ASX ANNOUNCEMENT

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ABUNDANT COARSE MAGNETITE INTERSECTED OVER LARGE AREA AT THE MORRISEY PROJECT, WA

Key Points:

- ***Significant magnetite intersected on all five sections drilled at Waterfall.***
- ***The host quartz-magnetite rock is coarse grained and occurs at shallow depths.***
- ***Next steps – assess assay results and initiate beneficiation test-work.***
- ***Program funded under Strategic Alliance Agreement.***

AusQuest Limited (ASX: AQD) is pleased to advise that it has intersected abundant coarse-grained magnetite in recently completed follow-up drilling at the Morrissey Project, located ~120km north of Mullewa in the Midwest mining district of Western Australia.

Significant zones of magnetite (>1mm) were intersected in 14 of the 15 Reverse Circulation (RC) drill-holes completed at the Waterfall Prospect. Down-hole thicknesses varied from 4 metres up to 117 metres, based on average magnetic susceptibility values greater than 0.25 SI units (see Table 1 below). Readings were taken at 1 metre intervals using a magROCK Magnetic Susceptibility meter – no corrections have been applied to the data.

Quartz-magnetite rocks have now been intersected over a strike length of 750 metres, with the mineralisation remaining open in all directions (Figure 1). The mineralisation appears to have a relatively shallow easterly dip (~30 to 45°) and occurs at depths of less than 50 metres on many sections (Figures 2 and 3).

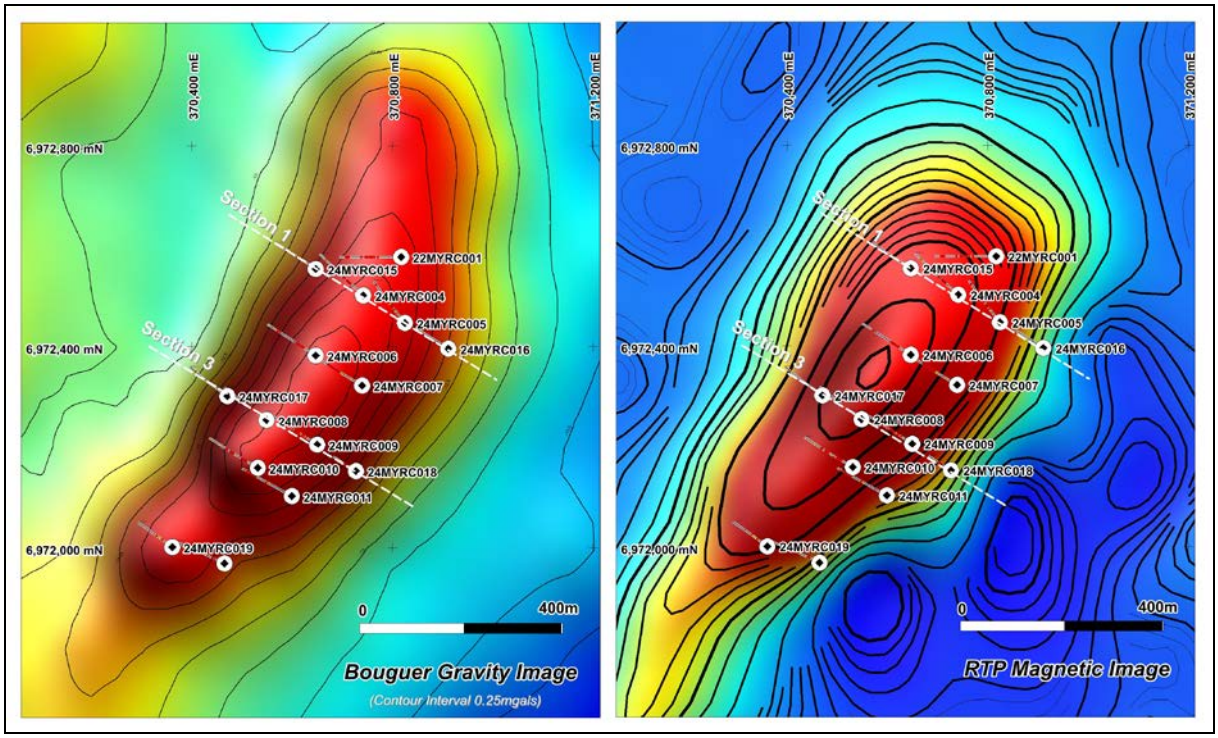

Figure 1. Magnetic and gravity images showing the location of RC drill-holes. Sections 1 and 3 are presented as Figures 2 and 3 within this release.

The program at Waterfall was extended by seven RC drill-holes following encouragement from the minimum drilling program (comprising eight drill-holes), which intersected magnetite on every section tested (for a total of ~3,060m). The extra drill-holes were designed to test the lateral extent of the magnetite and help determine the potential size of this occurrence.

Samples were composited on a two-metre basis and sent to Intertek Genalysis Laboratory Services in Perth for analysis. Assay results should be available within 4 to 6 weeks.

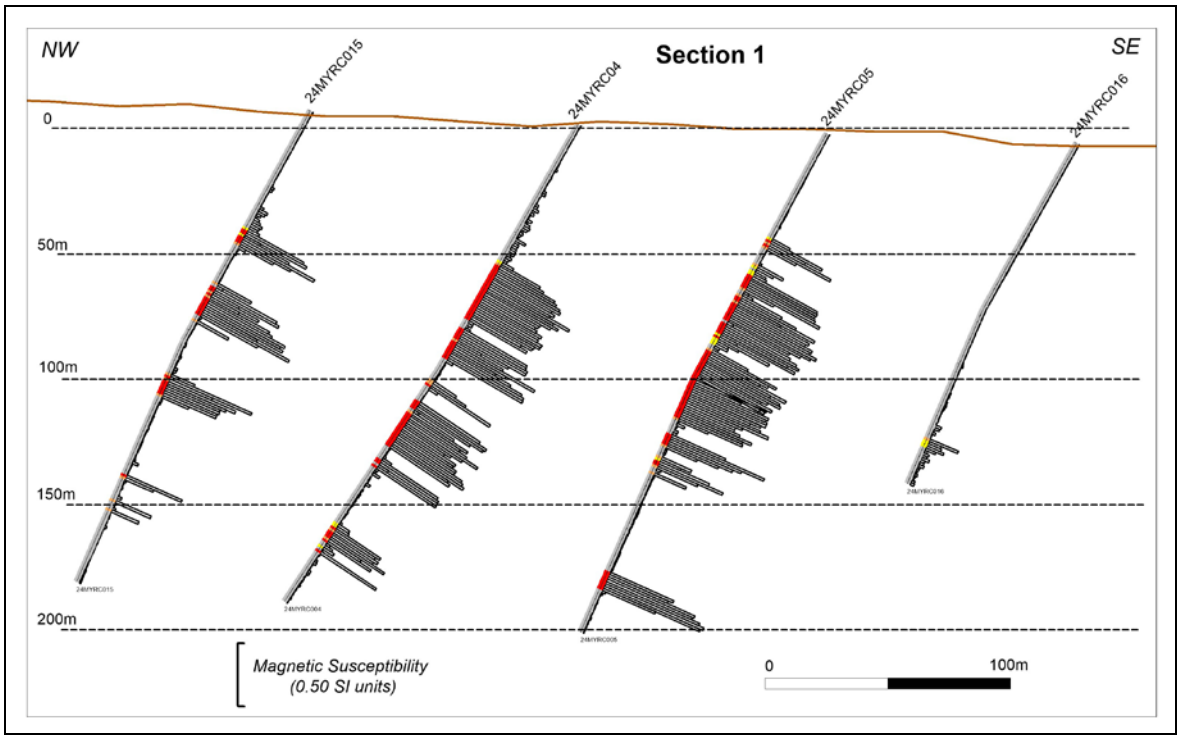

Figure 2: Section 1 showing down-hole magnetic susceptibility readings on drill samples. Zones shown in red have magnetic susceptibility values >0.4 SI units.

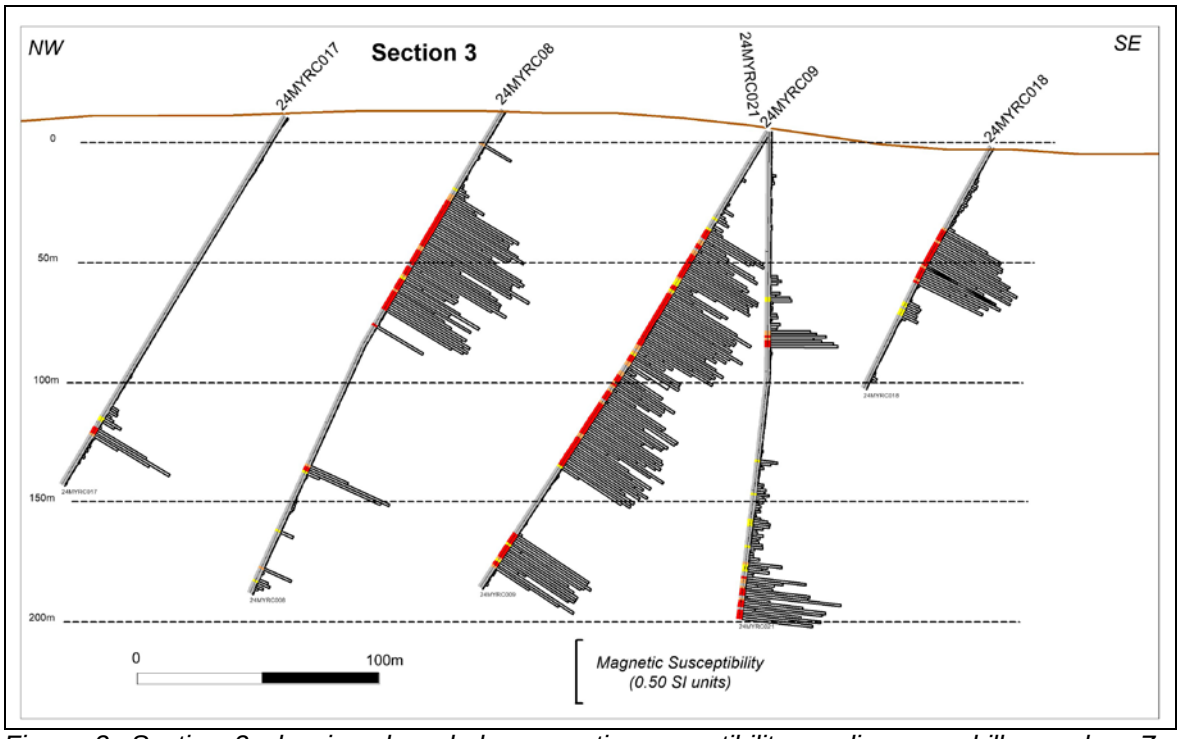

Figure 3: Section 3 showing down-hole magnetic susceptibility readings on drill samples. Zones shown in red have magnetic susceptibility values >0.4 SI units.

The magnetic and gravity data which are being used to define the extent of the magnetite suggest that additional drilling is required to close-off the mineralisation (Figure 1). Computer modelling of this data, using the available drill intersections for control, has been initiated to help define the outer limits of the mineralisation.

The discovery drill-hole (22MYRC001) at Waterfall, which was completed in late 2022, intersected coarse-grained magnetite which subsequent test-work (Davis Tube Recovery (DTR)) indicated could produce a premium grade product (>70% Fe) with very low impurities (ASX release 24 January 2023). DTR test work on a selection of current drill samples will be initiated once assay results have been received and assessed.

RC drilling completed at the Bilga South (one hole for 200m) and Toola (two holes for 400m) Prospects to test magnetic and gravity anomalies approximately 40km from Waterfall, intersected magnetite mineralisation but with a much finer grain-size, and within more mafic host rocks, suggesting they are unlikely to be amenable to beneficiation. Two-metre composite samples have been sent for analysis.

The Morrisey Project, which is located within high-grade metamorphic rocks of the Narryer Terrane, approximately 120km north of Mullewa in WA, is subject to the Strategic Alliance Agreement with a wholly-owned subsidiary of South32 Limited.

AusQuest's Managing Director, Graeme Drew, said: *"We are very encouraged by the drilling results from Waterfall as it appears that the coarse-grained magnetite occurs in reasonably thick units and at relatively shallow depths, suggesting it may be amenable to open-cut mining methods if scale can be demonstrated.*

"We need to wait for assay results and further beneficiation test-work before we can more fully assess the results of this program, however, previous *test-work on samples from our initial drilling program indicated that the magnetite intersected could be upgraded to a premium product (>70% Fe).*

"Shareholders can look forward to more detailed assessments of the magnetite potential at Morrisey over the coming weeks and months".

Graeme Drew
Managing Director

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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.

Table 1: RC Drill Intersections based on Magnetic Susceptibility Readings

Prospect	Drill-hole	Easting	Northing	From (m)	To (m)	Interval	Mag Suscept (SI)
Waterfall	24MYRC04	370741	6972503	63	160	97	0.39
				187	201	14	0.28
Waterfall	24MYRC05	370825	6972448	48	152	104	0.40
				198	206	8	0.70
Waterfall	24MYRC06	370647	6972383	52	96	44	0.60
				162	182	20	0.47
Waterfall	24MYRC07	370739	6972323	76	162	86	0.53
Waterfall	24MYRC08	370549	6972254	41	97	56	0.62
				169	173	4	0.46
Waterfall	24MYRC09	370650	6972206	48	165	117	0.49
				198	215	17	0.58
Waterfall	24MYRC010	370531	6972159	44	85	41	0.47
				102	128	26	0.62
				136	148	12	0.74
Waterfall	24MYRC011	370599	6972102	105	120	15	0.36
				151	212	61	0.48
Waterfall	24MYRC015	370911	6972397	53	61	8	0.40
				78	96	18	0.44
				119	129	10	0.46
Waterfall	24MYRC017	370471	6972302	152	156	4	0.49
Waterfall	24MYRC018	370727	6972153	39	65	26	0.57
Waterfall	24MYRC019	370361	6972001	41	52	11	0.55
				67	80	13	0.30
				84	90	6	0.27
				109	112	3	0.34
Waterfall	24MYRC020	370465	6971969	40	60	20	0.44
				85	140	55	0.46
Waterfall	24MYRC021	370650	6972205	83	90	7	0.44
				186	204	18	0.43

JORC Code, 2012 Edition – Table 1 Report Reverse Circulation Drilling at the Morrisey Project

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.*	• RC drilling was used to obtain 1m split samples which were composited over 2m using an onboard cone splitter. • Sample depths were determined by the length of the rod string and confirmed by counting the number of samples and rows as per standard industry practice. • Sample weight of each 2m composite submitted for analysis was approximated 3kg.
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).*	• Reverse circulation (RC) drilling with 4.5 inch face sampling bit.
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 size were used to ensure maximum sample recovery. • Sample quality and recovery was noted for each metre. • At this early stage of exploration it is not possible to identify any relationship between sample recovery and assay grade.
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*	• RC sample chips were logged by an experienced geologist to identify key rock types and mineralisation styles.

Criteria	JORC Code explanation	Commentary
	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.*	• Sample logging was qualitative with visual estimates of mineral composition made for later comparison with assay results. • All 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 and collected in plastic bags and presented in rows corresponding to sample depth. • Assay samples were collected every 2m utilising a cone spltter on the rig's cyclone to produce a representative composite sample for assay. • Certified standards or blanks were inserted every twentieth sample for initial 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.*	• The sample sizes are considered appropriate for the geological materials sampled. • Assaying of the drill samples will be by standard industry practice. • The samples are sorted and dried and the whole sample is crushed then split by riffle splitter to obtain a representative sub-sample which is then pulverized in a vibrating pulveriser. • A portion of the pulverized sample is then digested and refluxed 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) is 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, and Zr (48 element suite). • Data from the laboratory's internal quality procedures (standards, repeats and blanks) and AusQuest (standards, repeats and blanks) are reviewed to check data quality. • Assays are provided by Intertek Genalysis, Maddington, WA which is a certified laboratory for mineral analyses. Analytical

Criteria	JORC Code explanation	Commentary
		data is transferred to the company via email and by hard copy.
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. . • Sample details were compiled into Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
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 collar locations were established with a handheld GPS to +/- 5m accuracy. • Down hole surveys were carried out below the collar and at the bottom of each hole using a multi-shot gyro system. • Grid system used is GDA94 Zone 50S.
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.*	• Drill holes were spaced ~ 150m x 100m apart along five grid sections and drilled to depths of ~200m.. • Data spacing is considered sufficient to provide an indication of geological and possibly grade continuity within the area drilled.
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.*	• Any bias due to the orientation of the drilling is unknown at this stage of exploration.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected in securely tied bags and placed into cable-tied bulker bags for transport to the assay laboratory, accompanied by a sample submission sheet listing sample numbers and required sample preparation and assay procedures. • Reputable 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 audits or reviews have been carried out on the sampling.

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 Morrisey Project is located approximately 150 km north-east of Geraldton in Western Australia. • Tenement holdings consist of four granted Exploration Licences E70/5383, E09/2397, E59/2525 and E59/2526 held 100% by AusQuest. • The Morrisey Project is subject to a Strategic Alliance Agreement whereby South32 have the right to earn a 70% interest by spending US$4.5M. • The tenements are located partly within (WC2004/010) Wajarri Yamatji #1Native Title Claim (partially determined) and partially within (WC1996/093) Mullewa Wadjari Community Native Title Claim. • Aboriginal heritage surveys are routinely completed ahead of ground disturbing activities.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration is very limited and was mainly focused on iron ore and gold targets together with some regional diamond exploration by Stockdale Prospecting and CRA Ltd. • Limited aircore drilling and surface lag sampling was reported by several companies that were targeting magnetic anomalies as possible iron ore or nickel prospects but no RC or diamond drilling has been 4 Criteria JORC Code explanation Commentary reported. • Detailed aeromagnetic data was acquired over the northern half of EL 70/5383 and the southern part of EL 70/2397 as part of a search for iron ore. This data is being used by the current exploration in the area
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Morrisey Project is targeting coarse-grained magnetite mineralization that can be beneficiated to produce a high grade product (>70% Fe). The Narryer terrane is a complex structural area containing high grade metamorphic rocks including

Criteria	JORC Code explanation	Commentary
		banded iron formations which appear to be the protoliths to the mineralization being sought. • Nickel-copper-PGE mineralisation is also being targeted within mafic/ultramafic intrusions in the Narryer Terrane which forms the NW margin of the Yilgarn Craton.

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 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 aggregation techniques have been used on the data.
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').*	• The relationship between mineralization widths and intercept widths is not known at this stage, although drill directions appear to provide a reasonable estimate of mineralization thickness.
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 locations are shown on appropriate plans and included in the ASX release.

Criteria	JORC Code explanation	Commentary
	drill hole collar locations and appropriate sectional views.	
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.*	• Assay results are pending. Magnetic Susceptibility readings provide a good indication of where magnetite occurs but not necessarily Fe grade or % magnetite.
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 area was selected for drilling based on modelled magnetic and gravity data in conjunction with geological and geochemical interpretations by the company.
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.*	• Proposals of further work will be done after a thorough analysis of the current data is completed.

Drilling Details:

Hole_No	Prospect	Easting	Northing	RL	Datum	Zone	Azimuth	Inc	RC_Depth
24MYRC004	Waterfall	370741	6972503	302	GDA94	50	313	-59.7	225
24MYRC005	Waterfall	370825	6972448	298	GDA94	50	322	-60	225
24MYRC006	Waterfall	370647	6972383	309	GDA94	50	303.3	-58.8	225
24MYRC007	Waterfall	370739	6972323	301	GDA94	50	301.06	-59.39	225
24MYRC008	Waterfall	370549	6972254	313	GDA94	50	307	-59	228
24MYRC009	Waterfall	370650	6972206	304	GDA94	50	302.8	-58.8	225
24MYRC010	Waterfall	370531	6972159	309	GDA94	50	300.66	-59.28	228
24MYRC011	Waterfall	370599	6972102	306	GDA94	50	299.22	-59.17	225
24MYRC012	Bilga South	391773	7013772	289	GDA94	50	319.7	-59.2	228
24MYRC013	Toola Well	400867	6989501	275	GDA94	50	87.51	-60.59	200

24MYRC014	Toola Well	401349	6989689	276	GDA94	50	273.4	-59.4	162
24MYRC015	Waterfall	370647	6972555	307	GDA94	50	303.4	-60.9	210
24MYRC016	Waterfall	370911	6972397	294	GDA94	50	301.99	-60.42	152
24MYRC017	Waterfall	370471	6972302	311	GDA94	50	305.5	-58.5	180
24MYRC018	Waterfall	370727	6972153	298	GDA94	50	301.7	-60.5	114
24MYRC019	Waterfall	370361	6972001	305	GDA94	50	306.3	-58.99	174
24MYRC020	Waterfall	370465	6971969	303	GDA94	50	295.14	-60.49	220
24MYRC021	Waterfall	370650	6972205	304	GDA94	50	239.7	-89.16	204