



Australian Silica Quartz Group Ltd

ABN 72 119 699 982

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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 2023 and any public announcements made by Australian Silica Quartz Group Ltd 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 Ltd (ASQ) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

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

REVIEW OF OPERATIONS

BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2023 the Company's main focus has been the exploration and development of hard rock silica quartz projects in WA and Far North Queensland with a focus on the Quartz Hill Metallurgical Grade Silicon Project and the Koolyanobbing Metals Project. Efforts to progress the silica sand projects in Western Australia, the Sovereign Copper Nickel PGE prospect on ASQ's tenement E70/3405 under the joint venture between ASQ and DevEx Resources Limited ("DevEx", ASX: DEV), the Darling Range bauxite projects held within the HD Mining Joint Venture and exploration of the South Stirling Project in WA for Nickel/Copper sulphide deposits continued.

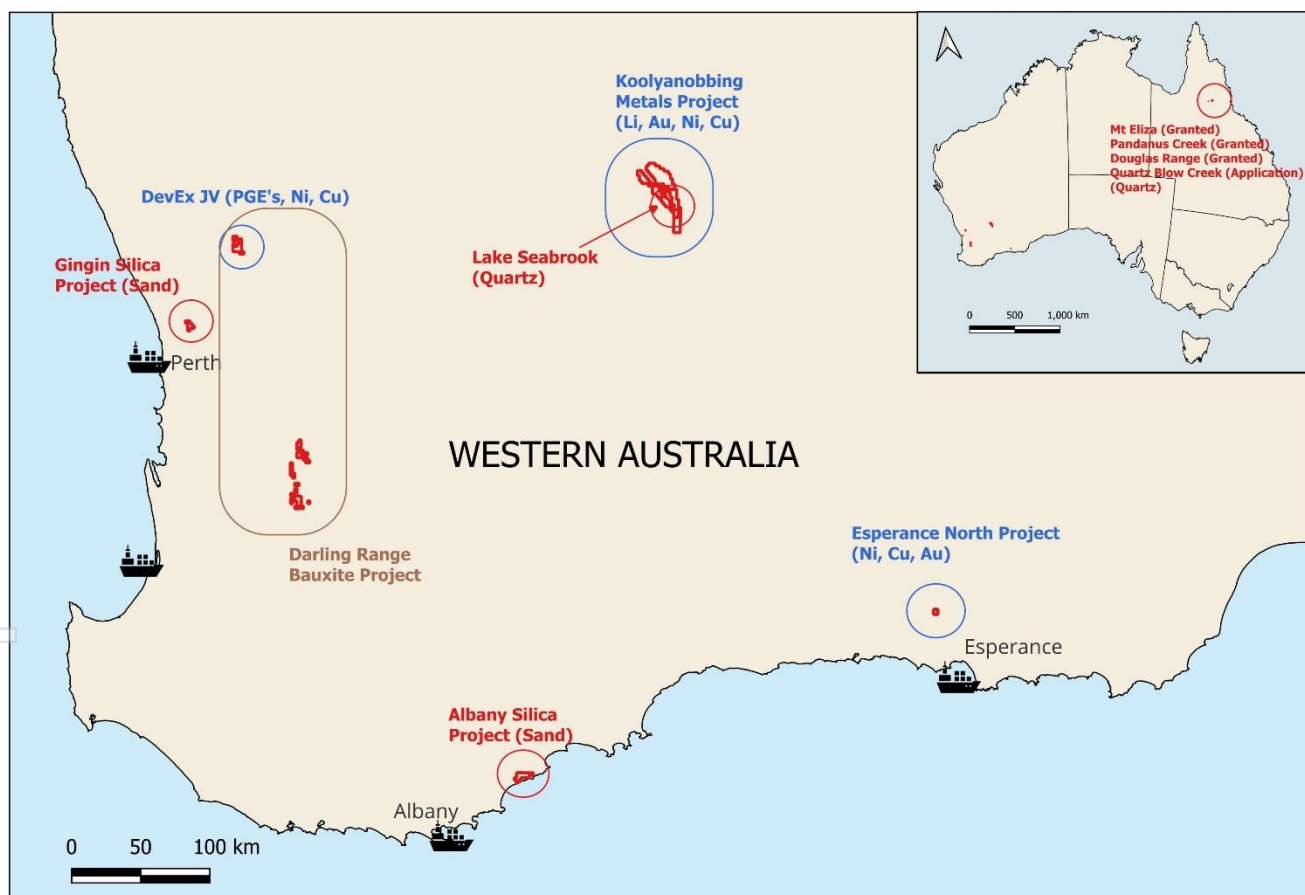


Figure 1: ASQ Project Locations

Directors' Report cont.

HIGH PURITY SILICA – HARDROCK QUARTZ PROJECTS (QLD and WA)

The Company has one granted exploration licence in Western Australia, three granted exploration permits and three application exploration permits in Far North Queensland with known quartz occurrences having the potential to contain silica products ranging from metallurgical grade to high purity silica. These leases cover 341km² in total.

Testwork of rock chip samples from the Western Australian Lake Seabrook Project has returned grades of 99.98% SiO₂ and ASQ's Far North Queensland rock chip sampling 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).*

QUARTZ HILL METALLURGICAL GRADE QUARTZ PROJECT (QLD)

ASQ has entered a Memorandum of Understanding ('MOU') with Private Energy Partners Pty Ltd ('PEP'). PEP being the wholly owned affiliate of Quinbrook Infrastructure Partners.

ASQ has received from PEP \$1m as a contribution to the work to be undertaken and PEP will in return receive the offtake of up to 10Mt MGSi Quartz (Metallurgical Grade Silicon Quartz Lump feedstock) from the mine gate at 10% discount to the prevailing MGSi Quartz market price or such price that would constitute a fair market return to ASQ (whichever is the greater).

Under the terms of the MOU ASQ is to use the funds received to:

- undertake an exploration drilling programme at Quartz Hill which was completed in Q3 2023
- establish a JORC 2012 MGSi Quartz mineral resource of at least 10Mt;
- complete a Scoping Study; and
- apply for a mining lease.

At the conclusion of the Scoping Study, PEP, at its election, may fund a Definitive Feasibility Study on the MGSi Project. PEP, at its election, may then enter into a Binding Offtake Agreement to purchase 10Mt MGSi Quartz over a period not exceeding 31 years. (ASQ (2023). *Hard Rock Silica Quartz - Queensland Projects Update. ASX Release 28 April 2023, Hard Rock Silica Quartz - Queensland Projects Clarification. ASX Release 2 May 2023, ASQ finalises exclusive rights to 10Mt Quartz Offtake. ASX Release 7 July 2023, and ASQ receives \$1 million for Quartz Hill Development. ASX Release 12 July 2023)*

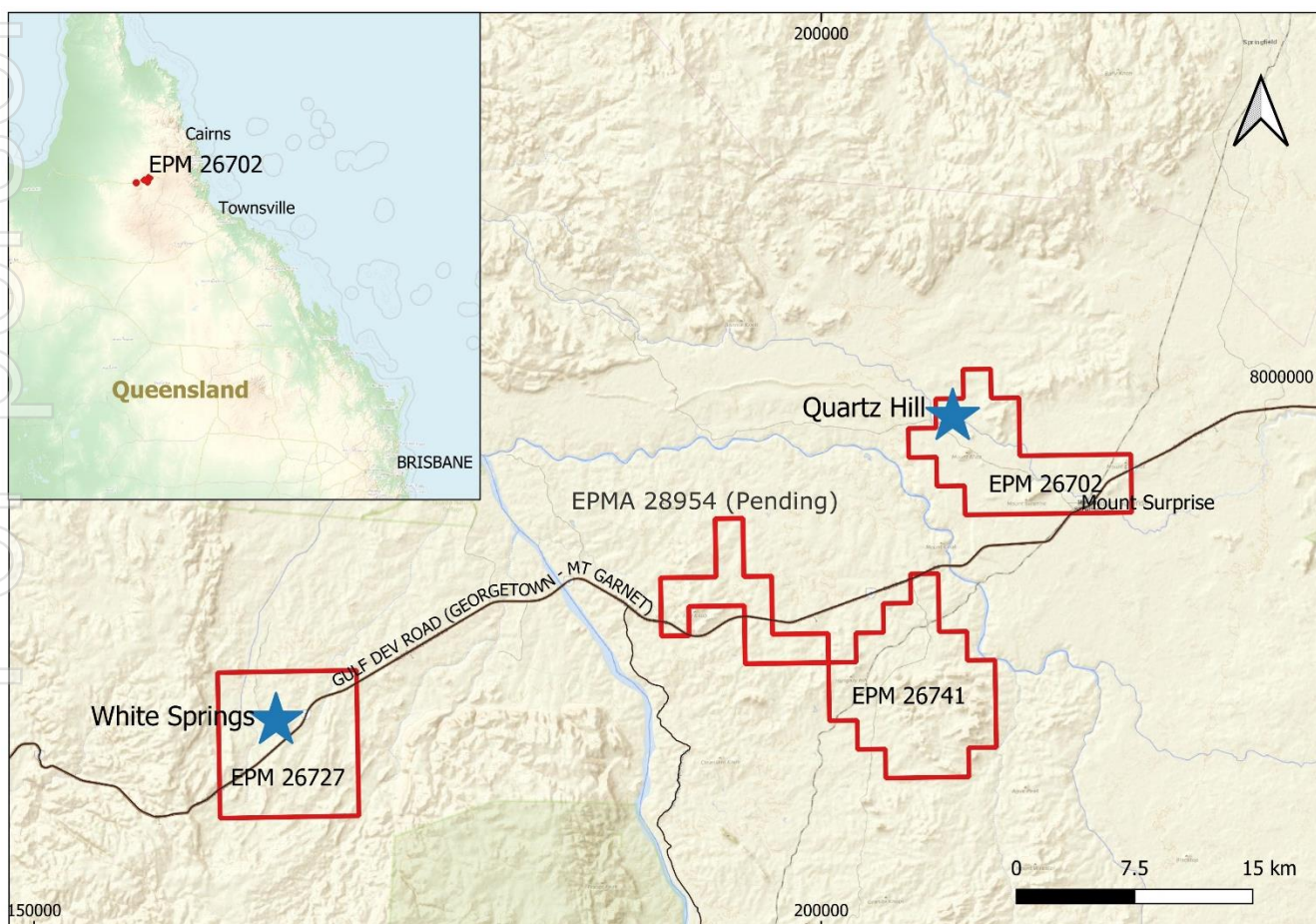


Figure 2: ASQ Queensland Hardrock Quartz Projects – Location Map

Directors' Report cont.

QUARTZ HILL MINERAL RESOURCE ESTIMATE

During the half Year ASQ reported the maiden JORC 2012 Mineral Resource Estimate of 17.3Mt at 99.04% SiO₂ based on an RC drilling program at Quartz Hill consisting of 14 holes for 1,498m. (ASQ (2023). Maiden 17Mt JORC Resource at 99.04% SiO₂ at Quartz Hill Project. ASX release 12 December 2023)

Table 1: December 2023 2023 Quartz Hill MGSi Project Mineral Resource Estimate (98% SiO₂ Cut-off)

Class	Total Mineral Resource								
	Tonnage	SiO ₂	Al ₂ O ₃	CaO	Fe ₂ O ₃	MgO	Na ₂ O	TiO ₂	ΣOxides
	Mt	%	%	%	%	%	%	%	%
Indicated	7.6	99.09	0.67	0.005	0.16	0.008	0.02	0.03	0.91
Inferred	9.7	99.00	0.73	0.009	0.17	0.012	0.03	0.03	1.00
Total	17.3	99.04	0.70	0.007	0.17	0.010	0.03	0.03	0.96

Note:

All Mineral Resources figures reported in the table above represent estimates at December 2023. Mineral Resource estimates are not precise calculations, being dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimate. Rounding may cause some computational discrepancies.

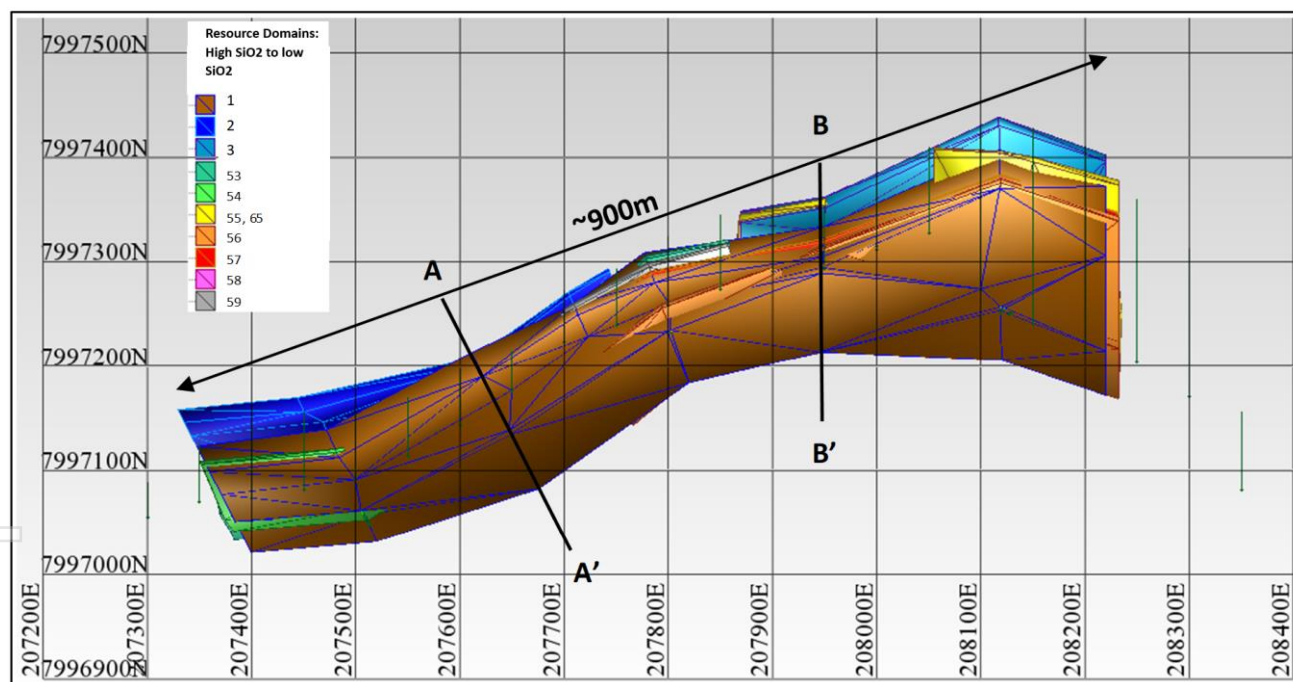


Figure 3: Plan View of Quartz Hill Wireframes showing section A-A' and B-B'

Directors' Report cont.

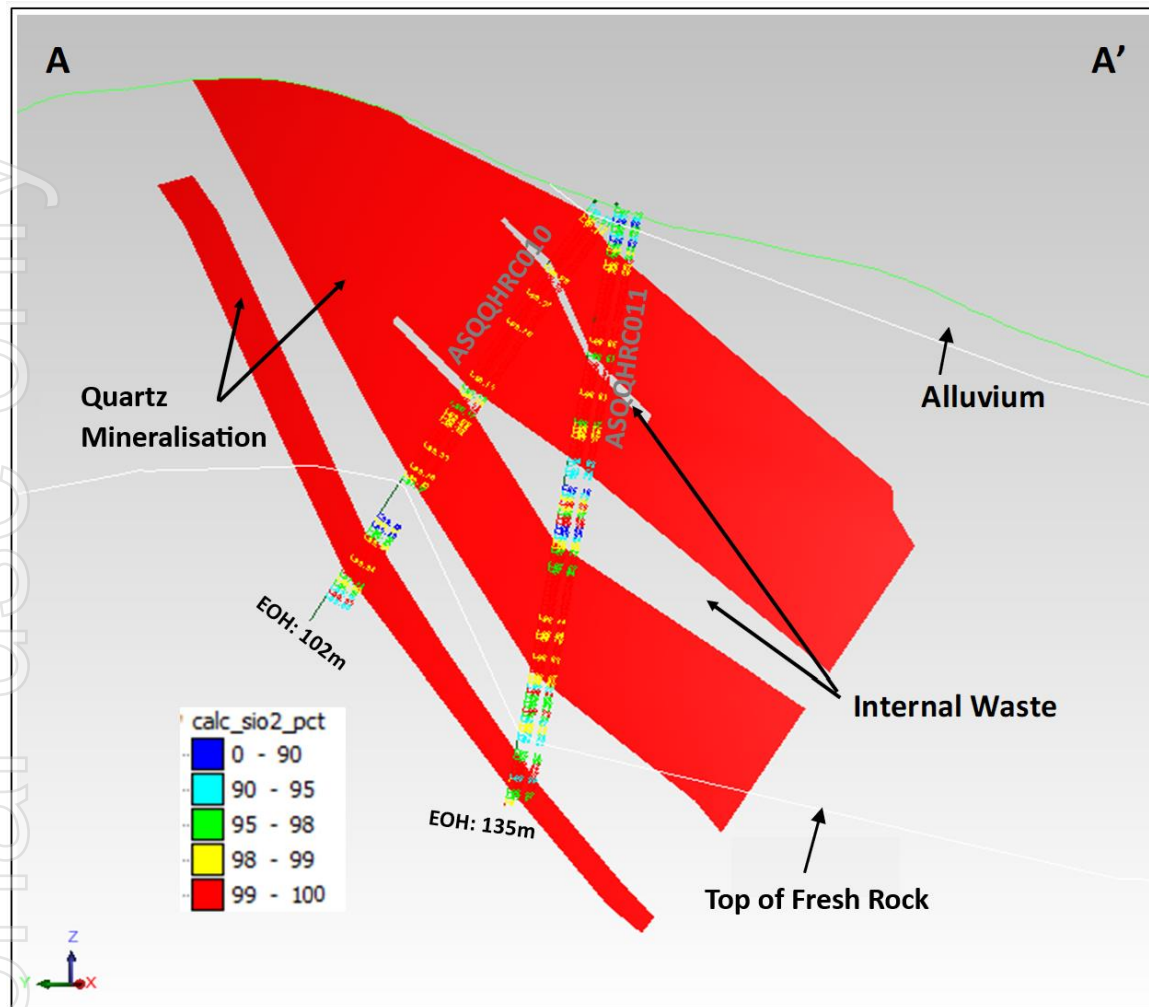


Figure 4: Cross Section of Quartz Hill Wireframes – Section A-A'

QUARTZ HILL SCOPING STUDY

Work has commenced on a Scoping Study looking at supplying 300ktpa of Silicon Metal feedstock lump quartz to Quinbrook.

Quinbrook was recently conditionally allocated a 200 hectare portion of the Lansdown Eco-Industrial Precinct in Townsville on which it proposes to develop and build a multibillion dollar state-of-the-art polysilicon manufacturing facility, powered by a large-scale solar and battery storage project it plans to build on land adjacent to Lansdown.

The scoping study will be managed by ASQ with input from mining specialist consultants.

Application for a mining lease covering the Quartz Hill Project area is expected to be lodged upon favourable outcome of the completed Scoping Study.

WHITE SPRINGS HIGH PURITY QUARTZ PROJECT (QLD)

Rock chip samples taken by the Company at the White Springs Location have returned silica assays to 99.98% SiO₂ demonstrating potential for high purity silica products. Drill testing of the occurrence was planned for 2023 to test ASQ's interpretation that the outcropping quartz "blows" are near vertical pipes originating from a larger body of quartz at depth. A cultural heritage survey undertaken during the half year has identified the need for further detailed cultural heritage investigation. ASQ is in the process of progressing heritage work at White Springs.

REGIONAL QUARTZ EXPLORATION

During the Half Year ASQ completed an extensive desktop study aimed at identifying additional sources of high purity quartz in North Queensland. A total of 40 photo-features were interpreted as quartz outcrops having potential for hosting high purity quartz. Subsequently ASQ has applied for an additional exploration permit (EPMA 28954) located between the existing White Springs and Quartz Hill tenements.

Directors' Report cont.

KOOLYANOBING METALS PROJECT (KMP)

The Koolyanobbing Metals Project (KMP) comprises lease areas of 405km² granted tenure and 91km² in application overlying portions of the Koolyanobbing Shear Zone and Koolyanobbing Greenstone Belt (ASQ (2022). ASQ Acquires Li/Au/Ni/Cu Ground. ASX Release 11 August 2022).

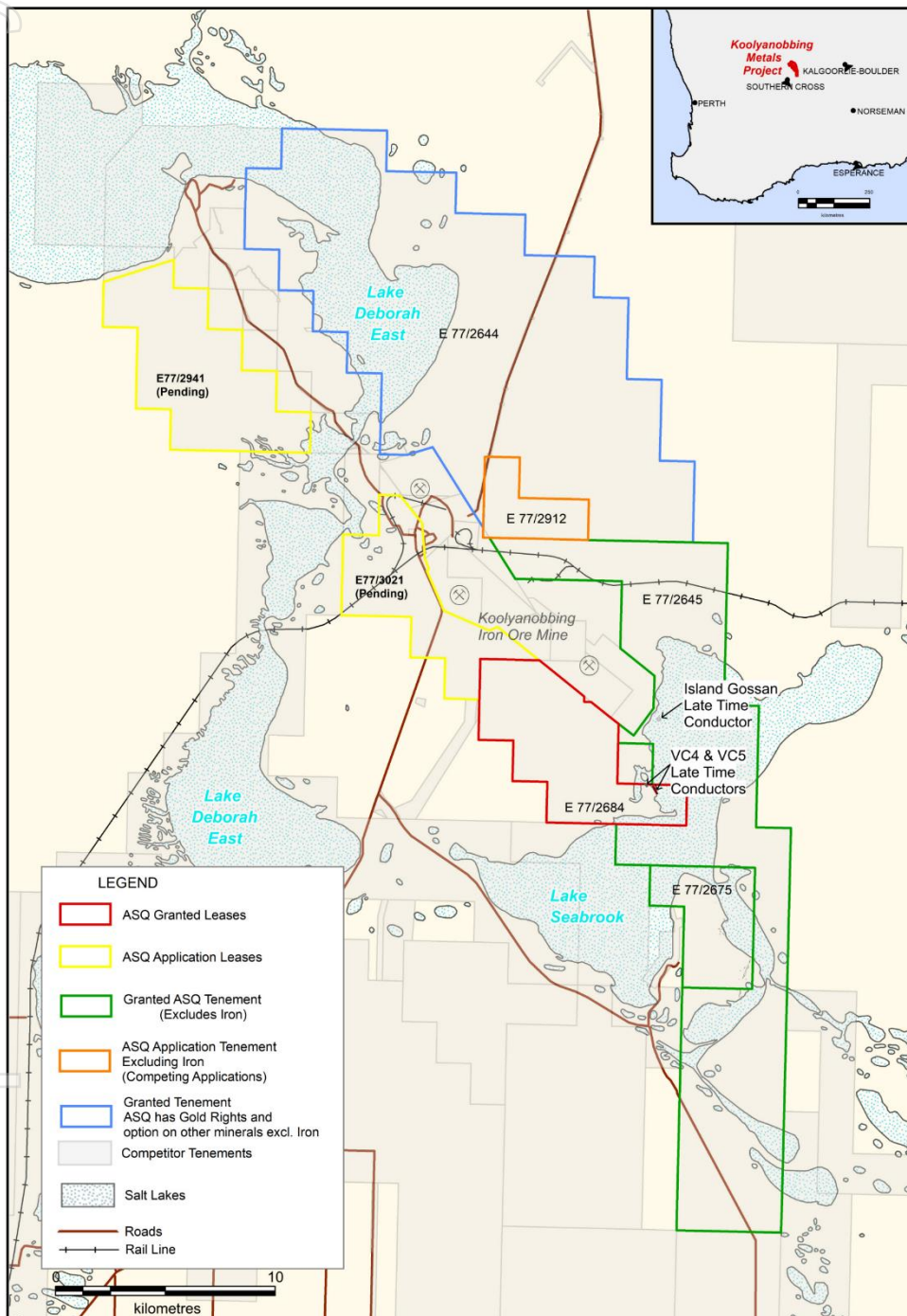


Figure 5: KMP Tenements with ASQ gold anomaly area and the Late Time FLEM Conductors

ASQ considers the KMP underexplored and prospective for gold, high purity silica in hardrock quartz, nickel, lithium, and copper. Preliminary target generation has been completed, identifying numerous gold, nickel and copper targets for follow-up.

Ground based fixed loop electromagnetic (FLEM) surveys across a number of targets have been finalised and have identified three well defined, late time, fixed loop electromagnetic conductors.

Directors' Report cont.

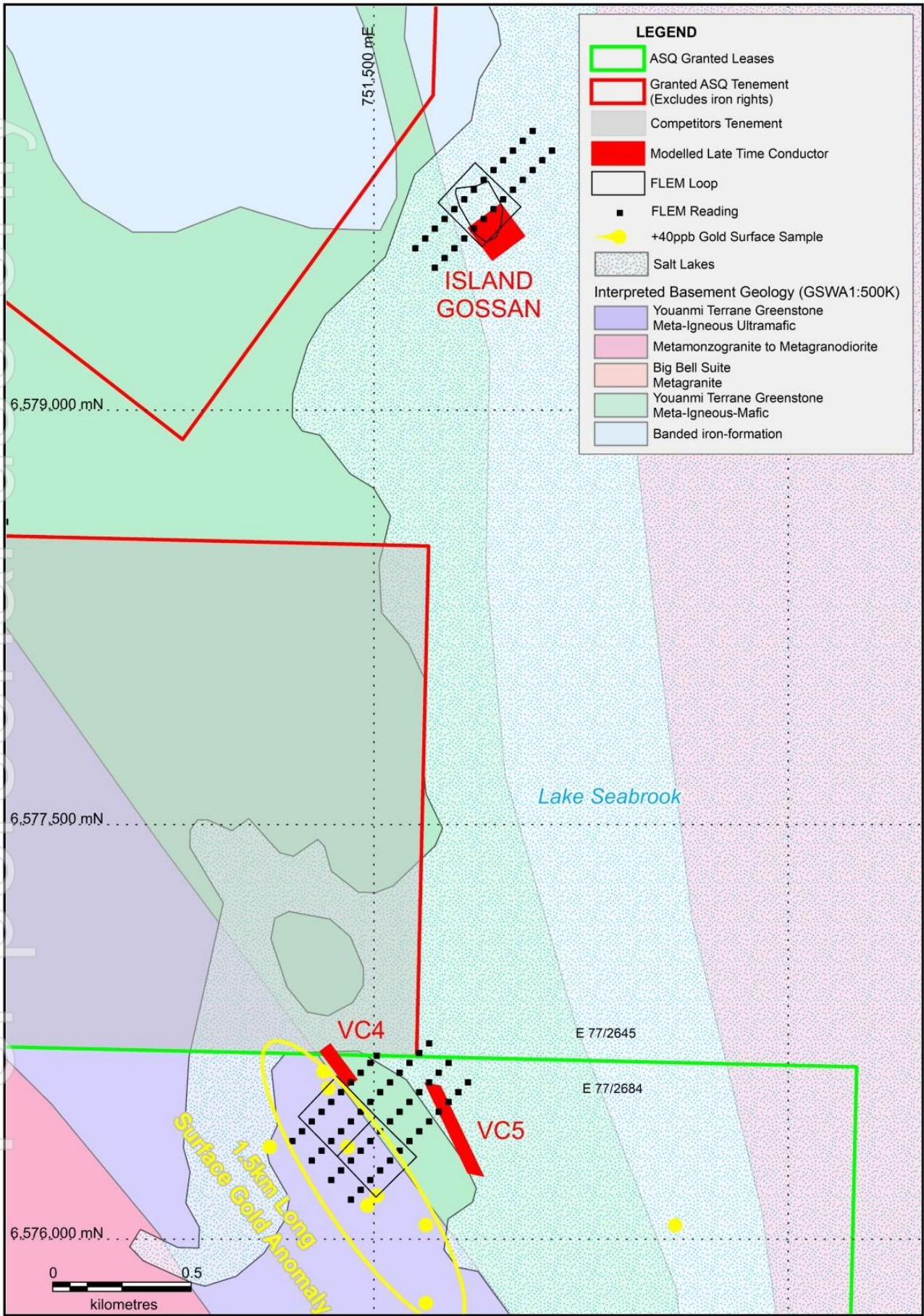


Figure 6: Identified Island Gossan, VC4 & VC5 FLEM late-time conductors

Directors' Report cont.

Two conductors, VC4 and VC5, lie within an interpreted mafic/ultramafic volcanic sequence in the underexplored Koolyanobbing Greenstone Belt and are located parallel to and only slightly offset from a 1.5km section of surface gold anomalism within the Golden Wishbone gold trend with values to 0.4ppm Au. The third conductor, Island Gossan Conductor lies within a felsic volcanic unit, in a sequence of banded iron and metamorphosed mafic rocks. Island Gossan Conductor modelled geometry and orientation is consistent with mapped outcropping gossanous material suggesting near surface potential supported by surface historical rock chip values up to 1150ppm Cu and 0.04ppm Au.

Each of the three conductors demonstrate all the consulting geophysicist's target ranking criteria for high priority drill targets. ASQ considers the targets prospective for gold, nickel, and copper. Program planning for drill testing is underway. (ASQ (2023). *Ground EM survey identifies three late time conductors at the Koolyanobbing Metals Project*. ASX Release 7 March 2023).

Soil sampling was completed late in 2022 across the Golden Wishbone Gold Trend, an area of strong gold anomalism that includes the historic small scale gold mining recorded at the Golden Wishbone Shaft in the late 1930's with 204 ounces produced at an average grade of 18g/t and no modern exploration recorded.

Results from these samples are highly encouraging. ASQ considers background gold in soils to be 1-4ppb with anything over 10ppb Au anomalous. Of the 373 samples assayed, 53 returned results of 10ppb Au or greater and 16 samples had greater than 25ppb Au with a peak result of 88ppb Au (ASQ (2022). *Extensive Gold in Soils Anomalies Detected*. ASX Release 7 December 2022). Gold exploration within the KMP leases is expected to continue into 2024 with an independent review of gold exploration to date and gold prospectivity underway.

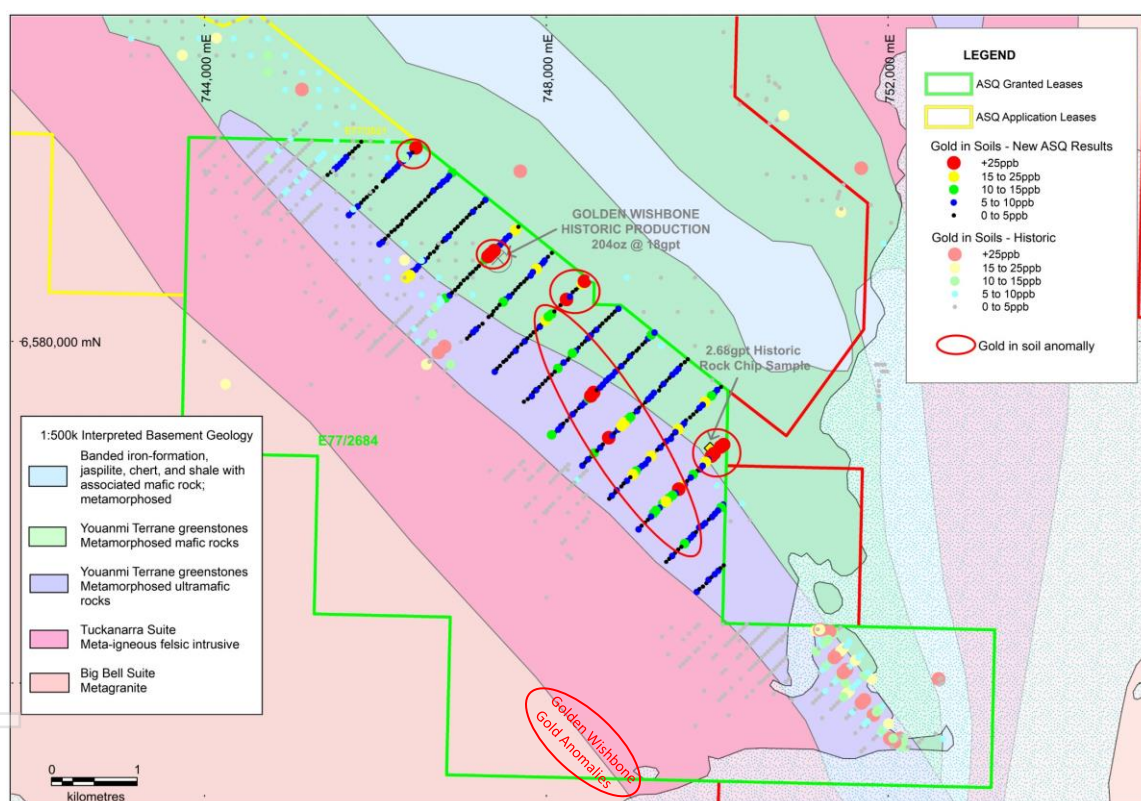


Figure 7: Golden Wishbone Soil Sampling Results

SILICA SAND PROJECTS – GINGIN & ALBANY

The Gingin Silica Sand Project consists of one application exploration licence located 20km north of Perth, the Albany Silica Sand Project consists of one granted exploration licence 80 km east of the Port of Albany.

ALBANY WHITE HILL SILICA SAND PROJECT

The Company has completed a Mineral Resource Estimate on a property 70km east of Albany totalling 11.6 Mt with >99.9% SiO₂ and <50 ppm Fe₂O₃ and extends over a strike length of 1,650m and has a maximum width of 1,565m (ASQ (2021). *Maiden High Grade, Low Iron, Silica Sand Resource*. ASX Release 28 January 2021)

Metallurgical testwork results indicate the silica sand is readily processed by conventional washing and gravity separation to produce a very high-grade silica sand product that has potential for industries such as general and specialty glass making including solar panel cover glass and optical glass (ASQ (2021). *Maiden High Grade, Low Iron, Silica Sand Resource*. ASX Release 28 January 2021).

Directors' Report cont.

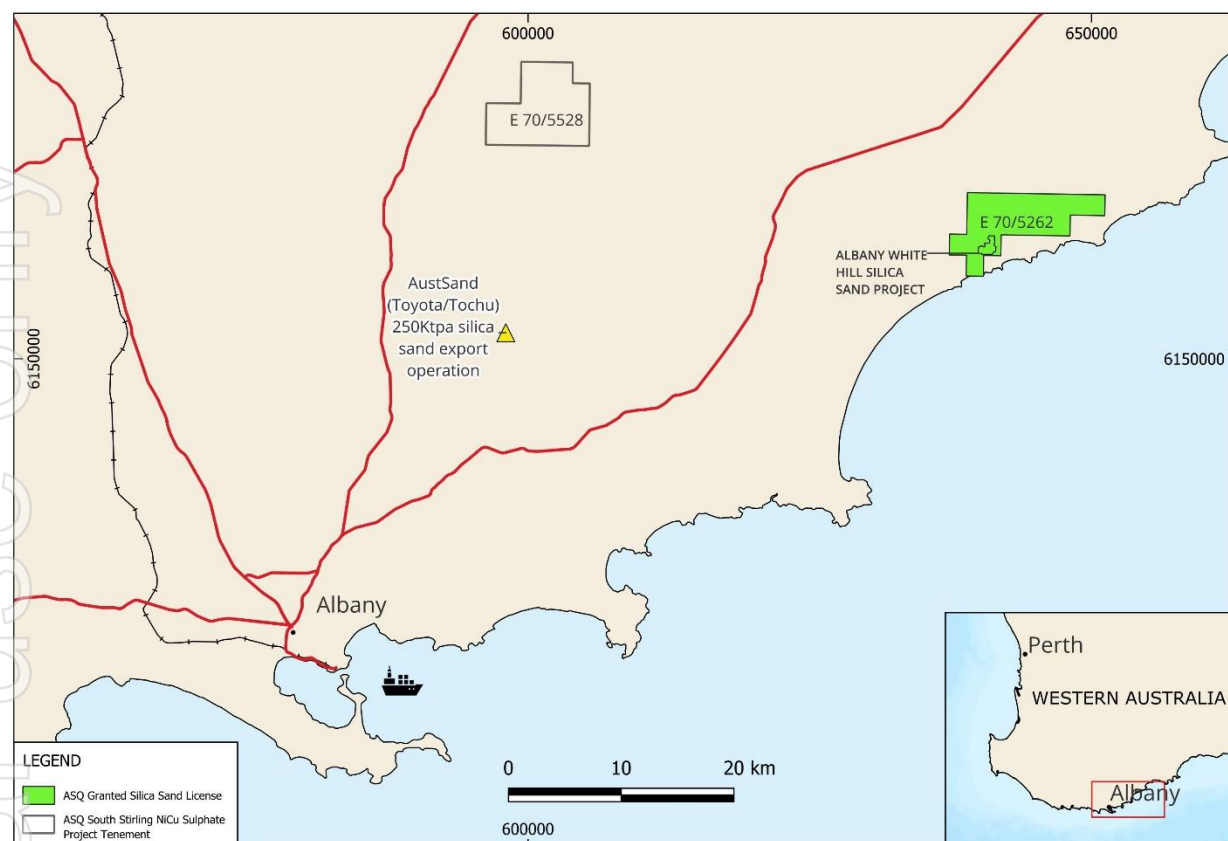


Figure 8: Location of the Albany White Hill Silica Sand Project on E70/5262 east of Albany. ASQ South Stirling Ni-Cu Sulphide tenement shown for context. Other holder tenements not shown

Table 2: 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 looking at the suitability of the deposit for development into a 0.5 – 1.0 Mtpa export operation is progressing. Preliminary assessment of metallurgy and process plant design, environmental assessment, water supply, the sand market and port access has given the Company confidence that these aspects of the project are achievable within the expected economic and regulatory constraints.

The transport of the sand 15-20km from the deposit to the South Coast Highway for road haulage into the Albany Port is the subject of ongoing further investigation.

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

DevEx Resources Limited ("DevEx", ASX: DEV) is currently exploring the western half of the Sovereign mafic-ultramafic intrusion (E70/3405) under an Earn-In Agreement with ASQ. DevEx has earn in to the non-bauxite rights of the tenement by spending \$3m to earn 50% interest. ASQ has elected to contribute to further exploration to maintain its 50% interest (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 globally significant Chalice Mining Ltd (ASX: CHN) nickel-copper-platinum group elements (Ni-Cu-PGE) 30km long Julimar Complex discovery to the south and the Caspin Resources Ltd (ASX:CPN) Yarawindah Brook Ni-Cu-PGE project to the north.

Three reconnaissance diamond holes completed in 2021 demonstrate a thick sequence of differentiated mafic-ultramafic intrusive rocks extending over the full length of the project. Within this diamond program, several zones of disseminated (low grade) Ni-Cu sulphide mineralisation, together with signs of assimilation of the surrounding country, provide an indication of the potential for the intrusion to host concentrations of Ni-Cu-PGE mineralization.

Directors' Report cont.

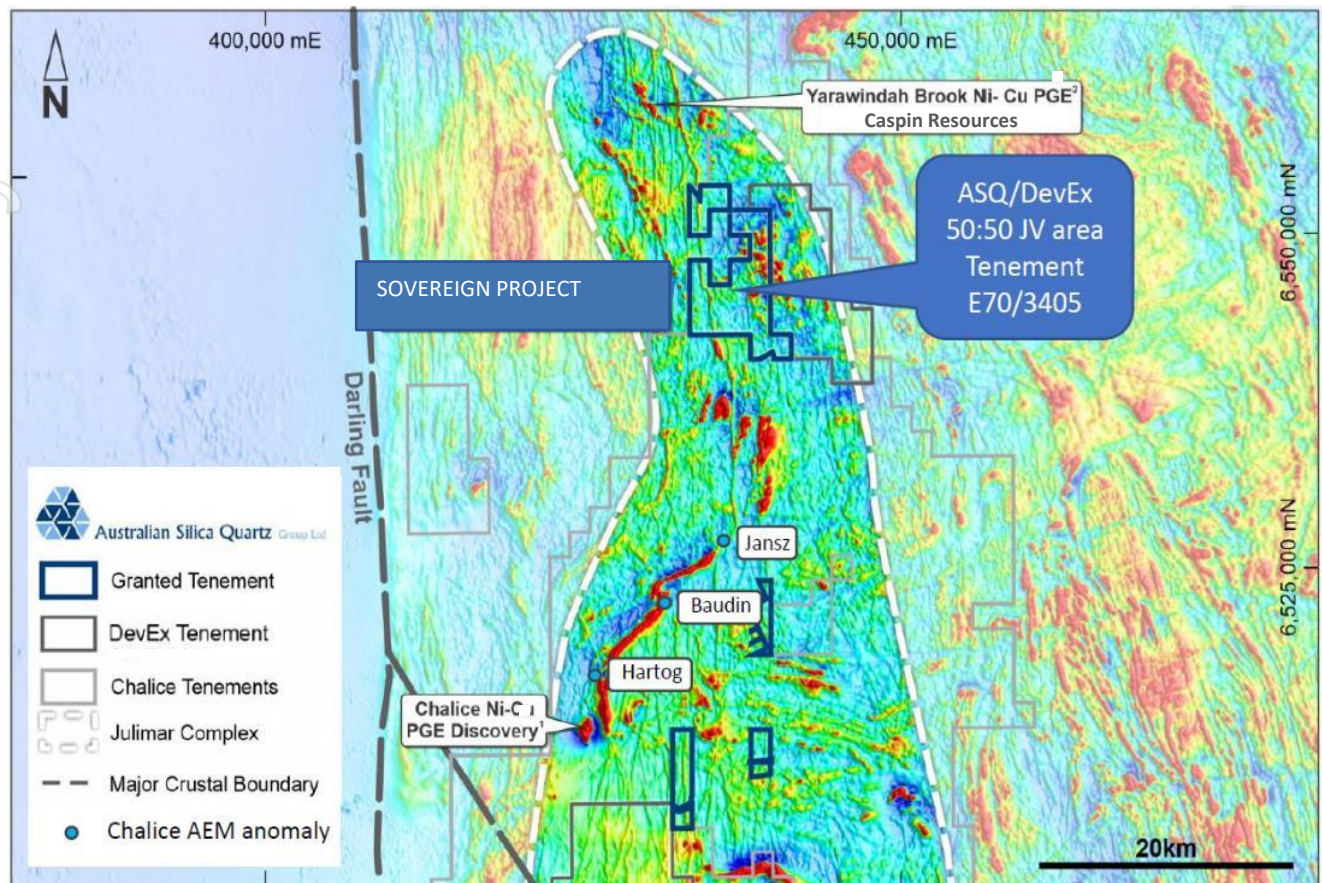


Figure 9: Julimar Complex Sovereign Project with existing Ni-Cu-PGE discoveries on Aeromagnetic RTP image

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

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

In 2022 ASQ twinned an anomalous historic drillhole completed by Iluka Resources Limited (“Iluka”) by way of a single vertical aircore hole SS001. The Iluka hole (W00324) returned an end of hole assay of 1.5m at 0.79% Ni, 934 ppm Cu from 28.5m. Iluka recorded the rock type as saprolite suggesting fresh basement rocks had not been reached. ASQ’s SS001 was terminated at 52m due to difficult drilling conditions prior to intersecting fresh basement rock.

The encouraging assay results from SS001 include intersections; 12m from 26m @ 0.70% Ni and 0.06% Cu, within 21m from 21m @ 0.59% Ni and 0.05% Cu with maximum recorded values of 9,237ppm (0.92%) Ni from 28-30m and 1,007ppm Cu from 38-42m consistent with the previously reported Iluka result. (ASQ (2022) South Stirling Ni/Cu Project – Positive Drilling Results. ASX Release 11 June 2022).

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

During the Half Year tenements E70/5545, E70/5709 and E70/5710 were surrendered due to a lack of land access progress. ASQ has retained the central lease E70/5528 which covers drill hole SS001.

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 bauxite resource inventory stands at 71.3Mt of Inferred Mineral Resource (refer full detail in the 23 April 2018 Announcement – 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA).

Directors' Report cont.

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 (ASQ (2020). 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA. ASX Release 23 April 2018).

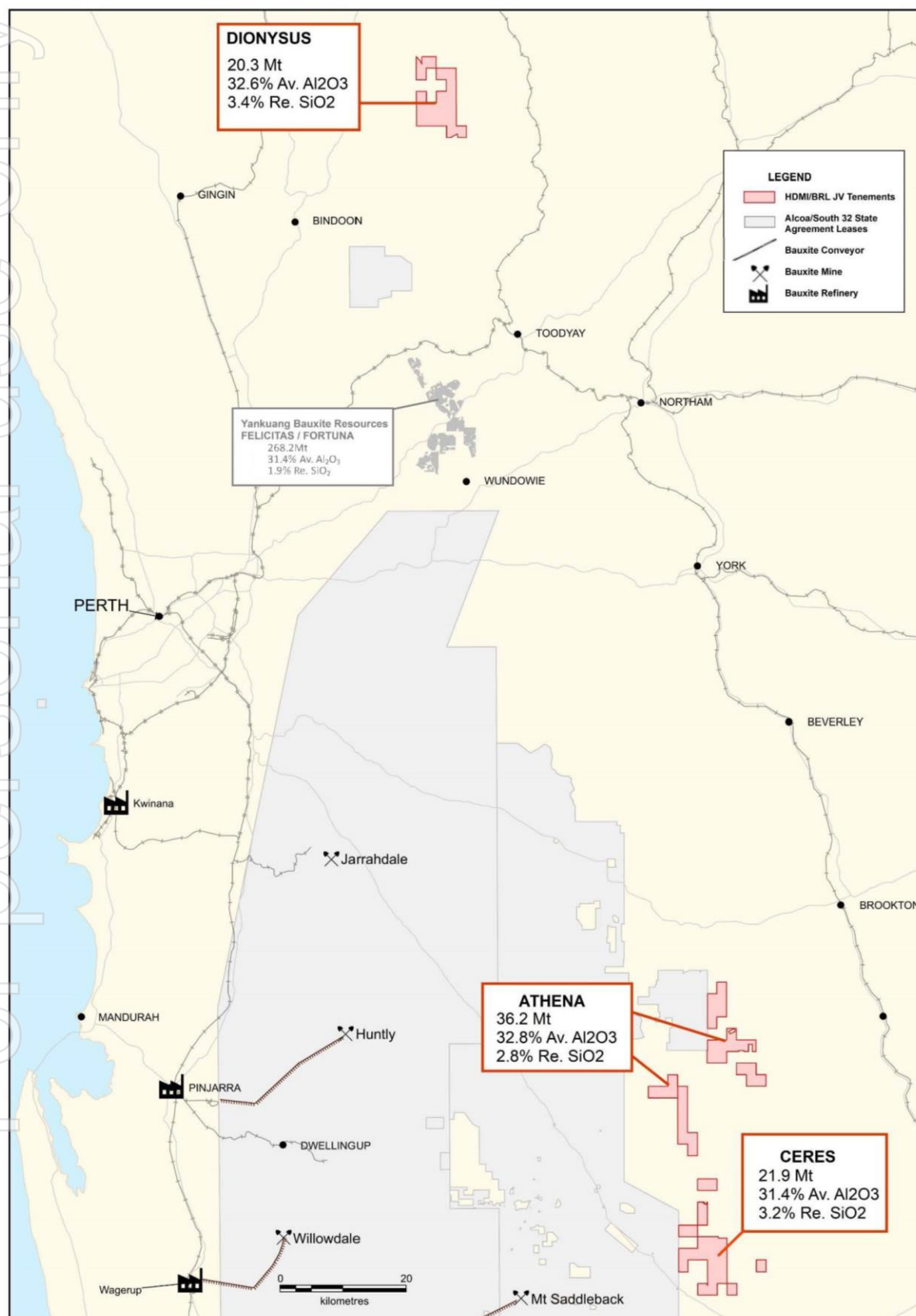


Figure 10: ASQ/HD JV Mining Darling Range bauxite tenement holding and resource locations

Directors' Report cont.

CORPORATE

Australian Silica Quartz Group is in a strong financial position with significant cash reserves and no debt. At 31 December 2023, the Group held \$2,906,806 in cash.

At 31 December 2023, the Group had 1,192 shareholders and 281,860,377 fully paid ordinary shares on issue with the top 20 shareholders holding 63% of the total issued capital.

The Group has 26,000,000 Performance Rights on issue at 31 December 2023 following shareholder approval in November 2023. During the half-year 8,666,669 Nov 20 Tranche 3 Performance Rights lapsed.

The Board will continue to focus on its Silica and Bauxite Projects, the Koolyanobbing Metals Project, 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.

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 12 for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the directors.



Robert Nash
Chairman

Perth, 13 March 2024

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 2023 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
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN SILICA QUARTZ GROUP LTD**

As auditor for the review of Australian Silica Quartz Group Ltd for the half-year ended 31 December 2023, 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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 13th day of March 2024.

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

An independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2023

	Notes	Consolidated Group	
		31 December 2023 \$	31 December 2022 \$
Continuing operations			
Recoupment of exploration costs	2	689,479	53,134
Other income	2	24,394	23,877
Interest income	2	71,145	56,363
Employee benefits expense		(102,231)	(128,419)
Exploration expenses as incurred	3	(919,158)	(876,323)
Administration expenses		(336,431)	(331,214)
Depreciation and amortisation expense		(10,203)	(1,534)
Share-based payments expense		(142,264)	(214,072)
Loss before income tax		(725,269)	(1,418,188)
Income tax expense		-	-
Loss after income tax expense for the half-year		(725,269)	(1,418,188)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(725,269)	(1,418,188)
Loss for the half-year is attributable to:			
Owners of Australian Silica Quartz Group Ltd		(725,269)	(1,418,188)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		(0.26)	(0.51)
Diluted earnings per share (cents)		(0.26)	(0.51)

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

Statement of Financial Position

At 31 December 2023

	Notes	Consolidated Group	
		31 December 2023 \$	30 June 2023 \$
CURRENT ASSETS			
Cash and cash equivalents		2,906,806	2,962,109
Trade and other receivables		117,132	1,406,701
TOTAL CURRENT ASSETS		3,023,938	4,368,810
NON CURRENT ASSETS			
Other financial assets		204,500	204,000
Property, plant and equipment		2,311,020	2,318,165
TOTAL NON CURRENT ASSETS		2,515,520	2,522,165
TOTAL ASSETS		5,539,458	6,890,975
CURRENT LIABILITIES			
Trade and other payables		88,479	220,872
Unearned revenue		371,110	1,000,000
Provisions		41,419	58,513
TOTAL CURRENT LIABILITIES		501,008	1,279,385
TOTAL LIABILITIES		501,008	1,279,385
NET ASSETS		5,038,450	5,611,590
EQUITY			
Contributed equity	5	60,299,561	60,289,696
Reserves		2,223,765	2,081,501
Accumulated losses		(57,484,876)	(56,759,607)
TOTAL EQUITY		5,038,450	5,611,590

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 2023

Consolidated Group	Issued Ordinary Capital	Option Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2022	60,012,065	1,772,937	(54,511,739)	7,273,263
Loss for the period	-	-	(1,418,188)	(1,418,188)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,418,188)	(1,418,188)
Shares issued during the half-year	280,000	-	-	280,000
Share issue costs	(2,369)	-	-	(2,369)
Performance rights value for the period	-	214,072	-	214,072
Balance at 31 December 2022	60,289,696	1,987,009	(55,929,927)	6,346,778
Balance at 1 July 2023	60,289,696	2,081,501	(56,759,607)	5,611,590
Loss for the period	-	-	(725,269)	(725,269)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(725,269)	(725,269)
Shares issued during the half-year	10,000	-	-	10,000
Share issue costs	(135)	-	-	(135)
Performance rights value for the period	-	142,264	-	142,264
Balance at 31 December 2023	60,299,561	2,223,765	(57,484,876)	5,038,450

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

Statement of Cash Flow

Half-Year Ended 31 December 2023

	Consolidated Group	
	31 December 2023 \$	31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,221,586	85,974
Payments to suppliers and employees	(495,467)	(481,030)
Payments for exploration expenditure	(849,948)	(516,142)
Interest received	72,218	47,701
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(51,611)	(863,497)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for security deposit	(500)	-
Payments for property, plant and equipment	(3,057)	(517)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(3,557)	(517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital raising costs	(135)	(2,369)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(135)	(2,369)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(55,303)	(866,383)
Cash and cash equivalents at the beginning of the half-year	2,962,109	4,762,381
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	2,906,806	3,895,998

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

Notes to the Financial Statements

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This interim financial report includes the consolidated financial statements and notes of Australian Silica Quartz Group Ltd and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue by the directors of the Company.

Basis of preparation

This general purpose interim 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 interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, 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	
	31/12/2023	31/12/2022
	\$	\$
Reimbursement of exploration costs – MGSi Quartz Project ¹	628,890	-
Reimbursement of exploration costs - Other	60,589	53,134
Other revenue	24,394	23,877
Interest	71,145	56,363
	785,018	133,374

Note 1: As announced on 12 July 2023, Australian Silica Quartz Group Ltd received a \$1 million fee from Private Energy Partners Pty Ltd under the Project Development Heads of Agreement on ASQ's 100% owned Quartz Hill MGSi Quartz Project in North Queensland. This amount represents the portion of the fee that had been expended to 31 December 2023.

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

Expenses

	Consolidated Group	
	31/12/2023	31/12/2022
	\$	\$
Exploration expenditure	290,268	546,323
Exploration expenditure – MGSi Quartz Project (See Note 2)	628,890	-
Exploration expenditure – Netley Minerals Pty Ltd tenement acquisition costs	-	330,000
Total exploration expenditure	919,158	876,323
Lease payments	17,310	16,410

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

		31/12/2023		30/06/2023	
	Notes	Number of securities	\$	Number of securities	\$
(a) Share capital					
Ordinary shares fully paid	5b		60,299,561		60,289,696
Total contributed equity			<u>60,299,561</u>		<u>60,289,696</u>
(b) Movements in ordinary share capital					
Beginning of the half-year		281,660,377	60,289,696	276,660,377	60,012,065
Issued during the half-year		200,000	10,000	5,000,000	280,000
Less: Transaction costs		-	(135)	-	(2,369)
End of the half-year		<u>281,860,377</u>	<u>60,299,561</u>	<u>281,660,377</u>	<u>60,289,696</u>

(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.

On 9 November 2023 the Company issued 200,000 ordinary shares as part payment for acquisition of a tenement.

(d) Share Based Payments

During the financial period 8,666,669 Nov 2020 Tranche 3 Performance Rights lapsed and 26,000,000 Performance Rights were granted on the 23 November 2023. As at the date of this report the following Performance Rights issued to Directors and Staff were on issue at 31 December 2023:

8,666,665 Nov 2023 Tranche 1 Performance Rights
8,666,666 Nov 2023 Tranche 2 Performance Rights
8,666,669 Nov 2023 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 6.1 cents per share, in the period from 10 December 2023 to 10 December 2024; 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 10 December 2024.

Tranche 2 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than 6.7 cents per share, in the period from 10 December 2024 to 10 December 2025; 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 10 December 2025.

Tranche 3 Performance Rights: upon the Company's Shares reaching a 30 day VWAP which is greater than 7.3 cents per share, in the period from 10 December 2025 to 10 December 2026; 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 10 December 2026.

Notes to the Financial Statements cont.

(d) Share Based Payments (continued)

On 11 August 2022 the Company announced that it had signed an Acquisition Agreement to acquire tenements and rights from Netley Minerals Pty Ltd ('Netley'). Included in the terms of this agreement is a contingent liability that the Company is to issue up to 1,500,000 performance shares converting into \$1.5 million worth of fully paid ordinary shares to Netley at the 30 day VWAP price of ASQ shares at the time of the conversion or \$0.10 per share whichever is higher. There are 4 hurdles of which the first 3 hurdles to be achieved will each trigger 1/3 of the Performance Shares to be converted into fully paid ordinary shares. At this stage the probability of meeting the performance criteria is remote and the fair value of the Performance Shares has been assessed as nil.

Hurdles as follows:

- (a) Gold Hurdle – 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 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 the Gold hurdle or \$0.10 per share, whichever is the higher;
- (b) Nickel Hurdle – 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 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 the Nickel hurdle or \$0.10 per share, whichever is the higher;
- (c) Lithium Hurdle – 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 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 the Lithium hurdle or \$0.10 per share, whichever is the higher; and
- (d) Copper Hurdle – 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 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 the Copper hurdle or \$0.10 per share, whichever is the higher

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.

Netley acquisition agreement includes in the terms a contingent liability that the Company has to issue up to 1,500,000 performance shares as detailed in Note 5(d). In addition to the Performance Shares ASQ agrees to pay to Netley a 1% net smelter royalty in respect of any minerals mined from the area within the boundaries of the Acquisition Tenements (for the avoidance of doubt excluding quartz and iron) and in respect of gold mined by the Purchaser on E77/2644 ('Royalty') on the terms and conditions set out in the royalty deed.

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no events that have arisen since 31 December 2023 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 Ltd (the "Company"):

1. the financial statements and notes as set on pages 13 to 19, 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 2023 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, 13 March 2024

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

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 2023, 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 material 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 2023 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*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors 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.

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the 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 2023 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.

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.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 13th March 2024