

1 July 2020

ASX ANNOUNCEMENT

Sale of Biranup Nickel and Gold Project to New Energy Metals Ltd IPO

Highlights:

- ***VRX Silica to receive 6,250,000 ordinary fully paid shares in New Energy Metals Ltd, a planned nickel focused base metals IPO***
- ***VRX Silica to receive cash payments upon achievement of agreed milestones***
- ***VRX Silica shareholders to be offered priority for IPO applications***
- ***VRX Silica continues its focus to become a Global High Quality Silica Sand Producer***

VRX Silica Limited (**VRX** or **Company**) (ASX: VRX) is pleased to announce that it has entered into a conditional agreement with New Energy Metals Limited (**NRG**) for the sale of its wholly-owned subsidiary and holder of the Biranup nickel and gold project (**Biranup Project**), Ventnor Gold Pty Ltd (**VGPL**).

NRG is an unlisted public company planning an Initial Public Offering (**IPO**) and ASX listing later this year. It is a nickel sulphide focused exploration company with exposure to the Albany Fraser Orogen and South West Yilgarn, while retaining a proprietary nickel sulphide prospectivity database to generate further projects. NRG has indicated that it will prioritise applications in the IPO from VRX Silica shareholders.

The Biranup Project is situated in the highly prospective Albany - Fraser Orogen in Western Australia, an area which hosts IGO's Nova nickel mine, the world class ~10Moz Tropicana Gold Deposit and is currently the subject of a much anticipated drilling program currently being conducted by Legend Mining.

VRX Silica's Managing Director Bruce Maluish said, "We are delighted to have reached agreement with NRG on the terms for the sale of the Biranup Project which will enable VRX Silica to share in any future exploration success. The Biranup Project tenements have an extensive and comprehensive exploration data base that we have assembled and this will be a great starting point for NRG."

"This is an ideal outcome for VRX Silica and its shareholders as it will allow us to focus on the Company's stated aim of becoming a global supplier of high-quality silica sand."

ASX: VRX

Capital Structure

Shares on Issue:

445.1 million

Listed Options:

23.9 million

Unlisted Options:

69.5 million

Corporate Directory

Paul Boyatzis

Non-Executive Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive Director

John Geary

Company Secretary

Silica Sand 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.

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

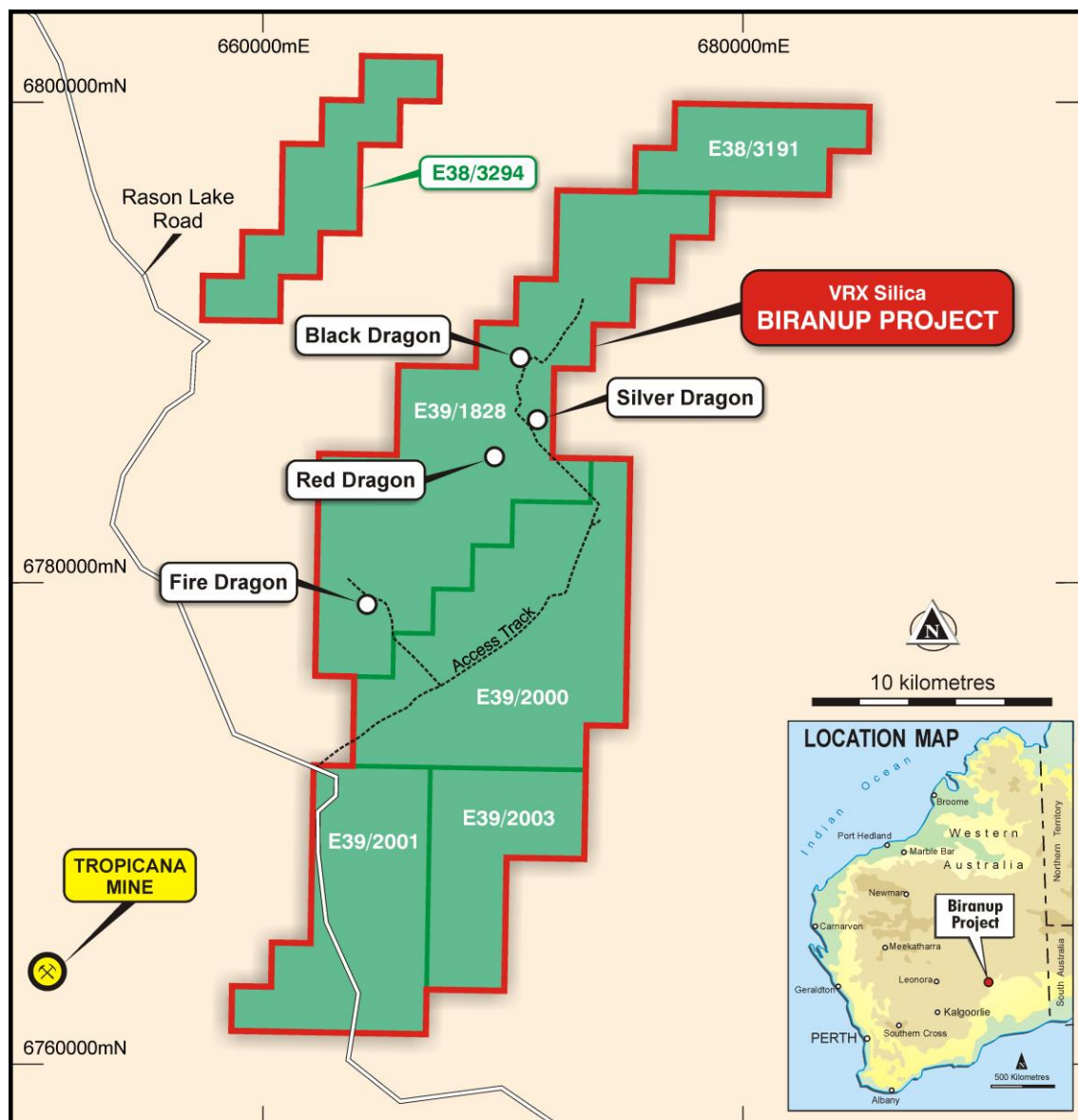


Fig 1. Tenement Map – Biranup Project

Sale Terms

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

The consideration for the sale will be as follows:

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

Completion is subject to and conditional upon the following:

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

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

About the Biranup Project

The Biranup Project comprises a total project area of 393 km² with six granted tenements that have no pastoral lease or Native Title claims. The project covers a region which hosts many varying mineralisation styles.

VRX Silica has identified the potential for base metal mineralisation and successfully drilled and intersected copper and nickel sulphides on a structurally controlled geophysical target at the Fire Dragon Prospect. Studies have shown the right geology is present for Nova Type mafic intrusive Ni-Cu Deposit.

The Company has compiled a regional dataset of all geological and geophysical that is available to commence a rigorous targeting exercise over the existing and newly acquired tenements, and to guide any further tenement acquisition.

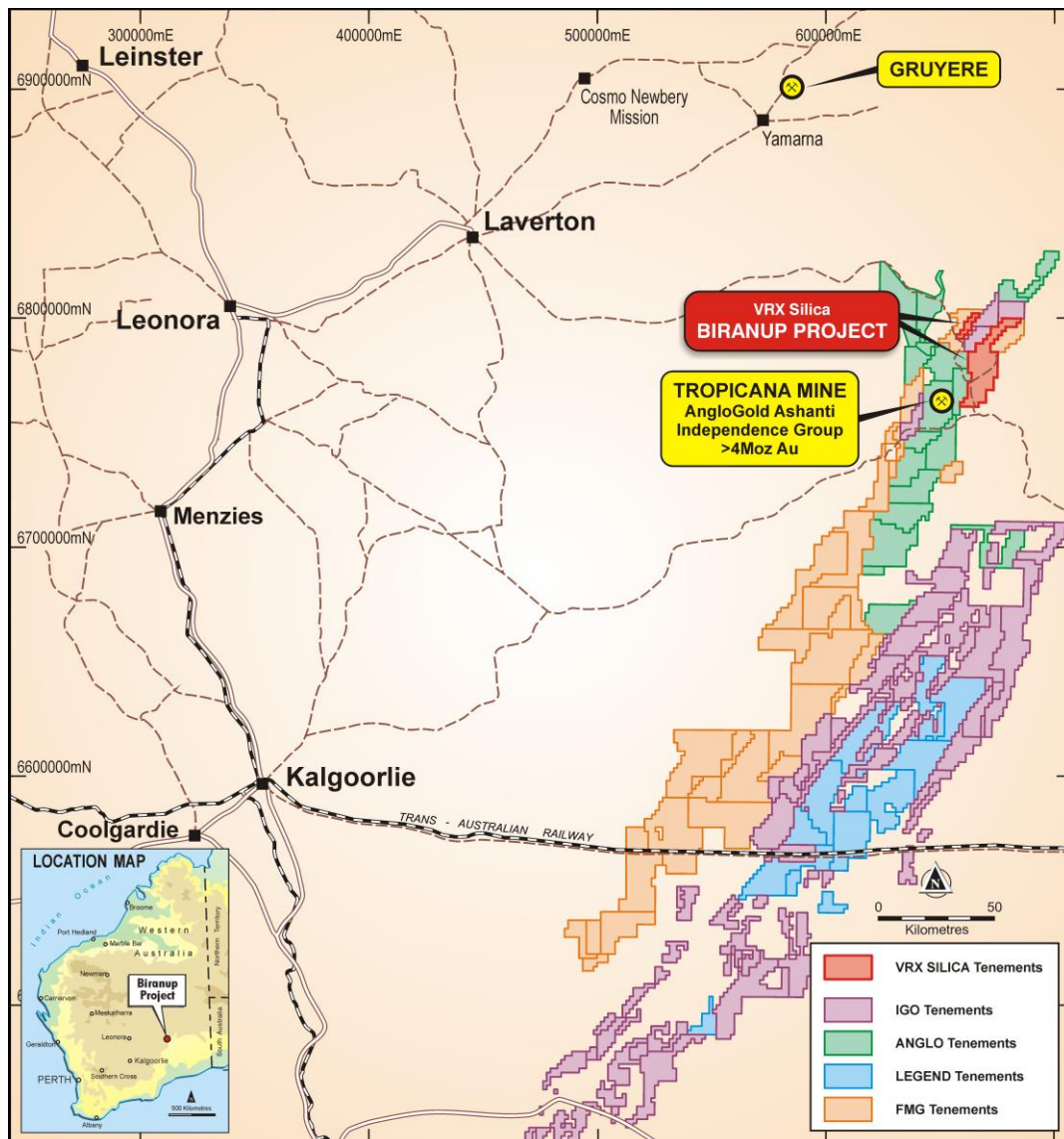


Fig 2. Location Map – Biranup Project

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

Further information:

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About VRX Silica

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

The Arrowsmith North and Arrowsmith Central Silica Sand Projects, located 270km north of Perth, comprise five granted exploration licences and two mining lease applications pending. Bankable feasibility studies for both projects have been released, each demonstrating exceptional financial metrics.

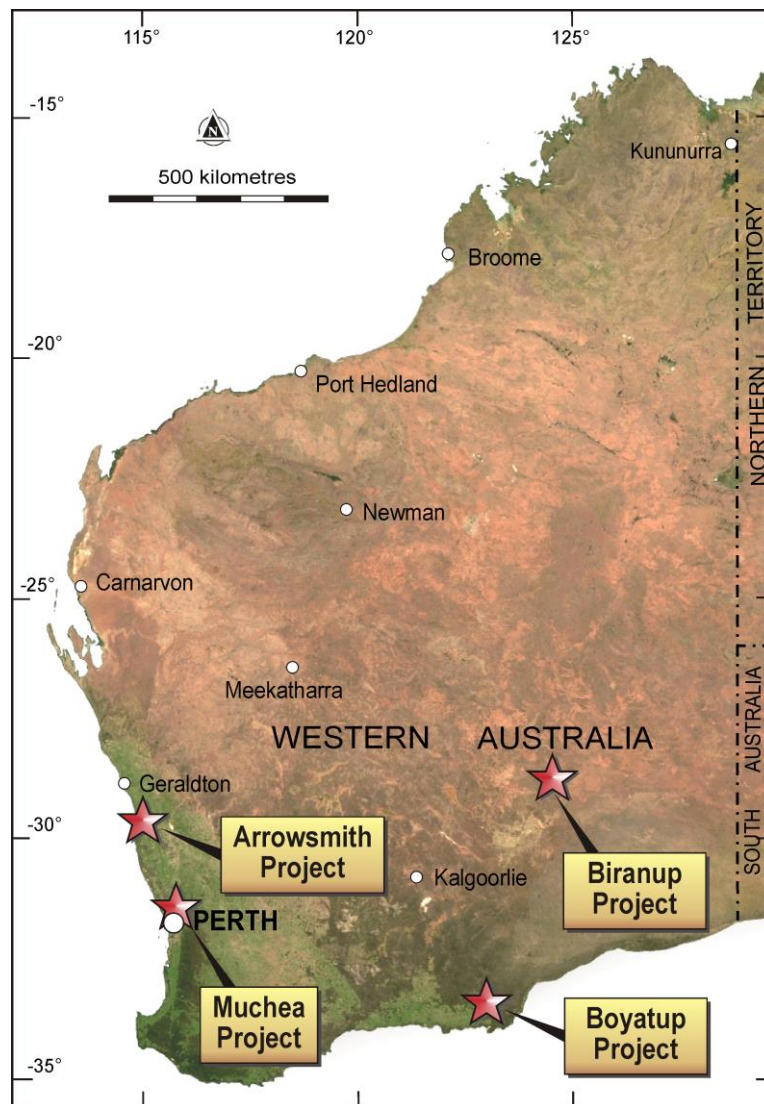
The Muchea Silica Sand Project, located 50km north of Perth, comprises one granted exploration licence, with one mining lease application pending. Muchea is a world-class project with high purity silica sand in situ. A bankable feasibility study for the project has been released demonstrating outstanding financial metrics.

The Boyatup Silica Sand Project, located 100km east of Esperance, comprises two adjacent granted exploration licences. Initial indications are that this project will complement the Arrowsmith and Muchea projects while adding to the range of silica products capable of production.

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



VRX Silica Limited

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