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# **AUSQUEST LIMITED**

**ABN 35 091 542 451**

## **FINANCIAL REPORT**

**for the financial year ended 30 June 2023**

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## Corporate Directory

**Board of Directors** Mr Greg Hancock - *Chairman and Non-Executive Director*  
Mr Graeme Drew - *Managing Director*  
Mr Chris Ellis - *Non-Executive Director*

**Company Secretary** Mr Henko Vos

**Registered Office** C/- Nexia Perth  
Level 3, 88 William Street  
Perth WA 6000  
Telephone: +61 8 9463 2463  
Website: [www.nexia.com.au](http://www.nexia.com.au)

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**Auditors** HLB Mann Judd (WA) Partnership  
Level 4, 130 Stirling Street  
Perth WA 6000

**Share Registry** Advanced Share Registry Services  
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Nedlands WA 6009  
Telephone: +61 8 9389 8033  
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Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)

**Securities Exchange Listing** Australian Securities Exchange  
(Home Exchange: Perth, WA)  
Code: AQD

**Banker** Australia and New Zealand Banking Group  
135 Riseley Street  
Booragoon WA 6154

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## Chairmans' Letter

Dear Shareholder

I am pleased to report on what has been another very active year, which saw us drill test a broad range of targets in Peru and Australia, including the identification of a prospective magnetite discovery at Morrisey and a series of new targets in both countries that will form the basis of our ongoing work programs next year.

Most of this work has taken place under our long-standing Strategic Alliance Agreement (SAA) with South32 Ltd.

In Australia, the recent 10-hole programme at Balladonia provided further evidence of Broken Hill Type (BHT) mineralisation. This type of mineralisation typically hosts large-scale mineral resources including base metals. While no "signature" intersections have yet been found, assays are pending which will provide further line of sight to future targets of interest.

Drilling at the Morrissey Project earlier in the year delivered some encouraging magnetite numbers. Following Davis Tube testing of these samples, an encouraging beneficiation outcome was delivered, with a premium iron product grading greater than 70% Fe with low impurities produced.

Scale and tonnage is now the key issue and this will be tested in coming months as several new adjacent target areas are drilled.

At Moora, a four-hole programme confirmed some geological similarities to the prospective Gonneville Intrusion at Julimar. Once again, the results were sufficiently interesting to follow up with a further soil sampling and possible drilling campaign, to be included in next year's budget.

Geophysical work at Jubilee Lake yielded a target for drilling and is now subject to additional heritage clearance ahead of possible drilling in 2024.

In Peru, the Company rationalised its tenement holdings during the year to focus on the best geological targets. A new copper prospect, Cangallo, which is located along strike from Cerro de Fierro, was identified. Permits for drilling are awaited and are expected shortly.

Drilling results at Pirata, across 21 holes, intersected geology suggesting nearby porphyry copper mineralisation, while further sampling identified a strong copper target in an adjoining tenement that is now ready for drilling once permits are received. A similar outcome was also achieved at Parcoy following a 10-hole programme, with the results under further review.

During the year, work completed under the SAA with South32 has seen expenditure of \$8 million. This covered seven projects across Australia and Peru. All of these programmes have been planned and supervised by AusQuest in association with South32, which has meant that our management and consulting team have had a very busy year.

At present, in Australia four of seven projects (Balladonia, Morrisey, Moora and Jubilee) are subject to the SAA while three (Hamilton, Mt Davis, and Coober Pedy) are 100% AusQuest owned. All projects in Peru are now 100% AusQuest owned.

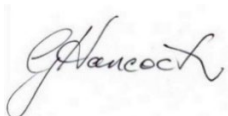
While the exploration work described above has been in progress, the task of business development continues. This has to be undertaken to ensure that a steady stream of new opportunities is generated to provide potential returns for shareholders.

I am pleased to report that, once again, our engagement with South32 has been professional and of a high standard, with our team working diligently to deliver positive results to all shareholders and our Alliance partner.

On your behalf, I would like to express thanks to our Managing Director, Graeme Drew, and the AusQuest team for their considerable efforts over the past year.

We are all looking forward to another year of significant activity in 2024 along with the associated news-flow that should be generated for shareholders. I invite shareholders to follow our progress on our website, through our social media channels and the ASX announcement platform.

Yours faithfully



Greg Hancock  
Chair

## Directors' Report

The Directors of AusQuest Limited ("AQD" or the "Company") herewith submit the financial report of the Company and the entities it controlled ("Group") for year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Board of Directors

The names of directors who held office during the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Greg Hancock	Non-Executive Chairman
Mr Graeme Drew	Managing Director
Mr Chris Ellis	Non-Executive Director

### Company Secretary

Henko Vos

### Principal Activities

The principal activity of the Group was mineral exploration throughout Australia and Peru.

### Review of Operations

A review of the Group's exploration projects and activities during the year is discussed in the Operations Review included in this Annual Report.

The profit of the Group after income tax for the year was \$361,982 (2022: loss after tax of \$1,457,728).

### Changes in state of affairs

During the year ended 30 June 2023 there was no significant change in the state of affairs of the Group other than as referred to in the financial statements or notes thereto.

### Events Occurring after the Reporting Date

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### Future developments

Disclosure of information regarding the likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

### Safety and environmental regulations

The Group is aware of its occupational health and safety and environmental obligations with regard to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

### Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for the payment of dividends has been made.

### Proceedings on behalf of the Company

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of AusQuest Limited.

## Directors' Report

### Information about directors and senior management

The names and particulars of the directors of the Company during or since the end of the financial year and up to the date of this report are noted below. Except where indicated, directors have held office during and since the end of the financial year:

**Greg Hancock BA Econs., BEd Hons., F.Fin**  
**Non-Executive Director and Chairman**

Greg has had over 25 years' experience in capital markets practicing in the area of corporate finance. He maintains close links with the stockbroking and investment banking community on behalf of the Company.

Directorships held in listed companies over the last three years are as follows:

- Zeta Petroleum PLC – April 2015 – current
- Strata-X Energy Limited (now called Pure Hydrogen Corporation Limited) – July 2015 – March 2021
- BMG Resources Ltd – Feb 2017 – current
- Golden State Mining Limited – Nov 2018 – current
- Cobra Resources PLC – Nov 2018 – current
- Group 6 Metals Ltd – Feb 2019 – current
- Triangle Energy Limited – Feb 2022 - current

**Graeme Drew B.Sc.Hons., FAIMM, MASEG**  
**Managing Director**

Graeme has over 40 years' experience in the exploration industry in Australia and overseas. Prior to co-founding AusQuest Limited he was an Exploration Manager for CRAE and Rio Tinto Exploration Pty Ltd in Western Australia (9 years) and Eastern Australia (4 years). He has wide experience in the search for, and evaluation of, most base and precious metals (notably nickel, copper, gold, uranium, zinc and diamonds). Graeme has developed a passion for the 'big picture' and 'big project' generation which he strongly believes are the building blocks for successful exploration outcomes.

Graeme has held no other directorships in listed companies over the last three years.

**Christopher Ellis B.Sc.Hons.**  
**Non-Executive Director**

Chris is an experienced mining executive with over 30 years' experience in geology, exploration, mine planning and project development in Australia and overseas. He was a founding member and Executive Director of Excel Coal Limited which was the subject of a take-over bid by the US coal giant Peabody Energy Inc, and has held senior positions within Shell Coal's Exploration, BP Coal (London and USA), Agipcoal Australia and the Stratford Joint Venture.

Directorships held in listed companies over the last three years are as follows:

- Group 6 Metals Ltd - 8 November 2012 - current

**Henko Vos**  
**Company secretary**

Mr Vos is a member of the Governance Institute of Australia and Chartered Accountants Australia & New Zealand with more than 20 years' experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice.

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## Directors' Report

### Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year 4 board meetings and 1 audit committee meeting and 1 nomination and remuneration committee meeting were held.

Directors	Board of Directors		Nomination and Remuneration committee		Audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Greg Hancock	4	4	1	1	1	1
Graeme Drew	4	4	1	1	1	1
Christopher Ellis	4	4	1	1	1	1

### Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options (Unlisted) Number
Greg Hancock	4,586,415	5,000,000
Graeme Drew	19,323,409	10,000,000
Chris Ellis	183,712,800	5,000,000

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## Directors' Report

### Review Of Results And Operations

#### HIGHLIGHTS – YEAR IN REVIEW

##### Australia – Copper, Gold, Zinc, Nickel

- ❑ Widespread presence of prospective host rocks for Broken Hill Type (BHT) mineralisation confirmed by diamond drilling (10 holes for 3,677m) at the *Balladonia Base Metal Project* in the Fraser Range region of Western Australia. Final assays from the drilling are pending.
- ❑ Anomalous levels of zinc, lead, cadmium and tin intersected at the Tea Tree prospect, with drilling defining an extensive target horizon for BHT mineralisation that will be the focus for ongoing exploration along ~20km of prospective strike identified by magnetics.
- ❑ Significant magnetite iron formation intersected by initial drilling (three holes for 726m) of geophysical targets at the Waterfall and Sandfly prospects within the *Morrisey Project* in the Narryer Terrane of WA. Subsequent testwork delivered a premium iron product (>70% Fe) with very low impurities.
- ❑ Several additional targets with potential to add to a possible magnetite resource base were identified by gravity surveys over selected magnetic targets at *Morrisey*. Further drilling is planned for Q4 2023.
- ❑ Large, flat-lying conductor adjacent to the Rodona Shear identified by electromagnetic (EM) surveys at the *Jubilee Lake Nickel-Copper-PGE Project*, east of Kalgoorlie in WA, invoking comparisons with the giant Norilsk deposits in Russia. Drilling is planned once Heritage Clearance issues have been resolved.
- ❑ Layered mafic intrusion identified by initial drilling (four holes for 786m) at the Latham Prospect, within the *Moora Nickel-Copper-PGE Project* in WA. Geophysical modelling suggests that host rocks similar to the Gonville Intrusion at Julimar, may be present. Further drilling is being planned.

##### Peru – Copper-Gold

- ❑ New porphyry copper prospect (named *Cangallo*) secured along strike from the Cerro de Fierro and Pirata prospects. Highly anomalous copper (Cu), molybdenum (Mo) and scattered gold (Au) values at surface define a priority target. Permits for drilling are expected in Q4 2023.
- ❑ Initial drilling (21 holes for 6,971m) of four porphyry copper targets within the *Pirata Project* intersected high-temperature clays and anomalous pathfinder elements, highlighting the potential for nearby porphyry copper mineralisation.
- ❑ Anomalous copper at surface (19 samples >0.5% Cu) was identified by subsequent rock chip sampling over an area of ~2,000m x 800m at *Pirata* which has not been tested by drilling. Permitting is being initiated for drilling.
- ❑ Wide-spaced drilling (10 holes for 3,387m) at the *Parcoy Project* extended the copper footprint to more than 5km. Higher copper values (up to 1.0% Cu) over narrow thicknesses (<15m) imply the potential for higher grades. Alteration within the host volcanics suggests the potential for nearby porphyry copper mineralisation.

##### Corporate

- ❑ The Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32) remains current until the 31st December 2023, at which time the agreement can be extended with the consent of both parties.

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## Directors' Report

### REVIEW OF PROJECTS

#### AUSTRALIA BASE METALS: COPPER, GOLD, ZINC and NICKEL

AusQuest controls approximately 5,300km<sup>2</sup> of exploration title within Australia – 4,800km<sup>2</sup> within Western Australia (WA), 250km<sup>2</sup> within Queensland (QLD) and 165km<sup>2</sup> in South Australia (SA). Four of a total of seven projects (Balladonia, Morrisey, Moora and Jubilee) are currently subject to the Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited (South32), while three (Hamilton, Mt Davis and Coober Pedy) are 100%-owned by AusQuest (*Figure 1*).

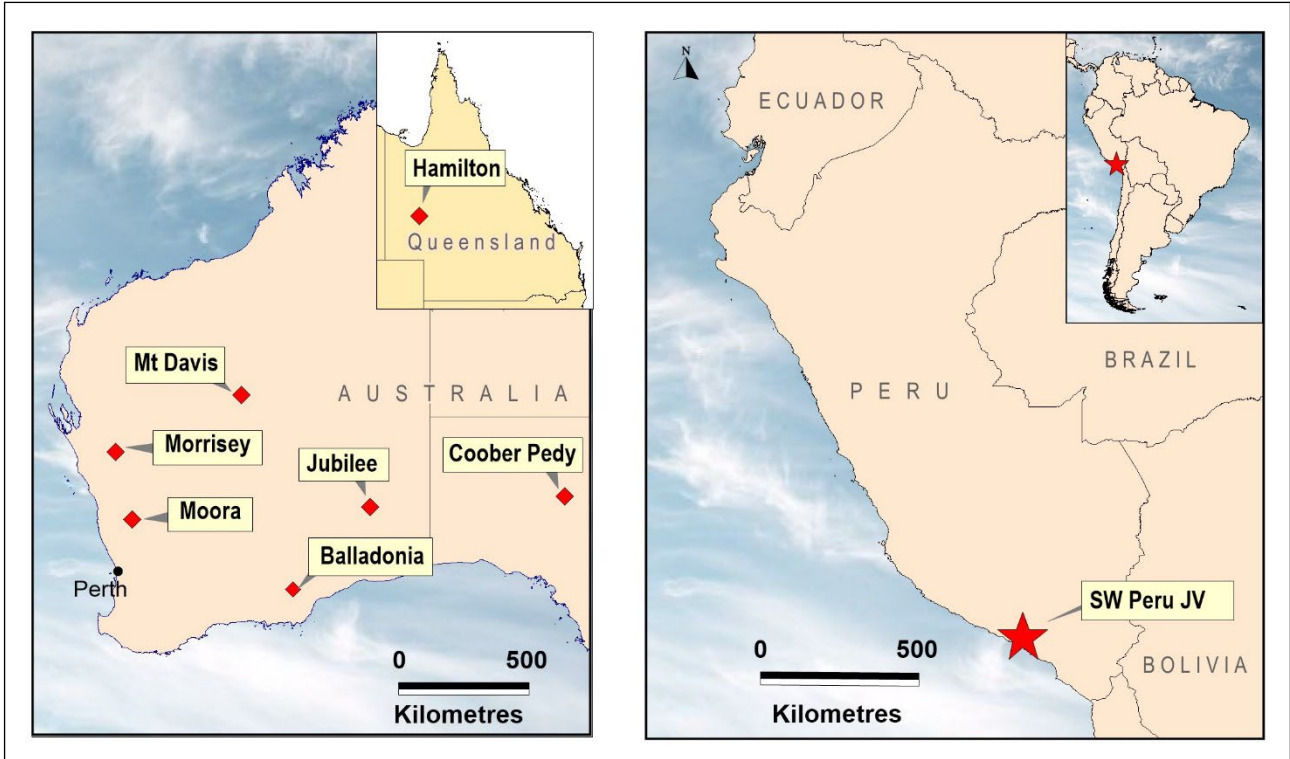


Figure 1: AusQuest Project Locations in Australia and Peru.

#### **Balladonia Base Metal Project (AQD 100% subject to SAA)**

The Balladonia Project, which covers an area of ~840km<sup>2</sup>, is located ~50km south of the Nova-Bollinger nickel-copper deposit within the Fraser Range region of WA. Comparisons with the Eastern Succession of north-west QLD (east of Mt Isa) – where iron-oxide copper-gold (IOCG) and Broken Hill Type (BHT) deposits are known to occur – are becoming increasingly apparent as further data is acquired.

Initial drilling in 2022 at the Tea Tree Prospect confirmed the presence of highly prospective stratigraphy (thin banded iron formation (BIF) and garnetiferous quartzites), alteration (potassic, iron and manganese) and anomalous lead, zinc and cadmium values, providing strong comparisons with the geological setting of large-scale base metal deposits in north-west Queensland and Broken Hill.

During the year, gravity surveys (1,452 stations) were completed over selected magnetic anomalies to help prioritise targets for drilling. Strong gravity responses (1.5 to 5mgals) over each area surveyed resulted in a major drilling program being commissioned.

Diamond drilling (10 holes for 3,677m) to test seven geophysical targets was successfully completed in July 2023. The program also included in-fill drilling (three holes for 1,411m) at the Tea Tree Prospect, where previous results had indicated the presence of highly prospective BHT host rocks (*Figure 2*).

At the date of this report, assay data for drill-holes at the Tea Tree prospect had been received and assessed, with results from the remaining seven drill-holes still pending.

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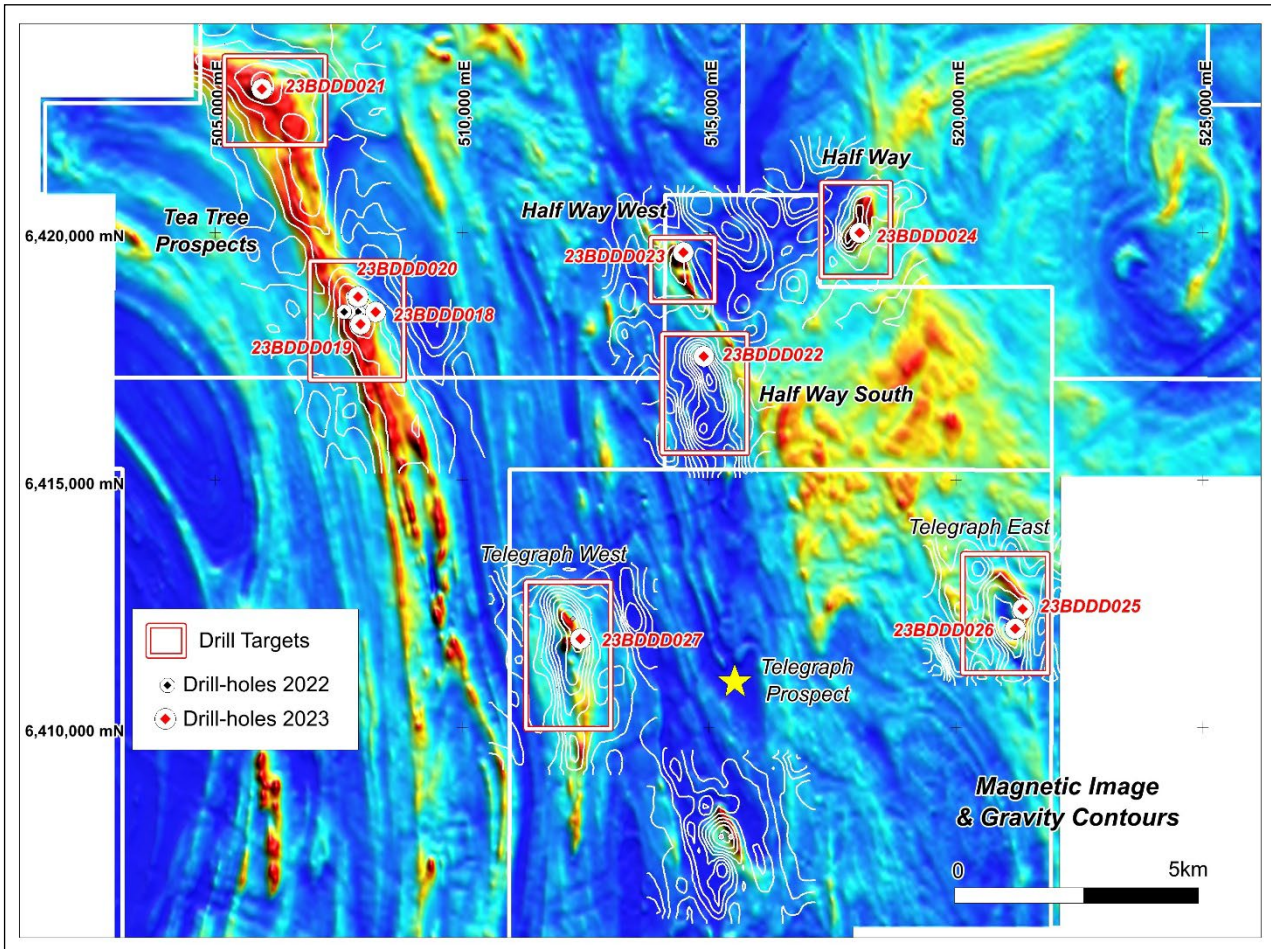


Figure 2: Detailed magnetic and gravity surveys showing the location of drill-holes.

At Tea Tree, in-fill drilling better outlined the prospective host rocks and helped to define a potential 'lode horizon' (~50m thick) containing anomalous lead (up to 507ppm Pb), zinc (up to 1,258ppm Zn), cadmium (up to 32ppm Cd) and tin (up to 20ppm Sn), which will provide a strong focus for ongoing base metal exploration along the 20km of prospective strike inferred from aeromagnetic data.

Significant BIF stratigraphy was also intersected at the Halfway and Halfway West prospects, implying similarities with the Tea Tree Prospect, and demonstrating the potential for the prospective BHT host rocks to be widespread throughout the tenements.

Drilling at Telegraph East and Halfway South intersected gabbroic (+/- pyroxenite) rocks with possible carbonatite affinities that are likely related to the carbonatite intrusion identified at the Telegraph prospect by earlier drilling. The possibility of widespread carbonatite activity adds to the area's excellent prospectivity rating, providing a potential source for the discovery of rare earth and possibly base metal mineralisation.

The Company continues to be encouraged by the possibilities that the geological environment at Balladonia presents, and looks forward to reporting further on the results of the drilling program once final assays have been received and assessed.

## Directors' Report

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

The Morrisey Project, which covers an area of ~1,000km<sup>2</sup>, is located within the Narryer Terrane ~500km north of Perth in WA. This area became the focus of industry attention following the discovery of the Julimar nickel-copper-PGE deposit north of Perth, which highlighted the untested nickel-copper-PGE potential of the western margin of the Yilgarn Craton.

During the year, initial Reverse Circulation (RC) drilling (three holes for 726m) to test EM targets intersected highly anomalous iron values (25% to 39% Fe) at both the Waterfall and Sandfly prospects due to significant quantities of coarsely crystalline magnetite within relatively thick intersections (up to 60 metres wide) of metamorphosed iron formations (*Figure 3*).

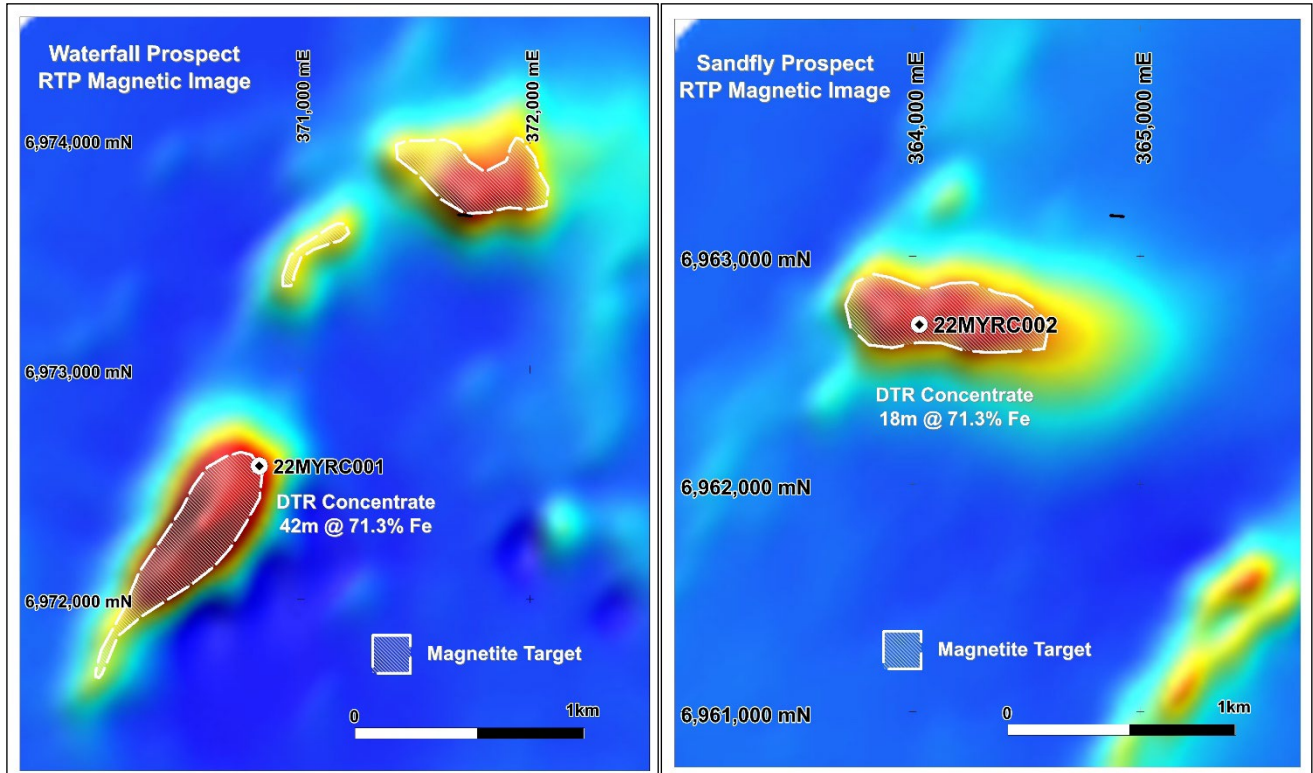


Figure 3: Waterfall and Sandfly magnetics showing drill-hole locations and Fe concentrate grades.

Subsequent beneficiation test work (Davis Tube Recovery – DTR) confirmed that a premium-grade iron product (>70% Fe) with very low impurities could be produced by magnetic separation of a coarse grind size product (95% passing 75 microns), as shown in the table below.

Hole ID	From (m)	Length (m)	GRADE Fe %	DTR CONCENTRATE GRADES					
				Mass Recovery %	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	S %	P %
MYRC001	102	10	33.73	37.07	<b>70.87</b>	1.58	0.22	0.014	0.005
MYRC001	112	10	32.02	39.48	<b>71.16</b>	1.44	0.03	0.004	0.004
MYRC001	122	10	31.87	39.62	<b>71.03</b>	1.54	0.04	0.004	0.004
MYRC001	132	12	36.03	47.10	<b>71.26</b>	0.98	0.04	0.004	0.005
MYRC002	82	10	33.63	42.56	<b>70.98</b>	1.01	0.43	0.008	0.005
MYRC002	92	8	31.20	40.51	<b>71.75</b>	0.66	0.15	0.010	0.004

Interpretation of aeromagnetic data highlighted multiple untested magnetic responses which are considered to be priority targets for additional magnetite mineralisation in the area, as well as a significant untested strike length (>1km) at both the Waterfall and Sandfly prospects.

## Directors' Report

Detailed gravity surveys were subsequently completed over six magnetic targets, including the Waterfall and Sandfly prospects, outlining strong gravity responses (~1.5 to 3.0mgals) and the possibility of delineating multiple magnetite resources.

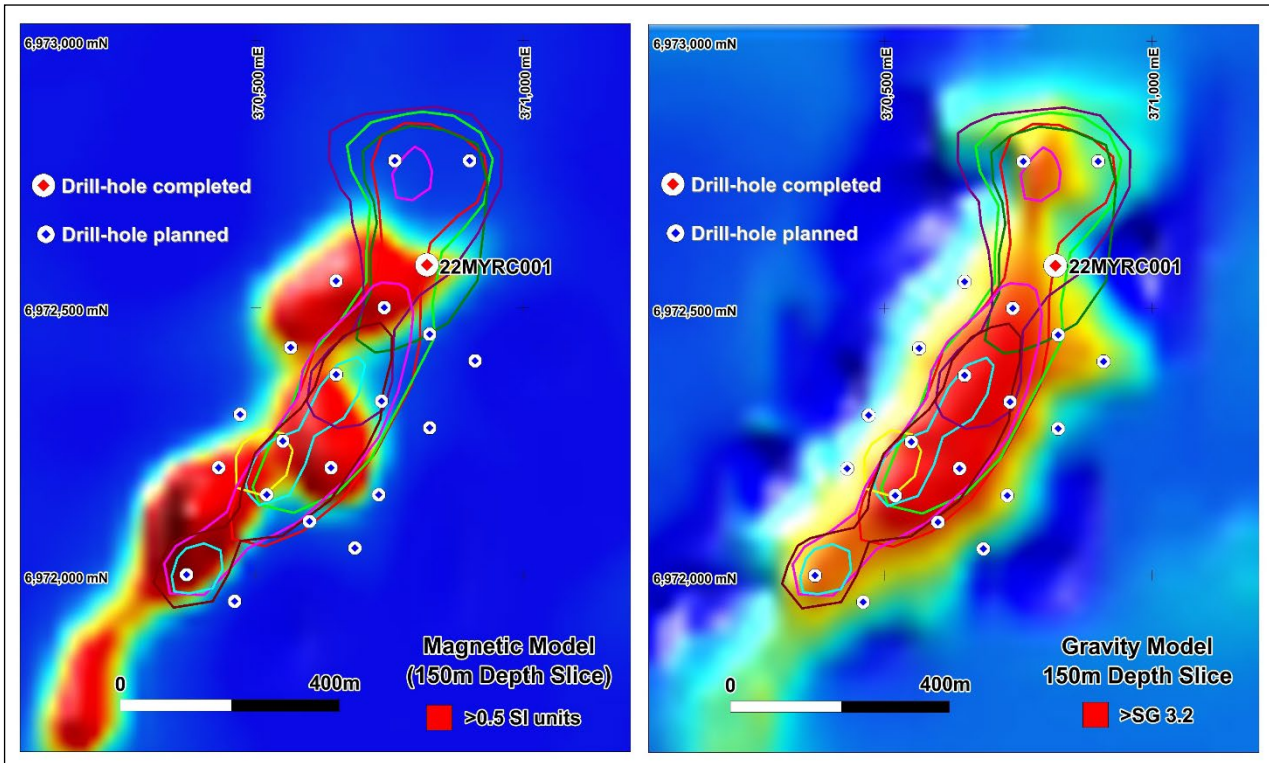


Figure 4 shows the planned drill-holes with respect to both the magnetic and gravity models. The areas shown in red are both strongly magnetic (susceptibility >0.5 SI units) and have high density (average SGs >3.2), outlining the potential magnetite (Fe) target.

At the Waterfall prospect, modelling of gravity and magnetic data outlined a possible magnetite body ~800m x 200m in size that appears to shallow and thicken to the south-west of drill-hole 22MYRC001, which intersected coarse grained magnetite during the initial drill program.

Further RC drilling has been planned under the SAA to determine the potential size, grade and depth of the magnetite occurrence at Waterfall (see Figure 4). This program is expected to be completed before the end of 2023.

Modelling of gravity and magnetic data over the other five targets confirmed excellent potential for additional magnetite within the project area, with initial testing of selected targets to be included as part of the upcoming drill program.

Drilling in 2022 also intersected mafic (meta-gabbros) and ultramafic (meta-pyroxenites) rock types within the sequence, highlighting the potential for nickel-copper-PGE mineralisation to also occur in the area.

Regional soil sampling (~1,440 samples on a 800m x 100m grid) completed during the year over a structural corridor in the south of the project identified four areas with potential to contain lithium-bearing pegmatites. In-fill sampling is planned before the end of the year to confirm this interpretation.

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

The Jubilee Lake Project, which covers an area of ~1,800km<sup>2</sup>, is located within a large flood basalt terrane approximately 500km east of Kalgoorlie in WA. Mafic/ultramafic intrusions associated with the Rodona Shear are considered prime targets for nickel-copper-PGE sulphide deposits, similar to those found at the giant Norilsk deposits in Russia, and more locally at Nebo-Babel (BHP) and possibly at Nova-Bollinger (IGO).

During the year, a reconnaissance moving-loop electromagnetic survey (MLTEM - ~48km) identified a strong late-time EM response reflecting a flat-lying conductor that likely occurs within West Officer Basin sediments adjacent to the Rodona Shear.

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## Directors' Report

The EM target is relatively deep (~600m) but is large in size (kms x kms) and very conductive (>1,000 Siemens) (Figure 5).

The target occurs below an extensive area of flood basalts outlined by aeromagnetic data and appears to have a spatial relationship with the Rodona Shear Zone, which is considered to be a major deep-seated feeder fault for the extruded basalts.

Available geological logs from oil wells within the West Officer Basin to the north, suggest the sedimentary sequence at Jubilee may contain evaporites, mudrocks and carbonate horizons, pointing to possible similarities with the geological setting at Norilsk (Russia), where very large mafic/ultramafic intrusions within a sedimentary sequence host the giant nickel-copper-PGE orebodies in Russia.

A proposal to drill test the EM and magnetic targets was accepted under the SAA and approvals were sought to allow drilling to commence. A Heritage survey was completed over two selected drill-sites, but only one was cleared for drilling (Figure 5). Further Heritage surveys are now being planned so that additional targets can be drilled to provide a more thorough test of the project's nickel potential.

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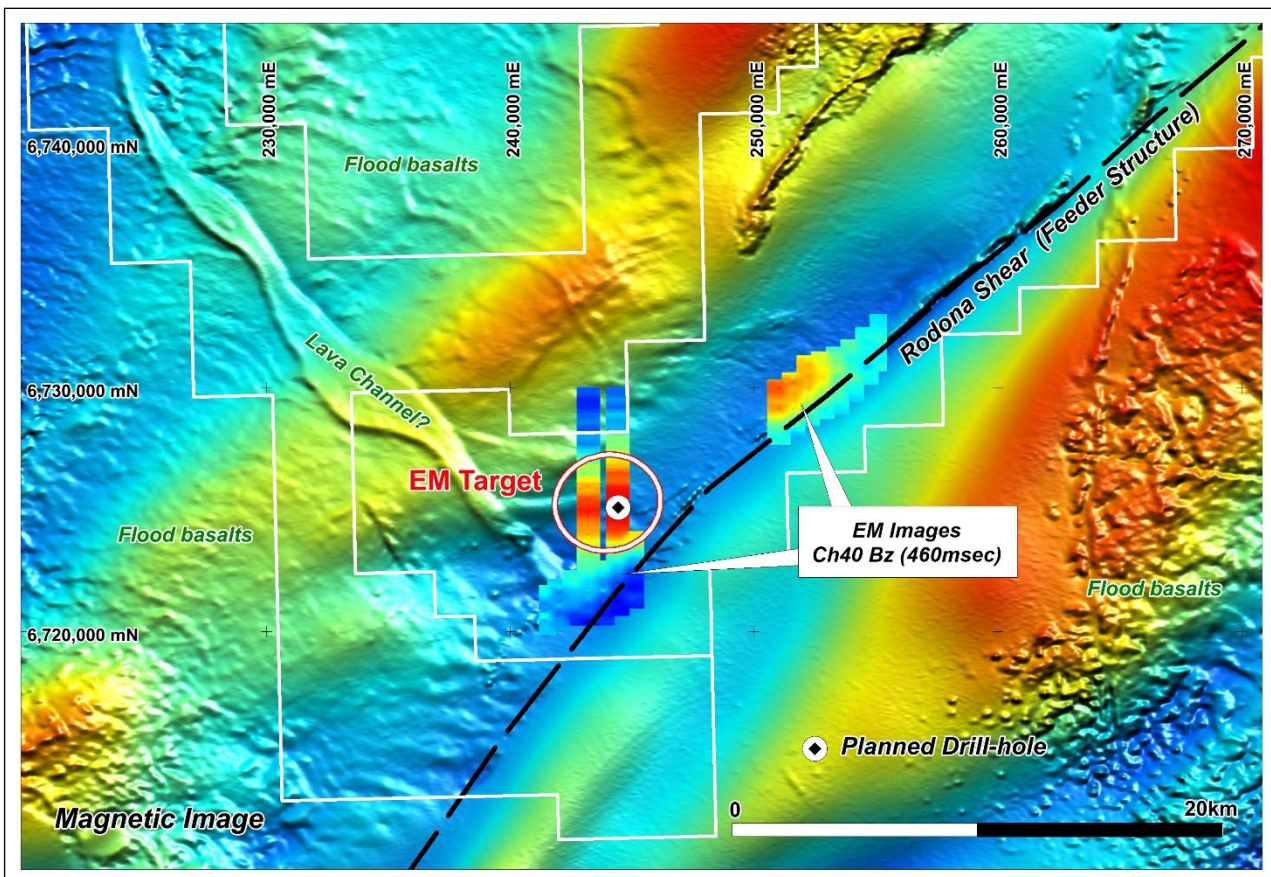


Figure 5: Jubilee Lake Prospect: magnetic image showing the location of the EM target relative to the Rodona Shear and the flood basalts and showing the drill site location heritage cleared for drilling.

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

The Moora Project, which covers an area of ~570km<sup>2</sup>, is located ~150km north of Perth, WA within the Jimperding Metamorphic Belt, that hosts the recent nickel-copper-PGE discoveries at Julimar and Yarawindah Brook. Detailed magnetic and gravity surveys at Moora have outlined potential mafic/ultramafic intrusions with similarities to the Gonneville Intrusion that hosts the nickel-copper-PGE mineralisation at Julimar.

During the year, reconnaissance RC drilling (four holes for 786m) intersected gabbroic rocks, confirming the potential for a large fractionated mafic/ultramafic intrusion at the Latham prospect (Figure 6).

## Directors' Report

Re-modelling of magnetic data suggested that stronger magnetic rock types (i.e., ultramafics) must be present within the intrusion to explain the amplitude of the observed anomaly. Modelling also indicated that these units are most likely to occur close to the western and southern contacts of the intrusion, where the basal contact appears to dip to the north and/or east.

Soil sampling around the contact zones of the Latham intrusion is being planned to outline areas for further drill testing in early 2024, once crops have been harvested.

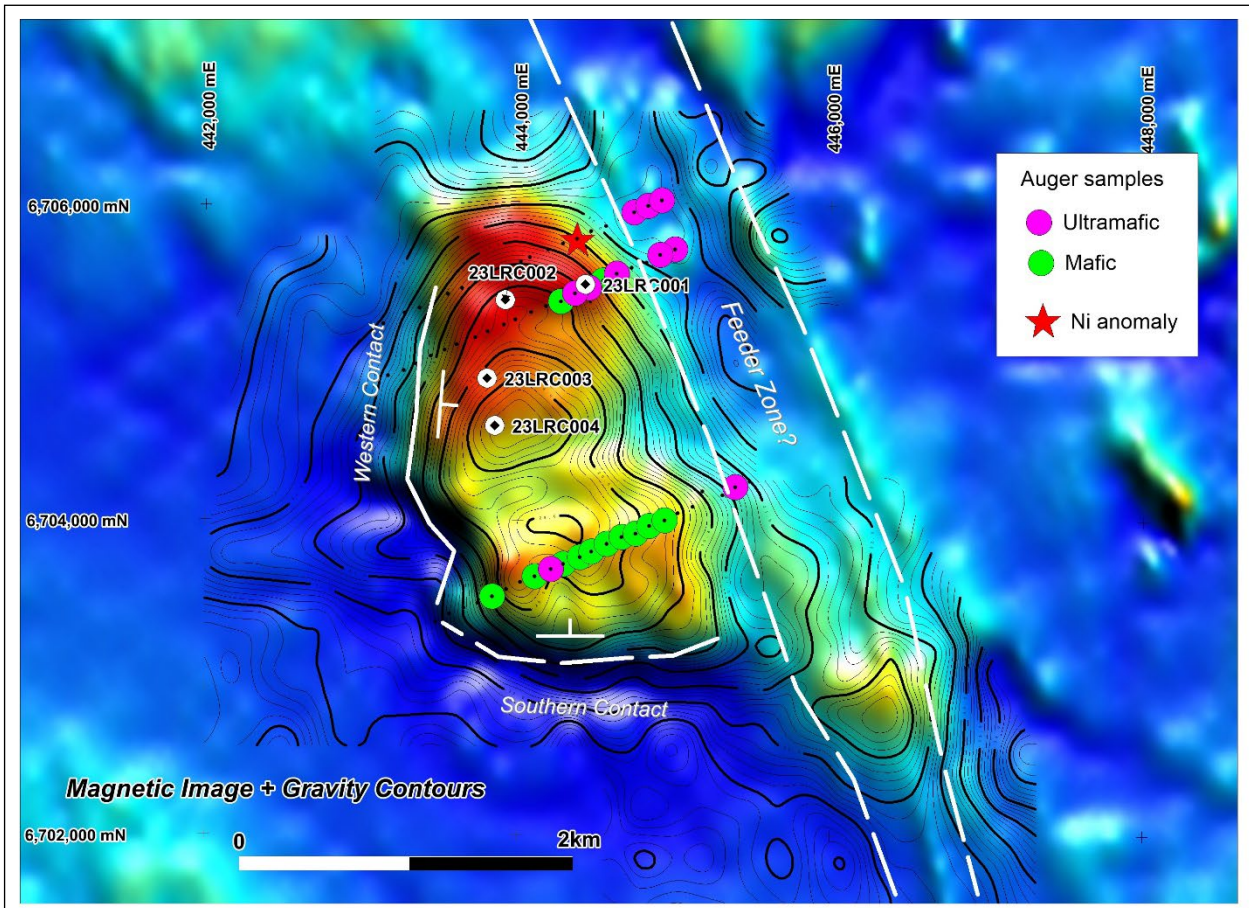


Figure 6: Latham Prospect: detailed magnetic and gravity images showing prospective contacts.

### Hamilton Copper Project (AQD 100%)

The Hamilton Project, which covers an area of ~250km<sup>2</sup>, is located in north-west Queensland, ~120km south of the Cannington mine. Limited drilling of magnetic and gravity targets in this area has provided evidence for “near-miss” situations for Iron Oxide-Copper-Gold (IOCG) and possibly Broken Hill Type (BHT) mineralisation.

The Project covers a belt of magnetic rocks that extends over a strike length of approximately 30km under Eromanga Basin cover, which is approximately 200m thick. Numerous magnetic targets within this belt have never been tested by drilling.

During the year, drilling (one hole for 510m) of a down-hole electromagnetic target failed to upgrade the Hamilton North prospect and, as a consequence, South32 advised that they were withdrawing from the project, which reverts 100% back to AusQuest.

The Company considers that there are still quality targets that have not been tested by drilling at Hamilton, and is in the process of seeking parties who may be interested in pursuing this opportunity before deciding on further work programs in the area.

## Directors' Report

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

The Mt Davis Project, which is located ~180km NNE of Wiluna in WA, covers an area of ~750km<sup>2</sup> along the northern margin of the Earaheedy Basin. The Project is believed to contain similar stratigraphy to the Chinook Prospect, where extensive stratiform lead, zinc (+/- copper) mineralisation, has been discovered below the Frere Iron Formation (FIF) by Rumble Resources on the southern side of the Basin.

A reconnaissance field trip was undertaken during the year to assess potential target areas and gain a better understanding of operational issues that may affect working in the area.

Small outcrops of Frere Iron Formation were located in the north of the project, confirming the presence of prospective stratigraphy. Limited soil sampling below the iron formation reported anomalous gold values (23 and 116ppb Au) and elevated lead (23ppm Pb), suggesting similarities with the prospective stratigraphy at Chinook on the southern side of the Earaheedy Basin.

A shallow air-core drilling program has been designed to test for base metals below the Frere Iron Formation, with Heritage surveys required before this program can commence.

### New Opportunities and Project Generation (Australia)

The Company continues to undertake project generation studies across Australia targeting new base metal (copper, zinc and nickel) opportunities for consideration under the SAA.

A Heritage Agreement that covers the Coober Pedy Copper Project in South Australia was finalised during the year and a gravity survey has been proposed to identify iron-oxide copper-gold (IOCG) targets for drilling.

### PERU: COPPER-GOLD

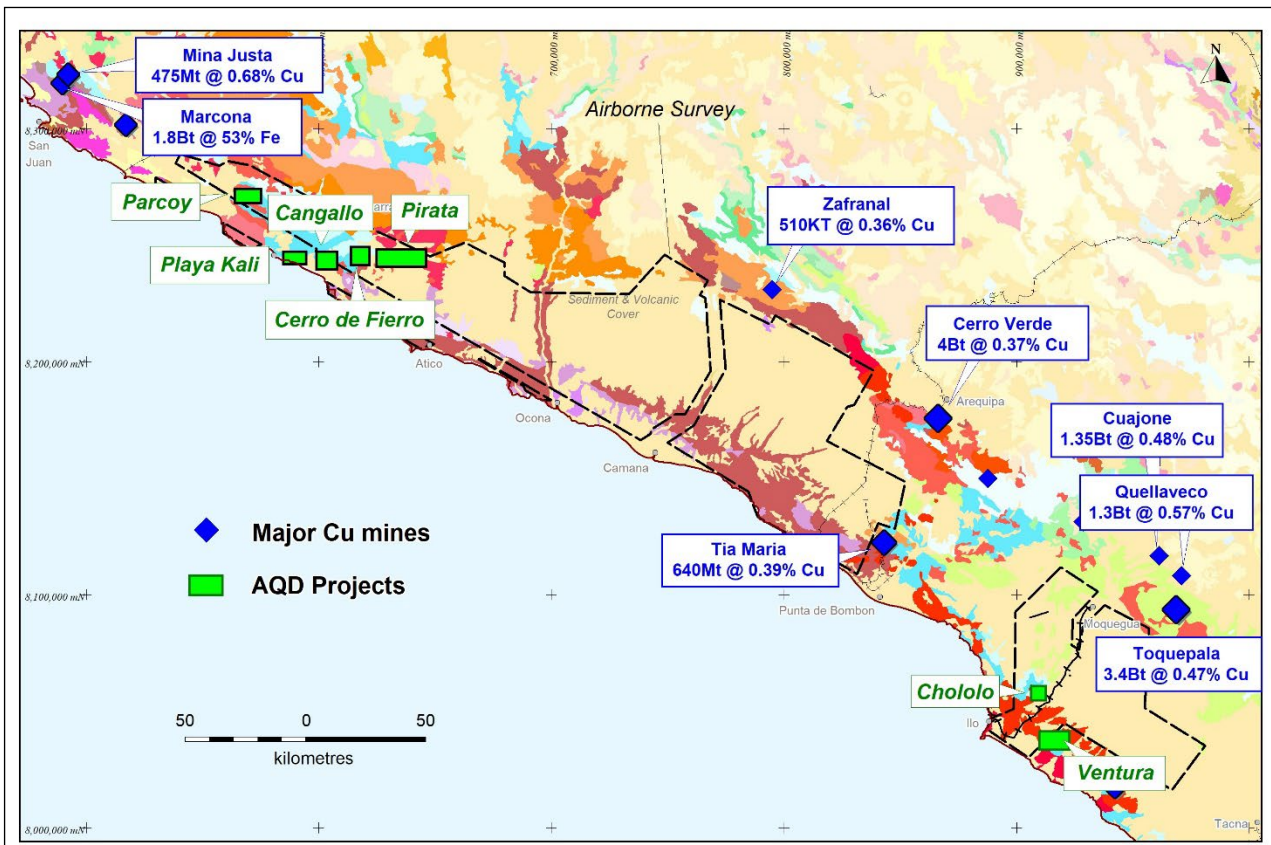


Figure 7: Project Locations – Southern Peru.

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## Directors' Report

AusQuest controls approximately 310km<sup>2</sup> of exploration title within southern Peru – one of the world's most prominent destinations for international copper exploration. Detailed aeromagnetic data acquired by the Company has been used to identify prospective areas for porphyry copper and/or IOCG deposits beneath extensive cover in the south of the country (*Figure 7*).

During the year, tenement holdings were rationalised to maintain the Company's exploration focus and resources on key porphyry copper and IOCG targets. All current projects in Peru are 100%-owned by AusQuest.

### Cerro de Fierro Copper Project

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. The potential for porphyry copper deposits has also been highlighted by the Company's exploration program.

During the year, RC drilling (21 holes for 6,971m) was completed at the Pirata Project to test porphyry and/or manto copper targets located within a major east-west structural corridor located close to, and parallel with, the Coastal Batholith contact, which is considered to be a priority target zone for major copper deposits within the Coastal Belt of Peru and Chile (*Figure 8*).

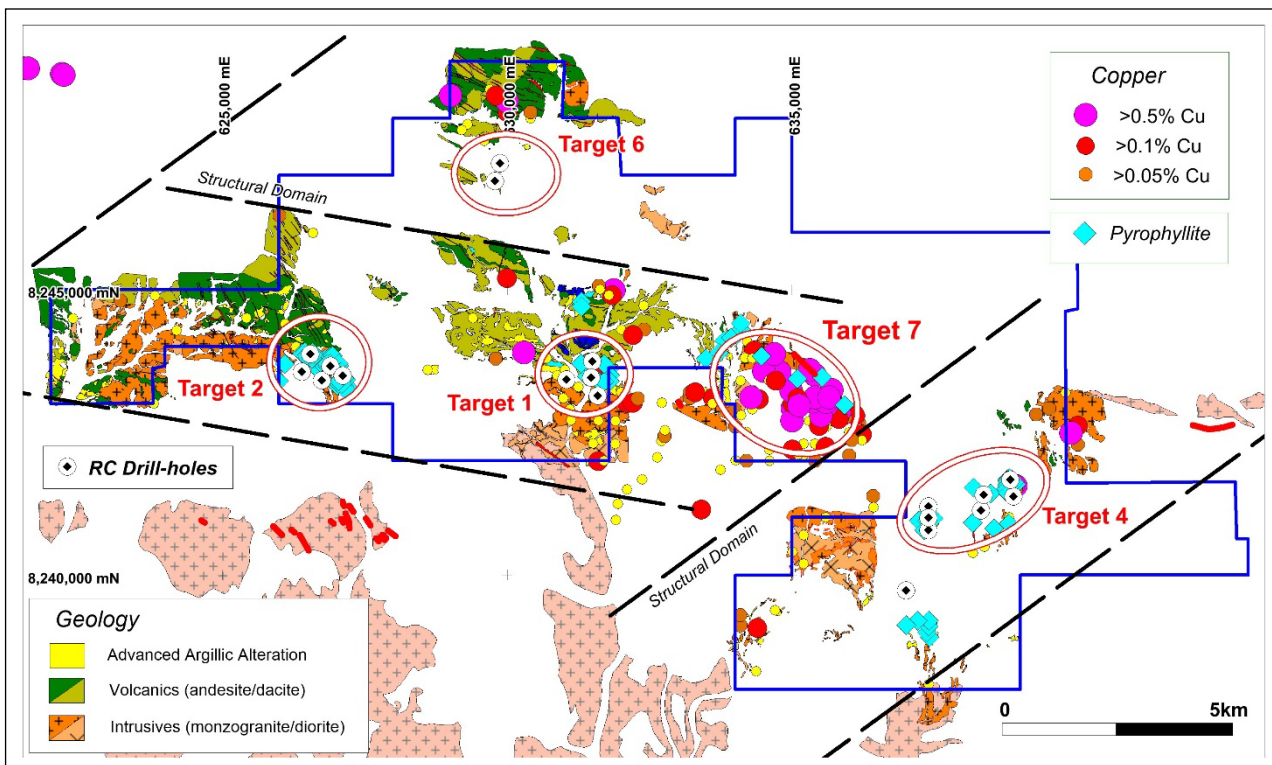


Figure 8: Pirata Project showing geology, geochemical anomalies and RC drill-hole locations.

Drill targets were defined by the presence of advanced argillic alteration (lithocaps) containing high temperature clay mineralogy (pyrophyllite), suggesting proximity to porphyry copper mineralisation. The presence of sporadic copper values (up to 0.8% Cu) and distinct magnetic anomalies within several target areas was also used to guide the drilling.

Anomalous pathfinder elements (molybdenum (Mo), tellurium (Te) and bismuth (Bi)), as well as high temperature clay (pyrophyllite) and white mica (sericite) alteration, were intersected at three of the targets drilled, confirming the presence of hydrothermal (porphyry) systems in these areas.

Correlation between drill-holes suggests that the lithocaps are asymmetric in shape and dip shallowly to the north and/or north-east, parallel to the host stratigraphy, suggesting that the targeted porphyry copper mineralisation is likely to occur down-dip from the current drill-hole locations.

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## Directors' Report

Narrow zones of anomalous copper (up to 0.59% Cu) associated with potassic/sericite alteration and broad zones of elevated gold (90m @ 0.15g/t Au and 34m @ 0.52g/t Au) beneath the lithocap at Target 2 provide evidence for the nearby porphyry systems being mineralised.

Late in the year, a new target (T7) was identified at the Pirata prospect following surface rock-chip sampling over a recently granted tenement that outlined a strong, coherent copper-molybdenum (Cu-Mo) anomaly over an area of approximately 2,000m x 800m (Figure 9).

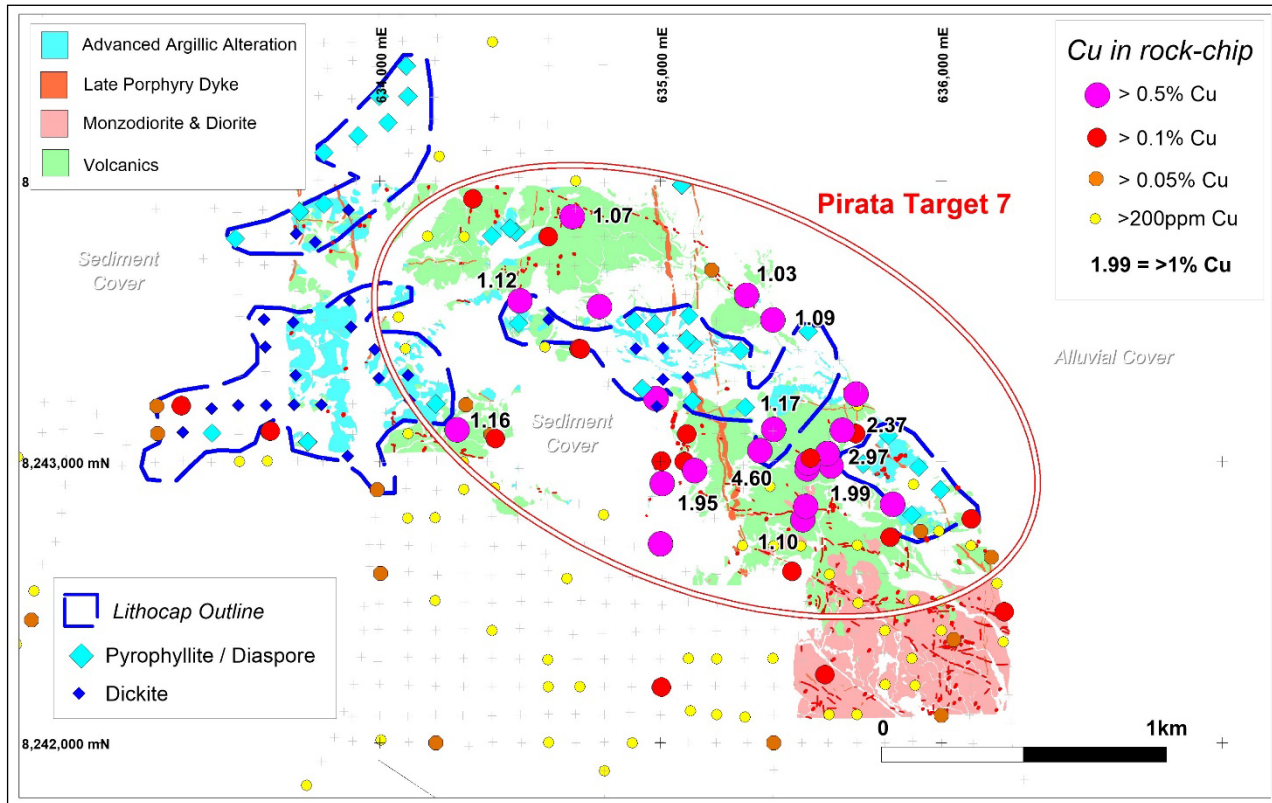


Figure 9: Pirata Target 7 geology showing outline of the lithocap and copper anomalies.

The anomalous copper values (19 samples >0.5% Cu including 12 >1.0% Cu) and molybdenum values (14 samples >5ppm Mo up to 77ppm Mo) are spatially associated with advanced argillic alteration (AAA) containing anomalous pathfinder elements (Bi, Te, As) and pyrophyllite, supporting the potential for nearby porphyry copper mineralisation.

The copper at surface occurs within veined volcanics marginal to the AAA, suggesting that this mineralisation may occur at the margins of the porphyry system. The widespread nature of the copper anomalism is believed to indicate the potential for a sizeable system.

A drilling program is being designed to test this target.

A review of the Company's database over the Cerro de Fierro Project was initiated to identify targets that had not been adequately tested by the initial broad-spaced drilling programs designed under the SAA.

This identified an area approximately 600m x 150m in size, close to drill-hole CDFDD003, that had not been effectively tested by the original drilling program (drill-hole CDFDD003 intersected several ~30m thick intervals of copper-gold mineralisation grading ~0.4% Cu and 0.2g/t Au).

A comparison with the Mina Justa deposit, located ~150km to the north, suggests that closer spaced drilling is required to test this more structurally complex area. Drill permits are being sought for an additional five drill sites to test this target.

The Cerro de Fierro Project has now been returned 100% to AusQuest, with South32 electing to convert their earn-in position to a 1% Net Smelter Returns royalty. The Company is currently in discussions with other parties who have expressed interest in the project.

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## Directors' Report

### Parcoy Copper Project

The Parcoy Project is located ~50km north-west of Cerro de Fierro and is prospective for manto-style copper mineralisation within volcanic stratigraphy, similar to that found at the Mina Justa deposit, approximately 100km further to the north.

During the year, further RC drilling (10 holes for 3,387m) along sections ~1km apart was completed, extending the copper footprint to more than a 5km strike length. Anomalous copper values (>400ppm Cu) over relatively large thicknesses (from ~20m up to >100m) were intersected in eight of the holes drilled.

Higher copper values (from 1,000ppm Cu up to 1.02% Cu) were also reported but over relatively narrow thicknesses (<15m). Correlation of the more highly anomalous copper intervals is not possible given the wide spacing between drill-holes and sections.

Alteration (AAA) intersected by the latest program suggests the presence of porphyry copper systems in the area. Increased thicknesses of AAA in several drill-holes implies the potential for nearby porphyry copper mineralisation that was not tested by the initial wide-spaced drilling under the SAA.

The Parcoy Project has been returned 100% to AusQuest and the Company plans to seek parties who may be interested in pursuing this opportunity, before deciding on further work programs in this area.

### Cangallo Copper Project

The Cangallo Project is located approximately 20km west of the Company's Cerro de Fierro Project, along the same E-W structures that control the emplacement of potential porphyry copper systems in the area. The tenements which were secured during the year cover an area of ~ 40km<sup>2</sup> and are located 10km from the coast, close to infrastructure.

Geological mapping and rock-chip sampling (~428 samples) located anomalous copper (up to 0.64% Cu), molybdenum (up to 42ppm Mo) and scattered gold values (up to 2.5g/t Au) within multiple-veined and altered (sericite) volcanics and porphyritic rocks, highlighting a partially exposed porphyry copper system within the large (5km x 2km) caldera-like structure (*Figure 10*).

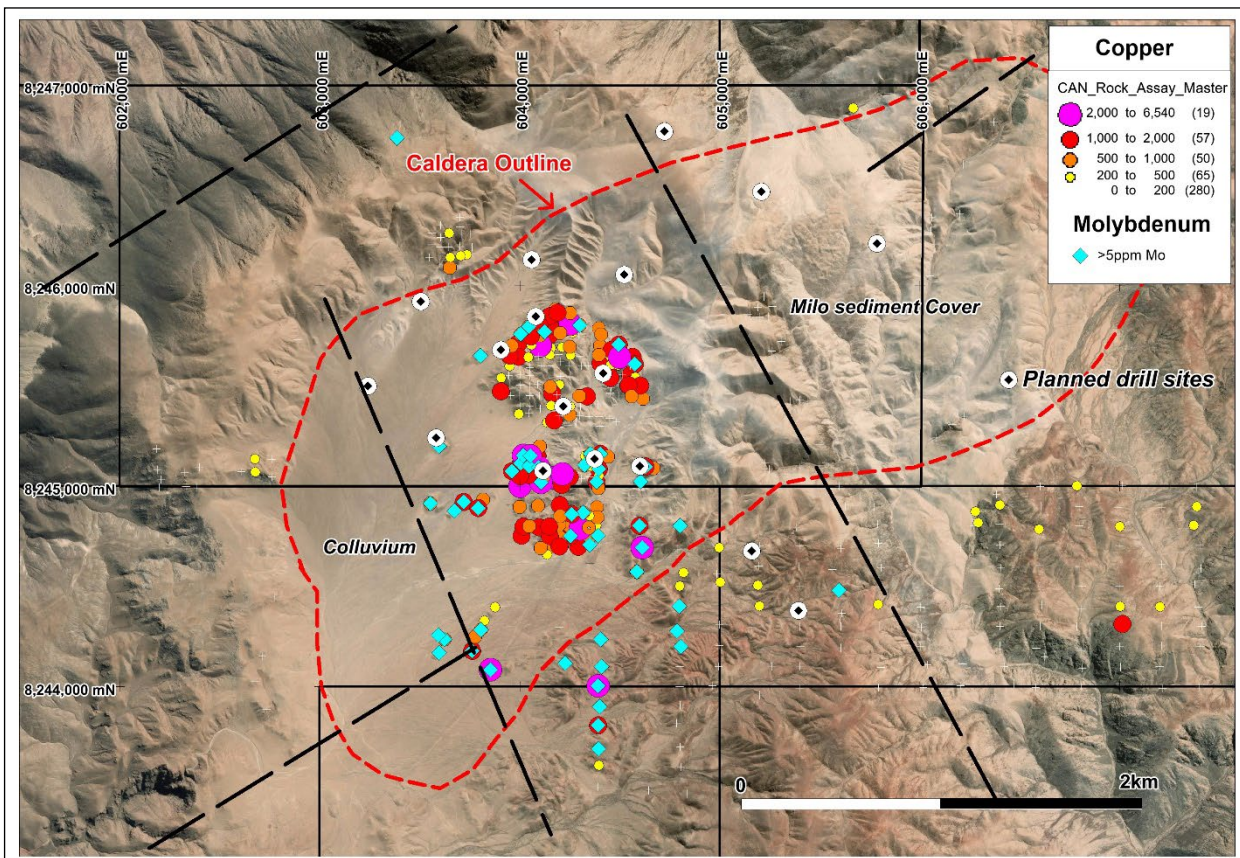


Figure 10: Cangallo Porphyry Prospect showing anomalous Cu and Mo values and planned drill sites

## Directors' Report

A ground magnetic survey was also undertaken which highlighted the presence of complex structures and circular features that imply multiple phase intrusions within the interpreted caldera.

A drilling program has been designed to test the surface copper and molybdenum anomalies, as well as beneath covered areas that are thought to hide at least part of the porphyry system.

Drill permitting was initiated with environmental and community surveys completed and a report provided to Government. It is anticipated that drill permits should be received before the end of 2023.

### Other Opportunities (Peru)

The Company continues to hold title over the Chololo, Playa Kali and Ventura Projects, although exploration work during the year was limited while drilling activities at other prospects were prioritised.

The Ventura Project, located close to the port of Ilo, is defined by a coherent copper-in-soil anomaly coincident with sub-crops of stock-work veined volcanics and intrusive rocks. Systematic rock-chip sampling along two traverses has been completed and results are awaited.

No field programs were completed at the Playa Kali or Chololo prospects during the year, despite several potential copper targets being evident in both areas.

### CORPORATE

The Company's cash balance remained relatively stable during FY2023, largely due to contributions under the SAA which provided funding of ~\$8 million for agreed work programs over projects both in Australia and Peru. The Company's cash position as at the end of June 2023 was \$3.7 million.

The Company advises that the appeal to the Administrative Judiciary against payments requested by the Ministry of Housing (SBN) in Peru is ongoing. Further details are provided under Note 22 to the Financial Statements.

### Operating and financial risk

The Group's activities have inherent risk and the Board is unable to provide certainty of the expected results of activities, or that any or all of the likely activities will be achieved. The material business risks faced by the Group that could influence the Group's future prospects, and how the Group manages these risks, are provided below.

#### *Operational risk*

The Company may be affected by various operational factors. In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through successful exploration outcomes on its tenement holdings. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades during exploration, operational and technical difficulties encountered during exploration, lack of infrastructure in the Company's areas of operation, unanticipated metallurgical problems which may affect value of defined resources, increases in the costs of consumables, spare parts, plant and equipment.

Mineral resource estimates are made in accordance with the 2012 edition of the JORC Code. Mineral resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates may alter significantly when new information or techniques become available. Resource estimates can be imprecise and depend on interpretations, which may prove to be inaccurate.

The Company's tenements are at various stages of exploration, and potential investors should understand that mineral exploration is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. The Company has exploration tenements in Australia and Peru which operate under different regulatory conditions which may impact on time taken to evaluate projects and may affect the viability of resources found by the Company's exploration programmes.

## Directors' Report

There can be no assurance that exploration of tenements, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

In the event the Company successfully delineates economic deposits on any Tenement, it will need to apply for a mining lease to undertake development and mining on the relevant tenement. There is no guarantee that the Company will be granted a mining lease and if it is granted, it will be subject to conditions which may impact on the financial viability of the project.

### ***Further capital requirements***

The Company's projects may require additional funding in order to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed for further exploration and/or possible development activities or that, if available, the terms of such financing will be favourable to the Company.

### ***Native title and Aboriginal Heritage***

There are areas of the Company's projects over which common law and/or statutory Native Title rights of Aboriginal Australians exist. Where Native Title rights exist, the Company must obtain consent of the relevant Traditional Landowners to progress exploration, development and mining phases of operations. Where there is an Aboriginal Site for the purposes of the Aboriginal Heritage legislation, the Company must obtain consents in accordance with the legislation before any ground disturbing activities can take place. There are no guarantees that a suitable agreement can be reached with the Native Title parties.

### ***The Company's activities are subject to Government regulation and approvals***

The Company is subject to certain Government regulations and approvals. Any material adverse change in government policies or legislation in Australia or Peru that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidies and environmental issues may affect the viability and profitability of any planned exploration and/or development of the Company's projects.

### ***Global conditions***

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration and potential development activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, interest and inflation rates, currency exchange controls, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration and development activities, as well as on its ability to fund those activities.

General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.

### **Remuneration of directors and senior management**

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report.

### ***Share options granted to directors and senior management***

During the year and since the end of the financial year there were no share options granted to any Key Management Personnel of the Group as part of their remuneration.

## Directors' Report

### Share options

#### *Shares under option or issued on exercise of options*

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
<b>Unlisted</b>				
AusQuest Limited	19,000,000	Ordinary	5 cents each	30 Nov 2024
AusQuest Limited	20,000,000	Ordinary	7.5 cents each	30 Nov 2024

The holders of such options do not have the right, by virtue of the option, to participate in any share or other interest issue of any other body corporate or registered scheme.

#### *Shares issued on the exercise of options*

There were no shares issued on the exercise of options during or since the end of the financial year.

#### *Share options granted during the year*

There were no shares options granted during or since the end of the financial year.

#### *Share options that expired/lapsed*

On 1 March 2023, 76,428,575 AQBDA unlisted options exercisable at \$0.04 each expired unexercised. 10,714,286 of these options were held by directors.

### Indemnification of directors and officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The insurance premiums relate to:

- any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a Director or Officer of the Company or any related corporation, first made against them jointly or severally during the year of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any Director or Officer in their capacity as a Director or Officer of the Company or any related corporation, first made against the Director or Officer during the period of insurance.

### Non-audit services

There were no non-audit services performed during the year by the auditors (or by another person or firm on the auditor's behalf).

### Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an independence declaration in relation to the audit of the financial report. This independence declaration is included on page 24 of the annual report and forms part of this directors' report for the year ended 30 June 2023.

## Directors' Report

### Remuneration report (audited)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel of AusQuest Limited (the "Company") for the financial year ended 30 June 2023.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

### Group performance and its consequences on shareholder wealth

It is not possible at this time to evaluate the Group's financial performance using generally accepted measures such as profitability and total shareholder return as the Group is focussed on exploration activities with no significant revenue stream. This assessment will be developed as and when the Group moves from explorer to producer.

The table below shows the gross revenue, losses and loss per share for the last five years for the Group:

		2023	2022	2021	2020	2019
Revenue and other income	\$	1,120,783	744,656	1,086,772	621,679	923,545
Net profit/(loss) after tax	\$	361,982	(1,457,728)	(1,397,914)	(984,829)	(275,633)
Earnings/(Loss) per share	Cents	0.04	(0.18)	(0.19)	(0.16)	(0.05)
Share price at year end		0.015	0.021	0.022	0.015	0.014

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and Company performance;
- remuneration of key management personnel;
- key terms of employment contracts;
- key management personnel equity holdings;
- transactions with key management personnel; and
- loans to/from key management personnel.

### Key management personnel details

The key management personnel of AusQuest Limited during the year or since the end of the year were:

Greg Hancock	Non-Executive Chairman
Graeme Drew	Managing Director
Christopher Ellis	Non-Executive Director

There were no group executives employed by AusQuest Limited during the year.

### Remuneration policy and relationship between the remuneration policy and Company performance

The Board policy for determining remuneration is based on the principle of remunerating directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market remuneration packages for similar positions within the industry and in consultation with external consultants.

The Board appreciates the interrelationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board will discuss these issues internally and with candidates prior to engaging additional directors or senior executives in the future.

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## Directors' Report

### Key management personnel (excluding non-executive directors)

The Remuneration Committee is responsible for determining the remuneration policies for the Group, including those affecting executive directors and other key management personnel. The Committee may seek appropriate external advice to assist in its decision making. Remuneration policies and practices are directed primarily at attracting, motivating and retaining key management personnel.

The remuneration policy for executive directors and other key management personnel has the following key elements:

- Primary benefits (being salary, fees, bonus and non-monetary benefits)
- Post-employment benefits (being superannuation)
- Equity (being share options granted at the discretion of the Board)
- Other benefits

### Non-Executive Directors

The Company's Non-Executive Directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of these directors. They do not receive any retirement benefits (other than compulsory superannuation).

The Board decides annually the level of fees to be paid to Non-Executive Directors with reference to market standards.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to Non-Executive Directors to remain with the Company.

A Non-Executive Directors' fee pool limit of \$300,000 per annum was approved by the shareholders.

### Key terms of employment contracts

Remuneration and other terms of employment for the Managing Director, Graeme Drew are formalised in a service agreement. Major provisions of this agreement are set out below:

- Term of agreement dated 21 April 2015.
- Base salary reviewed annually, salary of \$200,000 from 1 March 2018 (excluding superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to 3 months' salary, other than if there is a change of control of the Company, which will result in 12 months' salary.
- Notice period of 90 days.

The consulting agreement in place with the Chairman, Greg Hancock is summarised below:

- Term of agreement is renewed annually.
- Fee of \$48,000 from 1 July 2022.
- No payment of termination benefit.

### Remuneration of key management personnel

	Short-term employee benefits		Post employment benefits	Long term employee benefits	Share-based payment	Total	Performance Related
	Salary and fees	Other <sup>(i)</sup>	Super-annuation	Other <sup>(iii)</sup>	Options		
	\$	\$	\$	\$	\$	\$	%
<b>2023</b>							
<b>Directors</b>							
Graeme Drew	200,000	-	21,000	-	-	221,000	-
Greg Hancock <sup>(i)</sup>	-	48,000	-	-	-	48,000	-
Chris Ellis	-	-	-	-	-	-	-
	<b>200,000</b>	<b>48,000</b>	<b>21,000</b>	-	-	<b>269,000</b>	-

## Directors' Report

### Remuneration of key management personnel (continued)

	Short-term employee benefits		Post employment benefits	Long term employee benefits	Share-based payment	Total	Performance Related
	Salary and fees	Other <sup>(i)</sup>	Super-annuation	Other <sup>(ii)</sup>	Options		
	\$	\$	\$	\$	\$	\$	%
<b>2022</b>							
<b>Directors</b>							
Graeme Drew	200,000	-	20,000	-	-	220,000	-
Greg Hancock <sup>(i)</sup>	-	48,000	-	-	-	48,000	-
Chris Ellis	-	-	-	-	-	-	-
	<b>200,000</b>	<b>48,000</b>	<b>20,000</b>	-	-	<b>268,000</b>	-

(i) Mr Hancock received \$48,000 (2022: \$48,000) for corporate advisory services rendered to the Company.

There were no options granted as remuneration to key management personnel during the year.

There were no options granted as remuneration to key management personnel exercised during the year.

### Key management personnel equity holdings

#### Fully paid ordinary shares of AusQuest Limited

	Balance at 1 July	Balance on appointment	Granted as compensation	Other movements	Balance on resignation	Balance at 30 June
	No.	No.	No.	No.	No.	No.
<b>2023</b>						
<b>Directors</b>						
Greg Hancock	4,586,415	-	-	-	-	4,586,415
Graeme Drew	19,323,409	-	-	-	-	19,323,409
Chris Ellis	174,916,293	-	-	8,796,507 <sup>(i)</sup>	-	183,712,800
	<b>198,826,117</b>	-	-	<b>8,796,507</b>	-	<b>207,622,624</b>

(i) On-market trade

#### Options (listed and unlisted) of AusQuest Limited

	Balance at 1 July	Balance on appointment	Lapsed	Other movements	Balance on resignation	Balance at 30 June
	No.	No.	No.	No.	No.	No.
<b>2023</b>						
<b>Directors</b>						
Greg Hancock	5,000,000	-	-	-	-	5,000,000
Graeme Drew	11,190,476	-	(1,190,476) <sup>(i)</sup>	-	-	10,000,000
Chris Ellis	14,523,810	-	(9,523,810) <sup>(i)</sup>	-	-	5,000,000
	<b>30,714,286</b>	-	<b>(10,714,286)</b>	-	-	<b>20,000,000</b>

(i) Listed options lapsed unexercised (exercise price of \$0.04 per option, expiry date of 1 March 2023). Value at lapse is nil.

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## Directors' Report

### **Transactions with key management personnel**

The following transactions occurred with key management personnel:

	2023	2022
	\$	\$
Corporate advisory services <sup>(i)</sup>	48,000	48,000

- (i) The Company entered into a 12 month corporate advisory services agreement with Mr Hancock. Mr Hancock was paid \$48,000 (excluding GST) for services rendered during the 12 month period ending 30 June 2023 (2022: \$48,000 excluding GST). This amount is included as part of Mr. Hancock's remuneration in the table above.

There were no other transactions with key management personnel during the year.

### **Receivable from and payable to related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023	2022
	\$	\$
Current payables		
Fee payable to Graeme Drew and related entity	18,500	18,334
Fee payable to Greg Hancock and related entity	4,000	4,000

### **Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

### **(End of remuneration report)**

The Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors.



**Graeme Drew**  
**Managing Director**

19 September 2023  
Perth, WA

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of AusQuest Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**19 September 2023**

**B G McVeigh**  
**Partner**

**hlb.com.au**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of AusQuest Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of AusQuest Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material Uncertainty Regarding Going Concern*

We draw attention to Note 2(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**[hlb.com.au](http://hlb.com.au)**

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation expenditure</b> Refer to Note 11 in the financial report</p> <p>The Group has capitalised exploration and evaluation expenditure of \$4,888,356 as at 30 June 2023.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure in respect of each identifiable area of interest, including acquisition costs and measures the asset using the cost model.</p> <p>Our audit focussed on the Group’s assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>– We obtained an understanding of the key processes associated with management’s review of the exploration and evaluation asset carrying values;</li> <li>– We considered the Directors’ assessment of potential indicators of impairment;</li> <li>– We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>– We ensured there was planned or budgeted expenditure for 30 June 2024;</li> <li>– We verified additions to exploration expenditure during the year;</li> <li>– We considered the accounting treatment in relation to exploration partner funding;</li> <li>– We verified amounts received from the Group’s exploration partner and subsequently spent on exploration;</li> <li>– We verified the completeness of amounts recognised as income in relation to the Group’s exploration partner contracts;</li> <li>– We enquired with management, reviewed ASX announcements and minutes of Directors’ meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and</li> <li>– We examined the disclosures made in the financial report.</li> </ul>

*Information Other than the Financial Report and Auditor’s Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 30 June 2023, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of AusQuest Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**19 September 2023**



**B G McVeigh**  
**Partner**

## Directors' Declaration

1. In the opinion of the Directors of AusQuest Limited (the "Company"):
  - (a) the accompanying financial statements and notes thereto are in accordance with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Graeme Drew**  
**Managing Director**

Perth, Western Australia  
19 September 2023

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## Consolidated Statement of Profit Or Loss and Other Comprehensive Income

For the ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Continuing Operations</b>			
Revenue	5	1,094,278	648,656
Other income	5	26,505	96,000
		<u>1,120,783</u>	<u>744,656</u>
Consultants and employee benefits expenses		255,759	264,896
Occupancy expenses		36,636	28,606
Depreciation expense	10	12,506	11,194
Depreciation expense of right-of-use asset	12	85,958	107,819
Share-based payments expense	6	-	11,000
Administrative expenses		703,973	767,341
Impairment of exploration and evaluation expenditure	6, 11	604,057	1,956,939
Exploration expenditure (recovered) / expensed		425	-
Finance costs		6,886	6,005
Interest on lease liability		2,320	6,701
		<u>1,708,520</u>	<u>3,160,501</u>
Loss before income tax expense		(587,737)	(2,415,845)
Income tax benefit	7	949,719	958,117
Profit/(Loss) for the year after income tax of continuing operations		<u>361,982</u>	<u>(1,457,728)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange gain/(loss) on translation of foreign operations		519,838	938,703
Other comprehensive income for the year, net of tax		<u>519,838</u>	<u>938,703</u>
Total comprehensive income/(loss) for the year		<u>881,820</u>	<u>(519,025)</u>
Earnings/(Loss) per share			
Basic and diluted earnings/(loss) per share from continuing operations (cents per share)	28	0.04	(0.18)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Current Assets</b>			
Cash and cash equivalents	27	3,733,325	3,878,896
Trade and other receivables	8	631,136	619,650
Funding receivable	15	314,080	-
Other assets	9	35,074	31,541
<b>Total Current Assets</b>		<b>4,713,615</b>	<b>4,530,087</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	52,132	30,633
Exploration and evaluation expenditure	11	4,888,356	3,840,585
Right-of-use asset	12	-	85,958
<b>Total Non-Current Assets</b>		<b>4,940,488</b>	<b>3,957,176</b>
<b>Total Assets</b>		<b>9,654,103</b>	<b>8,487,263</b>
<b>Current Liabilities</b>			
Trade and other payables	13	1,191,969	655,989
Provisions	14	147,576	148,239
Unexpended funding	15	-	162,617
Lease liability	12	-	87,680
<b>Total Current Liabilities</b>		<b>1,339,545</b>	<b>1,054,525</b>
<b>Total Liabilities</b>		<b>1,339,545</b>	<b>1,054,525</b>
<b>Net Assets</b>		<b>8,314,558</b>	<b>7,432,738</b>
<b>Equity</b>			
Issued capital	16	62,308,182	62,308,182
Reserves	18	5,283,742	4,803,904
Accumulated losses		(59,277,366)	(59,679,348)
<b>Total Equity</b>		<b>8,314,558</b>	<b>7,432,738</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Issued capital	Share based payment	Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	62,308,182	473,319	4,330,585	(59,679,348)	7,432,738
Profit after income tax for the year	-	-	-	361,982	361,982
Other comprehensive income for the year, net of tax	-	-	519,838	-	519,838
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>519,838</b>	<b>361,982</b>	<b>881,820</b>
Lapsed options during the year	-	(40,000)	-	40,000	-
	-	<b>(40,000)</b>	-	<b>40,000</b>	-
<b>Balance at 30 June 2023</b>	<b>62,308,182</b>	<b>433,319</b>	<b>4,850,423</b>	<b>(59,277,366)</b>	<b>8,314,558</b>
<b>Balance at 1 July 2021</b>	62,273,198	473,319	3,391,882	(58,221,620)	7,916,779
Loss after income tax for the year	-	-	-	(1,457,728)	(1,457,728)
Other comprehensive income for the year, net of tax	-	-	938,703	-	938,703
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>938,703</b>	<b>(1,457,728)</b>	<b>(519,025)</b>
Issue of shares	34,984	-	-	-	34,984
	<b>34,984</b>	-	-	-	<b>34,984</b>
<b>Balance at 30 June 2022</b>	<b>62,308,182</b>	<b>473,319</b>	<b>4,330,585</b>	<b>(59,679,348)</b>	<b>7,432,738</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from South32 Group Operations Pty Ltd		1,081,204	647,793
Government contributions		26,505	96,000
Payments to suppliers and employees		(1,010,420)	(1,078,372)
Interest received		13,075	879
Finance costs		(6,886)	(6,003)
<b>Net cash inflow/(outflow) from operating activities</b>	27(ii)	<b>103,478</b>	<b>(339,703)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant and equipment		(14,633)	(17,932)
Payments for exploration and evaluation		(8,092,008)	(6,884,089)
Payment received on grant of farm-in and joint venture interests		6,972,020	4,765,664
Research and development tax incentive refund received		949,719	958,117
<b>Net cash outflow from investing activities</b>		<b>(184,902)</b>	<b>(1,178,240)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	23,984
Repayment of lease liabilities	27(iii)	(90,000)	(114,550)
<b>Net cash (outflow) from financing activities</b>		<b>(90,000)</b>	<b>(90,566)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(171,424)</b>	<b>(1,608,509)</b>
Cash and cash equivalents at the start of the period		3,878,896	5,408,593
Exchange rate adjustment		25,853	78,812
<b>Cash and cash equivalents at the end of the period</b>	27(i)	<b>3,733,325</b>	<b>3,878,896</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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# Notes to the Consolidated Financial Statements

## 1. General information

AusQuest Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the code ("AQD")), incorporated in Australia and operating in Australia and Peru.

The financial report covers AusQuest Limited as a consolidated entity consisting of AusQuest Limited and the entities it controlled during the period ("the Group"). The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration. AusQuest Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The Company's registered office and its principal place of business are as follows:

<b>Registered Office</b>	<b>Principal place of business</b>
C/- Nexia Perth Pty Ltd Level 3, 88 William Street Perth WA 6000	8 Kearns Crescent Ardross WA 6153

The Group's principal activities are the exploration for and evaluation of mineral resources in Australia and Peru.

## 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The financial statements comprise the consolidated financial statements for the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

#### i. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 19 September 2023.

### (b) Going Concern

The 30 June 2023 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2023 the Group recorded a net profit of \$361,982 (2022 net loss: \$1,457,728) and at 30 June 2023 had net working capital of \$3,374,070 (30 June 2022: net working capital of \$3,475,562). The Group also recorded a net cash inflow in operating activities for the year ended 30 June 2023 of \$103,478 (2022: net cash outflow in operating activities of \$339,703).

The Company also received recent notification that South32 will not fund new exploration work over the Company's Peruvian projects. The Company remains of the opinion that its Peruvian projects warrants further assessment and plans to continue exploration work on a number of these tenements.

The current South32 arrangement expires on 31 December 2023.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (b) Going Concern (continued)

Based on the Group's cash flow forecast it is likely that the Group will need to access additional working capital in the next 12 months to advance its exploration projects and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, should the need arise. The directors are also aware that the Group has the option, if necessary, to defer expenditure or relinquish certain projects and reduce administration costs in order to minimise its capital raising requirements.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

#### (c) Critical accounting estimates

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Refer to Note 3 for a discussion of critical judgements in applying the Group's accounting policies and key sources of estimation uncertainty.

#### (d) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Management also considers other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (e) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

##### (i) *Financial Assets*

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

##### (ii) *Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

##### (iii) *Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

##### (iv) *Effective Interest Rate Method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (g) Foreign currency translation

Both the functional and presentation currency of AusQuest Limited and its Australian subsidiaries is Australian dollars. All other foreign subsidiaries uses American dollar as their functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

#### (h) Revenue and other income

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Revenue is measured at the transaction price received or receivable (which excludes estimates of variable consideration) allocated to the performance obligation satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, GST and other sales related taxes. Where the expected period between transfer of a promised service and payment from the customer is one year or less no adjustment for a financing component is made.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date.

##### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

Government assistance revenue is recognised when it is received or when the right to receive payment is established.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (i) Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is provided on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. AusQuest Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group as and when they arise.

The Research and Development (R&D) tax rebate is recognised as income tax benefit upon receipt.



## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (j) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (k) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

<i>Class of fixed asset</i>	<i>Depreciation rate (%)</i>
Fixtures, fittings and office equipment	10 - 40%
Computer equipment	20 - 50%
Field equipment	20 - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits/accumulated losses.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (m) Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

#### (n) Employee benefits

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

#### (o) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments. The cost of these share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at grant date is measured by use of an appropriate valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (p) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### (q) Exploration and evaluation assets

Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest.

These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

Contributions by a farmee in a farm out agreement are offset against the exploration and evaluation assets when spent. The unexpended expenditure from the farmee at reporting date is recorded as a liability in the statement of financial position. Where there is no obligation attached to the contribution received, the excess of cash received over the carrying amount of the exploration project is credited to the statement of profit or loss and other comprehensive income as revenue.

#### (r) Joint arrangements

##### *Joint operations*

Interests in joint operations are reported in the financial statements by including the entity's share of assets employed in the joint operation, the share of liabilities incurred in relation to the joint operation and the share of any expenses incurred in relation to the joint operation in their respective classification categories.

##### *Joint ventures*

Interests in joint ventures are accounted for under the equity method in the consolidated financial statements and the cost method in the Company's financial statements.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### (t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (u) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit/loss attributable to the owners of AusQuest Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

##### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### (v) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Notes to the Consolidated Financial Statements

### 2. Significant accounting policies (continued)

#### (w) New accounting standards and interpretations

##### *Adoption of new and revised standards*

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2023.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2023.

#### (x) New accounting standards and interpretations not yet adopted

The Directors have also reviewed all Standards and Interpretations issued but not yet mandatory for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations issued but not yet mandatory, therefore no change is necessary to Group accounting policies.

### 3. Critical accounting judgements, estimates and assumptions

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

#### (a) *Exploration and evaluation costs carried forward*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will increase losses and reduce net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will increase losses and reduce net assets in the period in which this determination is made.

#### (b) *Share-based payments*

The Company makes equity settled share-based payments to certain employees and consultants, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair values are determined using an appropriate valuation model. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

#### (c) *Loans to controlled entities*

The directors believe that the recoupment by AusQuest Limited of the inter-company receivables from Questdor SAC is dependent on the successful development and commercial exploitation or, alternatively, the sale of the exploration assets held by the controlled entity.

## Notes to the Consolidated Financial Statements

### 4. Operating Segments

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of AusQuest Limited.

The following table presents the revenue, results and certain asset and liability information regarding the segment information provided to the Board of Directors for the year ended 30 June 2023.

	Australia	South America	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$
<b>Consolidated - 2023</b>				
<b>Revenue</b>				
Interest revenue	13,074	-	-	13,074
Other revenue	1,107,709	-	-	1,107,709
<b>Total revenue</b>	<b>1,120,783</b>	<b>-</b>	<b>-</b>	<b>1,120,783</b>
<b>Expenses</b>				
Depreciation	(95,025)	(3,439)	-	(98,464)
Impairment of exploration expenditure	(334,548)	(269,509)	-	(604,057)
Other expenses	(768,244)	(237,755)	-	(1,005,999)
<b>Total expenses</b>	<b>(1,197,817)</b>	<b>(510,703)</b>	<b>-</b>	<b>(1,708,520)</b>
<b>Loss before income tax</b>	<b>(77,034)</b>	<b>(510,703)</b>	<b>-</b>	<b>(587,737)</b>
Income tax benefit	-	-	-	949,719
<b>Profit after income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361,982</b>
<b>Assets</b>				
Current Assets	3,970,725	742,890	-	4,713,615
Non-Current Assets	26,619,927	3,682,346	(25,361,785)	4,940,488
<b>Total Assets</b>	<b>30,590,652</b>	<b>4,425,236</b>	<b>(25,361,785)</b>	<b>9,654,103</b>
<b>Liabilities</b>				
Current Liabilities	1,217,136	122,409	-	1,339,545
Non-Current Liabilities	-	25,361,785	(25,361,785)	-
<b>Total Liabilities</b>	<b>1,217,136</b>	<b>25,484,194</b>	<b>(25,361,785)</b>	<b>1,339,545</b>

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## Notes to the Consolidated Financial Statements

### 4. Operating Segments (Continued)

	Australia	South America	Intersegment Eliminations	Consolidated
	\$	\$	\$	\$
<b>Consolidated - 2022</b>				
<b>Revenue</b>				
Interest revenue	866	-	-	866
Other revenue	743,790	-	-	743,790
<b>Total revenue</b>	<b>744,656</b>	<b>-</b>	<b>-</b>	<b>744,656</b>
<b>Expenses</b>				
Depreciation	(94,600)	(24,413)	-	(119,013)
Impairment of exploration expenditure	(548,309)	(1,408,630)	-	(1,956,939)
Other expenses	(747,142)	(337,407)	-	(1,084,549)
<b>Total expenses</b>	<b>(1,390,051)</b>	<b>(1,770,450)</b>	<b>-</b>	<b>(3,160,501)</b>
<b>Loss before income tax</b>	<b>(645,395)</b>	<b>(1,770,450)</b>	<b>-</b>	<b>(2,415,845)</b>
Income tax benefit	-	-	-	958,117
<b>Loss after income tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,457,728)</b>
<b>Assets</b>				
Current Assets	3,999,996	530,091	-	4,530,087
Non-Current Assets	22,504,338	2,521,558	(21,068,813)	3,957,083
<b>Total Assets</b>	<b>26,504,334</b>	<b>3,051,649</b>	<b>(21,068,813)</b>	<b>8,487,170</b>
<b>Liabilities</b>				
Current Liabilities	1,014,674	39,851	-	1,054,525
Non-Current Liabilities	-	21,068,813	(21,068,813)	-
<b>Total Liabilities</b>	<b>1,014,674</b>	<b>21,108,664</b>	<b>(21,068,813)</b>	<b>1,054,525</b>

### 5. Revenue

	2023	2022
	\$	\$
Funding from South32 Group Operations Pty Ltd recognised as income		
Administration charges (Note 15)	1,081,204	618,127
Funding against written off exploration expenditure (Note 15)	-	29,663
Government assistance	26,505	96,000
Interest income	13,074	866
<b>Total revenue</b>	<b>1,120,783</b>	<b>744,656</b>

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## Notes to the Consolidated Financial Statements

### 6. Profit/(Loss) for the year

	2023	2022
	\$	\$
Exploration expenditure impaired	604,057	1,956,939
Share-based payments:		
Consulting services	-	11,000
	<u>-</u>	<u>11,000</u>

### 7. Income tax expense

	2023	2022
	\$	\$
<b>Tax benefit comprises:</b>		
Current tax benefit	949,719	958,117
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
<b>Total tax benefit</b>	<u>949,719</u>	<u>958,117</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
(Loss)/Profit before income tax expense	(587,737)	(2,415,845)
<b>Tax at the statutory tax rate of 25% (2022: 25%)</b>	(146,934)	(603,961)
Effect of net expenses that are not deductible in determining taxable profit	-	2,750
Effect of net income that is not assessable in determining taxable profit		
Effect of changes in unrecognised temporary differences	(960,435)	(584,457)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets		
Effect of research and development tax incentive refund	949,719	958,117
Adjustments recognised in the current year in relation to the current tax of previous years		
Adjustments recognised in the current year in relation to the current tax of previous years	983,186	550,630
Effect of temporary differences that would be recognised directly in equity	124,183	635,038
Impact from change in tax rate on unrecognised DTAs	-	-
<b>Income tax benefit</b>	<u>949,719</u>	<u>958,117</u>

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2022: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.



## Notes to the Consolidated Financial Statements

### 7. Income tax expense (continued)

	2023	2022
	\$	\$
<b>Unrecognised deferred tax assets and liabilities</b>		
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax losses – revenue	8,357,373	8,903,922
Exploration and evaluation assets	(4,574,174)	(4,312,231)
Unrealised foreign exchange gain	-	-
Other reserves	(1,212,606)	(1,088,423)
Other temporary differences	74,331	108,207
	<u>2,644,924</u>	<u>3,611,475</u>

The above potential tax benefit for tax losses, calculated on the expected future tax rate of 25%, has not been recognised in the statement of financial position. Management has calculated that accounting losses arose in prior periods and therefore consider a reasonable assumption to be that, following submission of the tax returns, tax losses will be available to be utilised in order to offset its assessable income. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

#### *Relevance of tax consolidation to the Group*

The Company and its wholly-owned Australian resident entities have formed a tax consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is AusQuest Limited. The members of the tax-consolidated group (incorporated in Australia) are identified at Note 26.

### 8. Trade and other receivables

	2023	2022
	\$	\$
<i>Current</i>		
Security deposits	50,000	50,000
Input tax recoverable	558,900	458,964
Receivable - GST/VAT	-	92,292
Other receivables	22,236	18,394
<b>Total trade and other receivables</b>	<u>631,136</u>	<u>619,650</u>

### 9. Other assets

	2023	2022
	\$	\$
<i>Current</i>		
Prepayments	35,074	31,541
<b>Total trade and other receivables</b>	<u>35,074</u>	<u>31,541</u>

## Notes to the Consolidated Financial Statements

### 10. Property, Plant and Equipment

	2023	2022
	\$	\$
Computer equipment - at cost	58,313	55,392
Less: Accumulated depreciation	(42,410)	(40,939)
	<u>15,903</u>	<u>14,453</u>
Field equipment - at cost	210,933	175,521
Less: Accumulated depreciation	(186,521)	(172,784)
	<u>24,412</u>	<u>2,737</u>
Fixtures, fittings and office equipment - at cost	31,442	30,967
Less: Accumulated depreciation	(20,706)	(18,894)
	<u>10,736</u>	<u>12,073</u>
Low value pool - at cost	12,507	12,653
Less: Accumulated depreciation	(11,426)	(11,283)
	<u>1,081</u>	<u>1,370</u>
<b>Carrying amount</b>	<u><b>52,132</b></u>	<u><b>30,633</b></u>

	Consolidated Total \$
<b>Consolidated</b>	
Balance at 1 July 2021	50,834
Additions	16,755
Write off	-
Depreciation expense	(11,194)
Foreign exchange	(25,762)
<b>Balance at 30 June 2022</b>	<u><b>30,633</b></u>
Additions	14,633
Write off	-
Depreciation expense	(12,506)
Foreign exchange	19,372
<b>Balance at 30 June 2023</b>	<u><b>52,132</b></u>

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## Notes to the Consolidated Financial Statements

### 11. Exploration and evaluation expenditure

	2023	2022
	\$	\$
Balance at beginning of period	3,840,585	3,362,726
Capitalised during the period/year	9,547,735	6,262,276
Impaired during the period/year <sup>(i)</sup>	(604,057)	(1,956,939)
Grant of farm-in interests in previously capitalised projects <sup>(ii)</sup>	(7,420,053)	(4,681,850)
Exchange movements	(475,854)	854,372
<b>Balance at end of period</b>	<b>4,888,356</b>	<b>3,840,585</b>

The recoupment of costs carried forward in relation to areas in the exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

(i) *Significant impairments to the following projects occurred during the year:*

	2023	2022
	\$	\$
South West Peru	269,509	1,408,630
Other Australian Projects	334,548	548,309
<b>Total Impairment</b>	<b>604,057</b>	<b>1,956,939</b>

The Group has impaired expenditure for those projects and tenement where they have decided not to renew leases. Costs for leases that are under application are allocated to prepaid exploration expenditure, rather than impaired. For the year to 30 June 2023 the Group has impaired \$604,057 (30 June 2022: \$1,956,939) of previously capitalised expenditure incurred on those. The impairment has been recognised in the statement of profit or loss and other comprehensive income.

(ii) *Grant of farm-in and joint venture interests in previously capitalised projects:*

For the year ended 30 June 2023, the Company received \$8,024,560 (30 June 2022: \$5,426,414 ) in funding. An amount of \$7,420,053 (30 June 2022: \$4,681,850) has been allocated against capitalised exploration and evaluation expenditures at reporting date (Note 15).

## Notes to the Consolidated Financial Statements

### 12. Right-of-use Asset and Lease Liability

	2023	2022
	\$	\$
<i>(a) Amounts recognised in the balance sheet</i>		
<b>Right-of-use asset</b>		
Right-of-use asset recognised as at 1 July	85,958	21,177
Add: Rights-of-use asset recognised during the year	-	171,908
Less: Depreciation	(85,958)	(107,819)
Add: Foreign exchange movement	-	692
<b>Balance at end of period</b>	<b>-</b>	<b>85,958</b>
<b>Lease liabilities</b>		
Lease liability recognised as at 1 July	87,680	23,199
Add: Lease liability recognised during the year	-	171,908
Add: Interest	2,320	6,701
Less: Payment	(90,000)	(114,550)
Add: Foreign exchange movement	-	422
<b>Balance at end of period</b>	<b>-</b>	<b>87,680</b>
Current	-	87,680
Non-current	-	-
<i>(b) Amounts recognised in the consolidated statement of profit or loss</i>		
Depreciation of right-of-use asset	85,958	107,819
Interest expense on lease liabilities	2,320	6,701

#### *(c) Leasing Activities*

The Group currently holds an office lease that expired on 30 June 2023 and subsequently extended a further 24 months.

The lease is recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### Initial measurement

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Company's incremental borrowing rate of 4.85%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

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## Notes to the Consolidated Financial Statements

### 13. Trade and other payables

	2023	2022
	\$	\$
<i>Current</i>		
Trade payables and accruals	1,110,965	608,636
Employee liabilities	45,263	47,353
Payable - GST/VAT	35,741	-
<b>Total current trade and other payables</b>	<b>1,191,969</b>	<b>655,989</b>

The average credit period on purchases and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest may be charged at various penalty rates on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

### 14. Provisions

	2023	2022
	\$	\$
<i>Current</i>		
Employee benefits	147,576	148,239
<b>Total provisions</b>	<b>147,576</b>	<b>148,239</b>

The current provision for employee benefits relates to annual leave and long service leave entitlements.

### 15. Funding receivable / Unexpended funding

	2023	2022
	\$	\$
Balance at beginning of period	162,617	65,843
Funding from strategic alliance and joint venture partner	8,024,560	5,426,414
Less: Amount spent on exploration and evaluation projects (Note 11)	(7,420,053)	(4,681,850)
Less: Amount spent on administration (Note 5)	(1,081,204)	(618,127)
Less: Funding against written off exploration expenditure (Note 5)	-	(29,663)
<b>Balance at end of period</b>	<b>(314,080)</b>	<b>162,617</b>

The balance at 30 June 2023 represents the funding receivable from South32 Group Operations Pty Ltd at reporting date.

## Notes to the Consolidated Financial Statements

### 16. Issued capital

Movement in ordinary share capital

	Shares No.	Shares \$
<i>Ordinary Shares – fully paid</i>	825,149,223	62,308,182
Balance at 1 July 2021	823,189,831	62,273,198
Issue of shares (exercise of options) <sup>(i)</sup>	959,392	23,984
Issue of shares (consulting services) <sup>(ii)</sup>	1,000,000	11,000
<b>Balance at 30 June 2022</b>	<b>825,149,223</b>	<b>62,308,182</b>
<b>Balance at 30 June 2023</b>	<b>825,149,223</b>	<b>62,308,182</b>

(i) *Exercise of listed options*

On 29 November 2021 the Company issued 959,392 shares, following of the exercise of listed options. These options had an expiry date of 30 November 2021 and were exercisable at \$0.025.

(ii) *Issue of shares (consulting services)*

The Company issued 1,000,000 ordinary shares on 10 March 2022 in lieu of cash payments for consulting services rendered to the Group. All shares were issued at the share price at the date the share-based payment arrangement was entered into. Consulting expenses to the same value were recognised in the statement of profit or loss and other comprehensive income.

There was no movement in ordinary share capital during the financial year ended 30 June 2023.

### 17. Share options

Movement in options over ordinary shares on issue

	Listed Options (AQDOA) No.	Unlisted Options No.
Balance at 1 July 2021	127,027,620	115,428,575
Exercised during the year	(959,392)	-
Expired during the year	(126,068,228)	-
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>115,428,575</b>
Expired during the year	-	(76,428,575)
<b>Balance at 30 June 2023</b>	<b>-</b>	<b>39,000,000</b>

## Notes to the Consolidated Financial Statements

### 17. Share options (continued)

(a) Listed Options

At the date of this report the Company holds no listed options.

(b) Unlisted Options

At the date of this report the Company had the following unlisted options:

	2023 No.	2022 No.
ADDAB: Options Expiring 01-Mar-2023 exercisable \$0.04	-	76,428,575
AQDAC: Options Expiring 30-Nov-2024 exercisable \$0.075	20,000,000	20,000,000
AQDAD: Options Expiring 30-Nov-2024 exercisable \$0.05	19,000,000	19,000,000

On 1 March 2023, 76,428,575 free attaching unlisted options issued as part of a Placement announced on 19 February 2021, lapsed unexercised.

Following shareholder approval at the Annual General Meeting held on 26 November 2020, 20,000,000 unlisted options was issued to the directors. These options have an exercise price of 7.5 cents each and expire on 30 November 2024 (refer Note 29 for further detail).

On 25 January 2021 the Company issued 19,000,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the directors. The options hold no voting rights and are not transferable. At reporting date no options have been exercised and the employees have not ceased employment. (refer Note 29 for further detail).

Share options issued by the Company carry no rights to dividends and no voting rights.

### 18. Reserves

	2023 \$	2022 \$
Foreign currency reserve	4,850,423	4,330,585
Share-based payments reserve	433,319	473,319
	<u>5,283,742</u>	<u>4,803,904</u>

Movements in reserves during these periods are disclosed in the consolidated statement of changes in equity.

#### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars and foreign currency gains and losses on net investments in foreign operations.

#### *Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

## Notes to the Consolidated Financial Statements

### 19. Financial instruments

#### **Financial risk management objectives**

- The Company has exposure to the following risks from its use of financial instruments:
- Foreign currency risk
- Liquidity risk
- Interest rate risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### **Foreign currency risk**

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date, expressed in Australian dollars, was as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consolidated				
US dollar	1,414,386	1,169,336	605,244	271,925

#### **Foreign currency sensitivity analysis**

The sensitivity analyses of the Group's exposure to foreign currency risk at the reporting date has been determined based on a change of 10% in the value of the Australian dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

At reporting date, if the Australian dollar was 10% stronger and all other variables were constant, the Group's net gain after tax would have increased by \$80,914 (2022: net loss decrease of \$89,741) with a corresponding increase in equity. Where the Australian dollar weakened, there would be an equal and opposite impact on the loss after tax and equity.

#### **Price risk**

The Group is not exposed to any significant price risk.



## Notes to the Consolidated Financial Statements

### 19. Financial instruments (continued)

#### **Interest rate risk**

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The Group manages this risk by maintaining an appropriate mix between fixed and floating rated products, which also facilitate access to money.

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Group is not exposed to interest rate risk associated with borrowed funds.

#### Interest rate sensitivity analysis

The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on a change of 50 basis points in interest rates.

At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net gain after tax would have increase by \$18,535 (2022: \$19,249) with a corresponding increase in equity. Where interest rates decreased, there would be an equal and opposite impact on the loss after tax and equity.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is the responsibility of the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, identifying when further capital raising initiatives are required.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

## Notes to the Consolidated Financial Statements

### 19. Financial instruments (continued)

	2023							
	Rate	CONSOLIDATED						Total
		Less than 1 month	1-3 months	3 months to 1 year	1 - 5 years	5+ years		
%	\$	\$	\$	\$	\$	\$		
<b>Financial assets</b>								
Non-interest bearing	-	921,636	-	-	-	-	921,636	
Variable interest rate	0.05%	3,706,905	-	-	-	-	3,706,905	
Fixed interest rate	0.10%	-	-	50,000	-	-	50,000	
		4,628,541	-	50,000	-	-	4,678,541	
<b>Financial liabilities</b>								
Non-interest bearing	-	1,084,985	106,884	-	-	-	1,191,869	
Fixed interest rate	-	-	-	-	-	-	-	
		1,084,985	106,884	-	-	-	1,191,869	

	2022							
	Rate	CONSOLIDATED						Total
		Less than 1 month	1-3 months	3 months to 1 year	1 - 5 years	5+ years		
%	\$	\$	\$	\$	\$	\$		
<b>Financial assets</b>								
Non-interest bearing	-	598,812	-	-	-	-	598,812	
Variable interest rate	0.05%	3,849,734	-	-	-	-	3,849,734	
Fixed interest rate	0.10%	-	-	50,000	-	-	50,000	
		4,448,546	-	50,000	-	-	4,498,546	
<b>Financial liabilities</b>								
Non-interest bearing	-	641,635	176,971	-	-	-	818,606	
Fixed interest rate	-	7,307	14,613	65,760	-	-	87,680	
		648,942	191,584	65,760	-	-	906,286	

#### **Fair value of financial assets and liabilities**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2. The directors consider that the carrying amount of financial assets and other financial liabilities recorded in the financial statements approximate their net fair values.

#### **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of debt and equity, comprising issued capital and reserves, net of accumulated losses. The Group's policy is to use capital market issues to meet the funding requirements of the Group.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## Notes to the Consolidated Financial Statements

### 20. Key management personnel disclosure

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel is summarised below:

	2023	2022
	\$	\$
Short term employee benefits	248,000	248,000
Post employment benefits	21,000	20,000
Share based payments for options granted	-	-
	<u>269,000</u>	<u>268,000</u>

### 21. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	2023	2022
	\$	\$
<i>Audit Services</i>		
Audit and review of the financial statements	<u>53,287</u>	<u>51,938</u>

The auditor of AusQuest Limited is HLB Mann Judd.

### 22. Contingent liabilities

#### **Contingent Shares**

At reporting date the Company had contingent share issues to consultants of up to 3,000,000 (30 June 2022: 3,000,000) fully paid ordinary shares. The issue of these shares is dependent on certain agreed project and/or Joint Venture milestones being reached, including:

- The possible issue of 3 million shares in the Company for joint venture projects where South32 has earned a 70% interest by spending a minimum of US\$4 million per project before 31 December 2023.

#### **SBN Mineral Concession Challenge - Peru**

As previously reported, the Company, through its wholly owned subsidiary Questdor SAC, received during 2021 a request for payment from the Ministry of Housing (SBN) for access to surface rights over certain State owned land in Peru on which the Company holds mineral concessions (tenements). SBN oversees access to surface rights over State-owned land in Peru. The Company held discussions with its lawyers and the SBN to understand the basis for the payment request and formed the view that the SBN was not legally entitled to payment for temporary access to these surface rights. The Company subsequently commenced the process of challenging the request for payment from the SBN through the Peruvian Administrative Judiciary and understands that other mining companies are also challenging similar payment requests by the SBN. The Company's challenge has moved through the lower courts, which did not fully address the Company's argument at law, and will now progress to the Supreme Court of Peru for leave to appeal on the question of interpretation of the relevant law. Notwithstanding the Company's strong belief in its legal position, there is no certainty as to how the Judiciary will finally rule on the payment requests by the SBN.

At this point it is not possible to quantify the financial impact should the Company be unsuccessful in its challenge nor the time frame to resolve this issue. The Company understands that a presentation was made to the Supreme Court and that the outcome is still pending. No time frame has been provided for their judgement. Given these uncertainties and the Company's belief that it has strong legal grounds to challenge, the Company did not recognise any liabilities in its statement of financial position for the financial year ended 30 June 2023. The Company continues to monitor the position and will report as required.

## Notes to the Consolidated Financial Statements

### 22. Contingent liabilities (continued)

The Company confirms that this challenge does not impact the legal rights that the Company holds over its tenements in Peru which remain in good standing.

Other than the above, there has been no change in contingent liabilities since the last annual reporting date.

### 23. Commitments

	2023	2022
	\$	\$
Capital commitments		
Committed at reporting date but not recognised as liabilities, payable:		
Within one year	2,034,637	2,926,110
After one year but not more than five years	14,450,686	10,273,138
More than five years	-	-
	<u>16,485,323</u>	<u>13,199,248</u>

The Company has the ability to relinquish tenements if required or deemed appropriate which will reduce further minimum spending commitments.

### 24. Related parties

#### *Parent entity*

AusQuest Limited is the parent entity.

#### *Subsidiaries*

Interests in subsidiaries are set out in Note 26.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in Note 20 and the remuneration report in the Directors' Report.

#### *Transactions with related parties*

The following transactions occurred with related parties:

	2023	2022
	\$	\$
Corporate advisory services <sup>(i)</sup>	<u>48,000</u>	<u>48,000</u>

- (i) The Company entered into a 12 month corporate advisory services agreement with Mr Hancock on 1 May 2015 (subsequently extended). Under the agreement Mr Hancock can receive annual fees of up to \$48,000 + GST. Mr Hancock was paid \$48,000 (excluding GST) for services rendered during the 12 month period ending 30 June 2023 (2022: \$48,000 excluding GST). This amount is included as part of Mr Hancock's remuneration in the Remuneration Report.

## Notes to the Consolidated Financial Statements

### 24. Related parties (continued)

#### *Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023	2022
	\$	\$
Current payables		
Fee payable to Graeme Drew and related entity	18,500	18,334
Fee payable to Greg Hancock and related entity	4,000	4,000

#### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

#### *Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

### 25. Parent entity information

	Parent	Parent
	2023	2022
	\$	\$
<i>Statement of profit or loss and other comprehensive income</i>		
Profit/(loss) after income tax for the year	1,990,549	(255,497)
<b>Total comprehensive income</b>	<b>1,990,549</b>	<b>(255,497)</b>
<i>Statement of financial position</i>		
Total current assets	3,970,725	3,999,999
Total non-current assets	5,560,870	4,710,942
<b>Total assets</b>	<b>9,531,595</b>	<b>8,710,941</b>
Total current liabilities	1,217,037	1,014,674
<b>Total liabilities</b>	<b>1,217,037</b>	<b>1,014,674</b>
Issued capital	62,308,183	62,308,183
Share-based payment reserve	433,319	473,319
Accumulated losses	(54,426,944)	(55,085,235)
<b>Total equity</b>	<b>8,314,558</b>	<b>7,696,267</b>

#### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

#### *Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Included in non-current assets are investments and loans to subsidiaries of \$15,043,969 (2022: \$12,123,255), the recoverability of which is dependent on the successful exploration of the subsidiaries exploration assets.

#### *Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at 30 June 2023 and 30 June 2022.

## Notes to the Consolidated Financial Statements

### 26. Interest in subsidiaries

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Parent Entity			
AusQuest Limited <sup>(i)</sup>	Australia		
Controlled entities			
<i>Held directly by AusQuest Limited:</i>			
Fortescue Resources Limited	Australia	100%	100%
E&A Resources Pty Ltd	British Virgin Islands	100%	100%
Questdor SAC	Peru	100%	100%
Filigree SARL	Burkina Faso	100%	100%
<i>Held through E&amp;A Resources Pty Ltd:</i>			
Comoe Exploration SARL	Burkina Faso	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

- (i) AusQuest Limited is the head entity within the tax consolidated group. All the Australian-incorporated companies are members of the tax consolidated group.

### 27. Cash and cash equivalents

- (i) *Cash and cash equivalents*

	2023 \$	2022 \$
Cash at bank and on hand	3,733,325	3,878,896
<b>Total cash &amp; cash equivalents</b>	<b>3,733,325</b>	<b>3,878,896</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

#### *Reconciliation to the Statement of Cash Flows:*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on bank and cash on hand.

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## Notes to the Consolidated Financial Statements

### 27. Cash and cash equivalents (continued)

(ii) Reconciliation of (loss)/profit after income tax to net cash used in operating activities:

	2023	2022
	\$	\$
Reconciliation of cash flows from operating activities with profit from ordinary activities after income tax:		
Profit/(Loss) after income tax for the year from continued operations	361,982	(1,457,728)
	361,982	(1,457,728)
Adjustment for non-cash items:		
Depreciation and amortisation	12,506	11,194
Depreciation and interest expense on right-of-use asset	88,278	114,520
Share-based payment expenses	-	11,000
Exploration and evaluation expenditure impaired	604,057	1,956,939
R&D tax rebate reclassified as investing activities	(949,719)	(958,117)
Exploration and evaluation expenditure included in investing activities	425	-
Disposal of property, plant and equipment	1,355	1,177
Foreign exchange differences	(30,891)	-
Operating (loss)/profit before working capital changes	87,993	(321,015)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,033)	1,983
(Increase)/decrease in other assets	(3,269)	9,455
(Decrease) in payables	22,451	(40,411)
Increase in provisions	(664)	10,285
Net cash (used in)/from operating activities	103,478	(339,703)

(iii) Changes in liabilities arising from financing activities

	2023	2022
	\$	\$
<b>Accrued interest and leases</b>		
Opening balance	87,680	23,199
Interest accrued	-	-
Non-cash recognition of lease	-	171,908
Payment of leases	(90,000)	(114,550)
Lease interest	2,320	6,701
Foreign exchange on leases	-	422
Closing balance	-	87,680

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## Notes to the Consolidated Financial Statements

### 28. Earnings/(Loss) per share

	2023	2022
	\$	\$
Basic (loss)/earnings per share from continuing operations	0.04	(0.18)

	2023	2022
	\$	\$
(Loss)/Profit after income tax attributable to the owners of AusQuest Limited from continuing operations	361,982	(1,457,728)

	Number	Number
Weighted average number of ordinary shares	825,149,223	824,061,913

The options of the Company are an anti-dilutive in nature because the average market price of ordinary shares during the year does not exceed the exercise price of the options. Diluted (loss)/earnings per share have not been calculated as the result does not decrease earnings per share or increase loss per share.

### 29. Share-based payments

#### Employee share options

The Company has an ownership-based compensation arrangement for consultants and employees of the Company.

Each option issued under the arrangement converts into one ordinary share of AusQuest Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

#### Share based payment arrangements in existence during year

The following share-based payment arrangements were in existence during the current and comparative reporting years:

Option series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
				\$	\$
30-Nov-24	20,000,000 <sup>(i)</sup>	26-Nov-20	30-Nov-24	0.075	0.009
30-Nov-24	19,000,000 <sup>(ii)</sup>	25-Jan-21	30-Nov-24	0.050	0.013
01-Mar-23	5,000,000 <sup>(iii)</sup>	31-Mar-21	01-Mar-23	0.040	0.008

- (i) Following shareholder approval at the Annual General Meeting held on 26 November 2020, 20,000,000 unlisted options was issued to the directors. These options have an exercise price of 7.5 cents each and expire on 30 November 2024.



## Notes to the Consolidated Financial Statements

### 29. Share-based payments (continued)

- (ii) On 25 January 2021 the Company issued 19,000,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the directors. The options hold no voting rights and are not transferable. These options are exercisable at 5 cents and expire on 30 November 2024. At reporting date no options have been exercised and the employees have not ceased employment.
- (iii) On 9 April 2021 following shareholder approval 5,000,000 options were issued to the Company's brokers as part of the capital raising announced on 19 February 2021. These options have an exercise price of 4 cents and expired on 1 March 2023 unexercised and are included in the 76,428,575 expired options in Note 17.

The fair value of all the options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options vest immediately and the Black-Scholes valuation is expensed on grant date.

The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments granted in 2023 is \$Nil (2022: \$Nil). There were no share based payment options exercised during the financial years ended 30 June 2023 and 30 June 2022.

The following table shows a reconciliation of the outstanding share options granted as share-based payments at the beginning and end of the financial year:

	2023		2022	
	Number of Options No.	Weighted average exercise price \$	Number of Options No.	Weighted average exercise price %
Balance at beginning of period	44,000,000	0.06	44,000,000	0.06
Granted during the period	-	-	-	-
Lapsed during the period	(5,000,000)	0.04	-	-
Balance at 30 June	<b>39,000,000</b>	<b>0.06</b>	<b>44,000,000</b>	<b>0.06</b>
Exercisable at end of the financial year	39,000,000	0.06	44,000,000	0.06
Weighted average remaining life (years)		1.42		1.80

### 30. Subsequent events

There has been no matter or circumstance that has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

## Additional securities exchange information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows.

This information is current as at 5 September 2023.

### 1. Registered office and principal administrative office

The address of the registered office in Australia is C/- Nexia Perth, Level 3, 88 William Street, Perth, WA, 6000.  
Telephone + 61 8 9463 2463

The principal administrative office is 8 Kearns Crescent, Ardross, WA, 6153.  
Telephone + 61 8 9364 3866

### 2. Register of securities are held at the following address:

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
Telephone + 61 8 9389 8033

### 3. Restricted securities

There are no other restricted securities or securities under voluntary escrow at the date of this report.

### 4. On-market buy back

At the date of this report, the Company is not involved in an on-market buy back.

### 5. Shareholdings

#### (a) Distribution of shareholders

Category (size of holding)	Ordinary shares	Number of holders
1 – 1,000	27,685	230
1,001 – 5,000	520,871	183
5,001 – 10,000	950,799	121
10,001 – 100,000	32,109,641	700
100,001 and over	791,540,227	660
	<b>825,149,223</b>	<b>1,894</b>

#### (b) Less than marketable parcels of shares

The number of shareholdings held in less than marketable parcels is 883 given a share value of 1.3 cents per share.

#### (c) Voting rights

The voting rights attached to each class of equity security are as follows:

##### Ordinary shares

Each ordinary share is entitled to one vote, and each member present at a meeting or by proxy has one vote based on a conducted poll.

##### Options

Options over ordinary shares do not carry voting rights.

## Additional securities exchange information

### 5. Shareholdings (continued)

#### (d) 20 Largest shareholders – ordinary shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 Chrysalis Investments Pty Ltd	174,916,293	21.20%
2 Altor Capital Management Pty Ltd (Altor Alpha Fund A/C)	29,955,496	3.63%
3 Mr John Jeremie White	25,086,448	3.04%
4 OTS Super Pty Ltd (The Drew Family Super A/C)	19,323,409	2.34%
5 Mrs Vani Shankar Ruttala	18,413,764	2.23%
6 Asuper Pty Ltd (Ashley Super Fund A/C)	15,000,000	1.82%
7 Mrs Browyn Ginette Gould ( <i>including her associated entities</i> )	14,435,970	1.75%
8 Mr MJ Sherington & Miss KL Weier (Sherington Weier Family A/C)	13,438,831	1.63%
9 Citicorp Nominees Pty Limited	11,605,933	1.41%
10 Mr Peter James Walker	9,736,842	1.18%
11 BNP Paribas Nominees Pty Ltd	9,656,283	1.17%
12 Mr James Thornett ( <i>including his associated entities</i> )	9,165,135	1.11%
13 HSBC Custody Nominees (Australia) Limited	9,055,375	1.10%
14 Invia Custodian Pty Ltd (Abex Ltd A/C)	7,787,500	0.94%
15 Mr Peter Alaric Hayes	7,230,000	0.88%
16 Sarelda Pty Ltd (The Sarelda Super Fund A/C)	7,165,653	0.87%
17 Verguier Pty Ltd	6,981,250	0.85%
18 Mr Andrew Richard Jackson Ball	6,615,743	0.80%
19 Scintilla Strategic Investments Limited	6,500,000	0.79%
20 Jetosea Pty Limited	6,275,526	0.76%
	<b>408,345,451</b>	<b>49.49%</b>

#### (e) Substantial holders of fully paid ordinary shares

Substantial shareholders listed in the Company's holding register as at 5 September 2023:

Name	Number of fully paid ordinary shares held
1 Chrysalis Investments Pty Ltd ( <i>a company associated with Mr Christopher Ellis</i> )	174,916,293
	<b>174,916,293</b>

### 6. Company secretary

The name of the Company secretary is Henko Vos.

### 7. Securities exchange listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange ('AQD').

## Additional securities exchange information

### 8. Unquoted securities

Terms	Unlisted Options	
	Number	Number of holders
1 Unlisted options exercisable at 7.5 cents each on or before 30 November 2024	20,000,000	3
2 Unlisted options exercisable at 5 cents each on or before 30 November 2024	19,000,000	7
	<b>39,000,000</b>	<b>10</b>

### 9. Unquoted equity security holdings greater than 20%

At 5 September 2023, the following held unquoted equity securities greater than 20%:

- Unlisted options exercisable at 7.5 cents each on or before 30 November 2024:
  - Mr Graeme Drew – 10,000,000 (50%)
  - Mr Greg Hancock – 5,000,000 (25%)
  - Mr Chris Ellis – 5,000,000 (25%)
- Unlisted options exercisable at 7.5 cents each on or before 30 November 2024 – none.

## Tenements

### Project Tenements as at 5 September 2023

Tenement	Location	Lease Status	Registered Holder	Interest Held
<b><u>Australia</u></b>				
E69/3246	WA, Balladonia	Granted	AusQuest Ltd	100%
E69/3558	WA, Balladonia	Granted	AusQuest Ltd	100%
E69/3671	WA, Balladonia	Granted	AusQuest Ltd	100%
E69/3825	WA, Balladonia	Granted	AusQuest Ltd	100%
E69/3932	WA, Balladonia	Granted	AusQuest Ltd	100%
E69/3859	WA, Jubilee Lake	Granted	AusQuest Ltd	100%
E69/4006	WA, Jubilee Lake	Granted	AusQuest Ltd	100%
E69/4007	WA, Jubilee Lake	Granted	AusQuest Ltd	100%
E70/5383	WA, Morrisey Well	Granted	AusQuest Ltd	100%
E09/2397	WA, Morrisey Well	Granted	AusQuest Ltd	100%
E59/2525	WA, Morrisey Well	Granted	AusQuest Ltd	100%
E59/2526	WA, Morrisey Well	Granted	AusQuest Ltd	100%
E70/5388	WA, Moora	Granted	AusQuest Ltd	100%
E70/5389	WA, Moora	Granted	AusQuest Ltd	100%
E70/5401	WA, Moora	Granted	AusQuest Ltd	100%
E69/3896	WA, Mount Davis	Granted	AusQuest Ltd	100%
E69/3898	WA, Mount Davis	Granted	AusQuest Ltd	100%
EPM 26681	QLD, Hamilton	Granted	AusQuest Ltd	100%
EPM 26682	QLD, Hamilton	Granted	AusQuest Ltd	100%
EL 6798	SA, Coober Pedy	Granted	AusQuest Ltd	100%
E69/3559	WA, Balladonia	Application	AusQuest Ltd	100%
E69/3672	WA, Balladonia	Application	AusQuest Ltd	100%
<b><u>Peru</u></b>				
Cangallo 2	Arequipa	Granted	Questdor SAC	100%
Cangallo 3	Arequipa	Granted	Questdor SAC	100%
Cangallo 9	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro B	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro C	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro E	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro F	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro G	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro H	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro I	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro J	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro L	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro N	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro O	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro P	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro Q	Arequipa	Granted	Questdor SAC	100%
Chololo 1	Moquegua	Granted	Questdor SAC	100%
Chololo 2	Moquegua	Granted	Questdor SAC	100%

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## Tenements

### Project Tenements as at 5 September 2023 (continued)

Tenement	Location	Lease Status	Registered Holder	Interest Held
<b>Peru Cont.</b>				
El Sello 04	Arequipa	Granted	Questdor SAC	100%
Parcoy 01	Arequipa	Granted	Questdor SAC	100%
Parcoy 02	Arequipa	Granted	Questdor SAC	100%
Parcoy 03	Arequipa	Granted	Questdor SAC	100%
Parcoy 04	Arequipa	Granted	Questdor SAC	100%
Playa Kali 01	Arequipa	Granted	Questdor SAC	100%
Playa Kali 02	Arequipa	Granted	Questdor SAC	100%
Playa Kali 03	Arequipa	Granted	Questdor SAC	100%
Playa Kali 09	Arequipa	Granted	Questdor SAC	100%
Ventura 1	Moquegua	Granted	Questdor SAC	100%
Ventura 5	Moquegua	Granted	Questdor SAC	100%
Ventura 8	Moquegua	Granted	Questdor SAC	100%
Cangallo 1	Arequipa	Application	Questdor SAC	100%
Cangallo 4	Arequipa	Application	Questdor SAC	100%
Cangallo 5	Arequipa	Application	Questdor SAC	100%
Cangallo 6	Arequipa	Application	Questdor SAC	100%
Cangallo 7	Arequipa	Application	Questdor SAC	100%
Cangallo 10	Arequipa	Application	Questdor SAC	100%
Cangallo 11	Arequipa	Application	Questdor SAC	100%
Cangallo 12	Arequipa	Application	Questdor SAC	100%

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