

January 28<sup>th</sup>, 2022  
ASX Release

## ADDITIONAL DRILL TARGETS IDENTIFIED AT BALLADONIA COPPER-NICKEL PROJECT – FRASER RANGE, WA

- *Strong EM conductors identified for drilling at the Tea Tree and Harms Lake Prospects*
- *Upcoming drilling program commencing in March increased to ~1,400m (six holes)*

AusQuest Limited (ASX: AQD) is pleased to advise that it has identified additional priority drill targets following recent ground-based electromagnetic (EM) surveys at the **Balladonia Copper-Nickel Project** in the Fraser Range of Western Australia (WA). The Balladonia Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32.

The new targets, at the Tea Tree and Harms Lake prospects, will be included in the upcoming diamond drill program which is partly funded by the Government's Exploration Incentive Scheme (EIS), as advised in the ASX announcement of 26<sup>th</sup> October 2021. As a result, the upcoming program, which is expected to commence in March, has been increased to six holes for a total of ~1,400m.

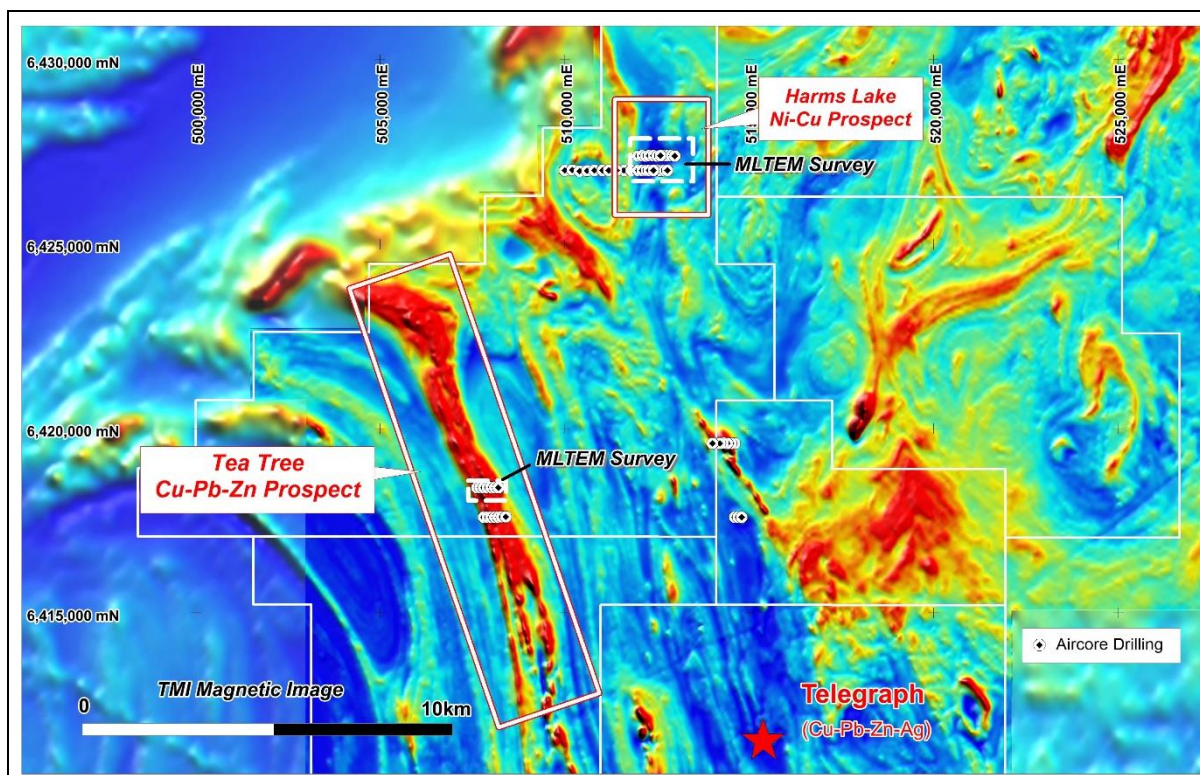


Figure 1: Balladonia Project – TMI image showing location of Harms Lake & Tea Tree Prospects

At the Harms Lake Ni-Cu-PGE prospect, the moving loop transient electromagnetic (MLTEM) survey was designed to locate possible massive sulphides associated with the mafic/ultramafic intrusion outlined by the Company's earlier air-core drilling program and detailed aeromagnetic survey.

Five lines (60 readings) of MLTEM were completed along lines 200m apart with stations every 100 metre along each grid line, using 200m x 200m transmitter loops and an offset receiving sensor (B-field Squid).

A shallow (<50m) strong conductor (~4,000 siemens), approximately 120m x 120m in size, was located along the northernmost grid line, suggesting the presence of a possible sulphide source close to the contact of the interpreted intrusion (*Figure 2, 3*). Weaker conductive responses over the centre of the intrusion are thought to reflect deeper weathering, with the possibility of disseminated to matrix sulphides associated with the more ultramafic portion of the intrusion.

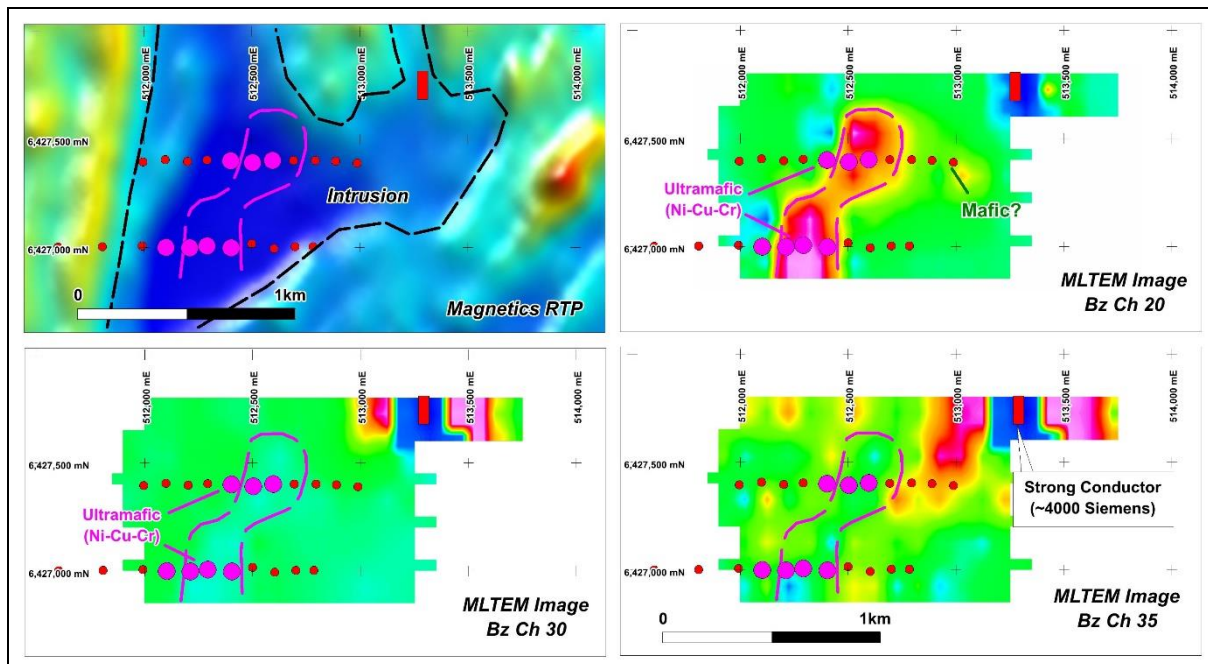


Figure 2: Balladonia – Harms Lake Prospect showing magnetic and MLTEM images and drill target

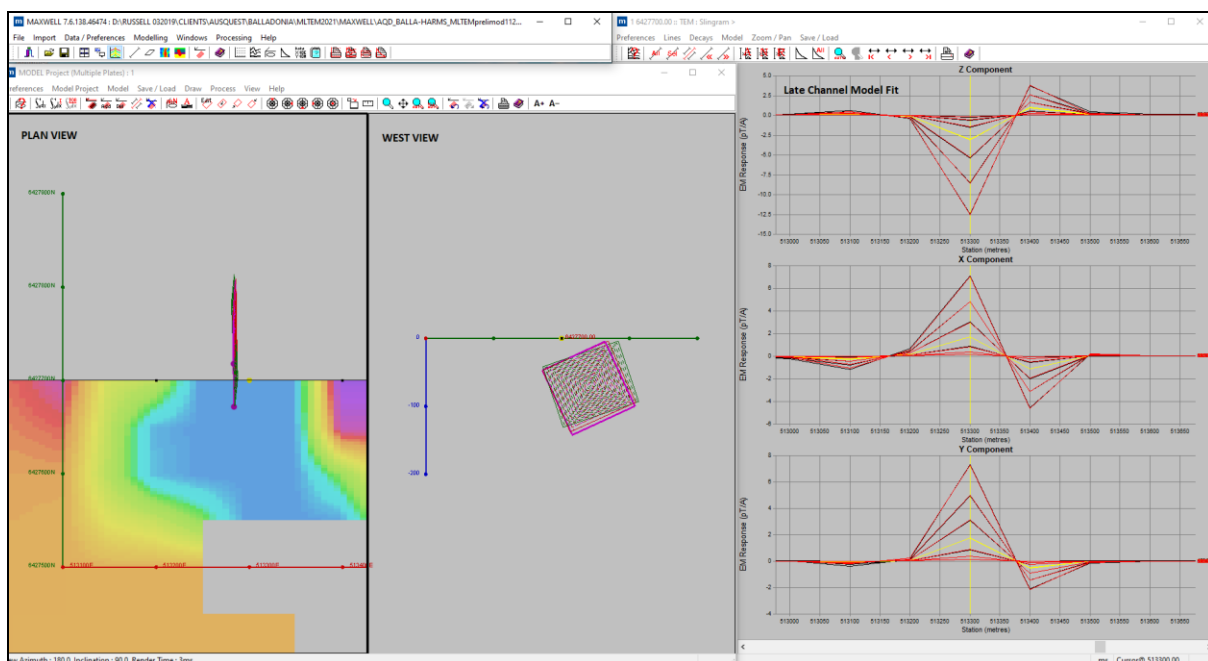


Figure 3: Harms Lake Prospect – Modelling of MLTEM data showing conductive response

At the Tea Tree Cu-Au prospect, a single line of MLTEM was completed along the drill section planned to test coincident magnetic and gravity anomalies that are thought to reflect possible mineralised BIF stratigraphy similar to that found in the Eastern Succession of north-west Queensland (Mt Isa Region), where a number of base metal deposits occur.

The MLTEM survey identified a strong conductor (~8,000 siemens) at a depth of ~100m located towards the western end of the survey line, suggesting a possible sulphide and/or graphitic source at the margin of the inferred BIF stratigraphy (*Figure 3, 4*).

While this EM target has not been fully defined, additional drilling to test this target has been included within the planned drill program – which is designed to test the base metal potential of the inferred BIF sequence.

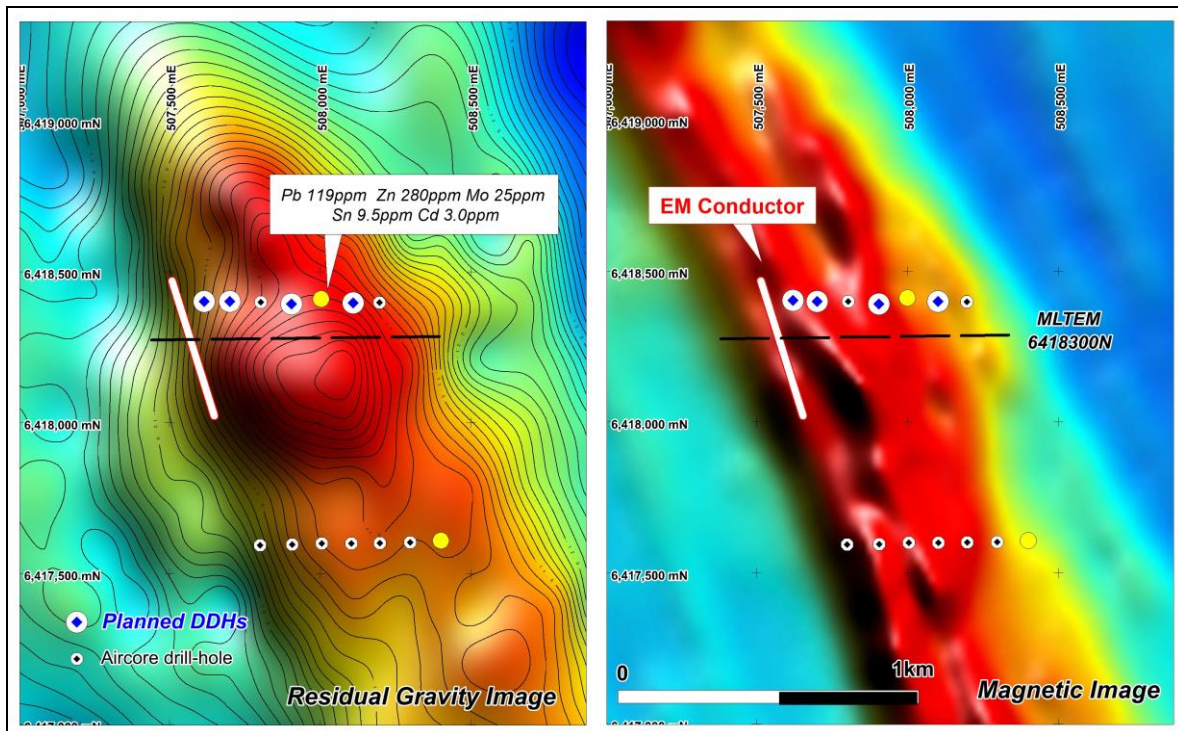


Figure 3: Tea Tree Prospect showing location of EM target and planned drill-holes

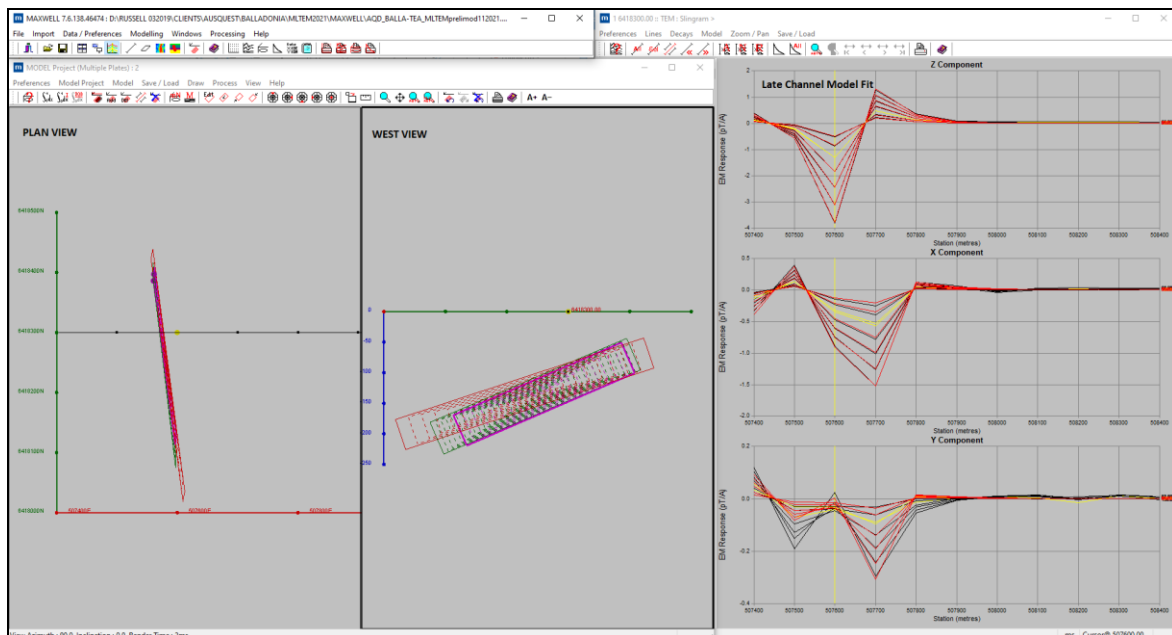


Figure 4: Tea Tree Prospect: Modelling of MLTEM data showing strong conductor

AusQuest's Managing Director, Graeme Drew, said the identification of additional priority drill targets was an exciting new development for the Balladonia Project ahead of the upcoming diamond drill program.

"The identification of strong conductors at two key prospects adds further momentum to the upcoming drilling program. We are very much looking forward to drilling getting underway in March, so we can test these and other targets within the Balladonia area and hopefully start to unlock the base metal potential of this region," he said.



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, Balladonia Electromagnetic Survey Results

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Moving Loop Transient electromagnetic surveys (MLTEM) using a B-Field 3 component Squid sensor were completed using 200m x 200m Tx loop and 100m stations with the receiving sensor offset 100m from (behind) the TX loop.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Logging	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>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.</i></li> <li>• <i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>• <i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li>• <i>The use of twinned holes.</i></li> <li>• <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li>• <i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>• <i>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.</i></li> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All stations and transmitter loop positions are located by hand held GPS to an accuracy of approximately 5m.</li> <li>• All station location data are recorded in GDA94 datum, UTM zone 51.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>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.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Reconnaissance moving loop EM data were collected in slingram mode at 100m station intervals along lines 200m apart. The sensor was placed 100m outside the Tx loop along the survey line.</li> </ul>
<i>Orientation of data in relation to</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>• The MLTEM survey lines were oriented approximately perpendicular to strike.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>geological structure</i>	<i>assessed and reported if material.</i>	
<i>Sample security</i>	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>Results were transmitted electronically from the contractor to the Company's consultant.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>Data quality was reviewed on an ongoing basis by the Company's consultant.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>The Balladonia tenements are located approximately 140km ESE of Norseman in the Fraser Range Belt of Western Australia.</li> <li>The Balladonia Project comprises four granted exploration licenses (E69/3246, 3588, 3671, 3825) and three applications (E69/3559, 3672, 3952).</li> <li>The tenements are held 100% by AusQuest Limited.</li> <li>Four tenements fall within the Dundas Nature Reserve for which the company is finalizing a revised Management Plan with DBCA. The drilling occurred in the tenements outside the Reserve.</li> <li>Aboriginal heritage and flora surveys are routinely completed ahead of ground disturbing activities.</li> <li>The tenements are subject to a Strategic Alliance Agreement with South32.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>Previous exploration in the area has included minor mineral sands and lignite exploration</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>The exploration model 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.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill</i></li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>holes:</p> <ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> </ul> <ul style="list-style-type: none"> <li>● 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.</li> </ul>	
Data aggregation methods	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>● Not applicable</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>● These relationships are particularly important in the reporting of Exploration Results.</li> <li>● If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>● 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’).</li> </ul>	<ul style="list-style-type: none"> <li>● Not applicable</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Relevant EM data are shown on appropriate plans and included in the ASX release.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● All significant results are reported.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● The relationship between the EM results and previously reported exploration data is discussed in the report.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>● The nature and scale of planned further work (eg tests for lateral extensions or</li> </ul>	<ul style="list-style-type: none"> <li>● Drilling of EM targets is planned for 2022.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p><i>depth extensions or large-scale step-out drilling).</i></p> <ul style="list-style-type: none"><li>• <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li></ul>	