December 23, 2020
ASX Release

PATERSON GOLD-COPPER PROJECT – DRILLING UPDATE

Further to its announcement of 4th November, AusQuest Limited (ASX: AQD) advises that final assays have now been received for the initial reconnaissance Reverse Circulation (RC) drilling program (7 holes/1,916m) completed recently at the **Gunanya Project** in the Paterson Province of Western Australia under its Strategic Alliance Agreement with South32.

The program was designed to identify the cause of three buried magnetic targets in the area and to determine their potential to reflect mineral systems similar to those found at Winu (by Rio Tinto) and Havieron (by Newcrest), located in the northern half of the Paterson Province.

Of the three targets tested to date, **Anomaly 2 remains a viable target for copper-gold mineralisation, similar to other occurrences in the Paterson Province**.

The magnetic responses at Anomalies 1 and 3 appear to be caused by metamorphic basement rocks containing variable amounts of magnetite, located beneath sedimentary cover which was considered to be the main target host for mineralisation at Gunanya.

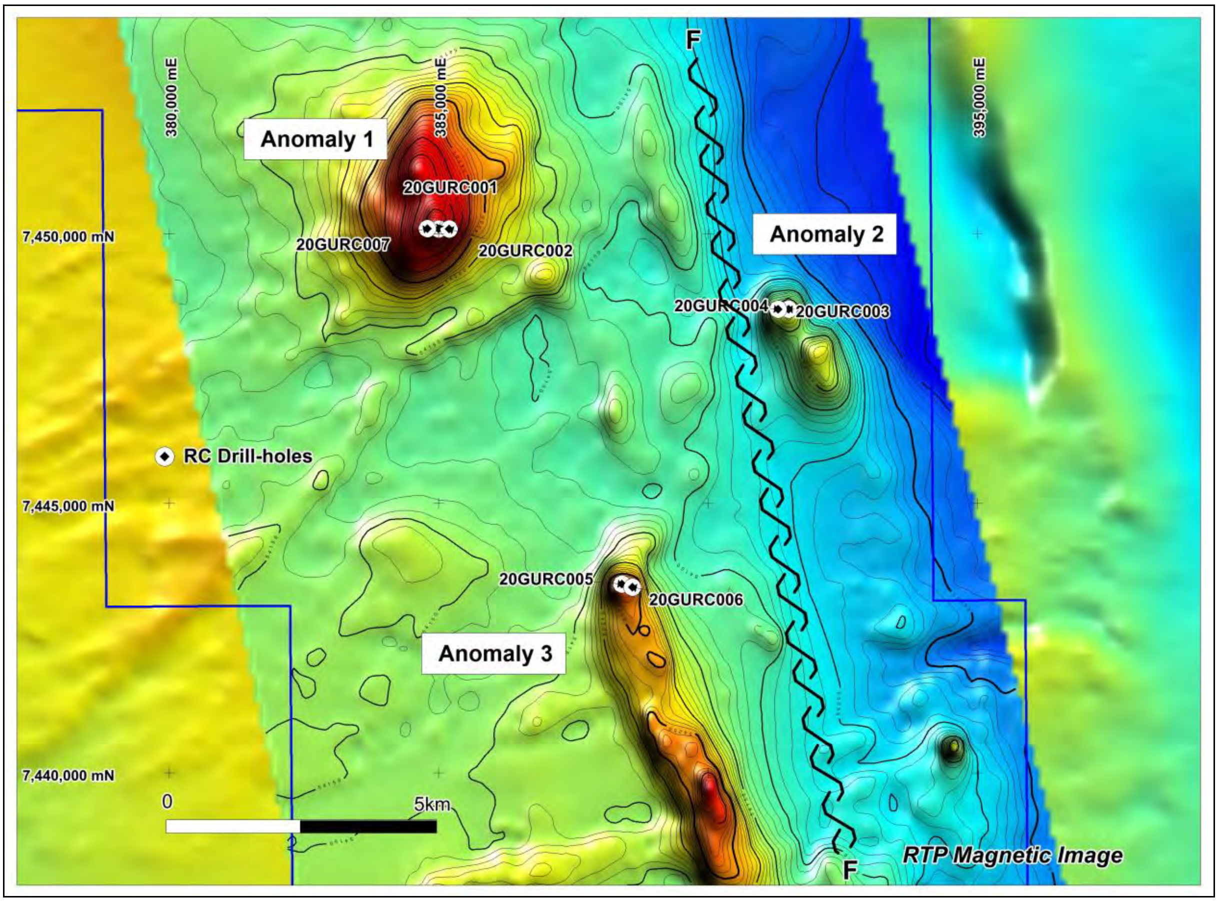

Figure 1: Gunanya Prospect showing RC drill-holes relative to magnetic targets

The target sediments, which are located beneath the younger Boondawarri glacial sediments, were found to be highly variable across the three sites tested, ranging from barium- rich sandstones at Anomaly 1 to calcareous siltstones with elevated sulphur (1 to 2% S) at Anomalies 2 and 3 (Mundadjini Formation), highlighting the presence of potential host rocks at the latter anomalies (*Figure 2*).

The Mundadjini Formation was originally considered to be the main target horizon at Gunanya as it was thought to be equivalent to the sediments that host copper and gold mineralisation elsewhere in the Paterson Province.

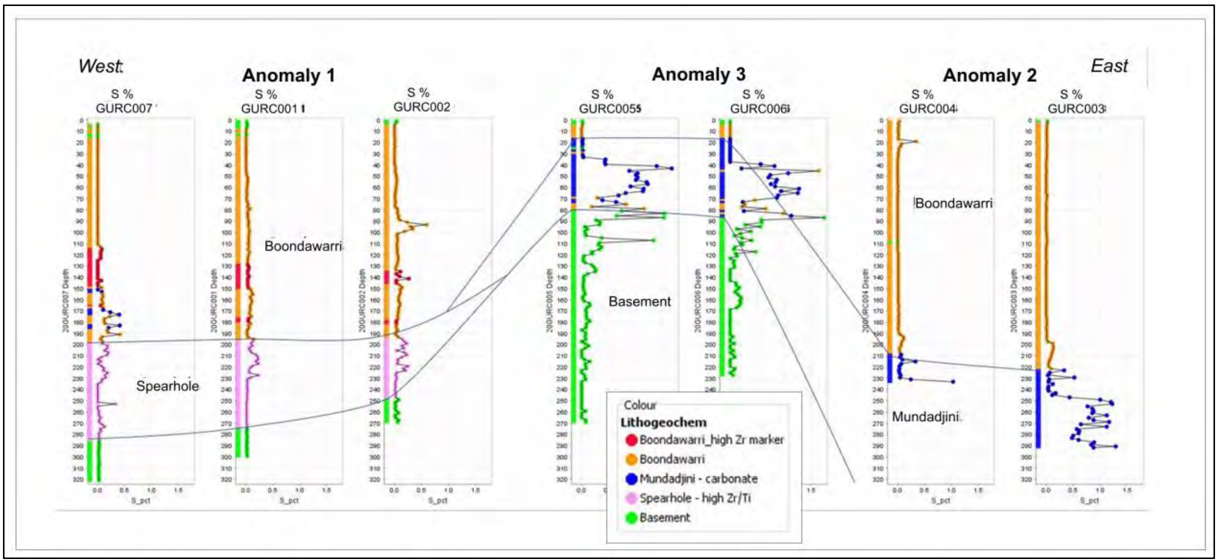

Figure 2: Gunanya RC drill-holes showing variation in sediments across the project

At Anomaly 2, the source of the magnetic response was not intersected by drilling, with both drill-holes GURC03 and 04 terminating in Mundadjini sediments before the holes could test the magnetic target. Only 70m and 20m thicknesses of Mundadjini sediments were intersected in the drill-holes before they were stopped by high water flows (*Figure 3*).

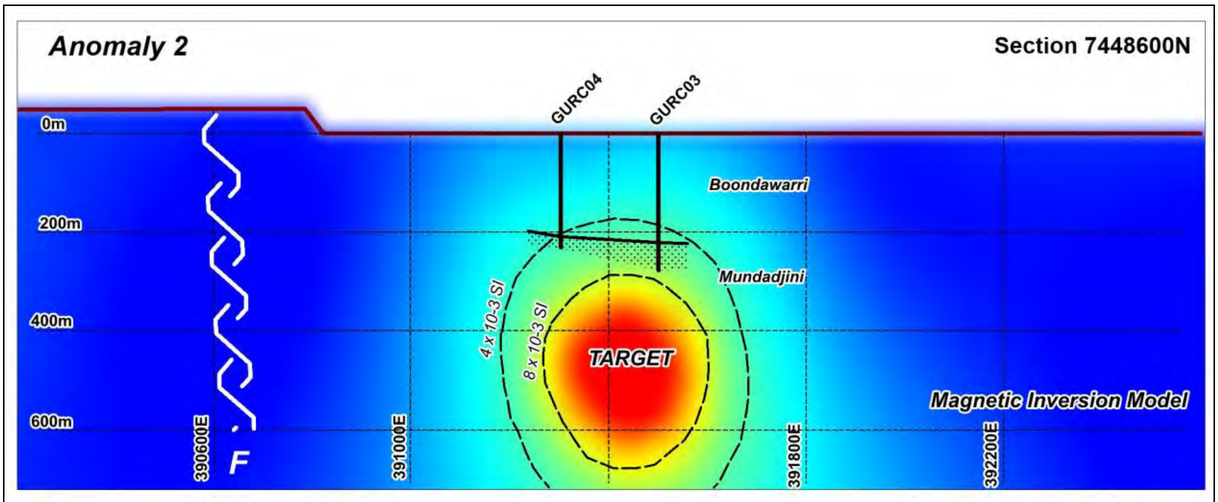

Figure 3: Gunanya Anomaly 2 magnetic inversion model showing drill hole locations

Although no anomalous copper values were found within the limited amount of Mundadjini sediment in drill-holes GUR03 and 04, there were elevated copper values (up to 400ppm Cu) with associated silver (Ag), potassium (K), lead (Pb) and thallium (Tl) reported within the basal section of the overlying Boondawarri sediments, suggesting the possibility of leakage from a nearby source.

The change in basement depth between Anomaly 2 (>292m) and Anomaly 3 (~90m) (*see Figure 2*) suggests a major structural break between the two prospects, with Anomaly 2 occurring in a down-thrown block to the east of a regional basement high.

The possibility that a greater thickness of Mundadjini sediments occurs at Anomaly 2 implies the magnetic response at this prospect likely occurs within the sedimentary sequence, rather than within metamorphic basement, making it a high priority target for copper and/or gold mineralisation within the Paterson environment.

AusQuest Managing Director Graeme Drew said that while the Company was still working on the implications of this drilling program, it was very positive about the possibilities in the area, particularly at Anomaly 2 – where the magnetic target is highly discrete, potentially within favourable host sediments, and close to major structures.

“While it’s fair to say that the reconnaissance program didn’t provide us with the coverage we were hoping for, it has helped to refine priority targets in favourable settings that remain untested,” he said. “Discussions are continuing with our strategic alliance partner regarding future programs within this project.”

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, RC Drilling at the Gunanya 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.*	• Samples were collected at 2m intervals from a cone splitter mounted on the cyclone. • Sample depths were determined by the length of the rod-string and confirmed by counting number of samples and rows as per standard industry practice. • A ~3kg sample was collected for representivity.
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).*	• RC Drilling with a face sampling bit has been used with a hole diameter of approximately 132mm. • No down-hole surveys were undertaken.
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.* • *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.*	• Experienced RC drillers and an appropriate rig size were used to provide maximum sample recovery. • At this early stage of exploration, it is not known if there is a relationship between sample recovery and assay grade.
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.*	• RC sample chips were logged by an experienced geologist to identify key rock types and mineralization styles. • Sample logging was qualitative with visual estimates of mineralization made for later comparison with assay results.

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	• All samples were logged.
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.*	• RC samples were collected every 2 metres using a cone splitter and presented in rows corresponding to sample depth. • Assay samples were collected from the cone splitter on the rig's cyclone to produce a representative sample for assay. • Certified standard or blanks were inserted every twentieth sample for initial quality control purposes. • The sample sizes are considered appropriate for the geological materials 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 will be 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. • A 25g fire assay is used for Au assays • 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, 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.*	• No verification of intersections was undertaken. Drilling was reconnaissance in nature.

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	
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. • No down hole surveys were carried out. • 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.*	• Drill holes were reconnaissance in nature and designed to assess prospectivity of three magnetic targets hidden beneath cover. • Drill hole spacing across each target was 200m
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 were collected into securely tied bags and placed into cable-tied plastic 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 Gunanya Project is centered at ~7448000N and 288000E (GDA94 Zone 51), approximately 250 km north east of Newman in Western Australia. • Tenement holdings include granted Exploration Licence E45/5447 and applications E45/5752 and 5753. • The Gunanya Project is subject to a Strategic Alliance Agreement with South32 who can earn 70% 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.*	• Previous exploration for diamonds by Stockdale Prospecting in 1984 identified fine gold in drainage samples collected in the Gunanya region. • In 1984 CRA Exploration drilled four air core holes into weak magnetic anomalies in the northern portion of the Gunanya tenement as part of a diamond exploration program. Between 1991 and 1994 they also completed an aeromagnetic survey and further diamond exploration over the Gunanya project and areas to the south and west of the project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Gunanya Project is targeting gold and copper mineralization similar to recent discoveries at Winu (RioTinto) and Havieron (Newcrest) within the area to the north of the project. Both new discoveries are associated with discrete magnetic anomalies which provides a targeting mechanism for other prospects in the same region.
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*	• All relevant drill hole data are provided below.

Criteria	JORC Code explanation	Commentary
	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 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.*	• No aggregation techniques have been used on the data.
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').*	• No significant base metal intersections were obtained. Drilling was reconnaissance in nature.
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.*	• Drilling was reconnaissance in nature. No significant intersections reported.
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 work has not been determined at this stage and will be dependent on results from the current drilling program.

Drilling Details:

Hole No	Easting	Northing	Datum	Zone	RL	Azimuth	Inc	Depth (m)
20GURC001	384996	7450095	GDA94	51	428	0	-90	300
20GURC002	385194	7450095	GDA94	51	431	0	-90	270
20GURC003	391499	7448602	GDA94	51	449	0	-90	292
20GURC004	391303	7448600	GDA94	51	450	0	-90	234
20GURC005	388402	7443499	GDA94	51	423	0	-90	270
20GURC006	388598	7443443	GDA94	51	424	0	-90	228
20GURC007	384793	7450101	GDA94	51	427	0	-90	322