



VRXSILICA

ASX ANNOUNCEMENT

24 December 2018

Arrowsmith North Mining Lease Application

Highlights:

- **Mining Lease Application MLA70/1389 submitted for Arrowsmith North Prospect**
- **Includes Mineral Resource for silica sand within the MLA boundary of 73 Mt @ 97.7% SiO₂**
- **Prior testwork demonstrates that the Resource can be processed to glass-making quality sand**

VRX Silica Limited (**VRX Silica** or **Company**) (ASX: VRX) is pleased to announce the Company has lodged an application for its first silica sand Mining Lease at its Arrowsmith North prospect, which is contained within its Arrowsmith Silica Sand Project, located 270km north of Perth.

The included Resource is only a small portion of the total Resource of 193.6 Mt @ 98% SiO₂ but is expected to increase with deeper drilling than the hand-auger sampling previously undertaken to estimate the Resource.

This Resource is contained within the previously announced silica sand Resource at the Company's Arrowsmith North prospect, "Arrowsmith North Maiden Mineral Resource" of 2 October 2018.

VRX Silica Managing Director Bruce Maluish said: "Arrowsmith North is a prominent substantial dune system that can be mined and processed using conventional well established techniques."

"This Mining Licence application will enable us to apply for a Mining Permit early in the next year", said Maluish.

This is the first of three Mining Lease applications that the Company will lodge in the short term.

The Company recently announced that it has received interest from potential offtake partners for silica sand in quantities and grades that can be supplied from the Arrowsmith Silica Sand Project, "Three LOIs for Silica Sand Offtake" of 11 December 2018.

ASX: VRX

Capital Structure

Shares on Issue:
365 million

Unlisted Options:
63 million

Corporate Directory

Paul Boyatzis

Non-Executive Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive Director

John Geary

Company Secretary

Company Projects

Arrowsmith Silica Sands Project, 270km north of Perth, WA.

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

Biranup base metals and gold Project adjacent to the Tropicana Gold Mine, WA, (subject to option with MCT).

Warrawanda Nickel Project south of Newman, WA.

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

VRX Silica Limited

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The Arrowsmith North Mining Lease Application MLA70/1389 has an area of 1,728Ha, see Table 1 below, and covers part of the Exploration Licences E70/5027 and E70/5109, Figure 1, which were granted on 14/06/2018 and 14/08/2018 respectively.

Table 1: Arrowsmith North tenement details

| Tenement | Holders | Application date | Area (km ²) |
|------------|------------------------|------------------|-------------------------|
| MLA70/1389 | Ventnor Mining Pty Ltd | 21/12/2018 | 17.3 |

CSA Global has reported the Mineral Resource which is located within the MLA boundary and is summarised in Table 2, below.

Table 2: Arrowsmith North Silica Sand Mineral Resource estimate within MLA

| Classification | Million Tonnes | SiO ₂ % | Al ₂ O ₃ % | Fe ₂ O ₃ % | LOI% | TiO ₂ % |
|----------------|----------------|--------------------|----------------------------------|----------------------------------|------|--------------------|
| Inferred | 73.2 | 97.7 | 1.1 | 0.4 | 0.5 | 0.2 |

* Note: Mineral Resources are reported only from within the VRX nominated MLA and form a subset of the total Arrowsmith North Mineral Resources as reported to the ASX on 2 October 2018. Differences may occur due to rounding.

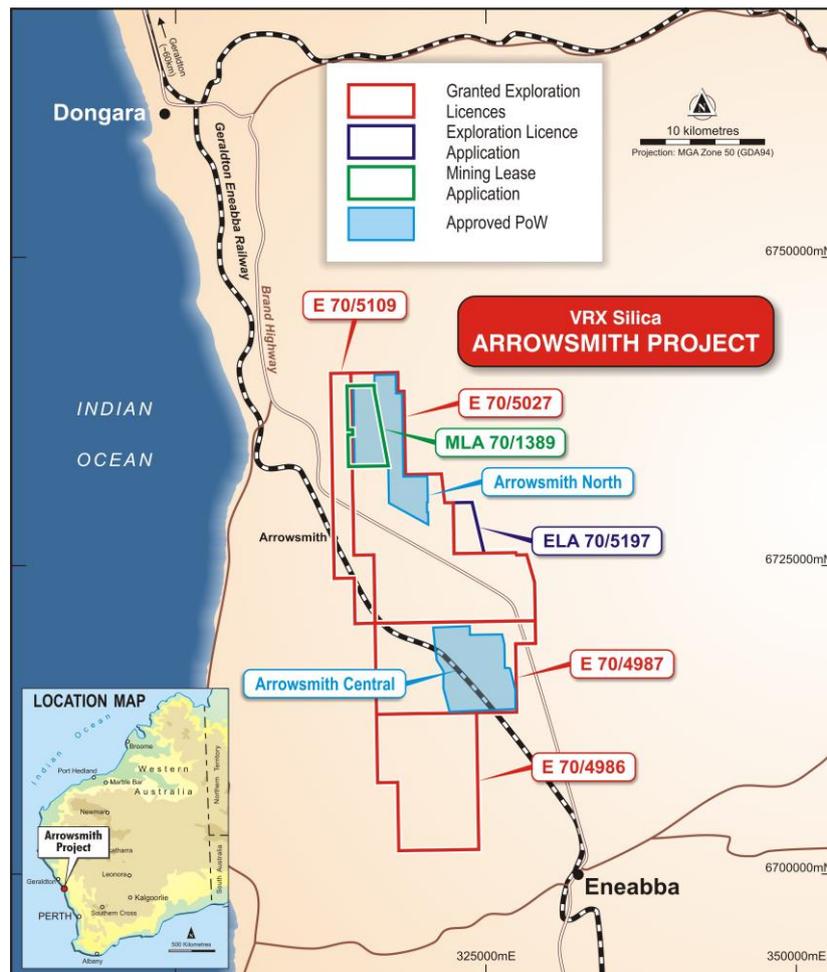


Figure 1: Arrowsmith Silica Sand Project Location

Future Work

A Programme of Works for aircore drilling has been approved by DMIRS and the Aboriginal Heritage Survey has been completed. This drilling, which will improve the JORC classification, deepen and extend the current Mineral Resource, is expected to be completed in the March Quarter 2019.

Competent Persons Statements

The information in this Report that relates to Arrowsmith Exploration Results is based on data collected under the supervision of Mr David Reid, in his capacity as Exploration Manager. Mr Reid, BSc (Geology), is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person under the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reid consents to the inclusion of the data in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Grant Louw who is a full-time employee of CSA Global, under the direction and supervision of Dr Andrew Scogings who is an Associate of CSA Global. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is a Registered Professional Geologist in Industrial Minerals. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration results, Mineral Resources, and Ore Reserves (JORC Code). Dr Scogings consents to the disclosure of information in this report in the form and context in which it appears.

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About VRX Silica

VRX Silica Ltd (**VRX Silica**) (**ASX: VRX**) has significant silica sand projects with four granted exploration licences and one application pending over the Arrowsmith Silica Sand Project, located 270km north of Perth, Western Australia, and one granted exploration licence and one application pending over the Muchea Silica Sand Project, 50km north of Perth, which complements Arrowsmith with additional significant silica sand resources. Initial testwork has confirmed that the silica sand at both Projects can be upgraded to glassmaking quality. Further work is underway on both projects to enable feasibility studies to be completed.

VRX Silica also has granted tenements at its Biranup Project, adjacent to the Tropicana Gold Mine in Western Australia's Goldfields that are prospective for gold and base metals, which are currently under option for partial sale and farm-in joint venture.

Also, in Western Australia, 40km south of Newman, is VRX Silica's Warrawanda Nickel Project, which is prospective for nickel sulphides.

Proven Management

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

Project Locations

