VRX SILICA LIMITED
ABN 59 142 014 873

ANNUAL REPORT

30 JUNE 2021

CORPORATE DIRECTORY

DIRECTORS

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

SECRETARY

John Geary

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AUSTRALIAN SECURITIES EXCHANGE

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

Dear Shareholders

It has been a very busy and productive year for VRX Silica Limited as your Company continued to advance its high-grade silica sand projects at Arrowsmith North, Arrowsmith Central and Muchea.

The Western Australian government has maintained a hard border stance which has kept the mining industry in WA relatively insulated. This stance although understandable has not been without consequences, with labour and skills shortages being experienced across many sectors of the mining and general business community. The immediate and continuing impact and risk of COVID-19 to the mining and exploration industry has been ever present in our daily considerations.

VRX Silica Limited, fortunately is headquartered in Perth Western Australia as are the Company's personnel and consultants. Likewise, the Company's Silica Sand Projects: Arrowsmith North, Arrowsmith Central, Muchea and Boyatup are all located in Western Australia. This has enabled your Company to keep its experienced team and consultants fully engaged and actively progressing all projects.

Significant progress has been made during the past year and a comprehensive and detailed description of the important events follows in the 'Company Review'. However, it is worth highlighting some of the key achievements:

- Mining leases granted for all the company's three Silica Sand projects;
- Extensive environmental studies conducted on all the company's silica sand projects over each season;
- Comprehensively reviewed a 'proof of concept' Vegetation Direct Transfer (VDT) trial;
- Lodged Project Referrals with Federal and State environmental assessment agencies;
- Continues to engage with those agencies to progress the environmental approvals for mining at Arrowsmith North;
- The first 6 to 10 years of proposed mining at Arrowsmith North has been grade controlled;
- Significant test work was successfully conducted in order to produce a number of specific marketable products;
- Significant progress has been made on the engineering of the proposed plant by experienced engineers ProjX;
- The proposed plant design was conducted with the aim to operate predominately with recycled water;
- Commencement of drilling the Bore field water supply for the plant;
- Investigated opportunities for the project to be powered by gas with supporting solar;
- Engaged with potential final use offtake partners and sent numerous samples of various volumes for testing.
- VRX Silica Limited is very conscious of its social licence obligations and during the year proactively engaged with the traditional owners, conducted Heritage Surveys at all projects, and engaged with stakeholders;
- Completed greenhouse gas emissions estimates as part of its maiden ESG reporting included in this Annual Report.

I am pleased to advise that during the year the Company was chosen by Morgan Stanley Capital International to be included in their MSCI Australia Micro-Cap Index which is designed to measure the performance of the Micro-Cap segment of companies traded on the ASX.

Also, a large international institution joined our shareholder register as a Substantial Shareholder which recognises the prospectivity of the Company's projects.

A high exercise rate of the Company's listed options (VRXO) places the Company in a strong financial position.

Finally on behalf of the Board, I would like to thank all staff, contractors and consultants for their valuable contribution during the year which globally has been impacted by the Covid-19 pandemic.

Paul M Boyatzis
Chairman
For and on behalf of the Board

Review of Operations

During the 2021 financial year, VRX Silica Limited (Company or VRX) focused on advancing its silica sand projects, in particular at Arrowsmith North and Arrowsmith Central and Muchea, which in aggregate contain a total Mineral Resource Estimate of silica sand of 1,056 million tonnes.

Arrowsmith Silica Sand Projects

Native Title Clearance

The Arrowsmith North and Arrowsmith Central Silica Sand Projects (**Arrowsmith Projects**) are located 270km north of Perth, Western Australia, and are held by VRX in its wholly owned subsidiary Ventnor Mining Pty Ltd.

In October 2020, conclusive registration of the Yamatji Nation Indigenous Land Use Agreement (**ILUA**) occurred, which cleared the path for grant of the Company's Mining Lease and Miscellaneous Licence applications for its Arrowsmith Projects.

The ILUA is an alternative settlement by the Western Australian Government of Native Title claims covering a significant portion of land in the Mid West, including the *Southern Yamatji People's* claim covering the Arrowsmith Projects.

This Government-led ILUA settled all Native Title claims over the Arrowsmith Projects area. Negotiations had been progressing in good faith between VRX and the Southern Yamatji People Native Title claimants prior to its implementation and these ceased automatically under the ILUA. Nevertheless, the strong and supportive relationships established with the Southern Yamatji People will continue to benefit all parties as the Arrowsmith Projects are developed, and the Company intends to continue to consult and work closely with the Southern Yamatji People.

Arrowsmith North will present employment and contract opportunities to local Indigenous groups and VRX intends to support the local ranger program.

Aboriginal Heritage Survey

In November 2020, VRX announced the results of an Aboriginal heritage survey at its Arrowsmith Projects.

The comprehensive archaeological and ethnographic survey was conducted during October in conjunction with Amangu representatives of the Yamatji Nation and Yamatji Marlpa Aboriginal Corporation (**YMAC**) personnel over proposed initial mining and critical infrastructure areas.

The survey found no isolated artifacts and no onerous heritage recommendations were made. Preliminary advice received by the Company from YMAC confirmed that the Arrowsmith North Access Road, Services Corridor and Production Area have been approved for the stated works to proceed for 10 years of production. The Arrowsmith Central Production Area and Arrowsmith Central Infrastructure Areas are cleared for five years of production, see Figure 1.

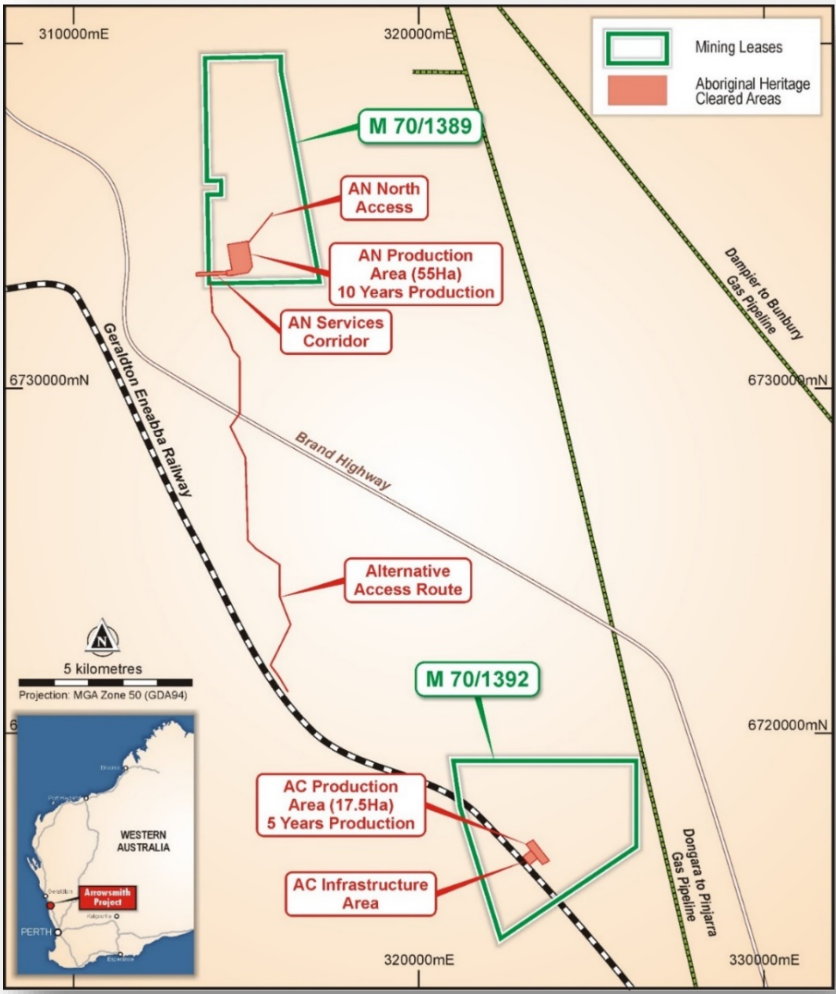


Figure 1 - Critical infrastructure and mining areas surveyed at Arrowsmith Projects

Grant of Mining Leases

On 17 November 2020, VRX announced the grant of Mining Leases for its Arrowsmith Projects, see Figure 2. This, together with the Aboriginal heritage clearance for the proposed works on both projects, is an important step forward for their development. The combined Mining Lease areas cover over 3,600ha, sufficient for more than 100 years of production.

The grant of these Mining Leases was another significant milestone for the Company and came shortly after the grant of the Mining Lease for VRX's Muchea Silica Sand Project (Muchea Project), see Figure 8. It enables the Company to step up negotiations to finalise sales contracts for the high-quality silica sand products and secure the necessary funding for their development.

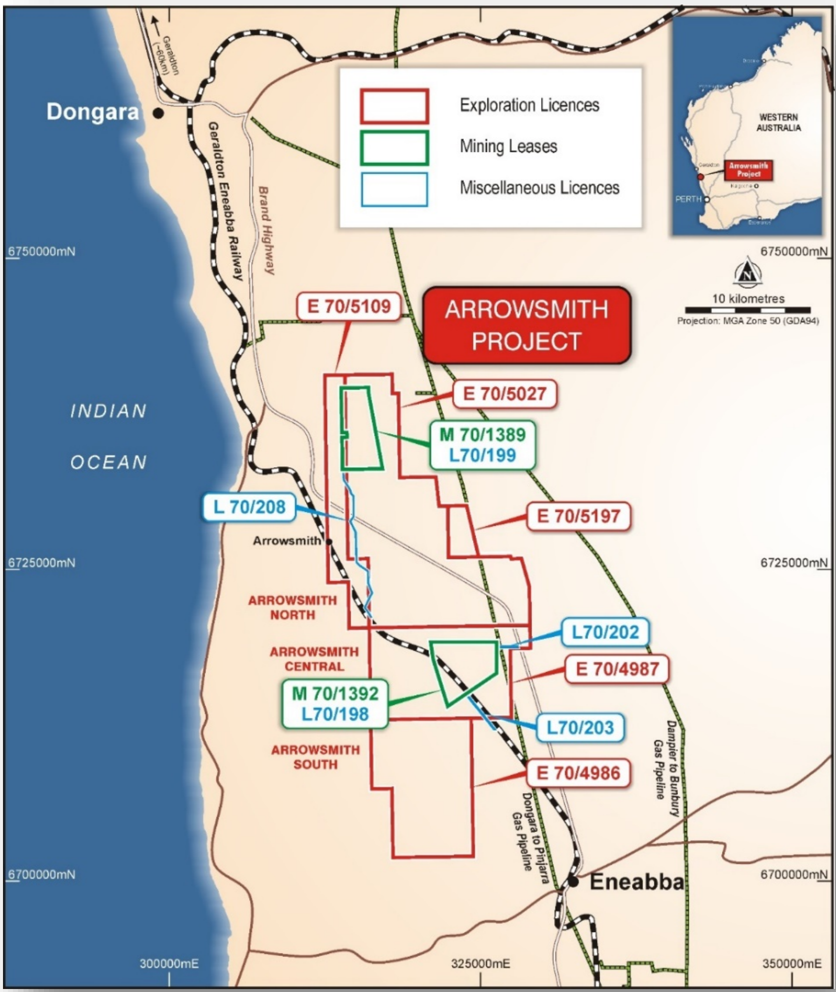


Figure 2 - Arrowsmith Silica Sand Projects Location

Environmental Approval Referral and Permitting

As part of the environmental approvals process for the grant of a Mining Permit at the Arrowsmith Projects, the Company continued to compile the necessary data to support the Environmental Referral Document (**ERD**) referrals to the Federal Department of Agriculture, Water and Environment (**DAWE**) and the State Department of Water and Environmental Regulation (**DWER**). The Company and its environmental consultants held pre-referral meetings with representatives from DWER and received comments regarding further requirements for the referral. Pre-referral meetings with representatives from DAWE and the DWER provided valuable feedback regarding requirements for these referrals.

In the first half of the 2021 financial year, VRX submitted a formal Environmental Review Document to DAWE for assessment under the Environmental Protection and Biodiversity Conservation Act 1999 (**EPBC Act**). DAWE responded with a determination that Arrowsmith North was a controlled action subject to assessment by DWER and approval under the EPBC Act before it could proceed.

In October 2020, VRX submitted a draft ERD to DWER with comments returned in November 2020 requiring further clarification in the formal ERD and follow-up work and consultation.

In March 2021, VRX submitted this referral to DWER for assessment by the Environmental Protection Authority of Western Australia (**EPA**), under Section 38 of the *Environmental Protection Act 1986*, for environmental approval for Arrowsmith North. The referral was the culmination of wide-ranging environmental studies undertaken by and for the Company over the past three years and extensive pre-referral consultation with the EPA.

In May 2021, the Company's Arrowsmith North Silica Sand Project moved to the next stage of the environmental approval process with the EPA, which informed the Company that it would assess the proposal under s39A(1) of the Environmental Protection Act 1986 at a Public Environmental Review (**PER**) level of assessment.

The Company lodged a draft Environmental Scoping Document (**ESD**), which detailed the environmental studies that are required to inform the assessment of the project.

The following additional studies were progressed subsequent to year-end for lodgement with the EPA:

- Cultural and Heritage Assessment
- Greenhouse Gas Emissions Estimate
- High-Level Air Quality Assessment study

Preparation of the ESD is a fundamental step in the EPA administration procedures to inform the Environmental Impact Assessment of Arrowsmith North. The Company is confident the project has addressed the Environmental Principles, Factors and Objectives of the guidelines for assessment.

The comments will enable the Company to clarify the timeline to completion of the approvals process and development of the project.

Other government agencies will be restricted from approving any approvals related to the full development of the project until the EPA process is complete (noting exploration and investigations are not restricted).

The Commonwealth Department of Agriculture, Water and Environment (**DAWE**) has determined that the project will be assessed by accredited assessment under the Environmental Protection Act 1986 (WA) in the form of a PER with a four-week public review period which aligns with the EPA decision.

In parallel with the environmental approval process, the Company will seek approval for its Mining Proposal and the issue of a mining permit from the Department of Mines, Industry Regulation and Safety (**DMIRS**).

Rehabilitation and sustainability

VRX has developed a unique and progressive mining and rehabilitation method specifically for Arrowsmith North and its other silica sand projects to minimise the environmental impact of the Company activities.

VRX's Vegetation Direct Transfer (**VDT**) method lends itself to rapid and extensive regeneration of affected areas based on continuous rehabilitation as silica sand mining progresses.

Root structures in the loose sand at Arrowsmith North are relatively shallow at 200-300mm in depth. The VDT method removes a 400mm deep sod, with the topsoil containing the vast majority of native flora and invertebrate fauna preserved with near-surface humus and its microbial contents remaining intact.

A video of the Company's proposed VDT method is available for viewing at:
https://vrxsilica.com.au/miningandrehabilitationmethodology/

VRX's referral to the EPA, which incorporated pre-referral feedback received from the EPA in December 2020 to the Company's draft referral submitted in September 2020, concludes that Arrowsmith North can be developed without significant residual impacts on the environment given the implementation of mitigation measures, in particular the proposed mining and rehabilitation methodology.

In February 2021, VRX received approval to conduct a trial rehabilitation program over a sample section of the project area. VRX trialled and videoed a front-end loader to establish the capability of removing and replacing sods of topsoil as proposed in our mining and rehabilitation methodology. The front-end loader was equipped with a standard sand bucket, not the proposed modified bucket. The trial was undertaken between late March and April 2021 and successfully demonstrated the VDT methodology and practicality.

VRX will use no harsh chemicals and produce no dust while processing the mined silica sand, with efficient attritioning beneficiating the sand to glass-quality product for export.

The Company will recycle a substantial proportion of water used in processing, with preliminary engineering work targeting an up to 95% recycling rate and the Company further investigating the ability to recycle even more water. Water will be sourced from the deeper Yarragadee North aquifer.

All mining will be conducted well above the surficial water table.

Importantly, thorough planning will allow VRX to deliver its silica sand projects sustainably and efficiently, with a very low carbon footprint.

Figure 3 - Arrowsmith Vegetation

Grade Control Drilling

During March 2021 VRX conducted a 130 hole grade control drill program at Arrowsmith North.

The grade control area is wholly within the previously reported area of the Ore Reserve Statement (**ORS**) of 204 Mt @ 99.7% SiO_2 within Mining Lease M70/1389 and contains approximately 10.2Mt of Probable Ore Reserve. The grade control area was not expected to materially change the tonnage in the ORS or the bankable feasibility study (**BFS**) for Arrowsmith North as reported[1], see Figure 4, but was anticipated to upgrade the ORS in the area drilled to a Measured Resource and Proven Reserve and increase the geological knowledge and confirm the continuity and homogeneity that has been demonstrated by previous drilling.

Drilling was conducted over 10 days with assay results and other determinations received in late May 2021. The results were in line with expectations and allowed the Company to update the Mineral Resource Estimate in the area covered by the drilling. The Company has conducted a detailed review of the outlined production for the next 6 years with a detailed mining and processing schedule.

There were no material changes to the material assumptions underpinning the production target and detailed in the BFS.

The drilling of tight spaced grade control holes at Arrowsmith North was another key pre-production activity undertaken in preparation for the commencement of mining.

The drilling also generated a significant tonnage of additional raw material for VRX to conduct supplementary bulk metallurgical test work to confirm the design and operating parameters of the process plant and for approvals required by Mid West Ports for the shipping of silica sand under its environmental licence with DWER.

Importantly, the testwork generated additional commercial sample for despatch to potential offtake partners as demand for VRX's silica sand continues to grow.

Sources of supply of quality silica sand throughout the Asian region are shrinking at a rapid rate, and this has led to tremendous interest for VRX's silica sand from potential customers who are acutely aware of the supply problem.

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

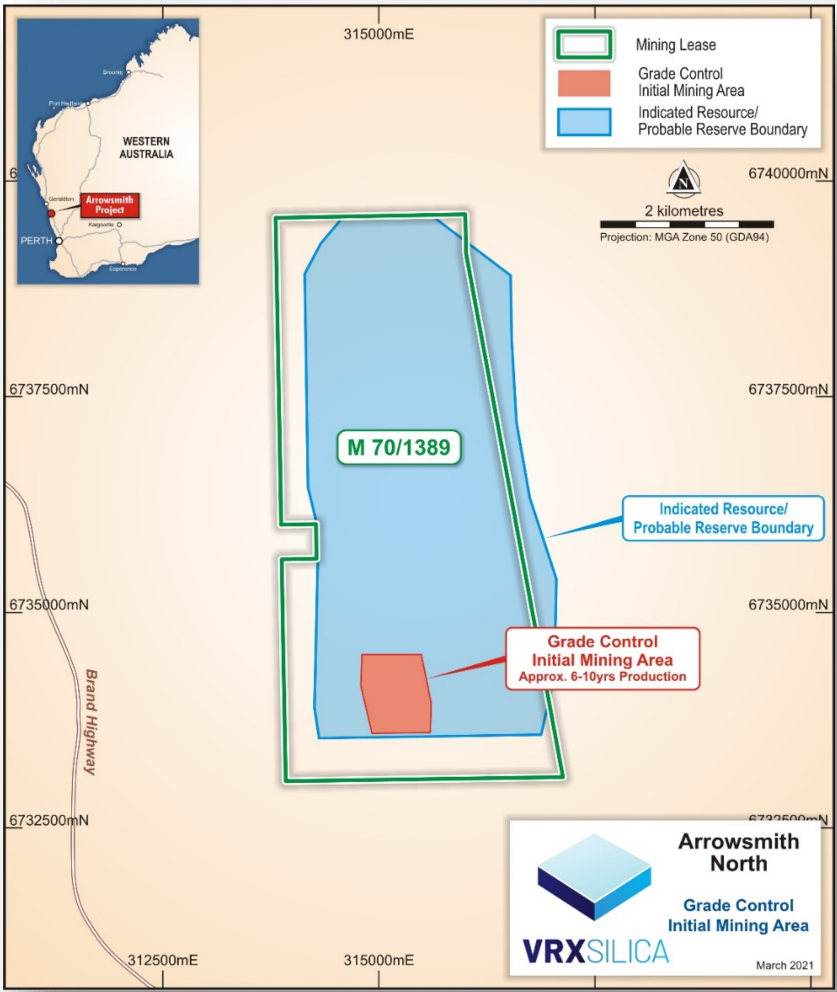


Figure 4 - Mineral Resource Estimate within the grade control drilling area

Engineering

The Company has commissioned experienced sand processing engineers, ProjX Engineering, to carry out a detailed engineering design for the Arrowsmith North processing plant.

The design is based on a comprehensive testwork regime and the proposed process circuit. Preliminary engineering design is well developed with most all of the key process equipment identified, sized and selected, and plant design well advanced across all disciplines including civil, structural, mechanical and electrical. Site layout and access design is well progressed along with non-process infrastructure requirements being determined. 3D modelling will culminate in the creation of an overall site and plant model.

The Company will specify and tender appropriate processing equipment for the plant to be procured at the earliest opportunity following a decision to mine at Arrowsmith North.

To enable a timely construction program. the Company will identify long-lead items and commence the procurement process at the appropriate time.

Power

The Company has been in discussions with a number of potential power providers to supply the power requirements at Arrowsmith North.

The Company's sustainability goals include having a low carbon footprint at all of its silica sand projects, and all providers have indicated that a renewable energy solution to be ultimately driven by solar and wind options supported by gas is not only viable but will also be cost-effective.

Port and Logistics

The Company has continued its discussions with the Mid West Ports Authority (**MWPA**), operators of the Geraldton Port, around logistics and access to port facilities for export. The outcome of these discussions has been positive as the Company looks to secure a long-term relationship with MWPA.

The Company has completed the testwork on Arrowsmith North silica sand final product and has forwarded results to MPWA to allow it to amend its EPA licence conditions to facilitate export of silica sand products from Geraldton Port.

Importantly the respirable silica results are well below the allowable limits to allow shipping of silica sand products from the Port.

The Company has also continued work on logistics planning and implementation for the project, including transport and shipping solutions.

Financing

Interest remains strong from third party debt financiers to fund development and construction of the plant for Arrowsmith North. The Company has engaged AMC Consultants to undertake a comprehensive independent technical review of the project, which will underpin due diligence on the project by potential financiers.

Water Bore

The Company commenced drilling of a water production bore which will be the source of water supply for the proposed processing plant at Arrowsmith North, see Figure 5. The supply of good quality processing water is a critical step in the development of Arrowsmith North. Water is being sourced from the deep and plentiful Yarragadee North aquifer and the project will not affect the local users of the shallower Eneabba basin surficial water supplies.

Drilling is being undertaken by a licenced water bore driller, see Figure 6, under an approved Licence to Construct or Alter a Well, CAW205840(1), from DWER, which has accepted the Company's application for an allocation of 900,000 kilolitres. The 5C licence to take water will be applied for once the bore construction and geophysical logging and test pumping results have been forwarded to DWER.

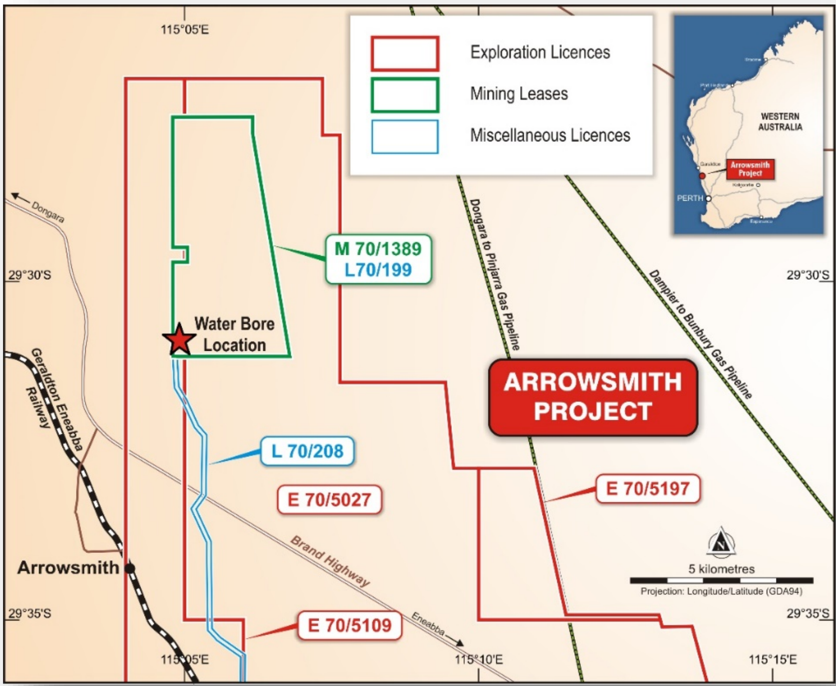


Figure 5 - Water Bore Location

Figure 6 - Water Bore Rig onsite

Muchea Silica Sand Project

On 29 October 2020, VRX announced the grant of a Mining Lease for its Muchea Silica Sand Project (**Muchea Project**), located 50km north of Perth, Western Australia. The Mining Lease (M70/1390), held in the Company's wholly owned subsidiary Wisecat Pty Ltd, covers approximately 1,008ha including the development area, sufficient for at least 25 years of production, see Figure 8.

The grant of the Mining Lease was a significant milestone for VRX and a major step forward in the Company's journey to becoming a global, long-life supplier of high-quality silica sand.

The Company also continued work on progressing an expansion of the current proposed development area to extend the Muchea Project's mine life to well beyond 25 years and assessment of available options to do so while addressing concerns relating to the file notation area 12671 that sits adjacent to that area.

During the period, as for its Arrowsmith Projects, the Company progressed compilation of necessary data to support referrals to DAWE and the EPA with pre-referral meetings held with representatives from DAWE. As studies have been completed at Arrowsmith North following consultation with EPA, the same studies have been duplicated at both Arrowsmith Central and Muchea.

Demand from potential customers for long-term supply of silica sand from the Muchea Project is strong. As with the Arrowsmith Projects, the grant of the Mining Lease enables the Company to step up negotiations to finalise sales contracts for the high-quality silica sand products and secure the necessary funding for the project's development.

The Muchea Project is a world-class, high-grade and low environmental impact silica sand project with outstanding economics and located in a Tier 1 jurisdiction. Its development will support a substantial export industry in Western Australia and provide significant financial and employment benefits in the north-eastern corridor of Perth.

The low vegetation at Muchea, which includes the recalcitrant sedges and grasses have root systems which are 200-300 mm below the surface will be addressed by the same rehabilitation method (VDT) which has been developed at the Arrowsmith Projects, see Figure 7.

The larger widely spaced *Banksia* trees will be propagated and tube planted to ensure the same density of trees.

Figure 7 - Muchea Vegetation

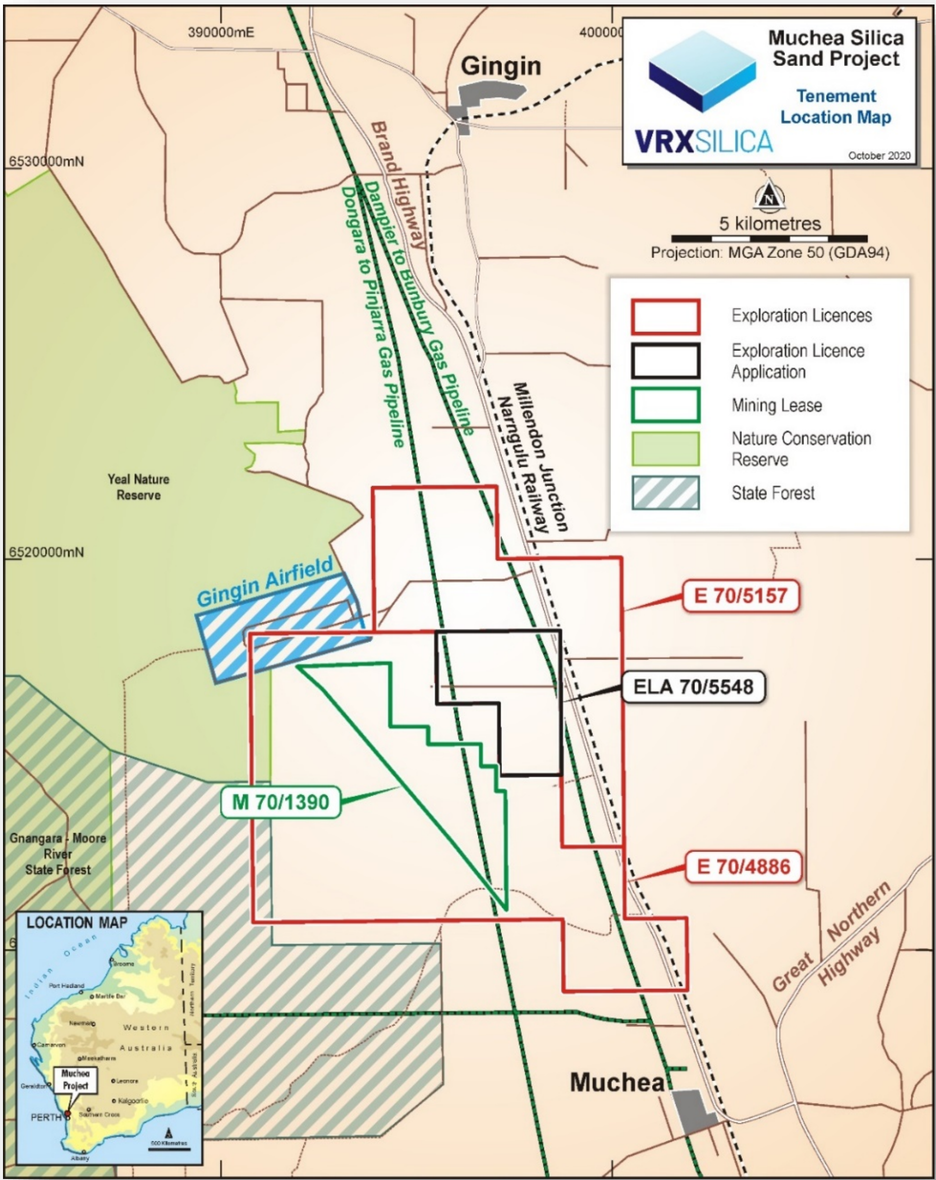


Figure 8 - Muchea Silica Sand Project Location

Silica Sand Offtake

The Company has continued discussions with potential customers in Asia for long-term contracts for offtake of products from its Arrowsmith Projects and Muchea Project. These customers are in Malaysia, Thailand, Taiwan, Japan and South Korea.

The outbreak of COVID-19 in early 2020 caused the cessation of all possible face-to-face meetings with potential clients. However, the Company has progressed discussions via video conferencing and interest remains strong, despite the current challenging health and economic climate in those countries. More recently second and third-wave lockdowns in Japan and Korea have further postponed offtake discussions, with no possibility for VRX to conduct face-to-face meetings.

Despite the COVID-19 impediment, global market conditions continued to improve over the period. Sources of supply of high-quality silica sand throughout the Asian region are shrinking at a rapid rate and increasing the already strong demand for silica sand products capable of production from VRX's projects, providing the Company with comfort its considered and disciplined approach to offtake deals will deliver significant value to shareholders.

Product samples have been shipped to potential offtake partners and grade-control drilling conducted during March 2021 generated additional commercial samples for interested parties. The majority of recipients have confirmed that the sand quality meets their specification requirements and underpins their desire to secure long-term supply.

Interest in the Company's products from Arrowsmith North remains incredibly strong and continues to grow. Demand for significant bulk samples for final furnace testing, which is regarded as the last quality assurance test before supply contracts are agreed with potential offtake partners in South Korea, Japan and Taiwan, has led the Company to undertake a substantial pilot plant-scale testwork program on 1 tonne of Arrowsmith North ore. Some samples have been dispatched and further samples are waiting on final PSD and assays. It will also enable the Company to further test the project's process circuit design.

The Company is well-positioned to benefit from the rapidly changing, and improving, market conditions and will continue negotiations to secure formal offtake agreements.

Project Economics

The Company's silica sand projects have outstanding economic prospects and will support a substantial export industry in Western Australia that can provide significant financial and employment benefits to the State.

With all three Mining Leases granted at the Arrowsmith Projects and the Muchea Project and development of the projects well-progressed, VRX is on the cusp of becoming a global player in high-quality silica sand supplies.

Aggregate Project Metrics

Key outcomes and summary financial model outputs for each individual project, and in aggregate, from the BFSs for each project[2] are set out below. The combined post-tax NPV_{10} of $727.8 million

	Arrowsmith North	Arrowsmith Central	Muchea	Total
Post Tax, ungeared NPV_{10}	$242.3m	$147.6m	$337.9m	**$727.8m**
Post Tax, ungeared NPV_{20}	$99.8m	$56.1m	$146.4m	**$302.3m**
Post Tax, ungeared IRR	79%	60%	96%	**83%**
Payback period (yrs) (post tax) (ramp up rate)	2.4	2.8	2.3	**2.4**
Exchange Rate US$/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	$3,345m	**$8,285m**
EBIT	$1,144m	$737m	$1,540m	**$3,421m**
Cashflow after finance and tax	$835m	$539m	$1,123m	**$2,497m**
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. Full summaries of economic assumptions are set out in the BFS for each project. All such material assumptions continue to apply and have not materially changed from the dates of release of the BFSs.
4. All figures are presented in Australian dollars, unadjusted for inflation

[2] ASX announcements of 28 August 2019, "*Arrowsmith North BFS and Maiden Ore Reserve*", 17 September 2019, "*Arrowsmith Central BFS and Maiden Ore Reserve*" and 18 October 2019, *"Muchea BFS and Maiden Ore Reserve"*.

Biranup

On 1 July 2020, the Company announced it had entered into a conditional agreement with New Energy Metals Limited (later renamed Nickel X Limited) (**NickelX**) for the sale of its Biranup Project and an IPO and listing of that company on the ASX.

Originally expected to complete by the end of 2020, completion of the sale of the project took place 6 May 2021 and NickelX shares commenced trading on ASX on 7 May 2021.

The Biranup project comprised a total project area of almost 400km^2 with six granted tenements having no pastoral lease or native title claims. The project covers a region which hosts many varying mineralisation styles. VRX had previously identified the potential for base metal mineralisation and successfully drilled and intersected copper and nickel sulphides on a structurally controlled geophysical target at the Fire Dragon Prospect. Studies have shown the right geology is present for Nova Type mafic intrusive Ni-Cu Deposit.

Under the terms of the sale agreement, the consideration comprised 6,250,000 fully paid ordinary shares in NickelX issued at completion (escrowed for 12 months in accordance with ASX requirements) and up to $900,000 in cash payments subject to achievement of milestones linked to delineation of a JORC resource, completion of a feasibility study and commercial production. The Company lodged the required substantial shareholder notice advising the market of its 9.11% holding in NickelX.

Biranup is the last of the Company's non-silica sand projects. The sale enables VRX to share in any future exploration success in the project and allow the Company to focus on its stated aim of becoming a global supplier of high-quality silica sand, initially from its Arrowsmith and Muchea silica sand projects.

Corporate

On 20 November 2020, VRX announced that it had received binding commitments for a capital raising via a share placement to institutional, professional and sophisticated investors to raise $7 million before costs.

VRX received strong support for the capital raising from a wide range of investors, with bids received well in excess of the amount raised.

This placement positioned VRX to rapidly advance the development of its silica sand projects, in particular at Arrowsmith North for grade-control drilling for the first 10 years of production, confirmatory test work, drilling and equipping water bores, port access design, construction of access roads and final engineering.

The placement was conducted at 18 cents per share, which represented a 23.4% discount to the last closing price of VRX shares on ASX of 23.5 cents prior to announcing the placement and a 13.6% discount to the 10-day volume-weighted average price (**VWAP**) of 20.8 cents as at the same date. A total of 38.9 million new shares were issued within the Company's current placement capacity under Listing Rule 7.1.

Funds raised under the placement were allocated to pre-production preparatory work at Arrowsmith North, additional drilling at the Muchea Project and VXR's other silica sand asset, Boyatup Project, and general working capital.

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

Events Subsequent to Year End

A total of 22,662,911 quoted options (VRXO) were exercised before their 31 July 2021 expiry date, with 21,226,543 exercised after 30 June 2021. This represented a 94.7% take up of the options, which raised a total of $4,079,324 from the exercise of the options.

Substantial Shareholder

On 1 June 2021, the Company welcomed a significant investment in its shares by a new strategic European-based investor group[3]. The investment followed due diligence inquiries on the Company and its Arrowsmith and Muchea Silica Sand Projects and was undertaken via a combination of off-market transfers from VRX Top 20 shareholders and on-market acquisitions.

VRX Included in MISCI Small Caps Index

Global market index provider, Morgan Stanley Capital International, otherwise known as the MSCI announced changes to their Australian Global Micro Cap Indexes.

As part of the changes, effective as at close of business on 27 May 2021, VRX was added to the MSCI Australia Micro Cap Index which is designed to measure the performance of the Micro Cap segment of companies traded on the ASX.

MSCI is a leading provider of investment services such as research, data and technology to the global investment community enabling clients to better understand and analyse key drivers of risk and return and build more effective investment portfolios.

There are a number of advantages to VRX being admitted into a global index such as MSCI, including:

- exposure to larger and global institutions
- research coverage and transparency for institutional and retail investors
- broader exposure to the Australian and International investment markets
- increased trading liquidity
- access to capital sources

[3] See Form 603 – Notice of Initial Substantial Holder lodged 1 June 2021.

Annual Mineral Resource and Ore Reserve Report

As at 30 June 2021

In accordance with ASX Listing Rule 5.21, VRX reviews and reports its Mineral Resources and Ore Reserves at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources or Ore Reserves over the course of the year, the Company promptly reports these changes.

Mineral Resources

The Mineral Resources for VRX remain unchanged from 30 June 2021 and are shown in Table 1 below.

Table 1 Mineral Resources (as at 30 June 2021)

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

The Ore Reserves for VRX Silica remain unchanged from 30 June 2021 and are shown in Table 2 below.

Table 2 Ore Reserves (as at 30 June 2021)

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**				

Competent Persons' Statements

The information in this document that relates to Arrowsmith North, Arrowsmith Central and Muchea Exploration Results and Muchea Aircore Drilling Area Mineral Resources are based on data collected and compiled under the supervision of Mr David Reid, who is a full-time employee of VRX Silica. Mr Reid, BSc (Geology), is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person under the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Reid consents to the inclusion of the data in the form and context in which it appears.

The information in this document 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 CSA Global. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. He is a Registered Professional Geologist in Industrial Minerals. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Dr Scogings consents to the disclosure of information in this report in the form and context in which it appears.

The information in this document 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.

Material Assumptions

Full details of the bankable feasibility studies for the Arrowsmith North, Arrowsmith Central and Muchea Silica Sand Projects, including material assumptions, are contained in VRX's ASX announcements of 28 August 2019, 17 September 2019 and 18 October 2019, respectively. All such material assumptions continue to apply and have not materially changed from the date of release of the respective BFS. While VRX considers all of the material assumptions to be based on reasonable grounds, there is no certainty they will be correct or that the range of outcomes indicated within the studies will be achieved.

VRX Silica FY21 Sustainability Report

FY21 Highlights

- Environmental – Conducted carbon life cycle analysis for estimated greenhouse gas (GHG) emissions at Arrowsmith North.
- Social - Engaged with numerous stakeholders in the region including Indigenous groups, local government and landowners
- Governance - Adopted ASX Corporate Governance Principles and Recommendations 4th Edition as the new governance standards

Development at VRX

Significant progress has been made during the past year. Some of the key achievements:

- Mining leases granted for all the company's three Silica Sand projects:
- Extensive environmental studies conducted on all the company's silica sand projects over each season
- Comprehensively reviewed a 'proof of concept' Vegetation Direct Transfer (VDT) trial
- Lodged Project Referrals with Federal and State environmental assessment agencies for the Arrowsmith North Silica Sand project
- Continue to engage with those agencies to progress the environmental approvals for mining at Arrowsmith North
- The first 6 to 10 years of proposed mining at Arrowsmith North has been grade controlled
- Significant test work was successfully conducted in order to produce a number of specific marketable products
- Significant progress has been made on the engineering of the proposed plant by experienced engineers ProjX
- The proposed plant design was conducted with the aim to operate predominately with recycled water
- Commencement of drilling the Bore field water supply for the plant
- Investigated opportunities for the project to be powered by gas with supporting solar
- Engaged with potential final use offtake partners and sent numerous samples of various volumes for testing
- Completed greenhouse gas emissions estimates as part of its maiden ESG reporting this year

VRX Silica Limited is very conscious of its social licence obligations and during the year proactively engaged with the traditional owners, conducted Heritage Surveys at all projects, and engaged with stakeholders in the region.

Overview of operations

VRX Silica Limited (ASX: VRX) is an explorer and prospective producer of silica sand with a focus on exporting the commodity to meet rising demand in the Asia Pacific region. We are headquartered in Perth, Western Australia (WA) with operations at three silica sand mine sites across the State.

Our total silica sand mineral resource stands at 1,056 million tonnes (Mt) and range in grade from 96% to 99% silicon dioxide or silica (SiO_2), with low iron impurities. We also have total declared probable ore reserves of 261 Mt, ranging in grade from 99.6% to 99.9% SiO_2.

Silica sand is the primary component of a range of standard and specialty glass and is used for metal casting (foundries), metal production, chemical production, paint and coatings, ceramics, filtration and water production, and oil and gas recovery. Specifications of high-quality silica sand is also used to produce the high demand ultra-clear glass covering solar panels.

Rising global demand and prices for silica sand – coupled with an increasing shortage due to dwindling local supplies and environmental restrictions specifically on dredging – offers a significant export opportunity for VRX. The Asia Pacific region currently accounts for 47% of global demand for silica sand and, between 2021 and 2027, is predicted to grow at a compound annual growth rate (CAGR) of 7.7% or over 10 million tonnes.

VRX and our WA-based silica sand projects are well positioned to meet this need. The scale of our projects could also provide a long term opportunity for Western Australia to develop a glass manufacturing industry.

Corporate strategy

Our strategy is to become a global producer, exporter and supplier of choice for high-quality silica sand. To achieve this, we have secured long-term mining leases at four large-scale, high-grade and low-impurity silica sand tenements in Western Australia, the first two of which are in an advanced stage of development. All three projects offer the potential for substantial mineral reserves, benefit from existing and adjacent road and rail lines to major export ports and close to established infrastructure (logistics, power, water).

VRX projects

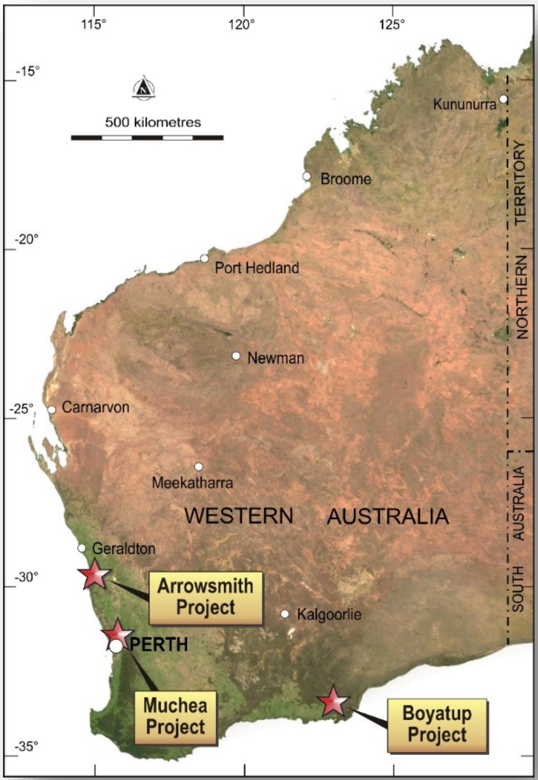


Figure 9 – VRX Projects

Arrowsmith North Silica Sand Project, Western Australia

VRX was granted our 100%-owned Arrowsmith North Mining Lease, M70/1389, on 16 November 2020. The site is located in the Geraldton Sandplain bioregion approximately 35-km north-west of Eneabba, Shire of Irwin, and some 270-kms north of Perth. It holds an estimated 771 Mt of total indicated and inferred mineral resources at 98.0% SiO_2 readily amenable to upgrading by conventional washing and screening to be suitable for industries such as glass making and foundry sand. Arrowsmith North is considered a world class deposit and estimated to hold 25 years' worth of production with potential for a 100+ year mine life. The 377-square-kilometre site lies adjacent to the Brand Highway and the Eneabba-Geraldton railway, providing a direct road and rail connection to Geraldton Port which is suitable for bulk shipping and offers a unique logistics solution.

Arrowsmith Central Silica Sand Project, Western Australia

VRX was granted our 100%-owned Arrowsmith Central Mining Lease, M70/1392, in November 2020. As with the Arrowsmith North project the site is located in the Geraldton Sandplain bioregion approximately 35-km north-west of Eneabba, Shire of Irwin, and some 270-kms north of Perth. It holds an estimated 76.5 Mt of total indicated and inferred mineral resources at 96.8% SiO_2 readily amenable to upgrading by conventional washing and screening to be suitable for industries such as glass making and foundry sand. Arrowsmith Central is considered a world class deposit and estimated to hold 75 years' worth of production. The 19-square-kilometre site lies adjacent to the Brand Highway and the Eneabba-Geraldton railway, providing a direct road and rail connection to Geraldton Port which is suitable for bulk shipping and offers a unique logistics solution.

Muchea Silica Sand Project, Western Australia

Our 100%-owned Muchea lease is located 50-km north of Perth and is estimated to hold a total 208 Mt of indicated and inferred mineral resources at 99.6% SiO_2. Muchea's sand grain size and quality is suitable for the ultra-clear glass market for use in solar panels. The 74.4-square-kilometre site lies adjacent to the Brand Highway and the Moora-Kwinana railway, providing a direct road and rail connection to Perth's main industrial port, the Kwinana Bulk Terminal.

Boyatup Silica Sand Project, Western Australia

VRX acquired our 100%-owned Boyatup lease in early 2019. Located 100-km east of Esperance, this 124-square-kilometre exploration site has the potential to produce silica sand for export that is subtly different from our two other projects. The site is connected by sealed road to Esperance Port for bulk commodity shipping.

Development

VRX is planning a staggered and disciplined development timetable across our projects beginning with Arrowsmith North, followed by Muchea and Arrowsmith Central. Permitting is well advanced with environmental approvals, native title work, offtake agreements, engineering and other development activities underway.

Construction of the 2mtpa processing plant is expected, subject to approvals, to begin at Arrowsmith North mid 2022, followed by first production later in 2022. Permitting for a 2mtpa processing plant and production at Muchea is forecast to be late-2022.

Biranup gold project divestment, Western Australia

To refocus our development strategy more directly on silica sand production and export, we sold our Biranup Gold and Base Metals Project to Nickel X Limited in July 2020. We have retained a 9.1% stake in this ASX-listed business which is exploring promising gold and copper-nickel prospects to the north of AngloGold Ashanti and Regis Resources Tropicana Gold Mine in WA's Albany-Fraser Gold Belt.

Sustainability at VRX

Our approach to sustainability

VRX recognises that expectations of corporate behaviour are changing and that investment capital is increasingly being redirected towards socially and environmentally responsible businesses. This has transformed the environment in which we operate to one which prioritises climate risk, biodiversity loss, social impacts and, more recently, COVID-19 and its associated public health challenges in their portfolios.

While we are in the early stages of developing our world-class silica sand projects, VRX has a unique opportunity to incorporate forward-thinking approaches to sustainability into our operations to ensure we leverage the opportunities associated with the transition to a low carbon future.

By committing to operating our business in a low carbon manner and in accordance with high standards of environmental, social and governance (ESG), we aim to reduce risk, build resilience into our operations and drive long-term, sustainable value for our stakeholders.

The VRX Sustainability Report will annually capture and report publicly on the Company's economic, environmental and social impacts, and hence its contributions, both positive and negative, towards the goal of sustainable development. It covers all projects owned and operated by VRX and all monetary values in this Report are in Australian dollars ($).

VRX sustainability ecosystem

Sustainability vision: We are committed to creating a sustainable, low-impact environmental legacy and positive benefits for our communities.

ESG Pillar	ESG Material Topic
Environment	• Rehabilitation • Emissions and GHGs • Water management • Endangered species, flora and fauna • Waste • Feral animal control
Social	• Health and safety, wellbeing • Economic performance • Indigenous engagement & training • Local employment • Employment practices • Local businesses • Contractor engagement • Diversity • Supporting community organisations • Employee development & training
Governance	• Customer risk & production quality • Business ethics • Sustainable products • Supply chain management • Infrastructure • Innovation and technical improvements

Table 3 – VRX Material Topics

Policies

Current relevant sustainability policies are on the VRX website

- Indigenous Community Policy
- Environmental Policy
- OH&S Policy
- Whistle-blower Policy

Reporting our sustainability performance

Following global best-practice, a materiality process has been followed with VRX stakeholders engaged and a list of material ESG topics developed alongside a materiality matrix to prioritise the most critical issues that we will prioritise in our sustainability journey. Focus areas include mine-site rehabilitation, health, safety and wellbeing, endangered species, emissions, greenhouse gases and business ethics.

VRX has also adopted a 'think global, act local' approach to selecting frameworks against which to inform our sustainability planning and against which to measure our progress. We commit to regularly updating our stakeholders on our ESG performance to ensure we remain a responsible investment opportunity.

Whilst we are in project development phase, we have chosen to benchmark our performance against the recommendations of the following two organisations.

United Nations: Sustainable Development Goals (SDGs)

The SDGs promote action in areas that are critical to ending poverty, protecting the environment and improving the prosperity of all people through economic, social and technological progress. The goals are relevant for all countries and sectors of society, including business, and will enable VRX to tailor its approach to best serve the Company's stakeholders.

Below are the actions that our Board and Leadership Team are taking to make a positive contribution to the 17 SDGs and the way in which we plan to measure the meaningful progress being made towards them.

VRX is aligning our activities with seven SDGs

Figure 10 – VRX SDG contributions

World Economic Forum (WEF): Stakeholder Capitalism Framework

In partnership with global accounting firms, the WEF has identified a set of global, cross-industry baseline disclosures and metrics for companies to use to analyse their ESG performance and regularly communicate this to their stakeholders.

Disclosures are drawn from existing voluntary standards including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCRD). They are grouped under four pillars that are considered the most critical for business, society and the planet. The WEF framework is a logical and appropriate starting point for VRX as we begin our ESG journey.

Our adoption of the WEF framework has already highlighted a number of ESG opportunities across our operations, including the integration of solar panels and battery storage capacity into power generation and a purpose-built Vegetation Direct Transfer (VDT) method to rapidly and continuously regenerate vegetation that is disturbed during our operations (see below). These two initiatives reflect VRX's commitment to reducing our environmental footprint and building sustainable outcomes for our stakeholders.

Our performance against the framework in FY21 can be found in Appendix 1 at the end of this report.

Risk management

Risk is managed at VRX by the full Board of Directors as, due to the size and limited resources, the Company does not have a separately constituted Audit and Risk Committee. More information can be found in Corporate Governance Plan 4th edition, found on the VRX website. The full Board undertakes the duties which would normally fall to such a committee. The Board oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements. Other statutory and fiduciary responsibilities include:

- Compliance with all applicable laws, regulations and company policy.
- Monitor the effectiveness and adequacy of internal control processes.
- Identification and management of business, economic, environmental and social sustainability risks.

- Review of the Company's risk management framework at least annually to satisfy itself that it continues to be sound and to determine whether there have been any changes in the material business risks the Company faces and to ensure that they remain within the risk appetite set by the Board.
- Review reports by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

The Company's process of risk management and internal compliance and control includes:

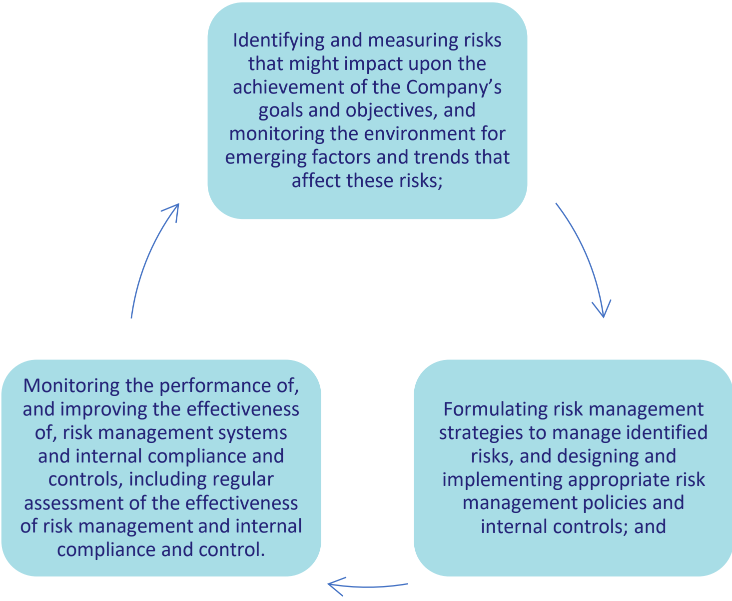


Figure 11 – Risk management process

VRX Supply Chain

VRX engages a variety or suppliers and contractors (as both businesses and individuals) to provide various services at our operations, exploration projects and offices. A breakdown of this is outlined below.

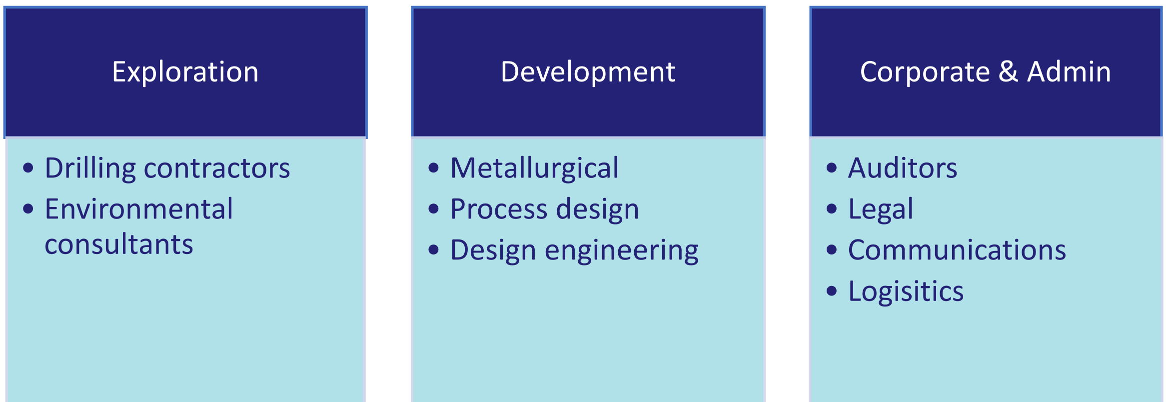


Figure 12 – VRX supply chain

Stakeholders and Materiality

VRX strives for open and transparent dialogue with our stakeholders with whom we seek to engage early and in a timely manner. We recognise such an approach is central to building our reputation and the way in which we are perceived by our investors, indigenous communities and others. During the materiality process, a map of VRX stakeholders was produced and is displayed below.

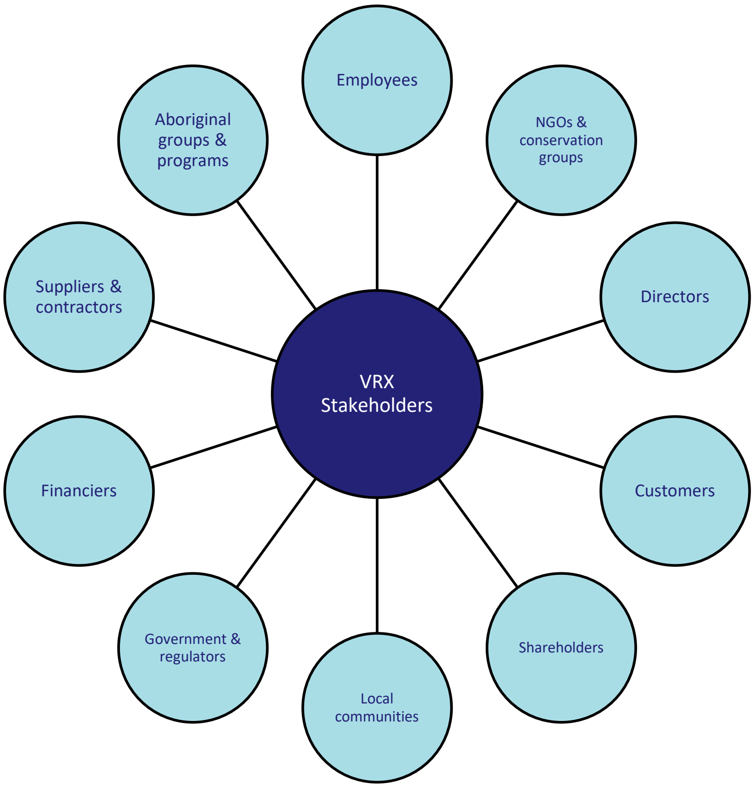


Figure 13 – VRX stakeholders

Material topics are those that reflect VRX's economic, environmental or social impacts and can substantially influence stakeholder decisions. In this report, VRX addresses the material matters that enable ongoing assessment of our sustainability performance. These topics include both environmental, social and governance risks and opportunities, and have potentially significant negative or positive impact on our business and our stakeholders. The materiality assessment process identified 23 ESG topics. In alignment with the Global Reporting Initiative (GRI) Standards, an initial ranking of material issues based on those that were of most importance to our stakeholders. Senior VRX leaders then reviewed the ranking of the material issues to ensure that our purpose and strategic imperatives were also considered. This process and the listing of material issues has informed our strategic thinking on ESG priorities and dictated the structure and content of this report.

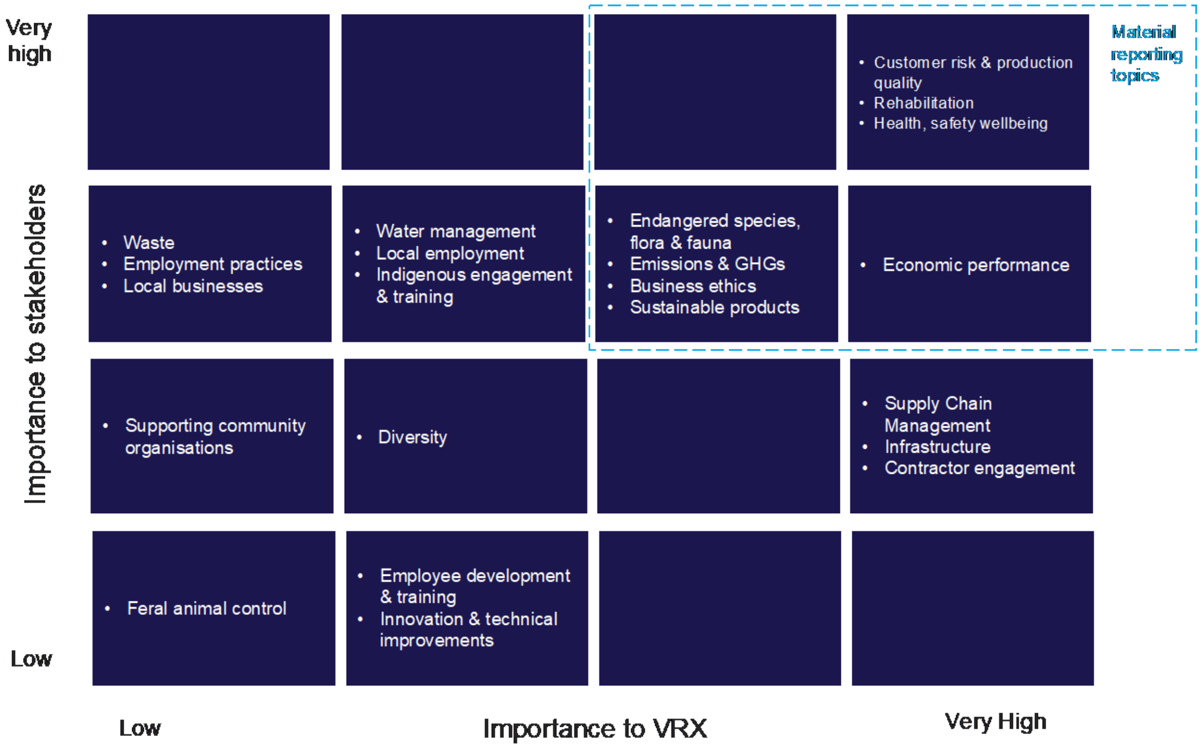


Figure 14 – VRX Materiality Matrix

Governance

High standards of corporate governance are an essential prerequisite for creating sustainable value for stakeholders.

Corporate Governance

The Corporate Governance Statement sets out the Company's main corporate governance policies and practices. All VRX policies and practices are reported against the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Summary of policies and responsibilities:

Pillar	Policies	Board/Committee	Executive/Manager responsible
Environmental	Environmental Policy	Board	Managing Director
Social	Diversity Policy	Board	Managing Director
	Indigenous Community Policy	Board	Managing Director
Governance	Corporate Code of Conduct	Board	Chairman
	Shareholder Communication	Board	Managing Director
	Trading Policy	Board	Company Secretary
	Disclosure Policy	Board	Managing Director

There has been no breach of regulations or compliance by VRX during 2021.

Business ethics

The Company will uphold the highest standard of business ethics and ensure adequate training for all staff and contractors.

Ethical behaviour at VRX is guided by our Corporate Code of Conduct. The purpose of the Code is to provide a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The Code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees.

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to official misconduct, bribery and blackmail, unauthorised use of confidential information, fraud and theft. Corrupt conduct will not be tolerated at VRX and disciplinary action up to and including dismissal will be taken in the event of any employee participating in corrupt conduct.

Customer risk & production quality

The Company is cognisant that the quality of the products will determine the selling price and future contracts. The Company approach is to provide a better quality product than the specification requires for sales without compromising yield and operating costs. This will avoid quality disputes, compromised contracts and general branding in the industry.

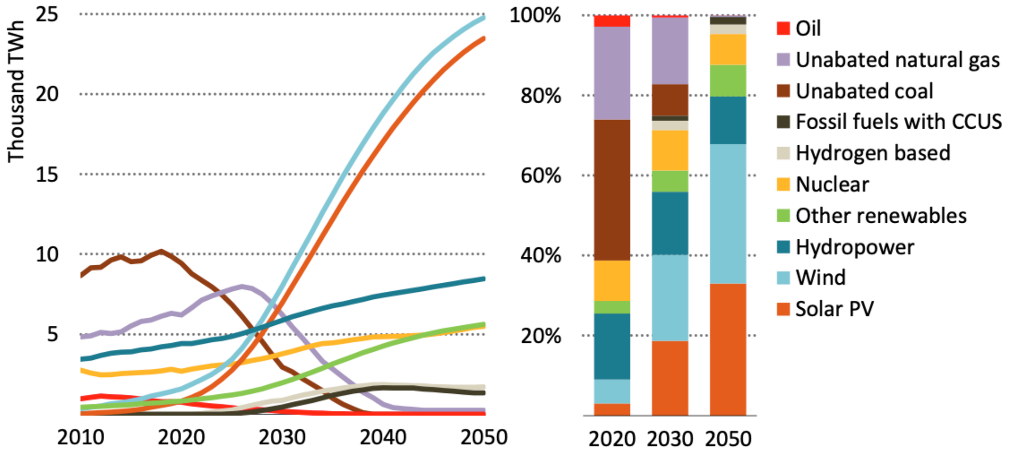
The Company will also undertake adequate metallurgical testwork to ensure that the process circuit design will provide the quality of product that the customer requires

Sustainable products

Although VRX will sell silica for a variety of different uses, a key priority will be contributing to a net-zero future through supply of the ultra-clear glass market for use in solar panels. Reaching net-zero will require rapid scale-up of already commercial clean energy technologies, such as wind and solar.

In its Net-Zero Emissions by 2050 Scenario (NZE), the International Energy Agency (IEA) outlines that to reach net-zero by 2050, the global energy sector will need to be based largely on renewables, with solar the single largest source of supply. Solar technologies – solar photovoltaic (PV) electricity and concentrating solar power (CSP) - need to contribute over 30% of global energy to reach net-zero (see Figure 7 below). As competitiveness continues to improve, solar technology will require average annual growth of 15% between 2020 and 2030. The pathway calls for annual additions of solar PV to reach 630 gigawatts by 2030 (134GW was added in 2020), the equivalent to installing the world's current largest solar park roughly every day. Achieving this cleaner, healthier future will rely on quality, reliable and affordable sources of silica and glass for solar panel production.

Figure 3.10 ▹ Global electricity generation by source in the NZE



Solar and wind power race ahead, raising the share of renewables in total generation from 29% in 2020 to nearly 90% in 2050, complemented by nuclear, hydrogen and CCUS

Figure 7 – Contributions by energy source in Net-Zero Emissions by 2050 Scenario (NZE) (Source: IEA - 2021)

Social pillar

The Company will endeavour to engage with regional stakeholders and beneficiaries to ensure a fluid line of communication.

Where possible employees and contractors will be sourced locally to support local communities.

Health and safety, wellbeing

The Company will adopt the highest industry standards when planning and operating to ensure the safety and wellbeing of its employees and contractors.

The Company will use experienced management and contractors and ensure adequate training for employees to operate in a safe and efficient manner.

Training manuals for mining and processing will be developed with regular updates and education.

Fatalities	Lost time injuries	LTIFR	Total recordable injuries	TRIFR
0	0	0	0	0

Economic performance

At all times the Company will endeavour to maintain a product yield, quality and quantity and operating cost that will maximise the economic potential of the sales of product from the projects.

FY21 contribution

- Goods and service supplier purchases = $3,191,175
- Wage spend = $592,110
- Taxes = $12,426
- Royalties = Nil
- State and Shire Rent = $55,858

Indigenous relations

A number of Aboriginal groups are the custodians for the land on which our projects are located in Western Australia. We are committed to engaging with these communities and their representatives to ensure they are kept fully informed about our developing operations and have the opportunity to be involved in our plans and benefit from our success. This is guided by our Indigenous Community Policy.

As part of our commitment to local and indigenous employment, we anticipate offering employment and contract opportunities to local indigenous communities in the vicinity of our projects and to support the ranger programs associated with our project areas.

Aboriginal heritage

VRX is committed to understanding the Aboriginal heritage values and significance of the land on which we operate. This helps us ensure we respect and protect the land and that our operations have as minimal impact and disruption as possible.

To date, VRX has undertaken a number of comprehensive archaeological and ethnographic heritage surveys at our operations in accordance with requirements set out in Western Australia's *Environmental Protection Act 1986* and *Aboriginal Heritage Act 1972*.

For example, at our Arrowsmith project, VRX has conducted Aboriginal heritage and ethnographic surveys with no significant sites recorded in the proposed mining area but a number of verbal accounts of the region's significance for hunting and fishing, especially along the natural waterways.

In November 2020, the Amangu representatives of Yamatji Nation and Yamatji Marlpa Aboriginal Corporation produced a final report regarding the archaeological and ethnographic, work area clearance, heritage survey undertaken over our Arrowsmith North and Arrowsmith Central project areas. This concluded that:

- no isolated artefacts have been identified in the project areas;
- the Arrowsmith North Access Road, Arrowsmith North Services Corridor, Arrowsmith North Production Area and Arrowsmith Central Infrastructure Area are clear for the stated works to proceed;
- The Arrowsmith Central Production Area is partially clear for the stated works to proceed; and
- If work is proposed on a section of L70-208 Access Route that intersects the Arrowsmith River, further consultation with the Southern Yamatji Corporation is required.

In July 2021, we commissioned Horizon Heritage Management to undertake a comprehensive assessment of known and likely Aboriginal heritage values and traditional uses within our Arrowsmith North Project area. This identified

Heritage surveying at Arrowsmith Central registered Aboriginal heritage sites (including those of high value for bush tucker and bush medicine and those of ethnographical or archaeological value), provided a contextual assessment of the general Aboriginal heritage values of the area, and made recommendations on ways of minimising our impacts on Aboriginal heritage.

The assessment identified one registered Aboriginal site located within the area with three other heritage places within Yamatji country surrounding the Arrowsmith North Project assessment area. Based on the assessment, VRX understands that any future development within our Arrowsmith North Project assessment area should include project consultation, Aboriginal traditional uses consultation and full and detailed Aboriginal heritage ethnographic and archaeological surveys with the Yamatji Nation people.

Native title - Yamatji Nation Agreement

At our Arrowsmith Silica Sand Project, we have built up a strong and supportive relationship with the Southern Yamatji people through the Yamatji Marlpa Aboriginal Corporation (YMAC), the Native Title Representative Body for the Yamatji and Marlpa people.

In October 2020, conclusive registration of the Yamatji Nation Indigenous Land Use Agreement (ILUA) occurred.

The ILUA is an alternative settlement by the Western Australian Government of Native Title claims covering a significant portion of land in the Mid West, including the Southern Yamatji People's claim covering the Arrowsmith Projects.

This Government-led ILUA settled all Native Title claims over the Arrowsmith Projects area.

The strong and supportive relationships established with the Southern Yamatji People will continue to benefit all parties as the Arrowsmith Projects are developed, and the Company intends to continue to consult and work closely with the Southern Yamatji People; and

Native title - Noongar South West Native Title State Agreement

In November 2020, the Government of Western Australia implemented the South West Native Title Settlement which, in January 2021, led to the registration of six Indigenous Land Use Agreements (ILUA).

All native title claims in WA's south-west region must now be negotiated in accordance with the terms of the ILUAs which supersede all previous legislation and title negotiations. Native title claims at our projects will now reference terms in the following ILUAs:

- Muchea Silica Sand Project: ILUA Whadjuk People Indigenous Land Use Agreement;
- Boyatup Silica Sand Project: ILUA Wagyl Kaip and Southern Noongar Indigenous Land Use Agreement.

Prior to the implementation of WA's South West Native Title Settlement, VRX proactively engaged with a number of local Aboriginal groups overseeing the land on which our projects are located:

- At our Muchea Silica Sand Project, we worked constructively with the South West Aboriginal Land and Sea Council (SWALSC) to finalise a Mining Agreement with the Whadjuk People.

Figure 15 – Map showing Western Australia's South West Native Title Settlement and six Indigenous Land Use Agreements (ILUA)

Environnment pillar

The project area has been selected for its minimal impact on the native vegetation, landforms and fauna. The mining of sand will be undertaken to leave an undulating landform with the vegetation and habitat lower than originally encountered but largely intact. Processing will use recycled water and few non-toxic chemicals. The resource is relatively consistent in its attributes over a resource which may be mined for up to 100 years.

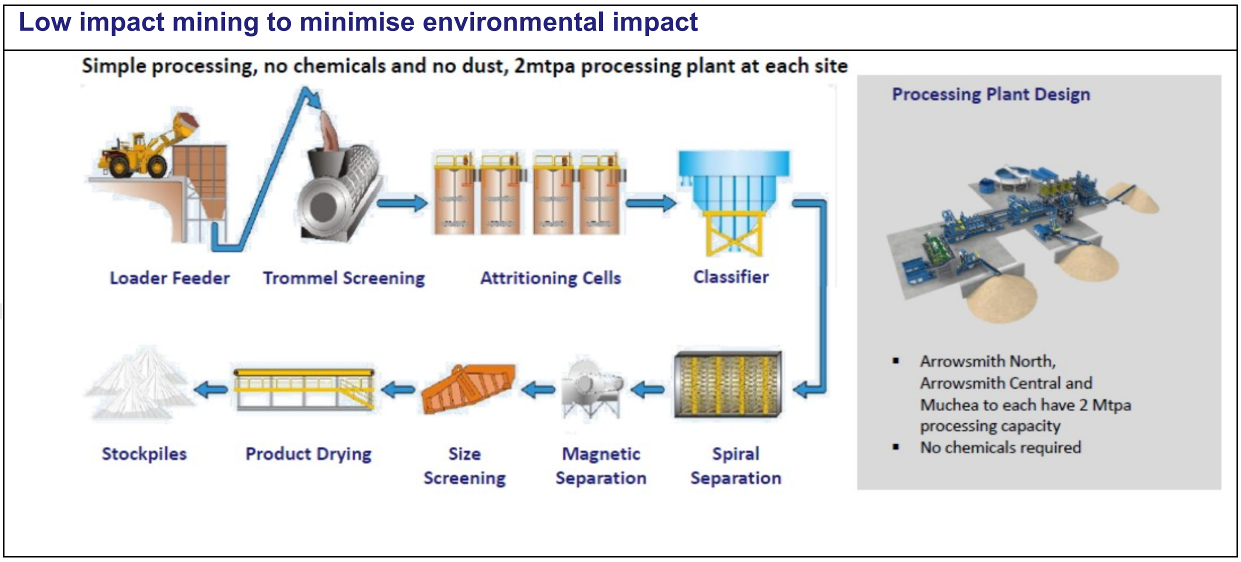


Figure 16 – Process Flow Diagram

Environmental permitting

In March 2021, we submitted our Environment Protection Agency (EPA) referral for the Arrowsmith North Silica Sand Project to WA's EPA. It followed a series of wide-ranging environmental studies undertaken by and for us over the past three years and extensive pre-referral consultation with the EPA.

This EPA referral incorporates pre-referral feedback received from the EPA in December 2020 and concludes that Arrowsmith North can be developed without significant residual impacts on the environment. The EPA's Environmental Impact Assessment will be conducted as an accredited assessment that will also involve assessing the proposal on behalf of the Federal Department of Agriculture, Water and Environment.

Documentation provided to the WA EPA on our Arrowsmith North project is available at: epa.wa.gov.au/proposals/arrowsmith-north-silica-sand-project

Rehabilitation

The Company has developed and tested a unique method for translocating topsoil to ensure the best possible outcome in restoring the native vegetation.

At our Arrowsmith North project over the initial 30-year lifetime of the project, we expect to disturb a total 360 hectares of native vegetation as a result of sequential mining of sand 8-15 metres below the soil surface.

Minimising vegetation disturbance, maximising rehabilitation

To ensure we have a minimal impact on the vegetation at our mine sites, VRX has developed a unique and progressive made-for-purpose method to rehabilitate disturbed flora. Known as Vegetation Direct Transfer (VDT), it involves carefully lifting and removing a 400-millimetre deep sod from areas that are set to be mined for silica sand.

With the root structures in the loose sand relatively shallow at 200-300 millimetres in depth, the VDT methods enables the topsoil containing the vast majority of native flora and invertebrate fauna preserved and near-surface humus and its microbial contents to remain intact. The technique lends itself to rapid and extensive regeneration of affected areas based on continuous rehabilitation as silica sand mining progresses. A video of the VDT method is available at: vrxsilica.com.au/miningandrehabilitationmethodology

We will strive to minimise our impact on vegetation and topsoil by relocating it to rehabilitation areas using our Vegetation Direct Transfer method (see case study above). We will also undertake mining in sections by removing blocks (typically 150 x 150 metres) with an estimated five blocks mined per year.

VRX's low-impact approach to silica sand mining means that no chemicals will be used in our production process and minimal dust will be produced during mining activities. We are also deploying innovative new measures to ensure that any vegetation removed during our mining activities can be used for continuous rehabilitation (see case study above).

Greenhouse gas emissions

The Company will use all available opportunities to reduce emissions and greenhouse gases produced from operating the projects. VRX will endeavour to reduce net greenhouse gas emissions in order to minimise the risk of environmental harm associated with climate change and maintain air quality and minimise emissions so that local environmental values are protected.

VRX is focused on reducing our carbon footprint by cutting emissions at our mine sites. We are investigating a number of ways of doing this to ensure we can reduce Scope 1, 2 and 3 emissions where possible.

In 2021, we engaged Preston Consulting Pty Ltd to assist with project approval processes at our Arrowsmith North Silica Sand project. In August 2021, Preston commissioned Kewan Bond Pty Ltd to calculate the estimated greenhouse gas (GHG) emissions associated with the project.

The assessment showed that during Arrowsmith's 30-year lifespan - assuming it will produce 1 million tonnes of silica per annum (Mtpa) for the first three years rising to 2 Mtpa thereafter – the project will generate a total 583,330 tonnes of carbon dioxide equivalent (tCO_2-e) of Scope 1 emissions, equating to an average of 19,444 tonnes annually. Estimated Scope 3 emissions total 1,701,255 tCO_2-e, predominately from shipping product to Asia, equates to an average of 56,708 tonnes annually. No Scope 2 emissions are anticipated from the consumption of grid-sourced electricity.

The primary sources of Scope 1 GHG emissions for the project will be the consumption of electricity and diesel to operate the plant and machinery. Electricity will be generated on site through the construction of a gas-fired power station. To reduce emissions further, VRX is investigating the potential for deploying a hybrid on-site gas-fired, solar and wind power plant and short-term battery storage.

Priority, threatened and endangered species (flora and fauna)

The Company will undertake detailed surveys of all areas to be disturbed and identify any areas that that may encounter any endangered or threatened species and can be avoided.

VRX has undertaken a wide-ranging review of available technical reports, relevant databases and spatial data to identify the potential flora and vegetation that may be present at each of the projects.

At the Arrowsmith Project a flora and vegetation survey has been undertaken in accordance with DAWE and EPA guidance.

This will enable the assessment of the potential direct and indirect impacts of the construction and operational elements of the Projects on identified environmental values and assess the extent of cumulative impacts as appropriate.

VRX will manage the application of the mitigation hierarchy in the proposal design, construction, operation and closure. Specific, measurable, achievable, realistic and time-bound actions will be actioned to minimise and mitigate Project impacts.

Where significant residual impacts remain, propose an appropriate offsets package that is consistent with the WA Environmental Offsets Policy and Guidelines and the EPBC Act Environmental Offsets Policy.

In accordance with EPA guidelines VRX will identify and describe the fauna assemblages present and likely to be present within the areas that may be impacted by the projects. VRX will endeavour protect terrestrial fauna so that biological diversity and ecological integrity are maintained.

VRX will endeavour to maintain the hydrological regimes and quality of groundwater and surface water so that environmental values are protected.

Results from studies performed to date

No threatened flora pursuant to Part 2, Division 1, and Subdivision 2 of the Biodiversity Conservation Act 2016 were recorded in the survey area.

Overall, eleven priority taxa, as listed by the Western Australian Herbarium have been recorded in the survey area from 2018 to 2020 (see Table 1 below) and five of these priority flora species were recorded within the targeted survey area in the spring months of 2020.

Overall, it is likely that the five priority species in the targeted area will be impacted to some extent by clearing within the Arrowsmith North targeted area. However, impacts to these species can be minimised by avoiding priority taxa locations where applicable.

The project area has a rich fauna assemblage but incomplete with some locally extinct mammal and bird species. Assemblage is typical of the Lesueur Sandplains subregion. It is notable for high reptile species richness and a high proportion of non-resident birds, many of which are seasonal visitors to exploit seasonal nectar resources.

Few species of high conservation significance are present or expected, but the Carnaby's Black-Cockatoo is important and likely to forage in the area. There are foraging and roosting records for the species from nearby sites. Vegetation within the project area represents foraging habitat of at least moderate value for the species, but there is no breeding habitat within the project area.

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• Appendix 1: World Economic Forum – Stakeholder Capitalism Index

WEF key data/question	Current status	Start date target	Disclosure target
The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	VRX's ESG commitment is We are committed to creating a sustainable, low-impact environmental legacy and positive benefits for our communities.	**Completed**	**Disclosed FY21**
Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation	Partial. See diversity section of the VRX Corporate Governance Statement. The Company has established a Diversity Policy but because of its size and limited resources, positions are selected on the best available candidate. Outstanding disclosures: competencies relating to economic, environmental and social topics; membership of under-represented social groups; stakeholder representation.	**FY22**	**FY23**
A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Disclosed in the Sustainability at VRX section of this Sustainability Report	**Completed**	**Disclosed FY21**
Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region. a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b) Total number and nature of incidents of corruption	Employees are required to sign the Code of Conduct. VRX has not had any incidents of corruption in the past year or in any previous years.	**Completed**	**Disclosed FY21**
Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	Employees are required to sign the Code of Conduct. Operating in Australian jurisdiction there is a low risk of corruption	**Completed**	**Disclosed FY21**
A description of internal and external mechanisms for seeking advice about ethical and lawful behaviour and organizational integrity	The VRX Anti- Bribery and Corruption policy has guidance on behaviour in Section 10 of the Corporate Governance Plan. As a reasonably small business, all VRX managers and board members are available to employees and contractors to discuss any ethical concerns.	**Completed**	**Disclosed FY21**
A description of internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	The VRX Anti- Bribery and Corruption policy has guidance on behaviour in Sections 10 & 17 of the Corporate Governance Plan. As a reasonably small business, all VRX managers and board members are available to employees and contractors to discuss any ethical concerns.	**Completed**	**Disclosed FY21**
A description of principal material risks and opportunities facing the company specifically (as opposed to generic sector risks)	Risks are outlined in the FY21 VRX Annual Report	**Completed**	**Disclosed FY21**
A description of the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes.	Risks are outlined in the FY21 VRX Annual Report	**Completed**	**Disclosed FY21**
For all relevant greenhouse gases (e.g., carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions.	Emissions are immaterial to VRX until development and construction begins. We have forecasted our emissions in the Greenhouse Gas Emissions section of this Sustainability Report	**When construction begins**	**Forecast disclosed FY21**

Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation	Emissions are immaterial to VRX until development and construction begins. Outstanding disclosures: Implementation or roadmap towards the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	**FY22**	**FY23**
Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA)	Muchea project is in an Environmentally Sensitive Area, the Mining Lease at Muchea M70/1390, 1,008Ha. No other projects are considered at a KBA.	**Completed**	**Disclosed FY21**
Megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool.	Water usage is immaterial to VRX until development and construction begins.	**When construction begins**	**When construction begins**
Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Diversity is immaterial to VRX until development and construction begins.	**When construction begins**	**When construction begins**
Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Given the minimal nature of current employment at VRX, salary and remuneration will not become material until the hiring phase of development and construction	**When construction begins**	**When construction begins**
Ratios of standard entry level wage by gender compared to local minimum wage.	Given the minimal nature of current employment at VRX, salary and remuneration will not become material until the hiring phase of development and construction	**When construction begins**	**When construction begins**
Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	Given the minimal nature of current employment at VRX, salary and remuneration will not become material until the hiring phase of development and construction	**When construction begins**	**When construction begins**
An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour.	As VRX only operates in Australia, there is a very low risk of incidents of child labour, forced or compulsory labour.	**Completed**	**Disclosed FY21**
The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	There were zero fatalities, injuries, incidents or accidents in FY21.	**Completed**	**Disclosed FY21**
An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers	VRX does not currently facilitate workers' access to non-occupational medical and healthcare services	**Completed**	**Disclosed FY21**
Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).	Average hours: Approximately 25 hours per employee Gender: Male Employee category: Management	**Completed**	**Disclosed FY21**
Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Average training expenditure in FY21 was approximately $10,000 per employee	**Completed**	**Disclosed FY21**
Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	There were no new employees hired in FY21	**Completed**	**Disclosed FY21**
Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	There was zero employee turnover in FY21	**Completed**	**Disclosed FY21**
Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organization's global operations	Disclosed in Economic Performance section of this Sustainability Report	**Completed**	**Disclosed FY21**

Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.	Financial assistance received from the government was approximately $50,000 (Covid cashflow payment).	**Completed**	**Disclosed FY21**
Total capital expenditures (Capex) minus depreciation, supported by narrative to describe the company's investment strategy	VRX did not have any material capital expenditure in FY21	**Completed**	**Disclosed FY21**
Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	Given there was no revenue generate or dividends paid and there are not likely to until production begins, a supporting strategy will not become material until then	**Completed**	**Disclosed FY21**
Total costs related to research and development.	No R&D during FY21	**Completed**	**Disclosed FY21**
The total global tax borne by the company	Total tax paid was $12,426 (Payroll and FBT)	**Completed**	**Disclosed FY21**

Your directors present their report on the Company and its controlled entities for the year ended 30 June 2021.

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
David Welch (appointed 1 September 2021)

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 CPA 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 on a broad range of issues 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 include 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 Master 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

David Welch, B.Com – Non-Executive Director

Mr Welch is an experienced and well credentialed senior executive with a successful track record in the planning, development and operation of logistics and infrastructure supply chains for commodities markets, including mining, agriculture and industrial products sectors.

From 2007 to 2017, Mr Welch held senior executive positions within Aurizon Holdings Limited, Australia's largest rail freight operator. These positions included VP Iron Ore, VP Market Development and EVP Strategy and Business Development where he had direct responsibility for strategy, business transformation and performance, commercial negotiations, stakeholder engagement, major projects, joint venture management, M&A and business development. He was previously the Managing Director of The Millennium Group from 1998 to 2006 and was a Marketing Manager at CSBP Limited (part of the Wesfarmers conglomerate) responsible for the management of mining reagent logistics from 1989 to 1994.

Mr Welch holds a Bachelor of Commerce (1st Class Hons) from the University of Western Australia.

Director since 1 September 2021.

During the past three years Mr Welch has held the following other listed company directorship:
- Brockman Mining Limited – 15 October 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
- 5,180,000 ordinary fully paid shares
- 3,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

Bruce Maluish
- 13,810,535 ordinary fully paid shares
- 5,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

Peter Pawlowitsch
- 23,841,769 ordinary fully paid shares
- 3,000,000 options expiring 30 November 2021, exercisable at 21.7 cents each

David Welch
- No interests in shares and options.

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	-	disposed on 6 May 2021
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 $1,089,611 (2020: $2,366,217).

Financial Position
At 30 June 2021, the Group had net assets of $20,053,981 (2020: $10,160,379) with cash reserves of $10,442,067 (2020: $2,603,047).

Financing and Investing Activities
The Company issued the following securities during the year:

- 38,888,891 ordinary fully paid shares by placement at an issue price of 18 cents each, raising $7,000,000;
- 15,250,000 ordinary fully paid shares on the exercise of options at 7.2 cents each to raise $1,098,000;
- 25,000,000 ordinary fully paid shares on the exercise of options at 10 cents each to raise $2,500,000;
- 3,975,000 ordinary fully paid shares on the exercise of options at 9 cents each to raise $357,750;
- 1,000,000 ordinary fully paid shares on the exercise of options at 15 cents each to raise $150,000; and
- 1,436,368 ordinary fully paid shares on the exercise of listed options at 18 cents each to raise $258,547.

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 2021, 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.

Exercise of Options
Since 30 June 2021, 21,226,543 listed options expiring on 31 July 2021 were exercised at 18 cents each.

Expiry of Options
1,276,614 listed options exercisable at 18 cents each, expired on 31 July 2021.

Consultants Options
On 20 August 2021, the Company issued 11,100,000 options exercisable at 30 cents each on or before 31 August 2024, to consultants for no consideration.

Other than the above, no other 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 was 9.50% for the financial year ended 30 June 2021 and increased to 10% effective 1 July 2021, 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	**2021**	**66,000**	**-**	**-**	**66,000**
	2020	60,000	-	-	60,000
B Maluish	**2021**	**287,500**	**24,375**	**-**	**311,875**
	2020	250,000	23,750	-	273,750
P Pawlowitsch	**2021**	**42,922**	**4,078**	**-**	**47,000**
	2020	36,530	3,470	-	40,000
Total	**2021**	**396,422**	**28,453**	**-**	**424,875**
	2020	346,530	27,220	-	373,750

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	**2021**	**100%**	**-**	**-**
	2020	100%	-	-
B Maluish	**2021**	**100%**	**-**	**-**
	2020	100%	-	-
P Pawlowitsch	**2021**	**100%**	**-**	**-**
	2020	100%	-	-

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	30/11/17	3,000,000	$0.0203	$0.072	30/11/20	3,000,000
B Maluish	30/11/17	5,000,000	$0.0203	$0.072	30/11/20	5,000,000
P Pawlowitsch	30/11/17	3,000,000	$0.0203	$0.072	30/11/20	3,000,000
Total		**11,000,000**				**11,000,000**

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 01/07/20	Received as Remuneration	Shares Issued on Exercise of Options	Acquired/ (disposed)	Net Change Other	Balance 30/06/21
P Boyatzis	4,480,000	-	3,000,000	(2,300,000)	-	5,180,000
B Maluish	14,810,535	-	5,000,000	(6,000,000)	-	13,810,535
P Pawlowitsch	25,841,769	-	3,000,000	(5,000,000)	-	23,841,769
Total	**45,132,304**	**-**	**11,000,000**	**(13,300,000)**	**-**	**42,832,304**

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 01/07/20	Received as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance 30/06/21
P Boyatzis	6,000,000	-	(3,000,000)	-	-	3,000,000
B Maluish	10,000,000	-	(5,000,000)	-	-	5,000,000
P Pawlowitsch	6,000,000	-	(3,000,000)	-	-	3,000,000
Total	**22,000,000**	**-**	**(11,000,000)**	**-**	**-**	**11,000,000**

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 $29,414 to Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

At 30 June 2021, the Group had an outstanding receivable of $8,142 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 2020 AGM, 96.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. 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 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue	1,356,599	73,665	96,228	75,384	80,355
EBITDA	(1,017,793)	(2,309,541)	(6,015,965)	(1,780,193)	(999,075)
EBIT	(1,081,357)	(2,360,768)	(6,017,950)	(1,781,477)	(1,010,828)
Loss after income tax	(1,089,611)	(2,366,217)	(6,017,950)	(1,781,477)	(1,010,828)

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

	2021	2020	2019	2018	2017
Share price at financial year end ($)	0.22	0.09	0.09	0.07	0.01
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.23)	(0.55)	(1.69)	(0.75)	(0.51)

[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:

- 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
- 1,025,000 options expiring 30 November 2021, exercisable at 9 cents each
- 4,000,000 options expiring 30 November 2022, exercisable at 9 cents each
- 2,500,000 options expiring 23 October 2023, exercisable at 15 cents each
- 11,100,000 options expiring 31 August 2024, exercisable at 30 cents each

No new options were issued during the year.

During the year the following options were exercised:

- 15,250,000 options expiring 30 November 2020, exercised at 7.2 cents each
- 25,000,000 options expiring 30 June 2021, exercised at 10 cents each
- 3,975,000 options expiring 30 November 2021, exercised at 9 cents each
- 1,000,000 options expiring 23 October 2023, exercised at 15 cents each
- 1,436,368 listed options expiring 31 July 2021, exercised at 18 cents each

No other options expired during the year.

Subsequent to year end and up to the date of this report:

- 21,226,543 listed options expiring 31 July 2021, were exercised at 18 cents each
- 1,276,614 listed options exercisable at 18 cents each, expired on 31 July 2021
- 11,100,000 options exercisable at 30 cents each on or before 31 August 2024 were issued to consultants for no consideration

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, 29 September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021	Consolidated 2020
		$	$
Continuing operations			
Revenue	2(a)	**1,356,599**	73,665
Exploration and evaluation expenditure	12	**(510,511)**	(551,344)
Depreciation		**(63,564)**	(51,227)
Directors fees and benefits expense		**(424,875)**	(373,750)
Finance costs		**(8,254)**	(5,449)
Loss on revaluation of equity instruments		**(156,250)**	-
Share based payments	24	**(49,416)**	(169,432)
Other expenses	2(b)	**(1,233,340)**	(1,288,680)
Loss before income tax expense		**(1,089,611)**	(2,366,217)
Income tax expense	3	**-**	-
Net loss for the year		**(1,089,611)**	(2,366,217)
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of VRX Silica Limited		**(1,089,611)**	(2,366,217)

	Note	2021	2020
Earnings per share attributable to the members of VRX Silica Limited		**Cents**	**Cents**
Basic/diluted earnings per share	5	**(0.23)**	(0.55)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Consolidated 2021	2020
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	6	**10,442,067**	2,603,047
Trade and other receivables	7	**254,973**	102,060
Total Current Assets		**10,697,040**	2,705,107
Non-Current Assets			
Trade and other receivables	7	**26,111**	26,030
Financial assets at fair value through profit or loss	9	**1,093,750**	-
Plant and equipment	10	**10,802**	12,211
Right-of-use assets	11	**251,381**	130,593
Deferred exploration expenditure	12	**8,803,987**	7,686,005
Total Non-Current Assets		**10,186,031**	7,854,839
Total Assets		**20,883,071**	10,559,946
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**395,617**	182,635
Provisions	14	**178,232**	82,783
Lease liabilities	15	**67,051**	46,474
Total Current Liabilities		**640,900**	311,892
Non-Current Liabilities			
Lease liabilities	15	**188,190**	87,675
Total Non-Current Liabilities		**188,190**	87,675
Total Liabilities		**829,090**	399,567
Net Assets		**20,053,981**	10,160,379
EQUITY			
Issued capital	17	**45,468,491**	34,534,694
Reserves	18	**4,591,559**	4,542,143
Accumulated losses	16	**(30,006,069)**	(28,916,458)
Total Equity		**20,053,981**	10,160,379

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
2021				
Balance at 1 July 2020	**34,534,694**	**4,542,143**	**(28,916,458)**	**10,160,379**
Loss for the year	**-**	**-**	**(1,089,611)**	**(1,089,611)**
Total comprehensive loss for the year	**-**	**-**	**(1,089,611)**	**(1,089,611)**
Securities issued during the year	**11,364,297**	**-**	**-**	**11,364,297**
Capital raising costs	**(430,500)**	**-**	**-**	**(430,500)**
Cost of share based payments	**-**	**49,416**	**-**	**49,416**
Balance at 30 June 2021	**45,468,491**	**4,591,559**	**(30,006,069)**	**20,053,981**
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

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated 2021	2020
		$	**$**
Cash flows from operating activities			
Payments to suppliers and employees		**(1,611,002)**	(1,640,469)
Interest received		**4,981**	3,754
Other income		**105,962**	94,812
Interest and other finance costs paid		**(8,254)**	(5,449)
Net cash outflows used in operating activities	6(i)	**(1,508,313)**	(1,547,352)
Cash flows from investing activities			
Expenditure on mining interests		**(1,529,001)**	(1,285,197)
Payment for plant and equipment		**(2,500)**	(8,241)
Refund of security deposit		**-**	20,000
Net cash outflows used in investing activities		**(1,531,501)**	(1,273,438)
Cash flows from financing activities			
Proceeds from issue of shares		**11,364,297**	4,168,352
Payment of capital raising costs		**(430,500)**	(246,000)
Repayment of lease liabilities		**(54,963)**	(43,933)
Net cash provided by financing activities		**10,878,834**	3,878,419
Net increase in cash held		**7,839,020**	1,057,629
Cash at beginning of the financial year		**2,603,047**	1,545,418
Cash at end of financial year	6	**10,442,067**	2,603,047

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 29 September 2021 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 or Amended Accounting Standards and Interpretations Adopted

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:

Conceptual Framework for Financial Reporting (Conceptual Framework)
The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

New Accounting Standards and Interpretations not yet mandatory or early adopted
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 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(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).

1. Summary of Significant Accounting Policies (Continued)

(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.

(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.

1. Summary of Significant Accounting Policies (Continued)

(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.

(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.

1. Summary of Significant Accounting Policies (Continued)

(aa) Share-Based Payment Transactions (continued)

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.

(ab) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstance and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Asses and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1. Summary of Significant Accounting Policies (Continued)

(ac) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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.

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:

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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 2021 $	2020 $
2. *Revenue and Expenses*		
(a) Revenue		
Interest received	**8,835**	3,990
Government grants	**50,000**	50,000
Sale of tenements	**1,250,000**	-
Other	**47,764**	19,675
	1,356,599	73,665
(b) Other Expenses		
Audit fees	**38,000**	35,500
Consulting fees	**275,054**	281,800
Legal fees	**110,787**	96,000
Marketing	**379,254**	428,516
Rent	**38,590**	49,284
Securities exchange and registry fees	**142,828**	100,590
Travel	**17,412**	76,981
Other	**231,415**	220,009
	1,233,340	1,288,680

3. *Income Tax*

(a) Income tax expense

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

	2021 $	2020 $
Loss for year	**(1,089,611)**	(2,366,217)
Prima facie income tax (benefit) @ 26.0% (2020: 27.5%)	**(283,299)**	(650,710)
Tax effect of non-deductible/(non-assessable) items	**(693,907)**	(283,998)
Deferred tax assets not brought to account	**977,206**	934,708
Total income tax expense	**-**	-

(b) Deferred tax assets

	2021 $	2020 $
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:	**8,894,028**	8,377,008

There are no franking credits available to the Group.

4. *Auditors' Remuneration*

The auditor of VRX Silica Limited is RSM Australia Partners.

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

	2021 $	2020 $
- audit or review services	**38,000**	35,500
- other non-audit services	**6,000**	8,000
	44,000	43,500

	Consolidated	
	2021	**2020**
	$	**$**

5. *Earnings per Share (EPS)*

	Cents	**Cents**
Basic earnings per share	**(0.23)**	(0.55)

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

Earnings – Net loss for year	**(1,089,611)**	(2,366,217)
	No.	**No.**
Weighted average number of ordinary shares used in the calculation of basic EPS	**480,729,994**	430,249,718

6. *Cash and Cash Equivalents*

Cash at bank	**10,442,067**	2,603,047

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

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

Loss for the year	**(1,089,611)**	(2,366,217)
Depreciation	**63,564**	51,227
Equity settled share based payment	**49,416**	169,432
Exploration and evaluation expenditure	**510,511**	551,344
Sale of tenements settled by equity instruments	**(1,250,000)**	-
Loss on revaluation of equity instruments	**156,250**	-
Net gain on termination of property lease	**(4,388)**	-
Changes in assets and liabilities		
Receivables	**9,727**	21,969
Payables	**23,124**	(61,223)
Provisions	**49,591**	17,254
GST payable/receivable	**(26,497)**	68,862
Net cash flows used in operating activities	**(1,508,313)**	(1,547,352)

(ii) Non-cash financing and investing activities:

Options issued as consideration for capital raising costs	**-**	184,005
	-	184,005

	Consolidated	
	2021	**2020**
	$	**$**

7. *Trade and Other Receivables*

Current		
GST recoverable	**89,105**	40,755
Other receivables	**165,868**	61,305
	254,973	102,060

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	**26,111**	26,030
	26,111	26,030

Allowance for expected credit losses
The Group has not recognised any expected credit losses for the year ended 30 June 2021.

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 NickelX Limited (formerly New Energy Metals Limited) under a conditional sale agreement dated 19 June 2020 (Note 20). The value of the project was fully impaired by $1,276,985 during the year ended 30 June 2019. The sale of the project was completed on 6 May 2021.

9. *Financial Assets at Fair Value Through Profit or Loss*

Non-Current		
Listed ordinary shares – designated at fair value through profit or loss	**1,093,750**	-

Reconciliation		
Opening fair value	**-**	-
Additions	**1,250,000**	-
Revaluation decrement	**(156,250)**	-
Closing fair value	**1,093,750**	-

On 6 May 2021, the Company received 6,250,000 fully paid ordinary shares in NickelX Limited (escrowed for 12 months) at a deemed issue price of 20 cents each as part consideration for the sale of the Biranup Nickel and Gold Project (Note 20). On 30 June 2021, the closing trading price of NickelX Limited shares was 17.5 cents each.

Refer to Note 26 for further information on fair value measurement.

	Consolidated 2021 $	2020 $
10. *Plant and Equipment*		
Plant and equipment - at cost	**241,494**	238,994
Less: Accumulated depreciation	**(230,692)**	(226,783)
Net carrying amount	**10,802**	12,211
Reconciliation		
At 1 July, net of accumulated depreciation and impairment	**12,211**	11,016
Additions	**2,500**	4,933
Depreciation expense	**(3,909)**	(3,738)
At 30 June, net of accumulated depreciation and impairment	**10,802**	12,211

11. *Right-of-use Assets*

	2021 $	2020 $
Land and buildings – right-of-use	**287,292**	178,082
Less: Accumulated depreciation	**(35,911)**	(47,489)
	251,381	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. On 1 January 2021, the consolidated entity terminated its existing lease and commenced a new lease to include additional floor-space at the same location.

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.

12. *Deferred Exploration Expenditure*

	2021 $	2020 $
Expenditure brought forward	**7,686,005**	6,972,573
Expenditure incurred during the year	**1,628,493**	1,264,776
Expenditure written off during the year	**(510,511)**	(551,344)
Expenditure carried forward	**8,803,987**	7,686,005

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

	Consolidated	
	2021	**2020**
	$	**$**

13. *Trade and Other Payables*

Current		
Trade and other payables	**395,617**	182,635

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.

14. *Provisions*

Current		
Employee benefits	**178,232**	82,783

Employee benefits represent annual leave and long service leave entitlements of employees within the Group and are non-interest bearing.

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:

Employee benefits expected to be settled after 12 months	**62,331**	-

15. *Lease Liabilities*

Current	**67,051**	46,474
Non-current	**188,190**	87,675

16. *Equity - Accumulated Losses*

Accumulated losses at the beginning of the year	**(28,916,458)**	(26,550,241)
Loss after income tax expenses for the year	**(1,089,611)**	(2,366,217)
Accumulated losses at the end of the year	**(30,006,069)**	(28,916,458)

	Consolidated	
	2021	2020
	$	$
17. *Issued Capital*		
(a) Issued and paid up capital		
Ordinary shares - fully paid	**45,468,491**	34,534,694

(b) Movement in ordinary shares on issue	Issue Price	No. of Shares	$
2021			
Balance at the beginning of the year		**445,101,227**	**34,534,694**
Exercise of options expiring 30 November 2020	**$0.072**	**15,250,000**	**1,098,000**
Issued for cash pursuant to placement to investors – 30 November 2020	**$0.180**	**38,888,891**	**7,000,000**
Expense of issue		**-**	**(430,500)**
Exercise of options expiring 30 June 2021	**$0.100**	**25,000,000**	**2,500,000**
Exercise of options expiring 30 November 2021	**$0.090**	**3,975,000**	**357,750**
Exercise of options expiring 23 October 2023	**$0.150**	**1,000,000**	**150,000**
Exercise of listed options expiring 31 July 2021	**$0.180**	**1,436,368**	**258,547**
Balance at the end of the year		**530,651,486**	**45,468,491**
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

17. *Issued Capital (Continued)*

(c) Share options

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

- 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;
- 1,025,000 options expiring 30 November 2021, exercisable at 9 cents each;
- 4,000,000 options expiring 30 November 2022, exercisable at 9 cents each;
- 2,500,000 options expiring 23 October 2023, exercisable at 15 cents each; and
- 22,503,157 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 2021 and 30 June 2020 are as follows:

		Consolidated	
		2021	**2020**
		$	**$**
Total borrowings	13, 15	**650,858**	316,784
Less: Cash and cash equivalents	6	**(10,442,067)**	(2,603,047)
Net debt		**(9,791,209)**	(2,286,263)
Total equity		**20,053,981**	10,160,379
Total capital		**10,262,772**	7,874,116
Gearing ratio		**N/A**	N/A

	Consolidated	
	2021	2020
	$	$
18. *Reserves*		
Option issue reserve	**4,591,559**	4,542,143

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*	2021	2020
Balance at the beginning of the year	**4,542,143**	4,188,356
Options issued and vesting in lieu of fees payable	**-**	353,787
Options vesting in lieu of fees payable	**49,416**	-
Balance at the end of the year	**4,591,559**	4,542,143

19. *Commitments* **20. *Commitments***

Exploration commitments

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

	2021	2020
Not later than one year	**784,800**	497,500

19. *Commitments (Continued)*	Consolidated 2021 $	2020 $
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	**44,288**	29,382
- After one year but not more than five years	**107,490**	49,157
	151,778	78,539

The property lease is a non-cancellable lease with a 24 month term commencing 1 January 2021, 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 2021 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.

20. *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.

On 19 September 2018, Wisecat Pty Ltd, a wholly owned subsidiary of the Company, completed the acquisition of the Muchea Tenement (E70/4886) from Australian Silica Pty Ltd. Under the terms of the acquisition, Wisecat Pty Ltd will pay Australian Silica Pty Ltd 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 NickelX Limited, formerly 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. The sale was completed after NickelX Limited was admitted to the ASX on 6 May 2021.

The consideration for the sale consists of:

- 6,250,000 fully paid ordinary shares in NickelX Limited at a deemed issue price of 20 cents per share, issued at completion of the sale (Completed); 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. *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 2021, 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 (2020: Nil) are derived from a single external customer.

22. *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**	
		2021	2020
		%	%
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
Ventnor Gold Pty Ltd*	Australia	**-**	100

* Disposed on 6 May 2021

(b) Parent entity

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

22. *Related Party Transactions (Continued)*

(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 2021.

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

	Consolidated	
	2021	**2020**
	$	**$**
Short-term benefits	**396,422**	346,530
Post-employment benefits	**28,453**	27,220
	424,875	373,750

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 7.2 cents each, exercisable on or before 30 November 2020:
Mr Paul Boyatzis 3,000,000 shares
Mr Bruce Maluish 5,000,000 shares
Mr Peter Pawlowitsch 3,000,000 shares
The options were originally granted to directors on 30 November 2017.

Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year (2020: 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 Group subleased office space for:
- Nil (2020: $8,325) to Gyoen Pty Ltd, Mr Peter Pawlowitsch's consultancy company; and
- $29,414 (2020: $29,350) to Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

At 30 June 2021, the Group has an outstanding receivable of:
- $8,142 (2020: $16,142) from Aruma Resources Ltd, a company Mr Paul Boyatzis is a director of.

23. *Parent Entity Disclosures*

(a) Summary financial information

Financial Position

	Parent	
	2021	**2020**
	$	**$**
Assets		
Current assets	**10,645,820**	2,689,388
Non-current assets	**9,976,345**	7,795,357
Total assets	**20,622,165**	10,484,745
Liabilities		
Current liabilities	**379,993**	236,691
Non-current liabilities	**188,190**	87,675
Total liabilities	**568,183**	324,366
Equity		
Issued capital	**45,568,491**	34,634,694
Reserves	**4,591,559**	4,542,143
Accumulated losses	**(30,106,069)**	(29,016,458)
Total equity	**20,053,981**	10,160,379

Financial Performance

Loss for the year	**(1,089,611)**	(2,366,217)
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,089,611)**	(2,366,217)

(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 20.

(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.

24. *Share Based Payments*

	Consolidated	
	2021	**2020**
	$	**$**
(a) Value of share based payments in the financial statements		
Expensed:		
Share based payments in lieu of fees payable:		
Unlisted options*	**49,416**	169,782
Issue price of options	**-**	(350)
Recognised in statement of profit or loss and other comprehensive income	**49,416**	169,432
Share based payments in capital raising costs:		
Listed options	**-**	184,005
Recognised on statement of changes in equity	**-**	184,005
Total share based payments	**49,416**	353,437

*Amortisation of previous options issued.

(b) Summary of share-based payments

Shares:

During the year, and previous financial year, no shares were issued as share based payments.

24. *Share Based Payments (Continued)*

Options:

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

2021

Grant Date	Expiry Date	Exercise Price	Balance 01/07/20	Granted during the year	Exercised during the year	Expired	Balance 30/06/21	Number vested and exercisable
30/11/17	30/11/20	$0.072	12,000,000	-	(12,000,000)	-	-	-
11/12/17	30/11/20	$0.072	3,250,000	-	(3,250,000)	-	-	-
14/09/18	30/06/21	$0.100	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	-	(3,975,000)	-	1,025,000	1,025,000
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	-	(1,000,000)	-	2,000,000	-
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	-	(1,436,368)	-	5,111,852	5,111,852
			76,048,220	-	(46,661,368)	-	29,386,852	27,386,852
Weighted average exercise price			$0.119	-	$0.094	-	$0.160	$0.150

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

24. *Share Based Payments (Continued)*

2021
No share-based payments were issued during the year.

2020
Various deferred vesting options issued during the previous 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 in 2020 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

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2021 was 0.658 years (2020: 1.192 years).

The weighted average fair value of share-based payment options granted during the year was Nil each (2020: $0.05151).

25. *Financial Risk Management*

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

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

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

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

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

Risk Exposures and Responses

Interest Rate Risk

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

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

	Consolidated	
	2021	**2020**
	$	**$**
Financial Assets		
Cash and cash equivalents (interest-bearing accounts)	**7,390,876**	2,588,892
Net exposure	**7,390,876**	2,588,892

25. *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	
	2021	**2020**
	$	**$**
Judgements of reasonably possible movements:		
Post tax profit – higher / (lower)		
+ 0.05%	**3,695**	1,294
- 0.05%	**(3,695)**	(1,294)
Equity – higher / (lower)		
+ 0.05%	**3,695**	1,294
- 0.05%	**(3,695)**	(1,294)

Liquidity Risk

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

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

Credit risk

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

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

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

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

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

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

25. *Financial Risk Management (Continued)*

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

Consolidated	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $
2021					
Financial Assets:					
Non-interest bearing	**-**	**3,306,164**	**-**	**2,583**	**1,093,750**
Variable interest rate	**0.05**	**2,387,300**	**-**	**-**	**-**
Fixed interest rate	**0.32**	**5,003,576**	**-**	**-**	**23,528**
		10,697,040	**-**	**2,583**	**1,117,278**
Financial Liabilities:					
Non-interest bearing	**-**	**395,617**	**-**	**-**	**-**
Fixed interest rate	**4.60**	**5,411**	**16,355**	**45,285**	**188,190**
		401,028	**16,355**	**45,285**	**188,190**
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

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.

26. *Fair Value Measurement*

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 $	Level 2 $	Level 3 $	Total $
2021				
Assets				
Ordinary shares at fair value through profit or loss	**1,093,750**	**-**	**-**	**1,093,750**
Total assets	**1,093,750**	**-**	**-**	**1,093,750**

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

There were no transfers between levels during the financial year.

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

27. *Events Subsequent to Year End*

The impact of the Coronavirus (COVID-19) pandemic is ongoing for the Group up to 30 June 2021, 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.

Exercise of Options

Since 30 June 2021, 21,226,543 listed options expiring on 31 July 2021 were exercised at 18 cents each.

Expiry of Options

1,276,614 listed options exercisable at 18 cents each, expired on 31 July 2021.

Consultants Options

On 20 August 2021, the Company issued 11,100,000 options exercisable at 30 cents each on or before 31 August 2024, to consultants for no consideration.

Other than the above, there are no other matters or circumstances that have arisen since 30 June 2021 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity 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 2021 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, 29 September 2021

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

Opinion

We have audited the financial report of VRX Silica Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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 12 in the financial statements	
The Group has capitalised a significant amount of deferred exploration expenditure, with a carrying value of $8,803,987 as at 30 June 2021. 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 determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; and • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date.

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 2021, 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 2021.

In our opinion, the Remuneration Report of VRX Silica Limited, for the year ended 30 June 2021, 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

AIK KONG TING
Partner

Perth, WA
Dated: 29 September 2021

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of VRX Silica Limited for the year ended 30 June 2021, 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

AIK KONG TING
Partner

Perth, WA
Dated: 29 September 2021

HOLDINGS AS AT 21 SEPTEMBER 2021

	Ordinary Fully Paid Shares	
Number of Securities Held	**No. of Holders**	**No. of Shares**
1 to 1,000	105	28,476
1,001 to 5,000	931	2,907,000
5,001 to 10,000	675	5,495,759
10,001 to 100,000	1,782	67,371,319
100,001 and over	643	476,075,475
Total	4,136	551,878,029
Number of holders of less than a marketable parcel	401	567,677

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

	Number
Sparta AG	39,212,828

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 21 September 2021:

Ordinary Fully Paid Shares

		Number	**%**
1.	SPARTA AG	37,350,296	6.77
2.	MR MICHELE GALEA <BLUE SKY FAMILY A/C>	15,296,237	2.77
3.	MOSCH PTY LTD	13,333,332	2.42
4.	GOLDFIRE ENTERPRISES PTY LTD	11,417,124	2.07
5.	AUSTRALIAN SILICA PTY LTD	8,189,699	1.48
6.	MR MICHELE GALEA	8,000,000	1.45
7.	CITICORP NOMINEES PTY LIMITED	7,175,467	1.30
8.	MR BRUCE DENNIS MALUISH	7,060,535	1.28
9.	MORKIM PTY LTD	7,000,000	1.27
10.	MASH SUPER PTY LTD <MALUISH ENGLISH S/F A/C>	6,250,000	1.13
11.	PARLIN INVESTMENTS PTY LTD <PARLIN DISCRETIONARY A/C>	6,200,025	1.12
12.	AURO PTY LTD	5,500,000	1.00
13.	HAVEN SUPER PTY LTD <HAVEN SUPER A/C>	5,383,437	0.98
14.	AUSTRALIAN INTERNATIONAL SERVICES PTY LTD	5,375,659	0.97
15.	MR WAYNE STEPHEN CLARK	5,250,000	0.95
16.	LESUER PTY LTD <PMB SUPER FUND A/C>	5,180,000	0.94
17.	VAULT (WA) PTY LTD <VAULT A/C>	5,125,000	0.93
18.	MR JOHN CHARLES GEARY	5,000,000	0.91
19.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	5,000,000	0.91
20.	ANDREW MALUISH SUPER PTY LTD <ANDREW MALUISH S/F A/C>	4,592,759	0.83
		173,679,570	**31.47**

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	Number of Options	Number of Holders
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	3
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	1,025,000	1
Holdings of more than 20% of this class		
- Dale Allan Bryan	1,025,000	
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	2,500,000	2
Holdings of more than 20% of this class		
- Argonaut Investments Pty Ltd	2,000,000	
Options exercisable at 30 cents each on or before 31 August 2024	11,100,000	4
Holdings of more than 20% of this class		
- Remcor Pty Ltd	4,500,000	
- Terence Robert Abel	2,400,000	
- Yoonil Kim	2,400,000	

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
E70/5817	Granted	Ventnor Mining Pty Ltd	100
M70/1389	Granted	Ventnor Mining Pty Ltd	100
M70/1392	Granted	Ventnor Mining Pty Ltd	100
L70/198	Granted	Ventnor Mining Pty Ltd	100
L70/199	Granted	Ventnor Mining Pty Ltd	100
L70/202	Granted	Ventnor Mining Pty Ltd	100
L70/203	Granted	Ventnor Mining Pty Ltd	100
L70/208	Granted	Ventnor Mining Pty Ltd	100
L70/229	Application	Ventnor Mining Pty Ltd	100
L70/230	Granted	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	Granted	Wisecat Pty Ltd	100
E70/5651	Application	Wisecat Pty Ltd	100
M70/1390	Granted	Wisecat Pty Ltd	100
L70/200	Granted	Wisecat Pty Ltd	100
L70/204	Granted	Wisecat Pty Ltd	100
L70/205	Application	Wisecat Pty Ltd	100
L70/206	Granted	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