



Quarterly Report – 30th June 2019

HIGHLIGHTS

Peru – Copper-Gold

- Potential size of the Iron-Oxide Copper-Gold (IOCG) system at Cerro de Fierro increased to >~10km², based on new surface geochemical and ground magnetic data (South32 Alliance).
- Presence of multiple hydrothermal centres within the IOCG system at Cerro de Fierro inferred by mapping and ground magnetic data.
- New copper (+/- gold) targets evident in detailed soil and rock-chip sampling data to be considered for possible drill testing once permitting completed.
- A second drilling program at Cerro de Fierro being considered under the Strategic Alliance Agreement with South32.
- IP anomalies associated with anomalous copper (+/- gold), were located at the Parcoy (IOCG) prospect, north of Cerro de Fierro (South32 project).

Australia – Nickel, Copper, Zinc

- In-fill aircore drilling (39 holes/~1,300m) completed at the Telegraph prospect (Balladonia) to follow-up highly anomalous base metal values reported from earlier reconnaissance drilling under the SAA – *assays pending*.
- All access approvals for diamond drilling at the Hamilton copper prospect (Qld) received, with drilling now expected to commence in early August.

Corporate

- Quarter-end cash position of ~\$1.8M with additional funding from South32 available for agreed work programmes over Strategic Alliance Projects both in Australia and Peru.

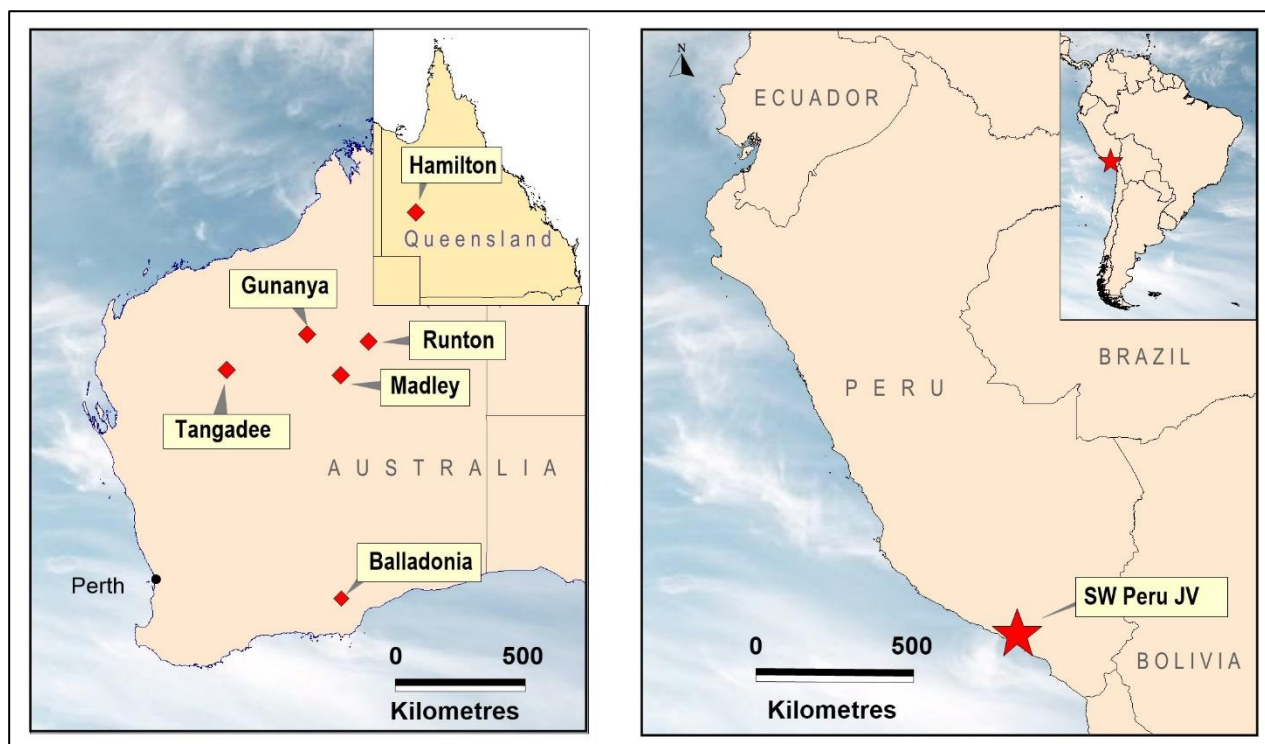


Figure 1: Project Locations – Australia and Peru

OVERVIEW

The key focus of exploration activity during the Quarter was:

- To complete detailed ground surveys at Cerro de Fierro, the Company's advanced IOCG project in southern Peru; and
- To commence drilling operations in Australia under the Company's Strategic Alliance Agreement (SAA) with globally diversified mining and metals company South32.

In **Peru**, exploration in the Cerro de Fierro – Parcoy region accelerated with ground geophysical and surface geochemical surveys completed over both prospects to identify further targets for drilling. This followed the encouraging drill results received from the Company's Stage 1 reconnaissance drill program at Cerro de Fierro. A revised drilling permit application was initiated to increase the number of drill holes permitted at the Cerro de Fierro prospect.

In **Australia**, final access approvals were obtained for drilling operations at the Company's Balladonia and Hamilton

Projects, with aircore drilling at the Telegraph prospect (Balladonia) completed in late July and diamond drilling at Hamilton (Queensland) scheduled to commence in early August. Results from these programs will be available during the September Quarter.

New opportunities in base metals continued to be pursued both within Australia and offshore with new tenements in the Paterson Range region of WA awaiting grant to enable field exploration to commence. The Company has a total of 2,700km² under title in this region which has become the focus of industry's attention following the recent discoveries of copper and gold by Rio Tinto and Greatland Gold (now Newcrest JV).

PERU COPPER-GOLD PROJECTS

AusQuest has assembled a large portfolio of copper-gold prospects along the southern coastal belt of Peru in South America, with numerous targets identified for drilling as possible porphyry copper and/or iron-oxide copper-gold (IOCG) targets with the size potential being of significance to AusQuest. Peru is one of the world's most prominent destinations for international copper exploration and is considered to be a prime location for world-class exploration opportunities.

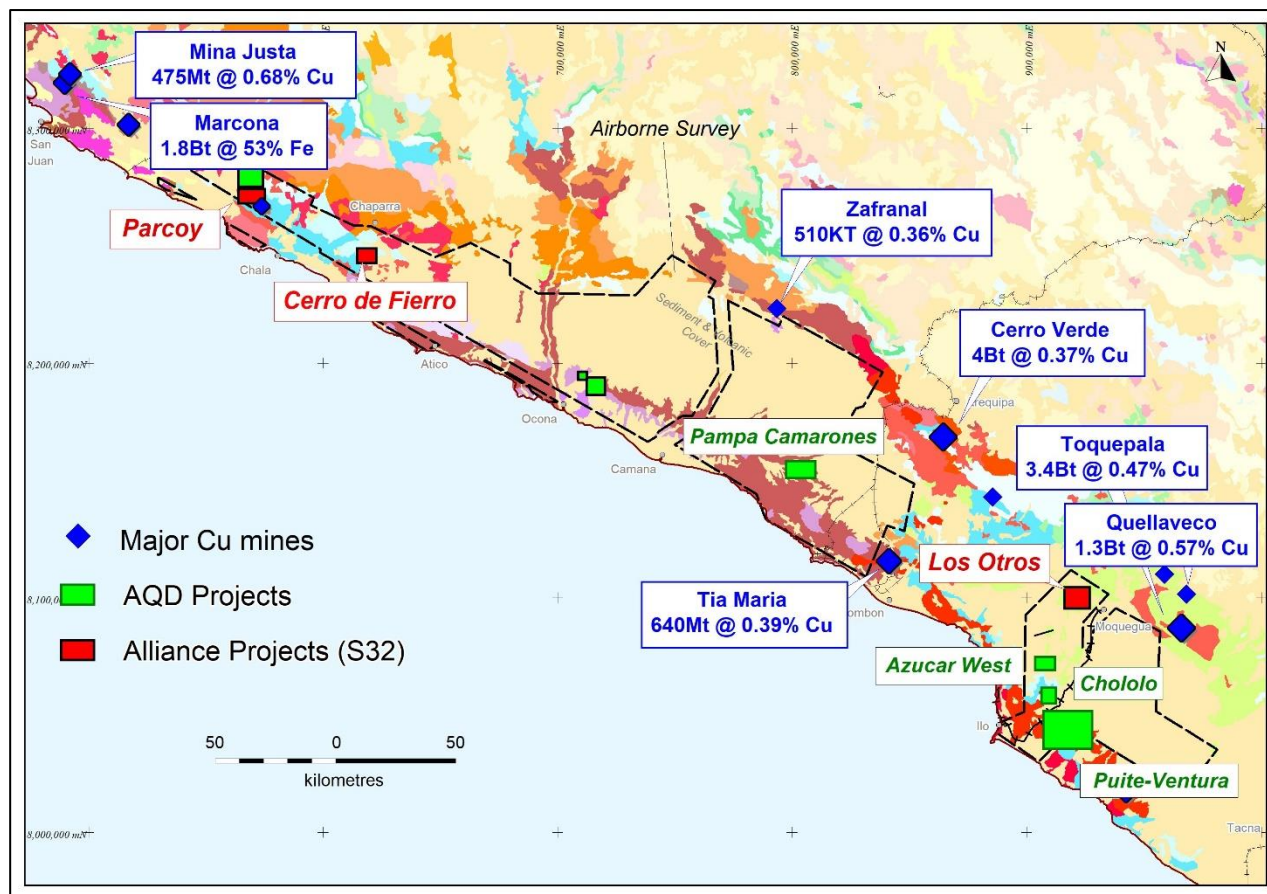


Figure 2: Project Locations – Southern Peru

Cerro de Fierro IOCG (100% AQC – South32 earning to 70%)

The Cerro de Fierro Project is located at the southern end of a recognised IOCG metallogenic belt in southern Peru. It lies within ~150km of the Mina Justa deposit (~475Mt @ 0.68% Cu), which is being developed by Peruvian mining company Minsur S.A. It is subject to an agreement with South32, which can earn a 70% interest in the project by spending a total of US\$4.0 million.

During the Quarter, detailed geological mapping, rock and soil sampling programs as well as ground magnetic surveys were undertaken over a large portion of the project, to help define the extent and characteristics of the IOCG system ahead of further drilling.

Mapping to date has identified two major volcanic rock types – a felsic (dacitic) sequence and a more mafic andesitic sequence that generally occurs below the dacite. Their distribution is often interspersed, inferring a

significant amount of faulting (both normal and strike slip) within the main area of mineralisation and drilling (Figure 3).

While some of the mapped faults are likely to control the current distribution of copper and gold mineralisation within the volcanic stratigraphy, some are likely to be conduits for the introduction of copper and gold-bearing fluids into the area, with the potential to highlight prospective areas for breccia-style (possibly higher grade) mineralisation.

The limited drilling to date (7 holes/3,544m) suggests that copper occurs both within sub-vertical structures (possible feeders) and relatively flat-lying volcanic strata (possibly replacement-style mantos), mainly within the andesitic volcanic sequence. However, strong copper anomalies (soil and rock) were also found to occur within the felsic volcanic rocks, especially in the west of the area.

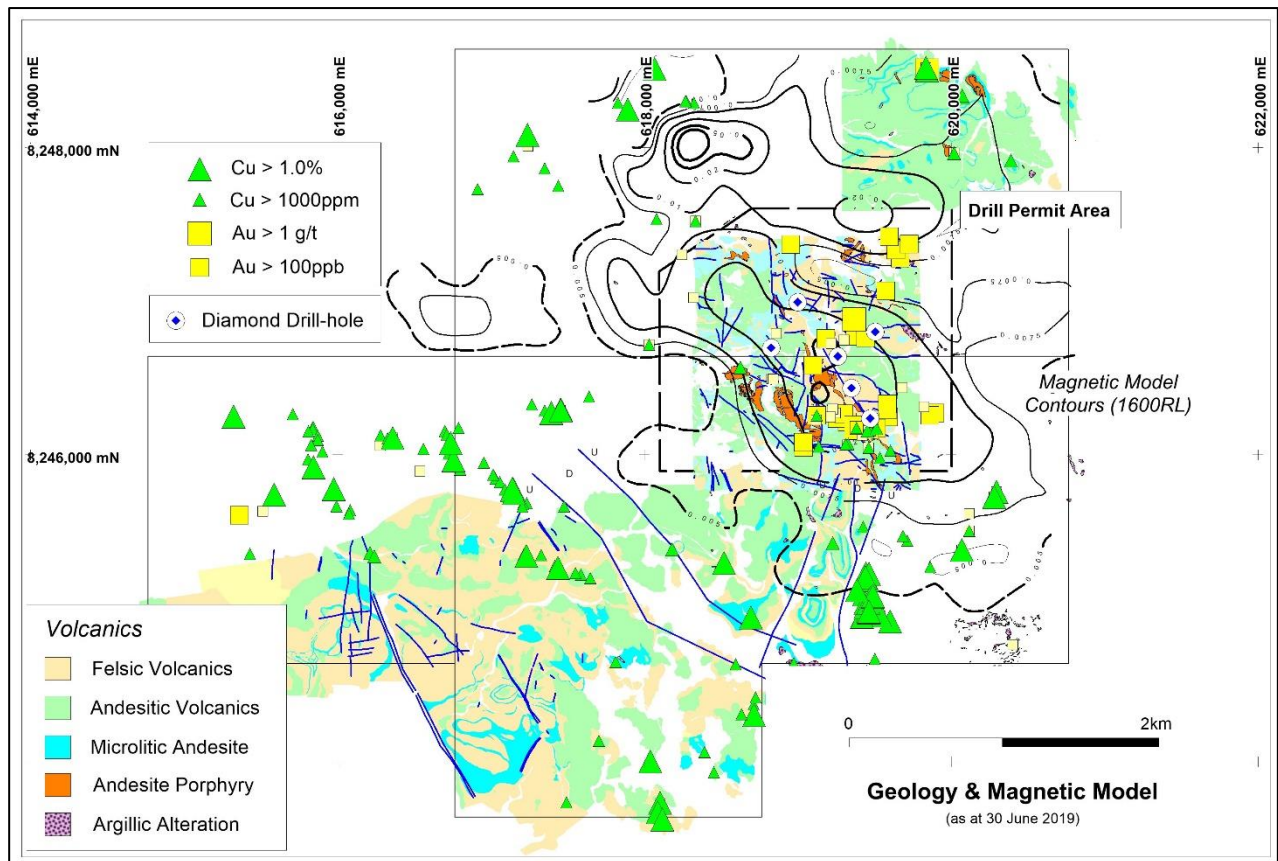


Figure 3: Cerro de Fierro geology showing magnetic model and Cu/Au rock assays

Detailed soil sampling (~1,620 samples) over a 100m x 100m grid combined with rock-chip sampling (a total of ~1,320 samples), has outlined a number of highly anomalous target areas across the area (Figure 4).

Compilation and analysis of the geochemical data provides strong evidence for a significantly more extensive copper-bearing system (IOCG) than was initially inferred from the aeromagnetic data, with similarities in mineralisation styles and geochemical signatures across the prospect supporting this conclusion. Numerous copper targets have been outlined for further testing.

Detailed ground magnetic surveys (200m line spacing; total of ~97km) have now been completed over the prospect to improve the resolution of magnetic data and help to map out variations in magnetic properties that were inferred by the initial drilling to be associated with the copper-(gold) mineralisation.

Computer modelling of the ground magnetic data significantly increased the size of the inferred IOCG system with areas of lower magnetic susceptibility (0.005 to 0.01SI Units) that are considered more prospective for copper mineralisation, extending outwards from the main magnetic bodies and covering an area upwards of 10km².

Several magnetic targets were also defined to the north of the initial drilling, suggesting the possibility of further centres of hydrothermal activity that could be associated with the IOCG mineralisation.

Compilation of all the available data is ongoing with definition of further drill targets a priority under the SAA with South32. A technical meeting will be held with South32 early in the September Quarter to consider further drilling options in 2019 and beyond.

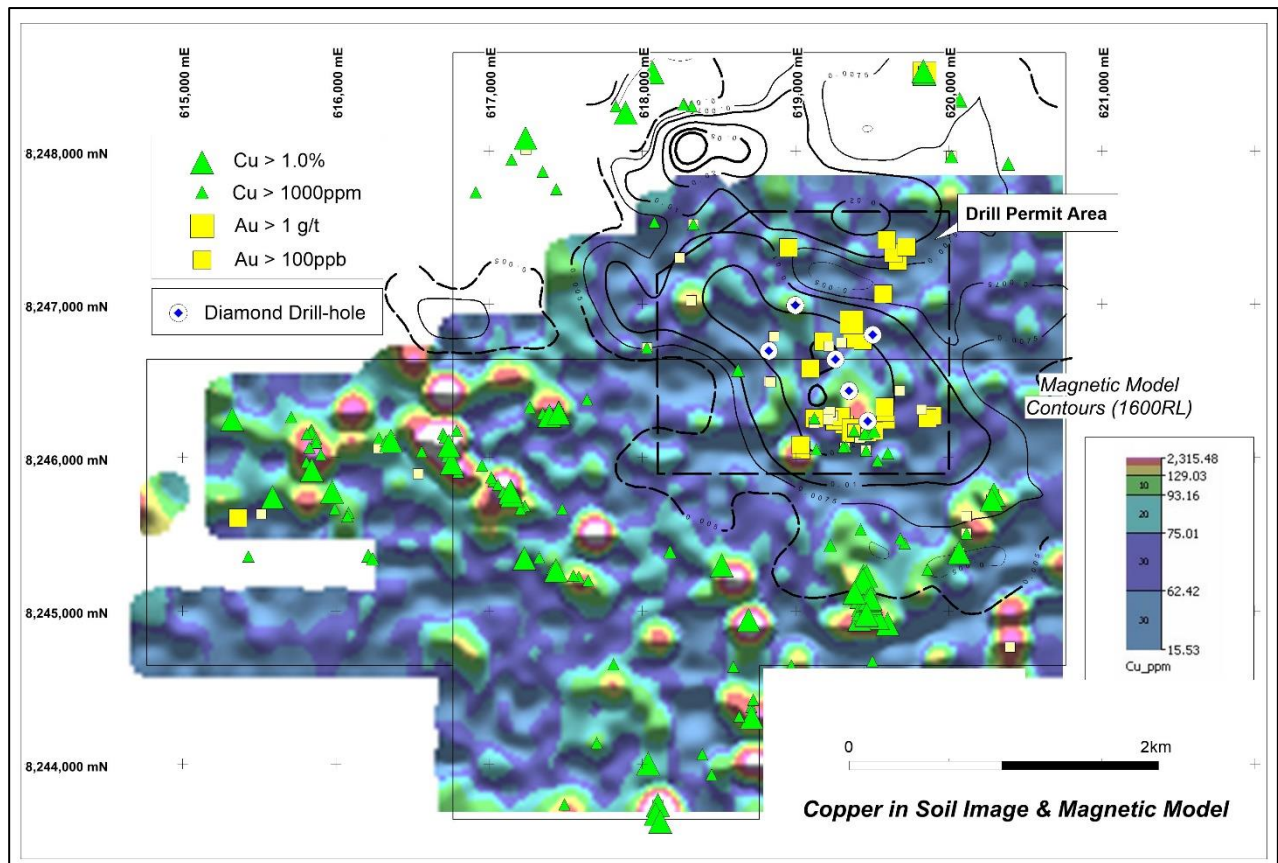


Figure 4: Cerro de Fierro Copper in soils image and Cu/Au rock assays plus magnetic model

The current drill permit allows for additional drilling within the Permit Area to be completed within the next 12 months. Drilling outside the Permit Area requires additional Government approvals. Further environmental studies were initiated during the Quarter to help facilitate the approvals process and allow drilling to be undertaken outside the Permit Area in the shortest possible time – possibly in the second Quarter of 2020.

Extensive and highly anomalous copper (0.1 to 5% Cu) and gold (0.05 to 7.8g/t Au) values outlined by the surface sampling programs continue to provide strong evidence for the prospectivity of the Cerro de Fierro Project.

Parcoy IOCG Project (100% AQD subject to SAA)

During the Quarter ground geophysical Induced Polarisation (IP) surveys were

completed over the Parcoy Project, which is located approximately 50km north of Cerro de Fierro, along strike from the recent copper discovery at Los Chapitos.

A total of ~44km of pole-dipole IP (a= 200m; n=1 to 6) was completed along lines approximately 500m apart to identify targets associated with the prospective structures known to host copper mineralisation to the south-east.

Weak to moderate chargeability anomalies were found to coincide with areas of anomalous copper as outlined by earlier stream sediment and rock chip sampling programs (Figure 5). Targets close to the prospective structure may have potential for manto-style copper mineralisation within the volcanics. Detailed soil sampling is planned over the anomalous areas to help outline targets for drilling.

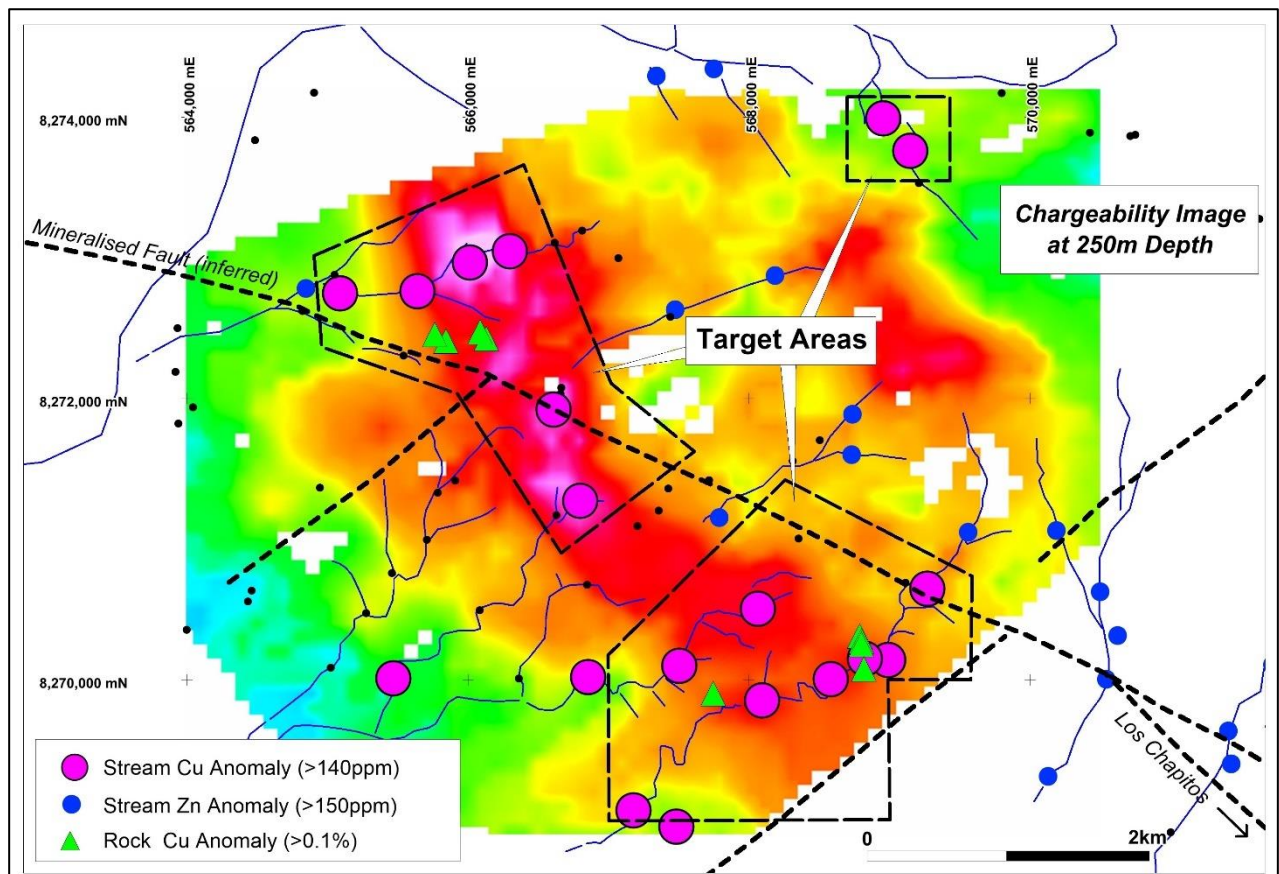


Figure 5: Parcoy IP and stream sediment geochemical results showing target areas.

Computer modelling of aeromagnetic data outlined several weakly magnetic bodies associated with the IP and geochemical anomalies, suggesting similarities with the Company's Cerro de Fierro prospect.

Los Otros Porphyry Copper Project (100% AQD subject to SAA)

At Los Otros, age dating to determine whether mapped advanced argillic alteration in the north and east of the area occurs within the Palaeocene Belt that hosts the large porphyry copper deposits in southern Peru (Toquepala, Cerro Verde and Quellaveco) is still to be completed.

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

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

The Balladonia Project is located ~50km south of the Nova-Bollinger nickel-copper

deposit. It consists of six Exploration Licences covering an area of ~1,040km², within a structurally complex region of the Fraser Range Terrain centred above the southern margin of a deep regional gravity anomaly (~30 milligals), which is thought to reflect buried mafic/ultramafic rocks similar to those that may be related to the formation of the Nova deposit. Most of the tenements lie within the Dundas Nature Reserve. Exploration work at Balladonia is being funded by South32.

In-fill air-core drilling (39 holes/1,097m) at the Telegraph prospect was completed in late July to outline the extent of metal anomalism located by the initial reconnaissance drilling program, which reported a multi-element geochemical signature in drill-hole BAC011 (copper 300-5,500ppm Cu, silver 1-15g/t Ag, lead 100-1,800ppm Pb, and zinc 300-2,900 ppm Zn), over a 28m section of highly weathered bedrock (December 2018 Quarterly report).

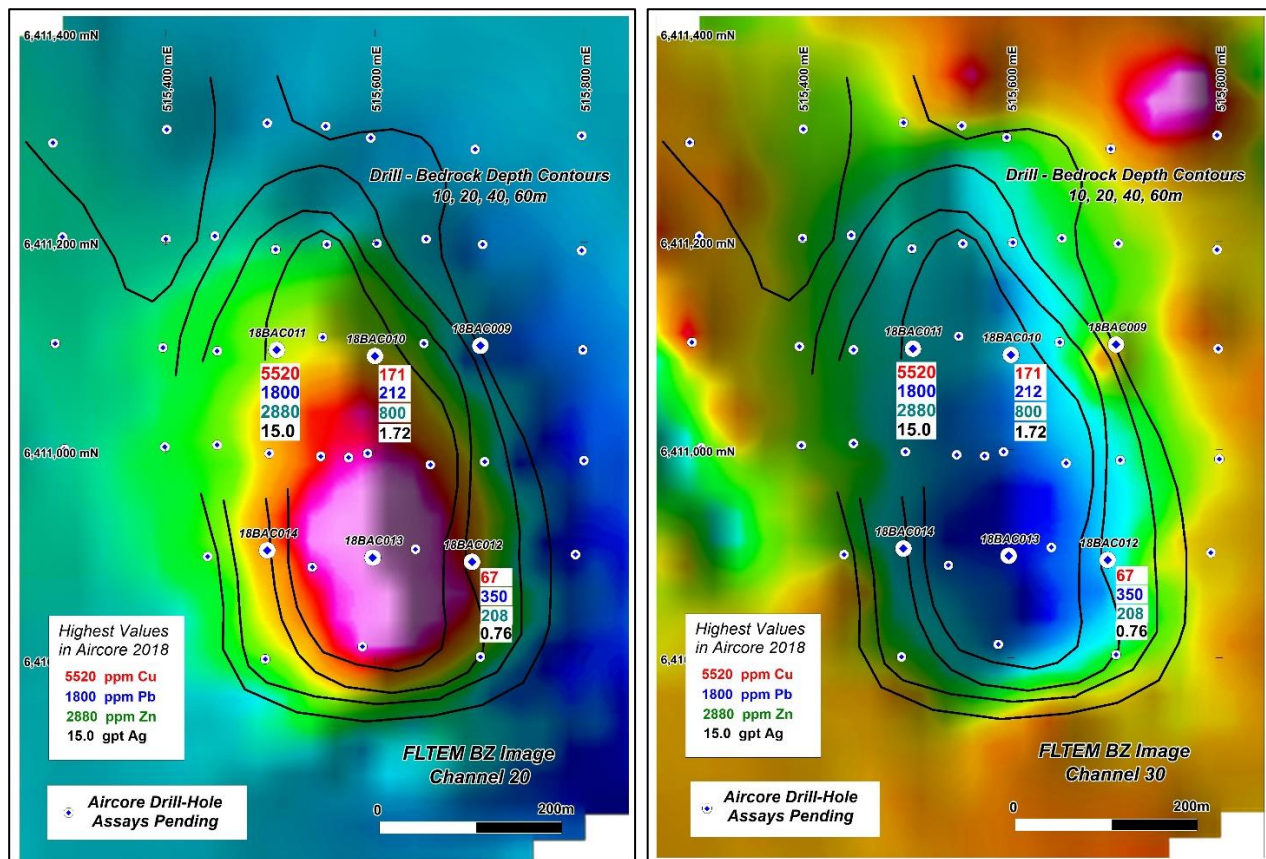


Figure 6: Telegraph Prospect Aircore Drilling showing Depth to Bedrock Contours

Hole depths varied from ~5m over the unaltered basement gneisses, up to a maximum of 99m within the target area, where relatively sudden, deep weathering of the basement rocks (possibly due to alteration) was encountered (Figure 6).

Composite samples have been submitted for analysis and are expected to be available within the coming weeks. Deeper target drilling will depend on assessment of the pending assay data.

Hamilton Copper-Gold Project (100% AQD subject to SAA)

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine. It consists of two Exploration Licence Applications covering an area of ~520km². Exploration is targeting Iron-Oxide Copper-Gold (IOCG) mineralisation beneath the extensive cover in the region. Limited historical drilling testing magnetic and gravity targets has provided evidence for “near-miss” situations which

will be the focus of the Company’s exploration programmes. Exploration work at Hamilton is being funded by South32.

During the Quarter, all necessary approvals for the planned drilling program at the Winton South prospect were received. DDH1 Limited has been contracted to complete the drilling, with the rig expected to arrive on site in early August. The program is scheduled to take 2-3 weeks to complete with assay data available 3-4 weeks after completion of drilling.

The initial 4-hole diamond drilling program (~1,400m) will test for Iron-Oxide Copper-Gold (IOCG) mineralisation associated with an IP/magnetic/gravity target located close to an historical drill-hole which showed strong evidence for IOCG mineralisation nearby (Figure 7).

The IP target extends over a strike length of at least 800m and is thought to reflect sulphide mineralisation associated with the inferred IOCG target.

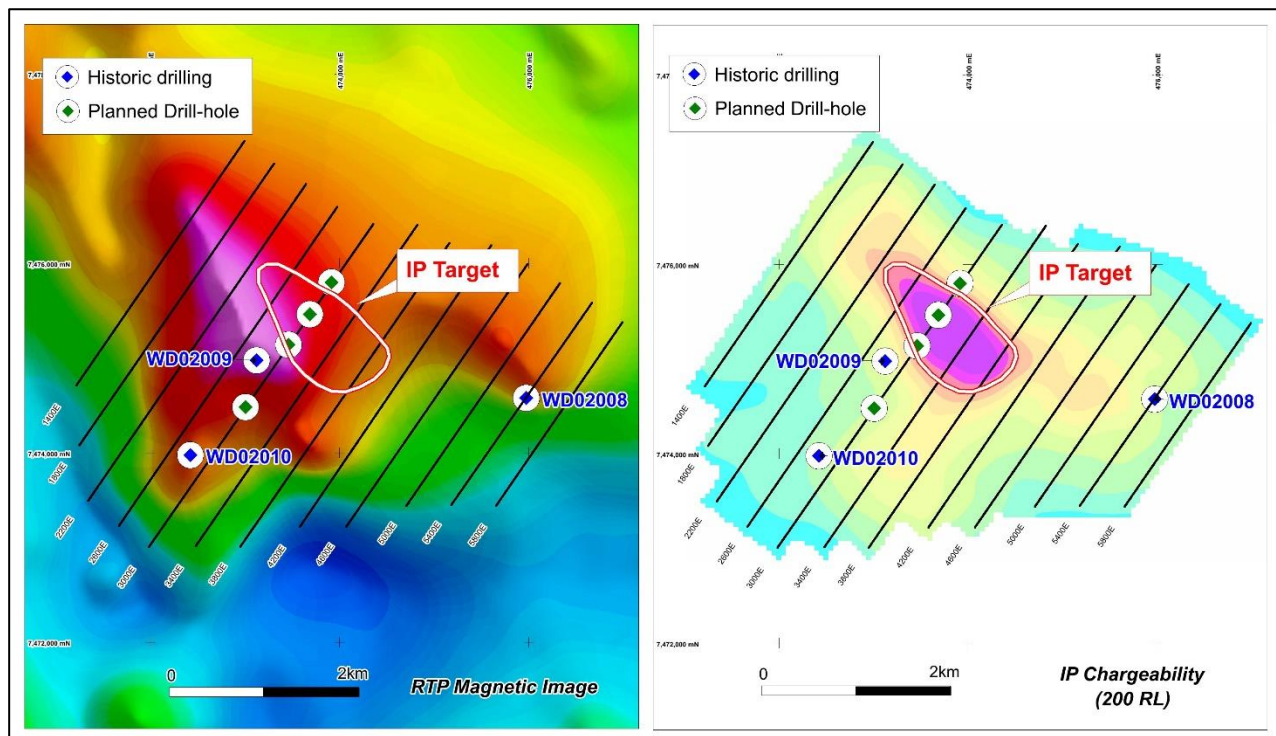


Figure 7: Hamilton Winton South Prospect showing proposed drilling of IP/magnetic Target

Tangadee Zinc Project (100% AQD subject to SAA)

The Tangadee Zinc Project is located ~150km south-west of Newman within the Edmund Basin of WA. It consists of one Exploration Licence covering an area of ~280km². Exploration is targeting sediment-hosted zinc mineralisation similar to deposits found in north-west Queensland. The area contains favourable host rocks, prospective large-scale structures and anomalous geochemistry in the available regional geochemical database, highlighting the potential for sediment-hosted zinc mineralisation. Exploration work at Tangadee is being funded by South32.

During the Quarter, a site visit with Traditional Owners obtained approval for reconnaissance mapping and sampling programs to test favourable structural and stratigraphic locations for sediment-hosted zinc mineralisation and identify targets for drilling. Soil and rock-chip sampling is scheduled to be completed during the September Quarter.

Yallum Hill Copper-Nickel Project

Assay results from the recently completed reconnaissance drilling program at the Yallum Hill prospect, located ~350km north-west of

Wiluna in WA, reported approximately 10m of anomalous iron values (20 to 41% Fe) in both drill-holes, but failed to locate any anomalous copper or nickel associated with the iron-rich sediments, downgrading the base metal potential of this prospect.

No further work is planned for this area and the tenements were surrendered.

New Opportunities

During the Quarter, Land Access Agreements were finalised with Traditional Owners for six Exploration Licences (~2,700km²) located in the Paterson Region of WA, which has become the focus of industry attention following the recent discovery of the Winu copper deposit by Rio Tinto, and the Havieron gold deposit by Greatland Gold (now Newcrest JV), which enhanced the excellent copper-gold pedigree of the region.

The grant of title is now expected before the end of 2019, which will allow field work to commence shortly thereafter.

CORPORATE

At the end of June 2019, the Company's cash position was approximately \$1.8 million, with

additional funding from South32 expected for agreed work programmes over Strategic Alliance Projects both in Australia and Peru.

During the Quarter the Company advised Westminster Resources Limited that it was terminating the Farm-In/Option Agreement over titles in southern Peru, as the Conditions Precedent for the commencement of the agreement had not been fulfilled within the agreed time frame.

KEY ACTIVITIES – SEPTEMBER 2019 QUARTER

- Balladonia (Ni-Cu) – Assess aircore results for potential future drilling;
- Hamilton (Cu-Au) – Complete diamond drilling (4 holes) of Winton South IOCG target;
- Tangadee (Zn) – Complete sampling program to identify targets for drilling;

- Peru (Cu-Au) – Complete mapping/sampling target areas at Cerro de Fierro;
- Peru (Cu-Au) – Confirm phase two drilling at Cerro de Fierro and commence preparations;
- Peru (Cu-Au) – Complete soil sampling over IP target areas at the Parcoy IOCG prospect;
- Peru (Cu-Au) – Complete sampling at Los Otros for age dating of alteration;
- Australia (Base metals) – Advance new opportunities under the SAA; and
- Peru (Base metals) – Advance new opportunities under the SAA.



Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

JORC Code, 2012 Edition – Table 1 report Soil Sampling – Cerro de Fierro Peru

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Soil samples were collected on an approximate 100m x 100m grid over the prospect. Sample locations were recorded by hand-held GPS. Soil sampling holes were logged by the sampler and recorded on a sampling spread sheet Each soil sample was collected by digging a 10 to 20 cm deep hole and screening the soil from the bottom of hole to pass a 210 microns (μm) sieve. Approximately 200gm sample was placed in a sample packet and given a unique sample number.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling undertaken
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No drilling undertaken
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No drilling undertaken

Criteria	JORC Code explanation	Commentary
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • No sub-sampling was undertaken
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Soil samples were sent to ALS in Lima for analysis • Sample preparation included pulverizing to 85% minus 75 microns and digesting sample using 4 acid digest, followed by ICP-MS and /or OES analysis. • Standard and duplicate samples are inserted within each sample-run to check on laboratory procedures. • In-laboratory QAQC data is reviewed for all assay jobs.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Sample locations are established with a hand held GPS to +/- 5m accuracy.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Soil samples were collected on a 100m x 100m grid which was considered adequate given the general size and scale of porphyry copper targets.

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Soil samples were collected on a square grid to provide an unbiased sample grid.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews have been carried out on the sampling to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The Cerro de Fierro project is located approximately 30 km east of the town of Chala in the south of Peru. • The Cerro de Fierro project comprises 3 granted mineral concessions. The tenements are held by Questdor which is a 100% subsidiary of AusQuest Limited. • There are no major heritage issues to prevent access to the tenements. A drill permit (AIA) has been provided by INGEMMET for the drilling programme following environmental, and community approvals. • The Cerro de Fierro Prospect is subject to an agreement with South32 which includes Mineral concessions Chololo 1 2 and 4.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • No historic exploration data is available..
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The Cerro de Fierro project is targeting an IOCG deposit along the coastal belt of southern Peru. These are large scale disseminated copper (and gold) deposits found within orogenic belts that

Criteria	JORC Code explanation	Commentary
		surround the Pacific Rim. The deposits can be areally large requiring significant drilling to evaluate.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> • No drilling undertaken
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • No drilling undertaken
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’). 	<ul style="list-style-type: none"> • No drilling undertaken
<i>Diagrams</i>	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • Soil sample locations are provided with the ASX announcement.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • Representative reporting of assay results is included in the announcement.

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • The area was selected for sampling following completion of the initial drilling program which confirmed the potential for IOCG style mineralization within the greater tenement package.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Proposals of further work will follow after a thorough analysis of the data.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

AUSQUEST LIMITED

ABN:

35 091 542 451

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	130	920
1.2 Payments for		
(a) exploration & evaluation	(1,483)	(9,314)
(b) development	-	-
(c) production	-	-
(d) staff costs	(47)	(150)
(e) administration and corporate costs	(223)	(931)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	(7)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other :		
Funding received from South 32 under the Strategic Alliance Agreement	811	5,930
R&D Refund	749	749
1.9 Net cash from / (used in) operating activities	(62)	(2,800)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(0)	(18)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(0)	(18)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,848	4,521
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(62)	(2,800)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	20	103
4.6	Cash and cash equivalents at end of period	1,806	1,806

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,806	1,848
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,806	1,848

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	63
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Payment of director and consulting fees.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000	Amount drawn at quarter end \$'000
8.1 Loan facilities (Loan and Convertible Note)	-	-
8.2 Credit standby arrangements	-	-
8.3 South32 Advance facility	US\$1,000,000	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

South32 Advance facility

As part of the strategic alliance with South32 Group Operations Pty Ltd, South32 also provided the Company with a US\$1,000,000 unsecured, interest-free cash advance facility to help fund project generation activities as and when required. Money drawn down from this facility can be repaid during the term of the strategic alliance agreement but in any event must be repaid by 31 December 2019. At the date of this report no amount was drawn from this facility.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(1300)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(70)
9.5 Administration and corporate costs	(150)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(1520)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E69/3415 E69/3572 E69/3573 E69/3574 Peru Pinguino 1, Chololo 4, Pampa Camarones 6,7,8 Pampa Pulgas L,M,N,S,T, U,AD,AE,AH	-	100% 100% 100% 100% 100% 100% 100% 100%	Nil Nil Nil Nil Nil Nil Nil Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E52/3642 E52/3643		Nil Nil	100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: ...(signed electronically).....

Date: 31 July 2019

Print name: Henko Vos (Company Secretary)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.