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ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

NEW BASE METAL TARGETS IDENTIFIED AT BALLADONIA PROJECT – FRASER RANGE, WA

- ***Multi-element geochemical anomalies in air-core drilling reveal priority targets***
- ***Priority nickel-copper target identified at the Harms Lake Prospect***
- ***Potential for BHT and/or IOCG mineralisation inferred at Tea Tree***
- ***Further exploration being planned under the SAA***

AusQuest Limited (ASX: AQD) is pleased to advise that it has identified a series of large-scale base metal targets following recently completed reconnaissance air-core drilling at the **Balladonia Copper-Nickel Project** in the Fraser Range region of Western Australia (WA).

The drilling returned anomalous nickel-copper values associated with an interpreted ultramafic intrusion, as well as identifying potential for Broken Hill Type (BHT) and/or iron-oxide copper-gold (IOCG) mineralisation associated with magnetic targets.

A total of 54 air-core holes for 1,110m were completed along selected traverse lines between 400-800m apart, to provide a first-pass evaluation of four magnetic targets. Three of these were considered as possible IOCG and/or BHT targets similar to those found in the Eastern Succession of north-west Queensland, and one (a magnetic low) was considered to be a possible ultramafic intrusion, similar to those that host nickel-copper mineralisation elsewhere in the Fraser Range (*Figure 1*).

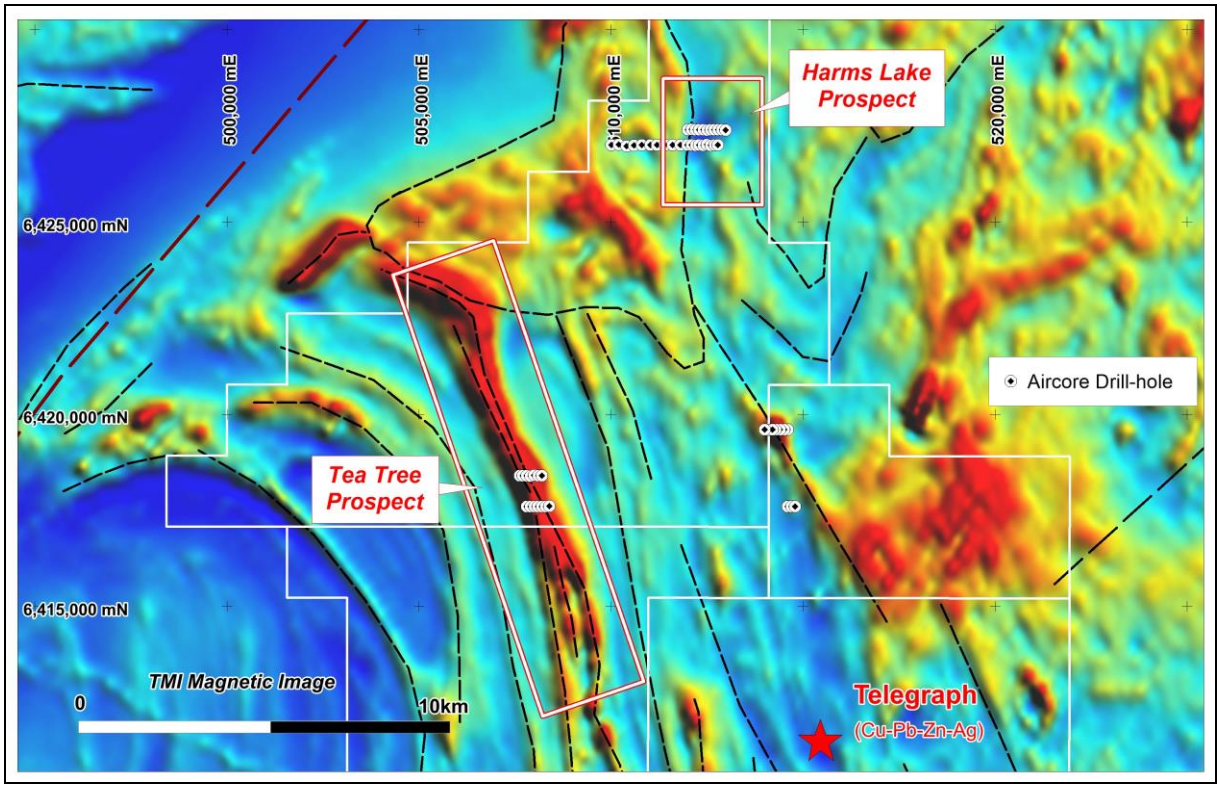

Figure 1: Balladonia Project – magnetic image showing location of prospects and air-core drill-holes.

Air-core drilling (on 400m x 100m spacing) over the newly-named **Harms Lake Prospect** intersected a thick section (~50m) of highly weathered rocks (saprolite) coincident with the magnetic target, with seven of the holes containing anomalous levels of nickel (up to 1,680ppm Ni), copper (up to 450ppm Cu) and chrome (up to 2,500ppm Cr) - suggesting a close affinity with ultramafic rock types and the potential for nickel-copper sulphides beneath the saprolite (*Figure 2*).

Elevated rare earth elements were also reported in several drill-holes (up to 1,600ppm Ce, 620ppm La, 380ppm Y), suggesting a possible association with carbonatite intrusions – as was found to be the case at the Company's Telegraph prospect, located ~16km to the south (see ASX announcement, May 7 2020).

At the newly-named **Tea Tree Prospect**, two reconnaissance lines of air-core drilling (on 800m x 100m spacing) were completed across the magnetic target. Hole depths varied from ~5m to 28m, with the majority of holes ending in saprolite (*Figure 2*).

Two drill-holes intersected recognisable bedrock (garnet gneiss), with both holes returning anomalous pathfinder geochemistry – including elevated lead (119ppm Pb), zinc (280ppm Zn), tin (9.5ppm Sn), molybdenum (25ppm Mo), and cadmium (3.0ppm Cd) in drill-hole BDAC110, within a garnet gneiss that had been subjected to iron (Fe), manganese (Mn) and potassic (K) alteration.

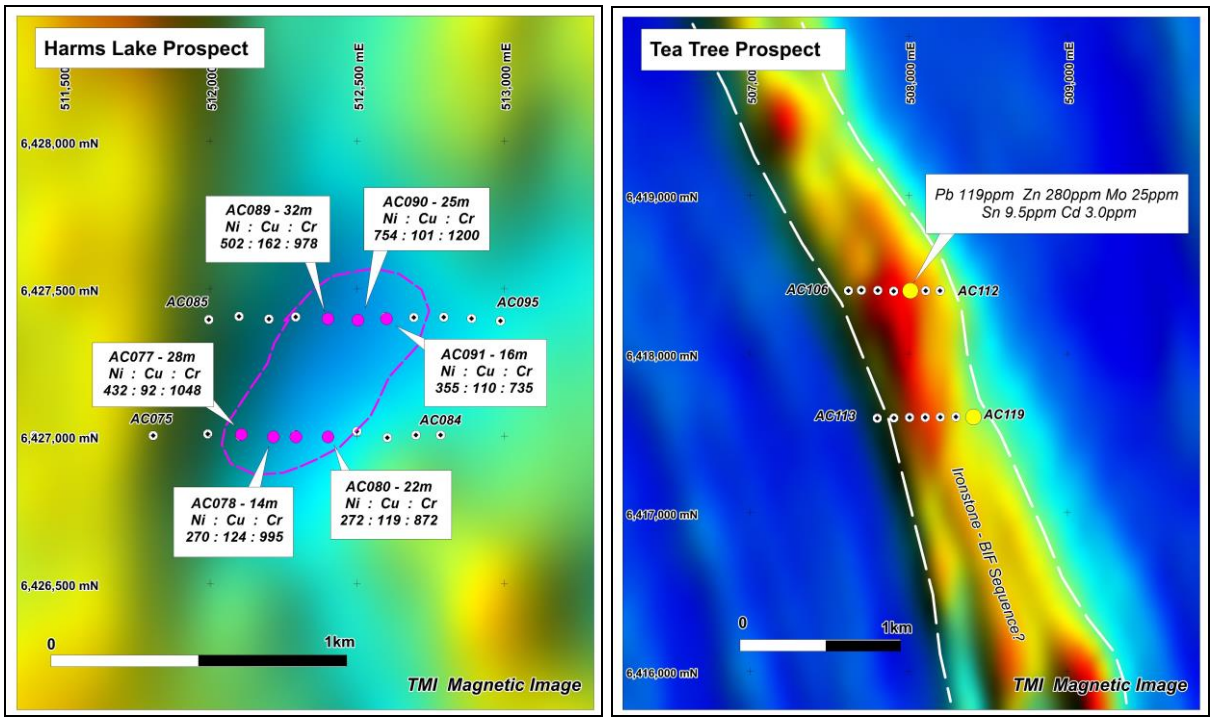

Figure 2: Magnetic Images showing air-core drilling results over the Harms Lake and Tea Tree Prospects.

The geochemically anomalous drill-holes are located within a package of strongly magnetic rocks which likely include ironstone (BIF) units. Similar packages of rocks are often associated with base metal mineralisation in the Eastern Succession of north-west Queensland, where a number of BHT and IOCG deposits have been discovered.

The Balladonia Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32. Further exploration in the Balladonia area is currently being planned under the SAA.

AusQuest's Managing Director, Graeme Drew, said the air-core results highlighted the opportunity to discover significant base metal mineralisation at Balladonia.

"Comparisons that can be made with base metal deposits in north-west Queensland, as well as nickel-copper deposits found in the Fraser Range, continue to provide us with optimism for new discoveries to be made in this area," he said.

"Given the extensive cover that is present, exploration in this area is still in its infancy – and the more we learn about the area, the closer we get to hopefully making a discovery."

"We are continuing to work closely with our Alliance partner to explore the Balladonia Project and look forward to advising shareholders of our future plans once all the data generated by these recent exploration programs have been fully assessed," he said.

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, AirCore Drilling at Balladonia WA - 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.*	• All aircore drill samples were collected using a hand held scoop. • A full and level scoop was consistently collected for each sample. Samples were composited by sampling the individual 1 metre sample spoils and combining 4 for each composite sample. • A bottom hole sample of the freshest material (from 1m to 4m thick) was also collected. • All of the hole was sampled including overburden.
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).*	• The aircore drilling was conducted by GYRO Drilling using a 92mm blade bit to blade refusal • No down hole surveys were undertaken • All AC drill holes were inclined at -90°
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.*	• Sample recoveries were not measured but sample spoils appeared adequate. • The sampling cyclone and buckets were cleaned regularly.
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.*	• Aircore drill chips were geologically logged. • Qualitative descriptions of colour, grain size, texture and lithology are recorded for each sample.

Criteria	JORC Code explanation	Commentary
	• *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 holes are geologically logged in their entirety.
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.*	• Not applicable. • Aircore samples were not riffle split. • Samples consisted of 4 metre composites. Submitted sample weights vary from 1 to 2 kg. Samples were collected using a scoop from each of the sample spoils. A bottom of hole sample was collected at each drill site.

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.*
		• Aircore drilling sample analysis was completed by Intertek Genalysis Pty Ltd of Perth W.A.
		  • 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.
		• One Oreas standard or one blank were included every 20th sample in each sample batch. QAQC reliance was also placed on laboratory procedures and laboratory batch standards. No unacceptable level of accuracy or precision were noted.
		• Analytical data is transferred to the company via email.

Criteria	JORC Code explanation	Commentary
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.*	• Not applicable at this early stage of exploration • Not applicable at this early stage of exploration • Sampling data is collected in the field and data entry and validation is completed in the office by experienced database personnel assisted by geological staff. • No adjustments are made 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 collar positions were recorded with handheld GPS system with expected accuracy of +/- 5m horizontal. This is considered acceptable for broad spaced ground activities. RL's were derived from the available DTM data. • The grid system for the Balladonia Project is GDA94, MGA Zone 51 • Topographic control has not been applied.
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.*	• Aircore drill section spacings varied from 400 metres to 800 metres as program was reconnaissance in nature. Drill holes were spaced at 100 or 200 metre intervals along lines. • Not applicable. • Composite sampling has been applied to the aircore drilling with 4 metre composite samples collected.
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.*	• The orientation of the aircore traverses was considered adequate to provide an initial test of the targets given it is an early stage of exploration • Not applicable
Sample security	• *The measures taken to ensure sample security.*	• Samples are collected into securely tied calico bags and placed into tied poly weave 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. • Samples were transported to the laboratory by Toll Ipec. • Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.

Criteria	JORC Code explanation	Commentary
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 tenements are located approximately 140km ESE of Norseman in the Fraser Range Belt of Western Australia. • The Balladonia Project comprises four granted exploration licenses (E69/3246, 3588, 3671, 3825) and three applications (E69/3559, 3672, 3952). • The tenements are held 100% by AusQuest Limited. • Four tenements fall within the Dundas Nature Reserve for which the company is finalizing a revised Management Plan with DBCA. The drilling occurred in the tenements outside the Reserve. • Aboriginal heritage and flora surveys are routinely completed ahead of ground disturbing activities. • The tenements are subject to a Strategic Alliance Agreement with South32.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration in the area has included minor mineral sands and lignite exploration
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration model is based upon copper and nickel sulphides hosted in mafic rocks as is the case within the Fraser Range Belt, and base metal mineralisation in BHT and /or IOCG settings similar to the Eastern Succession in north-west Queensland.

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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole*
		• All relevant drill hole data are either tabulated below or provided in the ASX release.

Criteria	JORC Code explanation	Commentary
	collar ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *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 data aggregation of intercepts has been undertaken • Assays quoted are all uncut.
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 assay intervals have been reported.
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.*	• Significant assay results are 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 discussed 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.*	• The locations for future drilling are still to be determined and await a detailed review of the current results.

Drill-Hole location details

Hole No	Easting	Northing	RL	Azimuth	Inc	EOH Depth (m)
21BDAC066	510004	6427008	265	360	-90	15
21BDAC067	510202	6427009	267	360	-90	6
21BDAC068	510405	6426978	270	360	-90	4
21BDAC069	510599	6426995	273	360	-90	6
21BDAC070	510797	6427005	275	360	-90	7
21BDAC071	511020	6427003	271	360	-90	2
21BDAC072	511194	6427000	266	360	-90	3
21BDAC073	511402	6427003	263	360	-90	2
21BDAC074	511600	6427001	259	360	-90	3
21BDAC075	511806	6427002	256	360	-90	4
21BDAC076	511992	6427007	254	360	-90	44
21BDAC077	512102	6427000	252	360	-90	44
21BDAC078	512211	6426998	251	360	-90	50
21BDAC079	512289	6427003	251	360	-90	58
21BDAC080	512404	6426998	251	360	-90	38
21BDAC081	512499	6427016	251	360	-90	38
21BDAC082	512602	6426994	253	360	-90	5
21BDAC083	512700	6427003	255	360	-90	6
21BDAC084	512783	6427003	257	360	-90	29
21BDAC085	511995	6427395	253	360	-90	18
21BDAC086	512098	6427406	250	360	-90	10
21BDAC087	512200	6427397	249	360	-90	19
21BDAC088	512291	6427404	248	360	-90	29
21BDAC089	512402	6427400	248	360	-90	52
21BDAC090	512503	6427392	248	360	-90	45
21BDAC091	512595	6427403	249	360	-90	44
21BDAC092	512692	6427402	251	360	-90	31
21BDAC093	512794	6427403	252	360	-90	54
21BDAC094	512889	6427399	253	360	-90	52
21BDAC095	512987	6427391	254	360	-90	38
21BDAC096	514600	6419594	279	360	-90	24
21BDAC097	514509	6419599	279	360	-90	14

21BDAC098	514400	6419598	278	360	-90	14
21BDAC099	514287	6419603	279	360	-90	11
21BDAC100	514202	6419601	279	360	-90	20
21BDAC101	514099	6419591	279	360	-90	40
21BDAC102	514000	6419600	279	360	-90	32
21BDAC103	514600	6417594	278	360	-90	5
21BDAC104	514699	6417601	277	360	-90	11
21BDAC105	514790	6417598	277	360	-90	5
21BDAC106	507618	6418398	246	360	-90	12
21BDAC107	507700	6418402	245	360	-90	13
21BDAC108	507803	6418400	244	360	-90	12
21BDAC109	507904	6418395	242	360	-90	11
21BDAC110	508001	6418408	241	360	-90	28
21BDAC111	508105	6418398	237	360	-90	6
21BDAC112	508196	6418399	236	360	-90	5
21BDAC113	507800	6417594	241	360	-90	9
21BDAC114	507906	6417596	243	360	-90	9
21BDAC115	508004	6417600	244	360	-90	10
21BDAC116	508102	6417600	244	360	-90	11
21BDAC117	508197	6417601	245	360	-90	16
21BDAC118	508297	6417603	244	360	-90	15
21BDAC119	508395	6417604	243	360	-90	21

Projection GDA94; Zone 51