



9 DECEMBER 2020

HIGHLIGHTS

- The Company has completed vacuum drilling for silica sand at the Albany White Hill Silica Sand Project **located 70 km east north east of the port of Albany**
- White silica sand intersections of up to **13.0 m** from 0.5 m
- 76 vacuum drill holes completed for 489 m
- Preliminary modelling of the geometry of the silica sand deposit allows the Company to refine the Exploration Target targeting a high-grade silica sand suitable for the PV cover-glass market along with other specialty industrial applications
- Laboratory test work on drilling samples is underway aimed at defining the expected silica sand product characterisation for input into a mineral resource estimate
- Maiden mineral resource estimate is expected to be reported in accordance with the JORC code early in 2021
- The Exploration Target is within a tree farm on private freehold land with no clearing of native vegetation required for mining

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Vacuum drilling by ASQG of silica sand in a tree farm at the Albany White Hill Silica Sand Project



Australian Silica Quartz Group Limited (ASX:ASQ, “ASQ” or “the Company”) has entered into an Exploration and Mining Access agreement on a property located 70 km east of Albany along the Albany to Esperance South West Coastal Highway which is capable of road train access direct to the Albany Port (See Figure 1). The Property has been selected following extensive desktop assessment and roadside reconnaissance over the last +18 months.

The Mining Agreement covers an area of 189 Ha located on ASQ’s 100% owned exploration licence E70/5262 and covers access for both exploration and also for mining should the project progress to development. The area of interest is former grazing property planted into a blue gum tree plantation and as such would not require clearing of native vegetation for mining.

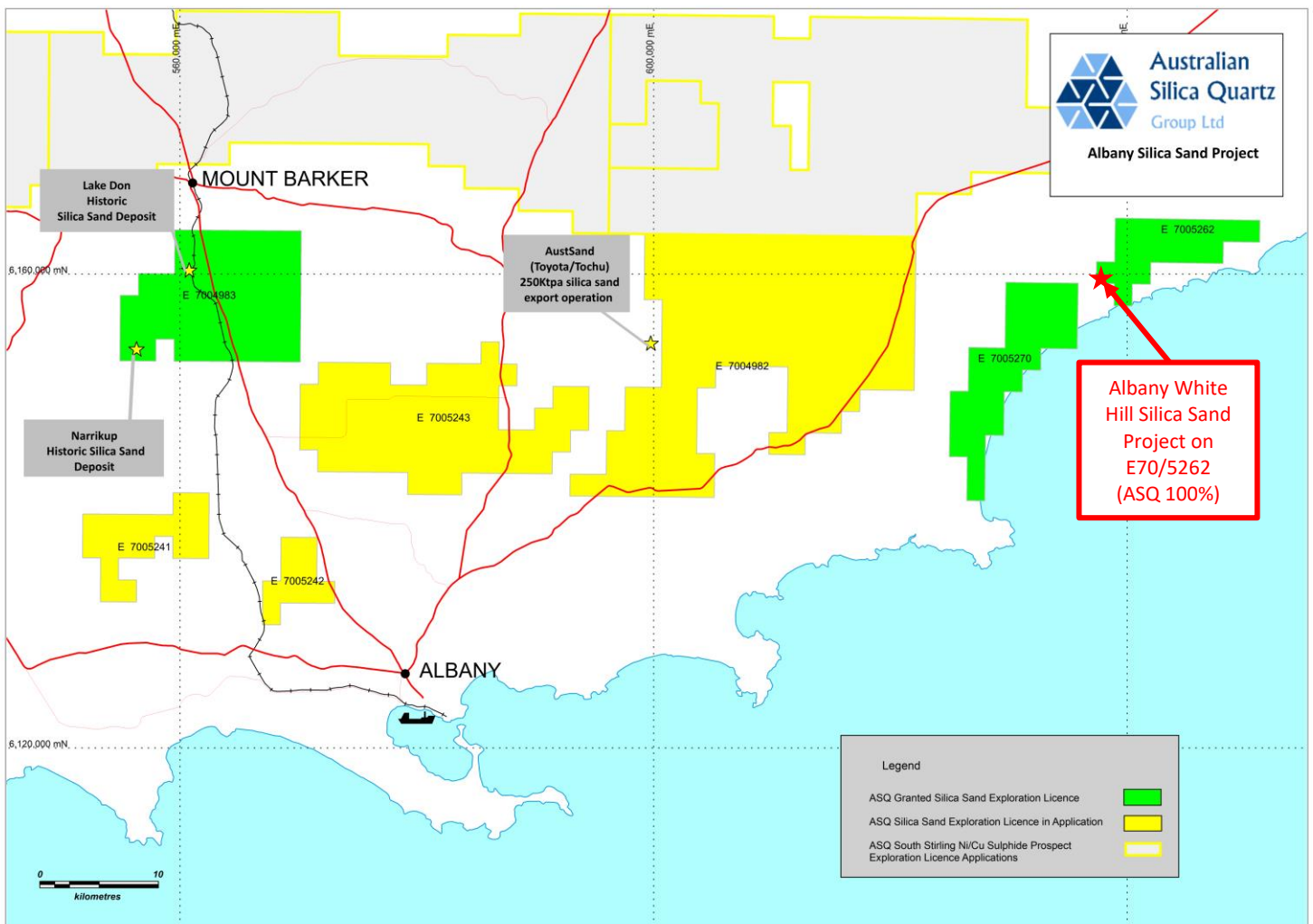


Figure 1: Location of the Albany White Hill Silica Sand Project on E70/5262 east north east of Albany. ASQ South Stirling Ni-Cu Sulphide tenements shown for context. Other holder tenements not shown.

VACUUM DRILLING

The Company has now followed up the previously reported encouraging surface sampling and hand auger drilling results (ASQ (2020). *Preliminary Exploration Results – Albany White Hill Project. ASX Release 2 November 2020*) with 76 vacuum drill holes completed for 489 m with a maximum hole depth of 14.5 m. 58 drill holes encountered clean white silica sand profiles of 2 m or greater thickness. All silica sand intersections occurred below a 0.3-1.0 m layer of sandy topsoil. Refer to figure 3 for drill hole locations with silica sand interval thicknesses and appendix 1 for details of the drill holes that intersected significant silica sand.

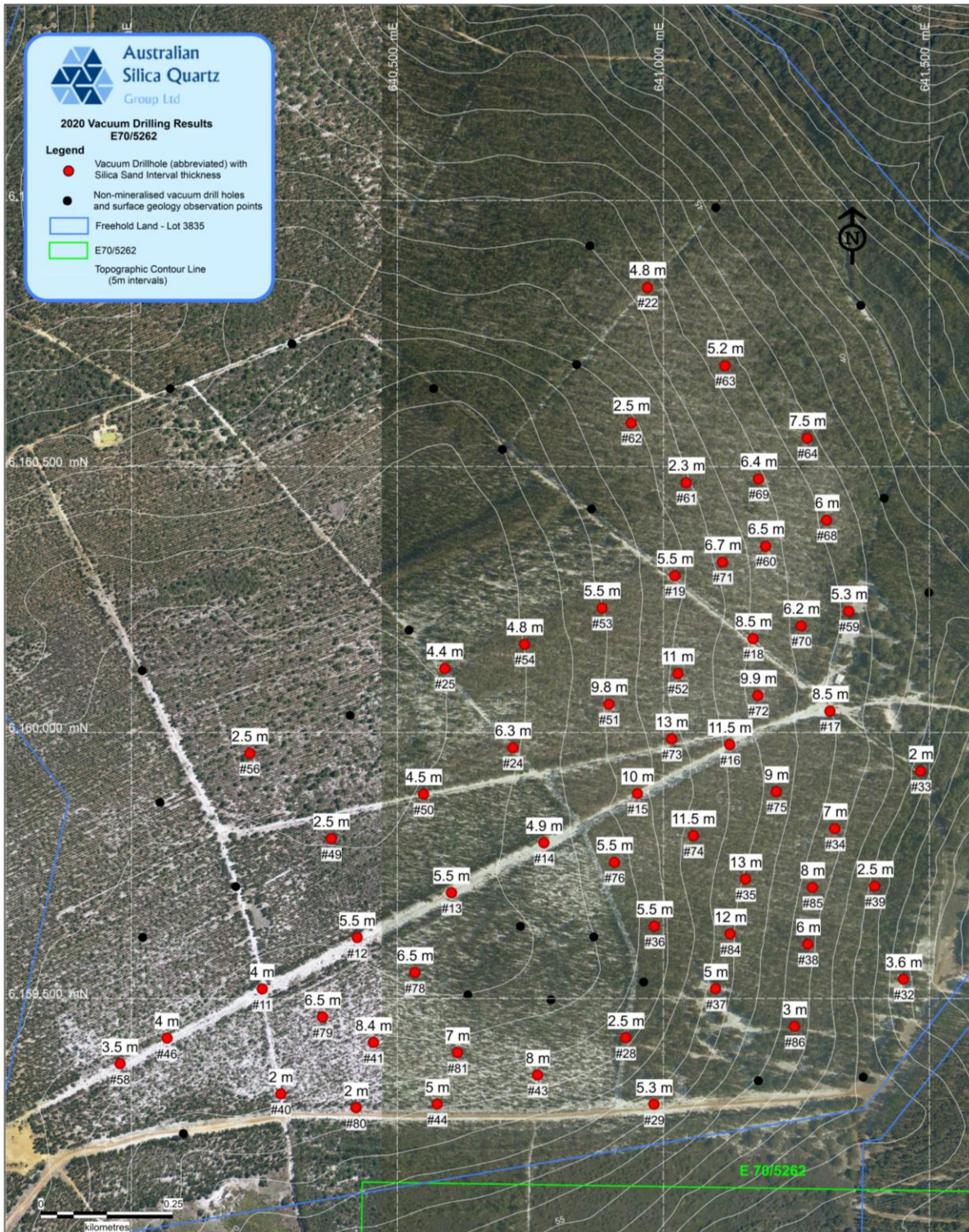


Figure 3: Vacuum drill holes with significant silica sand intersections – E70/5262

EXPLORATION TARGET

The vacuum drill holes have been imported into a wireframe to estimate the tonnage of the deposit. An Exploration Target of 11 to 13 million tonnes of silica sand of a grade suitable for producing sand acceptable to the export glass sand market is now considered appropriate for the White Hill Silica Sand deposit subject to confirmation of sand quality by test work currently underway. The Company cautions the reader of this report that the potential quantity and grade of the exploration target is conceptual in nature, further work is required to estimate a Mineral Resource and it is uncertain if further work will result in the estimation of a Mineral Resource.

FORWARD PLAN

Laboratory test work is underway to define grades and confirm suitability of the sand to produce commercial products. If successful, the resource estimation will be undertaken early in 2021 followed by more detailed metallurgical test work.



Figure 4: Vacuum drill hole ASQDHV0073 sample tray showing silica sand intersection from 0.5-13.5 m

This Announcement has been authorised by the board.

Sam Middlemas, CEO, Australian Silica Quartz Group Ltd

9 December 2020

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Nick Algie, a Competent Person who is a registered member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Algie is a full-time employee of the Company in his capacity as Technical and Exploration Manager. Mr Algie has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Algie consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report may include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", or other similar words and may include, without limitation, statements regarding plans, strategies, and objectives of management. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from anticipated results, performance or achievements. Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

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 has returned positive results with the establishment of multiple drill targets. (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*.) and 4 December 2020 announcement *DevEx Exploration Update*.

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 12 granted exploration licences and 8 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 south west of Western Australia.

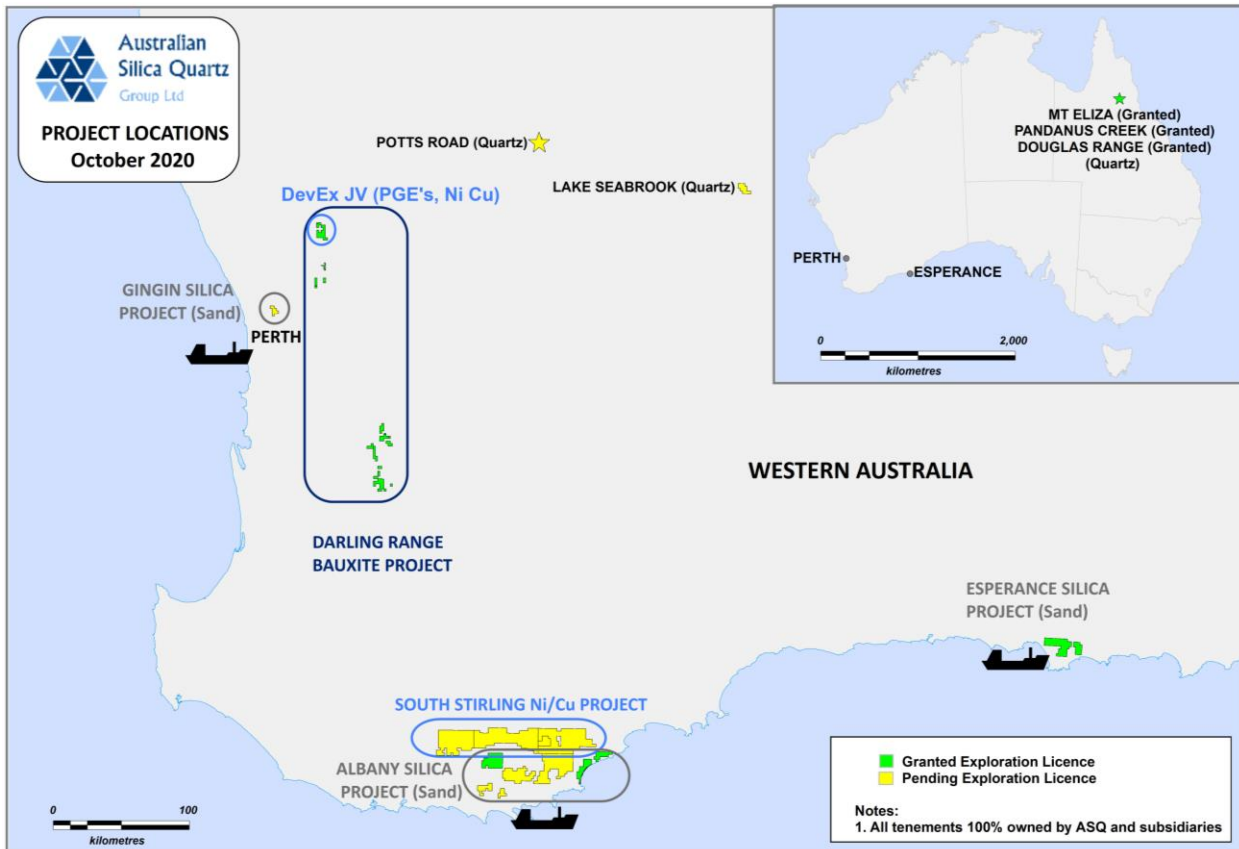
In the shorter term these projects potentially present the opportunity for the Company to produce a washed DSO silica sand product with longer term potential to enter the higher value higher grade silica sand market with a niche processed product.

ASQ is currently working on an exploration program at the Albany White Sand Hill Project aimed at reporting a maiden silica sand resource early in 2021. The Albany White Sand Hill Project is located on farmland cleared of native vegetation 70 km east north east 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*)

APPENDIX 1 – Significant Silica Sand Intersections Drill Hole Details

DrillholeID	East (mGDA94)	North (mGDA94)	Zone	White Silica Sand Intersection			End of Hole (m)
				From (m)	To (m)	Thickness (m)	
ASQDHV0011	640246	6159518	50	0.5	4.5	4	5.5
ASQDHV0012	640424	6159615	50	0.5	6	5.5	7
ASQDHV0013	640601	6159699	50	0.5	6	5.5	7.5
ASQDHV0014	640775	6159793	50	0.5	5.4	4.9	6
ASQDHV0015	640951	6159885	50	0.5	10.5	10	11
ASQDHV0016	641125	6159977	50	0.5	12	11.5	13
ASQDHV0017	641313	6160040	50	0.5	10	8.5	10
ASQDHV0018	641169	6160177	50	0.5	9.5	8.5	10
ASQDHV0019	641021	6160295	50	0.5	6	5.5	6.5
ASQDHV0022	640970	6160836	50	0.5	5.3	4.8	7.5
ASQDHV0024	640717	6159971	50	0.5	6.8	6.3	7
ASQDHV0025	640589	6160120	50	0.5	4.9	4.4	5.5
ASQDHV0028	640929	6159426	50	0.5	3	2.5	3.5
ASQDHV0029	640982	6159301	50	0.5	5.8	5.3	6.5
ASQDHV0032	641451	6159537	50	0.5	4.1	3.6	4.5
ASQDHV0033	641483	6159927	50	1	3	2	3.5
ASQDHV0034	641322	6159819	50	0.5	7.5	7	8
ASQDHV0035	641154	6159724	50	0.5	13.5	13	14.5
ASQDHV0036	640983	6159636	50	0.5	6	5.5	6.5
ASQDHV0037	641098	6159518	50	0.5	5.5	5	6
ASQDHV0038	641271	6159602	50	0.5	6.5	6	7.5
ASQDHV0039	641397	6159711	50	1	3.5	2.5	4
ASQDHV0040	640281	6159321	50	0.5	2.5	2	3.5
ASQDHV0041	640455	6159417	50	0.5	8.9	8.4	9.5
ASQDHV0043	640763	6159356	50	0.5	8.5	8	9
ASQDHV0044	640575	6159302	50	0.5	6	5	6.5
ASQDHV0046	640067	6159426	50	0.5	4.5	4	5
ASQDHV0049	640376	6159800	50	0.5	3	2.5	6.5
ASQDHV0050	640549	6159884	50	0.5	5	4.5	6.5
ASQDHV0051	640897	6160053	50	0.5	10.3	9.8	11
ASQDHV0052	641027	6160111	50	0.5	11.5	11	12
ASQDHV0053	640884	6160234	50	0.5	6	5.5	6.5
ASQDHV0054	640739	6160166	50	0.5	5.3	4.8	5.5
ASQDHV0056	640222	6159961	50	0.5	3	2.5	3
ASQDHV0058	639978	6159377	50	0.5	4	3.5	4.5
ASQDHV0059	641348	6160228	50	0.5	5.8	5.3	8.5
ASQDHV0060	641192	6160350	50	0.5	7	6.5	7.5
ASQDHV0061	641043	6160470	50	0.5	2.8	2.3	3.5
ASQDHV0062	640940	6160582	50	0.5	3	2.5	4.5
ASQDHV0063	641116	6160689	50	0.5	5.7	5.2	12
ASQDHV0064	641270	6160553	50	0.5	8.5	7.5	9
ASQDHV0068	641307	6160399	50	0.5	7	6	7
ASQDHV0069	641179	6160477	50	0.5	6.9	6.4	7.5
ASQDHV0070	641259	6160201	50	0.5	6.7	6.2	8
ASQDHV0071	641111	6160320	50	0.5	7.2	6.7	8

APPENDIX 1 (continued) – Significant Silica Sand Intersections Drill Hole Details

DrillholeID	East (mGDA94)	North (mGDA94)	Zone	White Silica Sand Intersection			End of Hole (m)
ASQDHV0072	641178	6160070	50	0.5	10.4	9.9	11
ASQDHV0073	641015	6159988	50	0.5	14	13	14.5
ASQDHV0074	641056	6159806	50	0.5	12	11.5	12.5
ASQDHV0075	641212	6159889	50	0.5	9.5	9	10.5
ASQDHV0076	640908	6159756	50	0.5	6	5.5	7
ASQDHV0078	640533	6159549	50	0.5	7	6.5	8
ASQDHV0079	640359	6159465	50	0.5	7	6.5	8.5
ASQDHV0080	640422	6159295	50	0.5	2.5	2	3.5
ASQDHV0081	640613	6159399	50	0.5	7.5	7	8
ASQDHV0084	641125	6159621	50	0.5	13.5	12	14
ASQDHV0085	641280	6159709	50	0.5	9	8	9
ASQDHV0086	641246	6159448	50	0.5	3.5	3	7.5

APPENDIX 2 - JORC 2012 Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> • Samples are 1/2 m down hole intervals with the entire sample collected and chip trays retained to provide a permanent record of the down hole lithology of each hole drilled.
Drilling techniques	<ul style="list-style-type: none"> • Drilling was undertaken using a tractor mounted vacuum drill rig.
Drill sample recovery	<ul style="list-style-type: none"> • Sample weights were monitored to provide an indirect record of sample recovery. • All samples were visually checked for recovery, moisture and contamination.
Logging	<ul style="list-style-type: none"> • All holes were field logged by company geologist. Sand colour, sorting and composition was recorded.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • Test work is still in progress and not reported here. At the time of reporting no sub sampling or sample preparation has been undertaken
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • Test work is still in progress and not reported here.
Verification of sampling and assaying	<ul style="list-style-type: none"> • As these exploration results are preliminary in nature they have not been independently verified • No twin holes were completed • Paper logs and records have been transferred to electronic computer files for storage and cloud based backup • Hole positions have been plotted and checked for validity within mapping systems • The logging process involves placing drill samples for each 1/2 m interval into chip trays which are retained to provide a permanent record of the down hole lithology. ASQG geologists logged all drill samples at the rig, with a minimum logging interval of 1/2 m. All chip-tray samples were collected as permanent physical records for audit and validation purposes.

Criteria	Commentary
Location of data points	<ul style="list-style-type: none"> • Drill hole locations have been recorded using hand held GPS that has been checked for accuracy against a known base station. • The coordinate system employed was GDA94 Zone 50. • The location accuracy using this method is thought to be +/-5m for X & Y coordinates
Data spacing and distribution	<ul style="list-style-type: none"> • Drill holes were located approximately every 200 m along existing tracks and then on an approximately 200 m spaced grid in areas of plantation trees. Where significant sand was intersected approximately 100 m spaced infill holes were completed. • Until such time as a mineral resource estimation is completed it is not known if this spacing is sufficient to establish any conclusions about geological continuity.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • All holes were drilled vertically on a broad dune structure which is not expected to introduce any bias into the sampling
Sample security	<ul style="list-style-type: none"> • Test work is still in progress and not reported here however the drilling samples were collected by ASQG geological staff and transported to ASQ's sample storage facility by the drilling contractor. ASQ Geologists supervised the loading and unloading of the samples.
Audits or reviews	<ul style="list-style-type: none"> • There has been no audit or review of the drilling or sampling at this time.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • All samples were collected from private property on E70/5262 • All samples have been collected from areas where ASQ has a Mining and Exploration Land Access Agreement in place and where there is no known impediment to ongoing access for exploration
Exploration done by other parties	<ul style="list-style-type: none"> • No previous exploration for silica sand has been recorded in the area of interest
Geology	<ul style="list-style-type: none"> • The sand targets are aeolian sand dunes formed in quaternary sand deposits.
Drill hole Information	<ul style="list-style-type: none"> • The locations of each drill hole with a significant silica sand intersection is given in appendix 1 of this report
Data aggregation methods	<ul style="list-style-type: none"> • No weighted averages, cutoff grades or metal equivalents are used
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • The extent of mineralization is unknown at this stage
Diagrams	<ul style="list-style-type: none"> • See figures in body of text
Balanced reporting	<ul style="list-style-type: none"> • This announcement is considered to be a balanced report
Other substantive exploration data	<ul style="list-style-type: none"> • No other exploration data is considered material to this report
Further work	<ul style="list-style-type: none"> • Test work to determine the quality of the silica sand in the deposit is underway. If possible, a Resource Estimate will be calculated.