



VRX Silica Limited

ACN 142 014 873

PROSPECTUS

**For the offer of up to 2,000 Shares
each at an issue price of \$0.12.**

**THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 708A(11) OF THE CORPORATIONS ACT 2001
FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE CONSIDERATION SHARES**

THIS OFFER CLOSSES AT 5.00PM WST ON 20 FEBRUARY 2019.

VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

**Please read the instructions in this Prospectus and on the accompanying Application Form prior
to applying for Shares under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE
READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL
ADVISER WITHOUT DELAY.**

THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

1. Important Information

This Prospectus is dated 14 February 2019. A copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 1, 6 Thelma Street, West Perth, WA, Australia, 6005, during normal business hours. The Company will also provide copies of other documents on request (see Section 6.3).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the Shares offered by this Prospectus.

Applications for Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

The Company is a disclosing entity listed on the ASX and this Prospectus is issued under section 713 of the Corporations Act 2001 (Cth) in reliance on information previously disclosed to the ASX by the Company. It does not contain, by itself, all information that would be contained in a prospectus for an initial public offering or all information relevant to a decision to invest in the Company.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. The Shares offered by this Prospectus should be considered speculative.

Please refer to Section 4 for details relating to investment risks.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

2. Corporate Directory

Directors

Mr Paul Boyatzis (Non Exec. Chairman)
Mr Bruce Maluish (Managing Director)
Mr Peter Pawlowitsch (Non Exec. Director)

Share Registry*

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
PERTH WA 6000

Company Secretary

Mr John Geary

Registered Office

Level 1
6 Thelma Street
WEST PERTH WA 6005

Telephone: +61 (0) 8 9226 3780
Facsimile: +61 (0) 8 9226 3764

ASX Code: VRX

Website: www.vrxsilica.com.au

*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

3. Details of the Offer

3.1 The Offer

The Company is offering pursuant to this Prospectus 2,000 Shares each at an issue price of \$0.12 per Share (**Offer**).

There is no minimum amount sought to be raised by the Offer. There is no provision for oversubscriptions.

The Offer is not underwritten.

Refer to Section 6.1 for a summary of the rights attaching to the Shares.

3.2 Purpose of the Offer

On 4 February 2019, the Company announced the issue of 2,000,000 Shares (**Consideration Shares**) in connection with the Company's acquisition of the Boyatup Project (**Acquisition**) to the vendors of the Boyatup Project. The Shares will be issued without a disclosure document pursuant to section 708 of the Corporations Act and without Shareholder approval in accordance with the Company's 15% issue capacity under Listing Rule 7.1.

This Prospectus has been issued to facilitate secondary trading of the Consideration Shares as they will be issued without disclosure to investors under Part 6D.2 of the Corporations Act. A prospectus is required under the Corporations Act to enable persons who are issued these Shares to on-sell them within 12 months of their issue. The Company is not issuing these Shares with the purpose of the persons to whom they are being issued selling or transferring their Shares or granting, issuing or transferring interests in them within 12 months of the issue, however this Prospectus provides them with the ability to do so should they so wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Consideration Shares does not breach Section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in Section 708A(11) of the Corporations Act.

3.3 Opening and Closing Dates

The Company will accept Application Forms from the date of this Prospectus until 5.00pm WST on the Closing Date, being 20 February 2019, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

3.4 Application for Shares

If you wish to subscribe for Shares pursuant to the Offer, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Board's discretion, in accordance with the instructions in the Application Form. Completed Application Forms and Application Monies must be received by the Company prior to 5.00pm WST on the Closing Date. Cheques must be made payable to "VRX Silica Limited" and crossed "Not Negotiable". All cheques must be in Australian currency. Application Forms should be mailed or delivered to VRX Silica Limited, Level 1, 6 Thelma Street, West Perth WA 6005.

If you are in doubt as to the course of action, you should consult your professional advisor.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding Application for Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final.

3.5 Application Monies

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

3.6 Issue of Shares

The Company may issue the Shares progressively as Applications are received and in any event, will issue all Shares as soon as possible after the Closing Date.

Shareholder statements will be dispatched, as soon as possible after the issue of the Shares. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

3.7 ASX quotation

Application will be made to ASX no later than seven days after the date of this Prospectus for the Official Quotation of the Shares offered under the Offer. If permission is not granted by ASX for the Official Quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

3.8 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

3.9 Residents outside Australia

This Prospectus, and the accompanying Application Form, do not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

3.10 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are set out in Section 4.

3.11 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

3.12 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2018 is in the Company's Annual Report which was lodged with ASX on 28 September 2018 and is available at www.asx.com.au.

The Company's continuous disclosure notices (i.e. ASX announcements) since 28 September 2018 are listed in Section 6.3.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

3.13 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on 08 9226 3780.

3.14 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure

statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

4. Risk Factors

An investment in the Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and holders of its Securities are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statement will eventuate.

The selection of risks contained in this Section has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Shares.

4.1 Specific risks associated with the Company

(a) Muchea Tenement risk

The Muchea Tenement was acquired by Australian Silica from two individuals, Aaron Banks and Michael Galea and subsequently acquired by Wisecat, now the Company's subsidiary.

The Company has become aware that certain allegations have been made by Mr Galea against Australian Silica and Mr Banks in connection with the transfer of Mr Galea's 50% in the Muchea Tenement to Australian Silica (namely, alleged misrepresentation as to the assets held by Australian Silica and alleged misleading and deceptive conduct inducing Mr Galea into the sale and purchase agreement for the sale of the Muchea Tenement to Australian Silica) and claiming that Mr Galea could apply to the Court for orders declaring the agreement void, preventing the agreement from being enforced, damages or compensation, or rescission of the agreement. Australian Silica and Mr Banks have received no notice of formal proceedings having been issued in respect of the matter. The Company has been informed that both Australian Silica and Mr Banks strongly deny the allegations.

No legal proceedings have been threatened or commenced against the Company or Wisecat. However, there is a risk that Mr Galea may seek to join the Company or Wisecat in any proceedings if commenced against Australian Silica and/or Mr Banks. It is likely that the Company would vigorously defend such proceedings and development of the Muchea Project may be delayed as a consequence. There are a number of potential outcomes that could flow from such proceedings, including the proceedings being successfully defended, an order being made for damages or compensation, or an order declaring the agreement void precipitating the unravelling of the acquisition of the Muchea Tenement by Australian Silica and any transfer of the Muchea Tenement to Wisecat.

To mitigate this risk, the Company has entered into a further deed of agreement with Australian Silica and Mr Banks which takes effect if the contract for the sale of the Muchea Tenement to Australian Silica is unwound such that the original Muchea Tenement holders are the registered holders of the Muchea Tenement as to 50% each (but without making any admission by any party whatsoever in any dispute with Mr Galea). Under these arrangements, upon this deed of agreement taking effect, Mr Banks will sell his 50% share in the Muchea Tenement to Australian Silica which in turn will forthwith sell that interest to the Company or its nominee for the equivalent of 63.75% of the consideration paid under the transfer to Wisecat, and otherwise on the same terms.

In the event that the contract for the sale of the Muchea Tenement is unwound as described above, this is likely to have a material adverse effect on the business and financial position of the Company as, not only could it result in significant expense to the Company and cause a distraction to management, the Company, via its ownership of Wisecat, will not be in a position to purchase the entirety of the Muchea Tenement and development of the Muchea Project may be hampered as a consequence. However in those circumstances the Company may be able to seek redress via a claim for damages against Australian Silica and Mr Banks.

(b) Title risk

Mining tenements are governed by the respective State legislation and each tenement is held for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. The grant or maintenance of licences and obtaining renewals often depends on the Company being successful in obtaining the required regulatory approvals for its proposed activities. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

(c) Granting of licences, permits etc

The Company will require numerous governmental, environmental, mining permits, water rights and approvals authorising operations for mining and processing facilities. A decision by a governmental agency or other third party to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on the ability to continue operations. Furthermore, state and local governments could impose a moratorium on mining operations in certain areas. Expansion of operations is also predicated on securing the necessary environmental or other permits, water rights or approvals, which may not be received in a timely manner or at all.

(d) Exploration and Development Risks

Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future will result in the

discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(e) Resource and Reserve Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Reserve and resource estimates are expressions of judgment based on drilling results and other exploration observations, along with a competent person's experience working with relevant mining properties, and other factors. Estimates based on available data and interpretations and thus estimations may prove to be inaccurate or may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources.

Reserves are value based financial and operational forecasts and, consequently, the actual reserves and resources may differ from those estimated either positively or negatively.

(f) Operational Risks

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(g) Environmental Risks

The operations and proposed activities of the Company are subject to regulations concerning the environment. The government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds, and the Company will require approval from the relevant authorities before it can undertake such activities. The

Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Environmental matters applicable to the Arrowsmith Project, Boyatup Project and Muchea Project are within the remit of Commonwealth and State authorities, including under legislation in the form of the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (**EPBC Act**) and the Environmental Protection Act 1986 (WA). The Company will need to seek pre-approval on environmental matters for any mining operations and the Environmental Protection Authority will, among other things, assess the impact of proposed activities on flora and fauna and matters of national environmental significance under the EPBC Act as part of an accredited assessment. The Muchea Project area in particular is likely to contain flora of conservation significance (including Banksia and Marri woodlands) and threatened and endangered fauna (including Carnaby's black cockatoo).

The assessment process requires interaction between Commonwealth and State authorities and there is no fixed time for the process to complete. Significant delays in the process can potentially have a material adverse effect on the Company's business, financial condition and operations and affect the Company's ability to pursue the projects. In addition, there is no guarantee that the assessments undertaken by these authorities will be favourable or the approvals sought will be granted. Failure to obtain such approvals will prevent the Company from undertaking its desired activities and this will have a material adverse effect on the Company's business, financial condition and operations.

The Muchea Project area lies outside existing conservation reserves, however under the Western Australian Government's proposed "Green Growth Plan" for the streamlining of Commonwealth and State land use approvals (as part of the Strategic Assessment of the Perth and Peel Regions (**SAPPR**)) the Muchea Project falls partly within a "Phase 1 additional conservation area" with the remainder falling within a "Phase 2 potential conservation reserve area". Notwithstanding that work on the SAPPR has been put on hold by the State Government pending a critical review of the costs, risks and benefits for the State of the Green Growth Plan, as part of its environmental approvals process for the Muchea Project the Company may be required to seek a re-evaluation of these additional and potential conservation areas, which is a process that may take a significant period of time. Again, significant delays in the process can potentially have a material adverse effect on the Company's business, financial condition and operations and affect the Company's ability to develop the Muchea Project. In addition, there is no guarantee that any re-evaluation sought will be forthcoming and this may have a material adverse effect on the value of the Muchea Project and the Company's business, financial condition and operations generally.

Future legislation and regulations governing mineral exploration and production may impose significant environmental obligations on the Company. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(h) Metallurgy

Mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable product;
- (ii) developing an economic process route to produce a product; and
- (iii) changes in mineralogy in the deposit can result in inconsistent recovery, affecting the economic viability of a project.

(i) Changes to glassmaking industry in Asia

Prices for silica sand will be subject to glass demand in Asia. A reduction in flat glass and/or container glass production would generally depress the demand, development, production, and mining activity for silica sand the Company may produce. Such a decline could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

The development and use of new technology for effective alternatives for glass, or the development of new processes to replace silica sand, could also cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(j) Changes to demand for silica sand generally

Demand for silica sand products can be affected generally by advances in industry and the development and use of new technology or new processes that reduce or eliminate the need for silica sand products, including as a material for metal casting, metallurgical processes, chemical production, paint and coatings, ceramics, filtration and water production and proppant.

Such events could cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(k) Fluctuations in market pricing

Supply agreements involving the sale of silica sand products have market-based pricing mechanisms. Accordingly, in periods with decreasing prices, results of operations may be lower than if agreements had fixed prices. In periods with increasing prices, some agreements may permit an increase in prices; however, some customers may elect to cease purchasing products if they do not agree with price increases or are able to find alternative, cheaper sources of supply. Furthermore, certain volume-based supply agreements may influence the ability to fully capture current market pricings. These pricing provisions may result in significant variability in results of operations and cash flows from period to period.

(l) A significant reduction in purchases by major buyers

Major customers may not continue to purchase the same levels of products in the future due to a variety of reasons. The Company is likely to sell products to customers on a purchase order basis and pursuant to supply agreements that will contain customary termination provisions for bankruptcy related events and uncured breaches of the

applicable agreement. If any of these major customers substantially reduces or altogether ceases purchasing products and the Company is not able to generate replacement sales into the market, the business, financial condition, and results of operations could be adversely affected for a short-term period until such time as the Company can generate replacement sales in the market.

(m) Credit risk of major international export customers

The Company is subject to the risk of loss resulting from non-payment or non-performance by customers, many of whose operations are concentrated solely in the Asian market which is subject to volatility and therefore credit risk. Credit procedures and policies may not be adequate to fully reduce customer credit risk. If the Company fails to adequately assess the creditworthiness of customers or unanticipated deterioration in their creditworthiness, any resulting increase in non-payment or non-performance by them and the inability to re-market or otherwise use the production could have a material adverse effect on the Company's business, financial condition, and results of operations.

(n) Increasing logistics costs for rail, port and shipping

Transportation and handling costs are a significant component of the total delivered cost of products. In many instances, transportation costs can represent 50% to 60% of the delivered cost of silica sand. The high relative cost of transportation could favour suppliers located in close proximity to the customer. The Company will contract with rail, wharf and ship services to move products from the production facilities to customers. Labour disputes, derailments, adverse weather conditions or other environmental events and other changes to rail freight systems could interrupt or limit available transportation services or result in a significant increase in transportation service rates. Increased costs resulting from these types of events that the Company is not able to pass on to customers could impair the ability to deliver the products economically to customers or to expand the markets.

(o) Maintaining effective quality control at the mining and processing operation

The performance and quality of the products are critical to the success of the business. These factors depend significantly on the effectiveness of the quality control systems, the quality-training program, and the ability to ensure that employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of the quality control systems could have a material adverse effect on the Company's business, financial condition, results of operations, and reputation.

(p) Interruptions or failures in information technology systems

The Company's operations may rely on sophisticated information technology systems and infrastructure to support the business, including process control technology. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, usage errors by employees, computer viruses, cyber-attacks or other security breaches, or similar events. The failure of any of the information technology systems may cause disruptions in operations, which could adversely affect product supply, sales and profitability.

(q) Extreme seasonal weather conditions

Unexpected weather conditions may result in having insufficient stockpiles to supply feedstock for rail and ship operations and result in being unable to satisfy customer

requirements during these periods. As a result of potential seasonal supply impacts, cash flows from operations can fluctuate if plant operations must remain shut down due to extreme weather conditions.

(r) Insurance Risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(s) Key Personnel

The ability of the Company to achieve its objectives depends on the retention of key employees and contractors who constitute its technical panel and provide technical expertise. If the Company cannot secure technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Company believes that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(t) Shortage of labour or labour disputes

Efficient mining using modern techniques and equipment requires skilled operators, preferably with several years of experience and proficiency in multiple mining tasks, including processing of mined minerals. If a shortage of experienced labour is encountered or subject to labour disputes or if the Company is unable to train the necessary number of skilled operators, there could be an adverse impact on productivity and costs and the ability to maintain production. An inability to maintain good relations with the workforce could cause a material adverse effect on the operations and financial position.

(u) No Profit To-Date

The Company has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. As the Company intends to continue investing in exploration and development program, the Company anticipates making further losses in the foreseeable future.

While the Company has confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(v) Changes in laws and regulations related to mining and processing

Mining operations are subject to a variety of federal, state and local regulatory legislative requirements affecting the mining and mineral processing industry, including among others, those relating to employee health and safety, environmental permitting and

licensing, air and water emissions, greenhouse gas emissions, water pollution, waste management, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials, and natural resources. Some environmental laws impose substantial penalties for non-compliance, and liability for the remediation of releases of hazardous substances. Liability under federal and state laws, may be imposed as a result of conduct that was lawful at the time it occurred or for the conduct of, or conditions caused by, prior operators or other third parties. Failure to properly handle, transport, store or dispose of hazardous materials or otherwise conduct operations in compliance with environmental laws could expose us to liability for governmental penalties, cleanup costs and civil or criminal liability associated with releases of such materials into the environment, damages to property or natural resources and other damages, as well as potentially impair the ability to conduct operations. In addition, future environmental laws and regulations could restrict the ability to expand the facilities or extract mineral reserves or could require the Company to acquire costly equipment or to incur other significant expenses in connection with business. Future events, including changes in any environmental requirements (or their interpretation or enforcement) and the costs associated with complying with such requirements, could have a material adverse effect on the Company.

(w) Facility shutdowns due to environmental regulatory actions

Any failure by the Company to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact operations and financial condition, including issuance of administrative, civil, and criminal penalties denial, modification, or revocation of permits or other authorisations, imposition of injunctive obligations or other limitations on operations, including cessation of operations; and requirements to perform site investigatory, remedial, or other corrective actions.

(x) Commodity Price Volatility and Foreign Exchange Risk

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include a reduction in demand for silica sand, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Furthermore, international prices of various commodities are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(y) Native title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their

traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with. The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(z) **Future Capital Needs and Additional Funding**

The Company's growth through its proposed and future drilling and exploration campaigns may require substantial expenditure. There can be no guarantees that the Company's cash reserves will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

Any additional equity financing may be dilutive to the Company's existing shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy, and may restrict the ability to finance future operations or capital needs or to engage in, expand, or pursue the business activities. The ability to obtain financing or to access the capital markets for future equity or debt offerings may be limited by the financial conditions at the time of any such financing or offering, the covenants contained in credit facilities, term loans or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond our control. Failure to obtain the funds necessary to maintain, develop, and increase the asset base, could adversely impact the Company's growth and profitability. Even if the Company is able to obtain financing or access the capital markets, incurring debt will incur interest expense and increase financial leverage, and the level of indebtedness could restrict the ability to fund future development and acquisition activities.

4.2 General Risks

(a) **Economic Risk**

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company may acquire mineral assets.

(b) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests may affect the viability and profitability of the Company.

(c) Risk of litigation, claims and disputes

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by contract counterparties, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation. The Company is not aware of any legal proceedings pending or threatened against it or any of its subsidiary companies, however does note the risk of legal proceedings in respect of the Muchea Tenement as set out in paragraph (b) above under "Specific Risks".

(d) Global credit and investment markets

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and resources securities in particular. Neither the Company, nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

4.3 Investment speculative

An investment in the Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. The prices at which an investor may be able to trade the Shares may be above or below the price paid for the Shares. Prospective investors must make their own assessment of the likely risks and determine whether an investment in the Company is appropriate to their own circumstances.

5. Effect of the Offer

5.1 Capital Structure on completion of the Offer

	Number of Shares	Number of Unlisted Options
Balance at the date of this Prospectus	364,653,201	63,000,000 ⁽¹⁾
Consideration Shares	2,000,000	-
To be issued under the Offer	2,000	-
Total following the Offer and issue of Consideration Shares	366,655,201	63,000,000

Notes:

(1) Comprises:

- (a) 1,000,000 unlisted Options each exercisable at \$0.028 on or before 31 October 2019.
- (b) 5,000,000 unlisted Options each exercisable at \$0.028 on or before 28 November 2019.
- (c) 15,250,000 unlisted Options each exercisable at \$0.072 on or before 30 November 2020.
- (d) 25,000,000 unlisted Options each exercisable at \$0.10 on or before 30 June 2021.
- (e) 5,750,000 unlisted Options each exercisable at \$0.10 on or before 30 November 2021.
- (f) 11,000,000 unlisted Options each exercisable at \$0.217 on or before 30 November 2020.

5.2 Pro forma statement of financial position

Basis of Preparation

The pro-forma statement of financial position has been prepared in accordance with the ASIC Regulatory Guide to Disclosing non-IFRS Financial Information (issued December 2011).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the audited statement of financial position as at 30 June 2018 that has then been adjusted to reflect the material transactions in the notes below.

VRX SILICA LIMITED

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited at 30 June 2018	Subsequent Events	Pro-forma Adjustments	Pro-forma Unaudited 30 June 2018
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and cash equivalents	276,936	2,377,127	(17,850)	2,636,213
Trade and other receivables	153,547	-	-	153,547
Total Current Assets	430,483	2,377,127	(17,850)	2,789,760
Non-Current Assets				
Trade and other receivables	45,184	-	-	45,184
Plant and equipment	4,546	-	-	4,546
Deferred exploration expenditure	2,634,453	5,100,800	220,000	7,955,253
Total Non-Current Assets	2,684,183	5,100,800	220,000	8,004,983
Total Assets	3,114,666	7,477,927	202,150	10,794,743
LIABILITIES				
Current Liabilities				
Trade and other payables	200,449	-	-	200,449
Provisions	74,304	-	-	74,304
Total Current Liabilities	274,753	-	-	274,753
Total Liabilities	274,753	-	-	274,753
Net Assets	2,839,913	7,477,927	202,150	10,519,990
EQUITY				
Issued capital	21,448,698	6,801,927	202,150	28,452,775
Reserves	1,923,506	1,971,850	-	3,895,356
Accumulated losses	(20,532,291)	(1,295,850)	-	(21,828,141)
Total Equity	2,839,913	7,477,927	202,150	10,519,990

Subsequent events

Subsequent to 30 June 2018, the following transactions and events occurred:

- (a) on 1 August 2018, the issue of:
 - (i) 36,550,000 Shares at \$0.06 to raise \$2,193,000 under a placement to professional and sophisticated investors, less costs of \$23,073;

- (ii) 8,333,333 Shares to Goldfire Enterprises Pty Ltd for the acquisition of Wisecat;
 - (iii) 10,000,000 Shares to Australian Silica as tranche 1 of the consideration for Wisecat's acquisition of the Muchea Tenement;
- (b) on 19 September 2018, the issue of:
- (i) 3,450,000 Shares at \$0.06 to raise a further \$207,000 from Directors following Shareholder approval for their issue in connection with the placement to professional and sophisticated investors conducted on 1 August 2018;
 - (ii) 55,000,000 Shares as tranche 2 of the consideration for Wisecat's acquisition of the Muchea Tenement;
 - (iii) 20,000,000 Options, at an issue price of 0.001 cent per option and each exercisable at 10 cents on or before 30 June 2021, as tranche 2 of the consideration for Wisecat's acquisition of the Muchea Tenement; and
 - (iv) 5,000,000 Options, exercisable at 10 cents on or before 30 June 2021, to Goldfire Enterprises as a facilitate fee in connection with the acquisition of the Muchea Tenement.
- (c) on 25 September 2018 and 22 November 2018, the issue of an aggregate 5,750,000 Options, exercisable at 10 cents on or before 30 November 2021, to consultants and employees of the Company under the Company's employee incentive scheme; and
- (d) on 4 December 2018, the issue of 11,000,000 Options, exercisable at 21.7 cents on or before 30 November 2021, to Directors following Shareholder approval for their issue.

Pro-forma Adjustments

The pro forma statement of financial position has been prepared based on the audited statement of financial position as at 30 June 2018 that has been adjusted to reflect the following transactions and events:

- (a) Issue of 2,000,000 Shares and payment of \$10,000 in consideration for the Acquisition; and
- (b) Issue of 2,000 Shares at \$0.12 to raise \$240 (before costs of the Offer of \$8,090).

5.3 Market price of Shares

The Shares were suspended from quotation on ASX from 2 February 2018 and were reinstated for quotation by ASX on 2 August 2018.

The last market sale price of the Shares on ASX immediately preceding the date of this Prospectus was \$0.10. The lowest market sale price on ASX since reinstatement was \$0.056 on 14 August 2018 and the highest was \$0.19 on 20 and 26 November 2018.

5.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6. Additional Information

6.1 Rights attaching to Shares

A summary of the rights attaching to Shares in the Company is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution will be provided by the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company, every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) Partly paid Shares

The Directors may, subject to compliance with the Constitution, the Corporations Act and Listing Rules, issue partly paid shares upon which there are outstanding amounts payable. These shares will have limited rights to vote and to receive dividends.

(g) Dividends

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (excluding any amount paid in advance of calls) bears to the total issue price of the share.

(h) Winding up

Subject to the rights of holders of shares with special rights in a winding-up, if the Company is wound up, members will be entitled to participate in any surplus assets of the Company in proportion to the percentage of the capital paid-up or credited as paid up on the shares when the winding up begins.

(i) Dividend reinvestment and Share plans

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of fully paid shares).

(j) Directors

Under the Constitution, the minimum number of Directors is three and the maximum number is 20, though this will reduce to 10 should Shareholders approve the adoption of a new constitution at the General Meeting.

(k) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have the power to manage the business of the Company and may exercise every right, power or capacity of the Company.

(l) Share buy backs

Subject to the provisions of the Corporations Act and the Listing Rules, the Company may buy back shares in itself on the terms and at times determined by the Directors.

(m) Unmarketable parcels

The Company's constitution permits the Board to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of ASX Business Rules. The procedure may only be invoked once in any 12 month period and requires the Company to give the Shareholder notice of the intended sale.

If a Shareholder does not want his Shares sold, he may notify the Company accordingly.

(n) Proportional Takeover Provisions

The Constitution contains provisions in relation to proportional takeover approval. The effect of these provisions will be to prohibit the transfer of Shares as a result of acceptance of an offer made under a proportional takeover bid unless and until a resolution is passed by the Company approving the proportional takeover bid.

(o) Capitalisation of profits

The Company may capitalise profits. Subject to the Constitution and the terms of the issue of shares, members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(p) Capital reduction

Subject to the Corporations Act and Listing Rules, the Company may reduce its share capital.

(q) Preference Shares

The Company may issue preference shares, including preference shares that are liable to be redeemed. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company's members.

6.2 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.3 below).

6.3 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Report of the Company for the financial year ended 30 June 2018, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus; and
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

<u>Date Lodged</u>	<u>Headline</u>
14/02/2019	Arrowsmith Central Mining Lease Application
04/02/2019	Acquisition of Boyatup Project
29/01/2019	Quarterly Activities Report
29/01/2019	Quarterly Cashflow Report
17/01/2019	Muchea Mining Lease Application
24/12/2018	Arrowsmith North Mining Lease Application
13/12/2018	Arrowsmith Central Maiden Mineral Resource
11/12/2018	Letters of Intent for Silica Sand Offtake
06/12/2018	Change of Company Name - VRX Silica Ltd
05/12/2018	Change of Director's Interest Notice
05/12/2018	Change of Director's Interest Notice
05/12/2018	Change of Director's Interest Notice
05/12/2018	Appendix 3B
30/11/2018	Results of Meeting
27/11/2018	Appointment of International Sales Manager
26/11/2018	Investor Presentation
23/11/2018	Appendix 3B
20/11/2018	Muchea Silica Sand Project Maiden Resource
15/11/2018	Option over Biranup Project and Farm-in JV
15/11/2018	MCT: Nickel Exploration Projects Secured in Fraser Range
30/10/2018	Notice of Annual General Meeting/Proxy Form
26/10/2018	Quarterly Activities Report
26/10/2018	Quarterly Cashflow Report
17/10/2018	Presentation - Brisbane Resources Round-up
02/10/2018	Arrowsmith North Maiden Mineral Resource
01/10/2018	Revised Appendix 3B
28/09/2018	Corporate Governance Statement
28/09/2018	Appendix 4G

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 1, 6 Thelma Street, West Perth WA 6005:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents provided by the Directors to the issue of this Prospectus.

6.4 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.5 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.6 Directors' interests

- (a) Interests

Except as disclosed in this Prospectus, no Director, and no firm in which a Director:

- (i) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

- (b) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the Securities of the Company at the date of this Prospectus:

Director⁽¹⁾	No. of Shares Held	No. of Options Held
Paul Boyatzis	2,981,250	7,000,000 ⁽²⁾
Bruce Maluish	12,310,535	12,000,000 ⁽³⁾
Peter Pawlowitsch	21,508,436	7,000,000 ⁽⁴⁾

Notes:

- (1) Securities are held directly or indirectly by the Director or a related party of the Director.

- (2) Comprises 1,000,000 unlisted options each exercisable at \$0.028 on or before 28 November 2019; 3,000,000 unlisted options each exercisable at \$0.072 on or before 30 November 2020; and 3,000,000 unlisted options each exercisable at \$0.217 on or before 30 November 2021.
- (3) Comprises 2,000,000 unlisted options each exercisable at \$0.028 on or before 28 November 2019; 5,000,000 unlisted options each exercisable at \$0.072 on or before 30 November 2020; and 5,000,000 unlisted options each exercisable at \$0.217 on or before 30 November 2021.
- (4) Comprises 1,000,000 unlisted options each exercisable at \$0.028 on or before 28 November 2019; 3,000,000 unlisted options each exercisable at \$0.072 on or before 30 November 2020; and 3,000,000 unlisted options each exercisable at \$0.217 on or before 30 November 2021.

(c) **Remuneration of Directors**

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$250,000 per annum to be paid as non-executive Directors' fees.

Fees paid to the non-executive Chairman are \$60,000 inclusive of superannuation per annum and to non-executive Directors are \$40,000 inclusive of superannuation per annum. Payments of Directors' fees will be in addition to any payments to Directors in any employment capacity.

Mr Bruce Maluish currently receives an annual salary inclusive of superannuation of \$219,000 for his role as Managing Director of the Company.

The table below sets out the remuneration provided to the Directors or their related entities for the preceding two years prior to this Prospectus.

Director	Year	Salary and fees \$	Super-annuation \$	Share based payments Options \$	Total \$
Paul Boyatzis	2018/2019 ⁽¹⁾	40,000	-	237,600	277,600
	2017/2018	30,000	-	60,900	90,900
	2016/2017	30,000	-	11,200	41,200
Bruce Maluish	2018/2019 ⁽¹⁾	163,333	12,667	396,000	572,000
	2017/2018	100,000	9,500	101,500	211,00
	2016/2017	100,000	9,500	22,400	131,900
Peter Pawlowitsch	2018/2019 ⁽¹⁾	44,353 ⁽²⁾	2,314	237,600	284,267
	2017/2018	18,265	1,735	60,900	80,900
	2016/2017	18,265	1,735	11,200	31,200

Notes:

(1) From 1 July 2018 to 28 February 2019 (inclusive)

(2) Includes consulting fees for services provided by a related entity

6.7 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer, or property acquired

or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

6.8 Expenses of the Offer

The estimated expenses of the issue are as follows:

Costs of the Offer	\$
ASIC lodgement fee	3,206
ASX quotation fee	1,884
Legal expenses	3,000
Total	\$8,090

7. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'B. Maluish', written in a cursive style.

Bruce Maluish
Director

Dated: 14 February 2019

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Annual Report means the financial report lodged by the Company with ASIC in respect of the financial year ended 30 June 2018 and includes the corporate directory, Chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities, together with a Directors' report in relation to that financial year and the auditor's report.

Applicant means a person who submits an Application Form.

Application means a valid application for Shares made pursuant to this Prospectus on an Application Form.

Application Form or **Form** means the application form sent with this Prospectus.

Application Monies means application monies for Shares received by the Company.

Acquisition has the meaning in Section 3.2.

Arrowsmith Project means the silica sand project comprising Western Australia exploration licences E70/5027, E70/4987, E70/4986 and E70/5109, exploration licence application ELA70/5197 and mining lease applications MLA70/1389 and MLA70/1392.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Australian Silica means Australian Silica Pty Ltd ACN 613 775 287.

Board means the Directors meeting as a board.

Boyatup Project means the silica sand project comprising Western Australian exploration licence E69/3560.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 5.00pm (WST) on 20 February 2019 or such later date as the Directors may determine.

Company means VRX Silica Limited ACN 142 014 873.

Consideration Shares has the meaning in Section 3.2.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the Listing Rules of ASX.

Mucea Tenement means Western Australia exploration licence E70/4886.

Mucea Project means the silica sand project comprising Mucea Tenement, Western Australia exploration licence application ELA70/5157 and mining lease application MLA70/1390.

Offer has the meaning in Section 3.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means the right to acquire one Share.

Prospectus means this prospectus dated 14 February 2019.

Section means a section of this Prospectus.

Securities means Shares and Options.

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

Shareholder means a holder of Shares.

Wisecat means Wisecat Pty Ltd ACN 624 432 480.

WST means Western Standard Time, being the time in Perth, Western Australia.