



**VRXSILICA**

**ABN 59 142 014 873**

## **Notice of Annual General Meeting**

**Date of Meeting**

Monday, 29 November 2021

**Time of Meeting**

11.00am (WST)

**Place of Meeting**

RSM Australia Partners  
Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000

**SEE OVERLEAF FOR IMPORTANT INFORMATION  
REGARDING MEETING ATTENDANCE AND VOTING**

This document should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their independent professional advisers prior to voting.

Queries for the Company may be made to the Company Secretary by telephone on +61 (0) 8 9226 3780.

## IMPORTANT INFORMATION

### Meeting attendance and voting

The Company is closely monitoring the impact of COVID-19 in Western Australia and guidance from the Federal and State Governments.

Having considered the circumstances in Western Australia as at the date of this Notice, the Directors have decided to proceed with a physical meeting. Accordingly, Shareholders will be able to attend the Meeting in person.

Votes may be submitted during the Meeting only by those Shareholders physically in attendance at the Meeting either in person or through a validly appointed corporate representative. Votes via validly submitted proxy forms will also be accepted.

**Accordingly, the Company strongly encourages Shareholders to lodge a directed proxy form with the Company no later than 48 hours prior to the Meeting.** A personalised proxy form has been despatched to Shareholders.

The Company will also live video stream the Meeting for those Shareholders who choose not to or are unable to attend the Meeting in person. This will allow shareholders to view the proceedings but not participate in the Meeting or vote on any resolutions during the Meeting. If you would like to view the live stream, please register your interest via email to [meetings@vrxsilica.com](mailto:meetings@vrxsilica.com).

Questions from Shareholders who plan not to attend the Meeting in person must be submitted in advance of the Meeting. This will provide management with the best opportunity to prepare for the Meeting and answer those questions. If you would like to submit a question for the Meeting, please email no later than 11.00am on Friday, 26 November 2021 to [meetings@vrxsilica.com](mailto:meetings@vrxsilica.com).

The COVID-19 pandemic continues to evolve. If it becomes necessary to make changes to the current arrangements for the Meeting, including changing to a virtual-only meeting, the Company will advise Shareholders accordingly through its website and by making an ASX announcement.

### Voting Eligibility

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 27 November 2021.

### Voting by poll

All votes taken at the Meeting will be conducted by way of a poll taken physically at the Meeting and from validly submitted proxy forms. Voting will not be conducted electronically. Shareholders are therefore strongly encouraged to submit a valid proxy form in accordance with the instructions below.

### Voting by proxy

Shareholders should note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The proxy form for the Meeting provides further details on appointing proxies and lodging proxy forms. To be valid, the proxy form (and any power of attorney under which it is signed) must be completed and returned by the time and in accordance with the instructions set out in the proxy form. Any proxy form received after that time will not be valid for the Meeting.

Subject to any voting restrictions set out in a voting exclusion statement in respect of the Resolutions, the Chair will vote undirected proxies on, and in favour of, each Resolution.

### Corporate representatives

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative must, prior to the Meeting, provide evidence of his or her appointment, to the Company's company secretary by email to [meetings@vrxsilica.com](mailto:meetings@vrxsilica.com) by no later than 11.00am (WST) on Friday, 26 November 2021, the business day prior to the Meeting, noting any authority under which the appointment is signed, unless it has previously been given to the Company.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2021 Annual General Meeting of Shareholders will be held on Monday, 29 November 2021, commencing at 11.00am (WST) at RSM Australia Partners, Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000.

The enclosed Explanatory Statement accompanies and forms part of this Notice of Annual General Meeting.

### AGENDA

#### ORDINARY BUSINESS

##### Accounts and Reports

*To receive and consider the annual financial report of the Company for the financial year ended 30 June 2021, together with the reports by directors and auditors thereon.*

#### 1. Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report set out in the Company's Annual Report for the financial year ended 30 June 2021 be adopted."*

**Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.**

##### Voting Prohibition

In accordance with section 250R of the Corporations Act, a vote in favour of this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

#### 2. Resolution 2: Re-election of Director – P Boyatzis

To consider, and if thought fit, to pass as an ordinary resolution the following:

*"That Paul Boyatzis, being a Director who retires by rotation in accordance with Clause 6.3 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

#### 3. Resolution 3: Election of Director – D Welch

To consider, and if thought fit, to pass as an ordinary resolution the following:

*"That David Welch, being a Director appointed as an additional Director and holding office until the next annual general meeting of the Company after his appointment in accordance with Listing Rule 14.4, be elected as a Director, effective immediately."*

## SPECIAL BUSINESS

### 4. Resolution 4: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

### 5. Resolution 5: Adoption of VRX Silica Employee Incentive Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 (exception 13) and for all other purposes, Shareholders approve the adoption of the VRX Silica Employee Incentive Plan for the issue of up to 82,935,454 Equity Securities, on the terms and conditions set out in the Explanatory Statement.”*

#### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by a person who is eligible to participate in the employee incentive scheme or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

### 6. Resolution 6: Issue of Remuneration Options to Director – P Boyatzis

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Shareholders approving Resolution 5, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 3,900,000 Options to Paul Boyatzis or his nominee on the terms and conditions set out in the Explanatory Statement.”*

#### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Paul Boyatzis or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 7. Resolution 7: Issue of Remuneration Options to Director – B Maluish

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Shareholders approving Resolution 5, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 5,400,000 Options to Bruce Maluish or his nominee on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Bruce Maluish or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 7 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 7 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 8. Resolution 8: Issue of Remuneration Options to Director – P Pawlowitsch

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Shareholders approving Resolution 5, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 3,000,000 Options to Peter Pawlowitsch or his nominee on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Peter Pawlowitsch or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 8 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 8 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 9. Resolution 9: Issue of Remuneration Options to Director – D Welch

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to Shareholders approving Resolution 5, for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 3,000,000 Options to David Welch or his nominee on the terms and conditions set out in the Explanatory Statement.”*

## Voting Exclusion and Prohibition

The Company will disregard any votes cast in favour of this Resolution by or on behalf of David Welch or any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme, or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 9 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 9 Excluded Party.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chair and the appointment does not specify how the Chair is to vote but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 10. Resolution 10: Amendments to Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, in accordance with section 136(2) of the Corporations Act, and for all other purposes, with effect from the end of the Meeting the Shareholders approve the amendments to the Constitution as described in the Explanatory Statement."*

## 11. Resolution 11: Renewal of Proportional Takeover Provisions in Constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, the proportional takeover provisions contained in schedule 5 of the Constitution be renewed for a further period of three years commencing from the date of this Annual General Meeting."*

BY ORDER OF THE BOARD



**John Geary**  
Company Secretary

13 October 2021

## EXPLANATORY STATEMENT

### 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of members to be held at RSM Australia Partners, Level 32, Exchange Tower, 2 The Esplanade Perth WA 6000 on Monday, 29 November 2021, commencing at 11.00am (WST).

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

### 2. 2021 ANNUAL REPORT

In accordance with the requirements of the Constitution and the Corporations Act, the 2021 Annual Report will be tabled at the Annual General Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Annual Report. There is no requirement for a formal resolution on this item.

Representatives from the Company's auditors, RSM Australia Partners, will be present to take Shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

### 3. ADOPTION OF REMUNERATION REPORT: RESOLUTION 1

#### 3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the relevant annual general meeting. All of the Directors who were in office on the date when the Company's applicable Directors Report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will become the Directors.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this annual general meeting.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 30 June 2021.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.



### 3.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of the Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

The above note on voting does not apply if the voter is the Chair and the undirected proxy expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

### 3.3 Definitions

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the members spouse;
- (c) a dependent of the member or the members spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2021.

## 4. RE-ELECTION OF DIRECTOR (MR PAUL BOYATZIS): RESOLUTION 2

Resolution 2 relates to the re-election of Mr Paul Boyatzis as a Director.

In accordance with the requirements of clause 6.3 of the Constitution and the Corporations Act, one-third of the directors of the Company retire from office at this Annual General Meeting. Mr Boyatzis retires by rotation and, being eligible, offers himself for re-election.

A summary of the qualifications and experience of Mr Boyatzis is provided in the Annual Report.

The Directors, except for Mr Boyatzis, recommend that Shareholders vote in favour of Resolution 2.

## 5. ELECTION OF DIRECTOR (MR DAVID WELCH): RESOLUTION 3

Listing Rule 14.4 provides that any director of a company appointed as an additional director is to hold office until the next annual general meeting that company of and is then eligible for election as a director.

Mr David Welch was appointed as an additional Director on 1 September 2021 and has since served as a non-executive Director.

Mr Welch is an experienced and well credentialed senior executive with a successful track record in the planning, development and operation of logistics and infrastructure supply chains for commodities markets, including; mining, agriculture and industrial products sectors.

From 2007 to 2017, Mr Welch held senior executive positions within Aurizon Holdings Limited, Australia's largest rail freight operator. These positions included VP Iron Ore, VP Market

Development and EVP Strategy and Business Development where he had direct responsibility for strategy, business transformation and performance, commercial negotiations, stakeholder engagement, major projects, joint venture management, M&A and business development. He was previously the Managing Director of The Millennium Group from 1998 to 2006 and was a Marketing Manager at CSBP Limited (part of the Wesfarmers conglomerate) responsible for the management of mining reagent logistics from 1989 to 1994.

Mr Welch holds a Bachelor of Commerce (1st Class Hons) from the University of Western Australia.

The Directors, except for Mr Welch, recommend that Shareholders vote in favour of Resolution 3.

## **6. APPROVAL OF 10% PLACEMENT CAPACITY: RESOLUTION 4**

### **6.1 General**

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in Section 5.2 below).

The effect of Resolution 4 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

If Shareholders approve Resolution 4, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in Section 6.2 below). If Shareholders do not approve Resolution 4, the Company will be unable to issue Equity Securities under the 10% Placement Capacity and will therefore require separate shareholder approval or be limited to the 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### **6.2 Listing Rule 7.1A**

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (as at 12 October 2021) of approximately \$108 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being the Shares (ASX Code: VRX).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue at the commencement of the relevant period:
- (i) plus the number of Shares issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
  - (ii) plus the number of Shares issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
    - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
    - the issue, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
  - (iii) plus the number of Shares issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
    - the agreement was entered into before the commencement of the relevant period; or
    - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
  - (iv) plus the number of any other Shares issued in the relevant period with approval under Listing Rule 7.1 or 7.4;
  - (v) plus the number of partly paid shares that became fully paid in the relevant period;
  - (vi) less the number of Shares cancelled in the relevant period.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by Shareholders under Listing Rule 7.4.

### 6.3 Technical information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

#### (a) Period for which approval will be valid

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

**(10% Placement Capacity Period).**

**(b) Minimum price at which Equity Securities may be issued**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within ten ASX trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

**(c) Purposes for which funds may be raised under a Listing Rule 7.1A issue**

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration only, and the Company intends to use any funds under such an issue raised for continued exploration and evaluation of the Company's exploration projects, further development of exploration projects into construction and production phases, and for general working capital.

**(d) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities currently on issue.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

No. Shares on Issue*	Dilution			
	Issue price per Share	\$0.0975	\$0.195	\$0.39
		50% decrease in issue price	Current issue price	100% increase in issue price
552,903,029 (Current)	Shares issued	55,290,303	55,290,303	55,290,303
	Funds raised	\$5,390,805	\$10,781,609	\$21,563,218
829,354,544 (50% increase)	Shares issued	82,781,704	82,781,704	82,781,704
	Funds raised	\$8,071,216	\$16,142,432	\$32,284,865
1,105,806,058 (100% increase)	Shares issued	110,375,606	110,375,606	110,375,606
	Funds raised	\$10,761,622	\$21,523,243	\$43,046,486

\*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 12 October 2021.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 October 2021.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
7. Resolution 4 has been approved by Shareholders at the Meeting.

Shareholders should note that there is a risk of economic and voting dilution of existing ordinary security holders that may result from an issue of Equity Securities under Listing Rule 7.1A.2, including the risk that:

- (i) the market price for the Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(e) Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a number of factors, including:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice but may include existing Shareholders and/or new investors who are not related parties or associates of a related party of the Company.

**(f) Previous Approval under Listing Rule 7.1A and Equity Securities Issued**

The Company previously obtained approval under Listing Rule 7.1A at its annual general meeting held on 27 November 2020.

In the 12 months preceding the date of the 2021 Annual General Meeting, the Company has not issued any Equity Securities pursuant to Listing Rule 7.1A.

## 6.4 Voting Exclusion

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

## 7. ADOPTION OF VRX SILICA EMPLOYEE INCENTIVE PLAN: RESOLUTION 5

### 7.1 Background

Under Listing Rule 7.2 (Exception 13(b)), for issues under an employee incentive scheme not to count towards the 15% capacity to issue share capital in a 12 month period without Shareholder approval, Shareholder approval of the employee incentive scheme is required every three years or if there is a material change to the terms of an approved employee incentive scheme.

The Company's previous employee incentive scheme has expired.

The Board has resolved, subject to Shareholder approval, to adopt a new, single employee incentive scheme to reflect recent sound corporate governance practices and streamline administrative requirements.

Details of the proposed new VRX Silica Employee Incentive Plan are set out in Schedule 1 (**Plan**). A full copy of the Plan is available at the Company's registered office during normal business hours.

Shareholder approval is being sought under Resolution 5 to adopt the Plan.

The Board believes that the Plan is in the best interests of the Company, but do not make a recommendation as all Directors have material personal interest in the outcome of the Resolution. The Chair intends to vote undirected proxies in favour of the Resolution.

### 7.2 Listing Rule 7.2, exception 13(b)

Subject to a number of exceptions, in general terms, Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible notes) that a listed company may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued ordinary shares (**15% share issue capacity**).

If this Resolution is approved by Shareholders for all purposes under the Listing Rules, including Listing Rule 7.2, exception 13(b), it will have the effect of enabling the securities issued by the Company under the Plan to be automatically excluded from the formula to calculate the Company's 15% share issue capacity during the next three year period.

If this Resolution is not approved by Shareholders, grants under the Plan will count towards the 15% share issue capacity. In addition, if Shareholder approval is not granted under this Resolution, the Board may need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing equivalent cash incentives subject to the risk of forfeiture, performance conditions and performance period.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued securities issuable pursuant thereto every three years.

Resolution 5 is an ordinary resolution.

### 7.3 Specific information required under Listing Rule 7.2, exception 13(b)

In accordance with Listing Rule 7.2, exception 3(b) the following information is provided in relation to Resolution 5:

- (a) A summary of the Plan is set out in Schedule 1.
- (b) The Plan is a new incentive scheme and has not previously been approved by Shareholders. No securities have previously been issued under the Plan.
- (c) The maximum number of securities proposed to be issued under the Plan shall not exceed 15% of the Company's Equity Securities currently on issue, subject to adjustment in the event of a reorganisation of capital and further subject to applicable laws and the Listing Rules. Based on the number of Equity Securities currently on issue, 15% equates to a maximum of 82,935,454 Equity Securities.
- (d) A voting exclusion statement is included in the Notice.

## 8. GRANT OF REMUNERATION OPTIONS TO DIRECTORS: RESOLUTIONS 6–9

### 8.1 Background

Resolutions 6–9 propose the grant and issue of Options to the Directors; namely Messrs Paul Boyatzis, Bruce Maluish, Peter Pawlowitsch and David Welch.

The purpose of the issues is to align the interest of the Directors with those of the Company and its shareholders. The Board believes that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre, including at a Board level.

The Board considers that the most appropriate means of achieving this is to provide the Directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

An issue of options as part of the remuneration packages of company directors is a well-established practice of junior publicly listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the directors.

In determining the number of Options proposed to be issued and the terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms and the market price of the Company's shares.

The Directors decline to make a recommendation due to them all having an interest in the outcome of Resolutions 6–9.

The Chair intends to vote undirected proxies in favour of Resolutions 6–9.

### 8.2 Corporations Act and Listing Rule 10.14

#### ***Corporations Act***

Chapter 2E of the Corporations Act also requires shareholder approval where a public company seeks to give a "financial benefit" to a "related party" (unless an exception applies). A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control.

The Directors are considered to be related parties within the meaning of the Corporations Act, and the grant of the Options will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

An exception to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration".

As the Options are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Options. Accordingly, Shareholder approval for the issue of Options to the related parties is sought in accordance with Chapter 2E of the Corporations Act.

#### ***Listing Rules***

Listing Rule 10.14 requires that a listed company must not issue equity securities under an employee incentive scheme to:

- a director of the company
- an associate of a director of the company; or
- a person whose relationship with the company, director of the company or an associate of a director of the company is such that, in ASX's opinion, the issue should be approved by its shareholders,

without shareholder approval.

Resolutions 6–9 seek the required Shareholder approval to the issue of the Options to the Directors under and for the purposes of Listing Rule 10.14.

If Resolutions 6–9 are approved, the grant of Options (and Shares upon exercise of the Options) to the Directors will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's ordinary securities, under Listing Rule 7.1.

If Shareholders do not approve Resolutions 6–9, the proposed grant will not proceed. In that circumstance, issues may arise with the competitiveness of those Directors' remuneration packages. The Board would then need to consider alternative remuneration arrangements, including potential providing an equivalent cash incentive.

### 8.3 Chapter 2E Corporations Act Requirements

In accordance with Section 219 of the Corporations Act the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 6 to 9:

- (a) The proposed recipients are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are related parties of the Company by virtue of Section 228 of the Corporations Act (ie they are Directors).
- (b) The nature of the financial benefit to be given to the related parties is the issue of the Options for no consideration on the terms and conditions set out in Schedule 2.

On the basis of the indicative value as calculated below, the value of Options proposed to be issued to the related parties is as follows:

Director	No. Options	Indicative Value \$
Paul Boyatzis	3,900,000	395,070
Bruce Maluish	5,400,000	547,020
Peter Pawlowitsch	3,000,000	303,900
David Welch	3,000,000	303,900

The relevant base salaries per annum (including superannuation) of the Directors and the total financial benefit to be received by them for the year ended 30 June 2022, when added to the indicative "value" to be received by each of them as a result of the issue of options that are the subject of Resolutions 6 to 9 are as follows:

Director	Position	Annual Remuneration (incl Super.) \$	Value of Options to be Issued \$	Total Financial Benefit \$
Paul Boyatzis	Non-Executive Chair	72,000	395,070	467,070
Bruce Maluish	Managing Director	350,000	547,020	897,020
Peter Pawlowitsch	Non-Executive Director	54,000	303,900	357,900
David Welch	Non-Executive Director	54,000	303,900	357,900

- (c) The Board declines to make a recommendation to Shareholders in relation to Resolutions 6 to 9 due to each of their material personal interests in the outcome of the Resolutions (as applicable) on the basis that they are to be granted securities in the Company should Resolutions 6 to 9 be passed.
- (d) All of the Directors have an interest in the outcome of proposed Resolutions 6 to 9. Details of the benefits and costs to the Company are contained herein.



- (e) Excluding any securities proposed to be allotted to the related parties pursuant to Resolutions 6 to 9, the Directors and their associates have a relevant interest in the securities of the Company as set out below:

Name	Shares <sup>1</sup>	Options <sup>2</sup>
Paul Boyatzis	5,180,000	3,000,000
Bruce Maluish	13,810,535	5,000,000
Peter Pawlowitsch	23,841,769	3,000,000
David Welch	-	-

**Notes:**

- Interests held personally and through associated entities.
- Options exercisable at 21.7 cents each, expiring 30 November 2021.

- (f) ASX sets out best practice recommendations for ASX-listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. These guidelines are not prescriptive and do not require a "one size fits all" approach to corporate governance. In the Board's view, the guideline is inappropriate considering the Company's circumstances, where the preservation of the Company's cash resources is key and the retention of high quality and well-credentialled non-executive directors is considered important to the ongoing development and growth of the Company and its business.

There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolutions 6 to 9, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities of the Company). The Directors believe that the Options proposed to be issued to the Directors are a cost-effective benefit for small companies that seek to conserve cash reserves.

### Potential Benefits

If the Options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- The Directors will have a vested interest in the affairs of the Company. An increase in the market price of Shares, which in turn increases the financial benefit from receiving the Options, will also benefit all Shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the Options will provide working capital for the Company at no significant cost. If all the Options proposed to be issued pursuant to Resolutions 6 to 9 are ultimately exercised, funds will be raised, though the exact amount will not be determinable until the date of the Meeting and the operation of the cashless exercise facility as part of the terms and conditions of the Options (as set out in Schedule 2). At an exercise price of 30 cents and no use of the cashless exercise facility, an amount of \$4,590,000 would be raised.

### Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 15,300,000 Options pursuant to Resolutions 6 to 9 is that there will be a dilution of the issued share capital if the Options are exercised. Based on 552,903,029 Shares currently on issue the exercise of the proposed Options would have a dilution effect of approximately 2.69% of non-associated Shareholders' interest in the Company.

However, if the other existing Options on issue held by third parties were also to be exercised into Shares, the dilution effect would be 2.61%. The Company has the following Options on issue (as at the date of the Notice):

VRXAD	OPTION EXPIRING VARIOUS DATES EX VARIOUS PRICES	20,750,000
VRXAE	OPTION EXPIRING 23-OCT-2023 EX 15C	2,500,000
	OPTION EXPIRING 31-AUG-2024 EX 30C	11,100,000

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Options other than, if the Options are exercised at a time when the market price of the Shares is greater than the exercise price of the Options, there will be detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

	Date	Price
Low	16 October 2020	11.5 cents
High	4 January 2021	42.5 cents
Last Price	12 October 2021	19.5 cents

The value of Options to be issued has been calculated using the Black-Scholes option pricing model as of 12 October 2021. The value of an option calculated by the Black-Scholes option pricing model is a function of a number of variables. The indicative value of the Options has been calculated using the following variables:

	Options
Valuation date	12 October 2021
Exercise price	30 cents
Maximum option life	3 years
Underlying share price	19.5 cents
Risk free rate of return	0.44%
Volatility	100%
Notional Indicative Value	\$0.1013

The underlying Share price of 19.5 cents is based on the closing Share price on ASX as at 12 October 2021 (being the last practical date before this Notice was finalised).

Further details of the terms and conditions of the Options to be issued are outlined above and in Schedule 2.

#### 8.4 Specific Information Required by Listing Rule 10.15

In accordance with Listing Rule 10.15 the following information is provided in relation to Resolutions 6–9:

- (a) The proposed recipients of the Options are Bruce Maluish, Peter Pawlowitsch and David Welch.
- (b) The proposed issue of the Options falls within Listing Rule 10.14.1 or 10.14.2, as the proposed recipients are Directors (and/or his nominees).
- (c) The number and class of securities proposed to be issued is:
  - Mr Boyatzis: 3,900,000 Options
  - Mr Maluish: 5,400,000 Options
  - Mr Pawlowitsch: 3,000,000 Options
  - Mr Welch: 3,000,000 Options
- (d) The current total remuneration package for the recipients is outlined in the table below:

Director	Position	Annual Remuneration (incl Super.) \$	Value of Options to be Issued \$	Total Financial Benefit \$
Paul Boyatzis	Non-Executive Chair	72,000	395,070	467,070
Bruce Maluish	Managing Director	350,000	547,020	897,020
Peter Pawlowitsch	Non-Executive Director	54,000	303,900	357,900
David Welch	Non-Executive Director	54,000	303,900	357,900

(e) The Plan is a new incentive scheme and has not previously been approved by Shareholders. Shareholder approval for the adoption of the Plan is sought under Resolution 5. No securities have previously been issued under the Plan.

(f) The terms and conditions of the Options are set out in Schedule 2.

The Options have an exercise price of \$0.30 each and shall vest in the following amounts on the following dates, subject to continued service as Director and accelerated vesting provisions set out in the Plan:

Tranche	No. Options				Vesting Date
	P Boyatzis	B Maluish	P Pawlowitsch	D Welch	
1	1,300,000	1,800,000	1,000,000	1,000,000	Vest on issue
2	1,300,000	1,800,000	1,000,000	1,000,000	30 June 2022
3	1,300,000	1,800,000	1,000,000	1,000,000	30 June 2023

The Options expire on 31 August 2024.

Options are a common form of incentive award in the Australian marketplace as they are tax-effective and provide the Company with flexibility to reward employees by aligning their interests with those of Shareholders.

The value attributed to each of the Options is \$0.1013. The value is based on at a deemed grant date of 12 October 2021.

According to AASB 2 paragraph 19, "Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share rights at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods and services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest."

The Company considers the Options to have non-market based vesting conditions attached to them.

Options with non-market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

If the Options are approved and granted, AASB 2 'Share Based Payment' stipulates that the Company's management has discretion to assess the likelihood of meeting any non-market based vesting condition by applying a probability weighting to the number of Options included in the valuation of each tranche. For the purposes of the Notice of Meeting, the Company has assumed that all of the Options will vest to the holder.

Option pricing models assume that the exercise of an Option does not affect the value of the underlying asset. Under AASB 2 'Share Based Payment' and option valuation

theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares.

Based on these valuations, the implied total value of the maximum number of Options that may be issued to the Director is as follows:

Director	Value of Options to be Issued \$
Paul Boyatzis	395,070
Bruce Maluish	547,020
Peter Pawlowitsch	303,900
David Welch	303,900

Refer to above for further details in regard to aggregate current remuneration.

- (g) The Options will be issued within three years after the date of the Meeting.
- (h) The Options are to be issued for nil consideration.
- (i) See Section 7 and Schedule 1 for details of the Plan.
- (j) No loans will be made in connection with the issue of the Options.
- (k) Details of any securities issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Additional persons covered by Listing Rule 10.14 who become entitled to participate in an issued of securities under the Plan after the resolution is approved and who were not named in the Notice will not participate under approval is obtain under that rule.

- (l) A voting exclusion statement is included in the Notice.

## **9. AMENDMENTS TO CONSTITUTION: RESOLUTION 10**

### **9.1 Background**

The Constitution was adopted at a general meeting of the Company held on 14 September 2018, replacing the Company's previous constitution, and was amended at the 2019 Annual General Meeting held on 8 November 2019.

The Company has recently undertaken a review of the Constitution and proposes a number of modifications to reflect certain changes to corporate governance practices, the Corporations Act and Listing Rules primarily to achieve efficient and flexible administration of the Company and relations with Shareholders, and to facilitate virtual general meetings.

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

### **9.2 Amendments**

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, Shareholders wishing to obtain a copy of a marked up version of the proposed amended constitution should contact the Company.

The following is an overview of the proposed key amendments:

### **General Meetings**

A number of amendments are proposed to be made to facilitate the use of virtual meetings by the Company, with the law having recently changed to allow the use of virtual or hybrid meetings.

The changes include clarifying that Directors may determine that a meeting be held by means of virtual meeting technology or other communication facilities that gives the members as a whole a reasonable opportunity to participate and vote, and providing the Directors with additional powers to postpone, cancel or adjourn a meeting in particular circumstances (eg due to public health orders).

### **Direct Voting**

The changes will allow direct voting (whereby Shareholders may lodge a vote directly with the Company by way of post, fax or other electronic means, without having to attend a meeting or appoint a proxy or representative). Direct voting addresses deficiencies in existing voting procedures by facilitating greater voting participation and minimises the potential risks of a proxy vote not being cast. To facilitate the direct voting arrangements, the Directors will be authorised to prescribe rules governing direct voting.

## **9.3 Board recommendation**

The Board unanimously recommends that shareholders vote in favour of this special resolution.

## **10. RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS: RESOLUTION 11**

### **10.1 Background**

The Constitution currently contains provisions dealing with proportional takeover bids for the Company's shares in accordance with the Corporations Act. The provisions, which are contained in schedule 5 of the Constitution, are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

Under the Corporations Act, these provisions must be renewed every three years, or they will cease to have effect. The current provisions ceased to have effect after 14 September 2021.

If approved by shareholders at this Annual General Meeting, schedule 5 will operate for three years from the date of the meeting (ie. until 29 November 2024), unless earlier reviewed.

### **10.2 What is a proportional takeover bid?**

A proportional takeover bid is a takeover offer made to all shareholders for the acquisition of their shares; however, the offer made to each shareholder is only for a specified proportion of that shareholder's shares (and that proportion is the same for all shareholders). Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified portion of their shares in the Company and retain the balance of the shares.

### **10.3 Effect of the proportional takeover approval provisions**

In the event that a proportional takeover offer is made to shareholders of the Company, the existence of schedule 5 requires the Board to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover offer. Under the Corporations Act, the approving resolution must be passed at least 14 days before the offer under the proportional takeover bid closes.

To be passed, the resolution must be approved by most votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if no resolution to approve the bid has been voted on in accordance with the time required by relevant provisions of the Corporations Act, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution.

If the resolution is rejected, the registration of any transfer of shares resulting from an offer under the proportional takeover bid will be prohibited, and the bid deemed to be withdrawn.

Schedule 5 does not apply to full takeover bids.

#### **10.4 Reasons for proposing the resolution**

In the Board's view, the relevant shareholders should have the opportunity to vote on a proposed proportional takeover bid.

A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant shareholders may not have the opportunity to dispose of all their shares and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the shares or makes the shares less attractive and, accordingly, more difficult to sell. Schedule 5 would only permit this to occur with the approval of a majority of the relevant shareholders.

#### **10.5 Potential advantages and disadvantages**

For relevant shareholders, the potential advantages of schedule 5 have been, and continue to be, that it will provide them with the opportunity to consider and discuss a proportional takeover bid in a meeting called specifically for that purpose, and vote on whether a proportional takeover bid should be approved. This has afforded and continues to afford the relevant shareholders an opportunity to have a say in the future ownership and control of the Company and help the shareholders avoid being locked into a minority. The Board believes that this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of relevant shareholders. It may also discourage the making of a proportional takeover bid that may be considered opportunistic.

Finally, knowing the view of the majority of the relevant shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

On the other hand, the potential disadvantage for the relevant shareholders arising from schedule 5 has been, and continues to be, that proportional takeover bids may be discouraged by the further procedural steps that schedule 5 will necessitate and, accordingly, may reduce the opportunities which shareholders may have to sell all or some of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Schedule 5 may also be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to schedule 5. The Board will continue to remain free to make a recommendation to shareholders as to whether a proportional takeover bid should be accepted.

#### **10.6 Present acquisition proposals**

As at the date of the Notice of Annual General Meeting, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### **10.7 Board recommendation**

The Board unanimously recommends that shareholders vote in favour of this special resolution.

## 11. DEFINITIONS

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Annual Report** means the Directors' Report, the Financial Report, and the Auditor's Report in respect of the year ended 30 June 2021.

**ASX** means ASX Limited ABN 98 008 624 691.

**Chair** means chairperson of the Meeting.

**Company** or **VRX Silica** means VRX Silica Limited ABN 59 142 014 873.

**Constitution** means constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means director of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** include a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means this Explanatory Statement.

**Listing Rules** means the official listing rules of ASX.

**Notice** means the notice of Annual General Meeting which forms part of this Explanatory Statement.

**Option** means option to subscribe for a Share.

**Plan** has the meaning in Section 7.1.

**Proxy Form** means the proxy form attached to this Notice.

**Schedule** means schedule of this Explanatory Statement.

**Section** means section of this Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means the holder of a fully paid ordinary share in the capital of the Company.

**SCHEDULE 1**  
**Summary of VRX Silica Employee Incentive Plan**

**1. Eligible Participant**

**Eligible Participant** means a person who is a full-time or part-time employee, officer, or contractor of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with ASX Listing Rule 10.14.

**2. Purpose**

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

**3. Plan administration**

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

**4. Eligibility, invitation and application**

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

**5. Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

**6. Terms of Convertible Securities**

Each "Convertible Security" represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.



## **7. Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

## **8. Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

## **9. Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

## **10. Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

## 11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

## 12. Rights attaching to Plan Shares

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

## 13. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

## 14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the ASX Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

## 15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

## 16. Compliance with applicable law

No Security may be offered, grated, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when

making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offer when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

(a) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or

(b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

(c) an offer to a person situated at the time of receipt of the offer outside Australia;

(d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or

(e) an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

**17. Maximum number of Securities**

The Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 15% of the total number of issued Shares at the date of the invitation.

**18. Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

**19. Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

**20. Income Tax Assessment Act**

The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in that Act).

## SCHEDULE 2

### Terms and Conditions of Remuneration Options

The options (**Options**) to subscribe for fully paid ordinary shares (**Shares**) in VRX Silica Limited (**Company**) are issued on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon the exercise of each Option.

(b) **Exercise price**

The exercise price of each Option will be \$0.30 (**Exercise Price**).

(c) **Vesting**

The Options shall vest in the following numbers on the following dates, subject to the holder (or, in the case of the holder being a nominee or subsequent transferee of the Options, the person to whom the offer of Options was originally made or an associate of that person) continuing to be a director of the Company as at the relevant date:

- (i) one-third of the Options shall vest on their date of issue;
- (ii) a further one-third of the Options shall vest on 30 June 2022; and
- (iii) the remaining Options shall vest on 30 June 2023.

In addition, all unvested Options will vest on a Change of Control Event (as defined below) occurring.

For the purposes of these terms and conditions, **Change of Control Event** means:

- (i) a change in Control (as defined in section 50AA of the Corporations Act) of the Company;
- (ii) the announcement by the Company that shareholders have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled, or transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement;
- (iii) where a person becomes the legal or the beneficial owner of, or has a Relevant Interest (as defined in section 608 of the Corporations Act) in, more than fifty per cent (50%) of all Shares on issue (**Issued Capital**);
- (iv) where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of Issued Capital; and
- (v) where a Takeover Bid (as defined in the Corporations Act) is made to acquire more than fifty per cent (50%) of Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates (as defined in section 12 of the Corporations Act)) already owns will amount to more than 50% of Issued Capital) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in more than 50% of Issued Capital,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Company or its corporate group.

(d) **Expiry date**

The expiry date of each Option is 5.00pm (WST) on 31 August 2024 (**Expiry Date**).

**(e) Exercise period**

An Option may only be exercised by payment of the Exercise Price after it has vested and thereafter at any time prior to the Expiry Date.

**(f) Cashless Exercise Facility**

- (i) Notwithstanding the requirement for payment of the Exercise Price in accordance with paragraph (e), in order to exercise some or all of the Options, the holder may, subject to sub-paragraph (f)(iv), elect to pay the Exercise Price by using the cashless exercise facility provided for under this paragraph (f) (**Cashless Exercise Facility**).
- (ii) The Cashless Exercise Facility entitles the holder to set-off the Exercise Price against the number of Shares which the holder is entitled to receive upon exercise of the holder's Options. By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set-off.
- (iii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date).

EP = Option exercise price.

- (iv) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with sub-paragraph (i)(iii)) is zero or negative, then the holder will not be entitled to use the Cashless Exercise Facility.

**(g) Notice of exercise**

An Option may be exercised by notice in writing to the Company (**Notice of Exercise**). Any Notice of Exercise of Options received by the Company will be deemed to be a notice of the exercise of that Options as at the date of receipt.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then issued Shares.

**(i) Options not quoted**

The Company will not apply to ASX for quotation of the Options.

**(j) Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

**(k) Timing of issue of Shares**

- (i) After an Option is validly exercised, the Company must as soon as possible:
  - (A) issue the Share; and
  - (B) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option.
- (ii) On the date that the Shares are issued under paragraph (i) above, the Company must issue a cleansing notice under section 708A(5) of the Corporations Act.
- (iii) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
  - (A) issue a prospectus on the date that the Shares are issued under paragraph (i) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
  - (B) issue a prospectus before the date that the Shares are issued under paragraph (i) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

**(l) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. Holders of Options must exercise their vested Options prior to the date for determining entitlements to participate in any such issue.

**(m) Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of Options will be increased by the number of Shares which the option holder would have received if the Options holder had exercised the Options before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

**(n) No adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing shareholders there will be no adjustment of the Exercise Price.

**(o) Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Options holder may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**(p) Options not transferable**

The Options are not transferable.

**(q) Lodgement instructions**

The application for Shares on exercise of the Options must be lodged at the Company's share registry. The Exercise Price may be paid by cheque or electronic funds transfer to an account nominated by the Company. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".

For personal use only

For personal use only



**VRX**SILICA



VRX

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) on Saturday, 27 November 2021**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### Step 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of VRX Silica Limited hereby appoint

☐

the Chairman  
of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of VRX Silica Limited to be held at RSM Australia Partners, Level 32, Exchange Tower, 2 The Esplanade, Perth, WA 6000 on Monday, 29 November 2021 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5, 6, 7, 8 and 9 by marking the appropriate box in step 2.

### Step 2

### Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Remuneration Options to Director - B Maluish	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - P Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Remuneration Options to Director - P Pawlowitsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director - D Welch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Remuneration Options to Director - D Welch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Amendments to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Adoption of VRX Silica Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Renewal of Proportional Takeover Provisions in Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Remuneration Options to Director - P Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3

### Signature of Securityholder(s)

*This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

VRX

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Computershare

