

29 March 2022

ASX ANNOUNCEMENT

Update on Arrowsmith North Water Bore

Highlights:

- **Successful construction and testing of water production bore at Arrowsmith North**
- **Confirms reliable supply of water to Arrowsmith North within specification**

VRX Silica Limited (**VRX** or **Company**) is pleased to announce that the Company has successfully completed the construction and testing of its production water bore at its Arrowsmith North Silica Sand Project (**Arrowsmith North**).

As part of the application for a 5C Licence to Take Water a test production bore and two monitoring bores, a deep and a shallow, have been drilled and constructed on the Arrowsmith North miscellaneous licence L70/199 by Western Drilling. The bores have been constructed to specifications exceeding the Minimal Construction Requirements for Water Bores in Australia and as specified by the Department of Water and Environmental Regulation.

The test production bore is screened in the confined Yarragadee Formation Unit A aquifer with the screens installed between 320m and 392m depth. The 250mm FRP casing has been cement grouted from 0 – 300m to prevent ingress of water from other parts of the Yarragadee Formation or the superficial aquifer.

The deep monitoring bore has a similar construction to the test production bore with the grouting and screening over similar intervals. The shallow monitoring bore is screened from 18 – 30m in the superficial aquifer.

The test production bore was test pumped to determine hydraulic parameters and specific yields for use in the H3 Hydrogeological Assessment computer model.

The test pumping was undertaken to AS2368-1990 by Western Irrigation using their mobile test pumping equipment.

Initial multi-rate testing was carried out to determine a constant rate test rate. The highest rate of 32L/s yielded a maximum drawdown of 6.12m.

ASX: VRX

Capital Structure

Shares on Issue:
558.4 million

Unlisted Options:
35.3 million

Corporate Directory

Paul Boyatzis

Non-Executive Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive Director

David Welch

Non-Executive Director

Ian Hobson

Company Secretary

Silica Sand Projects

*Arrowsmith Silica Sand
Projects, 270km north of
Perth, WA.*

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

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

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

The constant rate test was carried out at 30L/s for 1,990 minutes for a maximum drawdown of 6.20m in the pumping bore, 2.71m in the deep observation bore and no movement in the shallow observation bore.

Preliminary assessment of the constant rate test data indicates a transmissivity in excess of 900m³/d/m which results in a hydraulic conductivity in excess of 10m/d.

The controlled test pumping indicates that the confined Yarragadee Formation Unit A aquifer is capable of yielding the project requirements of 900,000kL per annum. The test production bore has been constructed to yield in the order of 1,200,000kl per annum.

Analysis of water samples taken during test pumping has confirmed the water is of acceptable quality for use as process water in VRX's proposed silica sand process plant.

VRX's Managing Director Bruce Maluish said: *"This is yet another significant step in the development of the Arrowsmith North Silica Sand Project.*

"The production of high quality silica sand requires a reliable water supply and this bore more than meets our specification. Adequate testing has been completed to allow for VRX to apply for an abstraction licence from the Dongara basin deep Yarragadee formation without affecting other users of the superficial water sources.

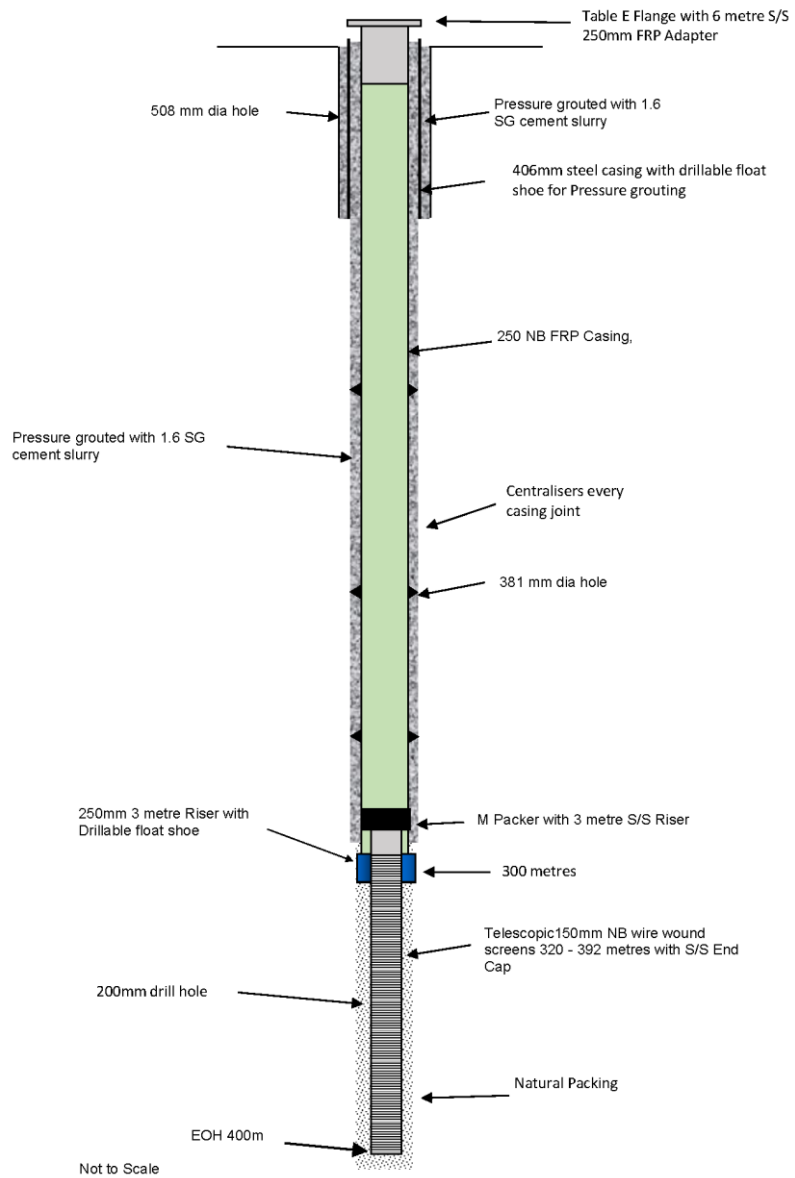
"Based on the indicative timetable now available to the Company, VRX expects to begin Arrowsmith North's six-month construction period in January 2023."



Test pump

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Arrowsmith North Production Bore Construction





This announcement has been authorised for release to the ASX by VRX Managing Director Bruce Maluish.

Further information:

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About VRX Silica

VRX Silica Ltd (ASX: VRX) is developing world-class, high-grade silica sand projects in Western Australia.

The Arrowsmith North and Arrowsmith Central Silica Sand Projects, 270km north of Perth, comprise two granted mining leases. Arrowsmith North is at an advanced stage with an EPA approved Environmental Scoping Document. Bankable feasibility studies for both projects have demonstrated exceptional financial metrics.

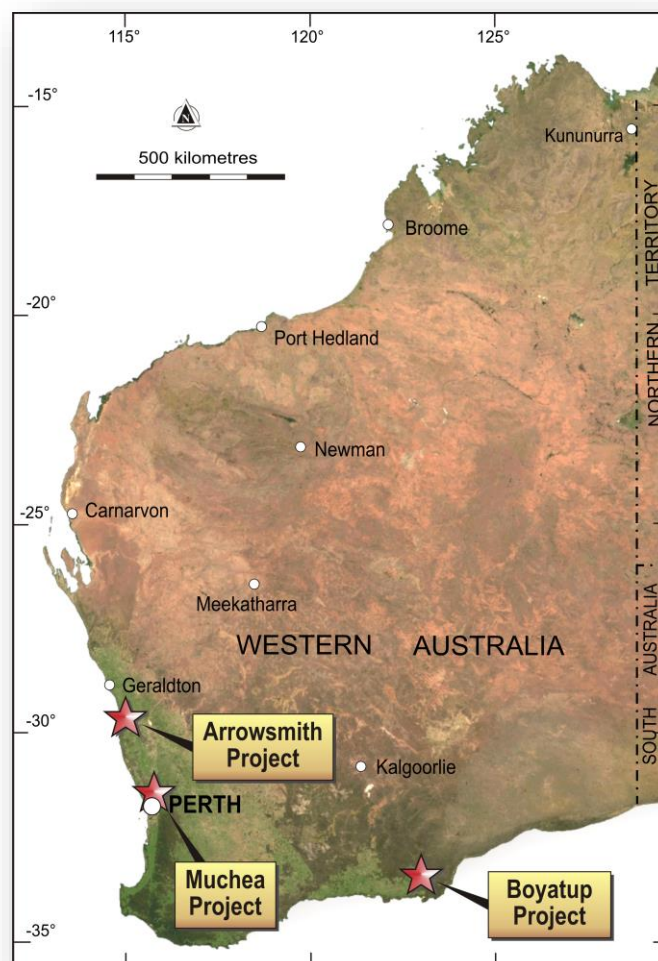
The Muchea Silica Sand Project, 50km north of Perth, comprises three granted exploration licences as well as one granted mining lease. Muchea is a world-class project with high-purity silica sand in situ suitable for beneficiation to ultra-clear glassmaking quality particularly for solar panels. A bankable feasibility study has demonstrated outstanding financial metrics.

The Boyatup Silica Sand Project, 100km east of Esperance, comprises two adjacent granted exploration licences. Initial indications are that this project can complement the Arrowsmith and Muchea projects and add to the range of silica products VRX Silica may be capable of producing. Drilling is now underway.

Proven Management

VRX Silica's Board and Leadership Team have extensive experience in mineral exploration and mine development-to-production and in the management of publicly listed mining and exploration companies.

Project Locations



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