

TRIAL SHIPMENT OF SILICA SAND EXPORTED TO SOUTH KOREA

HIGHLIGHTS

- 45 tonne trial shipment of silica sand product ASQ-GWW1 shipped in sea containers to Busan, South Korea from Fremantle on the 19th of October
- Sand purchased by customer on CFR basis at a sustainably profitable rate
- Trial shipment has potential to lead to ongoing bulk offtake



Fig 1: Stockpiled ASQ-GWW1 awaiting bagging for trial shipment



Fig 2: Bagged ASQ-GWW1 Silica Sand loaded into sea containers for export

21 October 2020



ASX Code: ASQ
AUSTRALIAN SILICA QUARTZ GROUP LTD

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

CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY:

Sam Middlemas

Head Office:

Suite 10, 295 Rokeby Road
Subiaco WA 6008

Mail:

Suite 10, 295 Rokeby Road
Subiaco WA 6008
T: +61 8 9200 8200
F: +61 9 9200 8299
E: admin@asqg.com.au
W: www.asqg.com.au

Share Registry:

Automic Group
GPO Box 5193
Sydney NSW 2001
T: 1300 288 664 (within Australia)
T: +61 2 9698 5414 (International)
www.automicgroup.com.au

In January 2019 Australian Silica Quartz Group Limited (“**The Company**”) executed a binding terms sheet (“**Term Sheet**”) through its wholly owned subsidiary Australian Silica Quartz Pty Ltd (“**ASQ**”) with Urban Resources Pty Ltd (“**Urban**”) to jointly exploit Urban’s Silica Sand deposit located in Bullsbrook, Western Australia (ASQ (2019). *Updated Silica Sand Term Sheet. ASX release 21 January 2019*).

A JORC 2012 Inferred Mineral Resource of 10.7 million tonnes @ 99.8% SiO₂ was completed by the Company in early 2019 on the raw sand at the Bullsbrook tenement M70/326 (ASQ (2019). *Marella Road Silica Sand Deposit Maiden Resource. ASX Release 23 April 2019*).

The Company has developed specifications for two silica sand products (ASQ-GWW1 and ASQ-GWSC1), both suitable for export and use in the glass manufacturing, foundry, coatings and electronics industries. (ASQ (2019) *Spiral and classifier testwork results for the M70/326 silica sand products. ASX Release 29 January 2019*).

ASQ-GWW1 is a washed sand product that is presently available in stockpiles produced by the existing Urban washing plant.

ASQ-GWSC1 is a higher-grade product that can be produced following an upgrade of the washing plant to include spiral and classification circuits.

On the 19th of October two 20’GP sea containers with 45 tonnes of bagged ASQ-GWW1 were loaded onto a ship at Fremantle port bound for Busan, South Korea. The Company has received a 50% part payment in advance for this trial shipment, with the balance to be paid upon presentation of the Bill of Lading in the next couple of days. The price was agreed on a CFR basis with the silica sand sold at a premium to any on-going export bulk silica sand price to cover the additional costs of bagging and loading into a container.

The sand price, the identity of the customer and the end use of the sand are considered to be commercially sensitive and confidential.

ASQ-GWW1 – Chemistry Specification

Al	Al ₂ O ₃	Ti	TiO ₂	Fe	Fe ₂ O ₃	SiO ₂ + LOI
112 ppm	0.0212 %	343 ppm	0.0527 %	138 ppm	0.0197 %	99.9 %

ASQ-GWSC1 – Chemistry Specification

Al	Al ₂ O ₃	Ti	TiO ₂	Fe	Fe ₂ O ₃	LOI ₁₀₀₀ ^o c	SiO ₂ + LOI
98 ppm	0.0186 %	166 ppm	0.0277 %	60 ppm	0.009 %	0.08 %	99.94 %

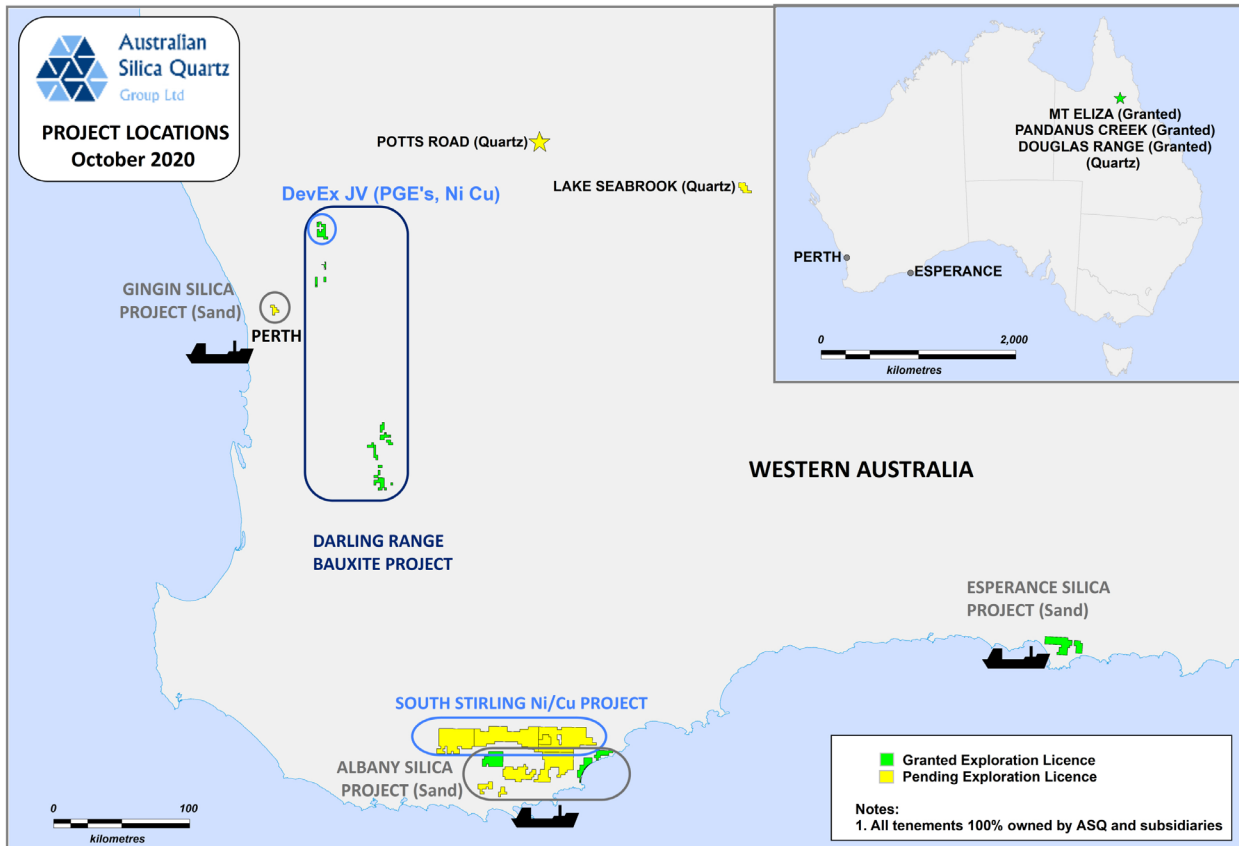
This Announcement has been authorised by the board.

For further information regarding Australian Silica Quartz Group Limited, please visit www.asqg.com.au or contact:

Australian Silica Quartz Group:

Sam Middlemas
 Chief Executive Officer
 Tel +61 8 9200 8200

About Australian Silica Quartz Group Limited



ASQ DEVEX 50/50 JV (non dilutable at ASQ's election)

ASQ has entered into a joint venture with DevEx Resources ("DevEx" ASX:DEV) on its 100% owned E70/3405 tenement located along strike from Chalice Gold Mines ("Chalice" ASX:CHN) nickel copper platinum group elements Julimar discovery in WA. The first \$3M expenditure on the JV area is to be fully funded by DevEx to earn 50%. ASQ has the option to jointly fund future expenditure to maintain 50% share or opt to allow DevEx to fund the next \$3M to earn a further 20% share in non bauxite minerals. Initial geochemical and geophysical exploration work has returned positive results with the establishment of multiple drill targets. (refer full detail in the 1 June 2020 announcement *ASQ reaches agreement for funding of exploration on its tenement in Julimar Region, WA*, 8 October 2020 announcement *Update on Geophysics Targets at ASQ/DevEx JV in Julimar Region, WA*, and 19 August 2020 announcement *Update on ASQ/DevEx 50/50 JV in Julimar Region, WA*).

SILICA

ASQ has established a range of silica sand and hardrock projects held via exploration licence applications 100% owned by ASQ's subsidiary Australian Silica Quartz Pty Ltd. These projects now consist of 12 granted exploration licences and 8 applications covering approximately 1,500 km² within Western Australia and Queensland.

High grade silica (99.5-99.9% SiO₂) and high purity silica (>99.95% SiO₂) currently have a wide range of applications. All indications suggest the high grade and high purity silica market is currently growing strongly due to greater demand from the PV Solar, TFT glass, Electronics, Flat Glass and Speciality Glass industries. This is reinforced by the level of enquiries received from qualified end user customers the Company has received primarily from China and South East Asia.

SILICA SAND

ASQ's high grade silica sand projects are located in the regions of Albany, Gingin and Esperance in the south west of Western Australia.

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

In addition to its wholly owned silica exploration projects ASQ has reached an agreement with an existing local sand producer. In 2019 the Company executed a binding terms sheet with Urban Resources Pty Ltd (Urban) to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia. Urban has operated the mine for the last six years and produced over 1Mt from the deposit in last two years. The ASQ/Urban Resources agreement presents the Company with the opportunity to potentially fast track its entry into the DSO silica sand export market. ASQ have completed a JORC 2012 Inferred Mineral Resource on the raw sand at Urban's Maralla Road tenement M70/326 (refer full detail in the 7 May 2019 announcement *Update on Maralla Road Silica Sand Deposit Maiden Resource* and 29 January 2020 announcement *Spiral and Classifier Testwork Results for the M70/326 Silica Sand Products*).

HARDROCK QUARTZ R&D

The Company is undertaking an R&D program aiming to develop a high purity, high value silica quartz product. To this end the Company has secured a number of hardrock quartz tenements and is progressing with a research and development project in this area. Assays from rock chip sampling of ASQ's hard rock tenements reported grades of up to 99.993% SiO₂ with processed hard rock samples demonstrating further grade improvement. (refer full detail in the 14 December 2017 announcement *Silica Sand and Hardrock Quartz Project Updates*)

SOUTH STIRLING Ni/Cu PROJECT

ASQ has established the South Stirling Ni/Cu Project by way of four exploration lease applications lodged covering 1,603 km² over the Albany Fraser Mobile Belt, South Western WA where the Company has identified a historic end of hole aircore drilling assay of 1.5m at 0.79% Ni, 934 ppm Cu, 832 ppm Co from 28.5m that was never followed up. ASQ considers the application area has potential for Nickel-Copper magmatic sulphide mineralisation associated with mafic-ultramafic intrusions emplaced into granulite facies country rocks. (refer full detail in the 23 September 2020 announcement *Exploration Update*.)

BAUXITE JV

ASQ has a joint venture with HD Mining & Investments Pty Ltd (HDM). HDM is currently working towards obtaining a 40% interest in the bauxite rights of several tenements under the joint venture which are wholly owned by ASQ. Exploration activities are fully funded by HDM. Should HDM and ASQ make a subsequent decision to mine, then HDM will earn an additional 20% interest in bauxite rights on the tenements. ASQ maintains 100% interest in all other minerals. A ninety five million tonne Bauxite JORC resource has been identified under this JV. (refer Company Annual Financial Report for 2020 - Mineral Resources and Ore Reserves section)

BAUXITE ROYALTY

Following the sale of the Bauxite Resources Joint Venture Bauxite Project to Yankuang Group a royalty on future bauxite sales from the project of 0.9% of FOB price payable to ASQ was negotiated. The Yankuang Group bauxite project contains in excess of 300 million tonnes in the world class bauxite region in the Darling Range, Western Australia. ASQ is entitled to a royalty of 0.9% of the FOB price on the first 100 million tonnes mined (under current prices of Bauxite this royalty would equate to approx. A\$0.50/tonne)(refer full detail in 30 November 2015 announcement *Final Agreements signed with Yankuang for sale of Joint Venture Interest and Buy Back of Shares*)

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 style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the '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.