



AUSQUEST LIMITED

ACN 091 542 451

PROSPECTUS

Non-Renounceable Pro-Rata Rights Issue

For a non-renounceable pro-rata rights offer of 2 New Shares for every 5 Shares held by Eligible Shareholders at the Record Date, at an issue Price of \$0.008 per New Share, together with 1 free attaching New Option for every 2 New Shares subscribed for and issued, to raise up to \$2,643,678 before issue costs (based on the number of Shares on issue as at the date of this prospectus) (**Rights Offer**).

The Prospectus includes a separate offer to Eligible Shareholders and third party investors to subscribe for any Shortfall to the Rights Offer (**Shortfall Offer**).

The Prospectus also includes a secondary offer which is detailed in Section 2.3 of the Prospectus.

The Rights Offer closes at 5.00pm (AWST) on 4 November 2024.

IMPORTANT NOTICE

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). If you are an Eligible Shareholder, this document is important and requires your immediate attention. It should be read in its entirety. If you have any questions about the securities being offered under this Prospectus or any other matter, you should consult your professional advisors.

The Securities offered by this Prospectus should be considered as speculative.

IMPORTANT INFORMATION

General

This Prospectus is dated 8 October 2024 and was lodged with ASIC on the same date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options over continuously quoted securities and has been prepared in accordance with the special content rules in section 713 of the Corporations Act. It does not contain the same level of disclosure that would be included in an initial public offering prospectus or a full form prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

No Securities will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Risk factors

Potential investors should be aware that subscribing for New Securities offered by this Prospectus involves a number of risks. The key risk factors are set out in Section 6. These risks, together with other general risks applicable to all investments in quoted securities which are not specifically referred to, may affect the value of the Securities in the future. An investment in the Company should be considered speculative. Investors should consider these risk factors in light of personal circumstances and should consider consulting their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

TMD Statement

In accordance with the delegation and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of New Options under this Prospectus. The Company will only distribute the Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (www.ausquest.com.au). By making an Application under the Offers, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including the ASX website at www.asx.com.au). The contents of any website, including the Company's website, or filing with ASIC or ASX by the Company are not incorporated into this Prospectus and do not constitute part of an Offer unless otherwise expressly stated. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company or subscribe for New Securities.

The Company has not authorised any person to give any information or make any representation in connection with this Prospectus which is not contained in this Prospectus. Any such information or representation which is not so contained, may not be relied upon as having been authorised by the Company in connection with this Prospectus.

Forward-looking statements

This Prospectus may include forward-looking statements that are based on current expectations about future acts, events and circumstances, which are identified by words such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects' or similar words that involve risks and uncertainties.

These forward-looking statements are predictive in character and may be affected by known or unknown risks and uncertainties or by inaccurate assumptions that could cause the Company's results ultimately achieved to differ materially from the expectations described in such forward-looking statements.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors should be aware of the risks of placing undue reliance upon these forward-looking statements. Except as required by law, the Company does not intend to update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affect the original forward-looking statement.

Overseas Shareholders

This Prospectus does not make any offer to Shareholders with a registered address outside of Australia or New Zealand. Please refer to Sections 2.5 and 2.6 for further information.

Pursuant to s615 of the Corporations Act, the Company has appointed Euroz Hartleys to act as foreign nominee in respect of the Rights Offer, subject to ASIC approval of Euroz Hartleys as nominee. As required by s615, the Company has applied to ASIC for this approval but as at the Prospectus Date, ASIC approval has not been received. Please refer to Section 2.7 for further information.

Applications

Applications for New Securities offered by this Prospectus can only be made by an original Application Form included in or which accompanies this Prospectus.

The Entitlement and Acceptance Form sets out the entitlement of an Eligible Shareholder to participate in the Rights Offer and to apply for New Securities under the Shortfall Offer. Potential Applicants should read the instructions in this Prospectus and on the accompanying Application Form regarding the acceptance of their Entitlement or participation in the Shortfall Offer.

The Broker Offer is only available to the Broker and only the Broker (or its nominee) will be eligible to apply for the New Options under the Broker Offer. Accordingly, the Broker Application Form will be provided by the Company to the Broker (or its nominee) only, with a copy of the Prospectus.

Definitions and time

Capitalised terms and certain other terms used in this Prospectus are defined in the Glossary in Section 9. References to "\$", or "dollar" are references to Australian currency, unless otherwise stated.

References to time relate to AWST, the time in Perth, Western Australia, unless otherwise stated.

Enquiries

If you have any questions about the New Securities being offered under this Prospectus or any other matter raised in this Prospectus, you should consult your professional advisors without delay.

If you have misplaced your Entitlement and Acceptance Form, please contact the Share Registry:

Online: <https://investor.automic.com.au/#loginsah>
By mail: Automic, GPO Box 5193, Sydney, NSW, 2001, Australia
In person: Automic, Level 5, 126 Phillip Street, Sydney, NSW
By phone: 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia)
By fax: 02 8583 3040 (within Australia) or +61 2 8583 3040 (outside Australia)
By email: corporate.actions@automicgroup.com.au

Any enquires relating to the Offers or how to accept the Offers may be made to the Company Secretary:

By mail: 8 Kearns Crescent, Ardross WA 6153
By telephone: +61 (0)8 9463 2463

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CORPORATE DIRECTORY

Directors

Greg Hancock
Non-Executive Chairman

Graeme Drew
Managing Director

Chris Ellis
Non-Executive Director

Company Secretary

Henko Vos

Registered Office

C/-Nexia Perth
Level 3, 88 William Street
Perth, WA 6000

T: +61 8 9463 2463
W: www.nexia.com.au

Principal Office

8 Kearns Crescent
Ardross WA 6153

T: +61 8 9364 3866
W: www.ausquest.com.au

Share Registry*

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

T: 1300 288 664
+61 2 9698 5414 (outside Australia)

W: www.automicgroup.com.au

ASX Code

Current (Shares): AQD

Auditor*

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA 6000

Foreign Nominee*

Euroz Hartleys Limited AFSL 230052
Level 37, 250 St Georges Terrace
Perth, WA 2000

T: 08 9268 2888
+61 8 9268 2888 (outside Australia)

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

CHAIRMAN'S LETTER

Dear Shareholder

As a valued Shareholder of AusQuest Limited (**AusQuest** or **the Company**), I am pleased to invite you to participate in the recently announced 2 for 5 non-renounceable pro-rata rights issue for new ordinary shares in the Company (**New Shares**) at an Issue Price of \$0.008 per New Share to raise up to \$2,643,678 before the costs of the issue (**Rights Offer**). This Issue Price represents an approximate 25.2% discount to the Company's volume weighted average price of Shares in the 5-day trading period prior to announcement of the Rights Offer on ASX.

Each Eligible Shareholder will also receive one attached unlisted option (**New Option**) for every two New Shares subscribed for, exercisable at \$0.012 per New Option and expiring on 11 November 2027.

Under the Rights Offer, Eligible Shareholders who take up their full Entitlement may also apply for additional New Shares, with free attaching New Options, in excess of their Entitlement, at the same Issue Price (**Shortfall Offer**). The Shortfall Offer is also made to third party investors. Additional New Shares will only be available under the Shortfall Offer to the extent that there is a shortfall in Entitlements taken up by Eligible Shareholders under the Rights Offer.

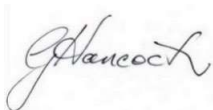
It is proposed that the net proceeds of the Rights Offer and Shortfall Offer, together with existing cash reserves, will be used to carry out exploration programs on the Company's 100% owned properties in Australia and Peru. The funds will also be used to identify and investigate new acquisition and/or exploration opportunities in Australia that might be of further interest to the Company's strategic alliance partner, South32, or be retained as 100% owned AusQuest projects.

AusQuest's major shareholder Chrysalis Investments Pty Ltd, an entity controlled by non-executive Director Chris Ellis, and the Company's Managing Director Graeme Drew, have each indicated that they propose to take up their full Entitlement under the Rights Offer.

The Rights Offer is scheduled to close at 5.00pm (AWST) on 4 November 2024, unless extended.

On behalf of the Directors, I invite you to consider this investment opportunity and thank you for your ongoing support of AusQuest.

Yours sincerely



Greg Hancock
Non-Executive Chairman
AusQuest Limited

1. KEY OFFER INFORMATION AND INVESTMENT OVERVIEW

1.1 Indicative Timetable

Event	Target Date
Announcement of Offer and Appendix 3B lodged with ASX (pre-market open)	Monday, 7 October 2024
Prospectus lodged with ASIC and ASX (pre market open)	Tuesday, 8 October 2024
Ex-date	Thursday, 10 October 2024
Record Date for determining Entitlements	Friday, 11 October 2024
Opening Date, Prospectus and Entitlement and Acceptance Form sent to Eligible Shareholders and Company announces that this has occurred	Tuesday, 15 October 2024
Last day to extend the Closing Date (before noon, Sydney time)	Wednesday, 30 October 2024
Closing Date, 5pm AWST (if not extended)	Monday, 4 November 2024
Securities quoted on a deferred settlement basis	Tuesday, 5 November 2024
Announcement of results of Rights Offer to ASX	Monday, 11 November 2024
Last day for Company to Issue the New Shares and New Options under the Rights Offer and to lodge an Appendix 2A applying for quotation of the New Shares	Monday, 11 November 2024
Normal trading of New Shares issued under the Rights Offer expected to commence	Tuesday, 12 November 2024
Last day to issue New Securities under Shortfall Offer	Tuesday, 4 February 2025

Note:

The above Timetable is indicative only. Subject to the ASX Listing Rules and the Corporations Act, the Company reserves the right to vary the above dates. In particular, the Directors reserve the right to extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date.

1.2 Key Offer details

Shares	Full subscription ⁽²⁾
Shares currently on issue ⁽¹⁾	826,149,223
Unquoted Existing Options currently on issue ⁽¹⁾	78,000,000
New Shares to be offered under the Rights Offer, on a 2 for 5 basis ⁽¹⁾	330,459,690
New Options to be offered under the Rights Offer, on a 1 for 2 basis ⁽¹⁾	165,229,845
New Options to be offered under the Broker Offer ⁽³⁾	20,000,000
Issue Price per New Share	\$0.008
Maximum proceeds of the Rights Offer (before costs) ⁽¹⁾	\$2,643,677.52
Total Shares on issue following the Rights Offer	1,156,608,913
Total Options on issue following the Rights Offer⁽³⁾	263,229,845

Notes:

1. Assumes no other Shares are issued prior to the Record Date and no Existing Options exercised.
2. Assuming the full subscription is achieved under the Offers.
3. Subject to the Broker Approval Conditions, the Company has agreed to issue 20,000,000 New Options to the Broker pursuant to the Broker Mandate. Refer Section 2.3 for the terms of the Broker Offer.

1.3 Investment overview

This information is a selective overview only. Prospective investors should read the Prospectus in its entirety before deciding to invest in New Securities.

Question	Response	Further Information
What is the Rights Offer?	A non-renounceable Offer to Eligible Shareholders to subscribe for two (2) New Shares for every five (5) Shares held on the Record Date at an issue price of \$0.008 per New Share with one (1) free-attaching New Option for every two (2) New Shares subscribed for, to raise up to \$2,643,678 before costs. If the Rights Offer is fully subscribed, 330,459,690 New Shares and 165,229,845 New Options will be issued.	Sections 1.2 and 2.1
What is the Shortfall Offer?	An offer to Eligible Shareholders and other investors to apply for New Securities not taken up by Eligible Shareholders under the Rights Offer, at the same price and with the same entitlement to attaching New Options.	Section 2.2
Am I an Eligible Shareholder?	The Offer is made to Eligible Shareholders, being Shareholders who: <ul style="list-style-type: none"> • are the registered holder of Shares as at 5.00pm (AWST) on the Record Date; and • have a registered address in Australia or New Zealand. 	Section 2.1(b)
What is my Entitlement?	Your Entitlement is the right granted to you under the Rights Offer to subscribe for two (2) New Shares at the Issue Price for every five (5) Shares you hold as at the Record Date, with one (1) free-attaching New Option for every two (2) New Shares subscribed for. Your Entitlement will be noted on your personalised Entitlement and Acceptance Form which accompanies this Prospectus.	Section 2.1(b)
What can I do with my Entitlement?	As an Eligible Shareholder, you may do any one of the following: <ul style="list-style-type: none"> • accept your Entitlement in full; • accept your Entitlement in full and also apply for additional New Securities under the Shortfall Offer; 	Section 3.1

	<ul style="list-style-type: none"> accept your Entitlement in part and allow the balance to lapse; or do nothing, in which case your Entitlement will lapse and become part of the Shortfall and your Shareholding will be diluted if New Shares are issued under the Rights Offer. 	
What happens if I am not an Eligible Shareholder?	The Company is not extending the Rights Offer to persons who are not Eligible Shareholders. However, the Company has (subject to ASIC approval) appointed a foreign nominee to sell the Entitlements of Ineligible Shareholders and the net proceeds of the sale, if any, will be returned to the Ineligible Shareholders.	Sections 2.6 and 2.7
How do I accept the Rights Offer and how do I apply for additional New Securities under the Shortfall Offer?	Applications for New Securities under the Rights Offer, and for any additional New Securities under the Shortfall Offer, can be made by Eligible Shareholders by making a payment by BPAY® or EFT as shown on your personalised Entitlement and Acceptance Form which accompanies this Prospectus, or by returning that Entitlement and Acceptance Form together with your cheque for the Application Moneys.	Sections 3.1 and 3.2
How will the Shortfall be allocated?	The Directors reserve the right to allocate the Shortfall at their discretion within three months after the Closing Date of the Rights Offer. For further details of the allocation policy see Section 2.2.	Section 2.2
Is the Rights Offer underwritten?	No	Section 2.4
What is the Broker Offer?	The Broker Option Offer is an offer to Euroz Hartleys (or its nominee) to subscribe for 20,000,000 New Options at \$0.00001 each, subject to the Broker Approval Conditions, as part of its fee for capital raising and corporate advisory services under the Broker Mandate.	Section 2.3
How will the proceeds of the Offers be used?	The Company proposes to use funds raised under the Offers predominantly for exploration and evaluation activities.	Section 4.1
What is the effect of the Offers on the Company?	The maximum number of New Shares and New Options that will be issued under the Offers is 330,459,690 New Shares and 185,229,845 New Options, representing 28.57% of the issued share capital and 70.37% of the issued Options of the Company post the Offers.	Sections 4.2 and 4.3
What will be the effect of the Offers on the control of the Company?	<p>The effect of the Offers on control of the Company will largely depend on the level of Entitlements taken up by Eligible Shareholders and the number of New Securities issued under the Shortfall Offer.</p> <p>The Company will ensure that no person will acquire, through participation in the Offers, a relevant interest in the Company in excess of 20% of the Shares on issue on completion of the Offers.</p> <p>The Company's substantial shareholder, which holds in</p>	Section 4.4 and 4.5

	<p>excess of 20% of the Shares on issue at the Prospectus Date, may increase its voting power if it takes up its Entitlement in full and not all other Entitlements are taken up. This will only be to the extent permitted by the takeover prohibitions in the Corporations Act.</p>	
<p>What are the key risks of subscribing under the Offers?</p>	<p>An investment in the Company has risks that you should consider before making a decision to invest. An investment in the Company is considered speculative.</p> <p>The key risks associated with the Company's business, the industry in which it operates and general risks applicable to investments in listed securities and financial markets are set out in Section 6. Please carefully consider these risks and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Securities.</p>	<p>Section 6</p>
<p>How can I obtain further advice or information?</p>	<p>If you require further advice in relation to the Offers and investing in the Company, you should consult your professional advisors without delay.</p> <p>For further enquires relating to how to participate in the Offers or your Entitlement and Acceptance Form, please contact the Company's Share Registry, Automic, on the contact details set out on page 2.</p> <p>If you require further information, you can contact the Company Secretary between 8.30am and 5pm AWST Monday to Friday, by mail to 8 Kearns Crescent, Ardross WA 6153 or by telephone on +61 (0)8 9463 2463.</p>	<p>See page 2</p>

2. DETAILS OF THE OFFERS

2.1 Rights Offer

(a) Rights Offer

This Prospectus invites Eligible Shareholders to participate in the non-renounceable pro-rata offer of 2 New Shares for every 5 Shares held at the Record Date, at an Issue Price of \$0.008 per New Share (together with 1 free attaching New Option for every 2 New Shares subscribed for and issued) to raise up to approximately \$2,643,678 (before costs) (**Rights Offer**).

The Issue Price represents a discount of approximately 25.2% to the volume weighted average price of Shares in the 5-day trading period up to and including 2 October 2024, being the last trading day for Shares prior to announcement of the Offers on ASX.

As at the Prospectus Date, the Company has 78,000,000 Existing Options on issue, all of which are capable of being exercised prior to the Record Date in order to participate in the Rights Offer. These are unlisted options which have been issued under the Company's Equity Incentive Plan. Please refer to Section 4.3 for details of the exercise price and expiry date of the Existing Options.

The Rights Offer is non-renounceable. Eligible Shareholders may not sell or transfer their Entitlements under the Rights Offer and Entitlements will not trade on ASX.

All New Shares issued pursuant to the Rights Offer will be issued as fully paid and will rank equally in all respects with the Shares on issue on the Prospectus Date. Further information regarding the rights and liabilities of the New Shares is set out in Section 5.1.

The terms of issue of the New Options are set out in Section 5.2. All Shares issued on conversion of the New Options will rank equally in all respects with the Shares on issue on the Prospectus Date.

(b) Entitlement and eligibility

The Rights Offer is made to Eligible Shareholders only. An Eligible Shareholders is a Shareholder who:

- is registered as the holder of Shares on the Record Date;
- has a registered address in Australia or New Zealand as shown in the share register;
- is not in the United States and is not a person (including a nominee or custodian) acting for the account of or benefit of a person in the United States; and
- is eligible under all applicable securities laws to receive an offer under the Rights Offer without any requirement for the lodging or registration of a disclosure document, except as contemplated in this document.

The Rights Offer is not extended to Shareholders who do not meet this criteria. Please refer to Section 2.6 for further information in that regard.

The number of New Securities for which Eligible Shareholders are entitled to apply is shown on each Eligible Shareholder's Entitlement and Acceptance Form accompanying this Prospectus. Fractional Entitlements for New Shares will be rounded down to the nearest whole New Share. Please refer to Section 3 for details on how to accept your Entitlement and apply for New Securities under the Rights Offer.

An Eligible Shareholder's Right to participate in the Rights Offer will lapse if not accepted by the Closing Date. Any Securities not applied for will form part of the Shortfall.

The Company reserves the right (in its sole discretion) to:

- reject any Application that it believes is from a person who is not an Eligible Shareholder; and

- reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Rights Offer proves to be false or unsubstantiated.

The Directors reserve the right not to proceed with all or part of the Rights Offer at any time prior to the allotment of New Shares. In that event, relevant Application Moneys will be refunded without interest in accordance with the Corporations Act.

(c) Minimum subscription

The Rights Offer is not subject to any minimum subscription condition or requirement.

2.2 Shortfall Offer

Any Entitlement not taken up under the Rights Offer will form the Shortfall Offer.

This Prospectus invites Eligible Shareholders, and other persons, to participate in the offer of the New Shares which comprise the Shortfall at an issue price of \$0.008 per New Share together with 1 free attaching New Option for every 2 New Shares subscribed for and issued (**Shortfall Offer**). The Shortfall Offer is a separate offer made under this Prospectus.

The Issue Price under the Shortfall Offer is the same as under the Rights Offer and the Securities will be issued under the Shortfall Offer on the same terms as under the Rights Offer. The Shortfall Offer opens on the Opening Date and will remain open for up to three months from the Closing Date.

The Directors reserve the right to allocate New Securities under the Shortfall Offer at their sole discretion. They may reject any Application or allocate an Applicant fewer New Securities under the Shortfall Offer than the number applied for. Further, the Company reserves the right to withdraw the Shortfall Offer at any time before New Securities are issued pursuant to it.

There is no guarantee that any New Securities applied for under the Shortfall Offer will be allocated to Eligible Shareholders. However, the Directors' present intention is not to refuse an Application under the Shortfall Offer from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act, ASX Listing Rules or other law. In particular, the Directors will not allocate New Securities to an Applicant under the Shortfall Offer if that would result in a breach of the takeover prohibitions in the Corporations Act. Subject to that allocation policy, if the number of New Securities applied for by Eligible Shareholders under the Shortfall Offer exceeds the total Shortfall, the Directors intend to allocate the Shortfall among Eligible Shareholders proportionate to their existing holdings.

Persons who are Associates of the Company under the ASX Listing Rules (e.g. Directors or entities controlled by Directors) are not entitled to participate in the Shortfall Offer without shareholder approval. Shareholders should take their own legal advice as to their ability to participate in the Shortfall Offer without putting themselves or the Company in breach of the Corporations Act, ASX Listing Rules or other law.

If an Applicant does not receive any or all of the New Securities subscribed for under the Shortfall Offer, the excess Application Moneys will be returned to them without interest. The Company will have no liability to any Applicant who receives less than the number of New Securities subscribed for under the Shortfall Offer. Any Shortfall will be issued within three months after the Closing Date of the Rights Offer.

Please refer to Section 3.1 for details on how Eligible Shareholders who wish to apply for New Securities in excess of their full Entitlement may apply for New Securities under the Shortfall Offer.

2.3 The Broker Offer

The Company has engaged the Broker under the Broker Mandate to provide capital raising and corporate advisory services in relation to the Rights Offer.

As part of the fees payable under the Broker Mandate, the Company has agreed to issue 20,000,000 New Options at \$0.00001 each to the Broker (or its nominee) (**Broker Options**). The issue of the Broker Options is subject to and conditional on the Company obtaining the approval of shareholders and the funds raised by the Broker under the Shortfall Offer being in the minimum amount of \$600,000 (**Broker Approval Conditions**).

Subject to satisfaction of the Broker Approval Conditions, the Company will only raise a nominal amount under the Broker Offer (\$200).

By offering the Broker Options with disclosure under this Prospectus, they will not be subject to the secondary trading restrictions under the Corporations Act.

The Broker Offer is only made to the Broker (or its nominee) and a personalised Broker Application Form will be provided by the Company to the Broker.

2.4 Underwriting

The Offers are not underwritten.

2.5 New Zealand resident Shareholders

The New Securities are not being offered or sold under the Offers to the public within New Zealand other than to such existing Shareholders with registered addresses in New Zealand and to whom the Rights Offer is made in reliance on the trans-Tasman mutual recognition scheme. This scheme is contained in Chapter 8 of the Corporations Act and supporting regulations and the *Financial Markets Conduct Act 2013* (NZ) and supporting regulations and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021* (NZ).

Under the mutual recognition scheme, issuers are not required to comply with most of the other country's fundraising laws. This Prospectus has been prepared under Australian law and has not been registered or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

There are differences in the regulation of financial products under Australian law and the law of New Zealand and the rights and remedies available to investors in New Zealand for the New Securities offered under this Prospectus may differ from the remedies available to them in respect of New Zealand securities. The taxation treatment of the New Securities offered under this Prospectus may differ and there may also be a currency exchange risk to consider. If you are an Eligible Shareholder with a registered address in New Zealand and are uncertain as to whether this investment is appropriate for you, you should consult your professional advisers without delay.

2.6 Other overseas Shareholders

Each Offer does not, and is not intended to, constitute an offer of New Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Company has decided that it is not practicable to make the Offers to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of New Securities that would otherwise be offered to those Shareholders and the cost of complying with the legal and regulatory requirements

in those places. Accordingly, the Offers are not extended to, and New Securities will not be issued to, Shareholders having registered addresses outside Australia and New Zealand.

The Rights Offer is only made to Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder holds Shares on behalf of persons who are resident outside Australia or New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares.

The distribution of this Prospectus and accompanying Application Form (including electronic copies) outside Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this document may not be released or distributed in the United States and this Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This document does not, and is not intended to, constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation or to issue this Prospectus.

If you are resident outside of Australia and New Zealand (or in the case of the Shortfall Offer, an Applicant who is resident in New Zealand and is not an Eligible Shareholder), it is your responsibility to ensure compliance with all laws and obtain all approvals necessary for the issue of the Securities to you under this Prospectus. You should consult with your professional advisers in this regard. Receipt from you of a payment of Application Moneys via BPAY® or EFT, or a completed and lodged Application Form together with the Application Moneys, will constitute a representation and warranty by you that there has not been any breach of such laws and all relevant approvals have been obtained.

If you are an Eligible Shareholders who hold Shares as nominee, trustee or custodian, you are responsible for ensuring that taking up an Entitlement under the Rights Offer for any beneficial shareholder, or the distribution of this Prospectus, or any dealings with New Securities issued under the Offers do not breach the laws and regulations in the relevant overseas jurisdiction. You should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Prospectus or the Application Form. Receipt from you of a payment of Application Moneys via BPAY® or EFT, or a completed and lodged Application Form together with the Application Moneys, will constitute a representation and warranty that there has been no breach of those laws and restrictions.

The Company is not required to determine whether or not a registered holder or investor is acting as a nominee, trustee or custodian or the identity or residence of any beneficial holder of Shares.

2.7 Appointment of foreign nominee

Pursuant to s615 of the Corporations Act, the Company has appointed Euroz Hartleys (an Australian financial services (AFS) licensee) to act as nominee in respect of the Rights Offer to sell the Entitlements to which Ineligible Shareholders would be entitled if they were eligible to participate in the Rights Offer. As required by s615, the Company has applied to ASIC for approval of Euroz Hartleys to act as nominee for the Ineligible Shareholders and the appointment is subject to that approval. ASIC approval has not been received at the Prospectus Date. At the Prospectus Date, there are a total of 12 Ineligible Shareholders in 6 overseas countries who hold between them 4,396,933 Shares.

An overview of the nominee sale procedure is set out below:

- (a) the nominee (Euroz Hartleys or its nominee company, Zero Nominees Pty Ltd (ABN 97 091 927 981)) will be issued the New Securities that would have been taken up by those Ineligible

Shareholders if they were eligible to participate in the Rights Offer;

- (b) the nominee will use its best endeavours to sell the New Securities at the time determined by the nominee in its absolute discretion and otherwise at the price and in the manner determined by the nominee;
- (c) the net proceeds of the sale of these New Securities (less the subscription monies and the nominee's brokerage fee and other reasonable selling costs associated with the sale procedure under section 615 of the Corporations Act), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Securities are sold in proportion to their shareholdings as at the Record Date; and
- (d) if any such net proceeds of sale are less than the reasonable costs which would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

There is a possibility that Ineligible Shareholders may receive no net proceeds if the subscription price of their Entitlements plus the costs referred to above are greater than the sale proceeds.

The Company will not be liable for the sale of any of the Entitlements of Ineligible Shareholders at any particular price or the timing of such a sale.

3. APPLICATIONS FOR NEW SECURITIES

3.1 Acceptances under Rights Offer

(a) What you may do

The number of New Securities to which each Eligible Shareholder is entitled under the Rights Offer, your Entitlement, is shown on the personalised Entitlement and Acceptance Form which accompanies this Prospectus. If you are an Eligible Shareholder, you may:

- accept your Entitlement in full (see Section 3.1(b));
- accept your Entitlement in full and also apply for additional New Securities under the Shortfall Offer (see Section 3.1(c));
- accept your Entitlement in part and allow the balance to lapse (see Section 3.1(d)); or
- allow your Entitlement to lapse (see Section 3.1(e)).

(b) Accepting Entitlement in full

If you wish to accept your Entitlement in full, you must follow the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. The Entitlement and Acceptance Form sets out the number of New Securities you are entitled to subscribe for. Please read the instructions carefully.

Payment for your Entitlement can be made by one of the methods set out in Section 3.2. Receipts for payment will not be issued.

If you are paying by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form.

(c) Accepting Entitlement in full and applying for additional New Securities under the Shortfall Offer

If you wish to accept your Entitlement in full under the Rights Offer and apply for additional New Securities under the Shortfall Offer you must follow the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus. Please read the instructions carefully.

Payment for your Entitlement and for the additional New Securities under the Shortfall Offer can be made by one of the methods set out in Section 3.2.

If you are paying by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form.

If you apply for New Securities under the Shortfall Offer, you will be deemed to have accepted your Entitlement in full. The allocation and issue of New Shares under the Shortfall Offer will be determined by the Directors in their sole discretion in accordance with the allocation policy set out in Section 2.2. Any refund of Application Moneys will be refunded to Applicants, without interest, as soon as practicable following the issue of all New Securities under the Shortfall Offer.

(d) Accepting Entitlement in part and allowing balance to lapse

If you wish to accept your Entitlement in part, you must follow the instructions on your personalised Entitlement and Acceptance Form which accompanies this Prospectus in respect of the number of Securities you wish to take up. Please read the instructions carefully.

Payment should be made for the number of Securities that you wish to take up and can be made by one of the methods set out in Section 3.2.

If you are paying by BPAY® or EFT, you do not need to return the Entitlement and Acceptance Form.

(e) Allowing Entitlement to lapse

If you do not wish to accept any part of your Entitlement, you are not required to take any action. In that case, your Entitlement will lapse and the New Securities that are not subscribed for will form part of the Shortfall. Your existing percentage shareholding in the Company will be diluted.

3.2 Payment options

(a) By BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form (which includes your unique CRN which must be quoted on your payment). You can only make payment using BPAY® if you have an account with an Australian financial institution that supports such transactions.

If paying by BPAY®:

- there is no need to return the completed Entitlement and Acceptance Form but you will be taken to have made the declarations on that Entitlement and Acceptance Form and in Section 3.4;
- if payment is not received for your full Entitlement, you will be deemed to have taken up your Entitlement in respect of such whole number of New Shares that is covered by the Application Moneys paid;
- if the value of your BPAY® payment is more than required to subscribe for your Entitlement, you will be taken to have applied for New Securities under the Shortfall Offer to the extent of the remainder of the BPAY® amount; and
- it is your responsibility to ensure your unique CRN is quoted, as per the instructions on your Entitlement and Acceptance form. If you fail to quote your unique CRN correctly, your payment may not be allocated or refunded. If you need assistance with your unique CRN, please contact the Share Registry. If you have more than one shareholding, use the CRN specific to each shareholding when making payment.

BPAY® payments of Application Moneys must be received before 5.00pm (AWST) on the Closing Date. You should take into account that your individual financial institution may implement earlier cut-off times for BPAY® payments. It is your responsibility to ensure that your Application Moneys are received through BPAY® before the Closing Date.

(b) By Electronic Funds Transfer (EFT)

For payment by EFT, please follow the instructions on the Entitlement and Acceptance Form which includes your Unique Reference Number which must be quoted on your payment. You can only make payment using EFT if you have an account with an Australian financial institution that supports such transactions.

Payments must be made in Australian dollars for an amount equal to the number of New Shares for which you wish to apply, multiplied by the Issue Price (i.e. \$0.008 per New Share).

If paying by EFT:

- there is no need to return the completed Entitlement and Acceptance Form but you will be taken to have made the declarations on that Entitlement and Acceptance Form and in Section 3.4;
- if payment is not received for your full Entitlement, you will be deemed to have taken up your Entitlement in respect of such whole number of New Shares that is covered by the Application

Moneys paid;

- if the value of your EFT payment is more than required to subscribe for your Entitlement, you will be taken to have applied for New Securities under the Shortfall Offer to the extent of the remainder of the EFT amount; and
- it is your responsibility to ensure your Unique Reference Number is quoted, as per the instructions on your Entitlement and Acceptance form. If you fail to quote your Unique Reference Number correctly, your payment may not be allocated or refunded. If you need assistance with your Unique Reference Number, please contact the Share Registry.

EFT payments of Application Moneys must be received before 5.00pm (AWST) on the Closing Date. You should take into account that your individual financial institution may implement earlier cut-off times for EFT payments. It is your responsibility to ensure that your Application Moneys are received through EFT before the Closing Date.

(c) By cheque

For payment by cheque, please follow the instructions on the Entitlement and Acceptance Form. Cheques must be drawn on an Australian bank made payable to “AusQuest Limited” and should be marked “Not Negotiable”.

Your completed Entitlement and Acceptance Form and accompanying cheques must be received by the Company before 5.00pm (AWST) on the Closing Date, preferably 48 hours prior to the Closing Date to enable cheques to be cleared, at the following address:

AusQuest Limited
8 Kearns Crescent
Ardross WA 6153

Your Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Company’s decision as to whether to treat a form as valid and how to construe, amend or complete the form is final.

Payment by cash will not be accepted.

3.3 Applications by persons other than Eligible Shareholders

If you are not an Eligible Shareholder and wish to apply for New Shares under the Shortfall Offer, you must complete and submit a Shortfall Application Form which accompanies this Prospectus and make payment for the number of New Shares you wish to apply for by one of the methods set out in Section 3.2. Please read the instructions on the Shortfall Application Form carefully.

Application for the New Options under the Broker Offer must only be made by the Broker (or its nominee) using the Broker Application Form which will be provided to the Broker with a copy of this Prospectus and which must be lodged as directed. Only the Broker (or its nominee) may apply for New Options under the Broker Offer.

3.4 Binding effect

Receipt of a payment of Application Moneys via BPAY® or EFT, or a completed and lodged Application Form together with the Application Moneys, as applicable, constitutes a binding offer to acquire New Shares and New Options on the terms and conditions set out in this Prospectus and once paid or lodged, cannot be withdrawn. By making a payment by BPAY® or EFT, you will be taken to have represented that:

- you are an Eligible Shareholder, if applying for New Securities under the Rights Offer;

- you have read in their entirety and understood this Prospectus and the accompanying Application Form;
- you agree to be bound by the terms and conditions of the Offers, the provisions of this Prospectus and the accompanying Application Form
- you declare that all details and statements in your personalised Entitlement and Acceptance Form are accurate and complete;
- you acknowledge that once your Application Form is returned, or a BPAY® or EFT payment instruction is given in relation to any Application Moneys, your application cannot be varied or withdrawn except as required by law;
- you acknowledge that the Company and its officers and agents, are not liable for any consequences of any exercise or non-exercise of its or their discretions referred to in this Prospectus or any determination of eligibility under the Offers;
- you agree to be bound by the constitution of the Company (as amended from time to time);
- you acknowledge that the information contained in or accompanying this Prospectus is not, and none of the Company, its officers, advisers or agents, has provided you with, any investment or financial product, advice or a recommendation that the New Securities are suitable for you given your investment objectives, financial situation or particular needs;
- you authorise the Company and its officers and agents to do anything on your behalf necessary for the New Securities to be issued to you, including correcting errors in or omissions from your Acceptance Form;
- you are not prohibited by the law of any place from being given a copy of this this Prospectus and the accompanying Application Form or from making an Application for New Securities and you are eligible and have full legal power and capacity to participate in the Offers; and
- you acknowledge that the New Securities have not and will not be registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws and in particular the securities laws of the United States.

3.5 Application Moneys and issue of New Securities

Pending the issue of the New Securities, or payment of refunds pursuant to this Prospectus, Application Moneys will be held by the Company on trust for the Applicants in a separate bank account in accordance with the requirements of the Corporations Act. The Company is entitled to retain any interest earned on Application Moneys in that bank account, including in the event of any refund of Application Moneys, and each Applicant waives the right to claim interest.

If the number of New Securities issued to an Applicant is less than the number applied for, the surplus Application Moneys will be refunded without interest to the Applicant as soon as practicable after the Closing Date or the issue of New Securities under the Shortfall Offer, as applicable.

New Securities issued under the Rights Offer are expected to be issued, and holding statements despatched, as soon as practicable after the Closing Date, in accordance with the ASX Listing Rules and the indicative timetable set out in Section 1.1 of this Prospectus. New Securities issued under the Shortfall Offer will be issued as soon as practicable and within 3 months of the Closing Date and holding statements despatched as soon as practicable after issue.

3.6 ASX quotation

Application for official quotation on ASX of the New Shares offered pursuant to this Prospectus will be made in accordance with the ASX Listing Rules and the indicative timetable set out in Section 1.1 of this Prospectus.

If the New Shares are not admitted to quotation by ASX within 3 months after the Closing Date, or such period as varied by ASIC, the Company will not allot or issue any New Securities and will repay all Application Moneys received pursuant to the Prospectus without interest as soon as practicable.

ASX does not take any responsibility for the contents of this Prospectus. A decision by ASX to grant official quotation of the New Securities is not to be taken in any way as an indication of ASX's view as to the merits of the Company or the New Securities now offered.

3.7 No brokerage

No brokerage is payable in relation to the issue of New Securities under the Offers.

3.8 CHESS

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX), in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of Securities.

Under CHESS, you will not receive a certificate but will receive a holding statement (similar to a bank account statement). The CHESS statement will set out the number of New Securities allotted to you under this Prospectus and details of your Holder Identification Number (**HIN**).

If you do not wish to participate through CHESS, you will be issuer sponsored by the Company and will be registered on the electronic issuer-sponsored sub-register. Your statement will be issued by the Share Registry and will set out the number of New Securities allotted to you under this Prospectus and details of your Security Holder Reference Number (**SRN**).

A statement will be routinely sent to holders following the end of any calendar month during which their holding changes. A holder may request a statement at any other time, however a charge may be incurred for additional statements.

3.9 Privacy Act

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information for the purpose of processing your Application, to service your needs as a Shareholder, to facilitate distribution payments and communications from the Company to you as a Shareholder and for other administration purposes.

The Company and the Share Registry may disclose your personal information for purposes related to your Application and holding to their agents, professional advisers and service providers including but not limited to those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth) (**Privacy Act**):

- the Share Registry for ongoing administration of the Company's register; and
- the printers and the mailing house for the purposes of preparation and distribution of holding statements and for the handling of mail.

Your personal information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of a takeover and regulatory bodies, as well as to ASX, ASIC, the Australian Taxation Office and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASX Settlement Operating Rules. By submitting an Application Form, you agree that the Company may use the information in the form for the purposes set out in this privacy disclosure statement. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Under the Privacy Act, you may access, correct and update the personal information that we hold about you. You may do so by contacting the Company through the Share Registry.

3.10 Taxation and duty implications

The taxation obligations and the effects of participating in an Offer can vary depending on the circumstances of each individual Applicant. Applicants who are in doubt as to their taxation position should seek professional advice. It is the sole responsibility of Applicants to inform themselves of their taxation position resulting from participation in an Offer.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Securities as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. Neither the Company nor any of its officers, employees or advisers accept any responsibility or liability for any taxation consequences to Applicants in relation to an Offer.

No duty is payable by Applicants in respect of Applications for New Securities under this Prospectus.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The purpose of the Rights Offer and Shortfall Offer is to raise up to approximately \$2,643,678 million (before costs).

The Company intends to use the funds raised under these Offers in accordance with the table below:

Use of funds	Full subscription	% of funds raised
Exploration and evaluation activities ^[1]	\$2,065,526	78.13
General working capital	\$500,000	18.91
Costs of the Offers ^[2]	\$78,152	2.96
Total	\$2,643,678	100%

Notes:

1. Exploration programs including drilling large copper targets identified in Peru and advancing projects in Australia as potential new opportunities under the South32 Strategic Alliance Agreement or as 100% owned AusQuest prospects comprising:
 - Drilling to test selected large copper gold prospects in Peru including one or more of the Company's prospects at Cangallo, Lantana and Playa Kali which are 100% owned and funded by the Company.
 - Access surveys to complete drill permitting over Lantana and Playa Kali Copper Prospects.
 - Geochemical and geophysical surveys to advance the Mt Davis and Coober Pedy Projects in Australia to drill ready status.
 - Identification of new exploration opportunities.
2. Refer to Section 7.7 for further details relating to the estimated expenses of the Offers.

The information set out in the above table is a statement of present intention as at the Prospectus Date. As with any budget, how the funds are ultimately applied may change depending on intervening events and new circumstances which cannot be ascertained as at the Prospectus Date, including market conditions and the development of new opportunities. There is no guarantee that the funds raised will be sufficient to enable the Company to achieve its stated objectives. The Company and the Directors reserve the right to vary the way and the amount in which the funds raised will be applied, particularly if the Offers are not fully subscribed.

Details of the Company's current activities are set out in the announcements made to ASX and are available on the ASX website, www.asx.com.au, using the Company's ASX code 'AQD', or on the Company's website at www.ausquest.com.au.

The purpose of making the Broker Offer under this Prospectus is to remove any secondary trading restrictions attaching to any New Options issued under the Broker Offer and any Shares issued on exercise of those New Options.

4.2 Effect of the Offers

The effect of the Rights Offer and Shortfall Offers, assuming those Offers close fully subscribed and no Existing Options are exercised or Shares issued prior to the Record Date, will be to:

- (a) increase the number of Shares on issue from 826,149,223 Shares as at the Prospectus Date,

to 1,156,608,913 Shares, by the issue of 330,459,690 New Shares under those Offers;

- (b) issue 165,229,845 New Options under those Offers; and
- (c) increase cash reserves by \$2,643,678 immediately after closing of the Offers, before deducting the estimated expenses.

The principal effect of the Broker Offer, assuming the Broker Approval Conditions are satisfied and all New Options are issued under the Broker Offer, will be to increase the total number of Options on issue by 20,000,000 Options. The issue of the Broker Options will only raise a nominal sum of \$200.

4.3 Effect on capital structure

The table below sets out the effect of the Offers on the Company's capital structure, assuming the Offers are fully subscribed and that no other Shares are issued (including on the exercise of Existing Options) prior to the Record Date.

Security type	Number	Percentage of total
Shares		
Shares on issue immediately prior to Offers	826,149,223	71.43%
New Shares to be issued under Offers	330,459,690	28.57%
Total Shares on issue on completion of Offers ^[1]	1,156,608,913	100.00%
Options		
Unquoted Existing Options on issue prior to Offers:		
Unquoted options exercisable at \$0.075 each and expiring before 30 November 2024	20,000,000	
Unquoted options exercisable at \$0.05 each and expiring before 30 November 2024	19,000,000	
Unquoted options exercisable at \$0.03 each and expiring before 30 November 2026	39,000,000	
Total Existing Options on issue as at the Prospectus Date	78,000,000	29.63%
New Options offered under Offers ^[2]	165,229,845	62.77%
New Options offered under Broker Offer ^[3]	20,000,000	7.60%
Total Options on issue on completion of Offers	263,229,845	100.00%

Notes:

1. If all Existing Options were exercised prior to the Record Date and no other Shares issued following close of the Offers, the Company's Shares on issue on completion of the Offers, would increase to 1,265,808,913 Shares.

2. Refer to Section 5.2 for the terms and conditions of the New Options.
3. Subject to the Broker Approval Conditions, the Company has agreed to issue 20,000,000 New Options to the Broker pursuant to the Broker Mandate. Refer Sections 2.3 and 7.3 for further details.

4.4 Substantial Shareholders

The table below lists those Shareholders who (together with their Associates) have a relevant interest in 5% or more of the Shares on issue on the Prospectus Date, based on publicly available information:

Name	Shares ^[1]	% ^[2]
Chrysalis Investments Pty Ltd ^[3]	183,712,800	22.24%
TOTAL	183,712,800	22.24%

Notes:

1. The table above does not include interests pursuant to Existing Options held, nor the potential holdings if Shares are issued on the exercise of Existing Options. The Shareholder named above holds 5,000,000 Existing Options exercisable at \$0.075 each and 5,000,000 Existing Options exercisable at \$0.03 each. See the table in Section 4.3 above for further details of these Existing Options.
2. Additional investors to the Shareholder named above may obtain a substantial holding following close of the Offers.
3. The Shareholder named is an Associate of Non-Executive Director Chris Ellis.

Chrysalis Investments Pty Ltd (**Chrysalis**, which includes its Associates) has indicated that it proposes to take up its Entitlement in full under the Rights Offer. In this case, assuming that all Entitlements are accepted by Eligible Shareholders, there will be no change to its percentage interest. Refer to Section 4.5 for information on the possible changes to the voting power of Chrysalis under various scenarios.

Chrysalis may not be allocated New Securities under the Shortfall Offer without shareholder approval.

4.5 Potential effect of Offers on control

If all Eligible Shareholders take up their Entitlements in full under the Rights Offer, and none of the Existing Options are exercised prior to the Record Date, there will be no change in the voting power of Eligible Shareholders and the Offers will have no effect on the control of the Company.

The issue of New Securities under the Offers may increase the voting power of some persons and decrease the voting power of Eligible Shareholders to the extent that they do not elect to participate in the Offers. To mitigate any potential control effects of the Offers, the Company has included the Shortfall Offer and a Shortfall allocation policy. On the basis of the Directors' allocation policy, as set out in Section 2.2, the Company will ensure that no person will acquire, through participation in the Shortfall Offer, a relevant interest in the Company in excess of 20% on completion of the Offers. The Directors will not allocate New Securities under the Offers if in their view it would result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law

As shown in Section 4.4 above, Chrysalis has a relevant interest in the Company and voting power in excess of 20% at the Prospectus Date. The voting power of Chrysalis will increase if it takes up its Entitlement in full under the Rights Offer and the Rights Offer is not fully subscribed.

As noted in Section 2.7, the Company has, for the purposes of section 615 of the Corporations Act, appointed Euroz Hartleys to act as foreign nominee for Ineligible Shareholders in respect of the Rights Offer. The effect of this under section 615 is that, subject to ASIC approval of the appointment, the rights issue exception in Item 10 of section 611 of the Corporations Act will apply to the Rights Offer, including any take up by Chrysalis of its Entitlement which results in an increase in its voting power. The table below illustrates the potential effect on the voting power of Chrysalis under different scenarios if it takes up its Entitlement in full under the Rights Offer.

Number of Shares held at Prospectus Date ^[1]	% of Shares held by Chrysalis after the Offers			
	100% subscribed	75% subscribed	50% subscribed	0% subscribed
183,712,800	22.24	23.95	25.94	28.30

Note:

1. Assumes that no other Shares are issued to Chrysalis other than under the Rights Offer and no New Shares are issued to it under the Shortfall Offer (which may not be done without shareholder approval).

The table above shows the voting power of Chrysalis increasing by a maximum of 6.06% if no Eligible Shareholders take up their Entitlements and no New Securities are issued under the Shortfall Offer. The Directors consider that scenario to be unlikely. The actual effect on control and the voting power of Chrysalis will depend on the level of subscriptions taken up on completion of the Rights Offer and the Shortfall Offer.

If the rights issue exception in Item 10 of section 611 of the Corporations Act is not available, Chrysalis, an Associate of a Director, will only take up that part of its Entitlement that would result in it having an increased voting power to the extent permitted by the takeover provisions in Chapter 6 of the Corporations Act.

The Company considers that the Offers will not otherwise affect the control of the Company as no subscriber will increase its voting power from 20% or below to more than 20% as a result of the Offers. The Company will ensure that the Rights Offer and the Shortfall Offer comply with the takeover provisions of Chapter 6 of the Corporations Act and are consistent with the policy guidelines of the relevant regulatory authorities including Takeovers Panel Guidance Note 17.

4.6 Dilution

Eligible Shareholders who do not take up their Entitlements, and Shareholders who are not Eligible Shareholders and are not able to participate in the Rights Offer, will have their percentage interest in the Company diluted. This is likely to be by approximately 28.57% as compared to their holdings and total number of Shares on issue as at the Record Date, assuming that there are no Shares issued after the Prospectus Date and prior to the Record Date and that all the Securities offered under this Prospectus are issued, but not taking into account any exercise of Existing Options or New Options.

Examples of how the dilution may impact the holdings of Shareholders are set out in the table below:

Holder	Holdings as at Record Date	% at Record Date ^[1]	Entitlement under the Rights Offer	Holding if Entitlement not taken up	% post Offers ^[2]
1	5,000,000	0.605%	2,000,000	5,000,000	0.432%
2	2,000,000	0.242%	800,000	2,000,000	0.173%
3	1,000,000	0.121%	400,000	1,000,000	0.086%
4	500,000	0.061%	200,000	500,000	0.043%
5	100,000	0.012%	40,000	100,000	0.009%

Notes:

1. Based on a share capital of 826,149,223 Shares as at the Prospectus Date, with no changes before the Record Date.
2. The dilutionary effect shown in the table is the maximum percentage, on the assumption that the Offers are subscribed in full. In the event that not all Entitlements are taken up in full and some or all of the resulting Shortfall is not subscribed for, the dilution effect for each Shareholder not participating in the Rights Offer would be a lesser percentage.

The final percentage interest of Shareholders is dependent upon whether they are Eligible Shareholders and the extent to which Eligible Shareholders take up their Entitlements.

4.7 Pro forma statement of financial position

Set out below is:

- the audited consolidated statement of financial position of the Company for the year ended 30 June 2024; and
- the unaudited pro forma consolidated statement of financial position of the Company for the year ended 30 June 2024, incorporating the effect of the Offers.

The unaudited pro-forma balance sheet is prepared on the basis that all Entitlements are accepted, that no Existing Options are exercised prior to the Record Date, and after deducting expenses of the Offers. It has been prepared to provide potential Applicants with information on the financial position of the Company in the event of full subscription under the Offers and on the basis of the accounting policies normally adopted by the Company. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The consolidated statement of financial position below is to be read in conjunction with the notes to the financial statements as published in the Company's Financial Report for the year ended 30 June 2024 available on the Company's website, www.ausquest.com.au, and on the ASX announcements platform, www.asx.com.au, using the Company's ASX code 'AQD'.

Consolidated Statement of Financial Position	Audited 30 June 2024	Offers adjustments	Unaudited Pro- Forma 30 June 2024
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1,070,206	2,565,526	3,635,732
Trade and other receivables	359,690	-	359,690
Unexpended funding	421,777	-	421,777
Other assets	53,215	-	53,215
TOTAL CURRENT ASSETS	1,904,888	2,565,526	4,470,414
NON CURRENT ASSETS			
Property, plant and equipment	50,094	-	50,094
Exploration and evaluation	6,441,283	-	6,441,283
Right-of-use asset	86,061	-	86,061
TOTAL NON CURRENT ASSETS	6,577,438	-	6,577,438
TOTAL ASSETS	8,482,326	2,565,526	11,047,852
CURRENT LIABILITIES			
Trade and other payables	451,625	-	451,625
Provisions	145,182	-	145,182
Lease Liability	89,590	-	89,590
TOTAL CURRENT LIABILITIES	686,397	-	686,397
TOTAL LIABILITIES	686,397	-	686,397
NET ASSETS	7,795,929	2,565,526	10,361,455
EQUITY			
Issued capital	62,308,182	2,631,873	64,940,055
Reserves	4,508,386	-	4,508,386
Accumulated losses	(59,020,639)	(66,347)	(59,086,986)
TOTAL EQUITY	7,795,929	2,565,526	10,361,455

The unaudited pro forma consolidated statement of financial position represents the Company's consolidated statement of financial position as at 30 June 2024, assuming full subscription under the Offers, adjusted on the basis that there has not been any material movement in the assets and liabilities of the Company between that date and the Closing Date save for:

- (a) raising \$2,643,678 on full subscription under the Offers; and
- (b) incurring \$78,152 costs of undertaking the Offers.

5. DETAILS OF NEW SHARES AND NEW OPTIONS

5.1 Rights and liabilities attaching to New Shares

The New Shares offered under this Prospectus will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares then on issue.

Full details of the rights and liabilities attaching to Shares are contained in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours or on the ASX announcements platform, www.asx.com.au, using the Company's ASX code 'AQD'.

The following is a broad summary (though not an exhaustive or definitive statement) of the rights and liabilities attaching to New Shares offered under this Prospectus:

(a) Voting rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of Shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

(b) Dividend rights

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.

(c) Winding-up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, on a winding up of the Company any surplus must be divided among the Shareholders of the Company.

(d) Transfer of Shares

Generally, Shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, or under the Company's Constitution.

(e) Further increases in capital

Subject to the Corporations Act, the ASX Listing Rules, and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue Shares and grant options over Shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) Variation of rights attaching to Shares

Subject to the Corporations Act, the ASX Listing Rules, and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

(g) General meetings

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

5.2 Terms of New Options

The New Options offered pursuant to this Prospectus are regulated by the Constitution, the Corporations Act, the ASX Listing Rules and general law. The terms of the New Options are as follows:

- (a) Entitlement:** Each New Option entitles the holder (**Holder**) to subscribe for one fully paid ordinary Share in the Company.
- (b) Exercise Price:** The exercise price of each New Option is \$0.012 (**Exercise Price**).
- (c) Expiry Date:** Each New Option comes into effect upon being issued by the Company and will expire at 5pm (AWST) on 11 November 2027 (**Expiry Date**). A New Option that has not been exercised before the Expiry Date will lapse and be cancelled.
- (d) Exercise Period:** The New Options are exercisable at any time prior to the Expiry Date.
- (e) Exercise:** The Holder may exercise New Options during the Exercise Period by giving the Company:
 - (i) a written exercise notice (in the manner specified on the certificate for the New Option or in the form otherwise approved by the directors of the Company from time to time) (**Exercise Notice**) specifying the number of New Options being exercised;
 - (ii) payment of the Exercise Price for the New Options being exercised in Australian currency by electronic funds transfer or other means acceptable to the Company; and
 - (iii) the certificate (if any) for the New Options being exercised.

Unless the Company otherwise agrees, New Options may only be exercised in multiples of 100,000 unless fewer than 100,000 New Options are held, in which case all such New Options must be exercised.

- (f) Exercise Date:** An Exercise Notice is effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of payment of the Exercise Price for the New Options being exercised in cleared funds (**Exercise Date**).
- (g) Timing and issue of Shares on exercise:** Within 5 Business Days after the Exercise Date the Company will:
 - (i) Issue the Shares pursuant to the exercise of the New Options as specified in the Exercise Notice in accordance with these terms and conditions;
 - (ii) If required, give ASX a notice in accordance with section 708A(5) of the Corporations Act meeting the requirements of section 708A(6) of the Corporations Act or, if the Company is unable to issue such a notice for any reason, the Company must within 45 days of receiving a valid Exercise Notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares issued on exercise of the New Options does not require disclosure to investors; and

- (iii) apply for official quotation on ASX of the Shares issued on exercise of the New Options, if the Shares are admitted to the official list of ASX at the time.

If a notice delivered under paragraph (g) above for any reason is not effective to ensure that an offer for sale of the Shares issued on exercise of the New Options does not require disclosure to investors, the Company must within 20 Business Days of becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares issued on exercise of the New Options does not require disclosure to investors.

- (h) **Shares issued on exercise of New Options:** Shares issued upon exercise of New Options will rank equally in all respects with all other Shares then on issue.
- (i) **Participation rights:** The New Options do not confer on the Holder any participation or entitlement rights inherent in holding Shares and Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.
- (j) **Reconstructions:** If there is a reorganisation (including consolidation, sub-division, reduction or return) of the issued share capital of the Company, then the rights of the Holder will be adjusted in accordance with the ASX Listing Rules and Corporations Act applicable at the time and any adjustments which are required to be made will be made by the Company's Directors and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.
- (k) **Change in Exercise Price:** A New Option does not confer a right to a change in the Exercise Price of the New Option or a change to the number of Shares over which the New Option can be exercised.
- (l) **Voting:** A New Option does not confer on the holder the right to vote at general meetings of the Company.
- (m) **Transfer:** The New Options are transferable, subject to any restrictions under the ASX Listing Rules or applicable law.
- (n) **Quotation of New Options:** The Company will not seek to have the New Options quoted by ASX.

6. RISK FACTORS

6.1 Introduction

Activities in the Company and its controlled entities, as in any business, are subject to risks which may impact on the Company's future performance. There cannot be any guarantee that the Company will achieve its stated objectives.

Prior to deciding whether to subscribe for New Shares, Applicants should read the entire Prospectus, including this Section 6.

An investment in New Securities offered under this Prospectus should be considered speculative. New Shares do not carry any guarantee with respect to the payment of any dividends, returns of capital or the market value of those New Shares.

The Directors recommend that Applicants consider the risk factors set out below which the Directors believe represent the key risks associated with the Company's business, the industry in which it operates and general risks applicable to investments in listed securities and financial markets. This Section 6 is not intended to provide an exhaustive list of all of the risk factors to which the Company is exposed.

If you do not understand any matters contained in this Prospectus or have any queries about whether to subscribe for New Securities, you should consult your professional advisers.

6.2 Company specific risks

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

(a) Funding

Substantial expenditure will be incurred by the Company's exploration efforts in Australia and in Peru without any guarantee that the funds raised will achieve the objectives of the Company's exploration strategy. Once the net funds of the Offers are exhausted together with the Company's existing available cash, the Company will require either more equity or debt capital to further its exploration objectives and there is no guarantee that the funds will be made available to the Company on acceptable terms or at all. Any additional equity funds raised may be dilutive to Shareholders and any debt funds raised may restrict the Company's activities and autonomy in carrying out its strategies.

The South 32 Strategic Alliance Agreement with a wholly owned subsidiary of South32 Limited (**South 32**), under which South32 has agreed to fund certain approved exploration and evaluation work, is due to expire on 31 December 2025, unless extended by agreement of the parties. This agreement has now been active for a period of approximately 8 years. The Company has the option to negotiate with South32 for renewal of the arrangement prior to this date, either on the same terms or varied terms. Depending on the outcome of those negotiations, the level of funding which the Company has available for future exploration work could be affected. Funding for current exploration projects which are being pursued by the parties under the alliance will continue pursuant to the terms of the agreement.

(b) Investments in Securities

Applicants should be aware that there are risks associated with any Securities investment. Securities listed on securities exchanges, and in particular the securities of exploration companies, have experienced extreme price and volume fluctuations that can be unrelated to the operating performances of such companies. The value of mineral exploration and mining companies may be hampered by circumstances beyond the control of the Company.

Profitability and the value of the Company's Securities depends on successful exploration outcomes and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Exploration in itself and in particular early-stage exploration, is a speculative endeavour. There are no guarantees that drilling of geochemical, geological, or geophysical targets defined by the Company will intersect economic mineralization. If exploration results are negative there is a risk that the value of the Company's Securities may fall.

(c) Foreign operations and regulatory risk.

The Company's activities in Peru are subject to risks often described as sovereign risk which in this context includes changes to legislation affecting the conditions of grant of tenure, transfer of ownership of tenure, renewal and continuity of tenure, changes to royalty and state ownership arrangements, changes to government policy and practice, and the general ability to enforce tenure rights and contractual rights, changes to taxation legislation affecting the economic viability of the Company's activities, and changes to other legislation within the country affecting the stability and continuity of the Company's operations. These factors may adversely affect the Company and the value of its Securities. Due to the geographical distance involved between Peru and Australia, and due to the different legal systems operating in the respective countries, it may be more difficult and more expensive to enforce contractual rights under Peruvian tenure legislation and at law generally compared to enforcing the Company's rights within Australia.

6.3 General and industry specific risks

Mineral exploration, development and mining activities are high-risk undertakings and there cannot be any assurance that any exploration or development activity in regard to the Company's current properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining may be hampered by circumstances beyond the control of the Company and are speculative operations which by their nature are subject to a number of inherent risks, including the following:

(a) Exploration and evaluation risks

The success of the Company depends on the discovery of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

(b) Operational risks

The operations of the Company may be affected by various factors, included but not limited to failure to locate or identify mineral deposits, failure to achieve required grades for exploitation, operational and technical difficulties encountered in exploration, insufficient or unreliable infrastructure such as power, water and transport, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect project viability, adverse weather conditions, industrial and environmental accidents, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

There can be no assurance that the Company's intended goals will lead to successful exploration, mining and/or production outcomes. Further, no assurance can be given that the Company will be able to initiate minerals production, or that future operations will achieve commercial viability.

Other factors which could affect the operations of the Company include delays associated with obtaining permits and approvals to undertake exploration activity, delays associated with obtaining or failure to negotiate native title, heritage or aboriginal access agreements and delays associated with compliance with heritage laws and regulations.

Community objections to exploration and/or developments can also cause significant delays and, at worst, stop developments altogether or until community concerns are satisfied. This varies from place to place and country to country but has the potential to adversely impact the value of the Company's Securities. The Company attempts to manage this risk through early engagement with local communities wherever it operates.

(c) Commodity price and exchange rate risks

The Company is involved in mineral exploration and evaluation for a range of base and precious metals including copper, lead, zinc, nickel and gold, which may be exposed to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and United States dollar currencies, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(d) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(e) Share market conditions

The market price of Securities in the Company can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(f) Environmental risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment in Australia and in Peru. As with most exploration projects and any future mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws in whatever jurisdiction it is working.

(g) Climate risks

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. Climate risks that are particularly attributable to the Company include:

- (i) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events. This may cause significant delays in the Company's exploration and evaluation programs which could affect the market value of the Company's Securities;
- (ii) climate change may increase the risk and extent of wildfires. Wildfire risk depends on a number of factors, including temperature, electrical storm activity, soil moisture, and the presence of combustible fuels. In addition to damaging properties, wildfire can significantly impact access to the affected areas and delay or prevent planned exploration work programs from going ahead; and
- (iii) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation may also impact the Company and its operations.

While the Company endeavors to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these factors.

(h) Government regulation

The mineral exploration activities of the Company are subject to various laws governing prospecting, development, taxes, labor standards, occupational health and safety, land use, water use, Native Title, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future exploration and development.

Amendments to current laws and regulations governing operations and activities of the exploration and mining industry, or more stringent implementation thereof, could have a substantial adverse impact on the Company's ability to find and delineate mineral resources.

(i) Security of tenure risk

Interests in tenements in Australia are governed by respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Interests in tenements in Peru are governed by Government legislation and are evidenced by the granting of mineral concessions. Retention of concessions is dependent on the annual payment of rents. Consequently, the Company could lose title to or its interest in tenements if the annual rental is not paid before the due date.

(j) Native Title risk

It is possible that, in relation to tenements in which the Company has an interest or may in the future acquire an interest, there may be areas over which legitimate common law native title rights of indigenous people in Australia and Peru exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant native title party), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Some prospects may occur within private property for which the surface rights belong to the landowner. The ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected by these rights.

(k) Occupational health and safety

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining and exploration activities have inherent risks and hazards which the Company continues to manage. Penalties for breaching health and safety laws can be significant and victims of workplace accidents could also commence civil proceedings against the Company. Changes to health and safety laws and regulations may also increase compliance costs for the Company.

The Company manages this risk by providing appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

(l) Joint venture parties, agents and contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities, or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(m) Resource estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, any resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(n) Reliance on key personnel

The Company's success depends largely on the core competencies of its directors and management, and their familiarisation with, and ability to operate, in the exploration and mining industry, and the Company's ability to retain its key executives.

(o) Taxation

An investment in the Company and disposal of those investments are associated with taxation consequences under Australian law. Investors are responsible for seeking independent taxation and financial advice as to the consequences of a proposed investment in the Company's Securities.

(p) Litigation

Possible litigation risks that the Company is exposed to include native title claims, land access disputes, tenure disputes, environmental claims, work health and safety claims and contractor and employee claims. The Company may also be involved in disputes in the future which may result in litigation. If any claim or dispute results in litigation and a finding is made against the Company, it may have an adverse effect on the Company's operations or financial position. The Company is not currently engaged in any litigation with the exception of proceedings commenced by the Company in the Peruvian Administrative Judiciary challenging a demand for payment for access to surface rights by the Ministry of Housing. Despite 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. This challenge does not however impact the Company's legal rights to its mining concession in Peru.

(q) Timing

The commencement and completion times for the Company's planned exploration programmes including drilling can be significantly affected by external factors including Governmental regulatory processes, local access approvals, native title approvals, access to appropriate contractors, and weather conditions. Expenditure approvals under the South32 Strategic Alliance Agreement are not under the control of the Company and may cause delays to the timing of exploration programs.

(r) Global conflicts

The current evolving conflicts in Ukraine and Gaza are impacting general global economic conditions and markets. The nature and extent of the effect of these conflicts on the performance of the Company is unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by these conflicts. The Company considers the impact of these conflicts on the Company's business and financial performance, at this stage, is limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(s) Pandemic risk

A pandemic refers to a worldwide outbreak of a disease or illness that could spread quickly and widely, affecting human populations. Pandemics can pose a global threat, with disruptions which could occur to the lives of people and businesses. An epidemic is similar, affecting a locality rather than the whole world.

COVID-19 was a recent pandemic which caused significant disruptions to travel, logistics and suppliers, stress in financial and potential loss of income, and the interruptions in the workforce due to illness or absences. A pandemic risk could have the potential of disrupting part or all of the company's operations based in Australia and Peru.

7. ADDITIONAL INFORMATION

7.1 Continuous disclosure obligations

This Prospectus is a “transaction specific prospectus” for the offer of continuously quoted securities (as defined in the Corporations Act) of the Company to which the special content rules under section 713 of the Corporations Act apply. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity”, as defined in section 111AC of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is required under the ASX Listing Rules to continuously disclose to ASX any information it has concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company’s securities, subject to certain exceptions.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the requirements of ASX. as applicable from time to time throughout the period from lodgement of the Company’s annual financial statements for the financial year ended 30 June 2024 to the Prospectus Date which required the Company to notify ASX of information about specified matters or events as they arise for the purpose of making that information available to the stock market conducted by ASX.

The Company states that, to the extent that it is reasonable for investors and their professional advisers to expect to find the information in the Prospectus, there is no information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules;
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the New Securities.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (other than any document referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office;
- (c) it will provide a copy of the following documents, free of charge, to any person who asks for it during the period from the Prospectus Date to the close of the Offers:
 - (i) the annual financial report for the year ended 30 June 2024 lodged with ASIC by the Company;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of the annual financial report referred to in (i) above and before the lodgement of this Prospectus with ASIC; and
 - (iii) any continuous disclosure notices given by the Company to ASX in accordance with the ASX Listing Rules after the lodgement of the annual financial report referred to in (i) above and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours or obtained from, or inspected at, an ASIC office.

Copies of documents lodged with ASX by the Company is available for inspection at ASX or on ASX's website at www.asx.com.au using the Company's ASX code 'AQD'.

The Company has lodged the following announcements with ASX since the lodgement of the Company's annual audited financial statements for the financial year ended 30 June 2024, which occurred on 17 September 2024:

Date	Description of ASX Announcements
17 September 2024	Corporate Governance Statement including Appendix 4G
18 September 2024	DTR produces premium Grade Product (FE) at Morrisey
18 September 2024	Update - DTR produces premium Grade Product (FE) at Morrisey
23 September 2024	Application for quotation of securities
23 September 2024	Section 708A(5) Notice
3 October 2024	Trading halt
7 October 2024	Capital Raising to advance Projects in Peru and Australia
7 October 2024	Proposed issue of securities - AQD
7 October 2024	Proposed issue of securities - AQD

7.2 Market prices of Shares on ASX

Information about the highest, lowest and last market closing prices of Shares on ASX during the 3-month period immediately preceding the Prospectus Date is set out in the table below.

	Latest	Lowest	Highest
Price (A\$)	\$0.011	\$0.009	\$0.013
Date	2 October 2024	13, 16 and 17 September 2024	11 and 17 July 2024

7.3 Material contract – Euroz Hartleys Limited

Mandate

The Company and Euroz Hartleys have entered into a Capital Raising and Corporate Advisory Engagement Agreement dated 29 August 2024, as updated (**Broker Mandate**). The Broker Mandate terms provide for the engagement of Euroz Hartleys to provide capital raising and corporate advisory services to the Company in relation to the Offers.

Under the terms of the Broker Mandate, Euroz Hartleys will be entitled to the following by way of fees:

- (a) a capital raising fee equal to 6% of the funds raised by them under the Shortfall Offer (other than for any New Securities taken up by Directors or their Associates under the Shortfall Offer, if any);

- (b) If the funds raised by them under the Shortfall Offer are not less than \$600,000 in aggregate, 20,000,000 New Options for a subscription price of \$0.00001 per New Option to be issued (subject to payment of the subscription price) to Euroz Hartley or its nominee on the date of issue of the New Securities relating to those Shortfall funds and subject to shareholder approval (**Broker Options**);
- (c) If the Broker Options are all exercised, an additional unlisted 15,000,000 Options for a subscription price of \$0.00001 per Option to be issued (subject to payment of the subscription price) to Euroz Hartley (or its nominee) and subject to any necessary shareholder approvals and other ASX Listing Rules or regulatory requirements. These bonus Options will be issued on the same terms and conditions as the Broker Options, as set out in paragraph (b) above, except that that they will have an exercise price of \$0.016 per Option. These bonus Options are not the subject of the Broker Offer; and
- (d) an advisory fee of \$5,000 per month during the term of the Broker Mandate.

The other terms and conditions of the Broker Mandate are considered standard for an agreement of this nature.

Appointment of foreign nominee

As set out in Section 2.7, Euroz Hartleys has also agreed to provide the services of foreign nominee pursuant to s615 of the Corporations Act, subject to ASIC approval. For these services they will be paid a management fee of \$2,000 (plus GST), plus a brokerage fee of 1% (plus GST) of the sale proceeds on execution of the sale of the New Securities referred to in Section 2.7.

7.4 Directors' interests and emoluments

Other than as set out below or elsewhere in this Prospectus, no Director holds or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (whether in cash, securities or otherwise), and no other benefit has been given or agreed to be given to a Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with the formation or promotion of the Company or the Offers.

Interests in Securities

The table below sets out the relevant interest of each Director (directly and indirectly held) in the Securities of the Company as at the Prospectus Date.

Director	Shares	% of Shares held	Options
Greg Hancock	4,586,415	0.56	10,000,000
Graeme Drew	19,323,409	2.34	20,000,000
Chris Ellis	183,712,800	22.24	10,000,000

Directors or their Associates who are registered as Shareholders on the Record Date may participate

in the Rights Offer on the same basis and terms as all other Eligible Shareholders. As at the Prospectus Date, Directors Graeme Drew and Chris Ellis have indicated an intention to take up their Entitlements in full under the Rights Offer subject, in the case of Chris Ellis, to the extent permitted by law. The Directors reserve the rights to participate in the Shortfall Offer, subject to shareholder approval being sought and obtained and otherwise to the extent permitted by law.

Remuneration

The Company's Constitution provides that the Directors may be paid for their services as Directors.

The Constitution also provides that Non-Executive Directors may collectively be paid as remuneration for their services an aggregate maximum amount set by Shareholders in general meeting. As at the Prospectus Date, the aggregate maximum remains set at \$300,000.

A Director may be paid fees or other amounts as the Directors determine, where a Director performs duties or provides services outside the scope of their normal duties. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the remuneration of each Director for the last two financial years and the proposed remuneration for the current financial year.

Director	2022/2023 financial year	2023/2024 financial year	2024/2025 financial year (proposed)
Greg Hancock ^[1]	\$48,000	\$48,000	\$48,000
Graeme Drew	\$200,000 plus superannuation	\$200,000 plus superannuation	\$200,000 plus superannuation
Chris Ellis	Nil	Nil	Nil

Note:

1. Fees paid to Mr Hancock are for corporate consulting services rendered to the Company.

7.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, or any promoter of the Company, or an underwriter to the Offers or a financial services licensee named in the Prospectus as a financial services licensee involved in the Offers, holds or has held at any time during the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- the Offers,

and no amounts have been paid or agreed to be paid, and no other benefit has been given or agreed to be given to any of those persons for services provided in connection with the formation or promotion of the Company or the Offers.

Euroz Hartleys, which is providing corporate advisory and capital raising services, and also the services of foreign nominee pursuant to s615 of the Corporations Act (subject to ASIC approval), will be paid the fees set out in Section 7.3 for services related to this Prospectus and the Offers. Euroz Hartleys Limited has been paid approximately \$60,000 (excluding GST) for the provision of corporate

advisory and capital raising services to the Company in the period of 2 years prior to the Prospectus Date, excluding the amount provided for above.

Nexia Perth Pty Ltd, which provides accounting, taxation and corporate services to the Company, will be paid approximately \$15,000 (excluding GST) for services related to this Prospectus and the Offers. Nexia Perth Pty Ltd has been paid approximately \$483,957 (excluding GST) for the provision of accounting, taxation and other professional services to the Company in the period of 2 years prior to the Prospectus Date, including the amount provided for above.

HLB Mann Judd, the Company's auditor, has been paid or is entitled to be paid audit fees of \$110,000 (excluding GST) in the period of 2 years prior to the Prospectus Date.

7.6 Consents and liability statements

The following parties have given their written consent to be named in the Prospectus in the form and context in which they are named and have not withdrawn that consent prior to the date of lodging the Prospectus with ASIC:

- Euroz Hartleys Limited has given its consent to be named in this Prospectus as providing corporate advisory, fund raising and foreign nominee services to the Company in the form and context in which it is named.
- Nexia Perth Pty Ltd has given its consent to be named in this Prospectus as providing accounting, taxation and corporate services to the Company in the form and context in which it is named.
- HLB Mann Judd has given its consent to be named in this Prospectus as the auditor to the Company (consenting to the Company placing reliance on the 30 June 2024 audited financial statements in Section 4.7) in the form and context in which it is named.

Each of the parties named above as providing their consent, and any parties providing share registry and legal services to the Company:

- has not authorised or caused the issue of this Prospectus;
- does not make, or purport to make, any statement in this Prospectus or any statement on which any statement in this Prospectus is based, other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims all responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified in this Section.

7.7 Expenses of the Offers

In the event that all Entitlements are accepted, the expenses of the Offers are expected to comprise the following estimated costs, exclusive of any GST payable by the Company.

Expense ^[1]	\$
ASIC fees	3,206
ASX fees	11,805
Foreign nominee fee	2,000
Marketing fees	13,000
Legal and corporate fees	25,000
Printing, distribution and Share Registry expenses and other expenses	23,141
TOTAL	78,152

Note:

1. If not all Entitlements are accepted, the expenses of the Offers may increase by the fees payable to the Broker as set out in Section 7.3.

7.8 Litigation

As at the Prospectus Date, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

7.9 Electronic Prospectus

An electronic copy of this Prospectus is available at www.ausquest.com.au. The Offers included in the Prospectus are only available to persons receiving the document in Australia and New Zealand (subject to eligibility).

The Application Form may only be distributed together with a complete and unaltered copy of the Prospectus. If an electronic prospectus is distributed, New Securities will only be issued under the Offers on receipt of an electronic Application Form that was issued together with the electronic Prospectus, in the case of payment by cheque, or on receipt of an electronic payment that is made with information derived from that electronic Application Form. If you are concerned that you have received an incomplete or altered version of the Prospectus, you should contact the Company on +61 8 9364 3866 and the Company will send you a hard copy or a further electronic copy of the Prospectus free of charge. The Company will not accept an Application Form for New Securities if it has reason to believe that an investor has, or may have, received an electronic Prospectus that is incomplete, or that the electronic Prospectus Application Form has been altered or tampered with.

A paper copy of the Prospectus may be obtained free of charge on request during the Offer Period by contacting the Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia).

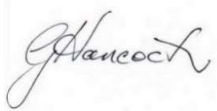
The information on the Company's website does not form part of and is not incorporated into this Prospectus.

8. DIRECTORS' STATEMENT

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board by:

A handwritten signature in black ink, appearing to read 'G Hancock', is positioned above the printed name.

Greg Hancock
Non Executive Chairman
AusQuest Limited

Date: 8 October 2024

9. GLOSSARY OF TERMS

Applicant	An Eligible Shareholder who subscribes for New Securities pursuant to their Entitlement under the Rights Offer, or an Eligible Shareholder or other investor who subscribes for New Securities under the Shortfall Offer or the Broker under the Broker Offer.
Application	A valid application for New Securities offered under this Prospectus.
Application Form	The Entitlement and Acceptance Form, Shortfall Application Form or Broker Application Form, as the context requires.
Application Moneys	The moneys payable by Applicants to the Offers.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning set out in the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	The listing rules of ASX.
ASX Settlement Operating Rules	The ASX Settlement operating rules of ASX Settlement.
AWST	Australian Western Standard Time, being the time in Perth, Western Australia.
Board	The Company's Board of Directors.
Broker Application Form	An application form in relation to the Broker Offer that accompanies this Prospectus.
Broker Mandate	Has the meaning set out in Section 7.3.
Broker Offer	Means the offer of 20,000,000 New Options to the Broker as detailed in Section 2.3.
Broker Options	The unlisted Options offered under the Broker Offer as defined in Section 7.3.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day
Closing Date	The closing date of the Rights Offer specified in the indicative timetable set out in Section 1.1 of this Prospectus, unless extended.
Company	AusQuest Limited (ACN 091 542 451).
Constitution	The constitution of the Company].
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company as at the Prospectus Date.
Eligible Shareholder	Has the meaning given in Section 2.1(b) of this Prospectus.
Entitlement	The entitlement of an Eligible Shareholder to participate in the Rights Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form for the Rights Offer which accompanies this Prospectus.

Existing Options	The unlisted Options previously issued under the Company's Equity Incentive Plan as detailed in Section 4.3
Euroz Hartleys	Euroz Hartleys Limited ACN 104 195 067 AFSL 230052
Ineligible Shareholder	A Shareholder who is not an Eligible Shareholder.
GST	Goods and services tax levied under the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Issue Price	The subscription price for a New Share to be issued under the Offers, being \$0.008 per New Share.
New Options	The Options proposed to be issued under this Prospectus pursuant to the Offers.
New Securities	The New Shares and the New Options.
New Shares	The Shares proposed to be issued under this Prospectus pursuant to the Offers.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offers	The Rights Offer, the Shortfall Offer and the Broker Offer, or any one of them as the context requires.
Opening Date	The opening date of the Offers.
Option	An option to acquire a Share.
Prospectus	This prospectus, including any electronic or online version of this prospectus.
Prospectus Date	The date this Prospectus was lodged with ASIC, being 8 October 2024.
Record Date	5.00pm (AWST) on 11 October 2024 or such other date as may be determined by the Directors, subject to the ASX Listing Rules.
Rights Offer	The non-renounceable pro-rata offer of Securities under this Prospectus to Eligible Shareholders as described in Section 2.1.
Section	A section of this Prospectus.
Securities	Shares and/or Options, as the context requires.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	The Company's share registry, Automic Pty Ltd (ABN 27 152 260 814).
Shareholder	A registered holder of a Share.
Shortfall	The New Securities offered under the Rights Offer for which valid Applications are not received from Eligible Shareholders on or before the Closing Date.
Shortfall Application Form	An application form in relation to the Shortfall Offer that accompanies this Prospectus.
Shortfall Offer	The offer under this Prospectus to subscribe for the Shortfall as described in Section 2.2.
South32 Strategic Alliance Agreement	The agreement with South32 Group Operations Pty Ltd ABN 74 601 343 202 (South32) announced to ASX on 20 February 2017.