AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 31st March 2014

AusQuest identifies new Fraser Range nickel-copper prospects, secures 100% of prospective Peru copper-gold projects and farms-out West African gold

HIGHLIGHTS

AUSTRALIA – BASE METALS (Nickel, Copper)

- New nickel-copper target areas identified from aeromagnetic and gravity data over the Balladonia and Gibson Soak tenement applications in the Fraser Range region of WA.
- AusQuest's land position within the emerging Fraser Range province (host to the Nova-Bollinger Ni-Cu discoveries) increased to ~1,280km² through new tenement applications.
- Possible new nickel-copper prospect identified at Bald Hill, ~300km north of Perth in WA, where nickel and copper soil anomalies are associated with a buried mafic/ultramafic intrusion.

PERU – COPPER-GOLD

- All projects reverted 100% to AusQuest following an agreement with Cliffs to terminate the South West Peru Joint Venture (SWPJV).
- Community consultations and environmental studies completed over three of the prospects in southern Peru recommended for drilling.
- Drill permit applications subsequently submitted for three large porphyry copper and IOCG targets. Permits expected within the 2nd Quarter 2014, clearing the way for drilling to commence.

CORPORATE

- New Farm-in and Joint Venture Agreement finalised with Ressources Burkinor SARL (Burkinor), a wholly-owned subsidiary of TSX-listed SEMAFO Inc, over the Banfora Gold Project in Burkina Faso. Burkinor can earn up to 80% equity by spending a total of US$7.5M over three years plus an upfront cash payment to AusQuest of US$600,000.
- The new Joint Venture will provide a major boost for exploration over the Banfora Gold Project, while enabling AusQuest to continue to focus its resources on nickel-copper exploration in the Fraser Range of WA and copper-gold in Peru.
- ~$1.34M cash at the end of March 2014, not including any payment from SEMAFO.

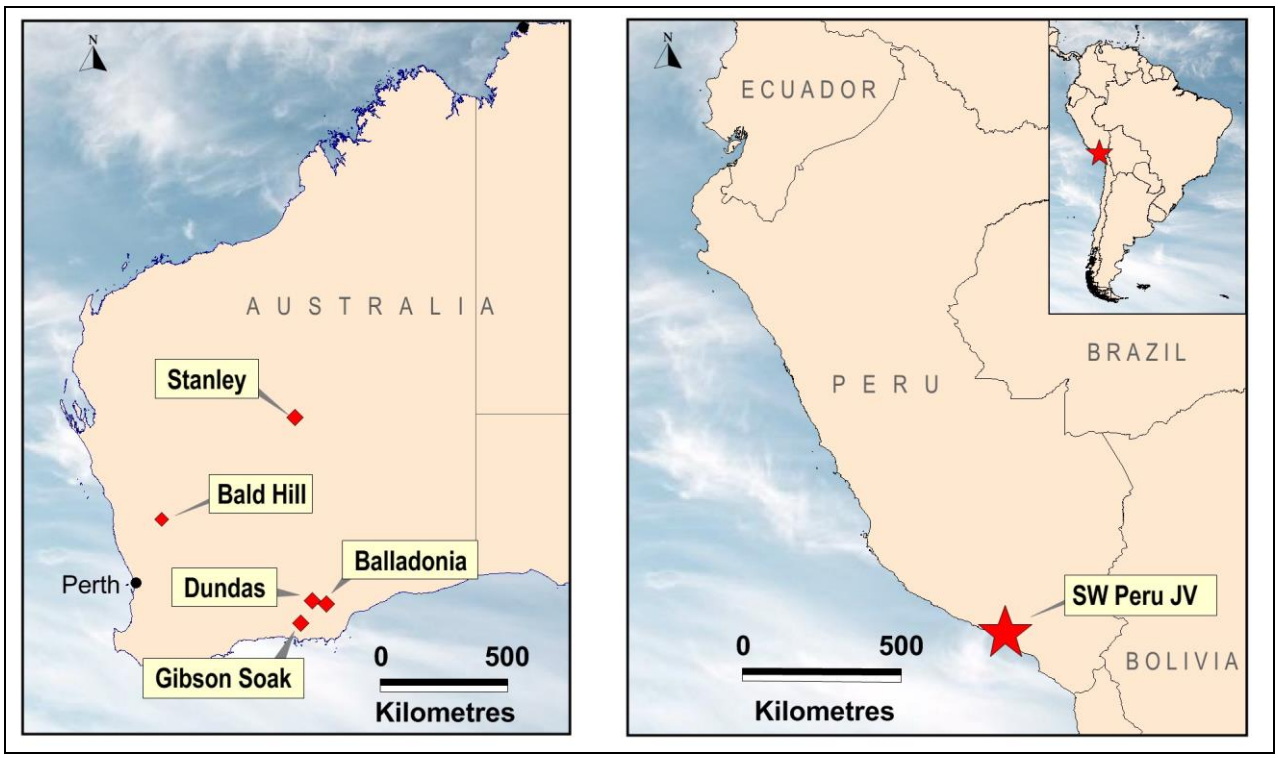

Figure 1: Project Locations – Australia and Peru

OVERVIEW

The March Quarter was an active period for AusQuest Limited (ASX: AQD) on the corporate front, with key outcomes including:

- an agreement to terminate the Peru joint venture with Cliffs Natural Resources resulting in all projects within this highly prospective copper-gold portfolio in coastal Peru reverting 100% to AusQuest; and

- an agreement with TSX-listed SEMAFO to farm-in to the Banfora Gold Project in Burkina Faso, West Africa. This will significantly boost exploration of the Company's gold prospects in this area, while enabling AusQuest to continue to focus its resources on its WA nickel-copper projects and emerging copper-gold portfolio in Peru.

In Australia (*Figure 1*), exploration activities during the Quarter focused on assessing drill results from the initial drilling programme completed at the Dundas Project, located approximately 80km south of the Nova-Bollinger nickel-copper discoveries (Sirius Resources). Further assessment of these results has supported the nickel-copper prospectivity of the mafic rocks within the Dundas Region, providing a strong pipeline of future exploration opportunities.

Reconnaissance gravity and sampling programmes were completed at the Bald Hill Project, located approximately 300km north of Perth, where strong coincident gravity and magnetic anomalies had been identified, representing a potentially significant new nickel-copper target for possible drilling later this year.

In Peru, drill permit applications were submitted to the Ministry of Mines and Energy over three of the Company's priority copper-gold prospects (Cardonal, Puite and Lana) following consultations with communities and completion of environmental studies. Drilling operations will be able to commence once the appropriate approvals have been received, which is expected to occur during the June 2014 Quarter.

AUSTRALIA – BASE METAL PROJECTS

Dundas Nickel-Copper Project *(100% AQD)*

The Dundas Project is located ~100km east-southeast of Norseman (WA), and ~80km south-west of the Nova-Bollinger nickel-copper discovery (Sirius Resources). The tenements cover an area of ~390km² within a structurally complex region bordering the south-west margin of the main Fraser Range Complex which hosts the Nova discovery.

During the Quarter, assay results were received from the initial diamond drilling program (6 holes for 1,546m) undertaken in late 2013/early 2014 at the Dundas Project. This program was designed to test EM targets identified at the Alpha, Beta, Lambda and Omega prospects.

The results included weakly elevated nickel values (150ppm) within mafic rocks at the Beta prospect plus a broad zone of anomalous copper, silver and zinc (24m @ 672ppm Cu, 327ppm Zn and 1.5ppm Ag) within the dominantly mafic gneiss sequence. No significant assays were reported from drilling at the Lambda, Omega or Alpha prospects (see ASX Announcement – 17 February 2014).

Analysis of rare earth element (REE) patterns from mafic rocks intersected by the drilling shows general similarities in mafic magmatism between the Fraser (host to the Nova discovery) and Dundas regions. This indicates that further exploration for nickel at Dundas is warranted. A significant strike length of possible mafic host rocks remains to be tested within the Company's tenement package, providing significant opportunities for future exploration targets.

Evaluation of available data from new Exploration Licence Applications at **Balladonia** and **Gibson Soak** has identified several potential mafic intrusions at Balladonia and at least 20km of possible mafic host rocks at Gibson Soak, which is located ~30km north of the port of Esperance (*Figure 2*). Initial field work over both areas awaits grant of the title.

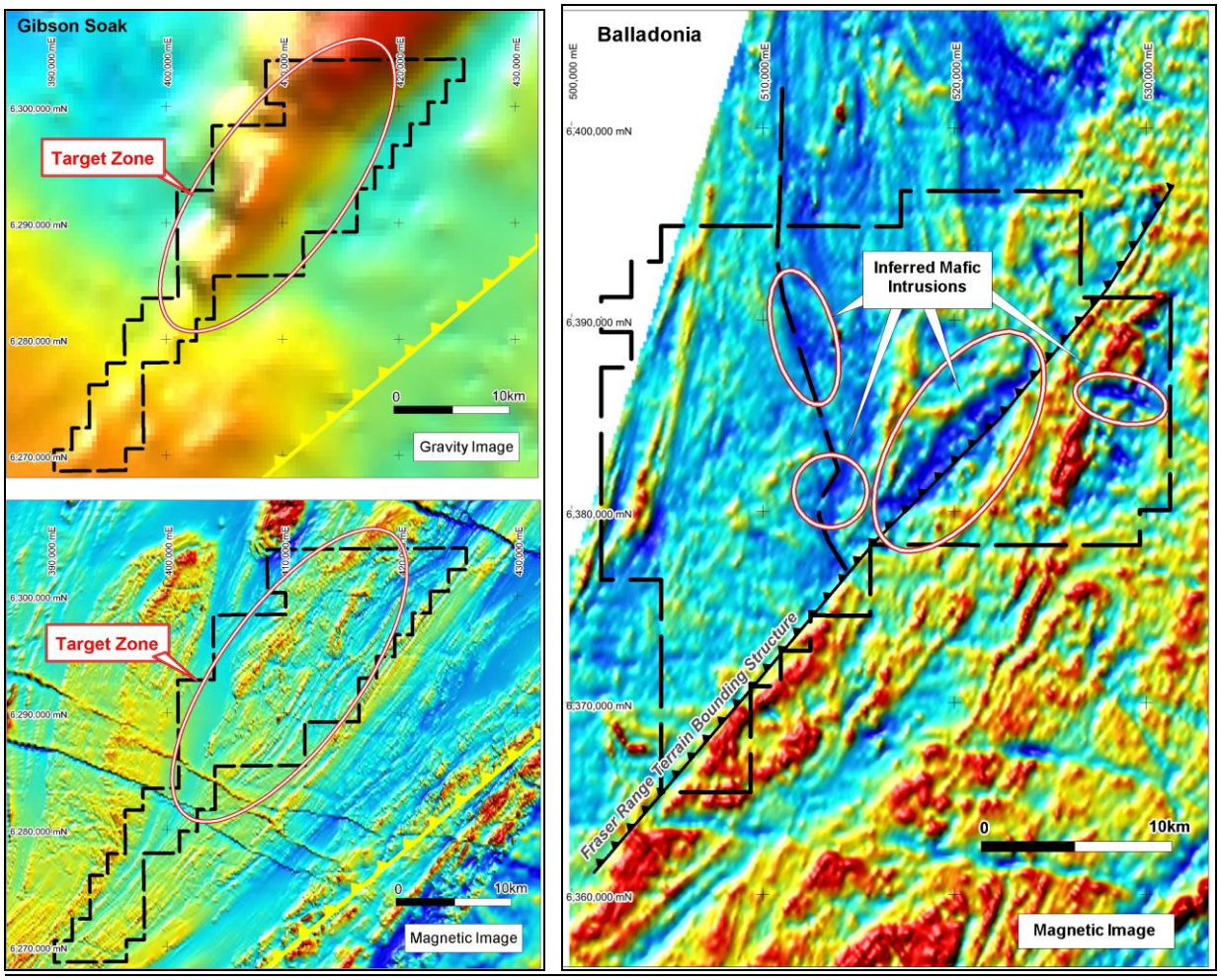

Figure 2: Gibson Soak and Balladonia nickel-copper prospects

Stanley Manganese Project (*30% AQD, 70% Cliffs Australia Holdings Ltd*)

The Stanley Project is located 170km east of Wiluna in Western Australia, within the Earaheedy Basin. Manganese mineralisation in the area occurs at several different stratigraphic locations around the basin and is often associated with carbonate units that are located stratigraphically above the Frere Iron Formation.

During the Quarter, the Company evaluated earlier VTEM survey data in order to re-prioritise future drill targets in the area, after assessing the results of the December RC drilling programme. Site clearance work to enable drilling of these targets is scheduled to take place in May 2014.

Bald Hill Project *(100% AQD)*

The Bald Hill Project is located ~300km north of Perth in Western Australia. The tenement covers a large (~15km²) coincident gravity and magnetic anomaly that may reflect potential for iron-oxide copper-gold (IOCG) mineralisation or Ni-Cu-PGM mineralisation associated with a mafic/ultramafic host sequence.

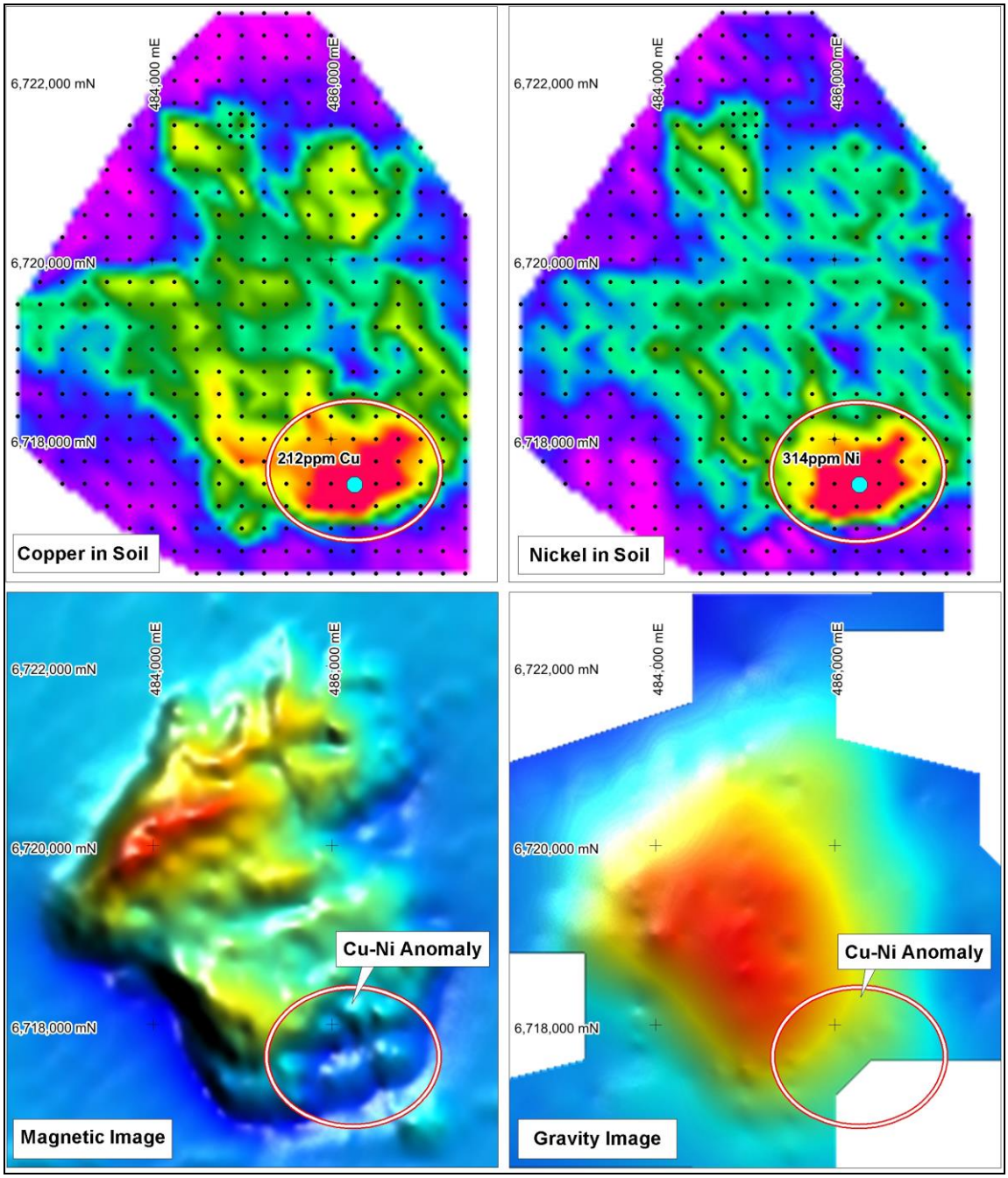

Figure 3: Bald Hill Nickel-Copper Prospect

During the Quarter, programs of detailed gravity surveying and systematic soil sampling were completed over the coincident magnetic and gravity targets. Approximately 420 soil samples were collected on a 250m by 250m grid and analysed for a wide range of metals using an Innov-X portable XRF-analyser.

Results have outlined an extensive nickel-copper-chrome anomaly extending over an area of approximately 2km^2 and located close to the southern margin of the magnetic/gravity response (*Figure 3*). Nickel soil values of up to 314ppm, copper values up to 212ppm and chrome values up to 580ppm were reported.

Gravity surveying (100m and 200m stations) was undertaken along available tracks, with two east-west and two north-south traverses completed over the centre of the anomaly. A strong (10 milligal) gravity response was confirmed coincident with the magnetic anomaly.

Initial modelling suggests depths of approximately 150m to 200m to the top of the gravity target, which is slightly deeper than depths inferred from magnetics (50m to 150m).

The combination of anomalous nickel, copper and chrome from the soil sampling with strong magnetic and gravity responses suggests the presence of a large (15km²) mafic/ultramafic intrusion in this area, with possible potential for nickel and copper mineralisation.

A ground EM survey is being planned ahead of possible future drilling.

PERU COPPER-GOLD PROJECTS
(100% AQD)

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

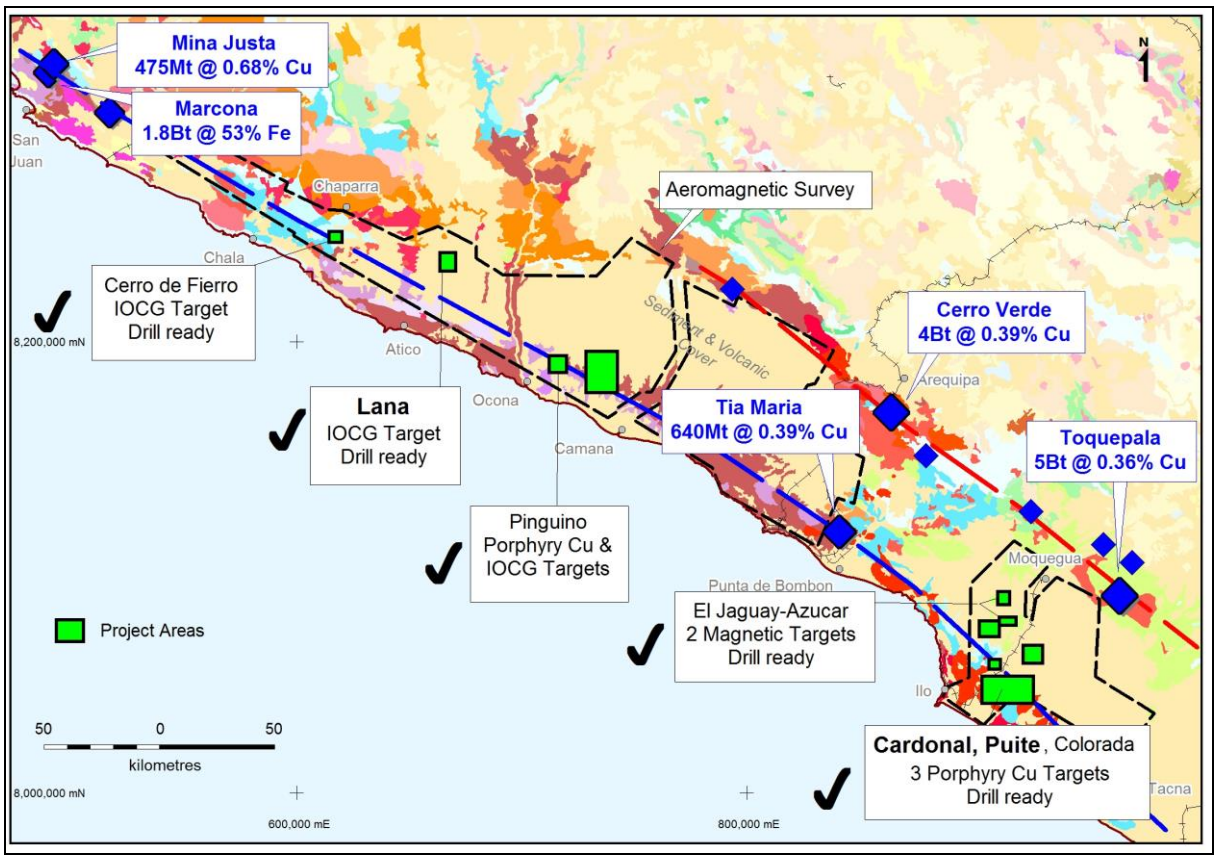

Figure 4: Peru Copper-Gold Project Locations

During the Quarter, AusQuest advised that it has reached agreement with Cliffs Natural Resources Exploration Inc. (CNRE), a wholly-owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF) (Paris: CLF), to terminate the Joint Venture Agreement over its IOCG and porphyry copper-gold exploration projects in south-west Peru.

It was agreed that all projects would revert 100% to AusQuest with CNRE retaining a 'right of first offer' for a period of two years, to purchase one or more of the four prospects that had been recommended for drilling under the Joint Venture.

The Company is very encouraged by the results obtained to date from its Peruvian projects and plans to continue exploration and evaluation of the large-scale IOCG and/or porphyry copper targets which have been identified so far.

During the Quarter, permitting for drilling continued with applications submitted to the Ministry of Mines and Energy for three of the Company's prospects (Lana, Cardonal and Puite) following the completion of community consultations and environmental studies.

Drilling permits are expected during the second Quarter of 2014, which would allow drilling operations to commence shortly thereafter.

A least seven large-scale drill targets (*Figure 4*) have been identified to date through a combination of geological mapping and sampling, and ground-based geophysical surveys within the Company's tenements along the southern coastal belt of Peru (as reported previously).

These targets represent possible iron-oxide copper-gold (IOCG) and/or porphyry copper targets, each with the size potential to be a significant project for the Company.

AusQuest looks forward to increasing exploration efforts over its projects in southern Peru now that the future of the SWPJV has been resolved.

GOLD – WEST AFRICA

Comoe Project *(AQD 100%)*

The Comoe Project is located near the town of Banfora in south-west Burkina Faso, West Africa, within an extensive greenstone belt. The area is relatively unexplored except for extensive historical surface sampling programs and widespread artisanal gold workings along the belt. AusQuest controls approximately 1,150km² of title within the Belt.

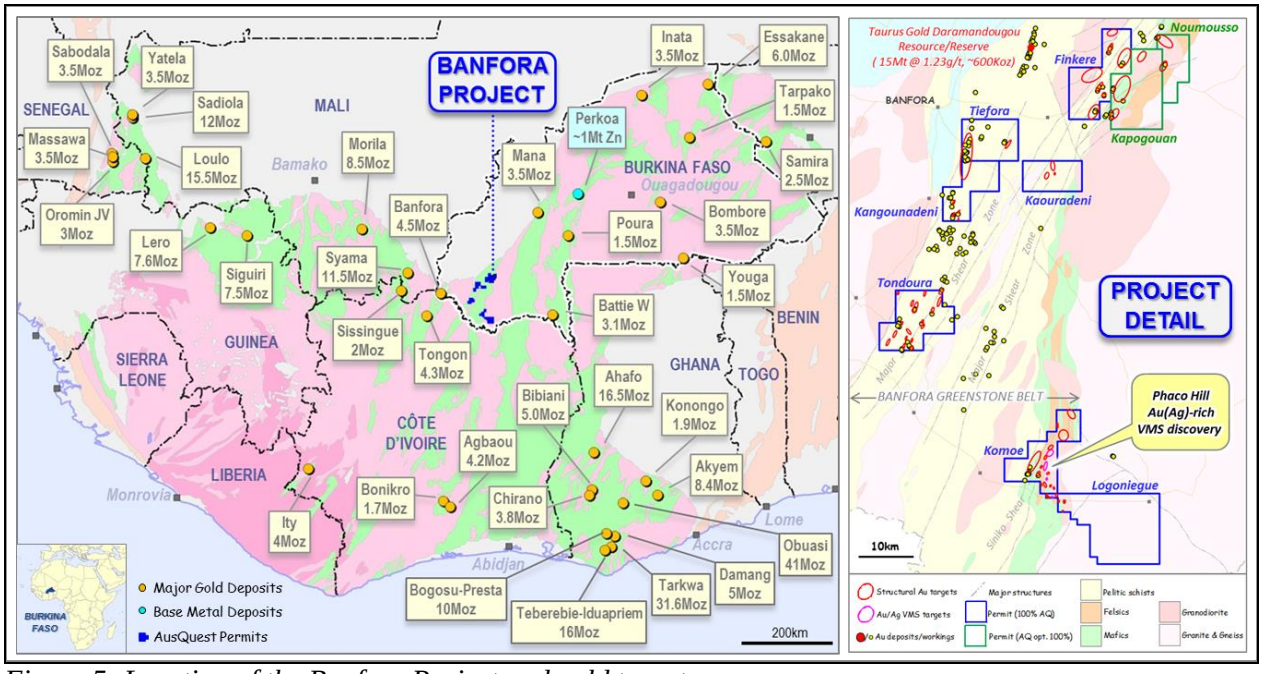

Figure 5: Location of the Banfora Project and gold targets

During the Quarter, a Farm-in and Joint Venture Agreement was negotiated with Ressources Burkinor SARL (Burkinor), a wholly-owned subsidiary of TSX-listed SEMAFO Inc., to significantly accelerate exploration activities over the Company's Banfora Gold Project in Burkina Faso, West Africa.

Under the terms of the Agreement, which was reported to the ASX on April 28th, Burkinor can earn up to an 80% interest in the Banfora permits by spending a total of US$7.5 million over a three-year period and making an upfront cash payment to AusQuest of US$600,000 once all conditions precedent have been fulfilled including renewal of six of the nine existing permits.

This will see exploration activity ramp up significantly at Banfora, where AusQuest's exploration over the past four years has identified numerous gold targets which require further evaluation.

Burkinor has agreed to spend US$4.0 million within the first two years of the farm-in to earn a 65% interest before having the right to elect to increase its equity to 80% by spending a further US$3.5 million in the third year. Burkinor will be the operator of the joint venture and have sole carriage of exploration programmes during the earn-in stages.

Burkinor is a wholly-owned subsidiary of SEMAFO, the owner/operator of the Mana gold mine in Burkina Faso, which has produced in excess of 150,000 ounces of gold annually during the past five years. SEMAFO is listed on the Toronto Stock Exchange and the NASDAQ OMX exchange in Stockholm (TSX, OMX: SMF).

SEMAFO has a successful track record in exploring, developing and operating in West Africa, and has a very strong technical team who are well versed in community and Government relations.

AusQuest is very pleased to have concluded this deal as it brings a significant funding injection to the ongoing exploration of the Banfora Project, which the Company believes has the potential for significant gold discoveries (*Figure 5*).

BUSINESS DEVELOPMENT

AusQuest continues to look for opportunities both within Australia and offshore with the aim of adding value to the Company, especially in areas of immediate interest to the Company.

CORPORATE

During the Quarter, AusQuest successfully negotiated the termination of the South West Peru Joint Venture with Cliffs as well as a Farm-In and Joint Venture Agreement over its West African Gold Project, which was completed and announced on 28th April 2014.

The Burkina Faso Joint Venture will allow the Company to focus its resources and management time on ongoing exploration of its prospective Fraser Range nickel-copper projects in WA and its suite of highly prospective porphyry and IOCG copper-gold targets in Peru, South America.

Cash reserves at 31st March 2014 are approximately $1.5 million, which does not include any payments from SEMAFO under the newly established Burkina Faso Joint Venture.

KEY ACTIVITIES – JUNE 2014 QUARTER

The following activities are planned for the June 2014 Quarter:

- Dundas (Ni-Cu) – selective soil sampling over inferred mafic stratigraphy;
- Balladonia (Ni-Cu) – Detailed aeromagnetic survey to confirm mafic intrusions;
- Gibson Soak (Ni-Cu) – Access agreements with land owners;
- Bald Hill (Ni-Cu) – Ground EM surveys to identify drill target(s);

- Peru (Cu-Au) – Complete drill permitting for Lana, Cardonal and Puite;
- Peru (Cu-Au) – Mapping/sampling at Colorada, Pinguino and Ceniceros Rojos;
- Comoe (Au) – Renewal of Permits and assist with transition to new operators.



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 TENEMENT HOLDINGS

(as at 31 March 2014)

Location	Tenement	Ownership
AUSTRALIA		
DUNDAS		
West Aust.	E63/1001	100%
West Aust.	E63/1002	100%
West Aust.	E63/1003	100%
West Aust.	E63/1004	100%
STANLEY		
West Aust.	E69/2503	30%
West Aust.	E53/1403	30%
West Aust.	E38/2167	30%
West Aust.	E38/2168	30%
West Aust.	E69/2587	30%
West Aust.	E38/2239	30%
West Aust.	E38/2240	30%
West Aust.	E53/1460	30%
West Aust.	E38/2764	30%
West Aust.	E38/2765	30%
BALD HILL		
West Aust.	E59/1937	100%
WEST AFRICA		
Burkina Faso	Komoe	100%
Burkina Faso	Finkere	100%
Burkina Faso	Kangounadeni	100%
Burkina Faso	Kaouradeni	100%
Burkina Faso	Tiefora	100%
Burkina Faso	Tondoura	100%
Burkina Faso	Logoniegue	100%
Burkina Faso	Kapagouan	100%
Burkina Faso	Noumoussou	100%
PERU (SOUTH AMERICA)		
PERU	Cerro De Fierro A, B, C (3)	100%
PERU	Lana C, D, G, H (4)	100%
PERU	Pinguino F, G, H, I (4)	100%
PERU	Ceniceros Rojos A to N (14)	100%
PERU	El Jaguay A, B (2)	100%
PERU	Sugar A, B (2)	100%
PERU	Azucar X, Y, AA (3)	100%
PERU	Azucar West A to D (4)	100%
PERU	Pampa Del Pulgas J, K, M to T, V to Y, AA to AF (20)	100%

JORC Code, 2012 Edition – Table 1 report Surface Sampling at Bald Hill

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Soil sampling was carried at 250m sample separations on a square grid. • 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 15 to 20 cm deep hole and screening the soil from that depth to pass a 200 microns (µm) sieve. • Sample readings were undertaken using an Innov-x Delta DP-6000 portable XRF instrument, set up in a cradle at the field camp. • Each - 200 µm sample was pressed to a minimum thickness of 1 cm into a cylindrical cup, sealed at its base by a thin (4 µm) polypropylene sheet.
Drilling techniques	• *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).*	• No drilling undertaken
Drill sample recovery	• *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.*	• No drilling undertaken
Logging	• *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.*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No sub-sampling was completed
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• Samples were analysed using a portable Innov-x Delta DP6000 XRF analyser for a range of elements including Ag, As, Cr, Cu, Fe, K, Mn, Mo, Ni, P, Pb, Ti, U, V and Zn. • Each - 200 µm sample was pressed to a minimum thickness of 1 cm into a cylindrical cup, sealed at its base by a thin (4 µm) polypropylene sheet. • Each sample was read (through the polypropylene sheet) for 30 seconds per beam (ie. 90 seconds total) using the portable XRF analyser • QA-QC procedures involved an instrument calibration and reading of a blank and registered standard, at the beginning and end of each reading session. Instrument drift monitoring was undertaken by reading a laboratory-analysed field standard and a field duplicate, inserted alternately every 20th sample reading.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
Location of data points	• *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*	• Sample locations are established with a hand held

Criteria	JORC Code explanation	Commentary
	estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	GPS to +/- 5m accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Rock chip sampling is irregular and based on availability of suitable outcrop. • Spacing for soil sampling was 250m by 250m
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• Soil sampling on a square grid pattern was independent of geological structure orientations.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the Perth office.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• 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
Mineral tenement and land tenure status	• *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.* • *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.*	• The Bald Hill Project is centred about 116 degrees 51 min East and 29 degrees 39 min South, approximately 55 km NE from Wubin in the mid-west part of Western Australia. • The Bald Hill Project comprises one granted exploration license (E59/1937). • The tenement is held 100% by AusQuest Limited. • There are no issues with aboriginal heritage to prevent access to the tenements and an access agreement has been signed with the local aboriginal representatives.
Exploration done	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration is limited with shallow drilling by CRA Exploration to test for rare earths associated

Criteria	JORC Code explanation	Commentary
by other parties		with a carbonatite target. AusQuest has used historic data to assist with exploration program planning.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Bald Hill is a large coincident gravity and magnetic anomaly (~15sq km) with minimal outcrop. The deposit style being explored for is an iron oxide copper gold (IOCG) deposit or a mafic/ultramafic intrusion that could be prospective for Ni-Cu-PGE deposits.

Drill hole Information	• *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:*
	  ○ *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.*
		• No drilling undertaken

Data aggregation methods	• *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.*	• No drilling undertaken
Relationship between mineralisation widths and intercept lengths	• *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').*	• No drilling undertaken
Diagrams	• *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*	• Soil sample locations and selected element images are provided in the Quarterly Report (figure 3).

Criteria	JORC Code explanation	Commentary
	sectional views.	
Balanced reporting	• *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.*	• Representative reporting of assay results is included in the Quarterly Report.
Other substantive exploration data	• *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.*	• The area was selected for sampling based on geological and geophysical data interpretations by the company.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Proposals of further work will follow after a thorough analysis of the data.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AUSQUEST LIMITED

ABN	Quarter ended ("current quarter")
35 091 542 451	31 March 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A '000	Year to date (9 months) $A '000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,032)	(2,145)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(156)	(600)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11	25
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(1,177)	(2,720)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(1)	(5)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(1)	(5)
1.13	Total operating and investing cash flows (carried forward)	(1,178)	(2,725)

1.13	Total operating and investing cash flows (brought forward)	(1,178)	(2,725)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,750
1.15	Proceeds from unissued shares, options etc	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(232)
	Net financing cash flows	-	2,518
	Net increase (decrease) in cash held	(1,178)	(207)
1.20	Cash at beginning of quarter/year to date	2,516	1,545
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter / year to date**	**1,338**	**1,338**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A '000
1.23	Aggregate amount of payments to the parties included in item 1.2	65
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive directors' salaries, non-executive directors' fees and superannuation, consulting fees and rental of office space.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A '000	Amount used $A '000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	586
4.2	Development	-
4.3	Production	-
4.4	Administration	161
	Total	**747**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A '000	Previous quarter $A '000
5.1	Cash on hand and at bank	1,338	2,516
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (Money market/Term Deposit)	-	-
	Total: cash at end of quarter (item 1.22)	**1,338**	**2,516**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E63/1000		100%	Nil
6.2	Interests in mining tenements acquired or increased	Peru Cerro de Fierro A, B, C (3) Pampa de las Pulgas J, K, M to T, V to Y, AA to AF (20)		 30% 30%	 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	297,503,444	297,503,444		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	9,900,000 68,750,000	- 68,750,000	*Exercise price* 7 cents 4 cents	*Expiry date* 30 Nov 2015 30 Nov 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2014

(Company secretary)

Print name: Darren Crawte

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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