ASX ANNOUNCEMENT

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DRILL ASSAYS CONFIRM SIGNIFICANT MAGNETITE POTENTIAL AT MORRISEY PROJECT, WA

Key Points:

- ***Significant thicknesses of magnetite confirmed on each drill section.***
- ***Average iron grades vary from ~24% Fe to 32% Fe with low impurity levels.***
- ***Best intercepts up to 116m @ 28.3% Fe, 86m @ 31.1% Fe, 70m @ 30.2% Fe.***
- ***Mineralisation similar to intercepts in 22MYRC01 which upgraded to >70%Fe***
- ***Program funded under Strategic Alliance Agreement.***

AusQuest Limited (ASX: AQD) is pleased to advise that assay results from recent Reverse Circulation (RC) drilling have confirmed the presence of extensive magnetite mineralisation at the Morrissey Project, located ~120km north of Mullewa in the Midwest mining district of Western Australia.

Analytical results from the *Waterfall Prospect* indicate high average iron grades (averaging 22-35% Fe) within banded iron formation (BIF) over thicknesses of up to 116 metres. Low levels of aluminium (0.7-2.7% Al), sulphur (0-1.6% S), and phosphorous (0.03-0.06% P) within the BIF suggest it is a clean sediment consisting mainly of magnetite and quartz, providing excellent feedstock for beneficiation test work to determine the ultimate product grade and recovery. A summary of significant assays is provided in Table 1.

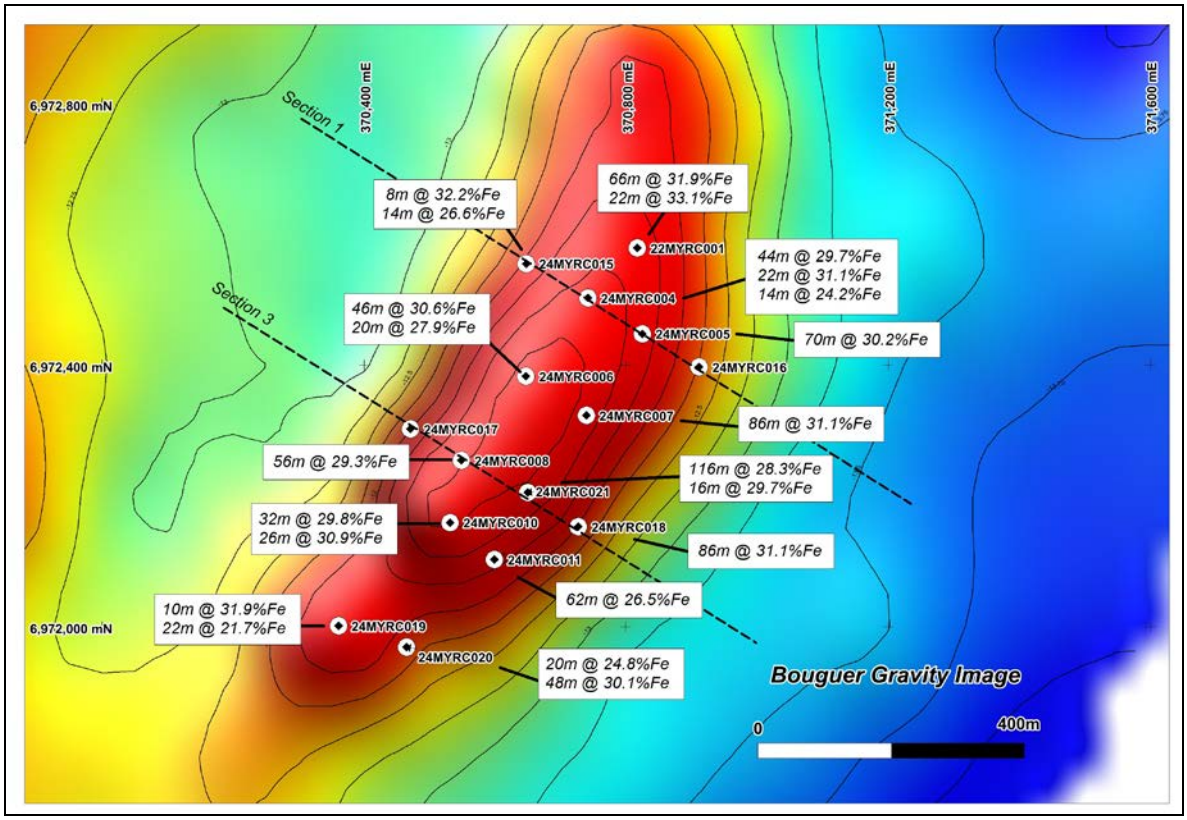

Figure 1*. Waterfall Prospect: Gravity image showing the location of RC drill-holes and significant Fe assays. Sections 1 and 3 are presented as Figures 2 and 3 within this release.*

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 below the depth of oxidation at shallow depths (<50 metres) on most sections (Figures 2 and 3).

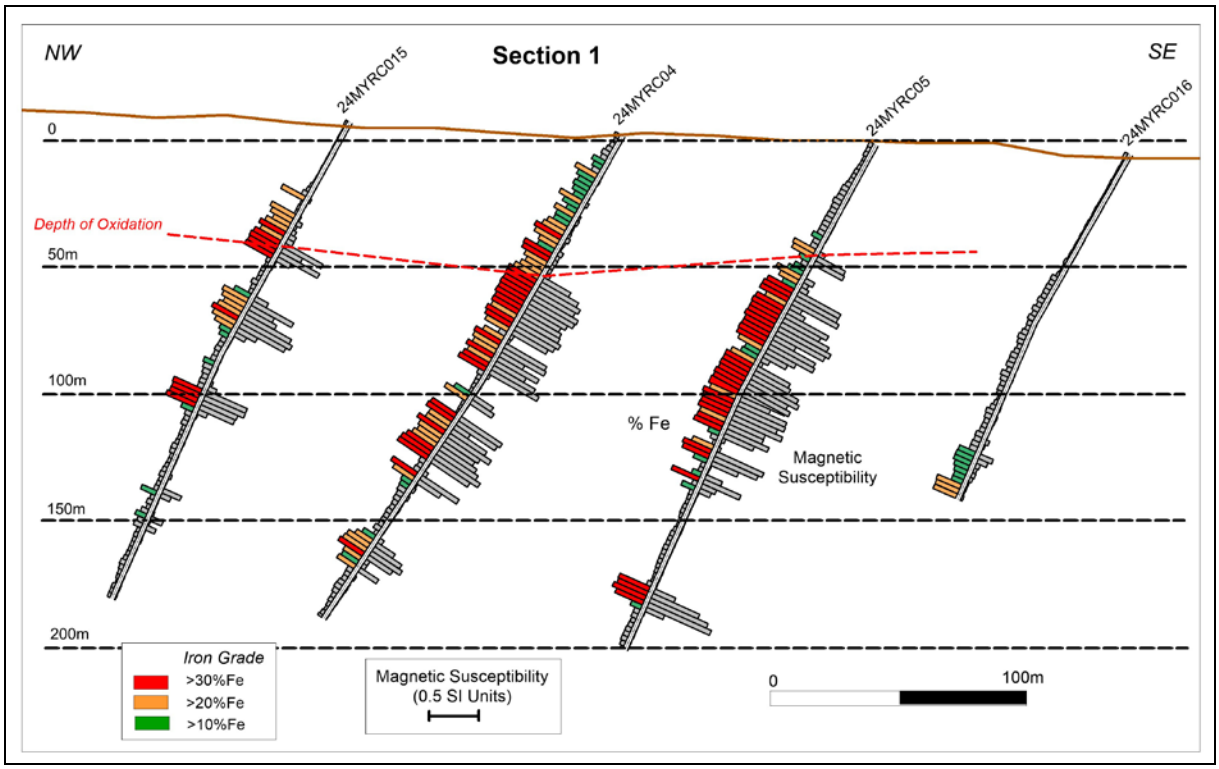

***Figure 2**: Waterfall Prospect: Section 1 showing down-hole magnetic susceptibility readings to the right and Fe grades on the left of the drill trace. Zones shown in red have Fe grades >30% Fe.*

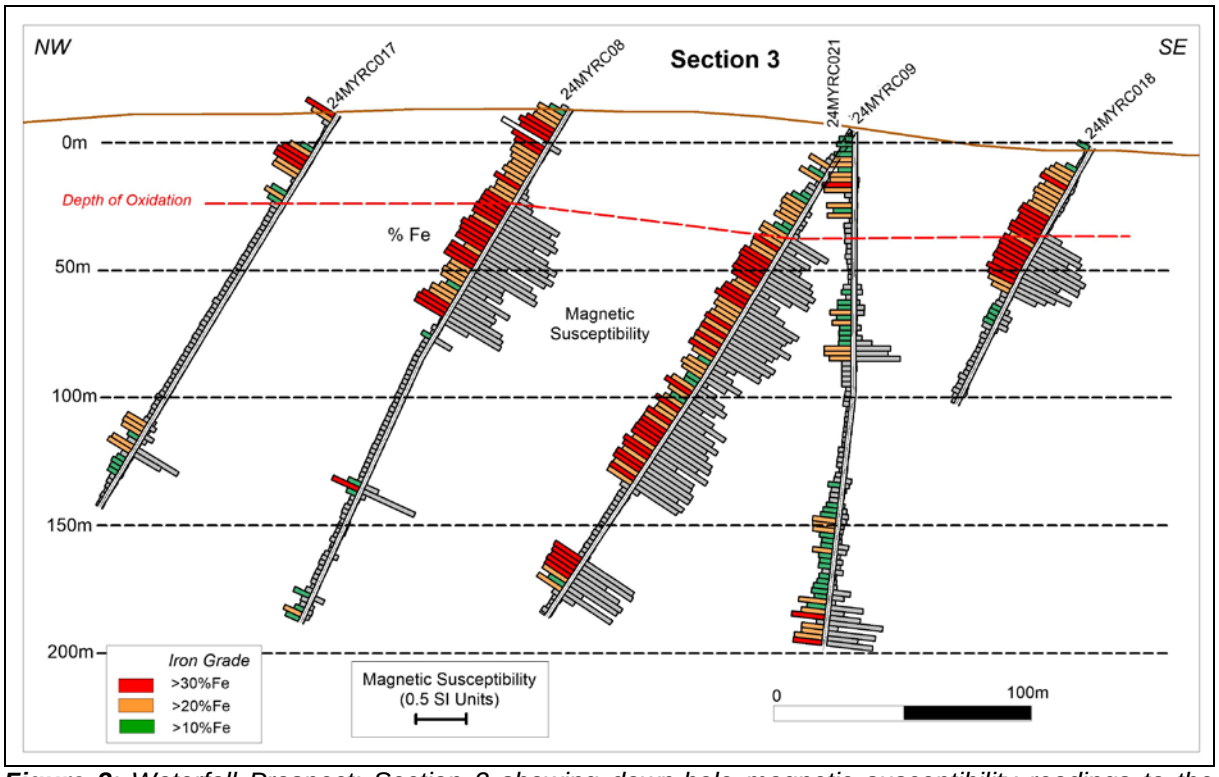

***Figure 3**: Waterfall Prospect: Section 3 showing down-hole magnetic susceptibility readings to the right and Fe grades on the left of the drill trace. Zones shown in red have Fe grades >30% Fe.*

The discovery drill-hole (22MYRC001) at Waterfall, which was completed in late 2022, intersected magnetite in BIF which subsequent test-work (Davis Tube Recovery (DTR)) indicated could produce a premium grade product (>70% Fe) with very low impurities (see ASX release 24 January 2023).

DTR test work on a range of composite samples from the recent drilling program is currently being planned to better understand recoveries and product grades across the Waterfall magnetite prospect. Samples will be sent to the laboratory over the next two weeks with results from the DTR test-work expected to be available before the end of July.

Assay results from drill-hole MYRC012, which tested a magnetic/gravity target at the *Bilga South Prospect*, reported increased magnetite content within a mafic host rock, highlighting the potential for different resource types within the Morrisey Project area.

While these intersections are relatively narrow and of lower grade than at Waterfall (28m @ 16.2% Fe from 20m and 24m @ 19.9% Fe from 78m), the possibility of beneficiating this material to much higher Fe grades will also be tested. Selected composite samples will be sent for DTR test-work before considering further drilling at this prospect.

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: *"Assay results from the Waterfall Prospect continue to give us encouragement about the potential of this Project, as the relatively high Fe grades and low impurity levels within the BIF suggest that high recoveries and a premium Fe grade from beneficiation are possible across much of the mineralisation.*

"The DTR test program will provide us with the data we need to more fully assess the potential at Waterfall as it will provide information on the recovery and expected product grades across the prospect.

"The Board looks forward to providing further updates to shareholders over the coming weeks and months as results from the beneficiation test-work become available."

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: Waterfall Prospect: Significant RC Drill Intersections of Magnetite - (Based on 20%Fe cut-off; averaged magnetic susceptibility >0.2SI units; minimum thickness 4m; maximum internal waste 4m)

Hole	From (m)	To (m)	Int (m)	Fe%	Magsus SI	Al%	S%	P%
MYRC01	80	146	66	31.90	0.480	0.67	0.35	0.04
	154	160	6	33.00	0.610	1.15	0.16	0.05
	202	224	22	33.10	0.660	1.31	0.36	0.05
MYRC04	64	108	44	29.70	0.508	0.98	0.05	0.04
	128	150	22	31.12	0.537	0.99	0.00	0.05
	156	160	4	28.45	0.449	1.94	0.13	0.04
	188	202	14	24.24	0.271	2.72	0.98	0.04
MYRC 05	48	52	4	24.66	0.239	1.20	1.03	0.05
	60	130	70	30.23	0.484	0.68	0.10	0.04
	136	142	6	28.88	0.431	1.69	0.05	0.05
	198	206	8	34.83	0.648	1.71	0.06	0.06
MYRC06	50	96	46	30.60	0.560	1.03	0.12	0.04
	162	182	20	27.90	0.470	2.14	0.46	0.05
	194	198	4	27.70	0.230	1.56	1.64	0.04
MYRC07	76	162	86	31.10	0.520	0.74	0.44	0.05
MYRC08	40	96	56	29.30	0.610	1.12	0.06	0.05
MYRC09	48	164	116	28.34	0.490	0.76	0.15	0.05
	198	214	16	29.70	0.600	1.00	0.06	0.05
MYRC10	44	76	32	29.80	0.520	0.79	0.08	0.04
	82	86	4	28.30	0.490	1.80	0.19	0.04
	102	128	26	30.92	0.590	0.85	0.15	0.05
	136	150	14	32.90	0.640	1.72	0.23	0.06
MYRC11	110	116	6	31.20	0.670	1.05	0.06	0.05
	150	212	62	26.50	0.470	1.78	0.08	0.05
MYRC15	54	62	8	32.19	0.396	0.80	0.06	0.05
	80	94	14	26.60	0.510	1.86	0.06	0.05
	120	128	8	32.50	0.510	0.95	0.06	0.05
MYRC18	38	66	28	30.97	0.535	0.89	0.09	0.05
MYRC19	42	52	10	31.97	0.592	0.89	0.42	0.05
	66	88	22	21.66	0.220	2.79	0.28	0.04
MYRC20	40	60	20	24.80	0.444	2.25	0.03	0.04
	86	134	48	30.11	0.500	1.32	0.16	0.04
	156	162	6	25.79	0.240	1.75	0.30	0.04
MYRC21	84	90	6	26.59	0.460	1.41	0.18	0.04
	184	202	18	24.94	0.370	1.67	0.08	0.03

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, blanks or duplicates 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 is 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 data is transferred to the company via email and by hard copy.

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 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 (see table below). • 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 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

Criteria	JORC Code explanation	Commentary
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 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 (see table).

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.*	• Intersections quoted in the ASX release (Table 1) are based on an Fe cut-off grade of 20%Fe, an average magnetic susceptibility >0.2SI units, a minimum width of 4 metres and maximum internal waste of 4 metres.
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*	• Down hole lengths are reported - 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.

Criteria	JORC Code explanation	Commentary
	width not known').	
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.*	• Drill hole locations 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.*	• Significant assay results are provided in Table 1 in the ASX release. The aggregation method is described above. Magnetic susceptibility readings were recorded using a magROCK susceptibility meter on every one-metre sample and averaged over two metre intervals to match the sample interval. 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