



Quarterly Report – 31st December 2022

*Multiple large-scale base metal targets to be drill-tested in Australia in H1 2023
under the Strategic Alliance with South32*

HIGHLIGHTS

Australia – Copper, Zinc, Nickel, Gold

- ❑ Major diamond drilling program (minimum 13 holes for ~4,800m) planned under the Strategic Alliance Agreement (SAA) with South32 to test for Broken Hill Type (BHT) and/or Cannington-style lead-zinc-silver mineralisation within the Balladonia Project in the Fraser Range region of Western Australia (WA).
- ❑ Eight priority gravity/magnetic targets to be tested by this program, including follow-up drilling at the Tea Tree prospect. The program is scheduled to commence in late March, subject to clearances and drill-rig availability.
- ❑ The magnetite potential of the Morrisey Project was upgraded by beneficiation test work on RC drill samples which produced a premium grade iron concentrate (>70% Fe) with very low impurity levels from a relatively coarse grind (95% passing 75 microns).
- ❑ The Moora Project was accepted as a new Ni-Cu-PGE Exploration Opportunity under the SAA with South32. Target drilling is planned to commence in Q1 2023.
- ❑ Planning for the upcoming drill program (H1 2023) at the Jubilee Lake Nickel-Copper-PGE Project (WA) was advanced with heritage clearances now planned for late February/early March, weather permitting.

Peru – Copper-Gold

- ❑ Strong indications of nearby porphyry copper mineralisation were found at three of five targets tested by wide-spaced Reverse Circulation (RC) drilling (6,971m) at the Pirata Project.
- ❑ High-temperature clays (pyrophyllite) and white mica (sericite) plus anomalous pathfinder elements (Mo, Te, Bi) intersected by this drilling are strong indicators of nearby porphyry(s). Anomalous copper (up to 0.59% Cu) and gold (up to 2.7 g/t Au) within and/or below the lithocap environment imply that the porphyry system(s) should be mineralised.

Corporate

- ❑ The Company's Quarter-end cash position was ~\$2.7 million.

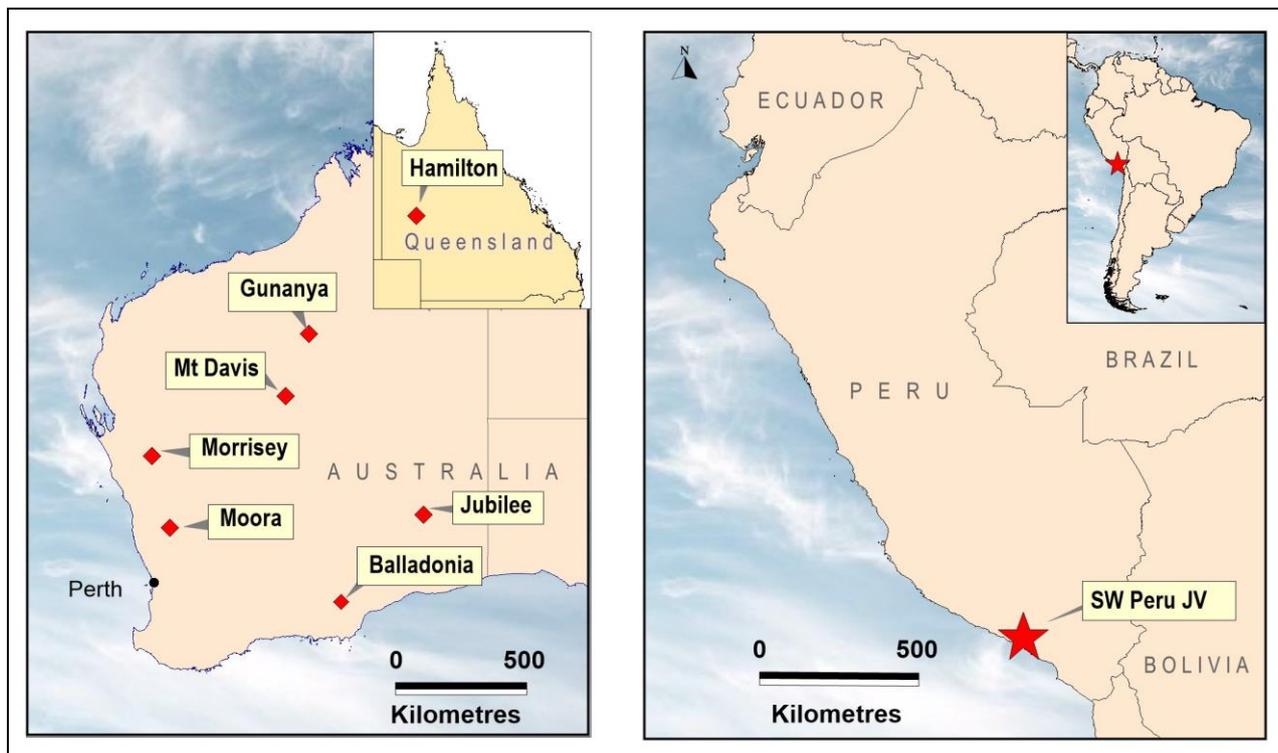


Figure 1: Project Locations – Australia and Peru.

OVERVIEW

Drilling programs in Peru were successfully completed during the December Quarter and preparations for further drilling at several of the Company's projects in Australia were advanced to enable a range of high-priority base metal targets to be tested during H1 2023, under the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32).

In **Australia**, planning and preparations for upcoming drilling programs at the Balladonia Project, Jubilee Lakes and at Moora Projects were advanced so that all three projects could be drill tested during H1 2023, pending weather conditions and drill rig availability. Assessment of results continued with an emphasis on the Balladonia and Morrisey Projects, where early-stage drill results have been encouraging.

In **Peru**, initial RC drilling at the Pirata Copper Project was successfully completed, providing a major step forward in understanding the potential of this region to host porphyry copper mineralisation. Compilation of drill results with previous exploration data is ongoing, to understand the controls on mineralisation and the likely

location of porphyry copper deposits within the general Cerro de Fierro - Parcoy region, where the Company has a significant land package.

AUSTRALIA – GOLD and BASE METAL PROJECTS (Copper, Nickel, Zinc)

Balladonia Nickel-Copper Project (100% AQD, subject to SAA)

The Balladonia Project is located ~50km south of the Nova-Bollinger nickel-copper deposit. It consists of seven Exploration Licences (five granted and two applications) covering an area of ~840km² and is located within a structurally complex region of the Fraser Range Terrane. It is centred above the southern margin of a deep regional gravity anomaly (~30 milligals), which is thought to reflect buried mafic/ultramafic rocks that may be similar to those related to the formation of the Nova deposit. Comparisons with the Eastern Succession in north-west Queensland (east of Mt Isa), where iron-oxide copper-gold (IOCG) and Broken Hill Type (BHT) deposits are known to occur, are becoming more apparent. Many of the tenements lie within the Dundas Reserve. Exploration work at Balladonia is funded under the SAA.

During the Quarter, detailed gravity surveys (1,452 stations) were completed over six

selected magnetic targets on 400m x 100m grids with 200m x 100m in-fill lines over anomalous areas, outlining strong responses (1.5 to 5 mgals) over each target surveyed (Figures 2 & 3), upgrading the prospectivity of the region (ASX Release 30 January 2023).

An expanded diamond drilling program (a minimum of 13 holes for a total of ~4,800m) has now been agreed under the SAA, to test the additional gravity/magnetic targets as well as to undertake in-fill drilling at the Tea Tree prospect. Drilling is scheduled to start in late March 2023, subject to weather conditions and rig availability.

Initial drilling at Tea Tree (ASX release 30 June 2022), confirmed the presence of highly prospective stratigraphy (thin banded iron formations (BIFs) – garnetiferous quartzites), alteration (potassic, iron and manganese) and

anomalous lead, zinc and cadmium values, similar to signatures associated with base metal mineralisation found at Cannington and possibly Broken Hill.

Two of the gravity targets are associated with magnetic lows which are similar in nature to the responses over mafic/ultramafic intrusions which host the Ni-Cu PGE mineralisation at Nova-Bollinger, within the adjacent Fraser Range Belt. These targets are also included within the expanded drill program.

Native Title Heritage clearance surveys have been completed over several of the targets with more clearance surveys scheduled for late February/early March ahead of drilling. Government approvals for the expanded drill program under the Company's Conservation Management Plan (CMP) for Exploration Licence EL69/3825 are expected shortly.

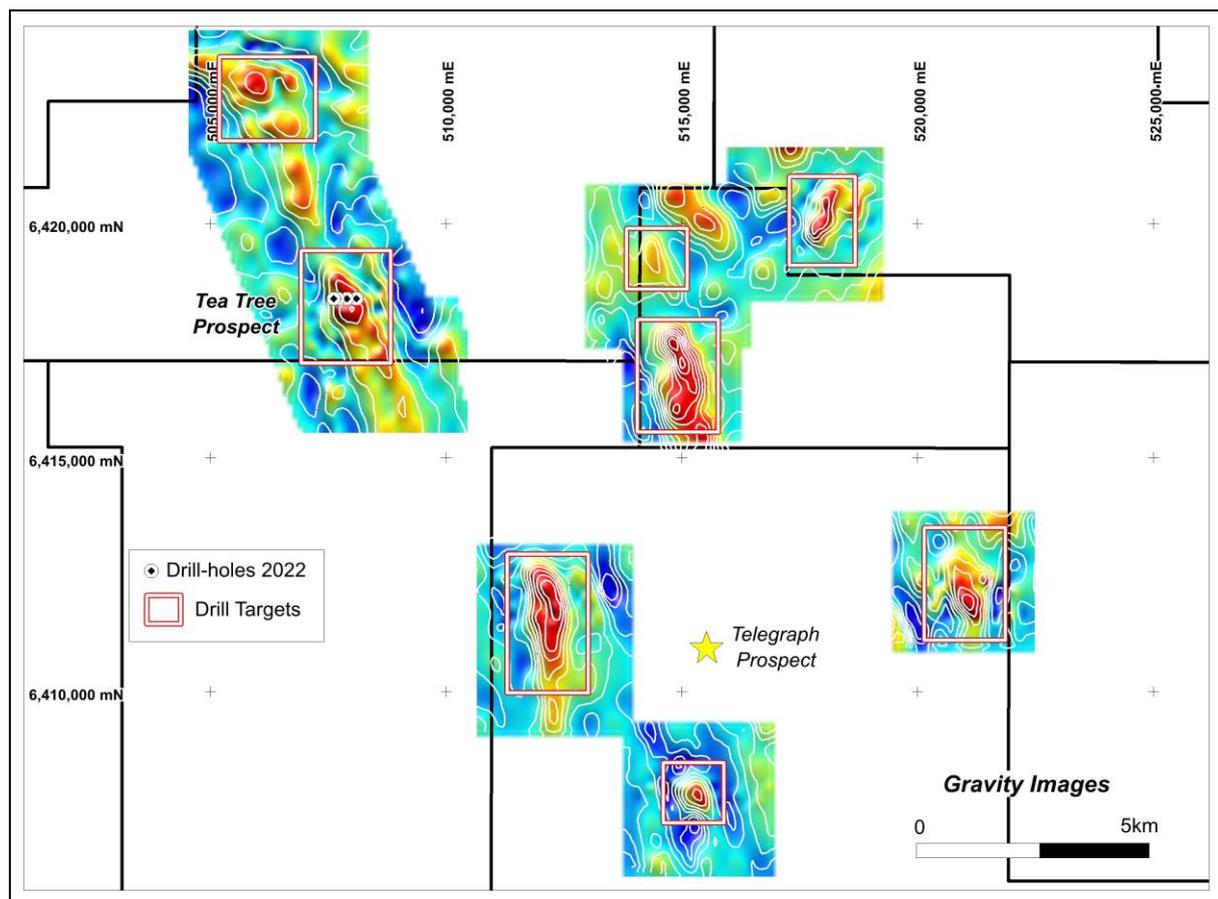


Figure 2: Detailed gravity surveys showing priority targets for drilling.

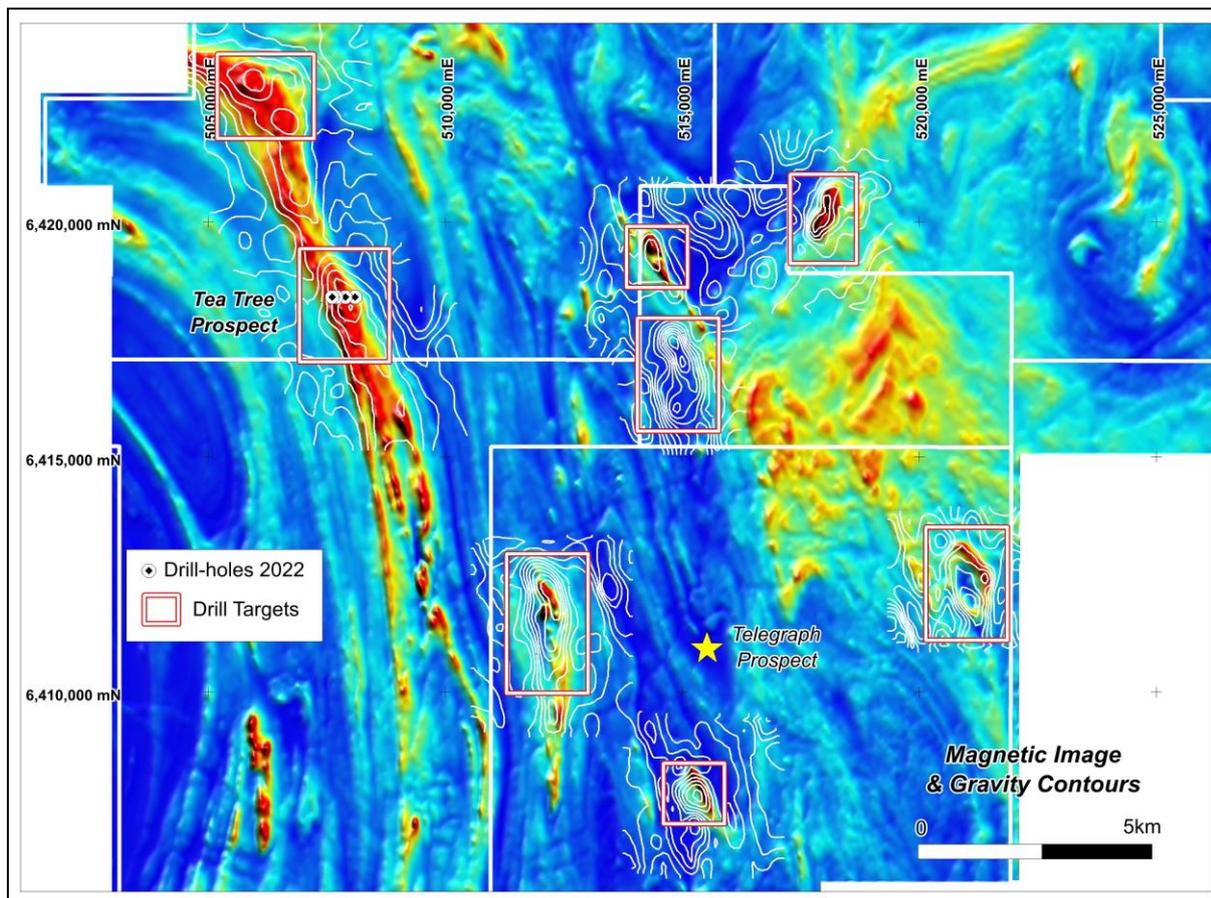


Figure 3: Detailed magnetic and gravity surveys showing priority drilling targets.

Hamilton Copper-Gold Project (100% AQD, subject to SAA)

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine and ~70km south of the Osborne copper mine. It consists of two Exploration Licences covering an area of ~520km². Exploration is targeting iron oxide, copper, gold (IOCG) and Broken Hill Type (BHT) mineralisation beneath the extensive cover in the region. Limited historical drilling designed to test magnetic and gravity targets provided evidence for “near-miss” situations which are the focus of the Company’s exploration programs. Exploration work at Hamilton is being funded under the SAA.

During the Quarter, drill-hole HMDD019 (completed to a depth of 510m), which was designed to test an off-hole DHEM target, intersected thin sulphide bands (pyrrhotite/pyrite) within a thick sequence (~80m) of altered banded iron formation (BIF), explaining the cause of the off-hole EM response.

Anomalous copper values (up to 1,500ppm Cu) along with elevated cobalt (up to 480ppm Co), tin (up to 5.8ppm Sn) and selenium (up to 12ppm Se) support the presence of a mineralising system in the area, but no economic mineralisation was intersected.

Structural measurements on core suggest a relatively simple structural setting, although geophysical data suggests otherwise. The discrete nature of the magnetic and gravity responses over the Hamilton North prospect is thought to reflect a potential structural thickening of the BIF sequence, which may suggest a more complicated structural setting than implied by the drilling to date.

A review of this project is being initiated to determine the future direction for this project.

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

The Morrisey Project is located ~500km north of Perth in Western Australia within the Narryer Terrane, which forms the north-western margin of the Yilgarn Craton. It

consists of four granted Exploration Licences (ELs) and one EL application covering an area of ~1,000km² parallel to the Yilgarn Craton boundary. The area became the focus of industry attention following the discovery by Chalice Mining of the Julimar nickel-copper-PGE deposit north of Perth, which highlighted the untested nickel-copper-PGE potential of the margin of the Western Yilgarn Craton. Exploration work at Morrisey is funded under the SAA.

During the Quarter, beneficiation test work (Davis Tube Recovery – DTR) to test magnetite-rich iron formations intersected by earlier Reverse Circulation (RC) drilling yielded highly encouraging results. Six composite samples (~10m thick) submitted for testing confirmed that the magnetite

ironstone intersected at both the Waterfall and Sandfly prospects can be beneficiated using simple magnetic separation to produce a high-grade iron concentrate (+70% Fe) at a relatively coarse grind size (95% passing 75 microns) (ASX release 24 January 2023).

At Waterfall, four composite samples from 102m to 144m down-hole (MYRC001) yielded 42 metres at an average DTR recovery of 40.8% and a concentrate grade of 71.3% Fe, 1.4% SiO₂ and 0.08% Al₂O₃, whilst at Sandfly, two composite samples from 82m to 100m (MYRC002) yielded 18 metres at an average DTR recovery of 41.5% and a concentrate grade of 71.3% Fe, 0.8% SiO₂ and 0.29% Al₂O₃ (see table below). No deleterious element concentrations were recorded in any of the six samples submitted.

Hole ID	From (m)	Length (m)	GRADE	DTR CONCENTRATE GRADES					
			Fe %	Mass Recovery %	Fe %	SiO ₂ %	Al ₂ O ₃ %	S %	P %
MYRC001	102	10	33.73	37.07	70.87	1.58	0.22	0.014	0.005
MYRC001	112	10	32.02	39.48	71.16	1.44	0.03	0.004	0.004
MYRC001	122	10	31.87	39.62	71.03	1.54	0.04	0.004	0.004
MYRC001	132	12	36.03	47.1	71.26	0.98	0.04	0.004	0.005
MYRC002	82	10	33.63	42.56	70.98	1.01	0.43	0.008	0.005
MYRC002	92	8	31.2	40.51	71.75	0.66	0.15	0.01	0.004

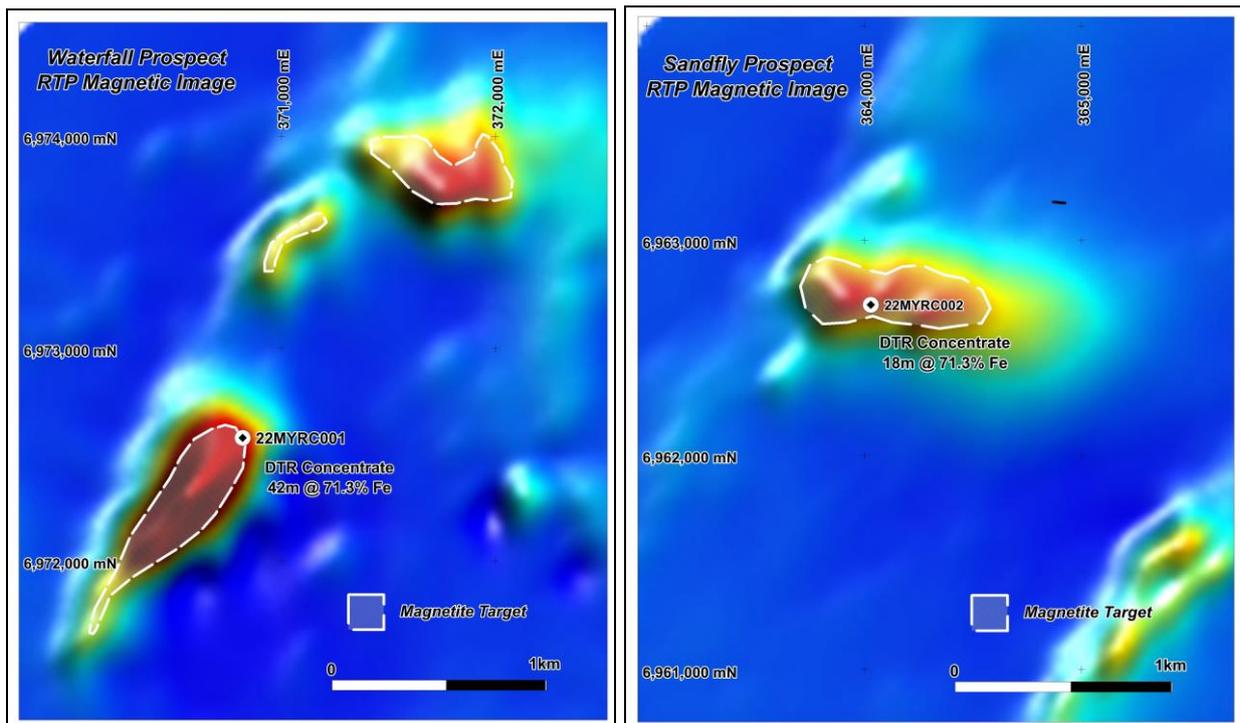


Figure 4: Waterfall and Sandfly magnetics showing drill-hole locations and Fe concentrate grades

The initial RC drilling program (three holes), which was designed to test for base metal mineralisation, was not optimised to test the magnetite potential of the area. A significant untested strike length of magnetic responses is apparent at both the Waterfall and Sandfly prospects (*Figure 4*). Multiple untested magnetic responses evident in the regional data are now considered priority targets for additional magnetite mineralisation.

Specific gravity measurements on RC drill samples indicate a high density (SG 3.4) for the magnetite mineralisation, suggesting that gravity surveys could help to prioritise targets ahead of future drilling.

The initial RC drilling program also intersected mafic (meta-gabbros) and ultramafic (meta-pyroxenites) rock types, highlighting the potential for Ni-Cu-PGE mineralisation with possible similarities to the Julimar deposit north of Perth, to be found in this area.

Additional electromagnetic (EM) and gradient array Induced Polarisation (IP) surveys have been initiated to further test areas still considered to have the potential for nickel and copper. These surveys are expected to be completed during Q1 2023, pending weather and crew availability.

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

The Jubilee Lake Project is located ~500km east of Kalgoorlie in Western Australia, within the northern portion of the Eucla Basin. It consists of one granted Exploration Licence (EL) and five EL applications covering a total area of ~3,200km². The Project is situated within a large flood basalt terrane close to the south-eastern margin of the Yilgarn Craton and is centred over the Rodona Shear, which shows strong evidence as being the key feeder structure to the surrounding flood basalts. Mafic/ultramafic intrusions associated with feeder structures to flood basalt terranes are considered prime targets for Ni-Cu-PGE sulphide deposits, similar to those found at the giant Norilsk deposits in Russia, and more locally at Nebo-Babel (Oz Minerals) and possibly at Nova-

Bollinger (IGO), both nearby deposits. Exploration work at Jubilee is funded under the SAA.

During the Quarter, planning for the upcoming drill program (H1 2023) was advanced with clearances now planned for late February/early March, weather permitting.

Two diamond drill-holes are planned to test both a strong EM target occurring below the interpreted flood basalts and adjacent to the Rodona Shear Zone (a major deep-seated feeder structure), and an interpreted intrusive body located along the structure.

Native Title site clearances that were planned for late November 2022 had to be postponed until late February 2023 due to the availability of key personnel. Drilling is still planned to commence in the first half of 2023.

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

The Moora Project is located ~150km north of Perth, Western Australia, within the Jimperding Metamorphic Belt, which forms the south-western margin to the Yilgarn Craton. It consists of three Exploration Licences and covers an area of ~440km². The area became the focus of industry attention following the discovery by Chalice Mining of the Julimar nickel-copper-PGE deposit north of Perth, which highlighted the untested nickel-copper-PGE potential of the margin of the Western Yilgarn Craton. Exploration work at Moora is funded under the SAA.

During the Quarter, the Moora Project was accepted as a new Exploration Opportunity under the SAA with South32, with planned RC drilling at the Latham prospect to be funded under the SAA.

This initial RC drill program (three holes for ~750m) is designed to test for the presence of fertile host rocks where detailed gravity and magnetic surveys have outlined a possible mafic/ultramafic intrusion with similarities to the Gonville intrusion that hosts the Ni-Cu-PGE mineralisation at Julimar (*Figure 5*).

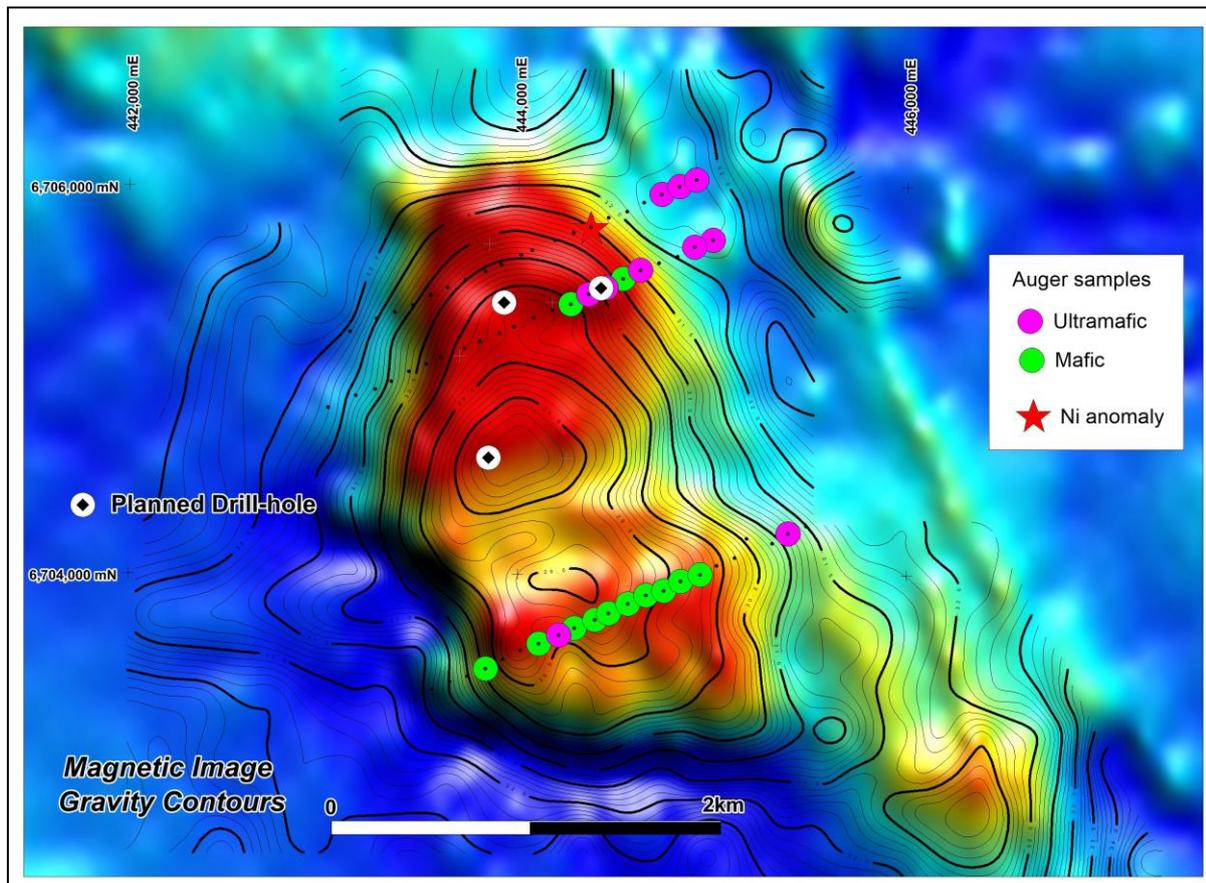


Figure 5: Latham Prospect showing the magnetic & gravity target and planned drill-hole locations.

A Land Access and Compensation Agreement (LACA) has been signed to allow drilling to take place at Latham, with a second LACA now signed to allow drilling at the Wubin prospect, once all the necessary Government approvals have been received.

Initial drilling is expected to start in late Q1 2023 once all approvals have been received and subject to weather and the availability of a suitable drill-rig.

The inclusion of the Moora Project under the Company's SAA with South32 is an exciting development, adding to the Ni-Cu-PGE projects in WA that are currently being explored under the SAA.

Mt Davis Lead-Zinc-Copper Project (100% AQD)

The Mt Davis Project is located ~180km NNE of Wiluna, Western Australia, along the northern margin of the Earraheedy Basin. It consists of two Exploration Licences and covers an area of ~750km². The project was acquired following the discovery of extensive

zinc and copper mineralisation by Rumble Resources at its Chinook Prospect, located on the southern side of the Basin, which showed mineralisation was stratigraphically controlled and located below the Frere Iron Formation. The Mt Davis tenements are believed to contain similar stratigraphy based on regional aeromagnetic data but occur in an area of greater structural complexity which has recently been reported as an important ingredient in the localisation of base metals at Chinook.

Assay results from limited soil samples (13) that were collected during the reconnaissance visit with Traditional Owners, reported anomalous gold values (23 and 116ppb Au) from two samples with elevated lead (23ppm Pb) in a third.

These anomalous samples occur below the Frere Iron Formation, suggesting similarities with the prospective stratigraphy at Chinook on the southern side of the Earraheedy Basin. Further sampling (shallow drilling) is being planned.

Paterson Gold-Copper Projects (100% AQD)

The Paterson Gold-Copper Projects are located ~250km east of Newman within the Paterson Province of Western Australia. Exploration is targeting large-scale copper-gold mineralisation similar to the recent discoveries at Winu and Havieron. The Paterson Project now consists of the Gunanya Project only, which is targeting discrete magnetic targets proximal to regional fault systems in the southern half of the province, similar to those at Winu and Havieron.

Following a review, the Company decided to only retain the Gunanya Project, with the Company’s tenements at Madley surrendered during the Quarter due to higher priority projects elsewhere in its portfolio.

New Opportunities (Australia)

The Coober Pedy Copper Project in South Australia still awaits completion of a Heritage Agreement before exploratory work can commence.

PERU COPPER-GOLD PROJECTS

AusQuest has assembled a strong portfolio of copper-gold prospects along the southern coastal belt of Peru in South America, with numerous targets identified for drilling as possible porphyry copper and/or replacement style (manto) IOCG targets with the size potential being of significance to AusQuest (Figure 6). Peru is one of the world’s most prominent destinations for international copper exploration and is considered a prime location for world-class exploration opportunities.

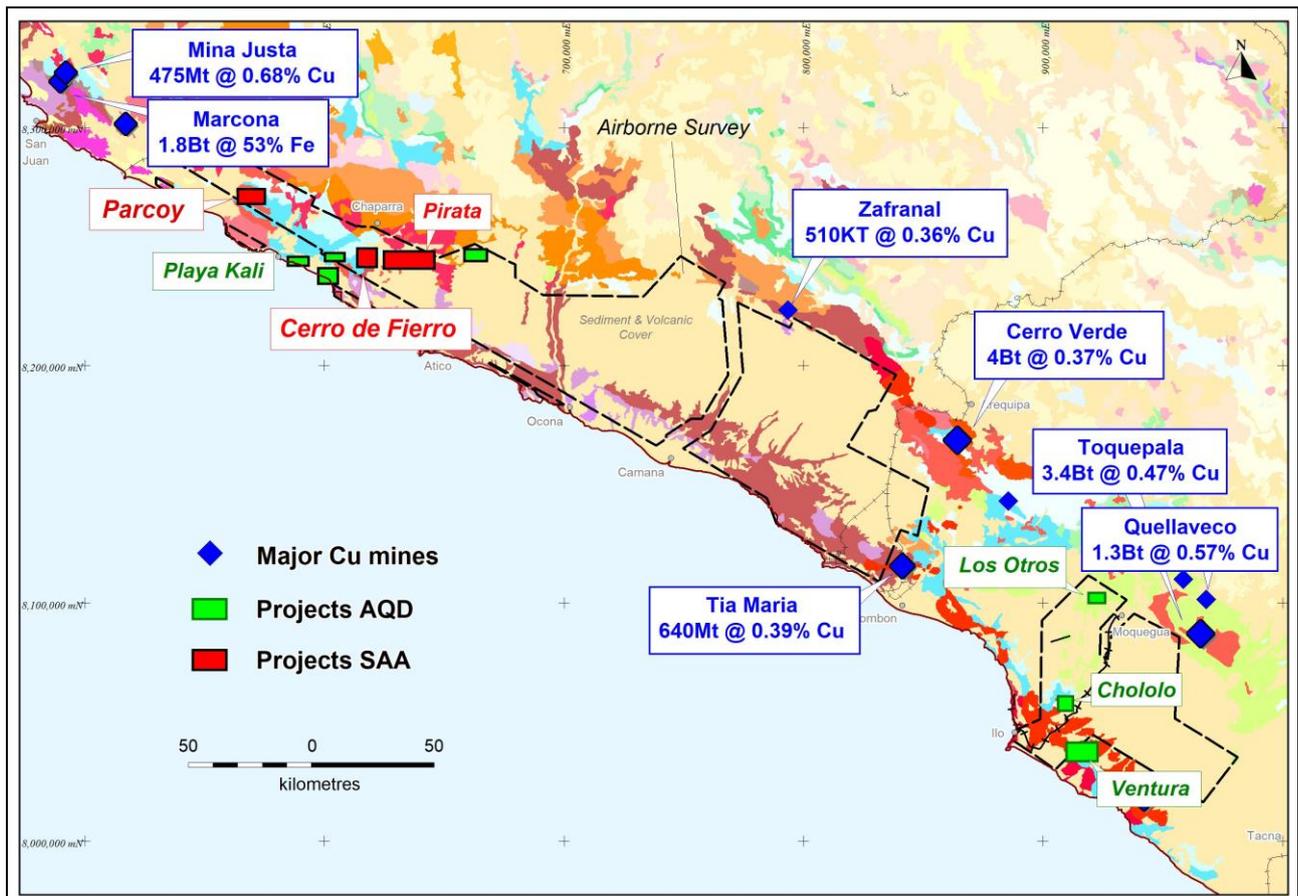


Figure 6: Project Locations – Southern Peru.

Cerro de Fierro IOCG (100% AQD – South32 earning to 70%)

The Cerro de Fierro Project (CDF) is located at the southern end of a recognised IOCG

metallogenic belt in southern Peru. It lies within ~150km of the Mina Justa deposit (~475Mt @ 0.68% Cu), which is being developed by the Marcobre Joint Venture.

Surface indicators of porphyry copper mineralisation have recently been identified within the Pirata project area approximately 5km due east of CDF, associated with a major E-W structure that is considered to be a priority target zone within the coastal belt of southern Peru. CDF is subject to an agreement with South32, which can earn a 70% interest in the project by spending a total of US\$4 million.

During the Quarter, Reverse Circulation (RC) drilling (21 holes for a total of 6,971m) was completed at the Pirata Project to test five porphyry and/or manto copper targets located

within a major east-west structural corridor (ASX release 27 January 2023) (Figure 7).

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

Results from three of the five targets drilled (1, 2, and 4) indicate that the basal section of the lithocap has been intersected and mineralised porphyry systems are close by, but off-set from, the current drill-holes.

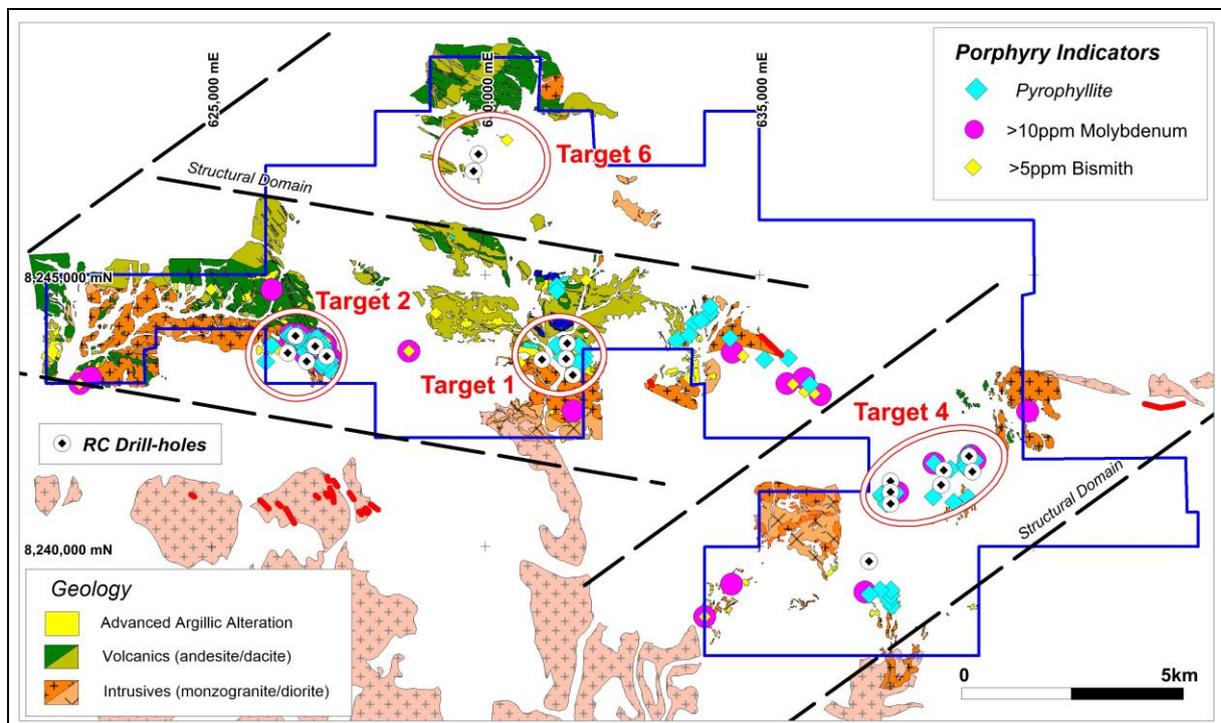


Figure 7: Pirata Project showing geology, geochemical anomalies and RC drill-hole locations.

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

Thick pyrophyllite (+100m) within hole PIRRC08 suggests that it is the closest drill-hole to the causative porphyry (Figure 8).

Narrow zones of elevated copper (up to 0.43% Cu) within sericite alteration in

PIRRC08 suggest the potential for stronger copper mineralisation within the host porphyry once it is located.

At **Target 2** (five drill-holes), the three northern drill-holes (PIRRC002, 03, & 04) intersected a relatively flat northerly dipping alteration zone, sub-parallel to an underlying lithological contact between intrusive monzonites and overlying volcanics.

Anomalous pathfinder elements (Mo: up to 27.5ppm, Bi: up to 12.7ppm, and Te: up to 13.8ppm) and the presence of pyrophyllite (>30m) and white mica define alteration

zones which again support the presence of a relatively close causative porphyry, probably

north-east of the current drill-holes (*Figure 9*).

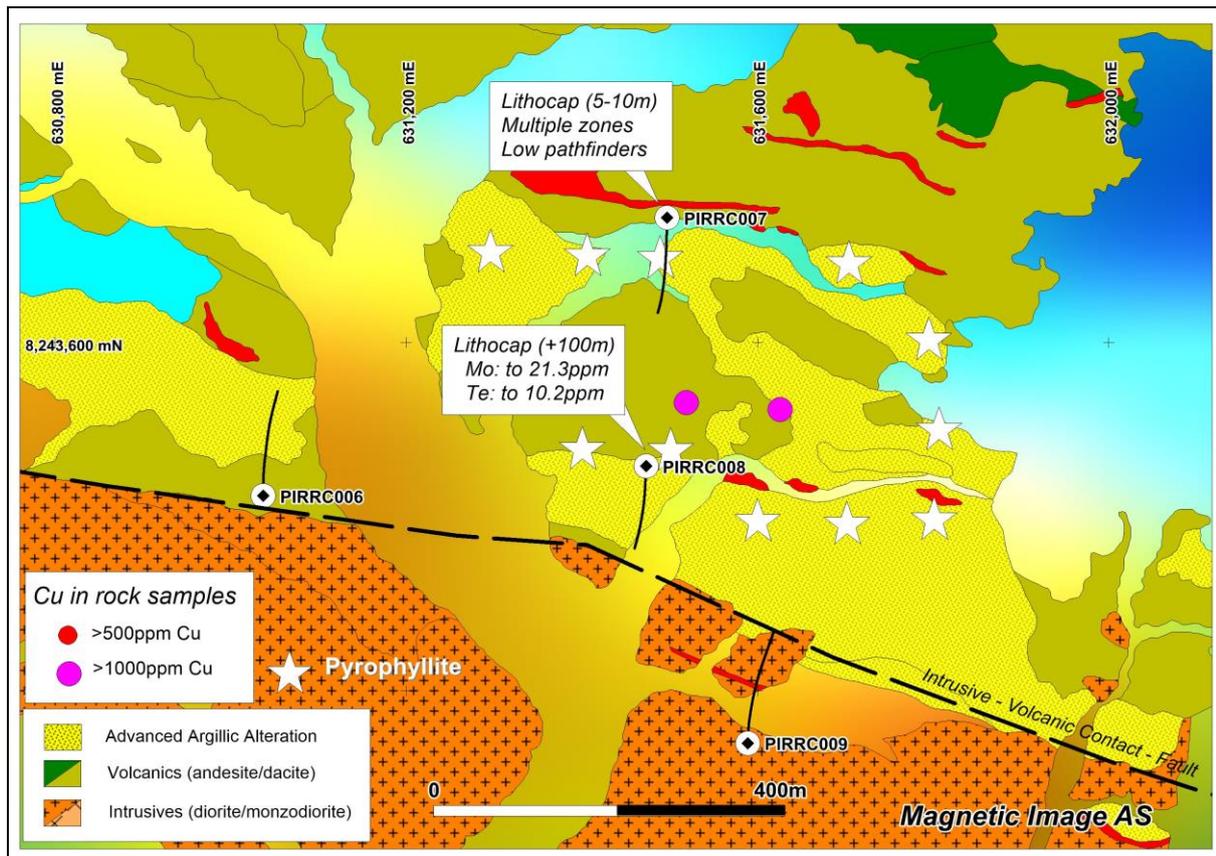


Figure 8: Target 1 – Geology and magnetic image showing RC drill results.

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

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

Thick lithocap (60m to +160m) as defined by the presence of pyrophyllite and white mica

was intersected in three of the drill-holes (PIRRC010, 012, and 015) with the highest temperature micas occurring in drill-holes PIRRC010 and PIRRC012 suggesting closest proximity to the causative porphyry(s).

Highly anomalous pathfinder elements including Mo (up to 37ppm), Bi (up to 16ppm) and Te (up to 15ppm) plus patches of copper sulphide mineralisation (narrow intercepts (2m) up to 0.39% Cu) intersected within alteration underlying the lithocap, support the concept of a mineralised porphyry system close-by, at relatively shallow depth (*Figure 10*).

Correlation with ground magnetic data highlights several magnetic lows within the area, possibly reflecting alteration(?) associated with a buried porphyry. These will be considered as potential targets for future drilling at this prospect.

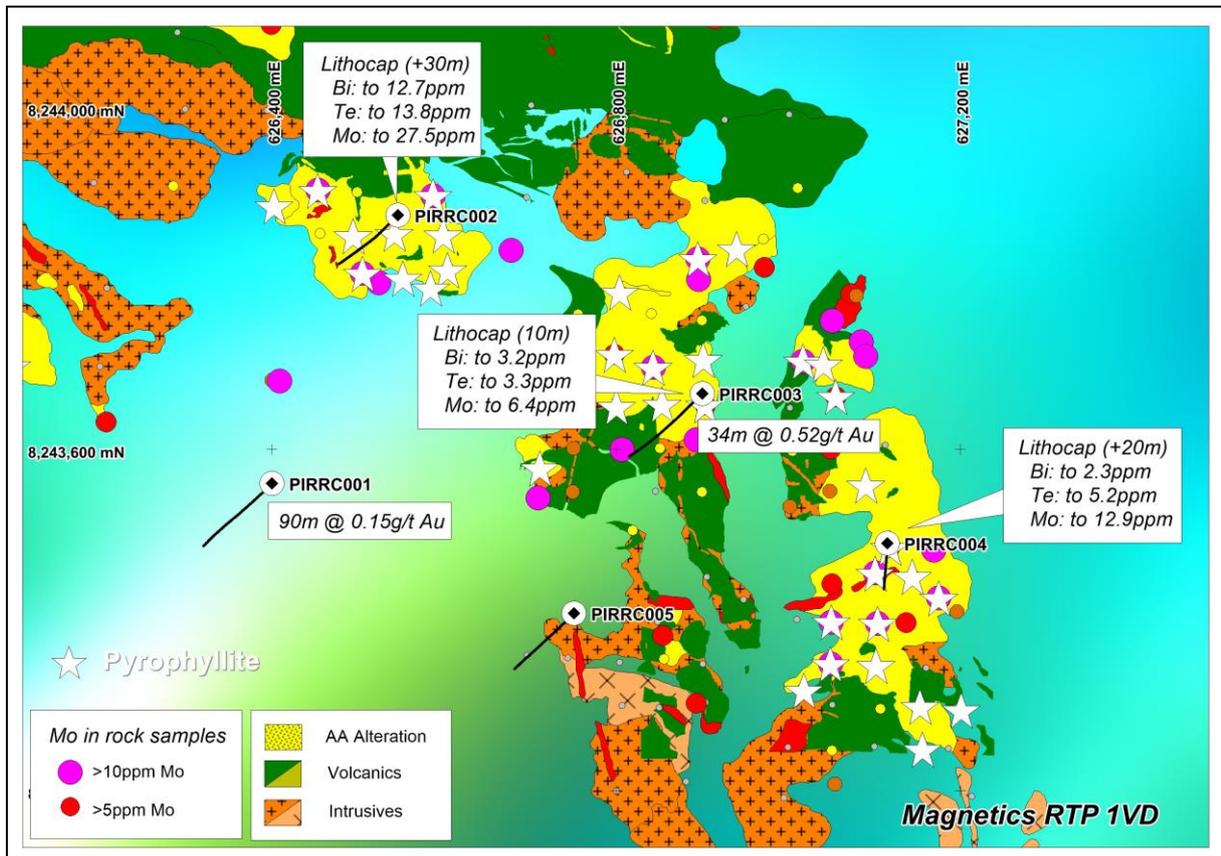


Figure 9: Target 2 – Geology and aeromagnetic image showing RC drill results.

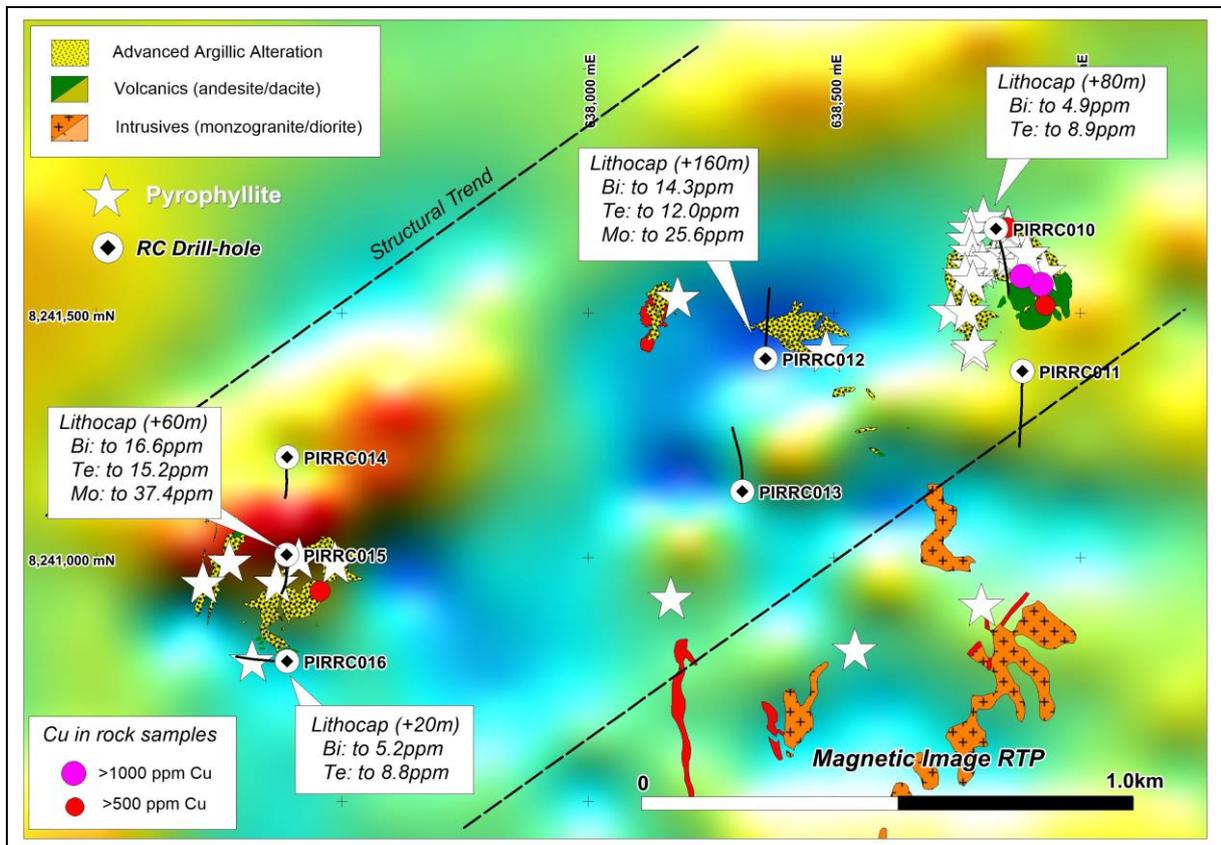


Figure 10: Target 4 – ground magnetic image and geology showing RC drill results.

Drill results from Target 6 (2 drill-holes) and infill drilling at the Cerro de Fierro South prospect (two drill-holes) failed to provide

significant encouragement to continue exploring in these areas..

The Company is very encouraged by the results from the current drill program, even though a mineralised porphyry(s) has not been intersected by this initial drilling program. Exploring for porphyry copper deposits where outcrop is poor and the porphyry mineralisation is overlain by intense alteration, as is found within the lithocap environment, can be difficult, but ultimately can be highly rewarding once the source of the alteration is found.

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

Parcoy IOCG (100% AQD – South32 earning to 70%)

The Parcoy Project is located near the southern end of a recognised IOCG metallogenic belt in southern Peru. It lies within ~100km of the Mina Justa deposit (~475Mt @ 0.68% Cu), and ~50km north-west of the Company's Cerro de Fierro Project. Geological mapping and rock-chip sampling has identified significant concentrations of copper (+/- gold) at surface, reflecting potential manto-style mineralisation within the volcanic stratigraphy. The project is subject to an agreement with South32, which can earn a 70% interest in the project by spending a total of US\$4.5 million.

Further assessment of results from the RC drilling program completed in September 2022 (ASX release 5th October) was temporarily put on hold while the drilling program at the nearby Pirata Project was completed.

A comparison of results from both projects will be completed following a full assessment of drilling results from the Pirata program. Both projects appear to occur within the same E-W structural corridor that is thought to control the emplacement of porphyry systems along the Coastal Belt in southern Peru.

Further exploration work at this prospect is the subject of ongoing discussions under the SAA.

Los Otros Porphyry Copper Project (100% AQD)

The Los Otros Project is located close to the Palaeocene Porphyry Copper Belt of southern Peru, which is the major copper producing region in the country. It lies within 35km of the Cuajone mine (~1.6Bt @ 0.6% Cu), and 40km from the Quellaveco deposit (~1.3Bt @ 0.57% Cu) currently being developed by Anglo American.

No exploration work was completed at Los Otros during the Quarter. Further exploration is being considered in light of the project's location – close to the Palaeocene Porphyry Copper Belt of southern Peru – and the presence of other major company titles in the vicinity.

New Opportunities (Peru)

Assessment of new opportunities continued with the aim of having one or all of them included under the SAA in due course.

During the Quarter, a site visit was organised to the general Cerro de Fierro area with South32 personnel as part of an ongoing assessment of the Company's prospects.

The Company retains a strong land position in this area with a view to advancing new prospects to the exploration opportunity stage under the SAA.

At the **Ventura Project** east of Ilo, systematic rock-chip sampling is planned for early 2023 to upgrade this target to the drilling stage before a presentation as a possible new exploration opportunity is made under the SAA.

CORPORATE

In the December Quarter, the Company invested \$3,215,000 in exploration and had approximately \$2.7 million in cash remaining at the end of December. Further funding from South32 to cover agreed work programs (including drilling) over the Strategic Alliance Projects is expected in Q1 2023.

The Company's Cashflow Report (Appendix 5B) for the quarter ended 31 December 2022 is appended to this report. Payments to related parties as shown in Section 6 of this report include director salary and superannuation payments of \$54,750, and payments of \$12,000 for corporate consulting fees to a director.

The Company advises its appeal to the Administrative Judiciary against payments requested by the Ministry of Housing (SBN) for temporary access to State-Owned land for drilling purposes, is now with the Supreme Court of Peru for leave to appeal on the question of interpretation of the relevant law. The Company continues to monitor the position and will keep shareholders advised of any significant developments.

KEY ACTIVITIES – MARCH 2023 QUARTER

- Balladonia (Cu-Au-Ni) – Commence drilling (~4,800m) to test mag/gravity targets for BHT deposits.

- Morrisey (Ni-Cu-PGE) – Complete EM/IP surveys to test for Ni-Cu sulphide mineralisation.
- Morrisey (Ni-Cu-PGE) – Assess magnetite potential and plan future exploration.
- Jubilee Lake (Ni-Cu) – Complete NT clearances for drilling of EM target in H1 2023.
- Moora (Ni-Cu-PGE) – Complete RC drilling program to test Ni-Cu-PGE potential at Latham.
- Hamilton (Cu Au) – Complete review of project drilling data to determine future of project.
- Peru (Cu-Au) – Complete review of RC drilling results at Pirata and Parcoy - plan future programs.

Authorised for release on behalf of the Company by:



Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

AusQuest Limited: Tenement Schedule as at 31 December 2022

Tenement	Location	Interest Held: Start of Quarter	Interest Held: End of Quarter	Registered Holder
Australia				
E69/3246	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3558	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3671	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3825	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3932	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3859	WA, Jubilee Lake	100%	100%	AusQuest Ltd.
E69/4006	WA, Jubilee Lake	100%	100%	AusQuest Ltd.
E69/4007	WA, Jubilee Lake	100%	100%	AusQuest Ltd.
E69/4011	WA, Jubilee Lake	100%	100%	AusQuest Ltd.
E45/5447	WA, Gunanya	100%	100%	AusQuest Ltd.
E70/5383	WA, Morrisey Well	100%	100%	AusQuest Ltd.
E09/2397	WA, Morrisey Well	100%	100%	AusQuest Ltd.
E59/2525	WA, Morrisey Well	100%	100%	AusQuest Ltd.
E59/2526	WA, Morrisey Well	100%	100%	AusQuest Ltd.
E70/5388	WA, Moora	100%	100%	AusQuest Ltd.
E70/5389	WA, Moora	100%	100%	AusQuest Ltd.
E70/5401	WA, Moora	100%	100%	AusQuest Ltd.
E70/5402	WA, Moora	100%	Nil	AusQuest Ltd.
E70/5418	WA, Moora	100%	Nil	AusQuest Ltd.
E69/3896	WA, Mount Davis	100%	100%	AusQuest Ltd.
E69/3898	WA, Mount Davis	100%	100%	AusQuest Ltd.
EPM 26681	QLD, Hamilton	100%	100%	AusQuest Ltd.
EPM 26682	QLD, Hamilton	100%	100%	AusQuest Ltd.
EL 6798	SA, Coober Pedy	100%	100%	AusQuest Ltd.
Peru				
Cangallo 2	Arequipa	100%	100%	Questdor SAC
Cangallo 3	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro A	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro B	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro C	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro D	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro E	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro F	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro G	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro H	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro I	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro J	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro K	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro L	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro N	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro O	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro P	Arequipa	100%	100%	Questdor SAC
Chololo 1	Moquegua	100%	100%	Questdor SAC
Chololo 2	Moquegua	100%	100%	Questdor SAC
El Sello 01	Arequipa	100%	100%	Questdor SAC
El Sello 02	Arequipa	100%	100%	Questdor SAC
El Sello 04	Arequipa	100%	100%	Questdor SAC
El Toro 01	Arequipa	100%	100%	Questdor SAC
El Toro 02	Arequipa	100%	100%	Questdor SAC
El Toro 03	Arequipa	100%	100%	Questdor SAC

AusQuest Limited Tenement Schedule as at 31 December 2022 - cont'd

Tenement	Location	Interest Held: Start of Quarter	Interest Held: End of Quarter	Registered Holder
<i>Peru Cont.</i>				
Los Otros 07	Moquegua	100%	100%	Questdor SAC
Los Otros 08	Moquegua	100%	100%	Questdor SAC
Parcoy 01	Arequipa	100%	100%	Questdor SAC
Parcoy 02	Arequipa	100%	100%	Questdor SAC
Parcoy 03	Arequipa	100%	100%	Questdor SAC
Parcoy 04	Arequipa	100%	100%	Questdor SAC
Parcoy 05	Arequipa	100%	100%	Questdor SAC
Parcoy 06	Arequipa	100%	100%	Questdor SAC
Parcoy 07	Arequipa	100%	100%	Questdor SAC
Parcoy 08	Arequipa	100%	100%	Questdor SAC
Parcoy 09	Arequipa	100%	100%	Questdor SAC
Parcoy 10	Arequipa	100%	100%	Questdor SAC
Parcoy 12	Arequipa	100%	100%	Questdor SAC
Playa Kali 01	Arequipa	100%	100%	Questdor SAC
Playa Kali 04	Arequipa	100%	100%	Questdor SAC
Playa Kali 06	Arequipa	100%	100%	Questdor SAC
Playa Kali 07	Arequipa	100%	100%	Questdor SAC
Playa Kali 08	Arequipa	100%	100%	Questdor SAC
Playa Kali 09	Arequipa	100%	100%	Questdor SAC
Ventura 1	Moquegua	100%	100%	Questdor SAC
Ventura 2	Moquegua	100%	100%	Questdor SAC
Ventura 3	Moquegua/Tacna	100%	100%	Questdor SAC
Ventura 4	Moquegua/Tacna	100%	100%	Questdor SAC
Ventura 5	Moquegua	100%	100%	Questdor SAC
Ventura 7	Moquegua	100%	100%	Questdor SAC
Ventura 8	Moquegua	100%	100%	Questdor SAC

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSQUEST LIMITED

ABN

35 091 542 451

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	307	574
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(60)	(119)
(e) administration and corporate costs	(110)	(409)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	7
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	0	27
1.8 Other (R&D Refund)	-	-
1.9 Net cash from / (used in) operating activities	140	76

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(4)
(d) exploration & evaluation	(3,320)	(5,067)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other:		
	- Funding received from South 32 under the Strategic Alliance Agreement	105	3,818
2.6	Net cash from / (used in) investing activities	(3,215)	(1,253)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	- Lease liability payments	(23)	(45)
3.10	Net cash from / (used in) financing activities	(23)	(45)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,795	3,879
4.2	Net cash from / (used in) operating activities (item 1.9 above)	140	76
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,215)	(1,253)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(23)	(45)
4.5	Effect of movement in exchange rates on cash held	(29)	11
4.6	Cash and cash equivalents at end of period	2,668	2,668

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,668	5,975
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,668	5,975

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	25
6.2	Aggregate amount of payments to related parties and their associates included in item 2	43

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	140
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,320)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,180)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,668
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,668
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.84
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Operating costs and overheads vary depending on the level of exploration work completed during each Quarter. During the Quarter the Company had drill programs underway resulting in a high expenditure for the Quarter.	
Net cash flows from operating activities are also influenced by the level of funding provided under the Company's Strategic Alliance Agreement (SAA) with South32 (S32).	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

At present, the Company has not initiated any fundraising activities. However the Company is confident in securing additional working capital through new equity issue or loans should the need arise in the foreseeable future.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to be able to continue its exploration activities as they are largely funded by S32 under the SAA. For exploration activities that the Company chooses to undertake itself, the directors are aware that the Group has the option, if necessary, to defer expenditure or to relinquish certain projects or to reduce administration costs in order to minimise cash outflows. The directors are also confident that the Group will be successful in raising additional funds through the issue of new equity, should the need arise.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.