

Silica Resources Australia Ltd

ABN 97 655 231 066

Audited Financial Statements - 30 September 2025

Silica Resources Australia Ltd
Corporate directory
30 September 2025

Directors	Mr Peter Lansom (Chairman) Mr Robert Tindall (Managing Director) Mr Michael Everard (Non-Executive Director) Mr Tyler Mapstone (Non-Executive Director) Mr Mark Pitcher (Non-Executive Director) Mr James Dickson (Non-Executive Director)
Company secretaries	Naomi Lawrie Jessica Cahill
Registered office	Suite 2, Level 11 385 Bourke Street, Melbourne VIC 3000
Principal place of business	Suite 2, Level 11 385 Bourke Street, Melbourne VIC 3000
Auditor	Bentleys Audit (Victoria) Pty Ltd Level 3, 302 Burwood Road, Hawthorn VIC 3122

Silica Resources Australia Ltd
Directors' report
30 September 2025

The Directors present their report, together with the financial statements, of Silica Resources Australia Ltd (the 'Company' or 'SRA') at the end of, or during, the year ended 30 September 2025.

Directors

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

Mr Peter Lansom (Chairman)
Mr Robert Tindall (Managing Director)
Mr Michael Everard (Non-Executive Director)
Mr Tyler Mapstone (Non-Executive Director)
Mr Mark Pitcher (Non-Executive Director)
Mr James Dickson (Non-Executive Director) (appointed on 31 October 2025)

Principal activities

SRA was established in 2021 to develop the Mourilyan Silica Sands Project. SRA through its wholly owned subsidiary has secured exclusive access to the Port of Mourilyan through two leases. SRA holds a development approval and environmental authority to build a large storage shed and load silica sand and flour. SRA currently owns 100% of the shares of Mourilyan Silica Resources (MSR) which holds all the assets that comprise the Mourilyan Silica Sands Project. The Mourilyan Silica Sands Project is a high-grade silica flour processing mine and facility, the Company has commissioned the processing plant during the financial year. Stage 2 of the project which encompasses expansion of the processing plant and extraction area have also commenced in the last quarter of the financial year.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to \$11,705,166 (30 September 2024: \$8,380,351).

The net assets of the Company were \$15,257,657 as at 30 September 2025 and had net cash outflows from operating activities for the period of \$6,577,169.

Significant changes in the state of affairs

During the year, the Company successfully raised \$19.6 million through issuance of shares. In addition, the Company raised \$12.5 million from borrowings to fund land acquisition, and construction work in progress.

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

Matters subsequent to the end of the financial year.

During the year, the consolidated entity received an assessment notice from the Queensland Government. Subject to ongoing negotiations, the consolidated entity is liable to pay \$601,624.24 by 26 November 2025, or by an alternative date agreed upon with the Government. As at 30 September 2025, a provision for the full amount of \$601,624.24 has been recognised in the balance sheet.

The Company entered into a term sheet with Creswick Quartz Pty Ltd on 24 December 2025 for the long-term supply of CQPL quartz feedstock, which includes an upfront payment of \$1,000,000, with the remaining balance of \$4,000,000 payable on the Company's satisfactory due diligence. Robert Tindall, director, provided a loan of \$1,000,000 to the Company which is interest free and unsecured, and due to be repaid by 31 March 2026.

No other matter or circumstance has arisen since 30 September 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

During the year ended 30 September 2025, the Company was not subject to any particular environmental regulations.

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Shares under option

Grant date	Expiry date	Exercise price	Number under option
29 September 2023	30 September 2026	\$0.0625	2,500,000

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

Shares issued on the exercise of options

The following ordinary shares of Silica Resources Australia Ltd were issued during the period ended 30 September 2025 and up to the date of this report on the exercise of options granted:

Grant date	Exercise price	Number of shares issued
15/5/2023	\$0.0625	4,112,000
2/11/2023	\$0.0625	1,612,500
9/4/2024	\$0.0625	50,000
16/7/2024	\$0.2500	2,000,000
25/7/2024	\$0.0625	375,000
26/11/2024	\$0.0625	3,950,000
20/12/2024	\$0.0000	12,500,000
21/5/2025	\$0.0000	2,000,000
10/6/2025	\$0.0000	2,000,000
27/6/2025	\$0.0000	9,333,334
4/8/2025	\$0.0000	2,666,667
		40,599,501

Shares under performance rights

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

Shares issued on the exercise of performance rights

The following ordinary shares of Silica Resources Australia Ltd were issued during the period ended 30 September 2025 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
1/7/2023	\$0.0000	3,500,000
1/7/2023	\$0.0000	3,500,000
1/7/2023	\$0.0000	1,500,000
1/7/2023	\$0.0000	1,500,000
		10,000,000

Indemnity and insurance of officers

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

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

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Directors' report
30 September 2025

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Rounding of amounts

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

Officers of the Company who are former partners of Bentleys Audit (Victoria) Pty Ltd

There are no officers of the Company who are former partners of Bentleys Audit (Victoria) Pty Ltd.

Auditor

Bentleys Audit (Victoria) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

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

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

On behalf of the Directors



Peter Lansom
Chairman

4 February 2026

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

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2025 there have been:

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

Bentleys Audit (Victoria) Pty Ltd.

Bentleys Audit (Victoria) Pty Ltd



Matthew Forbes
Partner

Hawthorn
5 February 2026

Silica Resources Australia Ltd

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Silica Resources Australia Ltd
Consolidated statement of profit or loss and other comprehensive income
For the period ended 30 September 2025

	Note	30 September 2025 \$	30 September 2024 \$
Revenue	4	2,416,199	-
Interest income		-	3,101
R&D tax incentives	5	436,081	149,854
Total income		<u>2,852,280</u>	<u>152,955</u>
Expenses			
Corporate and administration expenses	6	(10,899,182)	(3,498,133)
Exploration costs		(164,574)	(574,097)
Finance costs	7	(3,493,690)	(4,461,076)
Total expenses		<u>(14,557,446)</u>	<u>(8,533,306)</u>
Loss before income tax expense		(11,705,166)	(8,380,351)
Income tax expense	8	-	-
Loss after income tax expense for the period attributable to the owners of Silica Resources Australia Ltd		(11,705,166)	(8,380,351)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to the owners of Silica Resources Australia Ltd		<u>(11,705,166)</u>	<u>(8,380,351)</u>

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

Silica Resources Australia Ltd
Consolidated statement of financial position
As at 30 September 2025

	Note	30 September 2025 \$	30 September 2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	10,738,544	1,476,020
Other current assets		371,875	129,455
Inventories		-	56,371
Deposits		20,000	-
Total current assets		<u>11,130,419</u>	<u>1,661,846</u>
Non-current assets			
Property, plant and equipment	10	15,953,549	3,430,870
Right-of-use assets	11	409,479	578,918
Intangibles	12	300,000	-
Deposits	13	736,457	126,475
Other assets	14	500,000	-
Exploration and evaluation	15	14,708,044	12,590,626
Total non-current assets		<u>32,607,529</u>	<u>16,726,889</u>
Total assets		<u>43,737,948</u>	<u>18,388,735</u>
Liabilities			
Current liabilities			
Trade and other payables	16	690,121	684,690
Lease liabilities		170,050	150,905
Employee benefits		267,704	145,282
Provisions	17	601,624	-
Total current liabilities		<u>1,729,499</u>	<u>980,877</u>
Non-current liabilities			
Borrowings	18	12,627,252	-
Lease liabilities		276,107	446,157
Convertible notes	19	13,847,433	9,270,315
Deferred revenue		-	529,200
Total non-current liabilities		<u>26,750,792</u>	<u>10,245,672</u>
Total liabilities		<u>28,480,291</u>	<u>11,226,549</u>
Net assets		<u>15,257,657</u>	<u>7,162,186</u>
Equity			
Issued capital	20	30,306,231	8,639,932
Reserves	21	7,631,563	9,497,225
Accumulated losses		<u>(22,680,137)</u>	<u>(10,974,971)</u>
Total equity		<u>15,257,657</u>	<u>7,162,186</u>

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

Silica Resources Australia Ltd
Consolidated statement of changes in equity
For the period ended 30 September 2025

	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2023	3,641,076	7,357,545	(2,594,620)	8,404,001
Loss after income tax expense for the period	-	-	(8,380,351)	(8,380,351)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(8,380,351)	(8,380,351)
Convertible note reserve (note 21)	-	445,735	-	445,735
Convertible note option reserve (note 21)	-	1,113,750	-	1,113,750
Share Based Payments (note 33)	-	580,195	-	580,195
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	4,998,856	-	-	4,998,856
Balance at 30 September 2024	<u>8,639,932</u>	<u>9,497,225</u>	<u>(10,974,971)</u>	<u>7,162,186</u>
	Share capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 October 2024	8,639,932	9,497,225	(10,974,971)	7,162,186
Loss after income tax expense for the period	-	-	(11,705,166)	(11,705,166)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(11,705,166)	(11,705,166)
Convertible note reserve (note 21)	-	(1,285,467)	-	(1,285,467)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 20)	21,086,104	-	-	21,086,104
Share-based payments	580,195	(580,195)	-	-
Balance at 30 September 2025	<u>30,306,231</u>	<u>7,631,563</u>	<u>(22,680,137)</u>	<u>15,257,657</u>

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

Silica Resources Australia Ltd
Consolidated statement of cash flows
For the period ended 30 September 2025

	Note	30 September 2025 \$	30 September 2024 \$
Cash flows from operating activities			
Receipts from customers		1,882,515	-
Payments to suppliers (inclusive of GST)		(8,858,479)	(1,936,511)
Interest received		-	3,101
Receipt of R&D tax incentives		436,081	149,854
Finance costs paid		(37,286)	(26,579)
		<u> </u>	<u> </u>
Net cash used in operating activities	32	(6,577,169)	(1,810,135)
Cash flows from investing activities			
Payment for land acquisition, construction work in progress and equipment	10	(13,117,133)	(4,060,334)
Payments for deposits		(689,982)	(126,475)
Payments for exploration and evaluation	15	(2,245,147)	(965,043)
		<u> </u>	<u> </u>
Net cash used in investing activities		(16,052,262)	(5,151,852)
Cash flows from financing activities			
Proceeds from issue of shares	22	19,603,776	3,530,156
Proceeds from borrowings	18	12,500,000	-
Share issue transaction costs	22	(60,915)	(191,300)
Repayment of lease liabilities	22	(150,906)	(80,696)
Proceeds from convertible notes	22	-	2,700,000
		<u> </u>	<u> </u>
Net cash from financing activities		31,891,955	5,958,160
Net increase/(decrease) in cash and cash equivalents		9,262,524	(1,003,827)
Cash and cash equivalents at the beginning of the financial period		1,476,020	2,479,847
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period	9	<u>10,738,544</u>	<u>1,476,020</u>

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

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 1. General information

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

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

Suite 2 Level 11
385 Bourke Street,
Melbourne VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 4 February 2026. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Rounding of amounts

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

Going concern

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

The Consolidated Entity made a loss after tax of \$11,705,166 during the year ended 30 September 2025 (30 September 2024: \$8,380,351) and had net operating cash outflows of \$6,577,169 (30 September 2024: \$1,810,135). As at 30 September 2025, the cash balance was \$10,738,544 and net working capital surplus was \$9,400,920.

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Notes to the consolidated financial statements
30 September 2025

Note 2. Material accounting policy information (continued)

During the year, the company successfully raised \$19 million via a capital raise, which contributed to a significant increase in net assets. As a result, net asset rose to 15,257,657 as at 30 September 2025 (30 September 2024:7,162,186). The Directors will continue to monitor the ongoing funding requirements of the Consolidated Entity and may receive grants of \$2,400,000 as per the Industry Partnership Program Agreement (refer note 27). As a consequence of the above, the directors believe that, notwithstanding the Consolidated Entity's operating results for the year, the Consolidated Entity will be able to continue as a going concern and therefore, these financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Silica Resources Australia Ltd ('Company' or 'parent entity') as at 30 September 2025 and the results of all subsidiaries for the period then ended. Silica Resources Australia Ltd and its subsidiaries together are referred to in these financial statements as the 'Company'.

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

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

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

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

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

Other revenue

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

Income tax

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

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

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

Note 2. Material accounting policy information (continued)

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

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

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

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

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

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

Impairment of non-financial assets

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

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

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Estimation of useful lives of assets

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

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

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

Exploration and evaluation costs

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

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

Accounting for convertible notes

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

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

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

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

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 4. Revenue

	30 September 2025	30 September 2024
	\$	\$
Sale of sand	605,880	-
Freight Income	1,805,835	-
Rental Income	4,484	-
	<u>2,416,199</u>	<u>-</u>

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods. The Company considers that the point of satisfaction of the performance obligation is the point of delivering.

Note 5. R&D tax incentives

	30 September 2025	30 September 2024
	\$	\$
R&D tax incentives	<u>436,081</u>	<u>149,854</u>

R&D tax incentive income

Research and Development tax incentives are recognised in accordance with AASB 120: Accounting for Government Grants and Disclosure of Government Assistance. The Research and development tax incentive is recognised when there is reasonable assurance that the grant will be received, and all conditions have been complied with.

Note 6. Corporate and administration expenses

	30 September 2025	30 September 2024
	\$	\$
Employee benefits expenses	1,859,354	809,510
Depreciation and amortisation expenses	434,349	100,472
Share based expenses	1,019,805	580,195
Machinery Hire	1,091,070	111,008
Freight	1,840,589	-
Administrative expenses	4,654,015	1,896,948
	<u>10,899,182</u>	<u>3,498,133</u>

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 7. Finance Cost

	30 September 2025	30 September 2024
	\$	\$
<i>Finance costs</i>		
Interest and finance charges paid/payable on convertible notes	4,577,118	4,846,923
Revaluation gains on embedded derivative	(1,285,467)	(412,426)
Interest charges paid/payable on lease liabilities	37,286	26,579
Loan fees and interest expense	164,753	-
	<u>3,493,690</u>	<u>4,461,076</u>
Total finance costs expensed	<u>3,493,690</u>	<u>4,461,076</u>

Note 8. Income tax

	30 September 2025	30 September 2024
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(11,705,166)	(8,380,351)
Tax at the statutory tax rate of 25%	(2,926,292)	(2,095,088)
Current period tax losses not recognised	2,926,292	2,095,088
Income tax expense	<u>-</u>	<u>-</u>

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

Note 9. Current assets - Cash and cash equivalents

	30 September 2025	30 September 2024
	\$	\$
Cash on hand	100	100
Cash at bank	10,738,444	1,475,920
	<u>10,738,544</u>	<u>1,476,020</u>

Accounting policy for cash and cash equivalents

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

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 10. Non-current assets - Property, plant and equipment

	30 September 2025 \$	30 September 2024 \$
Land - at cost	10,141,514	1,949,924
Other equipment - at cost	4,793	4,793
Less: Accumulated depreciation	(533)	(60)
	<u>4,260</u>	<u>4,733</u>
Computer equipment - at cost	14,413	6,620
Less: Accumulated depreciation	(4,454)	(1,572)
	<u>9,959</u>	<u>5,048</u>
Plant and equipment - at cost	5,231,110	-
Less: Accumulated depreciation	(261,556)	-
	<u>4,969,554</u>	<u>-</u>
Construction - work in progress	828,262	1,471,165
	<u>15,953,549</u>	<u>3,430,870</u>

Reconciliations

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

	Land \$	Other equipment \$	Computer equipment \$	Plant and equipment \$	Construction work in progress \$	Total \$
Balance at 1 October 2024	1,949,924	4,733	5,048	-	1,471,165	3,430,870
Additions	8,191,590	-	7,793	3,759,945	828,262	12,787,590
Transfers in/(out)	-	-	-	1,471,165	(1,471,165)	-
Depreciation expense	-	(473)	(2,882)	(261,556)	-	(264,911)
Balance at 30 September 2025	<u>10,141,514</u>	<u>4,260</u>	<u>9,959</u>	<u>4,969,554</u>	<u>828,262</u>	<u>15,953,549</u>

Accounting policy for land and construction WIP

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

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

Accounting policy for plant and equipment, furniture and fittings

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

Silica Resources Australia Ltd
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30 September 2025

Note 10. Non-current assets - Property, plant and equipment (continued)

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

Other equipment	10 years
Computer equipment	3 years
Plant and equipment	3 - 15 years
Electrical equipment	4 years
Mechanical equipment	5 years

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

Note 11. Non-current assets - Right-of-use assets

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

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

	30 September 2025	30 September 2024
	\$	\$
Warehouse facility- right-of-use	677,758	677,758
Less: Accumulated depreciation	<u>(268,279)</u>	<u>(98,840)</u>
	<u><u>409,479</u></u>	<u><u>578,918</u></u>

The Consolidated Entity had no short-term lease arrangements during the year ended 30 September 2025.

Reconciliations

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

	Warehouse facility Right-of-use \$	Total \$
Balance at 1 October 2024	578,918	578,918
Depreciation expense	<u>(169,439)</u>	<u>(169,439)</u>
Balance at 30 September 2025	<u><u>409,479</u></u>	<u><u>409,479</u></u>

Accounting policy for right-of-use assets

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

Silica Resources Australia Ltd
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30 September 2025

Note 11. Non-current assets - Right-of-use assets (continued)

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

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

Note 12. Non-current assets - Intangibles

	30 September 2025	30 September 2024
	\$	\$
Port permit	300,000	-

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 13. Non-current assets - Deposits

	30 September 2025	30 September 2024
	\$	\$
Land option payment	20,000	80,000
Bonds	46,475	46,475
Security Deposit	1,380	-
Term Deposit	668,602	-
	<u>736,457</u>	<u>126,475</u>

Accounting Policy for other non-current deposits

Deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Refer to note 27 for further information on Contingent assets / liabilities.

Note 14. Non-current assets - Other assets

	30 September 2025	30 September 2024
	\$	\$
Loan and Advances	500,000	-

The loan amount of \$500,000 relates to the issue of 2,000,000 options with an exercise price of \$0.25, expiring three years from the vesting date. The loan is interest-free, and repayment is required on or before 25 July 2028.

Silica Resources Australia Ltd
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30 September 2025

Note 14. Non-current assets - Other assets (continued)

Refer to note 28 for further information on related party transactions.

Note 15. Non-current assets - Exploration and evaluation

	30 September 2025	30 September 2024
	\$	\$
Exploration rights	11,100,000	11,100,000
Capitalised exploration expenditure	3,608,044	1,490,626
	<u>14,708,044</u>	<u>12,590,626</u>

- (i) During 2022 and 2023 financial years, the Company paid \$11,100,000 and acquired 100% of shares in Mourilyan Silica Resources Pty Ltd (MSR) from Daraleigh Pty Ltd, legal and beneficial owners of MSR. MSR holds a series of licences and permits that form the Mourilyan Silica Sands Project (MSP). The MSR acquisition is not deemed to be a business combination as defined in AASB 3 Business Combination and treated as an asset acquisition and accounted as per AASB 3. 2(b) guidance. Total purchase consideration paid is recognised as exploration rights in the financial statements.

Reconciliations

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

Consolidated

	Exploration Assets \$
Balance at 1 October 2023	645,883
Expenditure during the year	<u>844,743</u>
Balance at 30 September 2024	1,490,626
Expenditure during the year	2,117,418
Balance at 30 September 2025	<u><u>3,608,044</u></u>

Accounting policy for exploration and evaluation assets

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

Note 16. Current liabilities - Trade and other payables

	30 September 2025	30 September 2024
	\$	\$
Trade payables	601,163	277,524
Accrued expenses	88,958	407,166
	<u>690,121</u>	<u>684,690</u>

Refer to note 24 for further information on financial instruments.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 17. Current liabilities - provisions

	30 September 2025	30 September 2024
	\$	\$
Provision	<u>601,624</u>	<u>-</u>

During the year, the consolidated entity received an assessment notice from the Queensland Government. Subject to ongoing negotiations, the consolidated entity is liable to pay \$601,624.24 by 26 November 2025, or by an alternative date agreed upon with the Government.

Accounting policy for provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 18. Non-current liabilities - borrowings

	30 September 2025	30 September 2024
	\$	\$
Loans	<u>12,627,252</u>	<u>-</u>

On 17 January 2025, the Company entered into a Facility agreement with QBF No.1 Pty Ltd (QIC) as a trustee of QIC Critical Minerals and Battery Technology Fund, to fund the approved project development costs and financing costs.

As at 30 September 2025, the Company has drawn down \$13,250,000 under the agreement.

The rate of interest is 10% per annum for any drawn amount and 2.2% for any undrawn amount. QIC has a first ranking security over the Company and all of its subsidiaries assets.

Refer to note 24 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	30 September 2025	30 September 2024
	\$	\$
Loans	<u>12,627,252</u>	<u>-</u>

Accounting policy for borrowings

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

Silica Resources Australia Ltd
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Note 19. Non-current liabilities - Convertible notes

	30 September 2025 \$	30 September 2024 \$
Convertible notes	<u>13,847,433</u>	<u>9,270,315</u>

The Company has entered into agreements to issue Convertible notes with face value of \$10,800,000 and \$2,700,000 on 30 September 2023 and 31 October 2023 respectively at an interest rate of 10% per annum. The Convertible Notes mature on 30 June 2026. Interest is compounded quarterly and is paid on the maturity date. The Convertible Notes will be redeemable or will convert into fully paid ordinary shares in the Company, and the redemption or conversion value will be lower of:

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

The Company issued 40,500,000 free attaching options to the Convertible Note holders on 20 November 2023. The Free Attaching Options issued concurrently with the Convertible Notes are treated as transaction costs (Transaction Costs) at their independently determined fair value. The carrying amount of the financial liability and equity component are adjusted for the fair value of transaction costs incurred.

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

\$13,847,433 of the convertible notes are issued to Wahl Citadel Pty Limited, an entity associated with Mr. Mark Pitcher, a non-executive director of the Company. All transactions were made on normal commercial terms and conditions and at market rates.

Accounting policy for borrowings

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

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

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

Note 20. Equity - Issued capital

	30 September 2025 Shares	30 September 2024 Shares	30 September 2025 \$	30 September 2024 \$
Ordinary shares - fully paid	<u>248,057,030</u>	<u>176,366,382</u>	<u>30,306,231</u>	<u>8,639,932</u>

Silica Resources Australia Ltd
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Note 20. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30/09/2023	123,106,052		3,641,076
Share issue	17/10/2023	8,300,000	\$0.2000	1,660,000
Share issue	1/03/2024	2,280,000	\$0.0625	142,500
Share issue	3/06/2024	27,039,200	\$0.0625	1,689,950
Share issue	30/06/2024	15,503,630	\$0.0521	1,689,893
Share issue	4/6/2024	137,500	\$0.0625	7,813
Capital raising costs		-	\$0.0000	(191,300)
Balance	30/09/2024	176,366,382		8,639,932
Share issue	4/10/2024	1,322,667	\$0.0625	80,000
Share issue	12/11/2024	611,733	\$0.0625	37,000
Share issue	28/11/2024	2,900,000	\$0.4000	1,150,000
Share issue	31/12/2025	8,351,175	\$0.0000	-
Share issue	5/04/2025	125,000	\$0.4000	50,000
Share issue	21/5/2025	1,061,327	\$0.7500	795,995
Share issue	21/5/2025	8,227,500	\$0.0625	514,219
Share issue	1/7/2025	10,000,000	\$0.0000	1,600,000
Share issue	25/7/2025	2,000,000	\$0.2500	500,000
Share issue	21/8/2025	8,591,245	\$0.0625	-
Share issue	8/9/2025	28,500,001	\$0.0000	17,000,000
Capital raising costs		-		(60,915)
Balance	30/09/2025	<u>248,057,030</u>		<u>30,306,231</u>

Ordinary shares

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

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 21. Equity - Reserves

	30 September 2025 \$	30 September 2024 \$
Share option reserve	-	580,195
Convertible note reserve	3,300,313	4,585,780
Convertible note option reserve	<u>4,331,250</u>	<u>4,331,250</u>
	<u>7,631,563</u>	<u>9,497,225</u>

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Note 21. Equity - Reserves (continued)

Convertible note reserve

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

Convertible note options reserve

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

Note 22. Changes in liabilities arising from financing activities

Consolidated	Right-of-use assets	Convertible notes	Share Capital	Total
	\$	\$	\$	\$
Balance at 1 October 2023	-	3,698,755	3,641,076	7,339,831
Net cash from financing activities	677,758	-	-	677,758
Repayment of lease liabilities	(80,696)	-	-	(80,696)
Proceeds from convertible notes	-	2,700,000	-	2,700,000
Convertible note reserve	-	(445,735)	-	(445,735)
Convertible note option reserve	-	(1,113,750)	-	(1,113,750)
Interest charges on convertible notes	-	4,431,045	-	4,431,045
Proceeds from issue of shares	-	-	3,530,156	3,530,156
Share issue transaction costs	-	-	(191,300)	(191,300)
Transfers from advance for share capital	-	-	1,660,000	1,660,000
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2024	597,062	9,270,315	8,639,932	18,507,309
Repayment of lease liabilities	(150,905)	-	-	(150,905)
Proceeds from issue of shares	-	-	19,603,776	19,603,776
Share issue transaction costs	-	-	(60,915)	(60,915)
Convertible note reserve	-	1,285,467	-	1,285,467
Issue of shares	-	-	2,123,438	2,123,438
Interest charges on convertible notes	-	3,291,651	-	3,291,651
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2025	<u>446,157</u>	<u>13,847,433</u>	<u>30,306,231</u>	<u>44,599,821</u>

Note 23. Commitments

	30 September 2025	30 September 2024
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	3,700,000
	<hr/>	<hr/>

Note 24. Financial instruments

Financial risk management objectives

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

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Note 24. Financial instruments (continued)

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

Market risk

Foreign currency risk

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

Price risk

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

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

Remaining contractual maturities

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

30 September 2025	Interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Remaining contractual maturities
		\$	\$	\$	\$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	-	601,163	-	-	601,163
Other loans	10.00%	-	12,627,252	-	12,627,252
<i>Interest-bearing - fixed rate</i>					
Lease liability	7.50%	195,719	203,547	86,193	485,459
Convertible note	10.00%	-	-	17,270,866	17,270,866
Total non-derivatives		796,882	12,830,799	17,357,059	30,984,740

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 24. Financial instruments (continued)

30 September 2024	Interest rate	1 year or less	Between 1	Between 2	Remaining
		\$	and 2 years	and 5 years	contractual
			\$	\$	maturities
					\$
Non-derivatives					
<i>Non-interest bearing</i>					
BAS payable	-	277,524	-	-	277,524
<i>Interest-bearing - fixed rate</i>					
Lease liability	7.50%	188,191	195,719	289,740	673,650
Convertible note	10.00%	-	-	17,270,866	17,270,866
Total non-derivatives		<u>465,715</u>	<u>195,719</u>	<u>17,560,606</u>	<u>18,222,040</u>

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

Fair value of financial instruments

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

Note 25. Key management personnel disclosures

Directors

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

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

Compensation

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

	30	30
	September	September
	2025	2024
	\$	\$
Short-term employee benefits	633,333	499,994
Post-employment benefits	<u>77,033</u>	<u>55,624</u>
	<u><u>710,366</u></u>	<u><u>555,618</u></u>

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Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Bentleys Audit (Victoria) Pty Ltd, the auditor of the Company:

	30 September 2025	30 September 2024
	\$	\$
<i>Audit services - Bentleys Audit (Victoria) Pty Ltd</i>		
Audit of the financial statements	<u>18,750</u>	<u>9,500</u>

Note 27. Contingent assets / liabilities

During FY24, the Consolidated Entity entered into an Industry Partnership Program Agreement with the State of Queensland. Subject to satisfactory fulfilment of conditions precedent, the Consolidated Entity may receive grants of \$2,400,000 as project support expenditure by 30 September 2025 or such later date that the State may notify in writing to the Consolidated Entity. As at 30 September 2025, no grant income has yet to be recognised. In addition, subject to meeting the required conditions, the Consolidated Entity may receive further grants of \$2,400,000 in March 2026, \$400,000 in March 2027, \$400,000 in March 2028, and \$400,000 in September 2029.

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

The consolidated entity also provided financial provision surety in the form of bank guarantee totalling \$668,602 for the Environmental Authority Number EPVL00591713.

There were no other contingent assets or liabilities existing at the year ended 30 September 2025 and 30 September 2024.

Note 28. Related party transactions

Transactions with related parties

	30 September 2025	30 September 2024
	\$	\$
Payment for goods and services:		
Payment for services from related party	77,890	343,106

Receivable from and payable to related parties

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

	30 September 2025	30 September 2024
	\$	\$
Current payables:		
Trade payables to related party	8,364	3,260

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Note 28. Related party transactions (continued)

Loans to/from related parties

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

	30 September 2025	30 September 2024
	\$	\$
Current receivables:		
Loan to related party	500,000	-

Terms and conditions

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

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

	30 September 2025	30 September 2024
	\$	\$
Loss after income tax	(11,705,166)	(8,380,351)
Total comprehensive income	(11,705,166)	(8,380,351)

Statement of financial position

	30 September 2025	30 September 2024
	\$	\$
Total current assets	11,130,419	1,661,846
Total assets	43,737,948	18,388,735
Total current liabilities	1,729,499	980,877
Total liabilities	28,480,291	11,226,549
Equity		
Issued capital	30,306,231	8,639,932
Share option reserve	-	580,195
Convertible note reserve	3,300,313	4,585,780
Convertible note option reserve	4,331,250	4,331,250
Accumulated losses	(22,680,137)	(10,974,971)
Total equity	<u>15,257,657</u>	<u>7,162,186</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 September 2025 and 30 September 2024.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 29. Parent entity information (continued)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 September 2025 and 30 September 2024.

Capital commitments - Property, plant and equipment

The parent entity had capital commitments for property, plant and equipment of \$nil as at 30 September 2025 (30 September 2024:Nil).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Company, as disclosed in note 2, except for the following:

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

Note 30. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 September 2025 %	30 September 2024 %
Mourilyan Silica Resources Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Services Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Mining Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Property Pty Ltd	Australia	100.00%	100.00%
Silica Resources Australia Mourilyan Port Pty Ltd	Australia	100.00%	100.00%

Note 31. Events after the reporting period

During the year, the consolidated entity received an assessment notice from the Queensland Government. Subject to ongoing negotiations, the consolidated entity is liable to pay \$601,624.24 by 26 November 2025, or by an alternative date agreed upon with the Government. As at 30 September 2025, a provision for the full amount of \$601,624.24 has been recognised in the balance sheet.

The Company entered into a term sheet with Creswick Quartz Pty Ltd on 24 December 2025 for the long-term supply of CQPL quartz feedstock, which includes an upfront payment of \$1,000,000, with the remaining balance of \$4,000,000 payable on the Company's satisfactory due diligence. Robert Tindall, director, provided a loan of \$1,000,000 to the Company which is interest free and unsecured, and due to be repaid by 31 March 2026.

No other matter or circumstance has arisen since 30 September 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	30 September 2025 \$	30 September 2024 \$
Loss after income tax expense for the period	(11,705,166)	(8,380,351)
Adjustments for:		
Depreciation and amortisation	434,350	100,472
Finance costs	3,456,404	4,431,044
Exploration cost	-	1,002,036
Share-based payments	1,043,243	580,195
Change in operating assets and liabilities:		
Decrease/(increase) in other current assets	(236,367)	59,774
Decrease/(increase) in inventories	56,371	(56,371)
Increase/(decrease) in trade and other payables	179,150	(221,419)
Increase/(decrease) in deferred revenue	(529,200)	529,200
Increase in employee benefits	122,422	145,285
Increase in other provisions	601,624	-
Net cash used in operating activities	<u>(6,577,169)</u>	<u>(1,810,135)</u>

Note 33. Share-based payments

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

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

**30 September
2025**

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

**30 September
2024**

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

Silica Resources Australia Ltd
Notes to the consolidated financial statements
30 September 2025

Note 33. Share-based payments (continued)

For the performance rights issued during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/08/2023	15/08/2027	\$0.2000	\$0.0000	85.000%	-	3.910%	\$0.200

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

Silica Resources Australia Ltd
Consolidated entity disclosure statement
As at 30 September 2025

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

Basis of preparation

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

Determination of tax residency

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

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

Australian tax residency

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

Silica Resources Australia Ltd
Directors' declaration
30 September 2025

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards issued by the Australian Accounting Standards Board, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 September 2025 and of its performance for the financial period ended on that date;
- there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

On behalf of the Directors



Peter Lansom
Chairman

4 February 2026

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

Opinion

We have audited the accompanying financial report of Silica Resources Australia Ltd and its subsidiaries (the Consolidated Entity) which comprises the consolidated statement of financial position as at 30 September 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 30 September 2025 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2, "Going Concern" in the financial report which indicates that the Consolidated Entity incurred a net loss after tax of \$11,705,166 during the year ended 30 September 2025, following a net loss of \$8,380,351 incurred for the year ended 30 September 2024. As stated in Note 2, these events or conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

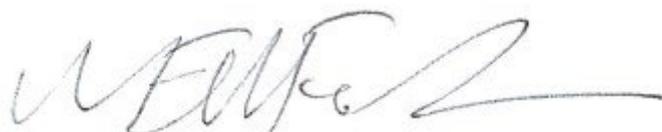
**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SILICA RESOURCES AUSTRALIA LTD (CONTINUED)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bentleys Audit (Victoria) Pty Ltd.

Bentleys Audit (Victoria) Pty Ltd



Matthew Forbes
Partner

Hawthorn
5 February 2026