July 27, 2021
ASX Release

PRIORITY HELICOPTER EM TARGETS IDENTIFIED AT MORRISEY NICKEL-COPPER-PGE PROJECT, WA

- ***Three priority copper-nickel targets identified***
- ***Next steps – mapping, sampling and possible ground EM***
- ***Project funded under the SAA with South32***

AusQuest Limited (ASX: AQD) is pleased to advise that it has identified three priority targets for immediate follow-up from a recent helicopter-borne electromagnetic (HEM) survey at its **Morrisey Nickel-Copper-PGE Project** located in the new West Yilgarn Province of Western Australia (WA).

The HEM responses are discrete and closely associated with magnetic source rocks (potential ultramafics) and anomalous soil geochemistry (Ni, Cu), as outlined in the Company's December 2020 Quarterly Report. The HEM survey – which comprised a total of 2,200 kilometres flown on NW-SE oriented flight lines spaced 150m apart using the Xcite HEM system – was designed to locate EM responses that could reflect nickel-copper-PGE sulphide mineralisation similar to that found at Nova-Bollinger in the Fraser Range and at the new Julimar discovery north of Perth.

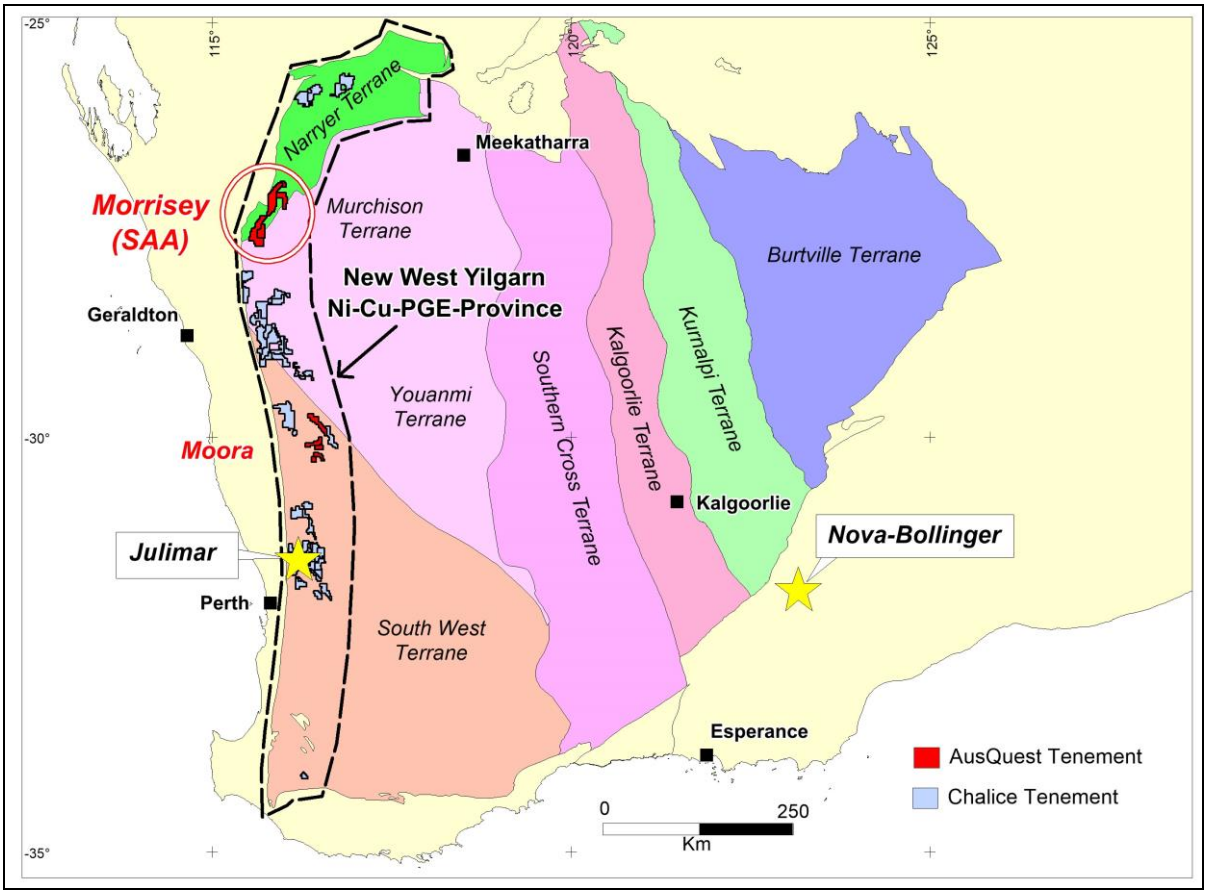

Figure 1: Location of Morrisey Project in relation to newly-defined West Yilgarn Ni-Cu-PGE Province.

Three distinct EM anomalies were identified by the HEM survey with strong potential to reflect sulphide mineralisation as there are no obvious responses from conductive sediments (graphite) or conductive overburden (clays, salinity) in the surrounding area (*Figures 2, 3 and 4*).

All three EM targets are strike limited and have mid-to-late time EM responses reflecting moderate to strong conductive sources. The targets are associated with magnetic anomalies that are thought to reflect ultramafic rocks, based on their magnetic signature and nearby soil geochemistry, which are considered favourable host rocks for nickel-copper-PGE mineralisation.

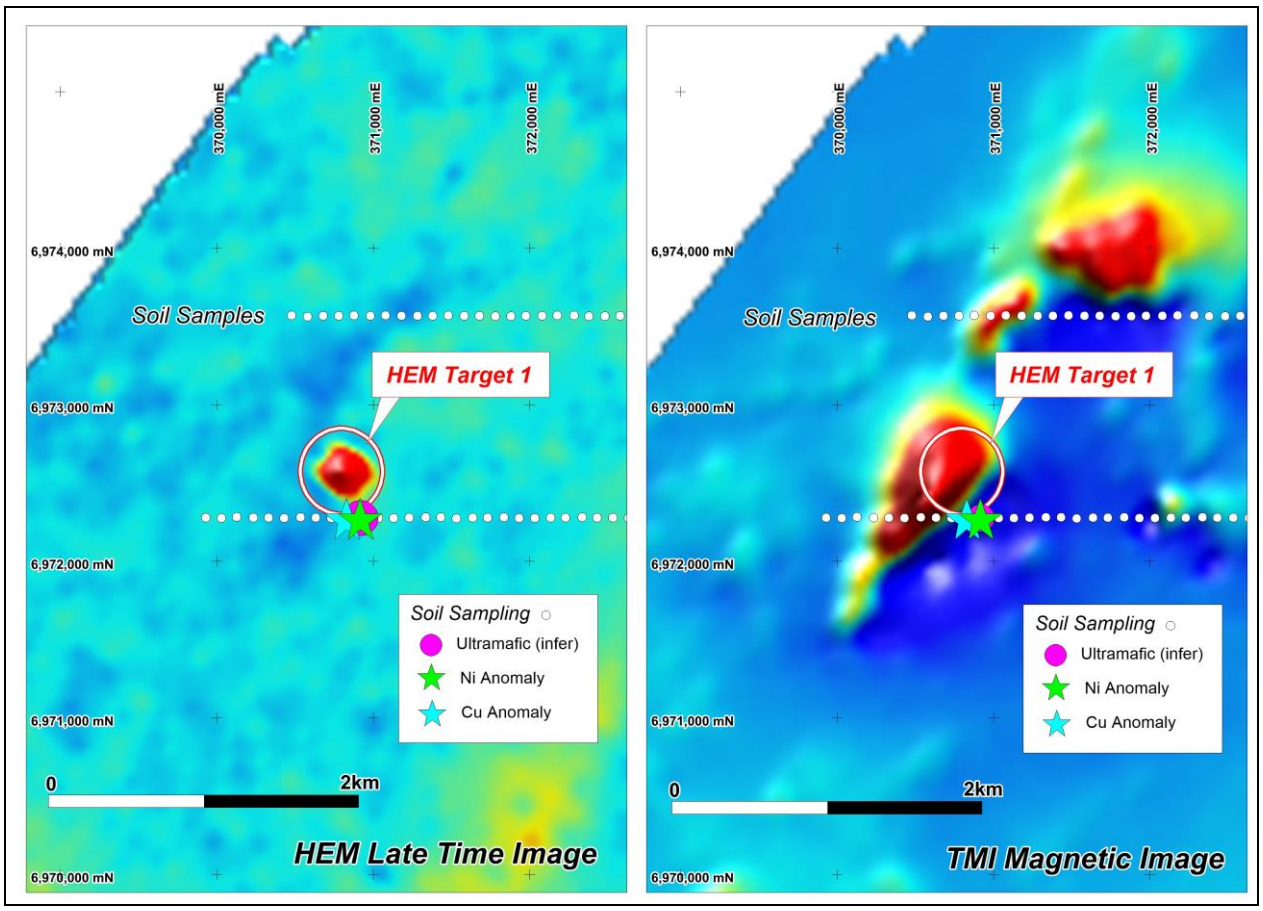

Figure 2: Morrisey HEM Target 1 showing association with magnetic targets and soil geochemistry

Background conductivity levels across much of the area were very low (except in areas of significant drainage), providing favourable ground conditions for HEM surveying.

Computer modelling of the EM anomalies has been initiated and field reconnaissance over target areas, including detailed surface sampling, is planned to commence in August. Ground EM surveys to optimise drill sites will be considered once results from the initial reconnaissance sampling programs are available.

The Morrisey Project, which is held under the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited, covers an area of ~1,200km² and extends for a strike length of ~80km along the north-western margin of the Yilgarn Craton within the high-grade metamorphic Narryer Terrane of WA.

It was initially secured to cover magnetic targets indicative of mafic/ultramafic host rocks in a similar tectono-stratigraphic setting to the Julimar (and possibly Nova-Bollinger) discoveries, which highlighted the untested nickel-copper-PGE potential of the western margin of the Yilgarn Craton (*Figure 1*).

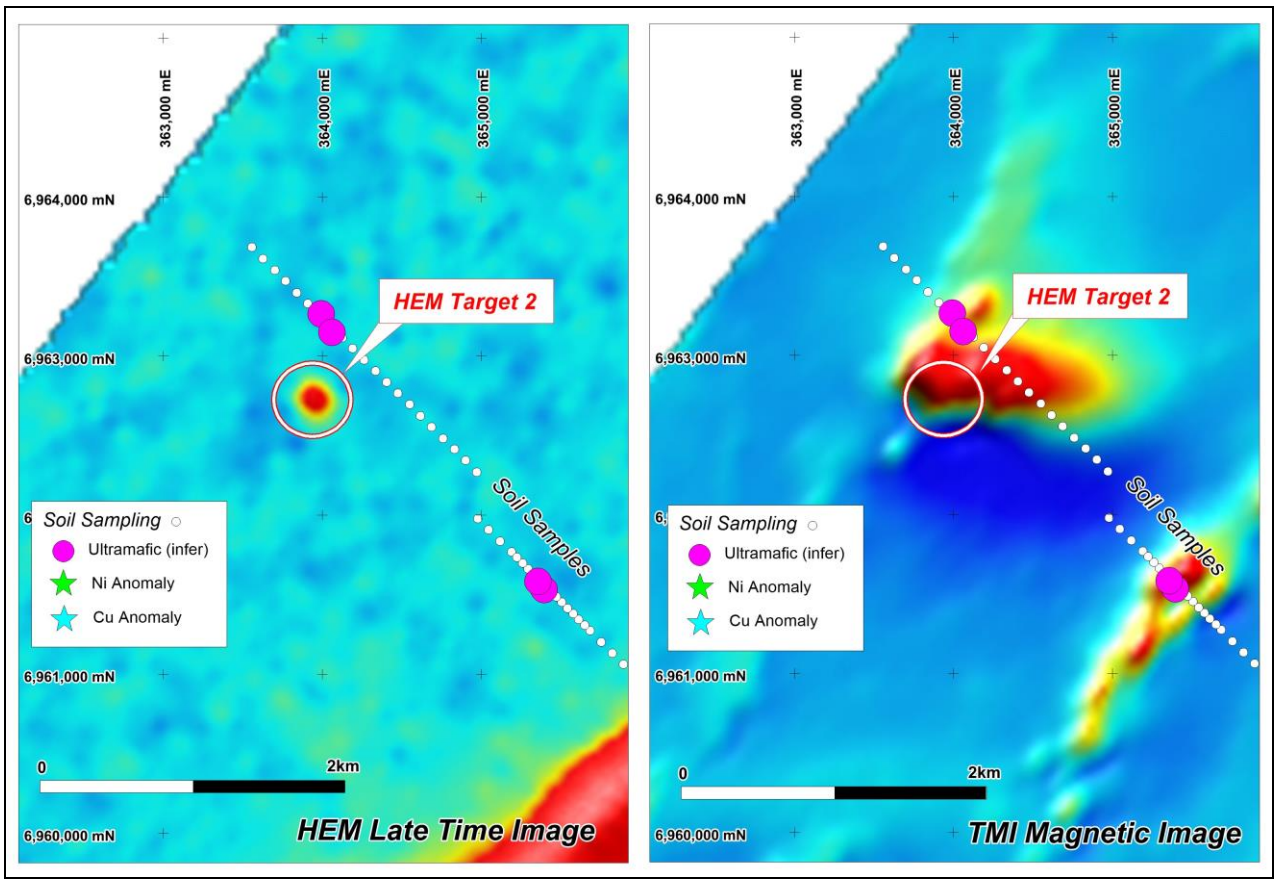

Figure 3: Morrisey HEM Target 2 showing association with magnetic target and soil geochemistry

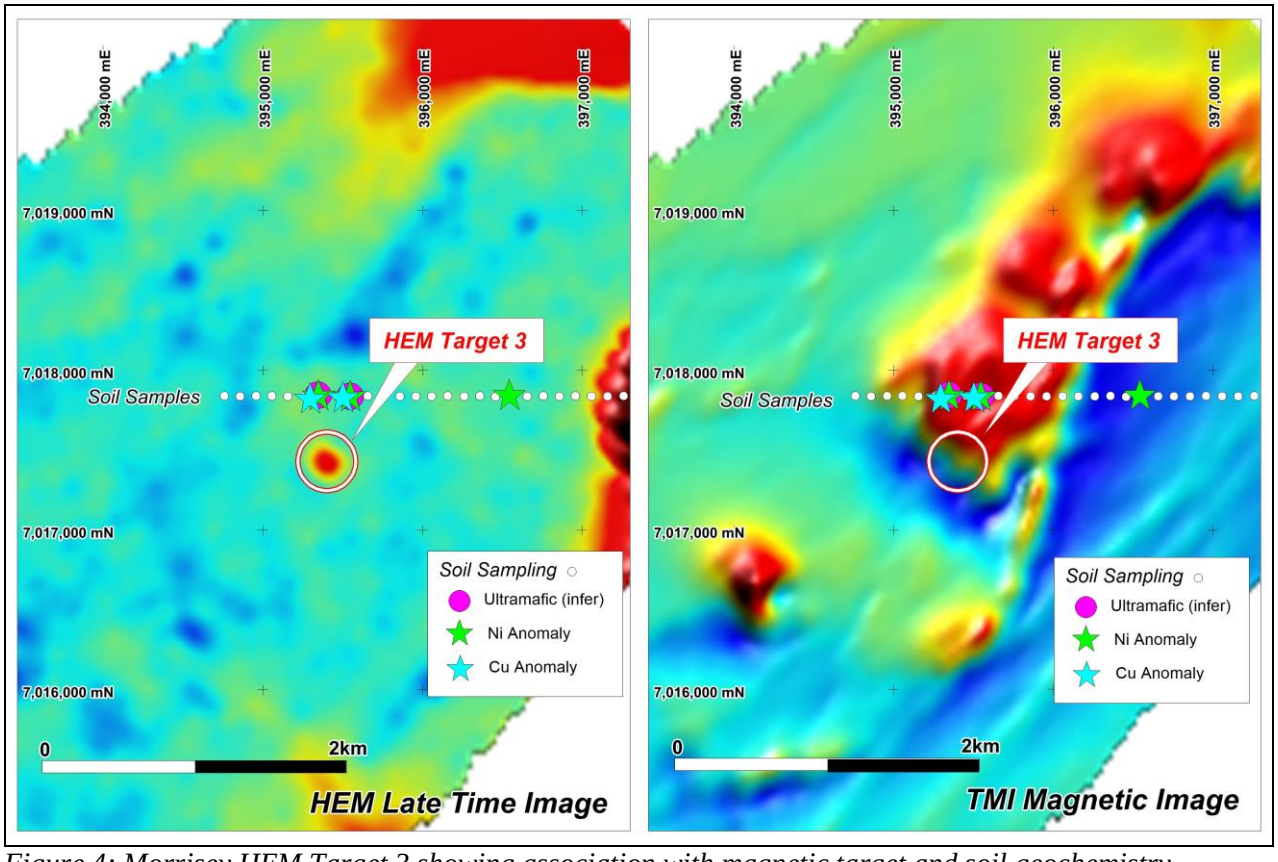

Figure 4: Morrisey HEM Target 3 showing association with magnetic target and soil geochemistry

AusQuest Managing Director Graeme Drew said the conductors defined by the EM survey represent high-priority targets given their discrete nature and clear spatial association with magnetic anomalies that were previously identified as reflecting potential host rocks for nickel-copper mineralisation.

"The next phase of field work will involve mapping and sampling of the target areas, including possible ground EM surveys in order to prioritise the targets for drilling," he said. "We are hopeful that the targets can be drill tested later this year, pending consultation with South32 and the availability of drill rigs.

"The Morrisey Project is based on analogies that we have drawn with the new Ni-Cu-PGE discovery at Julimar and the well-known nickel-copper prospectivity of the Fraser Range Belt, where discoveries were made using the electromagnetic method," 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.