



AUSQUEST LIMITED

ABN 35 091 542 451

FINANCIAL REPORT

for the half-year 31 December 2024

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CORPORATE DIRECTORY

Board of Directors	Mr Greg Hancock – <i>Non-Executive Chairman</i> Mr Graeme Drew - <i>Managing Director</i> Mr Chris Ellis - <i>Non-Executive Director</i>
Company Secretary	Mr Henko Vos
Registered Office	C/- Nexia Perth Level 3, 88 William Street Perth WA 6000 Telephone: +61 8 9463 2463 Website: www.nexia.com.au
Corporate Office	8 Kearns Crescent Ardross WA 6153 Telephone: +61 8 9364 3866 Facsimile: +61 8 9364 4892 Website: www.ausquest.com.au
Auditors	HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000
Share Registry	Automic Group Level 5, 191 St George Terrace Perth WA 6000 Investor Services: 1300 288 664 General Enquiries: +61 2 9698 5414 Website: www.automicgroup.com.au
Securities Exchange Listing	Australian Securities Exchange (Home Exchange: Perth, WA) Code: AQD
Bankers	Australian and New Zealand Bank 135 Riseley Street Booragoon WA 6154

DIRECTORS REPORT

The Directors of AusQuest Limited (“AQD” or the “Company”) herewith submit the financial report of the Company and the entities it controlled (“Group”) for the half-year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Board of Directors

The names of directors who held office during the half-year and up to the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Greg Hancock	Non-Executive Chairman
Mr Graeme Drew	Managing Director
Mr Chris Ellis	Non-Executive Director

Company Secretary

Mr Henko Vos

Principal Activities

The principal activity of the Group was mineral exploration throughout Australia and Peru.

Review Of Results And Operations

HIGHLIGHTS

Peru – Copper-Gold

- ❑ Large-scale porphyry copper-gold discovery was confirmed at AusQuest’s 100%-owned Cangallo Project in southern Peru. Significant intercepts include:
 - 348 metres @ 0.26% Cu, 0.06 ppm Au from 6m (CANRC001)
 - 188 metres @ 0.28% Cu, 0.07ppm Au from 214m (CANRC002)
 - 304 metres @ 0.30% Cu, 0.06ppm Au from 34m (CANRC008)
 - 154 metres @ 0.37% Cu, 0.06 ppm Au from 36m (CANRC003)
 - 136 metres @ 0.24% Cu, 0.06ppm Au from 230m (CANRC003)
 - 226 metres @ 0.22% Cu, 0.07ppm Au from 4m (CANRC005)
 - 136 metres @ 0.25% Cu, 0.06ppm Au from 22m (CANRC007)
 - 121 metres @ 0.26% Cu, 0.04ppm Au from 256m (CANRC007)
- ❑ Mineralisation occurs from near surface and remains open in all directions, confirming potential to define a significant shallow copper oxide resource as well as deeper sulphide mineralisation. Planning for follow-up drilling has commenced.
- ❑ Drill permitting for the Lantana and Playa Kali copper prospects is in progress and should be completed in early Q2 CY2025.

Australia – Copper, Gold, Zinc, Nickel

- ❑ At Balladonia, base metal targets including Broken Hill Type (BHT) were defined and a major Reverse Circulation (RC) drilling program (~7,000m) planned under the Strategic Alliance Agreement (SAA) with a subsidiary of South32 Ltd (South32). Drilling is expected to commence in H1 CY2025.
- ❑ At Morrissey, a premium-grade iron product (>70% Fe) with very low impurities and excellent magnetite recoveries (~34%) was confirmed at the Waterfall Prospect by Davis Tube Recovery (DTR) test work. Further drilling under the SAA is planned for H1 CY2025.

- ❑ The Coober Pedy Copper Project was accepted as a new ‘Exploration Opportunity’ under the SAA to test iron-oxide copper-gold (IOCG) targets. A major IP survey is planned for Q2 CY2025 ahead of drill testing.
- ❑ At Mt Davis, VTEM and subsequent soil sampling identified potential base metal targets for follow-up.

Corporate

- ❑ A Non-Renounceable Rights Offer and Shortfall Placement raised a total of ~\$2.4 million (before costs) to provide funds for exploration drilling at the Company’s 100%-owned copper projects in Peru as well as ongoing work in Australia.

PERU COPPER-GOLD PROJECTS

AusQuest has assembled a large portfolio of copper-gold prospects along the southern coastal belt of Peru, South America. This area is one of the world’s most prominent destinations for international exploration and is considered a prime location for world-class exploration opportunities, especially for copper.

During H1 FY2025, the maiden drilling program at the Cangallo Porphyry Copper Project was completed to test a new porphyry copper prospect identified from surface mapping and sampling. Drill permitting for the Lantana and Playa Kali prospects also continued so that drill testing of these prospects could commence in H1 CY2025.

Cangallo Copper-Gold Project (100% AQD):

The Company’s maiden Reverse Circulation (RC) drilling program was completed at Cangallo during the reporting period, identifying a new, large-scale porphyry copper discovery. A total of eight RC drill-holes for ~3,000m were completed using five of the 20 approved drill platforms that were spaced ~300m to 400m apart.

Broad zones of copper mineralisation (up to 304m @ 0.30% Cu and 0.06ppm Au) – in the form of both oxides (malachite, chrysocolla and brochantite) and sulphides (mainly chalcopyrite) – have been reported for seven of the eight holes drilled. Significant assays are provided in the table below.

The copper mineralisation occurs dominantly within the volcanic host rocks (andesites and dacites) and is associated with sericite and potassic alteration. The oxide mineralisation is present as disseminations and blebs within the volcanics and within intrusive porphyry rocks, whereas the sulphide mineralisation occurs within stockwork veins, veinlets, fractures and mineralised dykes.

Table 1: Significant assay results from the maiden RC drilling program:

Hole Number	From (m)	To (m)	Interval (m)	Cu %	Au ppm	Mo ppm	Ag ppm
CANRC001	6	354 EOH	348	0.26	0.06	12	0.31
<i>Including</i>	10	26	16	0.43	0.08	6	0.09
<i>Including</i>	58	84	26	0.36	0.07	6	0.57
<i>Including</i>	252	264	12	0.53	0.27	32	1.09
<i>Including</i>	316	350	34	0.39	0.08	31	0.44
CANRC002	18	134	116	0.19	0.04	28	0.08
	138	148	10	0.48	0.07	72	0.03
	180	208	28	0.18	0.04	59	0.58
	214	402 EOH	188	0.28	0.07	39	0.38
<i>Including</i>	222	234	12	0.5	0.07	72	0.67
<i>Including</i>	312	322	10	0.43	0.09	16	0.41
<i>Including</i>	342	380	38	0.40	0.09	33	0.46

Hole Number	From (m)	To (m)	Interval (m)	Cu %	Au ppm	Mo ppm	Ag ppm
CANRC003	36	190	154	0.37	0.06	18	0.19
<i>Including</i>	40	76	36	0.37	0.05	15	0.07
<i>Including</i>	86	110	24	0.42	0.06	12	0.12
<i>Including</i>	128	138	10	0.42	0.06	15	0.39
<i>Including</i>	146	190	44	0.47	0.08	33	0.25
	230	366 EOH	136	0.24	0.06	36	0.28
<i>Including</i>	258	288	30	0.37	0.07	34	0.41
CANRC004	228	238	10	0.17	0.07	30	0.18
	272	276 EOH	4	0.33	0.02	26	0.87
CANRC005	4	230	226	0.22	0.07	9	0.22
<i>Including</i>	20	32	12	0.33	0.04	4	0.07
<i>Including</i>	54	82	28	0.33	0.11	10	0.09
CANRC006	4	20	16	0.15	0.05	5	0.07
	36	92	56	0.12	0.03	4	0.05
	110	122	12	0.12	0.02	21	0.08
	164	192	28	0.12	0.02	10	0.21
	206	262	56	0.13	0.03	14	0.26
	270	408 EOH	138	0.17	0.03	31	0.26
CANRC007	22	158	136	0.25	0.06	62	0.15
<i>Including</i>	138	150	12	0.43	0.07	111	0.51
	256	377 EOH	121	0.26	0.04	43	0.32
<i>Including</i>	264	298	34	0.36	0.03	37	0.32
<i>Including</i>	352	364	12	0.48	0.08	69	0.44
CANRC008	34	338	304	0.30	0.06	18	0.05
<i>Including</i>	36	64	28	0.56	0.03	11	0.06
<i>Including</i>	120	176	56	0.40	0.06	12	0.34
<i>Including</i>	186	206	20	0.33	0.08	25	0.29
<i>Including</i>	216	234	18	0.35	0.08	20	0.40
	350	414 EOH	64	0.23	0.05	20	0.20
<i>Including</i>	380	394	14	0.37	0.10	23	0.31

(Broad copper intervals were determined using a 0.1% Cu cut-off and an internal waste of 4 metres. Gold, molybdenum and silver values were averaged over the same intervals as determined by the Cu intersections. Higher-grade intervals (including) were determined using 0.3% Cu cut-off and 4 metre waste intervals.)

Higher copper grades appear to coincide with relatively thin (<10m) porphyritic dykes intruding the volcanics, suggesting there is potential for a large, higher-grade intrusive stock buried beneath the shallow cover.

Copper and gold mineralisation remains open in all directions, including at depth, with prospectivity apparently increasing to the west, where the centre of the porphyry system is thought to be hidden beneath the cover.

A full assessment of the multi-element geochemical data is currently in progress to identify pathfinder elements associated with the porphyry system, to help prioritise key areas for further drilling. The maiden drilling program only tested a very small fraction of the Cangallo prospect, highlighting the potential for a large-scale porphyry copper system to be defined through further drilling.

Earlier geological mapping and rock-chip sampling outlined a partially exposed copper (+/- gold) porphyry system, within a large-scale (3km x 2km) caldera-like structure containing extensive colluvial and younger sediment cover.

Cerro de Fierro (Pirata) Project (100% AQD):

Environmental, archaeological and community consultations were completed and submitted to Government as part of the drill-permitting process to approve 20 drill pads (and access) at the Lantana Porphyry Copper Prospect.

Government approvals for drilling are expected to be received during Q2 CY2025.

The Lantana Prospect is a high-priority porphyry copper target due to its scale (~2,000m x 800m) and the widespread occurrence of highly anomalous copper, molybdenum and bismuth values obtained from systematic rock-chip sampling programs.

Playa Kali Copper-Gold Project (100% AQD):

Mapping and sampling located further manto (Fe) outcrops with visible copper mineralisation, providing strong evidence for widespread manto development in the Playa Kali area. Modelling of ground magnetic data was used to define priority targets for drilling.

A drill program (20 drill pads) to test magnetic targets was designed and environmental, archaeological and community consultations completed, with reports submitted to Government.

Government approvals for drilling are expected during Q2 CY2025.

Other Copper Prospects:

A review of drilling results from the ***Parcoy and Chololo Projects*** suggests there are porphyry copper targets that were not tested by the initial wide-spaced drilling programs. The Company is re-considering its options following the encouraging results received from its Cangallo Prospect.

AUSTRALIA – BASE METAL PROJECTS

Exploration during the H1 CY2025 focused on target definition at the Balladonia and Morrissey Projects, as well as initial field work at Mt Davis and Coober Pedy. Drilling approvals for the Balladonia and Morrissey Projects were received from Government.

Balladonia Base Metal Project (100% AQD, subject to SAA):

Detailed gravity surveys were completed along the southern extension of the Tea Tree Trend to outline potential target areas for future drilling. This area had been identified as highly prospective for BHT deposits based on results from earlier drilling.

Coincident magnetic and gravity anomalies, as well as gravity responses within the interpreted prospective host sequence, were considered to be priority targets for BHT mineralisation.

Ground electromagnetic (EM) surveys were completed over eight priority VTEM anomalies, upgrading them to drill status.

An RC drilling program (~7,000m) has been designed to test the magnetic / gravity targets along the Tea Tree Trend as well as strong EM conductors located within the adjoining stratigraphy for their base and precious metal potential.

Native Title heritage surveys have been completed, and drilling operations are expected to commence in Q1/early Q2 CY2025, subject to drill rig availability and local weather conditions.

The Company continues to be encouraged by the results at Balladonia, which suggest a highly prospective region for the discovery of large-scale BHT base metal deposits as well as other base metal deposits.

Morrissey Magnetite Project (100% AQD, subject to SAA):

Davis Tube Recovery (DTR) test work was completed on multiple drill samples from the RC drilling program (15 holes / ~3,060m) at the Waterfall Prospect. This produced a premium iron product grading >70% Fe from all samples tested, with excellent magnetite recoveries (~34%) from grind sizes of 106µm and 75µm, enhancing the future commercial potential of the project.

Deleterious elements in the DTR product were very low, averaging 1.3% silica, 0.19% alumina, 0.08% sulphur and 0.004% phosphorous.

Petrological examination indicated the magnetite grains are highly fractured, which is likely to contribute to the excellent magnetite recoveries achieved via the DTR test work.

Similar magnetic and gravity anomalies to the Waterfall Prospect occur at a number of locations within the Morrissey Project. Five targets have been identified for drilling to help determine the project's overall magnetite potential.

Native Title heritage clearances have been obtained to allow drill testing of these targets to commence in Q2 CY2025. The drill plan is currently being finalised under the SAA.

Coober Pedy Project (100% AQD, subject to SAA):

The Coober Pedy Project has been accepted as a new Exploration Opportunity under the SAA with South32.

Under the terms of the SAA, South32 can earn a 70% interest in this project by spending a total of US\$4.5 million on exploration, with the right to earn an additional 10% interest by completing a Pre-Feasibility Study.

Detailed gravity surveys completed by the Company outlined target areas closely associated with IOCG-style alteration in historical drill-holes, suggesting potential for nearby IOCG systems.

A large-scale MIMDAS Induced Polarisation (IP) survey is being planned to identify sulphide mineralisation ahead of possible drill testing. The survey is scheduled to commence in Q2 CY2025.

The close association of hematite and magnetite with IOCG mineralisation is well known in the IOCG province of South Australia, which hosts the world-class deposits of Olympic Dam, Carrapateena and Prominent Hill, and is the main reason why the magnetic and gravity anomalies are being targeted.

Moora Nickel-Copper-PGE Project (100% AQD, subject to SAA):

A small RC drilling program (two holes for ~420m) was completed at the Latham Prospect to test for prospective ultramafic host rocks beneath the gabbro intersected by the initial drill program.

Although assay results are still pending, visual indications suggest that no ultramafic rocks were intersected which means the geophysical modelling results remain unexplained. Further drilling will be considered once assay data have been assessed.

Jubilee Lake Nickel-Copper-PGE Project (100% AQD, subject to SAA):

Further field work at this project is pending advice from Central Desert Native Title Services and the Traditional Owners regarding proposed heritage clearance surveys for drilling designed to test the Company's concept of a new nickel-copper province.

Mount Davis Project (100% AQD):

A VTEM survey partly funded (50%) under the WA Government's Co-Funded Geophysics Program, located several large-scale conductive targets that are considered to reflect shallow dipping conductors within the stratigraphy, highlighting the potential for either sulphidic and/or graphitic mineralisation.

The conductors appear to occur in a similar stratigraphic position to the lead-zinc-copper mineralisation discovered by Rumble Resources on the southern side of the Earaheedy Basin.

A limited soil sampling program outlined a multi-element geochemical response (Pb, Mo and Bi) coincident with the southern-most VTEM anomaly, upgrading its prospectivity.

The Mt Davis Project is thought to reflect either a structural window (an upthrust block) into the deeper parts of the Earraheedy Basin or a sub-basin setting, where the potential for SEDEX Cu-Pb-Zn deposits associated with a basin-wide mineralising event is considered most likely to occur.

Hamilton Copper-Gold Project (100% AQD):

The Exploration Licences were successfully renewed for a further two-year period. Strong potassic, calcic and iron alteration intersected by earlier drilling is thought to reflect proximity to mineralisation that has not been fully tested.

A proposal to undertake further drilling at the Hamilton South prospect was submitted to the Queensland Government under their Collaborative Exploration Initiative program.

Results of this submission will be known around the end of Q1 CY2025.

Corporate

AusQuest completed a non-renounceable, pro-rata rights offer during the reporting period, under which eligible shareholders could subscribe for two new shares for every five existing shares in the Company at an issue price of \$0.008 per new share, together with one free attaching new option for every two new shares subscribed for and issued.

This rights issue, together with a Placement of Shortfall to professional and sophisticated investors, raised a total of approximately \$2.4 million (before costs).

Changes in state of affairs

During the half-year ended 31 December 2024 there was no significant change in the state of affairs of the Group other than as referred to in the financial statements or notes thereto.

Events Occurring after the Reporting Date

On 21 January 2025, the Company issued 17 million Performance Rights (PRs) under its Equity Incentive Plan, with each PR converting into one ordinary share in the Company subject to the following vesting conditions:

- KPI 1 (Drill Results) – 10 million PRs with 50% vesting upon a minimum requirement of 100m (down-hole thickness) @ 0.4% Cu equivalent in one or more drill-holes and up to 100% vesting if at least 200m (down-hole thickness) @ 0.5% Cu equivalent is achieved in one or more drill-holes at the Cangallo and/or Lantana and/or Playa Kali programs;
- KPI 2 (Share Price) – 4 million PRs subject to the Company's share price movement resulting from drilling in Peru with minimum requirement of a 50% increase in the share price from the start of drilling in Peru based on a 30 day VWAP calculation; and
- KPI 3 (JV Agreement) – 3 million PRs subject to the Company accepting at least one Joint Venture over at least one of its Peruvian projects.

The PRs expires on 31 December 2025 and vest at the Board's discretion.

On 20 February 2025, the Company announced it has received firm commitments to raise \$7.5 million through the issue of 208,333,334 shares, each at an issue price of \$0.036 per share. This includes the participation by two of the Company's directors who have committed to fund \$1.18 million through the issue of 32,777,780 shares, subject to shareholder approval at a general meeting to be held in early April 2025. On 28 February 2025, the Company confirmed it issued 175,555,554 shares raising \$6.32 million before costs.

Subsequent to reporting date, a total of 33,041,262 unlisted options with an exercise price of \$0.012 and an expiry date of 11 November 2027 have been converted into fully paid ordinary shares, raising \$396,495 in additional capital.

Other than the above, there has not arisen any matter or circumstance subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Dividends

No dividends were paid or declared since the start of the financial half-year. No recommendation for the payment of dividends has been made.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9.

This report is made in accordance with a resolution of directors.



Graeme Drew
Managing Director

Perth, Western Australia
11 March 2025

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.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of AusQuest Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
11 March 2025



M R Ohm
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of AusQuest Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the half-year financial report of AusQuest Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of AusQuest Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
11 March 2025



M R Ohm
Partner

DIRECTORS' DECLARATION

1. In the opinion of the Directors of AusQuest Limited (the "Company"):
 - a. the accompanying interim financial statements and notes thereto are in accordance with *the Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
 - ii. complying with AASB134 Interim Financial Reporting, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2024.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'G Drew'.

Graeme Drew
Managing Director

Perth, Western Australia
11 March 2025

For the half-year ended 31 December 2024

	Note	Half-year ended 31 Dec 2024 \$	Half-year ended 31 Dec 2023 \$
Revenue	4	145,334	65,089
		<u>145,334</u>	<u>65,089</u>
Consultants and employee benefits expenses		98,087	75,788
Occupancy expenses		6,784	5,536
Depreciation expense		5,739	4,746
Depreciation expense of right-of-use asset		43,384	43,265
Share-based payments expense	11	9,000	160,000
Administrative expenses		396,889	348,667
Impairment of exploration and evaluation expenditure	6	33,285	217,047
Finance costs		3,658	2,122
Interest on lease liability		2,637	6,110
		<u>599,463</u>	<u>863,281</u>
Loss before income tax expense		(454,129)	(798,192)
Income tax benefit		-	-
Loss for the period after income tax of continuing operations		<u>(454,129)</u>	<u>(798,192)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange (loss)/ gain on translation of foreign operations		1,060,272	(469,354)
Other comprehensive income/(loss) for the period, net of tax		<u>1,060,272</u>	<u>(469,354)</u>
Total comprehensive income/(loss) for the period		<u>606,143</u>	<u>(1,267,546)</u>
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share from continuing operations (cents per share)		(0.11)	(0.10)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

As at 31 December 2024

	Note	31 Dec 2024 \$	30 Jun 2024 \$
Current Assets			
Cash and cash equivalents		2,147,150	1,070,206
Trade and other receivables	5	355,181	359,690
Funding receivable	8	-	421,777
Other assets		84,120	53,215
Total Current Assets		2,586,451	1,904,888
Non-Current Assets			
Property, plant and equipment		65,083	50,094
Exploration and evaluation expenditure	6	9,365,525	6,441,283
Right-of-use asset		42,677	86,061
Total Non-Current Assets		9,473,285	6,577,438
Total Assets		12,059,736	8,482,326
Current Liabilities			
Trade and other payables	7	1,026,413	451,625
Provisions		159,213	145,182
Unexpended funding	8	130,255	-
Lease liability		45,726	89,590
Total Current Liabilities		1,361,607	686,397
Total Liabilities		1,361,607	686,397
Net Assets		10,698,129	7,795,929
Equity			
Issued capital	9	64,470,039	62,308,182
Reserves		5,269,539	4,508,386
Accumulated losses		(59,041,449)	(59,020,639)
Total Equity		10,698,129	7,795,929

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

For the half-year ended 31 December 2024

	Issued capital	Share based payment	Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2024	62,308,182	730,879	3,777,507	(59,020,639)	7,795,929
Loss after income tax for the period	-	-	-	(454,129)	(454,129)
Other comprehensive income for the period, net of tax	-	-	1,060,272	-	1,060,272
Total comprehensive income/(loss) for the period	-	-	1,060,272	(454,129)	606,143
Issue of shares	2,425,214	-	-	-	2,425,214
Share issue costs	(263,357)	-	-	-	(263,357)
Options issued during the period	-	134,200	-	-	134,200
Lapsed options during the period	-	(433,319)	-	433,319	-
	2,161,857	(299,119)	-	433,319	2,296,057
Balance at 31 December 2024	64,470,039	431,760	4,837,779	(59,041,449)	10,698,129
Balance at 1 July 2023	62,308,182	433,319	4,850,423	(59,277,366)	8,314,558
Loss after income tax for the period	-	-	-	(798,192)	(798,192)
Other comprehensive loss for the period, net of tax	-	-	(469,354)	-	(469,354)
Total comprehensive income/(loss) for the period	-	-	(469,354)	(798,192)	(1,267,546)
Options issued during the period	-	160,000	-	-	160,000
	-	160,000	-	-	160,000
Balance at 31 December 2023	62,308,182	593,319	4,381,069	(60,075,558)	7,207,012

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

For the half-year ended 31 December 2024

	Half-year ended 31 Dec 2024 \$	Half-year ended 31 Dec 2023 \$
Cash Flows from Operating Activities		
Receipts from South32 Group Operations Pty Ltd	142,534	60,808
Payments to suppliers and employees	(477,693)	(611,130)
Interest received	2,800	4,281
Finance costs	(3,658)	(2,122)
Net cash outflow from operating activities	(336,017)	(548,163)
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(20,991)	(6,373)
Payments for exploration and evaluation	(2,319,683)	(2,618,852)
Payment received on grant of farm-in and joint venture interests	1,502,266	1,073,771
Net cash outflow from investing activities	(838,408)	(1,551,454)
Cash Flows from Financing Activities		
Proceeds from issue of shares	2,416,114	-
Proceeds from issue of options	200	-
Share issue costs	(129,357)	-
Repayment of lease liabilities	(46,501)	(46,500)
Net cash inflow/(outflow) from financing activities	2,240,456	(46,500)
Net increase/(decrease) in cash and cash equivalents	1,066,031	(2,146,117)
Cash and cash equivalents at the start of the period	1,070,206	3,733,325
Exchange rate adjustment	10,913	(22,915)
Cash and cash equivalents at the end of the period	2,147,150	1,564,293

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. General information

AusQuest Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the code ("AQD")), incorporated in Australia and operating in Australia and Peru.

The financial report covers AusQuest Limited as a consolidated entity consisting of AusQuest Limited and the entities it controlled during the period ("the Group"). The financial report consists of the financial statements, notes to the financial statements and the Directors' Declaration. AusQuest Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The Group's principal activities are the exploration for and evaluation of mineral resources in Australia and Peru.

2. Material accounting policies

(a) Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purposes of preparing the report, the half-year has been treated as a discrete reporting period.

(i) Statement of compliance

These general purpose condensed consolidated financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These condensed consolidated general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that these financial statements be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(b) Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2024.

Exploration and evaluation expenditure:

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. An assessment by the Group of its previously capitalised exploration and evaluation expenditures resulted in an impairment of tenements totalling \$33,285 (Note 6) for the half-year ended 31 December 2024 (half-year ended 31 December 2023: \$217,047). No other impairment loss was recorded in the period.

2. Material accounting policies (continued)

(c) New accounting standards and interpretations

Adoption of new and revised standards

In the half-year ended 31 December 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2024.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2024.

(d) New accounting standards and interpretations not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2024. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

3. Segment information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of AusQuest Limited.

The following table presents the revenue and results information regarding the segment information provided to the Board of Directors for the half-year ended 31 December 2024.

	Australia	South America	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$
Six months to 31 December 2024				
Segment revenue	145,334	-	-	145,334
Segment expenditure	(502,610)	(96,853)	-	(599,463)
Net loss after tax	(357,276)	(96,853)	-	(454,129)
<i>Included within segment results:</i>				
Interest income	2,800	-	-	2,800
Depreciation	(48,936)	(187)	-	(49,123)
Impairment of exploration	(33,240)	(45)	-	(33,285)
As at 31 December 2024				
Segment assets	31,045,865	8,137,385	(27,123,514)	12,059,736
Segment liabilities	626,238	27,858,883	(27,123,514)	1,361,607

3. Segment information (continued)

	Australia	South America	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$
Six months to 31 December 2023				
Segment revenue	65,089	-	-	65,089
Segment expenditure	(789,489)	(73,792)	-	(863,281)
Net loss after tax	(724,400)	(73,792)	-	(798,192)
<i>Included within segment results:</i>				
Interest income	4,281	-	-	4,281
Depreciation	(47,602)	(409)	-	(48,011)
Impairment of exploration	(209,784)	(7,263)	-	(217,047)
As at 31 December 2023				
Segment assets	29,026,813	4,497,551	(25,694,312)	7,830,052
Segment liabilities	505,731	25,811,621	(25,694,312)	623,040

4. Revenue

	Half-year ended 31 Dec 2024 \$	Half-year ended 31 Dec 2023 \$
Funding from South32 Group Operations Pty Ltd recognised as income		
Administration charges (Note 8)	142,534	60,808
Interest income	2,800	4,281
Total revenue	145,334	65,089

5. Trade and other receivables

	31 Dec 2024 \$	30 Jun 2024 \$
<i>Current</i>		
Security deposits	50,000	50,000
Input tax recoverable	156,768	207,758
Receivable - GST/IGV	72,219	67,359
Other receivables	76,194	34,573
Total trade and other receivables	355,181	359,690

6. Exploration and evaluation expenditure

	Half-year to 31 Dec 2024 \$	Year to 30 Jun 2024 \$
Exploration and evaluation phases		
Balance at beginning of period	6,441,283	4,888,356
Capitalised during the period/year	3,024,485	4,075,113
Impaired during the period/year ⁽ⁱ⁾	(33,285)	(473,660)
Grant of farm-in interests in previously capitalised projects ⁽ⁱⁱ⁾	(950,234)	(2,063,784)
Other government grants and funding	(138,803)	-
Exchange movements	1,022,079	15,258
Balance at end of period	9,365,525	6,441,283

The recoupment of costs carried forward in relation to areas in the exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

	Half-year to 31 Dec 2024 \$	Year to 30 Jun 2024 \$
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(i) Significant impairments to the following projects occurred during the period

South West Peru	45	210,982
Other Australian Projects	33,240	262,678
Total Impairment	33,285	473,660

The Group has impaired expenditure for those projects and tenements where they have decided not to renew the lease. For the period to 31 December 2024 the Group has impaired \$33,285 (Year ended 30 June 2024: \$473,660) of previously capitalised expenditure incurred on those projects and tenements. The impairment has been recognised in the statement of profit or loss and other comprehensive income.

(ii) Grant of farm-in and joint venture interests in previously capitalised projects:

For the half-year ended 31 December 2024, the Company received \$1,644,800 (30 June 2024 full year: \$2,149,672) in funding. An amount of \$950,234 (30 June 2024 full year: \$2,063,784) has been allocated against capitalised exploration and evaluation expenditures at reporting date during the reporting period. Refer to note 8 for details of funding received.

7. Trade and other payables

	31 Dec 2024 \$	30 Jun 2024 \$
Current		
Trade payables and accruals	999,173	411,923
Employee liabilities	27,240	39,702
Total current trade and other payables	1,026,413	451,625

8. Funding receivable / Unexpended funding

	Half-year to 31 Dec 2024 \$	Year to 30 Jun 2024 \$
Balance at beginning of period	(421,777)	(314,080)
Funding from strategic alliance and joint venture partner	1,644,800	2,149,672
Less: Amount spent on exploration and evaluation projects	(950,234)	(2,063,784)
Less: Amount spent on administration	(142,534)	(193,585)
Balance at end of period	130,255	(421,777)

The balance at 31 December 2024 represents the unexpended funding (30 June 2024: funding receivable) from South32 Group Operations Pty Ltd at reporting date.

9. Issued capital

	Shares No.	Shares \$
<i>Ordinary Shares – fully paid</i>	1,129,934,700	64,470,039
Balance at 1 July 2023	825,149,223	62,308,182
Balance at 30 June 2024	825,149,223	62,308,182
Issue of shares (employee)	1,000,000	9,000
Issue of shares under Right Offer	228,785,477	1,816,214
Issue of shares under Shortfall Offer	75,000,000	600,000
Capital raising costs	-	(263,357)
Balance at 31 December 2024	1,129,934,700	64,470,039

10. Share options

(a) Listed Options

The Company had no listed options on issue during the half year ended 31 December 2024.

(b) Unlisted Options

At reporting date the Company had the following unlisted options on issue:

	31 Dec 2024 No.	30 Jun 2024 No.
AQDAC: Options Expiring 30-Nov-2024 exercisable \$0.075	-	20,000,000
AQDAD: Options Expiring 30-Nov-2024 exercisable \$0.05	-	19,000,000
AQDAE: Options Expiring 30-Nov-2026 exercisable \$0.03	39,000,000	39,000,000
AQDAM: Options Expiring 11-Nov-2027 exercisable \$0.012	171,892,719	-

10. Share options (continued)

On 7 December 2023, following shareholder approval at the Annual General Meeting held on 21 November 2023, the Company issued 20,000,000 unlisted options to directors. These options have an exercise price of 3.0 cents and expire on 30 November 2026 (refer Note 11 for further detail).

On 22 January 2024, the Company issued 19,000,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the directors. The options hold no voting rights and are not transferable. At reporting date no options have been exercised and the employees have not ceased employment (refer Note 11 for further detail).

On 30 November 2024, 20,000,000 unlisted options exercisable at \$0.075 each and 19,000,000 unlisted options exercisable at \$0.05 each expired unexercised.

Following an Entitlement and Shortfall Offer in late 2024, the Company issued 171,892,719 unlisted options based on 1 new option for every 2 shares subscribed for. This included 20 million options which were issued to the Broker having reached the relevant milestone of placing a minimum of \$600,000 in the Shortfall (Broker Options). These options have an exercise price of 1.2 cents each and expire on 11 November 2027 (refer Note 11 for further detail).

The Company has also agreed that, subject to the exercise and conversion of all 20,000,000 Broker Options, to issue an additional 15,000,000 unlisted options to the Broker, each exercisable at \$0.016 and with an expiry date of 11 November 2027, at a subscription price of \$0.00001 per option (subject to any necessary shareholder approvals and other Listing Rules or regulatory requirements).

11. Share-based payments

Employee share options

The Company has an ownership-based compensation arrangement for consultants and employees of the Company.

Each option issued under the arrangement converts into one ordinary share of AusQuest Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

Share based payment arrangements in existence during period

The following share-based payment arrangements were in existence during the current and comparative reporting years:

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				\$	\$
30-Nov-24	20,000,000 ⁽ⁱ⁾	26-Nov-20	30-Nov-24	0.075	0.009
30-Nov-24	19,000,000 ⁽ⁱⁱ⁾	25-Jan-21	30-Nov-24	0.050	0.013
30-Nov-26	20,000,000 ⁽ⁱⁱⁱ⁾	21-Nov-23	30-Nov-26	0.030	0.008
30-Nov-26	19,000,000 ⁽ⁱⁱⁱ⁾	25-Jan-24	30-Nov-26	0.030	0.007
11-Nov-27	20,000,000 ^(iv)	01-Oct-24	11-Nov-27	0.012	0.0067
11-Nov-27	15,000,000 ^(v)	01-Oct-24	11-Nov-27	0.016	0.006

11. Share-based payments (continued)

- (i) On 30 November 2024, 20,000,000 unlisted options exercisable at \$0.075 each and 19,000,000 unlisted options exercisable at \$0.05 each expired unexercised.
- (ii) Following shareholder approval at the Annual General Meeting held on 21 November 2023, 20,000,000 unlisted options were issued to the directors. These options have an exercise price of 3.0 cents each and expire on 30 November 2026.
- (iii) On 22 January 2024, the Company issued 19,000,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the directors. The options hold no voting rights and are not transferable.
- (iv) Following an Entitlement and Shortfall Offer, the Company issued 20,000,000 options to the Broker following shareholder approval at the Annual General Meeting held on 13 November 2024 and the Broker achieving the milestone for the issue on 11 December 2024. These options have an exercise price of 1.2 cents each and expire on 11 November 2027.
- (v) As part of the Entitlement and Shortfall Offer, the Company has also agreed that, subject to the exercise and conversion of all 20,000,000 Broker Options, to issue an additional 15,000,000 unlisted options to the Broker, each exercisable at \$0.016 and with an expiry date of 11 November 2027, at a subscription price of \$0.00001 per option (subject to any necessary shareholder approvals and other Listing Rules or regulatory requirements). At reporting date the Company has not issued these options nor has it recognised a share based payment expense.

The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments granted during the period is \$9,000 (2023: \$160,000). There were no share based payment options exercised during the half year period to 31 December 2024.

The fair value of all the options granted is determined using a Hoadley's ESO1 Model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options vest on date of issue and is expensed on grant date.

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Options	Grant date	Expiry date	Share price at grant date	Exercise Price	Expected Volatility	Dividend Yield	Risk-free Interest rate	Fair value at grant date
Broker Options T1	01-Oct-24	11-Nov-27	\$0.011	\$0.012	96%	0%	3.49%	\$0.0067

12. Contingencies liabilities

Contingent Shares

At reporting date the Company had contingent share issues as follows:

- Contingent share issues to employees of up to 3,000,000 (2024: 3,000,000) fully paid ordinary shares. The issue of these shares is dependent on certain milestones being reached.

SBN Mineral Concession Challenge - Peru

As previously reported, the Company, through its wholly owned subsidiary Questdor SAC, received during 2022 a request for payment from the Ministry of Housing (SBN) for access to surface rights over certain State owned land in Peru on which the Company holds mineral concessions (tenements). SBN oversees access to surface rights over certain State-owned lands in Peru. The Company held discussions with its lawyers and the SBN to understand the basis for the payment request and formed the view that the SBN was not legally entitled to payment for temporary surface rights over the lands in question, at that point in time. The Company subsequently commenced the process of challenging the request for payment from the SBN through the Peruvian Administrative Judiciary and understands that other mining companies are also challenging similar payment requests by the SBN. The Company's challenge has moved through the lower courts, which did not fully address the Company's argument at law, and has now progressed to the Supreme Court of Peru for leave to appeal on the question of interpretation of the relevant law. Notwithstanding the Company's strong belief in its legal position, there is no certainty as to how the Judiciary will finally rule on the payment requests by the SBN.

At this point it is not possible to quantify the financial impact should the Company be unsuccessful in its challenge nor the time frame to resolve this issue. The Company understands that the next part of the judicial process, presentation to the Supreme Court, has not yet occurred. Given these uncertainties and the Company's belief that it has strong legal grounds to challenge, the Company did not recognise any liabilities in its statement of financial position for the period year ended 31 December 2024. The Company continues to monitor the position and will report as required.

The Company confirms that this challenge does not impact the legal rights that the Company holds over its mining concessions in Peru which remain in good standing.

Other than the above, there has been no change in contingent liabilities since the last annual reporting date.

13. Commitments

The Group's commitments remain unchanged from those disclosed in the 2024 Annual Report.

14. Related parties

Arrangements with related parties continue to be in place in line with those disclosed in the 2024 Annual Report.

15. Financial instruments

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of financial assets and financial liabilities are considered to be a reasonable approximation of their fair value.

16. Subsequent Events

On 21 January 2025, the Company issued 17 million Performance Rights (PRs) under its Equity Incentive Plan, with each PR converting into one ordinary share in the Company subject to the following vesting conditions:

- KPI 1 (Drill Results) – 10 million PRs with 50% vesting upon a minimum requirement of 100m (down-hole thickness) @ 0.4% Cu equivalent in one or more drill-holes and up to 100% vesting if at least 200m (down-hole thickness) @ 0.5% Cu equivalent is achieved in one or more drill-holes at the Cangallo and/or Lantana and/or Playa Kali programs;
- KPI 2 (Share Price) – 4 million PRs subject to the Company's share price movement resulting from drilling in Peru with minimum requirement of a 50% increase in the share price from the start of drilling in Peru based on a 30 day VWAP calculation; and
- KPI 3 (JV Agreement) – 3 million PRs subject to the Company accepting at least one Joint Venture over at least one of its Peruvian projects.

The PRs expires on 31 December 2025 and vest at the Board's discretion.

On 20 February 2025, the Company announced it has received firm commitments to raise \$7.5 million through the issue of 208,333,334 shares, each at an issue price of \$0.036 per share. This includes the participation by two of the Company's directors who have committed to fund \$1.18 million through the issue of 32,777,780 shares, subject to shareholder approval at a general meeting to be held in early April 2025. On 28 February 2025, the Company confirmed it issued 175,555,554 shares raising \$6.32 million before costs.

Subsequent to reporting date, a total of 33,041,262 unlisted options with an exercise price of \$0.012 and an expiry date of 11 November 2027 have been converted into fully paid ordinary shares, raising \$396,495 in additional capital.

Other than the above, there has not arisen any matter or circumstance subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.