

June 30, 2022

ASSAYS CONFIRM LARGE-SCALE BASE METAL POTENTIAL AT BALLADONIA, WA

- **Assays support concept of BHT (Broken Hill Type) mineralisation**
- **Widespread strong Fe, Mn and K alteration evident in all drill-holes**
- **Similar alteration to the 'lode packages' found in the Cloncurry Belt (Qld)**
- **Substantial thicknesses (30-50m) of highly anomalous lead, zinc and cadmium**
- **Graphite in hole BDDH013 (4m @ 20.5% TGC) offers new possibilities**

AusQuest Limited (ASX: AQD) is pleased to advise that the base metal prospectivity of its **Balladonia Base Metal Project** in the Fraser Range region of Western Australia has been upgraded following receipt of assay results from recent drilling at the Tea Tree prospect.

The Balladonia Project is subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32).

Geological logging of drill core and subsequent petrological studies have identified a sequence of high-grade metamorphic rocks containing banded iron formations (BIFs), garnetiferous quartzites, garnetites and mafics with zones of red-rock (potassic) alteration within the sequence defined by detailed magnetic and gravity surveys (*Figure 1*).

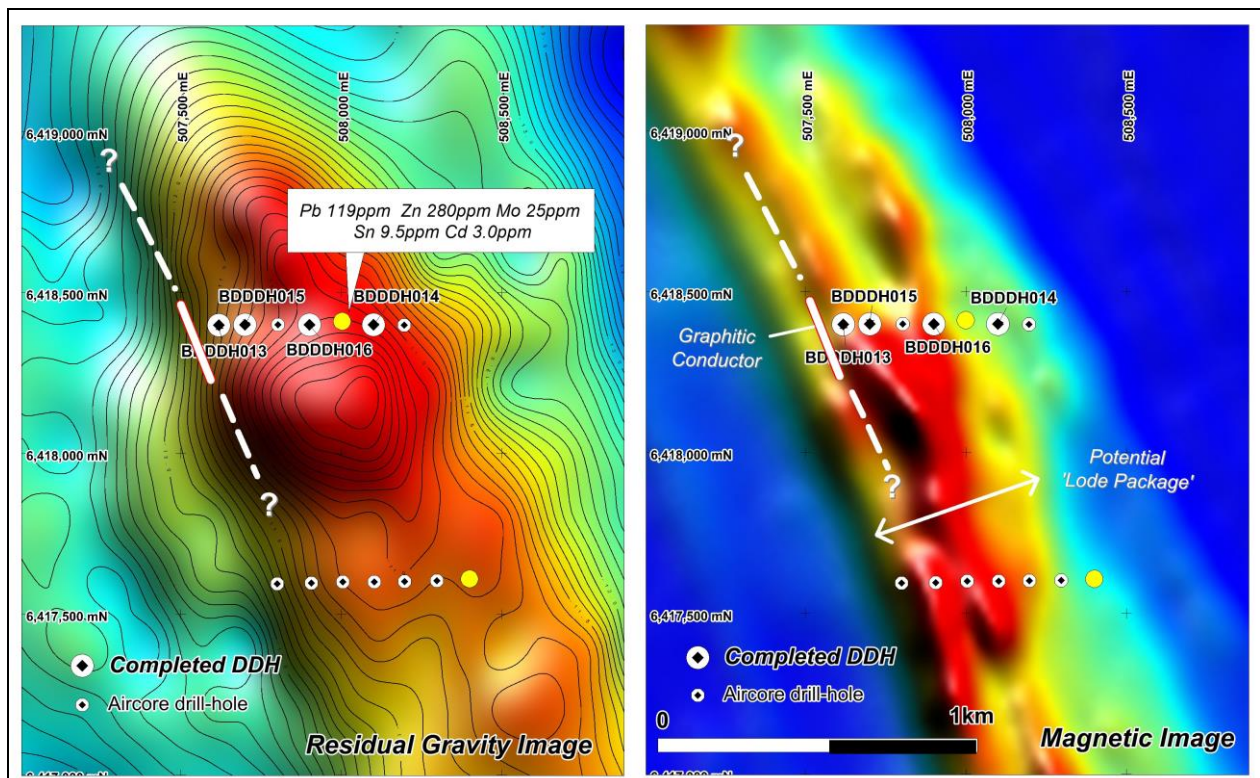


Figure 1: Tea Tree Prospect showing location of drill-holes on magnetic & gravity images.

Assay data have confirmed the presence of potassic alteration throughout much of the sequence while also identifying iron (Fe) and manganese (Mn) alteration within the garnetiferous quartzites, similar to the alteration recognised within so-called 'lode packages' found in the world-class Cloncurry Belt in NW Queensland which hosts Broken Hill Type (BHT) Pb-Zn-Ag and iron-oxide copper-gold (IOCG) deposits.

A BHT alteration index calculated from the assay data (based on a study of the Cannington deposit by S Bodon – PhD thesis, University Tasmania) shows strong BHT alteration throughout most of the drill-holes, supporting the concept that BHT deposits similar to those found in NW Queensland could be present within the Balladonia Project (Figure 2).

The presence of substantial thicknesses (~30-50m) of highly anomalous lead (average 200ppm Pb and up to 420ppm Pb), zinc (average 400ppm Zn and up to 3,170ppm Zn) and cadmium (average 4ppm Cd and up to 20ppm Cd) within the interpreted 'lode package', highlights the potential for base metals within the sequence, and the possibility for them to accumulate along strike in favourable structural settings (Figure 2).

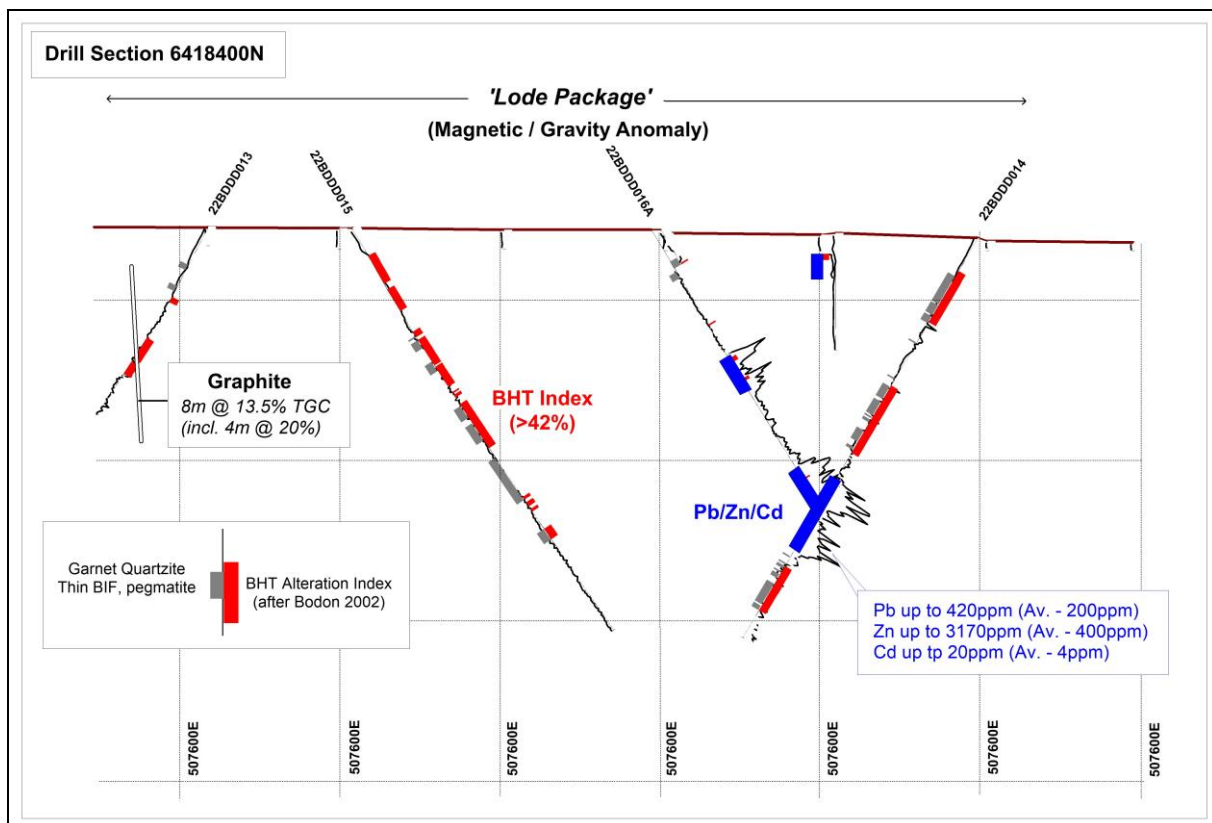


Figure 2: Drill-hole Section 6418400N showing assay results across the magnetic/gravity sequence.

The occurrence of potential 'lode packages' has not previously been recognised in the Fraser Province, and significantly upgrades the base metal prospectivity of this region. High amplitude magnetic/gravity anomalies within the Balladonia Project are now considered to be high-priority targets for BHT lead-zinc-silver and possibly IOCG mineralisation (Figure 3).

Of additional interest are the assay results from drill-hole BDDDH013, which intersected a zone of graphite mineralisation (8m @ 13.5% Total Graphitic Content (TGC) – including 4m @ 20.5% TGC) suggesting potential for a significant graphite discovery in the area.

Petrological examination of the graphite has confirmed it is coarse grained with graphite flakes in excess of 6mm in hand specimen. The extent and size of the graphitic unit is

unknown at this stage as it was only intersected in one of the drill-holes, and there has been no prior exploration for graphite in this area.

Further exploration activities at Balladonia are currently the subject of discussions with South32 under the SAA. Assay results from the Harms Lake prospect are still pending.

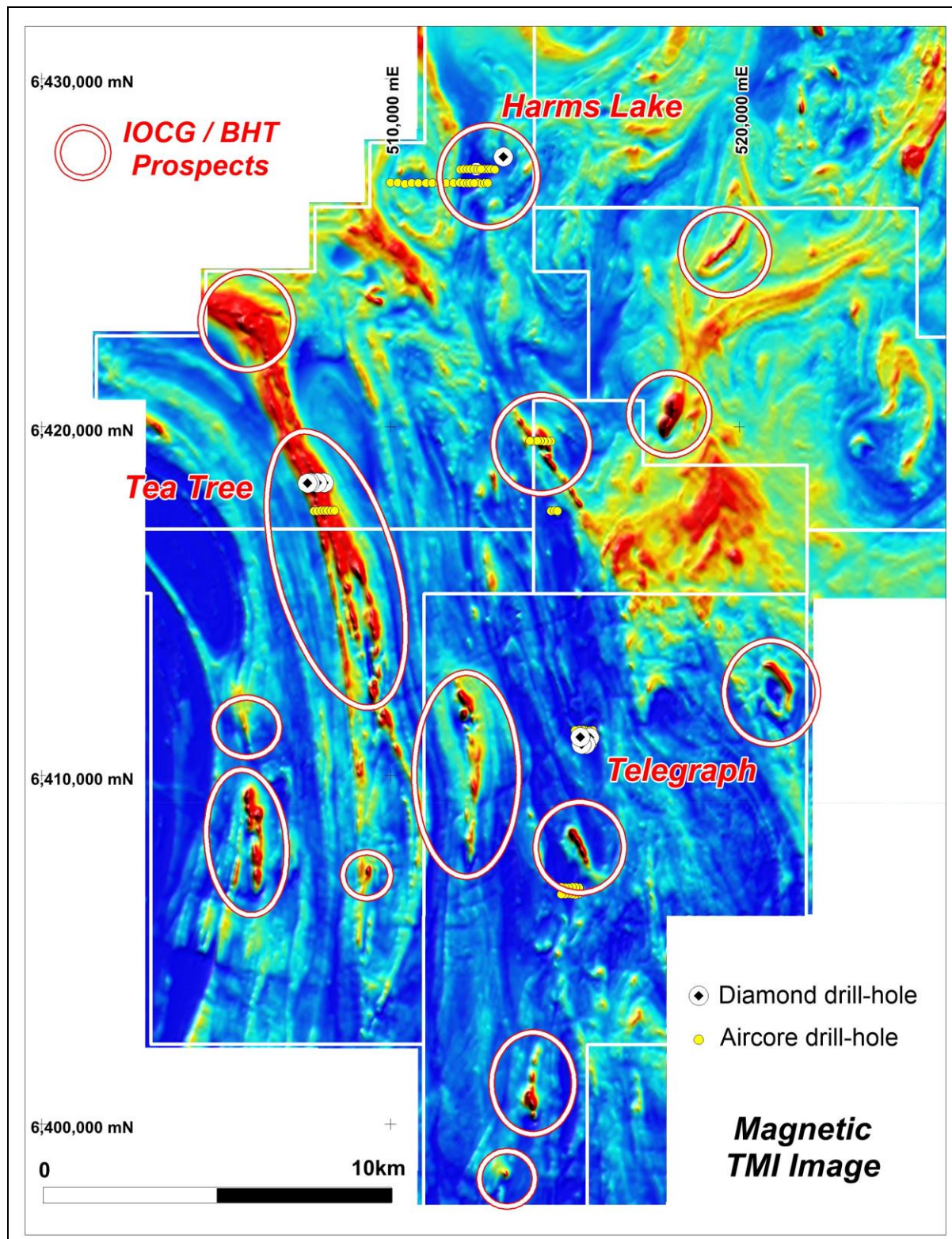


Figure 3: Detailed magnetics showing high priority target areas for BHT and IOCG mineralisation

AusQuest's Managing Director, Graeme Drew, said the assay results from recent drilling at the Tea Tree prospect were encouraging, and had further elevated the base metal prospectivity of the area.

"The concept of 'lode packages' with alteration similar to what we see in the world-class Cloncurry Belt in NW Queensland is an exciting development for the Fraser Province, and opens up some exciting exploration possibilities.

"These results provide a much clearer focus for ongoing exploration in the area where multiple targets have already been defined by our detailed magnetic surveys," he added.

"The possibility of finding another Cannington at Balladonia, or something similar, is a tantalising thought for any company.

"Meanwhile, the identification of a potential graphite discovery has opened up another intriguing growth avenue for the Company with the potential to define a resource considered a distinct possibility given the geological setting in the area."

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

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.