AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 31st March 2021

HIGHLIGHTS

Australia – Copper, Zinc, Nickel, Gold

- Diamond drilling (4 holes / ~2,000m) will commence at the **Hamilton Copper Project** in north-west Queensland during Q2 2021 under the Strategic Alliance Agreement (SAA) with a subsidiary of South32 Limited. Access preparations have been completed.

- Native Title clearances and access preparations were completed at the **Balladonia Nickel-Copper Project** in the Fraser Range Province of Western Australia, paving the way for aircore drilling (~2,200m) of Iron-Oxide Copper-Gold targets to commence in May 2021.

- The **Morrisey Nickel-Copper Project** located within the Narryer Terrane of WA was accepted as a new Exploration Opportunity under the SAA. Helicopter Electromagnetic (HEM) surveys are planned for Q2 2021 to locate potential drill targets.

Peru – Copper-Gold

- A potentially extensive (up to 1.5km²) shallow copper oxide target and strong indications of porphyry copper mineralisation have been identified from Reverse Circulation (RC) drilling results at the **Cerro de Fierro Copper Project** in southern Peru under the SAA.

- Better intersections from the RC drilling included 30m at 0.5% Cu, 5.6g/t Ag from surface; 20m @ 0.27% Cu, 2.1g/t Ag from surface; and 28m at 0.57% Cu, 9g/t Ag from 44m.

- A maiden RC drilling program (~3,000m) has commenced at the **Parcoy Copper Project** under the SAA to test for large-scale, structurally related replacement-style copper (+/- gold) mineralisation.

- Mineral concessions were granted over the **Cerro de Fierro East Copper Project.**

Corporate

- A capital raising of approximately $3.0M was successfully completed during the Quarter through the issue of up to 143 million new shares at 2.1 cents per share and up to 71.5 million unlisted options exercisable at 4.0 cents on or before 1st March 2023 to sophisticated and professional investors of Euroz-Hartleys as per the ASX release on 19th February 2021.

- The Company's Quarter-end cash position was ~$4.9 million.

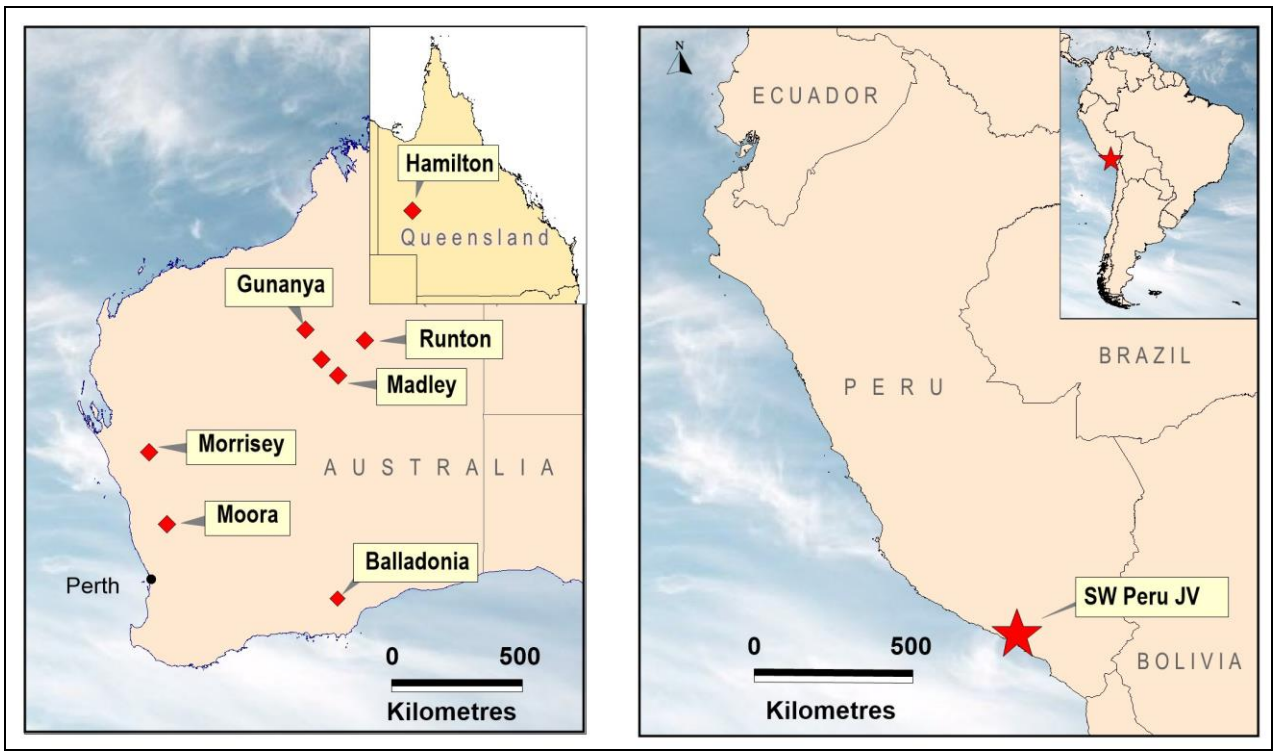


Figure 1: Project Locations – Australia and Peru

OVERVIEW

Exploration activity during the Quarter focused on drilling operations at the Cerro de Fierro Copper Project in southern **Peru** and access preparations for the maiden drilling program at the Parcoy Copper Project following the receipt of approvals from the Peruvian Government.

In **Australia,** a capital raising was successfully completed, improving the Company's cash position in order to identify and advance new acquisition and/or exploration opportunities both in Australia and Peru that might be of interest to the Company's strategic alliance partner, South32. Preparations for the onset of drilling at the Hamilton and Balladonia Projects were also completed and a new nickel-copper exploration opportunity was presented and accepted by South32 late in the Quarter.

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

<u>Hamilton Copper-Gold Project</u> (*100% AQD, subject to SAA*)

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine. It consists of two Exploration Licences covering an area of ~520km². Exploration is targeting Iron-Oxide Copper-Gold (IOCG) mineralisation beneath the extensive cover in the region. Limited historical drilling designed to test magnetic and gravity targets has provided evidence for "near-miss" situations which will be the focus of the Company's exploration program. Exploration work at Hamilton is being funded under the SAA.

During the Quarter access preparation and drill pads were established to enable the diamond drilling program to commence during Q2 2021 as planned.

A total of three diamond drill-holes for ~1,500m are planned to test discrete magnetic/gravity targets that occur within the potassic alteration halo defined by earlier drilling. The size of the alteration halo is similar to that reported at the Ernest Henry copper-gold deposit located ~250km to the north.

The location of drill-sites has been optimised by detailed modelling of recently acquired aeromagnetic data which provided greater control on target geometries and depths. Drill-holes are planned to be drilled to depths of ~500 metres (*Figure 2*).

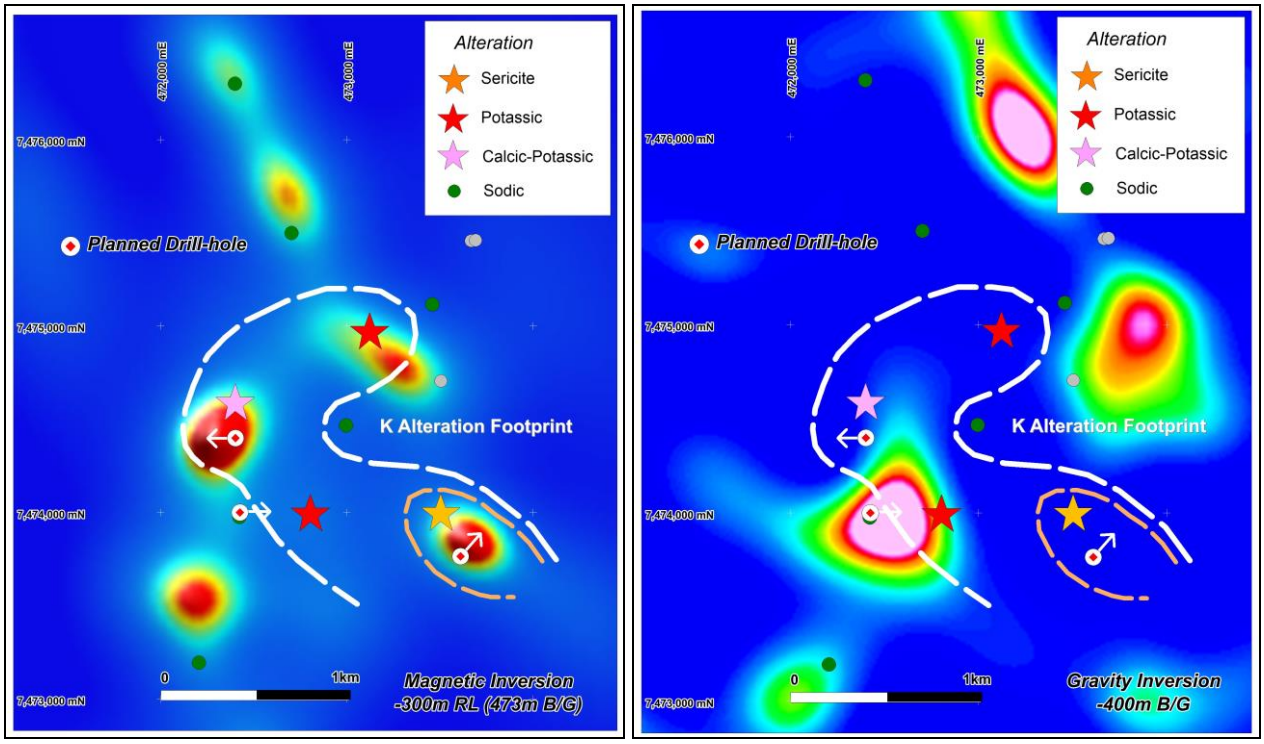


Figure 2: Hamilton Copper Prospect magnetic and gravity models showing proposed drill sites.

A fourth drill-hole (~400m) is planned to test a new magnetic/gravity target located ~15km to the north of the main target area, within a similar interpreted tectono-stratigraphic setting. The coincident magnetic/gravity response is thought to reflect another possible Ernest Henry style target (*Figure 3*).

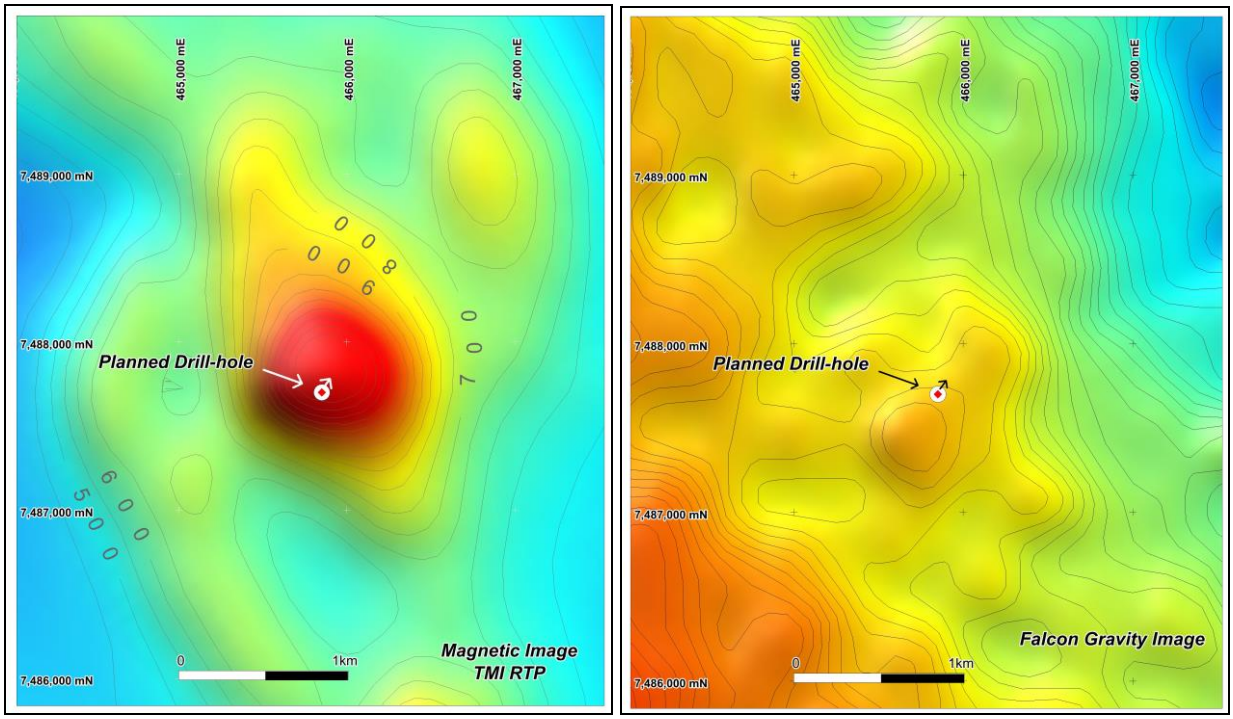


Figure 3: Hamilton North Prospect showing magnetic / gravity target and proposed drill site

A drilling contract was signed during the Quarter with drilling support to be provided by local contractors to avoid any issues with border closures due to the COVID-19 pandemic. Drilling is expected to take approximately three to four weeks to complete, with assays available within four weeks of the completion of drilling.

Drilling to date has provided strong indications of possible IOCG mineralisation similar to that found at the Ernest Henry deposit. A large potassic alteration zone similar in size to that reported at Ernest Henry has been outlined by five of the 13 holes completed to date. Magnetic targets close to drill-holes with the strongest alteration are being targeted as a priority.

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 six Exploration Licences (three granted and three applications) covering an area of ~750km² and is located within a structurally complex region of the Fraser Range Terrain. 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 of north-west Queensland (east of Mt Isa), where iron-oxide copper-gold (IOCG) and Broken Hill Type (BHT) deposits are known to occur are also apparent. Many of the tenements lie within the Dundas Nature Reserve. Exploration work at Balladonia is being funded under the SAA.

Heritage clearance surveys and access preparations for the planned air-core drilling program were successfully completed during the Quarter. This program (~60 holes for a total of ~2,000m) will test magnetic targets thought to represent possible IOCG and/or BHT-style deposits similar to those found in the Eastern Succession of NW Queensland (*Figure 4*).

The discovery of anomalous base metals (Cu, Pb, Zn, Ag) at the Company's Telegraph Prospect and the possible association of base metals with carbonatite intrusions has highlighted the potential for further base metals to be found in this area.

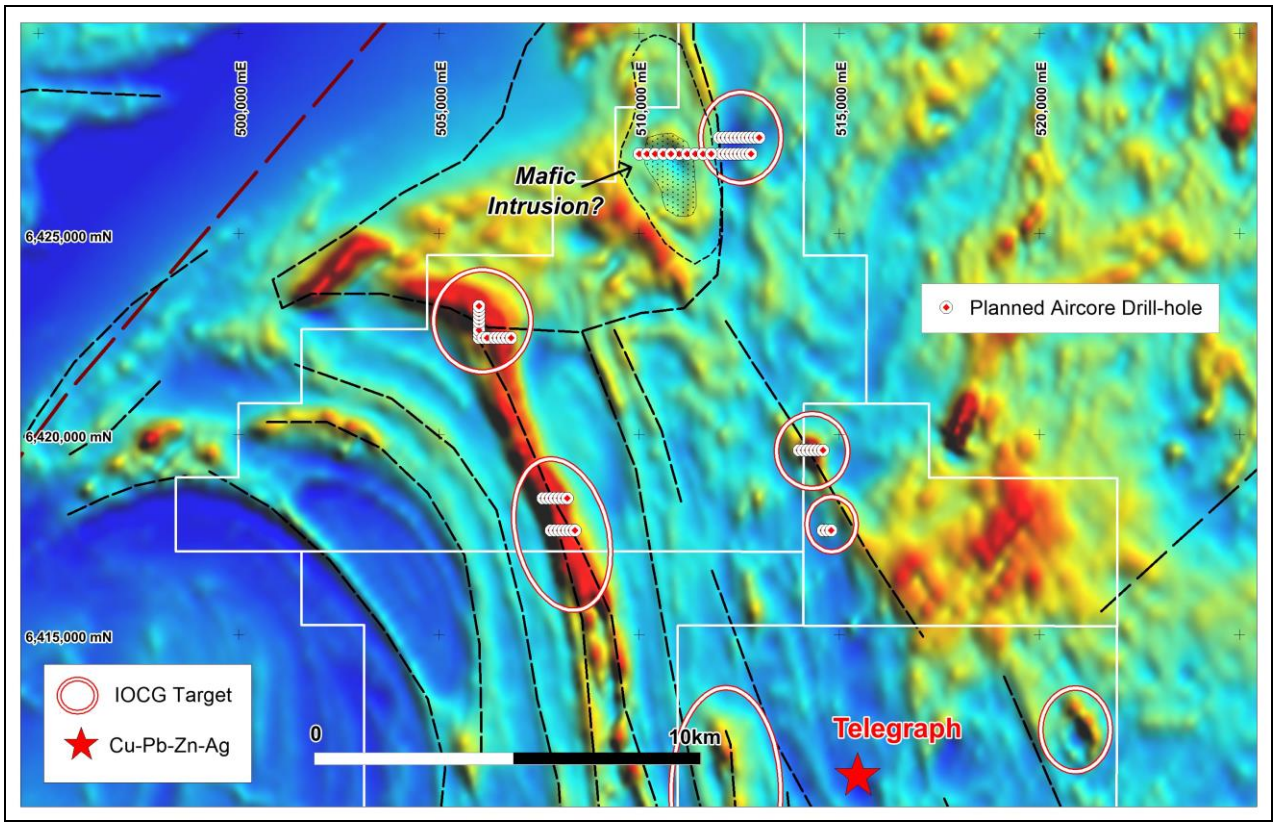


Figure 4: Balladonia Project magnetic image showing targets for air-core drilling

A drilling contract was signed with drilling expected to begin in May and take approximately two weeks to complete. Final assays are expected within four weeks of completion of the program.

Morrisey Nickel-Copper 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 five Exploration Licences (one granted and four applications) covering an area of ~1,200km² parallel to the Yilgarn Craton boundary. The area recently 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.

During the Quarter, the Morrisey Nickel-Copper Project was accepted as a new Exploration Opportunity under the SAA following several technical meetings between the parties.

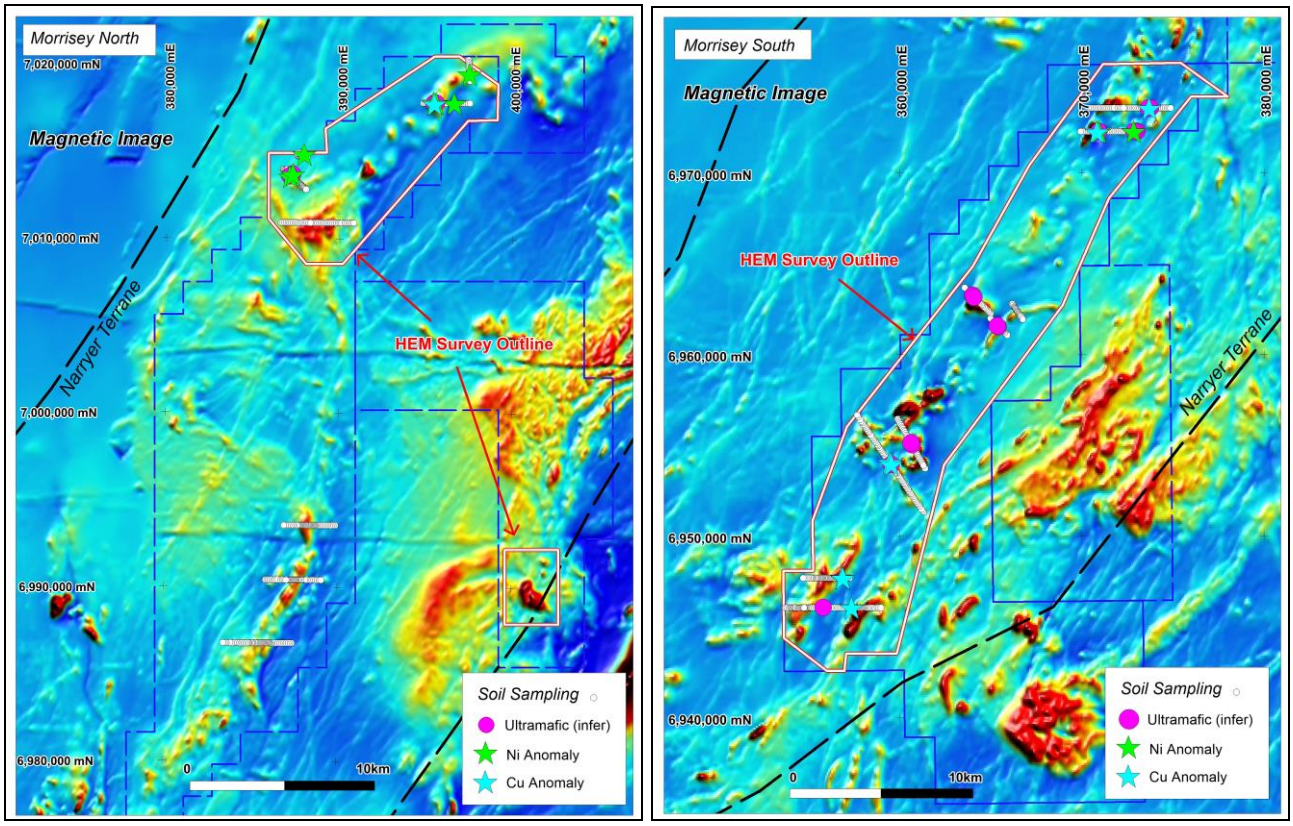


Figure 5: Morrisey magnetic images showing regional soil sampling and HEM Survey outline

The Project was initially secured to cover magnetic targets indicative of mafic/ultramafic host rocks in a similar tectono-stratigraphic setting to the Julimar (and possibly Nova-Bollinger) discovery.

Regional soil sampling across priority target areas supported the presence of prospective mafic/ultramafic rock types in the area as well as locating several nickel-copper soil anomalies with potential to reflect nickel sulphide mineralisation (as reported to ASX in December 2020 Quarterly Report).

A proposal to advance this Exploration Opportunity to the drilling stage has been accepted under the SAA and a Helicopter Electromagnetic (HEM) survey to locate potential massive sulphide targets within key target areas has been planned (*Figure 5*). This survey is scheduled to commence in late May 2021.

<u>Paterson Gold-Copper Projects</u> (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 consists of the Gunanya, Madley and Runton Projects which are targeting discrete magnetic targets proximal to regional fault systems in the southern half of the Province similar to those at Winu and Havieron.

During the Quarter, the Company was advised that South32 were withdrawing from the

Gunanya Project as the early reconnaissance drilling, reported to the ASX on 23rd December 2020, had not provided sufficient encouragement for them to continue funding the project.

AusQuest will retain 100% of the Gunanya title plus the Madley and Runton Projects within the Paterson Province in order to further assess their copper and gold potential.

At Gunanya, reinterpretation of the aeromagnetic data suggests that Anomaly 2, which was not effectively tested by the maiden drilling program, could occur within sediments (Mundadjini Formation?) to the east of a major structure, and as such, is still considered to be a drilling target.

Detailed modelling of magnetic targets within the Madley Project has been completed, highlighting discrete, depth limited bodies at relatively shallow depths (ranging from 200m to 400m) beneath the extensive sand and sedimentary cover close to regional structures. The Company is considering its options with regard to these potential drill targets.

Moora Nickel-Copper Project ***(100% AQD)***

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 five Exploration Licences and covers an area of ~570km². The area recently 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.

All tenements within the Moora project have now been granted, with the Company having sub-surface mineral rights. Negotiations continued with landowners in order to gain access to selected properties to enable substantive field work to commence.

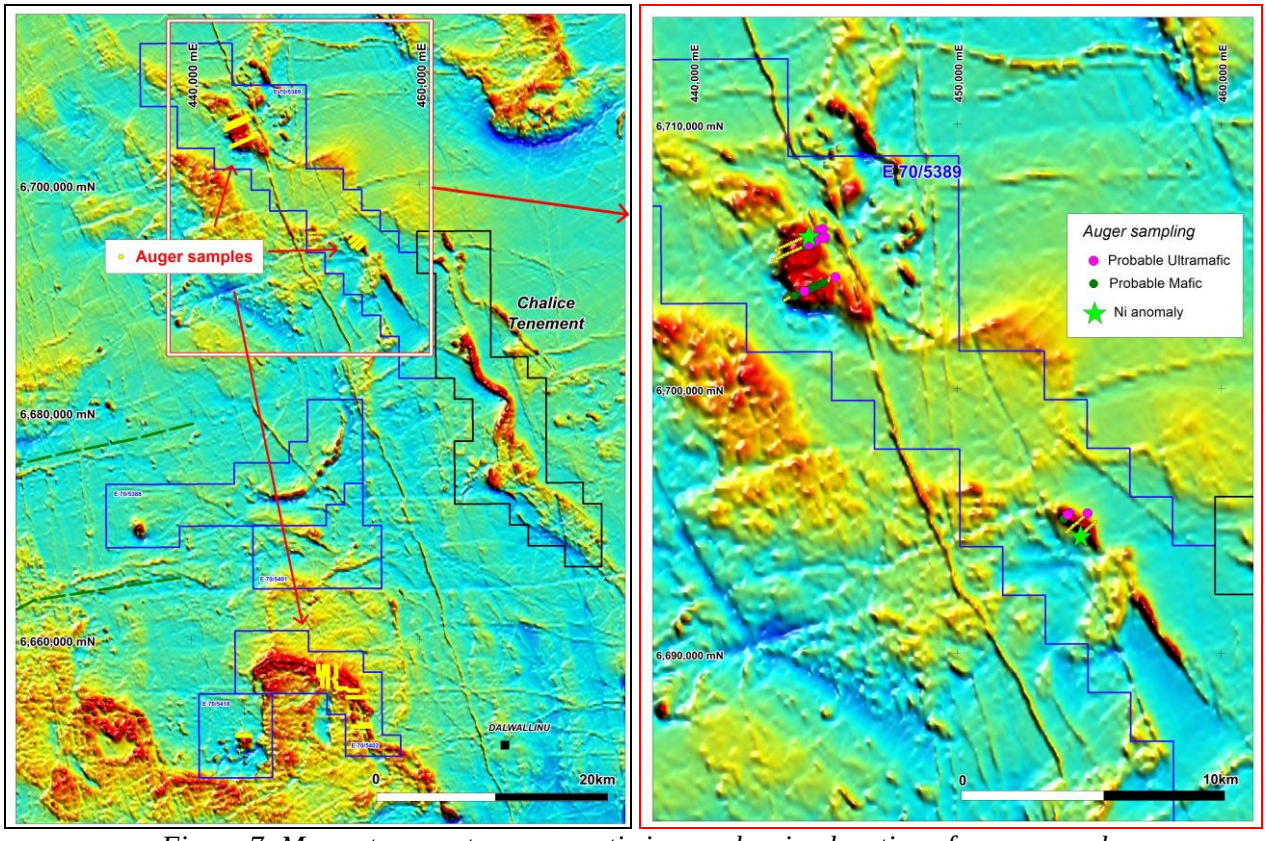


Figure 7: Moora tenements on magnetic image showing location of auger samples

During the Quarter, reconnaissance auger sampling (267 samples) to depths of <2 metres was completed over several target areas in order to identify possible host rocks for nickel and copper mineralisation. Samples were collected at 50m and/or 100m intervals along regional traverses and sent to Intertek-Genalysis for multi-element analyses.

Assays received late in the Quarter contained elevated levels of chrome (>250ppm Cr) reflecting possible mafic and ultramafic host rocks in several locations as well as low levels of nickel anomalism (70ppm Ni). The Company's consultants are currently processing and analysing the data to understand the implications of these results (*Figure 7*).

New Opportunities (Australia)

Several new opportunities were assessed by the Company's consultants. A new Exploration Licence application was submitted to secure potential nickel-copper targets in the Jubilee Lake area, ~500km east of Kalgoorlie, following assessment of the available aeromagnetic data. A heritage agreement over the title is currently being negotiated.

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) Iron-Oxide Copper-Gold (IOCG) targets with the size potential being of significance to AusQuest (Figure 7). 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.

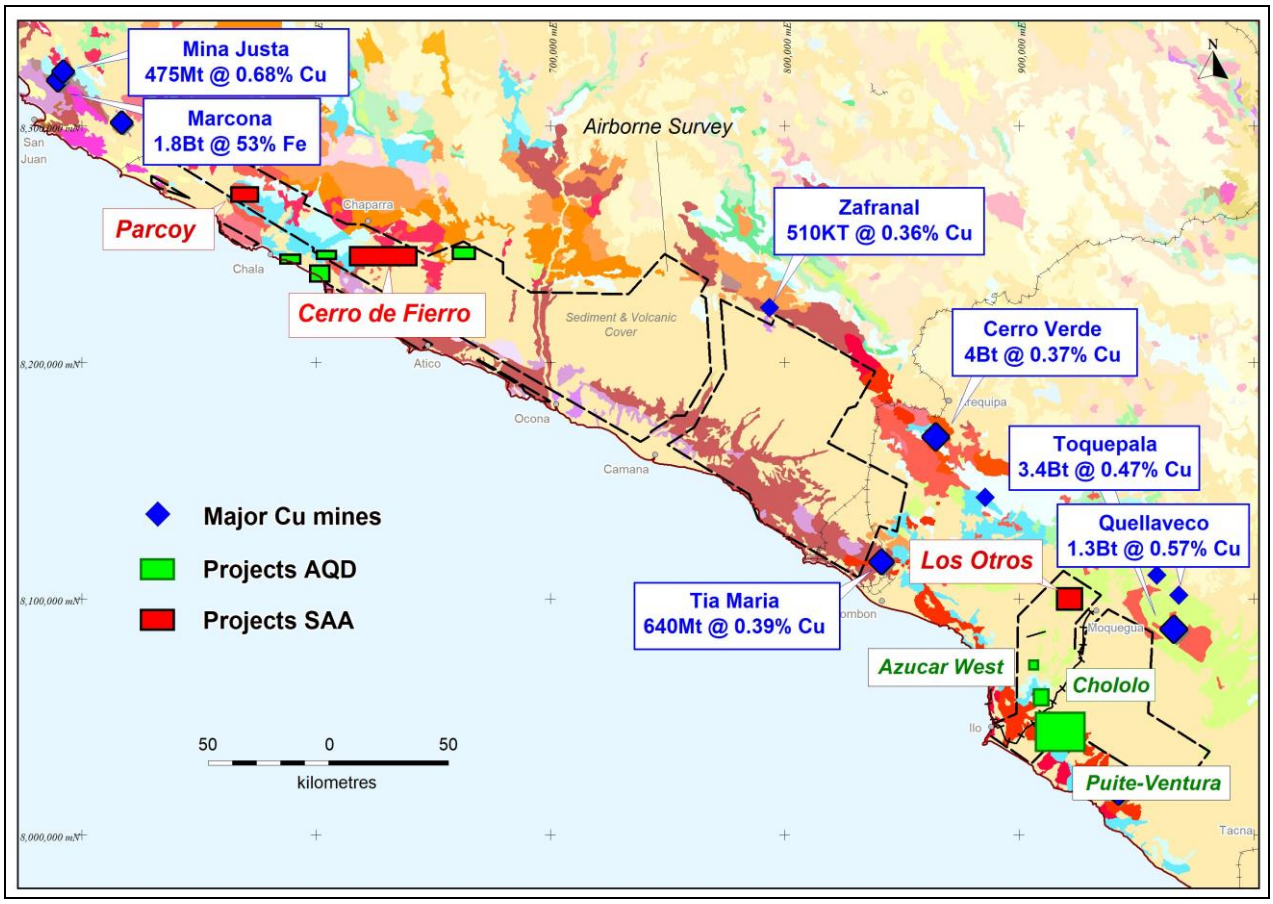


Figure 7: Project Locations – Southern Peru

Cerro de Fierro IOCG *(100% AQD – South32 option to earn 70%)*

The Cerro de Fierro Project is located at the southern end of a recognised Iron-Oxide Copper-Gold (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. It is subject to an agreement with South32, which can earn a 70% interest in the project by spending a total of US$4.0 million.

During the Quarter, a Reverse Circulation (RC) drilling program comprising 15 holes for a total of 5,048m was successfully

completed to test for near-surface extensions of the copper mineralisation that was previously discovered at depth (~150m to 300m) during earlier drilling programs to the north.

Five of the widely-spaced drill holes intersected shallow copper oxides (at depths <50m) with thicknesses varying from ~20 to 30 metres and average copper grades ranging from ~0.13% Cu up to ~0.57% Cu with associated silver values from ~1.0g/t Ag and up to 9.0g/t Ag. Significant assay results and drill-hole details are summarised in the table below:

Drill-Hole	Easting	Northing	From (m)	To (m)	Width (m)	Cu %	Ag g/t
CDFRC001	620258	8245778	206	244	38	0.17	1.4
CDFRC002	620383	8245474	228	240	12	0.32	3
CDFRC004	619475	8245066	0	30	30	0.5	5.6
CDFRC006	618740	8244468	44	72	28	0.57	9
CDFRC007	619710	8245414	18	36	18	0.13	0.8
CDFRC015	619475	8245060	0	20	20	0.27	2.1

Compilation of the drilling results with surface rock-chip sampling data and topography demonstrated a strong relationship between anomalous copper values at surface (Cu values from 200ppm up to >1.0% Cu) and topographical relief. Four drill-holes (CDFRC 003, 005, 008, 010) were found to be located within valleys below the copper-bearing horizon and consequently did not intersect the shallow copper oxides, while six drill-holes were located outside the limits of the mineralisation.

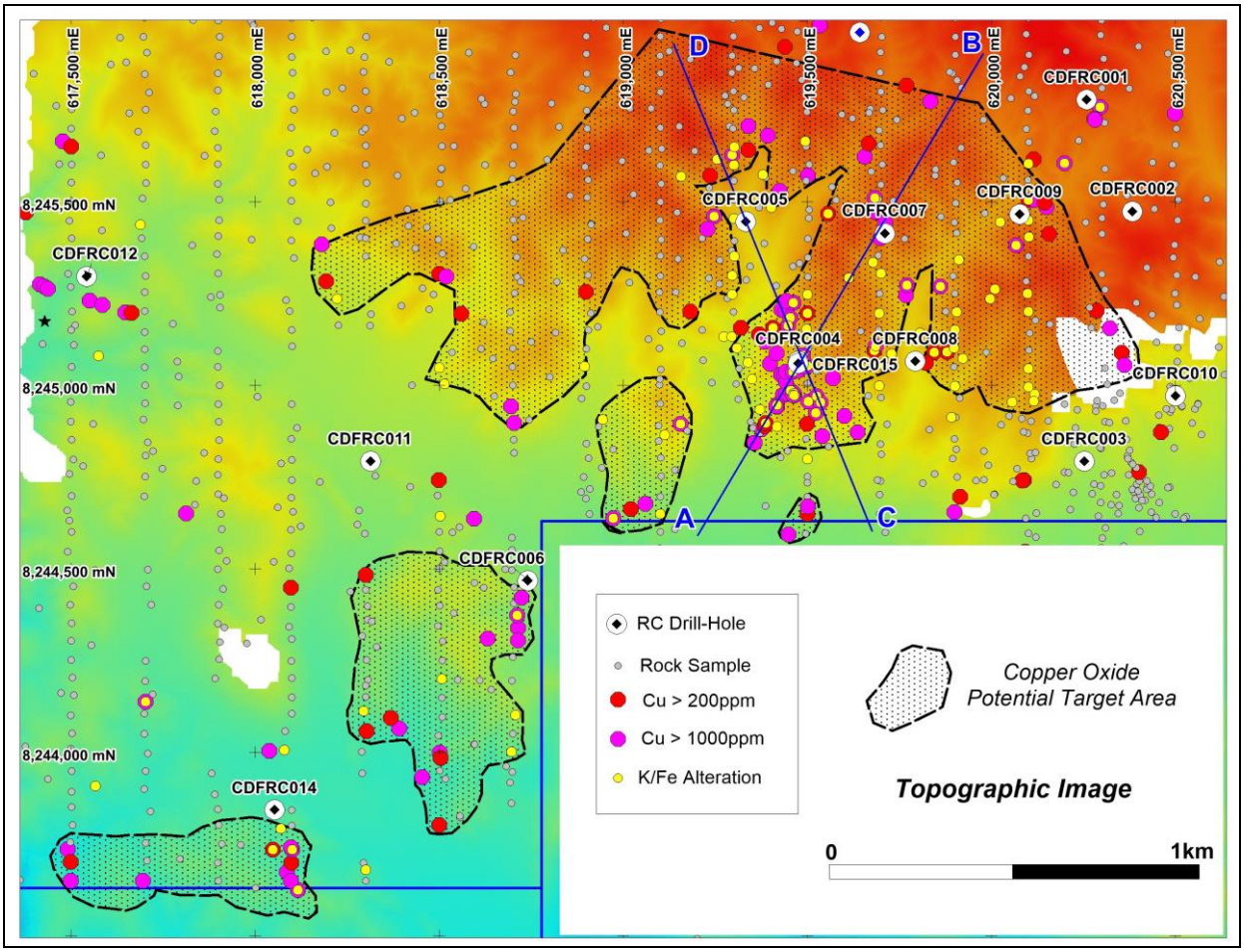


Figure 8: Topographic image showing drill-hole locations and potential copper oxide target area

While the extent, thickness and grade of the shallow copper oxide mineralisation is not fully known at this stage, the possible extent of the mineralised horizon appears to be extensive (up to 1.5km²), subject to further drilling and/or sampling to confirm continuity and grade of the copper within the potential target area.

Figure 8 shows the location of drill-holes with respect to topography as well as the interpreted outline of the potential shallow copper target area. Figures 9 and 10 show the relationship between shallow copper oxides and topography along cross-sections A-B and C-D over the main mineralised area.

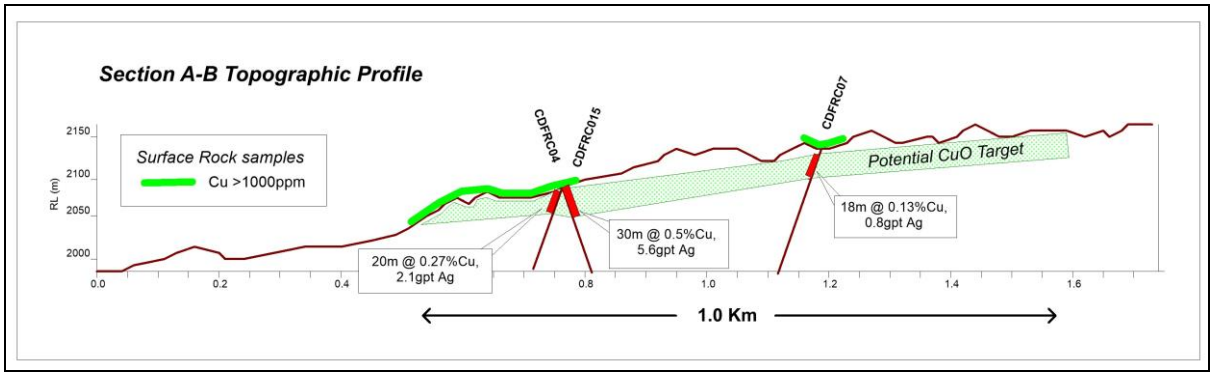


Figure 9: Interpreted section A-B showing copper oxides relative to topography

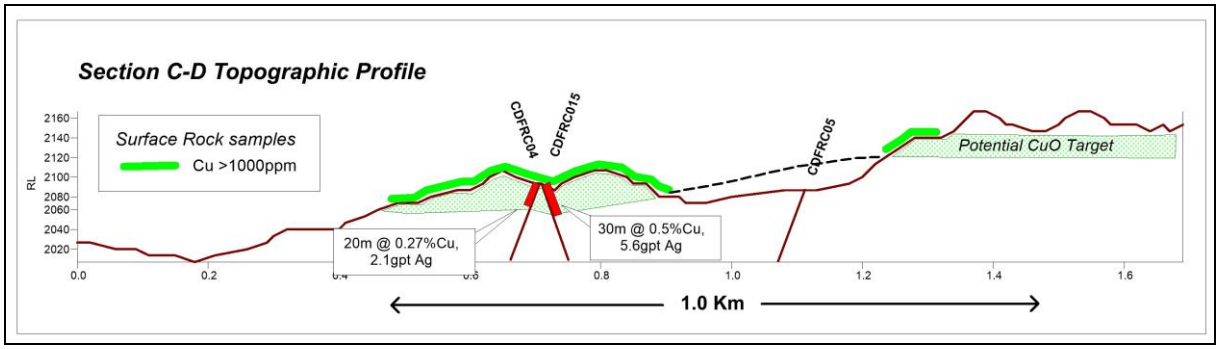


Figure 10: Interpreted section C-D showing copper oxides relative to topography

Assay results from the RC drilling program also provided strong evidence for nearby porphyry copper mineralisation located either lateral to, and/or beneath, the current level of drilling.

Thick zones (>80m) of strong advanced argillic alteration (lithocap) were intersected below the copper oxide layer in eight of the RC drill-holes (*Figure 11*). Multi-element geochemical analysis of these zones identified pathfinder elemental associations (Mo, W, Te, Bi) and vectors that suggest the drill-holes are close to the base of a lithocap and, by definition, close to potential porphyry copper mineralisation.

Copper sulphides (chalcopyrite) intersected in drill-hole CDFRC015 (copper assays ranging from 0.1% Cu to 0.8% Cu), albeit over a relatively narrow thickness (26 metres), occur in a zone of remnant potassic alteration within the lithocap, providing strong evidence for copper being present within the nearby porphyry(s).

Compilation and analysis of all available data by the Company's consultants is continuing in consultation with South32, in order to further understand the implications of these results and to plan future exploration programs in the area.

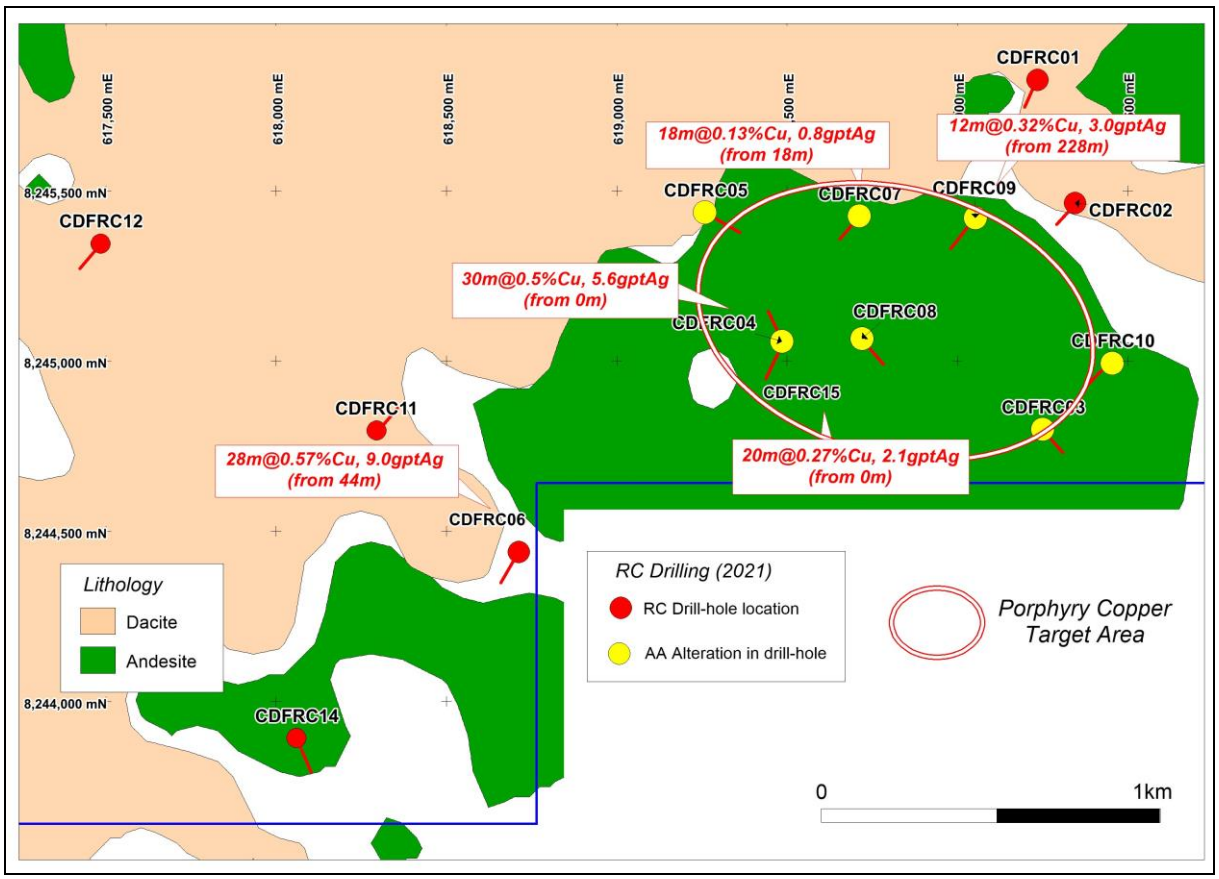


Figure 11: Simplified geology showing RC drill-holes and priority porphyry copper target area

<u>Parcoy IOCG</u> *(100% AQD – South32 option to earn 70%)*

The Parcoy Project is located near the southern end of a recognised Iron-Oxide Copper-Gold (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.

During the Quarter, access and drill pad preparations were completed to enable the Project's maiden drilling program to commence in late April 2021.

A total of eight Reverse Circulation (RC) drill-holes for approximately 3,000m is planned in order to test two priority target areas that have been identified by the Company's rock-chip and soil sampling programs completed during 2019 and 2020 (*Figure 12*).

Copper (+/-gold) anomalies and associated indicator elements (Mo, Bi, Au, Te, Zn, Sb) within andesitic volcanics have outlined targets for the initial 'Proof-of-Concept' drilling, which should determine the Project's potential for large-scale, structurally related replacement-style copper (+/-gold) mineralisation.

The drilling contract was finalised during the Quarter, with drilling operations expected to commence towards the end of April and take approximately three to four weeks to complete. Final assays are expected within four weeks of completion of drilling.

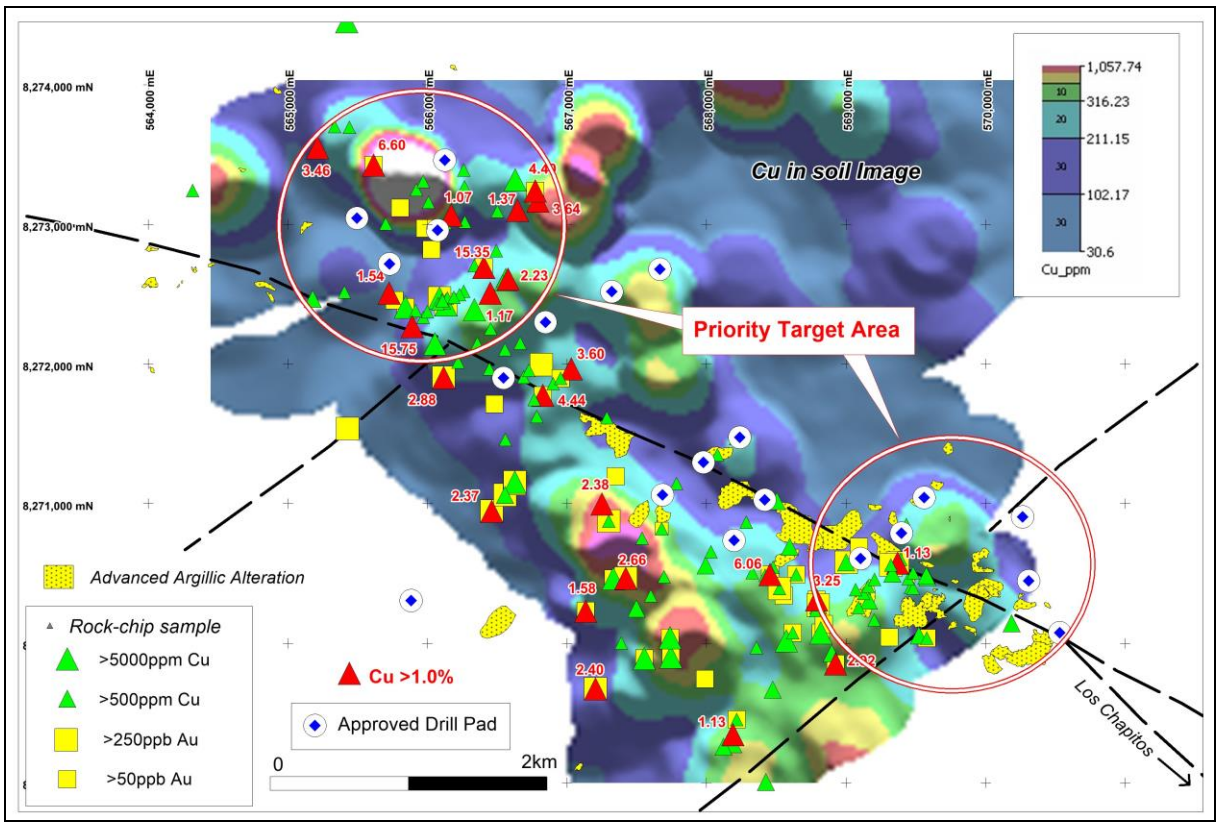


Figure 12: Parcoy copper distribution showing priority drill-hole locations

<u>Los Otros Porphyry Copper Project</u> ***(100% AQD, subject to SAA)***

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. Exploration work at Los Otros is being funded under the SAA.

At Los Otros, community consultations are now scheduled to commence in early Q2 2021, with the Company still expecting the drill permitting process to be completed around mid-2021. This will allow drilling operations at Los Otros to commence during the second half of 2021.

The porphyry copper target(s) is associated with an area of advanced argillic alteration (~1km²) that appears to have a Palaeocene age date, similar to the age dates reported for the nearby giant porphyry copper deposits.

<u>New Opportunities (Peru)</u>

A program of geological mapping and soil sampling is planned for the Puite-Ventura area near the town of Ilo, where historical drilling suggests there could be potential for buried porphyry copper mineralisation. This program is expected to commence during Q2 2021 and provide sufficient data to enable a decision to be made on the future potential of this area.

CORPORATE

During the Quarter, the Company successfully completed a capital raising of approximately $3.0M through the issue of up to 143 million new shares at 2.1 cents per share and up to 71.5 million unlisted options exercisable at 4.0 cents on or before 1st March 2023 to sophisticated and professional investors of Euroz-Hartleys (as per the ASX release on 19th February 2021).

During the same period, the Company invested $1.36 million in exploration and had approximately $4.9 million in cash remaining at the end of March. In addition, further funding from South32 to cover agreed work programs (including drilling) over the Strategic Alliance Projects is expected in Q2 2021.

The Company's Cashflow Report (Appendix 5B) for the Quarter ended 31 March 2021 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 continues to monitor advice from the Government and health authorities with regard to restrictions imposed by COVID-19, in order to ensure the health and well-being of its employees and contractors.

KEY ACTIVITIES – JUNE 2021 QUARTER

- Hamilton (Cu-Au) – Complete Stage 3 diamond drilling program;
- Balladonia (Cu-Au-Ni) – Complete reconnaissance air-core drilling program;
- Moora (Ni-Cu) – Continue access agreements to enable wider access, trial HEM;
- Morrisey (Ni-Cu) – Complete HEM surveys over priority Ni-Cu target areas;
- Paterson (Cu-Au) – Complete assessment of Projects & plan future programs
- Peru (Cu-Au) – Assess RC drill results at Cerro de Fierro & plan future programs;
- Peru (Cu-Au) – Complete maiden RC drilling program at Parcoy;
- Peru (Cu-Au) – Complete drill permit process at Los Otros;
- Peru (Cu-Au) – Commence mapping & soil sampling in the Puite-Ventura area.

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.

JORC Code, 2012 Edition – Table 1 Report Soil Sampling – Moora Nickel-Copper Project

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.*	• Reconnaissance auger soil sampling was completed along regional lines located kilometres apart. Samples were collected at 50m and 100m intervals along each line. • Sample locations were recorded by hand-held GPS. • Soil sampling sites were logged by the sampler and recorded on a sampling spread sheet • Each soil sample was collected with a Toyota Landcruiser mounted mechanized auger by augering vertically to refusal or to a maximum depth of 2m. • Approximately 1 - 2kg of -2mm material was collected in a numbered calico bag from the bottom of the auger sampler. • Entire sample submitted for preparation and assay.
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).*	• No drilling undertaken
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 whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling undertaken
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,*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
	channel, etc) photography. • *The total length and percentage of the relevant intersections logged.*	
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.*	• No sub-sampling was completed
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.*	• The samples were submitted to Intertek Genalysis Maddington, WA, for 48 element suite 4A/MS48 and Au by 50g fire assay (FA50/OE) • Samples were subjected to a multi-acid digest, including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids, in teflon tubes providing close to a total digest for most elements. • Samples were analysed (48 elements) by Inductively Coupled Plasma Mass Spectrometry.
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.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
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.*	• Sample locations are established with a handheld GPS to +/- 5m accuracy. • Grid system used is GDA94 Zone 50.
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.*	• Samples were collected on regional lines located kilometres apart at 50m and 100m intervals along each line.

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	
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.*	• Sample lines were oriented perpendicular to the strike of the inferred stratigraphy.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport by AusQuest personnel to the assay laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out on the sampling 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 Moora Project is located immediately west and northwest of Dalwallinu, approximately 230 km north-east of Perth in Western Australia. • Tenement holdings include Exploration Licences E70/5388, E70/5389, E70/5401, E70/5402 and E70/5418, all 100% held by AusQuest Limited. • Access agreements are in the process of being negotiated over freehold land. • The tenements are all in good standing. • Aboriginal heritage surveys are completed where required ahead of ground disturbing activities.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration is very limited and was mainly focused on bauxite and BIF associated magnetite iron ore. • Limited aircore, RC drilling and surface sampling was reported, targeting magnetic anomalies as possible iron ore deposits. • Detailed aeromagnetic data were available over the

Criteria	JORC Code explanation	Commentary
		northern half of EL 70/7389,5401, 5402 and the extreme western part of EL 70/5388 as part of the search for iron ore. These data are being used in the current exploration of the area.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Moora Project is targeting nickel-copper-PGE mineralisation in mafic/ultramafic intrusions within the extreme western part of the Yilgarn Craton.

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.*
		• No drilling undertaken

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.*	• No drilling undertaken
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').*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
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.*	• Soil auger sample locations are provided 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.*	• Interpretation of the regional soil assay data is in progress.
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 area was selected for sampling based on geological and geophysical data interpretations by the company.
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 geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Proposals of further work will be done after a thorough analysis of the data is completed.

Appendix 5B

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

Name of entity

AUSQUEST LIMITED

ABN	Quarter ended ("current quarter")
35 091 542 451	**31 March 2021**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	203	568
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(52)	(143)
	(e) administration and corporate costs	(362)	(744)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	15	122
1.8	Other (R&D Refund)	761	761
1.9	**Net cash from / (used in) operating activities**	**563**	**561**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(2)
	(d) exploration & evaluation	(1,357)	(4,251)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 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	2,275	3,759
2.6	**Net cash from / (used in) investing activities**	**918**	**(494)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,350	2,350
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	(147)	(147)
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	(3)	(40)
3.10	**Net cash from / (used in) financing activities**	**2,200**	**2,163**

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,224	2,719
4.2	Net cash from / (used in) operating activities (item 1.9 above)	563	561
4.3	Net cash from / (used in) investing activities (item 2.6 above)	918	(494)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,200	2,163
4.5	Effect of movement in exchange rates on cash held	5	(39)
4.6	**Cash and cash equivalents at end of period**	**4,910**	**4,910**

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	4,910	1,224
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)**	**4,910**	**1,224**

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	19
6.2	Aggregate amount of payments to related parties and their associates included in item 2	48

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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
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)	563
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,357)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(794)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,910
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,910
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	6.18

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.

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?

N/A

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?

N/A

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?
N/A	

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: 30 April 2021

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.