



CHAIRMANS ADDRESS – 2021 ANNUAL GENERAL MEETING

Good morning fellow ASQ Shareholders.

There have been a number of positive developments for the company over the past 12 months, not least of which are the promising early signs from the two stratigraphic diamond drill holes at the Sovereign prospect on our tenement, undertaken in a joint venture with DevEx Resources Limited (“DevEx” ASX:DEV).

I am authorized by the ASQ Board to say that the company has every intention to maintain its 50% interest in that project and will start funding its share of the expenses once DevEx has completed its initial \$3M spend, which we anticipate will be in the first quarter of 2022 calendar year all going well.

In addition, we are making positive progress on a number of other fronts and 2022 is looking like it will be a fairly busy year for the company.

Inquiries about procuring supply of high purity silica are increasing and we are cautiously optimistic that this will be a good business to be in over the coming years.

I would like to thank each of my fellow directors for their work commitment to the company. In addition, I would like to thank Sam Middlemas, our CEO and Company Secretary, and Nick Algie, our Technical and Exploration Manager, for their efforts over the last 12 months.

Robert Nash

Chairman

This announcement has been authorised for release by the Board.

25 November 2021

ASX Code: ASQ
AUSTRALIAN SILICA
QUARTZ GROUP LTD
ABN: 72 119 699 982

DIRECTORS:
Robert Nash
Non Executive Chairman
Luke Atkins
Non Executive Director
Neil Lithgow
Non Executive Director
Pengfei Zhao
Non Executive Director

CHIEF EXECUTIVE OFFICER
AND COMPANY
SECRETARY:
Sam Middlemas

Head Office:
Suite 10, 295 Rokeby Road
Subiaco WA 6008

Mail:
Suite 10, 295 Rokeby Road
Subiaco WA 6008
T: +61 8 9200 8200
F: +61 9 9200 8299
E: admin@asqg.com.au
W: www.asqg.com.au

Share Registry:
Automic Group
GPO Box 5193
Sydney NSW 2001
T: 1300 288 664 (within
Australia)
T: +61 2 9698 5414
(international)
www.automicgroup.com.au



About Australian Silica Quartz Group Limited

ASQ DEVEX 50/50 JV (non-dilutable at ASQ's election)

ASQ has entered into a joint venture with DevEx Resources ("DevEx" ASX:DEV) on its 100% owned E70/3405 tenement located along strike from Chalice Gold Mines ("Chalice" ASX:CHN) nickel copper platinum group elements Julimar discovery in WA. The first \$3M expenditure on the JV area is to be fully funded by DevEx to earn 50%. ASQ has the option to jointly fund future expenditure to maintain 50% share or opt to allow DevEx to fund the next \$3M to earn a further 20% share in non-bauxite minerals. Initial geochemical and geophysical exploration work returned positive results. Aircore drilling has defined a layered, differentiated mafic-ultramafic intrusion, extending over 12 kilometres in length. Two stratigraphic diamond drillholes have been completed within the intrusion. Visual observations from these first diamond holes validate the significant potential for Julimar-style PGE-nickel-copper mineralisation (refer full detail in the 1 June 2020 announcement *ASQ reaches agreement for funding of exploration on its tenement in Julimar Region, WA*, 8 October 2020 announcement *Update on Geophysics Targets at ASQ/DevEx JV in Julimar Region, WA*, 19 August 2020 announcement *Update on ASQ/DevEx 50/50 JV in Julimar Region, WA*, 4 December 2020 announcement *DevEx Exploration Update*, 27 April 2021 announcement *Drilling confirms Mafic-Ultramafic Intrusion at Sovereign* and 17 August 2021 announcement *12km Long Mafic-Ultramafic Intrusion at Sovereign, Large Scale Ground EM and Diamond Drilling set to Commence*, 7 October 2021 announcement *Diamond Drilling underway at Sovereign Ni-Cu-PGE Project in the Highly Prospective Julimar Region, WA* and 10 November 2021 announcement *Initial Diamond Drilling at Sovereign Intersects Thick Intrusive Sequence with Disseminated Nickel-Copper Sulphides*).

SILICA

ASQ has established a range of silica sand and hardrock quartz projects held via exploration licence applications 100% owned by ASQ's subsidiary Australian Silica Quartz Pty Ltd. These projects now consist of 13 granted exploration licences and 2 applications covering approximately 1,400 km² within Western Australia and Queensland.

High grade silica (99.5-99.9% SiO₂) and high purity silica (>99.95% SiO₂) currently have a wide range of applications. All indications suggest the high grade and high purity silica market is currently growing strongly due to greater demand from the PV Solar, TFT glass, Electronics, Flat Glass and Speciality Glass industries. This is reinforced by the level of enquiries received from qualified end user customers the Company has received primarily from China and South East Asia.

SILICA SAND

ASQ's high grade silica sand projects are located in the regions of Albany, Gingin and Esperance in the southwest of Western Australia.

In the shorter term these projects potentially present the opportunity for the Company to produce a washed DSO silica sand product with longer term potential to enter the higher value higher grade silica sand market with a niche processed product.

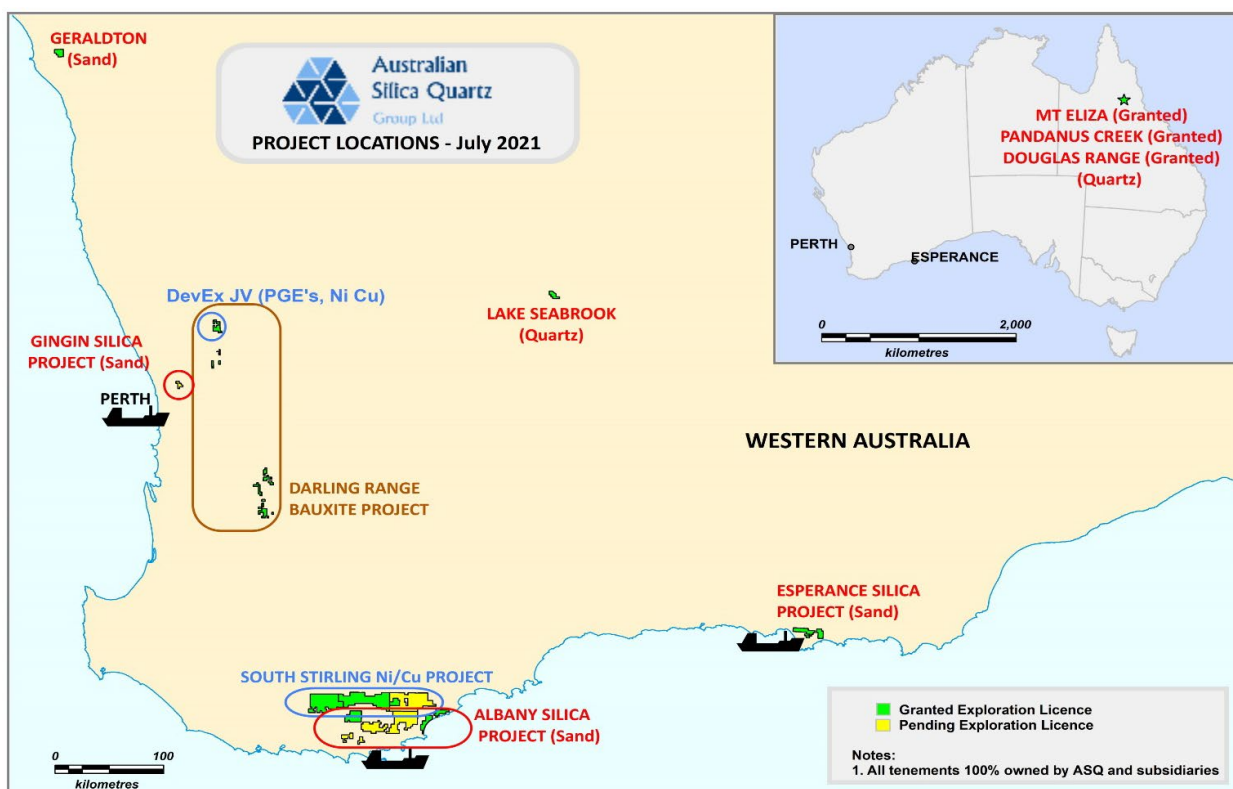
ASQ is currently working on a Scoping Study for the 11.6Mt Albany White Hill high grade, low iron Silica Sand Project (refer full detail in the 28 January 2021 announcement *High Grade, Low Iron Silica Sand Resource*). The Albany White Hill Project is located on farmland cleared of native vegetation 70 km east northeast of the port of Albany.

In addition to its wholly owned silica exploration projects ASQ has reached an agreement with an existing local sand producer. In 2019 the Company executed a binding terms sheet with Urban Resources Pty Ltd (Urban) to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia. Urban has operated the mine for the last six years and produced over 1Mt from the deposit in last two years. The ASQ/Urban Resources agreement presents the Company with the opportunity to potentially fast track its entry into the DSO silica sand export market. ASQ have completed a JORC 2012 Inferred Mineral Resource on the raw sand at Urban's Maralla Road tenement M70/326 (refer full detail in the 7 May 2019 announcement *Update on Maralla Road Silica Sand Deposit Maiden Resource* and 29 January 2020 announcement *Spiral and Classifier Testwork Results for the M70/326 Silica Sand Products*).

HARDROCK QUARTZ R&D

The Company is undertaking an R&D program aiming to develop a high purity, high value silica quartz product. To this end the Company has secured a number of hardrock quartz tenements and is progressing with a research and development project in this area. Assays from rock chip sampling of ASQ's hard rock tenements reported grades of

up to 99.99% SiO₂ with processed hard rock samples demonstrating further grade improvement (refer full detail in the 14 December 2017 announcement *Silica Sand and Hardrock Quartz Project Updates*).



SOUTH STIRLING Ni/Cu PROJECT

ASQ has established the South Stirling Ni/Cu Project by way of four exploration lease applications lodged covering 1,603 km² over the Albany Fraser Mobile Belt, South Western WA where the Company has identified a historic end of hole aircore drilling assay of 1.5m at 0.79% Ni, 934 ppm Cu, 832 ppm Co from 28.5m that was never followed up. ASQ considers the application area has potential for Nickel-Copper magmatic sulphide mineralisation associated with mafic-ultramafic intrusions emplaced into granulite facies country rocks (refer full detail in the 23 September 2020 announcement *Exploration Update*).

BAUXITE JV

ASQ has a joint venture with HD Mining & Investments Pty Ltd (HDM). HDM is currently working towards obtaining a 40% interest in the bauxite rights of several tenements under the joint venture which are wholly owned by ASQ. Exploration activities are fully funded by HDM. Should HDM and ASQ make a subsequent decision to mine, then HDM will earn an additional 20% interest in bauxite rights on the tenements. ASQ maintains 100% interest in all other minerals. A ninety-five million tonne Bauxite JORC resource has been identified under this JV (refer Company Annual Financial Report for 2020 - Mineral Resources and Ore Reserves section).

BAUXITE ROYALTY

Following the sale of the Bauxite Resources Joint Venture Bauxite Project to Yankuang Group a royalty on future bauxite sales from the project of 0.9% of FOB price payable to ASQ was negotiated. The Yankuang Group bauxite project contains in excess of 300 million tonnes in the world class bauxite region in the Darling Range, Western Australia. ASQ is entitled to a royalty of 0.9% of the FOB price on the first 100 million tonnes mined (under current prices of Bauxite this royalty would equate to approx. A\$0.50/tonne) (refer full detail in 30 November 2015 announcement *Final Agreements signed with Yankuang for sale of Joint Venture Interest and Buy Back of Shares*).