

September 2023 Quarterly Activity Report

The following is a summary of the activities conducted by VRX Silica Limited (**VRX** or **Company**) during the September 2023 quarter at its silica sand projects at Arrowsmith North, Arrowsmith Central, Arrowsmith Brand (located 270 km north of Perth), Muchea (located 50 km from 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 Resource¹ of 99.6% to 99.9% SiO₂ grade silica sand.

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



Figure 1: VRX Projects Locations

¹ See table on page 12

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 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. Arrowsmith North can produce three grades of sought after foundry sand. Large samples have been sent to Korean and Japanese foundry companies and foundry sand suppliers who have confirmed that the samples meet their rigorous requirements.

Silica sand is also the main ingredient in concrete and is the largest user of available supplies and a primary reason for depleted resources in Asia including silica sand reserves that may be beneficiated to glassmaking and foundry quality.

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**.

Arrowsmith North Environmental Approvals Process

In June 2023 VRX announced that the Environmental Review Document (**ERD**) for Arrowsmith North had been accepted by the Department of Water and Environmental Regulation (**DWER**) for publication and a four-week Public Environmental Review (**PER**).

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 Environmental Protection Authority of Western Australia (**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 necessary approvals for mining. The PER milestone is a significant step in Arrowsmith North's approvals process.

The ERD seeks approval for a mine 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.

VRX has previously received confirmation from the Commonwealth Department of Climate Change, Energy, the Environment and Water for an accredited assessment under the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (**EPBC Act**). Accredited assessment means 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 may have a significant impact on a matter of national environmental significance.

VRX has conducted extensive environmental studies on its silica sand projects over a number of seasons since 2017 in anticipation of requirements of the State and Commonwealth environmental regulatory 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 Arrowsmith North.

The Arrowsmith North proposal was referred to 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 'Public Environmental Review' or PER level, with a requirement for a four-week public review period.

The Company submitted an Environmental Scoping Document (**ESD**) to the EPA for assessment in September 2021. The ESD was approved in March 2022.

In May 2022 VRX lodged with the EPA the first-draft ERD for the proposal. The ERD is a document required under the PER process. The ERD was prepared according to the EPA's Administrative Procedures Manual and other guidance documents and amendments. The ERD is a comprehensive summary of the proposal's environmental setting, the physical elements of the proposed mine and infrastructure, operational elements, the extent of impacts on the environment and the proposed rehabilitation and closure plan. VRX received a number of requests for further information and provided a final ERD to DWER in May 2023, which was accepted by DWER on 8 June 2023.

The final ERD, which comprises a 341-page summary and 32 appendices detailing a comprehensive environmental impact description of the proposal, was published by the EPA for a four-week PER period, that commenced on 19 June 2023.

An important feature of the proposal is the implementation of progressive rehabilitation using the unique Vegetation Direct Transfer (**VDT**) method, which is estimated to result in the best restoration of the vegetation and habitats within the mine area.

The VDT methodology can be viewed at:

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

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.

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 PER period closed on 16 July 2023 and on 7 September 2023 DWER provided the Company with a summary of the public submissions received during that period. Post the end of the quarter, the Company prepared and lodged a response to the public submissions for consideration by the EPA.

Arrowsmith Brand Mineral Resource Estimate

In May 2023, VRX announced an extension of its known JORC 2012 compliant Resources at Arrowsmith area with a new Resource at its new Arrowsmith Brand Silica Sand Project, located 270km north of Perth.

On 19 July 2023 VRX announced the grant of a Mining Lease (M70/1418) at Arrowsmith Brand. The new Resource is contiguous and south of Arrowsmith North and bounded to the south by the Brand Highway road reserve.

The Arrowsmith Brand Mining Lease Application M 70/1418 has an area of 1,994 Ha and predominately within Exploration Licence E70/5027, partially within E70/5109 and is contiguous with the granted Arrowsmith North Mining Lease M70/1389, Figure 2 below.

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 indicating similar products can be produced.

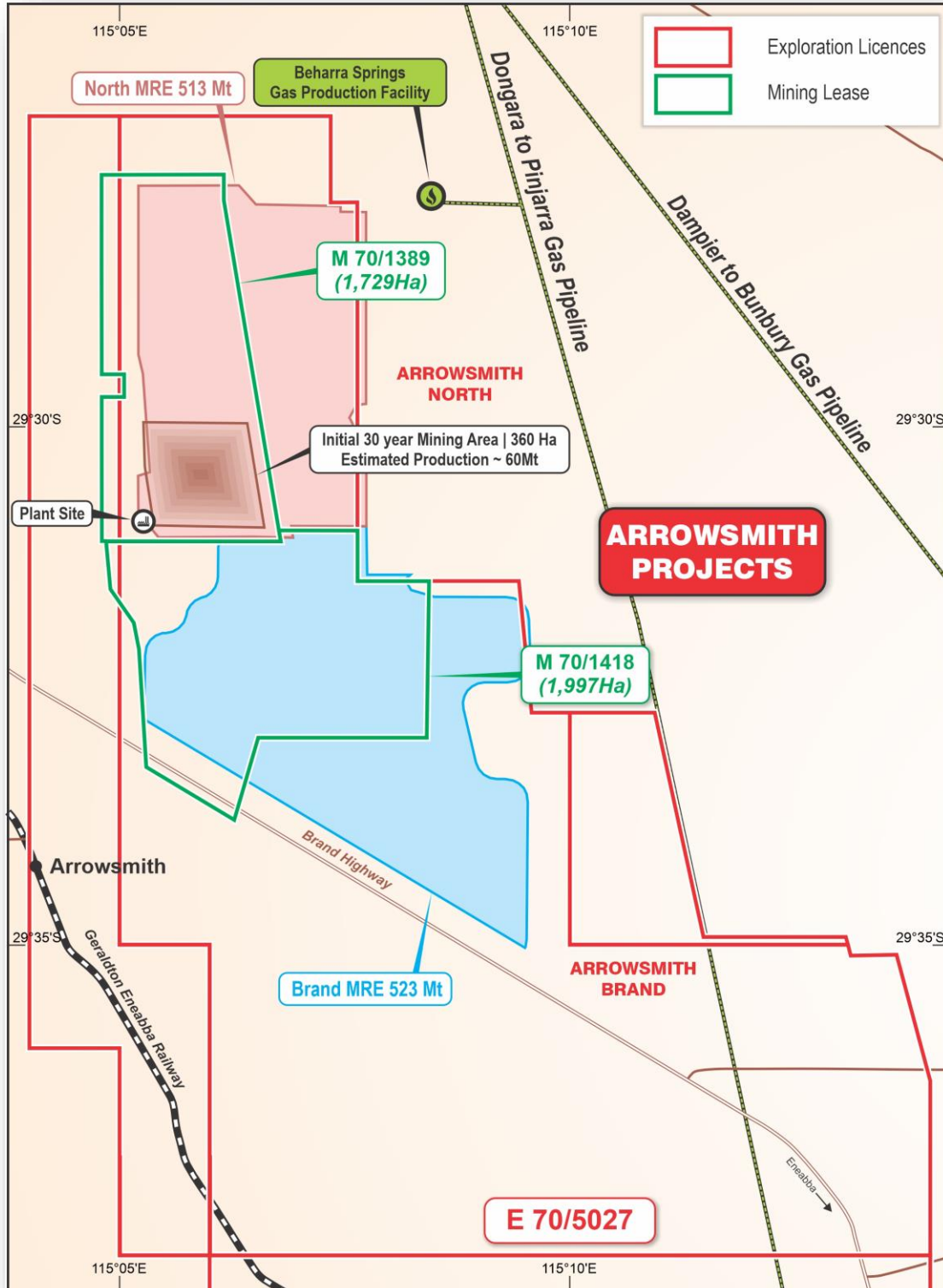


Figure 2: Arrowsmith Brand Silica Sand Project Location

Detailed Information

Arrowsmith Brand 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 and prior work indicated the potential for nearby additional Resources. By splitting Arrowsmith North at the southern boundary of the granted mining lease M70/1389 and extending the Resource by drilling to the south, see Figure 2, Arrowsmith Brand was established.

Arrowsmith Brand contains a subset of the previously reported Arrowsmith North mineral resource estimate (**MRE**)², also Figure 2.

Table 1 shows the prior Arrowsmith North MRE split between the new Arrowsmith Brand and the 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 1: Prior Arrowsmith North MRE apportioned to Brand Mineral Resource

² ASX announcement 11 November 2022, "Arrowsmith North Mineral Resource and Ore Reserve Update".

In December 2022, VRX completed a vacuum drilling program at Arrowsmith North extending into Arrowsmith Brand, see Figure 3. 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.

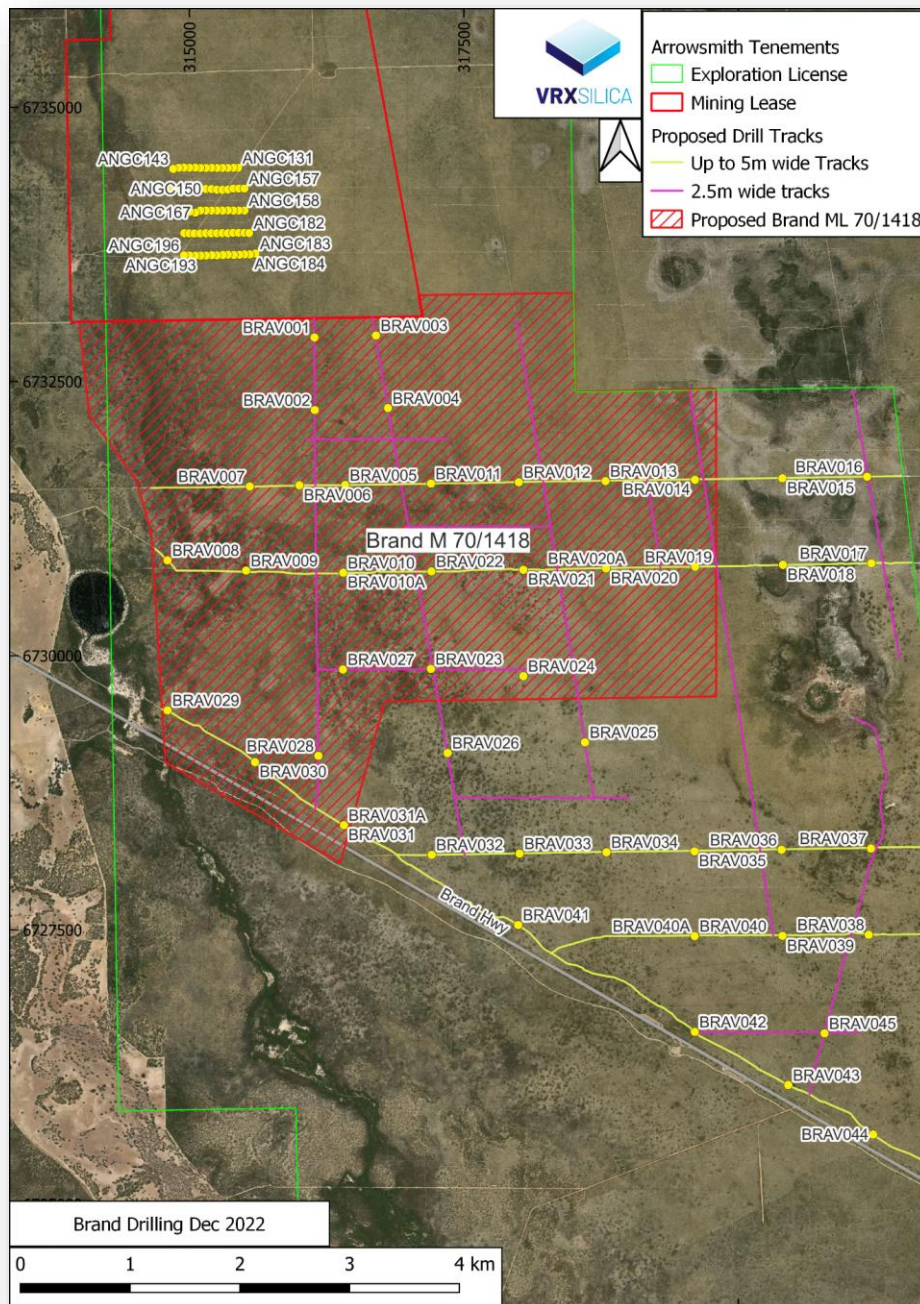


Figure 3 – December 2022 Drill hole locations.

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 were 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.

The Arrowsmith Brand MRE is shown in Table 2.

Arrowsmith Brand Mineral Resource Estimate
(see ASX release dated 9 May 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				

Table 2: Arrowsmith Brand Mineral Resource

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 1.*

In August 2022, VRX lodged a mining lease application over 1,995 Ha (details in Table 3), see see Figure 2. The mining lease was granted on 18 July 2023. 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 3: Arrowsmith Brand tenement details

Design and Engineering

VRX has largely completed all material engineering work for construction of a 2 million tonne per year silica sand processing plant at Arrowsmith North, including detailed design.

The 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 to meet market requirements for foundry and glassmaking silica sand.

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.

During the quarter the Company has progressed with further detailed engineering by Original Equipment Manufacturers (OEM) both in Australia and overseas, including:

- Metso OKTOP - Conditioner tank detail engineering
- Metso Outotec - Thickener detail engineering
- CAVEX Hydrocyclones - Cyclone cluster engineering drawings
- Integrated Switchgear and Systems – Switchroom & 415V MCC's design drawings

VRX has also commissioned the manufacture of a Modified Cat 980 Bucket and Quick Hitch for VDT trials to be conducted at Muchea. See further information above regarding VDT and the Company's unique mining and rehabilitation method.

\$2 million 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, fibre glass, water purity media, and silica flour for the production of LCDs and silica gels.

During the quarter the Company received its first payment under the grant and has collected a bulk sample which is being prepared for shipment to a specialist company in Germany for testwork.

Geothermal Exploration Permit

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, as well as green hydrogen for the manufacture of glass.

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 has met with representatives of DMIRS regarding development of the project is actively engaging with potential partners with the relevant industry experience and capability for that purpose.

GEP 44 has been denoted as the Dandaragan Geothermal Project. Figure 4 shows the location and Table 4 provides details of the GEP.

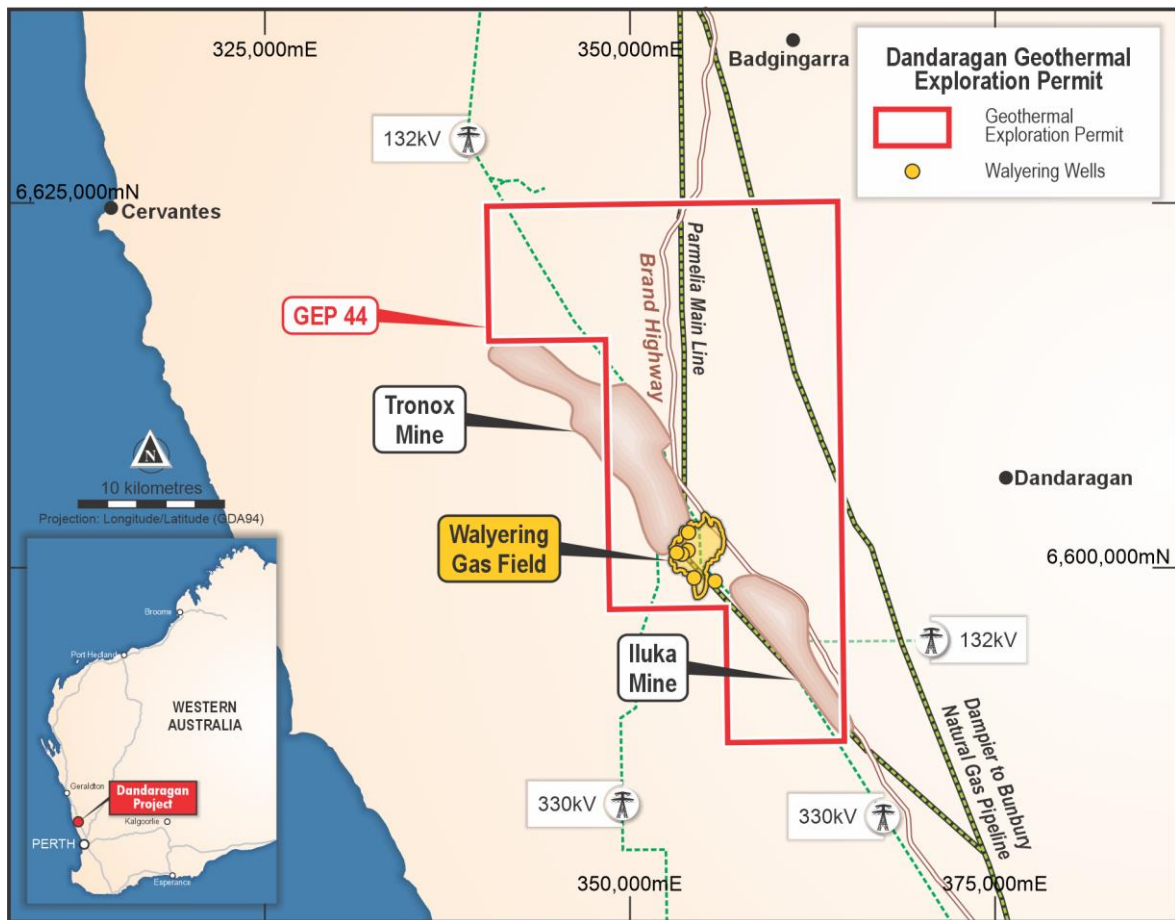


Figure 4: Dandaragan Geothermal Exploration Permit Location

GEP	Holders	Grant Date	Term	5 ¹ Blocks
GEP 44	VRX Silica Ltd	27 July 2023	Six (6) years	8

Table 4: VRX Silica Geothermal Exploration Permit

Corporate

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**). Participants in the Placement and the SPP were 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.

The Placement to new and existing sophisticated investors comprised the issue of 12,500,000 new fully paid ordinary shares in the Company at a price of 12 cents per share, to raise \$1,500,000 (before costs). The shares were allotted and issued on 1 September 2023.

Under the SPP offer, eligible shareholders could apply for up to \$30,000 worth of new shares at a price of 12 cents per share. By close of the offer, the Company received applications for 10,416,696 shares and 5,208,384 free-attaching options for an aggregate of \$1.25 million. The shares and options under the SPP and the options under the Placement were allotted and issued on 29 September 2023.

Events Subsequent to the End of the Quarter

Subsequent to the end of the quarter, in a significant step forward for the environmental approvals process for Arrowsmith North, on 31 October 2023 the Company lodged with the EPA its response to the public submissions (RTS) to the ERD that had been summarised and sent to the Company by DWER following the PER period.

Environmental approval for Arrowsmith North is crucial and linked to VRX's ability to secure other necessary approvals for mining. Further information about the environmental approvals process is set out above.

ASX Listing Rule 5.3 Disclosures

Details of mining exploration activities:

Payments for exploration & evaluation under operating activities of \$50K related mainly to tenement rates and rents.

Payments for exploration & evaluation under investing activities of \$195K consists mainly of metallurgical test work and environmental surveys and approvals costs.

Details of tenement activities:

During the Quarter, the following tenements were granted:

Mining Lease M70/1418

Exploration Licence E70/6501

Exploration Licence E70/6502

Details of related party payments:

The aggregate amount of payments to related parties and their associates of \$140K represents directors' fees and salaries paid during the quarter.

There were no substantive mining production and development activities during the quarter.

Combined 1.4Bn tonne Mineral Resource

Mineral Resources - as at 09/05/2023

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	67.8	0.8	0.2	0.1	0.9
	Total	60	67.8	0.8	0.2	0.1	0.9
Total Mineral Resource		1,381	Million Tonnes				

Ore Reserves - as at 09/05/2023

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					

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 Company's silica sands projects 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 Boyatup (18 August 2022). 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.

This quarterly activities report has been approved for release by the Managing Director.

Interests in Mining Tenements (Western Australia)

Arrowsmith Project – Silica Sand

Tenement	Status	Interest at beginning of quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of quarter
E70/4986	Granted	100%	-	-	100%
E70/4987	Granted	100%	-	-	100%
E70/5027	Granted	100%	-	-	100%
E70/5109	Granted	100%	-	-	100%
E70/5197	Granted	100%	-	-	100%
E70/5817	Granted	100%	-	-	100%
M70/1389	Granted	100%	-	-	100%
M70/1392	Granted	100%	-	-	100%
M70/1418	Granted	-	-	-	100%
L70/198	Granted	100%	-	-	100%
L70/199	Granted	100%	-	-	100%
L70/202	Granted	100%	-	-	100%
L70/203	Granted	100%	-	-	100%
L70/208	Granted	100%	-	-	100%
L70/229	Application	-	-	-	-
L70/230	Granted	100%	-	-	100%
G70/264	Granted	100%	-	-	100%
G70/265	Granted	100%	-	-	100%
G70/266	Granted	100%	-	-	100%

Muchea Project – Silica Sand

Tenement	Status	Interest at beginning of quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of quarter
E70/4886	Granted	100%	-	-	100%
E70/5157	Granted	100%	-	-	100%
E70/5548	Granted	100%	-	-	100%
E70/5651	Application	-	-	-	-
M70/1390	Granted	100%	-	-	100%
M70/1414	Application	-	-	-	-
L70/200	Granted	100%	-	-	100%
L70/204	Granted	100%	-	-	100%
L70/205	Application	-	-	-	-
L70/206	Granted	100%	-	-	100%

Boyatup Project – Silica Sand

Tenement	Status	Interest at beginning of quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of quarter
E69/3560	Granted	100%	-	-	100%
E69/3668	Granted	100%	-	-	100%

Dandaragan Project

Tenement	Status	Interest at beginning of quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of quarter
E70/6501	Granted	-	-	-	100%
E70/6502	Granted	-	-	-	100%
E70/6503	Application	-	-	-	-
E70/6504	Application	-	-	-	-
E70/6505	Application	-	-	-	-

About VRX Silica Limited

VRX Silica Limited (ASX: VRX) is the most advanced pureplay silica sand company listed on the ASX, developing its 100% owned silica sand projects at Arrowsmith (North, Brand and Central), Muchea and Boyatup in Western Australia.

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, and foundry casting. It is a finite resource that is running out, with the Asia-Pacific region experiencing an ever-growing supply shortfall that is driving up prices.

Arrowsmith is located 270km north of Perth. Arrowsmith North boasts a minimum 25-year mine life capable of producing more than 2Mt tonnes per year of high-grade (99.7% SiO₂)* silica sand for export to the foundry, container glass and flat glass markets in Asia, with permitting well advanced, and will lead production.

Muchea, located 50km north of Perth, is an ultra-high-grade (99.9% SiO₂)* silica sand project capable of producing sand required for ultra-clear glass for solar panels and other high-tech glass applications.

Boyatup, located 100km east of Esperance, is under development and capable of producing sand for the glass market.



**Information relating to grades are extracted from releases to ASX on 28 August 2019 and 11 November 2022 (Arrowsmith North) and 18 October 2019 (Muchea). The company is not aware of any new information or data that materially affects this information.*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VRX SILICA LTD

ABN

59 142 014 873

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(50)	(50)
(b) development	-	-
(c) production	-	-
(d) staff costs	(358)	(358)
(e) administration and corporate costs	(605)	(605)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid (on lease liability)	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	681	681
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(329)	(329)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(3)	(3)
(d) exploration & evaluation	(195)	(195)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (bonds deposit)	-	-
2.6	Net cash from / (used in) investing activities	(198)	(198)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,750	2,750
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(74)	(74)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of lease liability)	(19)	(19)
3.10	Net cash from / (used in) financing activities	2,657	2,657

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,582	1,582
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(329)	(329)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(198)	(198)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,657	2,657

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,712	3,712

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,712	1,582
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,712	1,582

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	140
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(329)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(195)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(524)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,712
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,712
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	

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8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2023.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.