

AUSTRALIAN SILICA QUARTZ GROUP LIMITED

DIAMOND DRILLING UNDERWAY AT SOVEREIGN Ni-Cu-PGE PROJECT IN THE HIGHLY PROSPECTIVE JULIMAR REGION, WA



7 October 2021

HIGHLIGHTS

- DevEx advises diamond drilling has commenced at the Sovereign Project in the Julimar Region of WA – north of Chalice Mining's Julimar Project and south of Caspin Resources Yarawindah Brook Project.
- Recent reconnaissance air-core drilling has provided an insight into the framework of an extensive 12km long mafic-ultramafic intrusion with rocks likely analogous to the western margin of Chalice's Gonnevile Intrusion.
- The current maiden diamond drilling programme is designed to garner an understanding of the differentiated ultramafic intrusion including the interpreted lower layer.
- Newexco have identified priority areas beneath the pyroxenite rocks where the prospective serpentinite may lie. Three diamond holes are currently planned.
- An extensive Electromagnetic (EM) survey has also commenced which will take several months to complete to test for massive sulphide Ni-CU-PGE mineralization within the mafic-ultramafic intrusions. Any significant conductors identified from this survey would be viewed as a priority for additional drilling.

ASX Listed DevEx Resources Limited ("DevEx", ASX: DEV) has today lodged an announcement advising that diamond drilling has commenced at the Sovereign Project in the highly prospective Julimar Region, WA.

DevEx are conducting exploration on the Sovereign Project under the 50/50 Joint Venture on ASQ's E70/3405 located along strike from the Chalice Gold Mines Ltd (ASX: CHN) nickel-copper-platinum group elements (Ni-Cu-PGE) Julimar discovery in WA.

A full copy of the DevEx announcement is attached.

DevEx is earning into the non-bauxite rights of E70/3405 by an initial spend of \$3m to earn a 50% interest. Following the initial spend, ASQ may elect to contribute to further exploration to maintain its 50% interest, or may have DevEx spend an additional \$3m to earn a further 20% interest with ASQ diluting.

This announcement has been authorised for release by the Board.

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ASX ANNOUNCEMENT

7 October 2021

ASX: DEV | ACN: 009 799 553

Diamond drilling underway at Sovereign Ni-Cu-PGE Project in the highly prospective Julimar Region, WA

Drilling expedited to test the geometry and extent of the mafic-ultramafic intrusion

DevEx Resources Limited (ASX: DEV; “DevEx” or “the Company”) is pleased to advise that diamond drilling (Figure 1) has commenced at its **Sovereign Ni-Cu-PGE Project**, in the Julimar Region of Western Australia.

The Sovereign Project lies within the highly prospective Julimar Complex (Figure 2) and is located to the north of Chalice Mining Limited’s (ASX: CHN) Julimar Project and south of Caspin Resources Limited’s (ASX: CPN) Yarawindah Brook Project.



Figure 1. Diamond drill rig in operation at the Sovereign Project, WA. Drilling is designed to understand the geometry and extent of the intrusion at depth including the prospective ultramafic rocks (serpentinite).

Recent reconnaissance air-core drilling has provided the first insight into the framework of an extensive, 12km long mafic-ultramafic intrusion, with rocks likely analogous to the western margin of Chalice Mining’s Gonneville Intrusion. At Gonneville, gabbro-norite and pyroxenite rocks form the upper differentiated layer of the intrusion with the more Ni-Cu-PGE-rich serpentinite (harzburgite) lying beneath and forming the lower layer¹ (see the Company’s ASX Announcement – 17th August 2021).

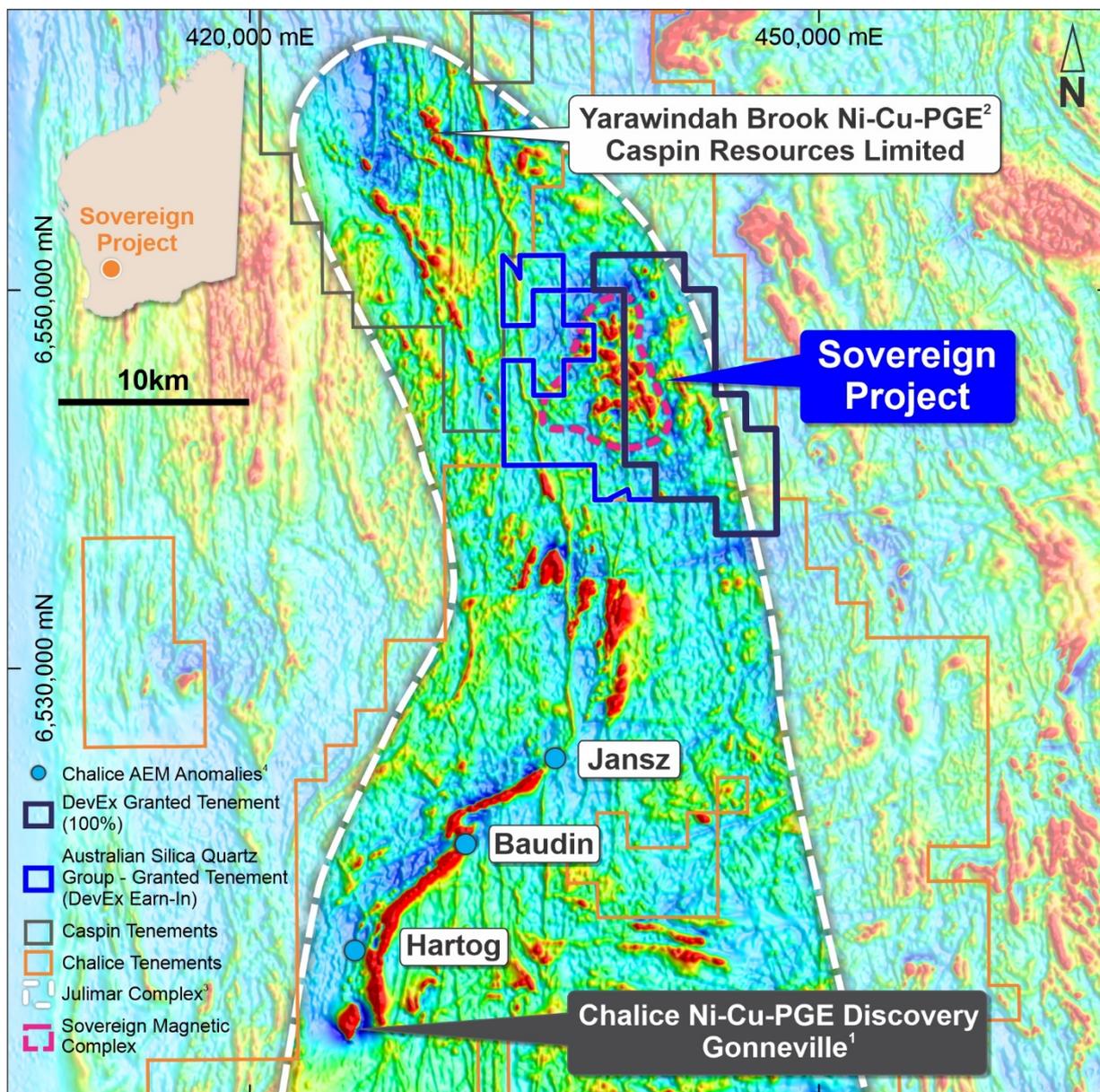
At Sovereign, the current maiden diamond drilling programme is designed to garner an understanding of the extent of the underlying ultramafic rocks and will test beneath the upper differentiated melagabbro-norite and pyroxenite rocks into the interpreted lower layer. Inversion modelling (third dimension) of the ground gravity and airborne magnetic surveys by the Company’s geophysical consultants, Newexco Exploration Pty Ltd, has identified priority areas beneath the pyroxenite rocks where the prospective serpentinite may lie. Three diamond holes are currently planned.

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In conjunction with this drilling, an extensive ground Electromagnetic (EM) survey has commenced at Sovereign. This survey will likely take several months to complete and will test for massive sulphide Ni-Cu-PGE mineralisation with mafic-ultramafic intrusions, with the priority given to several windows where the lower ultramafic and mela-gabbro-norites have been exposed near surface. Any significant conductors identified from this survey would be viewed as a priority for additional drilling.



DevEx is currently exploring the western half of the Sovereign mafic-ultramafic Intrusion (E70/3405) under an Earn-In Agreement with Australian Silica Quartz Group Ltd ('ASQ') (see the Company Announcement on 1st June 2020).

The eastern half of the intrusion is located within a granted tenement held by DevEx (E70/5365).

This announcement has been authorised for release by the Board.

Brendan Bradley
Managing Director

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REFERENCES

1. Chalice Mining Limited (ASX: CHN) ASX announcement “Twelfth High-Grade Zone Defined at Julimar” on 3rd August 2021”
2. Caspin Resources Limited (ASX: CPN) ASX announcement “Broad Sulphide Zones Intersected at Yarabrook Hill” on 24th May 2021.
3. Harrison P. H., 1984. The mineral potential of layered igneous complexes within the Western Gneiss Terrain. In: Professional papers for 1984 of the Geol Surv of W. A. 19. Gov Printing Office, Perth, pp 37–54.
4. Chalice Gold Mines Limited (ASX: CHN) ASX announcement “Major new 6.5km-long EM anomaly identified at Julimar” on 22nd September 2020.

COMPETENT PERSON STATEMENT

The Information in this report that relates to previous exploration activities within the Sovereign Project is extracted from the ASX announcement titled “Large-scale, 12km long mafic-ultramafic intrusion at Sovereign Project, paving way for ground EM and initial diamond drilling” released on 17th August 2021 which is available at www.devexresources.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

FORWARD LOOKING STATEMENT

This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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. Recently completed aircore drilling has defined a layered, differentiated mafic-ultramafic intrusion, extending over 12 kilometres in length. (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*)

SILICA

ASQ has established a range of silica sand and hardrock projects held via exploration licence applications 100% owned by ASQ's subsidiary Australian Silica Quartz Pty Ltd. These projects now consist of 10 granted exploration licences and 6 applications covering approximately 1,500 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.

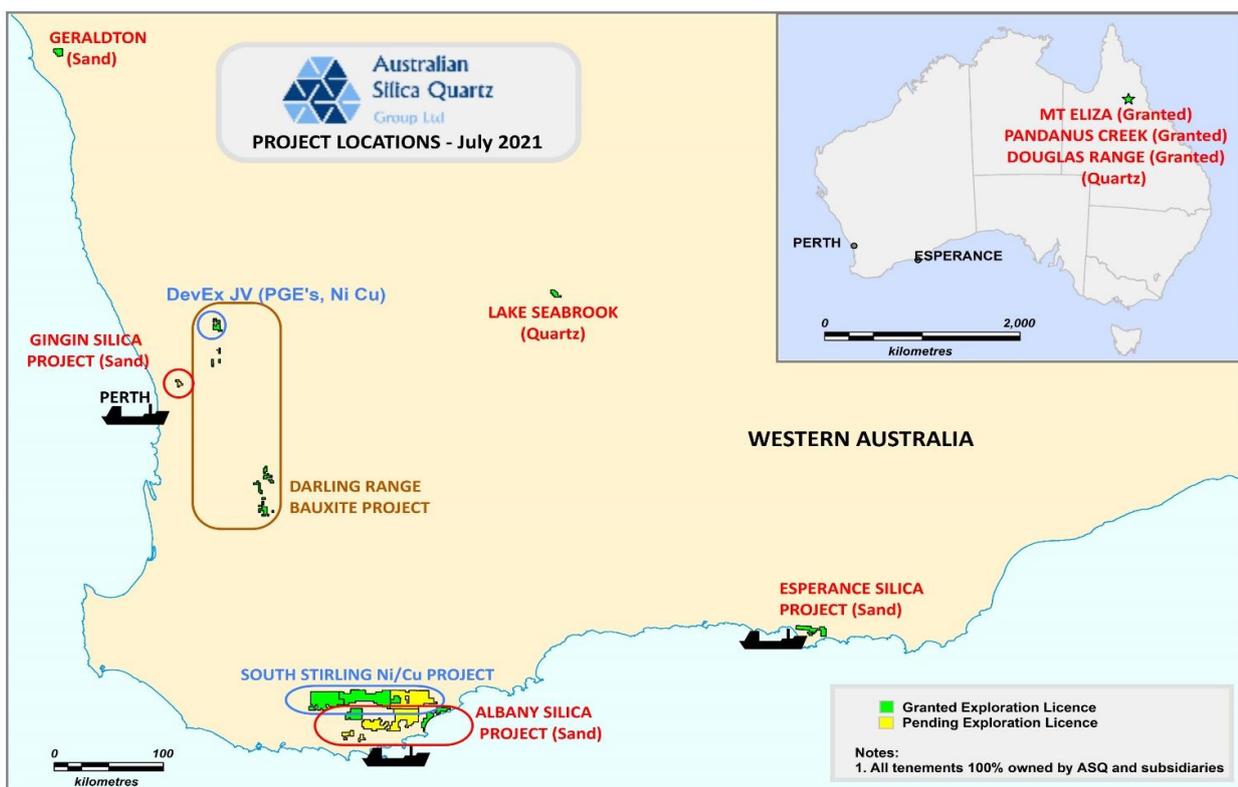
In the shorter term these projects potentially present the opportunity for the Company to produce a washed DSO silica sand product with longer term potential to enter the higher value higher grade silica sand market with a niche processed product.

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 99.993% 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*)