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VRXSILICA

VRX SILICA LIMITED

ABN 59 142 014 873

ANNUAL REPORT

30 JUNE 2023

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AUSTRALIAN SECURITIES EXCHANGE

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

LETTER FROM THE BOARD OF DIRECTORS TO SHAREHOLDERS

Dear Shareholders

VRX Silica Limited, your company, has continued to make solid progress in the advancement of its silica sand projects in Western Australia.

VRX holds the most advanced silica sand projects of any ASX-listed company. The total Mineral Resource within all of the company's silica sand projects was upgraded during the year to 1,381 million tonnes, underpinning a long-term opportunity for silica sand export and downstream value-adding (including glass manufacturing) in Western Australia.

Arrowsmith North remains on track to become VRX's first silica sand mine in production.

A significant milestone was reached during the year with the Environmental Protection Authority of Western Australia approving release of the Arrowsmith North Environmental Review Document for a 4 week public review period. The public review and response process is the final step before the EPA prepares an assessment report and recommendations for the proposal for the State Minister for the Environment. VRX is currently working through this process with the EPA. Environmental approval for Arrowsmith North is crucial and a precursor to the company's ability to secure other necessary approvals for mining.

Other developments at Arrowsmith North during the year include completion of metallurgical testwork, process circuit design and engineering to fabrication stage with a construction program and an orderly procurement process. Specifications and long lead items for processing equipment have been identified and tender documentation prepared.

Solutions for key processing and export infrastructure are well-advanced, with a competitive power solution identified and approval by Main Roads WA of the Brand Highway road intersection design and construction. Additionally, the company is in advanced discussions with Mid West Ports Authority for a long term export solution at Geraldton Port with a dedicated storage and ship-loading facility.

At the Arrowsmith Central and Muchea silica sand projects, the company has undertaken further metallurgical testwork and process circuit design to identify additional silica sand products that may be produced from these sites. The company has also progressed additional survey work ahead of environmental approval applications for those projects.

Other initiatives during the year include the company's successful application for a grant from the WA State Government Investment Attraction Fund for \$2 million in matched funding to produce high purity quartz (or HPQ) flour.

The formation of a strategic research partnership with the School of Photovoltaic and Renewable Energy Engineering of the University of New South Wales to investigate the market potential for a local, low carbon, solar panel glass recycling program in Australia.

Demand for silica sand from VRX's projects, and Muchea in particular, is sizeable as global supply side constraints continue to worsen. Both the Arrowsmith North and Muchea silica sand projects were included in Austrade's 2022 Australian Critical Minerals Prospectus, demonstrating the Australian Government's recognition of silicon and silica sand as critical minerals.

Finally, with the completion of VRX's recent capital raising initiative, the company is well-funded to progress through the present approvals phase into development at Arrowsmith North.

On behalf of the Board, I would like to thank all personnel and contractors for their valuable contribution during the year and shareholders for their continued support, despite a protracted approvals process and broader challenging macroeconomic environment.



Bruce Maluish
Managing Director
For and on behalf of the Board

The most advanced, pure-play silica sand company on ASX



VRXSILICA

Five high-value, long-life, high-grade Western Australian silica sand projects

- Five multi-decade-scale contiguous sand deposits – Arrowsmith (North, Brand and Central), Muchea and Boyatup
- A combined 1.38-billion-tonnes of mineral resources of 99.6% to 99.9% SiO₂ grade silica sand on granted mining leases over four projects, all with secure tenure
- Arrowsmith North high-purity product of 99.7% SiO₂ with <500ppm Fe₂O₃ and on track to become VRX's first silica sand mine in production
- Muchea boasts ultra-high-purity product of 99.9% SiO₂ with <100ppm Fe₂O₃ after processing, with likely higher quality after further, targeted processing

Made-for-purpose, low capex processing plant capable of independent operation

- Largely identical 2mtpa processing plants on all projects utilising a unique flotation process, rather than spirals and screening
- Flotation will reduce capex and operating costs, and produce a more consistent, high-grade and marketable product
- Process circuit design and detailed engineering complete, extensive and ongoing metallurgical testing regime to refine plant operating parameters and optimal products
- Flotation reagents are organic and rapidly oxidise once used, presenting no environmental issues

Extensive environmental studies and approvals at an advanced stage

- Extensive environmental studies conducted over a number of seasons
- Environmental review document for Arrowsmith North provides a comprehensive summary of the environmental setting, physical and operational elements of the mine and infrastructure, environmental impact and mitigation and proposed rehabilitation and closure plan
- Arrowsmith North in last stages of environmental and mining approvals processes
- Muchea and Arrowsmith Central to follow and largely mirror Arrowsmith North approvals processes

Rehabilitation at the heart of mining – Vegetation Direct Transfer

- VDT provides rapid and comprehensive regeneration of mined areas based on continuous rehabilitation as mining progresses
- VDT removes a 3m x 3m, 400mm deep sod, preserving topsoil and containing the vast majority of native flora and invertebrate fauna

Substantial offtake interest

- Bulk pilot plant scale testing programs test the process circuit and supply large samples to an extensive list of potential buyers
- Offtake term sheets agreed for supply of Arrowsmith North foundry sand products to prominent South Korean foundry sand suppliers and users, subject to project approvals and pricing
- Poised to be an Australian first, and only, supplier of foundry sand to South Korea
- Substantial interest from significant players across the Asia Pacific for silica sand products from all projects



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Review of Operations

The following is a summary of the activities conducted by VRX Silica Limited (VRX or Company) during the year ended 30 June 2023 at its silica sand projects at Arrowsmith North, Arrowsmith Brand and Arrowsmith Central (located 270 km north of Perth), Muchea (located 50 km north of Perth) and Boyatup (located 100 km east of Esperance), all situated in Western Australia.

VRX Silica Sand Resources

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

The Company has multi-decade scale contiguous sand deposits on granted Mining Leases with secure tenure and a combined 1.4Bn tonne Mineral Resource of 95.9% to 99.6% SiO₂ high grade silica sand.

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

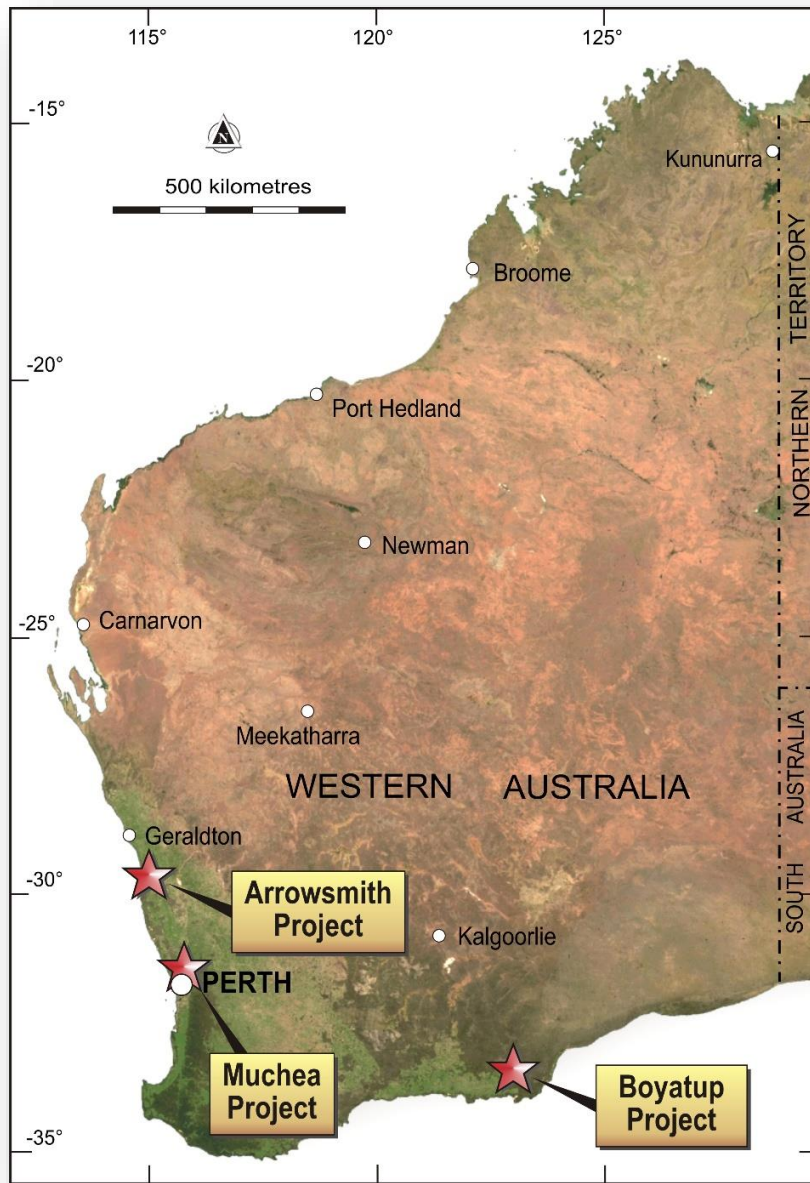


Figure 1: Project Locations

Applications of Silica Sand

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

Silica sand is also an essential component of the **foundry** and casting industries. The largest foundry industry is in Korea where it dominates the industry particularly for large marine components.

Lower quality silica sand is also the main ingredient in concrete.

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

Project development pipeline to ensure a disciplined, staged development of world-class assets

The Arrowsmith North silica sand project (**Arrowsmith North**) will lead a staggered and disciplined development program, followed by the Muchea silica sand project (**Muchea**), the Arrowsmith Central (**Arrowsmith Central**) and Arrowsmith Brand (**Arrowsmith Brand**) silica sand project and the Boyatup silica sand project (**Boyatup**).

VRX has the most-developed ASX listed company silica sand projects in Australia with planning, Aboriginal heritage, environmental approvals, metallurgical testwork studies and plant engineering well advanced, having commenced in 2017.

Mining Leases are granted over four of its five projects as well as various Miscellaneous Licences for access, with permitting and infrastructure preparations well-advanced.

The scale of the projects provides for a long-term opportunity for **silica sand export** and potential for **glass manufacturing** and **downstream industries** in Western Australia.

Critical Minerals Publication

In December 2022 VRX announced its Arrowsmith North and Muchea silica sand projects have been included in the Australian Critical Minerals Prospectus for 2022 published by Austrade and launched by the Hon. Don Farrell, Minister for Trade and Tourism.

The prospectus includes technical, commercial, and geological data to facilitate investment into projects for Australia's identified critical minerals. To-date, the prospectus has received significant recognition among interested foreign investors and buyers, Australian corporates, and the Australian government for its significant role in marketing opportunities in the Australian and export markets.

The recognition by the Australian Government that silicon and silica sand are a critical mineral and that VRX has significant potential to address anticipated production shortfalls, build supply chain security, and help deliver progress on a net-zero future is an important step forward.

The publication has been widely distributed by Austrade during Government trade delegation promotional trips to trading partner countries.

This has driven a significant increase in enquiries from countries visited for the purchase of silica sand products from Australian producers. VRX has been contacted by potential trading partners from India for glassmaking and foundry sand, and Indonesia, Saudi Arabia and China for glassmaking sand. These enquiries have confirmed the fundamental issues concerning the dwindling supply of silica sand globally, particularly high-grade sand, and the looming shortfall that has been predicted for some time.

VRX continues to engage with potential buyers that have received samples of products from Arrowsmith North and Muchea.

Arrowsmith North

The mining and processing operation is relatively simple and low impact with long-term production expected to commence initially at Arrowsmith North on the **221Mt** Proved and Probable Ore Reserve (9.2Mt Proved and 212Mt Probable) in 2024, subject to final environmental approvals.

A revised capital estimate is currently underway on a tailored 2Mtpa processing plant with a unique patented custom process circuit.

COMPANY REVIEW

The results of additional bulk testwork programs undertaken during the March and June 2022 quarters were received in August 2022. These programs produced sufficient final product for the large samples (50-60kg) required for glassmaking furnace testing and foundry resin coating testing. The samples have been forwarded to an extensive list of potential buyers.

The Company has identified long-lead items and has commenced the specification and production of tender documentation of processing equipment for the plant in preparation for the procurement process in order to enable a timely construction program following a decision to mine at Arrowsmith North.

Delays in the approvals process that have afflicted the resources industry in general in Western Australia have necessitated the tender process for major equipment to be deferred until a more precise commencement date can be established. However, previous tenders have identified Original Equipment Manufacturers (OEM) that will be requested to supply updated tenders.

Engineering

In May 2023 VRX announced it has completed all material engineering work for construction of a 2 million tonne per year silica sand processing plant at Arrowsmith North.

The detailed design phase of the project is largely complete. Remaining minor areas/items will be easily and efficiently detail designed during the execution phase of the project, without affecting the execution schedule.

This phase of engineering has been based on a comprehensive metallurgical testwork program and peer reviewed process circuit design and testing.

The design incorporates some innovative processing techniques which allows flexibility for the Company to produce multiple products subject to market requirements for foundry and glassmaking silica sand.

This stage of the project follows an extensive testing program that VRX has conducted over the last few years with its metallurgical consultants. The Company has developed a number of unique processes to produce the most valuable, high yield and high-quality silica sand products possible.

This design work by the engineering team at ProjX will allow a very long production future at Arrowsmith North with low emissions and carbon footprint.

Detailed Design

The following areas/items are detail designed, peer reviewed and ready to progress to execution:

- Site and plant layout drawings.
- The attritioning/flotation building (structural, mechanical, and concrete packages).
- The product area (structural, mechanical, and concrete packages).
- Rejects cyclone stacker.
- Civil works for the plant & product area.
- Civil works for the southern access road.
- Civil works for the Brand Highway interface. (Note that this has been fully approved by Main Roads WA).
- Concrete has been detail designed.
- Electrical reticulation design and single line diagrams.
- Process Flow Diagrams (PFDs).
- Piping & Instrumentation Diagrams (PIDs).
- Circuit mass balance.
- Water management.
- Mechanical Equipment List (MEL).
- Fabrication drawings verified.
- 3D design model.

The functional control philosophy document is currently being developed.

COMPANY REVIEW

The following areas/items are concept designed only and will be detail designed or completed during the execution phase of the project:

- The mine plant area, including the feed hopper, transfer conveyors, trommel and other associated equipment such as water tank & pump skids, pipe systems etc. This area is all concept designed but is essentially comprised of vendor equipment linked together. The trommel is sourced and refurbished, and the other vendor equipment has been tendered and the preferred vendor selected. Finalisation of this area and design of ancillary items will be completed during the execution phase.
- Non-Process Infrastructure (NPI) will be designed/selected during the execution phase but have been included in site layout drawings. This includes items such as the following:
 - Admin, crib, toilet buildings etc and associated water and wastewater system.
 - Fire and raw water services.
 - Workshop, stores, laydown, etc.
 - Vehicle wash bays.

Equipment

The following major equipment has been tendered, selected as preferred and therefore used in the detailed design:

- Cyclone cluster.
- Attritioners.
- Hydrofloat separators.
- Classifiers.
- Conditioning tank.
- Thickener.
- Transformers.
- Ring main unit.
- MCC/switchrooms.
- Product dewatering screens.
- Feed hopper and conveyors (preferred vendor yet to be selected).
- Slurry pumps (preferred vendor yet to be selected).
- Water pumps.
- Air compressors.

The following minor equipment is yet to be officially tendered:

- Bore pumpset.
- Transportable buildings.
- Samplers.
- Pipe supply.
- Fabricated steelwork, chutes, etc.

Project Execution Schedule

The most recent execution schedule uses the following key milestones prior to the decision to commence construction:

- Finalise finance and establish construction commencement date.
- Site access date to construct the northern access road.
- Approval to place orders for major long lead equipment.
- Site access date for plant construction.

COMPANY REVIEW

Project Cost Estimate

The baseline project cost estimate, determined at a preliminary level in 2019, was \$28.3M (including ~\$6M contingency). The cost estimate will be updated during 2023 as key equipment is re-tendered. There has been a significant increase in costs for steel and concrete since 2019. The cost estimate will be reviewed and updated prior to the decision to commence construction.

Major Equipment Procurement

VRX has prepared a summary of the major long lead time equipment that will be procured and has recently refreshed the quotations for most of these items. Some equipment has not been tendered for some time and will require re-tendering closer to the execution phase. Timing for procurement is subject to the approvals process, primarily with the Environmental Protection Authority of Western Australia (**EPA**).

When evaluating tenders VRX uses a Tender Evaluation (TEV) process to summarise the tender submissions and to essentially land on the preferred tender.

Short Term Ongoing Works

VRX intends to carry on with the following development tasks.

- Rearrange the execution cost estimate to show costs by area rather than by task, for inclusion in the data room for due diligence by financiers. This is a short-term priority.
- Evaluate recent re-tendering of key major equipment and follow up on other equipment that has not been re-tendered recently.
- Continuously update a summary of lead times for major equipment suppliers to carry out the detailed design of their equipment, in order to reduce their equipment lead times.
- Continue to refine the execution cost estimate in light of recent retendered equipment and other information.
- Refine the execution schedule estimate in light of recent retendered equipment and other information.
- Produce a manning histogram for the execution phase and investigate accommodation planning as necessary.
- Review the Operating & Control Philosophy.
- Liaise with the power provider to assist with the development of the preferred power option

Key Plant Equipment

VRX has previously announced the start of project capital expenditure for its Arrowsmith North processing plant, with the purchase of two major items of sand processing capital equipment.

VRX has purchased locally a 3m diameter x 8m long RCR-designed feed trommel (see Figure 2) and a 3.6 x 8.5m Schenck “banana” vibrating screen (see Figure 3). This equipment has been refurbished by Bunbury based workshops.

The banana screen has undergone strip, non-destructive testing and refurbishment by the OEM (Original Equipment Manufacturer) and is complete.

VRX will continue to pursue other lead time and cost-saving opportunities to capitalise on its first-mover advantage in Western Australia’s emerging silica sand sector, at a time when there is fast-rising global demand for high-quality, responsibly sourced silica sand.



Figure 2: FeedTrommel



Figure 3: Schenk vibrating banana screen

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COMPANY REVIEW

Process Water

A process water bore was successfully drilled to access water from the Yarragadee North deep aquifer with aquifer testing to supply data for an abstraction licence application for 0.9Gl of water for the Arrowsmith North processing plant requirements. Monitoring boreholes for the borefield have been completed. The plant has been designed to operate predominately with recycled water.

VRX has also successfully completed a production bore and monitoring bores for abstraction at Arrowsmith Central, 20kms to the south of Arrowsmith North. Results from the pump testing at Arrowsmith Central will contribute to the assessment modelling for both Arrowsmith North and Central water abstraction.



Figure 4: Bore testing equipment

COMPANY REVIEW

Power Supply

In March 2023 VRX announced it has executed a letter of intent (LOI) with ResourcesWA to investigate a proposed power supply solution for the Company's Arrowsmith North Silica Sand Project utilising gas directly from a local wellhead.

The purpose of the LOI is to investigate the potential to establish a powerhouse, with containerised gas reciprocating engines, at a nearby gas wellhead site with direct offtake from the existing gas plant and reticulation to the Arrowsmith North site via a dedicated transmission line.

ResourcesWA has a fully resourced and operational project development, delivery and asset management team. The proposal is inclusive of all design, construction and operational requirements to provide a 100% turnkey Build, Own and Operate solution.

VRX has been considering for some time how to best take advantage of the abundant supply of LNG from nearby gas fields to meet power requirements at Arrowsmith North.

Desktop modelling indicates that a gas-driven powerhouse and transmission solution is not only cost effective but will reduce the project's carbon footprint and expected greenhouse gas emissions.

This power solution has the potential to provide the most economic low emission power supply to Arrowsmith North.

Logistics

The Company is continuing discussions with the Mid West Ports Authority (MWPA) for export of silica sand product from Geraldton Port to enable a storage area and shiploading within their Port Maximisation Plan. Proposed sites for future storage and berth access for shiploading have been identified.

The Company has access to the adjacent Brand Highway from the Arrowsmith North processing plant site and an approved road intersection construction plan from Main Roads WA to enable road transport of silica sand product in the short-term.

The Company is preparing tender documents for the short-term haulage operations.

Major Advance In Arrowsmith North Environmental Approvals Process

VRX has conducted extensive environmental studies on its silica sand projects over a number of seasons in anticipation of requirements of the State and Federal environmental regulation authorities to undertake approvals assessments. These surveys commenced shortly after the tenements were acquired and the number and extent of these surveys have expanded following further consultation with these authorities. The Company has initially concentrated on gaining approval for development of the Arrowsmith North project.

VRX has received confirmation from the Commonwealth Department of Agriculture, Water and the Environment (now Department of Climate Change, Energy, the Environment and Water) (**DCCEEW**) for accredited approval under the Environment Protection and Biodiversity Conservation Act 1999 (**EPBC Act**). Accreditation of the EPA's assessment processes means that the Commonwealth can rely on environmental assessments undertaken by the EPA for the purpose of its approval decisions under the EPBC Act on proposals that are likely to have a significant impact on a matter of national environmental significance. If the EPA assesses a proposal at the level of Public Environmental Review (**PER**), as is the case for Arrowsmith North, separate assessment by the Commonwealth is not required.

The Arrowsmith North proposal was referred to the Western Australian Department of Water and Environmental Regulation (**DWER**) and the EPA for assessment under Part IV, Section 38 of the *Environmental Protection Act 1986* (WA) (**EP Act**) in March 2021. The referral was reviewed and in May 2021 the EPA determined that the Proposal would be assessed at a PER level, with a requirement for a four-week public review period.

The Environmental Scoping Document (**ESD**) was lodged with the EPA in September 2021 and approved in April 2022.

COMPANY REVIEW

During May 2022 the Company lodged the initial Environmental Review Document (**ERD**) for Arrowsmith North with the EPA. The ERD is required under the EPA's public environmental review process and was released for public review following assessment and acceptance by the EPA and other relevant authorities. The ERD was prepared according to the EPA's Administrative Procedures Manual and other guidance documents. The ERD is a comprehensive summary of the project environmental setting, the physical elements of the mine and infrastructure, operational elements, the extent of effects on the environment and the proposed rehabilitation and closure plan. The Company received a request from the EPA for further information in early July 2022 and the response was submitted later that month.

As per the Procedures Manual, the ERD was distributed for review by relevant government agencies, subsequently a request for additional information was received in November 2022. The Company lodged a revised ERD (Revision D) and response table to address the requested information in December 2022.

Subsequently, the Company received a further response in April 2023 requesting confirmation that the Company has complied with requirements for flora collecting and Herbarium vouchers, Index of Biodiversity Surveys for Assessments (IBSA) submissions and consistency in flora naming, inclusion of amended appendices in the final ERD and conformity in variously dated surveys with respect to amended affected areas.

The EPA considers the ERD to be the proponent's view of the proposal for public comment and public release of the ERD does not mean the EPA has endorsed the proposed approaches to impact assessment and management. If additional information is required from the proponent during the Response to Submissions phase of the assessment, this information may subsequently require publishing on the EPA website for further public review and comment.

In June 2023 the ERD for Arrowsmith North had been accepted by DWER for publication and a four-week PER period. The final ERD comprises a 341 page summary and 32 appendices detailing a comprehensive environmental impact description of the proposal.

The ERD seeks approval for a development area that has the potential to underpin a project lasting up to 30 years, underscoring the enormous economic contribution that could flow to the Irwin Shire in particular and Western Australia more broadly.

The PER process commenced on 19 June 2023 for a four-week period and included a requirement for VRX to respond to all comments received. This PER and response process are the final steps before the EPA prepares an assessment report including recommendations to the Western Australian Environment Minister on whether the proposal should be approved.

Environmental approval for Arrowsmith North is crucial and linked to VRX's ability to secure other approvals necessary for mining. The PER milestone therefore is a significant step in Arrowsmith North's approvals process.

DWER has compiled public submissions, and these were provided to the Company in mid-September 2023 to review and respond. The Company is in the process of preparing its response to the public submissions for consideration by the EPA.

Importantly this stage of the environmental approvals process for Arrowsmith North will establish the credentials for the use of VDT in Kwongan Heath, which is the vegetation encountered at Arrowsmith North and also for the grasses and sedges within Banksia Woodland at our other projects. It is estimated to result in the best restoration of the mine area vegetation and habitat within the mine area.

The ERD and further information on the proposal is available on the EPA website at:

<https://www.epa.wa.gov.au/proposals/arrowsmith-north-silica-sand-project>

A copy of the ERD is also available on the VRX website at:

<https://vrxsilica.com.au/arrowsmith-north-erd-documents/>

The VDT methodology can be viewed at:

<https://vrxsilica.com.au/miningandrehabilitationmethodology/>



Figure 5: VDT Modified Loader Bucket

Arrowsmith North update to the Mineral Resource Estimate and Ore Reserve Statement

In November 2022¹ VRX announced an update to the Mineral Resource Estimate (**MRE**) and Ore Reserve Statement (**ORS**) for Arrowsmith North.

The MRE update was based on an additional 130 close spaced grade control holes. These holes were drilled as a pre-production activity to increase the resource confidence in the initial years of mining, and to produce a bulk sample for pilot scale metallurgical testwork and the generation of bulk samples for potential offtake partners.

A pilot plant testwork of a 3.3 tonne bulk metallurgical composite was completed. In combination with market analysis a suite of four saleable products have been determined that will be produced from Arrowsmith North. Process and Engineering design of the proposed Process Plant has been guided by the chemical and physical specifications of these products. The declaration of these four products was used to define the saleable Ore Reserve declared in this release.

This updated Mineral Resource and Ore Reserve is a culmination of significant metallurgical testwork and evaluation of the Resource to determine the premium products VRX can produce.

These products include sought after foundry sand as well as glassmaking sand suitable for flat glass, including automobile glass and also container glass.

Large samples (50-60kg) have been despatched to several foundry and glassmaking companies in Korea, Japan and Taiwan for evaluation and subsequent discussions for offtake.

The creation of this JORC compliant Proved Ore Reserve has led to a high confidence mining and processing schedule of the final products that will be available for sale for the initial 6 years of mining. This will allow for a proactive marketing effort to return the best economic outcomes from the project. Future grade control programs and ore reserve updates will not be required for 5 years from the commencement of mining.

Detailed information on the methodology underpinning the final Mineral Resource Estimate and Ore Reserve Statement is contained in the Company's ASX Announcement dated 11 November 2022.

VRX engaged CSA Global to update the Arrowsmith North MRE with the expectation that the new estimate would not be materially different from the published estimate², as the CSA update was confined to the new data generated by the grade control drilling, see Figure 6, which shows the area (shown in green) that was included in the updated MRE.

¹ ASX announcement of 11 November 2022, "Arrowsmith North Mineral Resource and Ore Reserve Update".

² ASX announcement of 9 July 2019, "Arrowsmith North Mineral Resource Estimate Upgrade".

COMPANY REVIEW

The updated MRE resulted in a category upgrade to the material in the area grade controlled to a Measured Resource. The JORC 2012 Table 1 is included in Appendix 2 in the Company's ASX Announcement dated 11 November 2022.

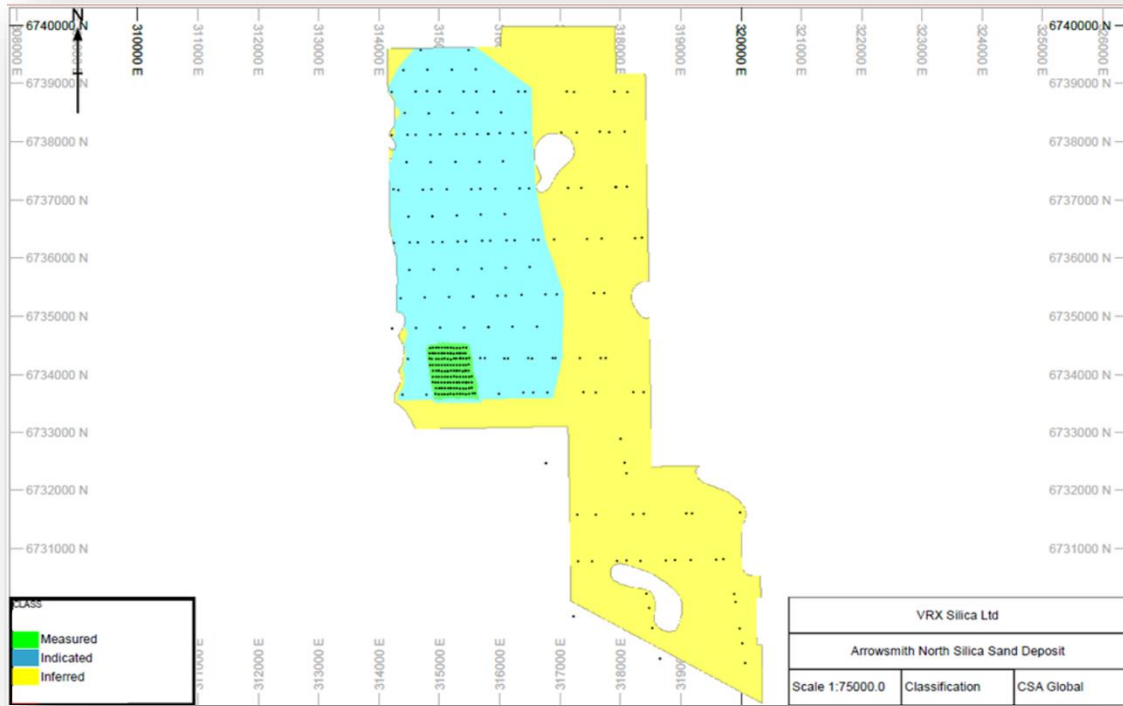


Figure 6: CSA MRE Update – Green area updated

Ore Reserve Estimate Update

Cube Consulting was engaged by VRX to complete mining engineering work towards a life of mine production schedule to provide an updated Ore Reserve estimate for Arrowsmith North.

The scope of work included importing and reconciling the supplied mineral resource block model, defining mining boundaries for successive schedule timing, preparing the mining area into appropriate blocks which would form the basis of the mining schedule, preparing a mining schedule for the total mine life, reporting of the mining schedule physicals including material mined and the associated products, for inclusion in the financial model, culminating in the reporting of an updated Ore Reserves estimate for the project.

The production schedule was completed in quarterly increments for the first 7 years, followed by annual increments for the following 38 years after which the schedule was aggregated and reported in 5-year increments to the end of the mine's 111 year life.

COMPANY REVIEW

Total material movements planned are shown for the first seven years in quarterly increments in Figure 7 and annually for years 8 to 45 in Figure 8.

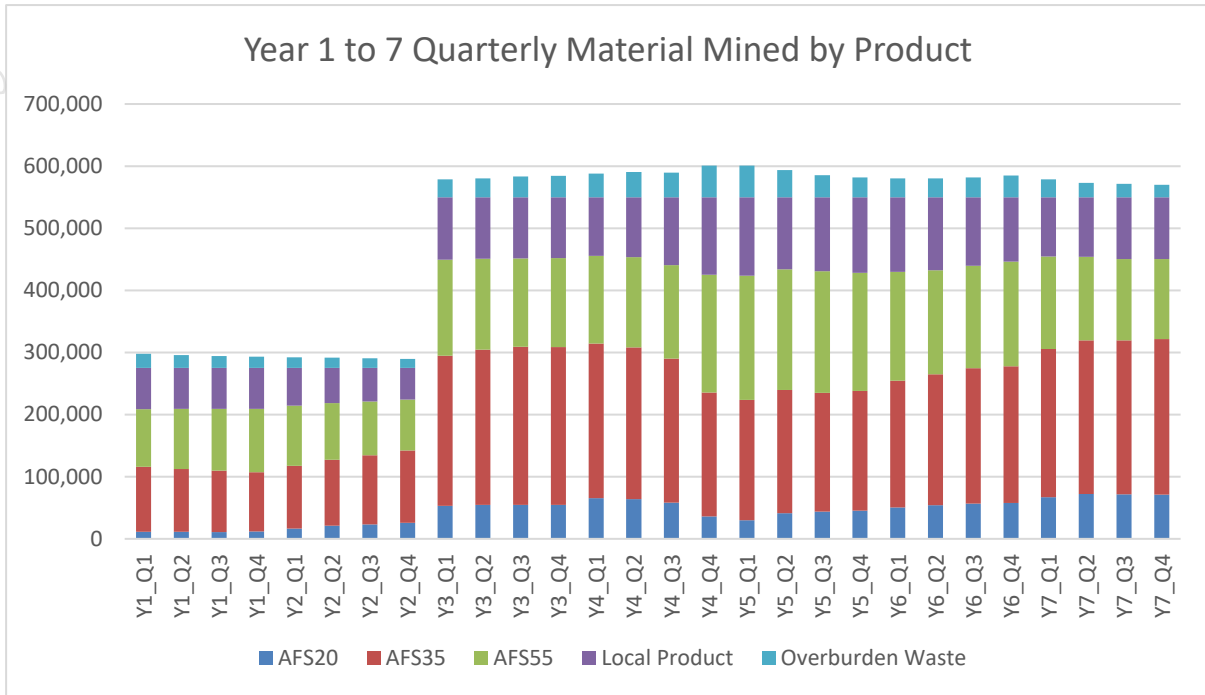


Figure 7: First 7 Years Production Profile

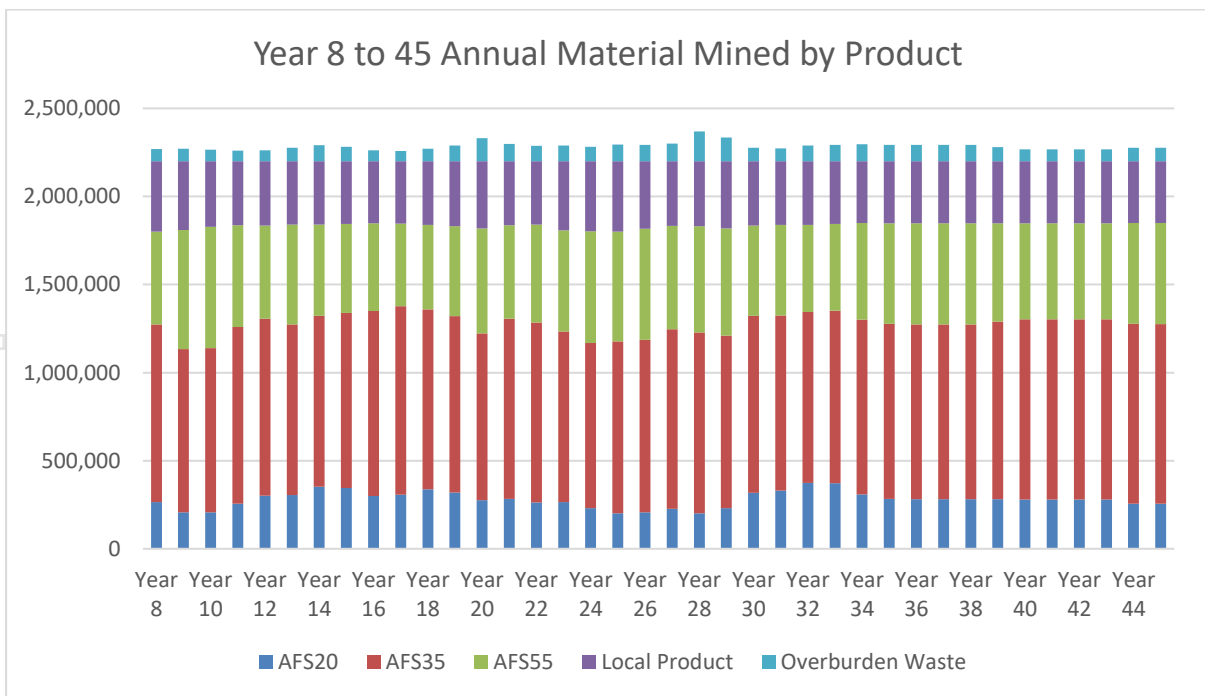


Figure 8: Years 8 to 45 Production Profile

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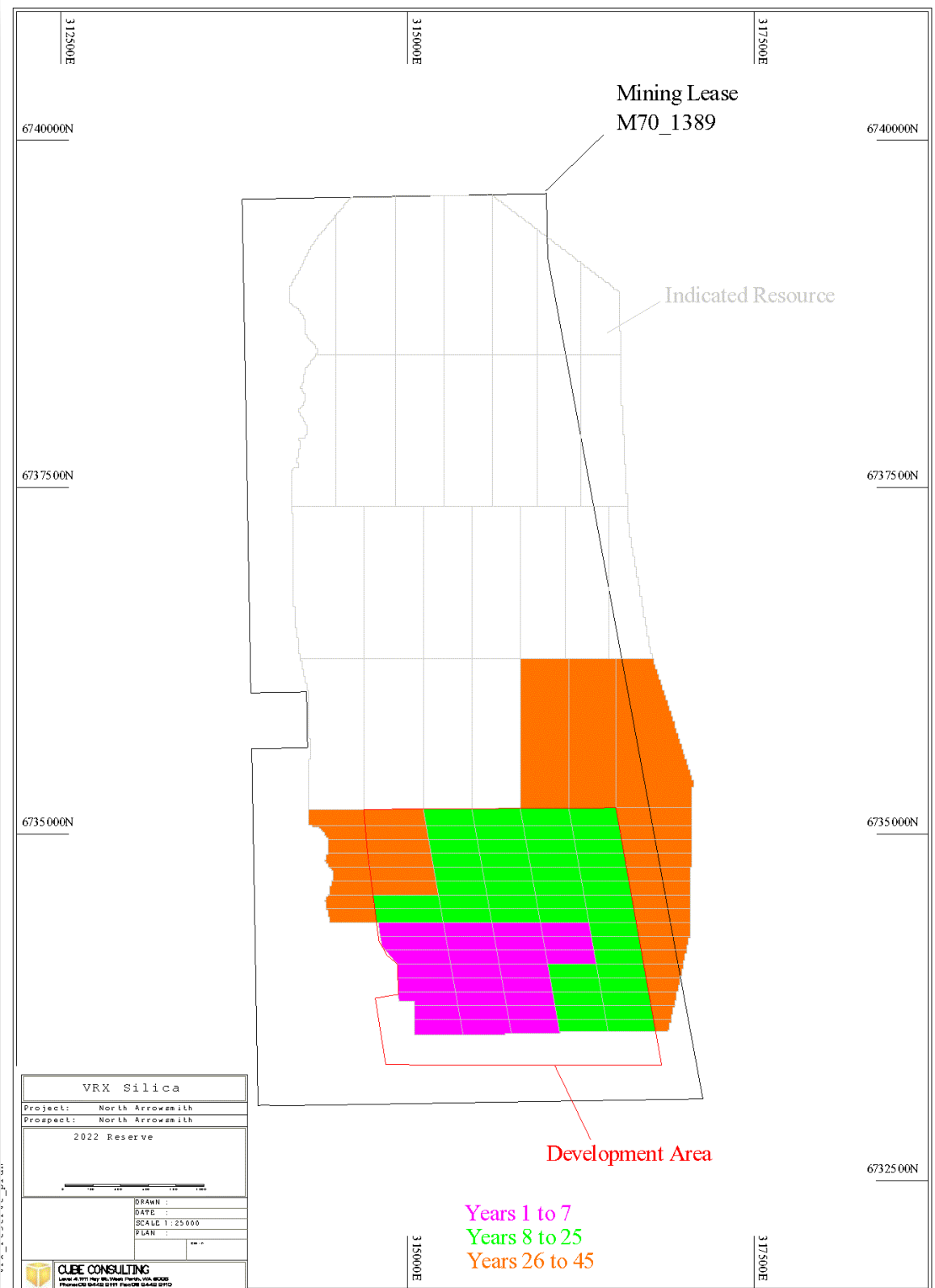


Figure 9: Mine Schedule Blocks, Development area and Mining Lease Area

COMPANY REVIEW

The work completed supports the reporting of an updated Ore Reserve estimate for this project in accordance with the guidelines in the JORC Code. Proved and Probable Ore Reserves have been derived from the Measured and Indicated Mineral Resources respectively contained within the mining lease area M70/1389. The Arrowsmith North updated Ore Reserve estimate is shown in Table 1.

Arrowsmith North - Ore Reserves Updated Estimate

Classification	Total	AFS20	AFS35	AFS55	Local
	Mt	Mt	Mt	Mt	Mt
Proved	9.2	0.8	3.9	2.7	1.8
Probable	211.8	24.2	102.5	51.1	34.1
Total	221.0	25.0	106.4	53.8	35.9
Prior Estimate	223	Mt			
Change	-2.0	Mt			
	-0.9%				

Table 1: Arrowsmith North Open Pit Ore Reserve Estimate – November 2022

The rounding in the above table is an attempt to represent levels of precision implied in the estimation process which may result in apparent errors of summation in totals shown in rows or columns.

The Prior Estimate relies on VRX's bankable feasibility study for Arrowsmith North announced to ASX in August 2019³. All material assumptions contained in that study continue to apply and have not materially changed from the date of release of that study. 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 study will be achieved.

The schedule targets total product tonnes of 2.2 Mt per annum over the full mine life with the exception of the first 2 years which are scheduled at half of the full production target as part of a conservative ramp up plan. The total material mined averages just over the target of product tonnes, which is due to the very low volumes of overburden waste to be moved to expose the target product material.

Ore Reserve Estimate

At the conclusion of this study, it was demonstrated that the project is economically viable considering all relevant factors, test work and design criteria, culminating in a financial analysis with favourable economic metrics.

The work completed supports the reporting of an updated Ore Reserve estimate for this project in accordance with the guidelines in the JORC Code. Proved and Probable Ore Reserves have been derived from the Measured and Indicated Mineral Resources respectively, contained within the mining lease area M70/1389. The Arrowsmith North updated Ore Reserve estimate is shown in Table 2.

Ore Reserve Classification	Product				
	Total	AFS20	AFS35	AFS55	Local
	Mt	Mt	Mt	Mt	Mt
Proved	9.2	0.8	3.9	2.7	1.8
Probable	211.8	24.2	102.5	51.1	34.1
Total	221.0	25.0	106.4	53.8	35.9

Table 2. Arrowsmith North Open Pit Ore Reserve Estimate – October 2022

The rounding in the above table is an attempt to represent levels of precision implied in the estimation process which can result in apparent errors of summation in some columns.

³ ASX announcement of 28 August 2019, "Arrowsmith North BFS and Maiden Ore Reserve".

Figure 10. shows the Arrowsmith North Ore Reserve area.

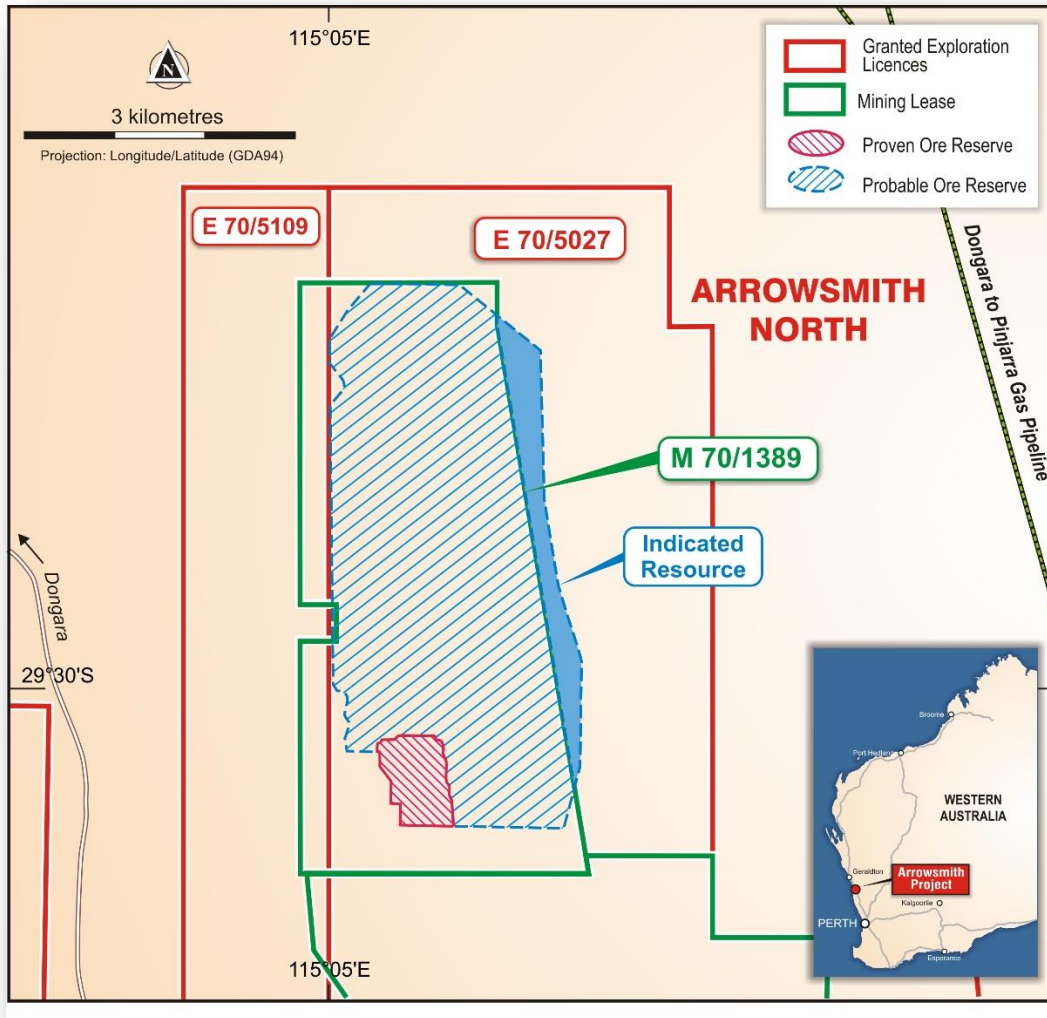


Figure 10: Arrowsmith North Ore Reserve Area

Future Work

VRX has now completed all mining and processing pre-production works as well as the production of bulk material of the various final products and detailed engineering design of the planned processing plant is close to completion. VRX is in the final stages of gaining regulatory approval to commence construction once all approvals are in place.

Arrowsmith Central

Arrowsmith Central is another of the Company's silica sand projects under development.

Approvals

Arrowsmith Central has moved to the next stage of the environmental approval process with the EPA.

In June 2022 the Company lodged an ESD which details the environmental studies that are required to inform the assessment of the project. Lodgment of the ESD is a fundamental step in the EPA administration procedures to inform the Environmental Impact Assessment of Arrowsmith Central. The Company is confident the ESD addresses the EPA's Environmental Principles, Factors and Objectives.

The ESD is under assessment and the Company is seeking feedback from the EPA.

COMPANY REVIEW

The Company is not in a position at this stage to set a definitive timeline for the approval process.

Process Water

In September 2022 VRX announced the completion of the test holes for 2 production water bores which will be the source of water supply for the proposed processing plant at Arrowsmith Central. The borehole drilling, construction, test pumping and downhole logging has been completed to compile the required data for the H3 assessment for the abstraction licence.

Arrowsmith Brand

In May 2023⁴, VRX announced an extension of its known JORC 2012 compliant Resources at the Arrowsmith area with a new Resource Estimate at its new Arrowsmith Brand project. The new Resource is contiguous and south of Arrowsmith North and bounded to the south by the Brand Highway road reserve.

The combined Resources at Arrowsmith now provide a future pipeline of additional production utilising some of the infrastructure to be developed at Arrowsmith North.

Whilst development of Arrowsmith Brand is not a current priority, extended timelines are now commonplace for mining approvals and this project has the potential to expand production to meet ever increasing demand for silica sand products.

The silica sand at Arrowsmith Brand is similar to Arrowsmith North, with testwork to-date from samples within this Resource has indicated similar products can be produced. Following the production of the preliminary estimate at Arrowsmith Brand, VRX lodged an application for a Mining Lease and this was granted in July 2023.⁵

The Arrowsmith Brand Mining Lease (M70/1418) has an area of 1,994 Ha and sits predominately within Exploration Licence E70/5027, partially within E70/5109 and is contiguous with the granted Arrowsmith North Mining Lease (M70/1389) (see Figure 11).

⁴ ASX announcement of 9 May 2023, "Arrowsmith Brand Mineral Resource Estimate".

⁵ ASX announcement of 19 July 2023, "Grant of Arrowsmith Brand Mining Lease".

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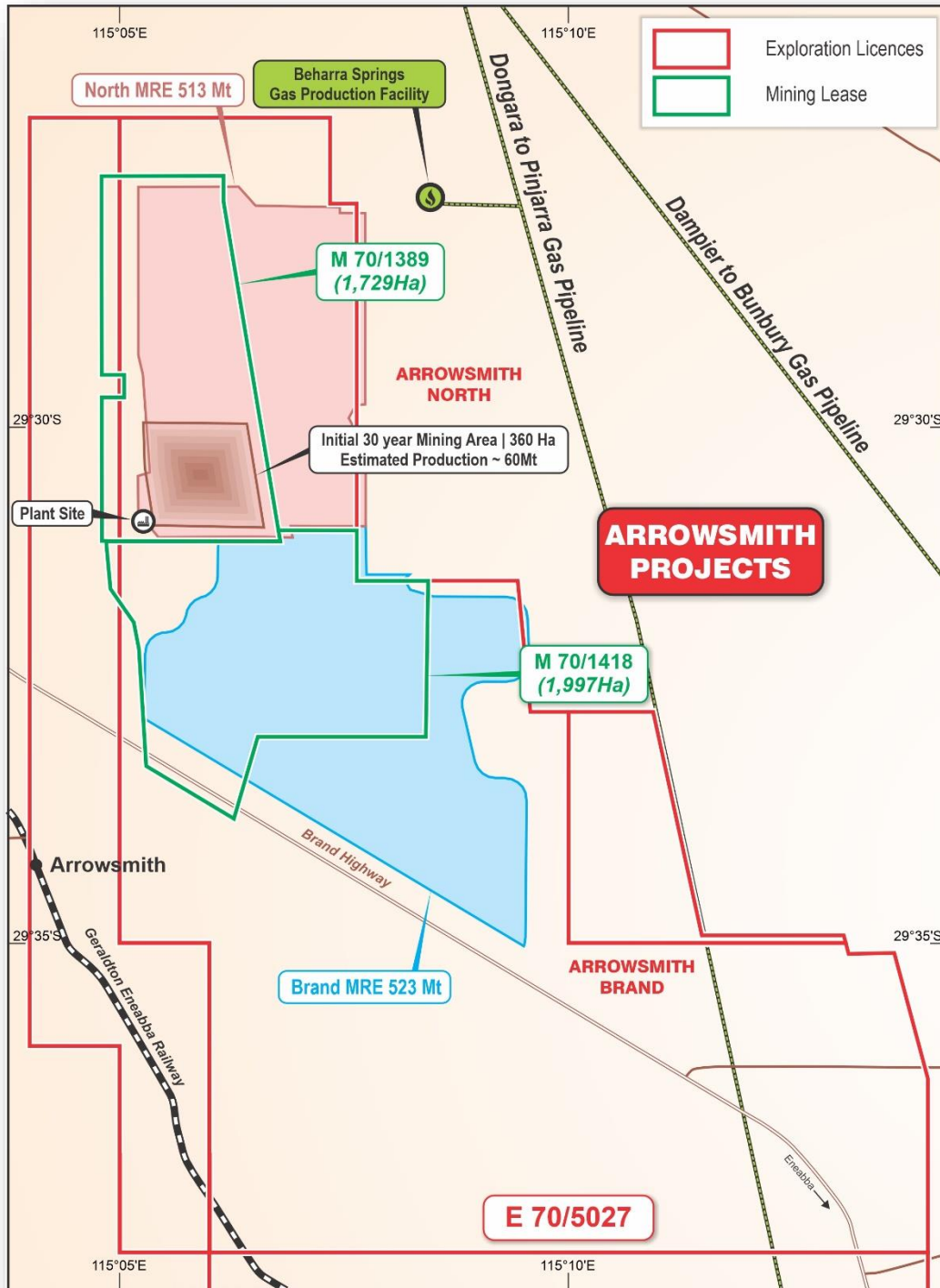


Figure 11: Arrowsmith Brand Silica Sand Project Location

COMPANY REVIEW

Detailed Arrowsmith Brand Resource Information

The Arrowsmith Brand Resource was an opportunity to generate an additional silica sand project focused on an area of the Arrowsmith North mineral resource area that is not in the near-term development pipeline. By splitting Arrowsmith North at the southern boundary of the granted mining lease M70/1389, see Figure 11, Arrowsmith Brand was established.

Arrowsmith Brand contains a subset of the previously reported Arrowsmith North MRE⁶, see Table 3. This shows the prior Arrowsmith North MRE split between the new Arrowsmith Brand and Arrowsmith North.

Arrowsmith North - Mineral Resource

11 November 2022 Estimate

Classification	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Measured	10	95.9	1.9	0.7	0.3	0.7
Indicated	237	97.7	1.00	0.40	0.20	0.50
Inferred	521	98.2	0.80	0.30	0.20	0.40
Total	768	98.0	0.90	0.30	0.20	0.40

Arrowsmith North Mineral Resource in Arrowsmith Brand Project

Classification	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Inferred	255	98.0	0.91	0.31	0.17	0.44
Total	255	98.0	0.91	0.31	0.17	0.44

Arrowsmith North Mineral Resource Ex Arrowsmith Brand Project

Classification	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Measured	10	95.9	1.9	0.7	0.3	0.7
Indicated	237	97.7	1.0	0.4	0.2	0.5
Inferred	266	98.4	0.7	0.3	0.2	0.4
Total	513	98.0	0.9	0.3	0.2	0.4

Table 3: Prior Arrowsmith North MRE apportioned to Brand Mineral Resource

In December 2022, VRX completed a vacuum drilling program at Arrowsmith North extending into Arrowsmith Brand, see Figure 12. A total of 68 holes for 786m were drilled on M70/1389 to gain material for future metallurgical testwork within the proposed Arrowsmith North mining area. These holes infill the existing 50m spaced grade control drilling which was used to estimate the measured resource and proven reserve. These samples will not materially change these estimates and have not been assayed.

An additional 49 holes for 656m were drilled on existing tracks to the south in what is now known as the Arrowsmith Brand Project. These holes infill and extend the prior reported MRE for Arrowsmith North. Drilling intersected high quality silica sand which has been assayed and modelled and has resulted in a MRE for Arrowsmith Brand.

⁶ ASX announcement 11 November 2022, "Arrowsmith North Mineral Resource and Ore Reserve Update".

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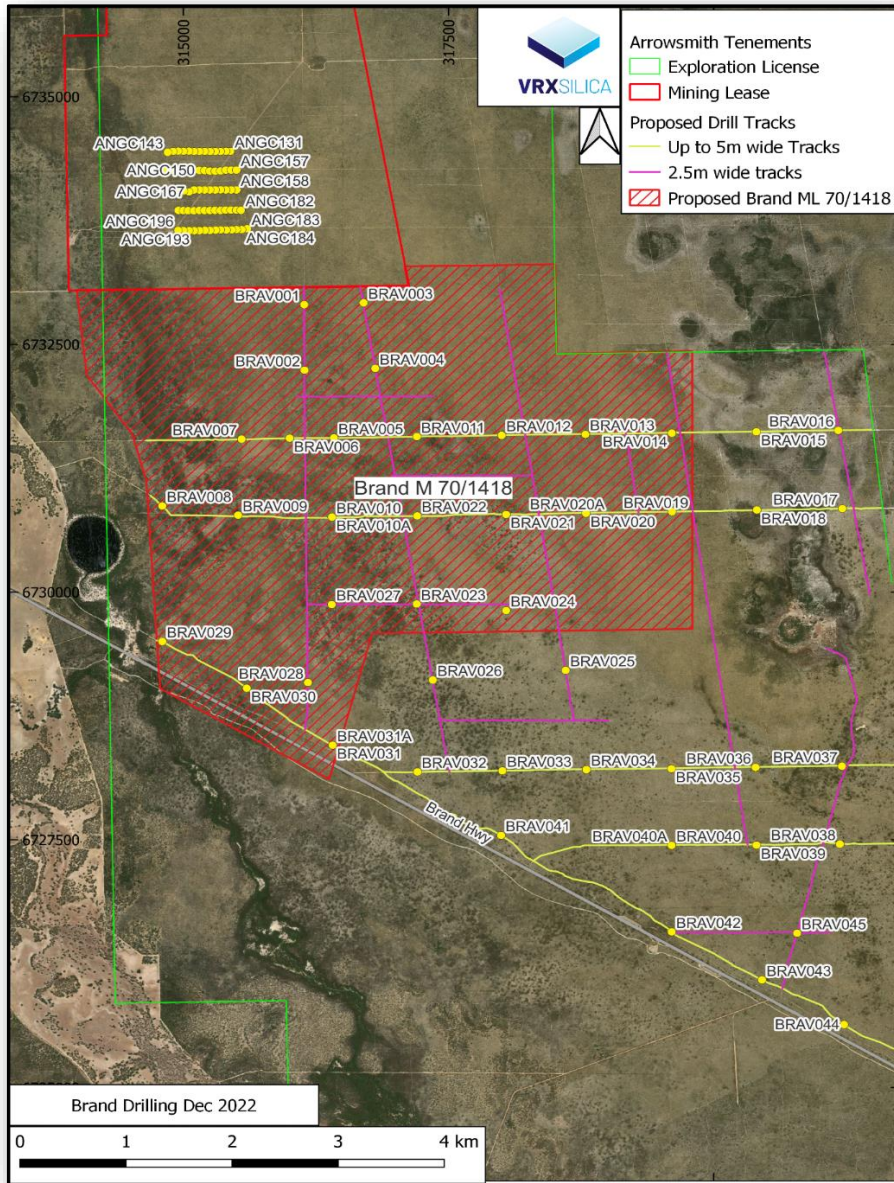


Figure 12: December 2022 Drill hole locations.

The Arrowsmith Brand MRE is reported in accordance with the JORC Code 2012 Edition. Drilling was completed generally on an 800m x 800m drill hole grid and defines a band of homogeneous yellow sand overlying white sand. Drilling encountered zones of clay rich fine sand which was excluded from the MRE. The potential silica sand products from Arrowsmith Brand are expected to be suitable for industries such as flat, automobile and container glass manufacturing and foundry casting.

COMPANY REVIEW

The Arrowsmith Brand MRE is shown in Table 4.

Arrowsmith Brand Mineral Resource Estimate – as at 09/05/2023

Classification	Zone	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Inferred	White	144	98.4	0.8	0.2	0.2	0.4
	Yellow	379	96.9	1.6	0.5	0.2	0.7
	Total	523	97.3	1.4	0.4	0.2	0.6
Increase over Prior Estimate		268	Million Tonnes				

*Note: Interpreted mineralisation is above a basal layer of clay and/or limestone. Depletion zones include the upper 0.3 m excluded for rehabilitation purposes. Only areas with a minimum sand depth of 1m were included. Differences may occur due to rounding. Prior estimate is summarised in Table 3.

Table 4: Arrowsmith Brand Mineral Resource

Future Work

VRX expects to advance the project using the well-known process that has been followed at its other silica sand projects currently being developed. These activities include environmental surveys, further metallurgical testwork, marketing studies and mine planning studies, which will inform scoping and pre-feasibility studies.

Tenement	Holder	Application date	Grant Date	Area (Ha)
M 70/1418	Ventnor Mining Pty Ltd	01/08/2022	18/07/2023	1,994

Table 5: Arrowsmith Brand tenement details

Muchea

Development of Muchea will follow Arrowsmith North.

The Company has had many offtake enquiries for Muchea silica sand from Asian markets and believes that the consistent production of such high-grade silica sand with a low iron content will be in high demand as raw material for the manufacture of predominately premium ultra-clear glass production, particularly for the burgeoning solar panel manufacturing industry. VRX continues to receive these enquiries on a regular basis.

Environmental Studies

Detailed springtime flora and vegetation studies were undertaken during the springtime months on a selected priority area of 450Ha.

This survey will comply with the requirements of the Environment Protection Authority Environmental Factor Guideline: Flora and Vegetation, and Technical Guidance – Flora and Vegetation Surveys for Environmental Impact Assessment (2016a and 2016b).

The final flora and vegetation report will include previous survey results and the current survey results from quadrats, targeted searches as well as historical information that relates to the root structure, density and distribution of the key species.

The Priority Area has been selected as an area that has only two vegetation types and is restricted to Low Banksia Woodland on loose sand, which is the Company's production target.

Work to date indicates that the selected area has no Priority Species of flora and no thickets of paperbark which are restricted to low lying areas and generally have more fauna species.

The final report was received in early 2023 and will form the basis of the EPA Proposal Referral for Muchea.



Figure 13: Typical vegetation in the Muceha Priority Area

Muceha Aboriginal Heritage

VRX had previously undertaken an Aboriginal Ethnographic and Archaeological heritage survey in 2017 to clear the initial drilling program area, with representatives of the Whadjuk People accompanying the drill crew.

VRX has undertaken a comprehensive Aboriginal Ethnographic and Archaeological heritage survey over the Priority Area to identify and understand Aboriginal heritage values within the area to support future dialogue with the Whadjuk people about the proposed mining project.

During October 2022 an Aboriginal Heritage Work Area Clearance Survey was conducted on the Priority Area at the Muceha Silica Sand Project with representatives from the Whadjuk People and VRX managed by Joe Dortch (PhD, Archaeology) with an Ethnographic Survey Muceha clearance survey area conducted early November 2022 with representatives from the Whadjuk People and VRX and managed by Dirima Cuthbert (MEnv Des, BSc Hons, Anthropology) and anthropology assistant Jordanna Rebecka (BA Anthropology, BA Archaeology).

The final report was received in early 2023. No archaeological heritage sites were identified on the archaeological survey. VRX has committed to continued monitoring by Whadjuk representatives when significant ground disturbing works are undertaken to identify any material which may come to light as a result of the proposal.

No ethnographic heritage sites were identified on the ethnographic survey.

COMPANY REVIEW

It was intended for the Proposal to be managed through a Cultural Heritage Management Plan (CHMP) under the *Aboriginal Cultural Heritage Act (WA) 2021* (to be implemented on 1 July 2023). Preliminary drafting of the CHMP was commenced to comply with published guidelines however, subsequent to the end of the financial year, the State Government announced that the legislation is to be repealed and revert to the former *Aboriginal Heritage Act (WA) 1972*, with certain amendments to that Act proposed. The Company is awaiting details of the changes to the legislation in order to finalise its CHMP.



Figure 14: Muceha clearance survey area

Exploration

Samples from a drill program conducted earlier in the period under review are currently undergoing further metallurgical testwork which will generate additional samples for buyer testing following overwhelming interest from potential offtake partners.

Muceha has 3 PoWs which cover the exploration priority area that are in various stages of approvals from the Department of Mines, Industry Regulation and Safety (**DMIRS**) and the Department of Energy, Environment and Climate Action . A POW has been approved for further deeper exploration on existing tracks on E70/4886 to be undertaken later in 2023. This will be followed by an updated MRE.

COMPANY REVIEW

Boyatup

An examination of the Particle Size Distribution (PSD) data indicates that the Boyatup project contains a generally finer sand than that encountered at the Company's other projects.

The potential products that can be produced have been identified and a marketing study underway. What is apparent is that the potential products are different to the products from the Company's other projects and will be aimed at yet another potential market and not conflict with already identified markets.

This has been confirmed by a first pass metallurgical testwork program undertaken on drill samples from the March 2022 program.

A marketing study will be completed to determine the available market for the potential silica sand products that can be produced from Boyatup to maximise the economic value of the project.

A desktop flora and vegetation study indicates that the Boyatup silica sand project will be amenable to the Company's proposed VDT rehabilitation methodology.



Figure 15: Boyatup typical vegetation

COMPANY REVIEW

Geothermal Exploration Permit Applications

In January 2022 DMIRS released 21 areas in Western Australia for applications for Geothermal Exploration Permits with a closing date for applications of 21 April 2022.

VRX made a number of applications for permits proximal to the Company's current Arrowsmith North and Arrowsmith Central silica sand holdings.

The applications were made as part of VRX's overall green energy intentions as demonstrated by the hydrogen gas MOU signed with XODUS Energy Pty Ltd.

Metallurgical Testwork R&D

During April 2022, VRX lodged a registration for an R&D Tax Incentive Application with AusIndustry for the year ending June 2021. A refund of \$197,674 was received in July 2022.

The Company lodged a claim for the financial year ending June 2022 and received a refund of \$681,079 in August 2023.

A further claim will be lodged for the year ending June 2023.

Strategic Research Initiative With UNSW

In June 2023 VRX announced a new partnership agreement with the School of Photovoltaic and Renewable Energy Engineering ([SPREE](#)) of the University of New South Wales ([UNSW](#)), on a strategic research project investigating the market potential for a local, low carbon, solar panel glass recycling program in Australia. .



The pilot phase of this work received funding from the Australian Renewable Energy Agency ([ARENA](#)), carried out through the Australian Centre for Advanced Photovoltaics (ACAP) at UNSW. ACAP is now able to take this work to its next phase with the support of a highly credentialed industry partner specialising in the sustainability of the material critical to solar panel production – silica sand, which is becoming increasingly scarce.

To advance the sector's sustainability, the project will perform a techno-economic analysis of a proposed closed-loop photovoltaic (**PV**) glass industry in Australia, built on recycling the glass component of solar panels once they reach their end-of-life. A necessary condition for this industry will be the recreation of a local, low-iron, flat glass manufacturing industry, where solar panel cover glass could be returned as cullet (crushed glass).

Specifically, the agreement aims to support modelling of possible low-iron glass recycling and manufacturing pathways in Australia, with activities potentially located near Muchea.

VRX is pleased to collaborate with the University of New South Wales and the Australian Renewable Energy Agency in this initiative to investigate the potential recycling of components of solar panels.

This part of the life cycle of a solar panel is insufficiently studied but is increasingly required to complete the cycle for the use of solar panels.

How Solar Panel Glass Recycling Could Work in Australia

The silica sand at Muchea, in particular, has very low iron content, making it highly suitable for use in manufacturing solar panel glass. Existing rail access increases the feasibility of the low-carbon transport of sand to ports for export, or to a nearby future glass factory. It is also suitable for the transport of cullet from all over Australia to a potential new glass factory.

Basic methods have already been established for separating PV cover glass from other module materials, with some already in use in Australia, or with orders having been placed for equipment to do so.

VRX will share data with ACAP researchers on its Muchea deposit, including all related to progress made towards the development of the deposit, the requirements for sand, cullet and other input materials for low-iron glass manufacture in Western Australia, and information about global sand availability and value, as well as broader industry insights on the glass manufacturing sector.

COMPANY REVIEW

UNSW will provide information on PV glass recovery activities in Australia and elsewhere, including projected glass demand for the global PV industry and the results of techno-economic modelling.

The project term is two years commencing 1 July 2023. There is no cash funding obligation on VRX.

Extension of Xodus MOU

In June 2023 VRX Silica agreed to a six month extension of its non-binding memorandum of understanding (**MOU**) with Xodus Group Pty Ltd (**Xodus**) to 31 December 2023. First announced in March 2022, the MOU seeks to explore the future supply of renewable hydrogen to the Company's silica sand projects as well as to potential, nearby glass-manufacturing facilities to enable the production of net-zero glass.

Xodus, a global energy consultancy, specialises in the integration of environmental science, engineering and management to provide holistic support and services in energy transition. An Xodus-led consortium is developing Project MercurHy for the industrial-scale production of hydrogen gas using renewable energy in the Mid West region of Western Australia.

The MOU with Xodus establishes a platform for strategic confidential communication and future co-operation between the parties. It contemplates the sharing of information with a view to a future offtake of between 9,000 tonnes to 11,000 tonnes of hydrogen per annum, which is adequate to supply a substantial glass-making facility.

Corporate

During the period:

- On 2 December 2022, 2,000,000 fully paid ordinary shares were issued upon the exercise of 4,000,000 options.
- On 19 December 2022, 10,000,000 options, exercisable at 20c and with an expiry date of 31 December 2025, were issued to personnel under the Company's employee equity incentive scheme. The options are not quoted on ASX and no funds were raised from their issue.
- On 30 May 2023, 7,200,000 options exercisable at 15c and with an expiry date of 31 December 2026 were issued to personnel under the Company's employee equity incentive scheme. The options are not quoted on ASX and no funds were raised from their issue.

Events Subsequent to the Period

Capital Raising

In August 2023, the Company announced a \$3 million capital raising, comprising a share placement of \$1.5 million ("Placement") and a share purchase plan of up to \$1.5 million ("SPP"). The Placement to new and existing sophisticated investors comprises the issue of 12,500,000 new fully paid ordinary shares in the Company ("new shares") at a price of 12 cents per share, to raise \$1,500,000 (before costs). The Company is also undertaking a SPP offer to eligible shareholders to apply for up to \$30,000 each of new shares at a price of 12 cents per share. Participants in the Placement and the SSP are entitled to subscribe for one free-attaching option for every two new shares issued, each at an exercise price of 18 cents and expiring on 31 August 2025.

In September 2023, the Company issued 12,500,000 ordinary fully paid shares under the Placement.

Arrowsmith Brand Mining Lease

On 19 July 2023 VRX announced the grant of a Mining Lease (M70/1418) at Arrowsmith Brand. Details of the project and the tenement are set out above.

Geothermal Exploration Permit Grant

On 28 July 2023 VRX announced it had been granted Geothermal Exploration Permit (**GEP**) GEP 44 consisting of 8 blocks at Dandaragan, 145km north of Perth, Western Australia. Geothermal technology has the potential to produce long term dispatchable renewable energy for the Mid-West region, including the Arrowsmith Silica Sand Projects.

COMPANY REVIEW

The Dandaragan GEP area includes the Walyering gas field currently under development by EP447 Joint Venture between Strike Energy 55% and Talon Energy 45%. The grant presents an opportunity to work with these companies to use extensive historical and current data to explore for potential geothermal power options.

The grant follows the acreage release nomination VRX lodged in December 2021 and subsequent GEP application in April 2022 with DMIRS. The Company is actively engaging with potential partners with relevant industry experience and capability for the development of this project.

GEP 44 has been denoted as the Dandaragan Geothermal Project. Figure 16 shows the location and Table 10 provides details of the GEP.

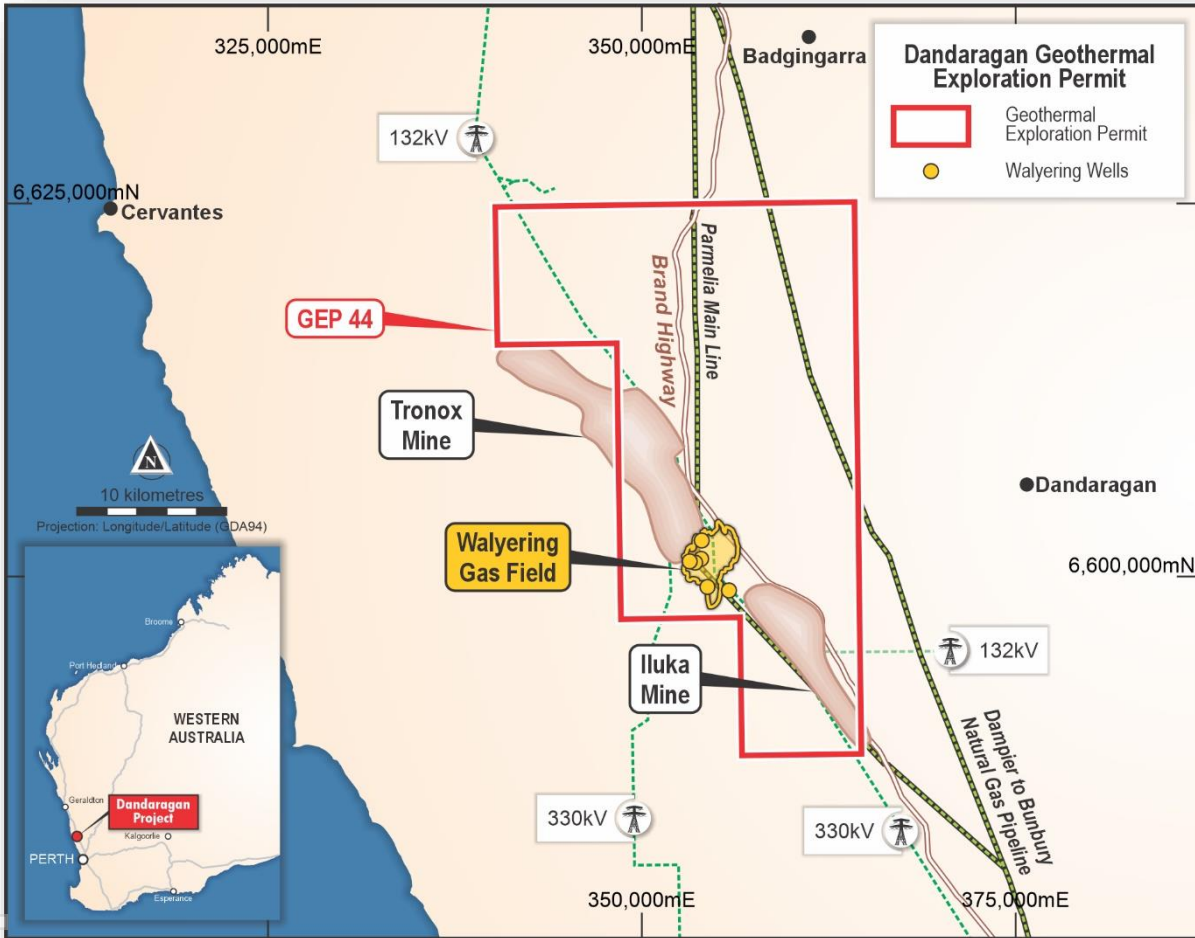


Figure 16: Dandaragan Geothermal Exploration Permit Location

GEP	Holders	Grant Date	Term	5' Blocks
GEP 44	VRX Silica Ltd	27 July 2023	Six (6) years	8

Table 10: VRX Silica Geothermal Exploration Permit

\$2 million WA Investment Attraction Fund Grant

On 18 July 2023 VRX announced it had received confirmation from the Western Australian State Government that the Company's grant application for \$2 million in matched funding under the Investment Attraction Fund (IAF) has been approved with a Financial Assistance Agreement (FAA) for the grant executed that day.

The IAF is part of the State Government's Diversify WA initiative, a collaboration between government, industry and the community supporting the WA Government's focus on creating secure, quality jobs, growing and diversifying the economy and attracting new investment.

The grant under the IAF is being awarded on a matched funding, dollar for dollar basis, whereby the IAF will provide a financial contribution to VRX up to \$2m.

The project proposed by VRX will investigate the potential to develop a high purity quartz (or HPQ) flour manufacturing process and pilot plant in Western Australia, which if successful will lead to the development of a larger commercial plant for large scale processing.

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

The key objective of this project is to commercialise the manufacturing process of High Purity Quartz flour within Western Australia. This will involve sourcing and beneficiating the purity of lower quality quartz through primarily mechanical and possibly chemical processes. The establishment of a process and purity standard has the potential to lead to a manufacturing facility, commercial partners and a supply chain for the critical minerals.

The three main objectives for the project are:

- To determine the key elements that would lead to the successful commercialisation of a manufacturing process to beneficiate the quality of the lower purity quartz (99.9% SiO₂) to a higher silica grade.
- To complete a pre-feasibility study that would determine the grade of quartz and processing method that could feasibly be manufactured from its existing feedstocks with a target of reaching 99.999% SiO₂ purity quartz flour.
- To establish a full-scale manufacturing plant to process the resource into high purity quartz flour utilising the work from the previous objectives, testwork and marketing carried out as a backbone to support the future work to be carried out.

The HPQ market is one of growing demand but with a relatively small supplier base.

Initially, VRX will investigate the potential for the coarse material that will be produced from Muchea. Recent pilot plant work completed on a 2.2 tonne bulk sample of Muchea sand indicated that a portion of project ore may meet the specification required.

Whilst the goal is to achieve the high-quality required, by raising its high-grade silica sand resource from Muchea to at least "4 nines" (ie. 99.99% SiO₂ purity) it would still allow a wide range of high demand large-value products to be made. This includes use as a feed material for several industries and downstream products including paint fillers, fibreglass, water purity media, and silica flour for the production of LCDs and silica gels.

COMPANY REVIEW

Australia Korea Business Council

The Company's Marketing Manager Yoonil Kim attended the 44th AKBC/KABC Joint Meeting conference in Seoul, Korea during September 2023.

This was an opportunity to present the VRX projects to a number of significant Korean companies that were present at the conference and meet with a number of potential offtake partners and also senior officials from the WA trade office.

The next joint meeting will be held in Perth WA in 2024.



Figure 16: VRX Marketing Manager, Yoonil Kim (right), with WA Premier Roger Cook

COMPANY REVIEW

Annual Mineral Resources and Ore Reserve Statement (as at 30 June 2023)

In accordance with ASX Listing Rule 5.21, VRX reviews and reports its Mineral Resource and Ore Reserve Estimates 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 are shown in Table 6 below:

Project	Classification	Mt	SiO ₂ %	Al ₂ O ₃ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Muchea	Indicated	29	99.6	0.1	0.0	0.1	0.2
	Inferred	179	99.6	0.1	0.0	0.1	0.2
	Total	208	99.6	0.1	0.0	0.1	0.2
Arrowsmith North	Measured	10	95.9	1.9	0.7	0.3	0.7
	Indicated	237	97.7	1.0	0.4	0.2	0.5
	Inferred	266	98.4	0.7	0.3	0.2	0.4
	Total	513	98.0	0.9	0.3	0.2	0.4
Arrowsmith Brand	Inferred	523	97.3	1.4	0.4	0.2	0.6
	Total	523	97.3	1.4	0.4	0.2	0.6
Arrowsmith Central	Indicated	28.2	96.6	1.7	0.4	0.2	0.7
	Inferred	48.3	96.9	1.5	0.4	0.2	0.7
	Total	76.5	96.8	1.5	0.4	0.2	0.7
Boyatup	Inferred	60	97.8	0.8	0.2	0.1	0.9
	Total	60	97.8	0.8	0.2	0.1	0.9
Total Mineral Resource		1,381	Million Tonnes				

Table 6: JORC Compliant Mineral Resources

Project	2022		2023		Change	
	Mt	SiO ₂ %	Mt	SiO ₂ %	Mt	SiO ₂ %
Muchea	208	99.6	208	99.6		
Arrowsmith North	771	98.0	513	98.0	-258	98.0
Arrowsmith Brand			523	97.3	523	97.3
Arrowsmith Central	76.5	96.8	76.5	96.8		
Boyatup	60	97.8	60	97.8		
Total Mineral Resource	1,116	98.2	1,381	97.9	265	96.6

Table 7: Mineral Resource Statement Comparison (as at 30 June 2023)

COMPANY REVIEW

Ore Reserves

The Ore Reserves for VRX are shown in Table 8 below:

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

Table 8: Ore Reserve Statement (as at 30 June 2023)

The movement in Mineral Reserve estimates over the past year are tabulated below:

Project	2022	2023	Change
	Mt	Mt	Mt
Muchea	18.7	18.7	
Arrowsmith North	223.2	221.0	-2
Arrowsmith Central	18.9	18.9	
Total Ore Reserve	261	259	-2

Table 9: Ore Reserve Statement Comparison (as at 30 June 2023)

Material assumptions for Reserve and Resource reporting

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

The Company's governance and internal controls in place with respect to estimates of mineral resources and ore reserves involve the use of external consultants where required, in conjunction with input by management and review by the Board.

Competent Persons' Statements

The information in this document that relates to Arrowsmith North, Arrowsmith Brand, Arrowsmith Central, Muchea and Boyatup Exploration Results, and Muchea Aircore Drilling Area, Arrowsmith Brand and Boyatup Mineral Resource Estimates are based on data collected and compiled under the supervision of Mr David Reid BSc (Geology), who is a full-time employee of VRX. Mr Reid is a registered member of the Australian Institute of Geoscientists.

The information in this report that relates to Arrowsmith North Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global and a Member of the Australian Institute of Geoscientists.

The information in this document that relates to 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.

The information in this report that relates to Industrial Minerals considerations for Arrowsmith North, Arrowsmith Central and Muchea, with respect to Clause 49 of the JORC Code is based on, and fairly reflects, information compiled by Dr Andrew Scogings.

The information in this document that relates to Arrowsmith Central and Muchea Probable Ore Reserves is based on data collected and compiled under the supervision of Mr David Reid BSc (Geology).

The information in this report that relates to Arrowsmith North metallurgical test work is based on information compiled by Mr Steven Hoban who is the Principal Metallurgist and a Director of BHM Process Consultants. Mr. Hoban is a Member of the Australasian Institute of Mining and Metallurgy.

The information in this announcement that relates to Arrowsmith North Ore Reserves is based on information compiled by Mr Quinton de Klerk, who is employed by Cube Consulting. Mr de Klerk is a fellow of the Australasian Institute of Mining and Metallurgy.

Each of the named persons has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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). Each of the named persons consents to the disclosure of information in this report in the form and context in which it appears.

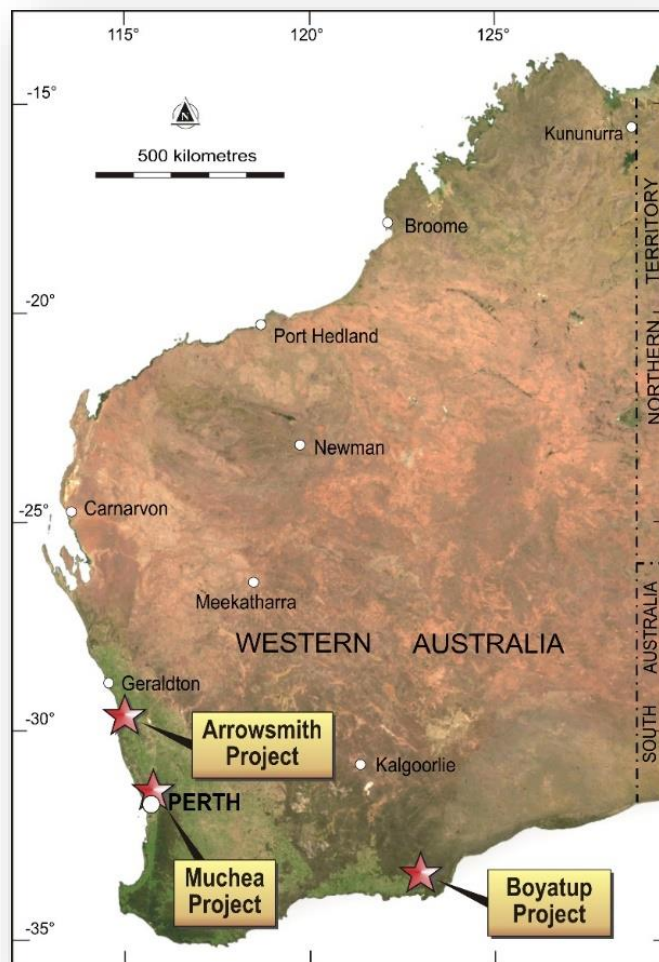
VRX Silica FY23 Sustainability Report

Acknowledgement of Country

VRX acknowledges indigenous communities throughout Australia as the Traditional Owners of ground upon which our projects lie. The Company recognises the unique cultural heritage of First Nations people and their continued connection to lands, waters and communities. VRX pays its respects to all First Nations people, and to Elders past, present and emerging.

About VRX

VRX Silica Limited¹ (ASX: VRX) is a developer and imminent producer of high-quality silica sand with a focus on exporting the commodity to meet rising demand in the Asia Pacific region. The Company is headquartered in Perth, Western Australia with development at five silica sand projects across the state. VRX's total silica sand Joint Ore Reserve Committee ("JORC") compliant mineral resource stands at 1.4 billion tonnes and range in grade from 96% to 99% silicon dioxide (SiO₂), with low iron impurities. VRX's projects also have total probable ore reserves of 261 Mt, ranging in grade from 99.6% to 99.9% SiO₂.²



¹ In this report, the terms "VRX" and "the Company" refer to VRX Silica Limited.

² Refer to VRX 2023 Annual Report for references to ASX releases and commentary on material assumptions underpinning these results.

Corporate Strategy

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

Given the substantial volume of high-quality silica sand and the close proximity to energy infrastructure at VRX's project locations, VRX is exploring the potential for development of glass-manufacturing facilities. The Company believes it is the right time and place for Western Australia to maximise its economic advantages for high-grade silica sand supply and ultra-clear glass production.

Arrowsmith North silica sand project, Western Australia

VRX was granted 100%-owned Arrowsmith North Mining Lease in November 2020. The site is located in the Geraldton Sandplain bioregion approximately 270 km north of Perth. It holds an estimated 771 Mt total of Indicated and Inferred Mineral Resources at 98.0% SiO₂ 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.

Arrowsmith Central silica sand project, Western Australia

VRX was granted a 100%-owned Arrowsmith Central Mining Lease in November 2020. As with the Arrowsmith North project the site is located in the Geraldton Sandplain bioregion approximately 270 km north of Perth. It holds an estimated 76.5 Mt total of Indicated and Inferred Mineral Resources at 96.8% SiO₂ 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.

Arrowsmith Brand silica sand project, Western Australia

VRX was granted the 100%-owned Arrowsmith Brand Mining Lease in July 2023 following an extension of its known JORC 2012 compliant Resources at the Arrowsmith area with a new Resource Estimate at its new Arrowsmith Brand Silica Sand Project, located 260km north of Perth. The new Resource is contiguous and south of Arrowsmith North and bounded to the south by the Brand Highway road reserve.

The combined Resources at Arrowsmith now provide a future pipeline of additional production utilising some of the infrastructure to be developed at Arrowsmith North.

Muchea silica sand project, Western Australia

VRX's 100%-owned Muchea Mining Lease is located 50 km north of Perth and is estimated to hold a 208 Mt total of Indicated and Inferred Mineral Resources at 99.6% SiO₂. Muchea's sand grain size and quality is suitable for the ultra-clear glass market much in demand for use in solar panels.

Boyatup silica sand project, Western Australia

VRX acquired its 100%-owned Boyatup exploration licence in early 2019. Located 100 km east of Esperance, this 124 km² exploration site has the potential to produce silica sand for export that is subtly different from its three other projects. The project holds an estimated 60 Mt of Inferred Mineral Resource at 97.8% SiO₂.

Latest Developments at VRX

Significant progress has been made during the past year. The key achievements related to environmental approvals and sustainability include:

- Granted a Geothermal Exploration Permit at Dandaragan (in July 2023)
- Environmental Review Document ("ERD") for Arrowsmith North accepted by Department of Water and Environmental Regulations ("DWER") for publication and public review
- Entered a partnership agreement with University of New South Wales ("UNSW") to investigate opportunities for recycling end-of-life solar panel glass
- Conducted an Aboriginal Ethnographic and Archaeological Heritage Survey and Aboriginal Heritage Work Survey over a priority area to identify and understand Aboriginal heritage values for the Muchea silica sand project

SUSTAINABILITY REPORT

Future Focus

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

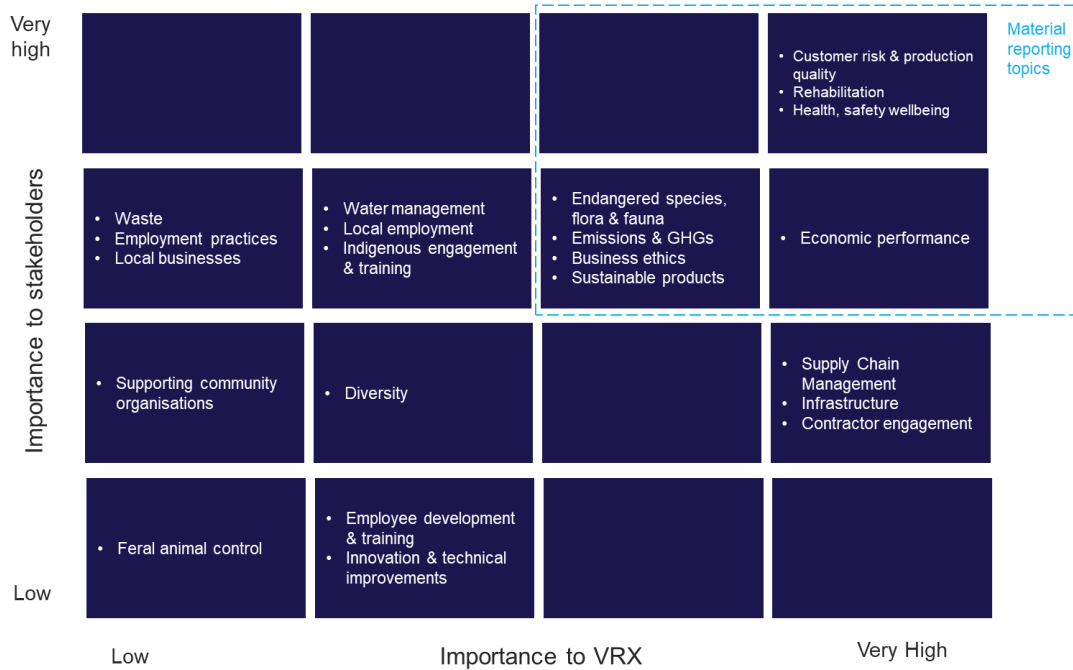
Stakeholders and Materiality

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

Stakeholder	Key Interests and Concerns	Engagement methods
Investors and shareholders	Financial performance, management of financial and non-financial risks, and sustainability reporting	ASX releases, Half Year and Full Year results presentations and webcasts, Annual General Meeting, Annual Report including the Sustainability Report, regular meetings and social media channels
Government and regulators	Environmental and safety compliance	Reports and meetings
Supplier and contractors	Supply chain management, financial reliability and sustainable sourcing	Supplier screening, tender contract documents, meetings and contractor engagement
First Nation people and local communities	Local economic development, heritage conservation, land management and rehabilitation	Project specific community engagement plans, local media, social media channels, employment opportunities, community investment projects, sponsorships and donations
Employees	Working conditions, benefits, professional development opportunities and occupational health and safety	Team meetings and training sessions
NGOs	Potential environmental and social impacts associated with operations	Invitations for participation in meetings and community events
Customers	Reliability, quality, cost and delivery	Meetings and social media channels

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 its sustainability performance. These topics include both environmental, social and governance ("ESG") risks and opportunities that have potentially significant negative or positive impacts on VRX's business and stakeholders. In alignment with the Global Reporting Initiatives, VRX senior management conducted a materiality assessment workshop to identify and prioritise the ESG topics. A list of material ESG topics was developed alongside a materiality matrix to show the most important issues that VRX will prioritise in its sustainability journey. Focus areas include sustainable products, rehabilitation, health, safety and wellbeing, endangered species, emissions, greenhouse gases and business ethics. This process and the listing of material issues has informed its strategic thinking on ESG priorities and dictated the structure and content of this report. As VRX's Arrowsmith North silica sand project have made major advances in environmental approvals process, the materiality of ESG topics will likely change next year as the project matures.

Materiality Matrix



ESG Pillar	ESG Topic
Environment	<ul style="list-style-type: none"> Rehabilitation Emissions and GHGs Water management Endangered species, flora and fauna Waste Feral animal control
Social	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Customer risk & production quality Business ethics Sustainable products Supply chain management Infrastructure Innovation and technical improvements

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Sustainability at VRX

VRX is committed to creating a sustainable, low-impact environmental legacy and positive benefits for its communities.

High-quality silica sand – an essential material for a low carbon future

Limiting global warming will require major efforts in global transition to a low carbon economy. As the transition accelerates, it is vital to maintain essential raw materials supply for renewable energy infrastructure development. Solar energy technology is one of the fastest-growing renewable energy sources. Among all low-carbon technology options, increased development of solar photovoltaic (“PV”) could reduce carbon emissions by 21% by 2050³. According to International Energy Agency (“IEA”), solar technologies need to contribute over 30% of global energy to reach net-zero⁴.

High-purity silica sand plays an indispensable role in solar energy development. It offers optimal thermal expansion properties, excellent photoconductivity, durability and low toxicity. The unique qualities of premium silica sand make it suitable for ultra-clear solar panels manufacturing. Further utilisation on this world-class resource will help mitigate climate change, as well as job creation and economy growth.

Critical to the global decarbonisation effort

 <p>Ultra-high purity, low-iron silica sand is a key component in</p> <ul style="list-style-type: none">• Solar panel glass• Fibreglass composite	 <p>Lower auto emissions</p> <ul style="list-style-type: none">• Ground silica sand is used to produce particulate filters for both petrol and diesel engines
 <p>Solar panel flat glass</p> <ul style="list-style-type: none">• Ultra high-grade, low-iron silica sand is needed to produce glass that effectively transmits the sun’s energy to solar panel cells	 <p>Clean-burning diesel</p> <ul style="list-style-type: none">• Silica sand is a key processing aid in the production of green diesel
 <p>Wind turbine blades</p> <ul style="list-style-type: none">• Specialty silica sand is a critical component in the fibreglass used for wind turbine blades	 <p>Feeding the planet</p> <ul style="list-style-type: none">• Silica sand is a crucial component for bleaching clay absorbents and filter aids needed to meet stringent food safety requirements

³ Future of Solar Photovoltaic - International Renewable Energy Agency (IRENA)
https://irena.org/-/media/Files/IRENA/Agency/Publication/2019/Nov/IRENA_Future_of_Solar_PV_2019.pdf

⁴ Net Zero by 2050 A Roadmap for the Global Energy Sector – IEA
https://iea.blob.core.windows.net/assets/beceb956-0dcf-4d73-89fe-1310e3046d68/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

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VRX's contribution to low carbon economy

VRX has an emerging position in high quality silica sand which is vital for supporting decarbonisation. Although VRX will sell silica sand 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. VRX's Muchea silica sand project is well-positioned to take advantage of the premium silica sand resources.

In December 2022, VRX's Arrowsmith North and Muchea silica sand projects were included in the Australian Critical Minerals Prospectus 2022⁵.

Glass manufacturing requires substantial energy inputs which contributes to rising global emissions. VRX is exploring the potential of utilising renewable energy in glass-manufacturing. In July 2023, VRX has been granted a Geothermal Exploration Permit at Dandaragan, Western Australia. Geothermal energy is a reliable, long-term renewable energy source with the ability to power VRX's projects and provide base-load renewable generation to backstop variable renewable sources such as wind and solar.

VRX has entered a partnership agreement with the School of Photovoltaic and Renewable Energy Engineering of the UNSW, on a strategic research project investigating the market potential for a local, low carbon, solar panel glass recycling program in Australia. The project will perform a techno-economic analysis of a proposed closed-loop photovoltaic glass industry, built on recycling the glass component of solar panels once they reach their end-of-life cycles. This study would help recover valuable resources and minimise the environmental impact of disposal of solar panel, aligning with the principles of circular economy.

VRX also has a non-binding memorandum of understanding ("MOU") with Xodus Group Pty Ltd to explore the future supply of renewable hydrogen to the Company's silica sand projects and potential, nearby glass manufacturing facilities.

By committing to operating its business in a low carbon manner and in accordance with high ESG standards, VRX aims to reduce risk, build resilience into its operations and drive long-term, sustainable value for its stakeholders.

"We are pleased that the Australian Government has recognised that silicon and silica sand are a critical mineral and that VRX has significant potential to address anticipated production shortfalls and build supply chain security as we progress to a low carbon future."

Bruce Maluish, Managing Director

⁵ Full document is available at: <https://www.globalaustralia.gov.au/industries/net-zero/critical-minerals/prospectus-2022>

Responsible Sand Exploration, Mining and Production

There is a growing trend of investment capital moving towards businesses that are socially and environmentally conscious. This trend has changed the context in which we operate, placing a higher importance on climate-related risks, biodiversity protection, and social impacts.



Demand for critical minerals is set to rise two to fourfold by 2030. VRX's projects were included in the Australian Critical Minerals Prospectus 2022. ⁶

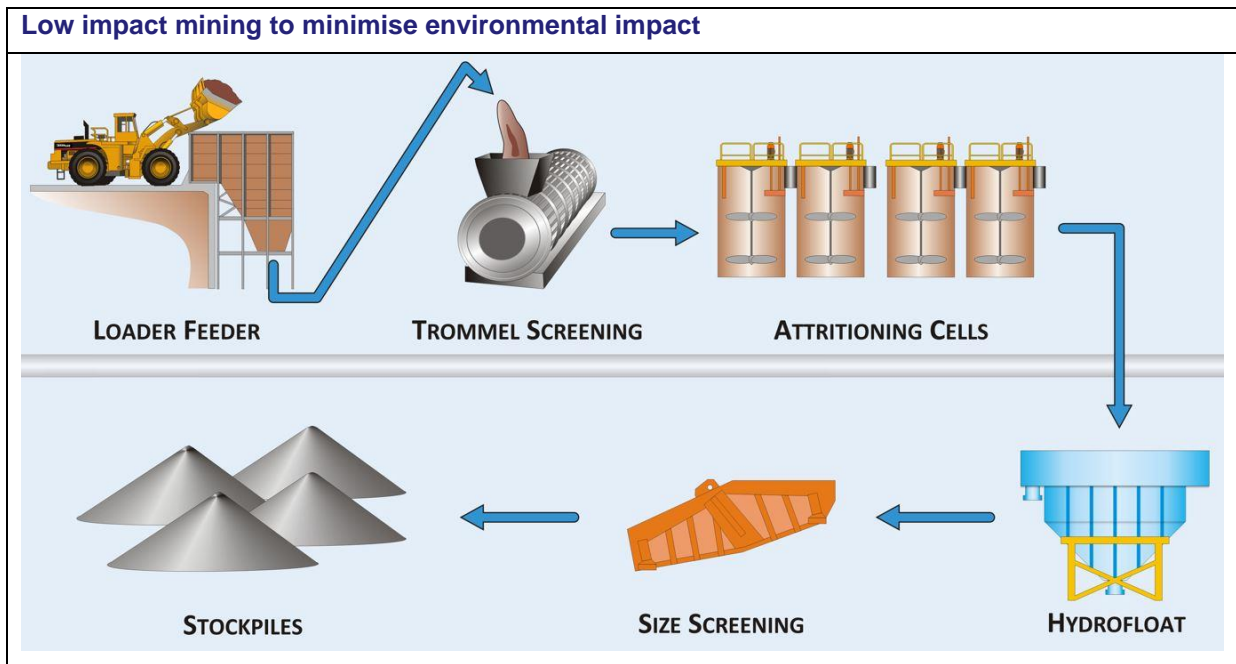
⁶ International Energy Agency's World Energy Outlook 2022. Australian Critical Minerals Prospectus 2022.

Environmental Pillar

While VRX is in the early stages of developing its world-class silica sand projects, VRX is well positioned to capture opportunities to integrate sustainability into its operations during the energy transition.

Environmental protection through low impact mining

VRX's project sites have been selected for minimal impact on the native vegetation, landforms and fauna. Sand mining will leave an undulating landform with vegetation and habitat lower than originally encountered but largely intact. Processing will only involve the use of recycled water and few non-toxic chemicals. The resource is relatively consistent in its attributes which could potentially be mined for up to 100 years. By adopting low impact and sustainable mining solutions, we can effectively reduce the Company's environmental impact during operations. An illustrative process flow diagram is shown below.



Rehabilitation

Rehabilitation is an integral component in the lifecycle of a mine. VRX is committed to restoring the pre-mining conditions as closely as possible to support the future sustainability of its sites.

VRX has developed a Rehabilitation Strategy for the Arrowsmith North silica sand project. In this strategy document, key rehabilitation objectives, activities and methodologies are outlined throughout the following stages:



This rehabilitation strategy will form a key component for planning mine closure in accordance with the Mine Closure Plan Guidance by the Department of Mines Industry Regulation and Safety.

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SUSTAINABILITY REPORT

VRX has developed a progressive method Vegetation Direct Transfer (“VDT”) to rehabilitate disturbed flora and ensure a minimal impact on the native vegetation at its mine sites. It involves using a modified front-end loader to carefully lift and remove a 400-mm deep, 3 x 3m square sod from areas that are set to be mined for silica sand and relocate to an area just mined. With the root structures in the loose sand relatively shallow at 200-300 mm in depth, the VDT method 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. In addition, VRX’s low-impact approach to silica sand mining means that only few non-toxic chemicals will be used in its production process and minimal dust will be produced during mining activities.

Advantages of VDT	
Rootstock is mostly preserved allowing re-sprouting species survival	Most plant species have roots in the upper soil layer of 0 to 30cm
Seed bank retained	Soil structure maintained
Soil microbiology preserved	Surface stability achieved
Soil compaction reduced	

VRX will undertake mining in block sections (typically 150 x 150 m) with an estimated five blocks mined per year. VRX will be deploying innovative measures to ensure that any vegetation removed during its mining activities can be used for continuous rehabilitation. A video of the VDT method is available at:

vrxsilica.com.au/miningandrehabilitationmethodology.

Priority, threatened and endangered species (flora and fauna)



Conserving ecological diversity and protecting native fauna are important during VRX’s operations. 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.

Key ecological studies completed / in progress

Arrowsmith North

- Environmental Review Document:
- Flora and vegetation assessment
 - Dieback assessment
 - Fauna assessment
 - Short range endemic invertebrate surveys
 - Offset strategy
 - Greenhouse gas emissions assessment
 - Air emissions desktop assessment
 - Water assessment
 - Respirable silica analysis
 - Radiation activity analysis

Arrowsmith Central

- Environmental Scoping Document:
- Flora and fauna studies
 - Dieback assessment
 - Short range endemic invertebrate surveys
 - Carbon life cycle analysis for estimated greenhouse gas emissions
 - Respirable silica analysis
 - Radiation activity analysis

Arrowsmith Brand

- Flora and fauna desktop studies

Muchea

- Springtime flora and vegetation study
- Respirable silica analysis

Boyatup

- Flora and fauna desktop studies

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

The Company will undertake detailed surveys of proposed project areas to identify potential presence of endangered or threatened species. This will enable the assessment of the potential direct and indirect impacts on such species during construction and operational phases. To reduce feral animal populations, VRX will explore development of a ranger program across its project sites. VRX will endeavour to protect terrestrial fauna so that biological diversity and ecological integrity are maintained.

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Environmental permitting

VRX has conducted extensive environmental studies and assessments over its silica sand projects in accordance with the requirements of the State and Federal environmental regulations. Regarding the proposed Arrowsmith North silica sand project, VRX lodged the first draft of Environmental Review Document (“ERD”) to the Environmental Protection Authority (“EPA”) in May 2022. After receiving requests for further information, VRX provided a final ERD to DWER in May 2023 which was subsequently accepted by DWER in June 2023. The final ERD was published by the EPA for a four-week Public Environmental Review period in June 2023. VRX assessed key environmental factors relevant to the proposed Arrowsmith North silica sand project, including flora and vegetation, terrestrial fauna, inland waters, social surroundings, greenhouse gas emissions and air quality. Potential impacts, mitigation, residual impacts, outcomes and offsets for each of the relevant key environmental factors were presented in the ERD. It also includes a comprehensive summary of project environmental setting, physical elements of the mine and infrastructure, operational elements, extent of environmental impacts, environmental management plan and the proposed rehabilitation and closure plan. Full ERD for the Arrowsmith North silica sand project is available at the EPA website and VRX website⁷.

Arrowsmith Central is the second of the Company’s silica sand projects under development. This year, the Arrowsmith Central silica sand project has moved to the next stage of the environmental approval process with the EPA. In June 2022, the Company lodged an Environmental Scoping Document⁸ (“ESD”) which details the environmental studies required to inform the assessment of the project. The ESD is currently under assessment and pending feedback from the EPA.

⁷ Full ERD and relevant studies are available at: <https://vrxsilica.com.au/arrowsmith-north-erd-documents/>

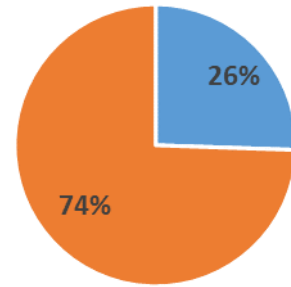
⁸ Documentation provided to the WA EPA on our Arrowsmith Central silica sand project is available at: <https://www.epa.wa.gov.au/proposals/arrowsmith-central-silica-sand-project>

SUSTAINABILITY REPORT

Development of Muchea will follow development at Arrowsmith North. Springtime flora and vegetation studies report was finalised in early 2023 which will form the basis of the EPA Proposal Referral for the Muchea silica sand project.

Greenhouse gas emissions

VRX is focused on reducing its carbon footprint by reducing GHG emissions at its future mine sites. FY23, VRX prepared a Greenhouse Gas Emissions Assessment⁹ for the Arrowsmith North silica sand 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 (“tCO₂-e”) of Scope 1 GHG emissions, equating to an average of 19,444 tonnes annually. Estimated Scope 3 GHG emissions total 1,723,929 tCO₂-e, predominately from shipping its product to Asia, equates to an average of 46,900 tonnes annually. No Scope 2 GHG emissions are anticipated from the consumption of grid-sourced electricity.



■ Scope 1 ■ Scope 3

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 initially generated on site through the construction of a gas-fired power station, working with local liquefied natural gas suppliers. 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. To utilise geothermal energy in VRX’s operations, VRX has applied for Geothermal Exploration Permits at Arrowsmith North and Arrowsmith Central. These actions demonstrate the Company’s commitment to harness green energy and reduce carbon emissions in VRX’s projects.

Social pillar

VRX’s social priority is to develop strong relationships with its stakeholders. To support local communities, VRX offers local employment and contracting opportunities where possible.

Health and safety, wellbeing

Investing in health and safety management is at the forefront of VRX’s business values and strategies. VRX’s [Health, Safety & Wellbeing Policy](#) outlines how its safety commitments are demonstrated. The Company will ensure adequate training for all personnel to operate in a safe and efficient manner.

This year, VRX has completed a Hazard and Operability Study to identify operational issues that may be a risk to personnel or equipment at the Arrowsmith North processing plant. Identification of potential hazards related to design, constructability, installation, maintenance, etc. are also conducted. The results of the study and hazard identification will be incorporated into a Health and Safety Management Plan.

The Company has had no reportable incidents or accidents to date including in the last year.

Employees	Number / Rate ¹⁰
Number of fatalities from work related injury	0
Total Lost time injuries frequency rate	0
Total recordable injuries	0
Total recordable injuries frequency rate	0

⁹ Full assessment document is available at: <https://www.epa.wa.gov.au/proposals/arrowsmith-central-silica-sand-project>

¹⁰ Rate calculation is per 1,000,000 hours of work.

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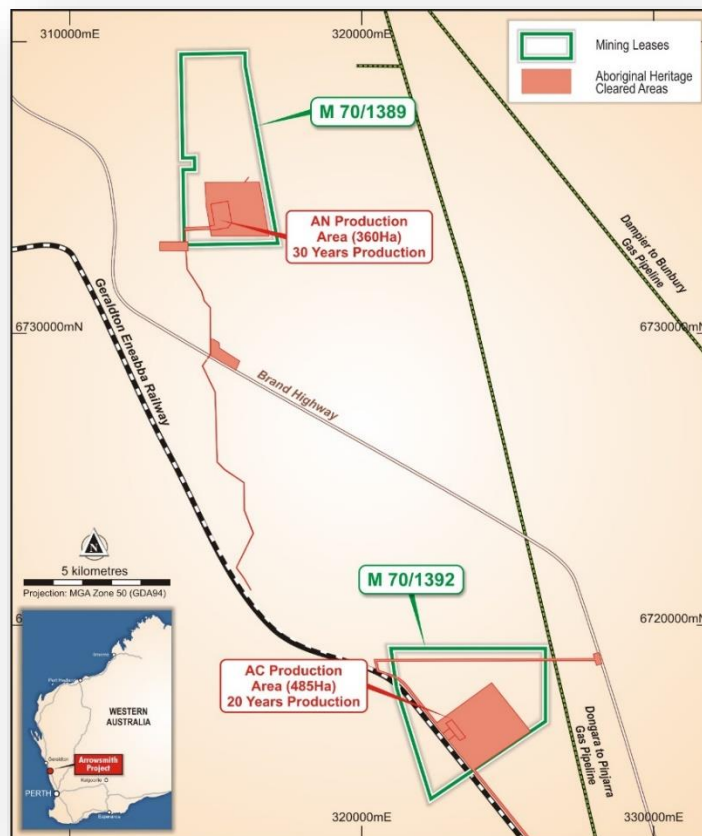
Indigenous relations

VRX acknowledges the bonds that the indigenous communities have with the lands and waters. The Company is committed to engaging with these communities and their representatives to ensure they are kept fully informed about VRX's latest development and have the opportunity to be involved in planning. VRX's [Indigenous Community Policy](#) formalises its commitment to uphold and respect human rights of indigenous communities. As part of VRX's commitment to local and indigenous employment, VRX anticipates offering employment and contract opportunities to local indigenous communities in the vicinity of its projects and to support the ranger programs associated with its project areas.

Aboriginal heritage

VRX is committed to understanding the indigenous heritage values and significance of the land on which it operates. To date, VRX has undertaken several comprehensive archaeological and ethnographic heritage surveys at its operations in accordance with requirements set out in Western Australia's *Environmental Protection Act 1986* and *Aboriginal Heritage Act 1972*. This helps the Company ensure that its operations have as minimal impact and disruption as possible.

Aboriginal heritage and ethnographic surveys¹¹ have been completed at Arrowsmith North and Arrowsmith Central Silica Sand Projects with representatives of the Yamatji Southern Regional Corporation ("YSRC") and a national heritage management firm. The survey findings confirmed that all proposed long-term mining and associated infrastructure areas are clear for the upcoming mining works. These areas include 30 years of mining at the 360ha Arrowsmith North mine disturbance envelope and 20 years of mining at the 485ha Arrowsmith Central mine disturbance envelope.



¹¹ Documents available at: <https://vrxlsilica.com.au/arrowsmith-north-erd-documents/>

SUSTAINABILITY REPORT

VRX had previously undertaken an Aboriginal Ethnographic and Archaeological Heritage survey in 2019 for the Muchea silica sand project. This year, VRX conducted an Aboriginal Ethnographic and Archaeological Heritage Survey and Aboriginal Heritage Work Survey over a priority area to identify and understand any areas of cultural heritage value. The survey results have shown that no archaeological heritage sites were identified.

Muchea clearance survey area



SUSTAINABILITY REPORT

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.

FY23 contribution:

Goods and service supplier purchases	\$AUD 6,032,075
Wages	\$AUD 978,000
Taxes	\$AUD 54,958
Royalties	Nil
State and Shire Rent	\$AUD 271,527

Corporate governance

VRX's [Corporate Code of Conduct](#) provides 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 for 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.

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
	Health and Wellbeing Policy	Board	Company Secretary
Governance	Corporate Code of Conduct	Board	Chairman
	Shareholder Communication	Board	Managing Director
	Trading Policy	Board	Company Secretary
	Disclosure Policy	Board	Managing Director
	Whistleblower Policy	Board	Company Secretary
	Anti-bribery and Anti-corruption Policy	Board	Chairman

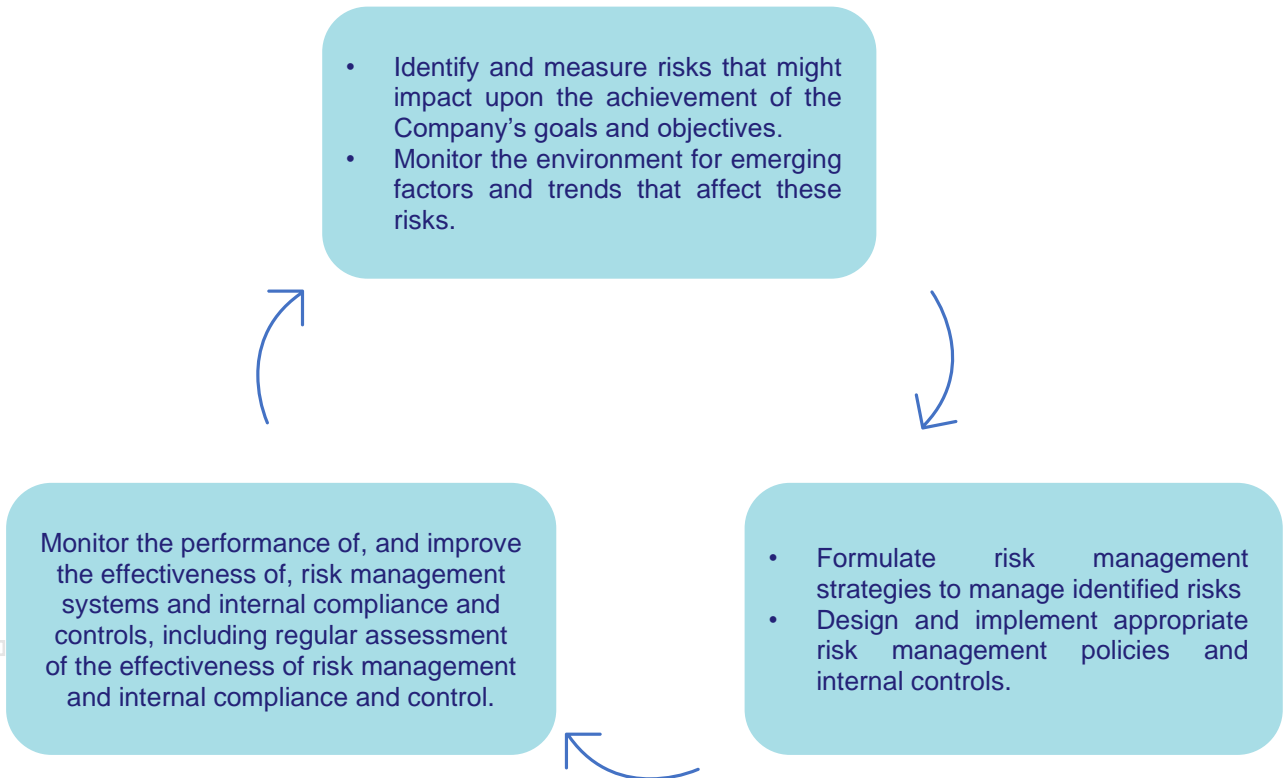
There has been no breach of regulations or compliance by VRX during FY23.

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. VRX's policies and practices are reported against the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. More information can be found in Corporate Governance Plan found on the VRX website. 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.
- 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:



Anti-bribery and corruption

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being taken advantage of 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. Guided by VRX's Anti-Bribery and Anti-Corruption Policy, we do not tolerate any form of corrupt conduct. Disciplinary actions up to and including dismissal will be taken in the event of any employee participating in corrupt conduct. The Company will uphold the highest standard of business ethics and ensure adequate training for all staff and contractors.

Whistleblower policy

VRX's Whistleblower Policy applies to all entities within the Company. It allows all employees, directors, contractors, suppliers, associates, consultants the ability to raise concerns regarding any misconduct or unlawful, unethical or irresponsible behaviour without being subject to victimisation, harassment or discriminatory treatment. This policy is reviewed every two years to ensure it remains consistent with all relevant legislative requirements, as well as the changing nature of the organisation.

Customer risk & production quality

The Company is cognisant that the quality of the products will determine the selling price and future contracts. The Company's 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 test work to ensure that the process circuit design will provide the quality of product that the customer requires.



VRX supply chain

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

Exploration	Development	Corporate & Admin
<ul style="list-style-type: none">• Drilling contractors• Environmental consultants	<ul style="list-style-type: none">• Metallurgical• Process design• Design engineering	<ul style="list-style-type: none">• Auditors• Legal• IT and Communications• Logistics

Reporting Frameworks

The VRX Sustainability Report annually captures and reports 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 (\$AUD).

VRX has also adopted a ‘think global, act local’ approach to selecting frameworks against which to inform its sustainability planning and performance measurement. VRX commits to regularly updating stakeholders on its ESG performance to ensure the Company remains a responsible investment opportunity.

Whilst VRX are in project development phase, VRX have chosen to benchmark its 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 VRX’s 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 its activities with seven SDGs

7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND
CLEAN ENERGY	ECONOMIC GROWTH	INDUSTRY INNOVATION	SUSTAINABLE COMMUNITIES	RESPONSIBLE PRODUCTION	CLIMATE ACTION	REHABILITATION PLAN
Utilising reliable, renewable modern energy	Enhancing economic and productive employment	Building resilient infrastructure and fostering innovation	Respecting heritage values	Employing sustainable mining methods	Reducing emissions from production	Employing direct vegetation transfer as a unique rehabilitation method

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, the Sustainability Accounting Standards Board and the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures. 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 its ESG journey.

The adoption of the WEF framework has already highlighted a number of ESG opportunities across the Company’s operations, including the integration of solar panels and battery storage capacity into power generation and our purpose-built 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 its environmental footprint and building sustainable outcomes for its stakeholders.

VRX’s performance against the framework in FY23 can be found in the Appendix at the end of this report.

SUSTAINABILITY REPORT

Appendix: World Economic Forum – Stakeholder Capitalism Index

WEF key data/question	Current status	Status
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 to create a sustainable, low-impact environmental legacy and positive benefits for its communities.	Disclosed
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.	FY24
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.	Disclosed
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.	Disclosed
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.	Disclosed
A description of internal and external mechanisms for seeking advice about ethical and lawful behaviour and organizational integrity.	VRX's Anti-Bribery and Anti-Corruption policy has guidance on behaviour in Section 10 of the Corporate Governance Plan. VRX's whistleblower policy allows all employees, directors, contractors, suppliers, associates, consultants the ability to raise concerns regarding any misconduct or unlawful, unethical or irresponsible behaviour without being subject to victimisation, harassment or discriminatory treatment. As a reasonably small business, all VRX managers and board members are available to employees and contractors to discuss any ethical concerns.	Disclosed
A description of internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	VRX's Whistleblower Policy allows all employees, directors, contractors, suppliers, associates, consultants the ability to raise concerns regarding any misconduct or unlawful, unethical or irresponsible behaviour without being subject to victimisation, harassment or discriminatory treatment. As a reasonably small business, all VRX managers and board members are available to employees and contractors to discuss any ethical concerns.	Disclosed

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SUSTAINABILITY REPORT

A description of principal material risks and opportunities facing the company specifically (as opposed to generic sector risks)	Material risks and opportunities are outlined in the FY23 VRX Annual Report.	Disclosed
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 FY23 VRX Annual Report.	Disclosed
For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in tCO ₂ e GHG Protocol Scope 1 and Scope 2 emissions.	Emissions are immaterial to VRX until development and construction begins. VRX has forecasted its emissions in the Greenhouse Gas Emissions section of this Sustainability Report.	Forecast disclosed
Fully implement the recommendations of the 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 TCFD.	FY26
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.	Disclosed
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
Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Given the minimal nature of current employment at VRX, diversity is immaterial to VRX until development and 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
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
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
An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour.	As VRX is domiciled in and only operates in Australia, there is a very low risk of incidents of child labour, forced or compulsory labour.	Disclosed
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 FY23.	Disclosed
An explanation of how the organisation 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.	Disclosed
Average hours of training per person that the organisation'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).	Given the minimal nature of current employment at VRX, training hours will not become material until the hiring phase of development and construction.	Disclosed

SUSTAINABILITY REPORT

Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	Given the minimal nature of current employment at VRX, training and development expenditure will not become material until the hiring phase of development and construction.	Disclosed
Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region.	There was one new employee hired in FY23.	Disclosed
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 FY23.	Disclosed
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.	Disclosed
Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.	No financial assistance was received from the government.	Disclosed
Total capital expenditures ("CapEx") minus depreciation, supported by narrative to describe the company's investment strategy.	\$AUD460,000 on Banana Screen and Trommel refurbishment. \$AUD 1,380,000 on Processing Plant detailed engineering designs in FY23.	Disclosed
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.	Disclosed
Total costs related to research and development.	\$AUD280,000 on metallurgical test work in FY23.	Disclosed
The total global tax borne by the company.	Total tax paid was \$AUD54,958 (Payroll and FBT).	Disclosed

DIRECTORS REPORT

Your directors present their report on the Company and its controlled entities for the year ended 30 June 2023.

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

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 has over 30 years' experience in the investment, corporate and capital markets and an extensive working knowledge of public companies. He has advised numerous emerging companies on a broad range of corporate and strategic issues and assisted in raising significant investment capital both locally and overseas.

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.

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 9 November 2022

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

DIRECTORS REPORT

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 8 December 2021
- Novatti Group Limited – 19 June 2015 to present
- 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
- 3,900,000 options expiring 31 August 2024, exercisable at 30 cents each

Bruce Maluish

- 13,810,535 ordinary fully paid shares
- 5,400,000 options expiring 31 August 2024, exercisable at 30 cents each

Peter Pawlowitsch

- 23,841,769 ordinary fully paid shares
- 3,000,000 options expiring 31 August 2024, exercisable at 30 cents each

David Welch

- No interests in shares
- 3,000,000 options expiring 31 August 2024, exercisable at 30 cents each

DIRECTORS REPORT

COMPANY SECRETARY

Ian Hobson

Mr Hobson holds a Bachelor of Business degree and is a Chartered Accountant and Chartered Company Secretary with 35 years' experience in the profession. Mr Hobson provides company secretary services and corporate, management and accounting advice to a number of listed public companies.

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 Mining Pty Ltd	- 100% owned controlled entity
VRX Boyatup Pty Ltd	- 100% owned controlled entity
VRX Midwest 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 \$5,060,435 (2022: \$5,033,274).

Financial Position

At 30 June 2023, the Group had net assets of \$17,536,722 (2022: \$21,389,584) with cash reserves of \$1,581,811 (2022: \$9,305,877).

Financing and Investing Activities

The Company did not issue any securities for cash proceeds during the year:

Dividends

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

DIRECTORS REPORT

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

Consultants Options

On 31 August 2023, the Company issued 1,250,000 options exercisable at 18 cents each on or before 31 August 2025, to consultants for no consideration.

Capital Raising

On 28 August 2023, the Company announced a \$3 million capital raising, comprising a share placement of \$1.5 million ("Placement") and a share purchase plan of up to \$1.5 million ("SPP"). The Placement to new and existing sophisticated investors comprises the issue of 12,500,000 new fully paid ordinary shares in the Company ("new shares") at a price of 12 cents per share, to raise \$1,500,000 (before costs). The Company is also undertaking a SPP offer to eligible shareholders to apply for up to \$30,000 each of new shares at a price of 12 cents per share. Participants in the Placement and the SSP are entitled to subscribe for one free-attaching option for every two new shares issued, each at an exercise price of 18 cents and expiring on 31 August 2025.

On 1 September 2023, the Company issued 12,500,000 fully paid ordinary shares under the Placement. As at the date of this report, the SPP offer has not closed and the free-attaching options have not been issued.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

MEETINGS OF DIRECTORS

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

	Board of Directors Meetings	
	Number Eligible to Attend	Number Attended
P Boyatzis	4	4
B Maluish	4	4
P Pawlowitsch	4	4
D Welch	4	4

DIRECTORS REPORT

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.

Use of Remuneration Consultants

During the financial year ended 30 June 2023 and 30 June 2022, the consolidated entity did not engage any remuneration consultants.

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 10.5% for the financial year ended 30 June 2023 and increased to 11% effective 1 July 2023, 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.

DIRECTORS REPORT

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.

DIRECTORS REPORT

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

Remuneration and other terms of employment for some key management personnel are formalised in service agreements. Details of these agreements are as follows:

Bruce Maluish	Managing Director
Agreement type:	Employment agreement
Agreement commenced:	22 February 2011
Term of Agreement:	Two years or such later date as agreed with the Board.
Remuneration:	Base annual salary for the financial year of \$367,500 (inclusive of statutory superannuation), reviewed annually.
Termination notice:	Three months termination notice by either party.

DIRECTORS REPORT

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)
David Welch	Director (non-executive) appointed 1 September 2021

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	2023	76,800	-	47,778	124,578
	2022	72,000	-	172,442	244,442
B Maluish	2023	340,000	27,500	66,154	433,654
	2022	322,500	27,500	238,766	588,766
P Pawlowitsch	2023	51,584	5,416	36,753	93,753
	2022	49,091	4,909	132,647	186,647
D Welch	2023	57,000	-	36,753	93,753
	2022	45,000	-	132,647	177,647
Total	2023	525,384	32,916	187,438	745,738
	2022	488,591	32,409	676,502	1,197,502

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	2023	62%	-	38%
	2022	29%	-	71%
B Maluish	2023	85%	-	15%
	2022	59%	-	41%
P Pawlowitsch	2023	61%	-	39%
	2022	29%	-	71%
D Welch	2023	61%	-	39%
	2022	25%	-	75%

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

DIRECTORS REPORT

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

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

G. Additional disclosures relating to key management personnel

Shareholding

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

Director	Balance 01/07/22	Received as Remuneration	Shares Issued on Exercise of Options	Acquired/ (disposed)	Net Change Other	Balance 30/06/23
P Boyatzis	5,180,000	-	-	-	-	5,180,000
B Maluish	13,810,535	-	-	-	-	13,810,535
P Pawlowitsch	23,841,769	-	-	-	-	23,841,769
D Welch	-	-	-	-	-	-
Total	42,832,304	-	-	-	-	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 01/07/22	Received as Remuneration	Options Exercised	Options Expired	Net Change Other	Balance 30/06/22
P Boyatzis	3,900,000	-	-	-	-	3,900,000
B Maluish	5,400,000	-	-	-	-	5,400,000
P Pawlowitsch	3,000,000	-	-	-	-	3,000,000
D Welch	3,000,000	-	-	-	-	3,000,000
Total	15,300,000	-	-	-	-	15,300,000

DIRECTORS REPORT

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 \$15,699 (2022: \$40,569) to Aruma Resources Limited, a company Mr Paul Boyatzis was a director of during the relevant period.

At 30 June 2023, the Group had an outstanding receivable of nil (2022: \$11,305) from Aruma Resources Limited, a company Mr Paul Boyatzis was a director of until 9 November 2022.

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

At the 2022 AGM, 83.2% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. 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 2023 are summarised below:

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Revenue	113,479	56,901	1,356,599	73,665	96,228
EBITDA	(4,929,047)	(4,938,719)	(1,017,793)	(2,309,541)	(6,015,965)
EBIT	(5,038,001)	(5,023,246)	(1,081,357)	(2,360,768)	(6,017,950)
Loss after income tax	(5,060,435)	(5,033,274)	(1,089,611)	(2,366,217)	(6,017,950)

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

	2023	2022	2021	2020	2019
Share price at financial year end (\$)	0.13	0.13	0.22	0.09	0.09
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.90)	(0.91)	(0.23)	(0.55)	(1.69)

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

DIRECTORS REPORT

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:

- 2,500,000 options expiring 23 October 2023, exercisable at 15 cents each
- 28,800,000 options expiring 31 August 2024, exercisable at 30 cents each
- 10,000,000 options expiring 31 December 2025, exercisable at 20 cents each
- 7,200,000 options expiring 31 December 2026, exercisable at 15 cents each
- 1,250,000 options expiring 31 August 2025, exercisable at 18 cents each

During the year options were issued as follows:

- 10,000,000 options exercisable at 20 cents each on or before 31 December 2025
- 7,200,000 options exercisable at 15 cents each on or before 31 December 2026

During the year the following options were exercised:

- 4,000,000 options expiring 30 November 2022, exercised at 9 cents each using the cashless exercise facility

No other options expired during the year.

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

- 1,250,000 options exercisable at 18 cents each on or before 31 August 2025 were issued to consultants for no consideration
- No other options have been exercised and no options have expired.

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

LEGAL PROCEEDINGS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS REPORT

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/>

MATERIAL BUSINESS RISKS

The Company and its subsidiaries are subject to risks of both a general nature and ones that are specific to their business activities including, but not limited to the following.

Specific Risks

(a) **Title risk**

The ability of the Company to carry out successful exploration and mining activities on its tenements will depend on it obtaining and maintaining the appropriate approvals and permits to operate, including exploration licences, programs of work, environmental approvals, mining leases, mining permits and other approvals and permits necessary to carry out these activities.

The grant, maintenance and renewal of such licences, permits and approvals is regulated by the applicable State legislation, such as the Mining Act 1978 (WA) as amended. No guarantee can be given that any such licence, permit or approval will be granted and/or maintained or, if granted, any attaching conditions are acceptable to the Company or their grant is not overturned or restricted. There is also no guarantee that a renewal will be automatically granted other than in accordance with the applicable mining legislation or granted without new conditions, including relinquishment of ground.

Each tenement carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

(b) **Granting of licences, permits etc**

The Company requires numerous governmental, environmental, mining permits, water rights and approvals authorising operations for mining and processing facilities. A decision by a governmental agency or other third party to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on the ability to continue operations. Furthermore, state and local governments could impose a moratorium on mining operations in certain areas. Expansion of operations is also predicated on securing the necessary environmental or other permits, water rights or approvals, which may not be received in a timely manner or at all.

(c) **Exploration and Development Risks**

Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit has been identified, there is no guarantee that it can be profitably exploited.

(d) **Resource and Reserve Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling, economic conditions and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Reserve and resource estimates are expressions of judgment based on drilling results and other exploration observations, along with a competent person's experience working with relevant mining properties, and other factors. Estimates based on available data and interpretations and thus estimations may prove to be inaccurate or may change substantially when new information becomes available. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources.

Reserves are value based financial and operational forecasts and, consequently, the actual reserves, resources and economic conditions may differ from those estimated either positively or negatively.

(e) **Capital costs estimates**

The Company has undertaken feasibility studies on, among other things, the capital costs to develop its silica sand projects through to production. These studies are undertaken at a point in time.

If the Company proceeds with a decision to mine at one or more of its projects, during the construction phase prices of goods and services in connection with that mine's development may increase substantially, resulting in an increase in the cost to develop the mine. As a consequence the Company may need to raise additional capital to complete the construction and there is no guarantee that the Company will be able to achieve this.

(f) **Operational Risks**

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(g) **Environmental Risks**

The operations and proposed activities of the Company are subject to regulations concerning the environment. The government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds, and the Company will require approval from the relevant authorities before it can undertake such activities. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with best industry practice and applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Environmental matters applicable to the Company's silica sand projects are within the remit of Commonwealth and State authorities, including under legislation in the form of the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (**EPBC Act**) and the Environmental Protection Act 1986 (WA). The Company will need to seek pre-approval on environmental matters for any mining operations and the Environmental Protection Authority (**EPA**) will, among other things, assess the impact of proposed activities on flora and fauna and matters of national environmental significance under the EPBC Act as part of an accredited assessment.

The assessment process requires interaction between Commonwealth and State authorities and there is no fixed time for the process to complete. Significant delays in the process can potentially have a material adverse effect on the Company's business, financial condition and operations and affect the Company's ability to pursue the projects. In addition, there is no guarantee that the assessments undertaken by these authorities will be favourable or the approvals sought will be granted. Failure to obtain such approvals will prevent the Company from undertaking its desired activities and this will have a material adverse effect on the Company's business, financial condition and operations.

The Environmental Review Document (**ERD**) for Arrowsmith North has been accepted by the Department of Water and Environmental Regulation (**DWER**) for publication and a four-week Public Environmental Review (**PER**) completed in mid-July 2023. The Company has received formal notification from DWER of comments on the PER and the Company is required to respond to all such comments. This PER and response process are the final steps before the EPA prepares an assessment report including recommendations to the Western Australian Environment Minister on whether the proposal should be approved. There is no guarantee that such approval will be forthcoming.

Environmental approval will be required for the Company's other silica sand projects, including Muchea. There is no guarantee that such approval will be forthcoming.

Future State and Federal legislation and regulations governing mineral exploration and production may impose significant environmental obligations on the Company. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

Any failure by the Company to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact operations and financial condition, including issuance of administrative, civil, and criminal penalties denial, modification, or revocation of permits or other authorisations, imposition of injunctive obligations or other limitations on operations, including cessation of operations; and requirements to perform site investigatory, remedial, or other corrective actions.

(h) **Metallurgy**

Mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable product;
- (ii) developing an economic process route to produce a product; and
- (iii) changes in mineralogy in the deposit can result in inconsistent recovery, affecting the economic viability of a project.

(i) **Changes to glassmaking and foundry industries in Asia**

Prices for silica sand will be subject to glass and foundry demand in Asia, among other industries. A reduction in glass production or foundry activity would generally depress the demand, development, production, and mining activity for silica sand the Company may produce. Such a decline could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(j) **Changes to demand for silica sand generally**

Demand for silica sand products can be affected generally by advances in industry and the development and use of new technology or new processes that reduce or eliminate the need for silica sand products, including as a material for glass-making, metal casting, metallurgical processes, chemical production, paint and coatings, ceramics, filtration and water production and proppant.

Such events could cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(k) **Fluctuations in market pricing**

Supply agreements involving the sale of silica sand products may be fixed or have market-based pricing mechanisms, or a combination of both. Accordingly, in periods with decreasing prices, results of operations may be lower if prices under these agreements are not fixed. In periods with increasing prices, some agreements may permit an increase in prices; however, some customers may elect to cease purchasing products if they do not agree with price increases or are able to find alternative, cheaper sources of supply. Furthermore, certain volume-based supply agreements may influence the ability to fully capture current market pricings.

Depending on the pricing provisions, there may be significant variability in results of operations and cash flows from period to period.

(l) **A significant reduction in purchases by major buyers**

Major customers may not continue to purchase the same levels of products in the future due to a variety of reasons. The Company is likely to sell products to customers on a purchase order basis and pursuant to supply agreements that will contain customary termination provisions for bankruptcy related events and uncured breaches of the applicable agreement. If any of these major customers substantially reduces or altogether ceases purchasing products and the Company is not able to generate replacement sales into the market, the business, financial condition, and results of operations could be adversely affected for a short-term period until such time as the Company can generate replacement sales in the market.

(m) **Credit risk of major international export customers**

The Company is subject to the risk of loss resulting from non-payment or non-performance by customers, many of whose operations are concentrated solely in the Asian market which is subject to volatility and therefore credit risk. Credit procedures and policies may not be adequate to fully reduce customer credit risk. If the Company fails to adequately assess the creditworthiness of customers or unanticipated deterioration in their creditworthiness, any resulting increase in non-payment or non-performance by them and the inability to re-market or otherwise use the production could have a material adverse effect on the Company's business, financial condition, and results of operations.

(n) **Increasing logistics costs for rail, port and shipping**

Transportation and handling costs are a significant component of the total delivered cost of products. In many instances, transportation costs can represent 50% to 60% of the delivered cost of silica sand. The high relative cost of transportation could favour suppliers located in close proximity to the customer. The Company will contract with rail, wharf and ship services to move products from the production facilities to customers. Labour disputes, derailments, adverse weather conditions or other environmental events and other changes to rail freight systems could interrupt or limit available transportation services or result in a significant increase in transportation service rates. Increased costs resulting from these types of events that the Company is not able to pass on to customers could impair the ability to deliver the products economically to customers or to expand the markets.

(o) **Maintaining effective quality control at the mining and processing operation**

The performance and quality of the products are critical to the success of the business. These factors depend significantly on the effectiveness of the quality control systems, the quality-training program, and the ability to ensure that employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of the quality control systems could have a material adverse effect on the Company's business, financial condition, results of operations, and reputation.

(p) **Interruptions or failures in information technology systems**

The Company's operations may rely on sophisticated information technology systems and infrastructure to support the business, including process control technology. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, usage errors by employees, computer viruses, cyber-attacks or other security breaches, or similar events. The failure of any of the information technology systems may cause disruptions in operations, which could adversely affect product supply, sales and profitability.

(q) **Extreme seasonal weather conditions**

Unexpected weather conditions may result in damage to plant, equipment and transport infrastructure or the Company having insufficient stockpiles to supply feedstock for rail and ship operations, and result in being unable to satisfy customer requirements during these periods.

As a consequence of potential seasonal supply impacts, cash flows from operations can fluctuate if plant operations must remain shut down due to extreme weather conditions.

(r) **Insurance Risks**

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(s) **Key personnel**

The ability of the Company to achieve its objectives depends on the retention of key employees and contractors who provide technical expertise. If the Company cannot secure technical expertise (for example to carry out drilling) or if the services of the present technical panel cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Company believes that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(t) **Shortage of labour or labour disputes**

Efficient mining using modern techniques and equipment requires skilled operators, preferably with several years of experience and proficiency in multiple mining tasks, including processing of mined minerals. If a shortage of experienced labour is encountered or subject to labour disputes or if the Company is unable to train the necessary number of skilled operators, there could be an adverse impact on productivity and costs and the ability to maintain production. An inability to maintain good relations with the workforce could cause a material adverse effect on the operations and financial position.

(u) **No Profit To-Date**

The Company has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. As the Company intends to continue investing in exploration and development programs, the Company anticipates making further losses in the foreseeable future.

While the Company has confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(v) **Changes in laws and regulations related to mining and processing**

Mining operations are subject to a variety of Federal, State and Local regulatory legislative requirements affecting the mining and mineral processing industry, including among others, those relating to employee health and safety, environmental permitting and licensing, air and water emissions, greenhouse gas emissions, water pollution, waste management, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials, and natural resources.

Some environmental laws impose substantial penalties for non-compliance, and liability for the remediation of releases of hazardous substances. Liability under Federal and State laws may be imposed as a result of conduct that was lawful at the time it occurred or for the conduct of, or conditions caused by, prior operators or other third parties. Failure to properly handle, transport, store or dispose of hazardous materials or otherwise conduct operations in compliance with environmental laws could expose the Company to liability for governmental penalties, cleanup costs and civil or criminal liability associated with releases of such materials into the environment, damages to property or natural resources and other damages, as well as potentially impair the ability to conduct operations.

In addition, future environmental laws and regulations could restrict the ability to expand the facilities or extract mineral reserves or could require the Company to acquire costly equipment or to incur other significant expenses in connection with business. Future events, including changes in any environmental requirements (or their interpretation or enforcement) and the costs associated with complying with such requirements, could have a material adverse effect on the Company.

(w) **Foreign Exchange Risk**

International prices of silica sand products are denominated in United States Dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets.

(x) **Native title and Aboriginal Heritage**

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with. The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal Cultural Heritage legislation requirements, which require certain due diligence investigations to be undertaken ahead of the commencement of exploration and mining. Whilst no sites of Aboriginal heritage have been uncovered in surveys conducted to-date on the Company's projects, in the event the Company subsequently discovers evidence of Aboriginal heritage on land accessed by the Company, the Company must comply with regulations prohibiting the disturbance of physical evidence of prehistoric or historical significance without statutory permission and legislation prohibiting or restricting access to Aboriginal cultural heritage or native title land. Accordingly, delays or additional costs in the exploration or production of the Company's business may be experienced. Further, the disturbance of any such land or objects may expose the Company to additional fines or other penalties.

(y) **Future Capital Needs and Additional Funding**

There can be no guarantees that the Company's cash reserves will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

Any additional equity financing may be dilutive to the Company's existing shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy, and may restrict the ability to finance future operations or capital needs or to engage in, expand, or pursue the business activities. The ability to obtain financing or to access the capital markets for future equity or debt offerings may be limited by the financial conditions at the time of any such financing or offering, the covenants contained in credit facilities, term loans or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond our control. Failure to obtain the funds necessary to maintain, develop, and increase the asset base, could adversely impact the Company's growth and profitability. Even if the Company is able to obtain financing or access the capital markets, incurring debt will incur interest expense and increase financial leverage, and the level of indebtedness could restrict the ability to fund future development and acquisition activities.

General risks

(a) **Economic Risk**

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company may acquire mineral assets.

(b) **Changes in Government Policies and Legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests may affect the viability and profitability of the Company.

(c) **Changing political environment**

Changes in the political relationship between Australia and its trading parties can affect the demand for the Company's products. Examples of this might be trade embargos or increased tariffs on the Company's goods or economic sanctions against the countries that are buying the Company's products or war between countries to which the Company exports its products.

(d) **Risk of litigation, claims and disputes**

The Company is exposed to the risk of actual or threatened litigation or legal disputes in the form of claims by contract counterparties, personal injury and property damage claims, environmental and indemnity claims, employee claims and other litigation and disputes. There is a risk that such litigation, claims and disputes could materially and adversely affect the Company's operating and financial performance due to the cost of defending and/or settling such claims, and could affect the Company's reputation.

The Company is not aware of any legal proceedings pending or threatened against it or any of its subsidiary companies.

(e) **Global credit and investment markets**

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required. The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general, and resources securities in particular. Neither the Company, nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

DIRECTORS REPORT

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, 28 September 2023

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Consolidated	
		2023	2022
		\$	\$
Continuing operations			
Revenue	2(a)	113,479	56,901
Exploration and evaluation expenditure	11	(900,428)	(760,580)
Depreciation		(108,954)	(84,527)
Directors fees and benefits expense		(558,300)	(521,000)
Finance costs		(22,434)	(10,028)
Loss on revaluation of equity instruments		(353,125)	(312,500)
Share based payments	23	(1,207,573)	(1,930,849)
Other expenses	2(b)	(2,023,100)	(1,470,691)
Loss before income tax expense		(5,060,435)	(5,033,274)
Income tax expense	3	-	-
Net loss for the year		(5,060,435)	(5,033,274)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to the members of VRX Silica Limited		(5,060,435)	(5,033,274)
Earnings per share attributable to the members of VRX Silica Limited		Cents	Cents
Basic/diluted loss per share	5	(0.90)	(0.91)

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	Consolidated	
		2023	2022
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,581,811	9,305,877
Trade and other receivables	7	162,590	236,910
Total Current Assets		1,744,401	9,542,787
Non-Current Assets			
Trade and other receivables	7	93,156	26,171
Financial assets at fair value through profit or loss	8	443,750	781,250
Plant and equipment	9	2,271,229	431,669
Right-of-use assets	10	405,486	179,558
Deferred exploration expenditure	11	13,599,089	11,951,536
Total Non-Current Assets		16,812,710	13,370,184
Total Assets		18,557,111	22,912,971
LIABILITIES			
Current Liabilities			
Trade and other payables	12	381,685	1,146,269
Provisions	13	220,548	188,928
Lease liabilities	14	80,934	71,676
Total Current Liabilities		683,167	1,406,873
Non-Current Liabilities			
Lease liabilities	14	337,222	116,514
Total Non-Current Liabilities		337,222	116,514
Total Liabilities		1,020,389	1,523,387
Net Assets		17,536,722	21,389,584
EQUITY			
Issued capital	16	49,906,519	49,906,519
Reserves	17	7,729,981	6,522,408
Accumulated losses	15	(40,099,778)	(35,039,343)
Total Equity		17,536,722	21,389,584

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
2023				
Balance at 1 July 2022	49,906,519	6,522,408	(35,039,343)	21,389,584
Loss for the year	-	-	(5,060,435)	(5,060,435)
Total comprehensive loss for the year	-	-	(5,060,435)	(5,060,435)
Cost of share-based payments	-	1,207,573	-	1,207,573
Balance at 30 June 2023	49,906,519	7,729,981	(40,099,778)	17,536,722
2022				
Balance at 1 July 2021	45,468,491	4,591,559	(30,006,069)	20,053,981
Loss for the year	-	-	(5,033,274)	(5,033,274)
Total comprehensive loss for the year	-	-	(5,033,274)	(5,033,274)
Securities issued during the year	4,438,028	-	-	4,438,028
Cost of share-based payments	-	1,930,849	-	1,930,849
Balance at 30 June 2022	49,906,519	6,522,408	(35,039,343)	21,389,584

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Consolidated	
		2023	2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(3,035,307)	(1,985,874)
Interest received		103,867	14,962
Other income		23,980	37,693
Interest and other finance costs paid		(22,434)	(10,028)
Net cash outflows used in operating activities	6(i)	(2,929,894)	(1,943,247)
Cash flows from investing activities			
Payments for investments		(15,625)	-
Payments for plant and equipment		(1,904,538)	(391,224)
Expenditure on mining interests		(2,931,731)	(3,172,696)
Government grants received on mining interests		197,674	-
Payments of security deposits		(89,004)	-
Proceeds from release of security deposits		22,046	-
Net cash outflows used in investing activities		(4,721,178)	(3,563,920)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,438,028
Repayment of lease liabilities		(72,994)	(67,051)
Net cash (outflow)/inflow from financing activities		(72,994)	4,370,977
Net decrease in cash held		(7,724,066)	(1,136,190)
Cash at beginning of the financial year		9,305,877	10,442,067
Cash at end of financial year	6	1,581,811	9,305,877

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 28 September 2023 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.

(c) **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 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(d) **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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(e) 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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(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.

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) Government Grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(i) Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

(j) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(j) Income Tax (continued)

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.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(o) Investments and Other Financial Assets (continued)

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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(s) 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.

(t) 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.

(u) 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 asset 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(v) 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.

(w) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. Summary of Significant Accounting Policies (Continued)

(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.

Assets 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.

(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 profit or loss and other comprehensive income.

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 by using valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
2. Revenue and Expenses		
(a) Revenue		
Interest received	99,776	16,332
Other	13,703	40,569
	113,479	56,901
(b) Other Expenses		
Audit fees	45,500	41,500
Consulting fees	251,659	210,175
Legal fees	207,005	180,000
Marketing	592,801	516,061
Rent	36,501	52,050
Securities exchange and registry fees	81,217	91,412
Superannuation	52,584	26,000
Travel	132,925	54,702
Other	622,908	298,791
	2,023,100	1,470,691
3. Income Tax		
(a) Income tax expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Loss for year	(5,060,435)	(5,033,274)
Prima facie income tax (benefit) @ 30.0% (2022: 25%)	(1,518,130)	(1,258,319)
Tax effect of non-deductible/(non-assessable) items	(240,563)	(377,366)
Deferred tax assets not brought to account	1,758,693	1,635,685
Total income tax expense	-	-
(b) Deferred tax assets		
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(j) occur:	13,009,888	9,756,657
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:		
- audit or review services	45,500	41,500
- other non-audit services – taxation, R&D and grant compliance	115,932	45,485
	161,432	86,985

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
5. Earnings per Share (EPS)		
	Cents	Cents
Basic earnings per share	(0.90)	(0.91)
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	(5,060,435)	(5,033,274)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	559,570,152	554,149,808
6. Cash and Cash Equivalents		
Cash at bank	1,581,811	9,305,877
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	(5,060,435)	(5,033,274)
Depreciation	108,954	84,527
Equity settled share-based payment	1,207,573	1,930,849
Exploration and evaluation expenditure	900,428	760,580
Loss on revaluation of equity instruments	353,125	312,500
Net gain on termination of property lease	(9,292)	-
Changes in assets and liabilities		
Receivables	(13,433)	(12,969)
Payables	(462,515)	32,025
Provisions	31,620	3,089
GST payable/receivable	14,081	(20,574)
Net cash flows used in operating activities	(2,929,894)	(1,943,247)
(ii) Non-cash financing and investing activities:		

(ii) Non-cash financing and investing activities:

There were no non-cash financing and investing activities during the year or the previous year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
7. Trade and Other Receivables		
Current		
GST recoverable	87,588	174,287
Other receivables	75,002	62,623
	162,590	236,910

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	93,156	26,171
	93,156	26,171

Allowance for expected credit losses

The Group has not recognised any expected credit losses for the year ended 30 June 2023.

8. Financial Assets at Fair Value Through Profit or Loss

Non-Current

Listed ordinary shares – designated at fair value through profit or loss	418,750	781,250
Listed share options – designated at fair value through profit or loss	25,000	-
	443,750	781,250

Reconciliation

Opening fair value	781,250	1,093,750
Additions	15,625	-
Revaluation decrement	(353,125)	(312,500)
Closing fair value	443,750	781,250

Refer to Note 25 for further information on fair value measurement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
9. Plant and Equipment		
Plant and equipment - at cost	341,066	316,681
Less: Accumulated depreciation	(266,026)	(243,396)
	75,040	73,285
Construction in progress – at cost	2,196,189	358,384
Net carrying amount	2,271,229	431,669

Reconciliation

Consolidated	Plant and Equipment	Construction In Progress	Total
	\$	\$	\$
2023			
Balance at 1 July 2022	73,285	358,384	431,669
Additions	24,385	1,837,805	1,862,190
Depreciation expense	(22,630)	-	(22,630)
Balance at 30 June 2023	75,040	2,196,189	2,271,229
2022			
Balance at 1 July 2021	10,802	-	10,802
Additions	75,187	358,384	433,571
Depreciation expense	(12,704)	-	(12,704)
Balance at 30 June 2022	73,285	358,384	431,669

	Consolidated	
	2023	2022
	\$	\$
10. Right-of-use Assets		
Land and buildings – right-of-use	467,869	287,292
Less: Accumulated depreciation	(62,383)	(107,734)
	405,486	179,558

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

The consolidated entity leased land and buildings for its offices under a two year agreement with an option to extend for an additional two years. Due to change in ownership of the premises, the lease was terminated on 31 October 2022. On 1 November 2022, the consolidated entity commenced a fixed five year lease at new premises.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
11. Deferred Exploration Expenditure		
Expenditure brought forward	11,951,536	8,803,987
Expenditure incurred during the year	2,745,655	3,908,129
R&D tax incentive received	(197,674)	-
Expenditure written off during the year	(900,428)	(760,580)
Expenditure carried forward	13,599,089	11,951,536

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

12. Trade and Other Payables

Current

Trade and other payables	381,685	1,146,269
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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.

13. Provisions

Current

Employee benefits	220,548	188,928
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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	78,490	68,543
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
14. Lease Liabilities		
Current	80,934	71,676
Non-current	337,222	116,514

15. Equity - Accumulated Losses

Accumulated losses at the beginning of the year	(35,039,343)	(30,006,069)
Loss after income tax expenses for the year	(5,060,435)	(5,033,274)
Accumulated losses at the end of the year	(40,099,778)	(35,039,343)

16. Issued Capital

(a) Issued and paid up capital

Ordinary shares - fully paid	49,906,519	49,906,519
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(b) Movement in ordinary shares on issue

	Issue Price	No. of Shares	\$
2023			
Balance at the beginning of the year		558,403,029	49,906,519
Exercise of options expiring 30 November 2022 - using cashless exercise facility	-	2,000,000	-
Balance at the end of the year		560,403,029	49,906,519
2022			
Balance at the beginning of the year		530,651,486	45,468,491
Exercise of listed options expiring 31 July 2021	\$0.180	21,226,543	3,820,778
Exercise of options expiring 30 November 2021	\$0.090	1,025,000	92,250
Exercise of options expiring 30 November 2021 - using cashless exercise facility	-	250,000	-
Balance at the end of the year		558,403,029	49,906,519

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16. Issued Capital (Continued)

(c) Share options

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

- 2,500,000 options expiring 23 October 2023, exercisable at 15 cents each;
- 28,800,000 options expiring 31 August 2024, exercisable at 30 cents each;
- 10,000,000 options expiring 31 December 2025, exercisable at 20 cents each; and
- 7,200,000 options expiring 31 December 2026, exercisable at 15 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 2023 and 30 June 2022 are as follows:

	Note	Consolidated	
		2023	2022
		\$	\$
Total liabilities (excluding provisions)	12, 14	799,841	1,334,459
Less: Cash and cash equivalents	6	(1,581,811)	(9,305,877)
Net debt		(781,970)	(7,971,418)
Total equity		17,536,722	21,389,584
Total capital		16,754,752	13,418,166
Gearing ratio		N/A	N/A

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
17. Reserves		
Option issue reserve	7,729,981	6,522,408

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

Balance at the beginning of the year	6,522,408	4,591,559
Issue and vesting of incentive based share options	1,158,157	1,881,433
Options vesting in lieu of fees payable	49,416	49,416
Balance at the end of the year	7,729,981	6,522,408

18. Commitments

Exploration commitments

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

Not later than one year	941,800	859,800
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	Consolidated	
	2023	2022
	\$	\$
18. Commitments (Continued)		
Operating lease commitments		
Non-cancellable operating leases contracted for but not recognised in the financial statements:		
Payable – minimum lease payments		
- Not later than one year	54,199	42,175
- After one year but not more than five years	176,024	61,325
	230,223	103,500

The property lease is a non-cancellable lease with a fixed five year term commencing 1 November 2022, with rent payable monthly in advance. At 30 June 2023 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.

19. 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

On 6 May 2021, the Company completed the sale of its wholly owned subsidiary, Ventnor Gold Pty Ltd to NickelX Limited. Ventnor Gold Pty Ltd owns 100% of the Biranup Nickel and Gold Project tenements.

The consideration for the sale includes 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. Financial Reporting by Segments

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

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

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

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

During the year ended 30 June 2023, 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 (2022: Nil) are derived from a single external customer.

21. Related Party Transactions

(a) Subsidiaries

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

	<u>County of Incorporation</u>	<u>% Equity Interest</u>	
		<u>2023</u> %	<u>2022</u> %
Ventnor Mining Pty Ltd	Australia	100	100
VRX Boyatup Pty Ltd	Australia	100	100
VRX Midwest Pty Ltd	Australia	100	100
Wisecat Pty Ltd	Australia	100	100

(b) Parent entity

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

21. 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 2023.

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

	Consolidated	
	2023	2022
	\$	\$
Short-term benefits	525,384	488,591
Post-employment benefits	32,916	32,409
Share-based payments	187,438	676,502
	745,738	1,197,502

Shares Issued to Key Management Personnel on Exercise of Compensation Options

Key management personnel did not exercise any options during the year or previous financial year.

Loans with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year (2022: 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:

- \$15,699 (2022: \$40,569) to Aruma Resources Limited, a company Mr Paul Boyatzis was a director of during the relevant period.

At 30 June 2023, the Group has an outstanding receivable of:

- Nil (2022: \$11,305) from Aruma Resources Limited, a company Mr Paul Boyatzis was a director of until 9 November 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

22. Parent Entity Disclosures

(a) Summary financial information

Financial Position

	Parent	
	2023	2022
	\$	\$
Assets		
Current assets	1,710,604	9,416,656
Non-current assets	16,790,912	12,570,737
Total assets	18,501,516	21,987,393
Liabilities		
Current liabilities	627,572	481,295
Non-current liabilities	337,222	116,514
Total liabilities	964,794	597,809
Equity		
Issued capital	50,006,519	50,006,519
Reserves	7,729,981	6,522,408
Accumulated losses	(40,199,778)	(35,139,343)
Total equity	17,536,722	21,389,584
Financial Performance		
Loss for the year	(5,060,435)	(5,033,274)
Other comprehensive income	-	-
Total comprehensive loss	(5,060,435)	(5,033,274)

(b) Guarantees

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

(c) Other commitments and contingencies

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

(d) Significant accounting policies

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

23. Share Based Payments

	Consolidated	
	2023	2022
	\$	\$
(a) Value of share-based payments in the financial statements		
Expensed:		
Incentive based payments to consultants:		
Unlisted options	574,650	1,100,010
Incentive based payments to employees:		
Unlisted options	366,510	-
Directors remuneration issued during the year ended 30 June 2022:		
Unlisted options*	187,438	676,502
Incentive based payments to employees issued during the year ended 30 June 2022:		
Unlisted options*	29,559	104,921
Share based payments in lieu of fees payable:		
Unlisted options*	49,416	49,416
Recognised in the statement of profit or loss and other comprehensive income	1,207,573	1,930,849
Total share-based payments	1,207,573	1,930,849

* Amortisation of options issued in previous periods.

(b) Summary of share-based payments

Shares:

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

Options:

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

2023

Grant Date	Expiry Date	Exercise Price	Balance 01/07/22	Granted during the year	Exercised during the year	Expired	Balance 30/06/23	Number vested and exercisable
31/05/19	30/11/22	\$0.090	4,000,000	-	(4,000,000)	-	-	-
23/10/19	23/10/23	\$0.150	2,000,000	-	-	-	2,000,000	-
11/11/19	23/10/23	\$0.150	500,000	-	-	-	500,000	500,000
19/08/21	31/08/24	\$0.300	11,100,000	-	-	-	11,100,000	11,100,000
29/11/21	31/08/24	\$0.300	15,300,000	-	-	-	15,300,000	15,300,000
07/12/21	31/08/24	\$0.300	2,400,000	-	-	-	2,400,000	2,400,000
13/12/22	31/12/25	\$0.200	-	10,000,000	-	-	10,000,000	10,000,000
29/05/23	31/12/26	\$0.150	-	7,200,000	-	-	7,200,000	7,200,000
			35,300,000	17,200,000	(4,000,000)	-	48,500,000	46,500,000
Weighted average exercise price		\$0.266	\$0.179	\$0.090	-	\$0.249	\$0.254	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

23. Share Based Payments (Continued)

2022

Grant Date	Expiry Date	Exercise Price	Balance 01/07/21	Granted during the year	Exercised during the year	Expired	Balance 30/06/22	Number vested and exercisable
18/09/18	30/11/21	\$0.100	5,500,000	-	(5,500,000)	-	-	-
21/11/18	30/11/21	\$0.100	250,000	-	(250,000)	-	-	-
30/11/18	30/11/21	\$0.217	11,000,000	-	-	(11,000,000)	-	-
09/04/19	30/11/21	\$0.090	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	2,000,000	-	-	-	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	5,111,852	-	(3,835,238)	(1,276,614)	-	-
19/08/21	31/08/24	\$0.300	-	11,100,000	-	-	11,100,000	11,100,000
29/11/21	31/08/24	\$0.300	-	15,300,000	-	-	15,300,000	10,200,000
07/12/21	31/08/24	\$0.300	-	2,400,000	-	-	2,400,000	1,600,000
			29,386,852	28,800,000	(10,610,238)	(12,276,614)	35,300,000	27,400,000
Weighted average exercise price		\$0.160		\$0.300	\$0.128	\$0.213	\$0.266	\$0.267

The value of options incurred as share-based payments are as follows:

	Value per Option	Number of Options	\$
2023			
<i>Options granted during the period:</i>			
Unlisted options exercisable at \$0.20 each on or before 31 December 2025, issued to consultants and employees and vesting on issue.	\$0.0543	10,000,000	543,000
Unlisted options exercisable at \$0.15 each on or before 31 December 2026, issued to consultants and employees and vesting on issue.	\$0.0553	7,200,000	398,160
<i>Amortisation of options granted in prior periods:</i>			
Value of options previously issued to the Directors, expensed during the year.			187,438
Value of options previously issued to employees, expensed during the year.			29,559
Value of options previously issued as part of financial advisory fees to Argonaut Capital Limited, expensed during the year.			49,416
			<u>1,207,573</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

23. Share Based Payments (Continued)

	Value per Option	Number of Options	\$
2022			
<i>Options granted during the period:</i>			
Unlisted options exercisable at \$0.30 each on or before 31 August 2024, issued to consultants and vesting on issue.	\$0.0991	11,100,000	1,100,010
Unlisted options exercisable at \$0.30 each on or before 31 August 2024, issued to the Directors. The options vest and become exercisable on the following dates, provided the holder continues to be a director on those dates:			
Vesting on issue	\$0.0555	5,100,000	283,050
Vesting on 30 June 2022	\$0.0557	5,100,000	284,070
Vesting on 30 June 2023	\$0.0582	5,100,000	296,820
Less value of options not vested at 30 June 2022			(187,438)
Unlisted options exercisable at \$0.30 each on or before 31 August 2024, issued to employees. The options vest and become exercisable on the following dates, provided the holder continues to be an employee on those dates:			
Vesting on issue	\$0.0551	800,000	44,080
Vesting on 30 June 2022	\$0.0553	800,000	44,240
Vesting on 30 June 2023	\$0.0577	800,000	46,160
Less value of options not vested at 30 June 2022			(29,559)
<i>Amortisation of options granted in prior periods:</i>			
Value of options previously issued as part of financial advisory fees to Argonaut Capital Limited, expensed during the year.			49,416
			1,930,849
			1,930,849

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

23. Share Based Payments (Continued)

Where deferred vesting options are subject to milestones or vesting dates, probability of achieving those milestones or vesting dates have been assessed at 100% unless otherwise stated.

The 10,000,000 unlisted options granted to consultants and employees on 13 December 2022 were for nil consideration. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.12, volatility of 100%, interest rate of 3.12%, early exercise multiple of 2.5x and nil dividend yield.

On 29 May 2023, 7,200,000 unlisted options were granted to consultants and employees for nil consideration. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.11, volatility of 100%, interest rate of 3.43%, early exercise multiple of 2.5x and nil dividend yield.

The 11,100,000 unlisted options granted to consultants on 19 August 2021 were for nil consideration. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.23, volatility of 85%, interest rate of 0.12%, early exercise multiple of 2.5x and nil dividend yield.

The 15,300,000 unlisted options issued to the Directors for nil consideration were approved by shareholders on 29 November 2021. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.16, volatility of 85%, interest rate of 0.92%, early exercise multiple of 2.5x and nil dividend yield.

On 7 December 2021, 2,400,000 unlisted options were granted to employees for nil consideration. The options were valued using the Hoadley ESO2 binomial valuation model using an underlying share price of \$0.16, volatility of 85%, interest rate of 0.98%, early exercise multiple of 2.5x and nil dividend yield.

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 Mueha Silica Sand Project.

The options were issued for \$300 consideration and vest upon the satisfaction of milestones considered to be non-market factors. The options were valued using the Black-Scholes model using an underlying share price of \$0.145, volatility of 100%, nil dividend yield and an interest rate of 0.745%.

The weighted average remaining contractual life of share-based payment options that were outstanding as at 30 June 2023 was 1.750 years (2022: 1.913 years).

The weighted average fair value of share-based payment options granted during the year was \$0.05472 each (2022: \$0.07286).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. 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	
	2023	2022
	\$	\$
<i>Financial Assets</i>		
Cash and cash equivalents (interest-bearing accounts)	1,450,370	9,274,160
Net exposure	1,450,370	9,274,160

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. 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	
	2023	2022
	\$	\$
Judgements of reasonably possible movements:		
<i>Post tax profit – higher / (lower)</i>		
+ 0.05%	725	4,637
- 0.05%	(725)	(4,637)
<i>Equity – higher / (lower)</i>		
+ 0.05%	725	4,637
- 0.05%	(725)	(4,637)

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. 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 \$
2023					
<i>Financial Assets:</i>					
Non-interest bearing	-	294,032	-	2,583	443,750
Variable interest rate	1.35	1,450,370	-	-	-
Fixed interest rate	4.42	-	-	-	90,572
		1,744,402	-	2,583	534,322
<i>Financial Liabilities:</i>					
Non-interest bearing	-	381,685	-	-	-
Fixed interest rate	6.85	6,370	19,322	55,242	337,222
		388,055	19,322	55,242	337,222
2022					
<i>Financial Assets:</i>					
Non-interest bearing	-	268,627	-	2,583	781,250
Variable interest rate	0.35	4,256,813	-	-	-
Fixed interest rate	0.43	5,017,347	-	-	23,588
		9,542,787	-	2,583	804,838
<i>Financial Liabilities:</i>					
Non-interest bearing	-	1,146,269	-	-	-
Fixed interest rate	4.60	5,788	17,493	48,395	116,514
		1,152,057	17,493	48,395	116,514

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.

Equity Price Risk

The consolidated entity's investment in listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

At the reporting date, the consolidated entity's exposure to listed equity securities at fair value was \$443,750 (2022: \$781,250). A decrease of 10% (2022: 10%) on the share prices could have an impact of approximately \$44,375 (2022: \$78,125) on the profit or loss attributable to the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Financial Risk Management (Continued)

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.

25. 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 \$
2023				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	418,750	-	-	418,750
Share options at fair value through profit or loss	25,000	-	-	25,000
Total assets	443,750	-	-	443,750
2022				
<i>Assets</i>				
Ordinary shares at fair value through profit or loss	781,250	-	-	781,250
Total assets	781,250	-	-	781,250

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

There were no transfers between levels during the financial 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

26. Events Subsequent to Year End

Consultants Options

On 31 August 2023, the Company issued 1,250,000 options exercisable at 18 cents each on or before 31 August 2025, to consultants for no consideration.

Capital Raising

On 28 August 2023, the Company announced a \$3 million capital raising, comprising a share placement of \$1.5 million ("Placement") and a share purchase plan of up to \$1.5 million ("SPP"). The Placement to new and existing sophisticated investors comprises the issue of 12,500,000 new fully paid ordinary shares in the Company ("new shares") at a price of 12 cents per share, to raise \$1,500,000 (before costs). The Company is also undertaking a SPP offer to eligible shareholders to apply for up to \$30,000 each of new shares at a price of 12 cents per share. Participants in the Placement and the SSP are entitled to subscribe for one free-attaching option for every two new shares issued, each at an exercise price of 18 cents and expiring on 31 August 2025.

On 1 September 2023, the Company issued 12,500,000 ordinary fully paid shares under the Placement. The SPP offer has not yet closed and the free-attaching options have not yet been issued.

Other than the above, there are no other matters or circumstances that have arisen since 30 June 2023 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 2023 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, 28 September 2023



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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 2023, 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 2023 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.

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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
<p>Deferred Exploration Expenditure Refer to Note 11 in the financial statements</p>	
<p>The Group has capitalised deferred exploration expenditure with a carrying value of \$13,599,089 as at 30 June 2023.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Assessing whether the rights to tenure of those areas of interest are current; • Testing a sample of additions to supporting documentation and assessing whether the amounts capitalised during the year are in compliance with the Group's accounting policy and relate to the relevant area of interest; • Enquiring with management and reading budgets and other documentation as evidence that active and significant operations in, or relation to, the relevant area of interests 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; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; and • Assessing the appropriateness of the disclosures in the financial statements.

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 2023, 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.

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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 2023.

In our opinion, the Remuneration Report of VRX Silica Limited, for the year ended 30 June 2023, 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.

A stylized, handwritten signature of the RSM firm.

RSM AUSTRALIA PARTNERS

A handwritten signature of AIK KONG TING.

AIK KONG TING
Partner

Perth, WA
Dated: 28 September 2023



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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 2023, 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 AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 28 September 2023

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SECURITIES EXCHANGE INFORMATION

HOLDINGS AS AT 20 SEPTEMBER 2023

Listed Securities

Number of Securities Held

1 to 1,000
1,001 to 5,000
5,001 to 10,000
10,001 to 100,000
100,001 and over
Total

Ordinary Fully Paid Shares

No. of Holders No. of Shares %

112	26,985	0.00
804	2,608,110	0.46
600	4,847,940	0.85
1,736	67,605,489	11.8
647	497,814,505	86.9
<u>3,899</u>	<u>572,903,029</u>	<u>100</u>

Number of holders of less than a marketable parcel

792 2,016,740

Unlisted Securities - Options

Exercise Price

\$0.15

\$0.30

Expiry Date

23/10/2023

31/08/2024

Number of Securities Held

1 to 1,000
1,001 to 5,000
5,001 to 10,000
10,001 to 100,000
100,001 and over
Total

No. of Holders	No. of Options	%	No. of Holders	No. of Options	%
2	2,500,000	100	4	11,100,000	100
<u>2</u>	<u>2,500,000</u>	<u>100</u>	<u>4</u>	<u>11,100,000</u>	<u>100</u>

Exercise Price

\$0.30

\$0.20

Expiry Date

31/08/2024

31/12/2025

Number of Securities Held

1 to 1,000
1,001 to 5,000
5,001 to 10,000
10,001 to 100,000
100,001 and over
Total

No. of Holders	No. of Options	%	No. of Holders	No. of Options	%
5	17,700,000	100	7	10,000,000	100
<u>5</u>	<u>17,700,000</u>	<u>100</u>	<u>7</u>	<u>10,000,000</u>	<u>100</u>

Exercise Price

\$0.15

\$0.18

Expiry Date

31/12/2026

31/08/2025

Number of Securities Held

1 to 1,000
1,001 to 5,000
5,001 to 10,000
10,001 to 100,000
100,001 and over
Total

No. of Holders	No. of Options	%	No. of Holders	No. of Options	%
8	7,200,000	100	1	1,250,000	100
<u>8</u>	<u>7,200,000</u>	<u>100</u>	<u>1</u>	<u>1,250,000</u>	<u>100</u>

SECURITIES EXCHANGE INFORMATION

Substantial Shareholders

The company has been notified of the following substantial shareholdings:

Name	Number of Shares	% of Total Shares on Issue
Sparta AG	51,100,000	8.92%

Voting Rights

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

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

20 Largest Holders of Securities as at 20 September 2023:

Ordinary Fully Paid Shares

	Number	%
1. SPARTA AG	51,200,000	8.94
2. MR MICHELE GALEA <BLUE SKY FAMILY A/C>	15,046,237	2.63
3. MOSCH PTY LTD	13,333,332	2.33
4. PARLIN INVESTMENTS PTY LTD <PARLIN DISCRETIONARY A/C>	11,900,025	2.08
5. GOLDFIRE ENTERPRISES PTY LTD	11,217,124	1.96
6. MR MICHELE GALEA	8,000,000	1.40
7. MR BRUCE DENNIS MALUISH	7,060,535	1.23
8. MORKIM PTY LTD	7,000,000	1.22
9. AUSTRALIAN SILICA PTY LTD	6,892,754	1.20
10. CITICORP NOMINEES PTY LIMITED	6,824,857	1.19
11. MASH SUPER PTY LTD <MALUISH ENGLISH S/F A/C>	6,750,000	1.18
12. MR JOHN CHARLES GEARY	6,000,000	1.05
13. AUSTRALIAN INTERNATIONAL SERVICES PTY LTD	5,805,804	1.01
14. ANDREW MALUISH SUPER PTY LTD <ANDREW MALUISH S/F A/C>	5,420,000	0.95
15. HAVEN SUPER PTY LTD <HAVEN SUPER A/C>	5,383,437	0.94
16. LESUER PTY LTD <PMB SUPER FUND A/C>	5,180,000	0.90
17. VAULT (WA) PTY LTD <VAULT A/C>	5,125,000	0.89
17. AURO PTY LTD	4,850,000	0.85
19. SURPION PTY LTD <M W SUHR & CO A/C>	4,750,000	0.83
20. GOLDFIRE ENTERPRISES PTY LTD	4,500,000	0.79
	192,239,105	33.56

SECURITIES EXCHANGE INFORMATION

Unlisted Options

Details of unlisted option holders are as follows:

Class of unlisted options	Number of Options	Number of Holders
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	
Options exercisable at 30 cents each on or before 31 August 2024	17,700,000	5
Holdings of more than 20% of this class		
- MASH Super Pty Ltd	5,400,000	
- Lesuer Pty Ltd	3,900,000	
Options exercisable at 20 cents each on or before 31 December 2025	10,000,000	7
Holdings of more than 20% of this class		
- Parlin Investments Pty Ltd	2,000,000	
Options exercisable at 15 cents each on or before 31 December 2026	7,200,000	8
Holdings of more than 20% of this class		
- Parlin Investments Pty Ltd	1,500,000	
Options exercisable at 18 cents each on or before 31 August 2025	1,250,000	1
Holdings of more than 20% of this class		
- Parlin Investments Pty Ltd	1,250,000	

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.

INTERESTS IN MINING TENEMENTS

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
M70/1418	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
G70/264	Granted	Ventnor Mining Pty Ltd	100
G70/265	Granted	Ventnor Mining Pty Ltd	100
G70/266	Granted	Ventnor Mining Pty Ltd	100

Muchea Project – Silica

Tenement	Status	Holder / Applicant	Interest (%)
E70/4886	Granted	Wisecat Pty Ltd	100
E70/5157	Granted	Wisecat Pty Ltd	100
E70/5548	Granted	Wisecat Pty Ltd	100
E70/5651	Application	Wisecat Pty Ltd	100
M70/1390	Granted	Wisecat Pty Ltd	100
M70/1414	Application	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

Dandaragan Project

Tenement	Status	Holder / Applicant	Interest (%)
E70/6501	Granted	VRX Midwest Pty Ltd	100
E70/6502	Granted	VRX Midwest Pty Ltd	100
E70/6503	Application	VRX Midwest Pty Ltd	100
E70/6504	Application	VRX Midwest Pty Ltd	100
E70/6505	Application	VRX Midwest Pty Ltd	100