October 4, 2021
ASX Release

DOWN-HOLE EM SURVEY IDENTIFIES NEAR-TERM DRILL TARGET AT HAMILTON PROJECT, QUEENSLAND

- ***Off-hole DHEM conductor identified within mineralised BIF stratigraphy***
- ***Structural measurements on core suggest presence of a potential trap sites nearby***
- ***Further drilling planned for Q4 2021***
- ***Project funded under the SAA with South32***

Further to its announcement on August 12th 2021, AusQuest Limited (ASX: AQD) is pleased to advise that it has identified a near-term drilling target at the Hamilton Copper Project in NW Queensland following the completion of successful down-hole electromagnetic (DHEM) surveys.

DHEM has identified a potential off-hole conductor that occurs close to the mineralised BIF sequence that was intersected in hole HMDD015, which was drilled to test a large-scale coincident magnetic/gravity response (*Figure 1*).

Follow-up diamond drilling comprising two holes for ~1,100m targeting the off-hole conductor and a possible fold closure adjacent to hole HMDD015 has been agreed under the Strategic Alliance Agreement (SAA) with a subsidiary of South32 Limited. Drilling is scheduled to commence around the end of October, subject to drill rig availability, and should take approximately two weeks to complete. Assay data is expected 6-8 weeks after the completion of drilling.

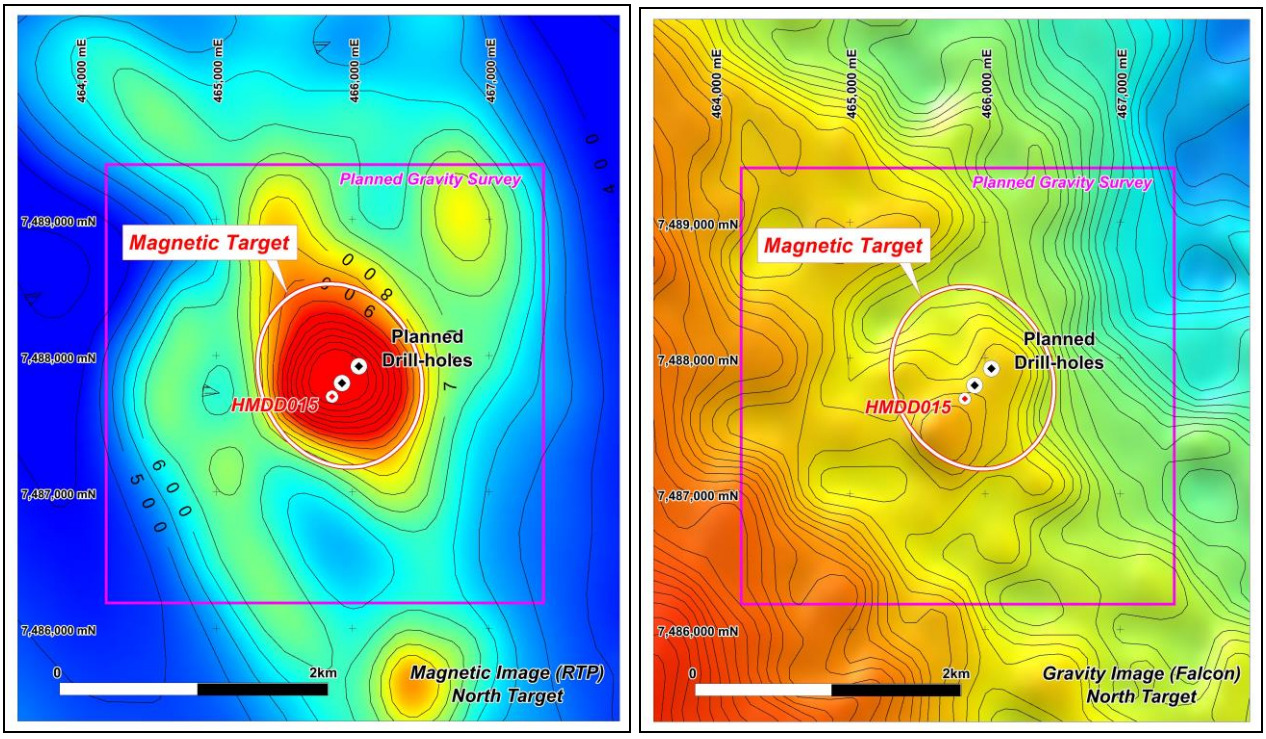

Figure 1: Hamilton North magnetic and gravity target showing location of drill-hole

The Hamilton Copper Project contains mineralised banded iron formations (BIFs) similar to those hosting the Osborne copper-gold deposit (global resource ~36Mt @ 2% Cu and 1g/t Au), located approximately 70km to the north.

The mineralised BIF sequence encountered in drill-hole HMDD015 is relatively thick (~60m down-hole), contains highly anomalous copper (up to 8,200ppm Cu) plus elevated gold (to 0.175ppm Au), bismuth (to 6.3ppm Bi), selenium, sulphur and LREE values, and occurs within a strongly carbonate-altered sequence of psammitic sediments (see ASX release August 12th 2021).

Down-hole electromagnetic (DHEM) surveys were completed within drill-hole HMDD015, and holes HMDD012, HMDD014 within the southern prospect, using 500m x 500m transmitter loops and a DigiAtlantis three-component probe.

Modelling of the results from HMDD015 has identified a possible off-hole conductor of moderate strength (1,000 to 2,000 siemens) near the base of the drill-hole (coloured blue in *Figure 2*) plus several in-hole responses (coloured magenta) due to concentrations of iron within the BIF stratigraphy. The steep dips of the modelled plates are compatible with dips of the BIF in the core, suggesting that the untested conductor is closely associated with the mineralised BIF sequence.

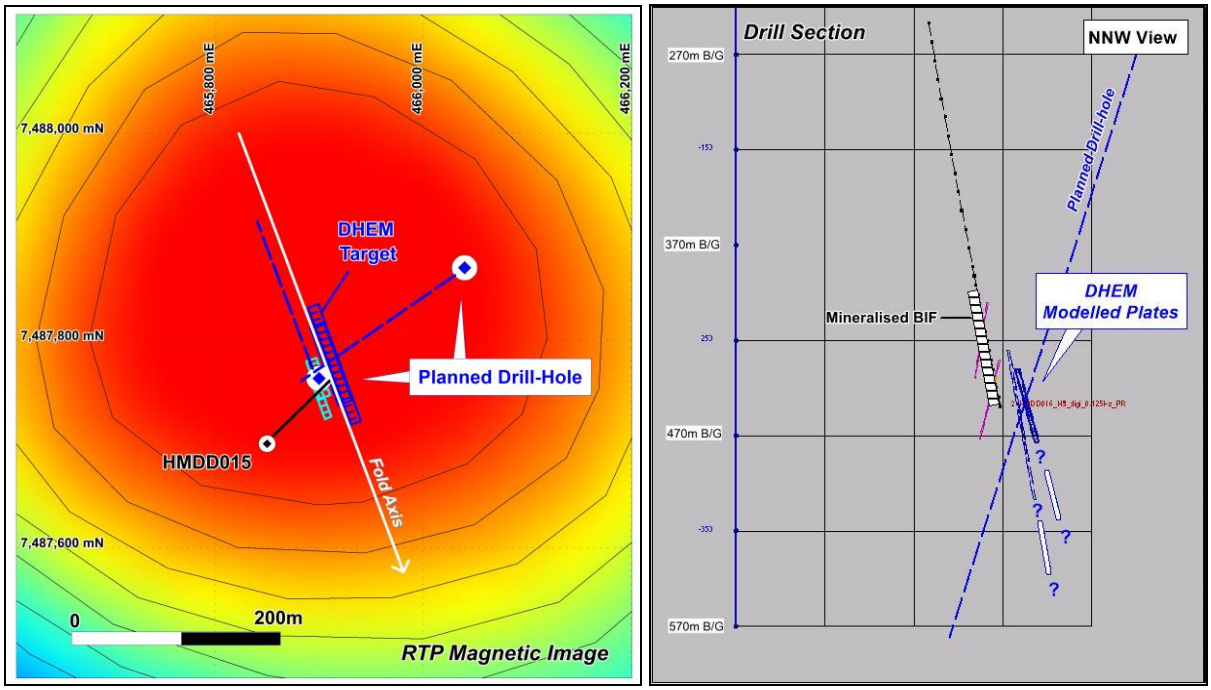

Figure 2: Hamilton North – modelled plates from DHEM survey HMDD015

Structural measurements on drill core from HMDD015 show that the BIF sequence is relatively tightly folded about a NNW trending fold-axis, highlighting the possibility of a structural trap-site (fold closure) nearby, where stronger copper mineralisation is more likely to occur. The second hole planned as part of the follow-up drilling program has been designed to test this structural target.

DHEM results from drill-holes HMDD012 and HMDD014, located within the southern magnetic complex, failed to locate any potential off-hole responses for immediate drill testing. However, structural measurements obtained from HMDD012 identified the potential

for nearby fold closures associated with the mineralised BIF sequence, highlighting the need for further exploratory work at this prospect.

Assays results from drill-hole HMDD012 are highly anomalous in many pathfinder elements including Cu, Bi, Mo, Se, Sn, W, U, Te, S, Pb, Au, and LREEs, suggesting potential to locate stronger copper mineralisation in the vicinity (see ASX release August 12th 2021).

Detailed gravity surveys are planned to provide further insight into the distribution of the BIF sequences and ironstone accumulations within both the northern and southern prospects, before additional drilling in 2022 is considered under the SAA.

The Hamilton Project covers a belt of magnetic rocks extending over a strike length of approximately 30km from north to south under Eromanga Basin cover, which varies from ~190m thick in the north to ~220m in the south (*Figure 3*). Numerous magnetic targets within this belt have never been tested by drilling.

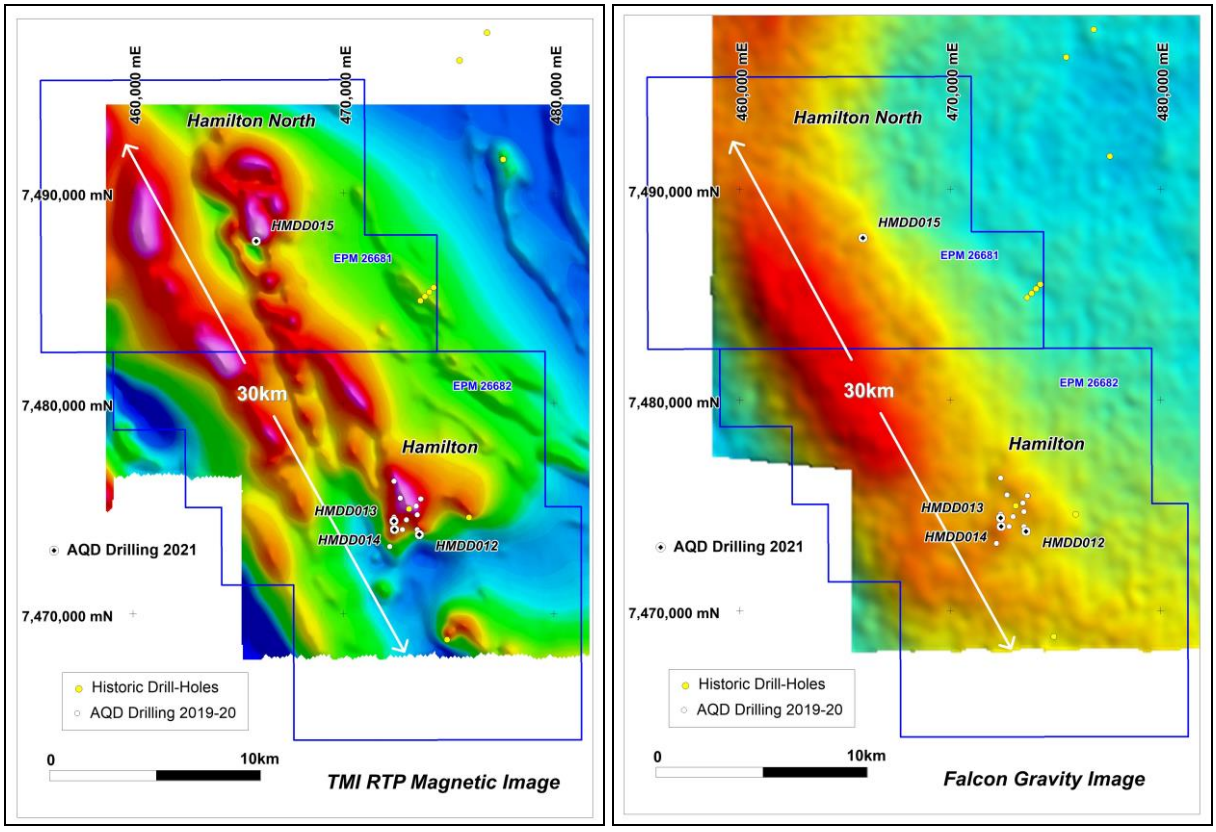

Figure 3: Hamilton Project magnetic and gravity target showing location of drill-holes

AusQuest's Managing Director, Graeme Drew, said the results of the DHEM surveys and a better understanding of the structural setting at both prospects had significantly improved the direction and planning of future drilling programs.

"Exploring under cover is never easy but we can now see a clearer forward pathway, which will hopefully speed up the discovery process," he said. "This next round of drilling, and the acquisition of detailed gravity data over the prospects, should go a long way towards understanding the potential of this area to host a new copper (+/- gold) discovery."

"We look forward to the commencement of drilling operations and to reporting results to our shareholders as they become available," he said.

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.