VRX SILICA LIMITED

ACN 142 014 873

Notice of General Meeting and Explanatory Statement

Date of Meeting
29 January 2020

Time of Meeting
11.00am (AWST)

Place of Meeting
The Celtic Club
48 Ord Street
West Perth WA 6005

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9226 3780

VRX SILICA LIMITED
ACN 142 014 873

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of VRX Silica Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 29 January 2020 at 11.00am (AWST) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 27 January 2020 at 5.00pm (AWST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Section 6.

AGENDA

1. Resolution 1 – Ratification of prior issue of Shares (November Placement)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, shareholders ratify the prior issue by the Company of 34,782,610 Shares pursuant to Listing Rule 7.1 to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the resolution by or on behalf of a person who participated in the Placement or any associates of such a person. However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
    - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Approval for issue of Options (November Placement)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue to up to 17,391,305 Options to the parties and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the resolution by or on behalf of a person who participated in the Placement or any associates of such a person. However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
    - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Approval for issue of Broker Options (November Placement)

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue to up to 6,548,220 Options to the party and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

The Company will disregard any votes cast in favour of the resolution by or on behalf of Hartleys, or any nominee of Hartleys, or any associates of such a person. However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated 23 December 2019

BY ORDER OF THE BOARD

John Geary
Company Secretary

VRX SILICA LIMITED
ACN 142 014 873

EXPLANATORY STATEMENT

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 29 January 2020 at 11.00am (AWST).

This Explanatory Statement should be read in conjunction with, and forms part of, the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2. Proxies

A Proxy Form is located at the end of the Explanatory Statement.

This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Resolution 1 – Ratification of prior issue of Shares (November Placement)

3.1 General

As announced to ASX on 4 November 2019, the Company received firm commitments from professional and sophisticated investors to raise approximately $4 million before costs by way

of the issue of 34,782,610 Shares at an issue price of $0.115 per Share and free-attaching Options on a one-for-two basis (**Placement**).

The Company issued the Shares on 13 November 2019 utilising the 15% annual limit set out in Listing Rule 7.1 (described below). By issuing those Shares utilising these rules, the Company's capacity to issue further equity securities without Shareholder approval within those limits was accordingly reduced.

Resolution 1 seeks Shareholder approval for the prior issue of the Shares to the placees noted below. It is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of the Resolution. The Company is seeking separate approval under Resolution 2 for the future issue of the free-attaching Options.

3.2 Listing Rules 7.1 and 7.4

Subject to a number of exceptions, in general terms, Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible notes) that a listed company may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued ordinary shares (**15% share issue capacity**).

Without Shareholder approval pursuant to Listing Rule 7.4, the issue will be counted towards the Company's 15% share issue capacity and will therefore reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval.

Accordingly, this resolution seeks shareholder approval to allow the Company to substantially refresh its 15% share issue capacity.

3.3 Specific Information required by Listing Rule 7.5

The following information is provided for the purposes of Listing Rule 7.5:

(a) 34,782,610 Shares were issued under the Company's Listing Rule 7.1 (15%) capacity on 13 November 2019.

(b) The Shares were issued at $0.115 per Share.

(c) The Shares rank equally with all other Shares on issue in the Company.

(d) The Shares were issued to either "Sophisticated Investors" or "Professional Investors" within the meaning of sections 708(8) and 708(11) of the Corporations Act or other investors to whom the Company may issue Shares without a disclosure document pursuant to section 708 of the Corporations Act, including clients of Hartleys.

(e) Funds raised from the Placement have been allocated to accelerate the advancement of the Company's Arrowsmith North, Arrowsmith Central and Muchea silica sand projects, including for permitting and approvals, long lead capital items, detailed engineering work, hydro and resource drilling, and for working capital purposes

A voting exclusion statement is included in the Notice.

4. Resolution 2 – Approval for issue of Options (November Placement)

4.1 General

As announced to ASX on 4 November 2019, the Company received firm commitments under the Placement for a capital raising before costs of approximately $4 million by way of the issue of 34,782,610 Shares at an issue price of $0.115 per Share and free-attaching Options on a one-for-two basis.

The Company issued the Shares under the Placement on 13 November 2019 utilising the 15% annual limit set out in Listing Rule 7.1 and ratification of their issue is being sought from Shareholders under Resolution 1.

This Resolution seeks Shareholder approval for the issue of the free-attaching Options under the Placement pursuant to Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in Section 3.2.

The effect of this Resolution will be to allow the Company to issue the free-attaching Options during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% share issue capacity. The Options will be offered under a prospectus that is proposed to be issued by the Company prior to the date of the Meeting, which offer shall be made subject to Shareholders approving their issue under Resolution 2.

4.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3 in relation to the Broker Options:

(a) The maximum number of free-attaching Options to be issued is 17,391,305.

(b) The Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is likely that issue will occur on one date.

(c) The Options will be issued for nil cash consideration as they are free-attaching on a one-for-two basis with the Shares under the Placement.

(d) The Broker Options will be issued to the participants in the Placement, namely "Sophisticated Investors" or "Professional Investors" within the meaning of sections 708(8) and 708(11) of the Corporations Act, including clients of Hartleys.

(e) The Options will be issued on the terms and conditions set out in Schedule 1.

(f) No funds will be raised from the Option issue as they are free-attaching on a one-for-two basis with the Shares under the Placement.

A voting exclusion statement is included in the Notice.

5. Resolution 3 – Approval to issue Broker Options (November Placement)

5.1 General

As set out in the Company's announcement of 4 November 2019, the Company appointed Hartleys to act as lead manager for the Placement. The Company agreed to pay to Hartleys an aggregate cash fee of 6% on funds raised under the Placement and issue to Hartleys (or nominees) an aggregate of 6,548,220 Options (**Broker Options**) for its role as lead manager for and facilitating the Placement.

This Resolution seeks Shareholder approval for the issue of the Broker Options pursuant to Listing Rule 7.1. A summary of Listing Rule 7.1 is set out in Section 3.2.

The effect of this Resolution will be to allow the Company to issue the Options during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% share issue capacity. The Broker Options will be offered under a prospectus that is proposed to be issued by the Company prior to the date of the Meeting, which offer shall be made subject to Shareholders approving their issue under Resolution 3.

5.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3 in relation to the Broker Options:

(a) The maximum number of Broker Options to be issued is 6,548,220.

(b) The Broker Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is likely that issue will occur on one date.

(c) The Broker Options will be issued for nil cash consideration in satisfaction of their services in facilitating the Placement.

(d) The Broker Options will be issued to Hartleys and their nominees, none of whom are related parties of the Company.

(e) The Broker Options will be issued on the terms and conditions set out in Schedule 1.

(f) No funds will be raised from the Broker Option issue as the Broker Options will be issued in consideration of their services in facilitating the Placement.

A voting exclusion statement is included in the Notice.

6. Definitions

$ means Australian Dollars.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

AWST means Australian Western Standard Time, being the time in Perth, Western Australia.

Board means the board of Directors as constituted from time to time.

Broker Options has the meaning in Section 5.1.

Chairman means the chairman of the Meeting.

Company means VRX Silica Limited (ACN 142 014 873).

Constitution means the current constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement attached to the Notice.

Hartleys means Hartleys Limited (AFSL No 230052).

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Placement has the meaning in Section 3.1.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1
Terms and Conditions of Options

The terms and conditions of the options (**Options**) are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be $0.18 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) on the date that is 18 months after their date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a

prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



VRXSILICA

VRXSILICA

VRX Silica Limited
ABN 59 142 014 873

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

VRX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) Monday, 27 January 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative
If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form: XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of I/We being a member/s of VRX Silica Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of VRX Silica Limited to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 29 January 2020 at 11:00am (AWST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Ratification of prior issue of Shares (November Placement)	☐	☐	☐
2	Approval for issue of Options (November Placement)	☐	☐	☐
3	Approval for issue of Broker Options (November Placement)	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Computershare