



Australian Silica Quartz Group Ltd

ABN 72 119 699 982

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2020 and any public announcements made by Australian Silica Quartz Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Silica Quartz Group Limited (ASQ) and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

The names of the Company's directors who held office at the end of the half-year are as follows.

Robert Nash – Non Executive Chairman

Neil Lithgow – Non Executive Director

Luke Atkins – Non Executive Director

Pengfei Zhao – Non Executive Director – Appointed 9 October 2020 replacing Zhaozhong Wang

Zhaozhong Wang – Non Executive Director – Resigned 9 October 2020

REVIEW OF OPERATIONS

BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2020 the Company's main focus has been the exploration and development of the Silica Sand projects at Albany, Esperance and Gingin, and Hard Rock Silica Quartz projects in the South West of WA and Far North Queensland along with the bauxite projects held within the HD Mining Joint Venture.

Exploration of the Sovereign Copper Nickel PGE prospect on ASQ's tenement E70/3405 continued under the joint venture between ASQ and DevEx Resources Limited ("DevEx", ASX: DEV).

The Company has established the South Stirling Nickel Copper Project by taking a strategic position over the Biranup Zone of the Albany-Fraser Orogeny located in the south-west of Western Australia.

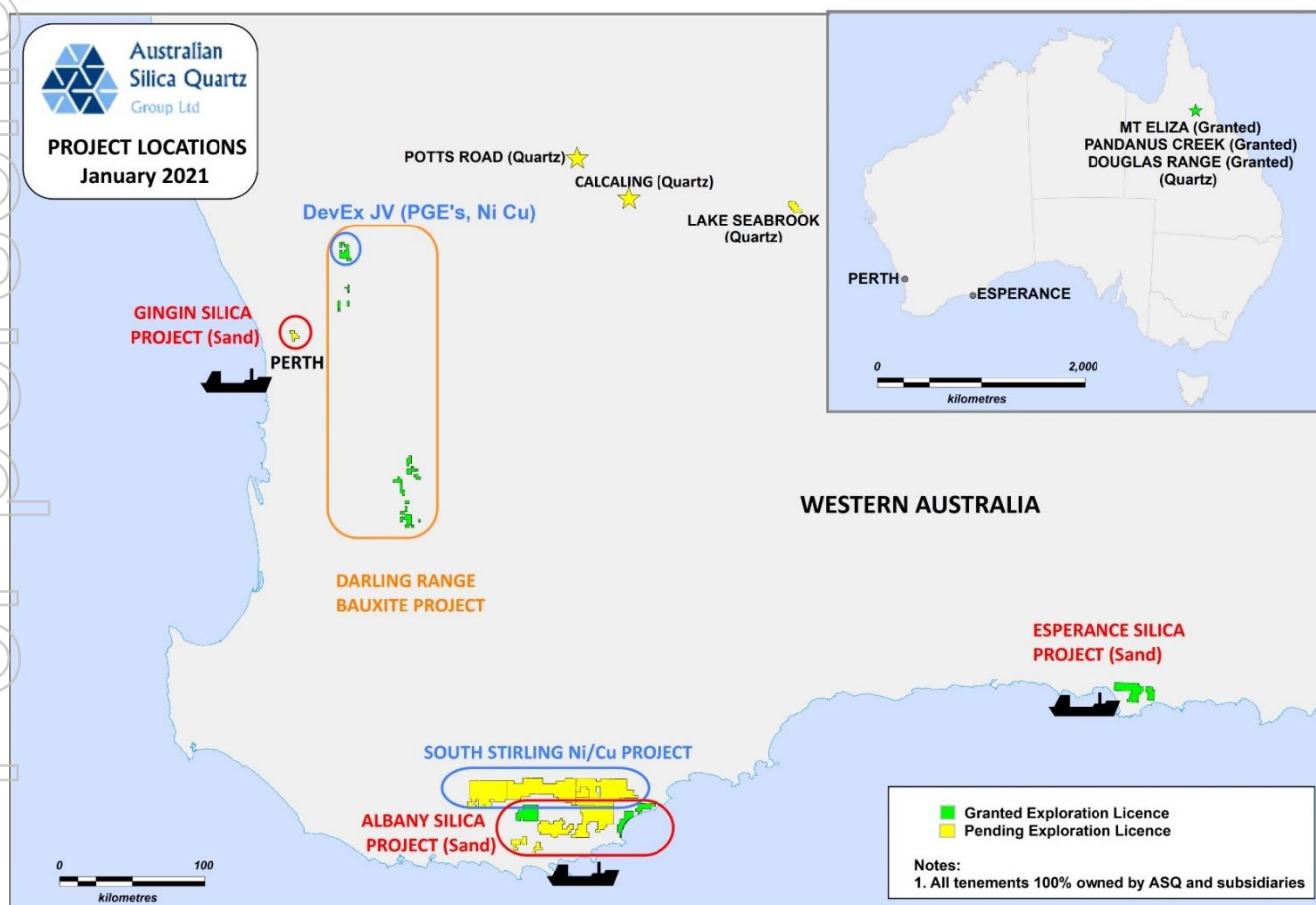


Figure 1: ASQ Project Locations

Directors' Report cont.

SILICA

Albany White Hill Silica Sand Project

The Company has entered into an Exploration and Mining Access agreement (“access agreement”) on a property located 70km east of Albany (See Figure 2). This property has been selected following extensive desktop assessment and roadside reconnaissance over the last +18 months.

The access agreement covers an area of 189 Ha located on ASQ’s 100% owned exploration licence E70/5262 and covers access for both exploration and also for mining should the project progress to development.

During the half year the company completed a program of hand auger drilling to refine the exploration target ahead of resource definition drilling work (ASQ (2020). *Exploration Update. ASX Release 23 September 2020*). A vacuum drilling program consisting of 76 holes for 489 m was undertaken in November 2020 (ASQ (2020). *Encouraging Results from Albany Silica Sand Drilling. ASX Release 9 December 2020*).

Composite samples from the vacuum drilling program have been used to carry out preliminary 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 is expected to be suitable for industries such as general and specialty glass making including PV panel cover glass and optical glass. Other suitable applications may include foundry and filter sands, electronics component manufacturing and engineered stone manufacturing. The sand is expected to be high yielding with little waste produced (ASQ (2021). *Maiden High Grade, Low Iron, Silica Sand Resource. ASX Release 28 January, 2021*).

An independent Mineral Resource estimate was carried out by Ashmore Advisory Pty Ltd (“Ashmore”). The Mineral Resource totals 11.6 Mt with >99.9% SiO₂ and <50 ppm Fe₂O₃ and extends over a strike length of 1,650m (from 6,159,250mN to 6,160,900mE, has a maximum width of 1,565m (from 639,975mE to 641,530mE) and was modelled from surface to a depth of approximately 14m below surface (ASQ (2021). *Maiden High Grade, Low Iron, Silica Sand Resource. ASX Release 28 January, 2021*).

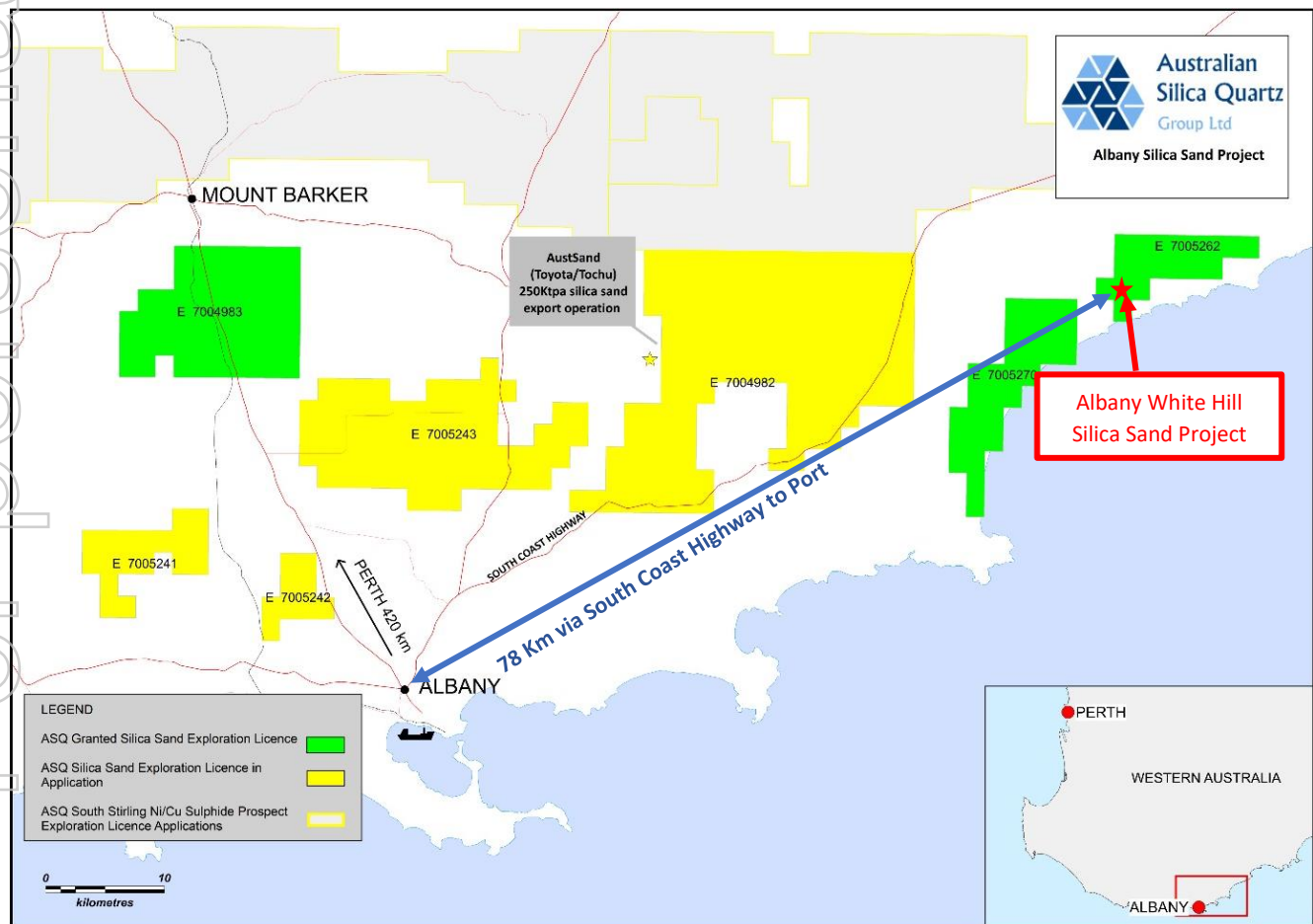


Figure 2: Location of the Albany White Hill Silica Sand Project on E70/5262 east of Albany. ASQ South Stirling Ni-Cu Sulphide tenements shown for context. Other holder tenements not shown.

Directors' Report cont.

Table 1 below gives the results of the Mineral Resource estimate.

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

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

A Scoping Study has commenced looking at the suitability of the deposit for development into a 0.5 – 1.0 Mtpa export operation. The study will include stakeholder consultation, preliminary engineering design, environmental assessment, logistics and market assessments along with operational and capital expenditure estimates and financial modelling.

The company expects to be able to report the results of the Scoping Study by Q3 2021.

ASQ/Urban Resources Business Venture – Silica Sand Project

ASQ continues to market the two high grade silica sand products developed from the 10.7 million tonnes @ 99.8% SiO₂ JORC 2012 Inferred Mineral Resource at the Bullsbrook tenement M70/326⁽¹⁾ (ASQ (2020). Marella Road Silica Sand Deposit Maiden Resource. ASX release 23 April 2019 & Silica Sand Testwork. ASX Release 29 January 2020). ASQ entered into a binding Heads of Agreement with Urban Resources Pty Ltd on 19 January 2019 (“HOA”) to jointly exploit Urban’s silica sand deposit. The HOA continues to be subject to a number of conditions precedent including binding offtake sales, which when satisfied will lead to a formal agreement between the parties.

In Q3 2020 the company sent two 20’GP sea containers loaded with 45 tonne of bagged ASQ-GWW1 silica sand product to a customer in Busan, South Korea. The sand was sold on a CFR basis at a premium to the expected bulk sand price to cover the additional costs of bagging and loading into a container (ASQ (2020). Trial Shipment of Silica Sand Exported to South Korea. ASX release 21 October 2020). The sand was well received by the customer and they have now ordered an additional 44 tonnes which will be dispatched in February 2021. The customer has indicated they expect to place ongoing orders for containerised sand at higher volumes.

JULIMAR ASQ/DEVEX JOINT VENTURE - NICKEL COPPER PGE’S

ASQ and DevEx Resources Limited (“DevEx”, ASX: DEV), are engaged in a joint venture, (JV) on the portion of the 6x7km Sovereign magnetic complex located on ASQ’s E70/3405 with DevEx earning-in to the non-bauxite rights of the tenement by an initial spend of \$3m to earn a 50% interest with a minimum spend of \$250,000. 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 (ASQ (2020). ASQ Reaches Agreement for Exploration Funding of its Tenement in Julimar Region, WA. ASX Release 1 June 2020).

E70/3405 and the Sovereign magnetic complex is located along strike from the **Chalice Gold Mines Ltd (ASX: CHN)** nickel-copper-platinum group elements (Ni-Cu-PGE) Julimar discovery in WA (see Figure 3).

Re-assaying of the ASQ bauxite drilling samples and surface rock chip sampling has returned individual assays of up to 1,210ppm nickel (Ni), 395ppm copper (Cu), 6,830ppm chromium (Cr) and 83ppb palladium + platinum (Pd+Pt). These results are indicative of the presence of mafic-ultramafic rocks, similar to the rocks of the Julimar Complex which host the recent high-grade Ni-Cu-PGE discovery by Chalice Gold Mines Limited. (ASQ (2020). Update on ASQ/DevEx 50/50 JV in Julimar Region, WA. ASX Release 19 August 2020)

During the period the JV completed ground based moving loop electromagnetic (MLEM) surveys on 3 of 5 priority airborne electromagnetic targets on the Sovereign magnetic complex. DevEx plan to finish the MLEM surveying early in 2021 once the crops have been harvested. Aircore drilling is planned to be started in late January 2021.

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 2022. Negotiations are continuing to extend the agreement for an additional 5 years to 30 June 2027.

Directors' Report cont.

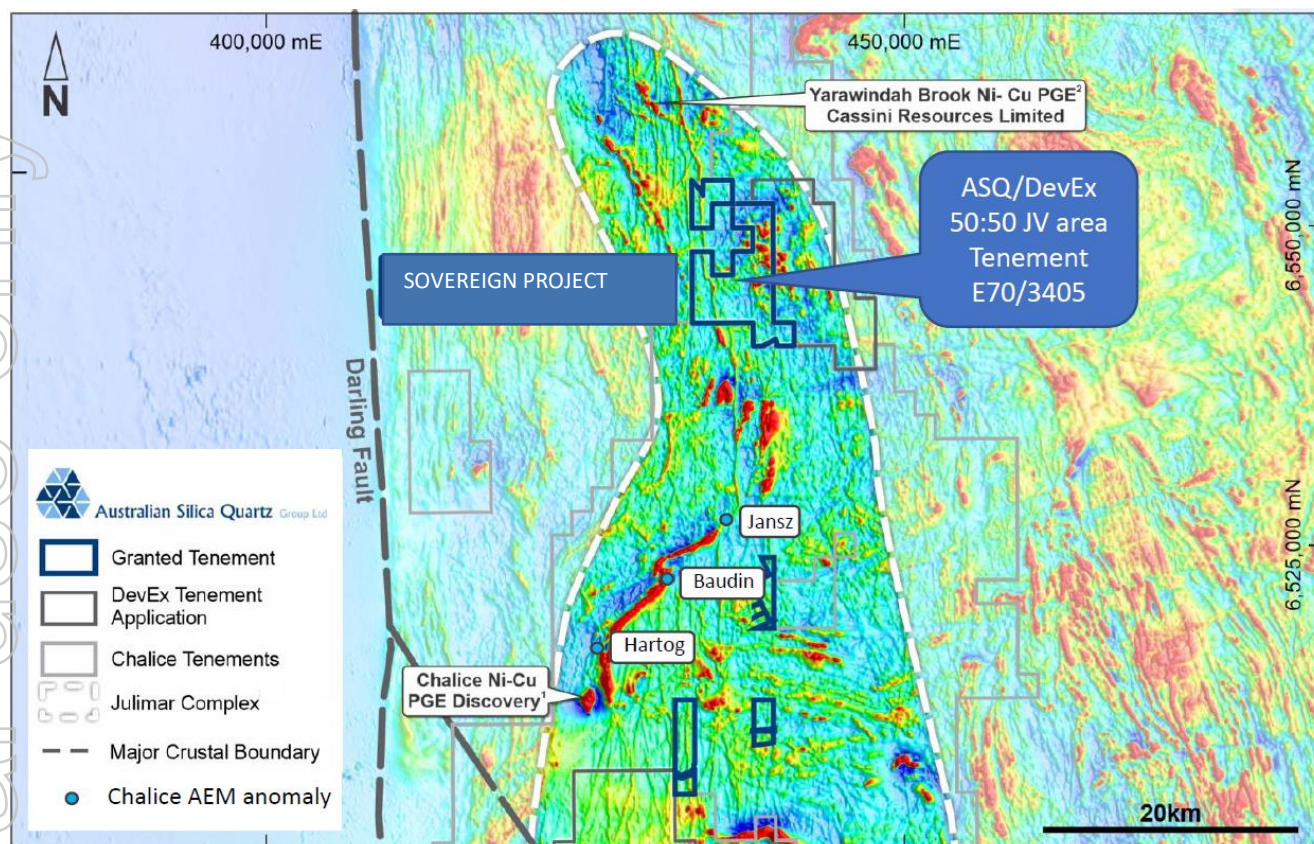


Figure 3: Location of Julimar Complex Sovereign Project with existing Ni-Cu-PGE discoveries on Aeromagnetic RTP image

SOUTH STIRLING NICKEL COPPER PROJECT – ALBANY FRASER BELT, WESTERN AUSTRALIA

ASQ has secured a strategic 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. (ASQ (2020). *Exploration Update*. ASX Release 23 September 2020)

The Company has applied for four tenements totalling 1,603 km² over a strategic section of the Biranup Zone of the Albany-Fraser Orogeny located in the south-west of Western Australia (see Figure 4 & 5) following the identification of an anomalous drill hole with elevated Ni, Cu and Cr. In 2015 Iluka Exploration Pty Ltd (Iluka) drilled 39 broad spaced air-core holes within the application area looking for mineral sand deposits in the overlying tertiary sediments. Drill hole W00324 was logged as ending in dark orange brown saprolite at a depth of 28.5 – 30 m. The Company considers the copper, nickel, and chromium results to be highly anomalous. This drill hole has never been followed up. Key element assay results for the W00324 EOH sample are given in Table 1.

Table 2. EOH assay results for Iluka air-core drill hole W00324

Easting	Northing	From	To	Cu	Ni	Co	Cr	Zn
mGDA94	mGDA94	metres	metres	ppm	%	ppm	%	ppm
602024	6172779	28.5	30	974	0.79	832	0.52	523

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

ASQ is reviewing historic exploration reports and regional open file datasets that cover the application ground to plan for initial exploration programs. Initial assessment suggests the basement rocks in the application area are mostly under tertiary sedimentary cover. Upon gaining ground access ASQ plans to conduct close spaced air-core drilling aimed to validate the anomalous Iluka result and improve the understanding of the host geology. The Company will also focus on developing an exploration strategy for the greater application area.

Directors' Report cont.

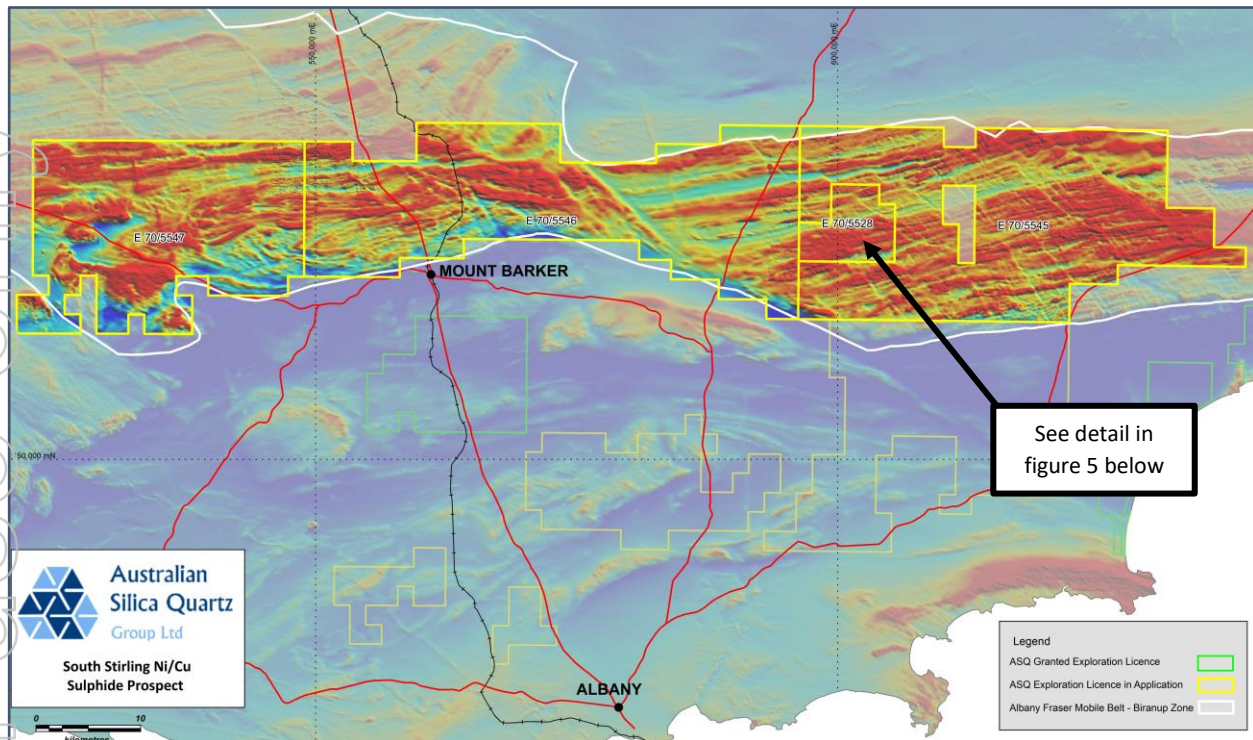


Figure 4. ASQ tenement applications overlying airborne magnetics with the outline of the Biranup Zone of the Albany-Fraser Mobile Belt. ASQ Albany Silica Sand Project tenements shown for context. Other holder tenements not shown. Albany Fraser Mobile Belt – Biranup Zone from the GSWA 1:500,000 Interpreted Bedrock Geology

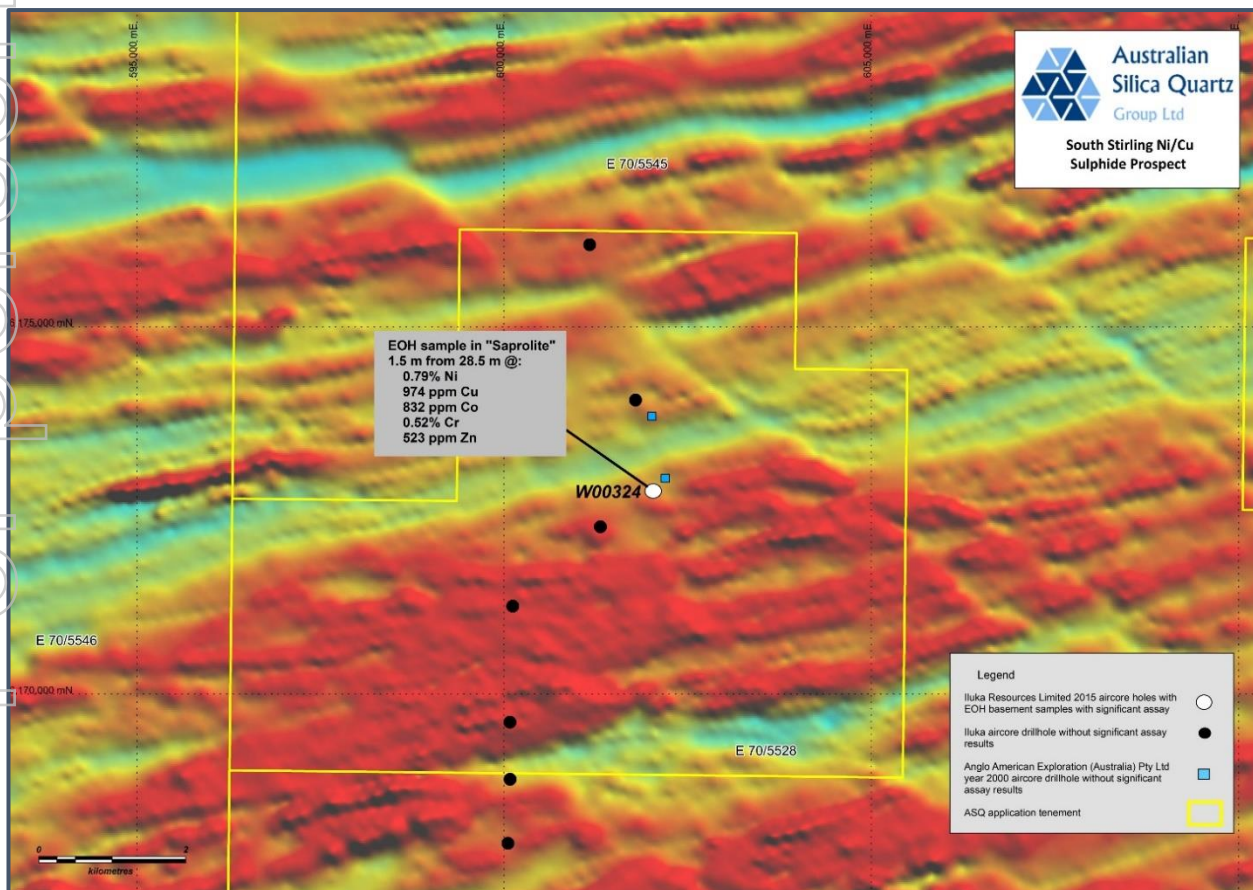


Figure 5. Iluka and Anglo American Exploration (Australia) Pty Ltd broad spaced drilling overlying airborne magnetics within ASQ exploration Licence applications E70/5528 (central), E70/5545 (east) & E70/5546 (west)

Directors' Report cont.

HARDROCK SILICA QUARTZ PROJECTS – WESTERN AUSTRALIA AND QUEENSLAND

The Company has three application exploration licences in the South West of Western Australia and three granted exploration permits in Far North Queensland. The leases cover known quartz deposits with the potential to contain high purity silica.

A 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 product from high grade silica sand or quartz.



BAUXITE EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING

In 2010 the Company entered into a JV 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 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
- 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.

The current JV resource stands at 94.7Mt and consists of 93.2Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 23 April 2018 Announcement – 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA).

ASQ and HD Mining continue to evaluate the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, see ASX announcement 15/07/14, Dionysus: 20.3Mt, 32.6% available alumina, 3.4% reactive silica, see ASX announcement 24/03/14, Ceres 21.9Mt, 31.4% available alumina, 3.2% reactive silica, see ASX announcement 23/04/18).

Directors' Report cont.

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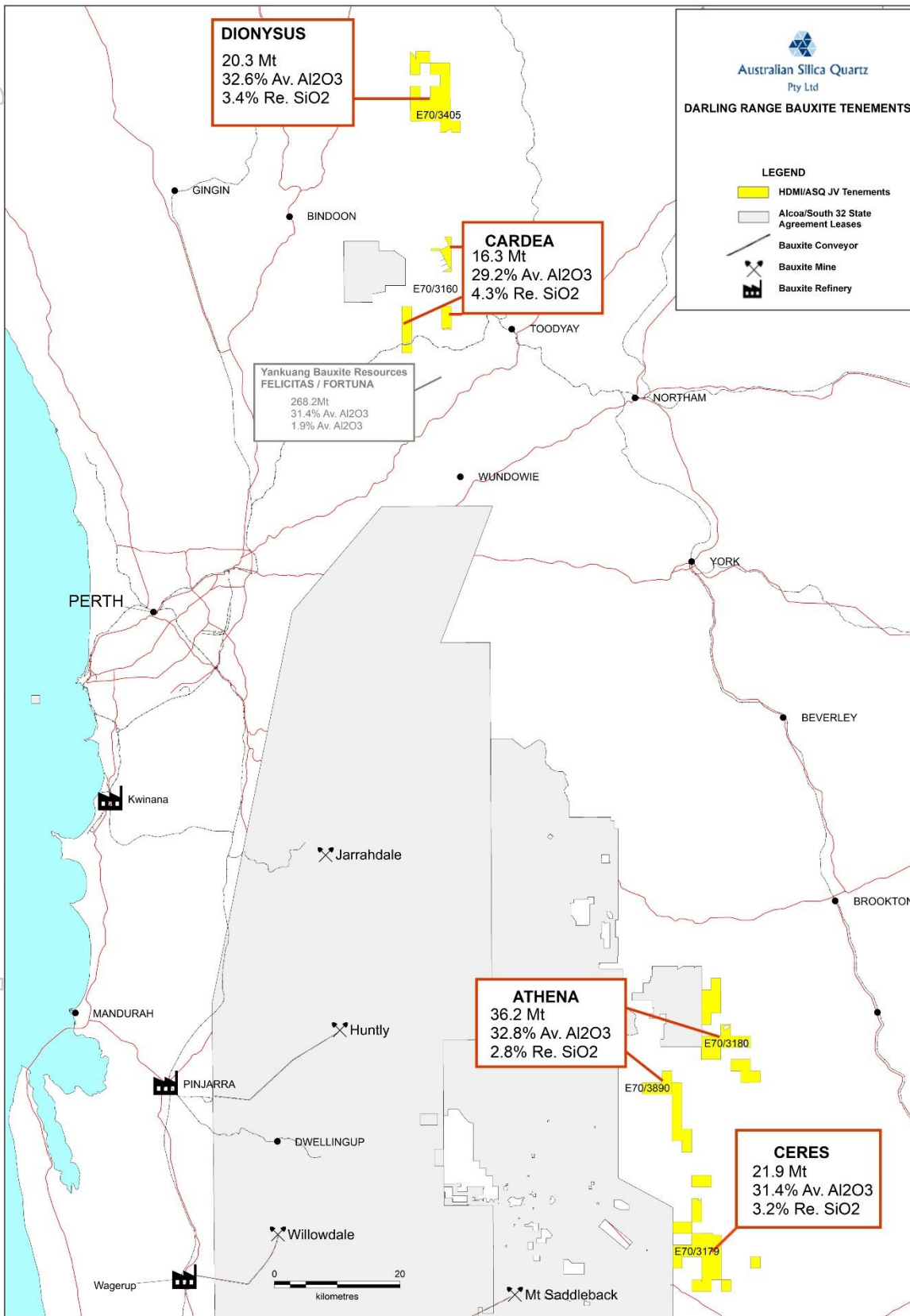


Figure 6 – ASQ/HD JV Mining Darling Range bauxite tenement holding and resource locations

Directors' Report cont.

CORPORATE

During the half year ended 31 December 2020 the Company successfully completed a \$3.75 million capital raising by share placement followed by a Share Purchase Plan at a Share Price of 7 cents/share. A total of 53.6 million new shares were issued.

This leaves the Group in a strong financial position with significant cash reserves and no debt. As at 31 December 2020 the Company held \$6.2 million in cash and retains two farming properties in Bindoon, Western Australia with carrying values of \$1.9m.

As at 31 December 2020 the Company had 1,089 shareholders and 267,993,712 fully paid ordinary shares on issue with the top 20 shareholders holding 66.18% of the total issued capital. During the half year 5,500,003 Performance Rights expired after failing to achieve the Performance Hurdle.

On 4 December 2020, following Shareholder approval at the AGM, there were 26,000,000 Performance Rights issued in equal tranches over 3 years, which if achieved will convert into 26,000,000 fully paid ordinary shares.

The Board will continue to focus on its Silica and Bauxite Projects, the Julimar ASQ/Devex Joint Venture and seek to enhance the value of these and its South Stirling Ni/Cu Project through exploration and development activities. It will continue to manage the Company in the best manner in which to maximise returns to shareholders.

COVID-19 has not had a material impact on the operation or financials of the business during the half-year.

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 9 for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the directors.



Robert Nash
Chairman

Perth, 9 March 2021

Competent Persons Statement

The information in this report that relates to the bauxite and silica sand resource base as a whole and the silica sand product specifications and testwork, was compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of ASQ. He is a shareholder in ASQ and is entitled to participate in ASQ's employee performance plan, details of which are included in ASQ's 2020 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 has consented to the inclusion in this report of material in the form and context in which it appears.

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

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

As auditor for the review of Australian Silica Quartz Group Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Su-an-lee Tan'.

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA
MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 9th day of March 2021.

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Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2020

	Notes	Consolidated Group	
		31 December 2020 \$	31 December 2019 \$
Continuing operations			
Recoupment of exploration costs	2	75,994	69,901
Other income	2	62,521	63,628
Interest income	2	12,640	34,033
Employee benefits expense		(90,820)	(98,100)
Exploration expenses as incurred	3	(335,583)	(312,791)
Administration expenses		(338,567)	(323,348)
Depreciation and amortisation expense		(2,649)	(5,473)
Share-based payments expense		(85,614)	(34,344)
Profit / (loss) before income tax		(702,078)	(606,494)
Income tax expense		-	-
Loss after income tax expense for the half-year		(702,078)	(606,494)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(702,078)	(606,494)
Loss for the half-year is attributable to:			
Owners of Australian Silica Quartz Group Limited		(702,078)	(606,494)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		(0.30)	(0.28)
Diluted earnings per share (cents)		(0.30)	(0.28)

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

Statement of Financial Position

At 31 December 2020

	Notes	Consolidated Group	
		31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		6,163,313	3,275,700
Trade and other receivables		182,496	102,928
TOTAL CURRENT ASSETS		6,345,809	3,378,628
NON CURRENT ASSETS			
Other financial assets		200,000	200,000
Property, plant and equipment		1,912,792	1,915,441
TOTAL NON CURRENT ASSETS		2,112,792	2,115,441
TOTAL ASSETS		8,458,601	5,494,069
CURRENT LIABILITIES			
Trade and other payables		59,735	58,381
Provisions		36,091	38,086
TOTAL CURRENT LIABILITIES		95,826	96,467
TOTAL LIABILITIES		95,826	96,467
NET ASSETS		8,362,775	5,397,602
EQUITY			
Contributed equity	5	59,496,106	55,914,469
Reserves		1,111,202	1,025,588
Retained earnings / (accumulated losses)		(52,244,533)	(51,542,455)
TOTAL EQUITY		8,362,775	5,397,602

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

Statement of Changes in Equity

Half-Year Ended 31 December 2020

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2019		55,914,469	989,792	(50,701,803)	6,202,458
Loss for the period		-	-	(606,494)	(606,494)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(606,494)	(606,494)
Performance rights value for the period		-	34,344	-	34,344
Balance at 31 December 2019		55,914,469	1,024,136	(51,308,297)	5,630,308
Balance at 1 July 2020		55,914,469	1,025,588	(51,542,455)	5,397,602
Loss for the period		-	-	(702,078)	(702,078)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(702,078)	(702,078)
Shares issued during the half-year		3,749,996	-	-	3,749,996
Share issue costs		(168,359)	-	-	(168,359)
Performance rights value for the period		-	85,614	-	85,614
Balance at 31 December 2020		59,496,106	1,111,202	(52,244,533)	8,362,775

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

Statement of Cash Flow

Half-Year Ended 31 December 2020

	Notes	Consolidated Group	
		31 December 2020	31 December 2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		148,890	109,655
Payments to suppliers and employees		(445,194)	(476,513)
Payments for exploration expenditure		(413,925)	(306,553)
Interest received		16,205	38,489
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(694,024)	(634,922)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		-	(1,434)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		-	(1,434)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		3,749,996	-
Capital raising costs		(168,359)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,581,637	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		2,887,613	(636,356)
Cash and cash equivalents at the beginning of the half-year		3,275,700	4,116,996
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		6,163,313	3,480,640

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 Limited and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue by the directors of the Company.

Basis of preparation

This general purpose financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determine that their application to the Financial Statements is either not relevant or not material.

2. REVENUE

	Consolidated Group	
	31/12/2020	31/12/2019
	\$	\$
Reimbursement of exploration costs	75,994	69,901
Other revenue	62,521	63,628
Interest	12,640	34,033
	151,155	167,562

3. PROFIT/(LOSS) FOR THE HALF-YEAR

Expenses

	Consolidated Group	
	31/12/2020	31/12/2019
	\$	\$
Lease payments	25,443	25,308
Exploration expenditure	335,583	312,791

4. 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.

5. CONTRIBUTED EQUITY

	Notes	31/12/2020		31/12/2019	
		Number of securities	\$	Number of securities	\$
(a) Share capital					
Ordinary shares fully paid	5b		59,496,106		55,914,469
Total contributed equity			59,496,106		55,914,469
(b) Movements in ordinary share capital					
Beginning of the half-year		214,422,336	55,914,469	214,422,336	55,914,469
Issued during the half-year:		53,571,376	3,749,996	-	-
Less: Transaction costs		-	(168,359)	-	-
End of the half-year		267,993,712	59,496,106	214,422,336	55,914,469

(c) 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.

(d) Share Based Payments

During the financial period and to the date of this report there were the following Performance Rights issued to Directors and Staff following approval of the Performance Rights Plan at the AGM held on 30 November 2020. The following Performance Rights were on issue at 31 December 2020:

- 8,666,665 Tranche 1 Performance Rights
- 8,666,666 Tranche 2 Performance Rights
- 8,666,669 Tranche 3 Performance Rights

The Performance Rights shall vest as follows:

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.

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

Notes to the Financial Statements cont.

6. 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.

- (a) 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
- (b) 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.

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no events that have arisen since 31 December 2020 which have significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

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

1. the financial statements and notes as set on pages 10 to 16, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2020 and of their performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Robert Nash
Chairman

Perth, 9 March 2021

Independent Audit Report



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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Australian Silica Quartz Group Limited (the company) and its controlled entities (the group or consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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Independent Audit Report cont.



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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN SILICA QUARTZ GROUP LIMITED (CONTINUED)

Auditor's Responsibility (continued)

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. 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 provided to the directors as at the time of this auditor's review report.

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

SUAN-LEE TAN
PARTNER

The logo for Moore Australia Audit (WA) in a stylized, handwritten font.

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 9th March 2021