3 May 2019

ASX ANNOUNCEMENT

High Recoveries from Silica Sand Process Plant Design

Highlights:

- ***Confirmation of high recoveries of commercial silica sand products from Arrowsmith and Muchea Silica Sand Projects***
- ***Demand for these products strong across the Asia Pacific region.***
- ***Full catalogue of products available for customers***

VRX Silica Limited (**VRX Silica** or **Company**) (ASX: VRX) is pleased to announce the results of testwork and confirmation assays for recoveries of silica sand commercial products from its Arrowsmith (**Arrowsmith**), located 270km north of Perth, WA, and Muchea (**Muchea**), 50km north of Perth, WA Silica Sand Projects.

The Company has now conducted three iterations of the testwork, with the final iteration completed in March of this year by CDE Global, a renowned testwork laboratory and process plant fabricator based in Northern Ireland.

The Company has since completed confirmation assays on final products from that testwork through Nagrom Laboratories in Perth, WA.

The Company recently released a process circuit design, engineering and cost estimate by CDE Global for a plant which was based on this testwork[1] and the final determination of recoveries is based on this circuit design, which included the attritioning step being conducted twice.[1]

Attritioning is a high energy interaction of grains rubbing on grains which liberates attached fine particles and reduces particle size by breakage on corners and grain boundaries. This reduces contaminants and improves particle shape.

VRX Silica Managing Director Bruce Maluish said: *"We are now confident in the process circuit design and the final silica sand products capable of production, which have been compiled into our products catalogue."*

"We will continue to distribute our catalogue and gauge the response, which to-date has been extremely positive," said Maluish.

[1] See ASX announcement of 27 March 2019.

ASX: VRX

Capital Structure

Shares on Issue:
400 million

Unlisted Options:
68 million

Corporate Directory

Paul Boyatzis
Non-Executive Chairman

Bruce Maluish
Managing Director

Peter Pawlowitsch
Non-Executive Director

John Geary
Company Secretary

Company Projects

Arrowsmith Silica Sand Project, 270km north of Perth, WA.

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

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

Biranup base metals and gold Project adjacent to the Tropicana Gold Mine, WA, (subject to option with MCT).

Warrawanda HPQ Project south of Newman, WA.

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

Based on the testwork and process circuit mass balance data, the following table summarises the recovered products:

Arrowsmith North

Product	*Industry*	*Recovery*
Arrowsmith - N20	Foundry	24%
Arrowsmith - N40 / NF500	Foundry/Glass	60%
Local Market/Filter/Bunker	Filter/Bunker	6%

Arrowsmith Central

Product	*Industry*	*Recovery*
Arrowsmith - C20	Foundry	34%
Arrowsmith - C50/CF400	Foundry/Glass	34%
High TiO_2	Mineral Sands	9%

Muchea

Product	*Industry*	*Recovery*
Muchea F80C	LCD/Foundry	20%
Muchea F80	Glassmaking	48%
Muchea F150	Glassmaking	20%

Recoveries based on CDE Global/Nagrom Testwork Mass Balance Data

The Company has had strong interest for potential offtake of silica sand products from the Asian region.[2]

These recoveries are of products which will comply with the requirements from interested customers to date.

Competent Persons Statements

The information in this Report that relates to Muchea and Arrowsmith Metallurgical Testwork is based on data collected under the supervision of Mr David Reid, in his capacity as Exploration Manager. Mr Reid, BSc (Geology), is a registered member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person under the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Reid consents to the inclusion of the data in the form and context in which it appears.

[2] See ASX announcement of 16 April 2019.

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About VRX Silica

VRX Silica Ltd (**VRX Silica**) (**ASX: VRX**) has significant silica sand projects in Western Australia.

The Arrowsmith Silica Sand Project, located 270km north of Perth, comprises four granted exploration licences with one exploration licence and two mining lease applications pending. The Muchea Silica Sand Project, located 50km north of Perth, comprises one granted exploration licence, with one exploration licence and one mining lease applications pending. Testwork has confirmed a range of silica sand products which are capable of production at both projects. Further work is underway to enable feasibility studies to be completed.

The recently purchased Boyatup Silica Sand Project, located 100kms east of Esperance, comprises one granted exploration licence and since acquisition the Company has applied for an additional Exploration License to extend the holding. Initial indications are that this project will complement both Arrowsmith and Muchea while adding to the silica products VRX Silica will potentially produce.

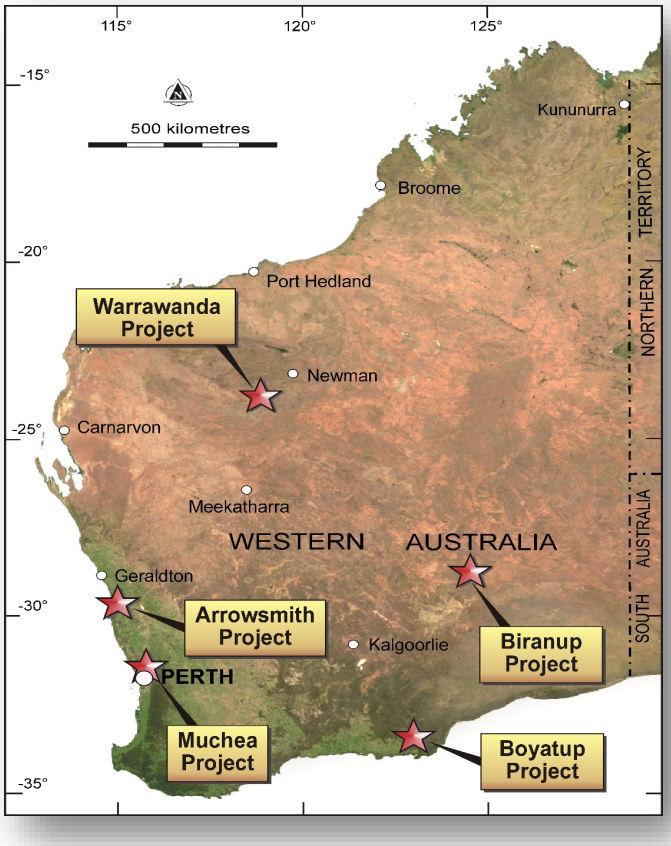
Also, in Western Australia, 40km south of Newman, is VRX Silica's Warrawanda HPQ Project, which is prospective for high purity quartz and nickel sulphides.

VRX Silica also has granted tenements at its Biranup Project, adjacent to the Tropicana Gold Mine in Western Australia's Goldfields that are prospective for gold and base metals.

Proven Management

The VRX Silica Board and management team have extensive experience in mineral exploration and mine development into production and in the management of publicly listed mining and exploration companies.

Project Locations



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Appendix 1 - JORC 2012 Table 1 Report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	AC drilling samples are 1m down hole intervals with sand collected from a cyclone mounted rotary cone splitter, ~2-3kg (representing 50% of the drilled sand) was collected. Two sub-samples, A and B, of ~200g were taken from the drill samples. The remainder was retained for metallurgical testwork. Auger drilling samples are 1m down hole intervals with sand collected from a plastic tub which received the full sample, ~8kg, from the hole. The sand was homogenised prior to sub sampling, two sub-samples, A and B, of ~200g were taken from the drill samples. A bulk sample of ~5kg was retained for each 1m interval for metallurgical testwork. All auger samples were weighed to determine if down hole collapse was occurring, if the samples weights increased significantly the hole was terminated to avoid up hole contamination. Due to the visual nature of the material, geological logging of the drill material is the primary method of identifying mineralisation.
Drilling techniques	Vertical NQ sized aircore drilling was completed by Wallis Drilling using a Landcruiser mounted Mantis 82 drill rig. A 100mm diameter hand screw auger was used to drill until hole collapse.
Drill sample recovery	Aircore Visual assessment and logging of sample recovery and sample quality Reaming of hole and clearance of drill string after every 3m drill rod Sample splitter and cyclone cleaned regularly to prevent sample contamination No relationship is evident between sample recovery and grade Hand Auger All material recovered from the hole is collected in a plastic drum and weighed, the weights are used to determine when the hole is collapsing, and drilling is terminated. No relationship is evident between sample recovery and grade
Logging	Geological logging of drill samples is done by the field geologist with samples retained in chip trays for later interpretation. Logging is captured in an excel spreadsheet, validated and uploaded into an Access database
Sub-sampling techniques and sample preparation	AC drill samples are rotary split 50:50 into a calico bag resulting in 2-3kg of dry sample, 2 x 200g sub-samples, A and B, are taken from the drill sample. The A sample is submitted to the laboratory and the B sample is retained for repeat analysis and QA/QC purposes. The bulk sample is retained for later metallurgical testwork. Auger drill material, ~8kg, is collected in a plastic tub and homogenised, 2 x 200g sub-samples, A and B, are taken from the drill material. The A sample is submitted to the laboratory and the B sample is retained for repeat analysis and QAQC purposes. A 5kg bulk sample is retained for later metallurgical testwork.
Quality of assay data and laboratory tests	Not relevant. Assay Data is not being reported.
Verification of sampling and assaying	Not relevant. Assay Data is not being reported.
Location of data points	Not relevant. Assay Data is not being reported.
Data spacing and	Muchea drill holes were spaced 400-800m apart along existing tracks, auger holes were spaces ~800m apart along tracks with some off tracks.

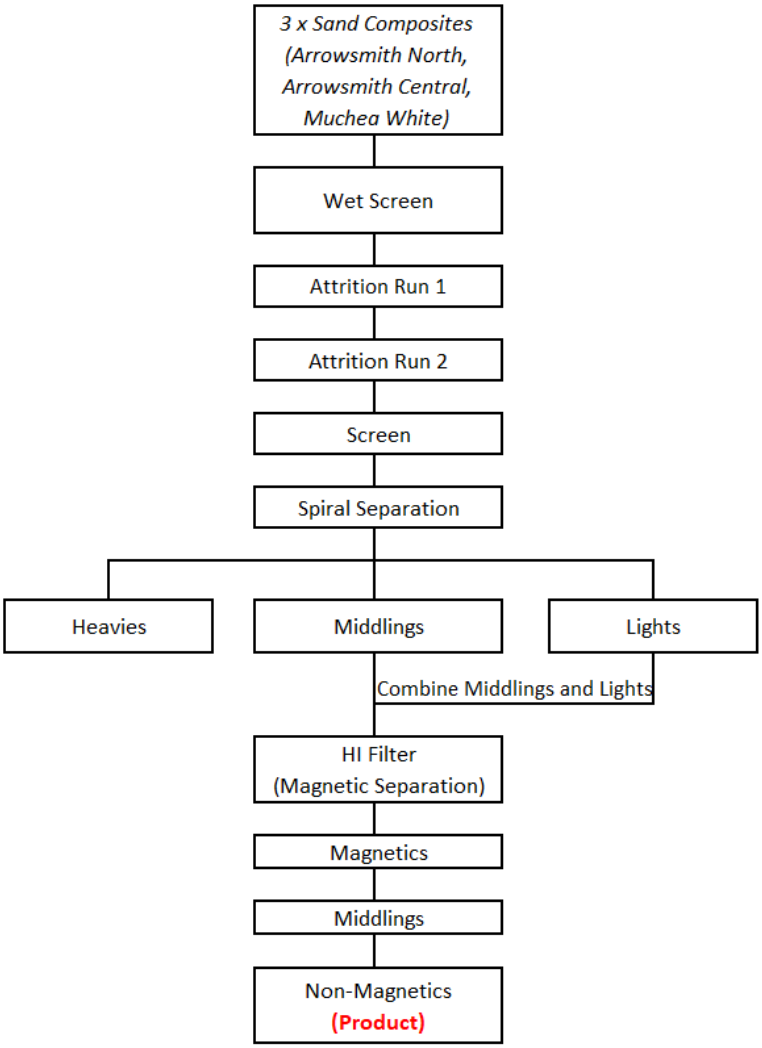
Criteria	Commentary
distribution	Arrowsmith auger holes were spaced 400-1,000m apart along existing tracks. It is believed that due to the relatively low variability of assays between drill holes that the current spacing may be sufficient for the estimation of a Mineral Resource. Metallurgical testwork samples are generated by selecting a representative set of drill holes and creating a composite of all of the retained bulk samples. A bulk sample of <300kg was sent for testwork from each project area.
Orientation of data in relation to geological structure	Sampling is being undertaken on aeolian sand dunes; the drill orientation is therefore considered appropriate.
Sample security	All samples are selected onsite under the supervision of VRX Silica Geological staff. Bulk samples of 300kg of each project area were airfreighted to the CDE Global Laboratory in Cooktown in Norther Ireland. Delivery, receipt, and tracking report are received.
Audits or reviews	There has been no audit or review of sampling techniques and data at this time.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	Muchea drilling has been within Tenement E70/4886, which is owned by Wisecat Pty Ltd a 100% owned subsidiary of VRX Silica Limited. Arrowsmith North and Central drilling on Tenements E70/5027 and E70/4986, respectively, which are owned by Ventnor Mining Pty Ltd a 100% owned subsidiary of VRX Silica Limited. All drilling was conducted on VCL.
Exploration done by other parties	Not relevant. Exploration results are not being reported.
Geology	Most economically significant silica sand deposits in Western Australia are found in the coastal regions of the Perth Basin, and the targeted silica sand deposits at Muchea are hosted by the Bassendean Sand, which extends over large areas of the Swan coastal plains of the Perth Basin. The term Bassendean Sand was introduced in 1972 (Playford, P. E., and Low, G. H. 1972. Definitions of some new and revised rock units in the Perth Basin: Western Australia. Geological Survey, Annual Report for 1971, p. 44–46) for the widespread unit of quartz sand extending over large areas of the coastal plain, from about 23 km north of Jurien, to about 15 km southwest of Busselton. Quartz grains of the Bassendean Sand are interpreted as being derived from granitic rocks in the Darling Range and have accumulated as shoreline and dune sands during two or more periods of relatively stable sea level, ranging from about 8 to 25 m above present sea level. According to published reports (e.g. GSWA Bulletin 21) the Bassendean Sand is typically clean, well rounded and well sorted; however, its physical, chemical, and mineralogical characteristics can vary. The sand is generally white near surface but at depth it is usually high in iron and yellow to brown in colour. The Bassendean Sand generally has little or no overburden and it is noted from a report by the Geological Survey of Western Australia (Bulletin 21) that a discontinuous layer (generally less than a metre thick) of relatively hard ferruginous material, known as ‘coffee rock’, may occur at depths ranging from

Criteria	Commentary
	less than a metre to about 15 m below the surface. The coffee rock was interpreted as having formed due to precipitation of Fe oxides and hydroxides from circulating iron-rich groundwater. Below this layer, the white sand can be quite thick, extending to a maximum of about 15 m (Abeysinghe, P. B., 2003. Silica Resources of Western Australia. Geological Survey of Western Australia, Mineral Resources Bulletin 21).
Drill hole Information	Not relevant. Exploration results are not being reported.
Data aggregation methods	Not relevant. Exploration results are not being reported.
Relationship between mineralisation widths and intercept lengths	Not relevant. Exploration results are not being reported.
Diagrams	Not relevant. Exploration results are not being reported.
Balanced reporting	Not relevant. Exploration results are not being reported.
Other substantive exploration data	Aircore (Muchea) and auger (Arrowsmith) composite samples were tested by CDE Global during 2018. The sample was screened to remove oversize particles. The remaining material was then subjected to a double attrition process followed by spiral and magnetic separation methods. Attrition testing was carried out sequentially with a retention period of 5 minutes, with the sample washed after attritioning to remove any liberated fine particles. Spiral testing was then carried out, after which the samples then underwent wet magnetic separation to explore the possibility of reducing the magnetic mineral content. See diagram below.

Criteria	Commentary
	CDE Phase 3 Testwork Program  The products were then screened and analysed to allow for determination of the highest quality final products that can be produced, this led to the generation of the Product Catalogue. As part of the testwork program CDE reported a mass balance which formed the basis of recoveries reported in this announcement.
Further work	Infill drilling has been completed, the current Mineral Resources will be updated when the assay results are available.