AUSQUEST LIMITED

ASX ANNOUNCEMENT

July 25th, 2023

EARLY DRILL RESULTS AT BALLADONIA CONFIRM PROSPECTIVE TERRANE FOR BROKEN HILL TYPE DEPOSITS

- ***Initial drilling of seven targets (10 holes for 3,677m) successfully completed.***
- ***Prospective host rocks for BHT mineralisation intersected in 7 of the 10 holes.***
- ***Potential Pb-Zn-Cd-Sn 'lode horizon' defined at the Tea Tree Prospect.***

AusQuest Limited (ASX: AQD) is pleased to advise that its reconnaissance diamond drilling program at the Balladonia Base Metal Project in the Fraser Range region of Western Australia has been successfully completed. The Balladonia Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited.

The program was designed to provide an initial test of Broken Hill Type (BHT) geophysical targets to confirm the base metal prospectivity of the region. Drilling was completed at seven targets, including additional drilling (three holes for 1,411m) at the Tea Tree prospect, where previous drill results indicated the presence of BHT host rocks (ASX release 30 June 2022).

Initial assay data have been received from the Tea Tree prospect (three drill-holes) with final assays for the remaining six targets expected by the end of August.

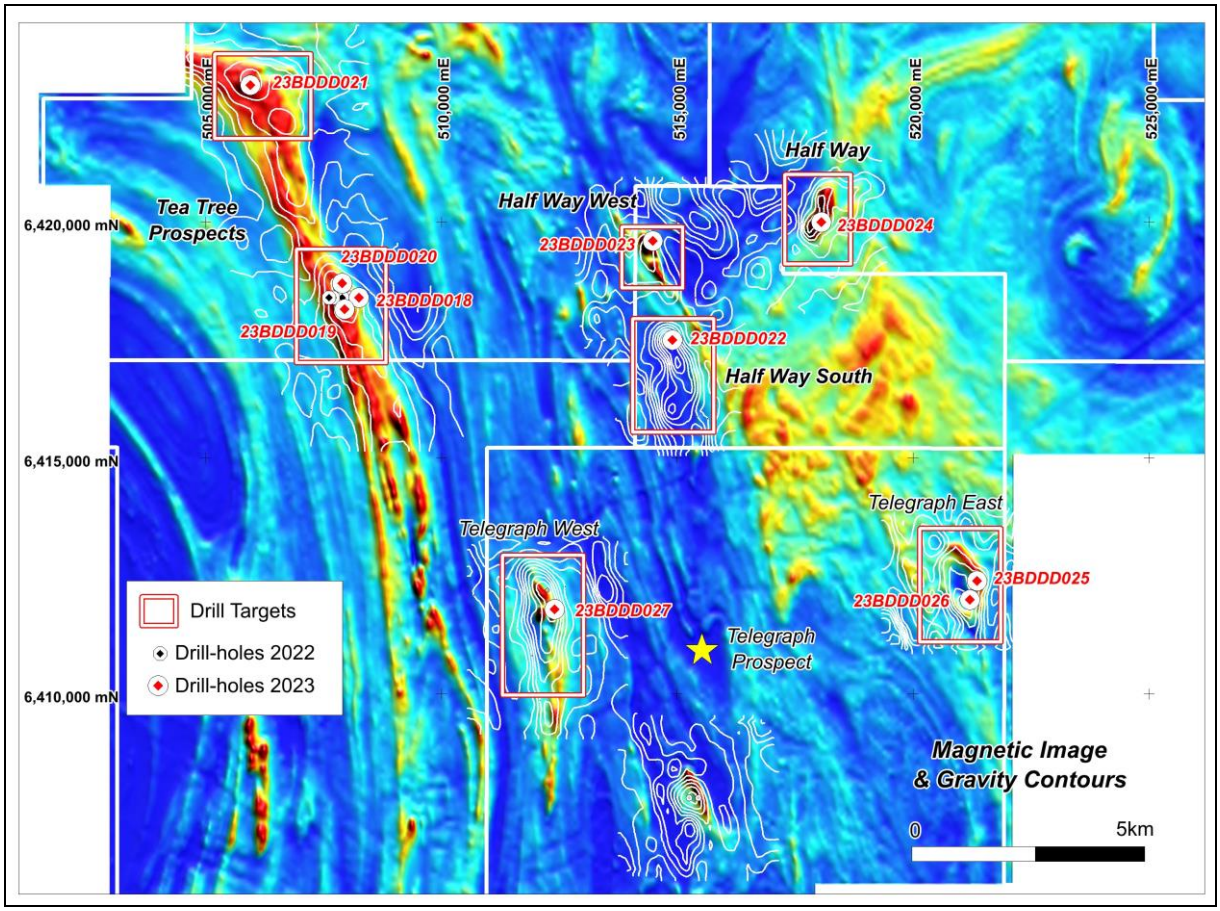

Figure 1: Detailed magnetic and gravity surveys showing the location of drill-holes.

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The targets tested were defined by a combination of detailed gravity and magnetic surveys which outlined strong anomalies indicative of prospective host stratigraphy and potential base metal mineralisation similar to that found in the Cloncurry Region of NW Queensland (host to the Cannington deposit) and the Broken Hill area of NSW.

At the Tea Tree prospect, drilling along strike and beneath the initial drilled section intersected prospective host rocks as defined by the presence of banded iron formations (BIF's) and garnetiferous quartzites. Preliminary interpretation of the assay data from drill-holes 23BDDD018, 019 and 020 outlined a potential 'lode horizon' (~50m thick) within the prospective host stratigraphy containing elevated values of lead (up to 507ppm Pb), zinc (up to 1,258ppm Zn) cadmium (up to 32ppm Cd) and tin (up to 20ppm Sn) (Figure 2).

The inferred lode horizon – which could contain high grade base metal mineralisation along its strike length – is interpreted to extend well beyond the limits of the current drill coverage (possibly for kilometres) based on interpretation of the aeromagnetic and gravity data. This provides a strong focus for ongoing exploration for BHT mineralisation in the area.

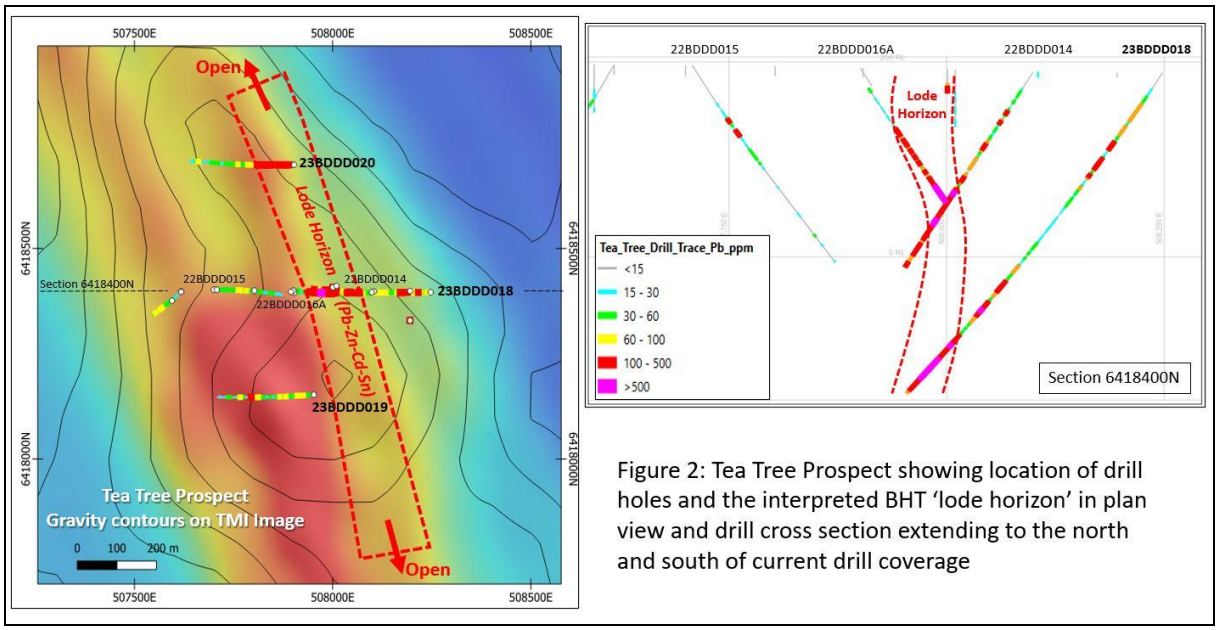

Figure 2: Tea Tree Prospect showing location of drill holes and the interpreted BHT 'lode horizon' in plan view and drill cross section extending to the north and south of current drill coverage

Assay data for drill-holes 23BDDD023 and 024 at the Half Way prospects and 23BDDD021 at Tea Tree North are still pending. Significant amounts of BIF stratigraphy were intersected within all three holes, suggesting similarities with the Tea Tree prospect. A full assessment of these prospects will be made once final assay results have been received.

Drilling at the Telegraph West prospect (23BDDD027) intersected a similar rock sequence to Tea Tree, suggesting that the potential for BHT mineralisation is widespread within the tenements. The presence of garnetiferous quartzites closely associated with BIF stratigraphy is considered a strong indication of prospectivity for base metals in this environment. Assays are pending.

At Telegraph East, drilling (drill-holes 23BDDD025 and 026) intersected a gabbroic (+/- pyroxenite) rock with possible carbonatite affinities that may be related to the carbonatite intrusion intersected at the Telegraph Prospect, ~5km to the west (ASX release 1 April 2020).

Drilling at the Halfway South prospect (drill-hole 23BDDD022) also intersected possible carbonatitic rocks, suggesting that they may be widespread throughout the area.

Carbonatites can be a source of rare earth metals as well as base metal mineralisation. A more complete assessment of the potential for carbonatites and associated metals will be undertaken once all assay data are available.

AusQuest's Managing Director, Graeme Drew, said: *"Initial assay results from the Tea Tree drilling support the presence of prospective host rocks for large-scale BHT style base metal deposits at Balladonia within an extensive 'lode package' with a strong geochemical signature. This gives us considerable encouragement that our exploration methodology is correct and provides us with a clear direction for ongoing exploration, targeting base metals in the area.*

"We look forward to receiving the remaining assay data from the completed drilling program, which will provide us with further insights into the geological comparisons being made with productive base metal regions in NW Queensland and Broken Hill."

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 July 2023

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.*	• Drill core was sampled at 1 metre intervals. Four metre composite samples were collected from the RC pre-collar samples. • Where HQ and NQ2 core was sampled, core was cut in half with half sent for analysis and half retained for geological and quality control purposes. • 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 with reverse circulation pre-collars through to bedrock was used for all of the holes completed. • HQ and NQ2 drill rods used to produce 63.5mm and 50.6mm diameter core respectively. • Down-hole surveys were read at ~ 30m intervals and the core was oriented using an ACT MK3 orientation device
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*	• 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 core recovery.

Criteria	JORC Code explanation	Commentary
	whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• 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.*	• Core samples were collected by cutting core in half along its length and sampling over 1 metre intervals. • Reverse Circulation pre-collar samples were collected by collecting a scoop of sample from individual 1 metre samples and compositing them over 4 metre intervals. • 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 and/or OES) 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. • Gold values are provided by 25gm fire assay. • Prepared Sample standards are inserted by the Company every 20 metres down hole to provide a control on laboratory processes. Data from the laboratory's internal quality procedures (standards,

Criteria	JORC Code explanation	Commentary
		repeats and blanks) and AusQuest (standards, repeats and blanks) are reviewed to check data quality. • Assays are provided by Intertek Genalysis of 311 Kenwick Road 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.*	• Assay results for only 3 of 10 holes have been received. • Drilling is early-stage testing across stratigraphy and geophysical targets to understand geology and implications for base metal prospectivity of the region.
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 ~30m 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 intervals at the Tea Tree prospect to assess the bedrock geology across a regional magnetic and gravity corridor. Elsewhere magnetic/gravity targets were generally tested by a single drill-hole. • 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

Criteria	JORC Code explanation	Commentary
		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 is centered at 6411000N and 515500E (GDA94 Zone 51), approximately 135 km ESE of Norseman in Western Australia. • Tenement holdings include five granted Exploration License's (E69/3246, 3825, 3671, 3558, 3932) and two Exploration License applications (E69/3559, 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 and fauna – Flora 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 exploration model for the Balladonia Project 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 and at Broken Hill in NSW..

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 tabulated below and 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 weighting or averaging techniques were used.
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').*	• Drilling was reconnaissance in nature. The relationship to any mineralization is not known at this stage.
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.*	• Anomalous ranges of elements are quoted. Drilling still at the reconnaissance stage.
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 assessment of results from this drilling program.

Diamond drill-hole location details

Hole_No	Prospect	Easting	Northing	RL	Datum	Zone	Azimuth	Inc	Depth (m)	Assays
23BDDD018	Tea Tree	508248	6418396	238	GDA94	51	269	-60	504	Received
23BDDD019	Tea Tree	507953	6418153	237	GDA94	51	266	-60	444.6	Received
23BDDD020	Tea Tree	507903	6418699	247	GDA94	51	269	-60	462.7	Received
23BDDD021	Tea Tree North	505950	6422900	248	GDA94	51	276	-61	396.8	Pending
23BDDD022	Half Way South	514898	6417498	276	GDA94	51	268	-60	291.9	Pending
23BDDD023	Half Way West	514479	6419601	278	GDA94	51	223	-60	346.2	Pending
23BDDD024	Half Way	518047	6419999	269	GDA94	51	269	-60	399.1	Pending
23BDDD025	Telegraph East	521350	6412399	243	GDA94	51	89	-61	286.9	Pending
23BDDD026	Telegraph East	521199	6412200	242	GDA94	51	270	-60	150.6	Pending
23BDDD027	Telegraph West	512403	6411804	262	GDA94	51	270	-60	393.8	Pending