VRX SILICA LIMITED

ABN 59 142 014 873

FORMERLY KNOWN AS VENTNOR RESOURCES LIMITED

ANNUAL REPORT

30 JUNE 2019

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Bruce Maluish (Managing Director)
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AUSTRALIAN SECURITIES EXCHANGE

VRX Silica Limited shares (VRX) are listed on the Australian Securities Exchange.

LETTER FROM THE BOARD OF DIRECTORS TO SHAREHOLDERS

Dear Shareholders

This year VRX Silica Ltd has achieved many milestones in the Company's aim to become a global supplier of high-grade silica sand. To better reflect this focus of activities you voted to change the company name from Ventnor Resources Limited to VRX Silica Ltd in November last year.

We have added to our existing Arrowsmith North and Central projects (370kms north of Perth) by acquiring the Muchea project (50 kms north of Perth) and the Boyatup Silica Sand Project (100 kms east of Esperance), however our work this year has been concentrated at Arrowsmith North, Arrowsmith Central and Muchea.

During the year we have negotiated and executed Aboriginal Heritage Survey Agreements covering all of our Silica Sand Projects and conducted heritage surveys as well as desktop and autumn, spring flora and fauna field studies over the Arrowsmith and Muchea project areas.

Our team has completed initial hand auger programs at the Arrowsmith North, Arrowsmith Central and Muchea projects, enabling work to be completed for JORC compliant Resource estimations on those three projects.

Currently, I can confirm that the Company has a total JORC compliant Indicated and Inferred silica sand Resources of 1,056 mt at an average grade of 98.2% SiO_2 at Arrowsmith North, Arrowsmith Central and Muchea.

We have completed three iterations of test work on each project from which we have produced a catalogue of potential silica sand products. Additionally, completed is a process circuit design, engineering study and capital cost estimate for a process plant to produce the quality of sand our market research has identified.

During the year the Company appointed an International Sales Manager, Korean national Yoonil Kim who has over 15 years' experience selling silica sand in the Asian market.

There has been continued strong interest from Asian customers for our potential products. Customers included manufacturers of plate glass, ultra-clear glass, LEDs, tube glass, fibre glass, tableware and fibre cables. Interested countries include China, Taiwan, Philippines, Thailand, Korea, Malaysia, Japan and India.

The Company has also received strong interest from the foundry industry both in Korea and China.

The Company is in the unique position of being able to produce numerous silica sand products and if necessary modify the plant to produce the products required by the largest buyers. We continue to receive enquiries for our silica sand products, and in some cases for significant quantities.

Mining Lease applications have been lodged at Muchea, Arrowsmith North and Arrowsmith Central and negotiations with Native Title claimants are at an advanced stage.

Much has been done to position VRX Silica Ltd for what looks to be a bright and exciting future.

On behalf of the Board, I would like to thank all staff and contractors for their valuable contribution during the year. I would also like to thank our shareholders for their support.

Bruce Maluish
Director
For and on behalf of the Board

REVIEW OF OPERATIONS

During the financial year VRX Silica Limited (VRX Silica or the Company) focused its activities on advancing the Company's three silica sand projects at Arrowsmith North and Arrowsmith Central (each 270km north of Perth) and Muchea (50km north of Perth), which in aggregate contain a total Mineral Resource Estimate of silica sand of 1,056 million tonnes.

The locations of all three the projects are shown below in Figures 1 and 2:

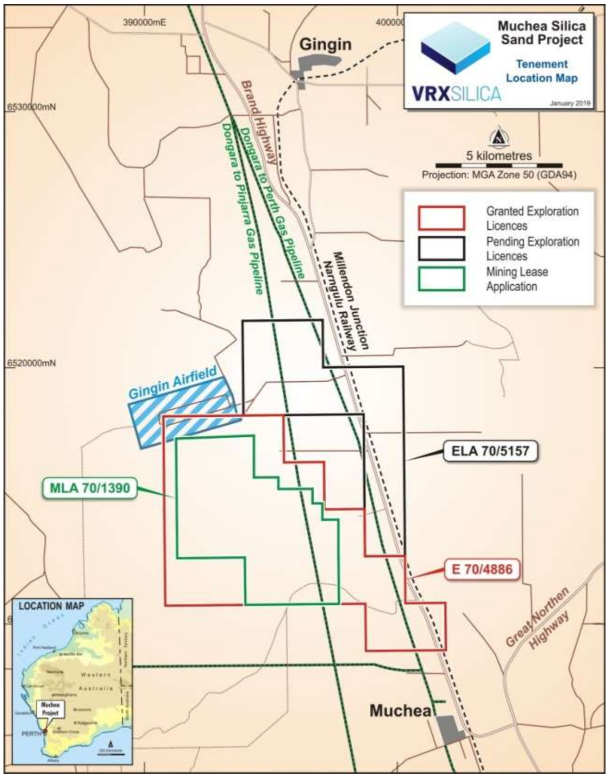

Figure 1. Muchea Location

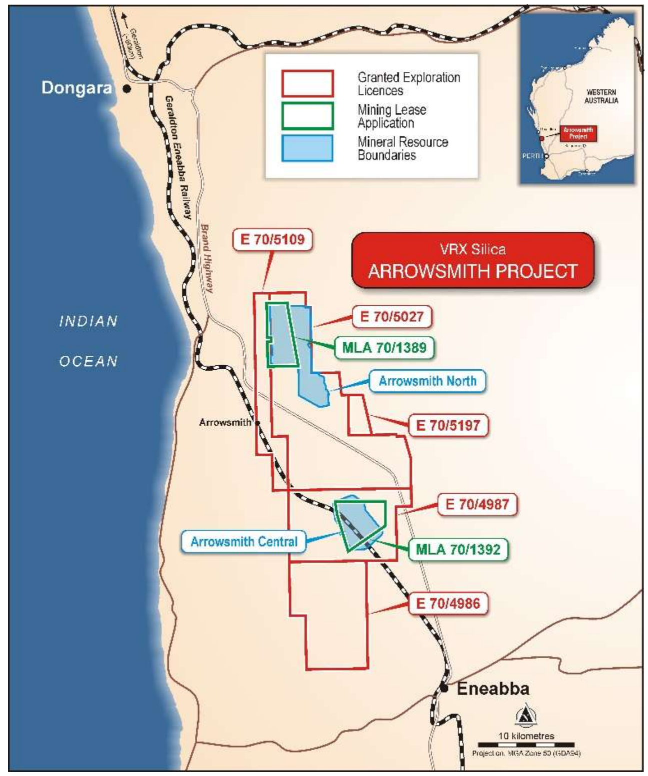

Figure 2. Arrowsmith North and Central Locations

OVERVIEW

Exploration and Project Development

During the financial year VRX Silica achieved many milestones by completing the following activities in the Company's plan to become a major global silica sand supplier:

- ✓ Acquired the Muchea Silica Sand Project.
- ✓ Completed initial hand-auger programs on all three project areas.
- ✓ Conducted three iterations of testwork with progressively extra attritioning.
- ✓ Announced JORC compliant Resource estimations on all three projects:
  - ➢ ***Arrowsmith North*** 193 million tonnes Inferred Resource
  - ➢ ***Arrowsmith Central*** 28 million tonnes Inferred Resource
  - ➢ ***Muchea*** 191 million tonnes Inferred Resource, which includes 19 million tonnes of Indicated Resource.
- ✓ Performed desktop and autumn/spring flora and fauna field studies on all three project areas.
- ✓ Negotiated and executed Aboriginal Heritage Survey Agreements.

- ✓ Carried out Heritage surveys on all three project areas.
- ✓ Changed the company name and rebranded the Company from Ventnor Resources Limited to VRX Silica Limited.
- ✓ Appointed Yoonil Kim as International Sales Manager. Mr Kim is a Korean national with more than 15 years' experience selling silica sand in the Asian market.
- ✓ Received Letters of Intent totalling 590,000 tonnes per year from potential customers in China, Korea, and Philippines and from three different industries.
- ✓ Lodged Mining Lease applications over Muchea, Arrowsmith North and Arrowsmith Central.
- ✓ Acquired the Boyatup Silica Sand Project, 100km east of Esperance.
- ✓ Produced a catalogue of potential silica sand products based on completed testwork.
- ✓ The last iteration of testwork provided adequate sample material of each of the products, which can be sent to potential buyers.
- ✓ Designed a process circuit, completed an engineering study, and a capital cost estimate on a 2 million tonne per year processing plant to produce the quality of sand to meet market demand, based on the completed testwork.
- ✓ Announced receipt of continued strong interest from Asian customers for the Company's catalogue of potential products. Customers included manufacturers of plate glass, ultra-clear glass, LEDs, tube glass, fibreglass, tableware, fibre cables, and users of foundry sand. Prospective customers come from China, Taiwan, Philippines, Thailand, Korea, Malaysia, Japan and India with enquiries for silica sand products continuing and, in some cases, in significant quantities. The Company is in the unique position of being able not only to produce numerous products, but can also modify the plant to produce alternative products required by the largest buyers.
- ✓ Completed drill programs at each of the three projects.
- ✓ Lifted Resource confidence in Resource Estimations within the Mining Lease Applications to "Indicated" status at both Arrowsmith North and Arrowsmith Central.
- ✓ Developed a summary of yields of each product from each project based on testwork in 2018, process circuit design and engineering.
- ✓ Commenced negotiations with NT claimants for Mining Agreements to finalise the Mining Lease applications.
- ✓ Since the end of the financial year, announced Reserve estimates and released Bankable Feasibility Studies for Arrowsmith North and Arrowsmith Central based on the plant design, capital cost, recoveries and market prices.

Corporate

In July 2018, the Company completed the acquisition of the Muchea Silica Sand Project. Following completion of the acquisition, the Company's voluntary suspension from trading on ASX was lifted and trading in its shares recommenced on 2 August 2018.

During the financial year VRX Silica conducted two equity capital raisings.

In late July 2018 the Company completed a placement of ordinary shares to professional and sophisticated investors raising $2.4 million. And in March 2019, the Company completed a further placement of ordinary shares to professional and sophisticated investors, lead managed by Hartleys Limited, raising a further $2.2 million, with very strong support and interest exceeding the targeted raise.

DETAILED INFORMATION – EXPLORATION AND PROJECT DEVELOPMENT

Muchea Silica Sand Project

Project Acquisition

In late July 2018, the Company entered into new agreements with Wisecat Pty Ltd and Australian Silica Pty Ltd to immediately acquire 100% of the Muchea project (in lieu of the previously agreed option arrangement) in consideration for the issue of 8,333,333 shares in the Company to the Wisecat vendor and 65 million shares and 20 million options to Australian Silica, together with an ongoing net production royalty of 1%, subject to shareholder approval which was obtained in September 2018.

The Muchea project consists of tenement E70/4886 with the adjacent licence application ELA 70/5157 and covers an area of 93km^2 located 50kms north of Perth, Western Australia. Since the acquisition, the Company has applied for a Mining Lease for Muchea, namely M70/1390.

Maiden Mineral Resource Estimate and Upgrade

On 20 November 2018, VRX Silica reported a maiden Mineral Resource Estimate (MRE) for the Muchea project of a total Indicated and Inferred Mineral Resource of 191 million tonnes @ 99.6% SiO_2 including an Indicated component of 19 million tonnes @ 99.7% SiO_2, with the Inferred component being 172 Mt @ 99.6% SiO_2 from shallow hand-auger and aircore drilling.

The MRE was carried out by CSA Global and based on 44 hand-auger drill holes for 260.7m. 46 aircore holes for 522m were carried out by VRX Silica as part of its due diligence exercise during the March 2018 quarter, prior to the acquisition of the Muchea project.

On 17 January 2019 the Company announced that a silica sand Mining Lease application (MLA) (M70/1390) had been lodged for the Muchea project having an area of 2,918Ha and covering part of the Exploration Licence E70/4886, which was granted in March 2017.

This was the second such application for the Company (the first being Arrowsmith North – see further details below) and included 92% of the total previously announced Indicated and Inferred Mineral Resource of 191 Mt @ 99.6% SiO_2. This is expected to increase with deeper drilling than the hand-auger sampling previously undertaken to estimate the Resource.

The MLA for the Muchea project is a very extensive application and covers the prospective Resource for very long-term future mining. Significant environmental studies have already been undertaken and will be finalised as part of the Company's application for a Mining Permit. In March 2019, a 57-hole aircore drill program for a total of 887m was conducted over a 217ha area, which is a small portion of the 2,900ha MLA area and the most likely starting area for mining.

This aircore drilling program at the Muchea project was closer spaced than the original aircore drilling and expected to both increase the tonnage within the area of Indicated Resource and also increase the JORC 2012[1] (JORC) confidence within the area of the proposed Mining Lease.

As expected, when the results from this drill program were received, they added substantial value to VRX Silica's inventory while confirming previous assumptions about the extent and quality of the Company's silica sand projects. Receipt of the assay results enabled a new JORC compliant MRE to be determined and this was announced on 17 June 2019.

The new MRE increased the JORC Indicated Mineral Resource by 49% to 29 Mt @ 99.6% SiO_2 and the JORC Inferred Mineral Resource by 4% to 179 Mt @ 99.6% SiO_2 for a Total MRE of 208 Mt @ 99.6% SiO_2, an overall increase of 9%, see Tables 1 and 2 below.

The MRE update was based on the results of the March 2019 drilling, combined with a reinterpretation of the previously modelled sand layer. The reinterpretation investigated layers of low iron sand which were previously discounted due to colour and higher levels of clay and organic matter which were represented as Al_2O_3 and LOI_{1000C} in the assay dataset. The prior MRE was estimated purely on the percentage of SiO_2 present, rather than defining all materials that were amenable to beneficiation to produce glass and foundry-grade silica sand.

[1] 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

The MRE only includes sand 3m above the year 2000 mapped water table level and discounts the top half metre of topsoil which will be used for rehabilitation. The low variability of results over the Resource area supports the Company's expectation that the majority of the Indicated Resource will convert to Probable Reserves.

Testwork indicates that high-grade silica sand can be produced from Muchea, for which there is strong demand in glassmaking in Asia.

Metallurgical testwork completed to-date has also demonstrated that a section of sand in the Resource – previously discounted due to logged discolouration – is considered readily amenable to upgrading by conventional washing and screening methods to produce a high-purity silica sand product with high mass recoveries. The high-purity silica sand product specifications are expected to be suitable for industries such as the glassmaking and foundry industries. It is anticipated that further testwork focusing on currently discounted sand layers may result in further reinterpretation and upgrades to the Muchea MRE. Future drilling and estimations will include this sand zone which is expected to significantly add to the Resource inventory.

A more extensive Programme of Work (PoW) has been lodged to enable a further aircore drill program over areas that have been previously hand augered and work is ongoing to complete the process for the Mining Lease applications and necessary environmental approvals at Muchea.

Figure 3 below shows the MRE separated into two areas defined by the type of drill testing. The auger drilling area has not changed since first reported on 20 November 2018 however the aircore drilling area has been updated with the additional drilling and reinterpretation.

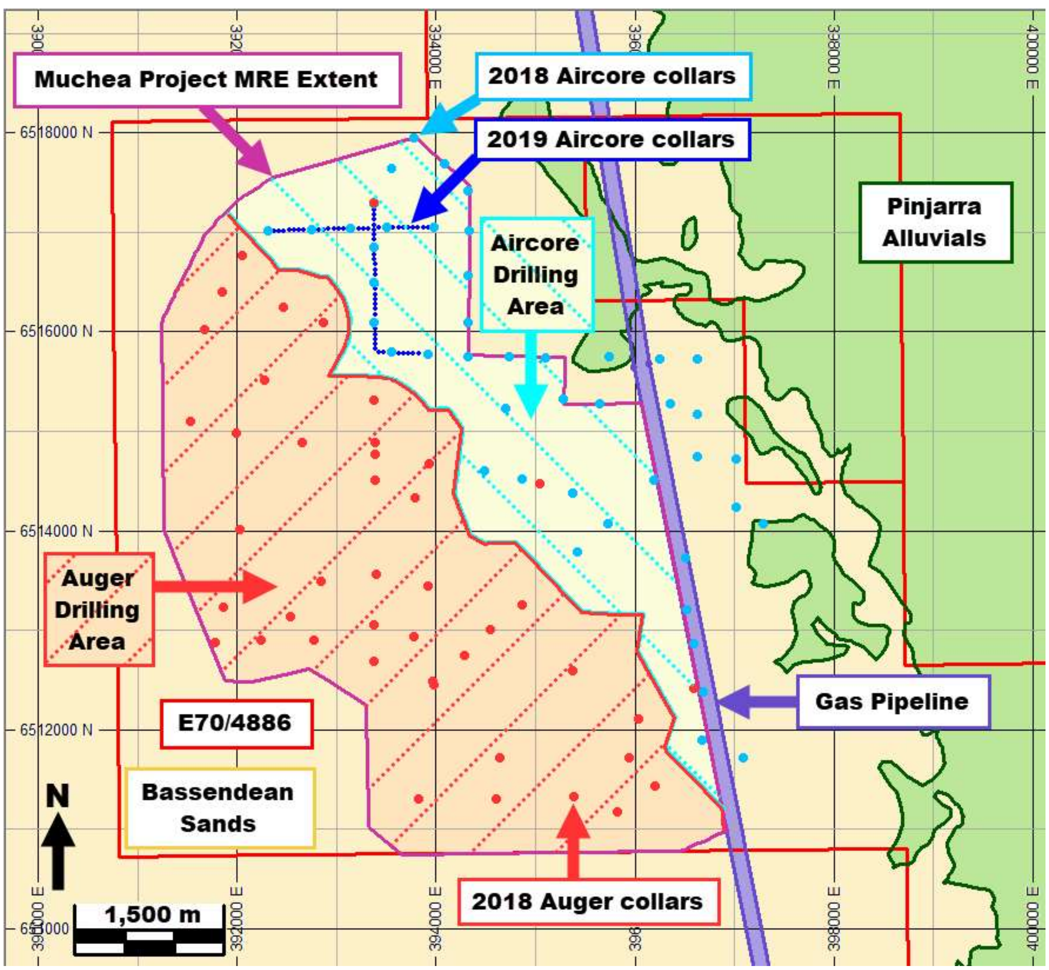

Figure 3: Muchea Project schematic geology map showing MRE with separate drill type areas

The MRE results are shown in Table 1 and tonnage comparisons with the prior MRE are shown in Table 2. A plan showing the resource areas and classification is shown in Figure 4.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	LOI%	TiO_2%
Indicated	29	99.6	0.09	0.03	0.22	0.07
Inferred	179	99.6	0.05	0.02	0.23	0.1
Indicated + Inferred	**208**	**99.6**	**0.06**	**0.02**	**0.23**	**0.1**

**Note: Interpreted silica sand mineralisation is domained above a basal surface wireframe. The upper (overburden) layer within 0.5 m of surface is depleted from the modelled silica sand unit, being reserved for rehabilitation purposes. All classified silica sand blocks in the model are reported. Differences may occur due to rounding.*

Table 1 Muchea Silica Sand Mineral Resource Estimate as at June 2019

Drill Area	Classification	Maiden MRE (Mt)	June 2019 MRE Update (Mt)	Difference
Aircore	Indicated	19	29	+49%
	Inferred	60	67	+12%
	Indicated + Inferred	**79**	**96**	**+21%**
Hand Auger	Inferred	112	112	
Total	Indicated	19	29	+49%
	Inferred	172	179	+4%
	Indicated + Inferred	**191**	**208**	**+9%**

**Note: Interpreted silica sand mineralisation is domained above a basal surface wireframe. The upper (overburden) layer within 0.5 m of surface is depleted from the modelled silica sand unit, being reserved for rehabilitation purposes. All classified silica sand blocks in the model are reported. Differences may occur due to rounding.*

Table 2: Tonnage Comparison with Prior estimate

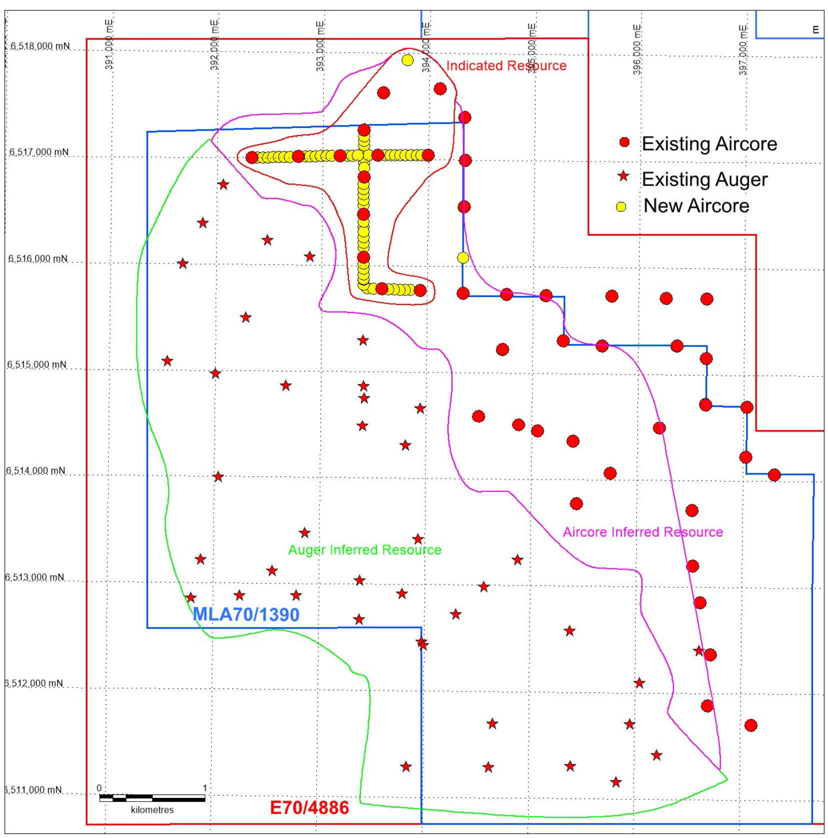

Figure 4: Muchea Updated MRE areas and classification

Arrowsmith Silica Sand Projects

On 2 August 2018 the Company announced the development program for the Arrowsmith projects, comprising Arrowsmith North and Arrowsmith Central with five granted exploration licences for a total area of 379km².

Environmental desktop studies undertaken by the Company formed the basis for detailed flora, vegetation, and fauna studies conducted during the Spring months of 2018. These will support a referral to the relevant environmental authorities for a Mining Proposal.

Preliminary testwork programs conducted early in the year under review indicated the deposits at Arrowsmith could be upgraded to glassmaking silica sand requirements. Further iterations of testwork were conducted to enable the finalisation of the proposed process circuit design.

Adequate auger and aircore drilling has been undertaken to allow a JORC Resource Estimation at each of the Arrowsmith projects following the completion of QA/QC assaying and review.

On 15 August 2018 the Company announced that the Department of Mines, Industry and Safety (DMIRS) had granted a POW for exploration on both the Arrowsmith North (E70/5076) and Arrowsmith Central (E70/4987) prospects.

Arrowsmith North

VRX Silica engaged CSA Global to prepare a maiden Mineral Resource Estimate (MRE) for the Arrowsmith North target area reportable under JORC guidelines. On 2 October 2018 the Company announced the Arrowsmith North MRE comprises an Inferred Resource of 193.6 Mt @ 98% SiO_2. The MRE exceeded the previous Exploration Target of 100 to 140 million tonnes at 95% to 98% SiO_2.

The MRE was based on the results obtained from 62 hand-auger drill holes to a depth of 4-5 metres for a total of 235.6m and defined two silica sand types – white and yellow sand – geologically logged and differentiated based on colour and through chemical analysis results. Based on metallurgical testwork completed to date, both sand types are readily amenable to upgrading by conventional washing and screening methods to produce a high-purity silica sand product with high mass recoveries. The high-purity silica sand product specifications are expected to be suitable for industries such as glassmaking. The MRE results are shown in Table *1*3.

Classification	Domain	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	LOI%	TiO_2%
Inferred	Yellow Sand	149.4	97.7	1.1	0.4	0.5	0.2
	White Sand	44.2	99.1	0.3	0.1	0.2	0.2
	All Sand	193.6	98.0	0.9	0.3	0.4	0.2

**Note: Interpreted mineralisation is domained into different sand types based on drill logging data and publicly available soil mapping information, above a basal surface wireframe defined based on the current drill sampling depths. Depletion zones include the upper 0.5 m for rehabilitation purposes, and minor swamp zones in the east and south of the modelled area. Differences may occur due to rounding.*

Table 3: Arrowsmith North Mineral Resource Estimate

In early 2019, the Company completed an extensive Aboriginal Heritage survey with representatives of the Southern Yamatji claimant group for a more intensive and wider ranging drill program, and obtained an approved POW to infill the Arrowsmith North Inferred Mineral Resource by aircore drilling and to add to it substantially with the intention of upgrading the resource to an Indicated category. Aircore drilling does not have the depth limitations of the hand-auger technique, and therefore the full depth of sand can be drill tested. The drilling program was planned to consist of 105 holes with an average depth of 11.3m, confined to existing tracks once native title heritage clearance was concluded. When completed in March 2019 a total of 189 holes for 1,726m had been drilled.

The initial exploration program also provided a bulk sample which was used for the second iteration of metallurgical testwork and has verified that the sand can be beneficiated to glassmaking quality (detailed in the announcement 20 September 2018). An additional third iteration of testwork was undertaken to improve on the current known quality.

On 24 December 2018, VRX Silica announced the lodgement of its first silica sand Mining Lease application (MLA) (M70/1389) at its Arrowsmith North prospect. The MLA Resource at 73mt @ 97.7% SiO2 is only a small portion of the total Resource of 193.6 Mt @ 98% SiO_2, but is expected to increase with deeper drilling than the hand-auger sampling that this resource was based on.

The Arrowsmith North MLA is for an area of 1,728Ha and covers part of Exploration Licences E70/5027 and E70/5109 (see Figure 2)

CSA Global reported the Mineral Resource Estimate located within the MLA boundary, which is summarised in Table 4.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	LOI%	TiO_2%
Inferred	73.2	97.7	1.1	0.4	0.5	0.2
** Note: Mineral Resources are reported only from within the VRX-nominated MLA and form a subset of the total Arrowsmith North Mineral Resources as reported to the ASX on 2 October 2018. Differences may occur due to rounding.*						

Table 4: Arrowsmith North Silica Sand Mineral Resource Estimate within MLA boundary

Arrowsmith Central

VRX Silica engaged CSA Global to prepare a maiden Mineral Resource Estimate (**MRE**) for the Arrowsmith Central target area reportable under JORC guidelines. On 2 October 2018 the Company announced the Arrowsmith Central project comprises 28 Mt @ 97.7% SiO_2. The result was based on an exploration program of 39 hand-auger drill holes.

The MRE results are shown in Table *15*.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	K_2O%	LOI%	TiO_2%
Inferred	28	97.7	1.2	0.3	0.3	0.5	0.2
**Note: Interpreted silica sand layer is domained above a basal surface wireframe defined, based on the current drill sampling depths. A depletion zone consisting of the upper 0.5 m is reserved for rehabilitation purposes, is not estimated or reported. Differences may occur due to rounding.*							

Table 5: Arrowsmith Central Mineral Resource Estimate

The Resource area is a small portion of the tenement area, adequate for initial mining studies amenable to future aircore drilling over an increased area. To that end, early in 2019 the Company completed an extensive Aboriginal Heritage survey with representatives of the Southern Yamatji claimant group for a more intensive and wider ranging drill program and, following POW approval, an aircore drill program was completed in March 2019.

The exploration program also provided a bulk sample which was used for the second and third iteration of metallurgical testwork and has verified that the sand can be beneficiated to glassmaking quality. An additional testwork program, which is underway, is investigating the recovery and quality of products for the foundry industry, particularly in Korea.

On 14 February 2019, VRX Silica announced the lodgement of its Mining Lease application (MLA) (M70/1392) at its Arrowsmith Central prospect. The MLA Resource is 27mt @ 97.7% SiO_2 and covers 96% of the total Resource of 28 Mt @ 97.7% SiO_2.

The Arrowsmith Central MLA is for an area of 1,900Ha and covers part of Exploration Licence E70/4987 (see Figure 2).

CSA Global reported the Mineral Resource Estimate located within the MLA boundary, which is summarised in Table 6.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	LOI%	TiO_2%
Inferred	27	97.7	1.2	0.3	0.5	0.2
** Note: Mineral Resources are reported only from within the VRX-nominated MLA and form a subset of the total Arrowsmith Central Mineral Resources as reported to the ASX on 13 December 2018. Differences may occur due to rounding.*						

Table 6: Arrowsmith Central Silica Sand Mineral Resource Estimate within MLA

Boyatup Project

On 4 February 2019, VRX Silica announced the acquisition of the Boyatup Silica Sand Project (Boyatup Project), located on Exploration Licence E69/3560 with a total area of 105.7km². The consideration for the acquisition was 2,000,000 ordinary fully paid shares issued to the tenement holder, Silatec Pty Ltd, plus $10,000 in cash.

The tenement is almost totally covered by vacant, unallocated crown land and only a very small section is over farming freehold land, the latter being of no interest to the Company. It is located 100km east of the port town of Esperance (see Figure 5) and is connected to the Esperance Bulk Port via a sealed road which by-passes the city of Esperance. 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.

The Boyatup Project deposit is subtly different from the Company's Arrowsmith and Muchea Silica Sand Projects and has the potential to provide yet another option in the product range that the Company could market in Asia.

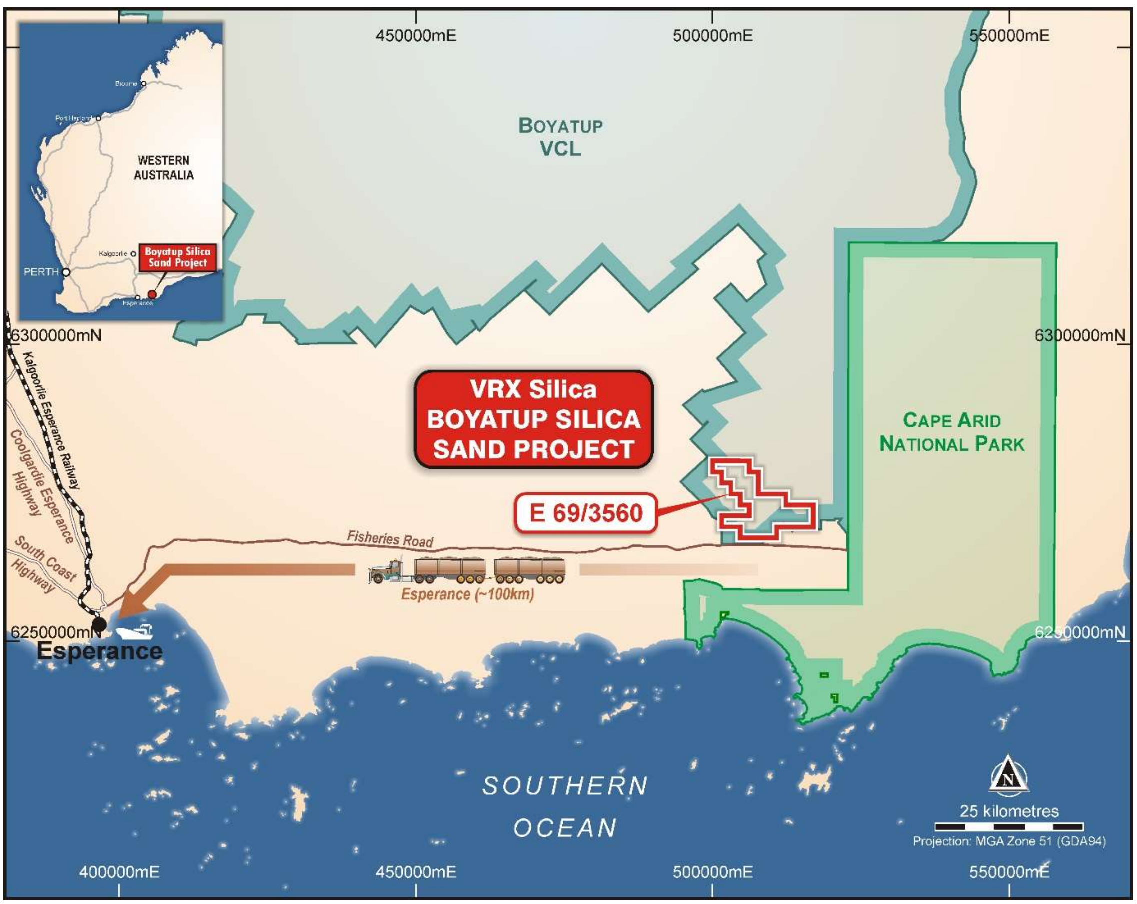

Figure 5. Boyatup Project Location

Testwork Results

On 2 May 2019, VRX Silica announced the results of testwork and confirmation assays for recoveries of silica sand commercial products from its Arrowsmith and Muchea Silica Sand Projects.

The Company has conducted three iterations of testwork, with the final iteration completed in March 2019 by CDE Global, a renowned testwork laboratory and process plant fabricator based in Northern Ireland. The Company has since completed confirmation assays on final products from that testwork through Nagrom Laboratories in Perth, WA.

In March 2019 the Company released a process circuit design, engineering and cost estimate by CDE Global for a plant which would be based on this testwork. The final determination of recoveries is based on this circuit design, which included the attritioning step being conducted twice.

Attritioning is a high energy interaction of grains rubbing on grains which liberates attached fine particles and reduces particle size by breakage on corners and grain boundaries. This reduces contaminants and improves particle shape.

VRX Silica is now confident in the process circuit design and the final silica sand products capable of production. These have been compiled into the products catalogue which the Company continues to distribute and gauge the response in the market, which to date has been extremely positive.

Table 7 summarises the recovered products based on the testwork and process circuit mass balance data.

Arrowsmith North

Product	*Industry*	*Recovery*
Arrowsmith - N20	Foundry	24%
Arrowsmith - N40 / NF500	Foundry/Glass	60%
Local Market/Filter/Bunker	Filter/Bunker	6%

Arrowsmith Central

Product	*Industry*	*Recovery*
Arrowsmith - C20	Foundry	34%
Arrowsmith - C50/CF400	Foundry/Glass	34%
High TiO_2	Mineral Sands	9%

Muchea

Product	*Industry*	*Recovery*
Muchea F80C	LCD/Foundry	20%
Muchea F80	Glassmaking	48%
Muchea F150	Glassmaking	20%

Recoveries based on CDE Global/Nagrom Testwork Mass Balance Data

Table 7: Recoveries at Arrowsmith and Muchea

Three iterations of testwork have been carried out on the Arrowsmith projects (North and Central) and Muchea project. Significantly, the attritioning cycle has been demonstrated to be particularly effective in removing impurities from the quartz grains.

Testwork completed by VRX Silica has confirmed that the plant design for the production of a high purity silica sand product suitable for the glassmaking industry is the same for all three projects.

Plant Design and Costs

On 27 March 2019, VRX Silica received an independent process design, engineering and cost estimate for processing plants at its Arrowsmith projects (North and Central) and Muchea project. The independent processing testwork, process circuit design and engineering was undertaken by CDE Global, Northern Ireland, a global leader in the construction of sand mining wet processing plants.

The plant design (see Figure 6) incorporates features to ensure high utilisation and performance with duplicated critical pumps and variable speed drives on all pumps.

CDE Global has provided the Company with a cost estimate for a 2 million tonne per annum (Mtpa) processing plant which, due to its modular nature, is a detailed proposal and accurate to ±15% in pricing. Table 8 sets out a summary of this cost estimate.

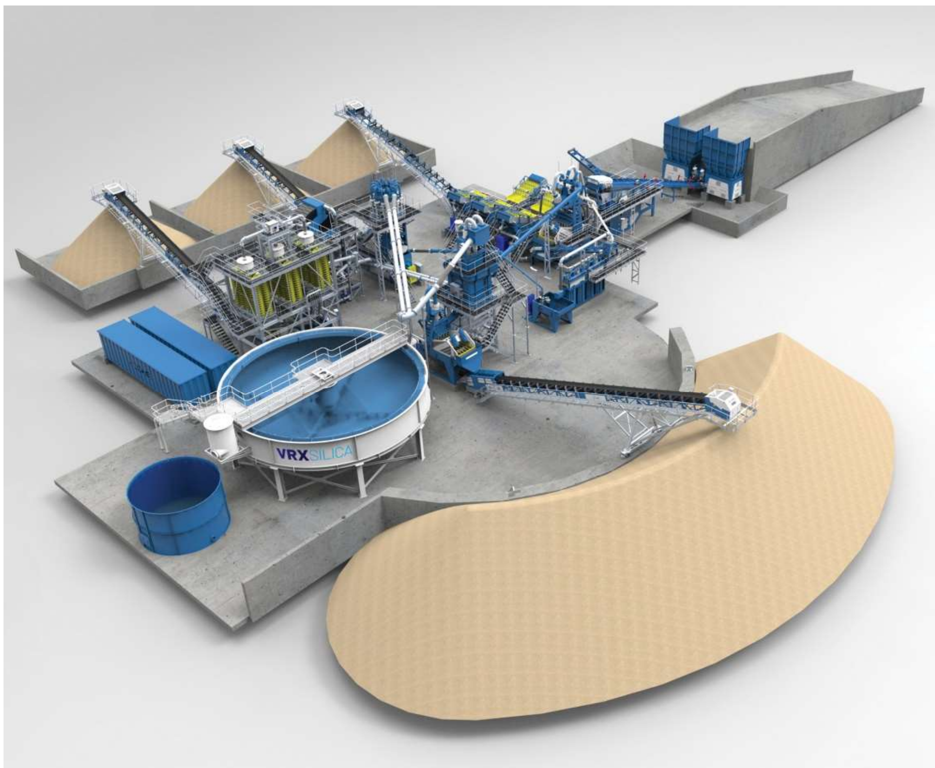

Figure 6. Computer-generated image of plant design

Processing Plant Costs ± 15%

	CDE Quote GBP	$AUD
Mechanical Equipment, lighting, wiring, pipework	£6,800,000	$12,716,000
WHIM Module (optional)	£700,000	$1,309,000
Installation & commissioning Labour	£1,100,000	$2,057,000
Crane Hire and EWP's	£400,000	$748,000
Freight (C.I.F Fremantle) (65 containers)	£420,000	$785,400
Contingency (5% of mech.)	£340,000	$635,800
Total	£9,760,000	$18,251,200

Table 8: Summary of quote details for processing plant (exchange rate of 1GBP = 1.87AUD)

VRX Silica estimates costs for plant feeder, water supply and contingencies will increase the total capital cost for a 2 Mtpa processing plant to approximately A$25 million.

Further testwork is underway to finalise the requirements for the magnetic separation component (WHIMS). This is not anticipated to materially affect the costs.

The processing plant will wash, screen and attrition sand, and remove heavy minerals to create a final product for delivery to customers.

No chemicals are required for the process.

The process includes a thickener which will allow for 95% of process water to be recycled.

The process flow for the plant will be as follows:

1. An upstream process will provide a slurry feed product with solids of a maximum 2mm size; the product is classified by a series of screens that will create a coarse product (<2mm - +0.6mm) and a fine product (-0.6mm).
2. The coarse product is washed, dewatered, and stockpiled.
3. The finer product moves to an attrition scrubbing and washing process.
4. The finer product then moves on to a spiral bank separating the feed into heavies and lights.
5. The light product passes through a magnetic separation process.
6. Non-magnetic product moves to a counter flow classification unit (CFCU) which produces two products:
   (a) a glass sand product (<0.6mm + 0.212mm); and
   (b) a fines product (<0.212mm + 0.6mm) that will be sent to the coarse sand stockpile.
7. Slimes less than 75µm produced by the plant will be treated through an AquaCycle thickener for process water recovery.

Sales and Marketing

On 16 April 2019 VRX Silica announced it had received strong interest for the purchase of significant tonnages of silica sand products from its Arrowsmith projects (North and Central) and Muchea project following the appointment of Mr Yoonil Kim as its International Sales Manager in November 2018.

Mr Kim is a South Korean national with more than 15 years' experience marketing and selling silica sand products to glass manufacturers and foundries across the Asia-Pacific region.

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 all three projects. The Company will be able to commit to binding offtake agreements following the approval of Mining Permits.

VRX Silica has received enquiries and expressions of interest and letters of intent from manufacturers and 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)

With more than 270 glassmaking facilities the Chinese glassmaking industry is the most dominant in the Asia-Pacific region.

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 was 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 expressions 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. Further enquiries are expected and the Company will look to progress this strong interest into binding offtake agreements before committing to funding arrangements for processing plant requirements.

Warrawanda HPQ Project

The Company has undertaken an Aboriginal Heritage Survey over potential drill sites and access tracks to quartz outcrops.

A drill program has been undertaken post the 2019 financial year and results are pending.

Biranup Project Option and Farm-In JV

On 15 November 2018 VRX Silica announced it had entered into an option agreement with Metalicity Limited (ASX:MCT) (MCT) for MCT to acquire a 40% interest in the Company's Biranup Project and a farm-in and joint venture arrangement for the balance of the project. On 13 March 2019 the Company received written notice from MCT that it has decided not to progress the proposed transaction and the option has lapsed.

Now that VRX Silica is focused on progressing its silica sand projects, the Company will seek new opportunities for a joint venture to further explore the many anomalies highlighted on the Biranup Project.

DETAILED INFORMATION – CORPORATE EVENTS

Muchea Acquisition

In late July 2018, the Company entered into new agreements with Wisecat Pty Ltd and Australian Silica Pty Ltd to immediately acquire 100% of the Muchea project (in lieu of the previously agreed option arrangement) in consideration for the issue of an aggregate of 8,333,333 shares in the Company to the Wisecat vendor and 65 million shares and 20 million options to Australian Silica, together with an ongoing net production royalty of 1%, subject to shareholder approval which was obtained in September 2018.

Under the new transaction structure ASX confirmed that the Company was no longer required to re-comply with ASX's admission requirements for the re-listing of its shares, and trading in its shares recommenced on 2 August 2018.

Capital Raisings

July 2018

During July 2018 the Company received firm commitments for a capital raising via a share placement to professional and sophisticated investors to raise $2.4 million by the way of the issue of 40 million fully paid ordinary shares at $0.06 each.

The capital raising comprised the issue of 36,550,000 shares to non-related parties (with 19,364,647 under its existing Listing Rule 7.1 capacity and 17,185,353 under Listing Rule 7.1A) and a further 3,450,000 shares to VRX Silica directors (following receipt of shareholder approval in September 2018).

April 2019

During April 2019 the Company received firm commitments for a capital raising via a share placement to professional and sophisticated investors to raise approximately $2.26 million before costs by the way of the issue of 37,666,666 million fully paid ordinary shares at $0.06 each

The capital raising comprised the issue of 33,333,33 new fully paid ordinary shares to non-related parties within the Company's placement capacity under Listing Rule 7.1 and a further 4,333,333 shares to VRX Silica directors (following receipt of shareholder approval in May 2019).

Hartleys Limited (AFSL No 230052) acted as lead manager to the placement.

EVENTS SUBSEQUENT TO THE PERIOD

Arrowsmith North Mineral Resource Estimate Upgrade

On 9 July 2019, after the receipt of the analytical results from the March 2019 aircore drill program, VRX Silica announced a new Mineral Resource Estimate (MRE) for Arrowsmith North.

The upgrade was to a JORC compliant Indicated Mineral Resource of 248 Mt @ 97.7% SiO_2 in addition to an Inferred Mineral Resource of 523 Mt @ 98.2% SiO_2 for a Total MRE of 771 Mt @ 98.0% SiO_2, an overall increase of 398% on the maiden estimate.

The Indicated Mineral Resource is predominately within the Company's Mining Lease application area for Arrowsmith North.

China Southern Glass Strategic Alliance

On 11 July 2019, the Company announced it had entered into a memorandum of understanding (MOU) with CSG Holding Co Ltd (China Southern Glass) to form a strategic alliance in connection with the Muchea Silica Sand 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.

Arrowsmith North Probable Ore Reserve and Bankable Feasibility Study

On 28 August 2019 VRX Silica announced details of its Bankable Feasibility Study (BFS) and maiden Probable Ore Reserve at Arrowsmith North, demonstrating exceptional financial metrics and a World-class project for Arrowsmith North.

The Probable Ore Reserve for Arrowsmith North totals 223 Mt @ 99.7% SiO2 as reported in accordance with the JORC Code with 204 Mt @ 99.7% SiO_2 contained within the MLA area.

The key outcomes from the BFS and summary financial model outputs set out below. The BFS contains full details, including a life of mine production profile and sensitivity analysis for the model.

Post Tax, ungeared NPV_{10}	$242,300,000
Post Tax, ungeared NPV_{20}	$99,800,000
Post Tax, ungeared IRR	79%
Payback period (yrs) (post tax) (ramp up rate)	2.4
Exchange Rate US$/A$	$0.70
Life of Mine (yrs) (Scope of BFS)	25
EBIT	$1,144,000,000
Total Sales (initial 25 years) (no escalation)	$2,773,000,000
Cashflow after finance and tax	$835,000,000
Capex (2 mtpa)	$28,260,000
Capex contingency (inc)	20%
Life of Mine C1 costs, FOB Geraldton (inc royalties)	$30.18
Tonnes Processed (initial 25 years) (Mt)	53
Production Target (initial 25 years) (Mt)	47.7
Probable Ore Reserves @ 99.7% SiO2 (Mt)	204
Ore Reserve life (yrs)	102
JORC Resources (million tonnes)	771

Notes:
1: The Ore Reserve underpinning the above production target has been prepared by a Competent Person in accordance with the requirements of the JORC Code.
2. Details of economic assumptions are set out in the BFS.
3. All figures are presented in Australian dollars, unadjusted for inflation

Arrowsmith Central Probable Ore Reserve and Bankable Feasibility Study

On 13 September 2019 VRX Silica announced details of its Bankable Feasibility Study (BFS) and maiden Probable Ore Reserve at Arrowsmith Central, demonstrating compelling financial metrics and complementing Arrowsmith North.

The Probable Ore Reserve for Arrowsmith Central totals 18.9 Mt @ 99.6% SiO2 as reported in accordance with the JORC Code with 18.7 Mt @ 99.6% SiO_2 contained within the MLA area, and this supports a 13-14 year project. This is estimated from the Indicated Mineral Resource only and constitutes approximately 48% of the estimated total production target (in terms of processed tonnes of silica sand) over the 25 year mine life for the project BFS. The Company intends to mine solely from Probable Ore Reserve during the initial 13-14 years of the project.

The balance is from Inferred Mineral Resource in the proposed mining area which is 29.4 Mt @ 96.2% SiO_2, which the Company intends to mine from year 14 onwards. The Company has undertaken sufficient drilling to assume geological and metallurgical continuity of the sand deposit and there is negligible difference between the modelled sand in each category. In order to upgrade the Inferred Mineral Resource, the Company anticipates that an additional 500 m of aircore drilling will be required. The cost for drilling, assaying and associated studies is estimated (at current rates) to be in the region of $100,000 and will need to be undertaken within the first 13 years of mining operations.

The key outcomes from the BFS and summary financial model outputs set out below. The BFS contains full details, including a life of mine production profile and sensitivity analysis for the model. The financial model shows that Arrowsmith Central is a viable project with the Probable Ore Reserve only, and the Inferred Mineral Resource is not the determining factor for its viability.

Post Tax, ungeared NPV_{10}	$147,600,000
Post Tax, ungeared NPV_{20}	$56,100,000
Post Tax, ungeared IRR	60%
Payback period (yrs) (post tax) (ramp up rate)	2.8
Exchange Rate US$/A$	$0.70
Life of Mine (yrs) (Scope of BFS Study)	25
EBIT	$737,000,000
Total Sales (initial 25 years) no escalation	$2,167,000,000
Cashflow after finance and tax	$539,000,000
Capex (2 mtpa)	$25,880,000
Capex contingency (inc)	20%
Life of Mine C1 costs, FOB Geraldton (inc royalties)	$27.67
Tonnes Processed (initial 25 years) (Mt)	51
Production Target (Mt) (initial 25 years) (BFS Study)	39.6
Probable Ore Reserves @ 99.6% SiO_2 (Mt)	19
Ore Reserve life (yrs)	10
JORC Resources (million tonnes)	77

Notes:

1. A proportion of the production target is based on Inferred Mineral Resource. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or tha the production target itself will be realised.
2. The Probable Ore Reserve and Inferred Mineral Resource underpinning the above production target have been prepared by a Competent Person in accordance with the requirements of the JORC Code.
3. Details of economic assumptions are set out in the BFS.
4. All figures are presented in Australian dollars, unadjusted for inflation

Competent Persons' Statements

The information in this report that relates to Arrowsmith Central, Arrowsmith North and Muchea Exploration Results is based on data collected and compiled under the supervision of Mr David Reid, who is a full-time employee of VRX Silica. 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 (JORC Code)." Mr Reid consents to the inclusion of the data in the form and context in which it appears.

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

The information in this report that relates to the Probable Ore Reserves for Arrowsmith Central and Arrowsmith North is based on data collected and compiled under the supervision of Mr David Reid, who is a full-time employee of VRX Silica. 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 (JORC Code)". Mr Reid consents to the inclusion of the data in the form and context in which it appears.

Your directors present their report on the Company and its controlled entities for the year ended 30 June 2019.

DIRECTORS

The names of the directors of the Company in office during the financial year and up to the date of this report are as follows:

Paul Boyatzis
Bruce Maluish
Peter Pawlowitsch

Directors were in office from the beginning of the financial year until the date of this report unless otherwise stated.

The particulars of the qualifications, experience and special responsibilities of each director are as follows:

Paul Boyatzis, B Bus, AICD, MSDIA, ASA, CPA – Non-Executive Chairman

Mr Boyatzis is a current member of the Australian Institute of Company Directors, the Securities and Derivative Industry Association of Australia and a member of the Certified Practising Accountants of Australia.

Mr Boyatzis has over 30 years' experience in the investment and equity markets and an extensive working knowledge of public companies. He has advised numerous emerging companies and assisted in raising significant investment capital both locally and overseas.

Director since 24 September 2010.

During the past three years Mr Boyatzis has held the following other listed company directorships:

- Nexus Minerals Ltd – 6 October 2006 to present
- Aruma Resources Ltd – 5 January 2010 to present
- Transaction Solutions International Ltd – 23 February 2010 to 30 June 2017

Bruce Maluish, BSc (Surv), Dip Met Min – Managing Director

Mr Maluish has more than 30 years' experience in the mining industry with numerous roles as Managing Director and General Manager with companies such as the Monarch Group of Companies, Matilda Minerals, Abelle, Hill 50 and Forsyth Mining, while mining a variety of commodities from gold, nickel and mineral sands from both open pits and underground.

His management and administrative experience includes the set up and marketing of IPOs, from commencement of exploration to full production, to the identification, development and expansion of projects including mergers and acquisitions.

His international experience includes identification of projects and negotiations with clients in Asian markets.

His qualifications include credentials in Surveying, Mining, Project Planning and Finance

Director since 24 September 2010.

During the past three years Mr Maluish has held the following other listed company directorships:

- Nexus Minerals Ltd – 1 July 2015 to present

Peter Pawlowitsch, B.Com, MBA, CPA, FGIA – Non-Executive Director

Mr Pawlowitsch holds a Bachelor of Commerce from the University of Western Australia, is a member of the Certified Practising Accountants of Australia, a fellow of the Governance Institute and holds a Masters of Business Administration from Curtin University.

These qualifications have underpinned more than 15 years' experience in the accounting profession and more recently in business management and the evaluation of businesses and mining projects.

Director since 12 February 2010.

During the past three years Mr Pawlowitsch has held the following other listed company directorships:
- Dubber Corporation Limited – 26 September 2011 to present
- Knosys Limited – 16 March 2015 to present
- Novatti Group Limited – 19 June 2015 to present
- Rewardle Holdings Limited – 30 May 2017 to 2 January 2019
- Family Zone Cyber Safety Limited – 24 September 2019 to present

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors (direct and indirect) in the shares and options of VRX Silica Limited were:

Paul Boyatzis
- 3,480,000 ordinary fully paid shares
- 1,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each
- 3,000,000 options expiring 30 November 2020, exercisable at 7.2 cents each
- 3,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

Bruce Maluish
- 12,810,535 ordinary fully paid shares
- 2,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each
- 5,000,000 options expiring 30 November 2020, exercisable at 7.2 cents each
- 5,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

Peter Pawlowitsch
- 24,841,769 ordinary fully paid shares
- 1,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each
- 3,000,000 options expiring 30 November 2020, exercisable at 7.2 cents each
- 3,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

COMPANY SECRETARY

John Geary, B.Bus, Grad Dip Acctg, Grad Dip Adv Taxation

Mr Geary has forty years' experience in the mineral exploration industry in Australia and overseas. His experience includes prospecting and the evaluation, acquisition, maintenance and compliance requirements associated with mining tenements.

He has been actively engaged in the planning and implementation of many exploration programmes and his experience as a contract driller has enabled him to recognise and identify potential resource value.

He has been involved in the promotion, prospectus preparation and listing of a number of exploration companies (IPO's) on the Australian Securities Exchange. He has held the position of Executive Director and Company Secretary for a number of ASX listed exploration companies in recent years.

CORPORATE INFORMATION

Corporate Structure

VRX Silica Limited is a limited liability company that is incorporated and domiciled in Australia. VRX Silica Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

VRX Silica Ltd	-	parent entity
Ventnor Gold Pty Ltd	-	100% owned controlled entity
VRX Boyatup Pty Ltd (formerly Ventnor Kumarina Pty Ltd)	-	100% owned controlled entity
Ventnor Mining Pty Ltd	-	100% owned controlled entity
Ventnor Pilbara Pty Ltd	-	100% owned controlled entity
Wisecat Pty Ltd	-	100% owned controlled entity

Nature of Operations and Principal Activities

The principal continuing activities during the year of entities within the consolidated entity was mineral exploration.

OPERATING AND FINANCIAL REVIEW

Review of Operations

A review of operations for the financial year and the results of those operations is contained within the company review.

Operating Results

Consolidated loss after income tax for the financial year was $6,017,950 (2018: $1,781,477).

Financial Position

At 30 June 2019, the Group had net asset of $8,434,814 (2018: $2,839,913) with cash reserves of $1,545,418.

Financing and Investing Activities

The Company issued the following securities during the year:

- 77,665,416 ordinary fully paid shares by placement at an issue price of 6 cents each, raising $4,659,925.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year are detailed in the company review.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or in the financial report.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen, since the end of the financial year, which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, other than outlined in the company review which is contained in this Annual Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its principal activity of exploration and evaluation, particularly in respect to the projects as more particularly outlined in the company review. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

MEETINGS OF DIRECTORS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Board of Directors Meetings	
	Number eligible to attend	Number attended
P Boyatzis	7	7
B Maluish	7	7
P Pawlowitsch	7	7

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of VRX Silica Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term “executive” includes those key management personnel who are not directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

The remuneration report is set out under the following main headings:
- Remuneration policy
- Remuneration structure
- Employment contracts of directors and senior executives
- Details of remuneration for year
- Compensation options to key management personnel
- Shares issued to key management personnel on exercise of compensation options
- Additional disclosures relating to key management personnel

A. Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

B. Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination approved by shareholders was an aggregate compensation of $250,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for Company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay — Long Term Incentives

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting of options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

C. Employment contracts of directors and senior executives

The employment arrangements of the directors are not formalised in a contract of employment.

D. Details of remuneration for year

Directors
The following persons were directors of VRX Silica Limited during the current and previous financial years:

Paul Boyatzis	Chairman (non-executive)
Bruce Maluish	Director (executive)
Peter Pawlowitsch	Director (non-executive)

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

Remuneration
Details of the remuneration of each Director and named executive officer of the Company, including their personally-related entities, during the year was as follows:

Director	Year	Short Term Benefits	Post Employment	Share Based Payments	Total
		Salary and Fees $	Superannuation $	Options $	$
P Boyatzis	**2019**	**60,000**	**-**	**237,600**	**297,600**
	2018	30,000	-	60,900	90,900
B Maluish	**2019**	**a) 245,000**	**19,000**	**396,000**	**660,000**
	2018	100,000	9,500	101,500	211,000
P Pawlowitsch	**2019**	**36,530**	**3,470**	**237,600**	**277,600**
	2018	18,265	1,735	60,900	80,900
Total	**2019**	**341,530**	**22,470**	**871,200**	**1,235,200**
	2018	148,265	11,235	223,300	382,800

a) During the year, $45,000 was paid as a payroll payment to Mr Maluish for advisory services outside his usual executive director duties.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Director	Year	Fixed Remuneration	At risk - STI	At risk - LTI
P Boyatzis	**2019**	**20%**	**-**	**80%**
	2018	33%	-	67%
B Maluish	**2019**	**40%**	**-**	**60%**
	2018	52%	-	48%
P Pawlowitsch	**2019**	**14%**	**-**	**86%**
	2018	25%	-	75%

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options, however the Board determines appropriate vesting periods to provide rewards over a period of time to key management personnel.

E. Compensation options to key management personnel

The following options were granted as equity compensation benefits to Directors and Executives. The options were issued free of charge and vested immediately. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at various exercise prices with various expiry dates.

Director	Grant Date	Number Granted	Fair Value per Option at Grant Date	Exercise price per Option	First exercise date	Last exercise date
P Boyatzis	30/11/18	3,000,000	$0.0792	$0.217	4/12/18	30/11/21
B Maluish	30/11/18	5,000,000	$0.0792	$0.217	4/12/18	30/11/21
P Pawlowitsch	30/11/18	3,000,000	$0.0792	$0.217	4/12/18	30/11/21
Total		**11,000,000**				

F. Shares issued to key management personnel on exercise of compensation options

No shares were issued to Directors and Executives on exercise of compensation options during the year.

G. Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Director	Balance 01/07/18	Received as Remuneration	Options Exercised	Acquired/ (disposed)	Net Change Other	Balance 30/06/19
Paul Boyatzis	2,531,250	-	-	-	a) 948,750	3,480,000
Bruce Maluish	11,310,535	-	-	-	a) 1,500,000	12,810,535
Peter Pawlowitsch	19,508,436	-	-	-	a) 5,333,333	24,841,769
Total	**33,350,221**	**-**	**-**	**-**	**7,782,083**	**41,132,304**

a) – Shares subscribed for under share placements to professional and sophisticated investors announced on 30 July 2018 and 2 April 2019.

Option Holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Director	Balance 01/07/18	Received as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance 30/06/19
Paul Boyatzis	4,000,000	3,000,000	-	-	-	7,000,000
Bruce Maluish	7,000,000	5,000,000	-	-	-	12,000,000
Peter Pawlowitsch	4,000,000	3,000,000	-	-	-	7,000,000
Total	**15,000,000**	**11,000,000**	**-**	**-**	**-**	**26,000,000**

H. Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, the Company subleased office space for:
- $11,100 to Gyoen Pty Ltd, Mr Peter Pawlowitsch’s consultancy company; and
- $29,350 to Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

At 30 June 2019, the Group has an outstanding receivable of:
- $3,053 from Gyoen Pty Ltd, Mr Peter Pawlowitsch’s consultancy company; and
- $8,071 from Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

During the year, $35,000 was paid to Mr Peter Pawlowitsch’s consultancy company, Gyoen Pty Ltd for advisory services outside his usual Board duties. At 30 June 2019, the Group has an outstanding payable to Gyoen Pty Ltd of $15,000.

On 30 July 2018, the Company announced that in conjunction with the acquisition of Wisecat Pty Ltd and the Muchea Tenement, the Company received firm commitments for a placement of 40,000,000 shares at an issue price of 6 cents each to raise approximately $2,400,000 (before costs). The first tranche of 36,550,000 shares were issued to investors on 1 August 2018. The second tranche of 3,450,000 shares were issued to the directors on 19 September 2018, after shareholder approval was obtained on 14 September 2018. Mr Paul Boyatzis, Mr Bruce Maluish and Mr Peter Pawlowitsch subscribed for 450,000, 1,000,000 and 2,000,000 shares respectively under this placement.

On 2 April 2019, the Company announced that it had received commitments for a placement of 37,666,666 shares at an issue price of 6 cents each to raise approximately $2,260,000 (before costs), with the directors committed to subscribe for an aggregate of 4,333,333 shares. On 9 April 2019, 33,333,333 shares were issued to investors. On 30 May 2019, shareholders approved the placement of shares to the directors. On 4 June 2019, Mr Paul Boyatzis, Mr Bruce Maluish and Mr Peter Pawlowitsch were issued with 498,750, 500,000 and 3,333,333 shares respectively under this placement.

I. Voting and comments made at the Company's last Annual General Meeting ('AGM')

At the 2018 AGM, 99.98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

J. Additional information

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	96,228	75,384	80,355	68,950	61,135
EBITDA	(6,015,965)	(1,780,193)	(999,075)	(9,980,287)	(825,273)
EBIT	(6,017,950)	(1,781,477)	(1,010,828)	(10,013,717)	(863,297)
Loss after income tax	(6,017,950)	(1,781,477)	(1,010,828)	(10,013,717)	(863,297)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.09	0.07	0.01	0.02	0.03
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(1.69)	(0.75)	(0.51)	(7.28)	(0.73)

[THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED]

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

SHARE OPTIONS

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 1,000,000 options expiring 31 October 2019, exercisable at 2.8 cents each
- 5,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each
- 15,250,000 options expiring 30 November 2020, exercisable at 7.2 cents each
- 25,000,000 options expiring 30 June 2021, exercisable at 10 cents each
- 5,750,000 options expiring 30 November 2021, exercisable at 10 cents each
- 11,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each
- 5,000,000 options expiring 30 November 2021, exercisable at 9 cents each
- 4,00,000 options expiring 30 November 2022, exercisable at 9 cents each

During the year options were issued as follows:

- 25,000,000 options exercisable at 10 cents each on or before 30 June 2021
- 5,750,000 options exercisable at 10 cents each on or before 30 November 2021
- 11,000,000 options exercisable at 21.7 cents each on or before 30 November 2021
- 5,000,000 options exercisable at 9 cents each on or before 30 November 2021
- 4,000,000 options exercisable at 9 cents each on or before 30 November 2022

No options expired and no options were exercised during the year.

Subsequent to year end and up to the date of this report, no other options have been issued or exercised and no options have expired.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

LEGAL PROCEEDINGS

The Company was not a party to any legal proceedings during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL REGULATIONS

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

CORPORATE GOVERNANCE

Under ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be located at the URL on the Company's website being: https://vrxsilica.com.au/investor-centre/corporate-governance/

AUDITOR

RSM Australia Partners continues in office in accordance with Section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration as required under section 307C of the Corporations Act 2001, has been received and is included within the financial report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Bruce Maluish
Director
Perth, 25 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Continuing operations			
Revenue	2(a)	**96,228**	75,384
Exploration and evaluation expenditure	9	**(2,937,956)**	(370,428)
Depreciation		**(1,985)**	(1,284)
Directors fees and benefits expense		**(364,000)**	(159,500)
Share based payments	24	**(1,525,250)**	(302,750)
Other expenses	2(b)	**(1,284,987)**	(1,022,899)
Loss before income tax expense		**(6,017,950)**	(1,781,477)
Income tax expense	3	**-**	-
Net loss for the year		**(6,017,950)**	(1,781,477)
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of VRX Silica Limited		**(6,017,950)**	(1,781,477)

	Note	2019	2018
Earnings per share attributable to the members of VRX Silica Limited		**Cents**	**Cents**
Basic/diluted earnings per share	5	**(1.69)**	(0.75)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 2019	2018
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	6	**1,545,418**	276,936
Trade and other receivables	7	**222,593**	153,547
Total Current Assets		**1,768,011**	430,483
Non-Current Assets			
Trade and other receivables	7	**45,794**	45,184
Plant and equipment	8	**11,016**	4,546
Deferred exploration expenditure	9	**6,972,573**	2,634,453
Total Non-Current Assets		**7,029,383**	2,684,183
Total Assets		**8,797,394**	3,114,666
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**303,215**	200,449
Provisions	11	**59,365**	74,304
Total Current Liabilities		**362,580**	274,753
Total Liabilities		**362,580**	274,753
Net Assets		**8,434,814**	2,839,913
EQUITY			
Issued capital	13	**30,796,699**	21,448,698
Reserves	14	**4,188,356**	1,923,506
Accumulated losses	12	**(26,550,241)**	(20,532,291)
Total Equity		**8,434,814**	2,839,913

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
2019				
Balance at 1 July 2018	**21,448,698**	**1,923,506**	**(20,532,291)**	**2,839,913**
Loss for the year	**-**	**-**	**(6,017,950)**	**(6,017,950)**
Total comprehensive loss for the year	**-**	**-**	**(6,017,950)**	**(6,017,950)**
Securities issued during the year	**9,544,925**	**-**	**-**	**9,544,925**
Capital raising costs	**(196,924)**	**-**	**-**	**(196,924)**
Cost of share based payments	**-**	**2,264,850**	**-**	**2,264,850**
Balance at 30 June 2019	**30,796,699**	**4,188,356**	**(26,550,241)**	**8,434,814**
2018				
Balance at 1 July 2017	20,571,809	1,620,756	(18,750,814)	3,441,751
Loss for the year	-	-	(1,781,477)	(1,781,477)
Total comprehensive loss for the year	-	-	(1,781,477)	(1,781,477)
Securities issued during the year	977,350	-	-	977,350
Capital raising costs	(461)	-	-	(461)
Reduction of capital on demerger of subsidiary	(100,000)	-	-	(100,000)
Cost of share based payments	-	302,750	-	302,750
Balance at 30 June 2018	21,448,698	1,923,506	(20,532,291)	2,839,913

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019	2018
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		**(1,735,630)**	(1,067,511)
Interest received		**5,102**	3,870
Other income		**79,650**	46,450
Net cash outflows used in operating activities	6(i)	**(1,650,878)**	(1,017,191)
Cash flows from investing activities			
Expenditure on mining interests		**(1,602,095)**	(807,513)
Payment for plant and equipment		**(5,146)**	(3,050)
Cash disposed on demerger of subsidiary		**-**	(100,000)
Net cash outflows used in investing activities		**(1,607,241)**	(910,563)
Cash flows from financing activities			
Proceeds from issue of shares		**4,659,925**	977,360
Payment of capital raising costs		**(133,324)**	(461)
Net cash provided by financing activities		**4,526,601**	976,899
Net increase/(decrease) in cash held		**1,268,482**	(950,855)
Cash at beginning of the financial year		**276,936**	1,227,791
Cash at end of financial year	6	**1,545,418**	276,936

The accompanying notes form part of these financial statements.

1. *Summary of Significant Accounting Policies*

These consolidated financial statements and notes represent those of VRX Silica Limited and controlled entities. ("Group" or "Consolidated Entity").

VRX Silica Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The separate financial statements of the parent entity, VRX Silica Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 25 September 2019 by the directors of the Company.

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) New Accounting Standards for Application in Current and Future Periods

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

1. Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards for Application in Current and Future Periods (continued)

AASB 15 Revenue from Contracts with Customers
The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. As a result of adopting AASB 9 and AASB 15, the consolidated entity has changed its accounting policies as detailed below. The impact of adoption on opening accumulated losses as at 1 July 2018 and on the current reporting period was determined to be not material.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 and its impact on adoption is expected to result in total assets increasing by $165,116 and total liabilities increasing by $165,116, with no impact to net assets.

1. Summary of Significant Accounting Policies (Continued)

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of VRX Silica Limited ("Company" or "Parent Entity") and its subsidiaries as at 30 June each year ("Consolidated Entity" or "Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations have been accounted for using the acquisition method of accounting (refer note 1(e)).

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of the Company.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1. Summary of Significant Accounting Policies (Continued)

(e) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the statement of comprehensive income.

(f) Revenue Recognition

The consolidated entity recognises revenue as follows:
Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

1. Summary of Significant Accounting Policies (Continued)

(f) Revenue Recognition (continued)

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

(g) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(h) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(i) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

1. Summary of Significant Accounting Policies (Continued)

(i) Income Tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(j) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1. Summary of Significant Accounting Policies (Continued)

(k) Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

1. Summary of Significant Accounting Policies (Continued)

(l) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(m) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

1. Summary of Significant Accounting Policies (Continued)

(m) Impairment of Assets (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

1. Summary of Significant Accounting Policies (Continued)

(q) Share-Based Payment Transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model or the binomial option valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of VRX Silica Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(r) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

1. Summary of Significant Accounting Policies (Continued)

(t) Earnings per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(v) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Plant and equipment – over 3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment
The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1. Summary of Significant Accounting Policies (Continued)

(v) Plant and Equipment (continued)

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

(ii*) Derecognition and disposal*
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(w) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

(x) Employee Benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. Summary of Significant Accounting Policies (Continued)

(y) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(z) Significant Accounting Estimates and Judgments

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets
The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(l). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of assets
In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined from market value.

	Consolidated	
	2019	2018
	$	$

2. *Revenue and Expenses*

(a) Revenue

	2019 $	2018 $
Interest received – other corporations	**5,553**	4,334
Other	**90,675**	71,050
	96,228	75,384

(b) Other Expenses

	2019 $	2018 $
Audit fees	**35,500**	33,500
Consulting fees	**206,400**	150,735
Legal fees	**107,810**	227,580
Marketing	**369,878**	72,746
Rent	**81,665**	83,316
Securities exchange and registry fees	**99,531**	63,963
Travel	**113,407**	19,527
Other	**270,796**	371,532
	1,284,987	1,022,899

3. *Income Tax*

(a) Income tax expense

The income tax expense for the year differs from the prima facie tax as follows:

	2019 $	2018 $
Loss for year	**(6,017,950)**	(1,781,477)
Prima facie income tax (benefit) @ 27.5% (2017: 27.5%)	**(1,654,936)**	(489,906)
Tax effect of non-deductible/(non-assessable) items	**725,512**	(28,623)
Deferred tax assets not brought to account	**929,424**	518,529
Total income tax expense	**-**	-

(b) Deferred tax assets

	2019 $	2018 $
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(i) occur:	**7,444,427**	6,670,888

There are no franking credits available to the Group.

4. *Auditors' Remuneration*

The auditor of VRX Silica Limited is RSM Australia Partners.

Amounts, received or due and receivable by RSM Australia Partners for:

	2019 $	2018 $
- audit or review services	**35,500**	33,500
- other non-audit services	**2,000**	56,595
	37,500	90,095

	Consolidated 2019	2018
	$	$

5. *Earnings per Share (EPS)*

	Cents	Cents
Basic earnings per share	**(1.69)**	(0.75)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Earnings – Net loss for year	**(6,017,950)**	(1,781,477)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	**355,810,049**	237,730,795

6. *Cash and Cash Equivalents*

Cash at bank	**1,545,418**	276,936

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation of loss for the year to net cash flows from operating activities:

Loss for the year	**(6,017,950)**	(1,781,477)
Depreciation	**1,985**	1,284
Equity settled share based payment	**1,525,250**	302,750
Exploration and evaluation expenditure	**2,937,956**	370,428
Changes in assets and liabilities		
Receivables	**(18,451)**	(34,565)
Payables	**(36,669)**	121,371
Provisions	**(12,951)**	11,047
GST payable/receivable	**(30,048)**	(8,029)
Net cash flows used in operating activities	**(1,650,878)**	(1,017,191)

(ii) Non-cash financing and investing activities:

Shares issued as consideration for mining interests	**4,885,000**	-
Options issued as consideration for mining interests	**676,000**	-
Options issued as consideration for capital raising costs	**63,600**	-
	5,624,600	-

	Consolidated 2019	2018
	$	$
7. *Trade and Other Receivables*		
Current		
Interest receivable	**-**	159
GST recoverable	**112,701**	71,905
Other receivables	**109,892**	81,483
	222,593	153,547

Terms and conditions relating to the above financial instruments:

- Other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	2019	2018
Non-Current		
Security bonds	**25,794**	25,184
Performance bond	**20,000**	20,000
	45,794	45,184

Allowance for expected credit losses

The Group has not recognised any expected credit losses for the year 30 June 2019.

8. *Plant and Equipment*

	2019	2018
Plant and equipment - at cost	**234,061**	225,606
Less: Accumulated depreciation	**(223,045)**	(221,060)
Net carrying amount	**11,016**	4,546
Reconciliation		
At 1 July, net of accumulated depreciation and impairment	**4,546**	2,780
Additions	**8,455**	3,050
Depreciation expense	**(1,985)**	(1,284)
At 30 June, net of accumulated depreciation and impairment	**11,016**	4,546

9. *Deferred Exploration Expenditure*

	2019	2018
Expenditure brought forward	**2,634,453**	2,374,791
Acquisition of subsidiary (Note 16)	**500,000**	-
Tenement acquisitions (Note 17)	**5,272,215**	-
Expenditure incurred during the year	**1,503,861**	630,090
Expenditure written off during the year	**(2,937,956)**	(370,428)
Expenditure carried forward	**6,972,573**	2,634,453

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value.

	Consolidated 2019 $	2018 $
10. *Trade and Other Payables*		
Current		
Trade and other payables	**303,215**	200,449

Terms and conditions relating to the above financial instruments:

- Trade payables are non-interest bearing and are normally settled on 30 day terms.
- Due to the short term nature of trade payable and accruals, their carrying value is assumed to approximate their fair value.

	Consolidated 2019 $	2018 $
11. *Provisions*		
Current		
Employee benefits	**59,365**	74,304

Employee benefits represent annual leave entitlements of employees within the Group and are non-interest bearing. The entire obligation is presented as current, since the Group does not have a right to defer settlement.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated 2019 $	2018 $
Employee benefits expected to be settled after 12 months	**-**	-

	Consolidated 2019 $	2018 $
12. *Equity - Accumulated Losses*		
Accumulated losses at the beginning of the year	**(20,532,291)**	(18,750,814)
Loss after income tax expenses for the year	**(6,017,950)**	(1,781,477)
Accumulated losses at the end of the year	**(26,550,241)**	(20,532,291)

	Consolidated	
	2019	2018
	$	$
13. *Issued Capital*		
(a) Issued and paid up capital		
Ordinary shares - fully paid	**30,796,699**	21,448,698

(b) Movement in ordinary shares on issue	Issue Price	No. of Shares	$
2019			
Balance at the beginning of the year		**251,319,868**	**21,448,698**
Issued as consideration for acquisition of subsidiary (Note 16) – 1 August 2018	**$0.060**	**8,333,333**	**500,000**
Issued for cash pursuant to placement to investors – 1 August 2018	**$0.060**	**36,550,000**	**2,193,000**
Expense of issue		**-**	**(23,072)**
Issued as consideration for acquisition of tenement (Note 17) – 1 August 2018	**$0.060**	**10,000,000**	**600,000**
Issued as consideration for acquisition of tenement (Note 17) – 19 September 2018	**$0.065**	**55,000,000**	**3,575,000**
Issued for cash pursuant to placement to directors – 19 September 2018	**$0.060**	**3,450,000**	**207,000**
Issued as consideration for acquisition of tenement (Note 17) – 18 February 2019	**$0.105**	**2,000,000**	**210,000**
Issued for cash pursuant to placement to investors – 9 April 2019	**$0.060**	**33,333,333**	**2,000,000**
Expense of issue		**-**	**(173,852)**
Issued for cash pursuant to placement to directors – 4 June 2019	**$0.060**	**4,332,083**	**259,925**
Balance at the end of the year		**404,318,617**	**30,796,699**
2018			
Balance at the beginning of the year		223,395,589	20,571,809
Reduction of capital on demerger of subsidiary (Note 15)		-	(100,000)
Issued for cash pursuant to entitlement offer – 22 December 2017	$0.035	20,696,623	724,382
Entitlement offer shortfall shares issued for cash – 5 January 2018	$0.035	7,227,656	252,968
Expense of issue		-	(461)
Balance at the end of the year		251,319,868	21,448,698

13. *Issued Capital (Continued)*

(c) Share options

At the end of the year, the following options over unissued ordinary shares were outstanding:

- 1,000,000 options expiring 31 October 2019, exercisable at 2.8 cents each;
- 5,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each;
- 15,250,000 options expiring 30 November 2020, exercisable at 7.2 cents each;
- 25,000,000 options expiring 30 June 2021, exercisable at 10 cents each;
- 5,750,000 options expiring 30 November 2021, exercisable at 10 cents each;
- 11,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each;
- 5,000,000 options expiring 30 November 2021, exercisable at 9 cents each; and
- 4,000,000 options expiring 30 November 2022, exercisable at 9 cents each.

(d) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(e) Capital management

Management controls the capital of the Company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The gearing ratios for the year ended 30 June 2019 and 30 June 2018 are as follows:

		Consolidated	
		2019	**2018**
		$	**$**
Total borrowings	10	**303,215**	200,449
Less cash and cash equivalents	6	**(1,545,418)**	(276,936)
Net debt		**(1,242,203)**	(76,487)
Total equity		**8,434,814**	2,839,913
Total capital		**7,192,611**	2,763,426
Gearing ratio		**N/A**	N/A

	Consolidated	
	2019	2018
	$	$
14. *Reserves*		
Option issue reserve	**4,188,356**	1,923,506

Option issue reserve

(i) Nature and purpose of reserve
The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive based share options.

(ii) *Movements in reserve*

	2019	2018
Balance at the beginning of the year	**1,923,506**	1,620,756
Issue of incentive based share options	**1,126,850**	302,750
Options issued in lieu of fees payable	**462,000**	-
Options issued as consideration for acquisition of tenement	**676,000**	-
Balance at the end of the year	**4,188,356**	1,923,506

15. *Demerger of Subsidiary*

On 30 November 2017, at the 2017 annual general meeting, shareholders approved the demerger of Delgare Pty Ltd ("Delgare"), a wholly owned subsidiary of the Company. The Company reduced the share capital of the Company by distributing its holding of Delgare shares in specie to shareholders on a pro rata basis based on the number of shares held by eligible shareholders on 6 December 2017. The demerger was completed on 12 December 2017.

At demerger, the net assets of Delgare was cash of $100,000, resulting in the reduction of the Company's issued capital by $100,000.

16. *Acquisition of Subsidiary*

On 30 July 2018, the Company announced that it had acquired 100% of the issued capital of Wisecat Pty Ltd ("Wisecat"). As Wisecat held the option to acquire the Muchea Tenement (E70/4886) ("Muchea Option"), with no inputs or outputs being acquired, the acquisition was assessed as an asset acquisition rather than a business combination.

The full consideration for the acquisition of Wisecat of 8,333,333 fully paid ordinary shares in the Company were issued to Goldfire Enterprises Pty Ltd ("Goldfire"), the sole shareholder of Wisecat, on 1 August 2018.

	$
Purchase consideration	
Fair value of share consideration issued	500,000
	500,000
Net assets acquired	
Deferred exploration expenditure	500,000
	500,000

17. *Acquisition of Muchea and Boyatup Tenements*

On 30 July 2018, the Company announced that Wisecat had entered into a tenement acquisition agreement with Australian Silica Pty Ltd ("Australian Silica") to purchase the Muchea Tenement (E70/4886) following the Company's acquisition of Wisecat.

The Muchea Tenement acquisition was on the following terms:

- Initial issue of 10,000,000 shares in the Company to Australian Silica. The shares were issued on 1 August 2018;
- Issue, subject to shareholder approval, 55,000,000 shares in the Company and 20,000,000 options, at an issue price of 0.001 cent per option. Each option is exercisable into a share in the Company on or before 30 June 2021 at 10 cents. Shareholder approval was obtained on 14 September 2018 and the shares and options were issued to Australian Silica on 19 September 2018; and
- Wisecat will pay Australian Silica an ongoing net production royalty of 1% on gross revenue on all product sold from minerals mined from the Muchea Tenement minus allowable deductions.

On 4 February 2019, the Company announced that it had completed an agreement with Silatec Pty Ltd for the acquisition of the Boyatup Silica Sand Project which consists of a single tenement, E69/3560. The Company issued 2,000,000 shares on 18 February 2019 and paid $10,000 in full consideration for the acquisition.

	$
Acquisition of Muchea tenements	
Fully paid ordinary shares	4,175,000
Unlisted options	676,000
Cash received for unlisted options	(200)
Stamp duty	194,765
	5,045,565
Acquisition of Boyatup tenements	
Fully paid ordinary shares	210,000
Cash consideration	10,000
Stamp duty	6,650
	226,650
Total consideration for tenement acquisitions	5,272,215

	Consolidated	
	2019	2018
18. *Commitments*	$	$

Exploration commitments

The Company has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the accounts. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishment of tenure or any new joint venture arrangements. Expenditure may be increased when new tenements are granted or joint venture agreements amended. The minimum expenditure commitment on the tenements is:

	2019	2018
Not later than one year	**490,000**	358,000

	Consolidated	
	2019	2018
18. *Commitments (Continued)*	$	$
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable – minimum lease payments		
- Not later than one year	**81,055**	72,617
- After one year but not more than five years	**59,823**	-
	140,878	72,617

The property lease is a non-cancellable lease with a 24 month term commencing 1 April 2019, with rent payable monthly in advance. An option exists to renew the lease at the end of the 24 month term for an additional term of 24 months.

The storage lease is currently on a month by month basis.

19. *Contingent Liabilities*

It is possible that native title, as defined in the Native Title Act 1993, might exist over land in which the Company has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Company. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over tenements held by the Company.

In connection with Wisecat's acquisition of the Muchea Tenement (Note 17), Wisecat will pay Australian Silica an ongoing net production royalty of 1% on gross revenue on all product sold from minerals mined from the Muchea Tenement minus allowable deductions.

20. *Financial Reporting by Segments*

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Group has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the year ended 30 June 2019, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration within Australia.

20. *Financial Reporting by Segments (Continued)*

Where applicable, corporate costs, finance costs, interest revenue and foreign currency gains and losses are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a Group basis.

The consolidated entity is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the customer is located

Revenues of approximately Nil (2018: Nil) are derived from a single external customer.

21. *Related Party Transactions*

(a) Subsidiaries

The consolidated financial statements include the financial statements of VRX Silica Limited and the subsidiaries listed in the following table.

	County of Incorporation	% Equity Interest 2019 %	2018 %
Ventnor Gold Pty Ltd	Australia	**100**	100
VRX Boyatup Pty Ltd (formerly Ventnor Kumarina Pty Ltd)	Australia	**100**	100
Ventnor Mining Pty Ltd	Australia	**100**	100
Ventnor Pilbara Pty Ltd	Australia	**100**	100
Wisecat Pty Ltd	Australia	**100**	-

(b) Parent entity

VRX Silica Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 23.

22. *Parent Entity Disclosures*

(a) Summary financial information

Financial Position

	Parent	
	2019	**2018**
	$	**$**
Assets		
Current Assets	**1,716,576**	416,308
Non-current asset	**6,958,206**	2,696,559
Total assets	**8,674,782**	3,112,867
Liabilities		
Current Liabilities	**239,968**	272,954
Total liabilities	**239,968**	272,954
Equity		
Issued capital	**30,896,699**	21,548,698
Reserves	**4,188,356**	1,923,506
Accumulated losses	**(26,650,241)**	(20,632,291)
Total equity	**8,434,814**	2,839,913

Financial Performance

Loss for the year	**(6,017,950)**	(1,881,301)
Other comprehensive income	**-**	-
Total comprehensive loss	**(6,017,950)**	(1,881,301)

(b) Guarantees

VRX Silica Limited has not entered into any guarantees in relation to the debts of its subsidiary.

(c) Other commitments and contingencies

VRX Silica Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in Note 19.

(d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in Note 1 except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

23. *Director and Executive Disclosures*

(a) Details of Key Management Personnel

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the consolidated entity's key management personnel for the year ended 30 June 2019.

	Consolidated	
	2019	**2018**
	$	**$**
Short-term benefits	**341,530**	148,265
Post-employment benefits	**22,470**	11,235
Share-based payments	**871,200**	223,300
	1,235,200	382,800

(b) Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year (2018: nil).

(c) Other transactions with Key Management Personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year, the Company subleased office space for:
- $11,100 (2018: $11,100) to Gyoen Pty Ltd, Mr Peter Pawlowitsch's consultancy company; and
- $29,350 (2018: $29,350) to Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

At 30 June 2019, the Group has an outstanding receivable of:
- $3,053 (2018: $3,053) from Gyoen Pty Ltd, Mr Peter Pawlowitsch's consultancy company; and
- $8,071 (2018: $8,071) from Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

During the year, $35,000 (2018: nil) was paid to Mr Peter Pawlowitsch's consultancy company, Gyoen Pty Ltd for advisory services outside his usual Board duties. At 30 June 2019, the Group has an outstanding payable to Gyoen Pty Ltd of $15,000.

On 30 July 2018, the Company announced that in conjunction with the acquisition of Wisecat Pty Ltd and the Muchea Tenement, the Company received firm commitments for a placement of 40,000,000 shares at an issue price of 6 cents each to raise approximately $2,400,000 (before costs). The first tranche of 36,550,000 shares were issued to investors on 1 August 2018. The second tranche of 3,450,000 shares were issued to the directors on 19 September 2018, after shareholder approval was obtained on 14 September 2018. Mr Paul Boyatzis, Mr Bruce Maluish and Mr Peter Pawlowitsch subscribed for 450,000, 1,000,000 and 2,000,000 shares respectively under this placement.

On 2 April 2019, the Company announced that it had received commitments for a placement of 37,666,666 shares at an issue price of 6 cents each to raise approximately $2,260,000 (before costs), with the directors committed to subscribe for an aggregate of 4,333,333 shares. On 9 April 2019, 33,333,333 shares were issued to investors. On 30 May 2019, shareholders approved the placement of shares to the directors. On 4 June 2019, Mr Paul Boyatzis, Mr Bruce Maluish and Mr Peter Pawlowitsch were issued with 498,750, 500,000 and 3,333,333 shares respectively under this placement.

During the previous financial year, the one for eight non-renounceable rights issue of 27,924,279 fully paid ordinary shares at $0.035 each raised $977,350 (before costs). The application shares were issued on 22 December 2017 and the shortfall shares were issued on 5 January 2018. Mr Paul Boyatzis, Mr Bruce Maluish and Mr Peter Pawlowitsch subscribed for their entitlement of 281,250, 1,256,725 and 500,937 shares respectively under the rights issue offer.

24. *Share Based Payments*

	Consolidated 2019 $	Consolidated 2018 $
(a) Value of share based payments in the financial statements		
Expensed:		
Directors remuneration:		
Unlisted options	**871,200**	223,300
Incentive based payments to employees and consultants:		
Unlisted options	**255,650**	79,450
Share based payments in lieu of fees payable:		
Unlisted options	**398,400**	-
Recognised in statement of comprehensive income	**1,525,250**	302,750
Share based payments to acquire exploration tenements:		
Fully paid ordinary shares	**4,385,000**	-
Unlisted options	**676,000**	-
Recognised on statement of financial position	**5,061,000**	
Share based payments in capital raising costs:		
Unlisted options	**63,600**	-
Recognised on statement of changes in equity	**63,600**	-
Total share based payments	**6,649,850**	302,750

(b) Summary of share-based payments

Shares:

During the year, the Company issued 10,000,000 shares (fair valued at $0.06 each) on 1 August 2018 and 55,000,000 shares (fair valued at $0.065 each) on 19 September 2018 as part consideration to acquire the Muchea Tenement (Note 17).

On 18 February 2019, the Company issued 2,000,000 shares, fair valued at $0.105 each, as part consideration for the acquisition of the Boyatup Tenement (Note 17).

Options:

Set out below are the summaries of options granted as share based payments:

2019

Grant Date	Expiry Date	Exercise Price	Balance 01/07/18	Granted during the year	Exercised during the year	Expired	Balance 30/06/19	Number vested and exercisable
02/11/16	31/10/19	$0.028	1,000,000	-	-	-	1,000,000	1,000,000
28/11/16	28/11/19	$0.028	5,000,000	-	-	-	5,000,000	5,000,000
30/11/17	30/11/20	$0.072	12,000,000	-	-	-	12,000,000	12,000,000
11/12/17	30/11/20	$0.072	3,250,000	-	-	-	3,250,000	3,250,000
14/09/18	30/06/21	$0.100	-	25,000,000	-	-	25,000,000	25,000,000
18/09/18	30/11/21	$0.100	-	5,500,000	-	-	5,500,000	5,500,000
21/11/18	30/11/21	$0.100	-	250,000	-	-	250,000	250,000
30/11/18	30/11/21	$0.217	-	11,000,000	-	-	11,000,000	11,000,000
09/04/19	30/11/21	$0.090	-	5,000,000	-	-	5,000,000	5,000,000
31/05/19	30/11/22	$0.090	-	4,000,000	-	-	4,000,000	4,000,000
			21,250,000	50,750,000	-	-	72,000,000	72,000,000
Weighted average exercise price			$0.060	$0.124	-	-	$0.105	$0.105

24. *Share Based Payments (Continued)*

2018

Grant Date	Expiry Date	Exercise Price	Balance 01/07/17	Granted during the year	Exercised during the year	Expired	Balance 30/06/18	Number vested and exercisable
06/11/14	02/12/17	$0.055	2,500,000	-	-	(2,500,000)	-	-
10/12/14	02/12/17	$0.055	250,000	-	-	(250,000)	-	-
02/11/16	31/10/19	$0.028	1,000,000	-	-	-	1,000,000	1,000,000
28/11/16	28/11/19	$0.028	5,000,000	-	-	-	5,000,000	5,000,000
30/11/17	30/11/20	$0.072	-	12,000,000	-	-	12,000,000	12,000,000
11/12/17	30/11/20	$0.072	-	3,250,000	-	-	3,250,000	3,250,000
			8,750,000	15,250,000	-	(2,750,000)	21,250,000	21,250,000
Weighted average exercise price			$0.036	$0.072	-	$0.055	$0.060	$0.060

The assessed fair values of the options was determined using a binomial option pricing model or black-scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underling share, expected yield and the risk-free interest rate for the term of the option. The inputs to the model used were:

Grant date	30/11/17	11/12/17	14/09/18	18/09/18
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk-free interest rate (%)	1.890%	1.965%	2.040%	2.085%
Expected life of options (years)	3	3	3	3
Underlying share price ($)	$0.040	$0.037	$0.065	$0.071
Option exercise price ($)	$0.072	$0.072	$0.100	$0.100
Value of option ($)	$0.0203	$0.0182	$0.0338	$0.0409

Grant date	21/11/18	30/11/18	9/04/19	31/05/19
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk-free interest rate (%)	2.120%	2.055%	1.430%	1.100%
Expected life of options (years)	3	3	3	3
Underlying share price ($)	$0.170	$0.145	$0.062	$0.058
Option exercise price ($)	$0.100	$0.217	$0.090	$0.090
Value of option ($)	$0.1228	$0.0792	$0.0318	$0.0335

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2019 was 1.952 years (2018: 2.134 years).

The weighted average fair value of share-based payment options granted during the year was $0.04463 each (2018: $0.01985).

25. *Financial Risk Management*

The Consolidated entity's principal financial instruments comprise receivables, payables, loans, cash and short-term deposits. The Consolidated entity manages its exposure to key financial risks in accordance with the Consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated entity's financial targets while protecting future financial security.

The main risks arising from the Consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated entity does not speculate in the trading of derivative instruments. The Consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Risk Exposures and Responses

Interest Rate Risk

The Consolidated entity's exposure to risks of changes in market interest rates relates primarily to the Consolidated entity's cash balances. The Consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Company has no variable interest rate bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At balance date, the Consolidated entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	2019	**2018**
	$	**$**
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**1,524,197**	256,756
Net exposure	**1,524,197**	256,756

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

25. *Financial Risk Management (Continued)*	Consolidated 2019 $	Consolidated 2018 $

At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Consolidated entity would have been affected as follows:

	2019 $	2018 $
Judgements of reasonably possible movements:		
Post tax profit – higher / (lower)		
+ 0.5%	**7,621**	1,284
- 0.5%	**(7,621)**	(1,284)
Equity – higher / (lower)		
+ 0.5%	**7,621**	1,284
- 0.5%	**(7,621)**	(1,284)

Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available credit lines.

The Consolidated entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

Credit risk

Credit risk arises from the financial assets of the Consolidated entity, which comprise deposits with banks and trade and other receivables. The Consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Consolidated entity's maximum exposure to credit risk in relation to those assets.

The Consolidated entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Consolidated entity's policy to secure its trade and other receivables.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated entity does not have a significant exposure to bad debts.

The Consolidated entity's cash deposits are held with a major Australian banking institution otherwise, there are no significant concentrations of credit risk within the Consolidated entity.

25. *Financial Risk Management (Continued)*

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

Consolidated	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $
2019					
Financial Assets:					
Non-interest bearing	**-**	**243,814**	**-**	**2,583**	**-**
Variable interest rate	**0.15**	**1,524,197**	**-**	**-**	**-**
Fixed interest rate	**1.60**	**-**	**-**	**20,000**	**23,211**
		1,768,011	**-**	**22,583**	**23,211**
Financial Liabilities:					
Non-interest bearing	**-**	**303,215**	**-**	**-**	**-**
		303,215	**-**	**-**	**-**
2018					
Financial Assets:					
Non-interest bearing	-	173,727	-	2,583	-
Variable interest rate	0.40	256,756	-	-	-
Fixed interest rate	2.30	-	-	42,601	-
		430,483	-	45,184	-
Financial Liabilities:					
Non-interest bearing	-	200,449	-	-	-
		200,449	-	-	-

Capital Management Risk

Management controls the capital of the Consolidated entity in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the Consolidated entity since the prior year.

Commodity Price and Foreign Currency Risk

The Consolidated entity's exposure to price and currency risk is minimal given the Consolidated entity is still in the exploration phase.

Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

26. *Events Subsequent to Year End*

There are no matters or circumstances that have arisen since 30 June 2019 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, are in accordance with the *Corporations Act 2001* and:

  a. Comply with Accounting Standards, which, as stated in accounting policy Note 1(c) to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

  b. Give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the year ended on that date;

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations required by s295A of the *Corporation Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Bruce Maluish
Director

Perth, 25 September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VRX SILICA LIMITED

Opinion

We have audited the financial report of VRX Silica Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying Value of Deferred Exploration Expenditure
Refer to Note 9 in the financial statements</td></tr>
<tr><td>The Group has capitalised a significant amount of deferred exploration expenditure, with a carrying value of $6,972,573 as at 30 June 2019.

We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:
• Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;
• Assessing whether any indicators of impairment are present and if so, judgement applied to determined and quantify any impairment loss; and
• Assessing whether exploration activities have reached a stage at which the existence of an economically recoverable reserves may be determined.</td><td>Our audit procedures in relation to the carrying value of deferred exploration expenditure included:

• Obtaining evidence that the Group has valid rights to explore in the specific area;
• Reviewing and enquiring with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exists;
• Enquiring with management and reviewing budgets and plans to test that the Group will incur substantive expenditure on further exploration for and evaluation of mineral resources in the specific area;
• Reviewing whether management has received sufficient data to conclude that the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
• Reviewing minutes of director meetings and Australian Securities Exchange announcements to ensure that the Group has not resolved to discontinue activities in the specific area of interest.</td></tr>
<tr><td colspan="2">Acquisition of subsidiary – Wisecat Pty Ltd
Refer to Note 16 in the financial statements</td></tr>
<tr><td>During the year, the Group acquired 100% interest of Wisecat Pty Ltd (Wisecat) for a purchase consideration of $500,000.

The accounting for this acquisition is considered to be a key audit matter because it involved the exercise of judgment in relation to:
• Determining whether the transaction is a business combination or an asset acquisition, based on whether the definition of a business in AASB 3 Business Combinations was met;
• Determining the fair value of the consideration paid; and
• Determining the acquisition date.</td><td>Our audit procedures in relation to the acquisition of Wisecat included:
• Reviewing the binding heads of agreement to understand key terms and conditions;
• Evaluating the management determination that the acquisition did not meet the definition of a business within AASB 3 Business Combinations and therefore was an asset acquisition as opposed to a business combination;
• Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired;
• Assessing management's determination of the fair value of consideration paid; and
• Assessing the appropriateness of the disclosures in the financial report.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of VRX Silica Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 25 September 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of VRX Silica Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM
RSM AUSTRALIA PARTNERS

AWhyte
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 25 September 2019

HOLDINGS AS AT 20 SEPTEMBER 2019

Number of Securities Held	FULLY PAID SHARES No. of Holders	No. of Shares
1 to 1,000	77	27,413
1,001 to 5,000	168	590,786
5,001 to 10,000	227	1,872,051
10,001 to 100,000	775	33,195,744
100,001 and over	422	368,632,623
Total Number of Holders	1,669	404,318,617
Number of holders of less than a marketable parcel	158	236,280
Percentage of the 20 largest holders		47.99%

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number
Australian Silica Pty Ltd	65,000,000
Peter Pawlowitsch	24,841,769
Peter Woodland	15,416,156

Voting Rights

The Constitution of the company makes the following provision for voting at general meetings:

On a show of hands, every ordinary shareholder present in person, or by proxy, attorney or representative has one vote. On a poll, every shareholder present in person, or by proxy, attorney or representative has one vote for any share held by the shareholder.

20 Largest Holders of Securities as at 20 September 2019:

Fully Paid Ordinary Shares

		Number	%
1.	AUSTRALIAN SILICA PTY LTD	62,008,065	15.34
2.	MOSCH PTY LTD	18,333,332	4.53
3.	MR PETER ROBERT WOODLAND	14,065,797	3.48
4.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,000,000	2.47
5.	MORKIM PTY LTD	7,000,000	1.73
6.	GOLDFIRE ENTERPRISES PTY LTD	6,682,324	1.65
7.	MASH SUPER PTY LTD <MALUISH ENGLISH S/F A/C>	6,250,000	1.55
8.	MR BRUCE DENNIS MALUISH	6,060,535	1.50
9.	AURO PTY LTD	6,000,000	1.48
10.	BROWN BRICKS PTY LTD <HM A/C>	5,896,667	1.46
11.	HAVEN SUPER PTY LTD <HAVEN SUPER A/C>	5,383,437	1.33
12.	CITICORP NOMINEES PTY LIMITED	5,353,533	1.32
13.	MR WAYNE STEPHEN CLARK	5,330,000	1.32
14.	GOLDFIRE ENTERPRISES PTY LTD	5,317,783	1.32
15.	PARLIN INVESTMENTS PTY LTD <PARLIN DISCRETIONARY A/C>	4,700,025	1.16
16.	AUSTRALIAN INTERNATIONAL SERVICES PTY LTD	4,630,141	1.15
17.	MR CHRISTOPHER JAMES WEED + MS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	4,138,545	1.02
18.	PLASIA PTY LTD <THE SCHWANN FAMILY SF A/C>	3,500,000	0.87
19.	ANDREW MALUISH SUPER PTY LTD <ANDREW MALUISH S/FUND A/C>	3,469,902	0.86
20.	MR ANDREW JAMES DAYNEY	3,300,000	0.82
20.	PARLIN SUPER PTY LTD <PARLIN SF A/C>	3,300,000	0.82
20.	THIRTEENTH CINSAUT PTY LTD	3,300,000	0.82
		194,020,086	**47.99**

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	Number of Options	Number of Holders
Options exercisable at 2.8 cents each on or before 30 October 2019	1,000,000	4
Holdings of more than 20% of this class		
- Terence Abel	250,000	
- Darren Holden	250,000	
- Mandevilla Pty Ltd	250,000	
- David Thomas Reid	250,000	
Options exercisable at 2.8 cents each on or before 28 November 2019	5,000,000	4
Holdings of more than 20% of this class		
- Bruce Maluish	2,000,000	
Options exercisable at 7.2 cents each on or before 30 November 2020	15,250,000	9
Holdings of more than 20% of this class		
- Bruce Maluish	5,000,000	
Options exercisable at 10 cents each on or before 30 June 2021	25,000,000	2
Holdings of more than 20% of this class		
- Australian Silica Pty Ltd	20,000,000	
- Goldfire Enterprises Pty Ltd	5,000,000	
Options exercisable at 10 cents each on or before 30 November 2021	5,750,000	6
Holdings of more than 20% of this class		
- Parlin Investments Pty Ltd	2,500,000	
Options exercisable at 21.7 cents each on or before 30 November 2021	11,000,000	5
Holdings of more than 20% of this class		
- Bruce Maluish	5,000,000	
Options exercisable at 9 cents each on or before 30 November 2021	5,000,000	1
Holdings of more than 20% of this class		
- Zenix Nominees Pty Ltd	5,000,000	
Options exercisable at 9 cents each on or before 30 November 2022	4,000,000	1
Holdings of more than 20% of this class		
- Parlin Investments Pty Ltd	4,000,000	

Restricted Securities

The company does not have any restricted securities on issue as at the date of this report.

On-market Buy-back

Currently there is no on-market buy-back of the Company’s securities.

Consistency with business objectives

The company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

WESTERN AUSTRALIA

Arrowsmith Project – Silica

Tenement	Status	Holder / Applicant	Interest (%)
E70/4986	Granted	Ventnor Mining Pty Ltd	100
E70/4987	Granted	Ventnor Mining Pty Ltd	100
E70/5027	Granted	Ventnor Mining Pty Ltd	100
E70/5109	Granted	Ventnor Mining Pty Ltd	100
E70/5197	Granted	Ventnor Mining Pty Ltd	100
M70/1389	Application	Ventnor Mining Pty Ltd	100
M70/1392	Application	Ventnor Mining Pty Ltd	100
L70/198	Application	Ventnor Mining Pty Ltd	100
L70/199	Granted	Ventnor Mining Pty Ltd	100
L70/202	Application	Ventnor Mining Pty Ltd	100
L70/203	Application	Ventnor Mining Pty Ltd	100
L70/208	Application	Ventnor Mining Pty Ltd	100

Muchea Project – Silica

Tenement	Status	Holder / Applicant	Interest (%)
E70/4886	Granted	Wisecat Pty Ltd	100
E70/5157	Application	VRX Silica Ltd	100
M70/1390	Application	Wisecat Pty Ltd	100
L70/200	Application	Wisecat Pty Ltd	100
L70/204	Application	Wisecat Pty Ltd	100
L70/205	Application	Wisecat Pty Ltd	100
L70/206	Application	Wisecat Pty Ltd	100

Boyatup Project – Silica

Tenement	Status	Holder / Applicant	Interest (%)
E69/3560	Granted	VRX Boyatup Pty Ltd	100
E69/3668	Granted	VRX Boyatup Pty Ltd	100

Warrawanda Project - Nickel

Tenement	Status	Holder / Applicant	Interest (%)
E52/2372	Granted	Ventnor Pilbara Pty Ltd	100
E52/3447	Granted	Ventnor Pilbara Pty Ltd	100

Biranup Project – Base Metals/Gold

Tenement	Status	Holder / Applicant	Interest (%)
E39/1828	Granted	Ventnor Gold Pty Ltd	100
E39/2000	Granted	Ventnor Gold Pty Ltd	100
E39/2001	Granted	Ventnor Gold Pty Ltd	100
E39/2003	Granted	Ventnor Gold Pty Ltd	100
E38/3191	Granted	Ventnor Gold Pty Ltd	100
E38/3294	Granted	Ventnor Gold Pty Ltd	100