

AUSTRALIAN SILICA QUARTZ GROUP LIMITED

HARD ROCK SILICA QUARTZ – QUEENSLAND PROJECTS UPDATE



HIGHLIGHTS

- Successful application for \$132,000 in funding to drill and conduct testwork on the White Springs High Purity Quartz Project under the Queensland Governments Critical Minerals collaborative Exploration Incentive Scheme Round 7.
- Heritage clearance surveys for White Springs and Quartz Hill in progress.
- Drilling of White Springs and Quartz Hill Projects expected to be undertaken in coming months
- ASQ enters Memorandum of Understanding with a global investor focused on renewable energy and the energy transition to undertake a drill programme at Quartz Hill with the aim of updating the current 14Mt JORC 2004 Quartz Resource to JORC 2012 and scope development of a potential project. The investor has agreed in principle to pay a contribution to the work to be undertaken and will in return receive the offtake of up to 10Mt Quartz at a small discount to the market price. The MOU is subject to a 3 month period of due diligence, finalizing formal agreements and signoff from the investor's Investment Committee. The MOU terms are subject to confidentiality agreements pending completion of negotiations.
- As part of the MOU, ASQ and the investor will also work together on all ASQ's Queensland projects with a view to targeting substantial and sustainable supply of lump quartz suitable for silicon metal feedstock, and high quality quartz suitable for crucible production.



*White Springs
Quartz
Occurrence in
Far North
Queensland
(ASQ 100%)*

27 April 2023

ASX Code: ASQ

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GROUP LTD**

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Australian Silica Quartz Group Limited (ASX:ASQ, 'ASQ' or the 'Company') is pleased to provide the following update on the Queensland hard rock silica quartz projects.

The Company has three granted exploration permits in Far North Queensland with known quartz occurrences with the potential to contain high grade and high purity silica.

Testwork of rock chip samples from Far North Queensland on granted tenements has returned results up to 99.99% SiO₂ after acid washing (ASQ (2021). *Hardrock High Purity Quartz and Silica Update – Revised. ASX Release 15 December 2021*).

The Queensland quartz projects have been a focus for the Company in 2023. Within the three granted, 100% ASQ owned, exploration permits are a number of significant quartz occurrences. The most advanced of these prospects are known as White Springs and Quartz Hill.

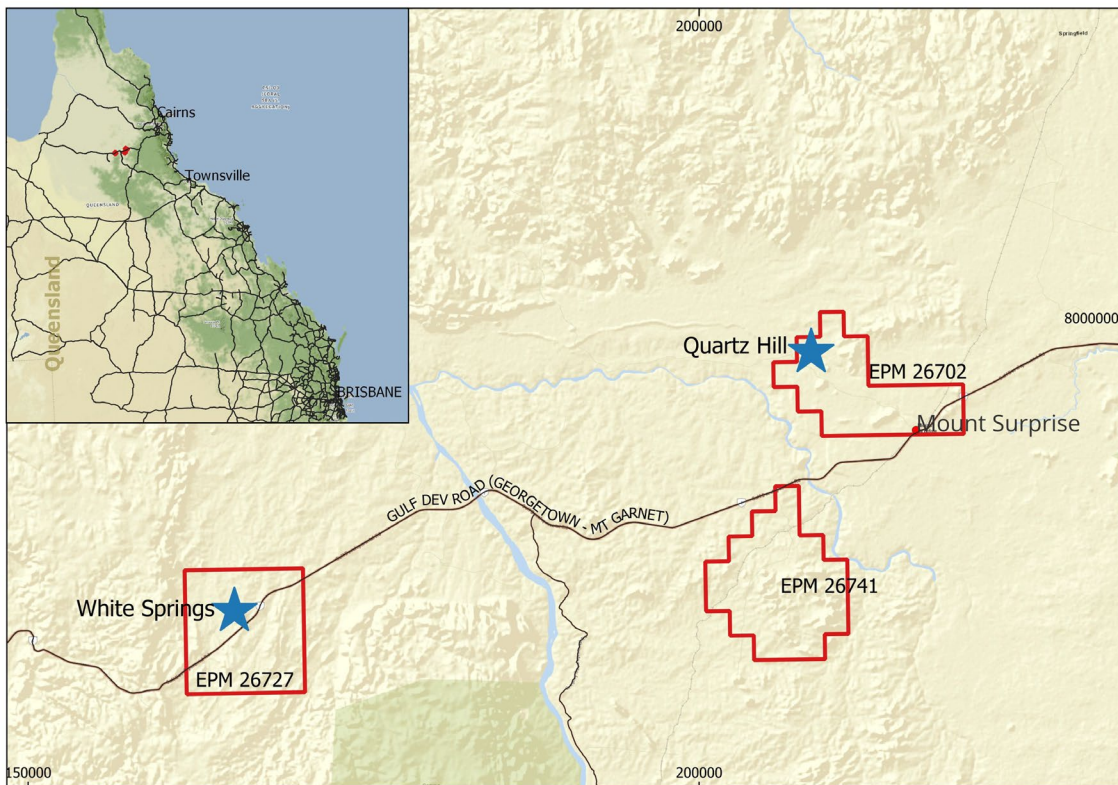


Figure 1 – ASQ Queensland Hardrock Quartz Projects – Locality Map

White Springs High Purity Quartz Project

ASQ is exploring the White Springs quartz occurrence located 50km west of Mt Surprise on granted exploration permit EPM 26727 (ASQ 100%) in Far North Queensland. The Company believes White Springs has the potential for economic deposits of quartz suitable for processing into high purity silica products with applications in the electronics and solar silicon industries. Rock chip samples taken by the Company at the White Springs location have returned silica assays to 99.98% SiO₂.

ASQ has been successful in the Round 7 Queensland Government Collaborative Exploration Initiative (CEI) Scheme with approval for \$131,656 in funding on the basis that drill testing of the White Springs High Purity Quartz Project and subsequent metallurgical testwork has potential to contribute to the discovery of deposits of critical minerals in the State of Queensland, demonstrating potential for high purity silica products. ASQ will drill the deposit to confirm the vertical and lateral extent of the quartz mass and drill samples generated will be utilised for metallurgical tests informing assessment of the deposit's economic potential.

Quartz Hill Metallurgical Grade Quartz Project

Quartz Hill is one of several large masses of epithermal quartz within EPM 26702 10km north west of Mt Surprise in Far North Queensland. ASQ considers the deposit to have potential as a source of lump quartz feedstock for silicon metal production.

Previous explorers have reported a historic resource of 14Mt at 99% SiO₂ for Quartz Hill.

*Quartz Hill
EPM 26702
(ASQ 100%)*



MOU with Global Investor

ASQ has signed a Memorandum of Understanding (“MOU”) with a global investor focused on renewable energy and the energy transition.

The investor is a long-term investor in renewable energy infrastructure assets and businesses essential for the energy transition and wishes to both secure and decarbonize the supply chain for photovoltaic module manufacturing.

The investor also has an affiliated services provider which undertakes project identification, negotiation, project development, equipment procurement, construction supervision and new business origination and sponsorship for the benefit of investment funds and vehicles managed by the investor.

The MOU is subject to a 3 month period of due diligence, finalizing formal agreements and signoff from the investor’s Investment Committee. If the MOU proceeds to a binding agreement, ASQ will receive an upfront contribution towards funding the exploration of the ASQ Queensland quartz projects with the aim of establishing silicon grade lump quartz mineral resource of at least 10Mt. In return the investor will receive the rights to exclusive offtake of the first 10Mt of silicon grade lump quartz.

Current Work Programs

Heritage Surveys of both the White Springs and the Quartz Hill areas are underway at the time of reporting ahead of the drilling programs planned for mid 2023.

R&D Program

A Research and Development program has been underway utilising samples collected from the Company's tenement package. The program involves comparing innovative processing techniques with conventional methods with the aim of producing a high purity product ("HPQ") from ASQ's existing prospects. Testwork to date indicates the innovative processing flowsheet developed by ASQ's HPQ R&D program compares favourably to conventional processing methodology (ASQ (2021). *Hardrock High Purity Quartz and Silica Update – Revised. ASX Release 15 December 2021*). Recent work has focused on the fine tuning of the process parameters and on the commercialisation of the process flowsheet to make it suited to large scale industrial production. Testwork initiated in late 2022 is due for completion during Q2 2023.

This announcement has been approved for release by the Board

Competent persons statement

The information in this document that relates to exploration results is based on data collected under the supervision of Mr Nick Algie in his capacity as Exploration Manager for Australian Silica Quartz Group Limited. Mr Algie is a registered member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the type of deposit and style of mineralisation under consideration to qualify as a competent person under the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie consents to the inclusion of the data in the form and context in which it appears.

The Information in this report that relates to Exploration Results for the ASQ hard rock quartz projects is extracted from the ASX announcements titled "Hardrock High Purity Quartz and Silica Update – Revised" released on 15 December 2021 which is available at www.asqg.com.au.

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