

25 May 2021

ASX ANNOUNCEMENT

Market Update – Arrowsmith North

Highlights:

- **Environmental approval process progresses to next stage**
- **Detailed engineering design commissioned for plant**
- **Bulk samples supplied to potential offtake partners for furnace testing**

VRX Silica Limited (**ASX: VRX**) (**VRX** or **Company**) is pleased to provide an update on progress at its Arrowsmith North Silica Sand Project (**Arrowsmith North**).

Permitting

Arrowsmith North has moved to the next stage of the environmental approval process with the Environmental Protection Authority of Western Australia (**EPA**).

The EPA will assess the proposal under s39A(1) of the Environmental Protection Act 1986 at a Public Environmental Review (**PER**) level of assessment for a 4 week period, which commenced on 18 May 2021.

The Company will prepare an Environmental Scoping Document (**ESD**) which details the environmental studies that are required to inform the assessment of the project.

Additional studies may include:

- Cultural and Heritage Assessment
- Greenhouse Gas estimate
- High Level Air Quality Assessment

The Company has already commenced these studies and will finalise prior to the end of the PER period.

Preparation of the ESD is a fundamental step in the EPA administration procedures to inform the Environmental Impact Assessment of Arrowsmith North. The Company is confident the project has addressed the Environmental Principles, Factors and Objectives of the guidelines for assessment.

Other government agencies will be restricted from approving any approvals related to the full development of the project until the EPA process is complete (noting exploration and investigations are not restricted). This does not impact upon the Company's current development plans.

The EPA's decision will allow the Commonwealth Department of Agriculture, Water and Environment (**DAWE**) to also set their level of assessment at PER to align with the EPA decision.

This is consistent with the Company's expectations to-date on process and timing for environmental approval at Arrowsmith North.

ASX: VRX

Capital Structure

Shares on Issue:

507.9 million

Listed Options:

23.5 million

Unlisted Options:

46.0 million

Corporate Directory

Paul Boyatzis

Non-Executive Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive Director

John Geary

Company Secretary

Silica Sand Projects

Arrowsmith Silica Sand Projects, 270km north of Perth, WA.

Muchea Silica Sand Project, 50km north of Perth, WA.

Boyatup Silica Sand Project, 100km east of Esperance, WA.

The Company is actively assessing other silica sand projects in Australia.

Grade Control

The Company completed its grade control program at Arrowsmith North in March 2021, drilling 130 holes for 1,459 metres, and all assay results and other determinations have now been received.

These results were in line with expectations and will allow the Company to update the Mineral Resource Estimate in the area covered by the drilling. The Company will then conduct a detailed review of the outlined production for the next 6 years with a comprehensive mining and processing schedule.

Engineering

The Company has commissioned experienced sand processing engineers, ProjX Engineering, to carry out a detailed engineering design for the Arrowsmith North processing plant.

The design is based on the recent testwork results and the proposed process circuit. It will allow for the preparation of a detailed cost estimate and schedule for the construction of the proposed plant at the project, incorporating all necessary operational equipment, materials handling equipment and piping and instrumentation systems.

Following this, the Company will specify and tender appropriate processing equipment for the plant to be procured at the earliest opportunity following a decision to mine at Arrowsmith North.

Power

The Company has been in discussions with a number of potential power providers to supply the power requirements at Arrowsmith North.

The Company's sustainability goals include having a low carbon footprint at all of its silica sand projects, and all providers have indicated that a renewable energy solution to be ultimately driven by solar and wind options supported by gas is not only viable but will also be cost-effective.

Port

The Company has continued its discussions with the Mid West Ports Authority (**MWPA**), operators of the Geraldton Port, around logistics and access to port facilities for export. The outcome of these discussions has been positive as the Company looks to secure a long-term relationship with MWPA.

The Company has commenced the testwork on Arrowsmith North silica sand final product for MPWA that is required by the MWPA to change its EPA licence conditions to facilitate export of silica sand products from Geraldton Port.

Offtake

Interest in the Company's products from Arrowsmith North remains incredibly strong, and continues to grow. Demand for significant bulk samples ahead of binding offtakes from potential offtake partners in South Korea, Japan and Taiwan has led the Company to undertake a substantial pilot plant-scale testwork program on 1 tonne of Arrowsmith North ore.

This produces sufficient sample sizes of 50-60kg of final product required by leading glass producers in the Asian market for furnace testing before finalising offtake agreements. Smaller parcels have also been sent to foundry manufacturers in South Korea.

It will also enable the Company to further test the project's process circuit design.

Financing

Interest remains strong from third party debt financiers to fund development and construction of the plant for Arrowsmith North. The Company has commenced its engagement of AMC Consultants to undertake a comprehensive independent technical review of the project, which will underpin due diligence on the project by potential financiers.

This announcement has been authorised for release to ASX by Managing Director, Bruce Maluish.

Further information:

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About VRX Silica

VRX Silica Ltd (**VRX Silica**) (ASX: VRX) has significant silica sand projects in Western Australia.

The Arrowsmith North and Arrowsmith Central Silica Sand Projects, located 270km north of Perth, comprise five granted exploration licences and two granted mining leases. Bankable feasibility studies for both projects have been released, each demonstrating exceptional financial metrics.

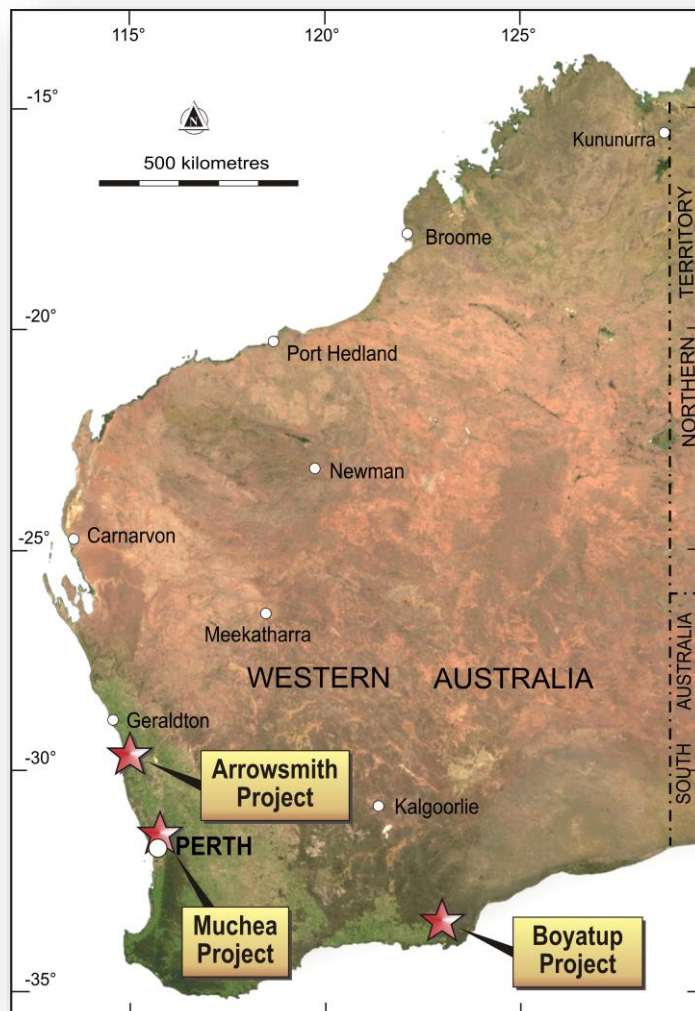
The Muchea Silica Sand Project, located 50km north of Perth, comprises two granted and one application for exploration licences, and one granted mining lease. Muchea is a world-class project with high purity silica sand in situ. A bankable feasibility study for the project has been released demonstrating outstanding financial metrics.

The Boyatup Silica Sand Project, located 100km east of Esperance, comprises two adjacent granted exploration licences. Initial indications are that this project will complement the Arrowsmith and Muchea projects while adding to the range of silica products capable of production.

Proven Management

The VRX Silica Board and management team have extensive experience in mineral exploration and mine development into production and in the management of publicly listed mining and exploration companies.

Project Locations



VRX Silica Limited

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