ASX ANNOUNCEMENT

January 27th, 2023

INITIAL DRILLING CONFIRMS LARGE-SCALE PORPHYRY COPPER POTENTIAL AT THE PIRATA PROJECT, PERU

- ***21 Reverse Circulation drill-holes for 6,971m completed***
- ***Strong indications of possible nearby porphyries found at three of five targets***
- ***Anomalous copper associated with alteration implies system(s) are mineralised***

Further to its announcement of 20 September, AusQuest Limited (ASX: AQD) is pleased to report results from the Reverse Circulation drilling program completed towards the end of last year at its **Pirata Copper Project** in Southern Peru, under the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32).

The drilling program, comprising 21 holes for a total of 6,971m, was designed to test five porphyry and/or manto copper targets located within a major east-west structural corridor which is considered to be a priority target zone within the Coastal Belt of Peru and Chile for major copper deposits (Figure 1).

AusQuest's Managing Director, Graeme Drew, said that while the initial drilling had not intersected a mineralised porphyry, the Company was very encouraged by the results, with future work to be discussed with South32 in the coming weeks.

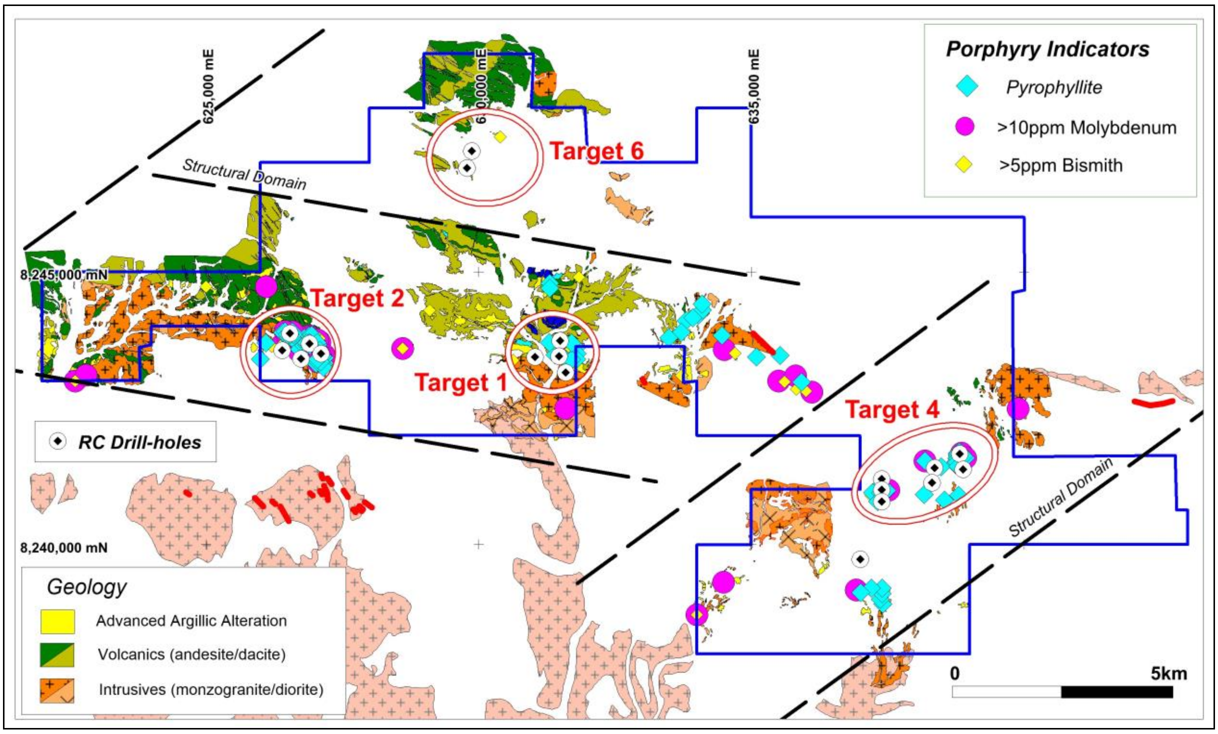

Figure 1: Pirata Project showing geology, geochemical anomalies and RC drill-hole locations.

Multi-element geochemistry and Terraspec mineralogy results from the drilling program have been used to identify both vertical and lateral vectors to help locate buried porphyry copper systems associated with the alteration zones (lithocaps) mapped at surface.

Results from three of the five drilled targets (1, 2, and 4) indicate that the basal section of the lithocap has been intersected at each location with indications that mineralised porphyry systems are located in close proximity to, but off-set from, the current drill-holes.

At Target 1 (where four drill-holes were completed), anomalous pathfinder elements including molybdenum (up to 21.3ppm Mo) and tellurium (up to 10.2ppmTe), as well as the presence of high temperature clay minerals (pyrophyllite) and white mica (sericite) indicate proximity to a porphyry source to the east of drill-hole PIRRC08 and to a lesser extent drill-hole PIRRC07 (Figure 2).

Thick pyrophyllite (+100m) within hole PIRRC08 suggests it is the closest drill-hole to the causative porphyry. Narrow zones of elevated copper (up to 0.43% Cu) within sericite alteration suggest the potential for stronger copper mineralisation within the porphyry host, once it is located.

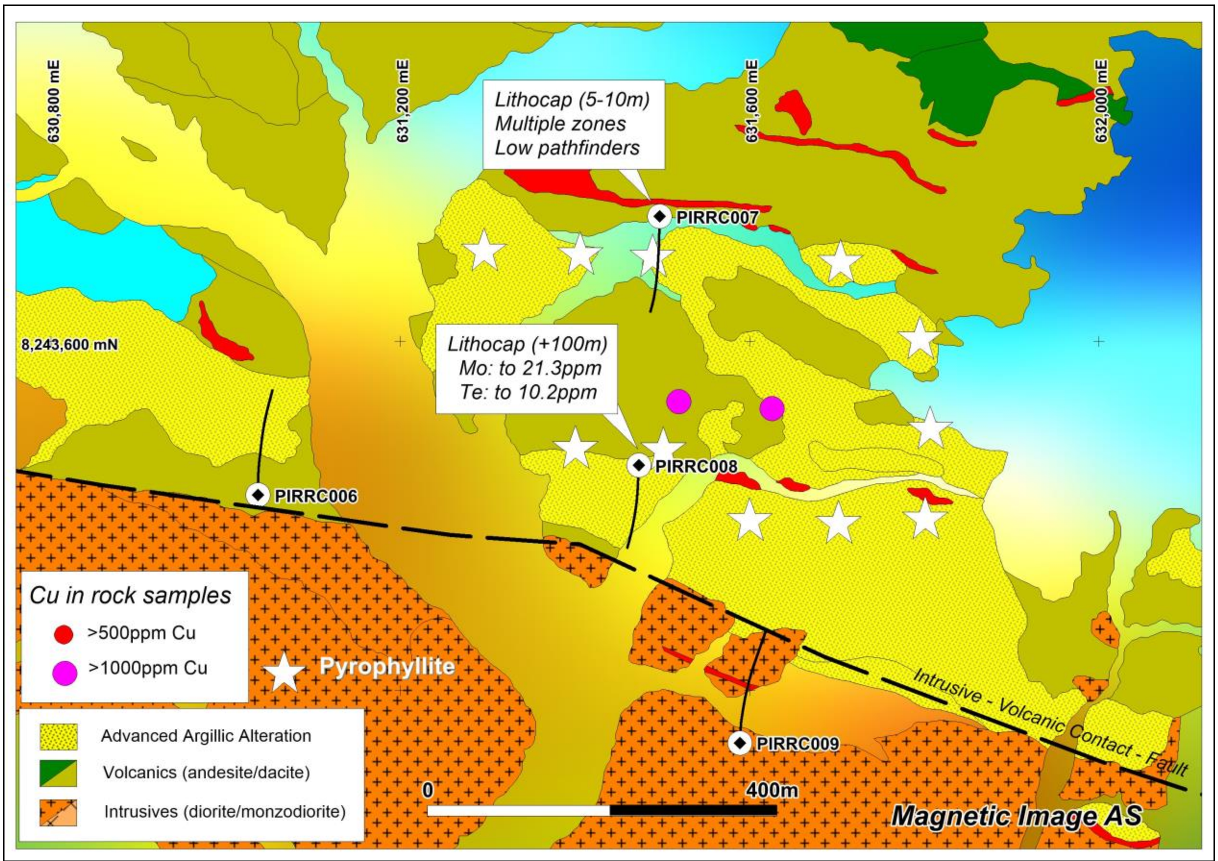

Figure 2: Target 1 – Geology and magnetic image showing RC drill results.

At Target 2 (five drill-holes), the three northern drill-holes (PIRRC002, 03, & 04) intersected a relatively flat northerly dipping alteration zone, sub-parallel to an underlying lithological contact between intrusive monzonites and overlying volcanics. Anomalous pathfinder elements (Mo: up to 27.5ppm, Bi: up to 12.7ppm, and Te: up to 13.8ppm) and the presence of pyrophyllite (>30m) and white mica define alteration zones which again support the presence of a relatively close causative porphyry, probably to the north-east of current drill-holes (Figure 3).

Broad zones of elevated gold in PIRRC01 (90m @ 0.15g/t Au from 252m, including 2m @ 2.7g/t Au), and PIRRC03 (34m @ 0.52g/t Au from 272m, including 4m @ 2.2g/t Au) plus narrow zones (2 to 4m) of anomalous copper (up to 0.59% Cu) associated with potassic alteration within the underlying intrusive rocks, provide further evidence of the potential for base and/or precious metals to be found within the porphyry systems being tested.

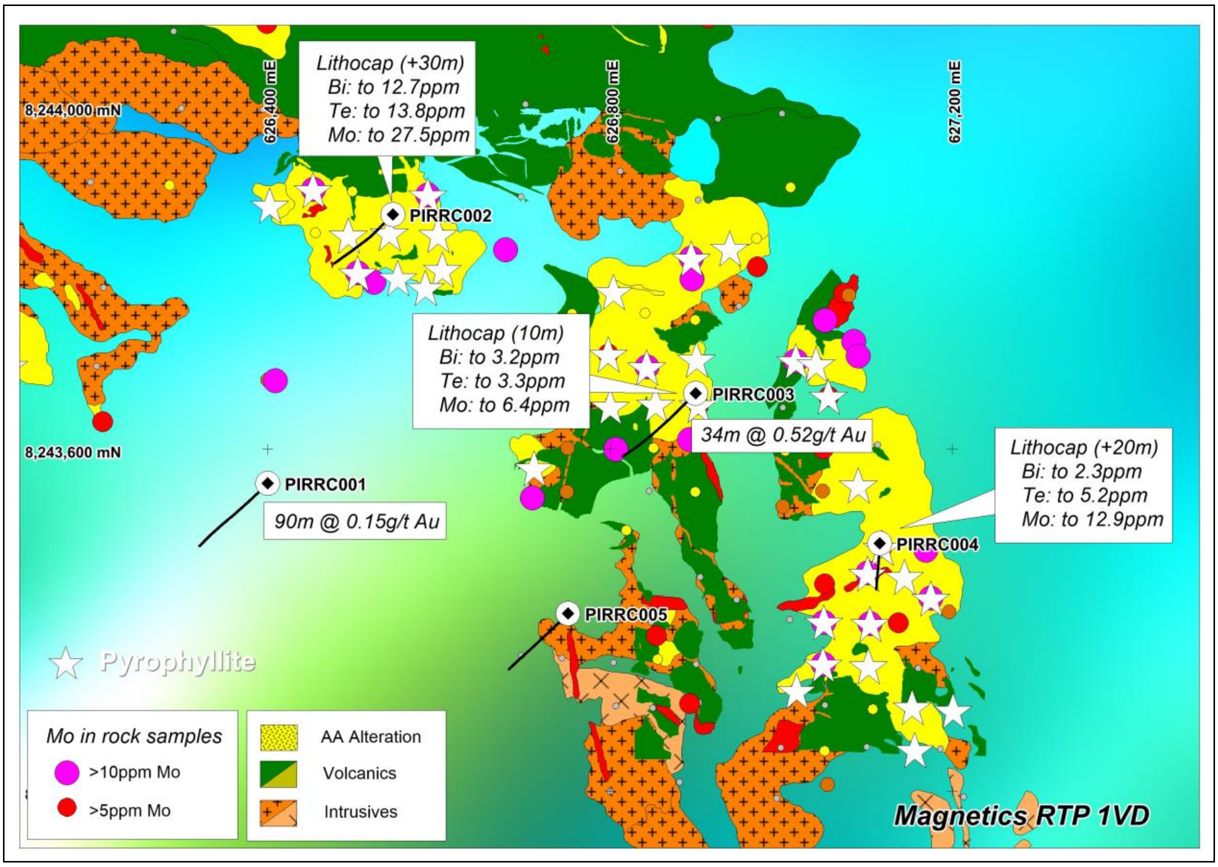

Figure 3: Target 2 - Geology and aeromagnetic image showing RC drill results

At Target 4, seven drill-holes on widely spaced drill sections (500m to 1000m apart) were completed to drill across magnetic targets associated with sparce outcrops of advanced argillic alteration (lithocap) containing occasional anomalous copper values (>500ppmCu). This target covers a large area (~2km x 1km) with poor outcrop making geological correlations difficult.

Thick lithocap (60m to +160m) as defined by the presence of pyrophyllite and white micas was intersected in three of the drill-holes (PIRRC010, 012, and 015) with the highest temperature micas occurring in drill-holes PIRRC010 and PIRRC012 suggesting they are closest to the causative porphyry(s).

Highly anomalous pathfinder elements including Mo (up to 37ppm), Bi (up to 16ppm) and Te (up to 15ppm) plus patches of copper sulphide mineralisation (narrow intercepts (2m) of up to 0.39% Cu) intersected within alteration underlying the lithocap, support the concept of a mineralised porphyry system close-by, at relatively shallow depths.

Correlation with ground magnetic data highlights the low magnetic areas (possibly due to alteration) as potential targets to be considered for future drilling at this prospect (Figure 4).

Drill results from Target 6 (two drill-holes) and in-fill drilling at the Cerro de Fierro South prospect (two drill-holes) failed to provide significant encouragement to continue exploring in these areas.

Future work (including drilling) at the Pirata prospects is being discussed with South32 and will be considered under the SAA over the coming weeks.

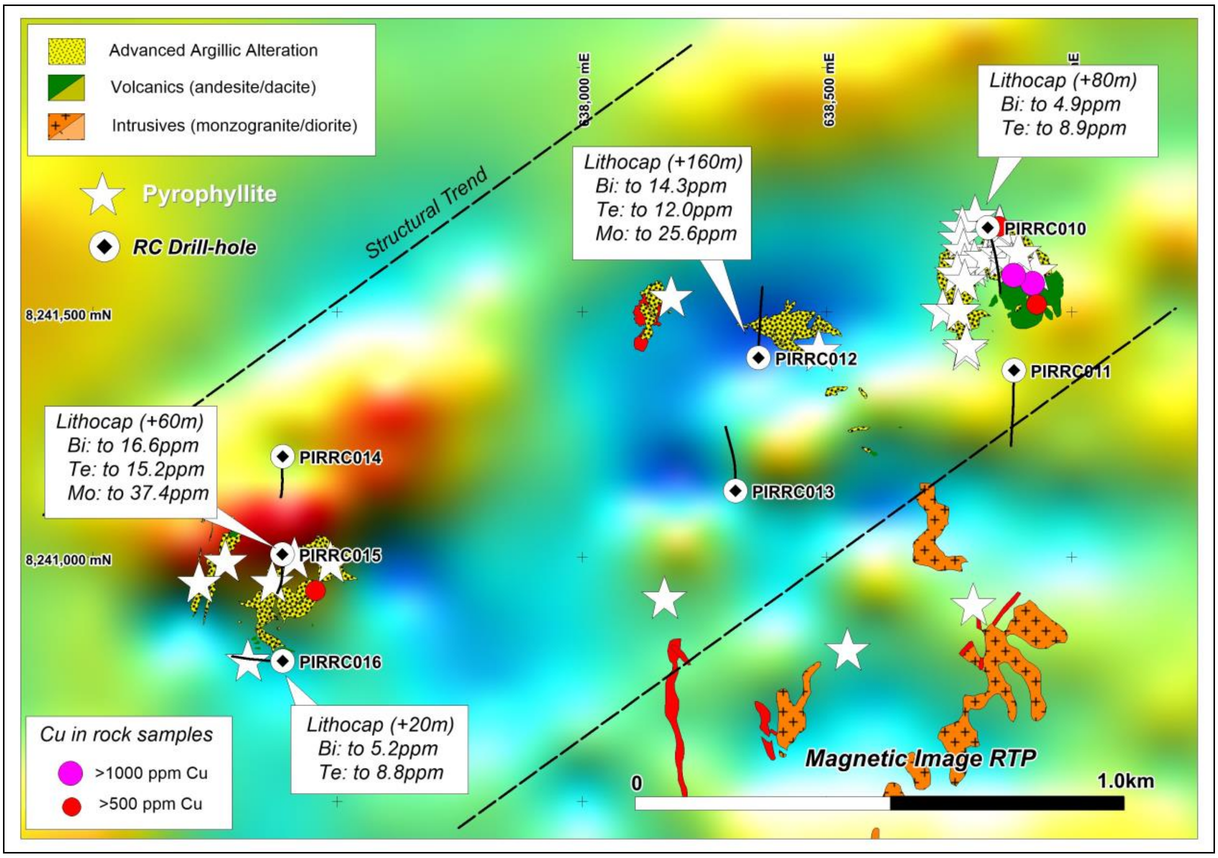

Figure 4: Target 4 - ground magnetic image and geology showing RC drill results

"Exploring for porphyry copper deposits where outcrop is poor and the porphyry mineralisation is overlain by intense alteration – as is found within the lithocap environment – can be difficult, but ultimately can be highly rewarding once the source of the alteration is found," Mr Drew said.

"We remain very encouraged by the potential for large-scale porphyry copper discoveries in the general Cerro de Fierro - Pirata region and we look forward to continuing our exploration in this region through 2023," 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, Reverse Circulation Drilling at Pirata in Peru – January 2023

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Samples were collected using a tube sampler by spearing into each one metre sample bag and compositing samples on a two-metre basis. • Sample depths were determined by the length of the rod-string and confirmed by counting the number of samples and bags at the drill platform as per standard industry practice. • A ~5kg sample was collected for representivity.
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).*	• RC Drilling with a face sampling bit has been used with a hole diameter of approximately 132mm. • Down-hole surveys were undertaken using a Gyro3-193 with measurements every 10m.
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.*	• Experienced RC drillers and an appropriate rig were used to provide maximum sample recovery. • Minimal to no water was encountered in all drill holes. • The weight of every bulk 1 metre sample was recorded and checked for sample recovery estimates. Sample recovery was acceptable to industry standard. • The sample weight of every laboratory sample was also collected and weighed on site for future reference. • At this early stage of exploration, it is not known if there is a relationship between sample recovery and assay grade.

Criteria	JORC Code explanation	Commentary
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.*	• RC sample chips were collected into chip trays and are stored for future reference. • RC samples were logged on site during the drilling by experienced geologists to identify key rock types and mineralization styles. • Selected RC meter samples were logged with a hand held XRF and portable XRD unit to confirm visual mineralization and help identify clay mineralization. • Sample logging was qualitative with visual estimates of mineralization made for later comparison with assay results. • All one metre drill samples were logged.
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.*	• RC samples were collected every 1 metre into large plastic bags and stored in rows per depth at the drill site. • Samples were collected using a 50mm tube sampler and composited on a two metre basis. • Certified coarse blanks and fine standards are inserted approximately every 35 samples and duplicates taken every 20 samples for quality control purposes. • The sample sizes are considered appropriate for the geological materials 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, • Au assays were provided by 30g fire assay with AA finish.

Criteria	JORC Code explanation	Commentary
		• Every 2 metre composite sample is submitted for Hyperspectral analysis using a TerraSpec instrument and uploaded into the aiSIRIS™ software for mineral identification and spectral output. • Assays are provided by ALS del Peru in Lima which is a certified laboratory for mineral analyses. Analytical data is transferred to the company via email. • Data from the laboratory's internal quality procedures (standards, repeats and blanks) are provided to check data quality. • The Company collects duplicate samples on an approximate 1: 20 basis, and inserts coarse blanks on a 1:30 basis and fine blanks on a 1:35 basis and fine standards are inserted on a 1:35 basis.
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 verification of intersections was undertaken. Drilling was wide spaced and reconnaissance in nature. • All primary sample data is recorded onto a printed sheet on site and uploaded to a site laptop, all geological data is recorded at the drill platform on a site laptop and downloaded daily and onto an external backup. • No adjustments have been 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 using a Gyro3-193 with measurements every 10m down hole. • All surface location data are in WGS 84 datum, UTM zone 18S.
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.*	• RC drill-holes were wide spaced between 300m and 1000m apart to define the controls and the scale (outer limits) of the mineralization. No systematic grid drilling of the target has been undertaken. • Samples were composited on a 2 metre basis.
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*	• Any bias due to the orientation of the drilling is unknown at this early stage of exploration.

Criteria	JORC Code explanation	Commentary
	reported if material.	
Sample security	• *The measures taken to ensure sample security.*	• Sample security is managed by the operator of the Project. 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. • Samples were transported to the laboratory by company vehicle using trusted company personnel. • 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 Pirata Project is located approximately 50 km east of the town of Chala in the south of Peru. And forms part of the Cerro de Fierro group of tenements • The Pirata project comprises 13 granted mineral concessions. The tenements are held by Questdor which is a 100% subsidiary of AusQuest Limited. • There are no major heritage issues to prevent access to the tenements. A drill permit (AIA) was provided by INGEMMET for the drilling program following environmental, and community approvals. • The Pirata Project is subject to an agreement with South32.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No historic exploration data is available.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Pirata Project is targeting porphyry copper and manto style copper deposits along the coastal belt of southern Peru. These are large scale disseminated copper (and gold) deposits found within orogenic belts that surround the Pacific Rim. The deposits can be really large requiring significant drilling to evaluate.
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.*	• All relevant drill hole data and information are provided below.
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 economic intervals reported. No systematic cut-offs applied.
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').*	• All intervals reported are down-hole lengths. True widths are unknown at this stage.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• All drill holes are shown on appropriate plans and included in the ASX release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• At this early stage of drilling, only significant assay results have been reported.

Criteria	JORC Code explanation	Commentary
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 shown in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future work programs including drilling will be determined once the current results have been fully assessed.

Drill-hole Details

Hole_ID	Datum	Zone	Easting	Northing	RL	Azimuth	Inclination	Depth
PIRRC001	WGS84	18s	626400	8243560	2159	225	-70	342.00
PIRRC002	WGS84	18s	626546	8243874	2147	225	-70	340.00
PIRRC003	WGS84	18s	626900	8243665	2139	225	-64	310.00
PIRRC004	WGS84	18s	627115	8243490	2141	180	-70	216.00
PIRRC005	WGS84	18s	626751	8243408	2196	225	-60	234.00
PIRRC006	WGS84	18s	631037	8243424	2117	0	-60	300.00
PIRRC007	WGS84	18s	631497	8243743	2115	180	-60	306.00
PIRRC008	WGS84	18s	631473	8243458	2109	180	-60	330.00
PIRRC009	WGS84	18s	631589	8243140	2090	0	-64	360.00
PIRRC010	WGS84	18s	638828	8241673	2019	160	-60	348.00
PIRRC011	WGS84	18s	638882	8241381	2005	180	-64	427.00
PIRRC012	WGS84	18s	638360	8241407	2041	0	-64	354.00
PIRRC013	WGS84	18s	638313	8241135	2015	0	-65	342.00
PIRRC014	WGS84	18s	637388	8241205	2039	180	-65	320.00
PIRRC015	WGS84	18s	637387	8241005	2046	180	-65	318.00
PIRRC016	WGS84	18s	637388	8240787	2004	270	-65	336.00
PIRRC017	WGS84	18s	636996	8239733	1929	45	-60	390.00
PIRRC018	WGS84	18s	629877	8247210	2216	0	-60	288.00

PIRRC019	WGS84	18s	629788	8246900	2204	0	-60	312.00
CDFRC016	WGS84	18S	620045	8245078	2083	45	-65	394
CDFRC017	WGS84	18S	620250	8244800	2013	0	-60	402