

11 July 2019

## China Southern Glass Strategic Alliance

### Highlights:

- **China Southern Glass is the largest architectural glass manufacturer in China**
- **Chinese glassmaking industry is the most dominant in the Asia-Pacific region**
- **Strategic alliance objectives include promotion and sale of silica sand products in China and sourcing of capital finance for production facilities**
- **Covers the Muchea Silica Sand Project**

VRX Silica Limited (**VRX Silica** or **Company**) (ASX: VRX) is pleased to announce it has entered into a memorandum of understanding (**MOU**) with CSG Holding Co Ltd (**China Southern Glass** or **CSG**) to form a strategic alliance in connection with the Company's Muchea Silica Sand Project, 50km north of Perth (**Muchea Project**).

China Southern Glass is the largest architectural glass manufacturer in the Peoples' Republic of China (**PRC**), involved in the manufacture and sale of glass products including float glass, display glass, automotive glass, coated glass, mirrors, colour filter glass, solar glass and conservation glass.

The objectives of the strategic alliance include exploring the potential for marketing, promotion and sale in the PRC of silica sand products from the Muchea Project and potential sources of capital finance for the construction of production facilities at the Muchea Project. In addition, the parties will consider potential for the development of a high-quality glass manufacturing facility in Western Australia for silica sand products generated from the Muchea Project.

VRX Silica Managing Director Bruce Maluish commented: *"The Chinese glassmaking industry is the most dominant in the Asia-Pacific region and China Southern Glass is the largest architectural glass manufacturer in China.*

*"This strategic alliance further highlights the potential for a significant, World-class silica sand mining operation at Muchea and supports our assessment of increasing silica sand supply constraints in the Asia-Pacific region.*

*"We are excited by the prospect of working with China Southern Glass and exploring opportunities in the Chinese silica sand market,"* said Mr Maluish.

## ASX ANNOUNCEMENT

### ASX: VRX

#### Capital Structure

Shares on Issue:  
404 million

Top 20: 47%

Unlisted Options:  
72 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 Sand Project, 270km north of Perth, WA.*

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

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

*Warrawanda HPQ Project south of Newman, WA.*

*Biranup base metals and gold project adjacent to the Tropicana Gold Mine, WA.*

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

In April 2019, the Company announced that it received enquiries and expressions of interest from 20 manufacturers across the Asia-Pacific region with potential annual silica sand sales of over 1.6 million tonnes for glassmaking.<sup>1</sup> The silica sand JORC Mineral Resource identified at both the Company's Arrowsmith Silica Sand Project and its Muchea Project is significant and expected to increase<sup>2</sup> and the Company is capable of producing large quantities of silica sand from each project to satisfy demand.<sup>3</sup>

Under the terms of the MOU, CSG will assist VRX Silica in determining demand and logistics requirements for silica sand supply in the PRC, including specification for silica sand products and tonnages, pricing across a range of specifications, contract supply length and transport alternatives.

The MOU provides that the parties are to act in good faith and fair dealing with one another in a co-operative working relationship, however the alliance is non-exclusive and VRX Silica may continue to deal with other parties in connection with the subject matter of the MOU. In addition, the MOU does not create a binding commitment by either party to enter into any commercial transaction or arrangement. The MOU is for an initial term of 6 months, automatically renewed for one additional period of 6 months. The MOU may be terminated by either party by giving at least 7 days notice.

For silica sand enquiries contact Mr Yoonil Kim:

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<sup>1</sup> ASX announcement of 16 April 2019

<sup>2</sup> ASX announcement of 13 March 2019

<sup>3</sup> ASX announcement of 27 March 2019

## About VRX Silica

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

The Arrowsmith Silica Sand Project, located 270kms north of Perth, comprises five granted exploration licences and two mining lease applications pending. The Muchea Silica Sand Project, located 50kms north of Perth, comprises one granted exploration licence, with one exploration licence and one mining lease application pending. Testwork has confirmed a range of silica sand products which are capable of production at both projects. A feasibility study for Arrowsmith Central and Arrowsmith North is being compiled.

The Boyatup Silica Sand Project, located 100kms east of Esperance, comprises two adjacent granted exploration licences. Initial indications are that this project will complement both Arrowsmith and Arrowsmith while adding to the silica products VRX Silica will potentially produce. A POW for a drilling program has been approved and the Company is currently arranging a Heritage Survey for drilling clearance.

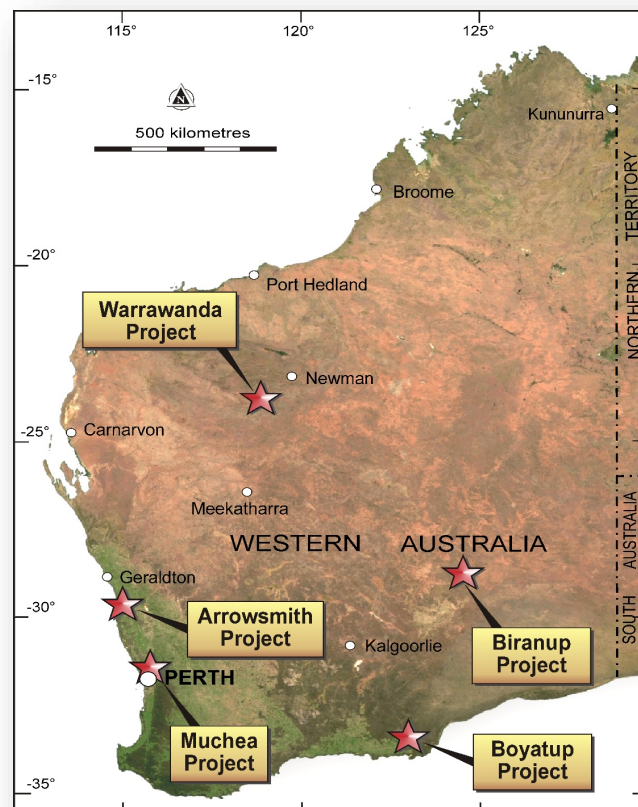
Also, in Western Australia, 40km south of Newman, is VRX Silica's Warrawanda Project, which is prospective for high purity quartz and nickel sulphides. A POW for a drilling program has been approved and the Company is currently arranging a Heritage Survey for a drilling clearance.

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



VRX Silica Limited

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