4 February 2019

ASX ANNOUNCEMENT

Acquisition of Boyatup Silica Sand Project

Highlights:

- *Company acquires 100% ownership of Boyatup Silica Sand Project*
- *Boyatup complements the Company's substantial holdings at Muchea and the Arrowsmith Silica Sand Project*
- *Boyatup will provide an addition to potential products and buyers*

VRX Silica Limited (**VRX Silica** or **Company**) (ASX: VRX) is pleased to announce the Company has completed an agreement with Silatec Pty Ltd (the vendors) for the acquisition of the Boyatup Silica Sand Project (Boyatup) located on E69/3560 which has a total area of 105.7 km².

VRX Silica will issue two million of the Company's ordinary fully paid shares plus $10,000 in full consideration for the acquisition of Boyatup which consists of a single tenement, E69/3560.

The project is located 100km east of the port town of Esperance, (Figure 1. below) and is connected to the Esperance Bulk Port via a sealed road which by-passes the city of Esperance.

"The Boyatup deposit is subtlety different to the Company's Arrowsmith and Muchea Silica Sand Projects and can provide yet another option in the product range that the Company can market in Asia", said Managing Director Bruce Maluish.

The Company will conduct a first pass drill program following an Aboriginal Heritage study on the granted PoW drill sites. The drill program will also provide adequate sample for a preliminary testwork program to determine the final sand quality, a preferred process circuit design and supply potential product samples to be forwarded to interested buyers.

The Company, and its International Marketing Manager have now compiled a significant number of potential buyers for glass making and foundry industry raw materials.

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.

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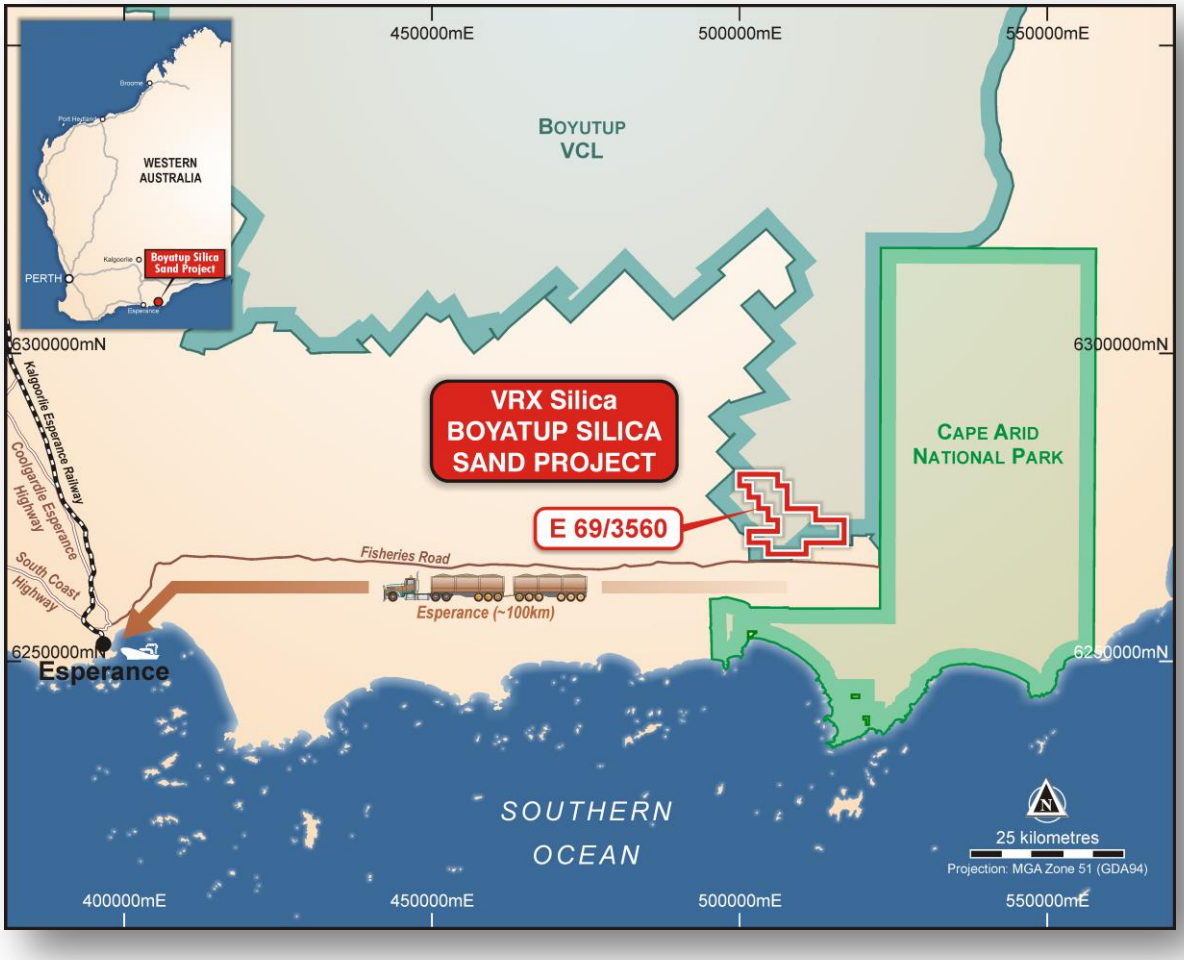

Figure 1. Boyatup Location

The tenement is almost totally covered by vacant crown land (VCL), only a very small section is over farming freehold land which is of no interest.

The Esperance Deep Water Bulk Port has been the exit port for bulk nickel and iron ore commodities and can load ships of up to 200,000 tonnes.

During a Due Diligence site visit in September 2018 VRX Silica personnel noted the similarity to the Company's Arrowsmith and Muchea experience in that the vegetation is low banksia heath, (Figure 2. below), and shows pervasive sand coverage over a possible laterite layer.

Figure 2. Project Vegetation

Currently access is limited however a 4.5m hand auger hole was sampled each metre down hole which showed the sand to be fine and pale yellow, with some laterite layers and ended in a stronger laterite layer (see Figure 3. below).

Figure 3. Hand Auger Sand

The vendor sampled about 1.4km south of the VRX Silica. The two samples returned very different results, (see Table below) in both grade and particle size. The vendor sample was a cleaner sand, white in appearance and very fine, and 6.2% was sized between 0.100 mm to 0.300mm and evenly distributed. This sample demonstrates the variability of the sand distribution in the project area.

The Company has only a preliminary understanding of the geology at Boyatup from historic data but earlier work indicates the origins of the sands as being distinctly aeolian in certain parts of the tenement and sub-marine in other parts.

VRX Sample

East	North	ELEMENTS	Al_2O_3	CaO	Fe2O3	K2O	MgO	Na2O	TiO2	LOI_{1000}	$SiO_{2\ Calc.}$	$SiO_{2\ Calc.}$ +LOI
MGA Z51	MGA Z51	UNITS	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%
511839	6269765	0 - 1	8,705	114	2,652	373	207	142	1,306	0.51	98.13	98.64
		1 - 2	5,069	X	1,678	309	156	119	1,213	0.38	98.76	99.14
		2 - 3	3,034	X	1,287	252	116	105	1,238	0.16	99.23	99.39
		3 - 4	4,340	X	1,517	296	158	113	1,258	0.23	99.00	99.23
		4 - 4.5	41,048	196	7,458	1,184	940	460	2,663	1.89	92.70	94.59

ELEMENTS	Size	Al_2O_3	CaO	Fe2O3	K2O	MgO	Na2O	TiO2	LOI_{1000}	$SiO_{2\ Calc.}$	$SiO_{2\ Calc.}$ +LOI
Sieve Size	%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	%	%
+1180um	4%	38,569	309	15,706	883	664	416	2,316	2.94	91.15	94.09
+850um	1%	11,334	346	6,168	318	471	394	1,245	1.3	96.66	97.96
+600um	2%	10,911	185	4,275	323	305	246	1,135	0.83	97.43	98.26
+425um	2%	3,119	139	1,295	173	166	192	718	0.31	99.11	99.42
+300um	5%	1,804	X	704	104	90	133	586	0.23	99.43	99.66
+212um	54%	3,786	106	1,325	178	99	103	1,037	0.26	99.07	99.33
+150um	3%	2,776	114	1,154	119	139	141	815	0.27	99.20	99.47
+106um	6%	3,050	105	1,180	140	86	130	1,059	0.18	99.24	99.42
+75um	3%	3,525	142	1,590	222	174	194	2,833	0.39	98.74	99.13
+53um	2%	7,593	282	2,830	981	313	536	5,739	0.52	97.64	98.16
-53um	19%	11,132	267	4,062	696	262	224	1,709	0.78	97.38	98.16

Vendor Sample

East	North	Sizing	Size	Al_2O_3	CaO	Fe2O3	K2O	MgO	Na2O	TiO2	LOI_{1000}	$SiO_{2\ Calc.}$	$SiO_{2\ Calc.}$ +LOI
MGA Z51	MGA Z51		%	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	
510768	6268804	RAW		1,478	<100	339	247	55	103	886	0.20	99.49	99.69
		300 to 210um	13.6	668	<100	150	<40	55	<40	457	0.13	99.74	99.87
		+150um	28.6	928	<100	180	46	45	<40	567	0.12	99.70	99.82
		+100um	34.0	1,115	<100	209	74	65	46	657	0.15	99.63	99.78
		+75um	12,2	2,185	136	398	331	113	126	1,660	0.35	99.15	99.50

A PoW has been approved for a drill program. The program will test 4,900Ha area in the centre of the tenement using 113 x 10m deep aircore holes on a 1km x 400m pattern. It is designed to ascertain a view of the sand coverage, and gain sample for bulk testwork. Initial spacing will be 1km x 800m which will be adequate for an Inferred Resource and get enough sample for testwork.

Native Title

The Project comes under the Esperance Nyungar Government ILUA W12014/006 which is represented by the Goldfields Land and Sea Council. The tenement holders Silatec have signed a standard heritage agreement with the Claimant Group. Conditions are similar to other Company agreements.

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.

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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.

The Boyatup Silica Sand Project will add to the silica products the Company will produce.

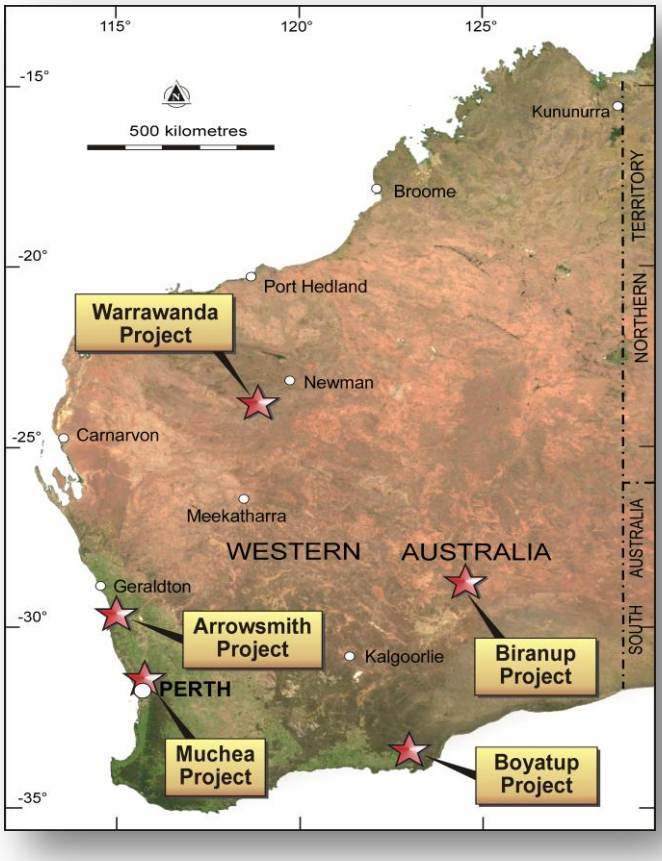
VRX Silica also has granted tenements at its Biranup Project, adjacent to the Tropicana Gold Mine in Western Australia's Goldfields that are prospective for gold and base metals, which are currently under option for partial sale and farm-in joint venture.

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



APPENDIX 1 – JORC 2012 Table 1

Section 1: Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	**VRX Silica** - Auger drill samples are 1m down hole intervals with sand collected in a calico bag with a ~200g sub-sample submitted to the Intertek Laboratory in Maddington, Perth for drying, splitting (if required), pulverisation in a zircon bowl and a specialised silica sand 4 Acid digest and ICP analysis. A composite was generated for particle size distribution analysis. **Silatec** – The Vendor took a single sample of ~3kg taken with a post hole auger and submitted to the Intertek Laboratory in Maddington, Perth for drying, splitting (if required), pulverisation in a zircon bowl and a specialised silica sand 4 Acid digest and ICP analysis. A particle size distribution analysis was also completed. The targeted mineralisation is unconsolidated silica sand dunes, the sampling techniques are “industry standard”. Due to the visual nature of the material, geological logging of the drill material is the primary method of identifying mineralisation.
Drilling techniques	A 100mm diameter screw auger was used.
Drill sample recovery	All material recovered from the hole is collected. No relationship is evident between sample recovery and grade.
Logging	Geological logging of drill samples is done by the field geologist.
Subsampling techniques and sample preparation	**VRX Silica** - Auger drill material is collected in calico bag with a ~200g sub-sample submitted to the laboratory. The sample size is considered appropriate for the material sampled. The 200g samples are submitted to the Intertek Laboratory in Maddington, Intertek use a zircon bowl pulveriser to reduce the particle size to -75µm. **Silatec** – Subsampling techniques are unknown.
Quality of analytical data and laboratory tests	Samples were submitted for analysis to the Intertek Laboratory in Maddington in Perth WA. The assay methods used by Intertek are as follows: multi-elements are determined by a specialised four-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon tubes. Analysed by Inductively Coupled Plasma Mass Spectrometry, silica is reported by difference. The assay results have also undergone internal laboratory QAQC, which includes the analysis of standards, blanks, and repeat measurements.
Verification of sampling and analyses	Samples are from reconnaissance single holes and are therefore taken on face value.
Location of data points	Drill hole locations were measured by hand-held GPS with the expected relative accuracy; GDA94 MGA Zone 51 grid coordinate system is used. The reduced level (RL) of the drilling collars is generated from publicly available SRTM data. The SRTM data is compared to the available Landgate Geodetic Survey Marks to validate the data that it is appropriate for use.
Data spacing and	The Auger holes were completed along an existing track.

Criteria	Commentary
distribution	No sample compositing (down hole) has been done.
Orientation of data in relation to geological structure	Sampling is being done on aeolian sand dunes the auger orientation is therefore considered appropriate.
Sample security	**VRX Silica** - All samples are selected onsite under the supervision of VRX Silica Geological staff. Samples are delivered to the Intertek laboratory in Maddington. Intertek receipt received samples against the sample dispatch documents and issued a reconciliation report for every sample batch. **Silatec** – Unknown.
Audits or reviews	There has been no audit or review of sampling techniques and data yet.

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	Auger drilling was done on Tenement E69/3560 which is held by Silatec Pty Ltd, VRX Silica has agreed to purchase 100% of the tenement. The tenement was granted on 17/04/2018, and all drilling was conducted on Vacant Crown Land.
Exploration done by other parties	Minor exploration for bauxite and heavy minerals has been completed by various Companies. No exploration for silica sand has been done.
Geology	The targeted silica sand deposits are aeolian sand dunes and marine deposits.
Drillhole information	Sample and drillhole coordinates are provided in the body of this report.
Data aggregation methods	Not relevant
Relationship between mineralisation widths and intercept lengths	Not relevant. The auger holes are single reconnaissance holes only.
Diagrams	Refer to figures within the main body of this report.
Balanced reporting	This is considered a balance report.
Other substantive exploration data	Geological observations are consistent with aeolian dune mineralisation. The mineralisation is unconsolidated sand.
Further work	An Aircore drilling program is required to determine the sand coverage and depth.