

16 April 2019

Strong Interest for Potential Offtake of Silica Sand

Highlights:

- Enquiries and expressions of interest received from 20 manufacturers across the Asia-Pacific region
- Potential annual silica sand sales identified to-date of over 1.6 million tonnes for glassmaking and almost 900,000 tonnes for the foundry industry
- Tonnages and quality of products sought are capable of production from the Arrowsmith and Muchea Silica Sand Projects
- Indicates significant and growing demand for high quality silica sand in the region

VRX Silica Limited (VRX Silica or Company) (ASX: VRX) is pleased to announce it has received strong interest for the purchase of significant tonnages of silica sand products from its two Arrowsmith Silica Sand Projects (Arrowsmith), located 270km north of Perth, WA, and its Muchea Silica Sand Project (Muchea), 50km north of Perth.

In November 2018 the Company appointed Mr Yoonil Kim as its International Sales Manager.¹ Mr Kim is a South Korean national with over 15 years' experience marketing and selling silica sand products to glass manufacturers and foundries across the Asia-Pacific region.

In February 2019 VRX Silica released Silica Sand Product Catalogues for silica sand products capable of production from the Arrowsmith and Muchea projects, including two products from each of Arrowsmith and Muchea for the glassmaking industry and four products from Arrowsmith for the foundry industry.²

The Company has identified numerous markets in the Asia-Pacific region and met with a number of potential offtake customers for the sale of silica sand products from Arrowsmith and Muchea.

The Company will be able to commit to binding offtake agreements following the approval of Mining Permits at its silica sand projects.

ASX ANNOUNCEMENT

ASX: VRX

Capital Structure

Shares on Issue: 400 million

Unlisted Options: 68 million

Corporate Directory

Paul Boyatzis

Non-Executive Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive Director

Iohn Gearv

Company Secretary

Company Projects

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

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

Boyatup Silica Sand Project, 100km east of Esperance,

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

Warrawanda HPQ Project south of Newman, WA.

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

¹ ASX announcement of 27 November 2018

² ASX announcement of 26 February 2019

To-date VRX Silica has received enquiries and expressions of interest from manufacturers and also purchasing agents for smaller shipments of silica sand product for glassmaking in the following countries:

China (3)
 Philippines (2)
 Thailand (2)
 India (1)
 Japan (1)
 Korea (1)
 Malaysia (1)
 Taiwan (1)

The Chinese glassmaking industry is the most dominant in the Asia-Pacific region with over 270 glassmaking facilities.

Interest to-date for glassmaking quality silica sand totals 1,675,000 tonnes per annum and such interest is expected to increase as the product catalogue is further distributed.

The Company has also received enquiries and expressions of interest from organisations in the foundry industry in:

- South Korea (5)
- Japan (1)
- Philippines (1)
- Taiwan (1)

The highest level of demand has been from South Korea, which is the world's largest foundry market, predominately in the automobile and ship building industries.

Interest to-date for foundry quality silica sand totals 888,000 tonnes per annum and, as for glassmaking silica sand, such interest is expected to increase.

Whilst these letters of interest may not all lead to binding contracts, the Company is confident of securing adequate offtake to justify the development of its silica sand projects.

The silica sand JORC Mineral Resources identified at Arrowsmith and Muchea are significant and expected to increase³ and the Company is capable of producing large quantities of silica sand from each project to satisfy demand.⁴

VRX Silica Managing Director Bruce Maluish said: "We are encouraged by the strong interest for silica sand products from our Arrowsmith and Muchea Projects, and the fact that this has arisen in the brief time since our testwork determined product types and the distribution of our Silica Sand Products Catalogue to potential customers across the Asia-Pacific region."

"We expect to receive further enquiries for silica sand products and will look to progress this strong interest into binding offtake agreements before committing to funding arrangements for processing plant requirements," said Mr Maluish.

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³ ASX announcement of 13 March 2019

⁴ ASX announcement of 27 March 2019

For silica sand enquiries contact Mr Yoonil Kim:

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About VRX Silica

VRX Silica Ltd (VRX Silica) (ASX: VRX) has significant silica sand projects in Western Australia.

The Arrowsmith Silica Sand Project, located 270km north of Perth, comprises four granted exploration licences with one exploration licence and two mining lease applications pending. The Muchea Silica Sand Project, located 50km north of Perth, comprises one granted exploration licence, with one exploration licence and one mining lease applications pending. Testwork has confirmed a range of silica sand products which are capable of production at both projects. Further work is underway to enable feasibility studies to be completed.

The recently purchased Boyatup Silica Sand Project, located 100kms east of Esperance, comprises one granted exploration licence and since acquisition the Company has applied for an additional Exploration License to extend the holding. Initial indications are that this project will complement both Arrowsmith and Muchea while adding to the silica products VRX Silica will look to produce.

Also, in Western Australia, 40km south of Newman, is VRX Silica's Warrawanda HPQ Project, which is prospective for high purity quartz and nickel sulphides.

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.

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

