

VRX SILICA LIMITED
ACN 142 014 873

CLEANSING PROSPECTUS

For an offer of up to 1,000 New Options at an issue price of \$0.001 per New Option to raise up to \$1.00 (before expenses) (**Offer**).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of New Options issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the New Options being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The New Options offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 20 July 2026 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The New Options offered by this Prospectus should be considered as highly speculative.

Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important

factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the New Options.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 5.2 for further details.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options issued under this Prospectus. The Company will

only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (www.vrxsilica.com.au).

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of New Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in

them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 7.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for New Options, the Company may not be able to accept or process your Application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer please call the Company Secretary on +61 8 9226 3780.

CORPORATE DIRECTORY

Directors

Peter Pawlowitsch
Interim Non-Executive Chairman

Bruce Maluish
Non-Executive Director

David Welch
Non-Executive Director

Chief Executive Officer

Tony Swiericzuk

Company Secretary

Ian Hobson

Registered Office

Ground Floor
52 Kings Park Road
WEST PERTH WA 6005

Telephone: + 61 8 9226 3780

Facsimile: +61 8 9226 3764

Email: info@vrxsilica.com.au

Website: www.vrxsilica.com.au

Share Registry*

Computershare Investor Services Pty Ltd
Level 17
221 St Georges Terrace
PERTH WA 6000

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

Legal Advisers

Steinepreis Paganin
Level 14, QV1 Building
250 St Georges Terrace
PERTH WA 6000

Auditor*

RSM Australia Partners
Level 32
Exchange Tower
2 The Esplanade
PERTH WA 6000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. DETAILS OF THE OFFER

1.1 Indicative Timetable

ACTION	DATE
Lodgement of Prospectus with the ASIC and ASX	20 July 2026
Opening Date	20 July 2026
Issue of Shares and Options under the Placement	20 July 2026
Closing Date*	24 July 2026

* These dates are indicative only and may change without notice. The Directors reserve the right to extend the Closing Date at any time after the Opening Date without notice.

1.2 Background to the Offer

As announced on 15 July 2026, the Company received binding commitments from investors including Nebari Natural Resources AIV II, LP (**Nebari**) and Sparta Invest AG (**Sparta**) to subscribe for a total of 133,762,940 Shares at an issue price of \$0.034 per Share, together with one (1) free attaching Option for every two (2) Shares subscribed for, being a total of 66,881,470 Options, to raise approximately \$4,547,940 (before costs) (**Placement**). The Options to be issued pursuant to the Placement (**Placement Options**) will be issued on the same terms as, and will form part of the same class as, the Company's existing Quoted Options (ASX:VRXO), being quoted Options exercisable at \$0.10 each on or before 30 June 2028.

The Placement securities will be issued within the Company's existing placement capacity, comprising 48,808,486 Shares and 66,881,470 Options to be issued pursuant to the Company's capacity under ASX Listing Rule 7.1 and 84,954,454 Shares to be issued pursuant to the Company's capacity under ASX Listing Rule 7.1A. Settlement of the Placement is expected to occur on or about 17 July 2026.

1.3 The Offer

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for up to 1,000 New Options at an issue price of \$0.001 per New Option, to raise up to \$1.00 (before expenses).

The full terms and conditions of the New Options to be offered under this Prospectus are set out in Section 3.2. The New Options will, upon issue, form part of the Company's existing class of Quoted Options (ASX:VRXO).

1.4 Objective

The primary purpose of the Offer is to remove any trading restrictions that may have attached to Options in the same class as the New Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date (including prior to the date of this Prospectus), in particular the Placement Options, so that any on-sale of such Options does not breach section 707(3) of the Corporations Act.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The New Options will, upon issue, be in the same class as the Company's existing Quoted Options (ASX:VRXO), which are quoted securities. The Placement Options will also be issued in the same class. The Company will apply for quotation of the New Options and the Placement Options within 7 days following the date of this Prospectus and the issue of New Options under the Offer is conditional upon ASX granting Official Quotation of the New Options.

The Placement Options will be issued on or after the date of this Prospectus and prior to the Closing Date, whilst the Offer under this Prospectus remains open for acceptance. Accordingly, this Prospectus will have been lodged with ASIC before the day on which the Placement Options are issued, and offers of New Options made under this Prospectus will still be open for acceptance on the day on which the Placement Options are issued, in satisfaction of the condition in section 708A(11)(b)(ii) of the Corporations Act. The Company also intends to give ASX a notice under section 708A(5) of the Corporations Act in respect of the Shares to be issued pursuant to the Placement.

1.5 Application for New Options

Applications for New Options must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the New Options must be made in full at the issue price of \$0.001 per New Option.

Completed Application Forms and accompanying cheques, made payable to "**VRX Silica Limited**" and crossed "**Not Negotiable**", must be mailed or delivered to the Company at the address set out in the Application Form by no later than the Closing Date.

1.6 Minimum subscription

There is no minimum subscription.

1.7 Oversubscriptions

No oversubscriptions will be accepted by the Company.

1.8 Underwriting

The Offer is not underwritten.

1.9 Issue of New Options

As noted in Section 1.4, the primary purpose of the Offer is to remove any trading restrictions that may have attached to Options in the same class as the New Options issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date of the Offer (including prior to the date of this Prospectus).

If the Directors decide to issue New Options under the Offer the issue of New Options under the Offer will be issued in accordance with the ASX Listing Rules and will take place as soon as practicable after the Closing Date.

Application moneys will be held in a separate subscription account until the New Options are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any New Options are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the New Options. The Directors reserve the right to reject any application or to allocate any Applicant fewer New Options than the number applied for. Where the number of New Options issued is less than the number applied for, the surplus monies will be returned by cheque as soon as practicable after the Closing Date. Where no issue of New Options is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

The Company's decision on the number of New Options to be allocated to an Applicant will be final.

Holding statements for New Options issued under this Prospectus will be mailed to the investors under the Offer.

1.10 ASX listing

Application for Official Quotation of the New Options offered pursuant to the Offer will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the New Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Options and will repay all Application monies for the New Options within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options now offered for subscription.

1.11 Applicants outside Australia

The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.

The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an Application to take up New Options on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of the Offer

The purpose of the Offer is to remove any trading restrictions that may have attached to Options issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$1.00 (before expenses) may be raised. The funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 5.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

2.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares¹

	NUMBER
Shares currently on issue	850,544,543
Shares to be issued pursuant to the Placement ²	133,762,940
Shares offered under this Prospectus	Nil
Total Shares on issue after completion of the Offer	984,307,483

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 3 of this Prospectus.
2. Comprising 48,808,486 Shares to be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1 and 84,954,454 Shares to be issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1A. The Shares will be issued after the date of this Prospectus and prior to the Closing Date.

Options

	NUMBER
Quoted Options exercisable at \$0.10 on or before 30 June 2028 (ASX:VRXO)	44,342,205
Unquoted Options exercisable at \$0.15 on or before 31 December 2026	7,200,000
Unquoted Options exercisable at \$0.055 on or before 31 December 2027	14,500,000
Unquoted Options exercisable at \$0.15 on or before 31 December 2028	12,000,000
Unquoted Options exercisable at \$0.10 on or before 31 December 2029	9,700,000
Options to be issued pursuant to the Placement	66,881,470
Options offered under this Prospectus	1,000
Total Options on issue after completion of the Offer	154,624,675

Notes:

1. The rights and liabilities attaching to the Options (including the New Options and the Placement Options) are summarised in Section 3.2 of this Prospectus.
2. The Company will apply for quotation of the Placement Options and the New Options within 7 days after the date of this Prospectus.

2.3 Financial effect of the Offer

After expenses of the Offer of approximately \$10,706, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$1.00) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$1.00 less costs of making the Offer of approximately \$10,706.

3. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

3.1 Rights and Liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares which will be issued upon exercise of the Options offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares which will be issued upon exercise of the Options are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

3.2 Rights and Liabilities attaching to Options

(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 \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2028 (**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**). The Options are exercisable on any business day during the Option Exercise Period. An Optionholder may only exercise Options in multiples of 100,000, unless the Optionholder exercises all of their Options.

(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 holding statement for the Options (**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 20 Business Days (as that term is defined in the ASX Listing Rules) after the Exercise Date (or such lesser time as required by the ASX Listing Rules), 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 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.

(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) **Bonus Issue**

If before the expiry of any Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue.

(l) **No change in exercise price or number of underlying securities**

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

in the event of the Company making a pro rata issue of Shares or other securities to shareholders (other than a Bonus Issue).

(m) **Transferability**

If the Options are not quoted on ASX, the Options are transferable subject to the prior approval of the Company's Board. If the Options become quoted on ASX (as an additional class of security), the Options are freely transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

4. RISK FACTORS

4.1 Introduction

The New Options offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 4, together with information contained in this Prospectus.

The future performance of the Company and the value of the New Options may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 4, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the New Options. This Section 4 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

4.2 Company specific

(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 licenses, 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 and operating costs estimates**

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

Inflation on capital expenditure estimates and operating costs in these studies is a factor that may cause actual costs to differ materially from the Company's budgeted expectations. If a mine is developed at Arrowsmith North or any other project, actual capital and operating results may differ from those anticipated in these studies. Additionally, any potential changes to operating and capital costs may affect the Company's ability to secure financing for the projects and, therefore, there is no certainty that funding will be made available on acceptable terms, or at all, such that these projects may not proceed to construction and/or production.

In addition, if the Company proceeds with a decision to mine at one or more of its projects with funding in place, 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.

If the Company commences production on one of its projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of any of its projects. The risks associated with the development of a mine will be considered in full should any of the Company's projects reach that stage and will be managed with ongoing consideration of stakeholder interests.

(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 is required 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 Company has received State environmental approval for the development of its Arrowsmith North silica sand project, subject to a number of conditions. The Company is seeking approval from the EPA for an amendment to these conditions as part of its proposal to relocate the processing plant, infrastructure and access road at Arrowsmith North from native bushland on the mining lease to an adjoining freehold property, Arramall, and to allocate areas of native

bushland on that property as offset as required by the conditions. In addition, the Company will require approval of the offset proposal from the Commonwealth Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) as part of the Commonwealth accredited environmental assessment process.

The purchase contract for Arramall is unconditional and settlement is due by 28 July 2026. If the Company is unable to source adequate funds to pay the purchase price by that date, the Company may not be able to proceed to settlement and the vendor may terminate the contract for non-performance and/or seek damages against the Company.

If the purchase does proceed, there is no guarantee that the applications with the EPA and/or DCCEEW will be approved, in which case the relocation of the processing plant, infrastructure and access road at Arrowsmith North may still proceed, but the Company will need to identify and purchase alternative offset land that adequately satisfies EPA and DCCEEW requirements. Such a scenario is likely to materially delay commencement of production at Arrowsmith North.

If the purchase does not proceed, regardless of the outcome of the applications with the EPA and DCCEEW, the Company will need to identify alternative offset land for the Arrowsmith North project and seek further approvals from the EPA and/or DCCEEW. Such a scenario is also likely to materially delay commencement of production at Arrowsmith North.

Environmental approvals will also be required for the Company's other silica sand projects, including Muchea. There is no guarantee that such approvals 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 all current and future applicable environmental laws and regulations, or conditions attaching to any environmental approvals, 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) **Offtake risk and 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 has in place a number of offtake contracts for the sale of 960,000 tonnes of silica sand products into markets in Asia. Each contract is subject to customary conditions precedent relating to commencement of the Arrowsmith North project, including the Company finalising project finance, receiving all remaining permits for the project, finalising logistics contracts for transport and port access and usage, commissioning of Arrowsmith North and its related infrastructure to achieve commercial production, and delivery of an initial trial shipment. The conditions must be satisfied by 31 December 2026 with a right for the Company to extend this date to 30 April 2027. There is a risk that the Company will not be in a position to satisfy these conditions by that date, particularly in the light of amendments sought to the environmental approval conditions (see paragraph (g)) and any delays in that process. If the Company is unable to agree an extension of this date with its offtake partners, some or all of the offtake contracts will lapse and counterparties.

If any of these contracts lapse or an offtake partner decides to substantially reduce the volume or price at which they are willing to purchase silica sand products, and the Company is not able to generate replacement sales into the market, the Company may not be in a position to secure finance for the

Arrowsmith North project, thereby delaying commencement until such time as the Company can generate replacement sales in the market, if at all. In addition, if operations commence, if major customers terminate or do not renew sales contracts, the business, financial condition, and results of operations could be adversely affected until such time as the Company can generate replacement sales.

(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 the Company's control.

Specifically, the Company intends to seek debt finance to partly fund the development of its Arrowsmith North silica sand project, including funding towards the purchase of the Arramall property (see paragraph (g) above). The terms on which debt financiers are willing to offer finance may vary from time to time depending on macro-economic conditions, the performance of the Company, type and duration of debt facilities, and an assessment of the risks associated with the project and intended use of funds. Debt finance, if available on terms acceptable to the Company, may involve restrictions on financing and operating activities. In addition, some financial institutions, institutional investors and other sources of capital have begun to limit or eliminate their investment in mineral exploration and development, citing climate change and/ or environmental concerns.

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. No assurance can be given that the Company will be able to procure sufficient funding at the relevant times on favourable or acceptable terms.

4.3 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) Global conflict

Global conflict, particularly the ongoing situation in the Middle East, can impact global economic markets. The nature and extent of the effect of these conflicts on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by such conflicts.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity markets, impacts on pricing of supplies for both capital and operational requirements, and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to these conflicts, including limitations on travel and changes to import/export restrictions and arrangements involving the relevant countries may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Company is monitoring the situation closely and considers the impact of the global conflict on the Company's business and financial performance to, at this

stage, be limited, other than impacting the price of supplies of construction materials for the proposed Arrowsmith North processing plant. However, such situations continually evolve, and the consequences are therefore inevitably uncertain.

(e) **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.

(f) **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.

4.4 Speculative investment

The risk factors described above, and other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the New Options.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the New Options offered under this Prospectus will provide any return on capital, payment of dividends or increases in the market value of those New Options.

Before deciding whether to subscribe for New Options under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

5. ADDITIONAL INFORMATION

5.1 Litigation

As at the date of this Prospectus, the Company and its subsidiaries are not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or any of its subsidiaries.

5.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

DATE	DESCRIPTION OF ANNOUNCEMENT
15 July 2026	Strategic Equity Placements to Raise \$4.5M
15 July 2026	Proposed issue of securities - VRX
14 July 2026	Trading Halt
1 July 2026	Final Director's Interest Notice
1 July 2026	Change in substantial holding
1 July 2026	Management and Board Update
30 June 2026	Application for quotation of securities - VRX
30 June 2026	Range of Holders - Listed Options
30 June 2026	Top Holders - Listed Options
30 June 2026	Change of Director's Interest Notices X 2
26 June 2026	Notification regarding unquoted securities - VRX
26 June 2026	Notification regarding unquoted securities - VRX
26 June 2026	Application for quotation of securities - VRX

DATE	DESCRIPTION OF ANNOUNCEMENT
25 June 2026	Results of Renounceable Rights Issue
23 June 2026	State Govt Confirms Support for Muchea Land Swap Proposal
9 June 2026	VRX Investor Webinar
5 June 2026	Letter to Ineligible Shareholders
5 June 2026	Letter to Eligible Shareholders
5 June 2026	Dispatch of Prospectus and Entitlement & Acceptance Form
4 June 2026	Investor Presentation
1 June 2026	Commencement of Rights Trading
28 May 2026	Entitlement Offer Prospectus
27 May 2026	Proposed issue of securities – VRX
27 May 2026	Proposed issue of securities – VRX
27 May 2026	Renounceable Rights Issue to Raise up to \$6.2 million
27 May 2026	Arrowsmith North 2026 Updated BFS
8 May 2026	Cleansing Notice
5 May 2026	Change of Director's Interest Notice
5 May 2026	Application for quotation of securities - VRX
30 April 2026	Quarterly Activities/Appendix 5B Cash Flow Report
30 April 2026	Results of Meeting
31 March 2026	General Meeting Notice and Access Letter
31 March 2026	Notice of General Meeting/Proxy Form
17 March 2026	Notification regarding unquoted securities - VRX
11 March 2026	Half Year Accounts
20 January 2026	Quarterly Activities/Appendix 5B Cash Flow Report
5 January 2026	Notification of cessation of securities - VRX
23 December 2025	Implementation of Succession Plan and New CEO Appointment
11 December 2025	Additional Binding Offtakes and Financing Update
2 December 2025	Cleansing Notice
2 December 2025	Application for quotation of securities - VRX
26 November 2025	Change of Director's Interest Notices x 4
26 November 2025	Notification regarding unquoted securities - VRX
25 November 2025	\$2.1 Million Capital Raising
25 November 2025	Proposed issue of securities - VRX
25 November 2025	Proposed issue of securities - VRX
21 November 2025	Trading Halt
20 November 2025	Results of Meeting
20 November 2025	AGM Presentation
29 October 2025	Arrowsmith North Land Purchase and Infrastructure Update
28 October 2025	Quarterly Activities/Appendix 5B Cash Flow Report
23 October 2025	Binding Offtake Contracts Secured for Arrowsmith North
21 October 2025	Proposed issue of securities - VRX
21 October 2025	AGM Notice & Access Letter
21 October 2025	Notice of Annual General Meeting/Proxy Form

DATE	DESCRIPTION OF ANNOUNCEMENT
14 October 2025	Application for quotation of securities - VRX
14 October 2025	Proposed issue of securities - VRX
6 October 2025	Application for quotation of securities - VRX
26 September 2025	Appendix 4G and Corporate Governance Statement
26 September 2025	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website, investorhub.vrxsilica.com.au/announcements.

5.3 Market price of Shares and New Options

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares and Quoted Options are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares and Quoted Options (ASX:VRXO) on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

Shares

	PRICE	DATE
Highest	\$0.061	27 April 2026
Lowest	\$0.035	14 July 2026
Last	\$0.036	17 July 2026

Quoted Options

	PRICE	DATE
Highest	\$0.005	8 July 2026
Lowest	\$0.005	8 July 2026
Last	\$0.005	8 July 2026

5.4 Details of substantial Shareholders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

SHAREHOLDER	SHARES	%
Sparta Invest AG ¹	105,065,258	12.35

Notes:

1. See notice of change of interests of substantial holder lodged with ASX on 1 July 2026 for details of associates of Sparta Invest AG.

In the event the Offer is fully subscribed there will be no change to the substantial holders on completion of the Offer. However, following completion of the Placement, Nebari will have voting power in the Company of approximately 10.46% and the voting power of Sparta and its associates will increase to approximately 13.66%.

5.5 Directors' interests

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus is set out in the table below.

DIRECTOR	SHARES	OPTIONS
Peter Pawlowitsch ¹	26,222,721	2,000,000
Bruce Maluish ²	15,514,686	5,000,000
David Welch ³	300,000	2,025,000

Notes:

1. Comprising:
 - (a) 5,383,437 Shares held indirectly by Haven Super Pty Ltd <Haven Super A/C>;
 - (b) 7,505,952 Shares held indirectly by Vault (WA) Pty Ltd <Vault A/C>;
 - (c) 13,333,332 Shares held indirectly by Mosch Pty Ltd; and
 - (d) 2,000,000 unquoted Options exercisable at \$0.15 on or before 31 December 2028 held indirectly by Vault (WA) Pty Ltd <Vault A/C>.
2. Comprising:
 - (a) 7,060,535 Shares held directly;
 - (b) 8,454,151 Shares held indirectly by Mash Super Pty Ltd <Maluish English Super Fund A/C>; and
 - (c) 5,000,000 unquoted Options exercisable at \$0.15 on or before 31 December 2028 held indirectly by Mash Super Pty Ltd <Maluish English Super Fund A/C>.
3. Comprising:
 - (a) 300,000 Shares held directly;
 - (b) 2,000,000 unquoted Options exercisable at \$0.15 on or before 31 December 2028; and
 - (c) 25,000 Quoted Options exercisable at \$0.10 on or before 30 June 2028.

No Director or any of their associates intend to participate in the Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be

made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total annual remuneration paid to both executive and non-executive Directors for the financial years ended 2025 and 2026 and proposed annual remuneration for the financial year ending 2027.

DIRECTOR	FY ENDED 2025	FY ENDING 2026	FY ENDING 2027 ¹
Peter Pawlowitsch	\$30,875 ²	\$135,375 ³	\$80,640 ⁴
Bruce Maluish	\$205,346 ⁵	\$688,404 ⁶	\$102,065 ⁷
David Welch	\$30,875 ⁸	\$135,375 ⁹	\$59,850 ¹⁰

Notes:

1. Estimates for this period.
2. Comprising \$27,691 in salary and fees and \$3,184 in superannuation payments.
3. Comprising \$53,013 in salary and fees, \$6,362 in superannuation payments and \$76,000 in share based payments.
4. Comprising \$72,000 in salary and fees and \$8,640 in superannuation payments.
5. Comprising \$184,167 in salary and fees and \$21,179 in superannuation payments.
6. Comprising \$352,500 in salary and fees, \$30,000 in superannuation payments, \$101,675 in share based payments and \$204,229 in unused annual leave and long service leave payments.
7. Comprising \$53,438 in salary and fees, \$6,413 in superannuation payments and \$42,215 in share based payments.
8. Comprising \$30,875 in salary and fees.
9. Comprising \$59,375 in salary and fees and \$76,000 in share based payments.
10. Comprising \$59,850 in salary and fees.

5.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- the formation or promotion of the Company;
- any property acquired or proposed to be acquired by the Company in connection with:
 - its formation or promotion; or
 - the Offer; or
- the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$7,500 (excluding GST and disbursements) for these services.

5.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the New Options), the Directors, the persons named in the Prospectus with their consent as proposed directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

5.8 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$10,706 (excluding GST) and are expected to be applied towards the items set out in the table below:

EXPENSE	(\$)
ASIC fees	3,206
Legal fees	7,500
Total	10,706

6. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

7. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means an investor who applies for New Options pursuant to the Offer.

Application means an application for New Options made on an Application Form.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Closing Date means the date specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

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

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

New Option means an Option with the terms and conditions set out in Section 3.2.

Offer means the offer of 1,000 New Options at an issue price of \$0.001 per New Option to raise up to \$1.00 (before expenses).

Official Quotation means official quotation on ASX.

Opening Date means the date specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Placement means the placement of a total of 133,762,940 Shares at an issue price of \$0.034 per Share, together with a total of 66,881,470 free attaching Options, to raise approximately \$4,547,940 (before costs), as announced by the Company on 15 July 2026.

Placement Options means the 66,881,470 Options to be issued pursuant to the Placement.

Prospectus means this prospectus.

Quoted Option means a quoted Option in the Company's existing quoted Option class, ASX:VRXO, exercisable at the Exercise Price on or before 30 June 2028.

Section means a section of this Prospectus.

Securities means Shares and/or Options as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.