

VRX Silica Ltd

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VRX Silica sees increasing demand for glass in Asia driving silica sand growth

VRX Silica Ltd (ASX:VRX) is preparing to supply the increasing demand for flat glass in the Asian construction and automobile industry from its three advanced WA silica sand projects.

Silica sand has supported human progress throughout history, being a key raw material in the industrial development of the world, especially in the glass, metal casting and ceramics industries.

Globally and particularly in Asia, silica sand is in a growth phase due to increasing demand from the construction sector as a raw material for flat glass, with both volume and value having increased worldwide.

Price: 0.275

Market Cap: \$138.78 m

1 Year Share Price Graph



March 2020 September 2020 March 2021

Share Information

Code: VRX

Listing: ASX

52 week High Low
0.425 0.045

Sector: Exploration & Production

Website: www.ventnorresources.com.au

Company Synopsis:

VRX Silica (ASX:VRX) is advancing the Arrowsmith Silica Sand Project 270 kilometres north of Perth, and the Mueha Silica Sand Project 50 kilometres north of Perth.

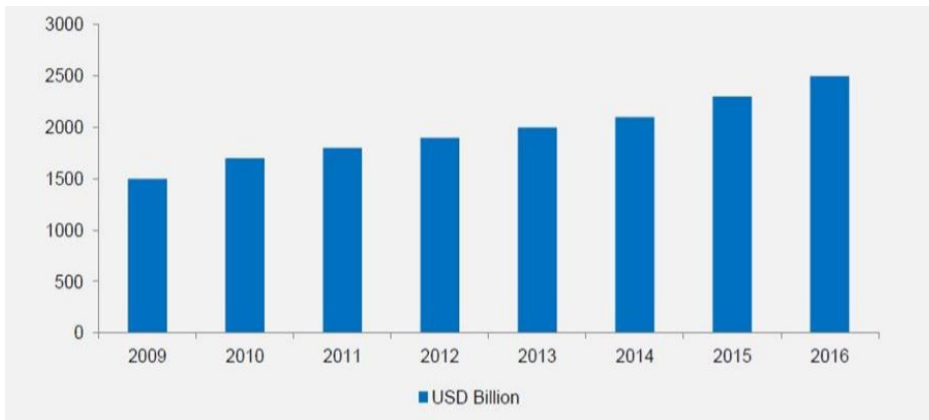
action@proactiveinvestors.com.au

| Market size 2014 – 2025 (ASIA PACIFIC) | 2014 | 2018 | 2025 |
|--|---|------------------------------|---------------------------|
| | Volume 41,639.5 Kilo Tons | Volume 51,466.7 Kilo Tons | Volume 74,570.0 Kilo Tons |
| Revenue USD 40,598.9 Billion | Revenue USD 54,420.2 Billion | Revenue USD 84,073.8 Billion | |
| Market product size | Product | 2018 | 2025 |
| | Tempered | 31.05% | 32.10% |
| | Laminated | 26.85% | 27.55% |
| | Basic Float | 18.65% | 17.46% |
| | Insulating | 13.87% | 14.50% |
| | Others | 9.58% | 8.39% |
| Market application size | Application | 2018 | 2025 |
| | Automobile | 12.72% | 13.56% |
| | Construction | 81.30% | 81.65% |
| | Others | 5.98% | 4.79% |
| Market drivers | <ul style="list-style-type: none"> Growth in building and construction industry in developing countries Positive automotive industry outlook in Asia Pacific | | |
| Potential growth opportunities | <ul style="list-style-type: none"> China Association of Automobile Manufacturers, reported a sale of over 27 million vehicles in 2018. This includes a rise of 5.05% in the sale of commercial vehicles which stood at 4.38 million. Solar Energy sector, which is one of the demanding market for flat glass is paving new opportunities for the glass manufacturers particularly in China and India | | |

Flat glass market outlook

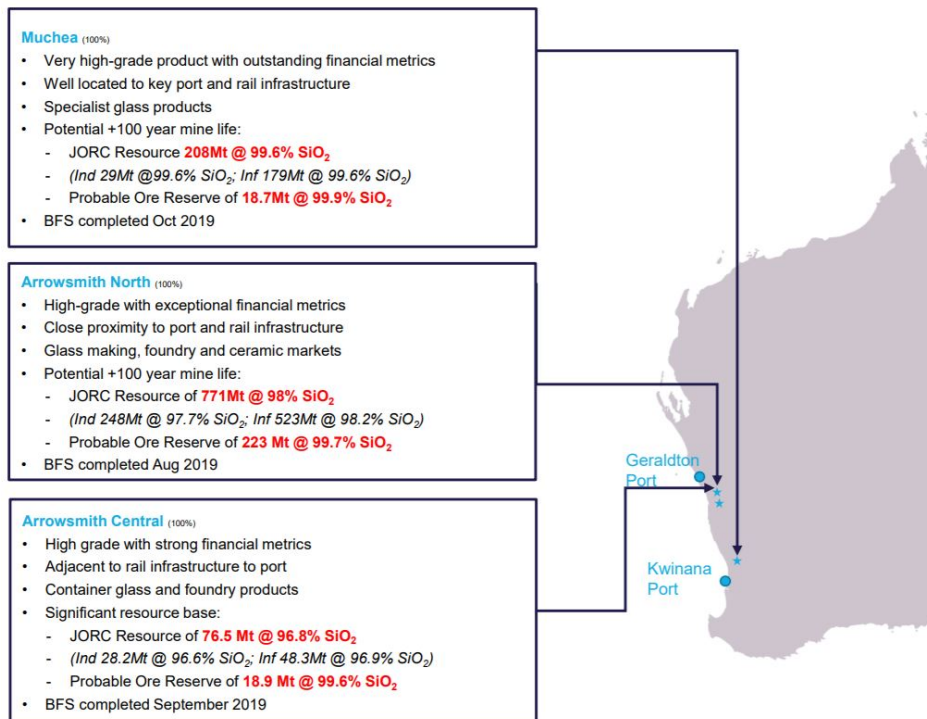
Sales of silica sand experienced a compound annual growth rate of about 8.7% in value terms from 2009 to 2016, with a market value of US\$6.3 billion.

The Asia Pacific flat glass market is currently experiencing high growth because of increased demand from the construction and automotive sectors.



Total investment in infrastructure in Asia Pacific

VRX silica sand projects



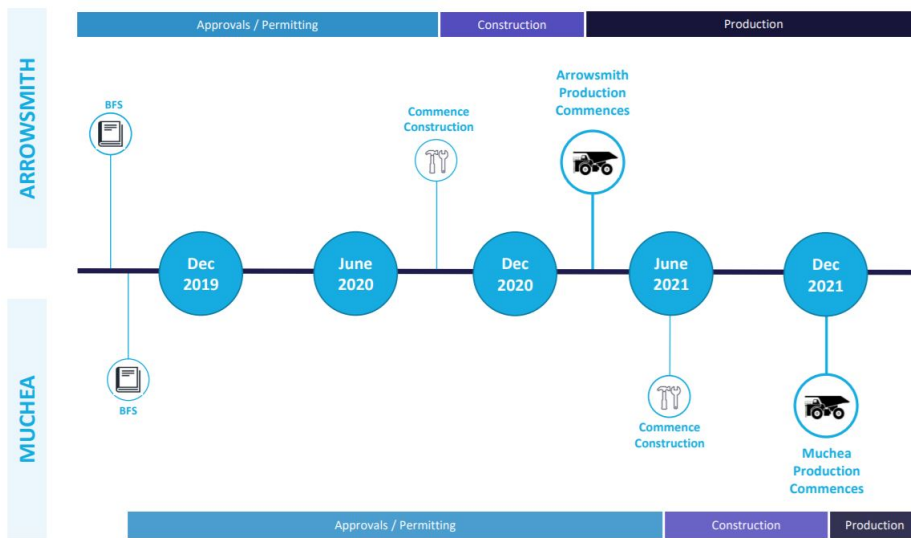
VRX Silica's recent bankable feasibility study (BFS) for the Muchea Silica Sand Project in WA demonstrated outstanding financial metrics.

The BFS, which outlines an ungeared net present value of \$338 million based on 25 years of a potential mine life of 100-plus years, indicates that Muchea is capable of producing very high-grade silica sand products.

The company's BFS for the Arrowsmith Central Silica Sand Project north of Perth also revealed compelling financial metrics which complement the Arrowsmith North deposit.

The BFS shows an ungeared net present value of \$147.6 million based on 25 years of a potential mine life of plus-35 years.

| | Arrowsmith North | Arrowsmith Central | Muchea | Total |
|--|------------------|--------------------|-----------|-----------|
| Post Tax, ungeared NPV ₁₀ | \$242.3m | \$147.6m | \$337.9m | \$727.8m |
| Post Tax, ungeared IRR | 79% | 60% | 96% | 83% |
| Payback period (yrs) (post tax) (ramp up rate) | 2.4 | 2.8 | 2.3 | 2.4 |
| Exchange Rate US\$/A\$ | | \$0.70 | | |
| Life of Mine (yrs) (BFS Study) | | 25 | | |
| EBIT | \$1.144bn | \$737m | \$1.540bn | \$3.421bn |
| Total Sales (25 years) no escalation | \$2.773bn | \$2.167m | \$3.345bn | \$8.285bn |
| Cashflow after finance and tax | \$835m | \$539m | \$1.123bn | \$2.497bn |
| Capex (2 mtpa) | \$28.260m | \$25.88m | \$32.8m | \$87m |
| Capex contingency (inc) | | 20% | | |
| Life of Mine C1 costs, FOB (inc Royalties) | \$30.18 | \$27.67 | \$32.74 | \$30.24 |
| Tonnes Processed (million tonnes) (BFS Study) | 53 | 51 | 54 | 158 |



Timeline towards development and production

| | | |
|---------------------------|--|----------------------|
| Construction Sand | Concrete | |
| Glassmaking | Flat, Containers, Architectural, Thin Film | Target market |
| Metal Casting/Foundry | Automobile parts | |
| Oil/Gas Well Stimulation | Frac sand/proppant | |
| Metallurgical | Ferrous and Non-ferrous Alloys | |
| Paint and Coatings | Brightness and durability | |
| Chemical Production | Sodium silicate, Silicon gels | |
| Ceramics and Refractories | High temp resistance | |
| Filtration | Water production | |
| Agricultural/Recreational | Inert growing media, Golf bunkers | |

Target markets

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