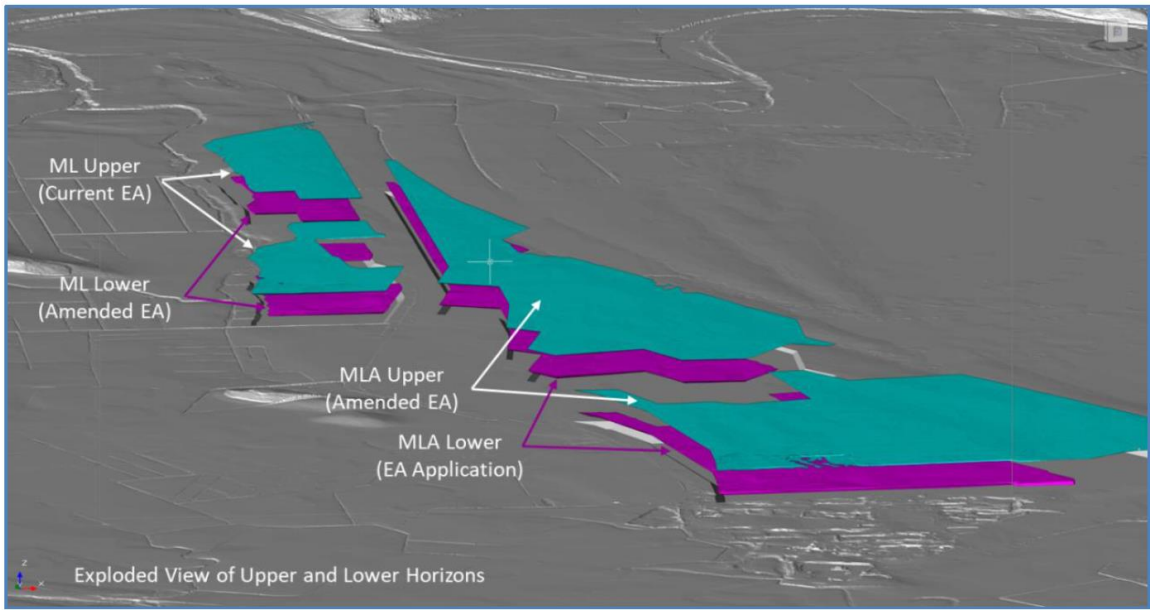
2.6 Mining method

The Mourilyan silica sand mining operation is suitable for a truck and shovel dry mining method for several reasons. Firstly, it offers operational simplicity, mainly because the Mineral Resource's mining depth is relatively shallow. This method also provides flexibility in adjusting production rates to meet demand fluctuations and offers surge capacity through a run-of-mine (ROM) stockpile. The dry mining method allows for selective mining of specific resource layers or impurities as required, making it a versatile and efficient choice for extracting silica sand.

Mining of the ML is limited to a depth of 7 m under the current EA. This is the approximate depth below surface of the water table. The zone shallower than 7 m is termed the upper layer in – and forms part of – the current EA. Mining below the 7 m limit is termed the lower layer and will require an amended EA to progress mining in this zone. The balance of the MLA area to the west of the ML was also split accordingly into an upper and lower layer. This MLA will require a combination of

an amended EA and EA application for the upper and lower layers respectively. The layers and various EA requirements are illustrated in Figure 2.11.

Figure 2.11: Upper and lower layers in relation to the Environmental Authority



Source: Mining Plus (2024)

2.7 Equipment selection

The Mourilyan Silica Sand Project will be a free-dig truck and shovel operation requiring the equipment shown in Table 2.11. A 50 t excavator (such as a Komatsu PC490) will be used as the primary silica sand extraction rig and will load the silica sand onto 30 t articulated dump trucks (ADT) (CAT 730 or Komatsu HM300) to transport the sand to the ROM stockpiles. An additional 30 t ADT will be required for the long-haul distances of over 2 km that are encountered in the MLA regions, specifically beginning just before the mining of the South Pit.

Table 2.11: Equipment selection

Equipment
50 t excavator
30 t ADT – primary
30 t ADT – Secondary
30 t dozer
30 t loader (FEL) – primary
30 t loader (FEL) – secondary
20 t grader
Compact track loader

Source: Ausrocks Resource Consultants (2024
Note: FEL – front-end loader.

2.8 Vegetation clearing

The MLA regions are heavily vegetated and overgrown as shown in Figure 2.12. The tenements will require clearing prior to the commencement of mining operations. The vegetation, although dense, has relatively shallow roots due to being positioned within a silica sand deposit. This will make vegetation clearing relatively easy with a 30 t dozer.

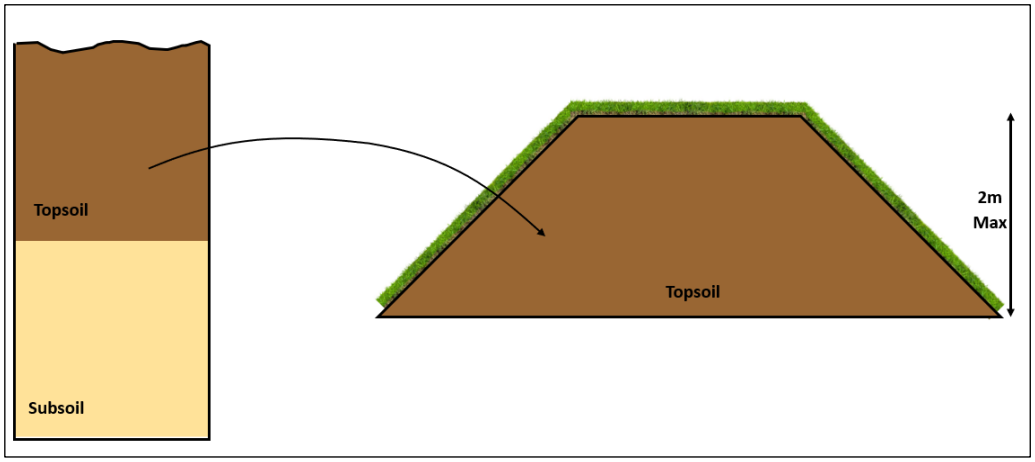
Figure 2.12: Vegetation in the MLA regions

Source: Ausrocks Resource Consultants (2024)

2.9 Topsoil stripping

Once the MLA mining areas have been cleared of vegetation, a topsoil layer will remain that contains little to no silica content. The topsoil layer is of no economic benefit, but the upper layer of soil contains organic matter and nutrients necessary for plant growth during the land reclamation process. Therefore, preservation of this soil layer is required and will be stored in 2 m high stockpiles for later use – see Figure 2.13.

Figure 2.13: Topsoil management



Source: Ausrocks Resource Consultants (2024)

Topsoil stockpiles will be stored upslope of the pit to form a stormwater diversion bund and will progressively be re-used for rehabilitation when the second pass of mining has commenced. As the current EA agreement indicates that no more than 5 ha of land can be disturbed due to mining activities at any given time, progressive rehabilitation using the topsoil will take place in panels.

SRK questions how this will be possible given the proposed sequence and schedule for mining the deposit.

The mining method will follow an initial stockpiling of the topsoil from the first panel, followed by immediate topsoil removal and placement into the preceding mined-out panel to promote revegetation.

2.10 Rehabilitation

Following the extraction of silica sand, the voids left after the mining activities will be backfilled. The overburden, in addition to any unsaleable materials (waste) excavated throughout the operation, will be used to backfill against the batters to lower the wall angle.

Upon completion of the backfilling process, the next phase is the redistribution of the preserved topsoil. This topsoil, which was stored at the commencement of mining operations, will be evenly spread across the backfilled regions. This step is the precursor to the revegetation phase and must be completed appropriately to support new plant growth.

Rehabilitation will commence once the first panel has been mined. The gradual backfilling and redistribution of topsoil are typically synchronised with the mining operation's advancement, ensuring that the reclaimed areas are prepared for the next phase – revegetation.

2.11 Mine design

After the topsoil layer has been removed from the ML region, within a 5 ha limitation, mining will commence with direct loading from the face by a 50 t excavator into 30 t ADTs. The sequence will mine the northern pit first with only the upper silica layer extracted before proceeding to the southern pit to remove the same silica layer. Once all the Silica Sand has been removed, the

operations will resume back at the northern pit to extract the remainder of the Mineral Resource. This is then followed by extracting the remainder of the Mineral Resource in the southern pit.

The operation is sequenced this way to avoid mining below the water table on the first pass and to keep the face heights to a minimum. A 30° batter angle will be observed when designing the pit wall as this angle poses low geotechnical risk for silica sand in similar silica sand operations. The pit is optimised by being designed to the silica layer on the first pass, and then designed to the boundary of the remaining Mineral Resource on the second pass. This ultimately achieved the highest possible silica content within the mining sequence.

2.11.1 Hydrology

The Mourilyan Project lies within a local watershed, with the depth of the water table seasonally dependent. During the wet season, water has been observed at depths as shallow as 5 m below surface. Groundwater inflows into the pit are expected to necessitate partial dewatering, particularly within the rock mass proximal to proposed mining operations. As a minimum, effective drainage systems will be required to manage water ingress and maintain production schedules.

2.11.2 Pit dewatering strategy

The pit dewatering strategy at the Mourilyan Project involves a combination of horizontal and vertical water management approaches. Key aspects of this strategy include mobile dewatering pumps to achieve critical pit depths and expose saprolite material, and a comprehensive wet season strategy.

2.11.3 Water catchment strategy

The water catchment strategy for the Mourilyan Project integrates various structural and operational measures to manage water flow efficiently around, and within, the pits.

2.11.4 Size fractions

Due to the limitations of the processing plant to process the coarse fractions of the silica sand, the pits are scheduled in such a way that the coarse particles are fed through to the ROM stockpile at a manageable rate. The coarse silica sand feed will be packaged into bulk bags and sold as a different product than the silica flour. The scheduling component of the Mourilyan Silica Sand Project will involve careful reporting of the different size fractions, tonnages and grade for each period; operations will be coordinated with the processing plant to identify what feed material is required.

2.11.5 ML20378 pits

North Pit

The North Pit is shown in Figure 2.14. The extents of the pit terminate where the mining lease narrows to the east.

Figure 2.14: North Pit – mine design

Source: Ausrocks Resource Consultants (2024)

The North Pit has been divided into two layers: upper and lower. The upper layer has a relatively high silica yield (98.3%). This coincides with a low content of impurities rendering the first few years of the operation very efficient and putting few constraints on the processing plant to strip out the impurities. The mine has been designed with a 50 m offset from the creek and a 10 m offset from the mining lease boundary in addition to a 30° batter angle for the pit walls. The mine design has been optimised, based on these parameters, to maximise the mining area and resource recovery – the physicals for North Pit are shown in Table 2.12. The upper layer of North Pit also has a significantly lower coarse grain size distribution and more of the preferred standard to lower sized silica.

Table 2.12: North Pit physicals

Field	Units	Upper layer	Lower layer
Al_2O_3	%	0.17	2.028
CaO	%	0.01	0.008
Fe_2O_3	%	0.082	0.319
K_2O	%	0.021	0.363
MgO	%	0.011	0.047
MnO	%	0.008	0.006
P_2O_5	%	0.006	0.024
SiO_2	%	98.324	95.463
TiO_2	%	0.152	0.19
LOI	%	0.283	1.057
Density	g/cc	1.63	1.664
>250 µm	%	18.598	28.115
250 to 150 µm	%	37.585	31.075
150 to 75 µm	%	40.516	32.991
<75 µm	%	2.438	7.428
Volume	m^3	401,754.20	658,543.80

Source: Ausrocks Mining Study, 2024

South Pit

The South Pit of ML20378 is located to the south of the processing plant as shown in Figure 2.15. The pit design has a 10 m buffer from the site access road and a portion removed from the western side of the resource where the resource is not classified as Measured or Indicated, i.e. not part of an Ore Reserve.

Figure 2.15: South Pit mine design

Source: Ausrocks Resource Consultants (2024)

South Pit is also divided into two layers: upper and lower. The upper layer, consistent with North Pit, has a relatively high silica content of approximately 97%. Mining of the upper layer poses the benefits of being generally above the water table enabling dry mining methods to be efficient and putting fewer constraints on the processing plant by passing fewer impurities through the plant. Physicals for South Pit are shown in Table 2.13.

Table 2.13: South Pit physicals

Field	Units	Upper layer	Lower layer
Al_2O_3	%	0.798	1.868
CaO	%	0.009	0.007
Fe_2O_3	%	0.141	0.203
K_2O	%	0.061	0.195
MgO	%	0.019	0.034
MnO	%	0.01	0.008
P_2O_5	%	0.013	0.02
SiO_2	%	96.995	95.556
TiO_2	%	0.298	0.341
LOI	%	0.516	1.049
Density	g/cc	1.631	1.664
>250 µm	%	31.522	32.696
250 to 150 µm	%	26.066	18.162
150 to 75 µm	%	37.148	40.686
<75 µm	%	4.193	7.861
Volume	m^3	394,229.10	446,615.90

Source: Ausrocks Resource Consultants (2024)

2.11.6 MLA pits

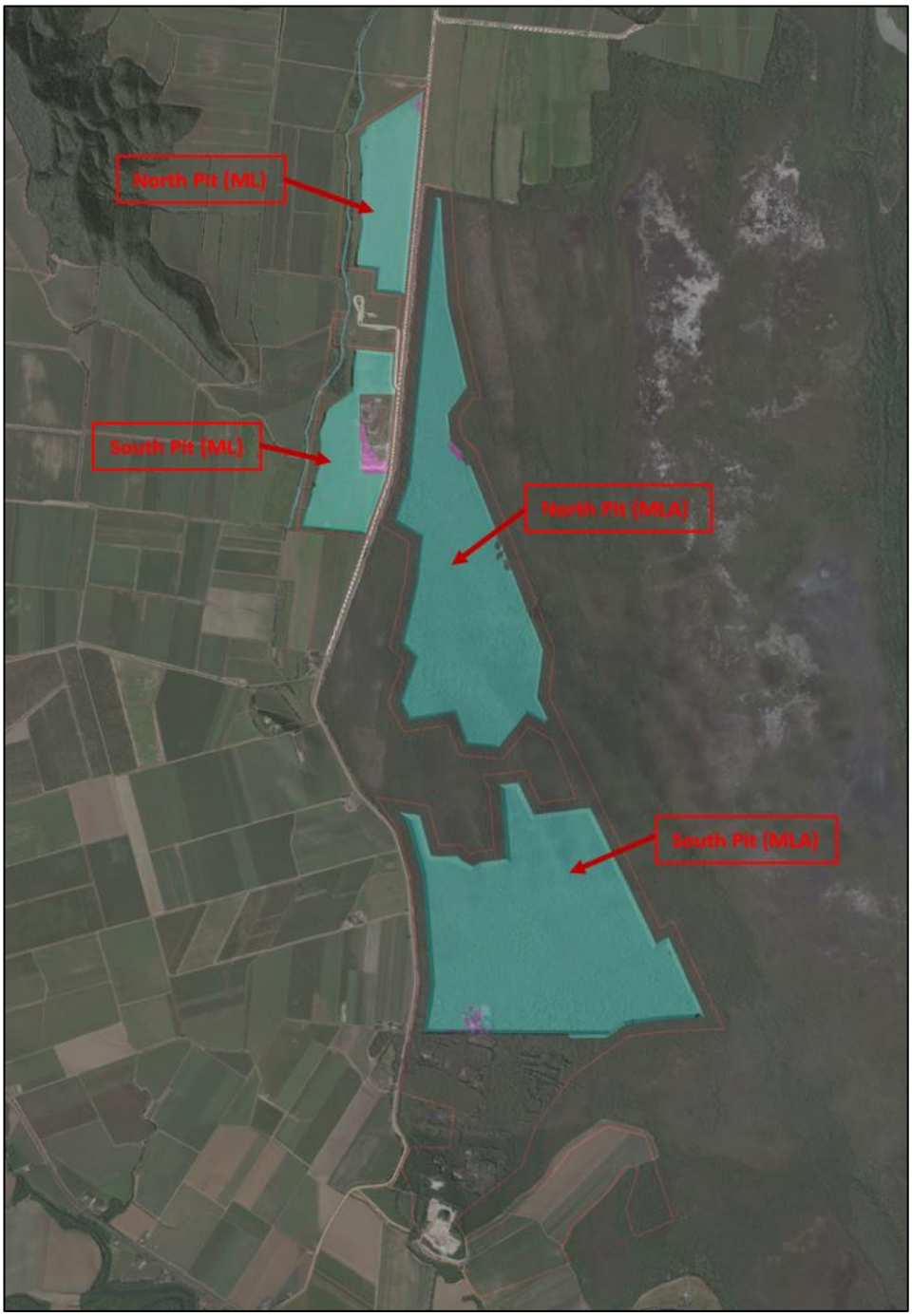
In Year 10, the mine schedule transitions from mining in ML20378 to the MLA regions where two pits have been designed – both with upper and lower layers – see Figure 2.16. These pits are also named North Pit and South Pit. A 50 m buffer has been placed between the MLA boundaries and the pit shells to ensure that geotechnical failures do not cause land disturbances outside these boundaries. The mining sequence follows the same sequence as the ML20378 mine where the mine will be mined north to south with the upper layer extracted completely prior to mining below the water table where the organic silica layer will be extracted.

Due to the presence of vegetation in the MLA areas, vegetation clearing will take place in the year prior to mining. The same excavation techniques will be used in the MLAs as the ML, i.e. truck and shovel operation of the silica sand, however, a few additional steps will need to be included in the process. These additional steps include the crossing of Stephenson Road for haulage, removal of vegetation ahead of production, and eventually the incorporation of a third 30 t ADT to maintain the production target of 360,000 t/a due to longer haulage distances when nearing the South Pit in the mining schedule.

During the MLA mining period, an application to amend the EA is likely to have been made that may change the need for progressive rehabilitation to not exceed 5 ha land disturbance. This will aid in the production rate of the operation due to campaigning of the mining cycle processes. SRK cautions that this is a significant assumption and by no means certain. This would also void the need to double-handle the topsoil and will result in lower demand on the 30 t dozer that will be tied up with vegetation clearing throughout the first pass of mining. It is expected that vegetation clearing will be required until Year 23 of the mining schedule, which is the year prior to the last section of the South Pit mining.

The haul road for the MLA areas will be positioned in-pit as benching of the Mineral Resource seam occurs, however, an alternative access road will be developed in the 50 m buffer to the east of the MLA boundary for general access.

Figure 2.16: Mine layout including the MLA pits



Source: Ausrocks Mining Study, 2024

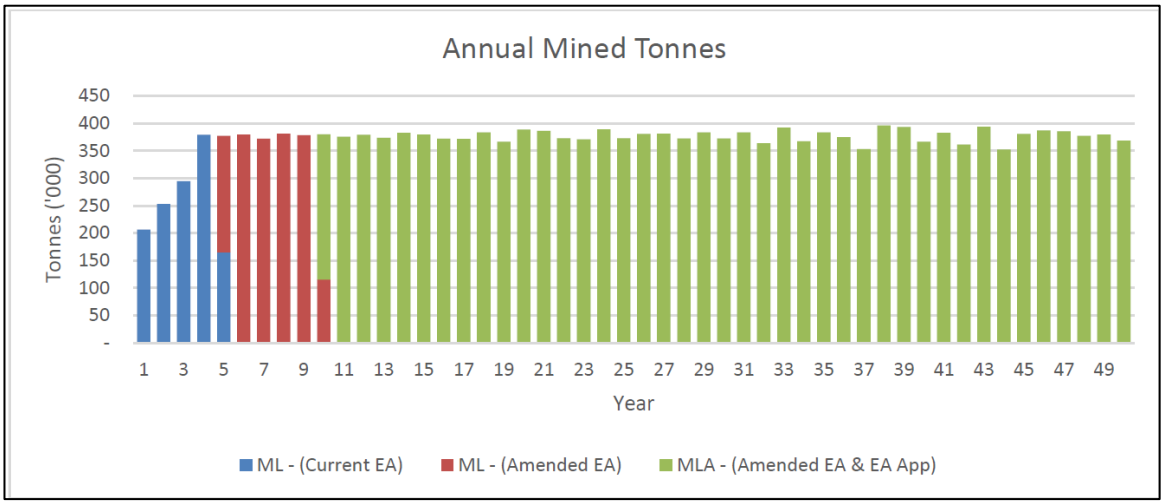
2.12 Mine schedule

2.12.1 Life of mine

The Mourilyan silica sand mine ore and waste schedule, including a 5% mining loss, is shown in Figure 2.17 on an annual basis. A ramp-up period is planned to meet the processing plant requirements during the initial stages of the operation. The 50-year mine plan is based on the

January 2024 block model for SRA. The fully operational throughput rate of 360,000 t/a was targeted when designing the mine plan and schedule for the ML region after the ramp-up period, including the MLA regions. The mine life transitions from the ML to the MLA regions in Year 10 when the silica resource is depleted in ML20378.

Figure 2.17: Mine plan life of mine schedule

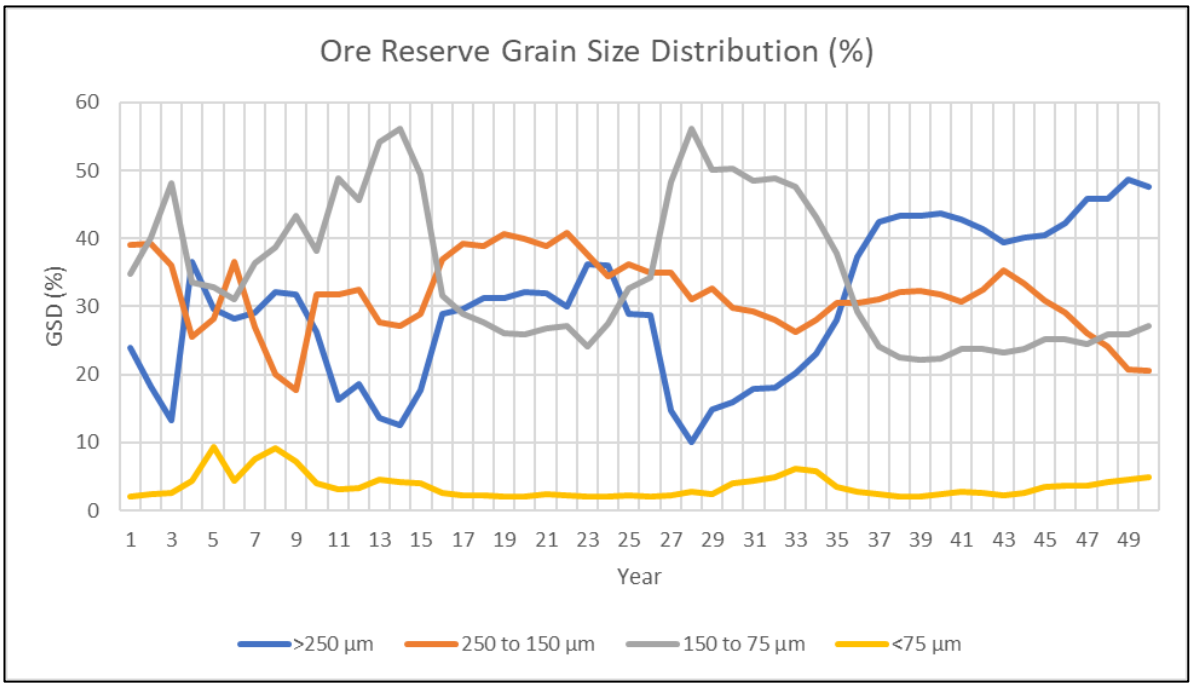


Source: Ausrocks Resource Consultants (2024)

2.12.2 Grain size distribution

The batch interrogation of the annual mine schedule resulted in accurate reporting of the grain size distribution of the Mourilyan Silica Sand Project. The results, shown in Figure 2.18, show the size fractions of the mined silica throughout the years of the mining operation. It is apparent that the quantity of the standard grain size (250 µm to 150 µm) decreases throughout the mine life and the quantity of the coarse material (>250 µm) increases. The below 75 µm silica sand fraction increases at a gradual rate throughout the operation.

Figure 2.18: Grain size distribution over life of mine

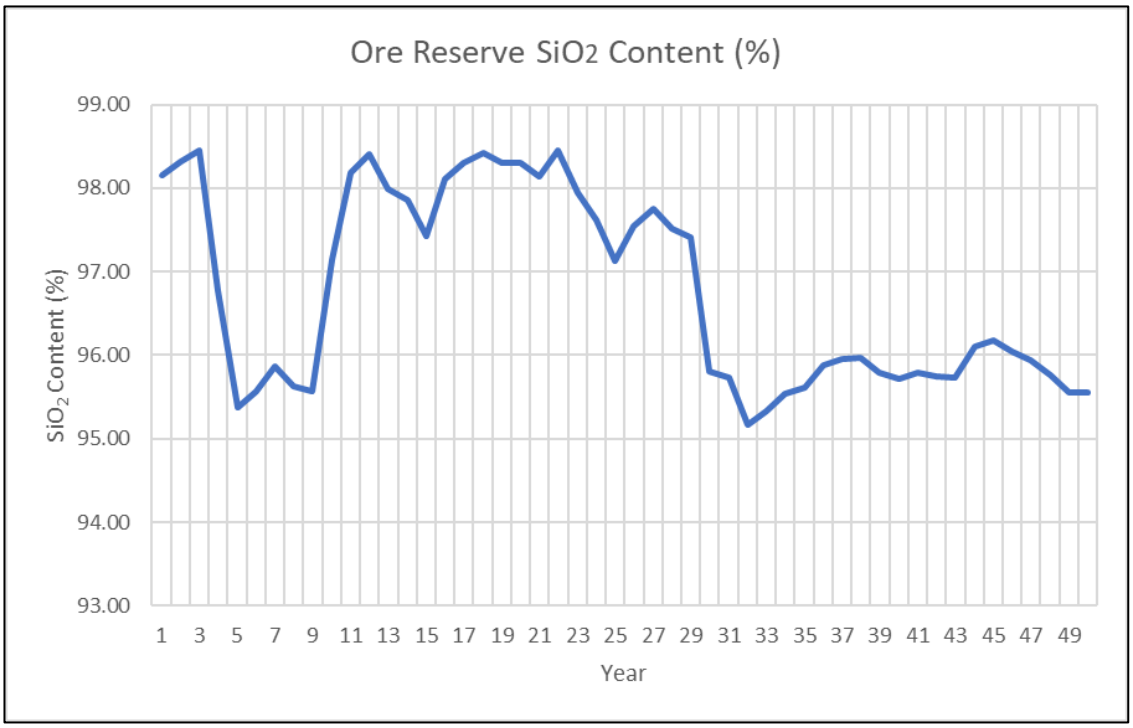


Source: Ausrocks Resource Consultants (2024)

2.12.3 Silica content

As shown in Figure 2.19, the silica content of the Mineral Resource decreases as the mine plan progresses. This is attributed to the decreasing silica content when progressing from the upper layers of the resource to the lower layers. It is also apparent that the silica content decreases at a lower rate when progressing from the North Pit to the South Pit. It should be noted that the content of silica always remains above the cut-off grade of 95% which is attributable to the mined panels only comprising Measured and Indicated Resources. It should also be noted that the silica content increases again in Year 10, when the mine schedule transitions to the MLA North Pit upper layer.

Figure 2.19: Silica content (as a per cent) over life of mine

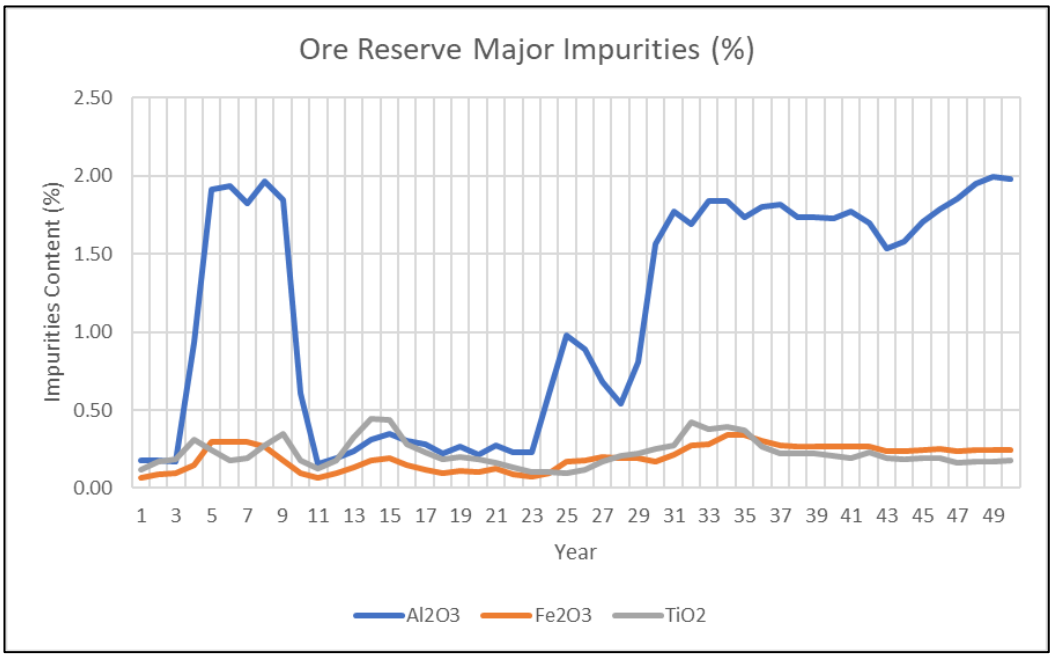


Source: Ausrocks Resource Consultants (2024)

2.12.4 Other metal contents

The initial 3 years of operation have relatively low metal yields. The observed increases in aluminium content to almost 2% is in response to mining the lower layer (the Organic Sand and Sand horizons). This contamination may be problematic for the processing plant and careful observation and management will be required.

Figure 2.20: Major element oxides over the life of mine



Source: Ausrocks Resource Consultants (2024)

2.13 Ore Reserves

The Ore Reserves for the Mourilyan Silica Sand Project as at 28 February 2024 were estimated by Mining Plus in its 2024 DFS. The Ore Reserves were estimated and reported in accordance with the definitions and guidelines contained in the JORC Code (2012) and were reported on a dry in situ basis. The Competent Persons are Mr Faraz Ferdosian and Mr Carl Morandy. Mr Ferdosian is a Senior Mining Engineer at Ausrocks Pty Ltd and a Member of the AusIMM and worked under the supervision of Mr Carl Morandy. Mr Morandy is a Mining Engineer, the Managing Director of Ausrocks Pty Ltd and a Member of the AusIMM.

Based on the analysis performed by SRK – which reviewed the geological modelling, modifying factors, mine plan and schedule – no material issues were identified. SRK recommends using the Ore Reserve estimates as stated for valuation purposes, subject to any caveats or restrictions resulting from SRK's assessment of the mineral processing and marketing requirements.

The Ore Reserves are reported in Table 2.14.

Table 2.14: Mourilyan Ore Reserve estimate as at 28 February 2024

Ore Reserve Category	Silica Sand (Mt)	SiO_2 (%)	Fe_2O_3 (%)	TiO_2 (%)	Al_2O_3 (%)	LOI (%)	Waste (Mt)	Silica Sand (Mm_3)
Probable Reserve (Current EA)	1.30	97.67	0.11	0.22	0.48	0.40	0.10	0.80
Probable Reserve (Amended EA)	1.84	95.50	0.27	0.25	1.96	1.05	0.29	1.11
Probable Reserve (Amended EA & EA App.)	15.36	96.81	0.20	0.22	1.11	0.84	2.81	9.29
Total	18.50	96.74	0.20	0.23	1.15	0.83	3.20	11.19

Source: Mining Plus (2024)

Notes:

[1] Rounding of some figures might lead to minor discrepancies in totals.
[2] The Ore Reserve is reported in accordance with the JORC Code (2012 edition).
[3] The Ore Reserve is derived from Measured and Indicated Mineral Resources only.

2.13.1 Risks

The following key project risks have been identified:

- MLA20695 and MLA20696 still require conversion to full mining licence status before any mining operations can commence on these tenements
- potential contamination between high-grade and lower grade layers during mining
- operating below the water table will entail operational and permitting limitations and constraints
- seasonal variability in the elevation of the water table
- assumption that the EA limit of 5 ha of disturbed land at any given time is removed.

2.14 Metallurgy and processing

The processing plant is designed to ultimately produce the following silica products:

- low iron fine silica flour (75–150 µm)
- low iron course silica flour (150–250 µm)
- low iron silica sand (>250 µm)
- superfine flour (25–50 µm)
- heavy mineral sands.

Figure 2.21: Processing plant product mix

Product	Size Fraction	Domestic Market	Export Market
Oversize	>250 microns	Filter Sand/Landscaping Wet Grind to Coarse Flour	
Coarse Flour	150 to 250 microns	Proppant Dry grind to Superfine flour	Speciality Glass
Fine Flour	75 to 150 microns		Speciality Glass
Superfine Flour	25 to 50 microns		High purity silicon feedstock
Heavy Mineral Con		Mineral Sands recovery	Mineral Sands recovery

Source: Mining Plus (2024)

2.14.1 Process design

The processing plant design base case developed for the Mourilyan Silica Sand Project envisages a mine life of more than 50 years, using a starting ROM production rate of 200,000 t and ramping up to 360,000 t/a in Year 4.

The processing plant is designed to be implemented in four phases with each phase adding more processing equipment as follows:

- Phase 1 (Starter Plant): two products will be produced in this phase – course flour (150–250 µm) and fine flour (75–150 µm). This plant in this phase consists of a wash plant, screens, sizers, cyclones and the first half of the bagging plant. Phase 1 has been designed with a 100 t/h plant feed rate. In Phase 1 oversize (+250 µm) is stockpiled. The cyclones will be used to deslime (at 75 µm) and separate coarse flour from fine flour.
- Phase 2: in Phase 2 a ball mill will be added and operated in a scrubbing duty (without grinding media) with an additional bagging plant being installed to bag oversize product.
- Phase 3: in Phase 3 additional equipment will be installed to separate out contaminants.
- Phase 4: in Phase 4 an additional dry grinding plant (Loesche mill) will be installed to produce superfine silica flour (45 µm).

The summarised process design criteria for the four phases of the plant are shown in Figure 2.22.

Figure 2.22: Processing plant design criteria

	Design Criteria			
	Phase 1	Phase 2	Phase 3	Phase 4
	Starter Plant	Starter + Oversize Scrubbing, Oversize, Coarse Flour, Fine Flour	Wet grinding Coarse and Fine Flour	Wet grinding Coarse and Fine Flour, Dry Superfine Flour
Annual Throughput (tpa)	201,700	280,701	360,000	360,000
Plant Feed Rate (tph)	100	100	100	100-125
Operating hours	2,017	2,811	3600	3600
Utilisation	23%	32%	41%	41%
Yield	76%	98%	82%	82%
Bagging Plant Hours pa	8000	8000	8000	8000
Utilisation	91%	91%	91%	91%
Bag Capacity	2 dmt per bag	2 dmt per bag	2 dmt per bag	2 dmt per bag

Source: Mining Plus (2024)

2.14.2 Process flowsheet

The overall concept of the processing plant facility consists of:

- ROM stockpiles for plant feed blending
- screening to remove rocks and tree roots
- screening to separate coarse sand (250 µm)
  - wet ball milling of course sand without ceramic media to produce a course flour product (Phase 2)
  - wet ball milling of course sand with ceramic media to grind oversize to produce a coarse flour product (Phase 3)
- desliming to separate slimes (particle sizes less than 75 µm) using cyclones (Phase 1 and Phase 2) or gravity separation (Phase 3)
- spiral separation, attritioning and magnetic separation to separate impurities and heavy minerals concentrate
- cyclones to separate coarse flour and fine flour
- stockpile drainage to reduce product water and make-up water
- three bulk bag bagging plants for product packaging
- a dry grinding facility to produce low impurity superfine silica flour.

The major processing steps in the final stage of the plant design will be as follows:

1. The first step is the trash removal circuit to remove rocks and tree roots.

   Mined raw sand is transported to ROM stockpiles by trucks. The ROM stockpiles are located next to the ROM feed bin. An FEL reclaims from the stockpiles and loads ROM sand onto the static ROM bin grizzly. Fine sand falls through the grizzly into the ROM feed bin. Coarse

materials (e.g. any tree roots and large rocks) remain on the grizzly and are scraped off, stored in a coarse object stockpile and disposed of periodically.

The ROM feed conveyor discharges into the trash screen wetting box where water is added and then gravity flows into the trash screen feed chute which spreads the sand laterally across the trash screen. Oversize is discharged into the trash screen oversize bunker. Undersize gravity feeds to the super stacker screen.

2. The second step is the separation of oversize sands (250 µm) and grinding of oversize sands to produce course flour (150–250 µm).

   Sand coarser than 250 µm is separated out to the oversize circuit. In Phase 1 oversize is stockpiled. In Phase 2 oversize is bagged and sold predominantly domestically. In Phase 3, +250 µm oversize is wet ground in a closed-circuit ball mill using ceramic media to produce coarse flour.

   Oversize sand is a lower price product that is mostly used in pool sand filters.

3. Desliming to separate slimes (particle sizes less than 75 µm) using cyclones (Phase 1 and Phase 2) or gravity separation (Phase 3).

   Underflow from the super stacker screen is deslimed using cyclones in Phase 1 and Phase 2. In Phase 3 an up-flow classifier is used.

4. Separation of heavy mineral concentrate product containing rutile, ilmenite and zircon using spirals.

   Deslimed material from the up-flow classifier is pumped to dewatering cyclones before entering triple start spirals. The spirals separate out heavy minerals such as rutile, ilmenite and zircon. Product from the spirals is pumped to the attritioning cyclones for dewatering before being attrittioned in stirred tanks. Product from the attritioners is pumped to classifier feed cyclones. The underflow is then treated by magnetic separation. Magnetic contaminants are separated out of the slurry.

5. Separation of fine and course flour product.

   Cyclones are subsequently used to separate coarse and fine flour.

6. Dry grinding facility to grind coarse flour to superfine flour.

   The dry low iron flour process is carried out with the Frac Sand process. The Frac Sand flowsheet has a wet part (attritioning) and a dry part (drying and bagging). This flowsheet has been designed to process 36,000 dmt of PV-sized sand per year (PV sand is sand suitable for making photovoltaic glass).

Initially the processing plant will operate as a single shift, 12 hours a day, for 5 days a week. With cashflow and operating confidence this will be expanded to a 12-hour day, 6 days a week, operation for 360,000 t. The proposed plant design provides an adequate margin for maintenance downtime and a built-in capability to rapidly scale-up production to 280,701 t in Year 3 and 360,000 t/a in Year 4.

The phased processing plant will ultimately produce the following base products:

- low iron silica flour, 75–150 µm

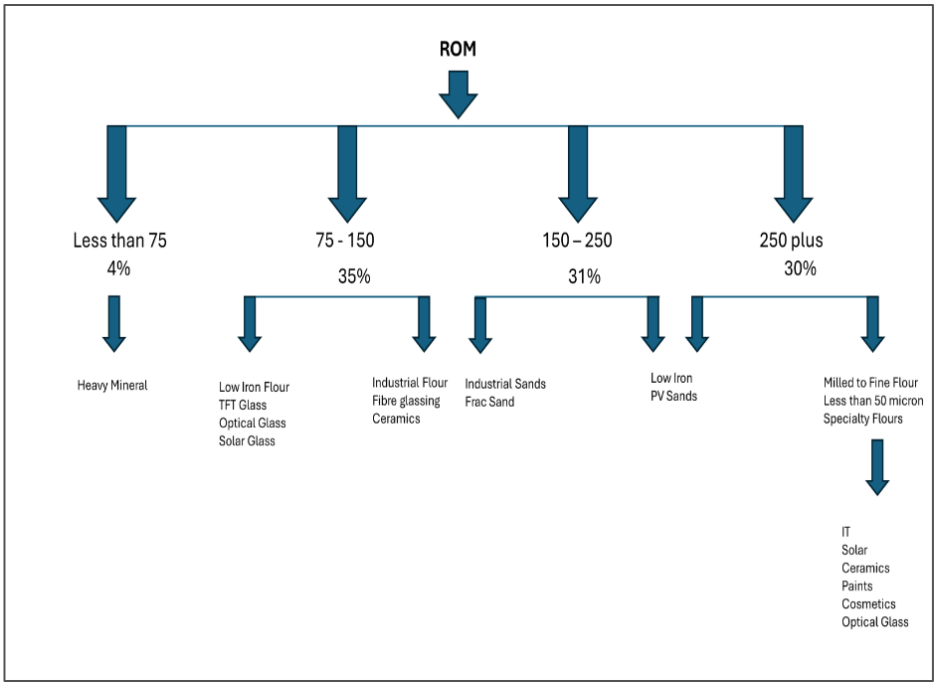
- low iron silica flour, 150–250 µm
- low iron silica sand greater than 250 µm
- heavy mineral sands.

These base products will in turn produce specific products including:

- low iron TFT glass sand/flour (used for making high-quality borosilicate glass)
- low iron PV sand
- 75–150 µm silica flour (low iron if required).

Figure 2.23 shows the schematic for the ROM to produce the various product types.

Figure 2.23: Schematic of the ROM to various product types



Source: Mining Plus (2024)

2.14.3 Metallurgical testwork

Significant testwork over many years has been undertaken on Mourilyan silica sand. These programs are listed in Table 2.15.

Table 2.15: Historical metallurgical testwork reports

Report	Date
Geochempet petrographic analysis	May 2003
Roche Mining (MT) silica sand sample for marketing purposes	May 2005
Roche Mining (MT) process circuit development and product generation	March 2006
Robbins Metallurgical, high-level metallurgical scoping study	December 2014
Eriez – magnetic separation testwork	May 2015
BrisMetLabs – fine impurities	June 2022
Currumbin – bulk samples	August 2023

Source: Optimize Group (2023)

The summary of the significant metallurgical testwork is as follows.

Petrology, 2003

Petrological studies completed by Geochempet in 2003 observed no mineral grain coatings and 3% of point count mineral grains were composites. Heavy minerals were less than 150 µm.

Roche Mining, 2005 and 2006

In 2005, a 3 kg sample was classified using up-flow (elutriated), screened and then subjected to heavy liquid separation. Up-flow classification rejected 1.1% of plant feed at a nominal particle size of 100 µm. Screening at 600 µm yielded 1.4% of plant feed as oversize. Heavy liquid separation of the 100–600 µm size fraction rejected 1.8% of plant feed as heavy mineral. Densitometric separation of the +100 µm -600 µm fraction of the test material achieved a silica sand product containing 99.6% SiO_2, 0.02% Fe_2O_3 and 0.06% Al_2O_3. Process gravity separation would likely produce a silica sand product of lower quality than the densitometrical separation result (Roche, 2005).

In 2006, 3 t of ore was processed by Mineral Technologies using wet screening, screw classifier, two-stage up-flow classification and three stages of spirals. Oversize +2 mm material was 1.9% of plant feed; up-flow classification rejected about 10% of plant feed; rougher spirals rejected about 8% of plant feed.

A final silica sand product was produced containing 99.83% SiO_2, 0.014% Fe_2O_3 and 310 ppm TiO_2 at a yield of 46% from screening at 2 mm, desliming using a screw classifier, followed by a further two stages of classification using an up-current classifier and a three-stage spiral circuit. The heavy mineral in the spiral feed was reduced from 0.67% to 0.01% in the cleaner spiral product. This yield could be increased if the cut size for the first stage of up-current classification is decreased from 100 µm to 50–75 µm given that 60% by weight of the feed occurs in the -212 µm +150 µm size fraction (Roche, 2006).

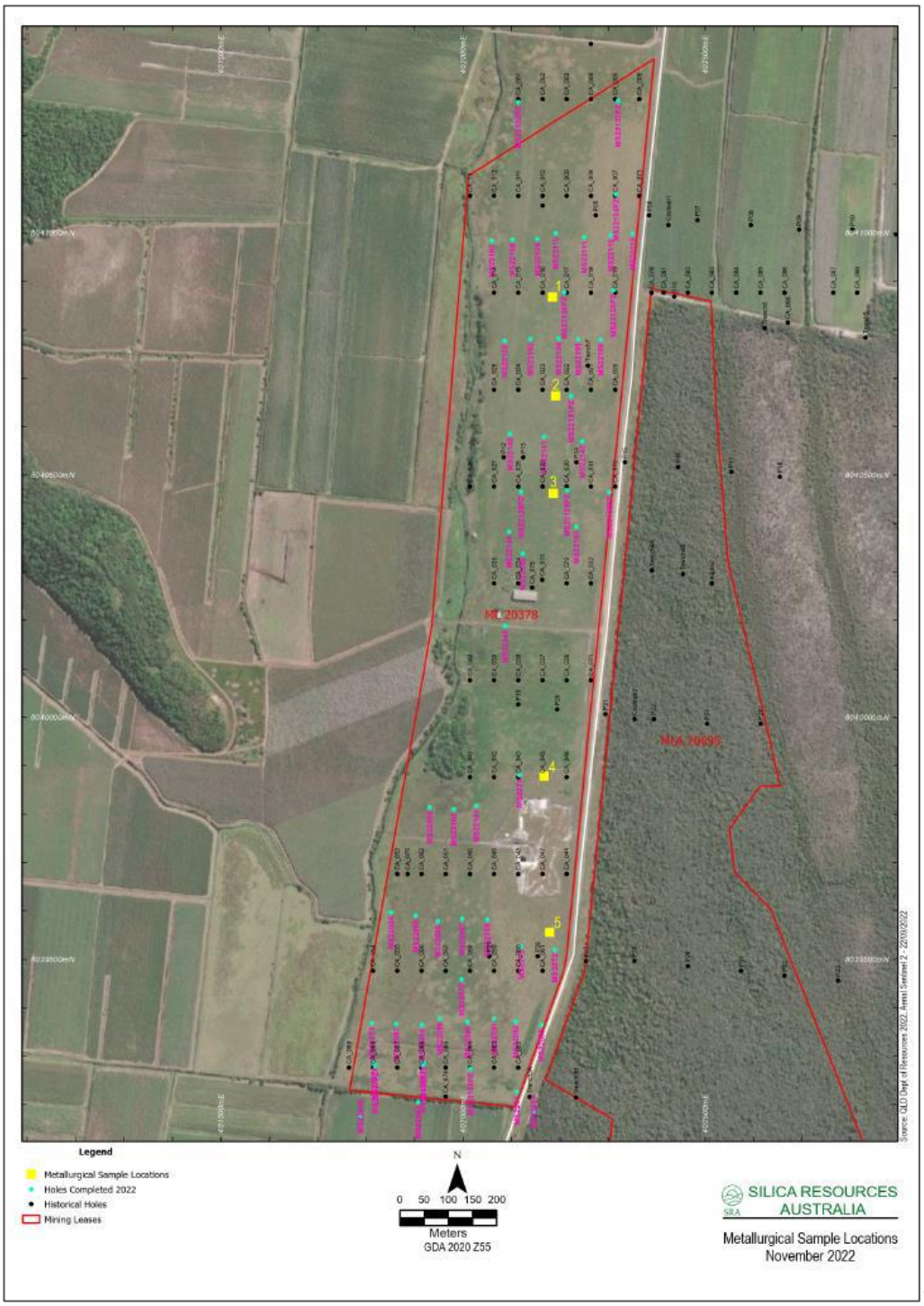
BrisMetLabs, 2022

In 2022, a 160 kg sample was analysed at BrisMetLabs with focus on impurity identification. Iron impurities and radioactive elements thorium and uranium are concentrated in size fractions below 75 µm. For impurity reduction, 10 minutes of attritioning time appears to provide the best result.

Southern Gold Coast Lab, 2023

Mourilyan processed two bulk samples using Wilfley tables at Currumbin on the Gold Coast early in August 2023. The two samples were 19.6 wet tonnes of white high-grade sand and 15.5 wet tonnes of organic sand. Most of the testwork has been done on the top silica layer with some work on the Organic Sand layer. Bulk samples incorporated metallurgical samples that were identified as also including the lower Sand layer (Figure 2.24).

Figure 2.24: 2023 metallurgical sample hole locations (yellow squares)



Source: Optimize Group (2023)

From the bulk sample taken in late 2022, and after processing at Currumbin Minerals, the following is Currumbin's analysis (Southern Gold Coast Laboratory – SGCL) which is a weighted average by granularity, that can lead to minor errors. Samples were sent to AGC in Japan and also tested at ALS – a comparison is provided in Table 2.16.

Table 2.16: High-grade PV sand analysis (2023)

Sample	Laboratory	SiO_2 (%)	TiO_2 (%)	Fe_2O_4 (%)	Al_2O_3 (%)	CaO (%)
>150 µm	SGCL	99.90	0.04	0.02	0.04	0.00
-150 µm +75 µm		99.68	0.13	0.04	0.12	0.01
-75 µm		94.98	2.68	1.16	0.93	0.05
Average		99.65	0.17	0.07	0.09	0.01
HG PV Sand	ALS	99.80	0.07	0.03	0.07	
HG PV Sand	AGC	99.78	0.06	0.02	0.07	0.01

Source: Encompass Mining Solutions (2024)
Note: HG – high-grade.

2.14.4 Process throughput and metallurgical recovery

Forecast throughput

The operation has a mine life of 29 years, ROM production rate of 206,469 t/a in Year 1. Production is then planned to ramp-up to approximately 360,000 t/a by Year 4. The average production is 353,321 t/a over the life of the mine.

Forecast metallurgical yield

Over the life of mine, the processing plant will treat 10.76 Mt of ROM ore, with an overall yield of 91.8% resulting in a total saleable product of 9.88 Mt. The product split yield is shown in Table 2.17.

Table 2.17: Product yield (life of mine)

Product	LOM production (Mt)	Yield
150–250 Industrial Sand	1.47	13.67%
75–150 Flour	1.59	14.78%
Low Iron Flour	2.17	20.13%
Specialty Flour	2.72	25.30%
Foundry Sand	0.06	0.55%
PV Sand	1.87	17.38%
Total	**9.88**	**91.80%**

Note: LOM – life of mine

2.14.5 Waste disposal (Fine Sand rejects)

Fine Sand is produced as a waste by-product as part of the washing and desliming process function. This fine sand is sent in a slurry form to a Geotube area where, together with flocculant addition to the slurry, the fine sand is captured in the Geotube while allowing water to bleed out for capture and reuse.

The Geotube bags sized for this application allow for a period of time for filling. They are arranged on a high-density polyethylene (HDPE) lined earth terrace that has berms around a flat area and shaped drain channels within the bunded area to direct bleed water under gravity to a sump. The bleed water collects in the sump and is returned to the processing plant's Process Water Tank for reuse by a pump operated by level control, and HDPE pipeline.

Over time, a Geotube bag is filled, and the fine sand slurry is then diverted to an adjacent bag so the initially filled bag can dewater further. The fine sand, captured in the Geotube bag is allowed to dewater until it is practically dry. The Geotube bag is then broken open and the sand is removed by mobile equipment and sold off as construction or landscaping sand by-product to the local construction or landscaping industry.

2.14.6 Processing plant capital costs

The processing plant and port capital costs were estimated as part of the 2024 DFS. The accuracy is considered to be a Class 3 estimate (-10% +15%) according to the Association for the Advancement of Cost Engineering International (AACEi) in accordance with AACEi 47R-11.

The capex work was undertaken with sample testwork, process engineering, mechanical equipment definition and vendor costing completed, and with unit rates allocated to estimated quantities for the majority of the discipline related construction works. Electrical and instrumentation and freight are the most poorly defined portion of the capex works and percentages were used to determine the majority of these costs. Mechanical installation specifically and other installation in general, were determined from historical man-hour information for similar works and assumed rates for installation labour.

The capital cost estimate assumes the Mourilyan Project owns the processing plant and buildings while it contracts out the haulage transport and ship loading operation.

The external project works includes allowances for roadworks on Murdering Point Road turnout onto the Bruce Highway, and for Ergon works at the processing plant and port areas.

For the purposes of the study, SRA has assumed it does not build the undercover storage facility at the port area nor the conveyors for ship loading. All products are assumed to be shipped in bulk bags CIF[1]. The initial port facility work includes ground clearing and preparation of a slightly raised hardstand area for the open-air storage of the bulk bags of three different product lines of sand to be shipped. The port capex estimate includes earthworks, fencing, access control and any access and lifting equipment required. The mobile equipment needed is included in the port operating costs and not as capex items.

The total capex for the processing plant and the Phase 1 port facilities development was estimated as $30.94 M with the split illustrated in Figure 2.25 and detailed in Table 2.18.

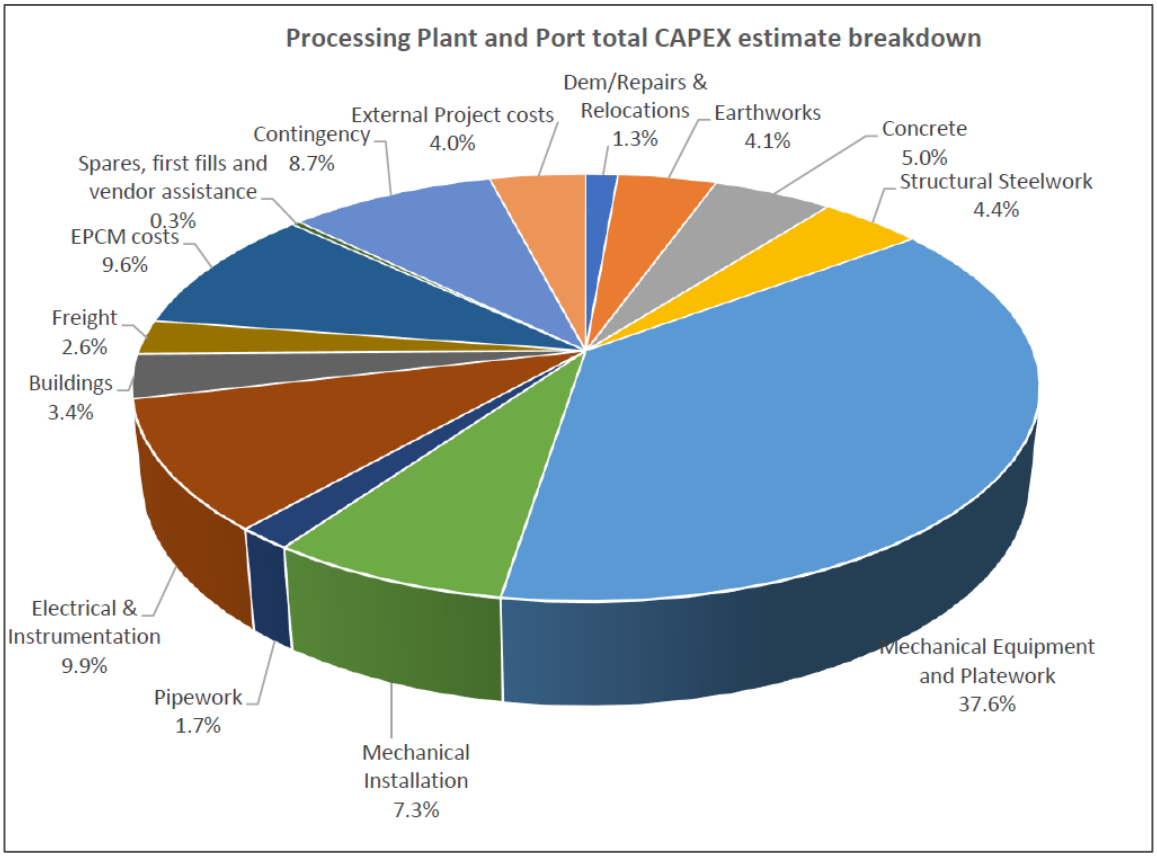
[1] CIF – Cost, Insurance and Freight

Table 2.18: Processing plant and port – capex (2023, real terms)

Area	A$ M
Processing plant direct costs	22.0
Phase 1 port and other infrastructure direct costs	1.9
Upgrade to roads and power	1.2
Direct costs	25.1
Indirect costs including EPCM	3.1
Contingency 10%	2.7
Total – plant, infrastructure and port	**30.9**

Source: Mining Plus (2024)

Figure 2.25: Processing plant and port capital estimate breakdown



Source: Mining Plus (2024)

2.14.7 Process operating costs

Processing costs

The processing cost was estimated at $26.96/t of plant feed (which equates to $29.37/t of product). Table 2.19 shows the processing cost split across major activities.

Table 2.19: Processing operating cost (2023, real terms)

Area	LOM total (A$ M – 2023, real terms)	Feed tonnes ($/t)
Labour	52.67	4.90
Consumables	132.30	12.30
Power	45.79	4.26
Maintenance	8.54	0.79
G&A	50.76	4.72
Processing total	**290.06**	**26.96**

Source: Mining Plus (2024)

Port

The Port of Mourilyan harbour consists of onshore sugar and molasses handling and storage facilities, with a single mobile C6 ship-loader and associated wharf located within a sheltered natural harbour (Figure 2.26). As part of SRA's phased ramp-up, all product initially shipped through the Mourilyan harbour, will be bagged in bulk bags and also shipped as bulk cargoes. SRA has an executed lease agreement with Ports North Corporation for Lease Area S, a 1.83 ha space at the Port of Mourilyan.

Figure 2.26: Aerial view of Mourilyan harbour and port facilities

Source: Mining Plus (2024)

The operating plan envisages using trucks for loading and hauling on the mine's operating hours basis (single 10-hour shift, daylight hours only for 249 days per year). The appropriate trucks have a minimum capacity of 37 t and will typically be equipped with flatbed semi-trailers for bulk bag transport and semi-side tipper trailers for bulk sands.

2.14.8 Opportunities and risks

Opportunities

The current life of mine plans to treat only the upper silica layer (>99% SiO_2) Mineral Resource and Ore Reserves. The lower layers of Organics and Sands (>95% SiO_2) while included in the Mineral Resource and Ore Reserves are excluded from the life of mine plan. It may be possible to treat these layers after further environmental approvals, and further metallurgical testwork and market analysis.

Risks

The project is at the detailed engineering design stage. Further design modifications may increase the cost of upfront capital.

The processing plant has been designed to maximise/optimise revenue by producing various products addressing the needs of a variety of end-users. The current LOM plans to produce six different products and this results in a more complex processing plant design than typical silica sand operations.

SRK also notes the variability of impurities across the LOM periods. This may result in variations to the type of products produced in each period.

3 Other considerations

3.1 Silica markets and pricing

SRK has carried out a limited analysis of the silica sand markets. This analysis reflects the prevailing conditions as at Q3 2023. Table 3.1 shows the silica product pricing used in the LOM model.

Table 3.1: Silica product pricing (US$, real terms)

Product	LOM production (Mt)	LOM model price (US$/t, 2023, real terms)
150–250 Industrial Sand	1.47	90
75–150 Flour	1.59	140
Low Iron Flour	2.17	210
Specialty Flour	2.72	300
Foundry Sand	0.06	70
PV Sand	1.87	70
Total	**9.88**	**178.32**

3.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or IERs undertaken on the mineral assets under consideration.

SRK has been provided with a valuation by Ernst & Young (EY) dated March 2025. SRK has not considered this valuation as it is based on unsubstantiated Mineral Resources and Ore Reserves.

4 Valuation

The objective of this section is to provide RSM and the shareholders of SRA with SRK's opinion regarding the valuation of certain mineral assets held by SRA, noting that RSM is responsible for the valuation of the LOM. SRK has not valued SRA, this being the corporate entity that is the beneficial owner of the respective mineral assets.

SRK has relied on information provided by SRA, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The **Market Approach** is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (VALMIN Code, 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The **Income Approach** is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (VALMIN Code, 2015). Valuation methods that follow this approach include discounted cashflow (DCF) modelling, capitalised margin, option pricing and probabilistic methods.

The **Cost Approach** is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (VALMIN Code, 2015). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

Table 4.1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 4.1: Suggested valuation approaches according to development status

Valuation approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

The market approach to valuation can be used for the valuation of mineral assets regardless of development status but is typically applied as a primary approach for exploration to development projects.

An income-based method, such as a DCF model is commonly adopted to assess the value of tenure containing a deposit where an Ore Reserve has been produced following an appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is generally not considered appropriate for deposits that are less advanced or where technical risk is not quantified (i.e. no declared Ore Reserve and/or supporting mining and related technical studies).

The use of cost-based methods, such as considering suitable MEE is best suited to exploration projects, where Mineral Resources remain to be reliably estimated.

In general, these methods are accepted analytical valuation approaches that are in common use for determining the value of mineral assets. Given its direct reference to values paid in the market and ability to be actively observed, the market approach provides a direct link to Market Value. In contrast both income-based and cost-based methods derive a Technical Value (as defined below) which typically require the application of various adjustments to account for market considerations to convert these values to a Market Value.

The **Market Value** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Council's (IVSC's) term of the same name. This has the same meaning as Fair Value in RG111. In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **Technical Value** is defined in the VALMIN Code (2015) as an assessment of a mineral asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is like the IVSC term Investment Value.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), Practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is generally only estimated as a step to report Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Approach comprises several methods. Furthermore, some methods can be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only for benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects include:

- MEE (expenditure-based)
- JV Terms Method (expenditure-based)
- Geoscientific Rating Methods (e.g. Kilburn – area-based)

- Comparable Transactions Method (market based)
- MTR analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – market based)
- Yardstick/Rule of Thumb Method (e.g. cost/resource or production unit, percentage of an in situ value)
- Geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

4.1 Valuation basis

In estimating the value of the projects at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The current development status of SRA's mineral assets, classified according to the VALMIN Code is presented in Table 4.2. SRK has conducted a review of the LOM models and provided recommendations to RSM regarding areas where adjustments are required for the discount cashflow valuation.

For the Mineral Resources that lie outside the LOM model (hereafter known as residual resources) and Mineral Resources related to the Mourilyan deposit, SRK chose to use peer analysis as its primary valuation approach. The values determined using this approach were crosschecked against values determined using the Yardstick Valuation method.

After review of the geological setting, SRK has an opinion that the remaining exploration potential of the Mourilyan Project is very limited and assigned no value to this area outside the Mineral Resource.

Table 4.2: SRK's adopted valuation basis

Project	VALMIN development stage	Description	Valuation basis
Mourilyan	Advanced project at development Stage	Ore Reserves considered within the model	Income: Cashflow model (considered by RSM)
		Mineral Resources not considered within the LOM models	Market: Peer analysis Cost: Yardstick
		Exploration potential (areas that are not covered by the currently defined Mineral Resources)	Nil value

Source: SRK analysis

4.2 Reasonableness of technical inputs to the model

4.2.1 The life of mine plan

The tonnage (10.758 Mt) in the SRA DFS Financial Model supplied includes production from Ore Reserves and all Mineral Resource classes, including Inferred Resources, for the high-grade Silica Sand horizon and also includes some additional material, presumably from the lower quality underlying Organic Sand horizon. The total Mineral Resource making up the designated high quality Silica Sand horizon located on the three mining tenements is 8.96 Mt, comprising 2.61 Mt Measured, 5.18 Mt Indicated and 1.17 Mt Inferred. The Mineral Resource classification of the balance (1.798 Mt) is unknown. SRK notes that, although a total of 18.5 Mt of Ore Reserves has been declared over the Project, only 7.79 Mt of the scheduled 10.758 Mt are derived from known Measured and Indicated Mineral Resources.

The DFS Financial Model only considers a 29-year LOM plan, while the DFS itself presents a 50-year LOM mine plan.

There are sufficient Mineral Resources to cover the presented DFS Financial Model LOM plan, but it appears that 1.17 Mt of Inferred Mineral Resources and approximately 1.80 Mt of unknown classification have been included.

4.2.2 SRK's model recommendations

Table 4.3 sets out SRK's recommendations regarding the LOM plans and costs at Mourilyan as reflected in the model.

Table 4.3: SRK's recommendations regarding the model

Item	Model	SRK recommendations	Comments
Ore tonnage profile	10.758 Mt	No change	This appears to comprise the upper high quality silica sand and grit horizons from ML20378, MLA20695 and MLA20696 and a portion of the underlying Organic Silica Sand horizon.
Ore grade profile	Average SiO_2 grade is not scheduled	No change	Grades are assigned to products
Waste tonnage profile	0.968 Mt	No change	Overburden and waste material
Mining operating costs	A$102.8 M (A$9.55/ROMt)	No change	
Mining capital Cost	A$6.7 M	No change	
Processing yield	91.8%	No change with respect to the LOM model	
Processing and port capital cost	$30.9 M (2023 real terms)	SRK considers the capital should be increased by 7.5% for the base case and 15% for the low case.	SRK considers the capital budget to be optimistic. The mining industry has seen significant cost increases since Q3 2023.
Processing operating cost	$26.96/t of plant feed (2023 real terms)	No change with respect to the LOM model	
Product split	Six products	The LOM plan includes production of six products that are priced from US$70/t to US$300/t. It is recommended that the modelled product price basket is adjusted by 5% for the base case and 10% for the low case to reflect likely risk to the product mix in a period.	The LOM plan includes production of six products that are priced from US$70/t to US$300/t. Given the variability in the quality of feed to the plant including impurities, it is recommended that the modelled product price basket is adjusted to reflect the likely risk to the product mix.

Source: SRK analysis

Notes:

[1] Based on the SRA DFS Financial model Final'

[2] All SRK recommendations are undiscounted on a real basis.

4.3 Valuation of Residual Resources

4.3.1 Residual Resources

Table 4.4 summarises the Residual Resources (those defined Mineral Resources not considered in the Model) subsequent to RSM's implementation of SRK's recommendations summarised in Table 4.3. Based on the review results, the Residual Resources have been estimated by subtracting the Mineral Resources contained within the LOM plan (including Inferred Mineral Resources) from the reviewed total Mineral Resources contained within the Mourilyan Project.

Table 4.4: Summary of stated Mineral Resources and SRK adjustments

Deposit	Category	Residual tonnage (Mt)	Grade SiO_2 (%)
Residual Resource	Measured + Indicated + Inferred	38.0	96.53

Source: SRK analysis

Notes: Rounding errors may occur; derived by subtraction of the Mineral Resources considered within the DFS Financial Model (10.76 Mt) from the Total Mineral Resources (48.78 Mt).

SRK has reviewed the reasonableness of the Mourilyan Mineral Resource and Ore Reserve estimates. Based on the information provided, SRK has estimated the Residual Resources outside of the provided model for valuation purposes. Based on its review of the underlying information, nothing has come to SRK's attention to suggest the quantities included in the model and outside the model are unreasonable.

In allocation, SRK has exercised its professional judgement in assigning the stated tonnages to the relative resource categories in line with SRA's disclosures (where necessary).

4.3.2 Actual transactions

SRK carried out a search for publicly available information on market transactions involving similar silica sand projects in Australia. SRK has not considered transactions from other geographic regions as silica type, quality, infrastructure and local market conditions can all differ vastly and therefore are not comparable.

Based on its analysis, SRK was unable to identify any transaction involving a silica sand project with defined Ore Reserves in the past 10 years. SRK has therefore considered the Enterprise Values (EVs) per defined Mineral Resource of similar ASX listed companies with defined silica sand Mineral Resources in Australia to form its opinion of the value of the residual Mineral Resource.

4.3.3 Peer group analysis

SRK has considered the EVs per defined Mineral Resource of similar listed silica sand companies with defined Mineral Resources in Australia.

There are six companies broadly comparable to SRA listed on the ASX (Table 4.5). Most of these companies are primarily focusing on SiO_2 rather than heavy minerals (HM).

Industrial Minerals (ASX: IND) has recently acquired an 80% interest in the non-construction material mineral rights at Pippingarra Quarry (which is a current operation with a mining lease). The project is a current operation on a granted ML and located 30 km southeast of Port Hedland. The operator, North West Quarries, is a private contractor offering mining, quarrying and rock production services. Recent drilling, beneficiation testwork program and bulk sample testing/market analysis have identified high purity quartz (>99.99%). Industrial Minerals anticipates an announcement regarding a potential maiden Mineral Resource at this project soon.

Diatreme Ltd (ASX: DRX) acquired Metallica Minerals in 2024 which includes the Cape Flattery Silica Sand Project. Metallica Minerals announced an updated DFS for the Cape Flattery Silica Sand Project in November 2023. This project holds 47 Mt of Probable Ore Reserves at 99.18% SiO_2 which is to be processed across the 15-year life of the project. Apart from the Cape Flattery Project, other assets include Cyclone Zircon project in Western Australia (with 203 Mt Measured and Indicated Mineral Resources at 4.7% HM).

Carbine Resources Ltd (ASX: CRB) was granted a mining lease at its flagship Muchea West Silica Sand Project in May 2025. The project is located 40 km north-northeast of Perth in Western Australia. The Muchea West project currently hosts a mineral resource of 111 Mt at 99.65% SiO_2 and an Exploration Target of 762 Mt to 938 Mt of silica sand at an average grade of 99.6% to 99.8% SiO_2. The Muchea West project is well placed due to its high silica (SiO_2) grade and the low levels of impurities in the raw, in situ, deposit. Preliminary process testwork has demonstrated that a simple process of wet attritioning can reduce the Muchea West Fe_2O_3 content by 65% with similar reductions in the other deleterious elements for the Muchea West silica sand.

VRX Silica Ltd (ASX: VRX) is a pure play silica sand company developing its 100% owned silica sand projects at Arrowsmith, Muchea and Boyatup in Western Australia. It has a combined Mineral Resource of 1,381 Mt at 97.9% SiO_2. Bankable feasibility studies were completed for both Arrowsmith and Muchea – located north of Perth – with Ore Reserves of 221 Mt at 99.5% SiO_2 at Arrowsmith.

McLaren Minerals Ltd (ASX: MML, formerly Allup Silica Limited) is an exploration company focused on the development of its McLaren and Sparkler projects in Western Australia. McLaren Minerals Ltd owns the Sparkler Silica Sand Project with a combined Inferred Resource of 136 Mt at 98.15% SiO_2. This includes a high-grade, low iron impurity, sized (>106 µm) Inferred Resource of 62 Mt at 99.66% SiO_4 and 240 ppm Fe_2O_3. McLaren Minerals Ltd also acquired the McLaren Project in August 2024 with an Indicated and Inferred Mineral Resource of 280 Mt at 4.8% HM for a cash consideration of $150,000 and deferred issue of 4.2 million and 4.3 million shares at completion of the pre-feasibility study and feasibility study respectively. For the purpose of this peer analysis, cash paid for this transaction and the HM resource has been deducted from the peer analysis.

Australian Silica Quartz Group Ltd (ASX: ASQ, formerly Bauxite Resources Ltd) holds several hard rock quartz and silica sand projects in various stages of development. These include the hard rock quartz projects Quartz Hill and Albany White Hill with combined Mineral Resources of 28 Mt at 99.38% SiO_2. Australian Silica Quartz Group Ltd also owns the Athena, Dionysus and Ceres bauxite projects that have a Mineral Resource of 78.4 Mt at 41.7% Al_2O_3 (not a focus of recent exploration activities, therefore the bauxite resource is excluded from this peer analysis).

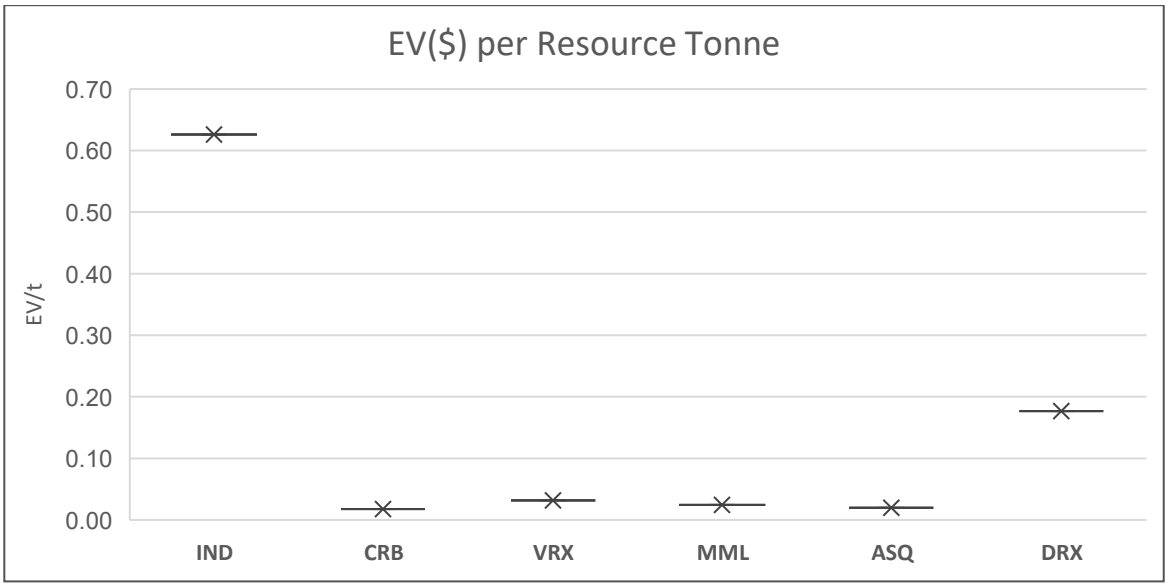
Table 4.5: Peer group analysis

Name	Market Cap (A$ M)	EV (A$ M)	Resource (Mt)	Measured + Indicated Resource (%)	Grade SiO_2 (%}	EV/t Resource
Industrial Minerals Ltd (IND)	8.84	7.76	12.4	41%	98.80	0.63
Carbine Resources Ltd (CRB)	2.21	1.94	110.8	45%	99.65	0.02
VRX Silica Ltd (VRX)	48.57	44.00	1,380.5	22%	97.90	0.03
McLaren Minerals Ltd (MML)	3.67	3.36	136.0	0%	98.15	0.02
Australian Silica Quartz Group Ltd (ASQ)	4.79	0.56	28.0	27%	99.38	0.02
Diatreme Ltd (DRX)	85.14	82.00	463.7	64%	99.26	0.18

Source: ASX announcements

Note: Market capitalisation and Enterprise Value as at 31 May 2025.

Figure 4.1: Peer group analysis



Based on this analysis, SRK has adopted the median (2.8c/t) as the low value and the Diatreme EV per tonne as the high value for the Residual Mineral Resources. This implies a value of between $1.13 M and $6.77 M with a preferred value of $3.95 M, as outlined in Table 4.6.

Table 4.6: Peer group valuation

	Attributable Residual Mineral Resource (Mt)	Adopted metric ($/t)	Implied value ($ M)
Low	37.6	0.03	1.13
High	37.6	0.18	6.77
Preferred	**37.6**	**0.11**	**3.95**

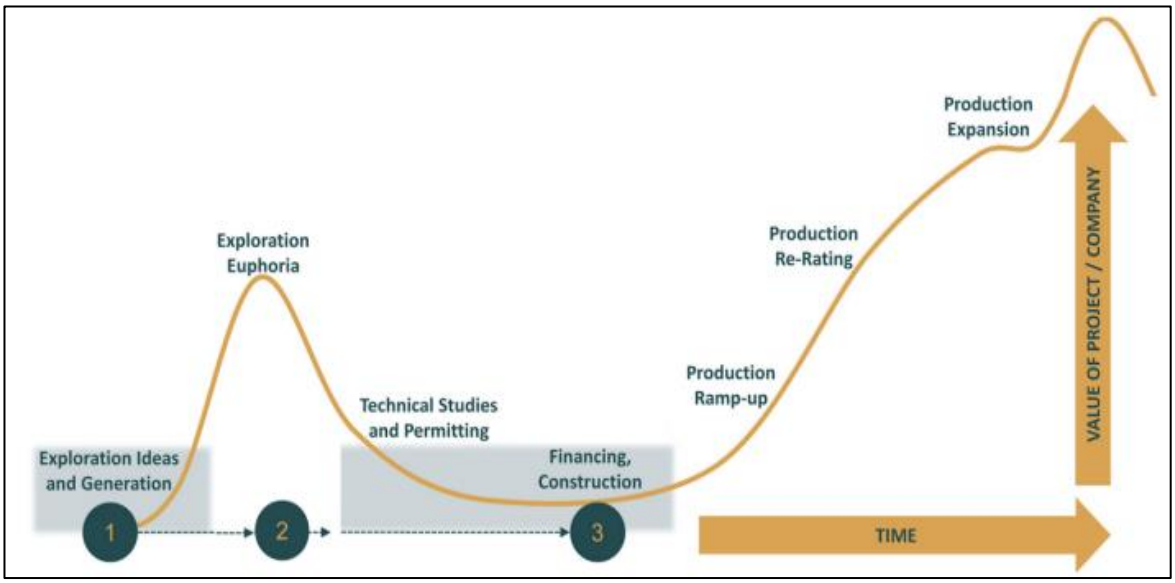
It is important to note that transaction multiples, although widely used in valuation, rely on the assumption that the reported Mineral Resources have been accurately and appropriately disclosed and can be accepted at face value. This method assumes that differences in reporting standards among different Competent Persons, variations in resource classification, processing plant recovery rates, and adopted cut-off grades (that may differ between assets or companies) do not significantly impact the implied multiple.

The method implicitly assumes total recoverability of all silica tonnes, as reliable and accurate data are generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purpose of its valuation and do not attempt to estimate or reflect the silica grades and quality likely to be recovered as required under the JORC Code (2012).

There is a positive correlation between the development stage of the assets hosting defined Mineral Resources and their corresponding implied multiples. On average, for median and weighted average values, these multiples tend to increase in later stages of development.

The value price curve identified by this metric is in alignment with the prevailing theory on value throughout a mining project's life cycle (Figure 4.2).

Figure 4.2: Project value curve



Source: SRK

4.3.4 Industry Yardstick crosscheck

As a crosscheck to the values implied by market multiples, SRK has also considered standard industry yardsticks. Under the Yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used Yardstick factors range between 0.5% and 5.0% of the prevailing spot price as set out below.

- Measured Mineral Resources: 2.0% to 5.0% of the spot price
- Indicated Mineral Resources: 1.0% to 2.0% of the spot price
- Inferred Mineral Resources: 0.5% to 1.0% of the spot price

- Exploration Target: 0.1% to 0.5% of the spot price.

To determine the relevant Yardstick factors for use, SRK adopted the average basket price for 96.5% SiO_2 silica sand of US$15/t as at 16 June 2025 (A$23.08/t). On this basis, the implied value range multiples using the Yardstick factors are summarised in Table 4.7.

Table 4.7: Industry Yardstick factors value range

Resource	Percentage of the spot price	Value range	
		Low (A$/t)	High (A$/t)
Measured	1.0% to 3.0%	0.23	0.69
Indicated	0.5% to 1.0%	0.12	0.23
Inferred	0.2% to 0.5%	0.05	0.12
Exploration Target	0.1% to 0.2%	0.02	0.05

Source: SRK analysis

Residual Resources – Industry Yardstick only

Table 4.8 summarises the Yardstick values of the Residual Resources of Mourilyan on a 100% attributable basis. Based on its derived Yardstick factors, SRK considers the implied value of the Mourilyan Residual Resources lies in the range A$3.6 M to A$7.4 M, with a preferred valuation of A$5.5 M.

Table 4.8: Value of Mourilyan Residual Resources – Yardstick

Resource	Total (Mt)	Value Low (A$ M)	Value High (A$ M)	Value Preferred (A$ M)
Measured	0.0	0.0	0.0	0.0
Indicated	26.6	3.1	6.1	4.6
Inferred	11.0	0.5	1.3	0.9
Total, 100% basis	**37.6**	**3.6**	**7.4**	**5.5**

Source: SRK analysis
Note: Numbers may not reconcile due to rounding.

4.3.5 Valuation summary of Residual Resources

SRK considers the values implied by the comparable transactions analysis to be reasonable given the values implied by the industry yardsticks and hence has adopted these values as the basis for its valuation range of Mourilyan's Residual Resources (Table 4.9).

Table 4.9: Summary of SRK's valuation of Mourilyan's Residual Resources

Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Comparable transactions	1.1	6.8	4.0
Yardstick	3.6	7.4	5.5
Mourilyan Residual Resources on a 100% basis	2.4	7.1	4.7

Source: SRK analysis (total is rounded)

Based on this analysis, the implied value of the Mourilyan Residual Resources is estimated to reside between A$2.4 M and A$7.1 M, with a preferred valuation of A$4.7 M on an attributable basis.

5 Valuation summary

Based on its technical assessment presented in the earlier sections of this Report, SRK has completed a valuation of the mineral assets of SRA in accordance with its mandate.

SRK has elected to adopt the values implied by the peer analysis to inform its valuation range for the Residual Resources (Table 5.1), which have been crosschecked using industry yardsticks.

In considering the overall value of the exploration potential, SRK has adopted the values implied by the peer analysis and yardstick method. SRK has adopted the midpoint as its preferred value.

SRK has also considered actual transactions involving the assets that are the subject of this report. SRK notes in many cases the assets have significantly changed since these transactions occurred and as such these precedent transactions were not used.

5.1 Valuation summary

Based on its analysis, SRK considers the Market Value of the Mourilyan mineral assets resides between A$2.4 M and A$7.1 M, with a preferred valuation of A$4.7 M (Table 5.1), which represents the midpoint of the adopted range.

Table 5.1: Summary of the Market Value of the Mineral Assets of SRA

Project	Method	Low (A$ M)	High (A$ M)	Preferred (A$ M)
Mourilyan	Residual Resources	2.4	7.1	4.7
	Exploration Potential	0	0	0
	Total	**2.4**	**7.1**	**4.7**

Note: Any discrepancies between values in the tables are due to rounding.

In defining its valuation ranges, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

5.2 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with exploration, development, and production assets.

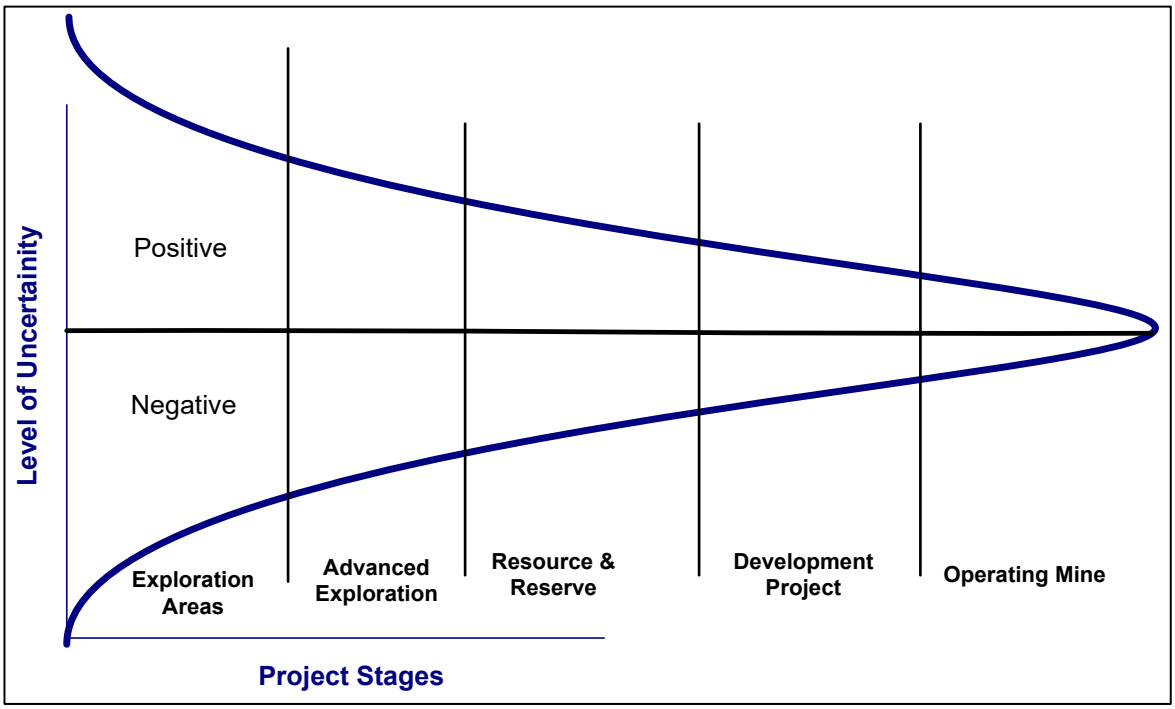
The range in value is driven by the confidence limits placed around the size and quality of the metal occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage exploration prospect, through Inferred, Indicated or Measured Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained base metals and the potential to extract them profitably. Table 5.2 presents a general guide of the confidence in targets, resource, and reserve estimates, and hence value, referred to in the mining industry (Bouchard, 2001; Snowden et al., 2002; Mackenzie et al., 2007; Macfarlane, 2007).

Table 5.2: General guide regarding confidence for target and Resource/Reserve estimates

Classification	Estimate range (90% confidence limit)
Proven/Probable Reserves	±5% to ±10%
Measured Resources	±10% to ±20%
Indicated Resources	±30% to ±50%
Inferred Resources	±50% to ±100%
Exploration Target	+100%

This level of uncertainty with advancing project stages is shown graphically in Figure 5.1.

Figure 5.1: Uncertainty by advancing exploration stage



Estimated confidence of plus or minus 60% to 100% or more are not uncommon for exploration areas and are within acceptable bounds given the level of uncertainty associated with early-stage exploration assets. By applying narrower confidence ranges, one is implying a greater degree of certainty regarding these assets than may be the case in reality.

The tenements held by SRA are exploration assets in the early to advanced stages of exploration or technical assessment. Therefore, there are significant uncertainties around their attributes – this results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each project.

5.3 Valuation risks

SRK is conscious of the risks associated with valuing exploration and production assets, which impacts on the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation for exploration properties given the level of uncertainty present for each of the variables that impact on prospects and their valuation. These factors can ultimately result in significant differences in valuations over time. The key risks include but are not limited to the following.

5.3.1 Information and data risk

The preparation of technical assessment and valuation reports in accordance with the VALMIN Code (2015) requirements involves the compilation of data from both private and public sources. It is important to understand the risks associated with such information and the associated uncertainties. Uncertainties may include that material information may not have been identified, reliance on historical information, timely release of exploration data, lack of disclosure, transposition or compilation errors and the confidential nature of certain information.

5.3.2 Exploration and resource risk

The business of metals exploration, project development and production are by nature high risk. The exploration potential of tenements where resources are not yet defined may vary considerably as further exploration is undertaken. Industry wide exploration success rates indicate that it is possible no economically viable mineralisation may be located or delineated within any of the Project's tenures, beyond that currently known. Furthermore, even if significant mineralisation does exist within the Project, it may not be either identified or developed due to a variety of factors including those outside of the control of the Company.

The exploration for and production of metals deposits involves various operating hazards including, but not limited to, adverse weather conditions, shortages, or delays in the availability of drilling rigs, or other critical equipment or personnel.

Ore Reserves and Mineral Resources prepared under the JORC Code (2012) are best estimates based on individual judgement and reliance upon knowledge and experience using industry standards and the available database. Based on SRK's review of the available information these estimates appear reasonable at this time. However, this may change over time as more information comes to hand.

5.3.3 Mining and production risk

The Project discussed in this Report is at a relatively advanced stage of evaluation and assets have a defined Ore Reserve. Forecasting cash flows for these assets are less certain and therefore riskier than for similar silica sand projects in production stage.

The successful development of a mining operation is dependent upon geological interpretation to define mineable blocks and an appropriate schedule to meet expected sales volumes. Actual sand mined may be different in quality and tonnage than the estimates, and the overburden ratios and geological mining conditions anticipated may prove to be different. Operating costs can be adversely affected by disruptions due to geological conditions, equipment failure or industrial

disputes. Development of a new mining operation is dependent upon the provision of road access for transport and port facilities for international shipping while an adequate supply of water is also important.

5.3.4 Environmental risk

Environmental conditions will be attached to future mining and exploration tenements which if not deemed compliant by the relevant authorities could result in the forfeiture of these rights.

Successful project development requires widespread consultation and negotiation with a variety of stakeholders, as well as evaluation of environmental, social and governance considerations. As projects advance, these interactions may become more complex and are required to be evaluated and integrated into successive techno-economic studies, during which potential flaws may be uncovered that impact the development process.

Mining title has not yet been granted on the MLA tenements as discussed in this report. Native Title claims, environmental approvals and heritage issues may arise in the future and delay the development of any future mining operation and/or production from areas where freehold land or mining leases have not been obtained. These issues are likely to be addressed in future should the future exploration be successful and warrant the conversion of the exploration permit to mining leases.

Substantial costs can be encountered for environmental rehabilitation, damage, control, and losses, which can vary over the life of the mining operation. Conditions attached to the mining and exploration rights may also vary over the life of the Project and in response to any change in the size or type of operation that cannot be anticipated at this time.

5.3.5 Economic risk

The mining industry is highly dependent on the global geopolitical and economic environment. Factors such as access to markets, commodity prices, inflation, interest rates, technological advances and investor sentiment all have a bearing on the development of a mineral project. Many of these factors are outside the control of the proponent and are broader societal issues, but nonetheless present both risk and opportunity to a mineral developer.

5.3.6 Financing risk

Further funds may be required to further explore and develop the project. Failure to obtain sufficient financing for the project may result in a delay or indefinite postponement of exploration and development on the properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company.

Closure

This Report, Independent Specialist Report on the mineral assets of Silica Resources Australia Limited, was prepared by a team of consultants under the direction of:

Ian de Klerk
Principal Consultant

and reviewed by

Donald Elder
Principal Consultant

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Appendix A Tenure data

Mourilyan

SRA's Mourilyan tenure summary – as at 31 May 2025

Tenement type	Interest (%)	Number	Area (km^2)	Comments
Mining lease granted	100	20378	0.73	
Mining lease application	100	20695	1.73	Lodged in 2012
Mining lease application	100	20696	1.70	Lodged in 2012
Exploration permit granted	100	27352	13 sub-blocks	
Total				

Source: Georesglobe.information.qld.gov.au

Notes: Data sourced from SRA tenements register. Data have not been independently verified except to confirm that tenements listed as under application had not been granted as at 31 May 2025.

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