



# Australian Silica Quartz Group Ltd



**ANNUAL REPORT 2022**

# Corporate Information

**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

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### **SECRETARY**

Sam Middlemas

### **CHIEF FINANCIAL OFFICER**

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## **STOCK EXCHANGE LISTING**

ASX Code: ASQ

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# Chairman's Letter to Shareholders 2022

Dear Shareholders,

## 2022 FINANCIAL YEAR IN REVIEW

There were no reported injuries to company staff or contractors during the financial year ending 30 June 2022. The Company takes work safety seriously and maintains an ongoing review of Work Health & Safety matters which are a permanent agenda item for consideration at Board meetings.

During the financial year and since that time, the Company has continued to make progress in relation to a number of its portfolio of projects. In particular, the Company's focus has been on:

- (a) continuing to progress our silica sand projects, with the primary focus during the year being on the White Hill Silica Sand Project in Albany;
- (b) continuing the ongoing work for the marketing and development of the Urban Resources' silica sand deposits in Bullsbrook for export;
- (c) exploration activities with our joint venture partner, DevEx Resources Limited (DevEx), of the Sovereign PGE/Nickel/Copper Prospect;
- (d) the establishment and initial exploration of the South Stirling Nickel/Copper Project in WA;
- (e) the acquisition of additional ground to establish the Koolyanobbing Metals Project being prospective for Lithium, Gold, Copper and Nickel with exploration commencing in August 2022;
- (f) continuation of an R. & D. program to investigate innovative processing techniques to yield high purity silica products from the Company's existing hard rock quartz and silica sand projects; and
- (g) continuing to explore and maintain our bauxite assets held in the joint venture with our long standing and loyal Chinese joint venture partner, HD Mining.

### Silica Sand

Back in 2020, the Company defined its 11.6 million tonne Albany White Hill Silica Sand Project. The metallurgical work undertaken shows the sand to be high quality and suitable for the growing solar panel cover glass market. A scoping study to define the critical aspects of the project is underway, with an access route to the main highway being negotiated with landowners before more detailed development work can proceed.

The Company has entered into an agreement with the Chinese major, C&D Logistics Inc., to sell high quality silica sand from the Urban Resources' silica sand deposit in Bullsbrook, subject to the Company obtaining port access at Kwinana's bulk terminal which presently is not available. The Company is in dialogue with the Fremantle Ports to seek the necessary access and is also exploring potential alternate port options. There have been a number of low volume shipments of washed silica sand sold to a South Korean buyer with delivery via sea container, for which there is increasing buyer interest.

### DevEx Joint Venture: Nickel-Copper-PGE Exploration

Exploration continued during the financial year under the joint venture agreement with DevEx at the Sovereign Prospect on ASQ's E70/3405 exploration tenement north of Perth, which is along strike from the globally significant Chalice Julimar PGE-Ni-Cu discovery. Exploration by DevEx has defined a layered, differentiated mafic-ultramafic intrusion at Sovereign, extending over 12 kilometres in length. DevEx drilled 3 diamond holes during the year with low grade Ni-Cu mineralisation encountered and indications of additional potential mineralisation. They will continue ground based EM surveys over this large intrusion in the coming months.

### South Stirling Project: Nickel-Copper Exploration

A significant tenement holding of 1,603 km<sup>2</sup> over the Albany Fraser Mobile Belt in the southwest of WA was established by the Company in 2020, after an anomalous historic hole with elevated Ni, Cu and Cr was identified. In early 2022, the Company twinned the anomalous hole with very encouraging assay results which are detailed in the Review of Operations contained in this Annual Report.

The Company is now in discussions with several well credentialed parties who have expressed an interest in earning into the project by either providing funding for exploration by ASQ, or by undertaking the exploration themselves.

### Hardrock Quartz and R&D Program

The Company is continuing its work on a detailed research and development program using samples collected from its existing tenement package. The program is investigating innovative processing techniques that could yield high purity products from high grade silica sand or hard rock quartz material.

The Company has been actively progressing the assessment of the Lake Seabrook hard rock quartz deposit with lab testing and analysis which is currently in progress and is planning upcoming exploration activities of the Company's Queensland hard rock quartz projects.

### **Koolyanobbing Metals Project**

The Company recently entered into an agreement to acquire two granted and one pending exploration licences and the gold rights to a fourth lease which will be combined with existing ASQ leases to form the Koolyanobbing Metals Project (KMP). The KMP is located 40km northeast of Southern Cross and surrounds the Koolyanobbing Iron Ore Mine. The area covers 54% of the Koolyanobbing greenstone belt.

The Company was initially attracted to the area because of its high purity quartz potential. A number of high priority exploration targets have been identified for lithium, gold and base metals located on both the pre-existing ASQ ground and on the newly acquired ground. Initial work will concentrate on completing surface sampling and EM surveys prior to proposed drilling.

More detailed information of the Company's project activities is contained in the Review of Operations.

### **Thank you**

On behalf of the Board, I thank our staff and the CEO, Sam Middlemas, for their ongoing dedication to the Company's operational activities and for keeping our operations lean and efficient. I also personally thank my fellow Board members for their dedication, hard work, counsel and support during the year.

Finally, on behalf of the Board, I thank you, our shareholders, for your continued support of the Company. We remain focused on developing our projects with the aim of building a business that will generate long term shareholder value and returns.

Yours faithfully



Robert Nash  
Chairman

# Review of Activities

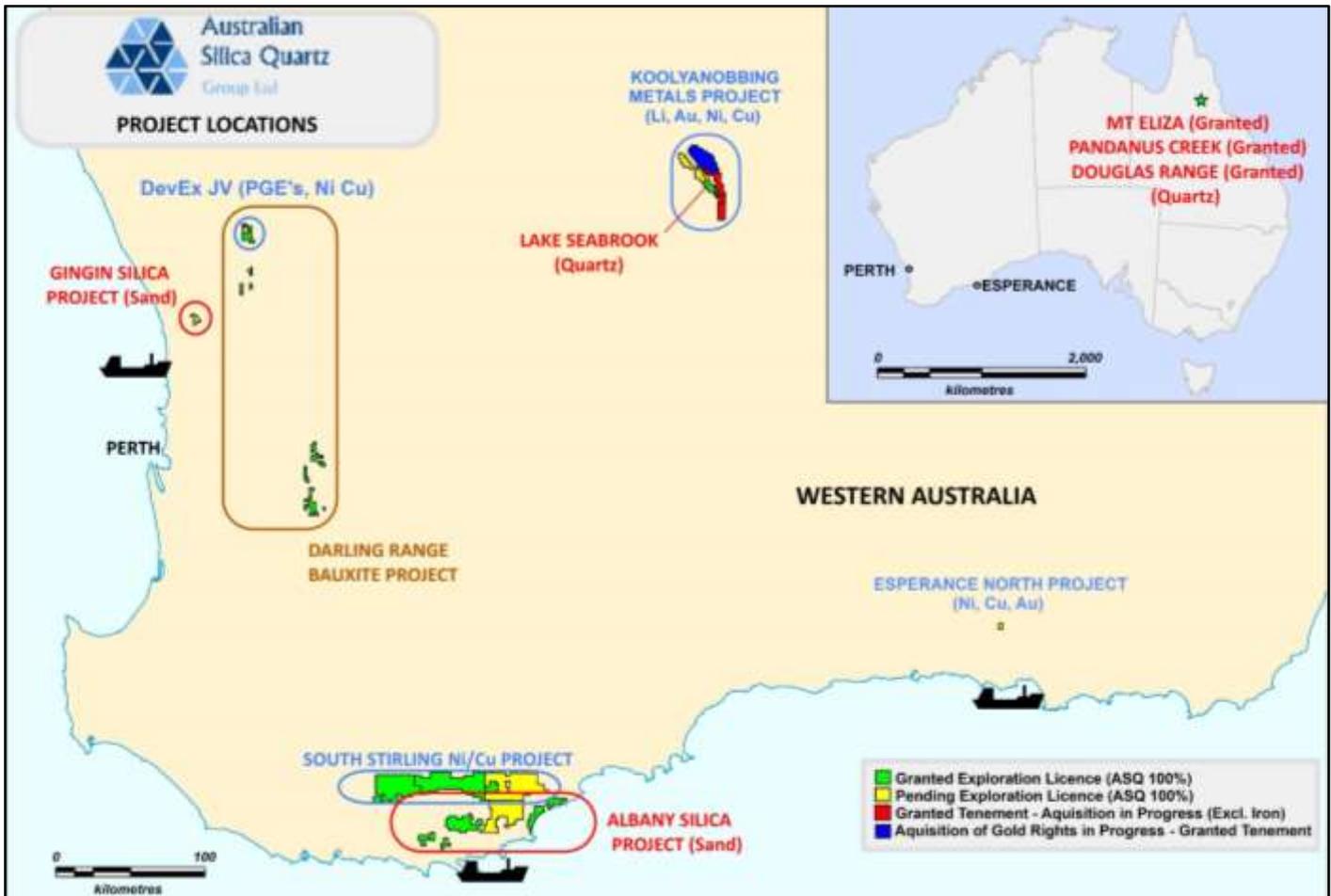


Figure 1: ASQ Project Locations

## SILICA

Customer enquiries for high grade silica (99.5-99.9% SiO<sub>2</sub>) and high purity silica (>99.95% SiO<sub>2</sub>) remain exceptionally strong. These products currently have a wide range of uses and 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.

The Company continues to progress a range of silica sand and hardrock quartz projects held 100% by ASQ's subsidiary Australian Silica Quartz Pty Ltd. These projects now consist of 10 granted exploration licences and 2 applications covering approximately 1,128 km<sup>2</sup> within Western Australia and Queensland.

ASQ continues to market silica sand under a partnership 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 this mine for the last ten years.

### ASQ/Urban Resources Business Venture

#### Offtake Secured

In January 2022 ASQ entered into a Memorandum of Understanding Terms Sheet ("Terms Sheet") with C&D Logistics Co., Ltd. ("C&D") for the offtake and export of silica sand product ASQ-GWSC1 sourced from the Urban Bullsbrook operation subject to ASQ securing port access and all necessary government, statutory, and third party required approvals, consents, agreements and licenses that are required to mine, transport and ship the product.

Chinese company C&D Logistics Co., Ltd. is a subsidiary of Fortune Global 500 company Xiamen C&D Inc. (established exclusively by Xiamen C&D Group Co., Ltd and listed on the Shanghai Stock Exchange in 1998 with a current market capitalisation of US\$25b). C&D approached ASQ in 2021 with interest in securing silica sand suitable for supplying the solar glass industry in China. Following receipt of samples of ASQ's sand products, C&D have completed independent quality testing confirming suitability of ASQ-GWSC1 for the intended application.

### Product

ASQ-GWSC1 is the washed, density separated and sized product from Marella Road which has an Fe<sub>2</sub>O<sub>3</sub> content of <100ppm, it is understood from potential customers that this is a critical characteristic for silica sand used in the manufacture of solar panel cover glass.

### Resource

In 2019 the Company executed a binding terms sheet with Urban to jointly exploit Urban's Silica Sand deposit located on mining lease M70/326<sup>1</sup> in Bullsbrook, Western Australia. Urban has operated the mine for the last ten years and produced over 1Mt of sand for the domestic market from the deposit in the last two years. Prior to commencing the exports ASQ and Urban will need to finalise a formal joint venture agreement in accordance with the binding 2019 terms sheet.

ASQ have completed a JORC 2012 Inferred Mineral Resource totalling 10.7 million tonnes on the raw sand at Urban's Maralla Road tenement M70/326.

### Plant

ASQ will need to complete modifications to the Urban sand washing plant including the addition of a gravity separation spirals circuit and sizing screening expected to cost around \$3-4 million.

The Terms Sheet sets the FOB pricing structure at a rate that is expected to provide ASQ with payback for the required plant upgrade in under 18 months.

### Kwinana Port Access

Ahead of commencing the exports ASQ will need to secure bulk export berth access at the Kwinana port along with near-port stockpile storage facilities. ASQ has been engaged with the Fremantle Port Authority ("FPA") over several years as the silica sand project developed and the likelihood of achieving sales agreements increased. FPA have advised there is currently no available export capacity. ASQ are committed to progressing engagement with the port with the aim of securing export capacity whilst actively assessing alternative port options.



## **Albany White Hill Silica Sand Project**

### Resource

The Albany White Hill Silica Sand Project consists of an 11.6Mt >99.9% SiO<sub>2</sub> and <50 ppm Fe<sub>2</sub>O<sub>3</sub> Inferred silica sand resource reported in accordance with JORC 2012. ASQ is currently completing a Scoping Study looking at silica sand exports from the Port of Albany of 0.5 - 1.0 million tonnes per annum from the Albany White Hill Silica Sand Project.

*Table 1 – Albany White Sand Hill Silica Sand Deposit January 2021 Inferred Mineral Resource Estimate*

Size Fraction	Tonnes Mt	Yield (%)	Fe <sub>2</sub> O <sub>3</sub> ppm	Al <sub>2</sub> O <sub>3</sub> ppm	TiO <sub>2</sub> ppm	CaO ppm	K <sub>2</sub> O ppm	Na <sub>2</sub> O ppm	MgO ppm	ΣOx. %	SiO <sub>2</sub> +LOI %
<b>Fine</b>	8.2	70.6	46	145	410	12	16	19	10	0.07	99.93
<b>Coarse</b>	3.4	29.1	43	137	668	6	12	19	3	0.09	99.91

Note (1): Mining lease M70/326 is held by Stefanelli Developments Pty Ltd. An agreement between Urban and Stefanelli grants Urban the exclusive right to conduct mining on M70/326 subject to an owner royalty and options up to 30 June 2024. Negotiations are underway to extend the agreement to 2030.

### Testwork

Metallurgical testwork results indicate the silica sand is readily processed by conventional washing and gravity separation to produce a very high grade silica sand product that has potential for industries such as general and specialty glass making including solar panel cover glass and optical glass. Other potential applications include foundry and filter sands, electronics component manufacturing and engineered stone manufacturing. The sand is expected to be high yielding with little waste produced.

### Scoping Study

Preliminary assessment of metallurgy and process plant design, environmental assessment, water supply, the sand market and port access has given the Company confidence that these aspects of the project are achievable within the expected economic and regulatory constraints. The transport of the silica sand 11-15km from the deposit to the South Coast Highway for road haulage into the Albany Port requires further investigation and is the current focus. Slurry pumping or overland conveying is the preferred option and discussions with relevant landholders is underway. It is expected that preliminary engineering design on the slurry pumping/conveying operation will be completed prior to finalising the Scoping Study outcomes.

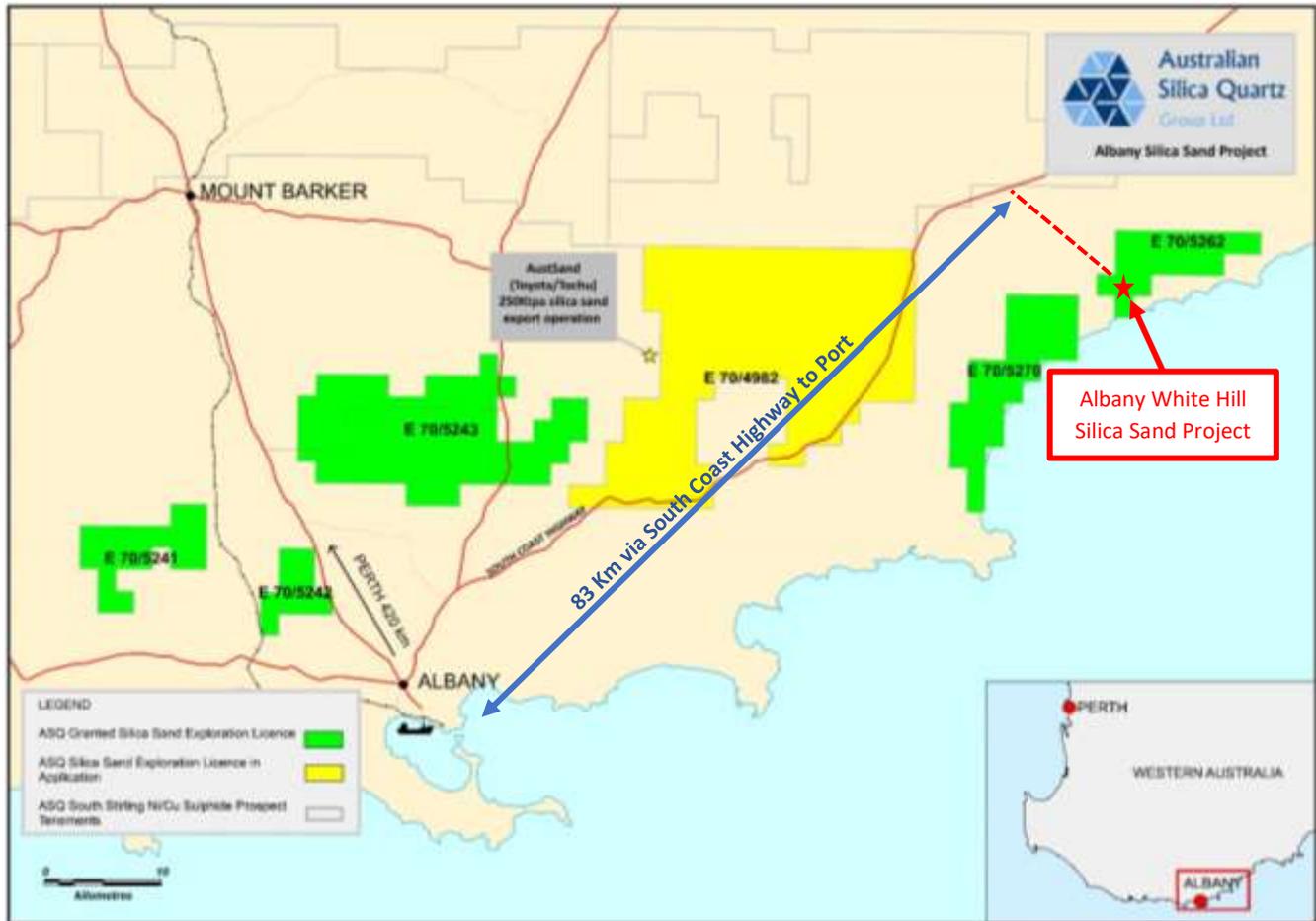


Figure 2: Location of the Albany White Hill Silica Sand Project on E70/5262 east of Albany. ASQ South Stirling Ni-Cu Sulphide tenements shown for context. Other holder tenements not shown.

### **Hardrock Silica Quartz – Western Australia (Lake Seabrook) and Queensland (Mount Eliza, Douglas Range and Pandanus Creek)**

#### Resources

The Company has one granted exploration licence in the Yilgarn region of Western Australia and three granted exploration permits in Far North Queensland covering known quartz deposits with the potential to contain high purity silica.

#### R&D

A detailed research and development program is underway utilising samples collected from the company's tenement package. The program is investigating innovative processing techniques that could yield high purity products from high grade silica sand or hardrock quartz material.

#### High Grade

Assays from rock chip sampling of ASQ's hard rock tenements reported grades of up to 99.993% SiO<sub>2</sub> with processed hard rock samples demonstrating further grade improvement

## NICKEL-COPPER-PGE EXPLORATION

### ASQG/DevEx 50/50 Joint Venture – The Sovereign Ni-Cu-PGE Project

DevEx Resources Limited (“DevEx”, ASX: DEV) is currently exploring the western half of the Sovereign mafic-ultramafic intrusion (E70/3405) under an Earn-In Agreement with ASQ with DevEx earning-in to the non-bauxite rights of the tenement by an initial spend of \$3m to earn a 50%. Once DevEx has earned its initial 50% interest, ASQ may elect to contribute to further exploration to maintain its 50% interest, or opt to allow DevEx to spend an additional \$3m to earn a further 20% interest with ASQ diluting.

E70/3405 and the Sovereign magnetic complex is located along strike from the globally significant Chalice Mining Ltd (ASX: CHN) nickel-copper-platinum group elements (Ni-Cu-PGE) Julimar discovery to the south and the Caspin Resources Ltd (ASX:CPN) Yarawindah Brook Ni-Cu-PGE project to the north (see Figure 3).

Three reconnaissance diamond holes completed in 2021 demonstrate a thick sequence of differentiated mafic-ultramafic intrusive rocks extending over the full length of the project. Within this diamond programme, several zones of disseminated (low grade) Ni-Cu sulphide mineralisation, together with signs of assimilation of the surrounding country, provide an indication of the potential for the intrusion to host concentrations of Ni-Cu-PGE mineralization. Ground electromagnetic (EM) surveys are ongoing testing for conductors that may be associated with massive Ni-Cu-PGE mineralisation. Within the intrusion, several weak mid-time MLEM anomalies show a spatial relationship with the ultramafic portions of the Sovereign intrusion near where reconnaissance diamond drilling identified disseminated Ni-Cu sulphides last year. Other weak mid-time anomalies are also recognised adjacent to several coincident magnetic-gravity anomalies. Follow-up geophysics is planned to test these areas to determine their potential for drilling.

Early rains and subsequent cropping caused a temporary halt to the ground EM surveys, with the ground EM survey expected to recommence in the December Quarter once crops are harvested.

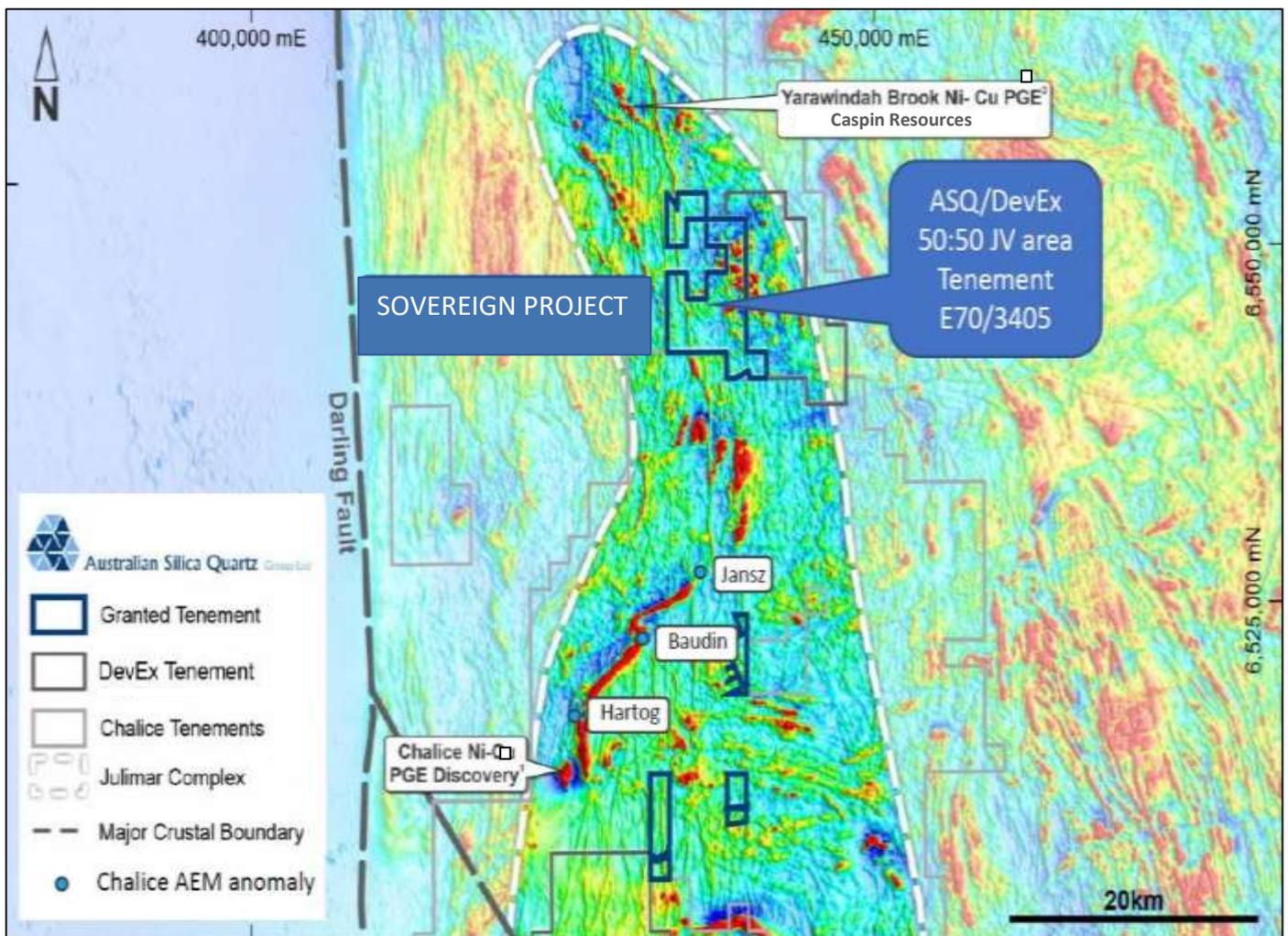


Figure 3: Julimar Complex Sovereign Project with existing Ni-Cu-PGE discoveries on the Aeromagnetic RTP image

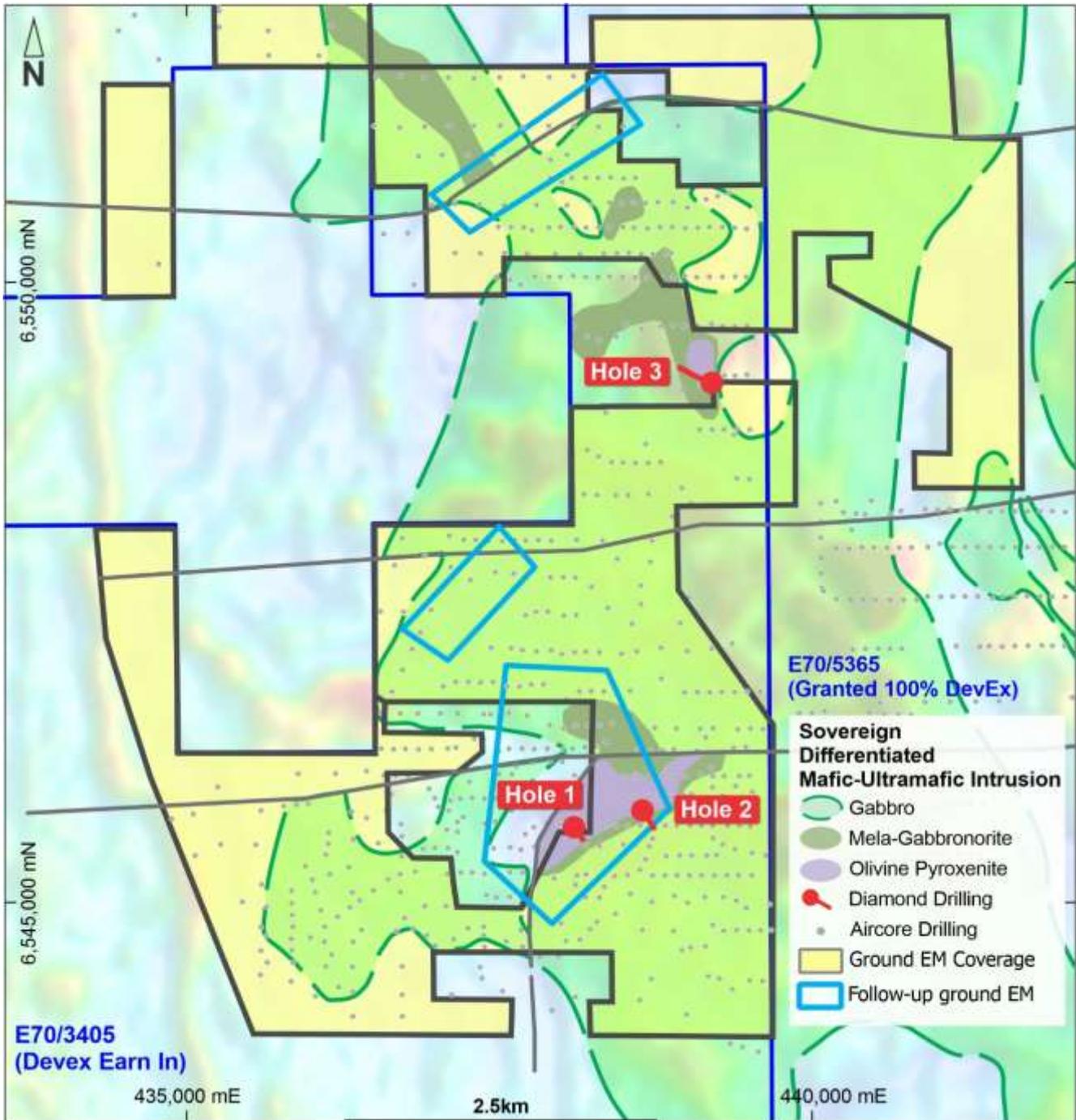


Figure 4: Sovereign Project: Current exploration activity testing the Sovereign Mafic-Ultramafic Intrusion

**South Stirling Nickel Copper Project – Albany Fraser Belt, Western Australia**

ASQ has secured a strategic landholding position in the Biranup Zone of the Albany-Fraser Orogeny located in the south-west of Western Australia in the shires of Plantagenet and the City of Albany (see Figure 5 & 6) following the identification of an anomalous historic drill hole with elevated Ni, Cu and Cr.

The Company considers the project area has the potential for Nickel-Copper magmatic sulphide mineralisation associated with mafic-ultramafic intrusions emplaced into granulite facies country rocks.

In early 2022 ASQ twinned the anomalous historic drillhole completed by Iluka Resources Limited (“Iluka”) by way of a single vertical aircore hole SS001 (Figure 6). The encouraging assay results from SS001 include intersections; 12m from 26m @ 0.70% Ni and 0.06% Cu, within 21m from 21m @ 0.59% Ni and 0.05% Cu with maximum recorded values of 9,237ppm (0.92%) Ni from 28-30m and 1,007ppm Cu from 38-42m.

Petrography and mineralogy descriptions of selected drill chips show the mineralisation to occur in nickeliferous siderite with common evidence of concentrations of predominantly weathered Ni/Cu/Fe sulphide minerals. The association of siderite with sulphides is thought to be highly unusual and although the exact style of mineralisation is not known, it is likely the mineralised zone represents transported or in situ material formed within a local structural boundary such as the nearby WSW/ENE orientated major fault mapped by the Geological Survey of Western Australia (Figure 6).

The indication that significant concentrations of nickel and copper are present and may be associated with the numerous linear structures found within the project area is encouraging and potentially points to the faults acting as conduits for the movement of metals from any sulphide rich intrusions present within the basement sequence.

ASQ's drilling was limited to the road reserve due to land access restrictions where it was possible to twin the anomalous Iluka hole. ASQ will continue efforts to establish neighbouring land access in order to further assess this anomaly.

Exploration industry consultants Newexco Exploration Pty Ltd completed a review of the existing surface geochemistry and geophysics data and are assisting with target generation for the South Stirling Project.

Five areas totalling ~770km<sup>2</sup> have been identified as a priority for airborne electromagnetic surveying (see Figure 7). Planning is underway to complete this work.

Any bedrock conductors identified by the AEM will be confirmed by ground electromagnetics surveys following establishment of land access and prior to drill testing.

ASQ is seeking joint venture partners for strategic involvement in the South Stirling Project and has received a number of approaches from major mining companies. With +100km in length of the Albany Fraser Mobile Belt - Biranup Zone secured by +1,600km<sup>2</sup> of 100% owned tenements, the scale and prospectivity of the Project presents a rare opportunity for a motivated group to get involved. Discussions are underway with several well credentialed parties who have expressed an interest in earning into the project by way of funding the exploration ASQ plan to carry out or by undertaking the exploration themselves.

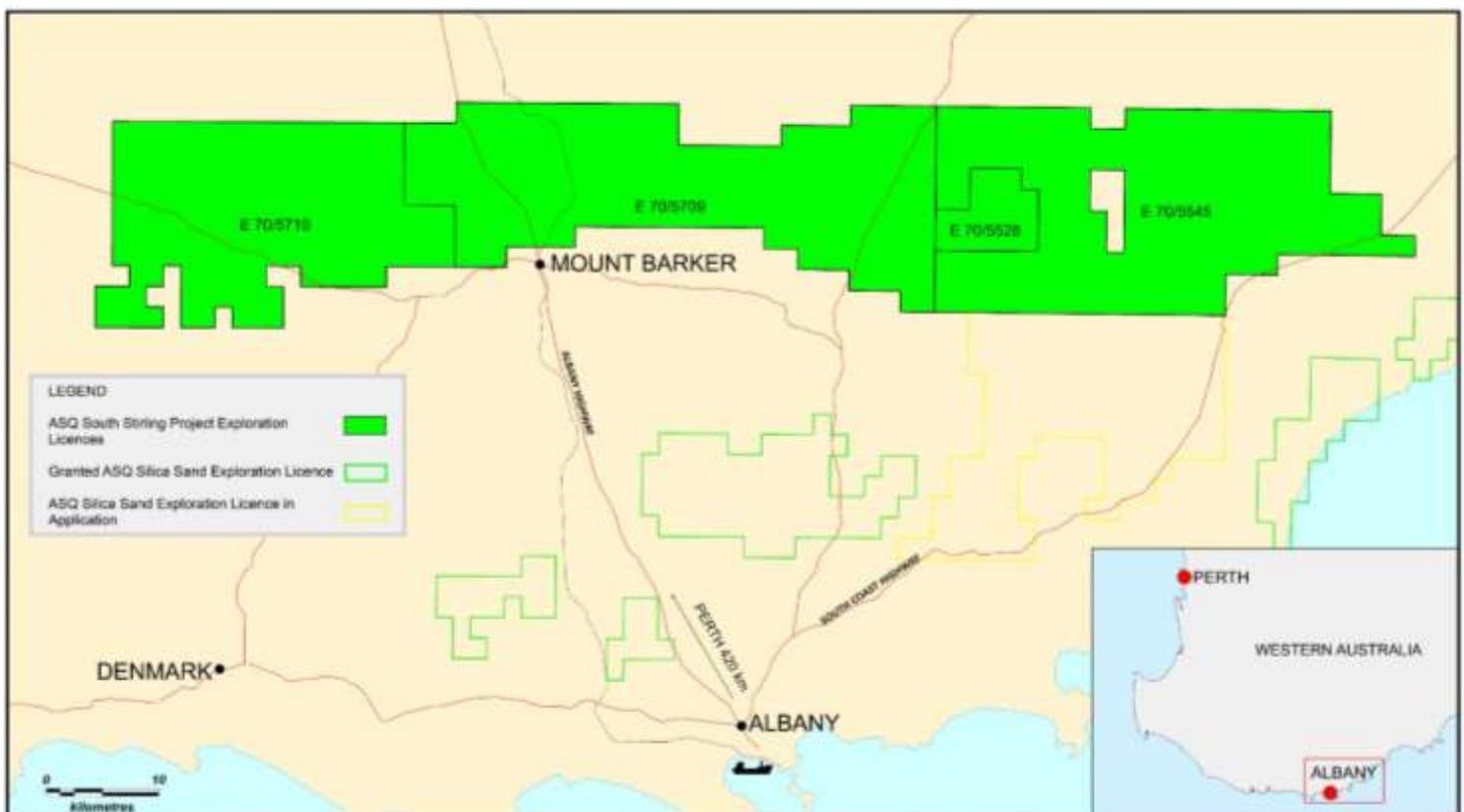


Figure 5: South Stirling Project Location Plan with ASQ silica sand tenements shown for context, (Competitor leases not shown)

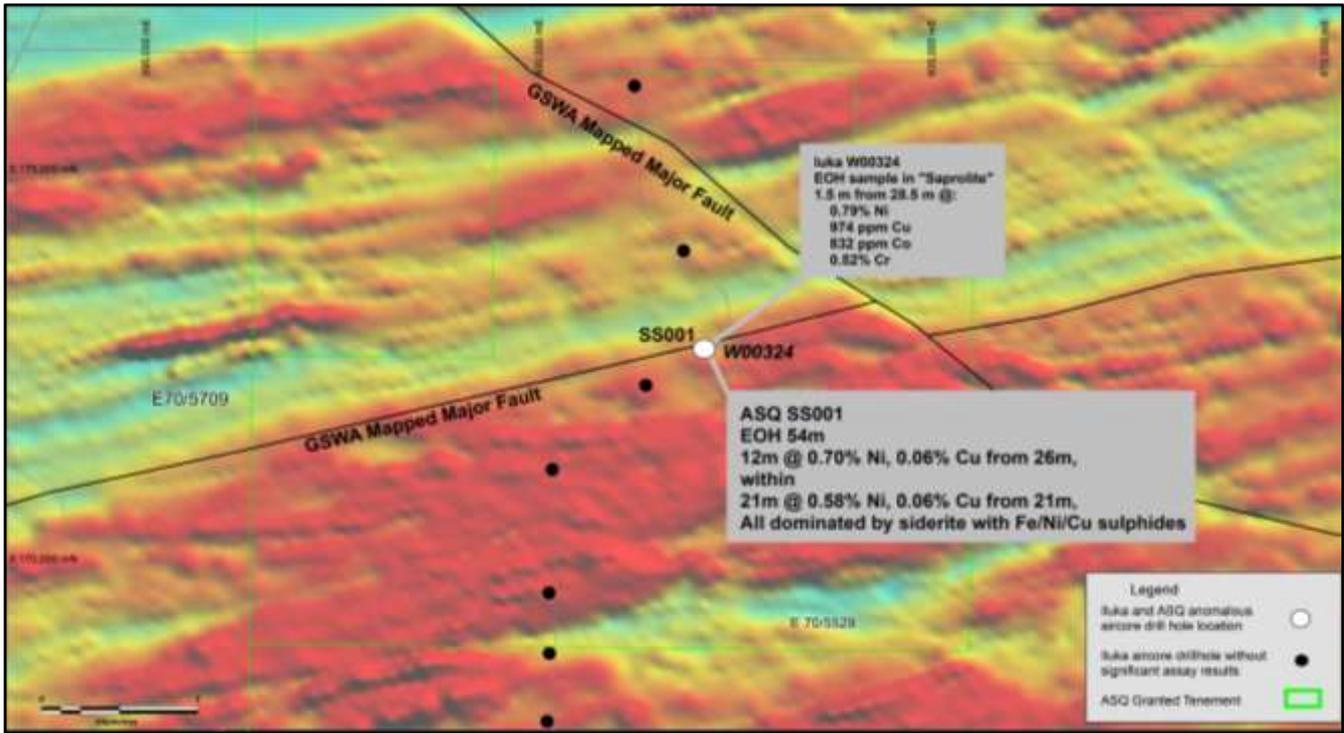


Figure 6: ASQ aircore drill hole SS001 location plan with Historic Iluka drill holes shown on the reduced to pole (RTP) aeromagnetic image (note the mapped Major Faults, locations of these are expected to be approximate)

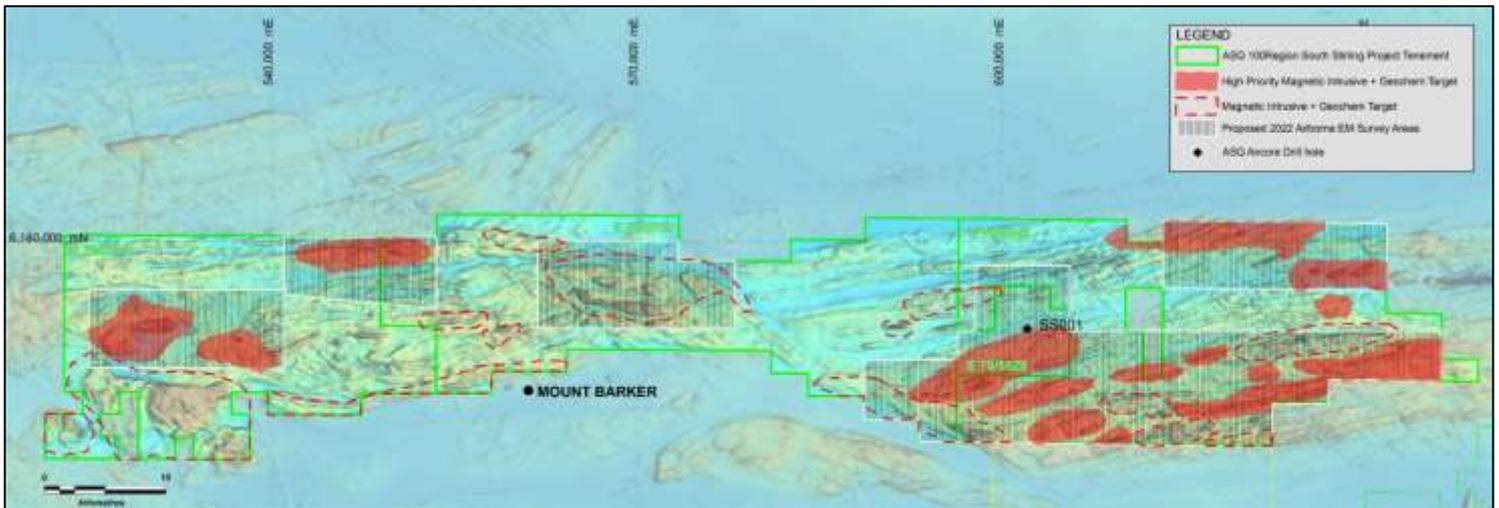


Figure 7: South Stirling Project interpreted magnetic intrusions (shown on the RTP aeromagnetic image) prioritised against the surface geochemistry, and planned areas for Airborne EM surveying

**Koolyanobbing Metals Project**

ASQ is in the process of acquiring tenements and rights from Netley Minerals Pty Ltd ('Netley'). Together with the existing ASQ leases in the area the ground will form the Koolyanobbing Metals Project (KMP). The KMP is located 40km north east of Southern Cross and surrounds the Koolyanobbing Iron Ore Mine (Mineral Resources Limited, ASX:MIN). See KMP tenement details and locations in Figure 8.

The KMP will cover 54% of the Koolyanobbing Greenstone Belt and 38km in strike of the crustal scale Koolyanobbing Shear Zone that runs along the western edge of the greenstone package.

ASQ was initially attracted to the area for the high purity quartz potential on E77/2684. This remains a focus for the company at the Lake Seabrook Quartz Project targeting a high-grade feedstock for a processing technology the Company is researching and developing.

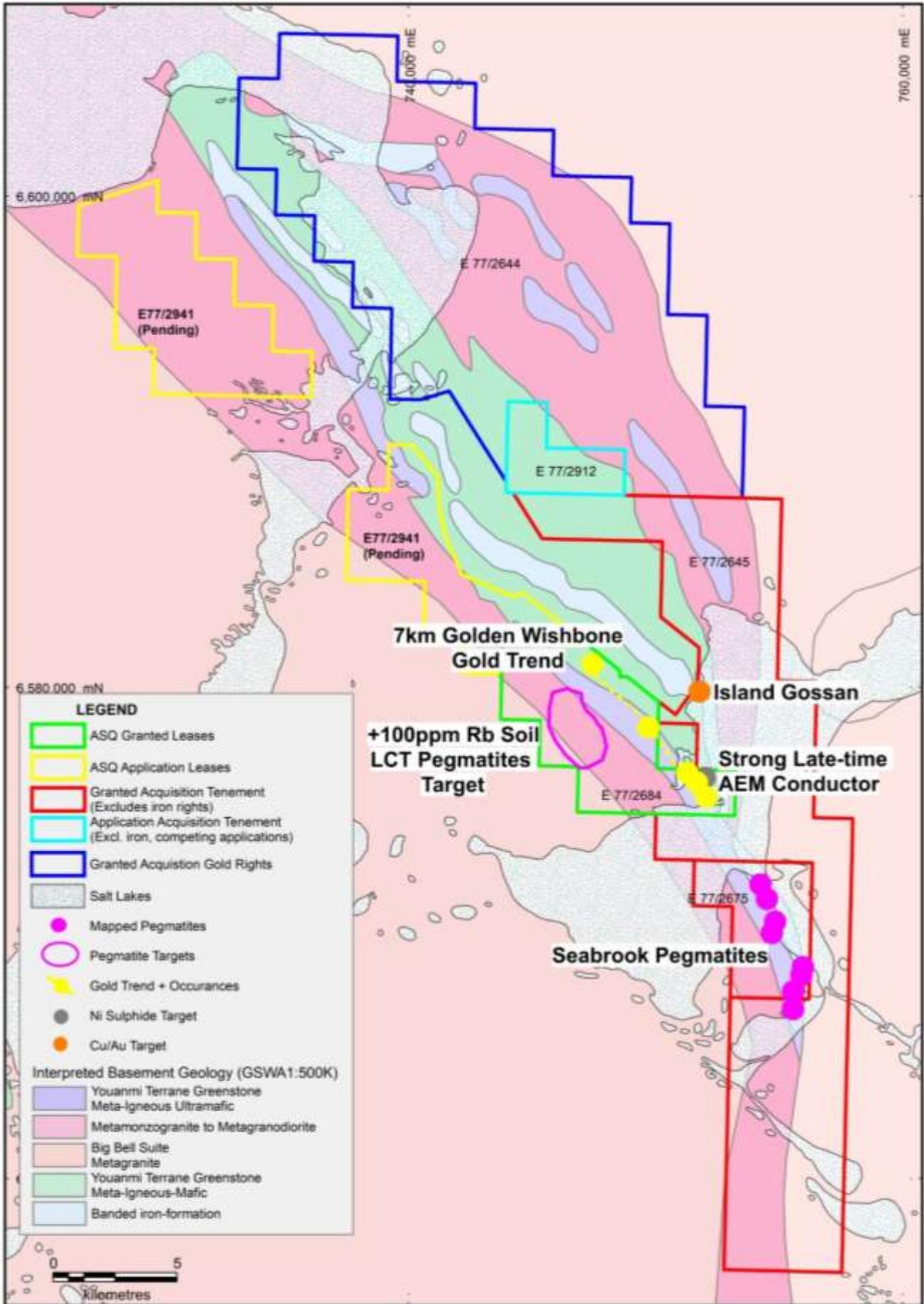


Figure 8: KMP Tenements, Priority Exploration Targets and Prospects

A number of high priority exploration targets have been identified by ASQ on the existing ground and by ASQ and the Vendors on the acquisition ground. Initial work will concentrate on the following prospects:

#### Golden Wishbone Gold Trend

A 7km strike length trend of gold anomalism and occurrences follows an interpreted shear zone on an ultramafic contact. The abandoned 1930's Golden Wishbone mineshaft lies at the northern end of the trend with reported gold production of 204 ounces from 344 tonnes giving an average grade of 18g/t Au from quartz veins. At the southern end of the trend lies a 1.5km gold in soils anomaly with results up to 0.4g/t defined by previous explorers with limited follow up drilling completed. The majority of the trend between the gold soil anomaly and the historical shaft has sparse sampling with rock chip results up to 2.68g/t Au.

#### Seabrook Pegmatites/KSZ Li Pathfinder Anomaly

Previous explorers have mapped an extensive swarm of outcropping pegmatites over a strike length of 6.5km within the KMP on a peninsula of land extending into Lake Seabrook adjacent to the Koolyanobbing Shear Zone and within a coherent Rubidium soil anomaly. Limited historical pegmatite rock chip sampling returned assays up to 470ppm Li/1654pp Rb and noted the presence of tantalum minerals and lepidolite, indicating the strong LCT pegmatite potential within the Project.

An extensive Rubidium soil anomaly with up to 235ppm Rb lies 7km directly along strike from the previously mapped Seabrook Pegmatite Swarm. No lithium soil samples were taken in the area with the previous explorers using the lithium pathfinder element rubidium determined by a portable XRF instrument. The anomaly area has extensive thin tertiary cover and is open to the southeast and southwest. ASQ believes there is good potential for further pegmatites to be located under this cover. If this is the case, it would extend the strike length of the pegmatite occurrences to 17km from the mapped swarm in the south, under Lake Seabrook and up to the northern Rb anomaly.



Seabrook Pegmatites

#### Airborne EM Anomalies (Ni and Au)

Previous explorers completed airborne electromagnetics (AEM) to test a 5km strike length of the western edge of the interpreted ultramafic contact within E77/2684 to cover a 1km long Ni soil anomaly (peak 534ppm Ni on a 20ppm Ni background) and the aforementioned 1.5km Au in soils anomaly. Several conductors were identified and followed up with RAB/RC drilling. ASQ has recently had this work reviewed by Newexco Exploration Pty Ltd. Newexco has identified one high priority strong late time anomaly and 6 lower priority anomalies. ASQ plan to complete detailed ground-based EM surveying to better resolve the anomalies and potentially provide modelled conductor plates for drill testing.

#### Island Gossan (Base Metals + Au)

The historical exploration target "Island Gossan" consists of an area of outcropping gossan developed within an interlayered sequence of felsic tuff, clastic sediments, chert and banded iron formation. Gossan is mapped over a strike length of 400m, with widths up to 5m. Pyrite, pyrrhotite and oxidised chalcopyrite were observed. Values up to 1150ppm Cu and 0.04ppm Au were recorded from rock chip sampling. Ground magnetics have confirmed the continuity of the gossanous horizon under Lake Seabrook salt pan to the south. Although planned, drill testing was never completed. ASQ plan to conduct ground based EM surveying over the mapped gossan and along strike to the south with the aim of identifying conductive massive sulphides.

Exploration activities have commenced across the KMP with detailed mapping and sampling of the Seabrook Pegmatites along with soil sampling across the Golden Wiishbone Gold Trend. Planning is underway to complete ground EM surveying in a number of priority areas.



## BAUXITE

### HD Mining Pty Ltd /ASQG Joint Venture

In 2010 the Company entered into a joint venture with HD Mining & Investment Pty Ltd (“HD Mining”) a wholly owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV provides for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn:

- (a) a 40% interest in any defined area of exploration on the making a binding commitment by HD Mining to undertake a detailed feasibility study for the commercial mining of the defined area; and
- (b) a further 20% interest in a defined area upon completion of the feasibility study and the making by the JV committee of a decision to commence mining.

Bauxite exploration activity by the company and joint venture partner on bauxite projects was limited by fiscal restraints within the Shandong Bureau. Some tenements have been granted Retention Status allowing the company to focus the limited joint venture funds on the assessment for development of the Athena, Ceres and Dionysus bauxite resources, which are key projects that form part of the joint venture.

ASQ and its joint venture partner’s total bauxite resources stand at 71.3Mt as at 30 June 2022 (refer to Mineral Resources Table 1 for resources details). ASQ considers the current resources have potential for growth and provide opportunities for future domestic and export exploitation.

Key resources, located in the eastern and northern Darling Range, display low reactive silica and high available alumina to reactive silica ratios, making them attractive for refining. The majority of alumina present is the trihydrate mineral gibbsite, which enables cost effective, low temperature extraction.

ASQ bauxite resources are predominantly located on large private land holdings (typically cleared farmland), in proximity to road and rail infrastructure. Bauxite is shallow, typically with less than 2m of loose overburden, requiring limited pre-stripping, attributes that indicate potential to support long life, low cost bauxite operations.

### 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).



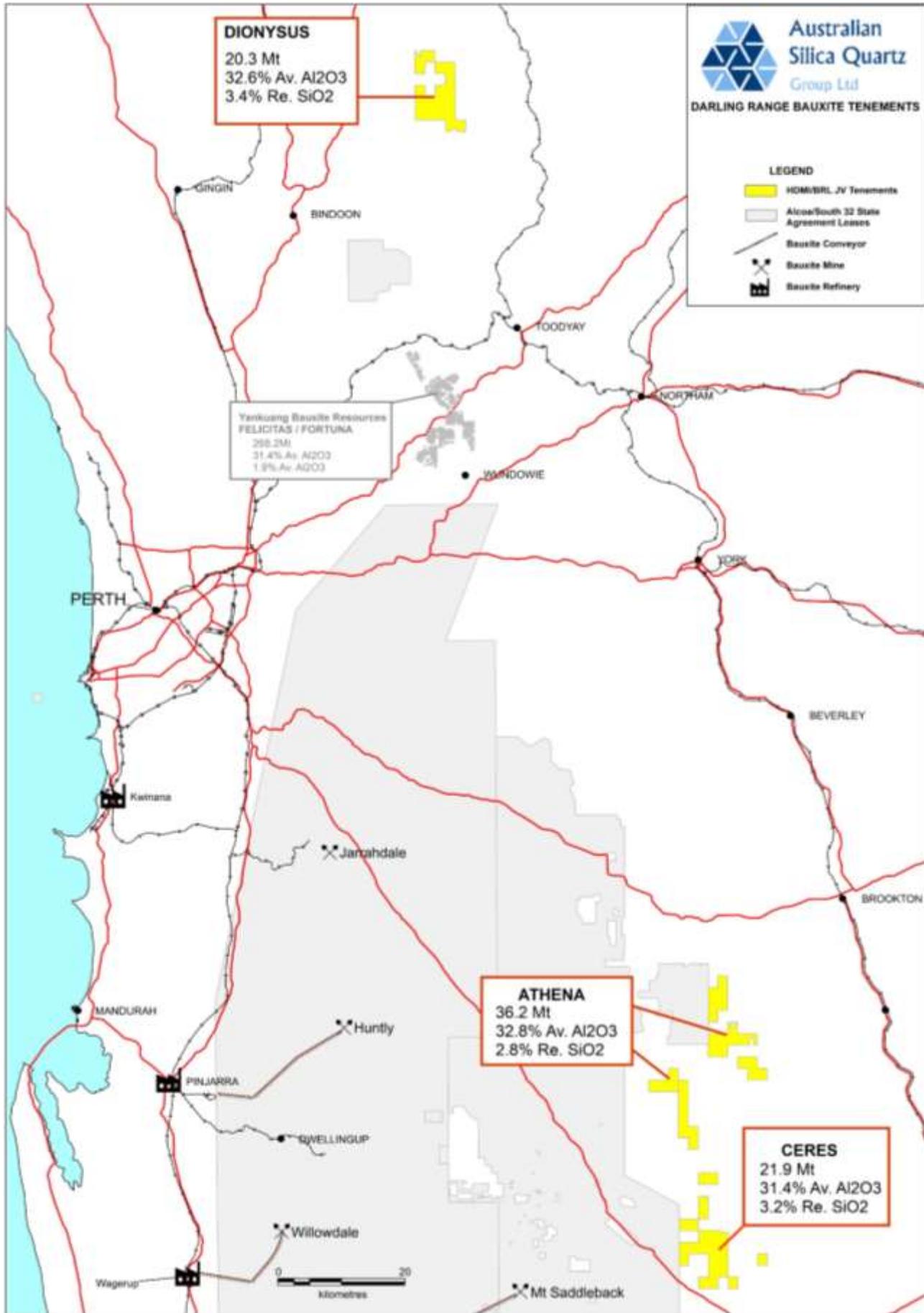


Figure 9: ASQG Darling Range tenement holding and bauxite resource locations

# Mineral Resources and Ore Reserves

The Company has completed an update to its Mineral Resources and Ore Reserves Statement for the twelve months ending June 30, 2022. The Company's total Bauxite Mineral Resources are estimated at 71.3Mt at an average available alumina grade of 32.5% and the Silica Sand Resources total 10.7Mt at an average SiO<sub>2</sub> + LOI grade of 99.92%. There has been a 16.3Mt reduction in total resources from those reported in 2021 attributable to the expiry of E70/3160 and the associated lower quality Cardea resources. The Mineral Resource Statement as at 30 June, 2022 is provided in table 1.

## **JORC Code 2012 and ASX Listing Rules Requirements**

This annual statement has been prepared in accordance with the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012).

There have been no material changes to material projects for the purposes of ASX Listing Rules 5.8 and 5.9 and as such Material Information Summaries or JORC Code 2012 Assessment and Reporting Criteria are not provided with this statement.

The Company advises that this material contains summaries of Exploration Results and Mineral Resources as defined in the JORC Code 2012. JORC compliant Public Reports released to the ASX declaring the exploration results or JORC resources referred to can be viewed on both the ASX and the Company websites, free of charge.

## **Governance**

The annual audit of resources and reserves is carried out internally by the Company. The Company ensures that the Mineral Resources and Ore Reserves reviews are subject to appropriate internal controls, and in line with the Company's Mineral Resources and Ore Reserves Policy. The estimation procedures are well established and prepared by competent and qualified professionals. All resources are based on well-founded assumptions, and compliant with Joint Ore Reserves Committee (JORC) guidelines.

## **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 Nick Algie, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Algie is a full-time employee of the Company. Mr Algie has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian 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.

Table 1: Mineral Resource Statement as at 30 August 2022

BAUXITE		Resources as at June 30 2021					Resources as at August 30 2022					
Deposit	Resource Category	Size Mt	Al <sub>2</sub> O <sub>3</sub>	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	SiO <sub>2</sub>	JORC details	Size Mt	Al <sub>2</sub> O <sub>3</sub>	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	SiO <sub>2</sub>
			(total) %	(available) %	(total) %	(reactive) %			(total) %	(available) %	(total) %	(reactive) %
Athena	Inferred	36.2	41.8	32.8	18.1	2.8	2012	36.2	41.8	32.8	18.1	2.8
Dionysus	Inferred	20.3	42.1	32.6	12.0	3.4	2012	20.3	42.1	32.6	12.0	3.4
Cardea (1&2)	Inferred	6.4	41.8	29.3	15.7	4.3						
Cardea 3 (HDM)	Indicated	1.5	42.8	30.0	16.8	4.0						
	Inferred	8.4	40.3	28.9	17.0	4.4						
Ceres	Inferred	14.8	41.5	31.7	19.5	3.0	2012	14.8	41.5	31.7	19.5	3.0
<b>HDM sub-total</b>		<b>87.6</b>	<b>41.7</b>	<b>31.9</b>	<b>16.6</b>	<b>3.3</b>		<b>71.3</b>	<b>41.8</b>	<b>32.5</b>	<b>16.7</b>	<b>3.0</b>
<b>Total</b>	<b>Measured</b>											
	<b>Indicated</b>	<b>1.5</b>	<b>42.8</b>	<b>30.0</b>	<b>16.8</b>	<b>4.0</b>						
	<b>Inferred</b>	<b>86.1</b>	<b>41.7</b>	<b>31.9</b>	<b>16.6</b>	<b>3.2</b>		<b>71.3</b>	<b>41.8</b>	<b>32.5</b>	<b>16.7</b>	<b>3.0</b>
<b>Total Bauxite Resources</b>		<b>87.6</b>	<b>41.7</b>	<b>31.9</b>	<b>16.6</b>	<b>3.3</b>		<b>71.3</b>	<b>41.8</b>	<b>32.5</b>	<b>16.7</b>	<b>3.0</b>

SILICA SANDS		Resources as at June 30 2021								
Deposit	Resource Category	Size	SiO <sub>2</sub> (+LOI)	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>	CaO	MgO	K <sub>2</sub> O	TiO <sub>2</sub>	LOI
		Mt	%	%	%	%	%	%	%	%
Albany White Hill	Inferred	10.7	99.92	0.01	0.02	0.003	0.002	0.003	0.05	0.07
<b>Total Silica Sand Resources</b>		<b>10.7</b>	<b>99.92</b>	<b>0.01</b>	<b>0.02</b>	<b>0.003</b>	<b>0.002</b>	<b>0.003</b>	<b>0.05</b>	<b>0.07</b>

SILICA SANDS		Resources as at August 30 2022								
Deposit	Resource Category	Size	SiO <sub>2</sub> (+LOI)	Al <sub>2</sub> O <sub>3</sub>	Fe <sub>2</sub> O <sub>3</sub>	CaO	MgO	K <sub>2</sub> O	TiO <sub>2</sub>	LOI
		Mt	%	%	%	%	%	%	%	%
Albany White Hill	Inferred	10.7	99.92	0.01	0.02	0.003	0.002	0.003	0.05	0.07
<b>Total Silica Sand Resources</b>		<b>10.7</b>	<b>99.92</b>	<b>0.01</b>	<b>0.02</b>	<b>0.003</b>	<b>0.002</b>	<b>0.003</b>	<b>0.05</b>	<b>0.07</b>

# Annual Financial Report

For the year ended 30 June 2022

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# Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Silica Quartz Group Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

### NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

#### **Robert Nash, B Juris LLB, Public Notary (Non-Executive Chairman)**

Mr Nash is a lawyer by profession and currently practises as a barrister. He is presently retired from the position of Head of WA Navy Reserve Legal Panel. He has served as a council member of the Law Society of Western Australia for 10 years, a Convenor of the Law Society Education Committee and as a member of the Ethics and Professional Conduct Committees.

Mr Nash joined the board before the Company listed in 2008. He was appointed Chairman in August 2013.

Mr Nash has not held any other listed company directorships in the last 3 years.

#### **Luke Atkins, LLB (Non-Executive Director)**

Mr Atkins previously practised as a lawyer and was the principal of Atkins and Co Lawyers, a Perth based legal firm which he owned and managed for seven years. Mr Atkins brings to the Company extensive experience in capital raising and public listed companies.

Mr Atkins is currently Chairman of ASX listed Altech Chemicals Limited (8 May 2007 to current) and has interests in a number of enterprises including agriculture and property development.

#### **Neil Lithgow, MSc, MAusIMM (Non-Executive Director)**

Mr Lithgow is a geologist by profession with over 25 years experience in mineral exploration, economics and mining feasibility studies covering base metals, coal, iron ore and gold.

Mr Lithgow is a non-executive director of Aspire Mining Limited (12 February 2010 to current) and he is a member of the Australian Institute of Mining and Metallurgy.

Mr Lithgow has not held any other listed company directorships in the last 3 years.

#### **Pengfei Zhao, B.Sc, GC Min.Econ. (Non-Executive Director) Appointed 9 October 2020**

Mr Pengfei Zhao B.Sc. Grad Cert Mineral Economic, is a director of HD Mining and Investments Pty Ltd, a wholly owned subsidiary of Shandong Bureau No 1 Institute for Prospecting of Geology & Minerals. He has been in charge of financial planning and control, mineral titles and project evaluation for the last 10 years. He is also a manager and director of several proprietary companies with involvement in the areas of mineral exploration, agriculture, entertainment, international trading and investment.

Mr Zhao has not held any other listed company directorships in the last 3 years.

# Directors' Report cont.

## CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

Sam Middlemas, B.Com., PGrad DipBus., CA (Chief Executive Officer and Company Secretary)

Sam Middlemas is a Chartered Accountant with over 25 years of commercial experience in the mining and resources sector. Sam was formerly a Non-Executive Director of the ASX Listed Elemental Minerals Limited, including Non-Executive Chairman for 3 years, and formally a Non- Executive Director of the ASX listed Rubicon Resources Limited. He has previously worked or consulted for a number of ASX, TSX and AIM listed Companies, acting in roles including Chief Executive Officer, Non-Executive Director, Chief Financial Officer and Company Secretary to a number of listed public companies over the last 20 years.

He was appointed Company Secretary for Australian Silica Quartz Group Ltd on 6 July 2012, and Chief Executive Officer on 21 October 2015. He also acts as Company Secretary for the ASX listed Ardea Resources Limited.

## Interests in the shares, options and performance rights of the Company and related bodies corporate

As at the date of this report, the interests of the directors and their related bodies corporate in the shares, options and performance rights of Australian Silica Quartz Group Ltd were:

	Performance Rights	Ordinary Shares
Robert Nash	2,000,000	1,215,714
Luke Atkins	5,333,334	26,321,604
Neil Lithgow	2,000,000	22,385,148
Pengfei Zhao	2,000,000	1,000,000

## OPERATING AND FINANCIAL REVIEW

### OPERATING REVIEW

The Company's main activities during the year continued to be focussed on the Silica Sands projects around Gingin, Albany and Esperance. Preliminary exploration work has commenced on all tenements, and a binding term sheet has been executed with an existing sand producer, Urban Resources Pty Ltd to jointly exploit Urban's silica sand deposit located in Bullsbrook, Western Australia.

Bauxite exploration continued through the Bauxite managed HD Mining Joint Venture ("HDMI") where Bauxite resources at 30 June 2022 stood at 71.3 million tonnes (see table 1 for resource details), and the Silica Sands Project through its wholly owned subsidiary Australian Silica Quartz Pty Ltd.

The Company is also involved in a Joint Venture with ASX Listed Devex Resources Limited on E70/3405 located along strike from the Chalice Gold Mines Ltd (ASX: CHN) globally significant nickel-copper-platinum group elements (Ni-Cu-PGE) Julimar discovery in WA. Under the terms of the Joint Venture Devex has to spend an initial \$3m to earn a 50% interest in the tenement (refer further details in Note 17).

There were no significant changes in the nature of the Group's activities during the year.

### FINANCIAL REVIEW

The Group has recorded a loss for the period after income tax for the year ended 30 June 2022 of \$1,778,368 (2021: \$1,190,916 loss).

Included in the operating loss was expenditure on exploration totalling \$767,732 compared to \$667,355 in the year ended 30 June 2021. The group does not capitalise exploration expenditure, but writes off the full amount of expenditure incurred each year. Employment Benefits expense was \$206,310 (2021: \$199,111).

The Group earned \$20,604 in interest revenue in the year compared to \$25,756 in 2021, that is largely reflective of the decline in interest rates over the course of the past two financial years. The average rate earned on investments during the year was 0.40%, compared to an average rate of 0.49% in 2021. The Group's cash balances decreased by \$1,073,997 over the course of the year.

The Group ended the financial year with cash reserves of \$4,762,381 (2021: \$5,836,378).

The Cash Flow Statement on page 33 of this Annual Financial Report sets out details of the use of these cash funds and the Group's operating cash flows were able to deliver cost reductions throughout the year.

### DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

# Directors' Report cont.

## SHAREHOLDER RETURNS

	2022	2021
Basic earnings per share (cents)	(0.65)	(0.47)
Diluted earnings per share (cents)	(0.65)	(0.47)

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's main focus continues with its work on the Silica Sand projects. It also continues to explore for additional bauxite resources within its existing tenements and more particularly through the HD Mining Joint Venture, and other Joint Ventures for other minerals.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

## RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstance have arisen since 30 June 2022 which significantly affected or could significantly affect the operations of the consolidated group in future financial years except for the following.

- As announced on 11 August 2022, Australian Silica Quartz Group Ltd ("ASQ") entered into an agreement to acquire exploration ground from a private investor group in the prospective Koolyanobbing Greenstone Belt. On 26 August 2002 it was announce that the due diligence on the acquisition had been completed and an initial payment of \$50,000 made.

Further to the initial payment ASQ is to issue 5,000,000 fully paid ordinary ASQ shares, and Performance Shares to a value of \$500,000 (at the 30 day VWAP share price at the time of reaching the hurdle or a minimum 10c/share) upon the announcement of 50,000 ounces of Gold or Gold equivalent in each of up to 3 minerals (being Gold, Lithium, Copper or Nickel) – with a maximum issue of \$1,500,000, and a 1% net smelter royalty in respect of any minerals mined at completion, which will occur following Shareholder approval.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

# Directors' Report cont.

## REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Service agreements
- C Details of remuneration
- D Share-based compensation
- E Equity instrument disclosures relating to key management personnel
- F Performance based remuneration
- G Loans to key management personnel
- H Other transactions with key management personnel
- I Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

### A Principles used to determine the nature and amount of remuneration

#### *Remuneration Policy*

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary, which is based on factors such as responsibilities and experience. The executives of the Company outside the directors are also eligible to participate in the Company's Performance Rights Plan as approved by Shareholders in November 2020. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The Australian based executive directors and executives receive a superannuation guarantee contribution required by the government, which was 10.0% in 2021/2022, and do not receive any other retirement benefits. Board members were awarded Performance Rights that were approved by shareholders at the previous AGMs.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options or rights are valued using the Black Scholes or binomial option pricing methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$600,000). Fees for non-executive directors were \$20,000 per annum with additional fees payable for membership of other board related committees. The fees are not linked to the performance of the Group, however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. Directors were also issued Performance Rights following approval at the 2020 Annual General Meeting.

# Directors' Report cont.

## **Company performance, shareholder wealth and directors' and executives' remuneration**

Historically, a number of performance rights have been granted to key management personnel and are linked to the company performance through market based performance conditions. There were no rights issued to employees and consultants during the financial year. Details on the proportion of remuneration is detailed in Part F of the remuneration report.

The following table shows the gross revenue, losses and earnings per share for the current and prior year.

	2022	2021
	\$	\$
Revenue	479,680	521,909
Net profit/(loss)	(1,778,368)	(1,190,916)
Earnings per share (cents)	(0.65)	(0.47)

## **B Service agreements**

The details of service agreements of the key management personnel of Australian Silica Quartz Group Ltd and the Group are as follows:

Contracted key management personnel are engaged on standard commercial terms.

Luke Atkins – Consultancy agreement.

- Term of agreement – Commenced 1 July 2016, subject to a 3 months' written notice period.
- Monthly retainer fee of \$27,000 for providing business and projects counsel and advice to the Company as and when requested.

Sam Middlemas – Chief Executive Officer – Consultancy agreement.

- Term of agreement – Commenced 19 October 2015, subject to a 3 months' written notice period.
- Monthly minimum retainer fee of \$16,960 for providing Chief Executive Officer Services
- Company has provided an interest free loan of \$200,000 to reimburse the purchase of shares in Australian Silica Quartz Group Ltd to be repaid earlier of 10 October 2023, or sale of shares, or within 3 months of Consultancy agreement being terminated.

Contracted key management personnel are engaged on standard commercial terms.

## **C Details of remuneration**

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Australian Silica Quartz Group Ltd are set out in the following table.

The key management personnel of Australian Silica Quartz Group Ltd and the Group include the directors and company secretary as per page 18 & 19 above.

The Chief Executive Officer has full authority and responsibility for planning, directing and controlling the activities of the Group. The Exploration Manager has authority and responsibility for planning, directing and controlling the exploration activities of the Group. The Chief Financial Officer has responsibility for planning directing and controlling the financial affairs of the Group, as directed by the Board. Given the size and nature of operations of Australian Silica Quartz Group Ltd and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

# Directors' Report cont.

Key management personnel and other executives of Australian Silica Quartz Group Ltd and the Group

	Salary & Fees	Short-Term Subsidiary Board and committee fees	Consultancy Fees	Post- employment benefits	Share-based Payments  Performance Rights	Total	Percentage of remuneration consisting of performance rights
	\$	\$	\$	\$	\$	\$	%
<b>2022</b>							
<b>Non-Executive Directors</b>							
Robert Nash	55,000	22,000	-	7,700	79,789	164,489	49%
Luke Atkins <sup>1</sup>	22,000	22,000	237,500	4,400	212,771	498,671	43%
Neil Lithgow	22,000	22,000	-	4,400	79,789	128,189	62%
Pengfei Zhao <sup>4</sup>	22,000	-	-	2,200	79,789	103,989	77%
Zhaozhong Wang <sup>4</sup>	-	-	-	-	-	-	-
<b>Key Management Personnel</b>							
Sam Middlemas <sup>2</sup>	-	-	189,760	-	106,385	296,145	36%
Nick Algie	265,650	-	-	26,565	106,385	398,600	27%
Patrick Soh <sup>3</sup>	-	-	54,142	-	26,597	80,739	33%
<b>Total Remuneration</b>	<b>386,650</b>	<b>66,000</b>	<b>481,402</b>	<b>45,265</b>	<b>691,505</b>	<b>1,670,822</b>	<b>-</b>
<b>2021</b>							
<b>Non-Executive Directors</b>							
Robert Nash	50,000	20,000	-	6,650	66,846	143,496	47%
Luke Atkins <sup>1</sup>	20,000	20,000	275,000	3,800	178,171	496,971	36%
Neil Lithgow	20,000	20,000	-	3,800	66,846	110,646	60%
Pengfei Zhao <sup>4</sup>	17,258	-	-	1,640	66,719	85,617	78%
Zhaozhong Wang <sup>4</sup>	2,742	-	-	-	127	2,869	4%
<b>Key Management Personnel</b>							
Sam Middlemas <sup>2</sup>	-	-	186,030	-	89,087	275,117	32%
Nick Algie	281,500	-	-	22,943	89,087	393,530	23%
Patrick Soh <sup>3</sup>	-	-	50,640	-	22,272	72,912	31%
<b>Total Remuneration</b>	<b>391,500</b>	<b>60,000</b>	<b>511,670</b>	<b>38,833</b>	<b>579,155</b>	<b>1,581,158</b>	<b>-</b>

Notes:

- (1) Mr Atkins receives consulting fees through his entity Executive Resource Personnel Pty Ltd.
- (2) Mr Middlemas receives consulting fees through his entity Sparkling Resources Pty Ltd.
- (3) Mr Soh receives consulting fees through his entity Soh & Associates Pty Ltd.
- (4) Mr Wang was replaced by his alternate director Mr Zhao on 9 October 2020.

# Directors' Report cont.

## D Share-based compensation

Options or performance rights may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to certain directors (determined by the Board) and executives of Australian Silica Quartz Group Ltd to increase goal congruence between executives, directors and shareholders. Performance rights are issued with specific performance criteria required to be achieved. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

The following performance rights were granted to or vested with key management personnel during the past 3 years (Please see section F regarding vesting or expiry of rights):

	Grant Date	Granted Number	Vested Number as at 30 June 2022	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per performance rights	Exercised Number
<b>2021</b>								
Performance Rights								
Tranche 1 <sup>1</sup>	30 Nov 2020	8,666,665	8,666,665	30 Nov 2021	30 Nov 2021	Nil	6.04c	8,666,665
Tranche 2 <sup>2</sup>	30 Nov 2020	8,666,666	Nil	30 Nov 2022	30 Nov 2022	Nil	6.50c	Nil
Tranche 3 <sup>3</sup>	30 Nov 2020	8,666,669	Nil	30 Nov 2023	30 Nov 2023	Nil	6.60c	Nil
<b>2019</b>								
Performance Rights <sup>4</sup>								
Tranche 1	23/11/2018	4,833,329	Nil	10 May 2019	10 May 2019	Nil	2.3c	Nil
Tranche 2	23/11/2018	4,833,335	Nil	10 Nov 2019	10 Nov 2019	Nil	0.9c	Nil
Tranche 3	23/11/2018	4,833,336	Nil	10 Nov 2020	10 Nov 2020	Nil	0.1c	Nil
<b>2018</b>								
Performance Rights <sup>5</sup>								
Tranche 1	10/11/2017	3,333,331	Nil	10 May 2019	10 May 2019	Nil	4.2c	Nil
Tranche 2	10/11/2017	3,333,334	Nil	10 Nov 2019	10 Nov 2019	Nil	2.54c	Nil
Tranche 3	10/11/2017	3,333,335	Nil	10 Nov 2020	10 Nov 2020	Nil	0.9c	Nil

### Notes:

- Tranche 1 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.1515 per Share anytime during the period from 1 December 2020 to 30 November 2021; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021.
- Tranche 2 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.17675 per Share anytime during the period from 1 December 2021 to 30 November 2022; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022.
- Tranche 3 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.202 per Share anytime during the period from 1 December 2022 to 30 November 2023; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2023.
- The original performance rights issued to Directors in the prior financial year were amended at the AGM on the 23 November 2018 to account for the capital return such that with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company's Shares on the Expiry Date exceeding 7.6 cents per share for Tranche 1, 9.7 cents per share for Tranche 2, and 11.8 cents per share for Tranche 3. There were an additional 4,500,000 Performance Rights issued to Executives during the prior financial year on the same revised terms as the Directors' Performance Rights. The Performance Rights terms also changed following each Performance Right would convert into 1.806 fully paid ordinary shares.
- The Performance Rights were issued in 3 equal tranches with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company's Shares on the Expiry Date exceeding 12.6 cents per share for Tranche 1, 14.7 cents per share for Tranche 2, and 16.8 cents per share for Tranche 3. All other terms of the Performance rights were standard terms. These have been replaced by the Performance Rights issued in 2019. The difference between the total fair value of the rights immediately before and after the alteration was an increase of \$91,495.

# Directors' Report cont.

## E Equity instrument disclosures relating to key management personnel

### (i) Option holdings

There were no options over ordinary shares in the Company held during the financial year by each director of Australian Silica Quartz Group Ltd and other key management personnel of the Group (2021: Nil), including their personally related parties.

No Directors or key management personnel hold options in the Company.

### (ii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Australian Silica Quartz Group Ltd and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Ordinary shares	Balance at start of the year	Performance Share Vested	Share Purchase Plan	Other changes during the year	Balance at end of the year
<b>2022</b>					
<b>Directors of Australian Silica Quartz Group Ltd</b>					
Robert Nash	615,714	1,000,000	-	(400,000)	1,215,714
Luke Atkins	23,246,716	2,666,666	-	408,222	26,321,604
Neil Lithgow	21,223,808	1,000,000	-	161,340	22,385,148
Pengfei Zhao	-	1,000,000	-	-	1,000,000
<b>Other key management personnel of the Company</b>					
Sam Middlemas	9,787,346	1,333,333	-	157,320	11,277,999
Nick Algie	638,091	1,333,333	-	40,000	2,011,424
Patrick Soh	-	333,333	-	-	333,333
<b>2021</b>					
<b>Directors of Australian Silica Quartz Group Ltd</b>					
Robert Nash	330,000	-	285,714	-	615,714
Luke Atkins	22,639,574	-	857,142	(250,000)	23,246,716
Neil Lithgow	20,366,666	-	857,142	-	21,223,808
<b>Other key management personnel of the Company</b>					
Sam Middlemas	9,215,918	-	571,428	-	9,787,346
Nick Algie	209,520	-	428,751	-	638,091

No other Directors or key management personnel have shareholdings in the Company.

# Directors' Report cont.

## F Performance Right holdings

The number of performance rights in the Company held during the financial year by each director of Australian Silica Quartz Group Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

	Balance at start of the year	Granted as compensation	Lapsed during the year	Vested and exercised	Balance at end of the year	Unvested
<b>2022</b>						
<b>Directors of Australian Silica Quartz Group Ltd</b>						
Robert Nash	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000
Luke Atkins	8,000,000	-	-	(2,666,666)	5,333,334	5,333,334
Neil Lithgow	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000
Pengfei Zhao	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000
Zhaozhong Wang	-	-	-	-	-	-
<b>Other key management personnel of the Company</b>						
Sam Middlemas	4,000,000	-	-	(1,333,333)	2,666,667	2,666,667
Nick Algie	4,000,000	-	-	(1,333,333)	2,666,667	2,666,667
Patrick Soh	1,000,000	-	-	(333,333)	666,667	666,667
<b>2021</b>						
<b>Directors of Australian Silica Quartz Group Ltd</b>						
Robert Nash	666,667	3,000,000	666,667	-	3,000,000	3,000,000
Luke Atkins	1,333,334	8,000,000	1,333,334	-	8,000,000	8,000,000
Neil Lithgow	666,667	3,000,000	666,667	-	3,000,000	3,000,000
Pengfei Zhao	-	3,000,000	-	-	3,000,000	3,000,000
Zhaozhong Wang	666,667	-	666,667	-	-	-
<b>Other key management personnel of the Company</b>						
Sam Middlemas	666,667	4,000,000	666,667	-	4,000,000	4,000,000
Nick Algie	666,667	4,000,000	666,667	-	4,000,000	4,000,000
Patrick Soh	166,667	1,000,000	166,667	-	1,000,000	1,000,000

No other Directors or key management personnel have performance rights in the Company.

## G Loans to key management personnel

The Company provided an interest free loan of \$200,000 to the Chief Executive Officer, Sam Middlemas to reimburse the purchase of shares in Australian Silica Quartz Group Ltd to be repaid earlier of 10 October 2023, or sale of shares, or within 3 months of Consultancy agreement being terminated. The amount of interest that would have been charged on an arm's-length basis is approximately \$2,000 for the 30 June 2022 financial year.

## H Other transactions with key management personnel

Luke Atkins provided business and projects advice to Australian Silica Quartz Group Ltd during the year under an agreement and was paid a fee of \$237,500 (2021: \$275,000). This amount paid was on arm's-length commercial terms and is included as part of the compensation.

The office premises that the Company rents for its registered office and principal place of business is owned by Non-Executive Director, Luke Atkin's Mother. During the year the Company paid \$48,995 (2021: \$48,995) rent and outgoings on normal commercial terms and conditions.

# Directors' Report cont.

## I Additional information

### DIRECTORS' MEETINGS

During the year the Company held 7 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors meetings		Committee meetings			
	Held	Attended	Audit		Remuneration	
			Held	Attended	Held	Attended
Robert Nash	7	7	2	2	1	1
Luke Atkins	7	7	2	2	1	1
Neil Lithgow	7	7	2	2	1	1
Pengfei Zhao	7	7	N/A	N/A	N/A	N/A

### SHARES UNDER OPTION

There were no options on issue at the end of the financial year and there were no new options issued, or cancelled during the year.

As at 30 June 2022 there were the 17,333,335 (2021 – 26,000,000) performance rights on issue. During the year 8,666,665 performance rights were vested and exercised after meeting the performance hurdles.

### INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Australian Silica Quartz Group Ltd against costs incurred in defending proceedings for conduct other than:

- (a) a wilful breach of duty; or
- (b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001. Under the terms and conditions of the insurance contract, the premium paid cannot be disclosed.

### NON AUDIT SERVICES

No non audit services were provided by the entity's auditor, Moore Australia Audit (WA) or associated entities during the year ended 30 June 2022 or 30 June 2021.

### CORPORATE GOVERNANCE

In accordance with ASX Listing Rule 4.10.3 the Company has elected to publish its corporate governance statement on its website. The corporate governance statement can be found at <http://www.asqg.com.au/irm/content/corporate-governance.aspx?RID=325>.

# Directors' Report cont.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R. Nash', with a horizontal line extending to the right.

Robert Nash

Chairman

Perth, 27 September 2022

# Auditor's Independence Declaration



## Moore Australia Audit (WA)

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace, WA 6831

T +61 8 9225 5355  
F +61 8 9225 6181  
[www.moore-australia.com.au](http://www.moore-australia.com.au)

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Suan-Lee Tan'.

SUAN-LEE TAN  
PARTNER

A handwritten signature in black ink, appearing to read 'MOORE AUSTRALIA'.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth this 27<sup>th</sup> day of September 2022.

Moore Australia Audit (WA) – ABN 16 874 357 907.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.  
Liability limited by a scheme approved under Professional Standards Legislation.

# Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2022

	Notes	Consolidated Group	
		2022 \$	2021 \$
Recoupment of exploration costs	4	185,120	189,220
Other income	4	273,956	306,933
Interest income	4	20,604	25,756
Employee benefits expense		(206,310)	(199,111)
Exploration expenses as incurred		(767,732)	(667,355)
Consultants fees		(317,693)	(402,591)
Administration expenses		(271,509)	(224,812)
Depreciation and amortisation expense		(3,299)	(4,662)
Reversal of impairment - property		-	365,000
Share-based payments expense	13	(691,505)	(579,294)
<b>Profit / (loss) before income tax</b>	5	<b>(1,778,368)</b>	<b>(1,190,916)</b>
Income tax expense	6	-	-
<b>Profit / (loss) for the period</b>		<b>(1,778,368)</b>	<b>(1,190,916)</b>
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,778,368)</b>	<b>(1,190,916)</b>
Loss for the period is attributable to:			
Owners of Australian Silica Quartz Group Ltd		(1,778,368)	(1,190,916)
<b>Earnings per share</b>			
From continuing operations:			
Basic earnings per share (cents)	25	(0.65)	(0.47)
Diluted earnings per share (cents)	25	(0.65)	(0.47)

The above statements should be read in conjunction with the notes to the financial statements.

# Statement of Financial Position

At 30 June 2022

	Notes	Consolidated Group	
		2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	4,762,381	5,836,378
Trade and other receivables	8	176,208	163,064
<b>TOTAL CURRENT ASSETS</b>		<b>4,938,589</b>	<b>5,999,442</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets	9	204,000	200,000
Property, plant and equipment	10	2,273,189	2,276,488
<b>TOTAL NON CURRENT ASSETS</b>		<b>2,477,189</b>	<b>2,476,488</b>
<b>TOTAL ASSETS</b>		<b>7,415,778</b>	<b>8,475,930</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11(a)	90,598	57,006
Provisions	11(b)	51,917	51,307
<b>TOTAL CURRENT LIABILITIES</b>		<b>142,515</b>	<b>108,313</b>
<b>TOTAL LIABILITIES</b>		<b>142,515</b>	<b>108,313</b>
<b>NET ASSETS</b>		<b>7,273,263</b>	<b>8,367,617</b>
<b>EQUITY</b>			
Contributed equity	12	60,012,065	59,496,106
Reserves	13(a)	1,772,937	1,604,882
Retained earnings / (accumulated losses)	13(b)	(54,511,739)	(52,733,371)
<b>TOTAL EQUITY</b>		<b>7,273,263</b>	<b>8,367,617</b>

The above statements should be read in conjunction with the notes to the financial statements.

# Statement of Changes in Equity

Year Ended 30 June 2022

Consolidated Group	Notes	Issued Ordinary Capital	Reserves	Accumulated Losses	Total
		\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		55,914,469	1,025,588	(51,542,455)	5,397,602
Loss for the period		-	-	(1,190,916)	(1,190,916)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,190,916)	(1,190,916)
Shares issued during the year		3,749,996	-	-	3,749,996
Share issue costs		(168,359)	-	-	(168,359)
Performance rights value for the period		-	579,294	-	579,294
<b>Balance at 30 June 2021</b>		59,496,106	1,604,882	(52,733,371)	8,367,617
Loss for the period		-	-	(1,778,368)	(1,778,368)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,778,368)	(1,778,368)
Performance rights vested		523,450	(523,450)	-	-
Share issue costs		(7,491)	-	-	(7,491)
Performance rights value for the period		-	691,505	-	691,505
<b>Balance at 30 June 2022</b>		60,012,065	1,772,937	(54,511,739)	7,273,263

The above statements should be read in conjunction with the notes to the financial statements.

# Statement of Cash Flow

Year Ended 30 June 2022

	Notes	Consolidated Group	
		2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		453,966	506,946
Payments to suppliers and employees		(763,550)	(846,361)
Payments for exploration expenditure		(772,638)	(712,467)
Interest received		19,716	31,632
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	24	(1,062,506)	(1,020,250)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment of security deposit		(4,000)	-
Payments for property, plant and equipment		-	(709)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(4,000)	( 709)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares		-	3,749,996
Capital raising costs		(7,491)	(168,359)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(7,491)	3,581,637
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,073,997)	2,560,678
Cash and cash equivalents at the beginning of the financial year		5,836,378	3,275,700
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	7	<b>4,762,381</b>	<b>5,836,378</b>

The above statements should be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Australian Silica Quartz Group Ltd and controlled entities (“Consolidated Group” or “Group”). The financial statements were authorized for issue on 27 September 2022 by the directors of the Company.

### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and issued by the Accounting Standards Board (“AASB”) Interpretations and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### *Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial report of Australian Silica Quartz Group Ltd complies with International Financial Reporting Standards (“IFRS”).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment. The financial report is presented in Australian dollars.

### (b) New, revised and amended accounting standards and interpretations adopted

In the year ended 30 June 2022, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2022.

The directors have assessed that the new standards do not materially affect the Group’s financial statements for the year ended 30 June 2022 or beyond.

### (c) Principles of consolidation

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Silica Quartz Group Ltd (“Company” or “parent entity”) as at 30 June 2022 and the results of all subsidiaries for the year then ended. Australian Silica Quartz Group Ltd and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

# Notes to the Financial Statements cont.

## *Associates*

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### **(d) Interests in joint ventures arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 1(c) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

### **(e) Segment reporting**

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

### **(f) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

# Notes to the Financial Statements cont.

## **(g) Revenue**

### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

R&D Tax incentives have been accounted for as government grant revenue. Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Where it is expected that a grant will be repaid if certain conditions are met, the liability to repay the grant is recognised as the conditions are met and the liability crystallises.

## **(h) Financial Instruments**

The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Group subsequently measures all equity investments at fair value. The Group has not elected to present fair value gains and losses on equity investments in OCI, where there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

## **(i) Leases**

### *The Group as lessee*

At inception of a contract, the Group assesses if the contract contains a lease or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

# Notes to the Financial Statements cont.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

## **(j) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **(k) Cash and cash equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

## **(l) Trade and other receivables**

Receivables are recognised and carried at original invoice amount less a provision for expected credit loss (ECL). Bad debts are written-off as incurred.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

For trade receivables, The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

# Notes to the Financial Statements cont.

## **(m) Property, plant and equipment**

### *Property*

Freehold land and buildings are carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. However, any increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

### *Plant and equipment*

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

### *Depreciation*

The depreciable amount of all fixed assets excluding freehold land, is depreciated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. Buildings are depreciated on a straight line basis.

The depreciation rates for each class of depreciable assets are:

Plant & equipment	7-67%	Motor vehicles	25-30%
Buildings	2.5%		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

## **(n) Tenement acquisition and exploration costs**

Tenement acquisition and exploration costs incurred are written off as incurred.

## **(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

## **(p) Employee benefits**

### *(i) Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance sheet date are recognised in other payables in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled.

# Notes to the Financial Statements cont.

## *(ii) Share-based payments*

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to Note 26.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

## **(q) Contributed equity**

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The amount expended on the on-market buy-back of shares is debited to the share capital account to the extent of share capital available. Should the amount expended on on-market share buy-backs exceed the amount of available share capital, the remainder will be debited against distributable reserves.

## **(r) Earnings per share**

### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## **(s) Goods and Services Tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## **(t) New accounting standards for application in future periods**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. These standard are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# Notes to the Financial Statements cont.

## **(u) Critical accounting estimates and judgements**

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

### *Share based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model, using the assumptions detailed in Note 26.

### *Impairment of assets*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using estimated net realisable values which incorporate various assumptions such as current indicative values and expected future cash inflows.

# Notes to the Financial Statements cont.

## 2 FINANCIAL RISK MANAGEMENT

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

### (a) Market risk

#### (i) Foreign exchange risk

As all operations are currently within Australia, the Group is not exposed to material foreign exchange risk.

#### (ii) Price risk

The Group is not exposed to any significant price risk.

#### (iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group and the parent entity \$4,762,381 (2021: \$5,836,378) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group and the parent entity was 0.40% (2021: 0.49%).

### Sensitivity analysis

At 30 June 2022, if interest rates had changed by +/- 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been \$41,326 lower/higher (2021: \$42,237 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

### (b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

### (c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date. Given the relative size of the cash reserves, the Group is not currently exposed to any significant liquidity risk.

# Notes to the Financial Statements cont.

## (d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

## 3 PARENT ENTITY FINANCIAL INFORMATION

### (a) Summary financial information

	2022 \$	2021 \$
Current assets	4,938,589	5,999,443
Non-current assets	3,245,296	2,638,105
Total assets	8,183,885	8,637,548
Current liabilities	142,515	108,314
Total liabilities	142,515	108,314
Net assets	8,041,370	8,529,234
Shareholders' equity		
Contributed equity	60,012,065	59,496,106
Reserves	1,772,937	1,604,882
Accumulated profit/(loss)	(53,743,632)	(52,571,754)
Net equity	8,041,370	8,529,234
(Loss)/profit for the year after tax	(1,171,878)	(1,029,344)
Total comprehensive income/(loss)	(1,171,878)	(1,029,344)

### (b) Guarantees entered into by parent entity

	2022 \$	2021 \$
Unconditional performance bonds issued in relation to credit card and rental obligations	-	-

The Company has no Guarantees in place (2021 - \$Nil).

### (c) Contingent Liabilities of parent entity

Details and estimate of maximum amounts of contingent liabilities for which no provision is included in the accounts are as follows:

	2022 \$	2021 \$
Unconditional performance bonds issued in relation to credit card and rental obligations	-	-

The Company has no contingent liabilities (2021 \$Nil) other than those disclosed in Note 19.

### (d) Contractual commitments for the acquisition of property, plant and equipment

The Company has no contractual commitments for the acquisition of property, plant and equipment (2021: Nil).

# Notes to the Financial Statements cont.

## 4 REVENUE

	Consolidated Group	
	2022 \$	2021 \$
Reimbursement of exploration costs	185,120	189,220
R&D Refund	171,625	192,878
ATO cash flow boost	-	37,500
Other revenue	102,331	76,555
Interest	20,604	25,756
	479,680	521,909

## 5 PROFIT/(LOSS) FOR THE YEAR

### Expenses

	Consolidated Group	
	2022 \$	2021 \$
Lease payments	32,820	32,955
Other administration	238,689	191,857
	271,509	224,812

## 6 INCOME TAX EXPENSE

	Consolidated Group	
	2022 \$	2021 \$
(a) The components of tax expense/(benefit) at 25.0% (2021: 26.0%) <sup>1</sup> comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit and loss and other comprehensive income	-	-
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax expense/(benefit):		
Profit/(loss) before income tax expense/(benefit)	(1,778,368)	(1,190,916)
Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 25.0% (2021: 26.0%) <sup>1</sup>	(444,592)	(309,638)
Add tax effect of:		
- Non-allowable items	173,212	150,722
- Revenue losses not recognised	455,159	472,892
	183,779	313,976
Less tax effect of:		
- Non-assessable items	42,906	158,048
- Deferred tax balances not recognised	140,873	155,928
- Over provision for income tax in prior years	-	-
- Over provision for income tax in prior years – effect of reduction in corporate tax rate	-	-
- Losses recouped not previously recognised	-	-
Income tax expense reported in the statement of profit and Loss and other comprehensive income	-	-

# Notes to the Financial Statements cont.

		Consolidated Group	
		2022	2021
		\$	\$
(c)	Deferred tax recognised at 25.0% (2021: 26.0%) <sup>1</sup> :		
	Deferred tax liabilities:		
	Accrued interest	(647)	(442)
	Other	-	-
	Deferred tax assets:		
	Carry forward revenue losses	647	442
	Net deferred tax	-	-
(d)	Deferred tax not recognised at 25.0% (2021: 26.0%) <sup>1</sup> :		
	Deferred tax assets:		
	Carry forward losses	13,495,777	13,797,879
	Capital raising and restructuring costs	25,804	44,672
	Property, plant & equipment	94,900	94,900
	Exploration and development	-	-
	Provisions and accruals	20,170	16,356
		13,636,651	13,953,807

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

## Tax consolidation

### (i) Members of the tax consolidated group

Australian Silica Quartz Group Ltd and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 10 June 2008. Australian Silica Quartz Group Ltd is the head entity of the tax consolidated group.

### (ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current and deferred taxes recognised by members of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits and any current tax liability. Deferred tax assets resulting from unused tax losses and tax credits and the current tax liability are assumed and recognised by the parent entity. The group has not entered into any tax sharing or funding agreements.

Note (1): Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 26.0% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

# Notes to the Financial Statements cont.

## 7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2022 \$	2021 \$
Cash at bank and in hand	142,381	486,378
Short-term deposits	4,620,000	5,350,000
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	4,762,381	5,836,378

## 8 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2022 \$	2021 \$
Trade debtors	10,177	3,455
Accrued interest income	2,588	1,700
Prepayments	163,443	155,525
Sundry debtors	-	2,384
	176,208	163,064

The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

	Gross Amount	Past due but not impaired (days overdue)			
		< 30	31–60	61–90	> 90
<b>2022</b>					
Trade and debtors	10,177	10,177	-	-	-
<b>2021</b>					
Trade and debtors	3,455	3,455	-	-	-

## 9 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated Group	
	2022 \$	2021 \$
Loan receivable <sup>1</sup>	200,000	200,000
Security deposit	4,000	-
	204,000	200,000

Note (1): Loan to CEO under consulting contract. Refer to Note G in Remuneration Report section of the Directors’ Report for the terms of the loan

# Notes to the Financial Statements cont.

## 10 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2022 \$	2021 \$
<b>Plant and equipment</b>		
Cost	374,458	374,458
Accumulated depreciation	(361,269)	(357,970)
Net book amount	13,189	16,488
<b>Plant and equipment</b>		
Opening net book amount	16,488	20,441
Depreciation charge	(3,299)	(4,662)
Acquisition	-	709
Closing net book amount	13,189	16,488
<b>Motor Vehicles</b>		
Cost	4,787	4,787
Accumulated depreciation	(4,787)	(4,787)
Net book amount	-	-
<b>Property and buildings</b>		
At fair value	2,324,313	2,324,313
Accumulated depreciation	(64,313)	(64,313)
Net book amount	2,260,000	2,260,000
<b>Property and buildings</b>		
Opening net book amount	2,260,000	1,895,000
Reversal of impairment (prior period)	-	365,000
Closing net book amount	2,260,000	2,260,000
<b>Total Assets</b>		
Cost / fair value	2,703,558	2,703,558
Accumulated depreciation	(430,369)	(427,070)
Net book amount	2,273,189	2,276,488
<b>Total Assets</b>		
Opening net book amount	2,276,488	1,915,441
Depreciation charge	(3,299)	(4,662)
Acquisition	-	709
Reversal of impairment (prior period)	-	365,000
Closing net book amount	2,273,189	2,276,488

### Impairment Losses – Property, Plant & Equipment

No impairments were made during the financial year (2021 - Nil).

A reversal of prior period impairment of \$365,000 was recognised during the year ended 30 June 2021 following a market appraisal of the property values by an independent valuer on 31 August 2021.

# Notes to the Financial Statements cont.

## 11 CURRENT LIABILITIES

		Consolidated Group	
		2022	2021
		\$	\$
<b>(a)</b>	<b>Trade and other payables</b>		
	Trade payables	43,738	36,509
	GST and tax liabilities	(10,111)	(9,646)
	Other payables and accruals	56,971	30,143
		<u>90,598</u>	<u>57,006</u>
<b>(b)</b>	<b>Provisions</b>		
	Annual and long service leave provisions		
	Opening balance at 1 July	51,307	38,086
	Additional provisions	27,348	28,474
	Amounts used	(27,738)	(15,253)
	Balance at 30 June	<u>50,917</u>	<u>51,307</u>

The provision represents annual leave and long service leave obligations expected to be settled within 12 months of the balance date and are measured at the amounts expected to be paid when the liabilities are settled.

## 12 CONTRIBUTED EQUITY

		2022		2021	
	Notes	Number of securities	\$	Number of securities	\$
<b>(a)</b>	<b>Share capital</b>				
	Ordinary shares fully paid	13b, 13d	60,012,065		59,496,106
	Total contributed equity		<u>60,012,065</u>		<u>59,496,106</u>
<b>(b)</b>	<b>Movements in ordinary share capital</b>				
	Beginning of the financial year		267,993,712	59,496,106	214,422,336
	Issued during the financial year:		8,666,665	523,450	53,571,376
	Less: Transaction costs		-	(7,491)	-
	End of the financial year		<u>276,660,377</u>	<u>60,012,065</u>	<u>267,993,712</u>

### (c) Options

During the year there were no options issued or on issue.

### (d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2022 and 30 June 2021 are as follows:

# Notes to the Financial Statements cont.

	Consolidated Group	
	2022 \$	2021 \$
Cash and cash equivalents	4,762,381	5,836,378
Trade and other receivables	176,208	163,064
Trade and other payables	(90,598)	(57,006)
Working capital position	4,847,991	5,942,436

## 13 RESERVES AND ACCUMULATED LOSSES

	Consolidated Group	
	2022 \$	2021 \$
<b>(a) Reserves</b>		
Share-based payments reserve		
Balance at beginning of year	1,604,882	1,025,588
Performance rights vested	(523,450)	-
Performance rights expensed	691,505	579,294
Balance at end of year	1,772,937	1,604,882
<b>(b) Retained earnings / (accumulated losses)</b>		
Balance at beginning of year	(52,733,371)	(51,542,455)
Net profit/(loss) for the year	(1,778,368)	(1,190,916)
Balance at end of year	(54,511,739)	(52,733,371)

	2022		2021	
	Number of securities	\$	Number of securities	\$
<b>(c) Movements in performance rights</b>				
Beginning of the financial year	26,000,000	1,604,882	5,500,003	1,025,588
2021 Tranche 1 vested <sup>1</sup>	(8,666,665)	(523,450)		
2021 Tranche 1 Issues <sup>1</sup>	-	-	8,666,665	-
2021 Tranche 2 Issues <sup>2</sup>	-	-	8,666,666	-
2021 Tranche 3 Issues <sup>3</sup>	-	-	8,666,669	-
2021 Tranche 1, 2 & 3 amortisation	-	691,505	-	578,234
2018/19 Tranche 3 lapsed <sup>4</sup>	-	-	(5,500,003)	-
2018/19 Tranche 3 amortisation	-	-	-	1,060
End of the financial year	17,333,335	1,772,937	26,000,000	1,604,882

### Notes:

- Tranche 1 Performance Rights: Vested and issued on the 1 December 2021 following the Company's Shares reaching a 30 day VWAP which is greater than \$0.1515 per Share anytime during the period from 1 December 2020 to 30 November 2021; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021.
- Tranche 2 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.17675 per Share anytime during the period from 1 December 2021 to 30 November 2022; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022.
- Tranche 3 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.202 per Share anytime during the period from 1 December 2022 to 30 November 2023; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2023.
- All previously issued Performance Rights lapsed during the period without attaining the Performance Rights hurdles.

# Notes to the Financial Statements cont.

## 14 DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

## 15 KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 30 June 2022.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2022	2021
	\$	\$
Short-term benefits	934,052	963,170
Post-employment benefits	45,265	38,833
Share-based payments	691,505	579,155
	1,670,822	1,581,158

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-H of the remuneration report on pages 21 to 27.

### Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits, consultancy fees and cash bonuses awarded to executive directors and other KMP.

### Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

### Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

## 16 OPERATING SEGMENTS

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

# Notes to the Financial Statements cont.

## 17 ASSOCIATES AND JOINT ARRANGEMENTS

### HD Mining & Investment Pty Ltd

The Group has entered into a Farm-in arrangement with HD Mining & Investment Pty Ltd ("HDMI") to carry out exploration on tenements, and if warranted, to develop and exploit the tenements and carry out mining operations for the purpose of deriving production of Bauxite from them. HDMI has agreed to fund all costs to earn up to a maximum of 60% Participating Interest.

### DevEx Resources Limited

The Group has entered into a Farm-in arrangement with DevEx Resources Limited ("DevEx") to carry out exploration on tenements with the following key terms.

- DevEx has the right to earn 50% interest in all non-bauxite rights within the ASQ Tenement by spending up to \$3 million within 3 years from commencement of the agreement. This includes a minimum expenditure requirement of \$250,000 in the first 12 months.
- ASQ retains the bauxite rights for the ASQ Tenement with its existing joint venture partner, HD Mining & Investment Pty Ltd ("HD Mining") ("Bauxite JV").
- DevEx can earn an additional 20% in all non-bauxite rights in the ASQ Tenement by spending an additional \$3 million within 2 years if ASQ elect to not contribute to exploration expenditure following DEV earning the 50% interest.
- Upon DevEx earning its interest in the non-bauxite rights, a joint venture will be formed ("Non-Bauxite JV") and the parties must contribute funds based on their respective interest. Standard dilution clauses will apply to the parties' interests. Should a party's interest dilute to below 10% it shall automatically convert to a 1% net smelter royalty in respect of non-bauxite minerals.
- DevEx will manage exploration for the non-bauxite rights during the earn-in period and any subsequent Non-Bauxite JV.
- The parties may seek to execute a Split Commodities Agreement in the event of inconsistency between the activities of the bauxite rights and the Non-Bauxite JV.

## 18 REMUNERATION OF AUDITORS

		Consolidated Group	
		2022	2021
		\$	\$
<b>(a) Audit services</b>			
	Moore Australia Audit (WA) - audit and review of financial reports	19,753	19,051
	Moore Australia Audit (WA) – other audit services	-	-
	Total remuneration for audit services	19,753	19,051
<b>(b) Non-audit services</b>			
	Moore Australia (WA) – taxation services	-	-
	Total remuneration for other services	-	-

## 19 CONTINGENCIES

On 17 January 2019 the Company announced that it had executed a Term Sheet with Urban Resources for operating a direct shipping ore export venture. Included in the terms of this agreement is a contingent liability that the Company has to issue shares to Urban Resources if the following milestones are achieved.

- commercially profitable shipments of 20,000 tonnes of silica sand from the Urban Resources Bullsbrook mine through the Fremantle Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to \$250,000 based on the 7 day VWAP on completion of the milestone; and
- commercially profitable shipments of 20,000 tonnes of silica sand through the Albany Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to \$250,000 based on the 7 day VWAP on completion of the milestone.

# Notes to the Financial Statements cont.

## 20 COMMITMENTS

		Consolidated Group	
		2022	2021
		\$	\$
<b>(a) Exploration commitments</b>			
	The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
	within one year	993,753	878,166
	later than one year but not later than five years	2,243,153	1,958,402
	Later than five years	-	-
		<b>3,236,906</b>	<b>2,836,568</b>
<b>(b) Commercial property lease commitments</b>			
	within one year	12,249	12,249
	later than one year but not later than five years	-	-
	Later than five years	-	-
	Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	12,249	12,249
	The property lease is cancellable with three months notice and rent payable monthly in advance.		

## 21 RELATED PARTY TRANSACTIONS

The only Related Party transactions were with members of the board and are disclosed in full in the Directors Report.

## 22 SUBSIDIARIES

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding	
				2022	2021
				%	%
Darling Range Pty Ltd	Australia	10 June 2008	Ordinary	100	100
Braeburn Resources Pty Ltd	Australia	24 July 2007	Ordinary	100	100
Darling Range South Pty Ltd	Australia	13 November 2008	Ordinary	100	100
Bauxite Resources Pty Ltd	Australia	23 March 2009	Ordinary	100	100
BRL Operations Pty Ltd	Australia	16 February 2009	Ordinary	100	100
BRL Landholdings Pty Ltd	Australia	16 February 2009	Ordinary	100	100
Australian Silica Quartz Pty Ltd	Australia	25 March 2009	Ordinary	100	100
VA Holdings Pty Ltd	Australia	13 February 2009	Ordinary	100	100

## 23 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstance have arisen since 30 June 2022 which significantly affected or could significantly affect the operations of the consolidated group in future financial years except for the following.

- As announced on 11 August 2022, Australian Silica Quartz Group Ltd ("ASQ") entered into an agreement to acquire exploration ground from a private investor group in the prospective Koolyanobbing Greenstone Belt. On 26 August 2022 it was announced that the due diligence on the acquisition had been completed and an initial payment of \$50,000 made.

Further to the initial payment ASQ is to issue 5,000,000 fully paid ordinary ASQ shares, and Performance Shares to a value of \$500,000 (at the 30 day VWAP share price at the time of reaching the hurdle or a minimum 10c/share) upon the announcement of 50,000 ounces of Gold or Gold equivalent in each of up to 3 minerals (being Gold, Lithium, Copper or Nickel) – with a maximum issue of \$1,500,000, and a 1% net smelter royalty in respect of any minerals mined at completion, which will occur following Shareholder approval.

# Notes to the Financial Statements cont.

## 24 CASH FLOW STATEMENT

Reconciliation of net profit or loss after income tax to net cash flows from operating activities

	Consolidated Group	
	2022 \$	2021 \$
Net profit/(loss) for the year	(1,778,368)	(1,190,916)
Non cash Items		
Depreciation and amortisation	3,299	4,662
Share-based payments expense	691,505	579,294
Revaluation of property	-	(365,000)
	(1,083,564)	(971,960)
Movements in working capital, net of effects from purchase of controlled entities		
(Increase)/ Decrease in trade and other receivables	(13,144)	(60,136)
Increase/ (Decrease) in trade and other payables	33,592	(1,375)
Increase/ (Decrease) in provisions	610	13,221
Net cash inflow/(outflow) from operating activities	(1,062,506)	(1,020,250)

## 25 EARNINGS PER SHARE

### (a) Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	2022 \$	2021 \$
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	(1,778,368)	(1,190,916)

### (b) Weighted average number of shares used as the denominator

	Consolidated Group	
	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	273,003,757	252,621,909
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	273,003,757	252,621,909

All performance rights on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share.

# Notes to the Financial Statements cont.

## 26 SHARE-BASED PAYMENTS

### Performance Rights

Market based vesting conditions were valued using a hybrid share option pricing model that simulates the share price of the Company as at the test date using a Monte-Carlo model. For non-market based vesting conditions no discount was made to the underlying valuation model. During the year there were no performance rights granted (2021 – 26,000,000). The ongoing amortisation of SBP expense was \$691,505 (2021: \$579,294) during the year.

During the financial period the following 8,666,665 Tranche 1 Performance Rights vested and shares issued to Directors and Staff on 1 December 2021:

The Performance Rights vesting conditions are as follows:

**Tranche 1 Performance Rights:** Vested and issued on the 1 December 2021 upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.1515 per Share anytime during the period from 1 December 2020 to 30 November 2021; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2021.

**Tranche 2 Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.17675 per Share anytime during the period from 1 December 2021 to 30 November 2022; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2022.

**Tranche 3 Performance Rights:** upon the Company's Shares reaching a 30 day VWAP which is greater than \$0.202 per Share anytime during the period from 1 December 2022 to 30 November 2023; and continuous service of the Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Performance Rights to 30 November 2023.

All previously issued Performance Rights lapsed during the period without attaining the Performance Rights hurdles.

	Grant Date	Granted Number	Vested Number as at 30 June 2022	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per performance rights	Exercised Number
<b>2021</b>								
Tranche 1	30 Nov 2020	8,666,665	8,666,665	30 Nov 2021	30 Nov 2021	Nil	6.04c	8,666,665
Tranche 2	30 Nov 2020	8,666,666	Nil	30 Nov 2022	30 Nov 2022	Nil	6.50c	Nil
Tranche 3	30 Nov 2020	8,666,669	Nil	30 Nov 2023	30 Nov 2023	Nil	6.60c	Nil

# Directors' Declaration

In the opinions of the directors of Australian Silica Quartz Group Ltd (the "Company"):

- (a) the financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2022 and of their performance for the financial year ended on that date;
- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2022; and
- (c) note 1 confirms that the financial statements also comply with the International Reporting Standards as issued by the International Accounting Standards Board.
- (d) This declaration is made in accordance with a resolution of the directors.



**Robert Nash**  
**Chairman**

Perth, 27 September 2022

# Independent Audit Report



## Moore Australia Audit (WA)

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Australian Silica Quartz Group Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Moore Australia Audit (WA) – ABN 16 874 357 907.

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# Independent Audit Report cont.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED

### Key Audit Matters (Continued)

Valuation of Property Assets	
<b>Refer to Note 10 Property, Plant and Equipment</b>	
<p>The Group's book value of property held at 30 June 2022 amounted to \$2.26 million (2021: \$2.26 million).</p> <p>This is considered a key audit matter as other than cash at bank, property is the Group's next most significant asset with its value being highly dependent on management's estimates and judgement.</p> <p>The methodology used for the assessment of valuation incorporated an external market appraisal dated 31 August 2021 by a licensed independent valuer and consideration of other current relevant factors and market conditions. The assessment at 30 June is dependent on several key assumptions and judgements including highest and best use concepts and comparable market values.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewing minutes of meetings and discussion with management in respect of their valuation &amp; plans for the properties, and assessing their methodology including the reasonableness of key assumptions and estimates adopted</li> <li>• Given the property values were externally appraised over a year ago, we verified against current external market information such as neighbouring properties sold or advertised for sale during the year, where available, to ensure there were no impairment indicators at balance date. We also checked that the underlying assumptions inherent in the August 2021 appraisal remained appropriate or relevant</li> <li>• Review of disclosure in the financial statements to ensure appropriateness and adequacy</li> </ul>
Share-based payments	
<b>Refer to Remuneration Report &amp; Note 26 Share-Based Payments</b>	
<p>During the year ended 30 June 2022, the Group recognised the ongoing amortisation of share-based payments (SBP) awarded to Key Management Personnel (KMPs) and other parties during the prior financial year.</p> <p>SBP remains a key audit matter due to it being a material transaction, the valuation of which involved several key assumptions and judgements adopted by both management and an independent valuer during the prior year.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Enquiring if there were any changes to the terms and conditions of the SBP and obtaining confirmations from KMPs regarding the amounts expensed during the year</li> <li>• Reviewing minutes of meetings, ASX announcements, agreements, &amp; considered other transactions undertaken during the year</li> <li>• Testing the mathematical accuracy of the total SBP expensed during the financial year and ensuring these were consistent with the valuation computed in the prior year.</li> <li>• We rechecked the methodology used in the prior year by management &amp; the independent valuer to estimate the fair value of equity instruments issued. This ensured the amounts expensed during the year were consistent with the prior year's valuation model</li> <li>• Assessing whether these payments have been appropriately disclosed and reported in the financial statements</li> </ul>

# Independent Audit Report cont.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report (continued)

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our audit report.

# Independent Audit Report cont.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED

### Report on the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Australian Silica Quartz Group Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'Suann Lee Tan'.

SUAN LEE TAN  
PARTNER

The text 'MOORE AUSTRALIA' written in a stylized, handwritten font.

MOORE AUSTRALIA AUDIT (WA)  
CHARTERED ACCOUNTANTS

Signed at Perth on the 27<sup>th</sup> day of September 2022

# ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows, the information is current as at 9 September 2022:

## (a) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

## (b) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	45	10,466
1,001 – 5,000	112	425,149
5,001 – 10,000	238	1,979,483
10,001 – 100,000	655	24,530,301
100,001 and over	228	249,714,978
	1,278	276,660,377
The number of equity security holders holding less than a marketable parcel of \$500 (based on a 6.7 cents price) of securities are:	224	844,017

## (c) Twenty largest shareholders

Holder name	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1. One Managed Invt Funds Ltd <1 A/C>	44,368,020	16.04%
2. HD Mining & Investment Pty Ltd	19,700,000	7.12%
3. Big Fish Nominees Pty Ltd	18,095,237	6.54%
4. Tailrain Pty Ltd <The Childrens A/C>	17,016,667	6.15%
5. Dilkara Nominees Pty Ltd <Millwood Smith Family A/C>	11,300,000	4.08%
6. Mr Robert Samuel Middlemas	9,777,822	3.53%
7. BNP Paribas Nominees Pty Ltd ACF Clearstream	7,287,693	2.63%
8. Jetosea Pty Ltd	7,142,855	2.58%
9. HSBC Custody Nominees (Australia) Limited	6,853,880	2.48%
10. Mr Gregory Robert Hackshaw	5,149,667	1.86%
11. Jetosea Pty Ltd	4,812,244	1.74%
12. Spectral Investments Pty Ltd <Lithgow Family A/C>	3,128,571	1.13%
13. Mrs Annette Atkins	2,736,307	0.99%
14. Luke Atkins & Annette Atkins <The Atkins Super Fund>	2,666,666	0.96%
15. Custodial Services Limited <Beneficiaries Holding A/C>	2,211,200	0.80%
16. BNP Paribas Noms Pty Ltd <DRP>	2,053,555	0.74%
17. Mr David William Findlay	1,998,815	0.72%
18. Mousetrap Nominees Pty Ltd	1,955,195	0.71%
19. Mr Li Wan	1,884,741	0.68%
20. Romsup Pty Ltd <Romadak Super Fund A/C>	1,700,000	0.61%
	171,839,135	62.11%

# ASX Additional Information cont.

## (d) Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Sandon Capital Pty Ltd	44,368,020
Neil Lithgow and Controlled entities	20,366,666
Annette Atkins, Talrain Pty Ltd (Childrens A/c) & Associates	19,873,512
HD Mining & Investments Pty Ltd	19,700,000
Talrain Pty Ltd (Childrens A/C) and Luke Atkins	17,016,667
Jetosea Pty Ltd	15,845,430
Dilkara Nominees Pty Ltd (Millwood Smith A/C)	14,516,667

## (e) Schedule of interests in mining tenements (as at 30 August 2022)

ASQG TENEMENTS (100%)

ASQG retain 100% interest in the following tenements (all granted unless marked "Pending")

Tenement	Location	Tenement	Location
Gingin Silica Project		South Stirling Project	
E70/5144	Warbrook (Pending)	E70/5528	South Stirling
Albany Silica Project		E70/5545	South Stirling East
E70/4982	Green Range (Pending)	E70/5709	Tenterden
E70/5241	Redmond West	E70/5710	Kwornicup
E70/5242	Redmond South	North Queensland Hardrock Quartz Projects	
E70/5243	Redmond East	EPM 26702	Mt Eliza
E70/5262	Cheyne	EPM 26727	Pandanus Creek
E70/5270	Ridgetop	EPM 26741	Douglas Range
Koolyanobbing Metals Project		Esperance North Project	
E77/2684	Lake Seabrook	E63/2206	Esperance North (Pending)
E77/2941	Lake Deborah (Pending)		

## HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS

The JV requires HD Mining to fund 100% of all exploration and feasibility costs to earn up to 60% of the bauxite rights. HD Mining is currently working towards obtaining 40% interest in the bauxite rights on the tenements below. This will be triggered if HD Mining enters into a binding commitment to undertake a feasibility study on the tenements. Should HD Mining and ASQG make a decision to mine, HD Mining will earn an additional 20% interest in bauxite rights. ASQG maintains 100% interest in other minerals. At the date of this report ASQG still has 100% interest in these tenements.

Tenement	Location
Darling Range Tenements (Granted)	
E70/3405	Victoria Plains
E70/3179	Congelin
E70/3180	Dattening
E70/3890	Wandering

# ASX Additional Information cont.

## KOOLYANOBING METALS PROJECT ACQUISITION TENEMENTS AND RIGHTS

ASQ is purchasing the acquisition tenements from Netley Minerals Pty Ltd ('Netley' of 'The Vendor'). Under the terms of the acquisition agreement ASQ is to pay The Vendor a non-refundable sum of \$50,000 cash, issue 5,000,000 fully paid ordinary ASQ shares, and Performance Shares to a value of \$500,000 (at the 30 day VWAP share price at the time of reaching the hurdle or a minimum 10c/share) upon the announcement of 50,000 ounces of Gold or Gold equivalent in each of up to 3 minerals (being Gold, Lithium, Copper or Nickel) – a maximum issue of \$1,500,000, and a 1% net smelter royalty in respect of any minerals mined. The Performance Shares will be issued on standard terms in accordance with ASX Guidance Note 19 and Listing Rule Chapter 6 and subject to ASX approval and shareholder approval.

The Shares and Performance Shares will be issued following regulatory approvals including ASX Listing rules and shareholder approval to be completed prior to 21 November 2022.

Tenement	Location	Current Holder	Holder on Completion of Acquisition	Rights Acquired by ASQ
E77/2644	Yilgarn - Lake Deborah East	Netley	Netley	Gold
E77/2645	Yilgarn - Lake Seabrook	Netley	ASQG	All minerals excluding iron
E77/2675	Yilgarn	Netley	ASQG	All minerals excluding iron
E77/2912	Yilgarn (Pending)	Netley	ASQG	All minerals excluding iron



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Group Ltd

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