ASX ANNOUNCEMENT

July 27, 2022

DRILLING UPDATE – HAMILTON COPPER PROJECT, QLD

- ***Three diamond holes (2,045m) successfully completed***
- ***Footprint of copper mineralisation extended at Hamilton North***
- ***DHEM identifies an off-hole conductor in HMDDH018 (Hamilton North)***

AusQuest Limited (ASX: AQD) is pleased to advise that results received to date from the recently completed diamond drilling program at the **Hamilton Copper Project** in North-West Queensland have upgraded the Hamilton North prospect, where a moderate-to-strong off-hole EM response has been identified close to drill-hole HMDDH018 – highlighting the potential for a sulphide body within the mineralised BIF sequence.

The Hamilton Project is under the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32.

A total of three diamond drill holes for 2,045m (two at Hamilton North and one at Hamilton South) were completed to test two distinct gravity targets that were closely associated with mineralised banded iron formation (BIF) sequences and iron-calcium alteration (skarns) intersected by earlier drilling. Assay results for two of the three drill-holes (HMDDH016 & 017) have been received with assays from the third hole expected in early August.

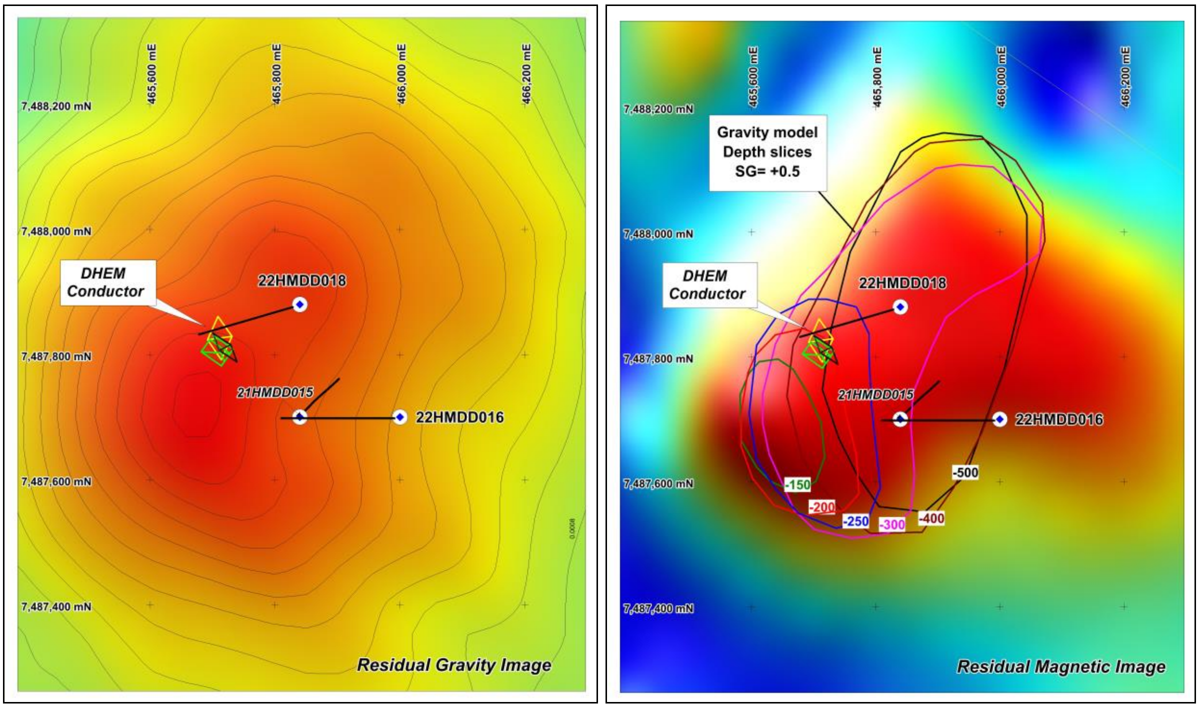

Figure 1: Hamilton North gravity and magnetics showing location of drill-holes and DHEM conductor

At *Hamilton North*, HMDDH016 intersected a thick zone of anomalous copper (75m @ 490ppm Cu) associated with high iron values (~20% Fe) from 422m, plus several narrower intervals (7m to ~36m) of similar Fe and Cu anomalism further down the hole, increasing the size of the mineralised footprint.

Proterozoic basement in HMDDH016 contains metasediments and amphibolites, which become more carbonate altered down hole. Mafic rocks containing magnetite and BIF units are more common below 422m and are associated with the anomalous copper values.

HMDDH018, which is located ~200m to the north of hole HMDDH016, appears to have extended the mineralisation footprint but assay results for this hole are still pending. Variable carbonate alteration occurs throughout much of the drill-hole, extending from just below the Cambrian cover (at 190m) to the bottom-of-hole at 646m. Several intervals of BIF and/or disseminated magnetite rock are evident within the broader carbonate halo.

Preliminary computer modelling of DHEM results from hole HMDDH018 indicate the presence of a conductor(s) ~100m x 50m in size with a conductance of ~2,000 to 4,000 Siemens, reflecting a potential sulphide source within the mineralized BIF sequence. The modelled body(s) appears to be steeply dipping at an angle to the layering that was intersected by the drill-hole, suggesting possible structural complexities in the area south-west of HMDDH018.

Additional drilling will be considered under the SAA to test this target, once all assay results have been received and DHEM modelling is finalised.

At *Hamilton South*, drill-hole HMDDH017, which tested a coincident magnetic-gravity response, failed to intersect the cause of the gravity anomaly. Most of the rocks within the drill-hole were either sodically altered or unaltered metasediments and/or mafics, suggesting that the hole has probably missed the target. Carbonate and potassic alteration which is evident near the bottom of the hole suggests that mineralisation may occur either lateral to, or beneath the current drill-hole. However, the DHEM survey did not identify a near-miss situation.

The mineralised BIF sequence at Hamilton appears to be similar in nature to that hosting the Osborne copper-gold deposit (global resource ~36Mt @ 2% Cu and 1g/t Au), located approximately 70km to the north.

The Hamilton Project covers a belt of magnetic rocks extending over a strike length of approximately 30km under Eromanga Basin cover, which is approximately 200m thick. Numerous magnetic targets within this belt have never been tested by drilling.

AusQuest's Managing Director, Graeme Drew, said the off-hole EM response in hole HMDDH018 had increased the Company's interest at Hamilton North, where thick mineralised BIF sequences have been intersected in conjunction with an untested EM response.

"Testing targets beneath 200m of cover can be tricky at times but the use of down-hole technologies which help to expand our exploration coverage around drill-holes, is certainly improving our chances," he said.

"We remain cautiously optimistic about further drilling at Hamilton North, once all assay data have been received and a full review completed under the SAA."

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 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.*	• Drill core was sampled at 1 metre intervals. No mud-rotary samples were assayed. • Core was cut in half with half sent for analysis and half retained for geological and quality control purposes • Sample intervals are 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 a rotary mud pre-collar through the cover sequence. • NQ2 drill rods were used to produce 50.6mm diameter core. • Down-hole surveys were completed every 30 metres down hole and the core was oriented using an Ace core 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 whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs. • Experienced diamond drillers are engaged to ensure maximum core recovery. • Sample recovery was 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.*	• Drill cores were logged by an experienced geologist to identify key rock types, alteration and mineralisation styles.

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• 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.*	• Samples are collected by cutting the core in half along its length and sampling over 1 metre intervals. In sections where core cannot be cut, representative core chips are collected for assay. • 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, dried, crushed then split to obtain a representative sub-sample which is then pulverized. • A portion of the pulverized sample is digested 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) was used to measure Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, K, 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, Zr. • Assays are provided by Genalysis Intertek Laboratories which is a certified laboratory for mineral analyses. Analytical data is transferred to the company via email. • Prepared sample standards are inserted by the Company every 30 metres down hole to provide a control on laboratory processes. Data from the laboratory's internal quality procedures (standards, repeats and blanks) also provide a check on data quality.

Criteria	JORC Code explanation	Commentary
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.*	• No significant intersections are reported. Drilling is still reconnaissance in nature. • No twinned holes were completed. • All data are entered into Excel spreadsheets and stored in the company's database. • No adjustments are made to the assay data.
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 were carried out every 30 metres down hole. • All surface location data are in GDA94 datum, UTM zone 54.
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.*	• Diamond drill-holes were positioned to test individual geophysical targets identified by magnetic and gravity data. No systematic drilling of targets has been undertaken.
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.*	• Bias due to the orientation of the drilling is unknown at this early stage of exploration. • Banding within the core was found to be at a low angle (~<40°) to the core axis.
Sample security	• *The measures taken to ensure sample security.*	• Sample security procedures match with Industry best practice. • Samples are collected into securely tied bags and placed into cable-tied plastic 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 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 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. • 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.
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.*	• All relevant drill hole data and information are provided below.

Criteria	JORC Code explanation	Commentary
	• *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 averaging techniques are used. Drilling still reconnaissance in nature.
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').*	• No significant base metal grades and widths are reported for the reconnaissance drill-holes..
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.*	• All relevant drill holes are shown on appropriate plans and included in the ASX release. Details are provided below.
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. No grade intersections were reported. • Drilling still at initial target area testing 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 drilling and previously reported exploration data is still to be determined once full assay data have been assessed. • Spatial relationships between drill-holes and geophysical data are shown in the release • Down Hole EM surveys were completed in each drill-hole using a Gap HPTX-80 transmitter and 3 component Digi Probe. Stations were read at 10m to 20m intervals with infill at 5m intervals over selected sections.
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.*	• Future drilling will be determined once all results have been assessed in detail.

Drill Hole Table:

Hole_ID	Easting	Northing	RL	Zone	Datum	Azimuth	Incl	MR_m	NQ_m	Total_Depth
22HMDD016	466000	7487700	170	54	GDA	270	-70	153	504.7	657.7
22HMDD017	472504	7473590	190	54	GDA	270	-70	227	514.6	741.6
22HMDD018	465840	7487870	171	54	GDA	250	-75	147	499	646