



AUSQUEST LIMITED

ABN 35 091 542 451

FINANCIAL REPORT

for the half-year 31 December 2022

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CORPORATE DIRECTORY

Board of Directors	Mr Greg Hancock - <i>Chairman and Non-Executive Director</i> Mr Graeme Drew - <i>Managing Director</i> Mr Chris Ellis - <i>Non-Executive Director</i>
Company Secretary	Mr Henko Vos
Registered Office	C/- Nexia Perth Level 3, 88 William Street Perth WA 6000 Telephone: +61 8 9463 2463 Website: www.nexia.com.au
Corporate Office	8 Kearns Crescent Ardross, WA, 6153 Telephone: +61 8 9364 3866 Facsimile: +61 8 9364 4892 Website: www.ausquest.com.au
Auditors	HLB Mann Judd (WA) Partnership Level 4, 130 Stirling Street Perth WA 6000
Share Registry	Advanced Share Registry Services 110 Stirling Highway Nedlands WA, 6009 Telephone: +61 8 9389 8033 Facsimile: +61 8 9389 7871 Website: www.advancedshare.com.au
Securities Exchange Listing	Australian Securities Exchange (Home Exchange: Perth, WA) Code: AQD
Bankers	Australian and New Zealand Bank 135 Riseley Street Booragoon WA 6154

DIRECTORS REPORT

The Directors of AusQuest Limited (“AQD” or the “Company”) herewith submit the financial report of the Company and the entities it controlled (“Group”) for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Board of Directors

The names of directors who held office during the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Greg Hancock	Non-Executive Chairman
Mr Graeme Drew	Managing Director
Mr Chris Ellis	Non-Executive Director

Company Secretary

Henko Vos

Principal Activities

The principal activity of the Group was mineral exploration throughout Australia and Peru.

Review Of Results And Operations

HIGHLIGHTS

Australia – Copper, Gold, Zinc, Nickel

- ❑ Potential for Broken Hill Type (BHT) and/or Cannington-style deposits confirmed at the Balladonia Project in Western Australia (WA).
- ❑ Major diamond drilling program (comprising 13 holes for ~4,800m) agreed under the Strategic Alliance Agreement (SAA) with South32, with drilling expected to commence around the end of March 2023 subject to permitting and drill rig availability.
- ❑ Potential for magnetite resources identified at the Morrisey Project (WA), with beneficiation test work on Reverse Circulation (RC) drill chips producing a premium grade iron concentrate (>70% Fe) with very low impurities from two prospects. Further exploration is planned for early 2023.
- ❑ New Ni-Cu-PGE exploration opportunity at Moora, north of Perth, accepted under the SAA, with initial drill testing of targets to be completed in Q1 2023.
- ❑ Large, deep conductive target identified at the Jubilee Lake Nickel-Copper-PGE Project (WA) in a geological setting with similarities to the giant Norilsk Ni-Cu-PGE deposits in Russia.
- ❑ Initial target drilling is planned to commence around mid-2023, subject to clearances and drill rig availability.

Peru – Copper-Gold

- ❑ Anomalous copper extended over the full strike length (~5km) of the Parcoy Project by wide-spaced RC drilling. Alteration patterns point to possible nearby porphyry copper mineralisation.
- ❑ Strong indications of nearby porphyry copper mineralisation identified at three of the five targets tested by wide-spaced RC drilling at the Pirata prospect in southern Peru.
- ❑ Stockwork veined volcanics and intrusives, coincident with copper-in-soil anomalies, located at the Ventura prospect, south of Ilo, highlighting the potential for a new porphyry copper target.

AUSTRALIA – BASE METAL PROJECTS (Nickel, Copper, Zinc)

Exploration during the first half of FY2023 included drilling at the Morrisey and Hamilton Projects and target definition at Balladonia, Jubilee Lake and Moora.

At the **Morrisey Nickel-Copper-PGE Project**, an initial program of three reconnaissance Reverse Circulation (RC) drill-holes designed to test electromagnetic (EM) targets for their Ni-Cu-PGE potential intersected a mixed sequence of high-grade metamorphic rocks which included iron formations with high iron content (>30% Fe) due to coarsely crystalline magnetite.

Beneficiation test work (Davis Tube Recovery – DTR) on RC drill chips from the iron formations confirmed that the magnetite could be significantly upgraded using simple magnetic separation to produce a high-grade iron concentrate (+70% Fe) with very low impurity levels at a relatively coarse grind size (95% passing 75 microns).

Further exploration work is being planned to determine the potential for sizeable magnetite resources at the Waterfall and Sandfly prospects, as well as the many untested magnetic targets that occur within the project area. Gravity surveying will be used to help prioritise targets ahead of future drilling, given the higher density (SG 3.4) of the iron formations compared with the enclosing rocks. These surveys should be completed in Q1 2023.

The initial RC drilling program also intersected mafic (meta-gabbros) and ultramafic (meta-pyroxenites) rock types containing elevated values of chrome (>1,000ppm Cr), magnesium (>10% Mg) and nickel (up to 1,350ppm Ni), highlighting the potential for Ni-Cu-PGE mineralisation with possible similarities to the Julimar deposit north of Perth.

At **Hamilton**, drill testing of a DHEM target intersected thin sulphide bands (pyrrhotite/pyrite) within a thick sequence (~80m) of altered banded iron formation (BIF) containing anomalous copper (up to 1,500ppm Cu), elevated cobalt (up to 480ppm Co), tin (up to 5.8ppm Sn) and selenium (up to 12ppm Se). The drilling supports the presence of a mineralising system in the area but did not intersect economic mineralisation.

A review of drilling data is ongoing to determine the future direction for this project.

At **Balladonia**, a major diamond drilling program (comprising 13 holes for a total of ~4,800m) has been designed to test up to eight (8) gravity/magnetic targets including in-fill drilling at the Tea Tree prospect. These targets reflect potential 'lode package' sequences similar to those which host major base metal deposits within the Cloncurry Belt of NW Queensland and at Broken Hill in NSW.

Detailed gravity surveys completed in December 2022 outlined strong, discrete gravity responses (1.5 to 5 milligals) over each of the selected magnetic targets, significantly upgrading their prospectivity for Broken Hill Type (BHT) and possibly IOCG mineralisation.

Initial drilling at the Tea Tree prospect in 2022 confirmed the presence of highly prospective stratigraphy (thin banded iron formations (BIF's), and garnetiferous quartzites), alteration (potassic, iron and manganese) and anomalous lead, zinc and cadmium values, similar to signatures associated with the base metal mineralisation found at Cannington and Broken Hill.

The drilling program is expected to commence in late March 2023, subject to clearances and drill rig availability.

At the **Jubilee Lake Nickel-Copper PGE Project**, located ~500km east of Kalgoorlie (WA), a moving-loop transient-electromagnetic (MLTEM) survey outlined a strong late-time EM response north of the Rodona Shear Zone. This survey was designed to search for potential sulphide mineralisation associated with interpreted intrusions along the Rodona Shear zone.

Computer modelling suggests that the response is due to a large (kms x kms), deep (~600m), flat-lying conductor (>1,000 Siemens) that is thought to occur within Neo-Proterozoic sediments of the West Officer Basin which are known to contain evaporites and carbonate horizons, similar to the geological setting of the world-class Ni-Cu-PGE deposits at Noril'sk in Russia.

A proposal to test this large EM target and interpreted intrusions located along the shear zone with diamond drilling was accepted under the SAA. All necessary approvals are now being sought to enable drilling to commence in the first half of 2023.

At the **Moora Nickel-Copper-PGE Project**, Land Access and Compensation Agreements (LACA) were signed to allow drilling to commence at the Latham and Wubin Prospects, where gravity surveys have outlined possible mafic/ultramafic intrusions with similarities to the Gonville intrusion that hosts the Ni-Cu-PGE mineralisation at Julimar, north of Perth.

An initial RC drill program (comprising three holes for ~750m), which is designed to test for the presence of fertile host rocks at Latham, will be funded by South32 following acceptance of this project as a new Exploration Opportunity under the SAA.

The RC drilling program is expected to be completed in Q1 2023, subject to approvals being received and drill-rig availability.

New exploration opportunities continued to be identified and advanced for consideration under the SAA.

At the Mt Davis Lead-Zinc-Copper Project, located along the northern margin of the Earahedy Basin of WA, a reconnaissance field visit located Frere Iron Formation outcrop, confirming the presence of prospective stratigraphy in the area.

PERU COPPER-GOLD PROJECTS

AusQuest has assembled a large portfolio of copper-gold prospects along the southern coastal belt of Peru, South America, which is one of the world's most prominent destinations for international exploration and is considered to be a prime location for world-class exploration opportunities, especially in copper.

During H1 of FY2023, a major RC drilling program (comprising 21 holes for 6,971m) was completed at the **Pirata Project** to test five porphyry and/or manto copper targets located within a major east-west structural corridor.

Multi-element geochemistry and Terraspec mineralogy results from this program identified vectors that can be used to locate buried porphyry copper systems associated with the alteration zones mapped at surface. Results from three of the five targets tested indicate that mineralised porphyry systems occur close by, but off-set from, the current drill-holes.

The presence of anomalous pathfinder elements including molybdenum (up to 37ppm Mo), bismuth (up to 16ppm Bi) and tellurium (up to 15ppm Te), as well as high temperature clay minerals (pyrophyllite) and white mica (sericite), strongly suggest that porphyry mineralisation is located close by.

Zones of elevated copper (up to 0.59% Cu) within sericite alteration and the lithocap, plus elevated gold (90m @ 0.15g/t Au, and 34m @ 0.52g/t Au) associated with potassic alteration in some drill-holes, provide evidence that the nearby porphyry(s) should be mineralised.

The Company is encouraged by the results from this drilling program, even though a mineralised porphyry(s) was not intersected by this program.

Exploring for porphyry copper deposits where outcrop is poor and the porphyry mineralisation is overlain by intense alteration, as is found within lithocap environments, can be challenging but ultimately highly rewarding once the source of the alteration is found.

Further work at the Pirata prospect is currently being considered under the SAA.

At the **Parcoy Project**, RC drilling (10 holes for 3,387m) was completed, successfully extending the zone of anomalous copper mineralisation over the entire 5km strike length of the prospect. Drill-holes were located approximately 300m to 500m apart along sections at ~1km intervals across the volcanic sequence to search for indicators of porphyry and/or manto style mineralisation.

Anomalous copper values were intersected over large thicknesses (up to >100m) in eight of ten holes, substantially increasing the size of the copper footprint. Higher copper values (1,000ppm up to 1.02% Cu) were returned over narrow intervals (<15m) with elevated gold (>50ppb Au) found in several drill-holes.

Substantial thicknesses of advanced argillic alteration intersected within the central drill sections suggest that a porphyry copper system may occur nearby. Alteration patterns at Parcoy, similar to those identified at the Company's Pirata prospect, support this conclusion, suggesting that a porphyry system(s) may be at least partly responsible for the widespread distribution of copper at this prospect.

Further exploration work at Parcoy is currently the subject of ongoing discussions under the SAA.

At the **Los Otros Porphyry Copper Project**, rehabilitation of drill sites and access was completed and a closure report provided to Government.

Further exploration work at Los Otros is being considered in light of the project's location – close to the Palaeocene Porphyry Copper Belt of southern Peru and the presence of other major company titles in the vicinity.

New exploration opportunities continued to be assessed. At the **Ventura Project** east of Ilo, stock-work veined volcanics and intrusive rocks were found in the vicinity of a coherent copper-in-soil anomaly, with systematic rock-chip sampling now planned for early 2023 to upgrade this target to the drilling stage.

Changes in state of affairs

During the half-year ended 31 December 2022 there was no significant change in the state of affairs of the Group other than as referred to in the financial statements or notes thereto.

Events Occurring after the Reporting Date

On 1 March 2023, 76,428,575 unlisted options at \$0.04 each have lapsed unexercised.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Dividends

No dividends were paid or declared since the start of the financial half-year. No recommendation for the payment of dividends has been made.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of directors.



Managing Director

Perth, Western Australia
15 March 2023

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.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of AusQuest Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2023



B G McVeigh
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AusQuest Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of AusQuest Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AusQuest Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2023



B G McVeigh
Partner

DIRECTORS' DECLARATION

1. In the opinion of the Directors of AusQuest Limited (the "Company"):
 - a. the accompanying interim financial statements and notes thereto are in accordance with *the Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. The interim financial statements and notes thereto are in accordance with Interim Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



Managing Director

Perth, Western Australia
15 March 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2022

	Note	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
Revenue	4	580,930	245,582
Other income	4	26,505	-
		<u>607,435</u>	<u>245,582</u>
Consultants and employee benefits expenses		145,948	125,852
Occupancy expenses		16,629	13,813
Depreciation expense		5,620	5,362
Depreciation expense of right-of-use asset		43,330	60,500
Administrative expenses		311,615	349,406
Impairment of exploration and evaluation expenditure	6	120,697	365,544
Exploration expenditure expensed		425	-
Finance costs		4,046	3,094
Interest on lease liability		1,691	3,868
		<u>650,001</u>	<u>927,439</u>
Loss before income tax expense		(42,566)	(681,857)
Income tax benefit		-	-
Loss for the year after income tax of continuing operations		<u>(42,566)</u>	<u>(681,857)</u>
Gain after tax from discontinuing operations		-	-
Loss for the year after income tax of continuing operations		(42,566)	(681,857)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange (loss)/ gain on translation of foreign operations		202,372	377,715
Other comprehensive income for the year, net of tax		<u>202,372</u>	<u>377,715</u>
Total comprehensive income/(loss) for the year		<u>159,806</u>	<u>(304,142)</u>
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share from continuing and discontinued operations (cents per share)		(0.01)	(0.08)
Basic and diluted (loss)/earnings per share from continuing operations (cents per share)		(0.01)	(0.08)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Current Assets			
Cash and cash equivalents		2,668,260	3,878,896
Trade and other receivables	5	757,087	619,650
Funding receivable	8	424,678	-
Other assets		28,180	31,541
Total Current Assets		3,878,205	4,530,087
Non-Current Assets			
Property, plant and equipment		49,291	30,633
Exploration and evaluation expenditure	6	4,225,511	3,840,585
Right-of-use asset		42,624	85,958
Total Non-Current Assets		4,317,426	3,957,176
Total Assets		8,195,631	8,487,263
Current Liabilities			
Trade and other payables	7	400,324	655,989
Provisions		158,393	148,239
Unexpended funding	8	-	162,617
Lease liability		44,370	87,680
Total Current Liabilities		603,087	1,054,525
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		603,087	1,054,525
Net Assets		7,592,544	7,432,738
Equity			
Issued capital	9	62,308,182	62,308,182
Reserves	10	5,006,276	4,803,904
Accumulated losses		(59,721,914)	(59,679,348)
Total Equity		7,592,544	7,432,738

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2022	62,308,182	473,319	4,330,585	(59,679,348)	7,432,738
Loss after income tax for the year	-	-	-	(42,566)	(42,566)
Other comprehensive income for the year, net of tax	-	-	202,372	-	202,372
Total comprehensive income/(loss) for the period	-	-	202,372	(42,566)	159,806
Balance at 31 December 2022	62,308,182	473,319	4,532,957	(59,721,914)	7,592,544
Balance at 1 July 2021	62,273,198	473,319	3,391,882	(58,221,620)	7,916,779
Loss after income tax for the year	-	-	-	(681,857)	(681,857)
Other comprehensive income for the year, net of tax	-	-	377,715	-	377,715
Total comprehensive income/(loss) for the period	-	-	377,715	(681,857)	(304,142)
Issue of shares	23,984	-	-	-	23,984
	23,984	-	-	-	23,984
Balance at 31 December 2021	62,297,182	473,319	3,769,597	(58,903,477)	7,636,621

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
Cash Flows from Operating Activities		
Receipts from South32 Group Operations Pty Ltd	573,574	244,845
Government contributions	26,505	-
Payments to suppliers and employees	(523,628)	(588,558)
Interest received	7,369	738
Finance costs	(4,046)	(3,094)
Net cash inflow/ (outflow) from operating activities	79,774	(346,069)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(4,113)	(1,087)
Payments for exploration and evaluation	(5,070,928)	(2,865,738)
Payment received on grant of farm-in and joint venture interests	3,819,037	1,875,789
Net cash (outflow) from investing activities	(1,256,004)	(991,036)
Cash Flows from Financing Activities		
Proceeds from issue of shares	-	23,984
Repayment of lease liabilities	(44,994)	(64,241)
Net cash (outflow) from financing activities	(44,994)	(40,257)
Net decrease in cash and cash equivalents	(1,221,224)	(1,377,362)
Cash and cash equivalents at the start of the period	3,878,896	5,408,593
Exchange rate adjustment	10,588	23,841
Cash and cash equivalents at the end of the period	2,668,260	4,055,072

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

AusQuest Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the code ("AQD"), incorporated in Australia and operating in Australia and Peru.

The financial report covers AusQuest Limited as a consolidated entity consisting of AusQuest Limited and the entities it controlled during the period ("the Group"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. AusQuest Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The Group's principal activities are the exploration for and evaluation of mineral resources in Australia and Peru.

2. Significant accounting policies

(a) Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

(i) Statement of compliance

These general purpose condensed consolidated financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that these financial statements be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

(b) Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

Exploration and evaluation expenditure:

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. An assessment by the Group of its previously capitalised exploration and evaluation expenditures resulted in an impairment of tenements totalling \$120,697 (Note 6) for the half-year ended 31 December 2022 (half-year ended 31 December 2021: \$365,544). No other impairment loss was recorded in the period.

2. Significant accounting policies

(c) New accounting standards and interpretations

Adoption of new and revised standards

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2022.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2022.

(d) New accounting standards and interpretations not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

3. Segment information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of AusQuest Limited.

The following table presents the revenue and results information regarding the segment information provided to the Board of Directors for the half-year ended 31 December 2022.

	Australia	South America	Discontinued Operations (Africa)	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$	\$
Six months to 31 December 2022					
Segment revenue	607,435	-	-	-	607,435
Segment expenditure	(480,111)	(169,890)	-	-	(650,001)
Net loss after tax	127,324	(169,890)	-	-	(42,566)
Included within segment results:					
Interest income	7,356	-	-	-	7,356
Depreciation	(47,470)	(1,480)	-	-	(48,950)
Impairment of exploration	(120,697)	-	-	-	(120,697)
As at 31 December 2022					
Segment assets	28,993,063	3,592,411	-	(24,389,843)	8,195,631
Segment liabilities	494,544	24,498,386	-	(24,389,843)	603,087

	Australia	South America	Discontinued Operations (Africa)	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$	\$
Six months to 31 December 2021					
Segment revenue	245,582	-	-	-	245,582
Segment expenditure	(730,743)	(196,696)	-	-	(927,439)
Net loss after tax	(485,161)	(196,696)	-	-	(681,857)
Included within segment results:					
Interest income	738	-	-	-	738
Depreciation	(47,444)	(18,418)	-	-	(65,862)
Impairment of exploration	(365,544)	-	-	-	(365,544)
As at 31 December 2021					
Segment assets	25,012,069	3,547,953	-	(19,770,094)	8,789,928
Segment liabilities	1,113,853	19,809,548	-	(19,770,094)	1,153,307

4. Revenue

	Half-year ended 31 Dec 2022 \$	Half-year ended 31 Dec 2021 \$
Funding from South32 Group Operations Pty Ltd recognised as income		
Administration charges	573,574	219,715
Funding against written off exploration expenditure	-	25,129
Government assistance	26,505	-
Interest income	7,356	738
Total revenue	607,435	245,582

5. Trade and other receivables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current</i>		
Security deposits	50,000	50,000
Input tax recoverable	621,617	458,964
Receivable - GST/VAT	35,215	92,292
Other receivables	50,255	18,394
Total trade and other receivables	757,087	619,650

6. Exploration and evaluation expenditure

	Half-year to 31 Dec 2022 \$	Year to 30 Jun 2022 \$
Balance at beginning of period	3,840,585	3,362,726
Capitalised during the period/year	5,082,027	6,262,276
Impaired during the period/year ⁽ⁱ⁾	(120,697)	(1,956,939)
Grant of farm-in interests in previously capitalised projects ⁽ⁱⁱ⁾	(4,381,416)	(4,681,850)
Exchange movements	(194,988)	854,372
Balance at end of period	4,225,511	3,840,585

The recoupment of costs carried forward in relation to areas in the exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

	Half-year to 31 Dec 2022 \$	Year to 30 Jun 2022 \$

(i) Significant impairments to the following projects occurred during the period

South West Peru	-	1,408,630
Other Australian Projects	120,697	548,309
Total Impairment	120,697	1,956,939

6. Exploration and evaluation expenditure (continued)

The Group has impaired expenditure for those projects and tenements where they have decided not to renew lease. For the period to 31 December 2022 the Group has impaired \$120,697 (Year ended 30 June 2022: \$1,956,939) of previously capitalised expenditure incurred on those projects and tenements. The impairment has been recognised in the statement of profit or loss and other comprehensive income.

(ii) *Grant of farm-in and joint venture interests in previously capitalised projects:*

For the half-year ended 31 December 2022, the Company received \$4,367,695 (30 June 2022 full year: \$5,426,414) in funding. \$4,381,416 (30 June 2022 full year: \$4,681,850) has been allocated against capitalised exploration and evaluation expenditures at reporting date during the reporting period. Refer to note 8 for details of funding received.

7. Trade and other payables

	31 Dec 2022 \$	30 Jun 2022 \$
<i>Current</i>		
Trade payables and accruals	363,582	608,636
Employee liabilities	36,742	47,353
Total current trade and other payables	400,324	655,989

8. Funding receivable / Unexpended funding

	Half-year to 31 Dec 2022 \$	Year to 30 Jun 2022 \$
Balance at beginning of period	162,617	65,843
Funding from strategic alliance and joint venture partner	4,367,695	5,426,414
Less: Amount spent on exploration and evaluation projects	(4,381,416)	(4,681,850)
Less: Amount spent on administration	(573,574)	(618,127)
Less: Funding against written off exploration expenditure	-	(29,663)
Balance at end of period	(424,678)	162,617

The balance at 31 December 2022 represents the funding receivable from South32 Group Operations Pty Ltd at reporting date.

9. Issued capital

	Shares No.	Shares \$
<i>Ordinary Shares – fully paid</i>	825,149,223	62,308,182
Balance at 1 July 2021	823,189,831	62,273,198
Issue of shares ⁽ⁱ⁾	959,392	23,984
Issue of shares (consulting services) ⁽ⁱⁱⁱ⁾	1,000,000	11,000
Balance at 30 June 2022	825,149,223	62,308,182
Movement	-	-
Balance at 31 December 2022	825,149,223	62,308,182

9. Issued capital (continued)

(i) Exercise of listed options

On 29 November 2021 the Company issued 959,392 shares, following of the exercise of listed options. These options had an expiry date of 30 November 2021 and were exercisable at \$0.025.

(ii) Issue of Shares (Consulting services)

The Company issued 1,000,000 ordinary shares on 10 March 2022 in lieu of cash payments for consulting services rendered to the Group. All shares were issued at the share price at the date the share-based payment arrangement was entered into. Consulting expenses to the same value were recognised in the statement of profit or loss and other comprehensive income.

10. Share options

(a) Listed Options

The Company had no listed options on issue during the half year ended 31 December 2022.

(b) Unlisted Options

At the date of this report the Company had the following unlisted options:

	31 Dec 2022 No.	30 Jun 2022 No.
AQDAC : Options Expiring 30-Nov-2024 exercisable \$0.075	20,000,000	20,000,000
AQDAD : Options Expiring 30-Nov-2024 exercisable \$0.05	19,000,000	19,000,000
AQDAB : Options Expiring 01-Mar-2023 exercisable \$0.04	76,428,575	76,428,575

There were no movements in unlisted options during the half year ended 31 December 2022.

11. Contingencies liabilities

Contingent Shares

At reporting date the Company had contingent share issues to consultants of up to 3,000,000 (30 June 2022: 3,000,000) fully paid ordinary shares. The issue of these shares is dependent on certain agreed project and/or Joint Venture milestones being reached, including:

- The possible issue of 3 million shares in the Company for joint venture projects where South32 has earned a 70% interest by spending a minimum of US\$4 million per project before 31 December 2023.

11. Contingencies liabilities (continued)

SBN Mineral Concession Challenge - Peru

As previously reported, the Company, through its wholly owned subsidiary Questdor SAC, received during 2021 a request for payment from the Ministry of Housing (SBN) for access to surface rights over certain State owned land in Peru on which the Company holds mineral concessions (tenements). SBN oversees access to surface rights over State-owned land in Peru. The Company held discussions with its lawyers and the SBN to understand the basis for the payment request and formed the view that the SBN was not legally entitled to payment for temporary access to these surface rights. The Company subsequently commenced the process of challenging the request for payment from the SBN through the Peruvian Administrative Judiciary and understands that other mining companies are also challenging similar payment requests by the SBN. The Company's challenge has moved through the lower courts, which did not fully address the Company's argument at law, and will now progress to the Supreme Court of Peru for leave to appeal on the question of interpretation of the relevant law. Notwithstanding the Company's strong belief in its legal position, there is no certainty as to how the Judiciary will finally rule on the payment requests by the SBN.

At this point it is not possible to quantify the financial impact should the Company be unsuccessful in its challenge nor the time frame to resolve this issue. The Company understands that the next part of the judicial process, presentation to the Supreme Court, is likely to occur over the next few months. Given these uncertainties and the Company's belief that it has strong legal grounds to challenge, the Company did not recognise any liabilities in its statement of financial position for the financial year ended 30 June 2022. The Company continues to monitor the position and will report as required.

The Company confirms that this challenge does not impact the legal rights that the Company holds over its tenements in Peru which remain in good standing.

Other than the above, there has been no change in contingent liabilities since the last annual reporting date.

12. Commitments

The Group's commitments remain unchanged.

13. Related parties

Arrangements with related parties continue to be in place in line with those disclosed in the 2022 Annual Report.

14. Financial instruments

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of financial assets and financial liabilities are considered to be a reasonable approximation of their fair value.

15. Subsequent Events

On 1 March 2023, 76,428,575 unlisted options at \$0.04 each have lapsed unexercised.

Other than the above, there has been no matter or circumstance that has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.