ALLUP SILICA

ANNUAL REPORT

For the Year Ending 30 June 2023

Allup Silica Limited
ABN 47 163 173 224

Unit A8
435 Roberts Road
Subiaco WA 6008
T: 1300 SILICA
E: team@allupsilica.com

HIGHLIGHTS

Sparkler Silica Sand Project

- Updated circuit design beneficiates silica sand to **99.8% SiO_2**, and an average of **84ppm Fe_2O_3** below the "Ultra-Clear" specification of <100ppm Fe_2O_3.
- Commencement of studies for MLA.
- Bulk sample sent for metallurgical testwork and process plant design.
- Heritage surveys completed across all Sparkler tenements, and subsequent approvals have been duly granted.

Pink Bark Silica Sand Project

- Heritage survey completed across target areas and subsequent approvals have been granted.
- Maiden drilling program complete.
- Prospective REE anomalies identified on the tenement.
- Programme of Works submitted and approved for Stage 2 exploration program.

Dune Buggy Silica Sand Project

- Maiden surface sampling and hand auger program completed.
  Commercial Ag-lime product produced from $CaCO_3$ stream.

Cabbage Spot Silica Sand Project

- Programme of Works approved for Stage 1 exploration program.
- Programme of Works approved for Stage 2 exploration program.
- Heritage Notice submitted with Kimberley Land Council (KLC).

New Exploration Projects

- Two tenements prospective for high-purity silica sand (HPSS) applied for and granted.
- Permitting and approvals underway for new projects.

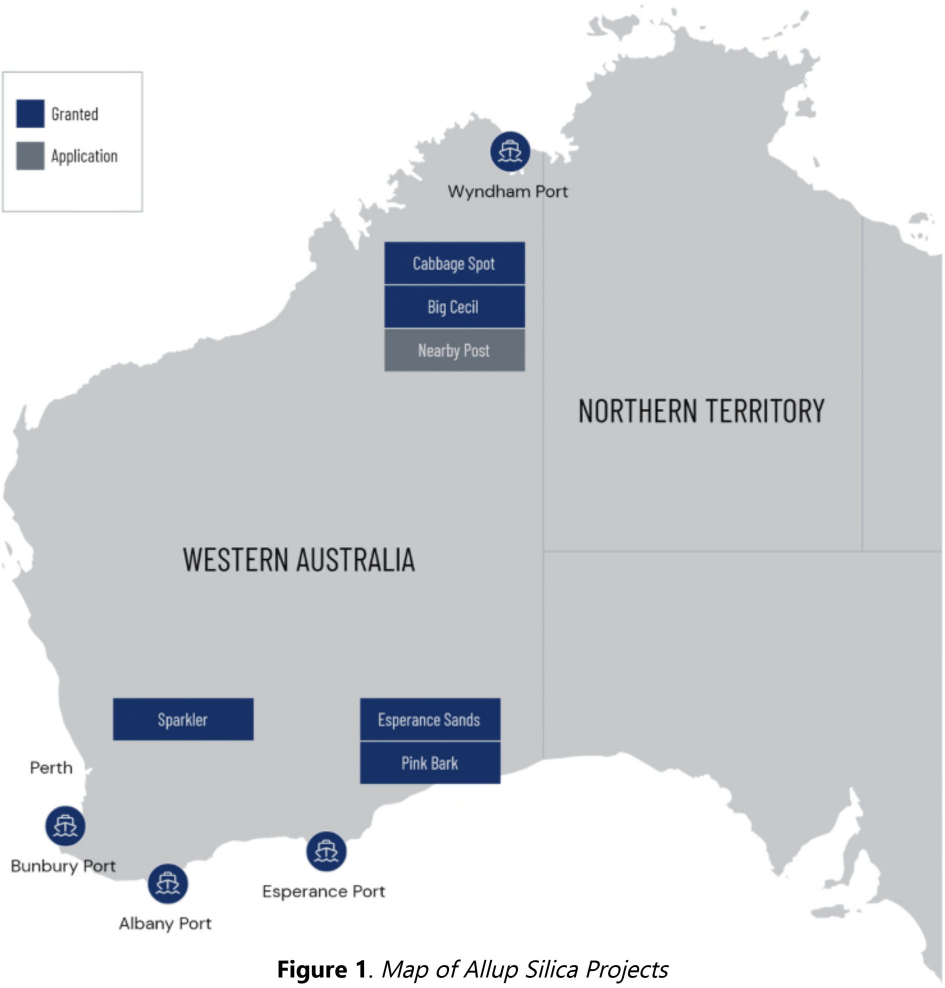

Figure 1. *Map of Allup Silica Projects*

PROJECT ACTIVITIES

SPARKLER SILICA SAND PROJECT

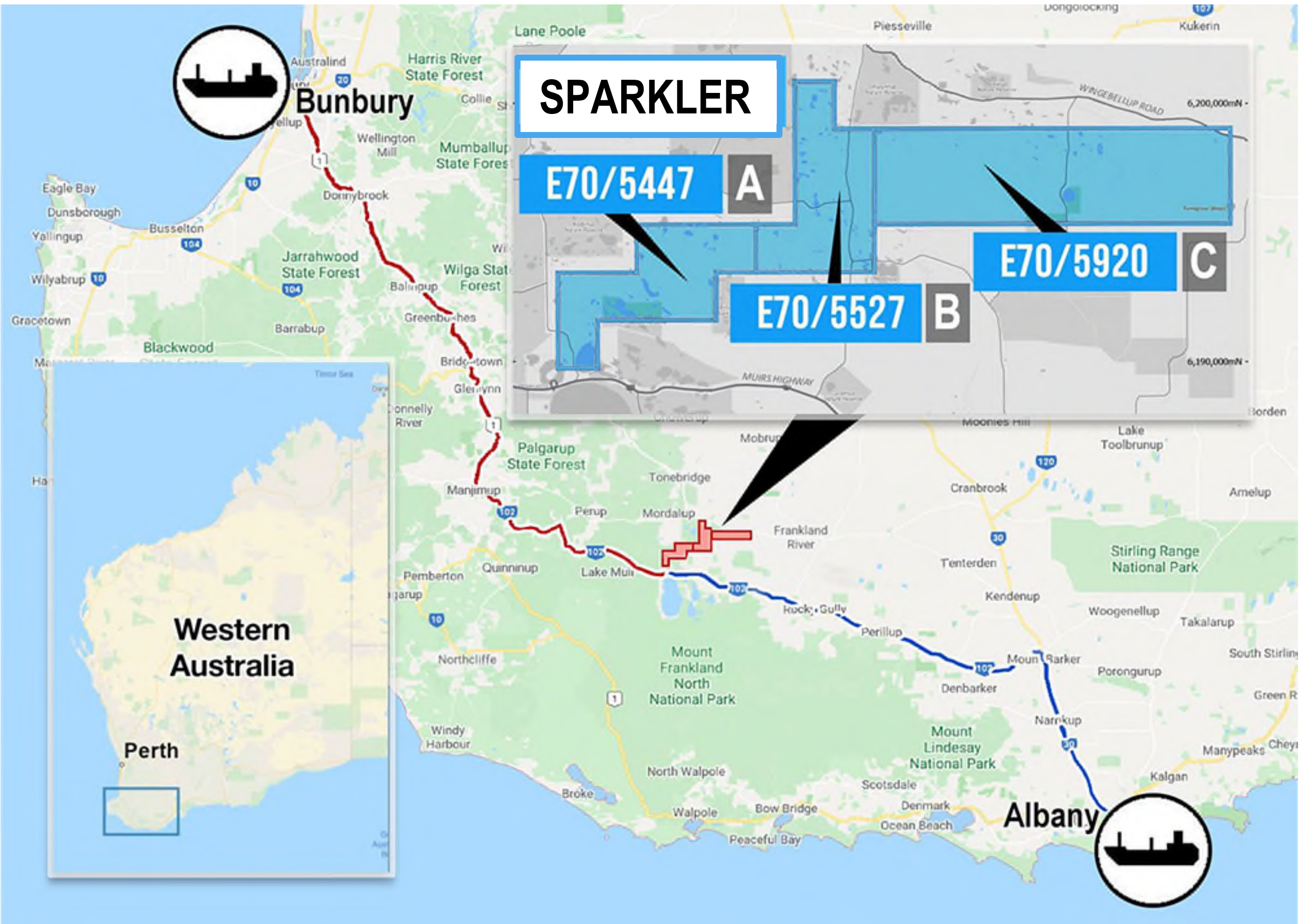

Figure 2. *Location of Sparkler Silica Sand Project*

The Sparkler Silica Sand Project is the Company's most advanced project with some key milestones having been achieved throughout the year. The project is located on cleared farmland, with the silica sand located at near surface.

The Company has focused on establishing strong relationships with local landowners, community and heritage groups and has Land Access and Compensation Agreements in place. The Company was recently granted heritage approval to continue more detailed exploration across all three of the Sparkler tenements. The heritage surveys were conducted together with the South-West Aboriginal Land and Sea Council (SWALSC) and the Wagyl Kaip Southern Noongar Aboriginal Corporation, with approvals granted.

Programme of Works (PoW) for all the Sparkler tenements has been approved for drilling and more detailed exploration, which is scheduled for November 2023.

E70/5447 Sparkler A

Metallurgical beneficiation of the Sparkler A sands produced a premium low-iron high-grade silica suitable for the "Ultra-Clear" glass used by the photovoltaic industry. The Company's processing results show the beneficiated silica sand has an average grade of 99.8% SiO_2, and most encouragingly 84ppm FeO2, below the "Ultra-Clear" specification of <100 ppm Fe_2O_3.

In Q2 2023, consultants and leading global sand processing specialist, CDE Global were engaged with a bulk sample sent to their Lab in Northern Ireland for process plant design and scaling metallurgical testwork.

Consultants Mining Plus have also been engaged to manage and complete the technical and environmental studies, and to draft the mining proposal and mine closure plans required to support the granting of the Mining Lease.

E70/5920 Sparkler C

The Company completed its maiden drill program, identifying high purity target areas for a follow-up drill campaign subject to approvals, which have now been granted. From the initial 30 auger samples taken across the target area, 21 holes returned results above the 98% cut-off, with the unprocessed raw sand achieving an average SiO_2 grade of 96.6% and an average of 2094ppm Fe_2O_3.

ESPERANCE SANDS EXPLORATION PROJECT

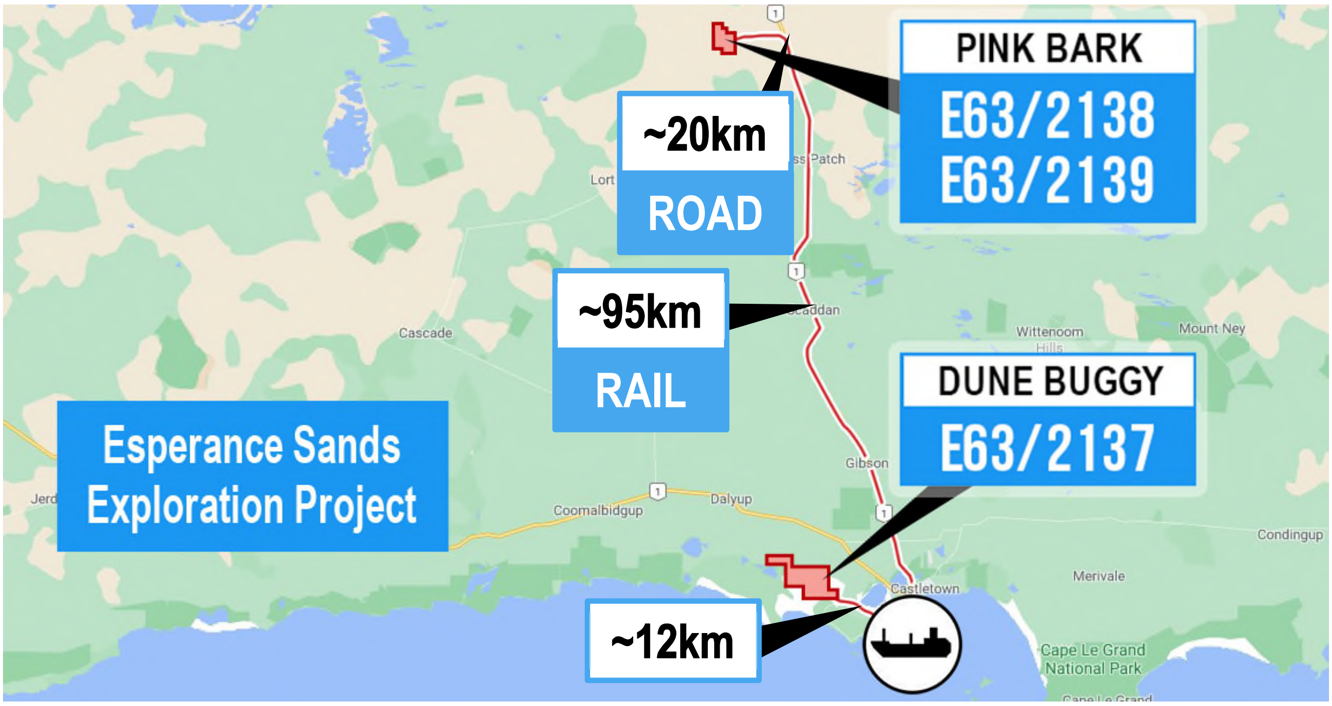

Figure 10. *Location map for Pink Bark and Dune Buggy Projects*

E63/2139 Pink Bark

During the year the Company continued its focus on establishing strong relationships with the local landowners, community, and heritage groups. The Company has Land Access and Compensation Agreements with the landowners and has received heritage approval from the Esperance Tjaltjraak Native Title Aboriginal Corporation earlier this year, to proceed with exploration and drilling.

Reconnaissance and hand auger drilling was conducted to define the high priority target areas, and thereafter a consequent air-core drilling campaign was completed in Q2 2023; a total of 26 holes drilled for 421m.

The results of this drilling have indicated that Pink Bark Project is highly prospective for both silica sand and clay-hosted rare earth element (REE) mineralisation.

E63/2137 Dune Buggy

During the year the Company completed an auger drilling campaign in Q1 2023 and continued to focus on receiving the necessary approvals, with Consent to Explore and a PoW both approved during the year. The Company also worked with the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) who has been engaged to conduct a heritage survey across the Dune Buggy Project.

The Company continues to investigate the various processing techniques for this type of silica sand, with the aim of developing two viable product streams, one being high-purity silica with the other being high-grade calcium carbonate for use in agriculture.

So far, the Company has been able to demonstrate the production of calcium carbonate, a commercial Ag-lime product with moderate grade silica sand co-product. Further work is required.

ARGYLE SILICA EXPLORATION PROJECT

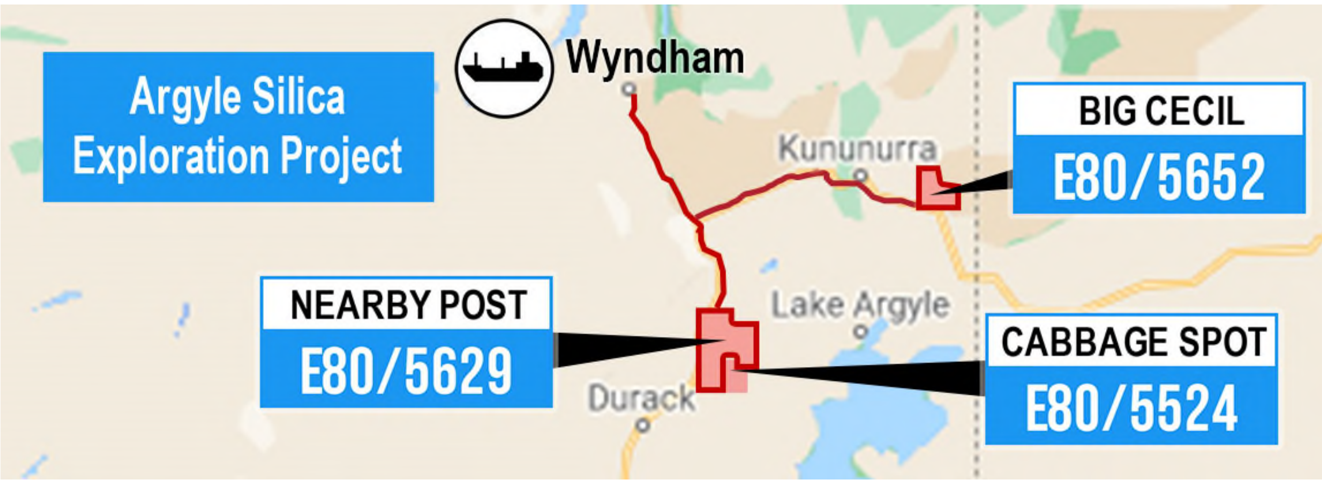

Figure 16. *Location map Argyle Silica Sand Project*

The Company is continuing to establish strong relationships with the local community and heritage groups, and is planning a reconnaissance trip in Q4 2023 to liaise with local groups and community leaders prior to commencing activities.

E80/5524 Cabbage Spot

A PoW has been approved for exploration and drilling and a Heritage Impact Notice has been lodged with the Kimberly Land Council (KLC) in accordance with the Native Title Agreement.

A reconnaissance and surface sampling campaign are being scheduled for Q4 2023 and drilling is intended once the heritage survey is conducted and these activities are approved.

E80/5652 Big Cecil

The Exploration Licence E 80/5652 for Big Cecil Silica Sand Project was granted on the 9th of May 2023 and permissions and permitting required to start exploration are underway. A Native Title Agreement is in place, with a Heritage Impact Notice to be submitted for the proposed exploration activities.

RAIL HEAD EXPLORATION PROJECT

The Rail Head Silica Sands Project is located approximately 90km by rail from Bunbury Port. Rail Head was granted on the 21st of October 2022 and permissions and Heritage Agreements signed.

The Company completed a reconnaissance and surface sampling campaign, which confirmed the presence of silica sand.

OTHER EXPLORATION PROJECTS

During the period the Company applied for four Exploration Licenses which on initial assessment were considered prospective for high purity silica sand, these being Blue Vein, Trigger Fish, Moby and Dune Buggy B (an extension to the Dune Buggy tenement).

Following a more detailed assessment both Trigger Fish and Blue Vein were surrendered.

The Moby Exploration Licence has been approved with further permitting and approvals currently underway. Dune Buggy B is still in Application and pending approval.

Other Tenements Not Granted (Pending)

ELA80/5629 Nearby Post

No activity

ELA63/2138 Pink Bark B

No activity

ELA63/2264 Dune Buggy B

No activity

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

ABN 47 163 173 224

CONTENTS

CORPORATE DIRECTORY

Directors
(John) Campbell Smyth
Chairman

Andrew Haythorpe
Managing Director

Gavin Ball
Non-Executive Director

Company Secretary
Benjamin Donovan

ASX Code
APS

ABN
47 163 173 224

Website and Email
Website:www.allupsilica.com
Email: team@allupsilica.com

Principal Place of Business
Unit A8
435 Roberts Road
Subiaco WA 6008
Phone +61 (8) 6185 1744

Registered Office
Level 13
191 St Georges Terrace
Perth WA 6000
Phone +61 (8) 6185 1744

Share Registry
Automic Pty Ltd
Level 5
191 St Georges Terrace
Perth WA 6000
Phone: 1300 288 664

Auditors
SW Audit
Level 25
108 St Georges Terrace,
Perth WA 6000
Phone: +61 (8) 6184 5980

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Your directors present their report on Allup Silica Limited ("the Company") for the financial year ended 30 June 2023. The information in the preceding operating review forms part of this directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

Directors

The names of the directors in office at any time during, or since the end of the year are:

(John) Campbell Smyth
Andrew John Haythorpe
Gavin Neil Ball
Nicholas Gerard Revell (resigned 7 March 2023)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Particulars of each director's experience and qualifications are set out later in this report.

Principal Activities

The Company conducts mineral exploration and evaluation activities.

Operating Results

The after-tax loss of the Company for the financial year amounted to $1,645,916 (2022: Loss $891,140).

This included a non-cash expense of $57,723 for share-based payments (2022: $344,582).

Review of Operations

The Company's commercial strategy is based upon the investigation of several project areas, each with its own set of logistics and port options. Currently, the Company has multiple projects in proximity to four Western Australian ports, being Wyndham in the north of the State, and Bunbury, Albany and Esperance in the south.

The main activities during the period relate to seeking the permits and approvals required for the exploration of the Company's various silica sand projects. During this period the Company has engaged with many project stakeholders, including government, landowners, and Native Title parties.

The Company has focused on advancing its Sparkler Silica Sands Project, with ongoing exploration and updating of its JORC Minerals Resource Estimations. It also sought the approvals required for further exploration of areas at nearby Sparkler B and Sparkler C.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Review of Operations (continued)

The Company conducted further work including chemical analysis and metallurgical studies to assess the potential value of the silica sand on its tenements. This included investigations on novel and/or non-chemical (no acids) processing techniques for the silica sand, with the objective of finding the best commercial pathway to process the raw silica sand to higher purity marketable specifications.

Highlights during the Period include:

Sparkler Silica Sand Project

- Metallurgical testwork produced premium high-grade low-iron silica sand.
- Commencement of studies for MLA.
- Bulk Sample sent for scaling Metallurgical testwork and Process Plant design.
- Heritage surveys completed across all Sparkler tenements.
- Heritage Approval for current Provision-of-Works issued across all Sparkler tenements.

Pink Bark Silica Sand Project

- Heritage Approval issued for current Provision-of-Works.
- Maiden drilling program complete.
- Identified prospective REE on the tenement.
- Heritage survey completed across prospective areas.
- Provision-of-Works submitted and approved for Stage 2 exploration program.

Dune Buggy Silica Sand Project

- Maiden surface sampling and hand auger program completed.
- Commercial Ag-lime product produced from the $CaCO_3$ stream with moderate grades achieved on silica sand stream.
- Various mineralogical testwork and research and development programs are ongoing to investigate potential processing techniques for this type of sand.

Cabbage Spot Silica Sand Project

- Provision-of-Works approved for Stage 1 exploration program.
- Provision-of-Works approved for Stage 2 exploration program.
- Heritage Notice submitted to the Kimberley Land Council (KLC).

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Review of Operations (continued)

As at the date of this report, the Company holds the following tenements:

Tenement	Project	Ownership
GRANTED	**EXPLORATION LICENCE**	
E 70/5447	Sparkler A	100%
E 70/5527	Sparkler B	100%
E 70/5920	Sparkler C	100%
E 80/5524	Cabbage Spot	100%
E 63/2137	Dune Buggy A	100%
E 63/2139	Pink Bark A	100%
E 70/6208	Rail Head	100%
E 70/6476	Moby	100%
E 80/5652	Big Cecil	100%
NOT GRANTED	**APPLICATION**	
ELA 80/5629	Nearby Post	100%
ELA 63/2138	Pink Bark B	100%
ELA 63/2264	Dune Buggy B	100%

Financial Position

The net assets of the Company have decreased by $1,588,184 from $5,732,827 at 30 June 2022 to $4,144,643 at 30 June 2023. This decrease is, in the main, due to funds raised of $5,169,691 (after costs) from the issue of advisor options and ordinary shares, in a pre-IPO raising and the IPO raising, preceding the admission of the Company to the ASX on 28th April 2022.

The Company's working capital, being current assets less current liabilities, has decreased from $5,120,705 in 2022 to $3,130,603 in 2023.

During the past three financial years, the Company has invested in strategic tenements, that the Company believes could be prospective for high quality silica sand. In particular, the Company strategy is to achieve more risk mitigation by having multiple projects in different locations, each close by road or rail to ports and infrastructure.

The directors believe the Company is in a strong and stable financial position to expand and grow its current exploration activities, metallurgical, chemical and research evaluation, and commence the permitting requirements needed for future commercialisation of its projects.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Significant Changes in the State of Affairs

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

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

The Company intends to continue mineral exploration activities while considering new project applications, acquisitions and joint venture opportunities.

Dividends

No dividends were declared or recommended but not paid, during the financial year.

Environmental Regulations

The Company is required to carry out its activities in accordance with the Mining Laws and Regulations in the areas in which it undertakes its exploration activities. The Company is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Share Options and Performance Rights

The following options over issued shares or interests in the Company were granted during the financial year:

- On 29 November 2022, the Company has issued 3,000,000 performance rights in accordance with the ASX announcement. These performance rights were issued to key members of the Company, including 1,000,000 to Campbell Smyth, a Non-Executive Director of the Company. Refer to Note 14 for details.

At the date of this Report, there were 5,000,000 options to acquire fully paid ordinary shares outstanding, exercisable at $0.25 per share and expiring on 2 November 2025 and 3,000,000 performance rights issued on 29 November 2022 and expiring on 29 November 2027.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnifying Officers and Auditors

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

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives 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 the liability and the amount of the premium.

The Company has not indemnified or agreed to indemnify the auditor of the Company against a liability incurred as the auditor.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year ended 30 June 2023.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Information on Directors

(John) Campbell Smyth - B.Comm (WA); SFA Aff (UK)

Campbell's professional career has been in the provision of advice to fund management, capital markets and the corporate finance sector. This experience has been with most major markets, primarily the ASX, and listed and unlisted companies in North America and Europe. Campbell was appointed as Non-Executive Chairman on 15 March 2023.

Andrew Haythorpe - BSc (Hons); FAUSIMM; MAICD

Andrew has been an exploration geologist, global energy and resources analyst, a fund manager and more recently has gained over 20 years' experience in managing listed companies in Australia and abroad. He has held a number of Chair and Board positions, as well as serving as CEO of several successful listed resources companies and is currently a Non-Executive Director of ASX listed Tempest Minerals Limited. Andrew ceased as Executive Chairman on 15 March 2023 and continues as Managing Director.

Gavin Ball

Gavin has over 25 years commercial experience and intellectual expertise in the start-up, development, growth and ongoing management of business. Working in numerous executive roles, Gavin has a proven management, financial and accounting skill set with strong commercial and marketing focus. Gavin changed from Executive Director to Non-Executive Director on 7 March 2023.

Nicholas (Nick) Revell – B.Applied Sc (Geology) (resigned 7 March 2023)

Nick has over 30 years' experience in mining and exploration. He has held several senior positions in mining, exploration geology and property evaluation, working for ASX and TSX mining companies as Director, Exploration Manager and Mine Geologist across a range of minerals.

Directorship of Other Listed Companies

Directorships of other listed companies held by Directors in the three years immediately before the end of the year are as follows:

Director Name	Company	Period of Directorship
Andrew Haythorpe	Tempest Minerals Limited Accelerate Resources Limited	11 October 2019 to present 15 August 2017 to 3 July 2020
Gavin Ball	RLF AgTech Ltd	4 October 2017 to present
Nick Revell (resigned 7 March 2023)	Kingsland Minerals Limited	12 February 2021 to present
(John) Campbell Smyth	Norseman Silver (TSXV) Nubian Resources (TSXV) Orange Minerals Limited Amani Gold Limited (suspended) Macro Metals Limited	11 October 2017 to present 18 November 2019 to present 6 December 2021 to present 7June 2021 to present 15 August 2022 to present

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Directors' Share and Option Holdings

At the date of this report, the direct and indirect interest of the Directors in the shares and options of the Company were:

Director	Ordinary Shares	Options (unlisted)	Performance Rights (unlisted)
Andrew Haythorpe *(i)*	11,599,820	Nil	Nil
Gavin Ball *(ii)*	12,243,749	Nil	Nil
(John) Campbell Smyth *(iii)*	3,614,219	Nil	1,000,000

(i) Andrew Haythorpe holds 11,500,000 shares in the name of Tesha Pty Ltd <Nimrod Trust A/C> in which he is a director and beneficiary and 99,820 shares in Ouro Pty Ltd in which he is a director and shareholder.
(ii) Gavin Ball holds all his shares in the name of Vorian Investment (Holdings) Pty Ltd <Vorian Investment Trust A/C> in which he is a director and beneficiary.
(iii) Campbell Smyth holds 3,614,219 shares jointly with Ann Novello Hogarth <Smyth Super Fund A/C> in which he is a member and 1,000,000 performance rights in the name of Cornerstone Advisors Pty Ltd, a company in which he is a Director and beneficial shareholder.

Company Secretary

Benjamin Donovan – B.Comm (Hons); ACG (CS)

Ben is the principal of Argus Corporate Partners Pty Ltd, which provides corporate advisory, IPO and consultancy services to a number of companies. Ben is also an associate member of the Governance Institute of Australia. He is currently Company Secretary for several ASX listed and public unlisted companies, with his experiences ranging across the resources, agritech, biotech, media and technology industries. Ben has extensive experience in listing rules compliance and corporate governance, and in addition in capital markets by raising capital and assisting companies achieve an initial listing on the ASX.

Directors' Meetings

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

Directors	Eligible to Attend	Attended
Andrew John Haythorpe	7	7
Gavin Ball	7	7
Nick Revell	5	4
(John) Campbell Smyth	7	7

In addition, there were 7 circular resolutions passed by the Board of Directors during the year.

As at the date of this report an Audit Committee of the Board of Directors did not exist due to the Directors of the Board having a close involvement in the operations of the Company. There are no other sub-committees of the Board of Directors.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Business Risks

Risk	Description	Mitigation
Exploration and Development Risks	Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery. There is no assurance that exploration of the Company's mineral interests, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.	As the Company undertakes exploration and evaluation of its tenements, given the information and data available, it makes continuous assessment to allocate available funds and other resources to activities that potentially may deliver the best prospect of a commercially viable resource, given mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards.
Land access and compensation	There is a substantial level of regulation and restriction on the ability of exploration and mining companies to gain access to land in Australia. Negotiations with both Native Title parties and landowners/occupiers are generally required before the Company can access land for exploration or mining activities. Investors should be aware that any delay in obtaining agreement in respect of compensation due to landholders whose land comprises the Tenements may adversely impact or delay the Company's ability to carry out exploration or mining activities on its Tenements. A number of the Tenements for its Projects overlay private land and Crown nature reserves both of which require consent prior to access and the conduct of exploration activities on the areas affected. Should such consents not be forthcoming or be withdrawn this may have a materially adverse impact or delay to the Company's exploration Activities.	The Company actively manages compliance with the regulations and laws regarding land access and compensation. In support of the negotiations with stakeholders, the Company engages suitably specialist contractors to liaise and negotiate with relevant stakeholders of its tenements, including Native Title bodies, private landowners and Government Departments and other suitably specialist contractors to ensure it meets all its access and compensation obligations.
Operational risk	The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.	The Company engages appropriately qualified and skilled employees and third-party contractors to assist in all aspects of the Company's operations.

Risk	Description	Mitigation
Tenement title	Interests in tenements in Western Australia are governed by legislation and are evidenced by the granting of licences. Each licence is granted for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, the Tenement if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. If a tenement is not renewed or granted an exemption from expenditure, the Company may suffer damage through loss of opportunity to develop and discover minerals on that tenement.	The Company monitors the status of its tenements to ensure it meets its statutory and contractual obligations and uses a third party tenement mining services management organisation to assist in this process.
Environmental risks	Exploration and mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The operations and proposed activities of the Company are subject to regulations concerning the environment. The Government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.	The Company engages third party environmental consultants and specialists to undertake, monitor and report on all environmental matters as required on Company tenements.
Resource and reserve estimates	Resource and reserve estimates are expressions of judgement which are based on the knowledge and experience of the person in making them. Resource and reserve estimates are valid and current when they are completed but are subject to change, sometimes materially, when updated data and other information becomes known or available through subsequent activities, such as drilling, sampling and analysis. Resource and reserve estimates can be imprecise because they can rely on interpretations that may change or prove to be flawed or inaccurate and based on current information. The Company could be required to modify resource or reserve estimates and as a consequence, the Company may be required to adjust its plans and that these adjustments may adversely affect the Company.	The Company uses appropriately qualified Consulting Geologists (with a Competent Person designation) supported by other technical consultants such as assay, metallurgical and geophysical contractors to assist in estimations of resource and reserves.

Risk	Description	Mitigation
Weather conditions	Weather conditions may result in having an effect on the Company’s operations, including failures in not having sufficient stockpiles for the production process which could result in the Company not being unable to satisfy customer requirements during these periods and other costs the Company may occur in this event that this could have a material adverse effect on the Company's business and financial conditions.	The Company holds tenements in climatically different locations of Western Australia, in such that weather related access or other restrictions to activities are typically limited to a specific location rather than all locations. The Company plans its exploration and onsite activities to factor in weather related access or other restrictions such as the wet season in the North West and winter rains in the South and South West locations to ensure less impacts and more optimal utilisation of resources.
Uncertainty of future revenue and profitability	The Company's long term viability is contingent on, amongst other things, the Company's ability to discover and develop a commercially viable resource to deliver revenues to cover the Company's ongoing indirect costs.	The Company makes assessments of its operating activities with the intention to deliver the best currently available prospect of achieving a future commercially viable resource and ultimately to deliver revenues and profitability to the Company, given mineral exploration, development and mining are high-risk enterprises, only occasionally does this result in providing high rewards.
Sufficiency of funding and additional requirements for capital	The Company is currently at an exploration and evaluation stage of its development and is reliant on funding raised in the equity markets to fund that expenditure. There is a risk that future equity funding may not be available to the Company at the level necessary to enable the Company to continue to meet its expenditure obligations on its tenements.	As the Company undertakes exploration and evaluation of its tenements it makes continuous assessment to allocate available funds and resources to its activities.
Other Risks	The Company is exposed to other risks from time to time in the normal course of its operations. These risks may include but are not limited to: Silica and Commodity Prices, Native Title, Aboriginal Heritage, Dependence on Key Personnel and Ability to Recruit Additional Personnel, Agents and Contractors, Royalties, Climate Change and Regulation, Future Capital Needs, New Projects and Acquisitions, Granting of Licences and Permits, Metallurgy, Changes to Demand or Production or Technology or Alternative Products, Change in Purchases by Buyers, Credit Risk of Export Customers, Increasing Logistics Costs for Transport , Port and Shipping, Maintaining Quality Control at the Mining and Processing Operation, Interruptions or Failures in Technology, Shortage of Labour or Labour Disputes, Changes in Laws and Regulations and other General Risks, including items such as, COVID-19 and other Pandemic Risks, Economic Risks, Securities Investments, Share Market Conditions, Liquidity, Changes in Government Policy and Legislation, Litigation, Taxation and others.	As the Company undertakes the normal course of its business operations, it is, where best possible, aware of the potential for exposure to other risks from time to time and where possible the actions that might be available to help mitigate these risks.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

REMUNERATION POLICY

The Company's Remuneration Policy is as follows.

1.1 Non-Executive Director Remuneration

Non-Executive Directors are normally remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity and do not normally participate in schemes designed for the remuneration of executives.

Shareholder approval must be obtained in relation to the overall limit set for non-executive Directors' fees.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is $500,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Non-Executive Directors are not provided with retirement benefits.

1.2 Executive Remuneration

The Company's remuneration policy is designed to promote superior performance and long term commitment to the Company. Executives and employees receive a base remuneration which is market related and may be entitled to performance-based remuneration which is determined on an annual basis.

The Company's financial performance for the period from commencement of operations has been as follows:

	June 2023 $	June 2022 $	June 2021 (unlisted) $
Revenue	93,734	1,308	-
Net loss after tax	(1,645,916)	(891,140)	(180,488)
Basic and diluted loss per share (cents per share)	(1.9476)	(1.5104)	(1.3462)
Net assets	4,144,643	5,732,827	1,003,694
Share price (at balance date)	$0.063	$0.084	-

As the Company is currently in exploration and evaluation phases, historical earnings are not yet an accurate reflection of Company performance and cannot be used as a long-term incentive measure. Consideration of the Company's earnings will be more relevant as the Company matures.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance, relevant comparative information and expert advice.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

The Board's remuneration policy reflects its obligation to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company.

The main principles of the policy are:

(a) remuneration reflects the competitive market in which the Company operates;
(b) individual remuneration should be linked to performance criteria if appropriate; and
(c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives consists of the following:

(a) salary – executives receive a fixed sum payable monthly in cash;
(b) cash at risk component – the executives are eligible to participate in a cash bonus plan if deemed appropriate;
(c) share and option at risk component – executives may participate in share, performance rights and option schemes generally made in accordance with thresholds set in plans approved by shareholders if deemed appropriate. However, the Board considers it appropriate to retain flexibility to issue shares, performance rights and options to executives outside of approved schemes in exceptional circumstances; and
(d) other benefits – executives may, if deemed appropriate by the Board, be provided with a fully expensed mobile phone and other forms of remuneration.

The following were Key Management Personnel of the Company during the year:

- (John) Campbell Smyth (Non-Executive Director / Non-Executive Chairman from 15 March 2023)
- Andrew Haythorpe (Managing Director / Executive Chairman to 15 March 2023)
- Gavin Ball (Executive Director to 7 March 2023 / Non-Executive Director from 7 March 2023)
- Nicholas (Nick) Revell (Executive Director) (resigned 7 March 2023)
- Mark Lester (Chief Financial Officer)

Key Terms of Agreements with Directors, Key Management or Related Parties

Andrew Haythorpe – Managing Director - Services Agreement

The Company and a related entity to Andrew Haythorpe have entered into an executive services agreement for his role as Executive Chairperson. This agreement commenced upon successful listing on the Official List of the ASX. The principal terms of the agreement are as follows:

(a) A base salary of $120,000 per annum (exclusive of GST). Base salary was increased $156,000 (exclusive of GST) on 7 March 2023.
(b) The agreement may be terminated:
    (i) by either party without cause with 6 months' written notice, or in the case of the Company, immediately with payment in lieu of notice;
    (ii) by the Company with 6 month's notice, or immediately with payment in lieu of notice if the executive is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12 month period;
    (iii) by either party with 6 months' written notice if the executive's role becomes redundant. If the Company terminates the employment of the executive within 12 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay the executive for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;

(iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
(v) by the executive immediately, by giving notice, if the Company is in breach of a material term of its agreement with him. The agreement otherwise contains industry-standard provisions for a senior executive of a public company that is seeking a listing on the Official List of the ASX.

Nick Revell – Executive Director - Services Agreement (resigned 7 March 2023)

The Company and a related entity to Nicholas Revell have entered into an executive services agreement for his role as Executive Director. This agreement commenced upon successful listing on the Official List of the ASX. The principal terms of the agreement are as follows:

(a) A base salary of $120,000 per annum (exclusive of GST).
(b) The agreement may be terminated:
  (i) by either party without cause with 6 months' written notice, or in the case of the Company, immediately with payment in lieu of notice;
  (ii) by the Company with 6 month's notice, or immediately with payment in lieu of notice if the executive is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12 month period;
  (iii) by either party with 6 months' written notice if the executive's role becomes redundant. If the Company terminates the employment of the executive within 12 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay the executive for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;
  (iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
  (v) by the executive immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.

Gavin Ball – Executive Director/Non-Executive Director - Services Agreement

The Company and a related entity to Gavin Ball have entered into an executive services agreement for his role as Executive Director. Gavin ceased to be an Executive Director on 7 March 2023 and was a Non-Executive Director from 7 March 2023.

This agreement commenced upon successful listing on the Official List of the ASX. The principal terms of the agreement are as follows:

(a) A base salary of $120,000 per annum (exclusive of GST). The base salary was reduced to $60,000 per annum (exclusive of GST) on 7 March 2023, with the change from Executive to Non-Executive Director.
(b) The agreement may be terminated:
  (i) by either party without cause with 6 months' written notice, or in the case of the Company, immediately with payment in lieu of notice;
  (ii) by the Company with 6 month's notice, or immediately with payment in lieu of notice if the executive is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12 month period;

ALLUP SILICA LIMITED
DIRECTORS' REPORT

(iii) by either party with 6 months' written notice if the executive's role becomes redundant. If the Company terminates the employment of the executive within 12 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay the executive for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;
(iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
(v) by the executive immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.

Campbell Smyth – Non-Executive Director – Services Agreement

The Company has entered into an agreement with Campbell Smyth in respect of his appointment as a Non-Executive Director of the Company. Campbell Smyth will be paid a fee of $60,000 per annum (exclusive of statutory superannuation) for his services as Non-Executive Director and is also entitled to be reimbursed for all reasonable expenses incurred in performing his duties. The appointment of Campbell Smyth as a Non-Executive Director is otherwise on terms that are customary for an appointment of this nature.

Mark Lester – Chief Financial Officer – Employment Agreement

The Company has entered into an employment agreement with Mark Lester in respect of his appointment as Chief Financial Officer, with remuneration of $84,000 plus statutory superannuation, per annum. The employment agreement is ongoing and is on terms that are customary for an appointment of this nature. The agreement may be terminated by either party with four weeks' written notice. Any termination payments will be as required by the relevant applicable employment law.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Details of remuneration provided to Key Management personnel during the year are as follows:

		Short-term employee benefits		Post-employment benefits	Share-based payments		
		Salary & service fees	Bonus	Super-annuation	Options/ Rights	Total	% of total consisting of Options
		$	$	$	$	$	
Andrew Haythorpe	2023	131,323	-	-	-	131,323	0%
	2022	20,000	-	-	36,232	56,232	64%
Gavin Ball	2023	101,129	-	-	-	101,129	0%
	2022	20,000	-	-	-	20,000	0%
Nicholas (Nick) Revell (i)	2023	82,258	-	-	-	82,258	0%
(resigned 7 March 2023)	2022	51,377	-	-	-	51,377	0%
(John) Campbell Smyth	2023	60,000	-	-	18,263	78,263	23%
	2022	10,000	-	-	154,175	164,175	94%
Peter Secker	2023	-	-	-	-	-	-
(resigned 8 December 2021)	2022	-	-	-	154,175	154,175	100%
Mark Lester	2023	84,000	-	8,820	-	92,820	0%
	2022	13,846	-	1,389	-	15,235	0%
Total	2023	458,710		8,820	18,263	485,793	4%
	2022	115,223	-	1,389	344,582	461,194	75%

(i) Amounts paid to Nicholas (Nick) Revell include consulting fees of $Nil (2022 $31,377) paid to a related party, during the period up to his resignation on 7 March 2023.

There are no contracts to which a Director is a party or under which the Director is entitled to a benefit other than as disclosed in the financial report.

Value of Options issued to Key Management Personnel:

During the financial year, the following share based payment arrangements were in existence for Key Management Personnel:

Options	Grant Date	Expiry Date	Grant Date Fair Value	Vesting Date
Performance rights issued to Non-Executive Director (John) Campbell Smyth	29/11/2022	29/11/2027	$77,333	29/11/2025

There were 1,000,000 performance rights issued to Key Management Personnel during the year.

The Board reviews the remuneration packages of all key management personnel on an annual basis. The maximum remuneration of non-executive Directors is to be determined by Shareholders at a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

At present the maximum aggregate remuneration of non-executive Directors is $500,000 per annum.

The apportionment of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Director. Remuneration is not linked to a specific service or performance criteria.

Remuneration levels, shares and options granted are not dependent upon any performance criteria as the nature of the Company's operations are exploration, and they are not generating profits.

The Company did not use a remuneration consultant during the year or prior year.

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Key Management Personnel Equity Holdings

Fully Paid Ordinary Shares issued by the Company

The movement during the year in numbers of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person is as follows:

Key Management Personnel	Opening balance 1 July 2022	Granted as compensation	Received on exercise of options	Other movements during the year	Closing balance 30 June 2023
Andrew Haythorpe *(i)*	11,500,000	-	-	99,820	11,599,820
Gavin Ball *(ii)*	12,243,749	-	-	-	12,243,749
Nick Revell *(iii) (resigned 7 March 2023)*	11,585,000	-	-	(211,000)	11,374,000
(John) Campbell Smyth *(iv)*	3,464,219	-	-	150,000	3,614,219
Mark Lester (v)	3,625,000	-	-	40,465	3,665,465

(i) Andrew Haythorpe holds 11,500,000 shares in the name of Tesha Pty Ltd <Nimrod Trust A/C> in which he is a director and beneficiary and 99,820 shares in the name of Ouro Pty Ltd, a Company in which he is a Director and beneficial shareholder.

(ii) Gavin Ball holds all his shares in the name of Vorian Investment (Holdings) Pty Ltd <Vorian Investment Trust A/C> in which he is a director and beneficiary

(iii) Nick Revell holds 11,364,000 shares in the name of Spurs Geological Services Pty Ltd in which he is a director and shareholder and 10,000 shares in Lejns Pty Ltd <The Revell Family A/C> in which he is a director and beneficiary.

(iv) Campbell Smyth holds all his shares jointly with Ann Novello Hogarth <Smyth Super Fund A/C> in which he is a member.

(v) Mark Lester holds all his shares in the name of MAL Super Fund Pty Ltd <MAL Superannuation Fund A/C> in which he is a director of the trustee company and a member of the Fund.

Executive Unlisted Share Options and Performance Rights issued by the Company

The movement during the year in numbers of unlisted options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person is as follows:

Director	Opening balance 1 July 2022	Granted as compensation	Exercised or expired	Balance vested at 30 June 2023	Vested but not exercisable	Vested and exercisable at 30 June 2023
Andrew Haythorpe	-	-	-	-	-	-
Gavin Ball	-	-	-	-	-	-
Nick Revell	-	-	-	-	-	-
(John) Campbell Smyth	-	1,000,000	-	-	-	-
Mark Lester	-	-	-	-	-	-

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholding.

Other Transactions with KMP and/or their Related Parties

Service Arrangement with Magicorp Pty Ltd

Gavin Ball has a controlling interest in Magicorp Pty Ltd which provides consumables, equipment, and other digital services to the Company, including website and domain services and other services on an as required basis. The Company is charged Magicorp's standard fees which amounted to $2,449 (excl. GST) for the year ended 30 June 2023 (2022: $3,835). Fees charged by Magicorp are the recovery of the cost of the services provided plus a commercial margin. These services are not contracted under an agreement because they are only required on an as needed basis.

There were no other transactions conducted between the Company and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

END OF REMUNERATION REPORT

ALLUP SILICA LIMITED
DIRECTORS' REPORT

Non-Audit Services

During the year there were no non-audit services provided by SW Audit nor its related entities.

Auditor's Independence Declaration

The auditor's independence declaration as required under s307C of the *Corporations Act 2001* has been received and can be found on page 29.

Signed on 20 September 2023 in accordance with a resolution of the Board, made pursuant to Section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors:

Andrew Haythorpe
Managing Director

ALLUP SILICA LIMITED
DIRECTORS' DECLARATION

1. In the opinion of the directors of Allup Silica Limited ("the Company")

   a. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      i. giving a true and fair view of the Company's financial position as at 30 June 2023 and its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

This declaration is signed in accordance with a resolution of the Board of Directors.

Andrew Haythorpe
Managing Director

Dated this 20th day of September 2023

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ALLUP SILICA LIMITED

As lead auditor, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 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.

SW Audit

SW Audit
Chartered Accountants

Richard Gregson

Richard Gregson
Partner

Perth, 20 September 2023

Brisbane
Level 15
240 Queen Street
Brisbane QLD 4000
T + 61 7 3085 0888

Melbourne
Level 10
530 Collins Street
Melbourne VIC 3000
T + 61 3 8635 1800

Perth
Level 18
197 St Georges Terrace
Perth WA 6000
T + 61 8 6184 5980

Sydney
Level 7, Aurora Place
88 Phillip Street
Sydney NSW 2000
T + 61 2 8059 6800

sw-au.com

ALLUP SILICA LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Interest		93,734	1,308
Total income		**93,734**	**1,308**
Professional services		(58,320)	(22,805)
Corporate advisory		(185,887)	(24,204)
Directors' fees		(315,419)	(50,000)
IPO expenses		-	(136,630)
Company secretarial		(55,725)	(37,016)
Marketing and shareholder communications		(281,754)	(119,434)
Employee benefits		(171,857)	(64,550)
Exploration and evaluation costs written off		(324,942)	-
Share based payments		(57,732)	(344,582)
Occupancy		(35,491)	(34,364)
Depreciation and amortisation		(4,819)	(862)
Administration		(247,704)	(58,001)
Total expenses		**(1,739,650)**	**(892,448)**
Loss before income tax	**2**	**(1,645,916)**	**(891,140)**
Income tax expense	3	-	-
Loss for the year		**(1,645,916)**	**(891,140)**
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		**(1,645,916)**	**(891,140)**
Loss for the year attributable to owners of the Company		**(1,645,916)**	**(891,140)**
Total comprehensive loss attributable to owners of the Company		**(1,645,916)**	**(891,140)**

Earnings per share

Basic and diluted earnings per share (cents)	24	(1.9476)	(1.5104)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

ALLUP SILICA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023	2022
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,179,588	4,913,074
Receivables	6	63,150	80,791
Other current assets	7	83,739	206,480
TOTAL CURRENT ASSETS		**3,326,477**	**5,200,345**
NON-CURRENT ASSETS			
Other non-current assets	7	68,195	-
Mineral exploration and evaluation	8	890,366	598,193
Plant and equipment	9	19,213	13,929
Right of use assets	10	160,127	-
TOTAL NON-CURRENT ASSETS		**1,137,901**	**612,122**
TOTAL ASSETS		**4,464,378**	**5,812,467**
LIABILITIES			
Trade and other payables	11	150,368	79,640
Employee benefit provision	12	9,200	-
Lease liabilities	10	36,306	-
TOTAL CURRENT LIABILITIES		**195,874**	**79,640**
NON-CURRENT LIABILITIES			
Lease liabilities	10	123,861	-
TOTAL NON-CURRENT LIABILITIES		**123,861**	**-**
TOTAL LIABILITIES		**319,735**	**79,640**
NET ASSETS		**4,144,643**	**5,732,827**
EQUITY			
Issued capital	13	6,218,184	6,218,184
Reserves	14	501,335	443,603
Accumulated losses		(2,574,876)	(928,960)
TOTAL EQUITY		**4,144,643**	**5,732,827**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

ALLUP SILICA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	Issued Capital $	Share Option Reserve $	Accumulated Losses $	Total $
Balance 1 July 2022		**6,218,184**	**443,603**	**(928,960)**	**5,732,827**
Loss for the year		-	-	(1,645,916)	**(1,645,916)**
Total comprehensive loss for the year		**-**	**-**	**(1,645,916)**	**(1,645,916)**
		6,218,184	**443,603**	**(2,574,876)**	**4,086,911**
Share based payments	**14**	-	57,732	-	**57,732**
Balance 30 June 2023		**6,218,184**	**501,335**	**(2,574,876)**	**4,144,643**
Balance 1 July 2021		1,073,049	122,640	(191,995)	**1,003,694**
Loss for the year		-	-	(891,140)	**(891,140)**
Total comprehensive loss for the year		-	-	(891,140)	**(891,140)**
		1,073,049	**122,640**	**(1,083,135)**	**112,554**
Ordinary shares issued during the year	**13**	5,673,200	-	-	**5,673,200**
Share based payments	**14**	-	344,582	-	**344,582**
Options expired	**14**	-	(154,175)	154,175	**-**
Options exercised	**14**	313,047	(313,047)	-	**-**
Share issue costs		(841,112)	443,603	-	**(397,509)**
Balance 30 June 2022		**6,218,184**	**443,603**	**(928,960)**	**5,732,827**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

ALLUP SILICA LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		75,526	1,308
Payments to suppliers and employees		(1,217,964)	(711,484)
Net cash flows used in operating activities	19	**(1,142,438)**	**(710,176)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for tenement and exploration costs		(581,280)	(311,358)
Payments for plant and equipment		(9,768)	(15,528)
Net cash flows used in investing activities		**(591,048)**	**(326,886)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	5,413,600
Proceeds from issue of advisor options		-	5,000
Share issue costs		-	(376,109)
Proceeds from exercise of options		-	127,200
Net cash flows provided by financing activities		**-**	**5,169,691**
Net (decrease) increase in cash and cash equivalents		**(1,733,486)**	**4,132,629**
Cash and cash equivalents at beginning of the financial year		4,913,074	780,445
Cash and cash equivalents at the end of the financial year	5	**3,179,588**	**4,913,074**

The above Statement of Cashflows should be read in conjunction with the accompanying

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

The financial statements and notes represent those of Allup Silica Limited (the "Company"), a public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange Limited.

The address of the registered office and principal place of business are disclosed in the contents page.

The nature of the operations and principal activities of the Company are described in Note 20 and the Review of Operations at the front of the Annual Report.

Note 1: Summary of Significant Accounting Policies

Statement of Compliance

The Financial Report for the Company for the year ended 30 June 2023 was authorised for issue on 20 September 2023, in accordance with a Resolution of the Directors.

The Financial Report complies with *Australian Accounting Standards* ("AASB"). Compliance with AASB ensures that the Financial Report, comprising the financial statements and notes thereto, complies with *International Financial Reporting Standards* ("IFRS").

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, *Australian Accounting Standards* and other authoritative pronouncements of the *Australian Accounting Standards Board*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless stated otherwise.

Going Concern

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

Current cashflow projections indicate that the Company can continue as a going concern and pay its debts as and when they fall due.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

a) the initial recognition of goodwill; or
b) the initial recognition of an asset or liability in a transaction which:
   i) is not a business combination; and
   ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where:

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(a) Income Tax (continued)

(i) a legally enforceable right of set-off exists; and

(ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (cont.)

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial liabilities:
Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:
- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, the change in credit risk is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts:
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:
- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (cont.)

Financial assets:
Financial assets are subsequently measured at:
– amortised cost;
– fair value through other comprehensive income; or
– fair value through profit or loss.

Measurement is on the basis of two primary criteria:
– the contractual cash flow characteristics of the financial asset; and
– the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
– the financial asset is managed solely to collect contractual cash flows; and
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
– the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
– the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.
The Company initially designates a financial instrument as measured at fair value through profit or loss if:
– it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
– it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
– it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments:
At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3:Business Combinations applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (cont.)

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities:
A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets:
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

– the right to receive cash flows from the asset has expired or been transferred;
– all risk and rewards of ownership of the asset have been substantially transferred; and
– the Comapny no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.
On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

(d) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(d) Impairment of Assets (cont.)

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Employee Benefits

Short-term Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. Upon the remeasurement of obligations due to changes in assumptions for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(g) Revenue and Other Income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(h) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions are also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, economically recoverable reserves are continuing.

Expenditure on tenement licence applications is classified as an exploration and evaluation asset when incurred. If an application is rejected the application fee will be refunded and credited against the related exploration and evaluation asset. Other non-licence application costs incurred are classified as other current assets and transferred to Mineral Exploration and Evaluation in the statement of financial position when the related tenement is granted. In the event that the related tenement is not granted, those costs are expensed in the statement of profit or loss and other comprehensive income at that time.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies. Exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortization of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(i) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment and is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation are reviewed at the end of each annual reporting year.

The following estimated useful lives are used in calculation of depreciation:
- Computer equipment - 4 years
- Office equipment – 5 to 10 years

(j) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at their transaction price (unless there is a significant financing component) less lifetime expected credit losses and subsequently measured at amortised cost using the effective interest method.

Trade receivables are written off if there is objective evidence regarding bankruptcy or insolvency of the debtor and no guarantees are otherwise available from any third party on behalf of the debtor. This is the approach even if enforcement activities have already been initiated.

Refer to Note 1(c) for further discussion on the determination of impairment losses on financial assets.

(k) Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Note 1: Summary of Significant Accounting Policies (continued)

(m) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured in accordance with the model set out in Note 14. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting term, based on the Company's estimate of shares that will eventually vest.

In relation to the acquisition of assets the fair value of the equity issued is used to approximate the fair value of the asset acquired where the fair value of the project has not otherwise been determined reliably.

(n) Leases

The Company as leasee.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(n) Leases (cont.)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Plant and Equipment' policy.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(p) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, which are described in note 1 above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(p) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont.)

Critical judgements in applying the Group's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Exploration Expenditure

Exploration expenditure is capitalised where the Company holds a current tenement. The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of a view that such expenditure should not be written off since feasibility studies in such areas have yet to be concluded. At year-end the Directors undertake an impairment review against each tenement in accordance with AASB 6, to ensure the capitalised costs are not impaired. Such capitalised expenditure is carried at the end of the reporting period at $890,366.

Key sources of Estimation Uncertainty

(i) Share-based Payments

The values of amounts recognised in respect of share-based payments have been estimated based on grant date fair value of the options. To estimate the fair value an option model has been used. The are many variable assumptions used as inputs into the model (which have been detailed in Note 12). If any assumptions or estimates were to change this could have a significant effect on the amounts recognised.

(q) Earnings per Share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per shares is calculated as net profit/(loss) attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (continued)

(r) New and Amended Accounting Polices Not Yet Adopted by the Company

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

- The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.
- The Company plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

Note 2: Loss before Income Tax

Loss before income tax from continuing operations includes the following items:

	2023 $	**2022 $**
Revenue		
Interest received from financial institutions	93,734	1,308
Expenses		
Depreciation and amortisation of non-current assets	4,819	862
Rental expense on operating lease	35,491	34,364
Share-based payment expenses	57,732	344,582
Exploration and evaluation expenditure written-off	324,942	-
Auditor's remuneration:		
Audit and review expense		
- SW Audit	41,570	10,000
- Walker Wayland (Audit) WA Pty Ltd	-	6 253

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 3: Income Tax

	2023	2022
	$	$
(a) Income Tax Expense		
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows:		
Loss from continuing operations before tax	(1,645,916)	(891,140)
Income tax benefit calculated at 30% (2022: 30%)	(493,775)	(267,342)
Non-deductible expenses	89,022	104,656
Temporary differences not brought to account as a deferred tax asset	(105,211)	(117,409)
Unrecognised tax losses	509,964	280,095
Income tax benefit at effective rate of 0% (2022: 0%)	-	-

.

(b) Deferred Tax Liabilities		
Exploration and evaluation	233,685	135,180
Prepayments	6,235	38,854
Other	53,907	4,179
Deferred tax liabilities	293,827	178,213
(c) Deferred Tax Assets		
Provisions	9,510	4,650
Business capital expenditure over 5 years	83,698	112,000
Other	48,050	-
Recognised revenue tax losses	152,569	61,564
Recognised deferred tax assets	293,827	178,214
Deferred tax assets not recognised		
Unrecognised revenue tax losses	2,372,946	976,417
Tax effect of deferred tax assets not recognized 30% (2022: 30%)	711,884	292,925

The net deferred tax asset arising from the tax losses has not been recognized as an asset in the Statement of Financial Position because recovery is not probable.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 3: Income Tax (continued)

The revenue tax losses do not expire, however, the taxation benefit of the tax losses will only be obtained if:

(i) assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
(ii) conditions for deductibility imposed by law are complied with; and
(iii) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Note 4: Key Management Personnel Compensation

The compensation paid to Key Management Personnel of the Company is set out below. Please refer to the Remuneration Report in the Directors' Report for further information:

	2023 **$**	**2022** **$**
Short-term benefits	458,710	115,223
Post-employment benefits	8,820	1,389
Share-based payments	18,263	344,582
	485,793	461,194

The compensation paid to employees of the Company is set out below. It is less that the amount paid to Key Management Personnel due to Director and Company Secretarial fees being classified as consulting expenses as set out in the respective Service Agreements:

Wages and salaries	207,230	58,783
Superannuation	21,720	5,767
Total employee compensation	228,950	64,550

Note 5: Cash and Cash Equivalents

Cash at bank	3,179,588	4,913,074

Cash at bank is equivalent to cash in the cashflow statement.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 6: Receivables

	2023 $	2022 $
Current		
At amortised cost		
Sundry debtors	18,208	23,137
GST refundable	44,942	57,654
	63,150	80,791

The carrying amounts of trade and other receivables are assumed to be the same as their fair values, due to their short-term nature. There is no expected credit loss.

Note 7: Other Assets

Other Current Assets		
Prepayments	43,273	129,515
Other assets	40,466	76,965
	83,739	206,480

Other assets represent non-license application costs incurred on mineral exploration tenements, still in the process of being granted at balance date.

Other Non-current Assets		
Prepayments	41,160	-
Security deposit – Office lease rental	27,035	-
	68,195	-

Note 8: Mineral Exploration and Evaluation

Non-current		
Mineral exploration and evaluation costs	890,366	598,193
Exploration and evaluation phase:		
Movement:		
Opening balance exploration and evaluation	598,193	172,041
Exploration and evaluation capitalised	542,115	426,152
Exploration and evaluation capitalised, written off	(249,942)	-
Closing balance exploration and evaluation	890,366	598,193

The Company's title to certain tenements is subject to statutory approval and may be subject to outcomes of Native Title Issues. The recoupment of costs carried forward in relation to areas of interest in exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective area.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 9: Plant and Equipment

	2023	2022
	$	$
Current		
Office equipment	3,596	3,596
Accumulated depreciation	(768)	(239)
	2,828	**3,357**
Computers	20,837	11,068
Accumulated depreciation	(4,452)	(496)
	16,385	**10,572**
Total Plant and Equipment	**19,213**	**13,929**

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

	Office equipment	Computers	Total
	$	$	$
Balance at 1 July 2022	**3,357**	**10,572**	**13,929**
Additions	-	9,769	**9,769**
Depreciation expense	(529)	(3,956)	**(4,485)**
Balance at 30 June 2023	**2,828**	**16,385**	**19,213**

During the year there have been no impairment charges against plant and equipment (2022: $NIL)
The Company has $NIL capital commitments in relation to plant and equipment at 30 June 2023 (2022: $NIL)

Note 10: Leases

	2023	2022
	$	$
Right-of-use assets		
Buildings at Cost		
At 1 July	-	-
Additions	160,461	-
At 30 June	**160,461**	**-**
Accumulated depreciation		
At 1 July	-	-
Charge for the year	(334)	-
At 30 June	**(334)**	**-**
Carrying amount at 30 June	**160,127**	**-**

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 10: Leases (continued)

The Company leases an office building. The lease term is 2 years plus an additional 2-year option. The agreement is based on fixed payment amounts with no additional variable payments.

The total cash outflow relating to lease for the year ended 30 June 2023 is $35,228 (2022:$NIL). This amount includes the initial deposit paid as security which has been classified as a prepayment in Note 7.

Expenses relating to short term and low-values leases for 30 June 2023 is $34,862 (2022: $34,364).
There has been no impairment recognized against the right-of-use asset as at 30 June 2023.

	2023	2022
Amounts recognised in profit and loss:	$	$
Depreciation expense on right-of-use assets	334	-
Interest expense on lease liabilities	72	-
Lease liabilities		
At 1 July	-	-
Additions	160,461	-
Accretion of interest	72	-
Payments	(366)	-
At 30 June	**160,167**	**-**
Current	**36,306**	**-**
Non-current	**123,861**	**-**

The maturity analysis of lease liabilities is as follows:

	2023	2022
Less than 1 year	36,306	-
More than 1 year, less than 5 years	123,885	-
Unexpired interest	17,576	-
Total lease payments	**177,767**	**-**

Note 11: Trade and Other Payables

	2023	2022
Current		
at amortised cost		
Trade and other payables	150,368	79,640
	150,368	79,640

Note 12: Employee benefit provision

	2023	2022
Current		
Provision for annual leave	9,200	-

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 13: Issued Capital

Issued Shares	**2023**		**2022**	
	Number	**$**	**Number**	**$**
Ordinary shares fully paid	84,511,665	6,218,184	84,511,665	6,218,184

Reconciliation of the movements in ordinary share capital:	**Number of shares**	**$**
Opening balance 1 July 2021	42,731,665	1,073,049
Issue of shares on 13 September 2021 on exercise of options	1,250,000	120,000
Issue of shares on 13 October 2021 on exercise of founders' options	9,000,000	7,200
Issue of shares on 13 October 2021 on placement	2,000,000	40,000
Issue of shares on 28 October 2021 on placement	4,000,000	400,000
Issue of shares on 19 November 2021 pursuant to acquisition of tenements	530,000	106,000
Issue of shares on admission to ASX on 28 April 2022	25,000,000	5,000,000
Transfer from share options reserve	-	313,047
Share issue costs	-	(841,112)
Closing balance 30 June 2022	**84,511,665**	**6,218,184**
Opening balance 1 July 2022	**84,511,665**	**6,218,184**
Closing balance 30 June 2023	**84,511,665**	**6,218,184**

Note 14: Reserves

	2023	**2022**
	$	**$**
Share Option Reserve		
Opening balance	**443,603**	**122,640**
Share based payments	57,732	788,185
Options exercised	-	(313,047)
Options expired	-	(154,175)
Closing balance	**501,335**	**443,603**

Numbers of Options on Issue	**No.**
Opening balance 1 July 2021	**9,000,000**
Options exercised on 13 October 2021	(9,000,000)
Options issued on 23 July 2021 Directors' sign-on	2,500,000
Options exercised on 13 September 2021	(1,250,000)
Options expired on 27 October 2021	(1,250,000)
Options issued to advisor on 2 May 2022	5,000,000
Closing balance 30 June 2022	**5,000,000**
Opening balance 1 July 2022	**5,000,000**
Closing balance 30 June 2023	**5,000,000**

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 14: Reserves (cont.)

Number of Performance Rights on Issue

Opening balance 1 July 2022	-
Performance Rights (Class A, B and C) issued on 27 November 2022	3,000,000
Closing balance 30 June 2023	**3,000,000**

Share Options

The share option reserve arises as the share options granted vest over the vesting period. Amounts are transferred out of the reserve and into issued capital when options are exercised. The fair value of options was calculated using the Black Scholes model for both the Director sign-on options and Advisor options. The following inputs were used:

Input	Advisor Options	Director sign-on options
Exercise price	$0.25	$0.096
Share price	$0.20000	$0.20000
Grant date	2nd May 2023	23rd July 2021
Vesting date	2nd May 2023	23rd July 2021
Expected volatility	101.80%	105.32%
Volatility basis	Historical	Historical
Expiry date	2nd November 2025	27th October 2021
Expected dividends	Nil	Nil
Risk free rate	1.50%	-0.001%
Value per option	$0.08872	$0.1233
Number of options	5,000,000	2,500,000
Value of options	$443 603	$308,350
Expensed to 30 June 2022	-	$308,350
Expensed to 30 June 2023	$443,603	-

Performance Rights

On 29 November 2022, the Company has issued 3,000,000 performance rights in accordance with the ASX announcement. These performance rights were issued to key members of the Company, including 1,000,000 to Campbell Smyth as the Non-Executive Director of the Company. The key terms of each class of performance rights issued are as follows:

	Performance Rights		
	Class A	Class B	Class C
Issue Date	29-Nov-22	29-Nov-22	29-Nov-22
Vesting Date	29-Nov-25	29-Nov-25	29-Nov-25
Expiry date	29-Nov-27	29-Nov-27	29-Nov-27
Performance Hurdle	The company achieving a share price of $0.25.	The company achieving a JORC Minerals Resource Estimate of >100 million tonnes of a beneficiated grade containing no less than 99.5% SiO_2 with =<100 ppm Fe_2O_3.	The company achieving a JORC Minerals Resource Estimate of >200 million tonnes of a beneficiated grade containing no less than 99.5% SiO_2 with =<100 ppm Fe_2O_3.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 14: Reserves (cont.)

Options and Performance Rights on Issue

Expiry date	2/11/2025	27/11/2027	27/11/2027	27/11/2027	Weighted average exercise price	Weighted average contractual life remaining (months)
	Advisor Options	Performance Rights Class A	Performance Rights Class B	Performance Rights Class C		
Exercise Price	$0.2500					
Opening 1 July 2022	5,000,000	-	-	-	$0.2500	28
Issued	-	1,000,000	1,000,000	1,000,000	-	53
Closing 30 June 2023	5,000,000	1,000,000	1,000,000	1,000,000	$0.2500	37.4

Note 15: Non-Cash Investing and Financing Activity

	2023 $	2022 $
Share based payment expense	57,732	344,582
Exploration and evaluation expense	324,942	-
Shares issued for acquisition of tenement in Argyle	-	106,000

Note 16: Capital Commitments

Exploration Expenditure Commitments:

The Company has minimum statutory commitments as at 30 June 2023 as conditions of tenure of certain granted exploration tenements of:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Minimum expenditure commitments	150,000	155,000	362,123	465,973	-	-	512,123	620,973

Tenement Purchase Commitments:

The Company has entered an agreement with Pathfinder Exploration Pty Ltd and Norvale Pty Ltd (“Sellers”) to purchase 100% of the Sellers right, title and interest in Tenement E80/5524.

As per the terms of the agreement the Company has previously issued 530,000 fully paid ordinary shares to the Sellers as Initial Consideration Shares.(refer to Note 15).

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 16: Capital Commitments (cont.)

The Company will also issue $100,000 worth of fully paid ordinary shares to the Sellers as Deferred Consideration Shares at the time the Company makes an announcement that the Company intends to commence production and thereafter, upon production and sales, the Company will pay a 2.5% net profit Royalty on all minerals recovered from this tenement.

At 30 June 2023, there are no further tenement purchase commitments by the Company.

Note 17: Contingent Liabilities and Contingent Assets

There are no contingent liabilities and contingent assets noted by the management. (2022: $nil)

Note 18: Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Note 19: Cash Flow Information

Reconciliation of cash flows from operating activities with loss for the year

	2023 $	2022 $
Net loss	**(1,645,916)**	**(891,140)**
Non-cash expenses:		
Share based payment expense	57,732	344,582
Loss on disposal of property, plant and equipment	-	737
Exploration and evaluation costs written off	324,942	-
Depreciation and amortisation	4,819	862
Changes in assets and liabilities:		
Movement in trade and other receivables	(9,394)	(60,080)
Movement in other current assets	45,082	(134,618)
Movement in provision for employee entitlements	9,200	-
Movement in trade and other payables	71,097	29,481
Net cash used in operating activities	**(1,142,438)**	**(710,176)**

Note 20: Statement of Operations by Segment

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates solely in the natural resources exploration industry in Australia and has determined that this is the only operating segment. The Company is predominantly involved in mineral exploration and development. As the company has only one operating segment no additional financial information has been disclosed.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 21: Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks; accounts receivable and payable; and loans made to related parties and investment loans.

The totals for each category of financial instruments measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies, are as follows:

	2023 $	2022 $
FINANCIAL ASSETS		
Cash and cash equivalents	3,179,588	4,913,074
Trade and other receivables	63,150	80,791
	3,242,738	4,993,865
FINANCIAL LIABILITIES		
Trade and other payables	150,368	79,640
Lease liabilities	160,167	-
	310,535	79,640

Financial assets and financial liabilities are at amortised cost.

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company. The Company's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 21: Financial Risk Management (cont.)

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Company manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis

	Note	Within 1 Year		Within 1-5 years		Total	
		2023	2022	2023	2022	2023	2022
Financials liabilities due							
Trade and other payables	11	150,368	79,640	-	-	150,368	79,640
Lease liabilities	10	36,306	-	123,861	-	160,167	-
Total expected outflows		**186,674**	**79,640**	**123,861**	**-**	**310,535**	**79,640**
Financial assets realisable							
Cash and cash equivalents	5	3,179,588	4,913,074	-	-	3,179,588	4,913,074
Trade and other receivables	6	63,150	80,791	-	-	63,150	80,791
Total anticipated inflows		**3,242,738**	**4,993,865**	**-**	**-**	**3,242,738**	**4,993,865**
Net inflows/(outflows)		**3,056,064**	**4,914,225**	**(123,861)**	**-**	**2,932,203**	**4,914,225**

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 21: Financial Risk Management (cont.)

(c) Market Risk

(i) Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective average interest rates in classes of financial assets and liabilities is as follows:

2023	Average Effective Interest Rate	Fixed Interest Rate	Floating Interest rate	Non-Interest Bearing	Total
	%	$	$	$	$
Financial Assets:					
Operating accounts		-	-	11,103	11,103
11am interest account	1.54%	-	168,485	-	168,485
Term deposits	4.21%	3,000,000			3,000,000
Trade and other receivables		-	-	63,150	63,150
		3,000,000	**168,485**	**74,253**	**3,242,738**
Financial Liabilities:					
Accounts payable		-	-	150,368	150,368
Lease liabilities	5.41%	160,167	-	-	160,167
		160,167	**-**	**150,368**	**310,535**

2022	Average Effective Interest Rate	Fixed Interest Rate	Floating Interest rate	Non-Interest Bearing	Total
	%	$	$	$	$
Financial Assets:					
Operating accounts		-	-	106,766	106,766
11am interest account	0.32%	-	4,806,308	-	4,806,308
Trade and other receivables		-	-	80,791	80,791
		-	**4,806,308**	**187,557**	**4,993,865**
Financial Liabilities:					
Accounts payable		**-**	**-**	**79,640**	**79,640**

(ii) Commodity Price Risk

The Company is exposed to commodity price risk. Commodity prices can be volatile and are influenced by factors beyond the Company's control. As the Company is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

ALLUP SILICA LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Note 22: Fair Value Measurements

The net fair value of financial assets and financial liabilities of the Company approximates their carrying amount as presented on the statement of the financial position and in the notes to and forming part of the financial statements.

Note 23: Related Parties Transactions

Transactions between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties (ie at arm's length) unless the terms and conditions disclosed below state otherwise.

Key Management Personnel Compensation

Details of Key Management Personnel compensation are disclosed in Note 4 to the financial statements.

Other transactions with director related entities

An entity associated with Gavin Ball provided consumables, equipment and other digital services to the Company during the year amounting to $2,449 (30 June 2022: $3,835). There were no balances outstanding at year end.

Note 24: Earnings per Share

	2023 Cents	**2022 Cents**
Basic loss per share (cents per share)	(1.9476)	(1.5104)
Diluted loss per share (cents per share)	(1.9476)	(1.5104)

Basic Earnings per Share	**2023 $**	**2022 $**
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Loss after income tax	(1,645,916)	(891,140)

	2023 No.	**2022 No.**
Weighted average number of ordinary shares	84,511,665	58,998,706
Weighted number of dilutive ordinary shares	N/A	N/A

SW Accountants & Advisors

Take the lead

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALLUP SILICIA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Allup Silica Limited (the Company) which comprises the statement of financial position as at 30 June 2023 the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Exploration and evaluation of mineral assets

Key audit matter	How our audit addressed the key audit matter

Refer to Note 8 *Mineral exploration and evaluation*
 	
At 30 June 2023 the carrying value of exploration and evaluation assets was $881,453.
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is more than the recoverable value.
The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves management judgement.
This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.
	Our procedures included:
	• Obtaining the reconciliation of capitalised exploration and evaluation and agreeing it to the general ledger.
	• Reviewing the area of interest considerations against AASB 6.
	• Conducting a detailed review of the assessment of trigger events prepared in accordance with AASB 6 including:
	  o Determined whether the rights to tenures exist.
	  o Ability to carry out exploration and evaluation activity in the relevant exploration area
	  o Assessed whether the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale, and
	  o Evaluated the potential impairment triggers.
	• Assessing the appropriateness of the related financial statement disclosures.

Performance rights issue

Key audit matter	How our audit addressed the key audit matter
Refer to Note 14 *Reserves* The Company has issued 3,000,000 performance rights, vesting over 3 years with both share price and JORC mineral resource estimate performance conditions attached. Each of these arrangements under AASB 2 *Share-Based Payments* required significant judgments and estimations by management, including the following: • the evaluation of the grant date of each arrangement, and the evaluation of the fair value of the underlying share price of the company as at that grant date; and • the evaluation of key inputs into the valuation model, including the significant judgment of the forecast volatility of the share option over its exercise period. The results of this performance rights arrangements materially affect the disclosure made both in the financial statements relating to the remuneration paid to Key Management Personnel.	Our procedures included: • Evaluating the fair values of the performance rights arrangement by agreeing assumptions to third party evidence. • Determining the grant dates, evaluating what were the most appropriate dates based on the terms and conditions of the performance rights. • Assessing the vesting period, and evaluating the expense of each performance rights tranche granted to the arrangement's beneficiaries. • For the specific valuation model used, we assessed the experience of the external expert used to advise the value of the performance rights. • Used an audit expert to recalculate the fair value of the performance rights to ensure the reasonableness. • Reconciling the vesting of the performance rights arrangements to disclosures made in the key management personnel compensation note, and • Assessing the appropriateness of the related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Operating and Financial Overview, Directors' Report and ASX Announcement – Annual Results Announcement which we obtained prior to the date of our auditors report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Corporate Directory, Corporate Governance Report and Shareholder Information, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Corporate Directory, Corporate Governance Report and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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 the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Allup Silica Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SW Audit
Chartered Accountants

Richard Gregson
Partner

Perth, 20 September 2023

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 6 September 2023:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding):	Holders	Shares	% of issued capital
		Number	
1–1,000	8	2,482	0.01%
1,001–5,000	26	94,147	0.24%
5,001–10,000	130	1,245,162	3.19%
10,001–100,000	260	11,787,478	30.21%
100,001 and over	80	25,889,498	66.35%
	504	39,018,767	100.00%

. The number of shareholdings held in less than marketable parcels is 48 holding 186,007 shares

b. **Distribution of Option holders**

Category (size of holding):	Holders	Options	% of issued capital
		Number	
1–1,000	0	-	-
1,001–5,000	0	-	-
5,001–10,000	1	9,800	0.20%
10,001–100,000	9	402,410	8.05%
100,001 and over	7	4,587,790	91.76%
	17	5,000,000	100.00%

c. The names of the substantial shareholders listed in the holding company's register are:

Shareholder:	Ordinary	% of issued capital
	Number	
VORIAN INVESTMENT (HOLDINGS) PTY LIMITED <VORIAN INVESTMENT TRUST>	12,143,750	14.37%
TESHA PTY LTD <THE NIMROD TRUST>	11,500,000	13.61%
SPURS GEOLOGICAL SERVICES PTY LTD	11,124,000	13.16%
MR JASON PETERSON	5,990,000	7.08%

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called; otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. **20 Largest Shareholders – Ordinary Shares**

Position	**Holder Name**	**Holding**	**% IC**
1	VORIAN INVESTMENT (HOLDINGS) PTY LIMITED <VORIAN INVESTMENT TRUST>	12,143,750	14.37%
2	TESHA PTY LTD <THE NIMROD TRUST>	11,500,000	13.61%
3	SPURS GEOLOGICAL SERVICES PTY	11,364,000	13.45%
4	MAL SUPER FUND PTY LTD <MAL SUPERANNUATION FUND>	3,625,000	4.29%
5	JOHN CAMPBELL SMYTH	3,614,219	4.28%
6	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	2,990,000	3.54%
7	LYNDHURST ENTERPRISES PTY LTD	2,400,000	2.84%
8	CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY>	2,300,000	2.72%
9	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	1,500,000	1.77%
10	PETER SECKER	1,041,666	1.23%
10	VYNBEN PENSION PTY LTD <MARK HOHNEN PENSION FUND>	1,041,666	1.23%
11	CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	700,000	0.83%
12	NYSHA INVESTMENTS PTY LTD <SANGHAVI FAMILY A/C>	650,000	0.77%
13	INGLEWOOD LODGE PTY LTD	625,000	0.74%
14	MR ANDREW BRIAN MILLIGAN	575,748	0.68%
15	ZORAN BEBIC <BEBIC FAMILY ACCOUNT>	520,834	0.62%
15	MR FRANK HOEGEL	520,834	0.62%
16	ONE MANAGED INVESTMENT FUNDS LIMITED <TI ABSOLUTE RETURN A/C>	500,000	0.59%
17	SYRACUSE CAPITAL PTY LTD <TENACITY A/C>	422,500	0.50%
18	SAFINIA PTY LTD	400,000	0.47%
18	AUKERA CAPITAL PTY LTD <AUKERA DISCRETIONARY A/C>	400,000	0.47%
19	FORMICA INVESTMENTS PTY LTD <THE FORMICA FAMILY S/F A/C>	375,000	0.44%
20	MR SVEN OSCAR OLSSON	368,750	0.44%
	Total	**59,578,967**	**70.50%**

2. The name of the Company secretary is Ben Donovan

3. The address of the principal and registered office in Australia is:

   Principal
   Unit A8, 435 Roberts Road, Subiaco WA 6008
   Telephone 1300 SILICA.

   Registered office
   C/ Argus Corporate Partners Pty Ltd, Level 13, 191 St Georges Terrace, Perth WA 6000

4. Registers of securities are held at the following addresses:

   Automic
   Level 5, 191 St
   Georges Terrace
   Perth WA 6000

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6. **Unquoted Securities**

   Performance rights
   A total of 3,000,000 performance rights are on issue.

   Options over unissued shares
   A total of 5,000,000 options are on issue, held by 14 holders. All options are held by unrelated parties.

   The following parties hold more than 20%:

Position	Holder Name	Holding	% IC
1	CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY>	1,898,680	37.97%

7. **Other Disclosures**

   The Company has no share buy-back in place.

   A total of 45,492,898 shares and 5,000,000 options are subject to 24 months escrow from quotation.

Listing rule 4.10.19

The Company has used the cash and assets in a form readily convertible to cash that it had at the time of Admission in a way that is consistent with its business objectives.

Corporate governance
In recognising the need for high standards of corporate behaviour and accountability, the Directors of the Company support the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Company's policies are consistent with the ASX Principles, and comparable to ASX

listed entities of similar size and nature. The Company's detailed corporate governance policy statement can be found on the Company's web site at: www. https://allupsilica.com/.

Resource Statement

The Company's current resources are stated below and the Company confirms that there is no new information or data that materially affects the mineral resource estimate announced on 30 June 2022 and the exploration target announced on 18 April 2023, and that all assumptions underpinning the estimate continue to apply and have not materially changed.

Size Fraction	Method	Yield %	Tonnes	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %	LOI %
Inferred resource			70,000,000	**96.84**	1.17	**0.34**	0.43	0.66
coarse sand +0.6mm	wet screen	36.5%	25,000,000	**99.67**	0.06	**0.03**	0.04	0.09
sand 0.106mm - 0.6mm	wet screen -attrition -HLS floats -Non-magnetics	52.9%	37,000,000	**99.66**	0.06	**0.02**	0.03	0.08
fine sand 0.045mm - 0.106mm	wet screen	5.2%	4,000,000	**97.70**	0.17	**0.41**	1.04	0.25

Sparkler C (E 70/5920) Exploration Target

Tonnage Range	Minimum	Maximum
Exploration Target	5,000,000	7,000,000
Grade		
Silica (SiO_2) %	98%	99%
Inclusions	Lowest	Highest
Iron Oxide (Fe_2O_3) % (ppm)	0.04% (400)	0.08% (800)
Titanium Dioxide (TiO_2) % (ppm)	0.35% (3500)	0.55% (5500)
Alumina (Al_2O_3) % (ppm)	0.03% (300)	0.07% (700)
LOI % (moisture and volatiles)	0.70%	1.0%

Competent Person Statement

Auranmore Consulting were engaged by the Company to undertake a Mineral Resource Estimate (MRE) for the Sparkler Silica Sand Exploration Project. The Mineral Resource Estimate complies with the recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). The Minerals Resource Estimate was compiled by Richard Maddocks, MSc in Mineral Economics, BAppSc in Applied Geology and Grad Dip in Applied Finance and Investment. Mr Maddocks is an employee of Auranmore Consulting and is a Fellow of the Australasian Institute of Mining and Metallurgy (111714) with over 30 years of experience. Mr Maddocks has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code.