April 1st, 2020
ASX Release

CARBONATITE INTRUSION INTERSECTED AT BALLADONIA PROJECT – FRASER RANGE, WA

AusQuest Limited (ASX: AQD) advises that diamond drilling at the Telegraph Prospect, part of its Balladonia Project in the Fraser Range area of Western Australia, has intersected a carbonatite intrusion beneath the intense weathering/alteration that was reported from earlier air-core and Reverse Circulation (RC) drilling.

Carbonatite complexes are a major source of rare earth elements (REE) world-wide and are also known to contain base metal mineralisation (copper). The discovery of a carbonatite intrusion/complex at the Telegraph prospect is considered to be the likely cause of the anomalous REE's and base metals found within the weathered/altered profile.

Drill core samples have been submitted for analysis and assay results are expected within the next three to four weeks. A full assessment of this prospect and its regional implications will be completed once full assay data have been received.

The Balladonia Project is subject to the Company's Strategic Alliance Agreement (SAA) with South32.

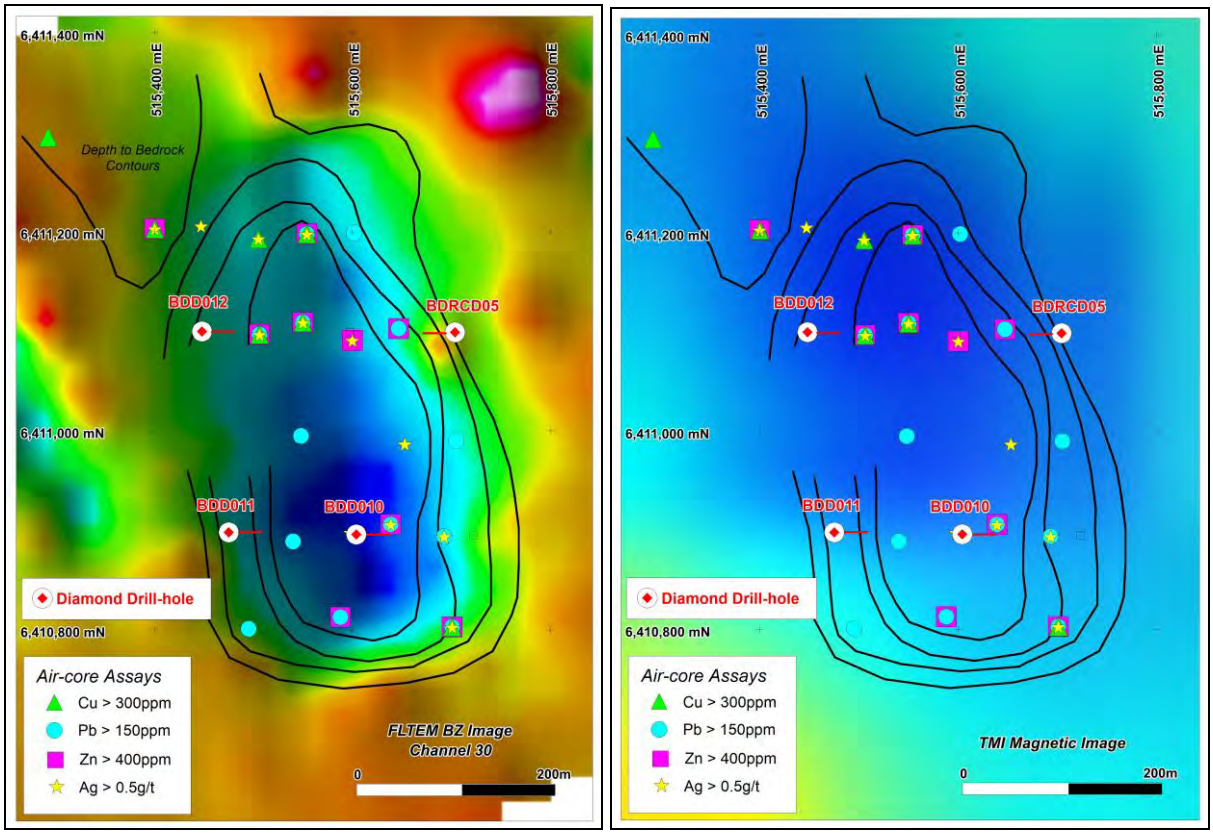

Figure 1: Telegraph Prospect showing diamond drill-hole locations

The diamond drilling program consisted of four drill-holes for a total of 980m on two sections located 200m apart (Figure 1). The planned program (six holes) was suspended at the completion of the fourth drill-hole to allow personnel to return home prior to a possible state-wide shut-down due to the Covid-19 virus outbreak.

The diamond drill program was designed to test beneath anomalous base metals (Cu, Pb, Zn and Ag) and rare earth elements (Ce, La, Nb, and Y) that occur within intense clay/silica/pyrite alteration/weathering intersected during the earlier air-core and RC drill programs reported to the ASX on 20 August 2019 and 7 January 2020.

The carbonatite intrudes a mixed sequence of felsic and mafic gneisses, typical of rock types generally found within the Fraser Range region of WA. Alteration associated with the intrusion extends into the gneisses, making them either highly siliceous and/or potassic altered. The upper contact zone of the intrusion appears to be intact on the southern section at a depth of ~150m, suggesting that it did not breach the surface and may be younger than the enclosing rocks.

AusQuest's Managing Director, Graeme Drew, said the discovery of a carbonatite intrusion was a new development for the Fraser Range region of Western Australia and could provide new opportunities for the Company.

"While this is an unexpected development and we are yet to fully understand its implications for our exploration at Balladonia, it is important to remember that carbonatites are highly sought-after world-wide for their rare earth potential and also for base metals," he said.

"We are aware of other prospects within the Balladonia Project with similar signatures to the Telegraph prospect, and we will be re-assessing them in light of this result." he said.

"We look forward to reporting assay results from the diamond drilling program over the coming weeks, once we have had a chance to fully assess the data and its implications for further exploration in the region" he added.

Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

JORC Code, 2012 Edition – Table 1 report, Diamond Drilling at Balladonia Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sample intervals were determined by the on-site geologist. • Sample intervals varied from a standard 2 metre sample for continuous core sampling to between 0.2m and 0.5m samples every 2 to 5 metres down-hole where it was deemed appropriate by the on-site geologist. • Where HQ3 and NQ core was sampled, core was cut in half with half sent for analysis and half retained for geological and quality control purposes. Where PQ3 core was sampled, a ¼ core was used for analysis. • Sample intervals were measured by tape from depth intervals shown on core blocks labeled by the drillers, as per standard industry practice.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond Drilling was used from surface for 3 of the 4 holes drilled, with PQ3 coring required to successfully penetrate through the upper portions of the weathered section. One drill-hole used an earlier RC hole as a pre-collar. • PQ3, HQ3 and NQ drill rods used to produce 83mm, 61.1mm and 47.6mm diameter core respectively. The PQ3 core starts at surface changing to HQ3 and then NQ at the appropriate depths depending on drilling conditions. • Down-hole surveys were read at ~ 50m intervals.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Core recovery was determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs. • Experienced diamond drillers were engaged to ensure maximum

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	core recovery. • Sample recovery was generally high, negating any sample bias due to recovery.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill core and sample chips were logged by experienced geologists to identify key rock types, alteration and mineralisation styles. • Core logging is qualitative with visual estimates of mineralisation made for later comparison with assay results. • All core was logged and photographed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples were collected by cutting core in half along its length and sampling intervals ranging from 20cm to 2.5m in length as determined by the on-site geologist. Where PQ3 core was produced ¼ core was used as a sample. • The sample sizes are appropriate for the geological materials being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Assaying of the drill samples is by standard industry practice. • The samples are sorted and dried. The whole sample is crushed then split by riffle splitter to obtain a representative sub-sample which is then pulverized in a vibrating pulveriser. • A portion of the pulverized sample is then digested and refluxed using a four acid digest (Hydrofluoric, Nitric, Hydrochloric and Perchloric) which approximates a total digest for most elements. Some refractory minerals are not completely dissolved. • Inductively Coupled Plasma Mass Spectroscopy (ICP-MS) is used to measure Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, and Zr. • Data from the laboratory's internal quality procedures (standards, repeats and blanks) and AusQuest (standards, repeats and blanks) are reviewed to check data quality. • Assays are provided by Intertek Genalysis of 15 Davison St,

Criteria	JORC Code explanation	Commentary
		Maddington, WA which is a certified laboratory for mineral analyses. • Analytical data is transferred to the company via email and by hard copy.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• N/A for this report – Drilling was early stage testing of targets.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars including elevation are located by hand held GPS to an accuracy of approximately 5m. • Down hole surveys are carried out every ~50m down hole, and at the end of the hole. • All surface location data are in GDA 94 datum, zone 51S.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Angled drill holes were spaced at approximately 200m x 100m to 150m intervals and designed to assess prospectivity of the identified target. Drill hole locations are provided below.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Any bias due to the orientation of the drilling is unknown at this early stage of exploration.
Sample security	• *The measures taken to ensure sample security.*	• Samples are collected into securely tied bags and placed into cable-tied polyweave bags for transport to the laboratory. Each sample batch has a sample submission sheet that lists the sample numbers and the work required to be done on each sample. • Reputable freight companies are used to transport samples to the laboratory. • Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No reviews or audits of the sampling techniques or data have been carried out to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area*	• The Balladonia Project (Telegraph Prospect) is centered at 6411000N and 515500E (GDA94 Zone 51), approximately 135 km ESE of Norseman in Western Australia. • Tenement holdings include three granted Exploration License's (E69/2246, 3317, 3558) and four Exploration License applications (E69/3394, 3559, 3671 and 3672). • The Balladonia Prospect is subject to a Strategic Alliance Agreement whereby South32 have the right to earn a 70% interest by spending US$4.5M. • Aboriginal heritage surveys are routinely completed ahead of ground disturbing activities.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited surface exploration has been completed by other parties. AusQuest is the first exploration company to complete drilling programs within the tenements. • The tenements have been covered by regional government geophysical and geological surveys and partly by regional GSWA geochemical sampling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Telegraph Prospect is a large ovoid shaped alteration feature approximately 500m N-S and 200m E-W hosted by felsic, intermediate and mafic gneisses. The clay alteration zones contain anomalous base and rare earth metals. The alteration extends below the depth of the current drilling (~150m).
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not*	• All relevant drill hole data are tabulated below and provided in the ASX release.

Criteria	JORC Code explanation	Commentary
	Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Assay data are pending.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Assay data are pending.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Drill holes are shown on appropriate plans and included in the ASX release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Assay data are pending.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The relationship between current drill results and previously reported exploration data is presented in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further drilling will depend on the results of this drilling.

Diamond drill-hole location details

Hole No	Prospect	Easting	Northing	RL	Azimuth	Inc	Depth (m)
19BDRCD005	Telegraph	515704	6411099	259	270	-60	279
20BDD010	Telegraph	515604	6410896	259	90	-80	279
20BDD011	Telegraph	515475	6410898	258	90	-70	301
20BDD012	Telegraph	515448	6411100	257	90	-80	243