

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.

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 Billion	40,598.9	54,420.2	84,073.8
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.

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

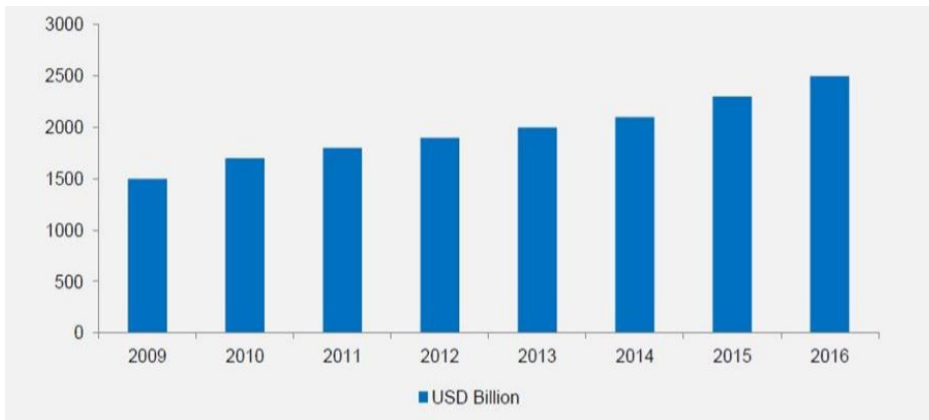
Sector: Exploration & Production

Website: www.ventnorresources.com.au

Company Synopsis:

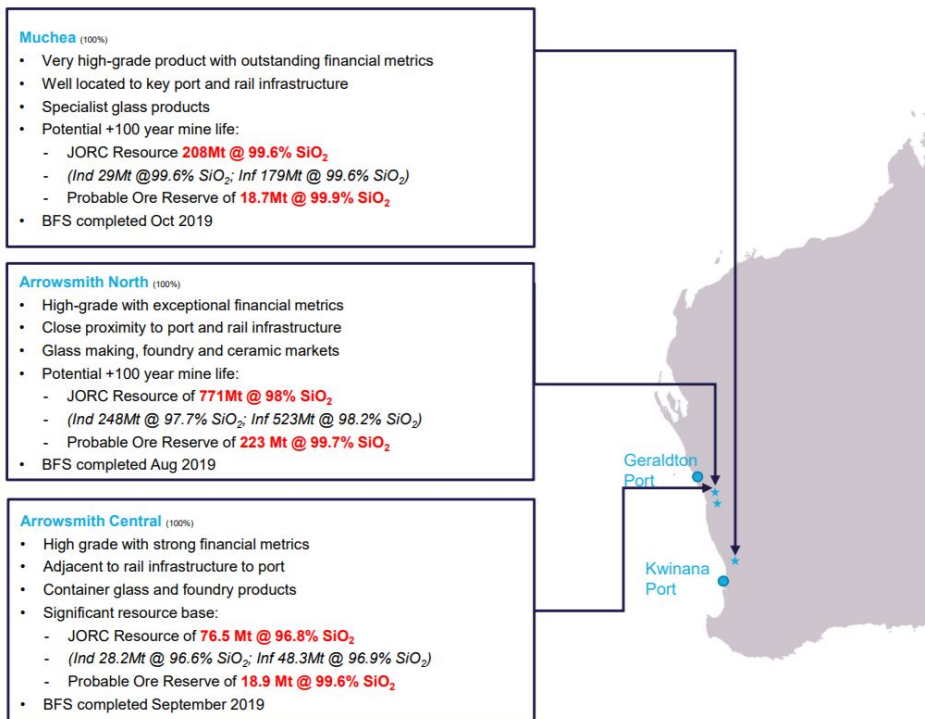
VRX Silica (ASX:VRX) is advancing the Arrowsmith Silica Sand Project 270 kilometres north of Perth, and the Mueha Silica Sand Project 50 kilometres north of Perth.

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Total investment in infrastructure in Asia Pacific

VRX silica sand projects



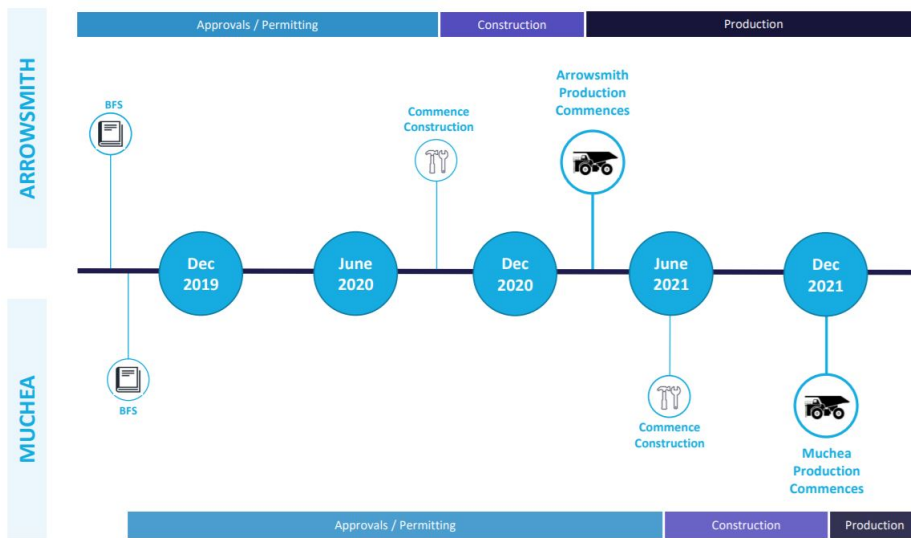
VRX Silica's recent bankable feasibility study (BFS) for the Muchea Silica Sand Project in WA demonstrated outstanding financial metrics.

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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