AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 30th September 2018

Four drilling programs progressed both in Peru and Australia under AusQuest's Strategic Alliance with South32

HIGHLIGHTS

Peru – Copper-Gold

- Initial wide-spaced diamond drilling (10 holes/5,300m) at the Chololo Porphyry Copper Project (South32 Alliance) intersected porphyry-style alteration and chemistry, confirming the potential for a buried porphyry system in the area.

- Diamond drilling (7 holes/3,500m) commenced at the Cerro de Fierro Copper Project (South32 Alliance) with drilling expected to be completed before the end of the year.

- Access negotiations were finalised at the Parcoy IOCG Project (South32 Alliance), located north of Cerro de Fierro, to allow target definition IP surveys to commence before year-end.

- Agreement reached with Westminster Resources (TSX.V: WMR) to consolidate titles adjacent to the Company's historical drilling at the Puite Prospect, where a potential porphyry system was inferred.

Australia – Nickel, Copper, Zinc

- The second joint venture drilling program (RC drilling for 13 holes and 2,860m) at the Blue Billy Joint Venture Zinc Project (South32 Alliance) was completed. Assays are pending.

- Diamond drilling (2 holes/716m) to test EM targets at the Jimberlana Nickel Project (South32 Alliance) intersected prospective host rocks with DHEM surveys planned to locate off-hole conductors.

- Discrete bedrock conductors confirmed by ground EM surveys at the Yallum Hill Copper-(Nickel) Project (South32 Alliance), highlighting potential new targets for drilling.

- Encouraging initial results received from IP surveys over the Hamilton Copper Project (South32 Alliance) in north-west Queensland, with possible sulphide targets identified beneath the cover.

Corporate

- At the end of September 2018, the Company's cash position was approximately A$3.4M following the receipt of funds from South32 for committed work programmes over Strategic Alliance Projects.

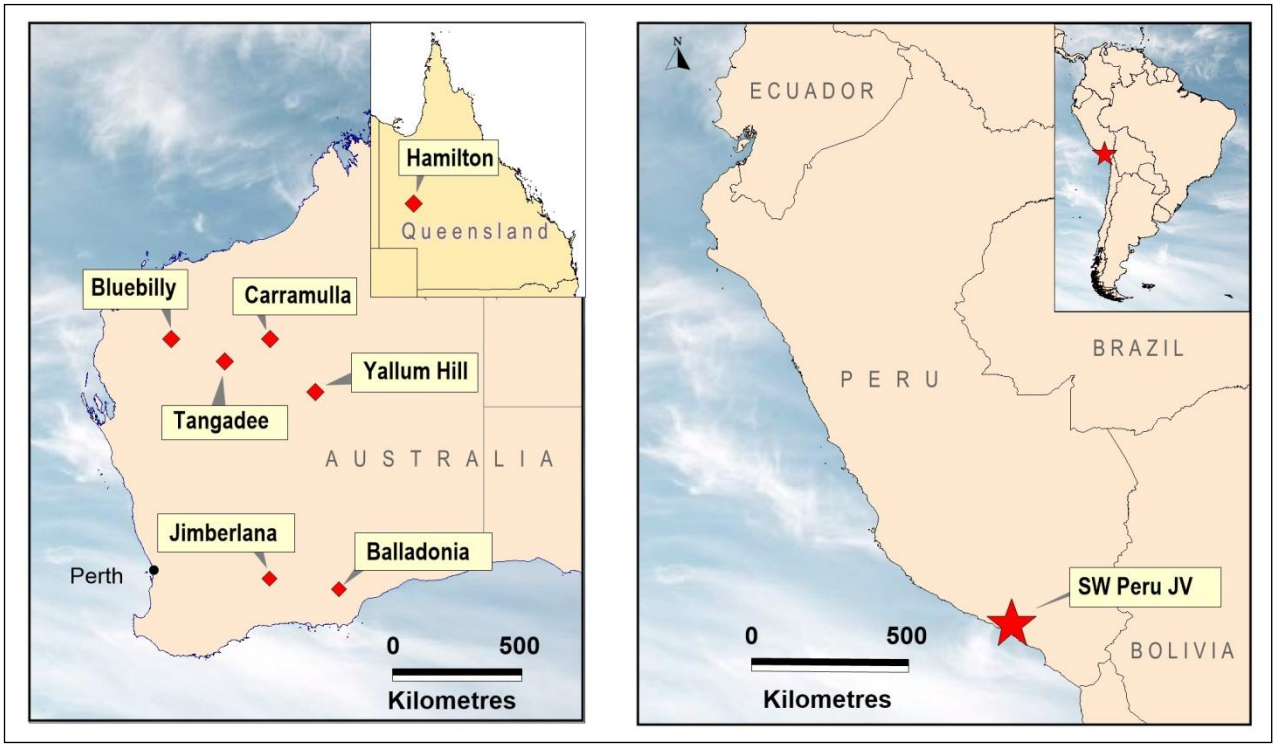

Figure 1: Project Locations – Australia and Peru

OVERVIEW

During the Quarter, the Company's activities were focused on commissioning and managing four drilling programs – two in Peru and two in Australia – under the Company's Strategic Alliance Agreement (SAA) with diversified global miner South32 (ASX, LSE, JSE: S32; ADR: SOUHY).

In **Peru**, the initial 5,300m diamond drilling program was completed at the Chololo Porphyry Copper Project with drilling operations underway at the Cerro de Fierro IOCG prospect by the end of the Quarter.

Elsewhere, access negotiations were completed allowing geophysical survey work to commence at the Parcoy Project. Further work was also undertaken to advance new projects for consideration under the Strategic Alliance.

In **Australia**, a second round of drilling at the Blue Billy Zinc Joint Venture Project and initial target drilling for nickel at Jimberlana were completed. Plans for drilling at Balladonia were finalised with this program now expected to be completed before the end of the year.

Ground EM surveys were undertaken at Yallum Hill and Caramulla, and IP surveys at Hamilton in NW Queensland, with all of these geophysical programs designed to identify new drill targets under the SAA.

PERU COPPER-GOLD PROJECTS

Over the past seven 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.

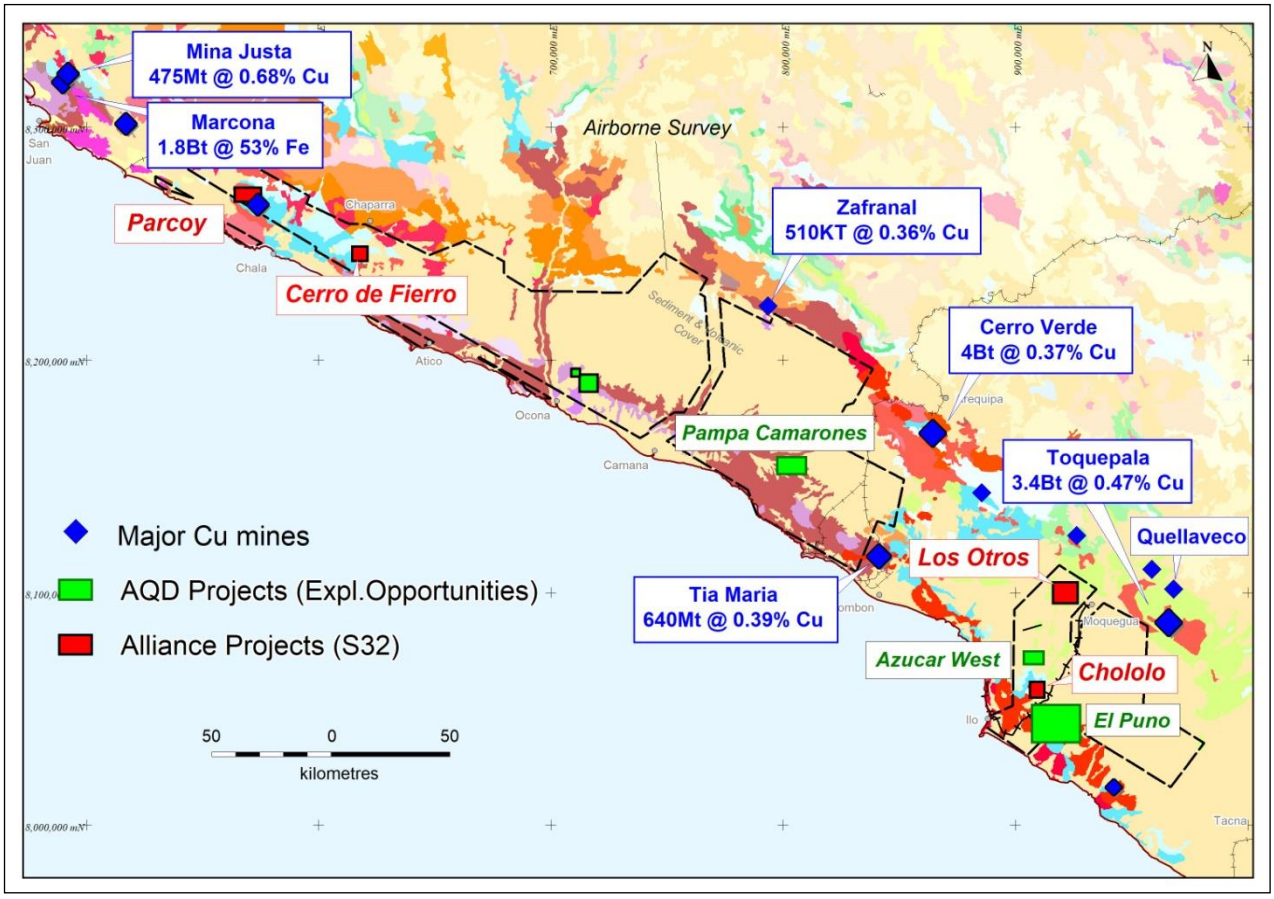

Figure 2: Project Locations in Peru

Strategic Alliance Projects *(South32)*

During the Quarter, an initial diamond drilling program (10 holes/5,300m) was completed at the Chololo Porphyry Copper prospect in southern Peru, with results supporting the potential for a buried porphyry copper system within the prospect area.

The initial wide-spaced drilling (>500m drill spacing) intersected a range of alteration types consistent with a potentially mineralised porphyry copper system. These include advanced argillic alteration in drill-holes CDDH04 and 09; phyllic alteration in drill-holes CDDH04, 06, and 09; and a pyritic/base metal halo in CDDH01, 02, 03, 05, and 07.

To date the targeted potassic zone, which is where the copper and molybdenum should occur, has not been intersected by the drilling, with alteration vectors suggesting that it is likely to be located either lateral to and/or beneath the current drilling, close to the regional Chololo Fault.

All assay data have now been received with mineralogical data from three holes still pending. A full assessment of the drilling results will be made once all the mineralogical data have been received and reported.

Drilling of the strong IP anomaly (drill-holes CDDH01, 02, 03, 05) intersected abundant pyrite (trace chalcopyrite) within the host volcanoclastic sequence, with both blebby and vein pyrite implying a possible hydrothermal source.

Broad zones (>100m down-hole) of highly anomalous pathfinder elements (100-1,500ppm Pb, 400-6,220ppm Zn, 50-750ppm As, 10-100ppm Mo, 1000-4,750ppm Mn, 20-65ppm Sb and 5-20ppm Se) were found within the host volcaniclastics, coincident with the IP anomaly, suggesting the presence of a base metal halo to a porphyry system.

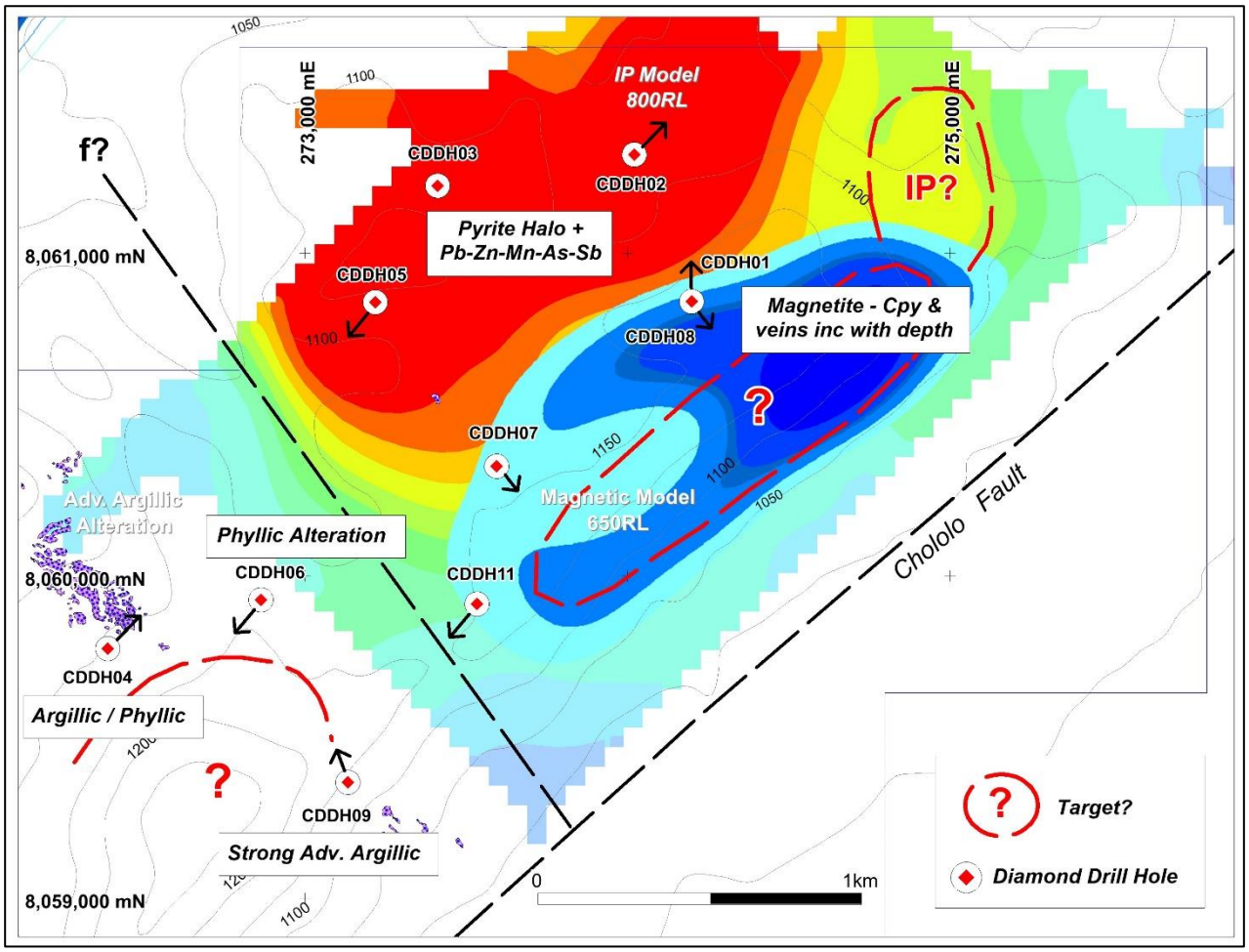

Figure 3: Chololo Porphyry Copper Project showing drill hole locations and possible target areas

South of the IP zone, drilling (drill-holes CDDH04, 06 and 09) appears to be more proximal to a porphyry source with CDDH06 intersecting a broad zone (>200m) of strongly altered (pyrite-sericite-chlorite) diorite porphyry intrusion, and holes CDDH04 and 09 intersecting broad zones of advanced argillic alteration.

A schematic diagram (after S Halley) showing the interpreted positions of each drill-hole based on its alteration signature is shown as Figure 4, with actual drill hole locations shown on Figure 3 along with possible locations of target areas based on current drill results.

The Chololo Project 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. AusQuest, through its Peruvian subsidiary, was the operator for this drilling programme. Future programs, including drilling, will be considered under the SAA during Q4 2018.

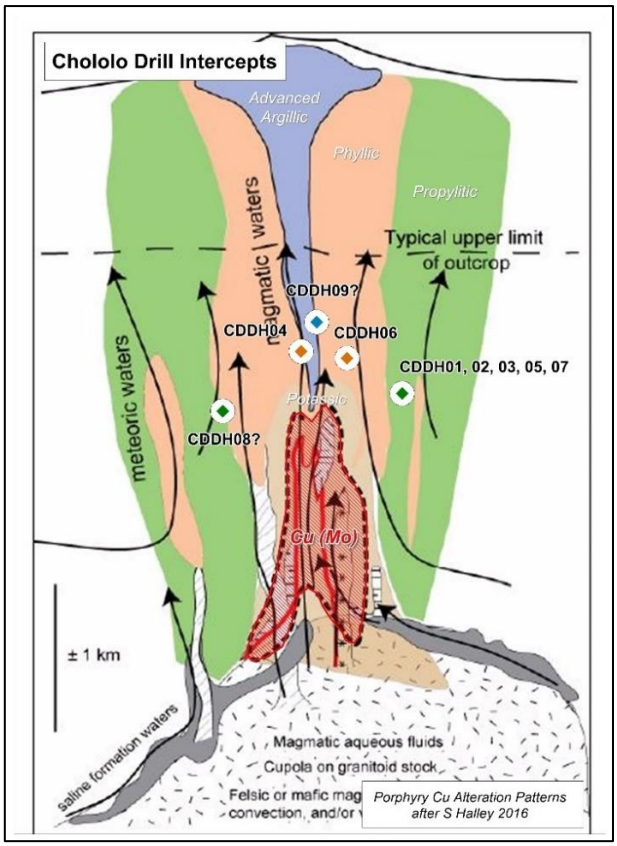

Figure 4: Schematic showing relative drill hole intercepts

At the **Cerro de Fierro** project, diamond drilling (7 holes/3,500m) commenced late in the Quarter to test an Iron-Oxide Copper-Gold (IOCG) target reflecting possible manto-style copper-(gold) mineralisation, as defined by a strong IP chargeability anomaly and a large discrete magnetic response (Figure 5). Planned drill-holes are widely spaced and have been positioned to test various combinations of IP/magnetic responses.

Previously reported geological mapping and sampling located extensive copper mineralisation proximal to the magnetic/IP target, returning numerous copper values in excess of 0.1% Cu, with many in excess of 1% Cu.

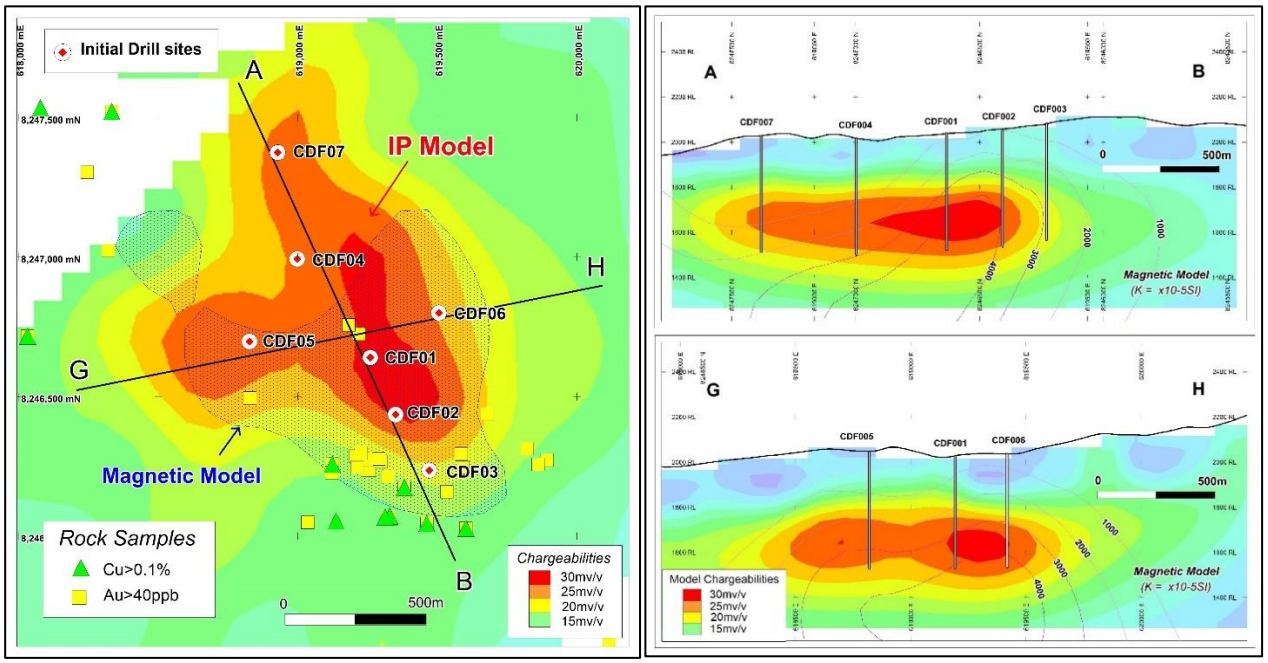

Figure 5: Cerro de Fierro Prospect showing IP/magnetic targets and drill hole locations

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.

As with Chololo, this project is subject to an agreement with South32 whereby it can earn a 70% interest by spending a total of US$4.0 million. AusQuest, through its Peruvian subsidiary, will be the operator of the drill programme.

At the **Parcoy IOCG Project**, which is located immediately north of the Los Chapitos copper prospect and approximately 90km south of the Mina Justa deposit, access negotiations to allow a proposed IP geophysical survey to commence were finalised and a community agreement prepared. It is now expected that the IP survey to identify targets for drilling will commence before the end of 2018.

A short, focused program of mapping and sampling over the extensive argillic alteration systems found at the **Los Otros Project** has been planned for Q4 2018 in order to upgrade the target area to possible drill status ahead of further discussions on the project under the SAA.

New Opportunities for Strategic Alliance in Peru

During the Quarter, the Company signed a Farm-In/Option Agreement with Westminster Resources Limited (TSX.V: WMR) covering five Mineral Concessions within the Puite-Ventura Project area in southern Peru.

This agreement consolidates the Company's tenement position in an area where previous drilling in 2016 had indicated the potential for a nearby porphyry copper system in areas

surrounding the initial drill-holes. Reconnaissance mapping and sampling will commence once all conditions precedent for the agreement have been met. This is expected to occur during Q4 2018.

A small structural mapping and sampling program has been planned at the Azucar West Project in Q4 2018, to develop a better understanding of the relationships between areas of argillic alteration and the adjoining host rocks ahead of possible targeting work in the area.

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

<u>Blue Billy Zinc Project</u> (*100% AQD – BBJVA; South32 earning to 70%)*

The Blue Billy 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 the potential for SEDEX-style zinc mineralisation close to a regional-scale (growth?) fault system down-dip from the anomalous surface zinc occurrences. All exploration work is being funded by South32 under the Blue Billy Joint Venture Agreement (BBJVA.)

During the Quarter, a Reverse Circulation drilling program (13 holes/2,860m) was completed to test favourable structural settings in the vicinity of earlier diamond drill holes BBDDH03 and BBDDH04 – which suggested the potential for nearby zinc mineralisation (Figure 6).

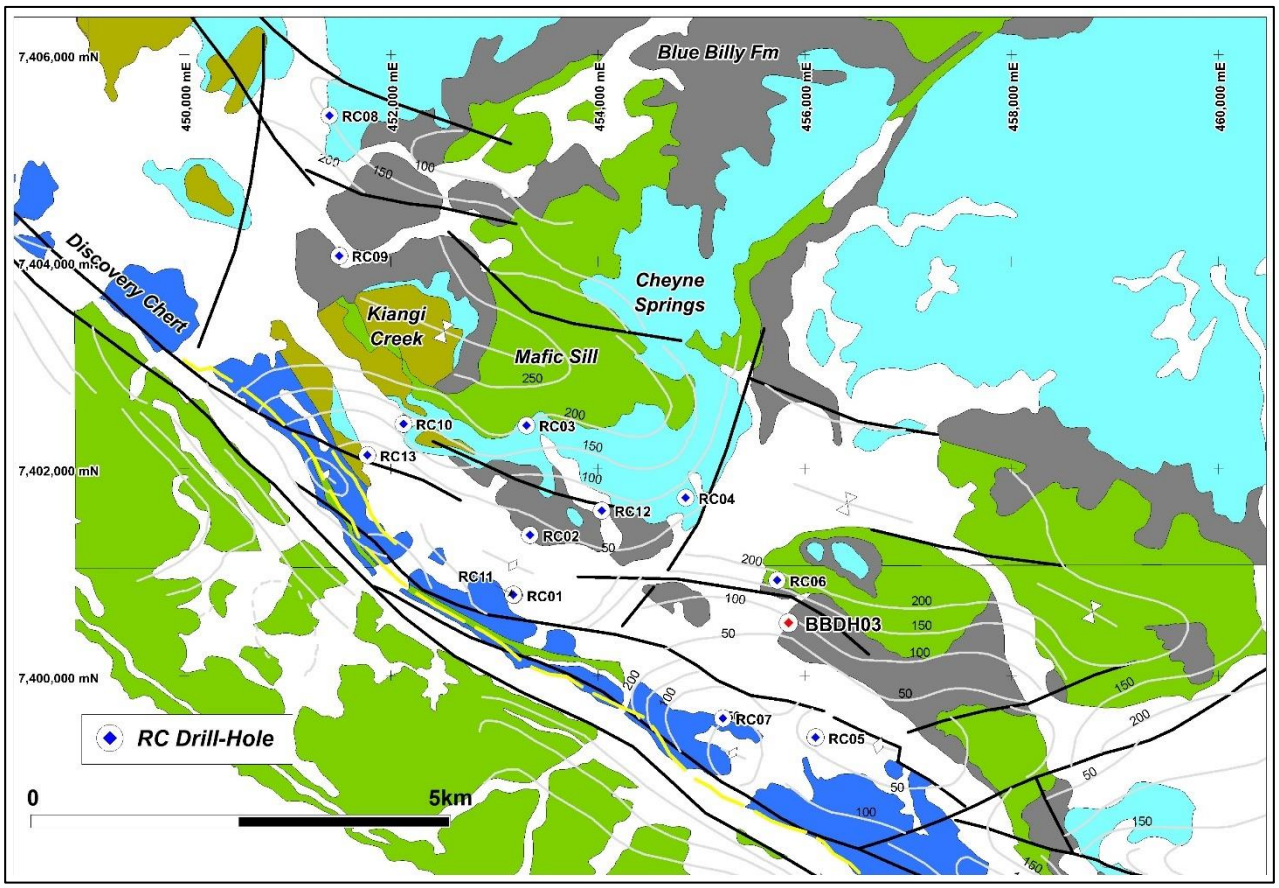

Figure 6: Blue Billy Zinc JV Project showing structural targets and RC drill-hole locations

The wide-spaced drilling (1 to 2km drill spacing) intersected thick prospective black mudrocks in all drill-holes with the main target horizon (maximum flooding surface) identified by a sudden increase in carbon and metal content. Holes were drilled to depths ranging from 150m to 350m and tested the mudrock sequence to depths of ~80m below

the target horizon. Drill-holes were sampled on 2m intervals with the composite samples sent to Intertek in Perth for analysis. Assays are pending.

<u>Jimberlana Nickel-Copper Project</u> ***(100% AQD subject to SAA)***

The Jimberlana Project, which is located ~120km west of Norseman between the Lake Johnston and Forrestania Greenstone Belts, consists of one Exploration Licence (130km²) covering the western extension (~20km strike) of the Jimberlana Dyke. Recent research found a strong association between intrusive-related nickel sulphide deposits and the base of dyke-like structures. Jimberlana is a very large, fertile, fractionated dyke known to contain nickel sulphides within its contact zones but has never been drill tested at or close to its basal section. Exploration work at Jimberlana is being funded by South32.

During the Quarter, two diamond drill-holes for a total of 716m were completed to test for nickel (+/- copper) sulphide mineralisation associated with two buried EM targets located within the Jimberlana intrusion. Both drill-holes intersected favourable host rocks (gabbros, pyroxenites and orthocumulate textured ultramafics) throughout the full length of the core with minor lobate sulphides within the more ultramafic rocks suggesting sulphur saturation has occurred, at least within parts of the intrusion (Figure 7).

The drilling did not explain the cause of the surface EM anomalies and down-hole electromagnetic (DHEM) surveys will be undertaken in both drill-holes to test for near-miss situations. Down-hole survey work is expected to be completed in October.

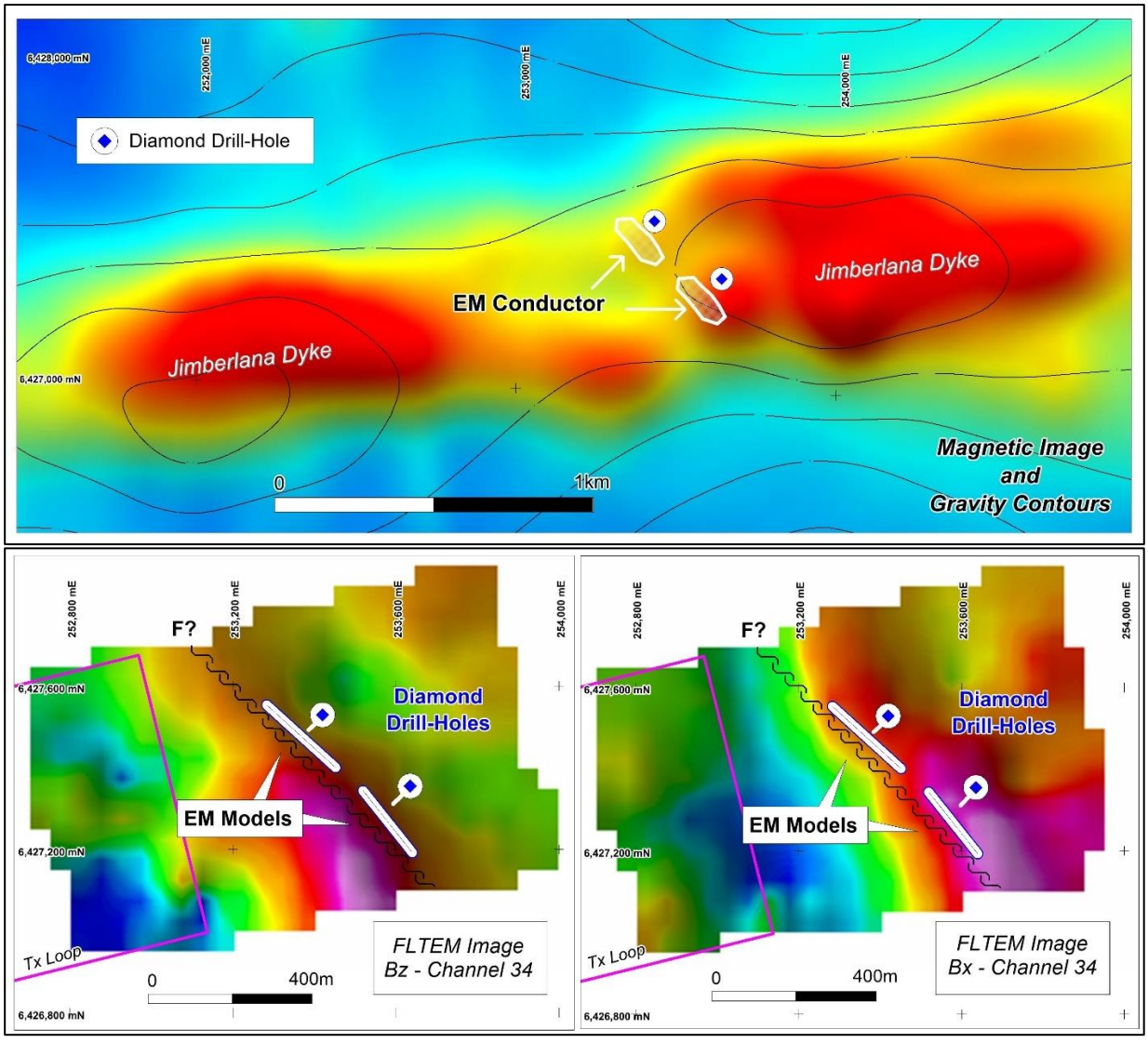

Figure 7: Jimberlana Nickel Project showing EM targets within the Jimberlana Dyke intrusion

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.

Diamond and Aircore drilling of EM targets at the Balladonia Project has been delayed due to heavy rain in the area that affected access for the drill rigs. Drilling is now expected to be completed during Q4 2018.

The diamond drilling programme (3 holes/1,200m) is designed to test three discrete EM conductors associated with cross-cutting mafic dyke-like intrusions inferred from aeromagnetic data. The Aircore drilling programme (26 holes/1,300m) will confirm rock type and geochemical responses associated with the EM anomalies (and their magnetic hosts) before further work is considered.

Numerous mafic intrusions that are evident in the magnetic data remain to be tested within the Balladonia Project area should results from the upcoming drilling provide sufficient encouragement.

Yallum Hill Copper-Nickel Project (*100% AQD subject to SAA*)

The Yallum Hill Copper-Nickel Project is located ~350km north-east of Wiluna along the northern margin of the Yilgarn Craton in Western Australia. The tenement covers a distinct magnetic target close to the basal section of a large mafic sill complex. The target is under cover and is thought to reflect either a nickel target within ultramafic rocks at the base of the mafic sill complex, or possible copper mineralisation associated with an iron-rich hydrothermal system (IOCG). Exploration work at Yallum Hill is being funded by South32.

During the Quarter, fixed-loop ground TEM surveys (15 line kms) were completed over targets identified by an earlier VTEM survey to confirm their character and conductivity, and to provide data for modelling ahead of possible drilling.

The targets occur along the southern flank of a strong magnetic response thought to reflect a possible copper-gold and/or nickel target buried beneath the cover sequences.

A weak but discrete conductor was highlighted over the eastern-most VTEM anomaly, reflecting a relatively flat-dipping (20 degrees) conductive source extending over a limited area (400m x 400m) within the underlying bedrock sequence at depths of ~200m below surface (Figure 8).

The anomaly clearly reflects a bedrock source and is thought to be caused by possible clay alteration within the substrate, reflecting a possible supergene zone associated with base metal mineralisation below.

A comparison of EM and magnetic models shows that the EM target is spatially associated with the strong magnetic source (magnetic susceptibility >0.1 SI units) occurring close to its upper contact. Similar responses are known to occur over some copper-gold deposits in the Eastern Succession of north-west Queensland. Drilling will be considered as a next step to test this prospect.

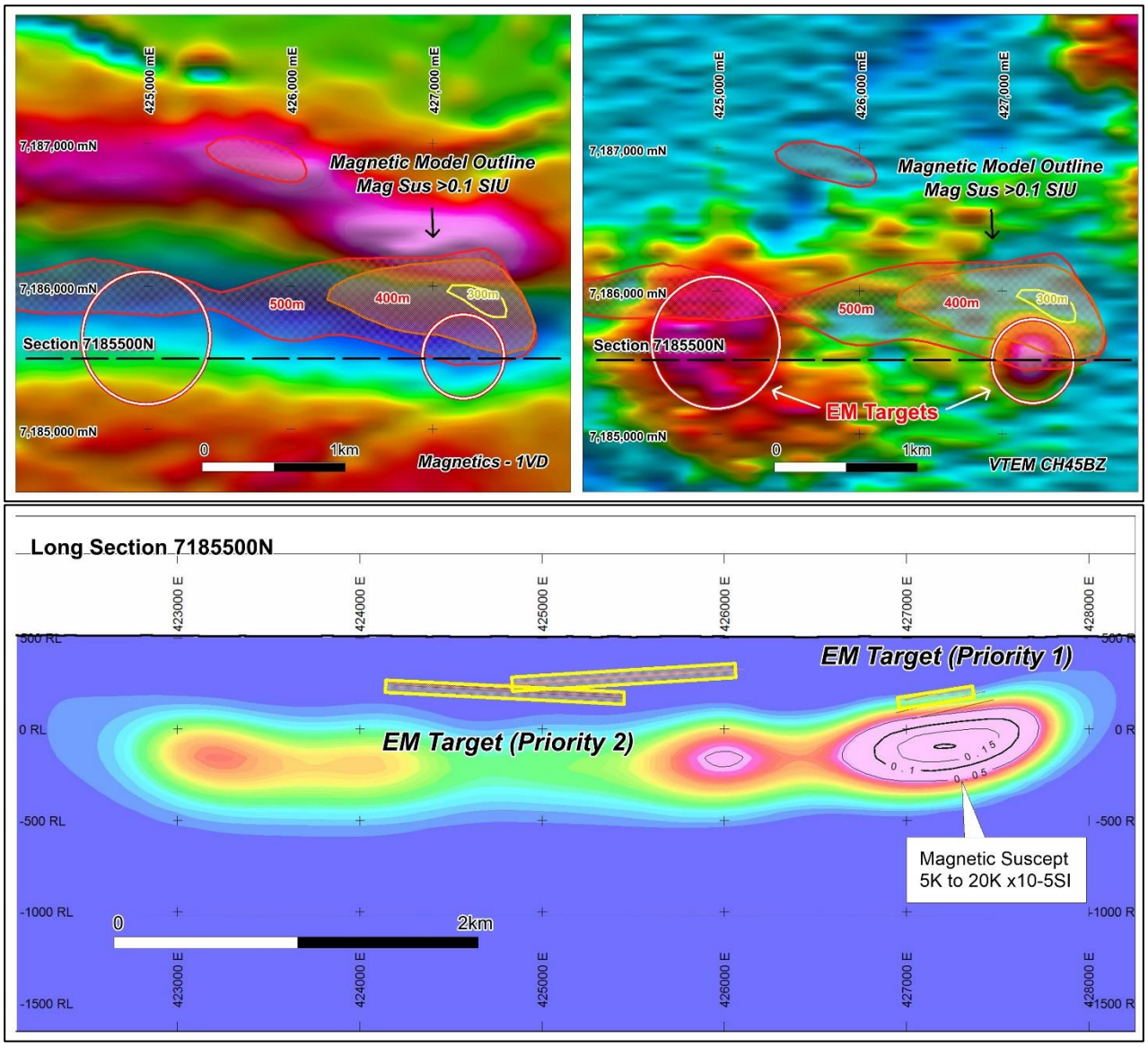

Figure 8: Yallum Hill Prospect showing the relationship of EM and Magnetic targets

<u>Tangadee Zinc Project</u> (*100% AQD subject to SAA*)

The Tangadee zinc project is located approximately 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.

Final processed results from the VTEM survey were received during the Quarter and interpretation of the conductivity depth inversions (CDIs) commenced to map out the black shale horizons and define potential structural targets for sediment-hosted zinc mineralisation.

<u>Caramulla Nickel-Copper Project</u> (*100% AQD subject to SAA*)

The Caramulla Project is located ~60km east of Newman (WA) and immediately east of the historical Coobina chromite mine. It consists of one Exploration Licence covering an area of ~130km². Exploration is targeting nickel-copper sulphide mineralisation associated with interpreted ultramafic intrusions that occur stratigraphically below a large mafic sill complex that is evident in the regional magnetic data. Exploration work at Caramulla is being funded by South32.

Final processed results from the VTEM survey were received and moving-loop ground TEM (MLTEM) surveys (5 line kms) were completed over the strongest VTEM anomalies to confirm their veracity as possible targets and provide data for computer modelling.

Both in-loop and slingram MLTEM configurations were used, however no bedrock EM anomalies were confirmed by these surveys and a recommendation to surrender this title is being submitted.

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

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine. It consists of two Exploration 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, IP surveys using the MIMDAS system commenced to test for possible sulphide targets beneath the Eromanga cover sequence in the vicinity of three historical drill-holes that suggest the presence of nearby IOCG-style mineralisation (Figure 9).

To date, a total of ~24 line kilometres of the survey have been completed (Winton South grid) by GRS Pty Ltd with work on Winton North due to commence in late October 2018.

Highly conductive overburden within the survey area has made it difficult to interpret the IP results but the use of noise rejection techniques using remote magnetotelluric reference stations has allowed noise and EM coupling effects to be minimised so that bedrock features are more evident.

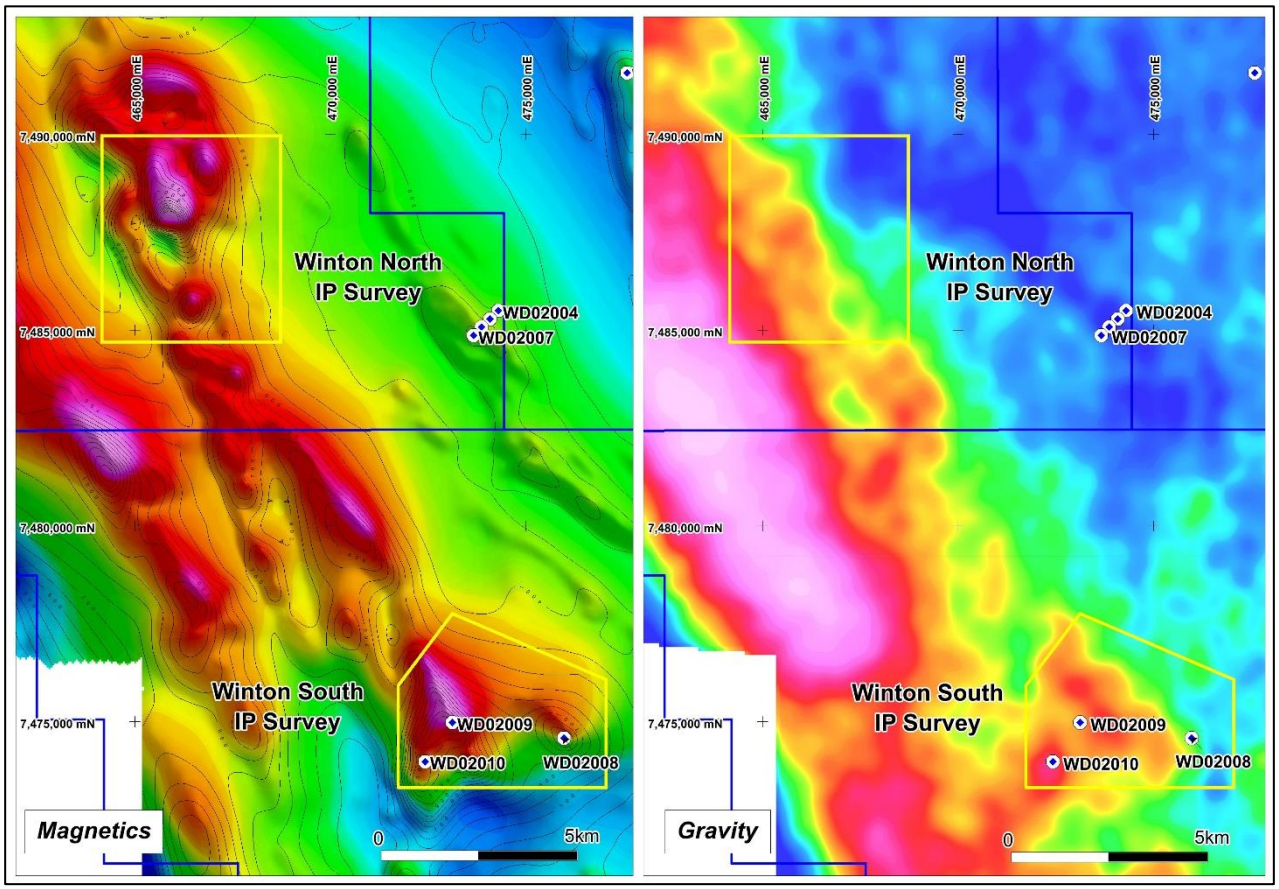

Figure 9: Hamilton Project showing magnetic/ gravity images and the location of IP surveys

Preliminary processed data indicates possible buried sulphide targets in the northern half of the Winton South grid, beneath ~250m of cover. A full assessment will be made once the surveys have been completed and the data has been fully processed.

BUSINESS DEVELOPMENT

As part of the Strategic Alliance with South32, the Company continued its project generation studies both within Australia and offshore, in order to provide new base metal (copper, zinc and nickel) opportunities and possible drill-ready targets for consideration by South32 under the terms of the SAA.

CORPORATE

At the end of September 2018, the Company's cash position was approximately A$3.4 million following the receipt of funds from South32 for ongoing drilling programmes at Chololo and Cerro de Fierro in Peru, and test surveys at Yallum Hill and Caramulla in WA.

During the Quarter, the Company signed a Farm-In/Option Agreement with Westminster Resources Limited covering five Mineral Concessions within the Puite-Ventura Project area in southern Peru.
The agreement consolidates the Company's tenement position in an area where previous drilling in 2016 indicated the potential for a nearby porphyry copper system in areas surrounding the initial drill-holes. Details of the agreement were included in a release to the ASX on 20th August 2018.

KEY ACTIVITIES – SEPTEMBER 2018 QUARTER

- Blue Billy JV (Zn) – Assess RC drilling results and determine future programs;
- Jimberlana (Ni-Cu) – Complete DHEM surveys and undertake in-fill drilling if required;
- Balladonia (Ni-Cu) – Complete Aircore and diamond drilling of EM targets;
- Yallum Hill (Ni-Cu) – Complete EM/magnetic models and determine future program;
- Tangadee (Zn) – Assess VTEM data to identify structural targets for testing;
- Hamilton (Cu-Au) – Complete MIMDAS IP survey over target areas;
- Peru (Cu-Au) – Assess drill results from Chololo and prioritise further programs;
- Peru (Cu-Au) – Complete diamond drilling (~3,500m) at Cerro de Fierro;
- Peru (Cu-Au) – Commence IP survey at the Parcoy IOCG prospect;
- Peru (Cu-Au) – In-fill mapping & sampling at Azucar West and Los Otros to upgrade targets;
- 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.

AusQuest Limited Tenement Schedule as at 30 September 2018

Tenement	Location	Lease Status	Registered Holder	Interest Held
Australia				
E69/3246	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3317	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3361	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3394	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3558	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3559	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3415	WA, East Capricorn	Granted	AusQuest Ltd.	100%
E69/3572	WA, East Capricorn	Application	AusQuest Ltd.	100%
E69/3573	WA, East Capricorn	Application	AusQuest Ltd.	100%
E69/3574	WA, East Capricorn	Application	AusQuest Ltd.	100%
E69/3575	WA, East Capricorn	Application	AusQuest Ltd.	100%
E63/1742	WA, Jimberlana	Granted	AusQuest Ltd.	100%
E08/2754	WA, Bluebilly	Granted	AusQuest Ltd.	100%
E08/2904	WA, Bluebilly	Granted	AusQuest Ltd.	100%
E52/3501	WA, Perry Creek	Granted	AusQuest Ltd.	100%
E52/3502	WA, Perry Creek	Granted	AusQuest Ltd.	100%
E52/3585	WA, Perry Creek	Application	AusQuest Ltd.	100%
E52/3642	WA, Perry Creek	Application	AusQuest Ltd.	100%
E52/3643	WA, Perry Creek	Application	AusQuest Ltd.	100%
E52/3544	WA, Carramulla	Granted	AusQuest Ltd.	100%
E52/3603	WA, Tangadee	Granted	AusQuest Ltd.	100%
EPM 26681	QLD, Hamilton	Granted	AusQuest Ltd.	100%
EPM 26682	QLD, Hamilton	Granted	AusQuest Ltd.	100%
Peru				
Azucar West 04	Moquegua	Application	Questdor SAC	100%
Azucar West 05	Moquegua	Application	Questdor SAC	100%
Azucar West 06	Moquegua	Application	Questdor SAC	100%
Azucar West 07	Moquegua	Application	Questdor SAC	100%
Azucar West 08	Moquegua	Application	Questdor SAC	100%
Azucar West 09	Moquegua	Application	Questdor SAC	100%
Azucar West 10	Moquegua	Application	Questdor SAC	100%
Azucar West 11	Moquegua	Application	Questdor SAC	100%
Azucar West 12	Moquegua	Application	Questdor SAC	100%
Azucar West C	Moquegua	Granted	Questdor SAC	100%
Azucar West D	Moquegua	Granted	Questdor SAC	100%
Azucar West E	Moquegua	Granted	Questdor SAC	100%
Cerro Ardines 01	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 02	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 03	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 04	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 05	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 06	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 07	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 08	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 09	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro A	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro B	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro C	Arequipa	Granted	Questdor SAC	100%
Chololo 1	Moquegua	Granted	Questdor SAC	100%
Chololo 2	Moquegua	Granted	Questdor SAC	100%
Chololo 4	Moquegua	Granted	Questdor SAC	100%
Los Otros 01	Moquegua	Granted	Questdor SAC	100%
Los Otros 02	Moquegua	Granted	Questdor SAC	100%
Los Otros 03	Moquegua	Granted	Questdor SAC	100%

AusQuest Limited Tenement Schedule as at 30 September 2018 - cont'd

Tenement	Location	Lease Status	Registered Holder	Interest Held
Peru Cont.				
Los Otros 04	Moquegua	Granted	Questdor SAC	100%
Los Otros 05	Moquegua	Granted	Questdor SAC	100%
Los Otros 06	Moquegua	Granted	Questdor SAC	100%
Los Otros 07	Moquegua	Granted	Questdor SAC	100%
Los Otros 08	Moquegua	Granted	Questdor SAC	100%
Pampa Camarones 01	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 02	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 03	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 04	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 05	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 06	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 07	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 08	Arequipa	Granted	Questdor SAC	100%
Pampa De Las Pulgas AD	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas AE	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas AF	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas AH	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas J	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas K	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas L	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas M	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas N	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas O	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas P	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Q	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas R	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas S	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas T	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas U	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas VA	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas W	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas X	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Y	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Z	Moquegua	Granted	Questdor SAC	100%
Parcoy 01	Arequipa	Application	Questdor SAC	100%
Parcoy 02	Arequipa	Application	Questdor SAC	100%
Parcoy 03	Arequipa	Application	Questdor SAC	100%
Parcoy 04	Arequipa	Application	Questdor SAC	100%
Parcoy 05	Arequipa	Application	Questdor SAC	100%
Parcoy 06	Arequipa	Application	Questdor SAC	100%
Parcoy 07	Arequipa	Application	Questdor SAC	100%
Parcoy 08	Arequipa	Application	Questdor SAC	100%
Parcoy 09	Arequipa	Application	Questdor SAC	100%
Parcoy 10	Arequipa	Application	Questdor SAC	100%
Pinguino 1	Arequipa	Granted	Questdor SAC	100%
Pinguino F	Arequipa	Granted	Questdor SAC	100%
Pinguino G	Arequipa	Granted	Questdor SAC	100%
Pinguino H	Arequipa	Granted	Questdor SAC	100%
Pinguino I	Arequipa	Granted	Questdor SAC	100%
Ventura 1	Moquegua/Tacna	Application	Questdor SAC	100%
Ventura 2	Moquegua	Granted	Questdor SAC	100%
Ventura 3	Moquegua/Tacna	Application	Questdor SAC	100%
Ventura 4	Moquegua/Tacna	Granted	Questdor SAC	100%
Ventura 5	Moquegua	Granted	Questdor SAC	100%

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:	Quarter ended ("current quarter")
35 091 542 451	**30 September 2018**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	278	278
1.2	Payments for		
	(a) exploration & evaluation	(3,495)	(3,495)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(37)	(37)
	(e) administration and corporate costs	(319)	(319)
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 :		
	Funding received from South 32 under the Strategic Alliance Agreement	2,403	2,403
	R&D Refund	-	-
1.9	**Net cash from / (used in) operating activities**	**(1,169)**	**(1,169)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(6)	(6)
	(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**	**(6)**	**(6)**

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	4,521	4,521
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,169)	(1,169)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	48	48
4.6	**Cash and cash equivalents at end of period**	**3,394**	**3,394**

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	3,394	4,521
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)**	**3,394**	**4,521**

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	65
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 *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $	Amount drawn at quarter end $
8.1	Loan facilities (Loan and Convertible Note)	A$317,159	A$317,159
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.

Loan and Convertible Note Agreement

The Company executed a Loan and Convertible Note Agreement on 5 October 2016 with Mr Chris Ellis, a director and substantial shareholder of the Company for a total loan facility of $750,000. The conversion price has been set at the lower of 2 cents per share or the 5-day Value Weighted Average Price immediately prior to the conversion. The loan matures on 30 November 2018. Interest on the Loan accrues at 10% per annum commencing six months after the date of the advance, being from 5 April 2017. On the 23 November 2017 $432,841 was converted to AusQuest shares at 2 cents per share following approval from shareholders.

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	(2,200)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(50)
9.5	Administration and corporate costs	(170)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(2,420)**

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	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E52/3585	-	Nil	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: Date: 29 October 2018

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.