AUSQUEST LIMITED

# ASX ANNOUNCEMENT

May 18, 2022

## PRIORITY DRILL TARGETS IDENTIFIED AT THE MORRISEY NICKEL-COPPER-PGE PROJECT, WA

- ***Three discrete conductors delineated by ground EM surveys***
- ***All targets are believed to reflect sulphide mineralisation***
- ***Targets are associated with inferred mafic/ultramafic intrusions similar to Julimar and anomalous soil geochemistry***

AusQuest Limited (ASX: AQD) is pleased to advise that it has upgraded previously identified airborne EM anomalies at its **Morrisey Copper-Nickel-PGE Project** in WA to the drill testing stage after receiving positive results from recent ground electromagnetic (EM) surveys.

The Project, which is located within the Narryer Terrane of Western Australia (WA) approximately 500km north of Perth, is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32).

All conductors confirmed by the ground-based Moving Loop Transient Electromagnetic (MLTEM) surveys are closely associated with strong magnetic anomalies that reflect possible chonolith-type intrusions (horizontal cylindrical bodies) with similar magnetic characteristics to the Gonneville intrusion that hosts the Ni-Cu-PGE mineralisation discovered by Chalice Mining at the Julimar Project, north of Perth.

Modelling of MLTEM data has outlined targets at the Sandfly, Waterfall and Bilga Rocks prospects that have moderate to strong conductance (~600 to 6,000 siemens), are discrete in nature with dimensions varying from 50m x 100m up to 75m x 200m, and occur at depths of ~50 to 100m, suggesting the presence of a conductive source in bedrock (*Figures 1, 2, 3*).

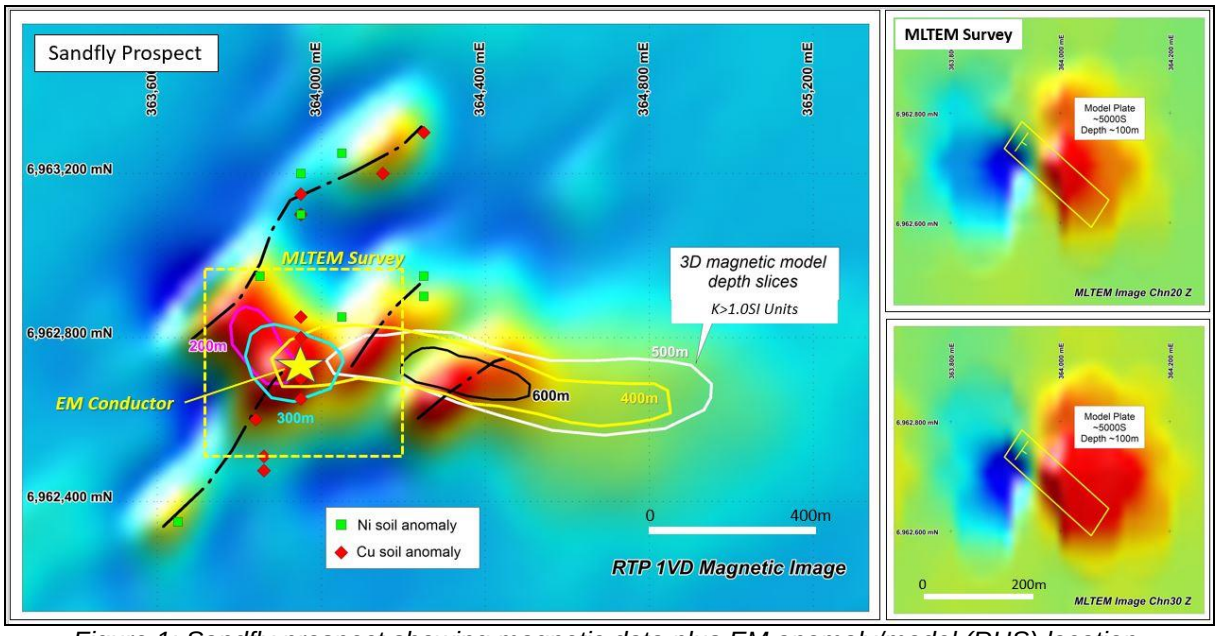


*Figure 1: Sandfly prospect showing magnetic data plus EM anomaly/model (RHS) location.*

The targets are believed to reflect sulphide mineralisation within the large magnetic complexes (mafic/ultramafic intrusions) and are considered priority targets for nickel-copper and PGE mineralisation. Earlier soil geochemical surveys across the target areas reported anomalous nickel and copper values in the vicinity of the EM responses (December 2021 Quarterly Report).

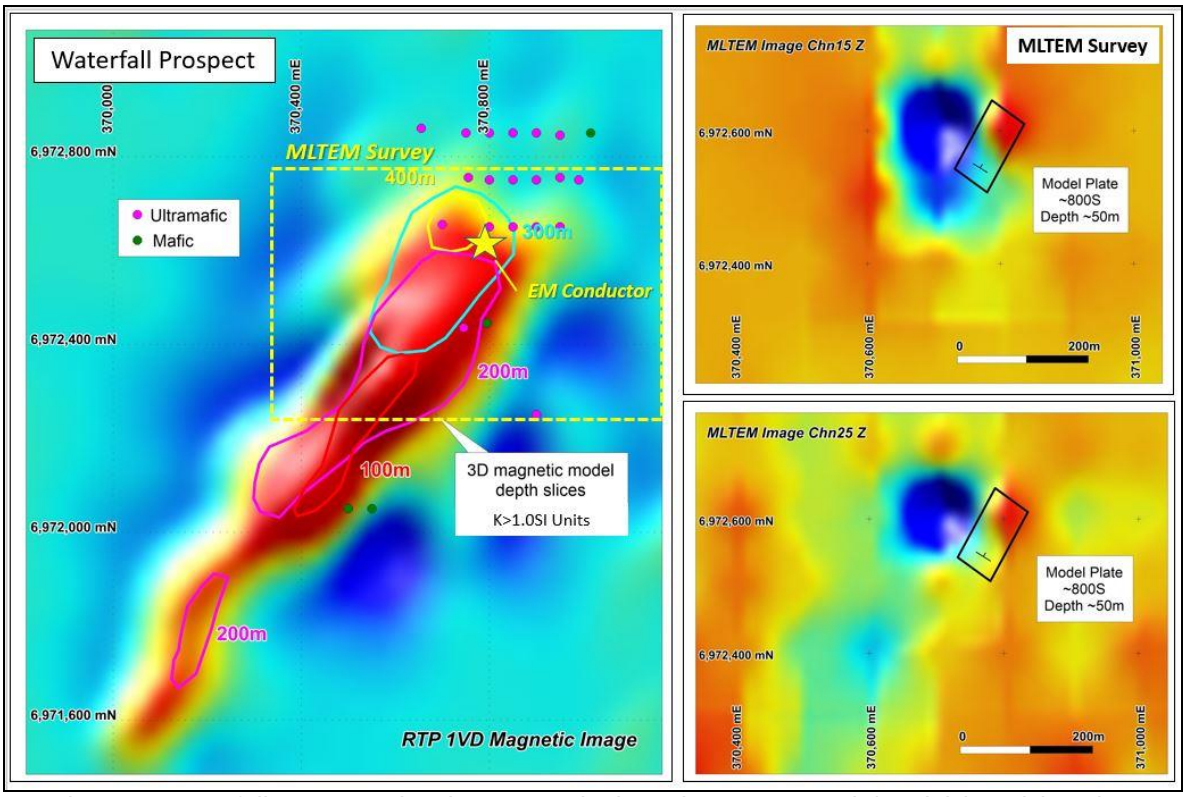


*Figure 2: Waterfall prospect showing magnetic data plus EM anomaly/model (RHS) location.*

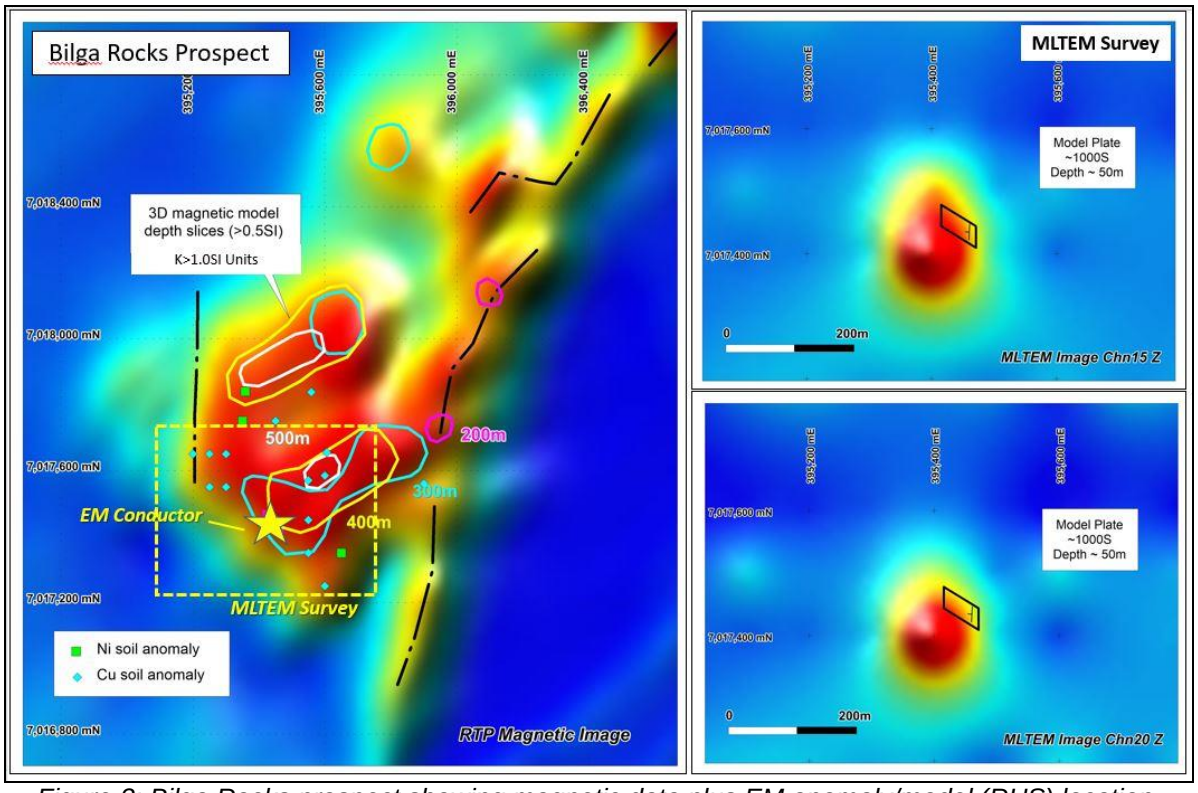


*Figure 3: Bilga Rocks prospect showing magnetic data plus EM anomaly/model (RHS) location.*

Specifications for the MLTEM survey included 200m x 200m transmitter loops, a fluxgate receiver coil offset from the transmitter loop (slingram array) and 100m stations. A total of 15km of MLTEM surveying was completed.

Proposed Reverse Circulation (RC) drilling of the EM and magnetic targets is currently being considered under the SAA. Native Title clearance surveys for access to drill sites are expected to be completed around the end of May ahead of proposed drilling in late Q2/Q3 subject to rig availability.

The Morrisey Project is located ~500km north of Perth within the Narryer Terrane, which forms the north-western margin of the Yilgarn Craton. The Project consists of four granted Exploration Licences (ELs) covering an area of ~1,200km² parallel to the Yilgarn Craton boundary. The area became the focus of industry attention following the discovery by Chalice Mining of the Julimar nickel-copper-PGE deposit north of Perth, which highlighted the untested nickel-copper-PGE potential along the margin of the Western Yilgarn Craton.

AusQuest's Managing Director, Graeme Drew, said the Company was excited to have generated strong drilling targets from the application of a systematic, multi-disciplinary approach to exploration which included regional magnetics, airborne and ground-based geophysics and surface mapping and geochemistry.

"While it is still early days, the occurrence of conductive targets associated with Fe-rich mafic/ultramafic rocks and scattered nickel and copper anomalism in soils is a very encouraging sign," he said. "The planets are starting to align for these targets and we are really looking forward to getting rigs on the ground to test them."

"We are now in the process of obtaining all the required approvals to enable drilling to commence as soon as it is possible to do so" 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, Morrisey Electromagnetic Survey Results – May 2022

## 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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *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.* | • Moving Loop Transient electromagnetic surveys (MLTEM) were completed over three prospects using an EMIT Fluxgate sensor, 200m x 200m Tx loops and 100m stations with the receiving sensor either offset 100m from (behind) the TX loop (two prospects) or within the centre of the Tx Loop (one prospect) to follow-up helicopter EM anomalies. |
| *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).* | • Not applicable |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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.* | • Not applicable |
| *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.* | • Not applicable |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | |
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Not applicable |
| *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.*<br>• *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.*<br>• *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.* | • Not applicable |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Not applicable |
| *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.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • All stations and transmitter loop positions are located by hand held GPS to an accuracy of approximately 5m.<br>• All station location data are recorded in GDA94 datum, UTM zone 50. |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *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* | • Reconnaissance moving loop EM data were collected in slingram mode at 100m station intervals along lines either 100m or 200m apart. The sensor was either placed 100m outside the Tx loop along the survey line or within the centre of the Tx loop where |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *applied.*<br>• *Whether sample compositing has been applied.* | superparamagnetic effects were not present |
| *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.*<br>• *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 MLTEM survey lines were oriented approximately perpendicular to strike evident in the magnetic data. |
| *Sample security* | • *The measures taken to ensure sample security.* | • Results were transmitted electronically from the contractor to the Company's consultant. |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • Data quality was reviewed on an ongoing basis by the Company's consultant. |

## 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.*<br>• *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 Morrisey Project is located approximately 150 km north-east of Geraldton in Western Australia.<br>• Tenement holdings consist of four granted Exploration Licences E70/5383, E09/2397, E59/2525 and E59/2526.<br>• The Morrisey Project is subject to a Strategic Alliance Agreement whereby South32 have the right to earn a 70% interest by spending US$4.5M.<br>• 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 is very limited and was mainly focused on iron ore and gold targets together with some regional diamond exploration by Stockdale Prospecting and CRA Ltd.<br>• Limited aircore drilling and surface lag sampling was reported by several companies that were targeting magnetic anomalies as possible iron ore or nickel prospects but no RC or diamond drilling has been |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | reported.<br>• DetaiIed aeromagnetic data was acquired over the northern half of EL 70/5383 and the southern part of EL 70/2397 as part of a search for iron ore. This data is being used by the current exploration in the area. |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • The Morrisey Project is targeting nickel-copper-PGE mineralisation in mafic/ultramafic intrusions within the Narryer Terrane which forms the NW margin of the Yilgarn Craton. |
| *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:*<br>  ○ *easting and northing of the drill hole collar*<br>  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  ○ *dip and azimuth of the hole*<br>  ○ *down hole length and interception depth*<br>  ○ *hole length.*<br>• *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.* | • Not applicable |
| *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.*<br>• *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.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Not applicable |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *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').* | • Not applicable |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *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.* | • Relevant EM data 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.* | • All significant 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 the EM 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).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Drilling of EM targets is planned for 2022. |