

2 May 2024

VRX Reprices Entitlement Offer with Canaccord to Fully Underwrite

Highlights:

- Offer price for renounceable entitlement offer to be reduced to \$0.055 under a new entitlement offer to raise approx. \$2.46 million (before expenses)
- New entitlement offer remains on the basis of 1 new share for every 13 shares held and 1 free attaching option (18c, 31-Aug-25) for every 2 shares issued
- Canaccord to fully underwrite new entitlement offer
- Original entitlement offer and sub-underwriting options offer withdrawn and new prospectus to be lodged with ASIC and ASX

VRX Silica Limited (**VRX** or **Company**) (ASX: VRX) wishes to advise it has withdrawn its pro-rata renounceable entitlement offer to eligible shareholders (**Original Entitlement Offer**) announced to ASX on 10 April 2024 (and made under a prospectus released on the same day (**Original Prospectus**)).

The Company will now undertake a new renounceable pro-rata entitlement issue to eligible shareholders on the basis of 1 new fully paid ordinary share in the Company (**New Shares**) for every 13 Shares held on the record date, at an offer price of \$0.055 per New Share, together with 1 free attaching option (**Attaching Option**) for every 2 New Shares subscribed for and issued with an exercise price of \$0.18 each and expiring on 31 August 2025 to raise approximately \$2.46 million (before expenses) (**New Entitlement Offer**).

Canaccord Genuity (Australia) Limited (AFSL 234666) (**Canaccord**) remains as lead manager and has agreed to fully underwrite the New Entitlement Offer.

The proceeds of the New Entitlement Offer will be applied towards the Company's Muchea project, Arrowsmith North project, VDT trials and environmental follow-up, working capital and expenses of the offer.

The decision to withdraw the offers under the Original Entitlement Offer was made following consultation with Canaccord in the context of a challenging equity capital market for junior exploration companies and a consecutive closing share price floor being triggered under the underwriting agreement with Canaccord. The Board believes the New Entitlement Offer provides the Company with enhanced prospects of successful completion.

ASX: VRX

Capital Structure

Shares on Issue:
583 million

Unlisted Options:
58.7 million

Corporate Directory

Paul Boyatzis
Non-Executive Chairman

Bruce Maluish
Managing Director

Peter Pawlowitsch
Non-Executive Director

David Welch
Non-Executive Director

Ian Hobson
Company Secretary

Silica Sand Projects

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

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

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

Geothermal Energy

Dandaragan Geothermal Energy Permit, 145km north of Perth, WA

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

New Entitlement Offer Details

The Company will undertake a new pro rata renounceable entitlement offer of one 1 New Share for every 13 Shares held by Eligible Shareholders (defined below) on the record date, at \$0.055 per New Share (**Issue Price**), to raise up to approximately \$2.46 million (before expenses).

Eligible Shareholders will also receive 1 free Attaching Option for every 2 New Shares subscribed and issued. Each Option will have an exercise price of \$0.18 each with an expiry date of 31 August 2025.

The Issue Price represents:

- a 21% discount to the Company's last share price of A\$0.07 at market close on 30 April 2024;
- a 19.6% discount to the Company's 5-day VWAP of \$0.0684 up to and including 30 April 2024; and
- a 23.3% discount to the Company's 15-day VWAP of A\$0.0717 up to and including 30 April 2024.

Canaccord will act as lead manager and underwriter to the New Entitlement Offer. Canaccord is entitled to an aggregate fee of 6% of the gross proceeds under the New Entitlement Offer, plus a corporate advisory fee of \$75,000.

The new prospectus that will be lodged by the Company for the New Offer also contains an offer for the issue of a further 1 Option for every 2 New Shares subscribed for by sub-underwriters of the New Entitlement Offer (**Sub-Underwriting Options**) on the same terms as the Sub-Underwriting Options Offer under the Original Prospectus. The Sub-Underwriting Options will be issued within the Company's existing placement capacity under ASX Listing Rule 7.1.

The New Entitlement Offer will be available to all shareholders registered at 5.00pm (Perth time) on 8 May 2024 (**Record Date**) whose registered address is in Australia, New Zealand, Germany or the United Kingdom (**Eligible Shareholders**). It will close at 3.00pm (Perth time) on 22 May 2024 (unless extended).

Use of funds

Funds from the New Entitlement Offer are intended to be applied as follows:

Proceeds of the New Entitlement Offer	Subscription (\$)	%
Muchea drilling, testwork, environmental studies and referral	\$900,000	36.5%
Arrowsmith North access roads, final engineering and final permitting	\$650,000	26.5%
VDT trials and environmental follow-up	\$200,000	8%
Working capital	\$325,226	13%
Expenses of the New Entitlement Offer ¹	\$392,914	16%
Total	\$2,468,140	100%

New Timetable

The following indicative timetable has been prepared for the New Entitlement Offer. The timetable is subject to change at the Company's discretion and subject to compliance with applicable laws and ASX Listing Rules.

Announcement of Offers and lodgement of Appendix 3B with ASX	Thursday, 2 May 2024
Lodgement of Prospectus with the ASIC and ASX	Friday, 3 May 2024
Ex date	Tuesday, 7 May 2024
Rights start trading	Tuesday, 7 May 2024
Record Date for determining Entitlements as at 5:00pm WST	Wednesday, 8 May 2024
New Entitlement Offer opening date, Prospectus sent out to Eligible Shareholders and Company announces this has been completed	Monday, 13 May 2024
Rights stop trading at close of trading	Wednesday, 15 May 2024
Securities quoted on a deferred settlement basis	Thursday, 16 May 2024
Last day to extend the Closing Date of the New Entitlement Offer	Friday, 17 May 2024
Closing Date as at 3:00pm WST	Wednesday, 22 May 2024
Underwriter notified of under subscriptions	Friday, 24 May 2024
Sub-Underwriting Options Offer Opens	Friday, 24 May 2024
Announcement of results of Offers	Monday, 27 May 2024
Underwriter subscribes for Shortfall under terms of Underwriting Agreement	Tuesday, 28 May 2024
Sub-Underwriting Options Offer Closing Date	Tuesday, 28 May 2024
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the New Shares	Wednesday, 29 May 2024
Issue date of Attaching Options and Sub-Underwriting Options	Wednesday, 29 May 2024

*The above dates are indicative only and subject to change. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. Accordingly, the date the Securities are expected to commence trading on ASX may vary.

Withdrawal of Offers under Original Prospectus

The Company will lodge a supplementary prospectus with ASIC to withdraw the offers under the Original Prospectus. A copy can be downloaded from the Company's website at <https://vrxsilica.com.au/>. Shareholders who have already taken up the Original Entitlement Offer will be refunded in full as soon as practicable, without payment of interest in accordance with the Corporations Act.

This announcement has been authorised for release to ASX by the Board of Directors.

Further information:

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About VRX Silica Limited

VRX Silica Limited (ASX: VRX) is the most advanced pureplay silica sand company listed on the ASX, developing its 100% owned silica sand projects at Arrowsmith (North, Brand and Central), Muchea and Boyatup in Western Australia.

Silica sand is the most used commodity on the planet after air and water. It is the main ingredient in all types of glassmaking, including specialty solar panel and high-tech glass, and foundry casting. It is a finite resource that is running out, with the Asia-Pacific region experiencing an ever-growing supply shortfall that is driving up prices.

Arrowsmith is located 270km north of Perth. Arrowsmith North boasts a minimum 25-year mine life capable of producing more than 2Mt tonnes per year of high-grade (99.7% SiO₂)* silica sand for export to the foundry, container glass and flat glass markets in Asia, with permitting well advanced, and will lead production.

Muchea, located 50km north of Perth, is an ultra-high-grade (99.9% SiO₂)* silica sand project capable of producing sand required for ultra-clear glass for solar panels and other high-tech glass applications.

Boyatup, located 100km east of Esperance, is under development and capable of producing sand for the glass market.



*Information relating to grades are extracted from releases to ASX on 28 August 2019 and 11 November 2022 (Arrowsmith North) and 18 October 2019 (Muchea). The company is not aware of any new information or data that materially affects this information.