AUSQUEST LIMITED

ASX ANNOUNCEMENT

June 29th, 2023

BALLADONIA DRILLING UPDATE: PROSPECTIVE BROKEN HILL TYPE GEOLOGY INTERSECTED WITH ASSAYS PENDING

- ***7 diamond holes of the planned program now completed for 2,845m.***
- ***Prospective host rocks for BHT mineralisation intersected in each drill-hole.***

AusQuest Limited (ASX: AQD) is pleased to advise that its maiden drilling program at the **Balladonia Base Metal Project** in the Fraser Range region of Western Australia is progressing well, with just over half of the planned drill-holes completed to date. The Balladonia Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited.

The program, which was designed to test a series of Broken Hill Type (BHT) targets, is expected to be completed in July subject to weather conditions, with final assay data expected to be available within approximately six weeks of the completion of drilling. Processing of drill core – including structural orientations, specific gravity and magnetic susceptibility measurements – is taking longer than anticipated, resulting in some delays in the delivery of core to the laboratory for analysis.

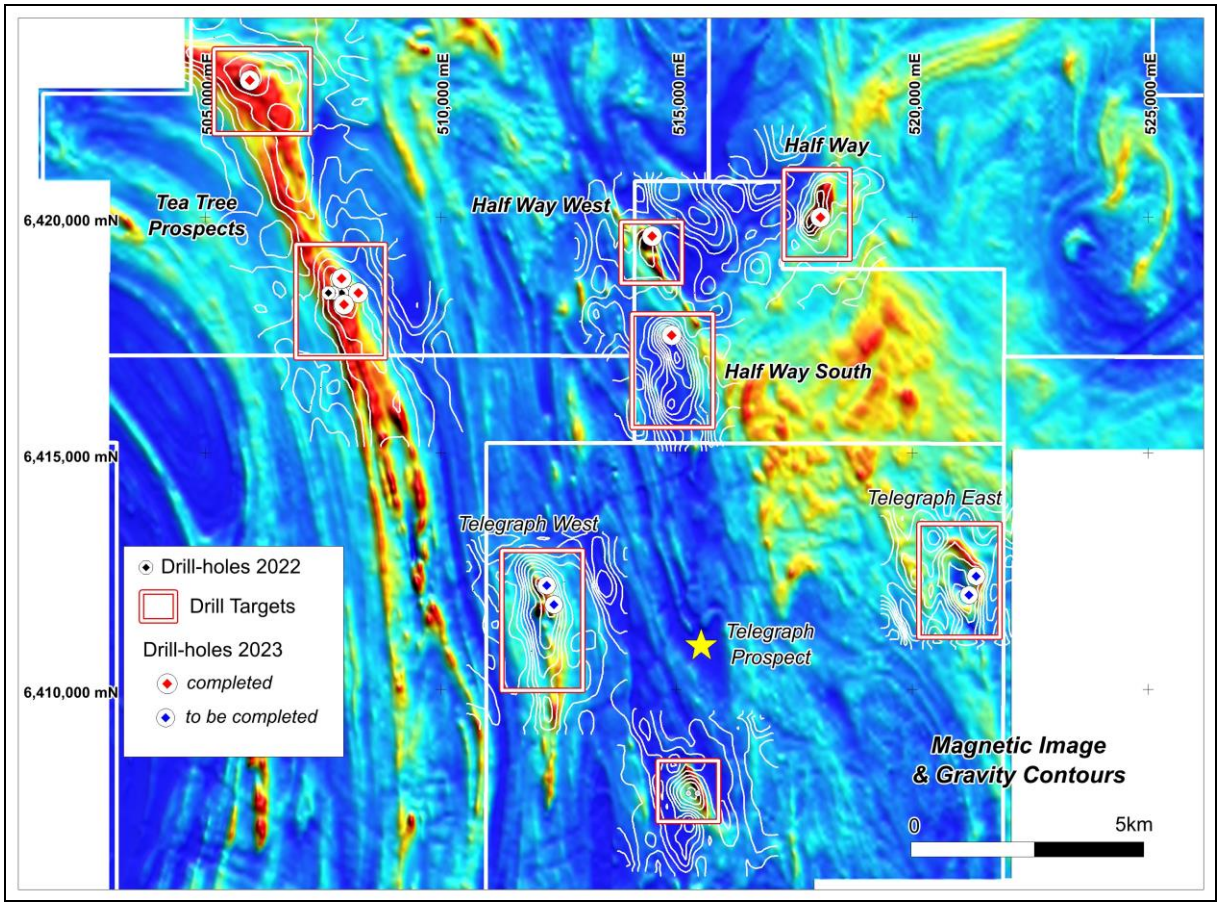

Figure 1: Detailed magnetic and gravity surveys showing the location of drill-holes.

Drilling to date has been completed at the Tea Tree, Tea Tree North and Half Way prospects. These targets were defined by a combination of detailed gravity and magnetic surveys which outlined strong anomalies indicative of prospective host stratigraphy and possible base metal mineralisation similar to that found in the Cloncurry Region of NW Queensland (host to the Cannington deposit) and the Broken Hill area of NSW (Figure 1).

At the Tea Tree prospects, drilling along strike from the initial drilled section (see ASX release, 30 June 2022) intersected further banded iron formations (BIF's) and garnetiferous quartzites, extending the prospective package of rocks from Tea Tree to Tea Tree North – a distance of at least 5km – and inferring extensions to the south, where magnetic data suggests that prospective stratigraphy could extend for up to 20km. Assay results are awaited.

Drilling at the Half Way prospects also intersected significant amounts of BIF stratigraphy but without the garnetiferous quartzites that are present at Tea Tree. The BIFs occur with mafic amphibolites and garnet gneisses with evidence of silica alteration within the sequence, suggesting strong prospectivity for base metals outside of the Tea Tree trend. Assay results are awaited.

AusQuest's Managing Director, Graeme Drew, said: "Initial indications from the drilling completed to date support the presence of prospective host rocks at Balladonia and provide further encouragement for our ongoing exploration campaign targeting base metal mineralisation in the area.

"We look forward to receiving assay data from the holes completed to date and those still to be drilled, which provide us with further insights into the geological comparisons being made with productive base metal regions in NW Queensland and Broken Hill," he added.

Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

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

FORWARD LOOKING STATEMENT

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

JORC Code, 2012 Edition – Table 1 report, Diamond Drilling at Balladonia Project June 2023

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Drill core is sampled at 1 metre intervals. Four metre composite samples are collected from the RC pre-collar samples. • Where HQ and NQ2 core was sampled, core was cut in half with half sent for analysis and half retained for geological and quality control purposes. • Sample intervals were measured by tape from depth intervals shown on core blocks labeled by the drillers, as per standard industry practice.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond drilling with reverse circulation pre-collars through to bedrock was used for all drill-holes completed. • HQ and NQ2 drill rods used to produce 63.5mm and 50.6mm diameter core respectively. • Down-hole surveys were read at ~ 30m intervals and the core was oriented using a Reflex Orientation Kit.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and*	• Core recovery was determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs. • Experienced diamond drillers were engaged to ensure maximum core recovery.

Criteria	JORC Code explanation	Commentary
	whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Sample recovery was generally high, negating any sample bias due to recovery.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill core and sample chips were logged by experienced geologists to identify key rock types, alteration and mineralisation styles. • Core logging is qualitative with visual estimates of mineralisation made for later comparison with assay results. • All core was logged and photographed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core samples were collected by cutting core in half along its length and sampling over 1 metre intervals. • Reverse Circulation pre-collar samples were collected by collecting a scoop of sample from individual 1 metre samples and compositing them over 4 metre intervals. • The sample sizes are appropriate for the geological materials being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Assaying of the drill samples is by standard industry practice. • The samples are sorted and dried. The whole sample is crushed then split by riffle splitter to obtain a representative sub-sample which is then pulverized in a vibrating pulveriser. • A portion of the pulverized sample is then digested and refluxed using a four acid digest (Hydrofluoric, Nitric, Hydrochloric and Perchloric) which approximates a total digest for most elements. Some refractory minerals are not completely dissolved. • Inductively Coupled Plasma Mass Spectroscopy (ICP-MS and/or OES) is used to measure Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Fe, Ga, Ge, Hf, In, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, and Zr. • Gold values are provided by 25gm fire assay • Prepared Sample standards are inserted by the Company every 20 metres down hole to provide a control on laboratory processes. Data from the laboratory's internal quality procedures (standards,

Criteria	JORC Code explanation	Commentary
		repeats and blanks) and AusQuest (standards, repeats and blanks) are reviewed to check data quality. • Assays are provided by Intertek Genalysis of 311 Kenwick Road Maddington WA which is a certified laboratory for mineral analyses. • Analytical data is transferred to the company via email and by hard copy.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• N/A for this report – Assay data pending.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars including elevation are located by hand held GPS to an accuracy of approximately 5m. • Down hole surveys are carried out every ~30m down hole, and at the end of the hole. • All surface location data are in GDA 94 datum, zone 51S.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Angled drill holes were spaced at approximately 200 to 300m intervals at the Tea Tree prospect with individual drill-holes sited to test discrete targets based on magnetic and gravity data. Drill hole locations are provided below.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Any bias due to the orientation of the drilling is unknown at this early stage of exploration.
Sample security	• *The measures taken to ensure sample security.*	• Samples are collected into securely tied bags and placed into cable-tied polyweave bags for transport to the laboratory. Each sample batch has a sample submission sheet that lists the sample numbers and the work required to be done on each sample. • Reputable freight companies are used to transport samples to the laboratory. • Sample pulps (after assay) are held by the laboratory and returned

Criteria	JORC Code explanation	Commentary
		to the company after 90 days.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No reviews or audits of the sampling techniques or data have been carried out to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area*	• The Balladonia Project is centered at 6411000N and 515500E (GDA94 Zone 51), approximately 135 km ESE of Norseman in Western Australia. • Tenement holdings include five granted Exploration License's (E69/3246, 3825, 3671, 3558, 3932) and two Exploration License applications (E69/3559, and 3672). E69/3825 and 3246 occur within the Dundas Reserve for which the Company as a CMP in place. • The Balladonia Prospect is subject to a Strategic Alliance Agreement whereby South32 have the right to earn a 70% interest by spending US$4.5M. • Aboriginal heritage plus Fauna and Flora surveys are routinely completed ahead of ground disturbing activities.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited surface exploration has been completed by other parties. AusQuest is the first exploration company to complete drilling programs within the tenements. • The tenements have been covered by regional government geophysical and geological surveys and partly by regional GSWA geochemical sampling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration model for the Balladonia Project is based upon copper and nickel sulphides hosted in mafic rocks as is the case within the Fraser Range Belt, and base metal mineralisation in BHT and /or IOCG settings similar to the Eastern Succession in north-west Queensland and at Broken Hill in NSW.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• All relevant drill hole data are tabulated below and provided in the ASX release.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Assay data pending.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Assay data pending.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Drill holes are shown on appropriate plans and included in the ASX release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Assay data pending.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The relationship between current drill results and previously reported exploration data is presented in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main*	• Further drilling will depend on the results of this drilling program.

Criteria	JORC Code explanation	Commentary
	geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

Diamond drill-hole location details

Hole_No	Prospect	Easting	Northing	RL	Datum	Zone	Azimuth	Inc	Depth (m)
23BDDD018	Tea Tree	508248	6418396	238	GDA94	51	269	-60	504
23BDDD019	Tea Tree	507953	6418153	237	GDA94	51	266	-60	444.6
23BDDD020	Tea Tree	507903	6418699	247	GDA94	51	269	-60	462.7
23BDDD021	Tea Tree North	505950	6422900	248	GDA94	51	276	-61	396.8
23BDDD022	Half Way South	514898	6417498	276	GDA94	51	268	-60	291.9
23BDDD023	Half Way West	514479	6419601	278	GDA94	51	223	-60	346.2
23BDDD024	Half Way	518047	6419999	269	GDA94	51	269	-60	399.1