



13 October 2022

Dear Shareholder

Annual General Meeting – Notice of Meeting and Proxies

Notice is given that the Annual General Meeting (**Meeting**) of Shareholders of Australia Silica Quartz Group Limited (ACN 119 699 982) (**Company**) will be held as follows:

Time and date: 11.00am (Perth time) on Thursday 24th November 2022
Location: Suite 10, 295 Rokeby Road, Subiaco, Western Australia

Notice of Meeting

In accordance with the *Corporations Act 2001* (Cth) the Company will not be dispatching physical copies of the Notice of Meeting unless individual shareholders have made a valid election to receive documents in hard copy. Instead, the Notice of Meeting and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically and can be viewed and downloaded from:

- the Company's website at <https://asqg.com.au/announcements>; and
- the ASX market announcements page under the Company's code "ASQ".

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

Voting at the Meeting or by proxy

Shareholders are encouraged to vote by lodging a proxy form which is attached.

Proxy forms can be lodged:

- **Online:** <https://investor.automic.com.au/#/loginsah>
- **By mail:** Automic, GPO Box 5193, Sydney NSW 2001 or
- **In-person:** Automic, Level 5, 126 Phillip Street, Sydney NSW 2000
- **By email:** meetings@automicgroup.com.au
- **By fax:** +61 2 8583 3040
- **By mobile:** Scan the QR Code on your Proxy Form and follow the prompts

Your proxy voting instruction must be received by 11.00am (Perth time) on Tuesday 22nd November 2022 being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Meeting Materials should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Authorised for release by the Board of Australian Silica Quartz Group Limited

Sam Middlemas
Chief Executive Officer



Australian Silica Quartz Group Ltd

ABN 72 119 699 982

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the offices of the Company, Suite 10, 295 Rokeby Road, Subiaco, Western Australia on Thursday, 24 November 2022 at 11.00am (WST).

The business of the Meeting affects your shareholding and your vote is important.

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 9200 8200.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4pm on 22 November 2022.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 June 2022."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PENGFEI ZHAO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Pengfei Zhao, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBERT NASH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Robert Nash, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO NETLEY – ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Consideration Shares to Netley as consideration under the Acquisition Agreement on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 5 – APPROVAL TO ISSUE PERFORMANCE SHARES TO NETLEY – ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue an aggregate of 1,500,000 Performance Shares to Netley (or their respective nominees) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 5 October 2022

By order of the Board

**Sam Middlemas
Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none">(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or(b) a Closely Related Party of such a member. <p>However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none">(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or(b) the voter is the Chair and the appointment of the Chair as proxy:<ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and <p>expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.</p>
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Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 4– Approval to issue Consideration Shares to Unrelated Party	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) Netley Minerals Pty Ltd or an associate of that person (or those persons).
Resolution 5 – Approval to issue Performance Shares to Unrelated Party	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) Netley Minerals Pty Ltd or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

You may still attend the Meeting and vote in person even if you have lodged appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the Meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that Resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the Meeting. If you do not bring your Proxy Form with you, you can still attend the Meeting but representatives from Automic Registry Services will need to verify your identity. You can register from 10.00am on the day of the Meeting.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 9200 8200.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.asqg.com.au/irm/content/default.aspx.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PENGFEI ZHAO

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting. Clause 14.2 of the Constitution provides that one-third of the Directors must retire from office at each annual general meeting or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt). In determining the number of Directors to retire, no account is to be taken of a Director who has been appointed as an addition to the Board throughout the year and who is facing election at the annual general meeting, or the Managing Director.

The Company currently has four Non-Executive Directors. Accordingly, two Directors are required to retire by rotation at this Meeting.

A Director who retires in accordance with clause 14.2 and Listing Rule 14.5 is eligible for re-election.

Mr Pengfei Zhao was appointed as an alternate director to Mr Zhaozhong Wang on 1 April 2019 and was appointed by Directors as a Non-Executive Director upon Mr Wang's retirement on 9 October 2020. Mr Zhao was elected as a Non-Executive Director at the Company's Annual General Meeting on 30 November 2020.

It has been agreed that Mr Zhao will retire at this Meeting and being eligible, seek re-election pursuant to Resolution 2.

3.2 Qualifications and other material directorships

B.SC. Grad Cert Mineral Economics

Mr Zhao has been the director of HD Mining & Investments Pty Ltd (HD Mining), a substantial Shareholder of the Company, in charge of financial planning and control, mineral titles and project evaluation for the last 10 years. HD Mining is a substantial shareholder and joint venture partner of the Company.

Mr Zhao is also a manager and director of several proprietary companies with involvement in the areas of mineral exploration, international trading and investment.

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

Mr Zhao has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

3.3 Independence

If re-elected the Board, the Board considers that Mr Zhao is not an independent director, due to his relationship with the Company's substantial shareholder, HD Mining and Investments Pty Ltd.

3.4 Board recommendation

The Board considers that Mr Zhao's financial and mining experience, his deep knowledge of the Company's business, and his relationship with HD Mining is integral to the Company and that Mr Zhao will be instrumental in the growth of the Company at an important stage of development. Accordingly, the Board (with Mr Zhao abstaining) recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ROBERT NASH

4.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting. Refer to Section 3.1 for a summary of clause 14.2 of the Constitution and Listing Rule 14.5.

Non-Executive Chairman Robert Nash was last elected as a Director at the Annual General Meeting held on 30 November 2020. It has been agreed that Mr Nash will also retire at this Meeting and being eligible, seek re-election pursuant to Resolution 3.

4.2 Qualifications and other material directorships

B Juris LLB, Public Notary

Mr Nash is a lawyer by profession and currently practices as a barrister at Francis Burt Chambers. He is Chairman of the WA Racing Penalties Appeals Tribunal, and until his retirement in 2018, he was the Head of WA Navy 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.

Mr Nash has acknowledged to the Company that he will have sufficient time to fulfil his responsibilities as a Director.

4.3 Independence

If re-elected, the Board considers that Mr Nash is an independent director. The Board has considered Mr Nash's length of service as a Director and is of the view that it does not compromise Mr Nash's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. On this basis, the Board has classified Mr Nash as an independent director.

4.4 Board recommendation

The Board considers that Mr Nash's legal and corporate experience and experience within the Company itself is integral to the Company and that Mr Nash will continue to be instrumental in the growth of the Company at an important stage of development. Accordingly, the Board (with Mr Nash abstaining) recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL TO ISSUE CONSIDERATION SHARES TO UNRELATED PARTY – ACQUISITION

5.1 General

As announced by the Company on 11 August 2022, the Company entered into an agreement with Netley Minerals Pty Ltd (**Netley**) for the acquisition of 100% of the legal and beneficial interest in tenements E77/2645, E77/2675 and E77/2912 (excluding all rights on the tenements to Iron Ore) (**Acquisition Tenements**) and the exclusive rights to gold on tenement E77/2644 from Netley (**Acquisition Agreement**).

Under the terms of the Acquisition Agreement, the Company is to:

- (a) pay Netley a non-refundable sum of \$50,000 cash;
- (b) issue Netley (or its nominee) 5,000,000 fully paid ordinary Shares in the Company at a deemed issue price of \$0.056 per Share (**Consideration Shares**); and
- (c) issue Netley up to a maximum total of 1,500,000 performance shares upon the achievement of certain Milestone Hurdles (set out in Schedule 2), (**Performance Shares**).

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the issue of the Consideration Shares.

The material terms of the Acquisition Agreement are set out in Schedule 1.

5.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consideration Shares does not fit within any of the exceptions set out in Listing Rule 7.2. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Consideration Shares. In addition, the issue of the Consideration Shares will be

excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares, and there would be a risk that the Acquisition will not complete.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consideration Shares.

5.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Consideration Shares will be issued to Netley Minerals Pty Ltd (or its nominee);
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that Netley is not a:
 - (i) related party of the Company, member of the Company's Key Management Personnel, substantial holder of the Company, adviser of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Consideration Shares to be issued is 5,000,000. The Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued upon satisfaction of the Acquisition Agreement Conditions Precedent and no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). It is intended that issue of all Consideration Shares will occur on the same date;
- (e) the Consideration Shares will be issued at a nil issue price, in consideration for the acquisition of the Acquisition Tenements under the terms of the Acquisition Agreement;
- (f) the purpose of the issue of the Consideration Shares is to satisfy the Company's obligations under the Acquisition Agreement;
- (g) the Consideration Shares are being issued to Netley under the Acquisition Agreement. A summary of the material terms of the Acquisition Agreement is set out in Schedule 1; and
- (h) the Consideration Shares are not being issued under, or to fund, a reverse takeover.

6. RESOLUTION 5 – APPROVAL TO ISSUE PERFORMANCE SHARES TO NETLEY - ACQUISITION

6.1 General

As set out in Section 5.1 above, pursuant to the terms of the Acquisition Agreement, the Company has agreed to issue Netley up to a maximum total of 1,500,000 Performance Shares on the terms set out in Schedule 2.

Each Performance Share will convert into \$1.00 worth of fully paid ordinary Shares in the Company upon the achievement of the Milestone Hurdles set out in Schedule 2, based on the 30 consecutive days on which the Shares are traded volume weighted average price (**VWAP**) of the Company's Shares at the time of conversion, or \$0.10 per Share whichever is higher.

The Company has agreed to issue Netley the Performance Shares, with conversion of the Performance Shares on a staged basis, subject to the achievement of three of the four Milestone Hurdles as follows:

- (a) 500,000 Performance Shares (Milestone Hurdle A);
- (b) 500,000 Performance Shares (Milestone Hurdle B);
- (c) 500,000 Performance Shares (Milestone Hurdle C); and
- (d) 500,000 Performance Shares (Milestone Hurdle D).

Refer to Schedule 2 of this Notice for details on the Milestone Hurdles.

Satisfaction of each Milestone Hurdle will trigger Netley's ability to convert 500,000 Performance Shares into fully paid ordinary Shares in the capital of the Company, so that a maximum amount of 15,000,000 ordinary Shares may be issued upon conversion of the Performance Shares, based on the minimum deemed issue price being \$0.10 per Share.

If it is the case that all four Milestone Hurdles are achieved by Netley, the maximum amount of Performance Shares that can be issued and converted under the Acquisition Agreement remains at 1,500,000 Performance Shares.

The Company is seeking Shareholder approval to the issue of the Performance Shares to Netley pursuant to Listing Rule 7.1

6.2 Listing Rule 7.1

Listing Rule 7.1 is summarised in Section 5.2 above.

The issue of the Performance Shares does not fit within any of the exceptions in Listing Rule 7.2. Whilst the proportion of the Performance Shares could be issued using the company's 15% placement capacity, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is seeking Shareholder approval of the issue of the Performance Shares under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval.

6.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Performance Shares. In addition, the issue of the Performance Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Performance Shares, and there would be a risk that the Acquisition will not complete.

6.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to

- (a) the Performance Shares will be issued Netley (or it's nominee) who is not a related party of the Company;
 - (i) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (A) related parties of the Company, members of the Company's Key Management Personnel, substantial shareholders of the Company, advisers of the Company or an associate of any of these parties; and
 - (B) issued more than 1% of the issued capital of the Company;
 - (ii) the maximum number of Performance Shares to be issued is 1,500,000 converting to a maximum of 15,000,000 fully paid ordinary Shares as set out in Section 6.1 above, on achievement of three of the four Milestone Hurdles:
 - (A) 500,000 Performance Shares (Milestone Hurdle A);
 - (B) 500,000 Performance Shares (Milestone Hurdle B);
 - (C) 500,000 Performance Shares (Milestone Hurdle C); and
 - (D) 500,000 Performance Shares (Milestone Hurdle D),
 - (iii) a summary of the terms of the Performance Shares is set out in Schedule 2. Shares issued on conversion of the Performance Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (iv) the Performance Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Performance Shares will occur on the same date at completion of the Acquisition Agreement;
 - (v) the Performance Shares will be issued at a nil issue price. The Company will not receive any other consideration in respect of the issue of the Performance Shares;

- (vi) the purpose of the issue of the Performance Shares is to satisfy the Company's obligations under the Acquisition Agreement and to; and
- (vii) the Performance Shares are being issued to Netley (or its nominees) in conjunction with the Acquisition Agreement.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition referred to in the Acquisition Agreement and as described in Section 5.1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Australian Silica Quartz Group Limited (ACN 119 699 982).

Consideration Shares has the meaning given by Section 5.1.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Milestone Hurdles means the milestones to be achieved for the conversion of the Performance Shares as set out in Schedule 2.

Notice means this notice of meeting including the Explanatory Statement and the Proxy Form.

Performance Shares has the meaning given in Section 5.1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUMMARY OF ACQUISITION AGREEMENT

Tenements	<p>The Agreement related to the following tenements:</p> <ul style="list-style-type: none"> (a) E77/2644 (b) E77/2645 (c) E77/2675 (d) E77/2912 <p>(together, the Tenements)</p>
Acquisition	<p>The Company has entered into an Acquisition Agreement to acquire:</p> <ul style="list-style-type: none"> (a) 100% of Netley's interest in Tenements E77/2645, E77/2675 and E77/2912 (excluding all rights to Iron Ore) (Acquisition Tenements); (b) the sole and exclusive right to explore for and mine gold with respect to E77/2644; (c) all associated technical information relating to the Tenements; and (d) statutory licenses, approvals, consents, authorisations, rights or permits relating to the Acquisition Tenements issued by any government agency, in so far as they may be transferred by Netley, <p>(together, the Sale Assets).</p>
Consideration	<p>As consideration for the Sale Assets, the Company agrees to:</p> <ul style="list-style-type: none"> (a) Issue to Netley (or its nominee) 5,000,000 fully paid ordinary shares in the capital of the Company at a deemed issue price of \$0.056 per share (Consideration Shares). The Consideration Shares are to be issued following satisfaction of the Conditions Precedent. (b) Issue to Netley (or its nominee) up to a total of \$1,500,000 worth of performance shares on the terms and subject to the achievement of the Milestone Hurdles, which will be subject to ASX approval (Performance Shares). (c) Pay Netley a non-refundable sum of \$50,000 (exclusive of GST) by way of electronic bank transfer on satisfaction of Conditions Precedent (a) and (c) below (Cash Consideration). The Cash Consideration will be paid within 2 business days of the satisfaction of Conditions Precedent (a) and (c). (d) Pay to Netley a 1% net smelter royalty in respect of any minerals mined from the area within the boundaries of the Acquisition Tenements and in respect of gold mined by the Company on E77/2644 (Royalty) on the terms and conditions of the Royalty Deed between the parties.
Conditions Precedent	<p>Completion of the Acquisition is conditional upon the satisfaction of the following conditions precedent:</p> <ul style="list-style-type: none"> (a) due diligence: completion of financial, legal and technical due diligence by the Company on the Tenements; (b) regulatory approvals: both parties obtaining all necessary regulatory approvals or waivers pursuant to the ASX Listing

	<p>Rules, Corporations Act or any other laws to allow both parties to lawfully complete the matters set out in the Acquisition Agreement including the approval of the terms of the Performance Shares; and</p> <p>(c) board approvals: the Company obtaining consent from the Company's Board of Directors,</p> <p>(together, the Conditions Precedent).</p> <p>If:</p> <p>(a) conditions (a) and (c) are not satisfied or waived by the Company on or before 5pm AWST on 25 August 2022 (or such later date as the parties may agree) (Initial Date);</p> <p>(b) condition (b) is not satisfied on or before 5pm AWST on 21 November 2022 (or such later date as the parties may agree) (End Date),</p> <p>then either party may terminate this Acquisition Agreement by notice in writing to the other party.</p>
<p>Iron Ore Rights</p>	<p>(a) Netley retains the Iron Ore Rights with respect to the Acquisition Agreement (Preserved Rights).</p> <p>(b) Netley may enter the Acquisition Tenements areas for the sole purpose of carrying out exploration and/or mining operations for Iron Ore provided they do not interfere with the activities of the Company.</p> <p>(c) Netley shall notify the Company if it discovers any geological concentrations of minerals other than Iron Ore on the Acquisition Tenements.</p> <p>(d) The Company shall immediately notify Netley if it discovers any geological concentrations of Iron Ore on the Acquisition Tenements.</p> <p>(e) Netley will retain the priority right to conduct exploration over the immediate area of its Fe Target and the priority right to this area will be maintained if an Fe discovery is made.</p>
<p>Initial Access</p>	<p>On and from the satisfaction of the Conditions Precedent (a) and (c) and payment of the respective Cash Consideration, Netley will grant the Company access to commence exploration activities on the Tenements.</p>
<p>Completion</p>	<p>Completion of the Acquisition will occur on that date which is two (2) business days after the satisfaction or waiver of the last of the Conditions Precedent (Completion Date).</p> <p>At Completion, the Company will:</p> <p>(a) issue the Consideration Shares and Performance Shares to Netley (or its nominee); and</p> <p>(b) deliver to Netley signed copy of the Royalty Deed.</p>
<p>Title and Post-Completion Obligations</p>	<p>(a) Risk related to Sale Assets passes from Netley to the Company at Completion.</p> <p>(b) Title to E77/2645 passes from Netley to the Company at Completion.</p>

	<p>(c) From Completion, Netley must promptly pass to the Company a copy of any notice or communication received by Netley from any government authority or third party in any way affecting or relating to the Tenements and must not respond in any way to any such notice or communication without prior written consent of the Company.</p> <p>(d) On and from the Completion Date, Netley grants to the Company the exclusive licence, right and liberty to enter the Tenements for the purposes of carrying out mining operations.</p> <p>(e) To effect Completion, Netley will need to obtain all necessary approvals or consents required under the Mining Act and the mining regulations made under it.</p>
E77/2912 and E77/2675 – Ministerial Consent	<p>The transfer of legal title of E77/2912 and E77/2675 will occur upon the earlier of:</p> <p>(a) ministerial consent to the transfer of title to the Tenements being obtained under the Mining Act; or</p> <p>(b) the expiry of the first year of term for which the relevant Tenement was granted,</p> <p>(whichever occurs earlier).</p>
Caveats	<p>Either party may lodge caveats in respect of the Tenements.</p>
Maintenance of Tenements	<p>During the period from the Execution Date to Completion or termination of the Acquisition Agreement, whichever is sooner:</p> <p>(a) the Company must:</p> <p>(i) maintain the tenements in good standing in accordance with the conditions of grant of the Tenements; and</p> <p>(ii) not do anything that may put the Tenements at risk of forfeiture or loss.</p> <p>(b) Netley must:</p> <p>(i) not do anything that may put the Tenements at risk of forfeiture or loss; and</p> <p>(ii) not relinquish any portion of the Tenements except with the written agreement of the Company.</p> <p>From Completion, the Company must:</p> <p>(a) maintain the Acquisition Tenements in good standing in accordance with the conditions of the grant of the Tenements; and</p> <p>(b) not do anything that may put the Acquisition Tenements at risk of forfeiture or loss.</p>
Governing Law	<p>The Acquisition Agreement shall be governed and construed in accordance with the law in Western Australia.</p>
Assignment	<p>Neither party may assign its rights and obligations in and under this Acquisition Agreement to another party unless agreed by both parties in writing.</p>
Milestone Hurdles and	<p>A Performance Share will be able to be converted into a Share by the Holder (as defined in Schedule 2) subject to the achievement of the</p>

**Conversion of
the
Performance
Shares**

relevant Milestone Hurdles (as defined in Schedule 2). The Company and Netley agree that there can only be a maximum of 1,500,000 Performance Shares issued to the maximum value of \$1,500,000 based on achievement of 3 of the 4 Milestone Hurdles.

SCHEDULE 2 – SUMMARY OF PERFORMANCE SHARES

The terms and conditions of the Performance Shares, to be issued by the Company are set out below:

(a) **Entitlement**

Each Performance Share entitles the holder (**Holder**) to subscribe for one Share upon satisfaction of the Milestone Hurdle (set out below) and issue of the Conversion Notice (defined below) by the Holder.

(b) **Notice of satisfaction of Milestone Hurdle**

The Company shall give written notice to the Holder promptly following satisfaction of a Milestone Hurdle (defined below).

(c) **No voting rights**

A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.

(d) **No dividend rights**

A Performance Share does not entitle the Holder to any dividends.

(e) **No rights to return of capital**

A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) **Rights on winding up**

A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(g) **Not transferable**

A Performance Share is not transferable.

(h) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.

(i) **Application to ASX**

The Performance Shares will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Performance Share on ASX within the time period required by the ASX Listing Rules.

(j) **Participation in new issues**

A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Conversion on change of control**

Subject to paragraph (l) and notwithstanding the relevant Milestone Hurdle has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

(l) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Share under paragraph (k) or (n) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:

- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (l)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

(m) **No other rights**

A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

(a) **Milestone Hurdles**

A Performance Share will be able to be converted into a Share by a Holder

subject to the achievement of the following Milestone Hurdles (it is agreed that there can only be a maximum value of \$1,500,000 of Performance Shares issued in the Company (i.e. only 3 of the Milestone Hurdles being achieved) as follows:

(i) **Milestone Hurdle A**

Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 50,000 ounces of contained gold at a minimum grade of 0.5g/t Au within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares for Milestone Hurdle A convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of Milestone Hurdle A or \$0.10 per share, whichever is the higher.

(ii) **Milestone Hurdle B**

Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 4.0 Kt of contained nickel at a minimum grade of 0.5% Ni within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares for Milestone Hurdle B convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of Milestone Hurdle B or \$0.10 per share, whichever is the higher.

(iii) **Milestone Hurdle C**

Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 1,100 tonnes of contained lithium at a minimum grade of 1.0% Li₂O within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares for Milestone Hurdle C convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of Milestone Hurdle C or \$0.10 per share, whichever is the higher.

(iv) **Milestone Hurdle D**

Performance Shares to the maximum value of \$500,000 will vest and be able to be converted into ordinary shares on the delineation of a JORC compliant (2012 edition) Inferred Mineral Resource Estimate of 270 Mlbs of contained copper at a minimum grade of 0.5% Cu within any one or more of the Tenements comprising the Koolyanobbing Greenstone Belt Project. The number of shares to which the Performance Shares for Milestone Hurdle D convert will be based off the volume weighted average share price of the Company over 20 consecutive days on which shares are traded, immediately prior to satisfaction of Milestone Hurdle D or \$0.10 per share, whichever is the higher.

(b) **Conversion Notice**

A Performance Share may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is three (3) months after the date that the Milestone Hurdle is achieved, or the Vendor is notified that the Milestone Hurdle is achieved in accordance with paragraph (b), whichever date is later. No payment is required to be made for conversion of a Performance Share to a Share.

(c) **Lapse**

Each of the Performance Shares shall lapse on the date that is 5 years of the date on which the Performance Shares are approved by the Company's shareholders at a general meeting (**Expiry Date**).

(d) **Expiry Date**

If the relevant Milestone Hurdle has not been achieved by the relevant Expiry Date, then the relevant Performance Shares will automatically lapse. For the avoidance of doubt, a Performance Share will not lapse in the event the relevant Milestone Hurdle is met before the relevant Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (l) above.

(e) **Issue of Shares**

The Company will issue the Share on conversion of a Performance Share within 5 business days following the conversion or such other period required by the ASX Listing Rules.

(f) **Holding statement**

The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 business days following the issue of the Share.

(g) **Ranking Upon conversion**

The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

(h) **ASX Listing Rule Compliance**

The Board reserves the right to amend any term of the Performance Shares to ensure compliance with the ASX Listing Rules.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.00am (WST) on Tuesday, 22 November 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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IN PERSON:

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