VRX SILICA LIMITED

ABN 59 142 014 873

ANNUAL REPORT

30 JUNE 2020

CORPORATE DIRECTORY

DIRECTORS

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

SECRETARY

John Geary

REGISTERED AND PRINCIPAL OFFICE

Level 1, 6 Thelma Street
West Perth WA 6005

Telephone: (08) 9226 3780
Facsimile: (08) 9226 3764

Website: www.vrxsilica.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

AUDITORS

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

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 Limited achieved significant milestones in the Company's progression to becoming a global supplier of high-grade silica sand, whilst always being guided by the levels of social and environmental responsibility expected of a responsible corporate citizen.

Management was very early in proactively engaging with the Native Title Claimants of the Arrowsmith and Muchea silica sand project areas. Our negotiations in good faith aimed to reach a set of shared long-term objectives for all parties, and a range of measures designed to achieve those objectives over the terms of all agreements.

The Company was pleased to announce in January 2020 these negotiations with the Whadjuk People Native Title Claimants and their representative body had resulted in the parties entering into a Native Title Mining Project Agreement for the Muchea Silica Sand Project.

Subsequent to the end of the financial year the Company received confirmation that the Working Group for the Southern Yamatji People, Native Title claimants over the Arrowsmith North and Arrowsmith Central Silica Sand Projects project areas, had approved the terms of its proposed Mining Project Agreement covering the areas.

On the ground the Company has undertaken sufficient drilling to assume geological and metallurgical continuity of the sand deposits, released substantial resource upgrades and robust Bankable Feasibility Studies (BFS) for Arrowsmith North and Central as well as our Muchea Project.

Continued and extensive metallurgical test work commissioned by VRX Silica during the year has allowed for the creation of a catalogue of silica sand products that can be produced from each of the Silica Sand Projects. This test-work indicates likely qualities for the manufacture of glass, ceramics and foundry sand products considered appropriate for eventual economic extraction from the Arrowsmith projects which has favourable logistics with a rail line to the Geraldton Port and Muchea which has a nearby rail link to the bulk terminal at Kwinana.

VRX Silica has developed a unique mining and rehabilitation methodology specific to the environment at our Silica Sand Projects which will enable a successful restoration of mined areas by keeping the top half metre of topsoil intact and relocated to previously mined areas.

The COVID-19 virus has intruded into all facets of our daily lives and business this year and looks to continue doing so for the near future. Despite this we continue to engage with our potential offtake customers by video meetings.

We expect to maintain the momentum and to this end, 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

Highlights of the activities conducted by VRX Silica Ltd during the financial year ending 30 June 2020 were:

- Arrowsmith North Mineral Resource Estimate Upgrade followed by Arrowsmith North BFS and Maiden Ore Reserve
- Arrowsmith Central Mineral Resource Estimate Upgrade followed by Arrowsmith Central BFS and Maiden Ore Reserve
- Executed a Strategic Alliance with China Southern Glass
- Muchea BFS and Maiden Ore Reserve
- Entered into a Native Title Mining Project Agreement for the Muchea Silica Sand Project with the Whadjuk People Native Title Claim Applicants

The announcements for mineral resource estimate upgrades at the Arrowsmith North and Arrowsmith Central Silica Sand Projects were followed by a Bankable Feasibility Study (BFS) and Maiden Ore Reserve announcements for each of the projects and later in the period by a BFS and maiden Probable Ore Reserve at the Muchea Silica Sand Project.

ARROWSMITH NORTH PROJECT

Arrowsmith North Mineral Resource Estimate Upgrade

The Arrowsmith North Silica Sand Project (**Arrowsmith North**) is located 270km north of Perth, WA (see Figure 1). The maiden Mineral Resource Estimate (**MRE**)[1] previously reported for Arrowsmith North was based on a shallow hand auger drilling[2] program.

This was followed by an aircore drill program completed during March 2019 and the receipt of the analytical results from this program enabled the Company to upgrade the MRE on 9 July 2019 to 771 Mt @ 98.0% SiO_2[3]. This is comprised of an Indicated Resource estimate of 248 Mt @ 97.7% SiO_2 and an Inferred Resource estimate of 523 Mt @ 98.2% SiO_2 which was an overall increase of **398% on the maiden MRE** (see Table 1 and Table 2 below). All Mineral Resources are reported in accordance with the 2012 edition JORC Code[4].

The MRE included an unpredicted 313 million tonnes of high-grade white sand at 98.7% SiO_2. The resulting model defined two different sand types, “Yellow” and “White” sand (Table 1 and Table 2) which differ with respect to their chemistry and particle size distribution.

The Indicated Resource is predominately within the Mining Lease application area which is within the 100% VRX Silica owned and granted tenements E70/5109 and E70/5027. The majority was subsequently converted to Probable Ore Reserves (see below) and supports the Company’s continued assessment of Arrowsmith North being an extremely long-life mining project with world-class potential. No more drilling is required prior to the Company commencing mining operations.

[1] *ASX announcement of 2 October 2018,* “Arrowsmith North Maiden Mineral Resource.”
[2] *ASX announcement of 13 March 2019,* “Drilling at Muchea and Arrowsmith Silica Sand Projects.”
[3] *ASX announcement of 9 July 2019,* “Arrowsmith North Mineral Resource Estimate Upgrade.”
[4] *2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*

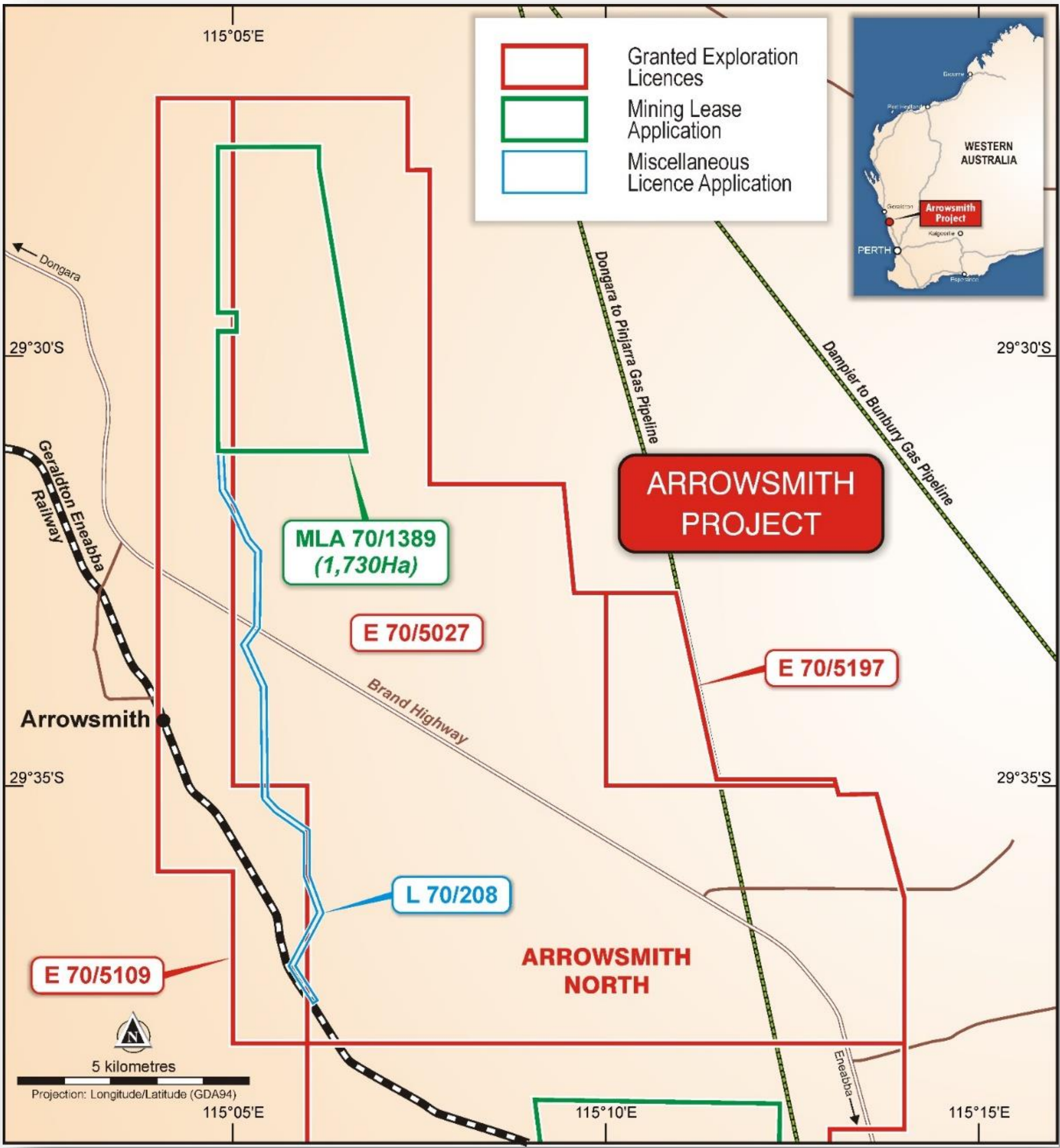

Figure 1: Arrowsmith North Project Location

The MRE allows for a Mining Reserve to be estimated following the completion of a positive feasibility study. The mining depth in the Arrowsmith North Project area is limited to mining above the water table, which is 10 metres below the drilled depths and below the Resource. Additionally, the top half metre of topsoil has been discounted in the MRE as it will be used for rehabilitation.

VRX Silica will undertake a further testwork program on the white sand, however metallurgical testwork completed to-date confirms this updated silica sand resource is considered readily amenable to upgrading by conventional washing and screening methods to produce a high-grade silica sand product with high mass recoveries. The high-grade silica sand product specifications are expected to be suitable for industries such as the glass making, foundry and ceramics industries.

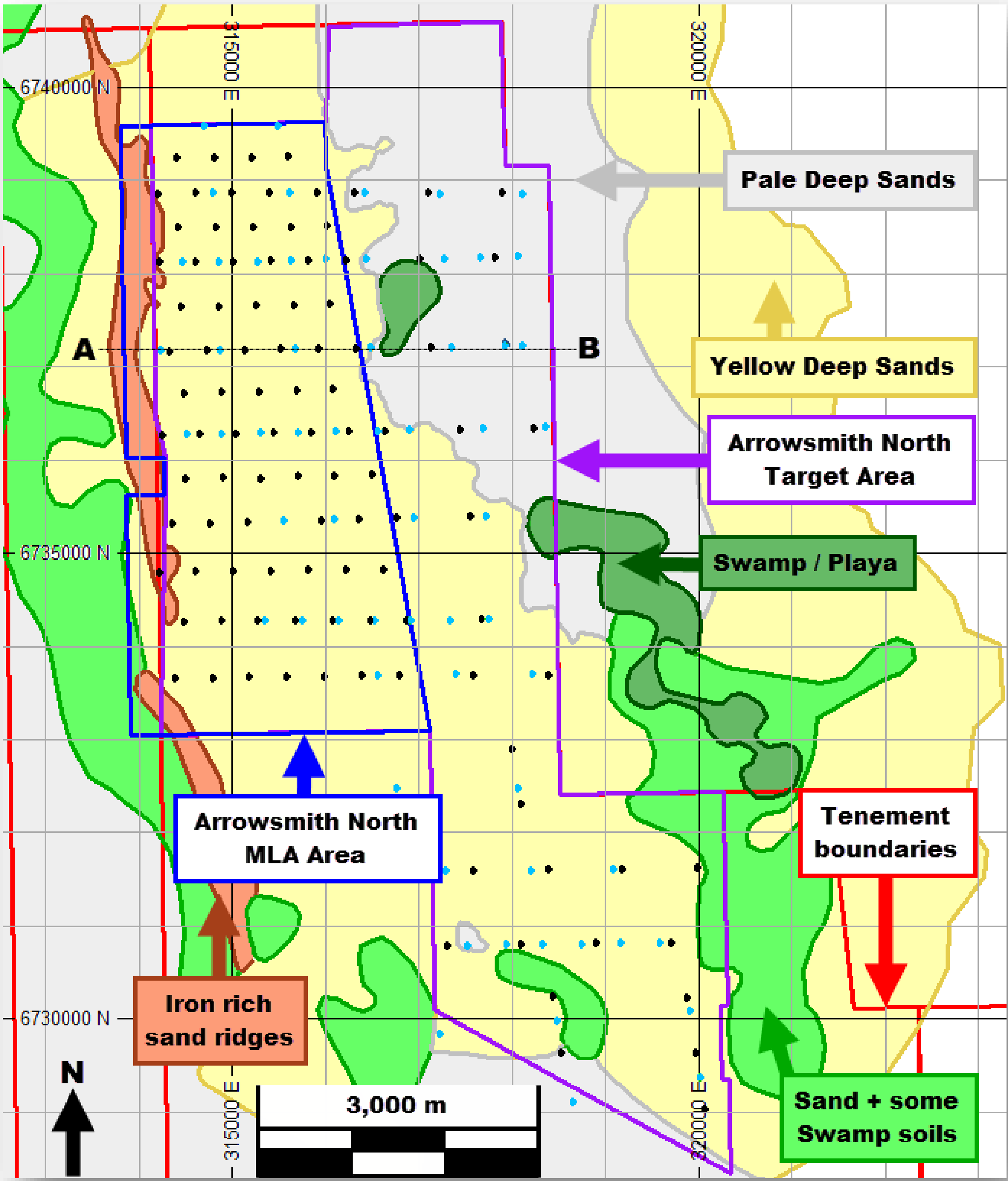

Figure 2: Arrowsmith North Project schematic geology map showing MRE with separate drill type, Black dots = aircore, Blue dots = auger

Figure 2 above shows the drill coverage over the tenements with the underlying sand types shown.

Classification	Domain	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	TiO_2%	LOI%
Indicated	White Sand	33	98.7	0.50	0.20	0.20	0.20
	Yellow Sand	215	97.5	1.10	0.40	0.20	0.50
	All Sand	248	97.7	1.00	0.40	0.20	0.50
Inferred	White Sand	280	98.7	0.50	0.10	0.20	0.20
	Yellow Sand	243	97.7	1.00	0.40	0.20	0.50
	All Sand	523	98.2	0.80	0.30	0.20	0.40
Indicated + Inferred	White Sand	313	98.7	0.54	0.15	0.18	0.24
	Yellow Sand	458	97.6	1.08	0.40	0.17	0.52
	All Sand	771	98.0	0.86	0.30	0.17	0.41

*Note: Interpreted silica sand mineralisation is domained above a basal surface wireframe defined based on drill logging data. The upper (Topsoil) 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: Arrowsmith North Silica Sand Mineral Resource Estimate as at July 2019

Classification	Domain	Maiden MRE (Mt)	Updated MRE (Mt)	Difference
Indicated	White Sand		33	
	Yellow Sand		215	
	All Sand		248	
Inferred	White Sand	44	280	633%
	Yellow Sand	149	243	163%
	All Sand	194	523	270%
Indicated + Inferred	White Sand	44	313	708%
	Yellow Sand	149	458	307%
	All Sand	194	771	398%

Table 2: Tonnage Comparison with Prior estimate

Arrowsmith North BFS and Maiden Ore Reserve

On 28 August 2019 VRX Silica announced details of its BFS and maiden Probable Ore Reserve at Arrowsmith North[5].

Financial Model

Based on capital and operating cost estimates a financial model was developed to evaluate the economics of the Arrowsmith North project. Key outcomes from the BFS and summary financial model outputs are set out below.

	Maiden Probable Ore Reserve
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% SiO_2 (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. The material assumptions for the BFS are set out below. All such material assumptions continue to apply and have not materially changed.
3. All figures are presented in Australian dollars, unadjusted for inflation

[5] *ASX announcement of 28 August 2019,* "Arrowsmith North BFS and Maiden Ore Reserve."

Key Points and Assumptions

The BFS is based on only 25 years production from a considerable potential +100 year mine life. The project will be a potentially new long-term industry for Western Australia with substantial economic benefits, including long-term employment and royalties with a significant economic contribution to the local and Mid West region. The Company has received great support for the project at meetings with the local Shires, Mid West Development Commission, Mid West Chamber of Commerce & Industry and various local Members of State and Federal Parliament.

The Company has engaged with the Department of Water and Environmental Regulation following preliminary environmental studies to identify key issues pertaining to the project environmental approvals for mining particularly the habitat for potential foraging by Red Tail and Carnaby's black cockatoos.

VRX Silica has developed a mining and rehabilitation methodology specific to the environment at Arrowsmith North which will enable a successful restoration of mined areas.

Key economic assumptions for the Arrowsmith North BFS are as follows:

Currency	Australian dollars Sales contracts in Asia for silica sand are invariably based $US and a A$0.70 exchange rate has been applied
Project life	25 years Total probable Ore Reserve is well in-excess of this time period, however the model is conservatively restricted to 25 years
Depreciation	15% rate on capital
Corporate tax rate	27% on taxable profit
Production	Steady state of production from Probable Ore Reserves over life of mine, with the first 3 years at 1 million tonnes per year and thereafter at 2 million tonnes per year The Company has currently expressions of interest and letters of intent to purchase 1.5 million tonnes per year of Arrowsmith North products and expects further interest once these products are made available to the market
Shares on Issue	404,318,617
NPV estimation discount rates	Standard financial modelling conducted at both 10% and 20% discount rates. The 20% rate is generally above standard reporting rates but demonstrates that the Project is still financially robust at this higher rate
Capital cost	Based on estimates ±15% from engineering companies with extensive experience in sand separation
Operating costs	A$30.18 C1 costs, including royalties Based on first principles and current rates for equipment
Sales revenue	US$35-53 per dry metric tonne dependent on product type, product quality, contract terms and quantity Revenue is constant based on current prices and ignores any projected growth in prices
Maximum debt	A$26 million
Borrowing rates	12%
Accounts receivable	30 days
Accounts payable	30 days

Plant maintenance	5% of capital cost per year
Environmental bond	A$500,000 May be substituted by the WA Department of Mines, Industry Regulation and Safety's "Mining Rehabilitation Fund"
Capex contingency	20%
Recoveries	N40 (Foundry ASF 40) 40% N20 (Foundry ASF 20) 24% NF400 (Glass 400 ppm Fe_2O_3) 20% Recoveries are based on CDE testwork at ±5%

Probable Ore Reserve

Table 3 below details the Probable Ore Reserve that will be produced from the mining of the Indicated Mineral Resource and processing in a purpose built, wet sand processing plant.

The plant will produce four saleable products for different markets with a total Probable Ore Reserve of 223Mt, with 204Mt contained within the mining lease application MLA70/1389.

Chemical Composition

Classification	Product	Recovery	Global Million Tonnes	Within MLA70/ 1389 Million Tonnes	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %	LOI %
Probable	Arrowsmith-N20	24%	60	54	99.7	0.2	0.05	0.035	0.1
	Arrowsmith-N40/ NF500	60%	149	136	99.7	0.2	0.05	0.035	0.1
	Local Market	6%	15	14					
		Total Reserve	**223**	**204**					

Particle Size

Sieve Opening (Mesh/µm Retained)

Product	10 / 2mm	20 / 850	30 / 600	40 / 425	50 / 300	70 / 212	100 / 150	140 / 106	200 / 75	AFS No
Arrowsmith-N20	0.10%	3%	87%	8%	1%	0.10%	-	-	-	21
Arrowsmith-N40	-	0%	21%	36%	24%	13%	5%	1%	0%	36
Arrowsmith-NF500	-	-	0.50%	40%	42%	17%	1%	0%	-	38
Local Market	-	-	-	-	-	-	64%	22%	14%	-

Table 3: Arrowsmith North Silica Sand Probable Ore Reserve as at July 2019

Metallurgical Factors

As a part of the upgraded MRE, CSA Global reviewed the metallurgical testwork to comply with Clause 49 of the JORC Code. CSA Global has concluded that the available process testwork indicates likely product qualities for glass, ceramics and foundry sand are considered appropriate for eventual economic extraction from Arrowsmith North. Favourable logistics and the location of the project support the classification of Arrowsmith North (in accordance with Clause 49) as an industrial mineral with an Inferred/Indicated Mineral Resource

The extensive metallurgical testwork which has been completed by CDE Global at their facility in Cookstown, Northern Ireland, and Nagrom in Kelmscott, Perth, allowed for the creation of a catalogue of silica sand products that could be produced from Arrowsmith North[6] (see Table 4).

A key challenge for industrial minerals projects is meeting market specifications. The silica sand market has specifications for parameters such as purity (e.g. SiO_2 content) in addition to tight specifications for trace elements such as Fe, Ti, Al and Cr in the glass industry. The Company is confident that it can meet these specifications from Arrowsmith North.

Chemical Composition (%)

Product	Industry	SiO_2	Al_2O_3	Fe_2O_3	TiO_2	CaO	MgO	K_2O
Arrowsmith-N20	Foundry	99.7	0.20	0.050	0.035	0.010	0.002	0.030
Arrowsmith-N40	Foundry	99.7	0.20	0.050	0.035	0.010	0.002	0.030
Arrowsmith-NF500	Glass	99.7	0.20	0.050	0.035	0.010	0.002	0.030

Particle Size — Sieve Opening (Mesh/µm Retained)

Product	10 / 2mm	20 / 850	30 / 600	40 / 425	50 / 300	70 / 212	100 / 150	140 / 106	200 / 75	AFS No
Arrowsmith-N20	0.1%	3%	87%	8%	1%	0.1%				21
Arrowsmith-N40		0%	21%	36%	24%	13%	5%	1%	0%	36
Arrowsmith-NF500			0.5%	40%	42%	17%	1%	0%		

Table 4: Arrowsmith North saleable products from catalogue

Table 4 shows the recovered products which make up the Probable Ore Reserve. The mass balance of the particle sizes was analysed allowing for the recoveries of these products in a wet processing plant to be estimated.[7] The recovery of each product is shown in Table 5.

Product	Industry	Recovery
Arrowsmith-N20	Foundry	24%
Arrowsmith-N40 / NF500	Foundry / Glass	60%
Local Market	Fine sand	6%
	Total Recovery	**90%**

Table 5: Arrowsmith North Product Recovery

[6] ASX announcement of 26 February 2019, "Testwork Update and product Catalogues".
[7] ASX announcement of 3 May 2019, "High Recovery from Silica Sand Process Plant Design".

Material Modifying Factors – Mining Factors

The mining method chosen for Arrowsmith North is a rubber wheeled front-end loader, feeding into a 3 mm trommel screen to remove oversize particles and organics. The undersize sand is slurried and pumped to a sand processing plant located proximal to the Eneabba to Geraldton railway line. After processing, the silica sand is loaded into railway trucks for bulk export from the Geraldton Port.

Mining of the dune sand will extract to the base of the Indicated Resource/Probable Ore Reserve. This level is roughly the same as the freehold land boundary on the western side of the mining area and will leave a slightly undulating surface. On the eastern side of the mining area the sand will slope upward as a 10% gradient to the top of the adjacent dunes.

100% of the material in the Mining Lease application area is considered to be sand that can be beneficiated to a saleable silica sand project. The top 500mm has been excluded from the MRE as it will be reserved for rehabilitation purposes. As there is no waste material, the recovery factor is considered to be 100% and ore loss therefore is considered to be 0%.

Material Modifying Factors – Environmental Studies

Development location:

- South of the Yardongo Nature Reserve
- Approximately 10 km inland of the coast
- North of the Arrowsmith River (Registered Aboriginal Heritage Site)
- Outside of World Heritage Areas, National Heritage Places, Ramsar Wetlands, Conservation Reserves or Commonwealth Marine Reserves

The Probable Ore Reserve is located within an area of deep sands, leached of nutrients. The vegetation is coastal low scrub heath (known as Kwongan heath). There are relict dune structures which are represented as low rolling hills.

Assessment process:

- Referral submission to the Federal Department of the Environment and Energy (**DotEE**);
- Submission of Section 38 referral to State Environmental Protection Authority (**EPA**)
- Seek an Accredited Environment Protection and Biodiversity Conservation Act 1999 (Cth) Assessment under the State Environmental Protection Act 1986 (WA) via an Environmental Review Document with public comment
- Undertake any further studies required
- Submission of Environmental Review Document

Mitigation strategies:

- Proposed Action lies within a large Development Envelope, allowing for the flexibility to target areas of lower significance to matters of national environmental significance (**MNES**)
- Disturbance will be kept to a minimum, up to 35 ha per year and 14 ha at any one time
- Progressive rehabilitation using topsoil re-location to ensure topsoil and plants are translocated intact to previously mined areas
- Conduct further surveys to identify MNES
- Use findings to steer the project and avoid MNES where possible

There are no mine tailings storage requirements, there are no waste dumps and processing requires no chemicals.

Material Modifying Factors – Infrastructure

The project is located on unallocated crown land which is east of freehold land and bounded to the north by a Nature Reserve and South by a proposed Nature Reserve. The west boundary of the project area is the limit of tenure. The Brand Highway is proximal to the area and access is via the Mount Adams Road from the north or Brand Highway to the south. The Eneabba/Geraldton rail line lies to the south west of the project and will be used to transport the processed silica sand to the Geraldton Port for bulk export.

The project will require its own installed power and water infrastructure and labour will be sourced from the nearest towns Dongara and Eneabba (approximately 30km from the mine site) and there will be no accommodation installed at the mine site.

Costs

Operating Costs

Operating costs have been determined from first principles and are estimated to include all costs to mine, process, transport and load product on to ships. They are estimated on 1 million tonnes per year throughput, with expected unit cost savings if throughput is increased as anticipated to potentially 2 million tonnes per year.

Royalties

The prevailing rate of royalty due to the State is used in the Company's economic assessments. The State Royalty rate is A$1.17 per dry metric tonne and reviewed every 5 years with the next review due in 2020. There are no other royalties payable (including private) though a royalty may be negotiated with Native Title claimants.

Revenue

Product Quality

Multiple products will be differentiated during processing subject to required particle size distribution by screening. Recovery of products has been independently assessed by CDE Global, a world leading silica sand testing laboratory.

Commodity Prices

Commodity prices for silica sand products have been determined by independent industry source Stratum Resources. The industry standard is that sales contracts are in US dollars. The exchange rate to convert to Australian dollars will be the prevailing rate at the time of payment.

Subject to final quality produced, the prices for the commodity will range from US$38 to US$58 per dry metric tonne Free on Board (**FOB**). There will be no other treatment, smelting or refining charges. There are no shipping cost estimates with all contracts to be based on FOB rates.

Revenue will be based on a negotiated per shipment basis per dry metric tonne FOB with payment by demand on an accredited bank letter of credit.

Market Assessment

Industry leader Stratum Resources was commissioned by the Company to prepare an independent assessment of the current market prices for proposed products. The assessment includes projections for future demand and supply of silica sand and concludes there is a future tightening of supply of suitable glassmaking silica sand with a commensurate future increase in price.

Sales volumes have been estimated as a result of received letters of intent and expressions of interest to purchase products.

Economic Factors

The Company's economic analysis has calculated a 10% and 20% discounted ungeared post tax net present value (**NPV**). A 20% discounted NPV has also been calculated to demonstrate the strength of the economic analysis.

The analysis is based on a 25-year production profile despite the Probable Ore Reserve far exceeding that project life and has not considered any escalated future product prices nor any inflation to operating costs. The analysis has used a US$/A$ exchange rate of US$0.70/A$1.00.

The analysis is most sensitive to the exchange rate and sales prices. The analysis indicates the financials of the project are very robust and there is a high confidence that a viable long-term mining operation can be justified. Capital requirements are based on independent estimates.

Social Factors

The Company made an application for a mining lease (M70/1389) on 21 December 2018. The application lies within the Southern Yamatji Native Title claim boundaries (WC2017/002), which replaced a pre-combination claim (WC2004/002) by the Amangu People. The Company has completed negotiations with the claimant group regarding the mining lease application and the Company expects full execution of the formal agreement for the grant of the mining lease is imminent. The project is wholly on unallocated crown land and there is little negative impact on local communities.

Project Funding

The financial model summarised in the BFS sets out the project metrics and provides a basis for the potential capital structure of the Company for the development of the project. Total capital expenditure at Arrowsmith North (for a 2 million tonnes per annum processing plant) is estimated at approximately A$28 million (the BFS details capital cost estimates).

The Company anticipates that the source of funding the capital investment at Arrowsmith North will be any one, or a combination of, equity, debt and pre-paid offtake from the project. Whilst no final decision has been made in that regard, the financial model assumes a maximum A$26 million in debt.

The Company has received a number of enquiries and expressions of interest from debt financiers for the project. The financial model provides for debt capacity and is designed to meet the expectations of any providers of potential debt funding for their due diligence and other internal requirements.

In addition, VRX Silica has also received enquiries and expressions of interest from organisations across Asia for silica sand products from the project and holds signed letters of intent for substantial tonnages. A number of these organisations have expressed interest in becoming a funding partner of the Company for development of a mine by way of pre-paid offtake arrangements. The balance of the Company's capital requirements will be funded from equity capital.

Whilst the envisaged project development requires a low capital intensity relative to a greenfields hard rock mining project, and any one of, or a combination of equity, debt and pre-paid offtake is planned, VRX Silica has not as yet secured the required capital. The positive financial metrics of the BFS and feedback from potential funding partners provides encouragement as to the likelihood of meeting optimum project and corporate capital requirements.

ARROWSMITH CENTRAL PROJECT

Arrowsmith Central Mineral Resource Estimate Upgrade

The Arrowsmith Central Silica Sand Project (**Arrowsmith Central**) is located 270km north of Perth, WA (see Figure 3).

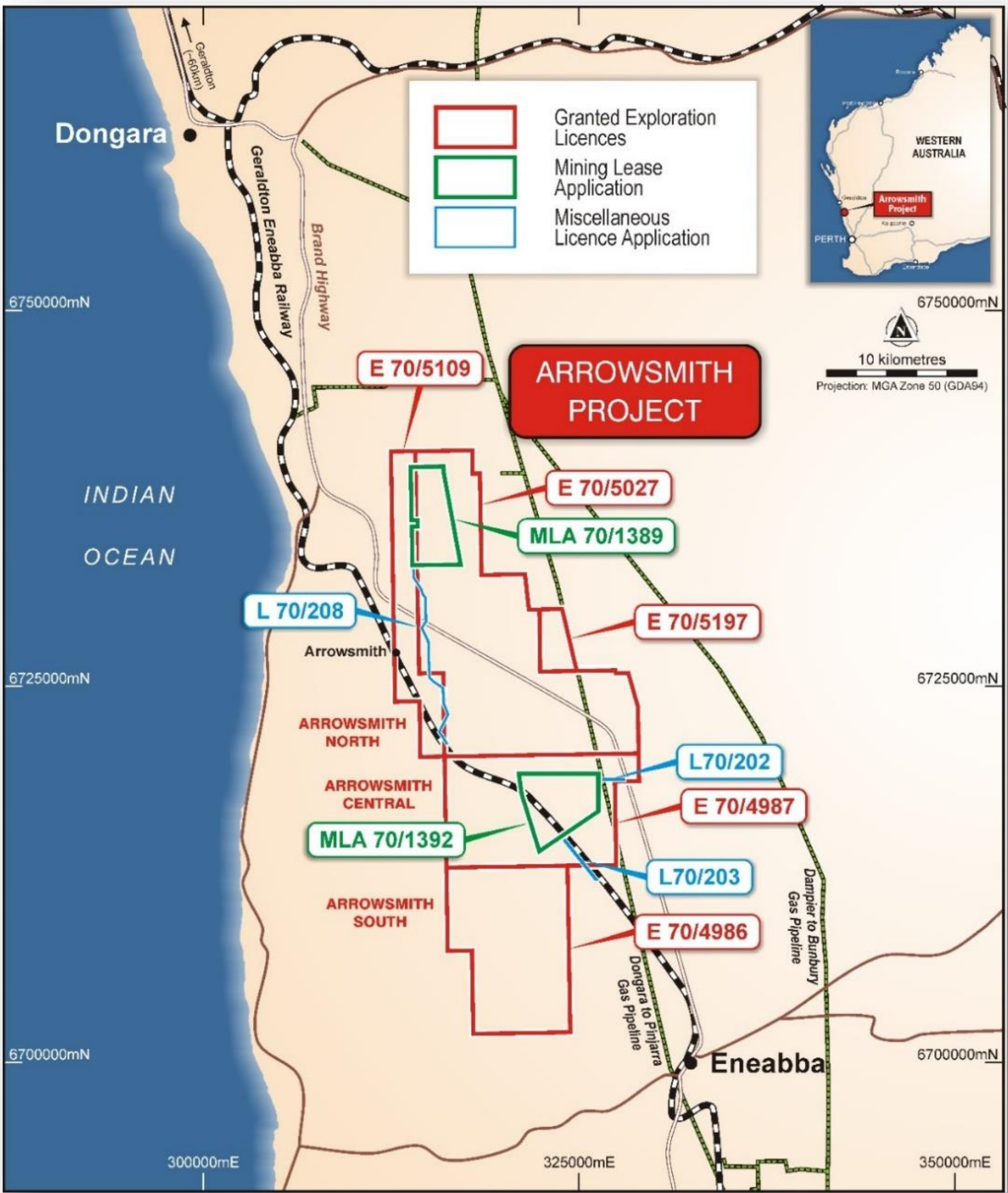

Figure 3: Arrowsmith Central Project Location

The air core drill program conducted at Arrowsmith North during March 2019 (see above) also included Arrowsmith Central.

The previously reported maiden MRE for Arrowsmith Central[8] was based on shallow hand auger drilling[9] and the receipt of the air core analytical results enabled the MRE to be upgraded to an Indicated Mineral Resource of **28.2 Mt @ 96.6% SiO_2** in addition to an Inferred Mineral Resource of **48.3 Mt @ 96.9% SiO_2** for a total MRE of **76.5 Mt @ 96.8% SiO_2**. This was announced to ASX in August 2019.[10] All Mineral Resources are reported in accordance with the JORC Code (see Table 6 and Table 7).

The Indicated MRE is predominately within the Mining Lease application area for Arrowsmith Central and the Company expects that the majority of the Indicated Mineral Resource will convert to Probable Reserves and a long-life mining project. The estimation of an Indicated Mineral Resource will allow for an Ore Reserve to be estimated once a feasibility study is completed.

This Arrowsmith Central MRE complements Arrowsmith North and adds not only to VRX Silica's total inventory but will also produce alternative products for the glassmaking and foundry industries in Asia.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	TiO_2%	LOI%
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
Indicated + Inferred	76.5	96.8	1.5	0.4	0.2	0.7

** Note: Interpreted silica sand layer is domained above a basal surface wireframe defined based on the drill sampling depths. A depletion zone, consisting of the upper 0.5 m, is reserved for rehabilitation purposes and is not estimated or reported. Differences may occur due to rounding*

Table 6: Arrowsmith Central Silica Sand Mineral Resource Estimate as at July 2019

Classification	Maiden MRE (Mt)	Updated MRE (Mt)	Difference
Indicated		28.2	
Inferred	28.0	48.3	173%
Indicated + Inferred	28.0	76.5	273%

Table 7: Tonnage Comparison with Prior estimate

The MRE is wholly within granted tenement E70/4987 which is 100% owned by the Company. This MRE update is based on the results of the most recent drilling, with the initial hand auger drilling being used to assist in the model estimation. The modelled extents are further limited to within the VRX Silica nominated Arrowsmith Central target area and based on the geologically logged drill data and with reference to the publicly available soil mapping data (see Figure 5).

[8] *ASX announcement of 13 December 2019,* "Arrowsmith Central Maiden Mineral Resource."
[9] *ASX announcement of 13 March 2019,* "Drilling at Muchea and Arrowsmith Silica Sand Projects."
[10] *ASX announcement of 15 August 2019,* "Arrowsmith Central Mineral Resource Estimate Upgrade."

Based on the soil mapping data the entire Arrowsmith Central target area is underlain by a single mixed silica sand material unit, which consists of dominant pale deep sands with interspersed yellow sands. The MRE has been estimated to the bottom of the potentially mineable sand layer with the top half metre of topsoil having been discounted in the MRE as it will be used for rehabilitation. Figure 4 below is a representative section through the MRE showing the modelled layer and Figure 5 shows the drill coverage over the tenements with the underlying sand types shown.

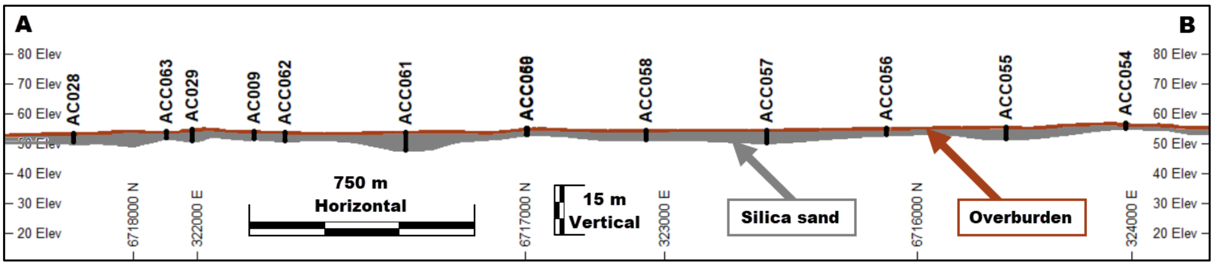

Figure 4: Representative schematic section A – B (See Figure 5), Looking north; 10 times Vertical exaggeration.

Metallurgical testwork completed to-date confirms this updated silica sand model is considered readily amenable to upgrading by conventional washing and screening methods to produce a high-grade silica sand product with high mass recoveries. The high-grade silica sand product specifications are expected to be suitable for the glass making, foundry and ceramics industries.

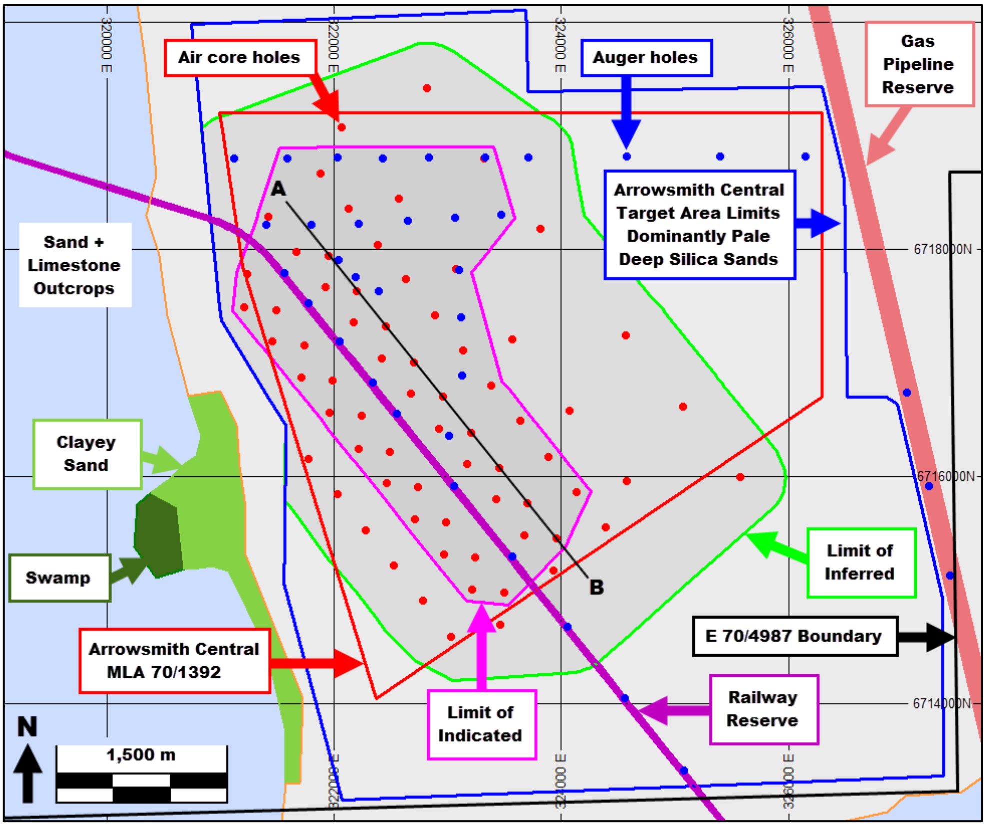

Figure 5: Simplified geology of the Arrowsmith Central Area. Figure 4 section line A – B shown. Tenements as in Figure 1. Auger and AC drill collar locations shown as blue and red points respectively.

Arrowsmith Central BFS and Maiden Ore Reserve

VRX Silica announced details of the BFS and maiden Probable Ore Reserve for Arrowsmith Central on 17 September 2019[11].

The Probable Ore Reserve for Arrowsmith Central totals **18.9Mt @ 99.6% SiO_2** as reported in accordance with the JORC Code, with **18.7Mt @ 99.6% SiO_2** contained within the area of the Company's Mining Lease application (M70/1392) for Arrowsmith Central. Arrowsmith Central is a smaller Resource than Arrowsmith North but still has the potential to be a very long-life project with additional drilling of the Inferred Resource expected to be sufficient to realise the production target.

It will produce alternative products to Arrowsmith North and will add to VRX Silica's available catalogue of products to be produced.

Financial model

Based on capital and operating cost estimates a financial model was developed to evaluate the economics of the Arrowsmith Central project. Key outcomes from the BFS and summary financial model outputs are set out below.

	Maiden Probable Ore Reserve Only	Maiden Probable Ore Reserve and Inferred Mineral Resource
Post Tax, ungeared NPV_{10}	$103,800,000	$147,600,000
Post Tax, ungeared NPV_{20}	$47,800,000	$56,100,000
Post Tax, ungeared IRR	60%	60%
Payback period (yrs) (post tax) (ramp up rate)	2.8	2.8
Exchange Rate US$/A$	$0.70	$0.70
Life of Mine (yrs) (BFS Study)	13-14	25
EBIT	$335,000,000	$737,000,000
Total Sales (no escalation)	$1,022,000,000	$2,167,000,000
Cashflow after finance and tax	$243,000,000	$539,000,000
Capex (2 Mtpa)	$25,880,000	$25,880,000
Capex contingency (inc)	20%	20%
Life of Mine C1 costs, FOB Geraldton (inc Royalties)	$28.21	$27.67
Tonnes Processed (Mt) (BFS Study)	24	51
Production Target (Mt)	19	39.6
Probable Ore Reserves (Mt) (*99.6% SiO_2*)	19	19
Ore Reserve life (yrs)	9	9
JORC Resources (Mt)	77	77

11 *ASX announcement of 17 September 2019,* "Arrowsmith Central BFS and Maiden Ore Reserve."

Notes:

1. 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 that the production target itself will be realised.
2. The Probable Ore Reserve and the Inferred Mineral Resource underpinning the above production targets have been prepared by a Competent Person in accordance with the requirements of the JORC Code.
3. The material assumptions for the BFS are set out below. All such material assumptions continue to apply and have not materially changed from the date of release of the BFS.
4. All figures are presented in Australian dollars, unadjusted for inflation.
5. The first column shows outputs from the Probable Ore Reserve only and the second column showing outputs from the aggregated Probable Ore Reserve and the Inferred Mineral Resource.

Key Points and Assumptions

The key points and assumptions for Arrowsmith Central are the same as for Arrowsmith North (see above) except where noted below.

The BFS is based on only 25 years production from a long-term +35 year mine life.

The maiden Probable Ore Reserve of **18.7 Mt @ 99.6% SiO_2** contained within the area of the Company's Mining Lease application area 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 Reserves in the initial 13-14 years of the project. The balance is from the 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.

Key economic assumptions for the Arrowsmith Central BFS are as follows:

Currency	Australian dollars Sales contracts in Asia for silica sand are invariably based $US and a A$0.70 exchange rate has been applied
Project life	25 years Total Probable Ore Reserve alone supports a 13-14 year project. Mining will occur solely from the Probable Ore Reserve during the first 13-14 years. There is a reasonable expectation that with further close spaced drilling the existing Inferred Mineral Resource would convert to Indicated Mineral Resource and subsequently Probable Ore Reserve. This will increase the mine life to well in excess of this time period, however the model is conservatively restricted to 25 years.
Depreciation	15% rate on capital
Corporate tax rate	27% on taxable profit
Production	Steady state of production from Probable Ore Reserves over life of mine, with the first 5 years at 1 million tonnes per year and thereafter at 2 million tonnes per year Currently the Company has expressions of interest and letters of intent to purchase 1 million tonnes per year of Arrowsmith Central products and expects further interest once these products are available to the market
Shares on Issue	404,318,617

NPV estimation discount rates	Standard financial modelling conducted at both 10% and 20% discount rates. The 20% rate is generally above standard reporting rates but demonstrates that the Project is still financially robust at this higher rate
Capital cost	Based on estimates ±15% from engineering companies with extensive experience in sand separation
Operating costs	A$27.67 C1 costs, including royalties Based on first principles and current rates for equipment
Sales revenue	US$35-46 per dry metric tonne dependent on product type, product quality, contract terms and quantity Revenue is constant based on current prices and ignores any projected growth in prices
Maximum debt	A$20 million
Borrowing rates	12%
Accounts receivable	30 days
Accounts payable	30 days
Plant maintenance	5% of capital cost per year
Environmental bond	A$500,000 May be substituted by the WA Department of Mines, Industry Regulation and Safety's "Mining Rehabilitation Fund"
Capex contingency	20%
Recoveries	CF400 (Glass 400 ppm Fe_2O_3) 17% C20 (Foundry ASF 20) 34% C50 (Foundry ASF 50) 17% TiO_2 Concentrate 9% Recoveries are based on CDE testwork at ±5%

The Company has undertaken sufficient drilling to assume geological and metallurgical continuity of the sand deposit. 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.

Given the simple nature of the silica sand deposit at the project and the associated geological and metallurgical confidence, the Company expects that this additional drilling will be sufficient to realise the production target.

Notwithstanding the above, 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 that the production target itself will be realised.

Probable Ore Reserve

VRX Silica has completed the necessary work to convert the Indicated Mineral Resource to Probable Ore Reserve.

The Probable Ore Reserve for Arrowsmith Central totals **18.9 Mt @ 99.6% SiO_2** as reported in accordance with the JORC Code with **18.7 Mt @ 99.6% SiO_2** contained within the area of the Company's Mining Lease application (MLA70/1392).

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	TiO_2%	LOI%
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
Indicated + Inferred	76.5	96.8	1.5	0.4	0.2	0.7
** Note: Interpreted silica sand mineralisation is domained above a basal surface wireframe defined based on drill sampling depths. A depletion zone, consisting of the upper 0.5 m, is reserved for rehabilitation purposes and is not estimated or reported. Differences may occur due to rounding.*						

Table 8: Arrowsmith Central Silica Sand Mineral Resource Estimate as at September 2019

Table 9 below details the Probable Ore Reserve that will be produced from the mining of the Indicated Mineral Resource and processing in a purpose built, wet sand processing plant.

The plant will produce four saleable products for different markets with a **total Probable Ore Reserve of 18.9 Million tonnes**, with 18.7 Million tonnes contained within the mining lease application M70/1392.

Chemical Composition

Classification	Product	Recovery	Global Million Tonne	Within M70/1392 Million Tonnes	SiO_2 %	Al_2O_3 %	Fe_2O_3%	TiO_2 %	LOI %
Probable	Arrowsmith-CF400	17%	4.2	4.1	99.6	0.25	0.04	0.03	0.1
	Arrowsmith-C20	34%	8.4	8.2					
	Arrowsmith-C50	17%	4.2	4.1					
	TiO_2 Concentrate	9%	2.2	2.2			<1%	+2	
	Total Reserve		**18.9**	**18.7**					

Particle Size — Sieve Opening (Mesh / µm Retained)

Product	10 / 2mm	20 / 850	30 / 600	40 / 425	50 / 300	70 / 212	100 / 150	140 / 106	200 / 75	AFS No
Arrowsmith-CF400	-	0%	0.5%	44%	38.9%	16.1%	0.5%	-	-	37
Arrowsmith-C20	6.2%	22.2%	30.4%	37.9%	2.9%	0.3%	0.1%	-	-	22
Arrowsmith-C50	-	-	0.3%	31.9%	27.5%	17.3%	13.7%	8.2%	1.1%	49

Table 9: Arrowsmith Central Silica Sand Probable Ore Reserve as at September 2019

Metallurgical Factors

As a part of the upgraded MRE, CSA Global reviewed the metallurgical testwork to comply with Clause 49 of the JORC Code. CSA Global has concluded that the available process testwork indicates likely product qualities for glass, ceramics and foundry sand are considered appropriate for eventual economic extraction from Arrowsmith Central. Favourable logistics and the location of the project support the classification of Arrowsmith Central (in accordance with Clause 49) as an industrial mineral with an Inferred/Indicated Mineral Resource.

The extensive metallurgical testwork which has been completed by CDE Global at their facility in Cookstown, Northern Ireland, and Nagrom in Perth, allowed for the creation of a catalogue of silica sand products that could be produced from Arrowsmith Central[12] (see Table 10).

Chemical Composition (%)

Product	Industry	SiO_2	Al_2O_3	Fe_2O_3	TiO_2	CaO	MgO	K_2O
Arrowsmith-CF400	Glass	99.6	0.25	0.040	0.030	0.005	0.001	0.050
Arrowsmith-C20	Foundry	99.6	0.25	0.040	0.030	0.005	0.001	0.050
Arrowsmith-C50	Foundry	99.6	0.25	0.040	0.030	0.005	0.001	0.050

Particle Size Sieve Opening (Mesh / µm Retained)

Product	10 / 2mm	20 / 850	30 / 600	40 / 425	50 / 300	70 / 212	100 / 150	140 / 106	200 / 75	AFS No
Arrowsmith-CF400			0.5%	44%	39%	16%	0.5%			
Arrowsmith-C20	6%	22%	30%	38%	3%	0.3%	0.1%	0%		22
Arrowsmith-C50		0%	0.3%	32%	28%	17%	14%	8%	1%	49

Table 10: Arrowsmith Central saleable Products from Catalogue

In addition to these products the processing plant will produce a by-product from the spirals plant which contains a concentration of titanium minerals such as rutile and ilmenite which can be sold at a nominal value to a company with specialist equipment for separating mineral concentrate.

These products become the recovered products which make up the Probable Ore Reserve, Table 9. The mass balance of the particle sizes was analysed allowing for the recoveries of these products in a wet processing plant to be estimated.[13] The recovery of each product is shown in Table 11.

Product	Industry	Recovery
Arrowsmith - C20	Foundry	34%
Arrowsmith - C50/CF400	Foundry / Glass	34%
TiO_2 Concentrate	Mineral sands	9%
	Total Recovery	77%

Table 11: Arrowsmith Central Product Recovery

[12] ASX announcement of 26 February 2019, "Testwork Update and product Catalogues".
[13] ASX announcement of 3 May 2019, "High Recovery from Silica Sand Process Plant Design".

Material Modifying Factors – Environmental Studies

Development location:

- East of the Beekeepers Nature Reserve
- Approximately 20 km inland of the coast
- South of the Arrowsmith River (Registered Aboriginal Heritage Site)
- Outside of World Heritage Areas, National Heritage Places, Ramsar Wetlands, Conservation Reserves or Commonwealth Marine Reserves

Revenue

Commodity Prices

Subject to final quality produced, the prices for the commodity will range from US$35 to US$46 per dry metric tonne FOB. There are no shipping cost estimates with all contracts to be based on FOB rates.

Economic Factors

The analysis is based on a 25 year production profile with the Probable Ore Reserve supporting a 13-14 year project. Mining will occur solely from the Probable Ore Reserve during that period. There is a reasonable expectation that with further close spaced drilling the existing Inferred Resources would convert to Indicated Resources and Probable Reserves well in excess of this time period, however the model is conservatively restricted to 25 years. See above for further information.

Social Factors

The Company made an application for a mining lease (M70/1392) on 13 February 2019. The application lies within the Southern Yamatji Native Title claim boundaries (WC2017/002), which replaced a pre-combination claim (WC2004/002) by the Amangu People. The Company has completed negotiations with the claimant group regarding the mining lease application and the Company expects full execution of the formal agreement for the grant of the mining lease is imminent. The project is wholly on unallocated crown land and there is little negative impact on local communities.

Project Funding

Mining from the area of the Probable Ore Reserve only supports a 13-14 year mine life. The Company intends to mine solely from the Probable Ore Reserve during that period. 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.

The Company has received a number of enquiries and expressions of interest from debt financiers for the project. The financial model provides for debt capacity and is designed to meet the expectations of any providers of potential debt funding for their due diligence and other internal requirements.

MUCHEA PROJECT

Muchea BFS and Maiden Ore Reserve

On 18 October 2019 VRX Silica announced details of its BFS and maiden Probable Ore Reserve at Muchea. This was the third BFS for the Company's three advanced silica sand projects announced during 2019.

The Muchea Silica Sand Project is located 50km north of Perth and held in its wholly owned subsidiary Wisecat Pty Ltd (**Wisecat**).

The Muchea Silica Sand Project (**Muchea**) is located 50km north of Perth (see Figure 6).

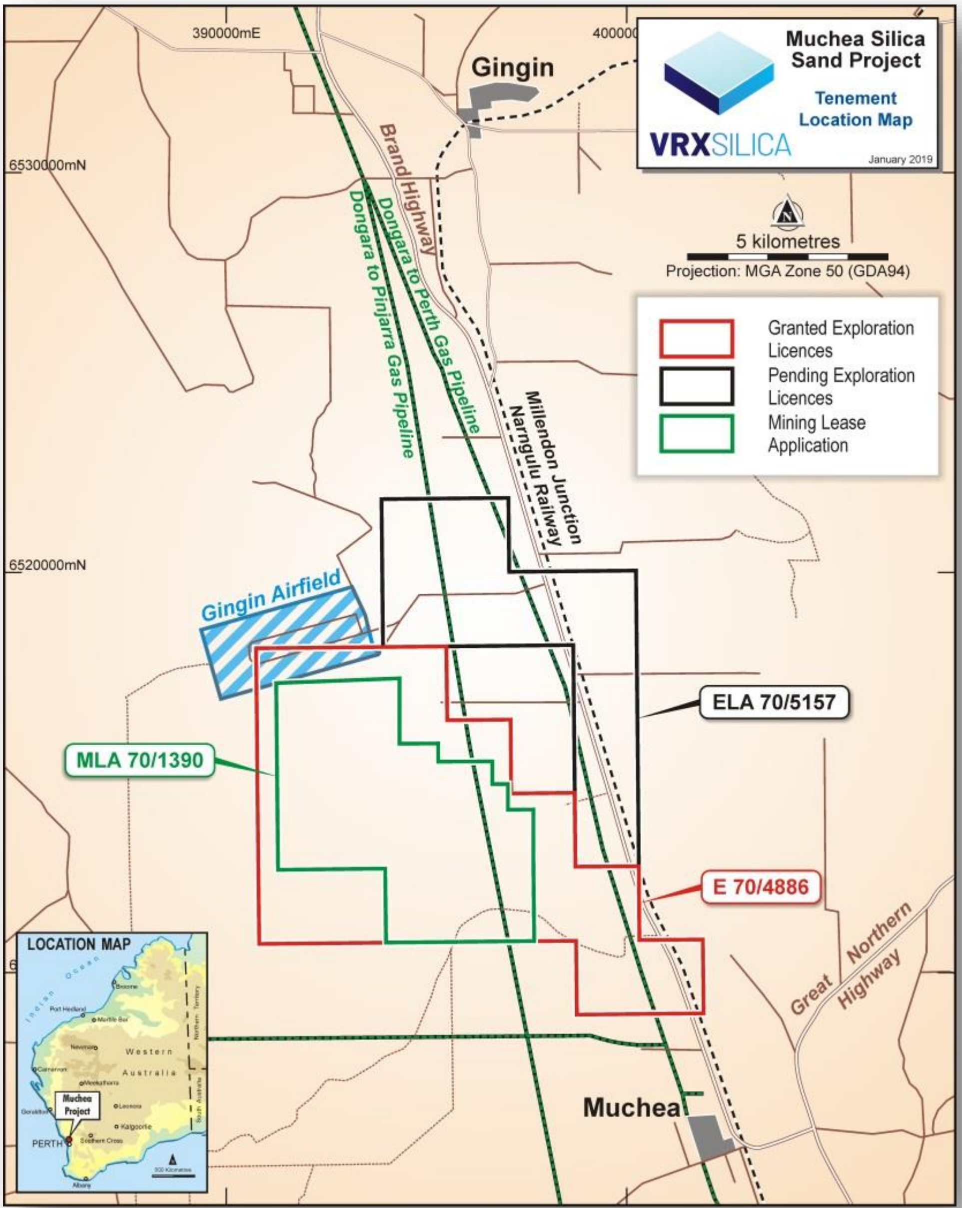

Figure 6: Muchea Project Location

The Probable Ore Reserve for Muchea totals **18.7 Mt @ 99.9% SiO_2** as reported in accordance with the JORC Code, with **14.6Mt @ 99.9% SiO_2** contained within the area of the Company's Mining Lease application (M70/1390) for Muchea.

This Reserve estimate is only a small portion of the silica sand Inferred Resource Estimate for the project but produces a very high-grade product which is in high demand in specialist Asian markets. Muchea is a world class high-grade silica sand project which can support a substantial export industry for WA providing benefits to the State and the Muchea-Gingin district.

Muchea will produce alternative high-grade products to Arrowsmith and will add to our available catalogue of products from our silica sand projects. The Company has already had significant interest in the Muchea product which will command higher prices than products from the Company's Arrowsmith North and Central silica sand projects.

Financial Model

Based on the capital and operating cost estimates a financial model was developed for the purpose of evaluating the economics of the Project. Key outcomes from the BFS and summary financial model outputs are set out below, with the first column showing outputs from the aggregated Probable Ore Reserve and the Inferred Mineral Resource, and the second column showing outputs from the Probable Ore Reserve only.

	Muchea (Inc. Inferred)	Muchea (Reserve Only)
Post Tax, ungeared NPV_{10}	$337,900,000	$180,500,000
Post Tax, ungeared NPV_{20}	$146,400,000	$104,600,000
Post Tax, ungeared IRR	96%	96%
Payback period (yrs) (post tax) (ramp up rate)	2.3	2.3
Exchange Rate US$/A$	$0.70	$0.70
Life of Mine (yrs) (Scope of BFS Study)	25	15
Total Sales (initial 25 years) no escalation	$3,345,000,000	$1,011,000,000
EBIT	$1,540,000,000	$447,000,000
Cashflow after finance and tax	$1,123,000,000	$321,000,000
Shares on Issue	404,318,617	404,318,617
EPS after tax (per year)	$0.11	$0.09
Capex (2 mtpa)	$32,820,000	$32,820,000
Capex contingency (inc)	20%	20%
Life of Mine C1 costs, FOB Kwinana (inc royalties)	$32.74	$33.84
Tonnes Processed (initial 25 years) (Mt)	54	16
Production Target (Mt) (BFS Study)	(25 years) 48.3	(9-10 years) 14.6
Probable Ore Reserves @ 99.9% SiO_2 (Mt)	18.7	18.7
Ore Reserve life (yrs)	9-10	9-10
JORC Resources (million tonnes)	208	208

Notes:

1. 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 that the production target itself will be realised.
2. The Probable Ore Reserve and the Inferred Mineral Resource underpinning the above production targets have been prepared by a Competent Person in accordance with the requirements of the JORC Code.
3. The material assumptions for the BFS are set out below. All such material assumptions continue to apply and have not materially changed from the date of release of the BFS.
4. All figures are presented in Australian dollars, unadjusted for inflation.

Mining from the area of the Probable Ore Reserve only supports a 9-10 year mine life. The Company intends to mine solely from the Probable Ore Reserve during that period. The financial model shows that Muchea is a viable project with the Probable Ore Reserve only, and the Inferred Mineral Resource is not the determining factor for its viability.

Key Points and Assumptions

The BFS is based on only 25 years production from a potentially long-term +100 year mine life.

The maiden Probable Ore Reserve of **14.6 Mt @ 99.9% SiO_2** contained within the area of the Company's Mining Lease application and will support a 9-10 year project. This is estimated from the Indicated Mineral Resource only and constitutes approximately 39% of the estimated total production target (in terms of processed tonnes of silica sand) over the 25 year mine life. The Company intends to mine solely from Probable Ore Reserves during the initial 9-10 years of the project.

The balance is from the Inferred Mineral Resource of **61.4 Mt @ 99.6% SiO_2** in the proposed mining area which the Company intends to mine from year 10 onwards. The Company has undertaken sufficient drilling to assume geological and metallurgical continuity of the sand deposit. 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 2,000m 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 $200,000 and will need to be undertaken within the first 9-10 years of mining operations. Given the simple nature of the silica sand deposit at the project and the associated geological and metallurgical confidence, the Company expects that this additional drilling will be sufficient to realise the production target. Notwithstanding this, 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 that the production target itself will be realised.

The Company has been in discussions with both the Department of Premier and Cabinet and the Department of Jobs, Tourism, Science and Industry to identify options for the Company to gain access to ground within File Notation Area 12671 (**FNA**), which is for the proposed "Perth and Peel Green Growth Plan for 3.5 million". Whilst that ground sits outside the proposed development area for the project and the FNA does not affect the modelled 25 years of production at Muchea detailed in the BFS, the Company is seeking access to this ground to extend the project's mine life to well beyond 25 years, and potentially over 100 years. Further details of the FNA are set out in the BFS.

The Company has met with various local Members of State and Federal Parliament with great support for the project. The project will be a potentially new long-term industry for Western Australia and the feeder for numerous potential downstream industries, all with substantial economic benefits, including long-term employment and royalties with a significant economic contribution to the Muchea-Gingin district.

The Company has engaged with the Department of Water and Environmental Regulation following preliminary environmental studies to identify key issues pertaining to the project environmental approvals for mining particularly the vegetation for potential foraging by Red Tail and Carnaby's cockatoos.

VRX Silica has developed a mining and rehabilitation methodology specific to the environment at Muchea which will enable a successful restoration of mined areas.

A key challenge for industrial minerals projects is meeting market specifications. The silica sand market has specifications for parameters such as purity (e.g. SiO_2 content) in addition to tight specifications for trace elements such as Fe, Ti, Al and Cr in the glass industry.

The Company is confident that it can meet specifications for the ultra-clear glass market from Muchea.

Key economic assumptions for the Muchea BFS are as follows:

Currency	Australian dollars Sales contracts in Asia for silica sand are invariably based $US and a A$0.70 exchange rate has been applied
Project life	25 years Total Probable Ore Reserve alone supports a 9-10 year project. Mining will occur solely from the Probable Ore Reserve during the first 9-10 years. There is a reasonable expectation that with further close spaced drilling the existing Inferred Mineral Resource would convert to Indicated Mineral Resource and subsequently Probable Ore Reserve. This will increase the mine life to well in excess of this time period, however the model is conservatively restricted to 25 years
Depreciation	15% rate on capital
Corporate tax rate	27% on taxable profit
Production	Steady state of production from Probable Ore Reserves over life of mine, with the first 2 years at 1 million tonnes per year and thereafter at 2 million tonnes per year The Company has currently expressions of interest and letters of intent to purchase 3.5 million tonnes per year of Muchea products and expects further interest once these products are made available to the market
Shares on Issue	404,318,617
NPV estimation discount rates	Standard financial modelling conducted at both 10% and 20% discount rates. The 20% rate is generally above standard reporting rates but demonstrates that the Project is still financially robust at this higher rate
Capital cost	Based on estimates ±15% from engineering companies with extensive experience in sand separation
Operating costs	A$32.74 C1 costs, including royalties Based on first principles and current rates for equipment
Sales revenue	US$38-55 (A$54-79) per dry metric tonne dependent on product type, product quality, contract terms and sales quantity Revenue is constant based on current prices and ignores any projected growth in prices
Maximum debt	A$30 million
Borrowing rates	12%

Accounts receivable	30 days
Accounts payable	30 days
Plant maintenance	5% of capital cost per year
Environmental bond	A$500,000 May be substituted by the WA Department of Mines, Industry Regulation and Safety's "Mining Rehabilitation Fund"
Capex contingency	20%
Recoveries	Muchea F80C (80ppm Fe_2O_3) 20% Muchea F80 (80ppm Fe_2O_3) 48% Muchea F150 (150ppm Fe_2O_3) 20% Recoveries are based on CDE testwork at ±5%

Probable Ore Reserve

The Probable Ore Reserve for Muchea totals **18.7 Mt @ 99.9% SiO_2** as reported in accordance with the JORC Code with **14.6Mt @ 99.6% SiO_2** contained within the area of the Company's Mining Lease application (MLA70/1390).

VRX Silica has previously announced[14] an upgraded MRE for Muchea of an **Indicated Mineral Resource** of **29 Mt @ 99.6% SiO_2** in addition to an **Inferred Mineral Resource** of **179 Mt @ 99.6% SiO_2** for a **Total MRE** of **208 Mt @ 99.6% SiO_2,** see Table 12.

Classification	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	TiO_2%	LOI%
Indicated	29	99.6	0.09	0.03	0.07	0.22
Inferred	179	99.6	0.05	0.02	0.1	0.23
Indicated + Inferred	208	99.6	0.06	0.02	0.1	0.23
*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 12: Muchea Silica Sand Mineral Resource Estimate as at September 2019

VRX Silica has now completed necessary work to convert the Indicated Mineral Resource to Probable Ore Reserves.

Table 13 details the Probable Ore Reserve that will be produced from the mining of the Indicated Mineral Resource and processing in a purpose built, wet sand processing plant. The plant will produce three saleable products for different markets with a **total Probable Ore Reserve of 18.7 Million tonnes**, with **14.6Mt @ 99.6% SiO_2** contained within the Mining Lease application (M70/1390) area.

[14] ASX announcement of 17 June 2019, "Muchea Mineral Resource Estimate Upgrade".

Ore Reserve			Global	Within M70/1390					
Classification	Product	Recovery	Million Tonnes	Million Tonnes	SiO_2%	Al_2O_3%	Fe_2O_3%	TiO_2%	LOI %
Probable	Muchea-F80	48%	10.2	8.0	+99.9	0.02	0.008	0.030	0.1
	Muchea-F80C	20%	4.25	3.3	+99.9	0.02	0.008	0.030	0.1
	Muchea-F150	20%	4.25	3.3	99.8	0.07	0.015	0.035	0.1
	Total Reserve		**18.7**	**14.6**					

Particle Size	Sieve Opening (µm Retained)							
Product	850	600	425	300	212	150	106	75
Muchea-F80		0.5%	49%	50%	0.5%			
Muchea-F80C	9.0%	90.0%	1.0%					
Muche-F150				0.5%	88%	11%	0.5%	

Table 13: Muchea Silica Sand Probable Ore Reserve as at October 2019

Metallurgical Factors

CSA Global reviewed the metallurgical testwork to comply with Clause 49 of the JORC Code[15]. CSA Global has concluded that the available process testwork indicates likely product qualities for glass and ceramics is considered appropriate for eventual economic extraction from Muchea. In addition, potentially favourable logistics and project location support the classification of the Muchea deposit (in accordance with Clause 49) as an industrial mineral with an Inferred/Indicated Mineral Resource.

The extensive metallurgical testwork which has been completed by CDE Global at their facility in Cookstown, Northern Ireland, and Nagrom in Kelmscott, Perth, allowed for the creation of a catalogue of silica sand products that could be produced from Muchea[16] (see Table 14).

These products become the recovered products which make up the Ore Reserve (see Table 13).

Chemical Composition

Product	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %	CaO %	MgO %	K_2O %
Muchea-F80	+99.9	0.02	0.008	0.03	0.005	0.001	0.004
Muchea-F80C	+99.9	0.02	0.005	0.03	0.005	0.001	0.004
Muchea-F150	99.8	0.07	0.015	0.03	0.020	0.001	0.004

[15] Reviewed as part of the metallurgical testwork for the Muchea maiden MRE, see ASX announcement of 20 November 2018, "Muchea Silica Sand Project Maiden Resource".
[16] ASX announcement of 26 February 2019, "Testwork Update and Product Catalogues".

Particle Size Sieve micron and % retained on sieve

Product	850	600	425	300	212	150	106	75	53
Muchea-F80		0.5%	49%	50%	0.5%				
Muchea-F80C	9.0%	90.0%	1.0%						
Muchea-F150				0.5%	88%	11%	0.5%		

Table 14: Muchea saleable products from catalogue

The mass balance of the particle sizes was analysed allowing for the recoveries of these products in a wet processing plant to be estimated.[17] The recovery of each product is shown in Table 15.

Product	Industry	Recovery
Muchea-F80	Glassmaking	48%
Muchea-F80C	LCD	20%
Muchea-F150	Glassmaking	20%
Total Recovery		**88%**

Table 15: Muchea Product Recovery

Material Modifying Factors – Mining Factors

The mining method chosen for Muchea is a rubber wheeled front-end loader, feeding into a 3mm trommel screen to remove oversize particles and organics. Undersize sand is slurried and pumped to a sand processing plant located proximal to the Moora-Kwinana railway line. After processing, the silica sand is then loaded into railway trucks for bulk export from the Kwinana Bulk Terminal.

Mining of the in-situ sand will extract to the extent and base of the Indicated Resource/Probable Ore Reserve leaving a slightly undulating surface. Appropriate buffer zones are left from the adjacent stakeholders such as freehold land and the Dongara-Pinjarra gas pipeline. 100% of the material in the mining area is considered to be sand that can be beneficiated to a saleable silica sand project. The top 500mm has been excluded from the MRE as it will be reserved for rehabilitation purposes. As there is no waste material, the recovery factor is considered to be 100% and ore loss therefore is considered to be 0%.

Material Modifying Factors – Environmental Studies

Development location:

- Mining is 100% on Unallocated Crown Land
- East of the Yeal Nature Reserve and State Forest
- West of Freehold land
- South of Gingin Airfield
- Approximately 25 km inland of the coast
- 2km West of Chandala Brook (Registered Aboriginal Heritage Site)
- Outside of World Heritage Areas, National Heritage Places, Ramsar Wetlands, Conservation Reserves or Commonwealth Marine Reserves

[17] ASX announcement of 3 May 2019, “High Recovery from Silica Sand Process Plant Design”.

The Probable Ore Reserve is located within an area of deep Bassendean sands, leached of nutrients. The vegetation type is Banksia Woodlands. The topography is low to medium dunes.

Mine Plan

The production target for Muchea incorporates the maiden Probable Ore Reserve of 14.6 Mt @ 99.9% SiO_2 that sits within the Mining Lease application area (see above under "Probable Ore Reserve") as well as a portion of the Inferred Mineral Resource.

The Inferred Mineral Resource available to mine within the Mine Plan Pit is 61.4 Mt @ 99.6% SiO_2.

In designing the Mine Plan Pit, the Company has examined the restrictions and constraints on mining activities in the context of surrounding areas and the interests of stakeholders, and planned accordingly. To that end, the Mine Plan Pit ensures:

- mining will not occur any closer than 100m to the Dongara to Pinjarra gas pipeline;
- mining will not occur any closer than 200m to the boundary of any freehold land and will be at least 600m from the nearest house; and
- the Mining Lease area does not intersect with the Gingin Airfield ground and mining will not occur any no closer than 250m to the boundary of the Gingin Airfield. In addition, mining will not occur under the flight lines to and from the airfield.

These buffer zones are at least equal to, or are in excess of, industry practice and legislative requirements (if any). In addition, the western boundary of the Mine Plan Pit is contiguous with the FNA and does not intersect with any proposed conservation area under the Green Growth Plan.

The Mine Plan Pit is not impacted by any known exclusion areas.

The maiden Probable Ore Reserve is estimated from the Indicated Mineral Resource only. This constitutes approximately 30% of the estimated total production target (in terms of processed tonnes of silica sand) over the 25 year mine life for the project BFS estimates. It provides sufficient tonnage for the first 9-10 years of mining operations. The Company intends to mine solely from the Probable Ore Reserve during that period. Key assumptions underpinning the financial model for the Project are set out below, including timing for project start-up and ramp-up to full capacity. The financial model (see below and in the BFS) shows that Muchea is a viable project with the Probable Ore Reserve only, and the Inferred Mineral Resource is not the determining factor for its viability.

The ore which forms the Inferred Mineral Resource is contiguous with the Indicated Mineral Resource and has been categorised as lower confidence due to wider spaced drilling. (Drilling of the Indicated Mineral Resource is typically 50m spaced along existing tracks, whereas the Inferred Mineral Resource is drilled on a 400m spacing along existing tracks.)

The Company has undertaken sufficient drilling to assume geological and metallurgical continuity of the sand deposit. There is negligible difference between the modelled sand in each category and it is believed an additional 1,500m of drilling would be required to upgrade the inferred resource category. The cost for drilling, assaying and associated studies is estimated (at current rates) to be in the region of $250,000 and will need to be undertaken within the first 9 years of mining operations.

Given the simple nature of the silica sand deposit at the Project and the associated geological and metallurgical confidence, the Company expects that this additional drilling will be sufficient to realise the production target.

Notwithstanding the above, 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 that the production target itself will be realised.

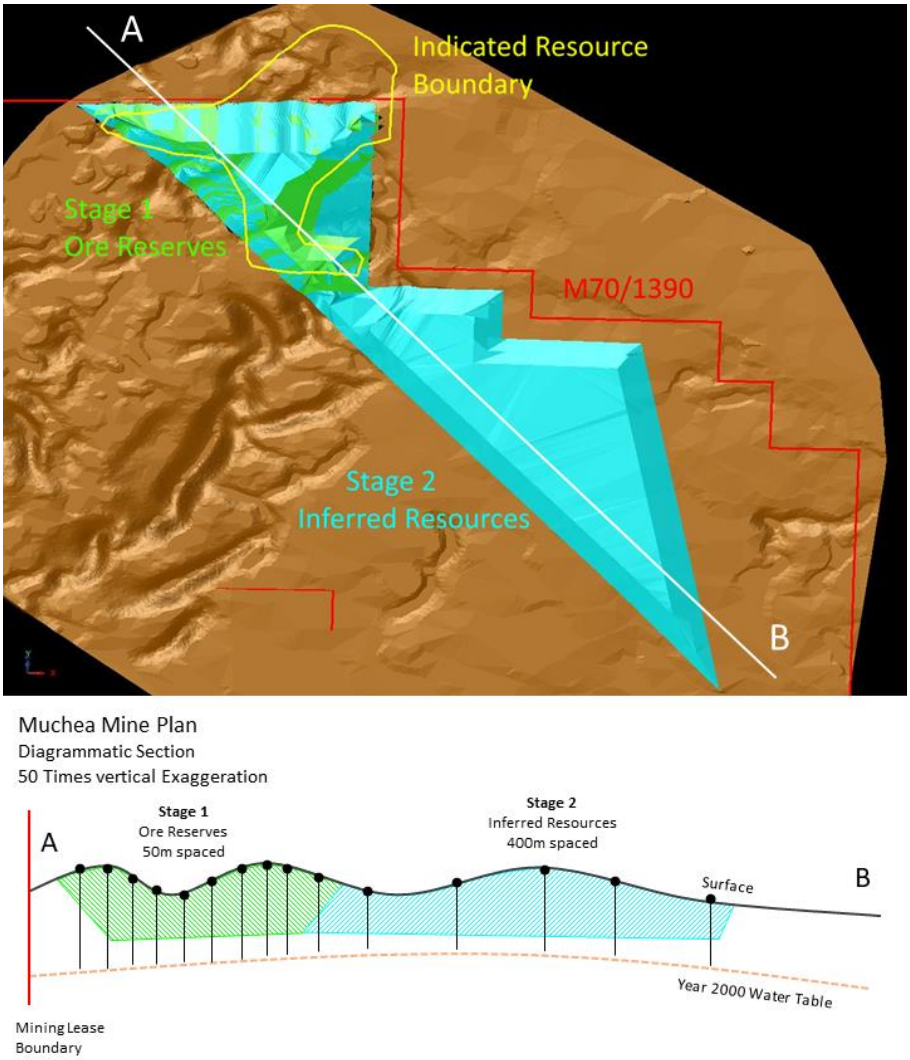

Figure 7: Muchea Post-Mining of Ore Reserves and Inferred Resources Topography (5:1 vertical exaggeration) Probable Ore Reserve within green boundaries and Inferred Mineral Resource within blue boundaries.

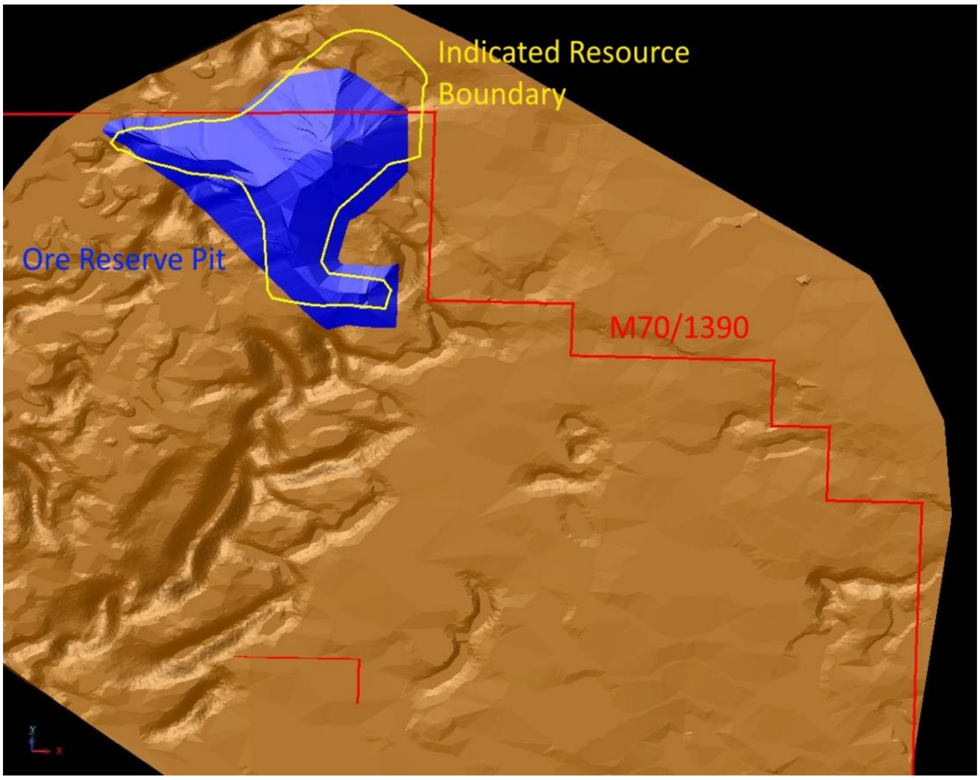

Figure 8: Muchea Pre-Mining Topography (10:1 vertical exaggeration)

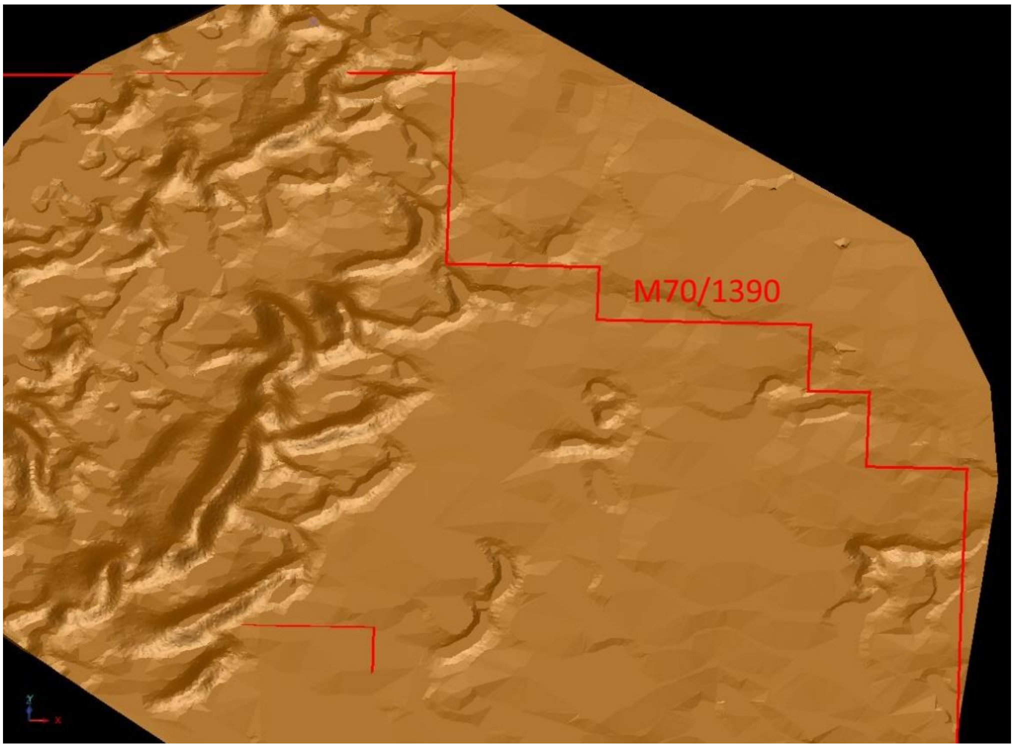

Figure 9: Muchea Post-Mining Topography (10:1 vertical exaggeration)

Assessment Process

- Pre-referral submission to DotEE
- Final referral submission to DotEE
- Submission of Section 38 referral to the State EPA
- Seek an Accredited Environment Protection and Biodiversity Conservation Act 1999 (Cth) Assessment under the State Environmental Protection Act 1986 (WA) via an Environmental Review Document with public comment
- Undertake any further studies required
- Submission of Environmental Review Document

Mitigation Strategies

- Proposed action lies within a large development envelope, allowing for the flexibility to target areas of lower significance to MNES
- Disturbance will be kept to a minimum, up to 35 ha per year and 14 ha at any one time
- Progressive rehabilitation using topsoil re-location to ensure topsoil and plants are translocated intact to previously mined areas
- Conduct further surveys to identify MNES
- Use findings to steer the project and avoid MNES where possible

There are no mine tailings storage requirements, there are no waste dumps and processing requires no chemicals.

Material Modifying Factors – Infrastructure

The project is located on vacant, unallocated crown land which is east of the Yeal Nature Reserve and Sate Forrest, west of Freehold land and south of the Gingin Airfield. The southern boundary is the limit of tenure. The Brand Highway is proximal to the area and access is via the sealed Timaru Road from Brand Highway. The rail line to the Kwinana Bulk Terminal runs east of the Brand Highway and will be used to transport the processed silica sand to the Kwinana Bulk Terminal for bulk export.

The project will require its own installed power and water infrastructure and as there will be no accommodation at the mine site labour will be sourced from the nearest towns, Gingin and Muchea (approximately 12km and 14 km, respectively, from the mine site).

Costs

Operating Costs

Operating costs were determined from first principles and are estimated to include all costs to mine, process, transport and load product on to ships.

Royalties

The prevailing rate of royalty due to the State is used in VRX's economic assessments. The State Royalty rate is A$1.17 per dry metric tonne and reviewed every 5 years with the next review due in 2020.

A 1% net production royalty from the project will be payable to the original tenement owners.

There are no other royalties payable, though a royalty is in the process of being negotiated with Native Title claimants and has been included in the project metrics.

Revenue

Product Quality

Multiple products will be differentiated during processing subject to required particle size distribution by screening. Recovery of products has been independently assessed by CDE Global, a world leading silica sand testing laboratory.

Commodity Prices

Commodity prices for silica sand products have been determined by independent industry source Stratum Resources. The industry standard is that sales contracts are in US dollars. The exchange rate to convert to Australian dollars will be the prevailing rate at the time of payment.

Subject to final quality produced, the prices for the commodity will range from US$38 to US$55 per dry metric tonne FOB. There will be no other treatment, smelting or refining charges and no shipping cost estimates with all contracts to be based on FOB rates.

Revenue will be based on a negotiated per shipment basis per dry metric tonne FOB with payment by demand on an accredited bank letter of credit.

Market Assessment

The Company has commissioned an independent assessment of the current market prices for proposed products by industry leader Stratum Resources. The assessment includes projections for future demand and supply of silica sand and concludes that there is a future tightening of supply of suitable glassmaking silica sand with a commensurate increase in price.

Sales volumes have been estimated as a result of received letters of intent and expressions of interest to purchase products.

Economic Factors

The Company's economic analysis has calculated at a 10% discounted ungeared post tax NPV. A 20% discounted NPV has also been calculated to demonstrate the strength of the economic analysis.

The assessment has not considered any escalated future product prices nor any inflation to operating costs. The analysis has used a US$/A$ exchange rate of US$0.70/A$1.00.

The analysis is based on a 25 year production profile with the Probable Ore Reserve supporting a 9-10 year project. Mining will occur solely from the Probable Ore Reserve during that period. There is a reasonable expectation that with further close spaced drilling the existing Inferred Resources would convert to Indicated Resources and Probable Reserves well in excess of this time period, however the model is conservatively restricted to 25 years. See above for further information.

Capital requirements are based on independent estimates.

The analysis is most sensitive to the exchange rate and sales prices. The analysis indicates the financials of the project are very robust and there is a high confidence that a viable long-term mining operation can be justified.

Due to the higher-grade products the average sales price of Muchea silica sand products is higher than those from the Arrowsmith silica sand projects.

Social Factors

On January 31 2020 Wisecat entered into a Native Title Mining Project Agreement for the Muchea Silica Sand Project with the Whadjuk People Native Title Claim Applicants under Application WAD242/2011 (as the authorised representatives of the Whadjuk People Native Title Claim Group) and the South West Aboriginal Land & Sea Council Aboriginal Corporation (**SWALSC**) in its capacity as agent for the Whadjuk People. It represented a significant milestone in the development of the Muchea Project and was the result of negotiations conducted in good faith with the Whadjuk People and SWALSC.

Under the terms of the agreement, the Whadjuk People give their consent to the grant of the Mining Lease and the Miscellaneous Licences for the Muchea Project within the Native Title claim area and the conduct of silica sand mining operations at the Muchea Project. The agreement also provides for a set of shared long-term objectives for the parties and a range of measures designed to achieve those objectives over the term of the agreement (being the life of the Muchea Project). These include:

- the preservation and management of Aboriginal heritage within the Mining Lease area wherever possible pursuant to an agreed Heritage Protocol;
- the promotion of awareness of the Whadjuk People's traditional laws and customs and facilitation of cross-cultural exchange between the members of the Whadjuk People and the tenement holder and its employees and contractors;
- ensuring the environmental impact of agreed mining operations is managed in accordance with relevant statutory obligations;
- maximising employment and contracting opportunities for Whadjuk People contractors in connection with agreed mining operations; and
- the provision of agreed initial and ongoing compensation to the Whadjuk People for the effects on Native Title arising from the grant of the Mining Lease and Miscellaneous Licences within the Native Title claim area, the conduct of mining operations and the issue of agreed project approvals.

In addition, the agreement contains provisions that are customary for an agreement of this nature, including as to confidentiality, warranties, force majeure and dispute resolution procedures.

Signing of this agreement has cleared the path for grant of the Mining Lease and the Miscellaneous Licences for the Muchea Project. The parties then commenced the formal process with the National Native Title Tribunal required under this agreement to obtain consent orders for the grant of the Mining Lease M70/1390. On 23 April the Tribunal made a determination "… that the act, being the grant of the M70/1390 to Wisecat Pty Ltd may be done" and has been forwarded to the Minister for Mines for the grant of the Mining Lease.

In parallel, as part of the environmental approvals process for the grant of a Mining Permit at the Muchea Project, the Company has continued to compile necessary data to support referrals to the Federal Department of Environment and Energy (**DotEE**) and the State Environmental Protection Authority (EPA). The Company and its environmental consultants held pre-referral meetings with representatives from DotEE and received valuable feedback as to requirements for the referral.

The project is wholly on unallocated crown land with little negative impact on local communities.

Project Funding

The financial model summarised in the BFS sets out the project metrics and provides a basis for the potential capital structure of the Company for the development of the project. Total capital expenditure at Muchea (for a 2 million tonnes per annum processing plant) is estimated at approximately A$33 million (the BFS details capital cost estimates).

The Company anticipates that the source of funding for the capital investment at Muchea will be any one, or a combination of, equity, debt and pre-paid offtake from the project. Whilst no final decision has been made in that regard, the financial model assumes a maximum A$30 million in debt.

The Company has received a number of enquiries and expressions of interest from debt financiers for the project. As noted above, the financial model provides for debt capacity and is designed to meet the expectations of any providers of potential debt funding for their due diligence and other internal requirements.

In addition, VRX Silica has also received enquiries and expressions of interest from organisations across Asia for silica sand products from the project and holds signed letters of intent for substantial tonnages. A number of these organisations have expressed interest in becoming a funding partner of the Company for development of a mine by way of pre-paid offtake arrangements or commercial debt funding.

The balance of the Company's capital requirements will be funded from equity capital.

Whilst the envisaged project development requires a low capital intensity relative to a greenfields hard rock mining project, and any one of, or a combination of equity, debt and pre-paid offtake is planned, VRX Silica has not as yet secured the required capital. The positive financial metrics of the BFS and feedback from potential funding partners provides encouragement as to the likelihood of meeting optimum project and corporate capital requirements.

Muchea, Arrowsmith North and Arrowsmith Central Project Metrics

Key BFS outcomes for Muchea, Arrowsmith North and Arrowsmith Central, and in aggregate, are set out below.

	Arrowsmith North	Arrowsmith Central	Muchea	**Total**
Post Tax, ungeared NPV_{10}	$242.3m	$147.6m	$337.9	**$727.8m**
Post Tax, ungeared NPV_{20}	$99.8m	$56.1m	$146.4	**$302.3m**
Post Tax, ungeared IRR	79%	60%	96%	**83%**
Payback period (yrs) (post tax) (ramp up rate)	2.4	2.8	2.3	**2.4**
Exchange Rate US$/A$	$0.70	$0.70	$0.70	**$0.70**
Life of Mine (yrs) (Scope of BFS Study)	25	25	25	**25**
Total Sales (initial 25 years) no escalation	$2,773m	$2,167m	$3,345	**$8,285m**
EBIT	$1,144m	$737m	$1,540	**$3,421m**
Cashflow after finance and tax	$835m	$539m	$1,123	**$2,497m**
Shares on Issue	404,318,617			
EPS after tax (per year)	$0.08	$0.05	$0.11	**$0.25**
Capex (2 mtpa)	$28.3m	$25.9m	$32.8m	**$87m**
Capex contingency (inc)	20%	20%	20%	**20%**
Life of Mine C1 costs, FOB Kwinana (inc royalties)	$30.18	$27.67	$32.74	**$30.24**
Tonnes Processed (initial 25 years) (Mt)	53	51	54	**158**
Production Target (Mt) (BFS Study) (initial 25 Years)	47.7	39.6	48.3	**136**
Probable Ore Reserves (Mt)	204	18.9	18.7	**242**
Ore Reserve life (yrs)	102	10	9-10	
JORC Resources (million tonnes)	771	77	208	**1,056**

Notes:

1. A proportion of the production target for each of Arrowsmith Central and Muchea 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 that the production target itself will be realised.
2. The Ore Reserves and, in the case of Arrowsmith Central and Muchea, the Inferred Mineral Resource underpinning the above production targets have been prepared by a Competent Person in accordance with the requirements of the JORC Code.
3. The material assumptions are set out in the BFS for each project. All such material assumptions continue to apply and have not materially changed from the date of release of the BFS's.
4. All figures are presented in Australian dollars, unadjusted for inflation

BOYATUP SILICA SAND PROJECT

During the year VRX engaged the Esperance Tjaltjraak Native Title Aboriginal Corporation to conduct an Aboriginal Heritage Site Avoidance Survey for an approved Programme of Works (PoW) for a drilling program over the Boyatup Silica Sand Project. The survey was completed in December 2019 and the drilling program was cleared to commence. It is anticipated the drilling program will be undertaken in 2021. Photographs below show the On-Country discussions between Traditional Owners and VRX staff during the Heritage Avoidance Survey.

Figure 10: On-Country discussions.

The drilling program will enable a maiden Mineral Resource to be estimated and Metallurgical Testwork to determine potential markets for the processed sand.

WARRAWANDA PROJECT

A review of assays conducted on cores from the diamond drilling program undertaken at the Warrawanda Project indicated that the previously identified quartz outcrops are not of an economic grade and of insufficient tonnage to warrant further exploration.

The Company relinquished exploration licence E52/2372 and surrendered E52/3447. The Company no longer holds any tenements at the Warrawanda Project.

BIRANUP PROJECT

VRX Silica has a stated aim of becoming a global supplier of high-quality silica sand and in keeping with this the Company is disposing of non-core assets. On 1 July 2020 VRX Silica Limited announced it had entered into a conditional agreement with New Energy Metals Limited (**NEM**) for the sale of its wholly-owned subsidiary and holder of the Biranup base metals and gold project (**Biranup Project**), Ventnor Gold Pty Ltd (**VGPL**)[18].

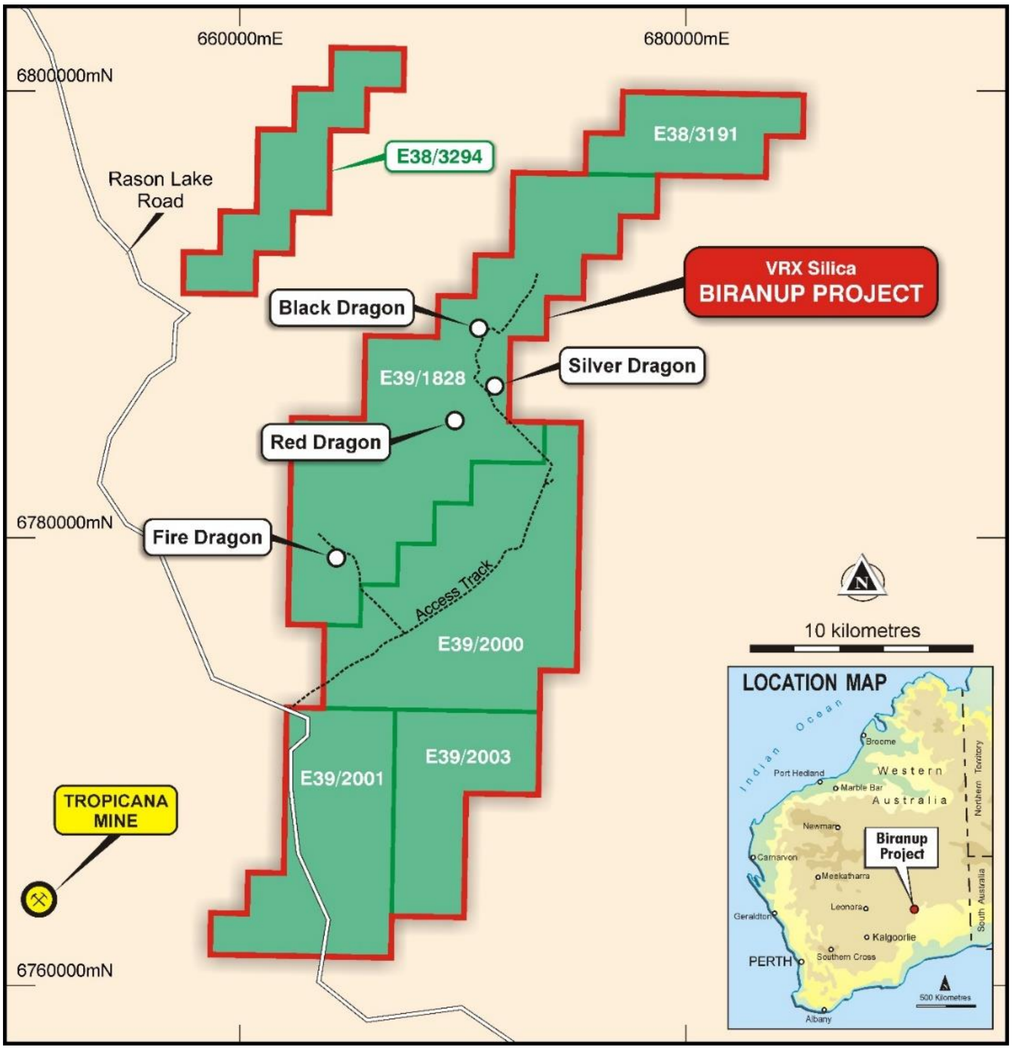

Figure 11: Biranup Tenements

NEM is an unlisted public company planning an Initial Public Offering (IPO) and ASX listing later this year. NEM has indicated that it will prioritise applications in the IPO from VRX Silica shareholders. The terms for the sale of the Biranup Project will enable VRX Silica to share in any future exploration success which is an ideal outcome for VRX Silica and its shareholders.

The Biranup Project is situated in the highly prospective Albany -Fraser Orogen in Western Australia, which hosts IGO's Nova nickel mine, the world class ~10Moz Tropicana Gold Deposit and is currently the subject of an extensive exploration program being conducted by Legend Mining. A great starting point for NEM will be the extensive and comprehensive exploration data base on the Biranup Project tenements assembled by VRX.

18 ASX announcement of 1 July 2020, "Sale of Biranup Nickel and Gold Project".

Sale Terms

NEM will acquire the Biranup Project through the purchase of 100% of the issued share capital of VGPL.

The consideration for the sale will be as follows:

- 6,250,000 fully paid ordinary shares in NEM at a deemed issue price of 20c, to be issued at completion; and
- cash milestone payments of:
  - $200,000 upon delineation of a JORC compliant inferred resource of no less than 7.5mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements;
  - $200,000 at the completion of a feasibility study with respect to the Biranup Project demonstrating an ability to operate it as a commercially viable enterprise, and
  - $500,000 at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the Biranup Project.

Completion is subject to and conditional upon the following:

- completion of due diligence investigations by NEM into VGPL and the Biranup Project to its satisfaction;
- NEM conducting the IPO, including raising necessary capital and receiving ASX conditional approval for listing of its securities on ASX; and
- the parties obtaining all necessary board, shareholder, third party and regulatory approvals and consents required to complete the sale.

The agreement is otherwise on terms customary for a transaction of this nature, including as to pre-completion undertakings, warranties and representations, liability limitation and confidentiality.

CORPORATE

China Southern Glass Strategic Alliance

On 11 July 2019, VRX Silica announced it had entered into a memorandum of understanding (**MOU**) with CSG Holding Co Ltd[19] (**China Southern Glass**) to form a strategic alliance in connection with the Company's 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.

Capital Raising

During the period 6 million 2.8c options were exercised and on 4 November 2019 VRX Silica announced it had successfully completed a bookbuild to raise $4 million (before costs) through a placement of securities to a range of sophisticated and institutional investors, including existing shareholders and new investors.

[19] ASX announcement of 11 July 2019, "China Southern Glass Strategic Alliance".

The placement funds were raised to accelerate the advancement of the Company's Arrowsmith North, Arrowsmith Central and Muchea silica sand projects, including for permitting and approvals, long lead capital items, detailed engineering work, hydro and resource drilling, and for working capital purposes.

The placement was made under the Company's placement capacity under Listing Rule 7.1 and resulted in the issue of 34,782,610 new fully paid ordinary shares at an issue price of 11.5 cents each. Participants in the placement were also entitled to one free-attaching option for every two shares subscribed for in the placement exercisable at 18 cents and expiring 31 July 2021 which are quoted on ASX under code "VRXO".

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

EVENTS SUBSEQUENT TO JUNE 30 2020

Arrowsmith North and Arrowsmith Central Projects

On 15 July 2020 VRX announced it had received confirmation that the terms of its proposed Mining Project Agreement (**Agreement**) covering the areas of the Arrowsmith North and Arrowsmith Central Silica Sand Projects have been approved by the Working Group for the Southern Yamatji People, Native Title claimants over the project areas[20].

Delays caused by the COVID-19 crisis, particularly regulations prohibiting movement in and out of Aboriginal communities and restrictions on public gatherings significantly hampered progress and presented unique challenges for completing the negotiation process. However, the company worked constructively with the Yamatji Marlpa Aboriginal Corporation (**YMAC**) and the Southern Yamatji Working Group to reach consensus.

With the terms of the Agreement having been accepted, the next step is for the Agreement to be formally signed by all 12 individual Native Title Applicants along with a separate State Deed between those individuals, the Company and the State. Once fully executed, these documents will be lodged with the Department of Mines, Industry Regulation and Safety (DMIRS) to finalise the grant of Mining Leases and associated Miscellaneous Licenses for Arrowsmith North and Arrowsmith Central.

VRX believes this is the start of what will be a very long term working relationship with the Southern Yamatji People and VRX in achieving its stated aim of becoming a global supplier of high-quality silica sand.

The negotiated terms provide for a set of shared long-term objectives for the parties and a range of measures designed to achieve those objectives over the term of the Agreement (being the life of the Arrowsmith projects). These include:

- the preservation and management of Aboriginal heritage within the areas of the mining leases pursuant to an agreed heritage protocol;
- the promotion of awareness of the Southern Yamatji People's traditional laws and customs and facilitation of cross-cultural exchange between the members of the Southern Yamatji People and VRX and its employees and contractors;
- ensuring the environmental impact of agreed mining operations is managed in accordance with relevant statutory obligations;
- maximising employment and contracting opportunities for Southern Yamatji People contractors in connection with agreed mining operations; and
- the provision of agreed initial and ongoing compensation to the Southern Yamatji People for the effects on native title arising from the grant of the mining leases and miscellaneous licences within the native title claim area, the conduct of mining operations and the issue of agreed project approvals.

[20] ASX announcement of 15 July 2020, "Native Title Agreement Terms Approved for Arrowsmith".

MINERAL RESOURCES AND RESERVES

Mineral Resources

Project	Classification	Mt	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %	LOI %
Muchea	Indicated	29	99.6	0.09	0.03	0.07	0.22
	Inferred	172	99.6	0.05	0.02	0.10	0.23
	Total	208	99.6	0.06	0.02	0.10	0.23
Arrowsmith North	Indicated	248	97.7	1.00	0.40	0.20	0.50
	Inferred	523	98.2	0.80	0.30	0.20	0.40
	Total	771	98.0	0.86	0.30	0.17	0.41
Arrowsmith Central	Indicated	28.2	96.6	1.70	0.40	0.20	0.70
	Inferred	48.3	96.9	1.50	0.40	0.20	0.70
	Total	76.5	96.8	1.50	0.40	0.20	0.70

Total Mineral Resource 1,056 Million Tonnes

Ore Reserves

Project	Classification	Product	Recovery	Mt	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %	LOI %
Muchea	Probable	F80	48%	10.2	99.9	0.02	0.008	0.03	0.1
		F80C	20%	4.25					
		F150	20%	4.25	99.8	0.07	0.015	0.035	0.1
	Muchea Ore Reserve			18.7	Million Tonnes				
Arrowsmith North	Probable	N20	24%	60	99.7	0.2	0.05	0.035	0.1
		N40 / NF500	60%	149					
		Local Market	6%	15					
	Arrowsmith North Ore Reserve			223	Million Tonnes				
Arrowsmith Central	Probable	CF400	17%	4.2	99.6	0.25	0.04	0.03	0.1
		C20	34%	8.4					
		C40	17%	4.2					
		High TiO_2	9%	2.2			<1%	2%	
	Arrowsmith Central Ore Reserve			18.9	Million Tonnes				

Total Ore Reserve 261 Million Tonnes

Comparison to Previous Year

	2019 Mineral Resource		2020 Mineral Resource		Change	
Project	Million Tonnes	SiO_2%	Million Tonnes	SiO_2%	Million Tonnes	SiO_2%
Arrowsmith North	193.6	98.0	771.0	98.0	577.4	-
Arrowsmith Central	28.0	97.7	76.5	96.8	48.5	-0.9
Muchea	191.0	99.6	208.0	99.6	17.0	-
Total	**413**		**1,056**		**643**	
	2019 Ore Reserve		2020 Ore Reserve		Change	
Project	Million Tonnes	SiO_2%	Million Tonnes	SiO_2%	Million Tonnes	SiO_2%
Arrowsmith North			223.0	99.7	223.0	99.7
Arrowsmith Central			18.9	99.6	18.9	99.6
Muchea			18.7	+99.8	18.7	-
Total			**261**		**261**	

Competent Persons' Statements

The information in this report that relates to Arrowsmith North, Arrowsmith Central and Muchea Exploration Results and Muchea Aircore Drilling Area Mineral Resources are based on data collected and complied 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 North, Arrowsmith Central and Muchea Auger area Mineral Resources is based on information compiled by Mr Grant Louw who was a full-time employee of CSA Global, under the direction and supervision of Dr Andrew Scogings, who is an Associate of Snowden. 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 Arrowsmith North, Arrowsmith Central and Muchea Probable Ore Reserves 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 2020.

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

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
- 4,480,000 ordinary fully paid shares
- 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
- 14,810,535 ordinary fully paid shares
- 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
- 25,841,769 ordinary fully paid shares
- 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
Ventnor Mining Pty Ltd	-	100% owned controlled entity
Ventnor Pilbara Pty Ltd	-	100% owned controlled entity
VRX Boyatup 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 $2,366,217 (2019: $6,017,950).

Financial Position

At 30 June 2020, the Group had net assets of $10,160,379 (2019: $8,434,814) with cash reserves of $2,603,047.

Financing and Investing Activities

The Company issued the following securities during the year:

- 34,782,610 ordinary fully paid shares by placement at an issue price of 11.5 cents each, with 17,391,305 free attaching listed options exercisable at 18 cents each on or before 31 July 2021, raising $4,000,000; and
- 6,000,000 ordinary fully paid shares on the exercise of options at 2.8 cents each to raise $168,000.

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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	4	4
B Maluish	4	4
P Pawlowitsch	4	4

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	**2020**	**60,000**	**-**	**-**	**60,000**
	2019	60,000	-	237,600	297,600
B Maluish	**2020**	**250,000**	**23,750**	**-**	**273,750**
	2019	a) 245,000	19,000	396,000	660,000
P Pawlowitsch	**2020**	**36,530**	**3,470**	**-**	**40,000**
	2019	36,530	3,470	237,600	277,600
Total	**2020**	**346,530**	**27,220**	**-**	**373,750**
	2019	341,530	22,470	871,200	1,235,200

a) During the previous financial 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	**2020** 2019	**100%** 20%	**-** -	**-** 80%
B Maluish	**2020** 2019	**100%** 40%	**-** -	**-** 60%
P Pawlowitsch	**2020** 2019	**100%** 14%	**-** -	**-** 86%

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

No options were granted as equity compensation benefits to Directors and Executives during the year.

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

Shares were issued to Directors and Executives on the exercise of the following compensation options during the year. The options were issued free of charge and vested immediately when issued. Each option entitled 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	Last Exercise Date	Number Exercised During the Year
P Boyatzis	28/11/16	1,000,000	$0.0112	$0.028	28/11/19	1,000,000
B Maluish	28/11/16	2,000,000	$0.0112	$0.028	28/11/19	2,000,000
P Pawlowitsch	28/11/16	1,000,000	$0.0112	$0.028	28/11/19	1,000,000
Total		**4,000,000**				**4,000,000**

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 01/07/19	Received as Remuneration	Shares Issued on Exercise of Options	Acquired/ (disposed)	Net Change Other	Balance 30/06/20
P Boyatzis	3,480,000	-	1,000,000	-	-	4,480,000
B Maluish	12,810,535	-	2,000,000	-	-	14,810,535
P Pawlowitsch	24,841,769	-	1,000,000	-	-	25,841,769
Total	**41,132,304**	**-**	**4,000,000**	**-**	**-**	**44,132,304**

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 01/07/19	Received as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance 30/06/20
P Boyatzis	7,000,000	-	(1,000,000)	-	-	6,000,000
B Maluish	12,000,000	-	(2,000,000)	-	-	10,000,000
P Pawlowitsch	7,000,000	-	(1,000,000)	-	-	6,000,000
Total	**26,000,000**	**-**	**(4,000,000)**	**-**	**-**	**22,000,000**

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:
- $8,325 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 2020, the Group has an outstanding receivable of $16,142 from Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

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

At the 2019 AGM, 99.5% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019. 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 2020 are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue	73,665	96,228	75,384	80,355	68,950
EBITDA	(2,309,541)	(6,015,965)	(1,780,193)	(999,075)	(9,980,287)
EBIT	(2,360,768)	(6,017,950)	(1,781,477)	(1,010,828)	(10,013,717)
Loss after income tax	(2,366,217)	(6,017,950)	(1,781,477)	(1,010,828)	(10,013,717)

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

	2020	2019	2018	2017	2016
Share price at financial year end ($)	0.09	0.09	0.07	0.01	0.02
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.55)	(1.69)	(0.75)	(0.51)	(7.28)

[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:

- 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
- 4,000,000 options expiring 30 November 2022, exercisable at 9 cents each
- 3,500,000 options expiring 23 October 2023, exercisable at 15 cents each
- 23,939,525 listed options expiring 31 July 2021, exercisable at 18 cents each

During the year options were issued as follows:

- 3,000,000 options exercisable at 15 cents each on or before 23 October 2023 at an issue price of $0.0001 per option, issued as part of financial advisory fees
- 500,000 options exercisable at 15 cents each on or before 23 October 2023 at an issue price of $0.0001 per option, issued for legal fees
- 17,391,305 listed options exercisable at 18 cents each on or before 31 July 2021, issued as free attaching options on a one-for-two basis to the share placement to investors in November 2019
- 6,548,220 listed options exercisable at 18 cents each on or before 31 July 2021, issued as brokers options for capital raising costs of the share placement

During the year the following options were exercised:

- 1,000,000 options expiring 31 October 2019, exercised at 2.8 cents each
- 5,000,000 options expiring 28 November 2019, exercised at 2.8 cents each

No other options expired 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, 30 September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020	Consolidated 2019
		$	$
Continuing operations			
Revenue	2(a)	**73,665**	96,228
Exploration and evaluation expenditure	11	**(551,344)**	(2,937,956)
Depreciation		**(51,227)**	(1,985)
Directors fees and benefits expense		**(373,750)**	(364,000)
Finance costs		**(5,449)**	-
Share based payments	25	**(169,432)**	(1,525,250)
Other expenses	2(b)	**(1,288,680)**	(1,284,987)
Loss before income tax expense		**(2,366,217)**	(6,017,950)
Income tax expense	3	**-**	-
Net loss for the year		**(2,366,217)**	(6,017,950)
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of VRX Silica Limited		**(2,366,217)**	(6,017,950)
Earnings per share attributable to the members of VRX Silica Limited		**Cents**	**Cents**
Basic/diluted earnings per share	5	**(0.55)**	(1.69)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated 2020	2019
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	6	**2,603,047**	1,545,418
Trade and other receivables	7	**102,060**	222,593
Total Current Assets		**2,705,107**	1,768,011
Non-Current Assets			
Trade and other receivables	7	**26,030**	45,794
Plant and equipment	9	**12,211**	11,016
Right-of-use assets	10	**130,593**	-
Deferred exploration expenditure	11	**7,686,005**	6,972,573
Total Non-Current Assets		**7,854,839**	7,029,383
Total Assets		**10,559,946**	8,797,394
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**182,635**	303,215
Provisions	13	**82,783**	59,365
Lease liabilities	14	**46,474**	-
Total Current Liabilities		**311,892**	362,580
Non-Current Liabilities			
Lease liabilities	14	**87,675**	-
Total Non-Current Liabilities		**87,675**	-
Total Liabilities		**399,567**	362,580
Net Assets		**10,160,379**	8,434,814
EQUITY			
Issued capital	16	**34,534,694**	30,796,699
Reserves	17	**4,542,143**	4,188,356
Accumulated losses	15	**(28,916,458)**	(26,550,241)
Total Equity		**10,160,379**	8,434,814

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
2020				
Balance at 1 July 2019	**30,796,699**	**4,188,356**	**(26,550,241)**	**8,434,814**
Loss for the year	**-**	**-**	**(2,366,217)**	**(2,366,217)**
Total comprehensive loss for the year	**-**	**-**	**(2,366,217)**	**(2,366,217)**
Securities issued during the year	**4,168,000**	**-**	**-**	**4,168,000**
Capital raising costs	**(430,005)**	**-**	**-**	**(430,005)**
Cost of share based payments	**-**	**353,787**	**-**	**353,787**
Balance at 30 June 2020	**34,534,694**	**4,542,143**	**(28,916,458)**	**10,160,379**
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

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated 2020	2019
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		**(1,640,469)**	(1,735,630)
Interest received		**3,754**	5,102
Other income		**94,812**	79,650
Interest and other finance costs paid		**(5,449)**	-
Net cash outflows used in operating activities	6(i)	**(1,547,352)**	(1,650,878)
Cash flows from investing activities			
Expenditure on mining interests		**(1,285,197)**	(1,602,095)
Payment for plant and equipment		**(8,241)**	(5,146)
Refund of security deposit		**20,000**	-
Net cash outflows used in investing activities		**(1,273,438)**	(1,607,241)
Cash flows from financing activities			
Proceeds from issue of shares		**4,168,352**	4,659,925
Payment of capital raising costs		**(246,000)**	(133,324)
Repayment of lease liabilities		**(43,933)**	-
Net cash provided by financing activities		**3,878,419**	4,526,601
Net increase in cash held		**1,057,629**	1,268,482
Cash at beginning of the financial year		**1,545,418**	276,936
Cash at end of financial year	6	**2,603,047**	1,545,418

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 30 September 2020 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 following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (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 improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

1. *Summary of Significant Accounting Policies (Continued)*

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

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening accumulated losses as at 1 July 2019 was as follows:

	1 July 2019 $
Operating lease commitments as at 1 July 2019 (AASB 117)	140,878
Variable outgoings and parking licence payments not recognised as a right-of use asset (AASB 16)	(53,599)
Option to renew for a further 24 months, likely to be taken	98,272
Include 2% annual CPI increase	5,976
Operating lease commitments discount based on the weighted average incremental borrowing rate of 3.5% (AASB 16)	(12,153)
Short-term leases not recognised as a right-of-use asset (AASB 16)	(1,292)
Right-of-use assets (AASB 16)	178,082
Lease liabilities - current (AASB 16)	(43,933)
Lease liabilities - non-current (AASB 16)	(134,149)
Change in opening accumulated losses as at 1 July 2019	-

When adopting AASB 16 from 1 July 2019, the consolidated entity has applied the following practical expedients:
- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not apply AASB 16 to contracts that were not previously identified as containing a lease.

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 2020. 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:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

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) 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.

(g) 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.

1. Summary of Significant Accounting Policies (Continued)

(g) Revenue Recognition (continued)

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.

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.

(h) 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.

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.

1. Summary of Significant Accounting Policies (Continued)

(h) Income Tax (continued)

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.

VRX Silica Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(i) 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)

(j) 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.

(k) 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.

(l) 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.

(m) Non-Current Assets Classified as Held for Sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

1. Summary of Significant Accounting Policies (Continued)

(n) 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)

(o) 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.

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.

1. Summary of Significant Accounting Policies (Continued)

(p) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(q) 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.

1. Summary of Significant Accounting Policies (Continued)

(r) 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).

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.

(s) 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.

(t) 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.

1. Summary of Significant Accounting Policies (Continued)

(u) 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.

(v) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1. Summary of Significant Accounting Policies (Continued)

(w) 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.

(x) 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.

(y) 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.

(z) 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.

1. Summary of Significant Accounting Policies (Continued)

(aa) 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.

1. Summary of Significant Accounting Policies (Continued)

(ab) 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(q). 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 2020 $	Consolidated 2019 $

2. *Revenue and Expenses*

(a) Revenue

	2020 $	2019 $
Interest received – other corporations	**3,990**	5,553
Government grants	**50,000**	-
Other	**19,675**	90,675
	73,665	96,228

(b) Other Expenses

	2020 $	2019 $
Audit fees	**35,500**	35,500
Consulting fees	**281,800**	206,400
Legal fees	**96,000**	107,810
Marketing	**428,516**	369,878
Rent	**49,284**	81,665
Securities exchange and registry fees	**100,590**	99,531
Travel	**76,981**	113,407
Other	**220,009**	270,796
	1,288,680	1,284,987

3. *Income Tax*

(a) Income tax expense

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

	2020 $	2019 $
Loss for year	**(2,366,217)**	(6,017,950)
Prima facie income tax (benefit) @ 27.5% (2019: 27.5%)	**(650,710)**	(1,654,936)
Tax effect of non-deductible/(non-assessable) items	**(283,998)**	725,512
Deferred tax assets not brought to account	**934,708**	929,424
Total income tax expense	**-**	-

(b) Deferred tax assets

	2020 $	2019 $
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(h) occur:	**8,377,008**	7,444,427

There are no franking credits available to the Group.

4. *Auditors' Remuneration*

The auditor of VRX Silica Limited is RSM Australia Partners.

	2020 $	2019 $
Amounts, received or due and receivable by RSM Australia Partners for:		
- audit or review services	**35,500**	35,500
- other non-audit services	**8,000**	2,000
	43,500	37,500

	Consolidated 2020	Consolidated 2019
	$	$

5. *Earnings per Share (EPS)*

	2020	2019
	Cents	Cents
Basic earnings per share	**(0.55)**	(1.69)

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

	2020	2019
Earnings – Net loss for year	**(2,366,217)**	(6,017,950)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	**430,249,718**	355,810,049

6. *Cash and Cash Equivalents*

	2020	2019
Cash at bank	**2,603,047**	1,545,418

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:

	2020	2019
Loss for the year	**(2,366,217)**	(6,017,950)
Depreciation	**51,227**	1,985
Equity settled share based payment	**169,432**	1,525,250
Exploration and evaluation expenditure	**551,344**	2,937,956
Changes in assets and liabilities		
Receivables	**21,969**	(18,451)
Payables	**(61,223)**	(36,669)
Provisions	**17,254**	(12,951)
GST payable/receivable	**68,862**	(30,048)
Net cash flows used in operating activities	**(1,547,352)**	(1,650,878)

(ii) Non-cash financing and investing activities:

	2020	2019
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	**184,005**	63,600
	184,005	5,624,600

	Consolidated	
	2020	2019
	$	$

7. *Trade and Other Receivables*

Current		
GST recoverable	**40,755**	112,701
Other receivables	**61,305**	109,892
	102,060	222,593

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.

Non-Current		
Security bonds	**26,030**	25,794
Performance bond	**-**	20,000
	26,030	45,794

Allowance for expected credit losses
The Group has not recognised any expected credit losses for the year ended 30 June 2020.

8. *Non-current Asset Held for Sale*

Current		
Biranup Nickel and Gold Project	**-**	-

At 30 June 2020, the Biranup Nickel and Gold Project was held for sale to New Energy Metals Limited under a conditional sale agreement dated 19 June 2020 (Note 21). The value of the project was fully impaired by $1,276,985 during the year ended 30 June 2019.

9. *Plant and Equipment*

Plant and equipment - at cost	**238,994**	234,061
Less: Accumulated depreciation	**(226,783)**	(223,045)
Net carrying amount	**12,211**	11,016

Reconciliation		
At 1 July, net of accumulated depreciation and impairment	**11,016**	4,546
Additions	**4,933**	8,455
Depreciation expense	**(3,738)**	(1,985)
At 30 June, net of accumulated depreciation and impairment	**12,211**	11,016

	Consolidated 2020 $	Consolidated 2019 $
10. *Right-of-use Assets*		
Land and buildings – right-of-use	**178,082**	-
Less: Accumulated depreciation	**(47,489)**	-
	130,593	-

There were no additions to the right-of-use assets during the year.

The consolidated entity leases land and buildings for its offices under a two year agreement with an option to extend for an additional two years. On renewal, the terms of the leases are renegotiated.

The consolidated entity leases warehouse space and office equipment. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

11. *Deferred Exploration Expenditure*

	2020 $	2019 $
Expenditure brought forward	**6,972,573**	2,634,453
Acquisition of subsidiary (Note 18)	**-**	500,000
Tenement acquisitions (Note 19)	**-**	5,272,215
Expenditure incurred during the year	**1,264,776**	1,503,861
Expenditure written off during the year	**(551,344)**	(2,937,956)
Expenditure carried forward	**7,686,005**	6,972,573

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.

12. *Trade and Other Payables*

	2020 $	2019 $
Current		
Trade and other payables	**182,635**	303,215

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 2020 $	Consolidated 2019 $

13. *Provisions*

	2020 $	2019 $
Current		
Employee benefits	**82,783**	59,365

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:

	2020 $	2019 $
Employee benefits expected to be settled after 12 months	**-**	-

14. *Lease Liabilities*

	2020 $	2019 $
Current	**46,474**	-
Non-current	**87,675**	-

15. *Equity - Accumulated Losses*

	2020 $	2019 $
Accumulated losses at the beginning of the year	**(26,550,241)**	(20,532,291)
Loss after income tax expenses for the year	**(2,366,217)**	(6,017,950)
Accumulated losses at the end of the year	**(28,916,458)**	(26,550,241)

	Consolidated 2020 $	Consolidated 2019 $
16. *Issued Capital*		
(a) Issued and paid up capital		
Ordinary shares - fully paid	**34,534,694**	30,796,699

(b) Movement in ordinary shares on issue	Issue Price	No. of Shares	$
2020			
Balance at the beginning of the year		**404,318,617**	**30,796,699**
Exercise of options expiring 31 October 2019	**$0.028**	**1,000,000**	**28,000**
Exercise of options expiring 28 November 2019	**$0.028**	**5,000,000**	**140,000**
Issued for cash pursuant to placement to investors – 13 November 2019	**$0.115**	**34,782,610**	**4,000,000**
Expense of issue		**-**	**(430,005)**
Balance at the end of the year		**445,101,227**	**34,534,694**
2019			
Balance at the beginning of the year		251,319,868	21,448,698
Issued as consideration for acquisition of subsidiary (Note 18) – 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 19) – 1 August 2018	$0.060	10,000,000	600,000
Issued as consideration for acquisition of tenement (Note 19) – 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 19) – 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

16. *Issued Capital (Continued)*

(c) Share options

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

- 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;
- 4,000,000 options expiring 30 November 2022, exercisable at 9 cents each;
- 3,500,000 options expiring 23 October 2023, exercisable at 15 cents each; and
- 23,939,525 listed options expiring 31 July 2021, exercisable at 18 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 2020 and 30 June 2019 are as follows:

		Consolidated	
		2020	**2019**
		$	**$**
Total borrowings	12, 14	**316,784**	303,215
Less: Cash and cash equivalents	6	**(2,603,047)**	(1,545,418)
Net debt		**(2,286,263)**	(1,242,203)
Total equity		**10,160,379**	8,434,814
Total capital		**7,874,116**	7,192,611
Gearing ratio		**N/A**	N/A

	Consolidated	
	2020	**2019**
	$	**$**
17. *Reserves*		
Option issue reserve	**4,542,143**	4,188,356

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*

	2020 $	2019 $
Balance at the beginning of the year	**4,188,356**	1,923,506
Issue of incentive based share options	**-**	1,126,850
Options issued in lieu of fees payable	**353,787**	462,000
Options issued as consideration for acquisition of tenement	**-**	676,000
Balance at the end of the year	**4,542,143**	4,188,356

18. *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

19. *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

20. *Commitments*

	Consolidated	
	2020	**2019**
	$	**$**

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:

	2020 $	2019 $
Not later than one year	**497,500**	490,000

	Consolidated	
	2020	2019
20. *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	29,382	81,055
- After one year but not more than five years	49,157	59,823
	78,539	140,878

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. At 30 June 2020 this consists of the variable outgoings and parking licence payments portions of the rent not recognised as a right-of-use asset.

The storage lease is currently on a month by month basis, and as a short term lease is not recognised as a right-of-use asset.

21. *Contingent Liabilities and Assets*

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 not possible 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 19), 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.

Contingent assets

A binding term sheet dated 19 June 2020 set out the terms upon which New Energy Metals Limited agreed to acquire 100% of the issued capital of Ventnor Gold Pty Ltd from the Company. Ventnor Gold Pty Ltd, a wholly owned subsidiary of the Company, owns 100% of the Biranup Nickel and Gold Project tenements. New Energy Metals Limited is an unlisted public company planning an initial public offering (IPO) and ASX listing.

The consideration for the sale consists of:

- 6,250,000 fully paid ordinary shares in New Energy Metals Limited at a deemed issue price of 20 cents per share, to be issued at completion of the sale; and
- cash milestone payments of:
  - $200,000 upon delineation of a JORC compliant inferred resource of no less than 7.5mt at a grade of 2% nickel and 0.5% copper on the land comprising the tenements;
  - $200,000 at the completion of a feasibility study with respect to the Biranup Project demonstrating an ability to operate it as a commercially viable enterprise, and
  - $500,000 at the first commercial extraction of any minerals, mineral products, ore or concentrates, in whatever form, from the Biranup Project.

21. *Contingent Liabilities and Assets (Continued)*

Completion of the sale is subject to and conditional upon the following:

- completion of due diligence investigations by New Energy Metals Limited into Ventnor Gold Pty Ltd and the Biranup Project to its satisfaction;
- New Energy Metals Limited conducting the IPO, including raising necessary capital and receiving ASX conditional approval for listing of its securities on ASX; and
- the parties obtaining all necessary board, shareholder, third party and regulatory approvals and consents required to complete the sale.

22. *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 2020, 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 (2019: Nil) are derived from a single external customer.

23. *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 2020	% Equity Interest 2019
		%	%
Ventnor Gold Pty Ltd	Australia	**100**	100
Ventnor Mining Pty Ltd	Australia	**100**	100
Ventnor Pilbara Pty Ltd	Australia	**100**	100
VRX Boyatup Pty Ltd	Australia	**100**	100
Wisecat Pty Ltd	Australia	**100**	100

(b) Parent entity

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

(c) 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 2020.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	Consolidated 2020	Consolidated 2019
	$	**$**
Short-term benefits	**346,530**	341,530
Post-employment benefits	**27,220**	22,470
Share-based payments	**-**	871,200
	373,750	1,235,200

Shares Issued to Key Management Personnel on Exercise of Compensation Options

During the year, the Company issued the following fully paid ordinary shares on the exercise of unlisted options at 2.8 cents each, exercisable on or before 28 November 2019:
Mr Paul Boyatzis 1,000,000 shares
Mr Bruce Maluish 2,000,000 shares
Mr Peter Pawlowitsch 1,000,000 shares
The options were originally issued to directors and executives on 28 November 2016.

23. *Related Party Transactions (Continued)*

Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year (2019: nil).

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:
- $8,325 (2019: $11,100) to Gyoen Pty Ltd, Mr Peter Pawlowitsch's consultancy company; and
- $29,350 (2019: $29,350) to Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

At 30 June 2020, the Group has an outstanding receivable of:
- nil (2019: $3,053) from Gyoen Pty Ltd, Mr Peter Pawlowitsch's consultancy company; and
- $16,142 (2019: $8,071) from Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

During the year, no amount (2019: $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 2020, the Group has no outstanding payable to Gyoen Pty Ltd (2019: $15,000).

During the previous financial year, 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.

24. *Parent Entity Disclosures*

(a) Summary financial information

Financial Position

	Parent 2020 $	Parent 2019 $
Assets		
Current assets	**2,689,388**	1,716,576
Non-current assets	**7,795,357**	6,958,206
Total assets	**10,484,745**	8,674,782
Liabilities		
Current liabilities	**236,691**	239,968
Non-current liabilities	**87,675**	-
Total liabilities	**324,366**	239,968
Equity		
Issued capital	**34,634,694**	30,896,699
Reserves	**4,542,143**	4,188,356
Accumulated losses	**(29,016,458)**	(26,650,241)
Total equity	**10,160,379**	8,434,814

Financial Performance

	Parent 2020 $	Parent 2019 $
Loss for the year	**(2,366,217)**	(6,017,950)
Other comprehensive income	**-**	-
Total comprehensive loss	**(2,366,217)**	(6,017,950)

(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 21.

(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.

25. *Share Based Payments*

	Consolidated	
	2020	**2019**
	$	**$**
(a) Value of share based payments in the financial statements		
Expensed:		
Directors remuneration:		
Unlisted options	**-**	871,200
Incentive based payments to employees and consultants:		
Unlisted options	**-**	255,650
Share based payments in lieu of fees payable:		
Unlisted options	**169,782**	398,400
Issue price of options	**(350)**	-
Recognised in statement of comprehensive income	**169,432**	1,525,250
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
Listed options	**184,005**	-
Recognised on statement of changes in equity	**184,005**	63,600
Total share based payments	**353,437**	6,649,850

(b) Summary of share-based payments

Shares:

During the previous financial 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 19).

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 19).

25. *Share Based Payments (Continued)*

Options:

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

2020

Grant Date	Expiry Date	Exercise Price	Balance 01/07/19	Granted during the year	Exercised during the year	Expired	Balance 30/06/20	Number vested and exercisable
02/11/16	31/10/19	$0.028	1,000,000	-	(1,000,000)	-	-	-
28/11/16	28/11/19	$0.028	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
23/10/19	23/10/23	$0.150	-	3,000,000	-	-	3,000,000	1,000,000
11/11/19	23/10/23	$0.150	-	500,000	-	-	500,000	500,000
29/01/20	31/07/21	$0.180	-	6,548,220	-	-	6,548,220	6,548,220
			72,000,000	10,048,220	(6,000,000)	-	76,048,220	74,048,220
Weighted average exercise price			$0.105	$0.170	$0.028	-	$0.119	$0.118

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

25. *Share Based Payments (Continued)*

Various deferred vesting options issued during the year and listed above are subject to milestones or vesting dates which are listed below. Probability of achieving these milestones or vesting dates have been assessed at 100% unless otherwise stated.

a) Unlisted options granted on 23 October 2019, exercisable at $0.15 each on or before 23 October 2023, were issued as part of financial advisory fees to Argonaut Capital Limited, with the following vesting criteria applying:
Tranche 1 – 1,000,000 options - no vesting criteria, exercisable from date of issue
Tranche 2 – 1,000,000 options - exercisable only after the receipt of credit approval in respect of any transaction (or series of transactions) that in aggregate contemplate the issuance of debt financing of at least $20 million to the Company
Tranche 3 – 1,000,000 options - exercisable only after the raising of sufficient capital, including debt or equity or other financing, to fully fund construction of the first of one of the Arrowsmith Silica Sand Projects or the Muchea Silica Sand Project

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:

2020

Grant date	23/10/19	11/11/19	29/01/20
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.745%	0.865%	0.700%
Expected life of options (years)	4	4	1.5
Underlying share price ($)	$0.145	$0.115	$0.095
Option exercise price ($)	$0.150	$0.150	$0.180
Value of option ($)	$0.0989	$0.0738	$0.0281

2019

Grant date	14/09/18	18/09/18	21/11/18	30/11/18	9/04/19	31/05/19
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk-free interest rate (%)	2.040%	2.085%	2.120%	2.055%	1.430%	1.100%
Expected life of options (years)	3	3	3	3	3	3
Underlying share price ($)	$0.065	$0.071	$0.170	$0.145	$0.062	$0.058
Option exercise price ($)	$0.100	$0.100	$0.100	$0.217	$0.090	$0.090
Value of option ($)	$0.0338	$0.0409	$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 2020 was 1.192 years (2019: 1.952 years).

The weighted average fair value of share-based payment options granted during the year was $0.05151 each (2019: $0.04463).

26. *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	
	2020	**2019**
	$	**$**
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**2,588,892**	1,524,197
Net exposure	**2,588,892**	1,524,197

26. *Financial Risk Management (Continued)*

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

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:

	Consolidated	
	2020	**2019**
	$	**$**
Judgements of reasonably possible movements:		
Post tax profit – higher / (lower)		
+ 0.05%	**1,294**	762
- 0.05%	**(1,294)**	(762)
Equity – higher / (lower)		
+ 0.05%	**1,294**	762
- 0.05%	**(1,294)**	(762)

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.

26. *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 $
2020					
Financial Assets:					
Non-interest bearing	**-**	**116,215**	**-**	**2,583**	**-**
Variable interest rate	**0.05**	**2,588,892**	**-**	**-**	**-**
Fixed interest rate	**0.65**	**-**	**-**	**-**	**23,447**
		2,705,107	**-**	**2,583**	**23,447**
Financial Liabilities:					
Non-interest bearing	**-**	**182,635**	**-**	**-**	**-**
Fixed interest rate	**3.50**	**3,791**	**11,440**	**31,243**	**87,675**
		186,426	**11,440**	**31,243**	**87,675**
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	-	-	-

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.

27. *Events Subsequent to Year End*

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than the above, there are no matters or circumstances that have arisen since 30 June 2020 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 2020 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, 30 September 2020

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

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 2020, the consolidated statement of profit or loss and other 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 2020 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.

Key Audit Matter	How our audit addressed this matter
Carrying Value of Deferred Exploration Expenditure Refer to Note 11 in the financial statements	
The Group has capitalised a significant amount of deferred exploration expenditure, with a carrying value of $7,686,005 as at 30 June 2020. 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.	Our audit procedures in relation to the carrying value of deferred exploration expenditure included: • Ensuring that the right to tenure of the area of interest was current; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; • Assessing and evaluating management's assessment that no indicators of impairment existed at the reporting date; and • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.

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 2020, 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: https://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 2020.

In our opinion, the Remuneration Report of VRX Silica Limited, for the year ended 30 June 2020, 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: 30 September 2020

RSM Australia Partners

Level 32 Exchange Tower,
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of VRX Silica Limited for the year ended 30 June 2020, 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: 30 September 2020

HOLDINGS AS AT 24 SEPTEMBER 2020

Number of Securities Held	Ordinary Fully Paid Shares		Listed Options Expiring 31/07/2021 @ $0.18	
	No. of Holders	No. of Shares	No. of Holders	No. of Options
1 to 1,000	84	29,946	1	11
1,001 to 5,000	194	734,769	2	7,001
5,001 to 10,000	344	2,848,219	3	22,771
10,001 to 100,000	967	41,884,738	61	2,983,196
100,001 and over	519	399,603,555	50	20,926,546
Total	2,108	445,101,227	117	23,939,525
Number of holders of less than a marketable parcel	171	267,901	7	41,841

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number
Peter Pawlowitsch	25,841,769

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 24 September 2020:

Ordinary Fully Paid Shares

		Number	%
1.	MOSCH PTY LTD	18,333,332	4.12
2.	MR MICHELE GALEA	17,500,000	3.93
3.	MR AARON PETER BANKS <BANKS FAMILY A/C>	15,021,250	3.37
4.	AUSTRALIAN SILICA PTY LTD	10,286,815	2.31
5.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	8,000,000	1.80
6.	MORKIM PTY LTD	7,000,000	1.57
7.	GOLDFIRE ENTERPRISES PTY LTD	6,332,324	1.42
8.	CITICORP NOMINEES PTY LIMITED	6,316,721	1.42
9.	MASH SUPER PTY LTD <MALUISH ENGLISH S/F A/C>	6,250,000	1.40
10.	MR WAYNE STEPHEN CLARK	6,100,000	1.37
11.	MR BRUCE DENNIS MALUISH	6,060,535	1.36
12.	AURO PTY LTD	6,000,000	1.35
13.	BROWN BRICKS PTY LTD <HM A/C>	5,450,000	1.22
14.	HAVEN SUPER PTY LTD <HAVEN SUPER A/C>	5,383,437	1.21
15.	GOLDFIRE ENTERPRISES PTY LTD	5,317,783	1.19
16.	MR CHRISTOPHER JAMES WEED + MS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	5,292,300	1.19
17.	AUSTRALIAN INTERNATIONAL SERVICES PTY LTD	4,898,378	1.10
18.	PARLIN INVESTMENTS PTY LTD <PARLIN DISCRETIONARY A/C>	4,700,025	1.06
19.	ANDREW MALUISH SUPER PTY LTD <ANDREW MALUISH S/F A/C>	4,592,759	1.03
20.	LESUER PTY LTD <PMB SUPER FUND A/C>	4,480,000	1.01
		153,315,659	**34.45**

Listed Options Expiring 31/07/2021 @ $0.18

		Number	%
1.	BLUE FEATHER (QLD) INVESTMENTS PTY LTD <BLUE FEATHER A/C>	1,800,000	7.52
2.	ONE MANAGED INVESTMENT FUNDS LIMITED <TI GROWTH A/C>	1,521,739	6.36
3.	MR CHRISTOPHER JAMES WEED + MS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	1,322,868	5.53
4.	MR MARK FEDORUK	1,134,500	4.74
5.	STEVE MCGOVERN	960,000	4.01
6.	BRYLIE INVESTMENTS PTY LTD <BWS FAMILY SUPER FUND A/C>	920,193	3.84
7.	ONE MANAGED INVESTMENT FUNDS LIMITED <TI ABSOLUTE RETURN A/C>	869,566	3.63
8.	MR PHILIP JAMES WHITMONT	729,381	3.05
9.	ONE MANAGED INVESTMENT FUNDS LIMITED<TI FAMILY WEALTH A/C>	652,174	2.72
10.	MR MATTHEW STONE	626,600	2.62
11.	MR JOHN ARTHUR JARVIS <JOHN JARVIS FAMILY A/C>	556,107	2.32
12.	MR DARREN KENNETH FISHER	510,975	2.13
13.	GOLDFIRE ENTERPRISES PTY LTD	488,800	2.04
14.	MR ROBERT PAUL MARTIN + MRS SUSAN PAMELA MARTIN <RP & SP MARTIN SUPER A/C>	488,800	2.04
15.	LIFE-ENJOYMENT-FUND PTY LTD <SUPER DOOPER SUPERFUND A/C>	441,666	1.84
16.	DR MICHAEL EDWARD BOWLES	400,000	1.67
17.	ONLY SUPER PTY LTD <CHOICE'S SUPER A/C>	375,000	1.57
18.	VINGO HOLDINGS LTD	375,000	1.57
19.	MR WAYNE STEPHEN CLARK	350,000	1.46
20.	MR MARK JAMES ROSS FEDORUK	343,000	1.43
		14,866,369	**62.10**

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	**Number of Options**	**Number of Holders**
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	
Options exercisable at 15 cents each on or before 23 October 2023	3,500,000	2
Holdings of more than 20% of this class		
- Argonaut Investments Pty Ltd	3,000,000	

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	Granted	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	Granted	VRX Silica Ltd	100
E70/5548	Application	Wisecat Pty Ltd	100
M70/1390	Application	Wisecat Pty Ltd	100
L70/200	Granted	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

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
E38/3533	Application	Ventnor Gold Pty Ltd	100