



## Quarterly Report – 30<sup>th</sup> September 2016

### HIGHLIGHTS

#### Peru – Copper-Gold

- ❑ Inaugural reconnaissance drilling (20 holes for 12,015m) completed over copper-gold targets at the Cardonal, Ventana, Puite and Colorada prospects east of Ilo in southern Peru.
- ❑ Presence of nearby porphyry copper mineralisation supported by analysis of geochemical results, which identified sodic (increased sodium) and phyllic (increased potassium) alteration in several drill-holes at the Puite prospect.
- ❑ Weak phyllic alteration identified in drill-holes at Colorada suggests the main area of interest has not been tested by the current drill program.
- ❑ Full assay results from the Cardonal and Ventana prospects are awaited.
- ❑ AusQuest regained 100% title to these prospects following the withdrawal of Compania Minera Zahena SAC (“Zahena”) from the joint ventures.

#### Australia – Nickel, Copper, Zinc

- ❑ High-powered electromagnetic (HPEM) surveys targeting massive nickel-copper sulphides at the Jimberlana Prospect due to commence in November 2016.
- ❑ Access clearance for HPEM surveys requested for up to 12 targets within the Balladonia Nickel Project, located ~60km south of the Nova-Bollinger deposit.
- ❑ HPEM surveys planned over nickel targets within the Gibson Soak Project, with work expected to commence in Q1 2017.
- ❑ Analysis of historical drill-core near the Blue Billy Zinc Project suggests the potential for sediment-hosted zinc, similar to mineralisation found in Northern Australia.

#### West Africa – Gold

- ❑ AusQuest’s joint venture partner, Ressources Burkinor SARL, a wholly-owned subsidiary of TSX-listed SEMAFO Inc., reported that joint venture title renewals are progressing.

#### Corporate

- ❑ Funding of \$750,000 secured from the Company’s major shareholder, Christopher Ellis, through the execution of a Loan and Convertible Note Agreement taking available cash at the end of the Quarter to ~\$1.0 million.

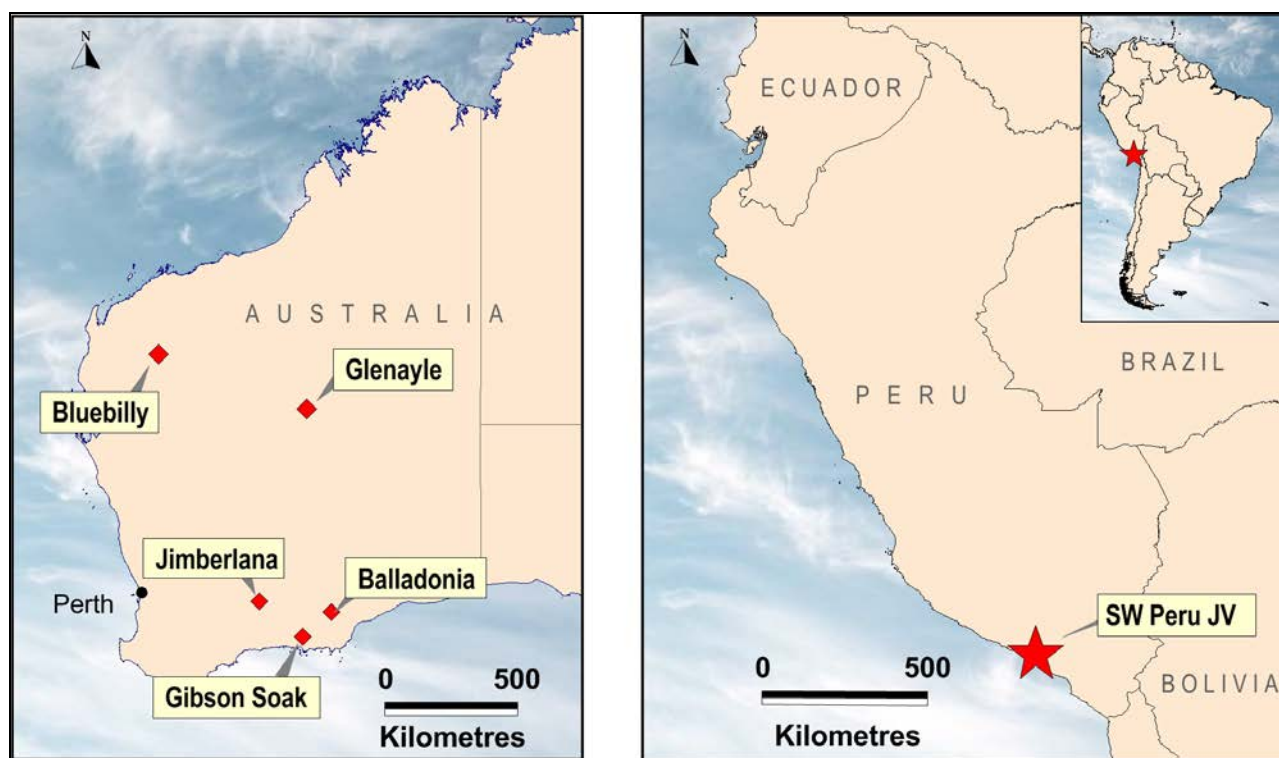


Figure 1: Project Locations – Australia and Peru

## OVERVIEW

The inaugural drilling programs under the Cardonal and Puite-Colorada Joint Ventures in Southern Peru were concluded during the Quarter with 20 diamond drill-holes completed for a total of 12,015m.

Drill results from Puite and Colorada identified variable alteration, suggesting good potential for nearby porphyry style mineralisation. Full assay results for drill-holes at Ventana and Cardonal are still pending.

Much of the drilling was focused on Puite (6 holes/3,824m) and Ventana (7 holes/4,215m), where initial signs of copper mineralisation were considered by Zahena to be the strongest. Drilling at Cardonal and Colorada was limited to 3 holes/1,610m and 4 holes/2,366m respectively, providing limited testing of these two prospects.

Drilling metres were limited by expenditure levels under both joint ventures (US\$1.0 million for the Cardonal JV and US\$1.5 million for Puite-Colorada JV) and consequently a number of planned drill-holes were not completed.

Discussions with interested parties over the Company's copper-gold prospects continued during the Quarter, including a site visit to the Cerro de Fierro IOCG prospect. The Company continues to be encouraged by the ongoing interest shown in its prospects and remains optimistic that a suitable joint venture will be forthcoming over one or more of its prospects as the copper market improves.

In Australia, the Company has re-assessed its nickel-copper and zinc projects in WA, and is in the process of ramping up its exploration efforts to advance them to the drilling stage. Clearances have been received to enable a HPEM survey at Jimberlana to commence in November, to be followed by further HPEM surveys over other projects when clearances have been obtained.

In West Africa, the Company's joint venture partner, Burkinor SARL, reported that the renewal of joint venture titles for a further three-year period is progressing. It must spend a further US\$0.75 million (i.e. a total of US\$7.5 million) to complete the stage 2 earn-in to 80% equity in the project before April 2017.

## PERU COPPER-GOLD JV PROJECTS (100% AQD)

Over the past five years, AusQuest has assembled a large portfolio of copper-gold prospects along the southern coastal belt of Peru in South America with targets identified for drilling as possible porphyry copper

targets and/or iron-oxide copper-gold (IOCG) targets with the size potential being of significance to AusQuest (Figure 2). 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).



Figure 2: Project Locations in southern Peru

During the Quarter, drilling at the Puite, Colorada, Cardonal and Ventana porphyry copper-gold prospects in southern Peru was completed under the Puite-Colorada and Cardonal Joint Venture Agreements with Compania Minera Zahena SAC (“Zahena”).

A total of 20 drill-holes for 12,015m of diamond drilling was completed with expenditures exceeding the commitments of US\$1.5 million for the Puite-Colorada Joint Venture and US\$1.0 million for Cardonal. Zahena subsequently advised of their withdrawal from the joint ventures to concentrate on their own projects (Figure 3).

The Puite prospect is located approximately 30km due east of the port of Ilo and approximately 10km from the coast. This prospect has extensive cover and the initial drilling program was designed to test a range of targets as a first step to evaluating its potential for porphyry copper mineralisation.

Geochemical data from drill-core at Puite (6 holes/3,824m) indicates that a large hydrothermal alteration system has overprinted the original intrusive dioritic rocks, suggesting the potential for nearby porphyry copper mineralisation.



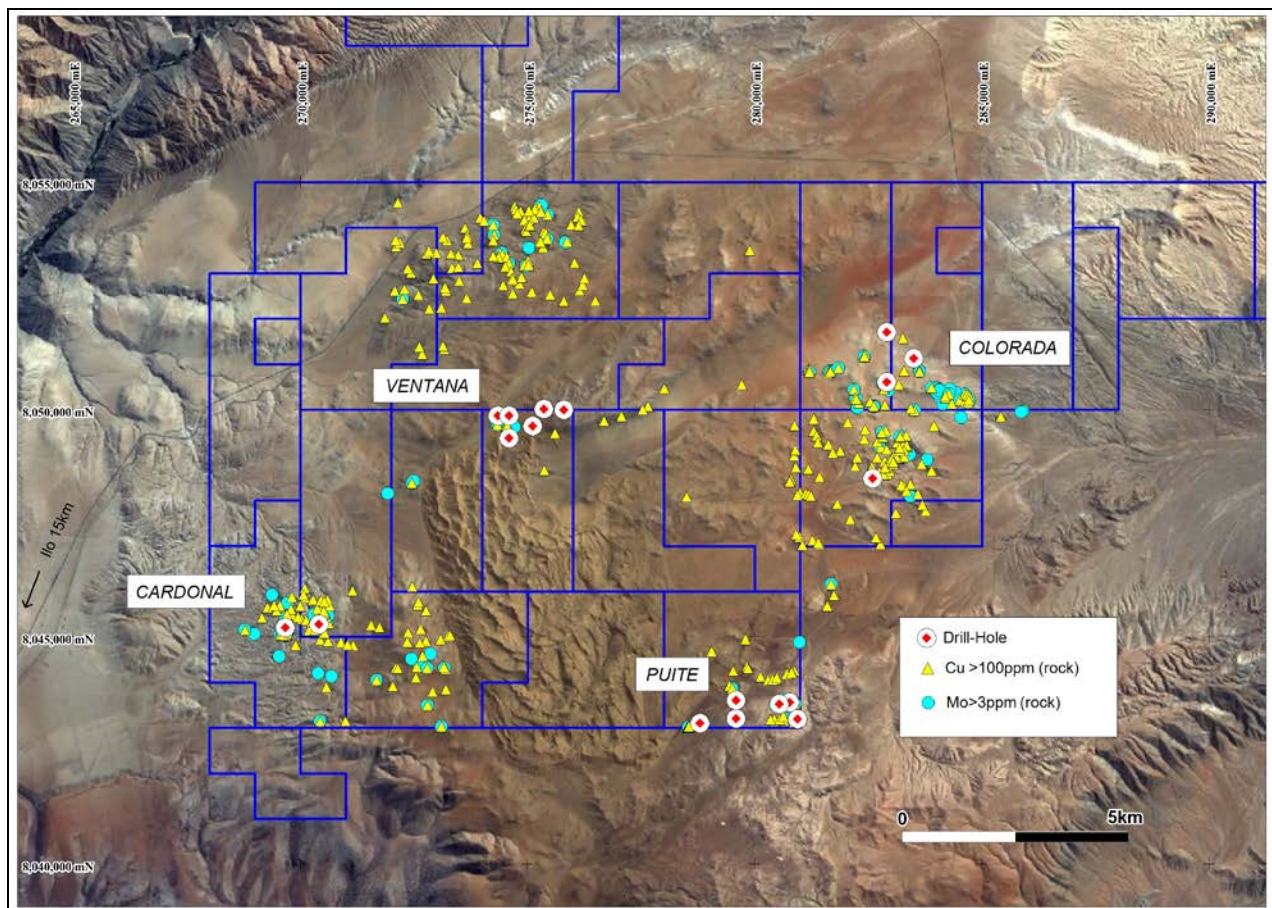


Figure 3: Pampa de las Pulgas Project showing prospects and drilling completed.

Both sodic (increased sodium) and phyllic (increased potassium) alteration is evident in the drill data, with the strongest signatures occurring in drill-holes PUT02, 03, and 08, and weaker but still recognisable alteration in drill-holes PUT01 and 05 (Figure 4).

Anomalous copper values ( $>350\text{ppmCu}$ ) are associated with either strong phyllic alteration in drill-holes PUT05 and 08 or calcium/ sodium alteration in drill-holes PUT02 and 03. The copper values reported for both alteration types are consistent with copper levels expected within the halo to a nearby porphyry system.

The Colorado Prospect, which is located  $\sim 10\text{km}$  NNE of Puite, was tested by four drill-holes (2,366m). Two of these holes (COL011 and COL017) intersected weak phyllic alteration with associated elevated copper values ( $>350\text{ppm Cu}$ ), suggesting that

they could be close to the edge of a porphyry system.

A review of surface rock-chip assay data from the Colorado Prospect suggests that stronger alteration and a greater concentration of anomalous copper values occur between the two drill holes, which are located  $\sim 2\text{km}$  apart (Figure 5). The use of pathfinder elements from drill core assays to help vector towards mineralisation is being hampered by the high detection limits used by Zahena for assaying the core. Re-assaying of selected core samples is being considered.

Full assay results from the Ventana and Cardonal prospects are still awaited. At Ventana, visual indications of porphyry copper mineralisation were exposed in road cuttings where oxide copper and porphyry-style structures could be seen to extend over several kilometres.



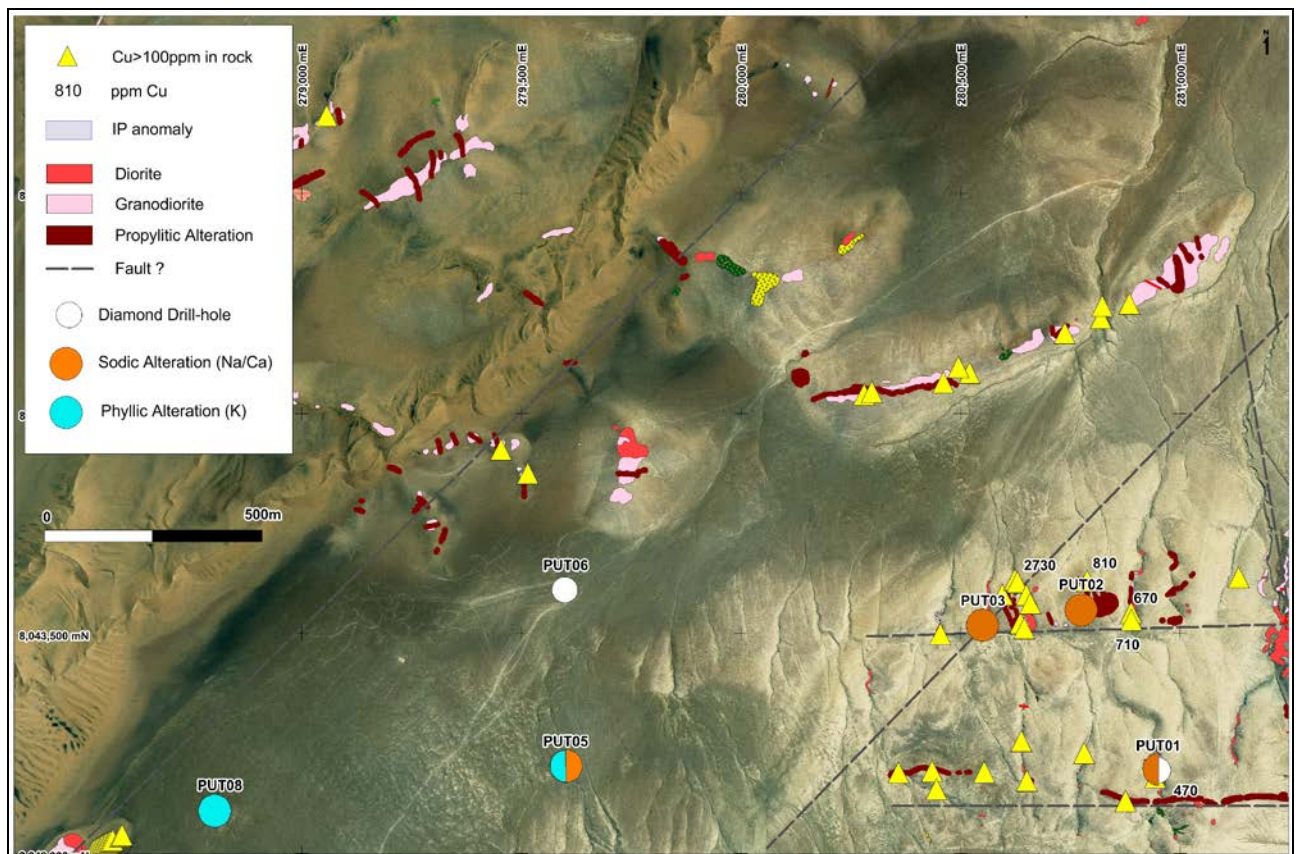


Figure 4: Puite Prospect showing drill-holes and alteration

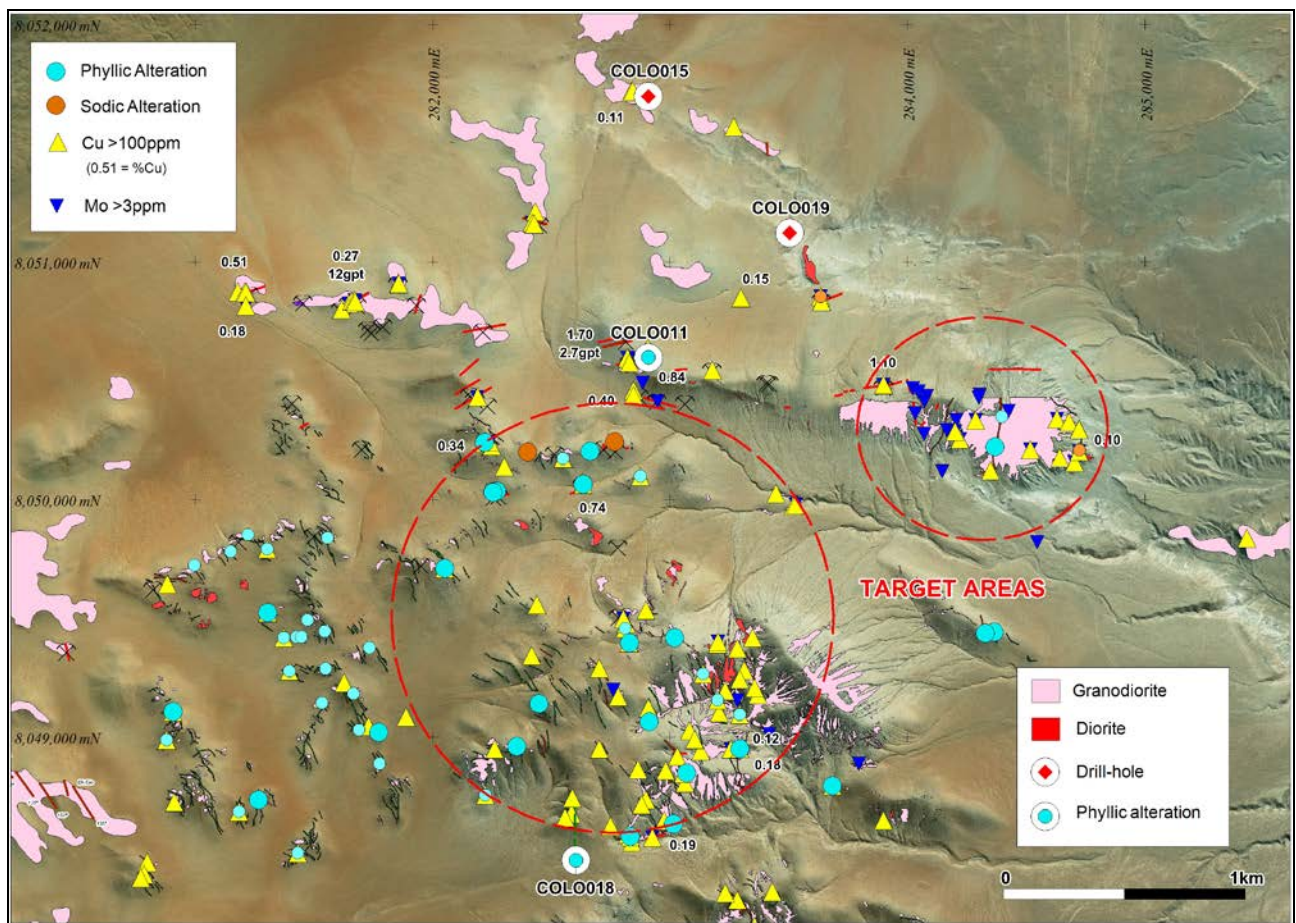


Figure 5: Colorado prospect showing drilling and rock sample alteration

Drilling at Ventana (7 holes/4,215m) was primarily designed to test beneath surface occurrences of copper at the western end of the prospect. Results to date suggest higher background copper values (~150ppm to 500ppm Cu) within the dioritic host, but geochemical evidence of porphyry-style alteration within these drill-holes is weak, suggesting that much of the copper is likely to be transported.

Elevated copper (up to 0.12% Cu) associated with weak phyllic alteration in the upper parts of drill-hole VEN018 may be of interest and assist in vectoring towards a buried porphyry. A full assessment of the Ventana drill results will be made when all assay data are available.

At the Cardonal prospect, only three of the proposed six holes were completed with assay results for one drill-hole still pending. An assessment of this prospect and comparisons with surface rock data will be made once all assay results have been received.

During the Quarter, geological mapping and rock sampling was completed at the El Jaguay prospect, where magnetic targets had been identified from the Company's proprietary aeromagnetic survey.

Mapping showed increased alteration trending to the north-west of the prospect, suggesting a possible buried porphyry located beneath the sediment cover. The identification of a granite intruding the Toquepala Volcanics suggests the potential for younger intrusions in the area and the possibility of a Palaeocene porphyry system (<100ma) similar to those that host the giant copper deposits at Cerro Verde and Toquepala. Age dating of selected samples was initiated to confirm the age of the intrusion.

Discussions with interested parties over the Company's copper-gold prospects continued during the Quarter, including a site visit to the Cerro de Fierro IOCG prospect, located ~30km from the town of Chala and 130km south-east of the Mina Justa copper deposit.

The Company continues to be encouraged by the ongoing interest shown in its prospects and remains optimistic that a suitable joint venture will be forthcoming over one or more of its prospects.

Induced Polarisation (IP) Surveys are being planned to upgrade targets identified at the Chololo and Cerro de Fierro prospects and optimise the location and number of drill sites required to test each prospect. Quotes from local contractors have been requested. The Chololo and Cerro de Fierro prospects are both considered high priority targets for copper-gold mineralisation.

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

### **Jimberlana Ni-Cu Project (100% AQD)**

*The Jimberlana Project, which is located ~120km west of Norseman between the Lake Johnston and Forrestania Greenstone Belts, consists of two Exploration Licences (273km<sup>2</sup>) covering the western extension (~50km strike) of the Jimberlana Dyke. Recent research has recognised a strong association between intrusive related nickel sulphide deposits and lateral/horizontal magma flow within dykes that can create effective trap-sites for the accumulation of massive nickel sulphides at or near the base of these chonolithic type structures. Within Australia, the Jimberlana Dyke is a prime target for this style of deposit. Jimberlana is a very large, fertile, fractionated intrusion known to contain nickel sulphides in a number of locations along its strike length, but has had no previous exploration (drilling) targeted at its basal section.*

During the Quarter, clearances were obtained for a high-powered electromagnetic survey (HPEM) to be undertaken along the western 10km strike length of the Jimberlana Dyke, targeting accumulations of massive nickel-copper sulphides along the floor of the dyke complex, where depths to the basal section are relatively shallow (~200m to ~500m) and well within the depth of exploration for the HPEM system (Figure 6).



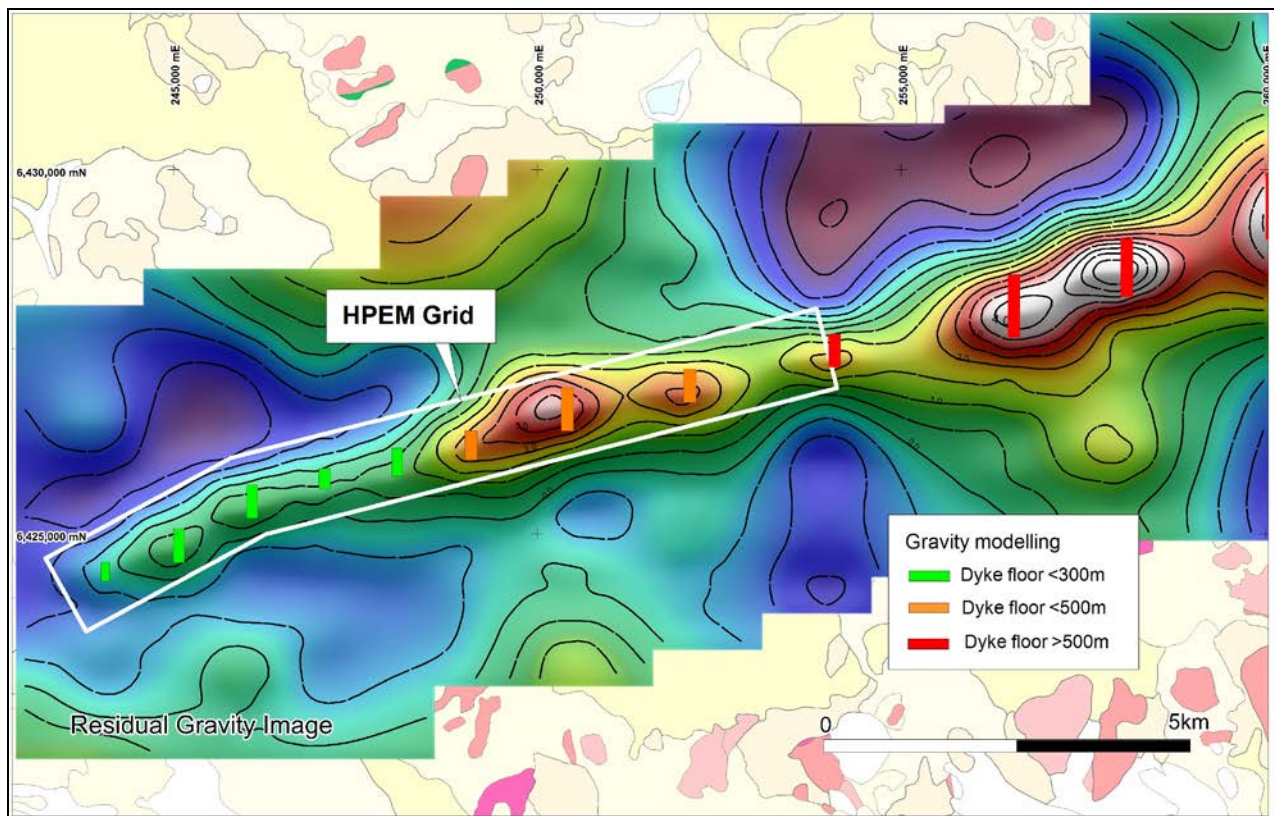


Figure 6: Jimberlana Project showing HPEM survey area.

The HPEM survey is scheduled to commence in November 2016 and will take approximately two weeks to complete.

The Company believes the Jimberlana Project provides a unique opportunity to explore the basal section of a highly fertile intrusion where the potential for large accumulations of nickel-copper sulphides is considered to be very high.

#### **Balladonia Ni-Cu Project (100% AQD)**

*The Balladonia Project is located ~50km south of the Nova-Bollinger nickel-copper deposit. It consists of four Exploration Licences covering an area of ~940km<sup>2</sup>, 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.*

During the Quarter, reconnaissance HPEM surveys were planned to test for massive nickel sulphides associated with up to 12 mafic intrusions interpreted from the available aeromagnetic data. The targets outlined are relatively strike extensive (ranging from 2 to 6km) and are associated with inferred NE and NW structures that cross-cut the area.

Given the size and scope of the Balladonia Project, the Company has decided to undertake further EM surveying over a selection of interpreted mafic intrusions in order to identify and prioritise drill targets before embarking on a substantial drilling campaign in 2017.

HPEM surveys are expected to commence in late 2016 or early 2017 once clearance for access has been obtained.

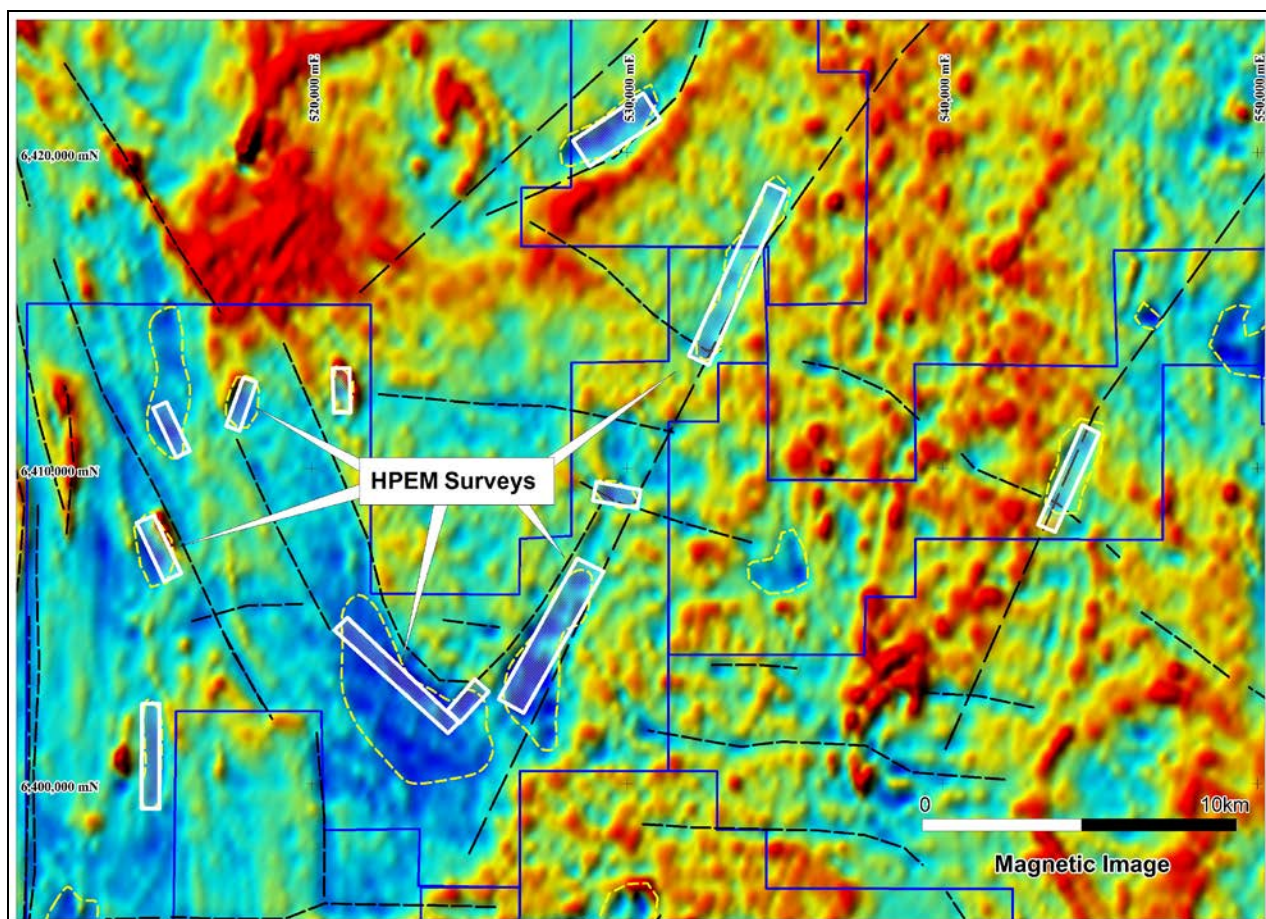


Figure 7: Balladonia Project showing planned HPEM survey locations

### **Gibson Soak Ni-Cu Project (100% AQD)**

*The Gibson Soak Project is located ~30km north of the port of Esperance, within the broader Fraser Range terrain. The tenement covers an area of ~350km<sup>2</sup>, centred on a regional north-east trending gravity high with similarities to the Fraser Range Complex and covers major north-east trending structures thought to host mafic-ultramafic intrusions prospective for nickel sulphides.*

HPEM surveys have been planned to test up to eight mafic intrusions identified by magnetics and in some cases confirmed by an earlier aircore drilling program.

Half of the targets identified occur within Vacant Crown Land (VCL) and can be accessed under normal clearance processes. The remaining four occur within farmland and require access approval from the landowner.

It is expected that EM surveys in this area will commence in early 2017.

### **Blue Billy Zinc Project (100% AQD)**

*The Bluebilly Zinc Project is located ~100km south west of Paraburdoo within the Edmund Basin in Western Australia. The tenement covers the down-dip extent of anomalous zinc values (up to 0.5% Zn) found within a pyritic black mudstone similar to host rocks known to contain sedimentary zinc deposits in the Mt Isa-McArthur River District of north-west Queensland. A study of historical exploration data suggests potential for SEDEX-style zinc mineralisation close to a regional scale (growth?) fault system down-dip from the anomalous surface occurrences.*

During the Quarter, results from re-sampling drill core (14 samples) from an historical drill-hole (Alcoa) located several kilometres outside the target area suggested it had intersected an alteration halo analogous to those surrounding sediment-hosted zinc deposits in Northern Australia.

Strong Fe and Mn alteration of carbonate minerals within the black mudrock sequence,



as well as anomalous levels of zinc (up to 0.5% Zn) found in the more carbonaceous sections, suggest the potential for nearby zinc mineralisation within the sediments.

Compilation of regional data has identified structural complexities in the area of interest and the possibility of localised sub-basins reflecting priority targets for sediment hosted zinc similar to that found in the Mt Isa-McArthur River area.

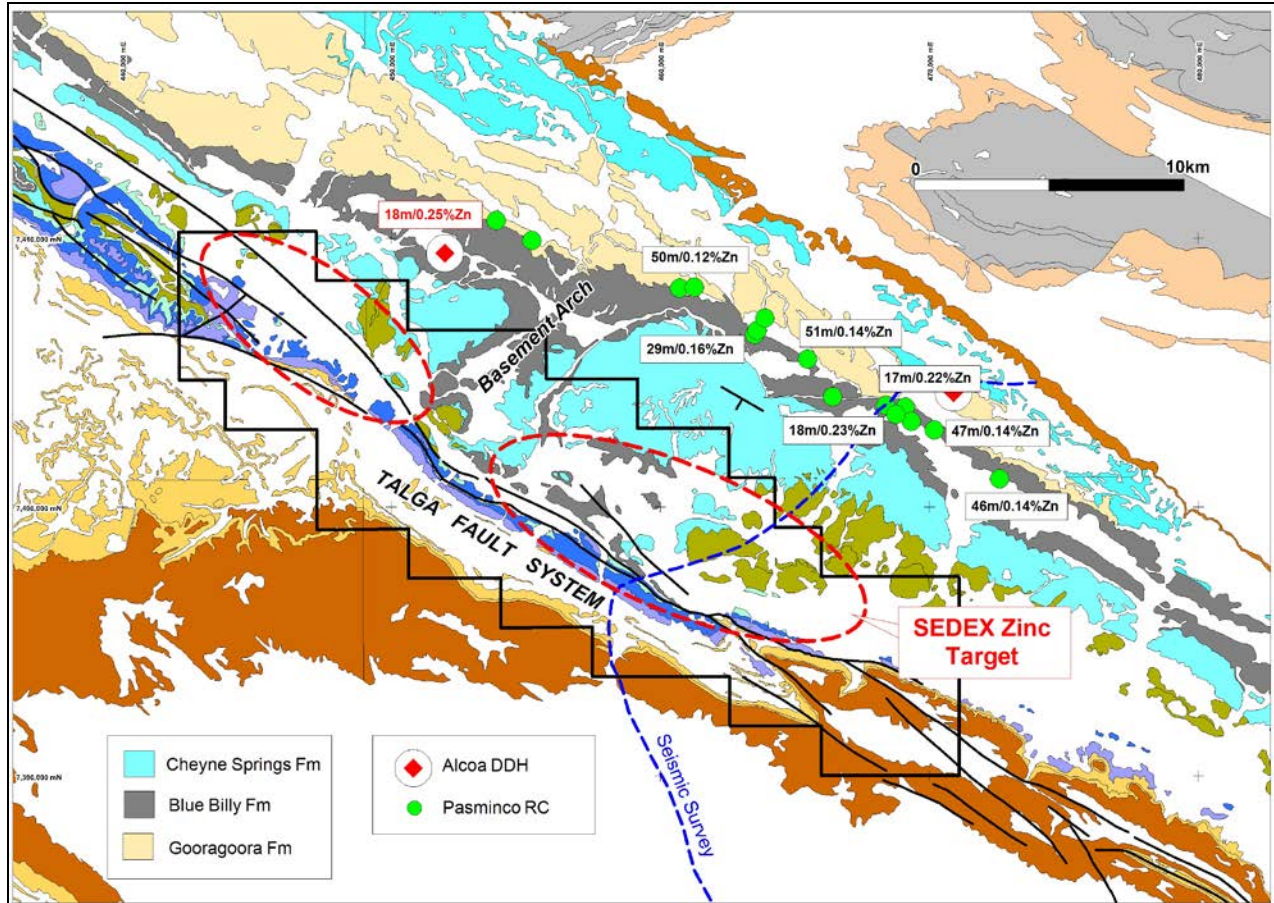


Figure 8: Blue Billy Project showing SEDEX target areas

Seismic data collected by Geoscience Australia in conjunction with the Geological Survey of WA show significant disruptions in the area of the Talga Fault, which is located down-dip from the Alcoa drill-hole. Reprocessing of this data is being considered to help upgrade the Company's understanding of the prospect before more detailed ground surveys (including drilling) are recommended.

#### **Glenayle Ni-Cu Project (100%AQD)**

*The Glenayle Ni-Cu Project is located ~350km northeast of Wiluna along the northern margin of the Yilgarn Craton in Western Australia. Tenements cover the basal section of large mafic sill complex where available magnetic and geochemical data suggest there may be ultramafic rocks*

*under the extensive cover that could be prospective for nickel-copper sulphide deposits.*

Computer modelling of the magnetic data is in progress to determine the characteristics of the underlying rocks. HPEM surveys are being considered to more rapidly advance these prospects to the drilling stage.

#### **GOLD – WEST AFRICA**

##### **Comoe Project (AQD 35%, Ressources Burkinor SARL 65% earning to 80%)**

*The Comoe Project is located near the town of Banfora in south-west Burkina Faso, West Africa, within an extensive greenstone belt. AusQuest controls approximately 1,150km<sup>2</sup> of title within the Belt, which is now under a*

*Farm-In and Joint Venture Agreement with Ressources Burkinor SARL, a wholly-owned subsidiary of TSX-listed SEMAFO Inc. Burkinor has now earned a 65% interest in the titles and has elected to earn a further 15% by spending a further US\$3.5 million before April 21<sup>st</sup> 2017. Burkinor is the operator of the JV.*

Burkinor has advised that tenement renewals for a further 3-year period are progressing. As part of this process, Government officials have visited the area. Field programmes under the joint venture have been suspended until the conclusion of the wet season and the approval of title renewals.

Burkinor must spend a further US\$0.75 million (i.e. a total of US\$7.5 million) to complete their stage 2 earn-in and secure an 80% equity in the project.

## **BUSINESS DEVELOPMENT**

AusQuest continues to assess opportunities both within Australia and offshore to determine if they would add value to the Company, especially in areas of immediate interest.

## **CORPORATE**

During the Quarter, AusQuest secured funding of \$750,000 from its major shareholder, Christopher Ellis, by executing a Loan and Convertible Note Agreement.

Under the terms of the Agreement, the conversion price for AusQuest shares has been set at the lower of 2 cents or the 5-day VWAP immediately prior to conversion. The

Loan is interest-free for a period of six months from the date of issue. The key terms for the Loan and Convertible Note Agreement were provided to the ASX on 5<sup>th</sup> October 2016.

## **KEY ACTIVITIES – DECEMBER 2016 QUARTER**

The following activities are planned for the December 2016 Quarter:

- Jimberlana (Ni-Cu) – HPEM survey to identify drill targets;
- Balladonia (Ni-Cu) – HPEM Survey to identify drill targets;
- Gibson Soak (Ni-Cu) – Access for ground EM surveys to commence early 2017;
- Blue Billy (Zn) – reprocessing of seismic data to upgrade prospectivity;
- Peru (Cu-Au) – IP survey over the Chololo prospect to optimise drill targets;
- Peru (Cu-Au) – Assessment of JV drilling results;
- Peru (Cu-Au) – Ongoing JV discussions over Peru projects; and
- Comoe (Au) – Monitor results from Burkinor JV program.



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, Diamond Drilling at Puite, Colorado, Ventana, and Cardonal.in southern Peru

## Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>The entire cored hole is sampled. Composite samples are collected over 3 metre intervals.</li> <li>Core is cut in half with half sent for analysis and half retained for geological and quality control purposes</li> <li>Sample intervals are measured by tape from depth intervals shown on core blocks labeled by the drillers, as per standard industry practice.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li><i>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).</i></li> </ul>	<ul style="list-style-type: none"> <li>Diamond Drilling to produce continuous core.</li> <li>HQ and NQ drill rods used to produce 63.5mm and 47.6mm diameter core respectively. The hole starts with HQ core and changes to NQ at the appropriate depth depending on drilling conditions.</li> <li>Down-hole surveys are read at ~ 50m intervals.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Core recovery is determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs.</li> <li>Experienced diamond drillers are engaged to ensure maximum core recovery.</li> <li>Sample recovery is high negating any sample bias due to recovery.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li><i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill core and sample chips are logged by experienced geologists to identify key rock types, alteration and</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>metallurgical studies.</i></p> <ul style="list-style-type: none"> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<p>mineralisation styles.</p> <ul style="list-style-type: none"> <li>• Core logging is qualitative with visual estimates of mineralisation made for later comparison with assay results.</li> <li>• All core is logged and photographed.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <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></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Samples are collected by splitting the core in half along its length and sampling over 3 metre intervals. In sections where core cannot be cut, representative core chips are collected for assay.</li> <li>• Duplicate samples are collected from the core every 40<sup>th</sup> sample for quality control. The duplicated sample is split from the same length as the original sample with 30% of the core used as the original and 30% used as the “duplicate”. 40% is retained in the core box.</li> <li>• The sample sizes are appropriate for the geological materials being sampled.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <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></li> <li>• <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></li> </ul>	<ul style="list-style-type: none"> <li>• Assaying of the drill samples is by standard industry practice.</li> <li>• The samples are sorted, dried, crushed then split to obtain a representative sub-sample which is then pulverized.</li> <li>• A portion of the pulverized sample is digested using a four acid digest (Hydrofluoric, Nitric, Hydrochloric and Perchloric) which approximates a total digest for most elements. Some refractory minerals are not completely dissolved.</li> <li>• Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) was used to measure Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Ti V, W, Y, Zn, Zr.</li> <li>• Assays are provided by SGS del Peru in Lima which is a certified laboratory for mineral analyses. Analytical data is transferred to the company via email.</li> <li>• Data from the laboratory’s internal quality procedures (standards, repeats and blanks) are provided to check data quality.</li> <li>• The Company inserts duplicate samples on a 1 in 40 basis,</li> </ul>



Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>and blind standards within each batch on a 1 in 20 basis.</li> <li>Blanks are inserted as per standard industry practice</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>N/A for this report.</li> <li>No twinned holes were completed.</li> <li>All data are entered into Excel spreadsheets and stored in the company's database.</li> <li>No adjustments have been made to the assay data.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li><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></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>Drill hole collars including elevation are located by hand held GPS to an accuracy of approximately 5m.</li> <li>Down hole surveys on angled holes are carried out every 50m down hole, and at the end of the hole.</li> <li>All surface location data are in WGS 84 datum, UTM zone 19S.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><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></li> <li><i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>Diamond drill-holes were positioned to test targets identified by various ground surveys. No systematic drilling of targets has been undertaken.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li><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></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Any bias due to the orientation of the drilling is unknown at this early stage of exploration.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li><i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>Samples security is managed by the operator of the JV. Procedures match with Industry best practice.</li> <li>Samples are collected into securely tied bags and placed into cable-tied plastic bags for transport to the laboratory. Each sample batch has a sample submission sheet that lists the sample numbers and the work required to be done on each sample.</li> <li>Reputable freight companies are used to transport samples to the laboratory.</li> <li>Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li><i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>No reviews or audits of the sampling techniques or data have been carried out to date.</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li><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></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>The Puite, Colorada, Ventan and Cardonal Prospects are all located approx. 20km east of Ilo, Peru, centered at 8048000N and 277000E (PSAD56 Zone 19S).</li> <li>At the time of drilling, the prospects were subject to joint venture agreements with Compania Minera Zahena SAC which included Mineral concessions Pampa de Las Pulgas J, K, O, P, R, S, T, U, W, V, AB, AC, AD, AF.</li> <li>All tenements are held 100% by Questdor SAC a 100% owned subsidiary of AusQuest Limited.</li> <li>A drill permit (AIA) was provided by INGEMMET for the drilling programme following environmental, and community approvals.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li><i>Acknowledgment and appraisal of exploration by other parties.</i></li> </ul>	<ul style="list-style-type: none"> <li>No historic exploration data is available.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<ul style="list-style-type: none"> <li>All prospects are targeting porphyry copper-gold resources associated with diorite intrusions along the coastal belt of southern Peru.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li><i>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:</i> <ul style="list-style-type: none"> <li><i>easting and northing of the drill hole collar</i></li> <li><i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i></li> <li><i>dip and azimuth of the hole</i></li> <li><i>down hole length and interception depth</i></li> <li><i>hole length.</i></li> </ul> </li> <li><i>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</i></li> </ul>	<ul style="list-style-type: none"> <li>All relevant drill hole data and information are provided below.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<i>Competent Person should clearly explain why this is the case.</i>	
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>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.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>N/A for this report.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>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').</i></li> </ul>	<ul style="list-style-type: none"> <li>All intervals reported are down-hole lengths. True widths are unknown at this stage.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>All drill holes are shown on appropriate plans and included in the ASX release.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>N/A for this report.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>The relationship between current drilling and previously reported exploration data is shown in the report.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><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></li> </ul>	<ul style="list-style-type: none"> <li>Future work will depend on assessment of the current drill results.results</li> </ul>

Drill hole	Datum	Zone	East	North	Azimuth	Dip	Depth (m)
CAR-01-16	WGS84	19S	269476	8044834	330	-70	500
CAR-04-16	WGS84	19S	270213	8044910	15	-70	500
CAR-01A-16	WGS85	19S	269476	8044834	180	-55	610

VEN-07-16	WGS84	19S	274150	8049500	180	-60	616
VEN-13-16	WGS84	19S	274400	8049000	0	-60	645
VEN-08-16	WGS84	19S	274400	8049500	0	-60	600
VEN-18-16	WGS84	19S	274920	8049268	240	-70	600
VEN-10-16	WGS84	19S	275599	8049622	60	-60	650
VEN-07a-16	WGS84	19S	274150	8049500	315	-60	500
VEN-17-16	WGS84	19S	275162	8049643	45	-60	604
PUT-01-16	WGS84	19S	280747	8042827	0	-90	500
PUT-02-16	WGS84	19S	280571	8043193	70	-60	670.9
PUT-03-16	WGS84	19S	280347	8043157	70	-60	719.6
PUT-05-16	WGS84	19S	279397	8042837	0	-60	640.7
PUT-06-16	WGS84	19S	279397	8043237	0	-60	610.5
PUT-08-16	WGS84	19S	278597	8042737	270	-60	682.4
COL-011-16	WGS84	19S	282706	8050235	180	-60	600
COL-015-16	WGS84	19S	282706	8051335	0	-60	597
COL-019-16	WGS84	19S	283300	8050760	0	-90	469.8
COL-017-16	WGS84	19S	282400	8048120	45	-60	700

## 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 SEPTEMBER 2016**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(362)	(362)
(b) development	-	-
(c) production	-	-
(d) staff costs	(27)	(27)
(e) administration and corporate costs	(124)	(124)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(512)</b>	<b>(512)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	811	811
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(512)	(512)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	3	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>302</b>	<b>302</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	302	302
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>302</b>	<b>302</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

<b>Current quarter \$A'000</b>
38
-

Payment of director fees

**7. Payments to related entities of the entity and their associates**

- 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

<b>Current quarter \$A'000</b>
17
-

Payment of consulting fees and office rent.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	(360)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(25)
9.5 Administration and corporate costs	(88)
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>(473)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-



**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: .....

Date: ...27 October 2016

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.