December 21st, 2021
ASX Release

DRILL TARGETS AT HAMILTON COPPER PROJECT UPGRADED BY POSITIVE GRAVITY RESULTS

- ***Discrete gravity anomalies coincident with mineralised BIF sequences significantly upgrade copper prospects at Hamilton***
- ***Additional drill-holes being considered under the SAA with South32***
- ***Drilling scheduled to take place in April-May 2022***

AusQuest Limited (ASX: AQD) is pleased to advise that it has upgraded key drill targets at the Hamilton Copper Project in NW Queensland after receiving positive results from recently completed gravity surveys. The Hamilton Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited.

The surveys have revealed anomalous responses over the mineralised banded iron formation (BIF) sequences which are being targeted for further drilling in 2022.

The mineralised BIF at Hamilton appears similar in nature to those hosting the Osborne copper-gold deposit (global resource ~36Mt @ 2% Cu and 1g/t Au), located approximately 70km to the north, which also has an associated gravity response.

A total of 1,375 gravity stations were surveyed on 200m x 100m grids with in-fill to 100m x 100m over the target areas. Residual gravity anomalies of ~1.5 milligals were identified at both the southern and northern prospects, representing areas of potentially thicker BIF where copper mineralisation is more likely to accumulate (*Figures 1 and 2*).

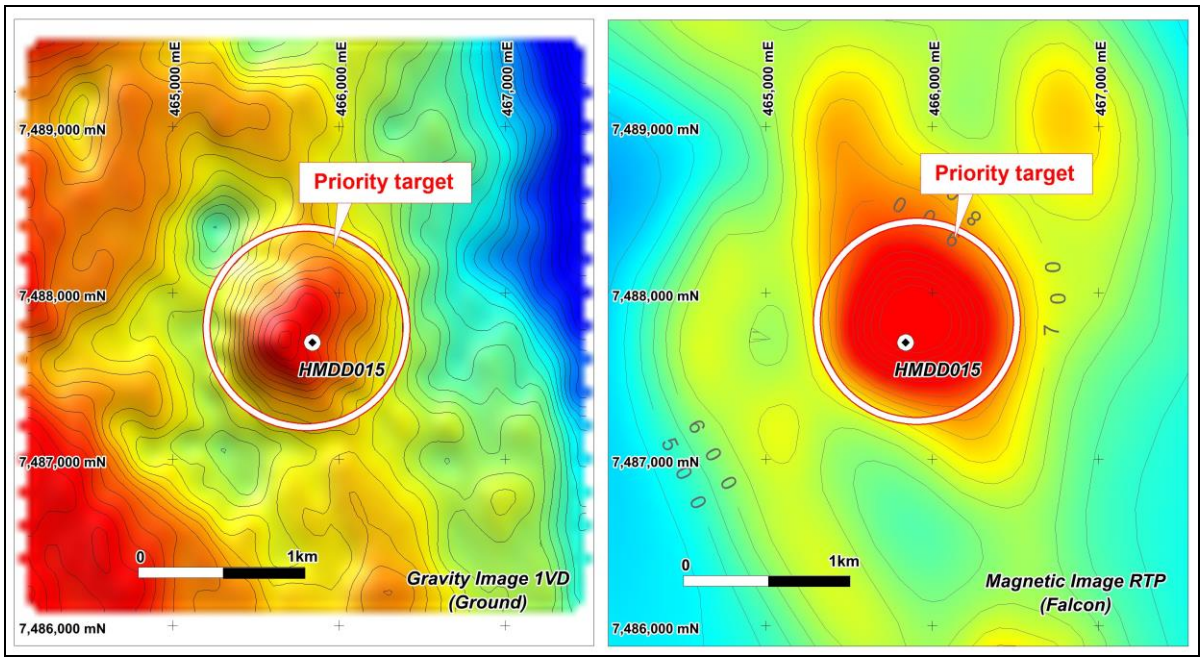

Figure 1: Hamilton North Magnetic and Gravity anomalies and drill-hole location

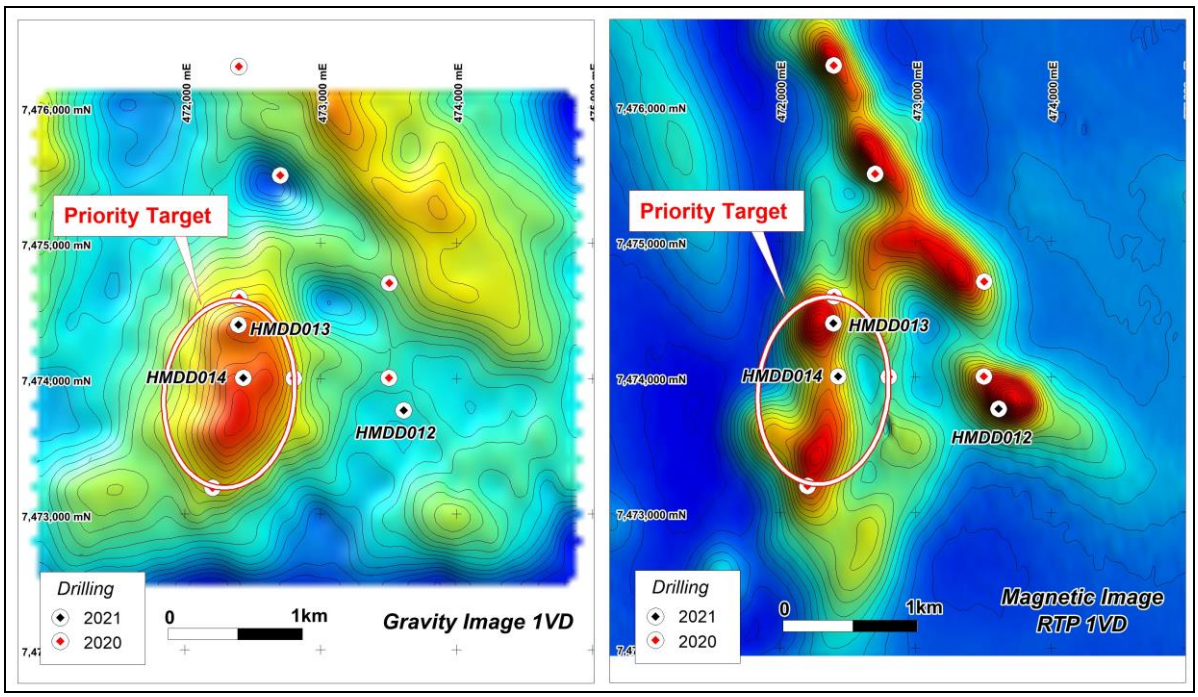

Figure 2: Hamilton South Magnetic and Gravity anomalies and drill-hole locations

Analysis of specific gravity (SG) measurements on drill-core from the Company's earlier drill programs indicates that rocks with high SG (3.15 to 4.2 – i.e., heavy rocks) are characterised by iron-carbonate alteration and/or the presence of BIF which often contains anomalous levels of copper (up to 3,000ppm Cu) and pathfinder elements (ASX release October 12, 2021).

The coincidence of anomalous gravity and magnetic responses significantly upgrades these copper prospects at Hamilton, with additional drill holes now being considered under the SAA as part of the upcoming drill program.

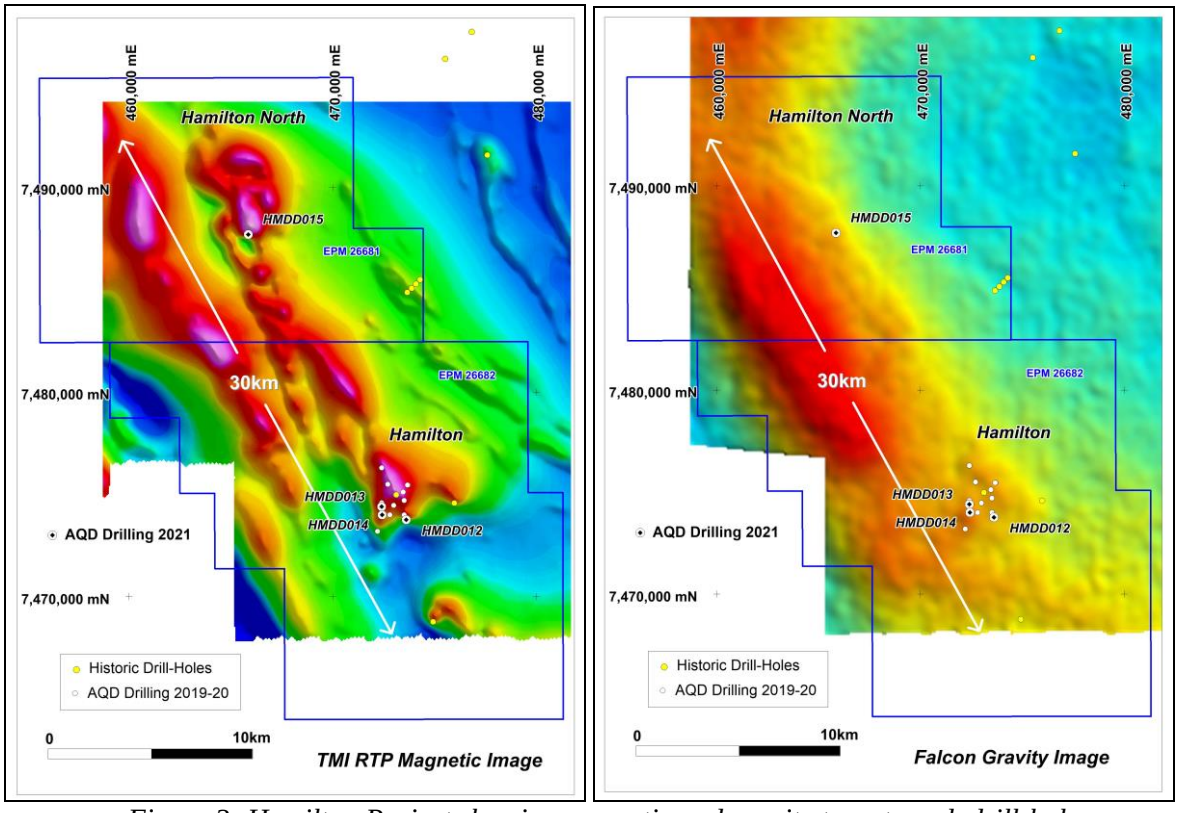

Figure 3: Hamilton Project showing magnetic and gravity targets and drill-holes

Further to the Company's announcement of October 12th 2021, current indications are that drilling at Hamilton will now take place in the April-May 2022 period, following a delay in the program caused by heavy rains in November which affected access to the drill sites. The Company has contracted DRC Drilling to complete the program.

The Hamilton Project covers a belt of magnetic rocks extending over a strike length of approximately 30km from north to south under Eromanga Basin cover, which varies from ~190m thickness in the north to ~220m in the south (*Figure 3*). Numerous magnetic targets within this belt have never been tested by drilling.

AusQuest's Managing Director, Graeme Drew, said the highly encouraging gravity results had significantly upgraded the potential for a large-scale copper-gold discovery at Hamilton, following positive indications from the initial drilling completed in June.

"We are now looking forward to the restart of drilling at Hamilton once the wet season is over and access to the drill sites can be guaranteed," he said.

"The acquisition of gravity data prior to undertaking further drilling has been a real bonus as it has added another dimension to both prospects and provided greater focus for our upcoming drill program."

"April will be upon us in no time and we are now better equipped to test these high-priority targets," 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, Gravity Survey at Hamilton QLD

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.*	• Gravity surveys were completed using a Scintrex CG5 digital gravity meter and HI Target differential GNSS receivers for station location and elevation. • Gravity data were collected on a 200m x 100m grid with infill over selected areas at 100m x 100m. • Gravity data accuracy of +/- 0.02 milligals with elevation accuracies of +/- 2cm were provided by the contractor.
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).*	• N/A
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.*	• N/A
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.*	• N/A
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.*	• N/A

Criteria	JORC Code explanation	Commentary
	• *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.*	
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.*	• Approximately 3% of the stations were repeated to provide quality control on the data.
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.*	• N/A
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.*	• Data points were located using Target Differential GNSS receivers to an accuracy of +/- 2cm • Elevations over the survey areas were generally very flat.
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.*	• Gravity data were collected on 200m x 100m grids with infill to 100m x 100m over selected areas. • Data density is considered sufficient to outline targets beneath a cover thickness of approximately 200m
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.*	• Gravity lines were oriented approximately orthogonal to the strike of the stratigraphy being tested.
Sample security	• *The measures taken to ensure sample security.*	• Data security procedures match Industry best practice.

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 gravity 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 Hamilton project is located approximately 80 km east of the town of Boulia in north-west Queensland. • The project comprises 2 granted Exploration Licences and is subject to the Strategic Alliance Agreement with South32. • There are no major heritage or landowner issues to prevent access to the tenements.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The only bedrock exploration in this area was completed by BHP who were targeting BHT style mineralization similar to what they had found at Cannington. • Airborne gravity and magnetic surveys and follow-up ground magnetic and gravity were completed over the current Hamilton tenements with drilling to bedrock (total 8 holes) to test anomalies. • One BHP drill-hole intersected potassic alteration suggesting proximity to IOCG mineralization but it was not followed-up. • Other exploration in the area targeted uranium, vanadium, molybdenum and oil within the cover sequence which is not relevant to the current program.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Hamilton project is targeting IOCG and BHT style deposits. These are large scale base metal deposits which are known to occur within the Proterozoic terrains of the Mt Isa Region.

Criteria	JORC Code explanation	Commentary

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 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.*
		• N/A

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.*	• N/A
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').*	• N/A
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.*	• Images of gravity 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.*	• N/A
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 gravity data and previously reported exploration data is still to be determined. • Spatial relationships between drill-holes and gravity data are shown in the release
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*	• Future drilling will be determined once all results have been assessed in detail.

Criteria	JORC Code explanation	Commentary
	geological interpretations and future drilling areas, provided this information is not commercially sensitive.	