

VRX SILICA LIMITED

ABN 59 142 014 873

INTERIM FINANCIAL REPORT

FOR HALF-YEAR ENDED

31 DECEMBER 2024

CORPORATE DIRECTORY

DIRECTORS

Paul Boyatzis (Non-Executive Chairman)
Bruce Maluish (Managing Director)
Peter Pawlowitsch (Non-Executive Director)
David Welch (Non-Executive Director)

SECRETARY

Ian Hobson

REGISTERED AND PRINCIPAL OFFICE

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SHARE REGISTRY

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AUDITORS

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Perth WA 6000

AUSTRALIAN SECURITIES EXCHANGE

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

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2024. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Paul Boyatzis (Non-Executive Chairman)
Bruce Maluish (Managing Director)
Peter Pawlowitsch (Non-Executive Director)
David Welch (Non-Executive Director)

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

The net loss for the half-year attributable to members of VRX Silica Limited (**VRX** or **Company**) was \$1,845,391 (2023: loss of \$2,157,302).

The following is a summary of the activities conducted by VRX during the half year to 31 December 2024 at its silica sand projects at Arrowsmith North, Central and Brand (located 270 km north of Perth), Muchea (located 50 km from Perth) and Boyatup (located 100 km east of Esperance), all situated in Western Australia.

VRX Silica Sand Resources

VRX is a Western Australian based pure-play silica sand exploration and development company with five high-value, advanced, very long-term silica sand projects in Western Australia, a Tier 1 mining region.

The Company has multi-decade scale contiguous sand deposits on granted Mining Leases with secure tenure and a combined 1.4Bn tonne Mineral Resource of 99.6% to 99.9% SiO₂ grade silica sand.

The Company and its management team is based in Western Australia, as are its five large scale, high-grade and low impurity silica sand projects. Each project can be run independently and supply high-grade silica sand to many diverse markets.



VRX Project Locations

Applications of Silica Sand

Silica sand is the most-used commodity on the planet after air and water. It is the main ingredient in all types of **glassmaking**, including specialty solar panel and high-tech glass. The glass manufacturing industry demand is increasing at a rate of 5-6% per year, or about 8-10 million tonnes pa. Around 47% of the world's glass is manufactured in Asia.

Silica sand is an essential component of the **foundry and casting** industries. The largest foundry industry is in Korea where it dominates the industry particularly for large marine components. Arrowsmith North can produce three grades of sought after foundry sand. Bulk samples have been sent to Korean and Japanese foundry companies and foundry sand suppliers who have confirmed that the product meets their rigorous requirements.

Silica sand is also the main ingredient in **concrete** and is the largest user of available supplies and a primary reason for depleted resources in Asia including silica sand reserves that may be beneficated to glassmaking and foundry quality.

Silica sand is a finite resource that is rapidly being exhausted and the Asia-Pacific region is currently experiencing **increasing demand** at a time of a **global supply shortfall**.

Arrowsmith North Environmental Approvals

VRX has continued to focus on progressing approvals for the development of the Company's 100% owned Arrowsmith North Silica Sand Project culminating subsequent to the end of the period in the Environmental Protection Authority of Western Australia (**EPA**) finalising its assessment report for Arrowsmith North and recommending the approval of the proposal to the Minister for Environment.

This recommendation followed significant progress during the period towards finalising the environmental approvals process.

In late October 2024, VRX arranged a site visit to the Arrowsmith North project for representatives from various government agencies involved in the assessment process, including the EPA Board, the EPA Services division of the Department for Water and Environmental Regulation (**DWER**), the Department of Biodiversity, Conservation and Attraction (**DBCA**) and the Commonwealth Department of Climate Change, Energy, the Environment and Water (**DCCEEW**), which manages the Environment Protection and Biodiversity Conservation Act 1999 (**EPBC Act**).

DIRECTORS' REPORT

The visit enabled these agencies with a first-hand observation and understanding of the environment relevant to the project mining and processing proposal. The site visit was a pre-requisite for final assessment of the project by the EPA.



Site visit at Arrowsmith North with State and Federal Government agencies

In mid November 2024 the Company announced that the EPA had accepted the final Response to Submissions (**RtS**) for Arrowsmith North and published the RtS on the EPA website. The RtS was supported by a comprehensive, peer-reviewed Rehabilitation Management Plan, an Offset Strategy and reports from several additional studies undertaken by the Company. It was accepted and published by the EPA in November 2024. Acceptance and publication of the RtS was a significant milestone for the project as it confirmed the EPA will finalise its assessment of Arrowsmith North. The stages of the approvals process that follow publication are subject to statutory timeframes, giving greater certainty of timing for determination of an approval outcome.

Prior to being published on the EPA website, the RtS was reviewed by the various government agencies involved in the assessment process. It included minor revisions to the project to reduce impacts to priority flora and also detailed VRX's commitments to ensure the best rehabilitation techniques are undertaken and monitored and outcomes reported.

The revisions included an amendment to the final Mine Development Envelope (**MDE**) to avoid significant flora species on the perimeter of the MDE. This change reduces the impact on recorded flora species and is effected by a request to amend the Project during assessment under section 43A of the Environmental Protection Act 1986 (**EP Act**). The amendment has been assessed and approved by the EPA. This consultation and acceptance by the EPA of the RtS confirmed to VRX that these issues are not prohibitive to the EPA completing its assessment of the project.

As the project has evolved since the original referral to DCCEEW under the EPBC Act, the Company sought a variation to the project under section 156A of the EPBC Act. DCCEEW has confirmed that this amendment has been accepted. The amendment does not have a significant impact on the project's future production from an extensive +200 million tonne Reserve.

DIRECTORS' REPORT

VRX was invited to attend and present the Project to the EPA Board at a meeting in November 2024 subsequent to publication of the RtS, at which the EPA Board considered the EPA's draft assessment report for the project (**Report**) and EPA Board members were able to discuss the project and remaining key issues raised by the RtS directly with representatives of the Company, including proposed conditions attaching to an approval for the project (**Conditions**), ahead of the EPA finalising its assessment report and making a recommendation to the Minister for Environment within the 12 week statutory timeline.

Subsequent to the end of the period, in early January 2025 the Company announced that the EPA had published its Report and the Conditions on the EPA website, in which the EPA recommends that the Arrowsmith North development proposal may be implemented subject to the Conditions, which had been accepted by VRX following consultation with the EPA during December 2024. The Conditions are a summary of standard requirements for mining operations and commitments made by the Company in the RtS to ensure the best rehabilitation and mine closure procedures are undertaken and monitored and outcomes are reported.

Publication of the Report triggered commencement of a three-week review period during which appeals against the content and recommendations in the Report may be submitted to the Office of the Appeals Convenor for the State Government.

VRX received notice from the Office of the Appeals Convenor that on 30 January 2025 an appeal was lodged by the Conservation Council of WA (**CCWA**). The appeal contains a number of grounds for appeal in respect of the Report and the Proposal. As at the date of this report, the appeal is being investigated by the Office of the Appeals Convenor on behalf of the Minister for Environment, which involves obtaining comments from the EPA, the Company and any other public authorities or individuals with an interest in the subject matter of the appeal. Once investigations have been completed, a report will be prepared by Office of the Appeals Convenor for the consideration of the Minister for Environment. The Minister will then determine the appeal, the details of which will be communicated to all interested parties and consider whether or not to approve the Proposal under Part IV of the Environmental Protection Act 1986.

Other permitting approvals processes for the project have run in parallel to the environmental approvals process and decisions in that regard are expected to follow promptly after the environmental approval decision is handed down by the Minister.

Arrowsmith North Offtake

Subsequent to the end of the period, in mid January 2025 the Company announced that it had entered into additional non-binding offtake term sheets for the supply of silica sand foundry products from its Arrowsmith North into the foundry industries in the Republic of Korea (**South Korea**), Japan and Taiwan.

The offtake parties are all significant suppliers in their respective countries. Namgwang Casting Materials Ind Co., Ltd and Woori Corporation, are leading suppliers of sand to the foundry industry in South Korea. Yamakawa Sangyo Co., Ltd is a leading supplier to the foundry industry in Japan. FarnHwa Enterprise Co., Ltd is a leading supplier of foundry and glassmaking sand in Taiwan.

The term sheets set out detailed terms and conditions for the supply of an aggregate 440,000 tonnes per annum of AFS20, 35 and 55 certified foundry sand for a period of four years, with indicative pricing within the range of the Company's financial modelling for Arrowsmith North as provided in the updated bankable feasibility study for the project announced to ASX in March 2024.

Key assumptions for the BFS include a target price range of US\$38-43 per dry metric tonne, dependent on product type, product quality, contract terms and quantity, and a targeted production schedule of 2.2 million tonnes per annum over the full mine life with a conservative ramp up from a minimum 800,000 tonnes to 1.1 million tonnes per annum in years 1 and 2.

The Company now has offtake interest under term sheet for an aggregate of 640,000 tonnes, which includes the 200,000 tonnes sought by Dong A and Dong Nam in South Korea.

DIRECTORS' REPORT

Arrowsmith North Project Financing

During the period the Company continued to explore project financing alternatives, including debt and offtake finance for Arrowsmith North.

In the light of tangible progress on environmental approvals for Arrowsmith North, interest from potential debt financiers has increased markedly and the Company has commissioned an independent technical review for Arrowsmith North.

This work has continued subsequent to the end of the period.

Arrowsmith North Water Supply

The proposed Arrowsmith North processing plant requires a reliable source of water to enable the appropriate treatment of raw material into the required final products.

The Company lodged an application for a water allocation and permit to construct a bore in September 2021 which was drilled and completed in January 2022. Following an extensive pumping and testing program the Company then lodged a request for a Groundwater Abstraction Licence in October 2022 (**Licence**). The proposal was advertised in August 2024 and no comments were received during the comment period.

Since that time there has been no request for additional information and, based on the Company's engagement with DWER, it is anticipated that the approval for the Licence request and final water allocation will be finalised in parallel with Ministerial consent for Arrowsmith North.

Arrowsmith North Mining Proposal

The Mining Proposal approval refers to the authorisation given by the Department of Energy, Mines, Industry Regulation and Safety (**DEMIRS**) for a mining project to proceed. The approval is based on the submission of a comprehensive document outlining the proposed mining activities, environmental management plans, and rehabilitation strategies. This approval is essential for ensuring that mining operations comply with legal, environmental, and safety standards.

The Company lodged a Mining Proposal with DEMIRS in September 2023 which was followed by a request for further information in May 2024. A response was provided by the Company in September 2024 following detailed analysis of pre and post mining soil profiles.

Following the publication of the EPA's assessment report for Arrowsmith North and the Conditions subsequent to the end of the period, the Mining Proposal has been reviewed to comply with the Conditions and a revised Mining Proposal was lodged in January 2025.

It is anticipated that the assessment of the Mining Proposal and approval will also be finalised in parallel with Ministerial consent for Arrowsmith North.

Arrowsmith North Part V Works Approval

A Works Approval from DWER grants authority under Part V of the EP Act to construct, install, or modify a facility that could potentially impact the environment. A Works Approval is required when a project meets the description and design capacity of a 'prescribed premises category' defined in the Environmental Protection Regulations 1987. It is usually required for projects that involve industries such as ore processing, waste management, manufacturing, or other activities that generate significant emissions to air, water, or land and present a pollution risk.

A Works Approval application for Arrowsmith North was lodged with DWER on July 2023 for a Category 5 Silica Sand Processing Plant. January 2025 the Company received a Draft Works Approval and Draft Decision Report which has invited the Company to comment on the Approval Conditions and Decision Report and supply some additional information on some small matters.

DIRECTORS' REPORT

Based on the assessment to date, DWER has confirmed its intention to grant the application subject to Ministerial approval of the proposal under Part IV of the EP Act and publication of the Ministerial consent.

Silica Flour Program and Investment Attraction Fund Grant

The Company intends to develop a High Purity Quartz flour manufacturing process to meet a standard of 99.999% SiO₂ (5N) purity. This involves the establishment of a new lower purity quartz resource to be beneficiated in quality, allowing a new manufacturing process tailored to beneficiating the purity of Western Australia quartz and finally the establishment of the high purity quartz flour manufacturing plant and the associated supply chains.

The Company has previously dispatched a bulk sample of selected sand from the Muchea Silica Sand Project to a specialist laboratory in Germany where the testwork demonstrated that the sand was suitable for grinding to the required specification. Samples were then sent to prospective buyers for determination of its suitability for their use.

During the period, prospective buyers confirmed that these samples meet their required specifications and that they are interested in purchasing the product under long term contracts.

The Company has completed a business case for production of silica flour and has further investigated the markets for the finer by-product produced during the silica flour beneficiating process. The Company has completed a business case for production of silica flour and has further investigated the markets for the finer by-product produced during the silica flour beneficiating process.

Silica flour for LCD glass is only one of the potential commercial outcomes from the grinding program.

The Company is investigating the opportunities from further processing of the silica flour which may lead to other in-demand higher grade silica products.

These research and development activities, which start with the production of silica flour, will result in other downstream processing opportunities that will maximise the value of VRX's world-class high-quality Muchea Silica Sand Project.

The Western Australian State Government is contributing to the testwork program and potentially the pilot plant required through the Investment Attraction Fund (IAF) grant announced in July 2023.

Capital Raising

In December 2024 the Company raised \$5 million (before costs) via a placement of fully paid ordinary shares to sophisticated and professional investors at an issue price of 4.2 cents each.

The placement comprised the issue of approximately 115.5 million new shares equating to approximately \$4.85 million within the Company's placement capacity under Listing Rule 7.1 (52,650,625 shares) and 7.1A (62,825,567 shares) and the issue of approximately 3.6 million new shares equating to approximately \$150,000 to VRX directors, subject to shareholder approval under Listing Rule 10.11 to be sought at a general meeting to be held on 25 March 2025.

The placement attracted strong interest and was well supported by existing shareholders and new institutional investors, including a substantial commitment by major shareholder Sparta Invest AG of \$2 million.

DIRECTORS' REPORT

Combined 1.4Bn tonne Mineral Resource

Table 1 Mineral Resource Statement (as at 31 December 2024)

Project	Classification	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Muchea	Indicated	29	99.6	0.1	0.03	0.1	0.2
	Inferred	179	99.6	0.1	0.02	0.1	0.2
	Total	208	99.6	0.1	0.02	0.1	0.2
Arrowsmith North	Measured	10	95.9	1.9	0.7	0.3	0.7
	Indicated	237	97.7	1.0	0.4	0.2	0.5
	Inferred	266	98.4	0.7	0.3	0.2	0.4
	Total	513	98.0	0.9	0.3	0.2	0.4
Arrowsmith Brand	Inferred	523	97.3	1.4	0.4	0.2	0.6
	Total	523	97.3	1.4	0.4	0.2	0.6
Arrowsmith Central	Indicated	28.2	96.6	1.7	0.4	0.2	0.7
	Inferred	48.3	96.9	1.5	0.4	0.2	0.7
	Total	76.5	96.8	1.5	0.4	0.2	0.7
Boyatup	Inferred	60	97.8	0.8	0.2	0.1	0.9
	Total	60	97.8	0.8	0.2	0.1	0.9

Total Mineral Resource 1,381 Million Tonnes

Table 2 Ore Reserve Statement (as at 31 December 2024)

Project	Classification	Product	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Muchea	Probable	F80	10.2	99.9	0.02	0.008	0.03	0.1
		F80C	4.25					
		F150	4.25	99.8	0.07	0.015	0.035	0.1
Muchea Ore Reserve			18.7	Million Tonnes				
Arrowsmith North	Proved	AFS20	0.8	99.5	0.25	0.07	0.05	0.1
		AFS35	3.9	99.5	0.5	0.06	0.05	0.1
		AFS55	2.7	99.2	0.5	0.1	0.05	0.1
		Local	1.8					
	Proved Ore Reserve		9.2	Million Tonnes				
	Probable	AFS20	24.2	99.5	0.25	0.07	0.05	0.1
		AFS35	102.5	99.5	0.5	0.06	0.05	0.1
		AFS55	51.1	99.2	0.5	0.1	0.05	0.1
		Local	34.1					
	Probable Ore Reserve		212	Million Tonnes				
Arrowsmith North Ore Reserve			221	Million Tonnes				
Arrowsmith Central	Probable	CF400	4.2	99.6	0.25	0.04	0.03	0.1
		C20	8.4					
		C40	4.2					
		High TiO ₂	2.2			<1%	2%	
Arrowsmith Central Ore Reserve			18.9	Million Tonnes				
Total Ore Reserve			259	Million Tonnes				

DIRECTORS' REPORT

Compliance Statement

The information in this document that relates to the estimation and reporting of the Mineral Resource and Ore Reserves for the Company's silica sand projects is extracted from releases to ASX on 28 August 2019, 11 November 2022 and 6 March 2024 (Arrowsmith North), 17 September 2019 (Arrowsmith Central), 9 May 2023 (Arrowsmith Brand), 18 October 2019 (Muchea) and Boyatup (18 August 2022). The Company confirms that it is not aware of any new information or data that materially affects the information included in this document and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

The information in this document that relates to the previous exploration results have been cross referenced to original announcements. The Company is not aware of any new information or data that materially affects the previous exploration results.

The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2024 there was no significant change in the consolidated entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2024 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Bruce Maluish
Director

Perth, 13 March 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-year ended 31 December 2024

		Consolidated 31 December 2024 \$	31 December 2023 \$
	Note		
Continuing operations			
Revenue		19,153	20,567
Exploration and evaluation expenditure		(611,993)	(548,875)
Depreciation		(57,672)	(58,236)
Directors' fees and benefits expense		(142,475)	(279,150)
Finance costs		(10,609)	(13,357)
Impairment of deferred exploration	3	(9,687)	-
Loss on revaluation of equity instruments	2	(31,250)	(193,750)
Share-based payments	6	(244,800)	(15,569)
Superannuation		(32,970)	(46,365)
Other expenses		(723,088)	(1,022,567)
Loss before income tax expense		(1,845,391)	(2,157,302)
Income tax expense		-	-
Net loss for the period		(1,845,391)	(2,157,302)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss attributable to members of VRX Silica Limited		(1,845,391)	(2,157,302)
Basic and diluted loss per share (cents per share)		(0.29)	(0.38)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		Consolidated 31 December 2024 \$	30 June 2024 \$
	Note		
ASSETS			
Current Assets			
Cash and cash equivalents		5,359,672	2,313,067
Trade and other receivables		129,238	134,142
Total Current Assets		5,488,910	2,447,209
Non-Current Assets			
Trade and other receivables		99,635	96,172
Financial assets at fair value through profit or loss	2	125,000	156,250
Plant and equipment		2,528,392	2,539,277
Right-of-use assets		265,125	311,912
Deferred exploration expenditure	3	13,533,265	13,620,303
Total Non-Current Assets		16,551,417	16,723,914
Total Assets		22,040,327	19,171,123
LIABILITIES			
Current Liabilities			
Trade and other payables		468,531	513,070
Provisions		255,441	249,230
Lease liabilities		94,438	89,766
Total Current Liabilities		818,410	852,066
Non-Current Liabilities			
Lease liabilities		199,182	247,456
Total Non-Current Liabilities		199,182	247,456
Total Liabilities		1,017,592	1,099,522
Net Assets		21,022,735	18,071,601
EQUITY			
Issued capital	4	59,181,964	54,630,239
Reserves	5	8,050,225	7,805,425
Accumulated losses		(46,209,454)	(44,364,063)
Total Equity		21,022,735	18,071,601

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Half-year ended 31 December 2024

Consolidated	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2024	54,630,239	7,805,425	(44,364,063)	18,071,601
Loss for period	-	-	(1,845,391)	(1,845,391)
Total comprehensive loss for period	-	-	(1,845,391)	(1,845,391)
Securities issued during the period	4,850,000	-	-	4,850,000
Capital raising costs	(298,275)	-	-	(298,275)
Cost of share-based payments	-	244,800	-	244,800
Balance at 31 December 2024	59,181,964	8,050,225	(46,209,454)	21,022,735
Balance at 1 July 2023	49,906,519	7,729,981	(40,099,778)	17,536,722
Loss for period	-	-	(2,157,302)	(2,157,302)
Total comprehensive loss for period	-	-	(2,157,302)	(2,157,302)
Securities issued during the period	2,750,000	-	-	2,750,000
Capital raising costs	(199,798)	-	-	(199,798)
Cost of share-based payments	-	75,444	-	75,444
Balance at 31 December 2023	52,456,721	7,805,425	(42,257,080)	18,005,066

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Half-year ended 31 December 2024

	Consolidated 31 December 2024 \$	31 December 2023 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,538,596)	(2,007,967)
Interest received	12,285	18,549
Interest and other finance costs paid	(10,609)	(13,357)
Net cash outflows from operating activities	(1,536,920)	(2,002,775)
Cash flows from investing activities		
Payments for plant and equipment	(20,000)	(90,801)
Payments on deferred exploration	(339,563)	(621,943)
Receipt of refund of environmental referral fees	291,200	-
Government grants received on exploration interests	143,765	731,079
Net cash inflows from investing activities	75,402	18,335
Cash flows from financing activities		
Proceeds from issue of shares	4,850,000	2,750,000
Payment of capital raising costs	(298,275)	(139,923)
Repayment of lease liabilities	(43,602)	(39,274)
Net cash inflows from financing activities	4,508,123	2,570,803
Net increase in cash held	3,046,605	586,363
Cash at beginning of the half-year	2,313,067	1,581,811
Cash at end of the half-year	5,359,672	2,168,174

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-year ended 31 December 2024

1. MATERIAL ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2024 and any public announcements made by VRX Silica Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 \$	30 June 2024 \$
Listed ordinary shares and options – designated at fair value through profit or loss	125,000	156,250
Reconciliation		
Fair value at beginning of half-year	156,250	
Revaluation decrement	(31,250)	
Fair value at end of half-year	125,000	

Refer to Note 11 for further information on fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2024

3. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of areas of interest in the following phases:

	31 December 2024 \$	30 June 2024 \$
Exploration and evaluation phase – at cost	13,533,265	13,620,303
Movement		
Balance at beginning of half-year	13,620,303	
Expenditure incurred	357,614	
Refund of environmental referral fees	(291,200)	
R&D tax incentive received	(143,765)	
Impairment of mining tenements relinquished during the period	(9,687)	
Total deferred exploration expenditure	13,533,265	

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the relevant areas of interest, at amounts at least equal to book value.

4. ISSUED CAPITAL

	31 December 2024 \$	30 June 2024 \$
Issued Capital		
Ordinary shares – fully paid	59,181,964	54,630,239
Movement in ordinary shares on issue	Number	\$
<i>Ordinary shares – fully paid</i>		
Balance at beginning of half-year	628,255,668	54,630,239
Issued for cash pursuant to placement to investors	115,476,192	4,850,000
Expense of issues		(298,275)
Balance at end of half-year	743,731,860	59,181,964

NOTES TO THE FINANCIAL STATEMENTS
For the Half-year ended 31 December 2024

5. RESERVES

	31 December 2024 \$	30 June 2024 \$
Option issue reserve	8,050,225	7,805,425
Movements in reserve		
Balance at beginning of half-year	7,805,425	
Issue and vesting of incentive-based share options	244,800	
Balance at end of half-year	8,050,225	

6. SHARE-BASED PAYMENTS

During the half-year period, the following share-based payments were incurred:

	Value per Option	Number	Value \$
Expensed:			
<i>Options granted during the period:</i>			
Unlisted options exercisable at \$0.055 each on or before 31 December 2027, issued to staff and vesting on issue.	\$0.0144	17,000,000	244,800
Recognised in the statement of profit or loss and other comprehensive income			244,800
Total share-based payments			244,800

The 17,000,000 unlisted options were issued to staff on 6 August 2024 for nil consideration. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.031, volatility of 100%, interest rate of 3.668% and an early exercise multiple of 2.5x.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-year ended 31 December 2024

7. SEGMENT INFORMATION

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; and
- 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 half-year ended 31 December 2024, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration within Australia.

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 (2023: Nil) are derived from a single external customer.

8. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period. (2023: Nil)

9. COMMITMENTS

Exploration Commitments

The Group 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:

	31 December 2024 \$	30 June 2024 \$
Not later than one year	<u>616,177</u>	<u>1,038,200</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Half-year ended 31 December 2024

10. CONTINGENT LIABILITIES AND ASSETS

There have been no material changes in contingent liabilities and assets since the last annual reporting date.

11. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2024				
<i>Assets</i>				
Ordinary shares and options at fair value through profit or loss	125,000	-	-	125,000
Total assets	125,000	-	-	125,000

30 June 2024

Assets

Ordinary shares and options at fair value through profit or loss	156,250	-	-	156,250
Total assets	156,250	-	-	156,250

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

DIRECTORS' DECLARATION

In the opinion of the directors of VRX Silica Limited:

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - a. Complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Bruce Maluish
Director

Perth, 13 March 2025

RSM Australia Partners

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www.rsm.com.au**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VRX SILICA LIMITED****Report on the Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of VRX Silica Limited which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of VRX Silica Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of VRX Silica Limited 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 VRX Silica Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of VRX Silica Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of VRX Silica Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

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A handwritten signature in black ink that reads 'A Whyte'.

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 13 March 2025



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of VRX Silica Limited for the half-year ended 31 December 2024, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA

A handwritten signature in black ink that reads 'A Whyte'.

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 13 March 2025

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