AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 31st March 2020

HIGHLIGHTS

Peru – Copper-Gold

- 7-hole/~3,200m Stage 2 scout diamond drilling program completed in February at the Cerro de Fierro IOCG Project under the Strategic Alliance Agreement (SAA) with South32, confirming widespread copper mineralisation (see ASX release 5 March 2020).
- Significant intersections from all drilling to date include 51m @ 0.31% Cu, 0.18g/t Au in CDFDD14 and 30m @ 0.43% Cu, 0.16g/t Au plus 43m @ 0.43% Cu, 0 35g/t Au plus 28m @ 0.42% Cu, 0.15g/t Au in CDFDD03.
- Strong potential for shallow copper mineralisation recognised to the south of the current drilling where copper values in excess of 1% Cu come to surface.
- Permit application for an additional 20 drill pads south of the current drilling is progressing with Government approvals expected in Q3 2020.
- Potential for shallow manto-style copper mineralisation over several square kilometres highlighted by rock sample results at the Parcoy Project. Drill permitting under the SAA is in progress.
- Age dates for alteration within the Los Otros Project suggest the potential for a buried porphyry of similar age (Palaeocene) to the giant porphyry copper deposits found nearby.

Australia – Nickel, Copper, Zinc

- Carbonatite intersected by diamond drilling at the Telegraph prospect (Balladonia Project), highlighting the potential for rare earth elements as well as base metals within the region. Assays are pending.
- Drilling at the Tangadee Zinc Project in Western Australia and the Hamilton Copper Project in north-west Queensland agreed under the Company's renewed SAA with South32.
- New tenement applications (~1,410km²) submitted to secure targets north of Perth and north of Mullewa following a report by Chalice Gold Mines (ASX: CHN) of a new high grade nickel-copper-PGE discovery at the Julimar prospect.

Corporate

- AusQuest and South32 agreed to extend the Strategic Alliance Agreement for a further two years (up to 31st December 2021) to continue the development of a pipeline of high-potential exploration opportunities in Australia and internationally. Exploration Opportunities offered by AusQuest and accepted by South32 will continue to be advanced through exploration funding provided by South32.

- The Company's cash position at the end of the Quarter was ~$3.1M with additional funding ($610,000) for new agreed programs under the SAA still to be received.

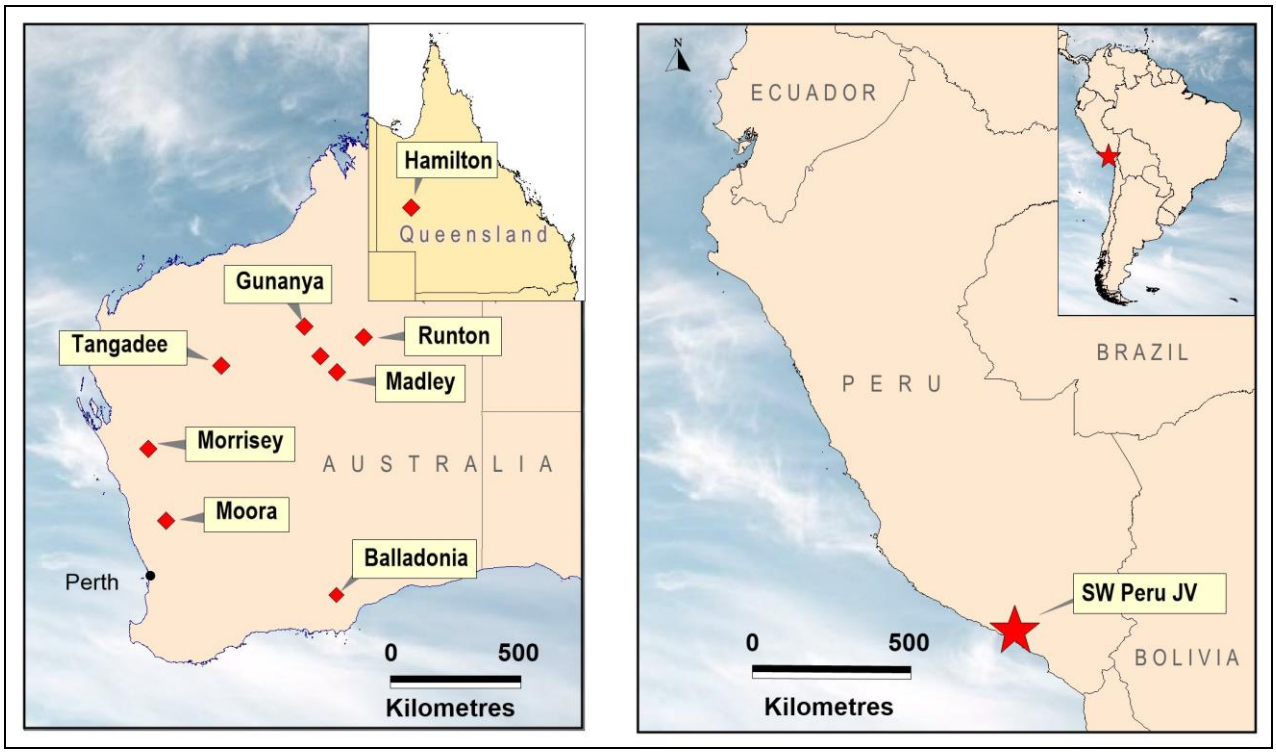

Figure 1: Project Locations – Australia and Peru

OVERVIEW

Exploration activity during the Quarter was affected by the onset of the COVID-19 pandemic which began to restrict travel between States and regions in Australia during March, and resulted in a lock-down in Peru and the imposition of a night-time curfew.

The Company continues to monitor advice from Government and health authorities with regard to restrictions imposed by COVID-19, in order to ensure the health and well-being of its employees and contractors.

During the Quarter the Stage 2 scout diamond drilling program at the Cerro de Fierro Copper-Gold Project in southern **Peru** was completed to extend copper mineralisation intersected during the Stage 1 drilling program and determine key controls that could help identify locations of higher grade and/or larger tonnages of copper within the project.

At Parcoy, mapping and rock-chip sampling programs continued until they had to be suspended due to the onset of the COVID-19 pandemic.

New drill permit applications were progressed for both the Cerro de Fierro and Parcoy Projects to enable further drilling of copper targets to be completed during Q3/Q4 2020.

In **Australia** diamond drilling was completed at the Telegraph Prospect at Balladonia within the Fraser Range region of Western

Australia and assessment of the Tangadee Zinc and Hamilton Copper Projects was completed resulting in the identification of targets for further drilling at both prospects under the Company's Strategic Alliance Agreement (SAA) with South32.

The Company also continued to pursue **new opportunities** in base metals both within Australia and offshore. Seven new tenement applications (~1,410km²) were submitted in Western Australia to secure nickel-copper targets north of Perth and north of Mullewa following the reported discovery of high grade Ni-Cu-PGE mineralisation at Julimar north of Perth, and sixteen new mineral concessions (~140km²) were submitted to secure potential strike extensions of copper (+/- gold) mineralisation being found at the Cerro de Fierro and Parcoy Projects in southern Peru.

PERU COPPER-GOLD PROJECTS

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

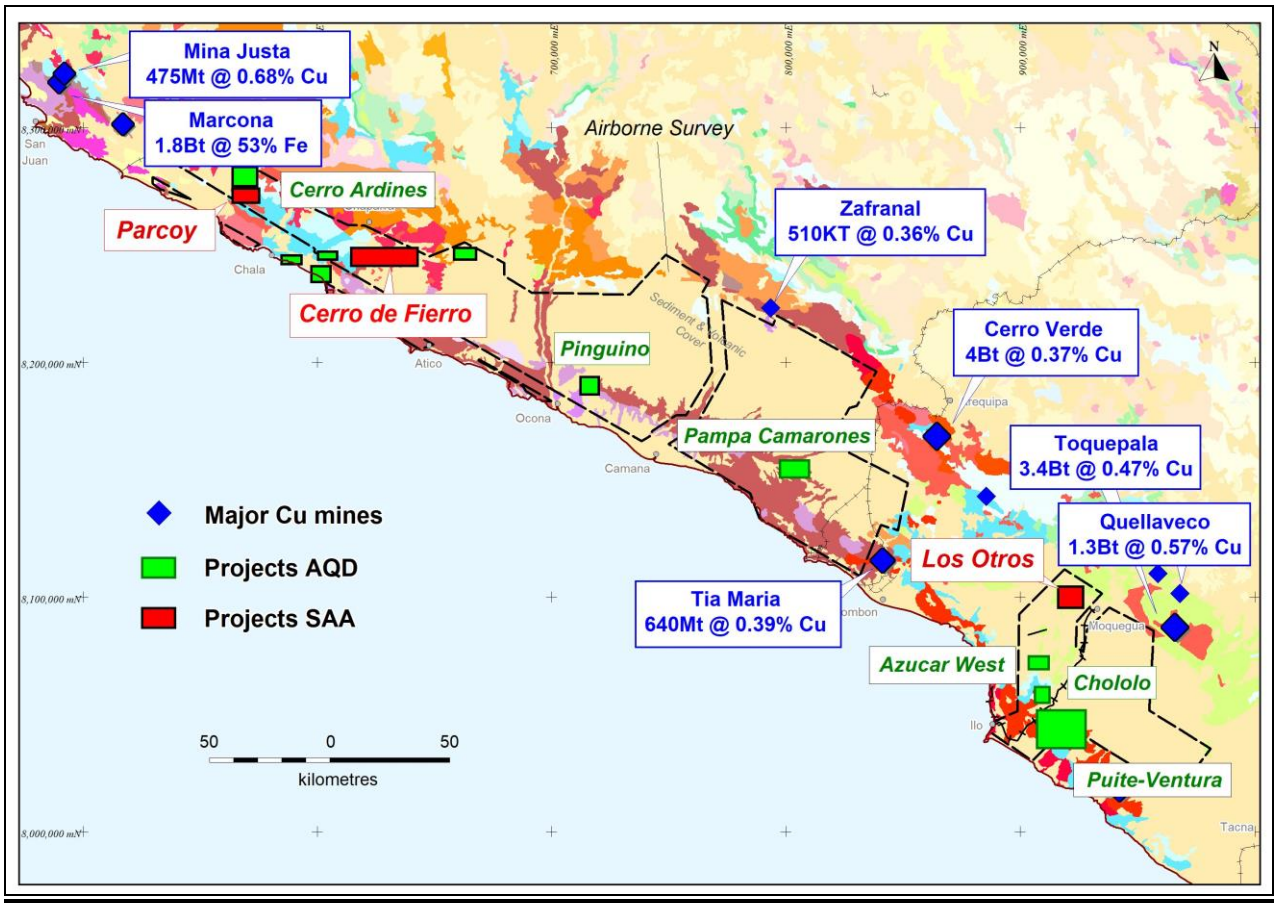

Figure 2: Project Locations – Southern Peru

<u>Cerro de Fierro IOCG</u> ***(100% AQD – South32 earning to 70%)***

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

The Stage 2 scout diamond drilling program (7 holes/~3,200m) was completed in

February as part of the ongoing assessment of this IOCG prospect (ASX release 5 March 2020). This program confirmed the widespread distribution of copper at Cerro de Fierro, significantly expanding the area of copper mineralisation as defined by the Stage 1 scout program.

Significant intersections from the Stage 2 drill program included **51m @ 0.31% Cu, 0.18g/t Au and 1.2g/t Ag (including 6m @ 1.16% Cu, 0.42g/t Au and 4.4g/t Ag**) within CDFDD14; 21m @ 0.3% Cu, 0.14g/t Au and 2.4g/t Ag within the lower portion of CDFDD09 (which terminated in the mineralised zone); and 6m @ 0.18% Cu and 0.6g/t Ag in bottom-of-hole samples from CDFDD12, suggesting that the mineralised system extends at least 500m west of hole CDFDD09.

These are in addition to intersections from the Stage 1 program which included CDFDD03 (**30m @ 0.43% Cu, 0.16g/t Au plus 43m @ 0.43% Cu, 0.35g/t Au plus 28m @ 0.42% Cu, 0.15g/t Au**), CDFDD05 (**28m @ 0.32%Cu, 0.37g/t Au**) and CDFDD06 (**7m @ 1.17%Cu, 11.2g/t Ag**) as reported to the ASX on 29 November and 19 December 2018. Significant intersections for all drill-holes completed to date are shown below in *Figure 3.*

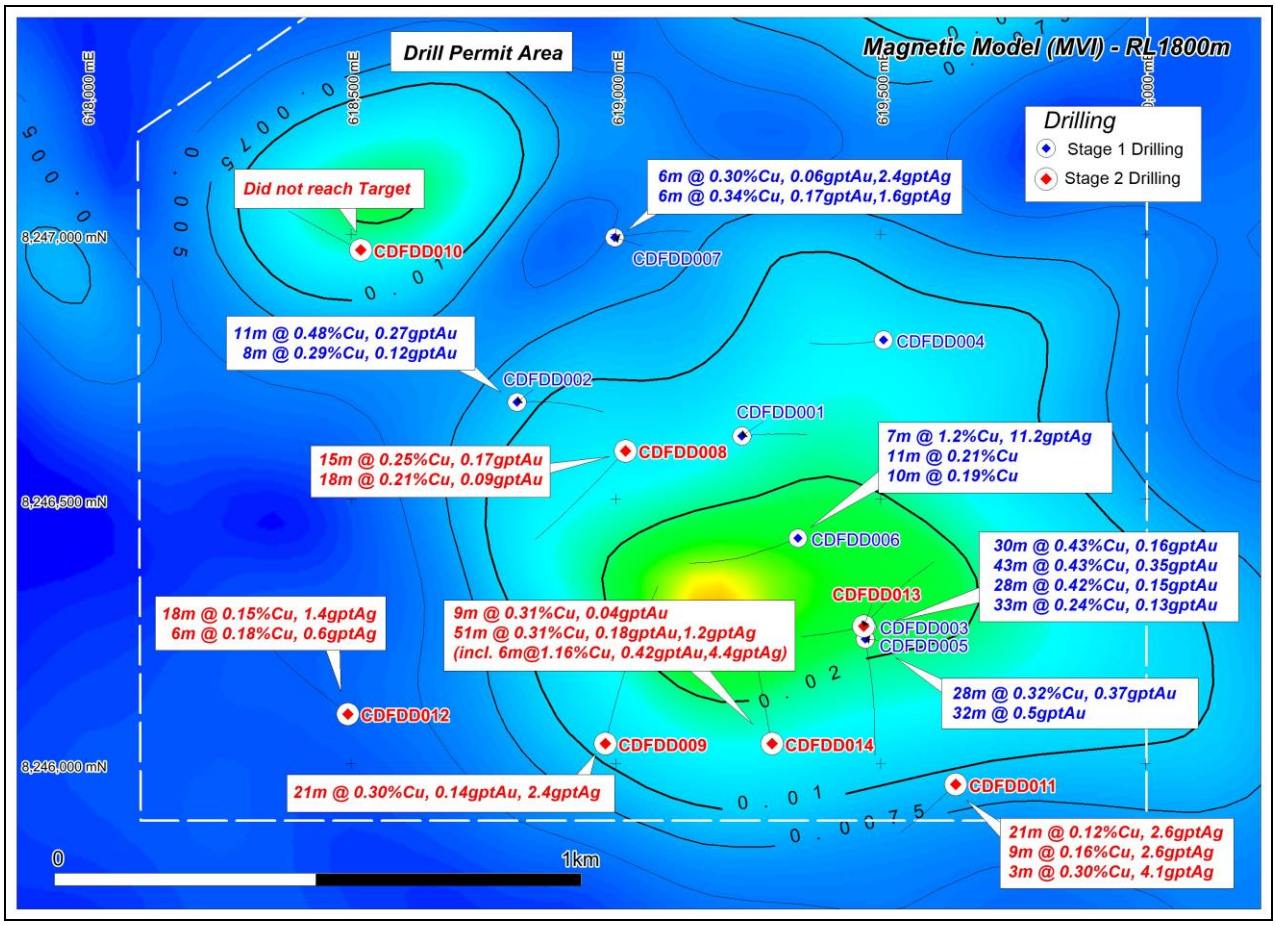

Figure 3: Cerro de Fierro prospect showing drilling results and location of drill-holes

Higher copper grades (e.g. within hole CDFDD03), appear to be closely associated with sub-vertical structures which have strongly developed fluid related crackle breccias, with chlorite infill and copper sulphides (mainly bornite and chalcopyrite). These structures are thought to reflect potential feeders which have introduced copper into the system and helped to produce sub-horizontal manto-style mineralisation within the andesitic volcanics, below a dacitic cap which has acted as a barrier to the upward migration of copper.

The definition of potentially mineralised structures is continuing with current indications suggesting that north-west trending strike slip faults are the most likely candidate, with better copper mineralisation

probably occurring within dilational jogs along these structures.

Multi-element geochemical analysis of drill core has highlighted several relationships that are being used to identify and prioritise targets within the Cerro de Fierro prospect.

Copper mineralisation is closely associated with iron and potassic alteration within the volcanics, as well as occurring marginal to anomalous levels of molybdenum (Mo), pyrite and magnetite that appear to reflect the central core of the system.

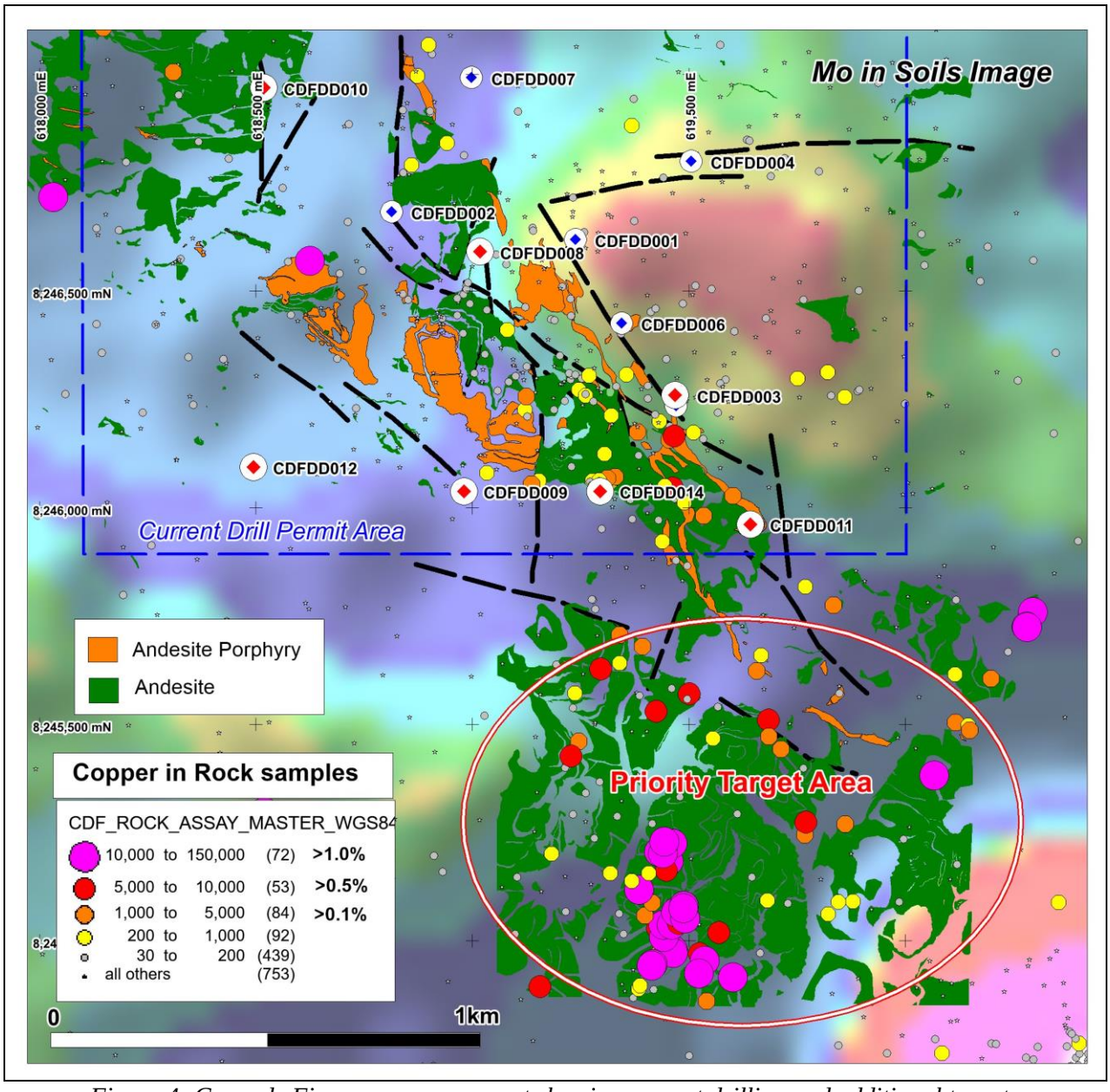

Figure 4: Cerro de Fierro copper prospect showing current drilling and additional targets

Copper (+/-Au) mineralisation is open in all directions, but importantly appears to be shallowing to the south where strong copper anomalism (>1.0% Cu) recorded in earlier rock-chip sampling occurs juxtaposed to anomalous molybdenum values in soils, providing a high-priority target for future drilling (*Figure 4*). The anomalous molybdenum values occur within highly altered shallow dipping volcanics and are thought to represent the up-dip surface expression of nearby copper manto mineralisation.

An application to increase the number of drill pads at Cerro de Fierro from 20 to 40, and enlarge the Drill Permit Area to the south and west of its current limits, has been submitted to Government. Current indications suggest that approval for the additional drilling has

been delayed until Q3 2020 as a result of the COVID-19 pandemic.

Further detailed mapping and rock-chip sampling in the area of high copper values immediately south of the current drill area commenced during the Quarter, but is currently suspended due to the Government's lock-down restrictions as a result of the COVID-19 virus.

Parcoy IOCG *(100% AQD – South32 earning to 70%)*

The Parcoy Project is located near the southern end of a recognised Iron-Oxide Copper-Gold (IOCG) metallogenic belt in southern Peru. It lies within ~100km of the Mina Justa deposit (~475Mt @ 0.68% Cu), and ~50km north-west of the Company's Cerro de Fierro Project. It is subject to an agreement with South32, which can earn a 70% interest in the project by spending a total of US$4.0 million.

During the Quarter, mapping and rock-chip sampling programs continued until field work was suspended due to the onset of the COVID-19 pandemic and restrictions imposed by the Peruvian Government. A total of ~840 rock samples have now been collected, centred on the regional scale north-west trending fault zone that cuts through the Parcoy prospect and which is known to host copper mineralisation ~6km to the south-east at the Los Chapitos Project.

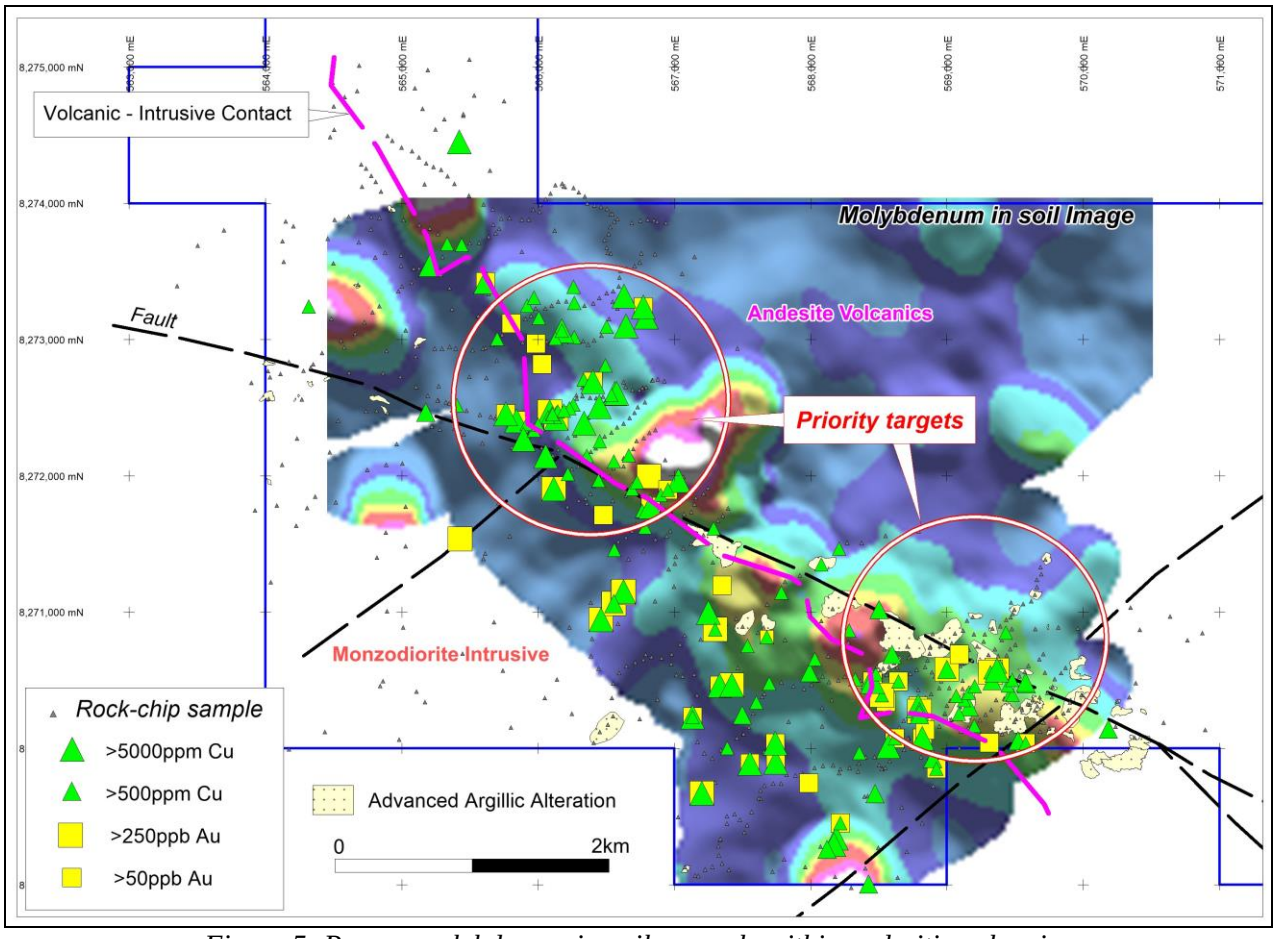

Figure 5: Parcoy molybdenum-in-soil anomaly within andesitic volcanics

This structural corridor represents a contact between monzodiorite intrusions to the south and intermediate andesitic volcanics to the north, which are similar to the volcanics that host copper mineralisation at the Company's Cerro de Fierro prospect, located ~50km to the south-west.

High-priority copper (+/- gold) anomalies originally outlined by soil sampling surveys, have been confirmed by subsequent rock chip sampling which returned numerous samples with copper values in excess of 1.0% Cu within the andesitic volcanics. High

copper values reported within the monzodiorite to the south reflect vein-style mineralisation within the intrusion but with no apparent size potential.

Anomalous copper values within the volcanics are associated with a range of indicator elements (Mo, Bi, Au, Te, Zn, Sb) that help define the upper and lower limits of the potential mineralisation, defining at least two priority target areas along the structure, each covering several square kilometres in size (*Figure 5*).

Radiometric data from the Company's proprietary airborne survey and the rock and soil geochemical data indicate that the volcanics are potassic altered, supporting the concept of manto-style IOCG mineralisation in the area.

Base-line environmental and archaeological surveys were completed during the Quarter under the Government's new approval system (FTA) for early-stage drill testing of prospects, which is aimed at providing shorter time frames for the approval process to be completed. Final drilling approval for Parcoy is expected during Q3 2020.

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

At Los Otros, Argon-Argon age dates of alunite samples collected from two areas of advanced argillic alteration (AAA) returned a date of 58.55 +/- 0.7 Ma from one of the areas sampled. This is similar to the age range reported for the giant Palaeocene copper deposits (56 to 58Ma) that occur nearby (Cuajone, Toquepala – 35km to 45 km to the east), significantly upgrading the prospectivity of the area for buried porphyries.

The recognition of Palaeocene alteration (AAA) has provided a strong focus for future work at this prospect, and a review of all previous data was initiated to identify potential targets for drilling associated with this area of alteration (~1km²) for consideration under the SAA.

New Opportunities

Reconnaissance mapping and sampling of new target areas over the Company's 100%-owned properties has been temporarily suspended due to the Government's travel restrictions to help contain the COVID-19 virus outbreak.

Further tenement applications (16 mineral concessions covering an area of ~140km²) were lodged in the Cerro de Fierro – Parcoy region to secure additional targets in this developing copper (+/- gold) region following new competitor activity in the area. Southern Copper, Freeport, Anaconda, and Oz Minerals (through joint venture) have all acquired tenement in this general area over the past six months.

Assay results from rock-chip sampling at the Pampa Camarones Project failed to identify any areas of priority interest downgrading the prospectivity of this area.

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

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

The Balladonia Project is located ~50km south of the Nova–Bollinger nickel-copper deposit. It consists of eleven Exploration Licences (four granted and seven applications) covering an area of ~2,900km² and is located within a structurally complex region of the Fraser Range Terrain. It is centred above the southern margin of a deep regional gravity anomaly (~30 milligals), which is thought to reflect buried mafic/ultramafic rocks that may be similar to those related to the formation of the Nova deposit. Many of the tenements lie within the Dundas Nature Reserve. Exploration work at Balladonia is being funded by South32.

During the Quarter, diamond drilling (four holes/~980m) was completed at the Telegraph Prospect intersecting a carbonatite intrusion beneath the intense weathering/alteration that was reported from earlier air-core and Reverse Circulation (RC)

drilling (ASX releases 20 August 2019, 7 January 2020).

Drill core samples have been submitted for analysis and full assay results are expected early in Q2 2020. A full assessment of this prospect and its regional implications will be completed once all assay data have been received.

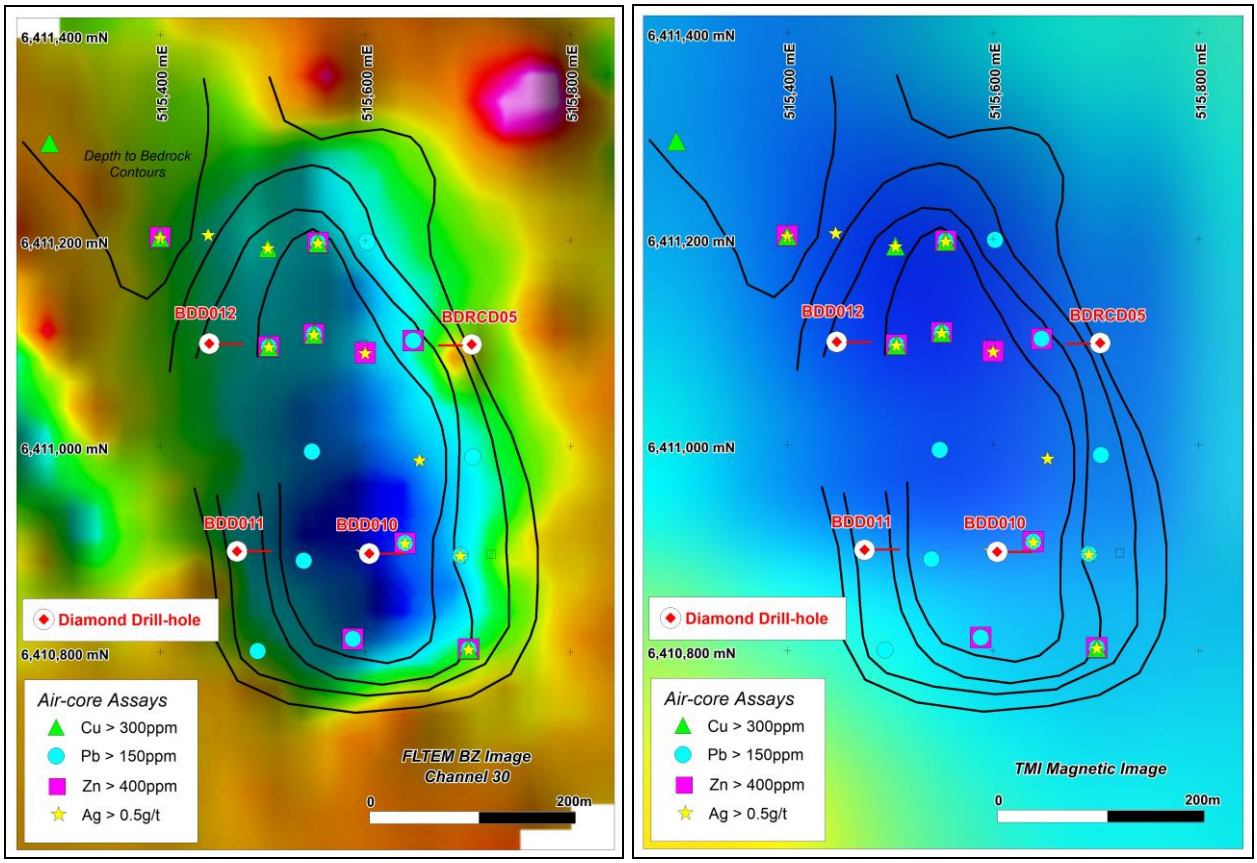

Figure 6: Telegraph Prospect showing diamond drill-hole locations

The diamond drilling program includes drilling on two sections located 200m apart to test beneath anomalous base metals (Cu, Pb, Zn and Ag) and rare earth elements (Ce, La, and Y) that occur within the intense clay/silica/pyrite alteration/weathering intersected during the earlier air-core and RC drill programs (*Figure 6*).

The carbonatite consists of a sovite core and narrow phoscorite dykes intruding a mixed sequence of felsic and mafic gneisses, typical of rock types generally found within the Fraser Range region of WA. Alteration associated with the carbonatite extends into the gneisses, making them either highly siliceous and/or potassic altered. The upper contact zone of the intrusion (fenite zone or skarn?) appears to be intact on the southern section suggesting that the intrusion did not breach the surface and may be younger than the enclosing rocks.

Down-hole electromagnetic (DHEM) surveys were completed within drill-holes BDD010 and BDD012 resulting in a possible weak to moderate conductor being identified inbetween the drill-holes. More detailed modelling of the results is in progress.

Carbonatite complexes are a major source of rare earth elements (REE) world-wide and are also known to contain base metal mineralisation (copper). The discovery of a carbonatite intrusion/complex at the Telegraph Prospect triggered a review of the Company's data base for the Balladonia Project which revealed anomalous REE in earlier drilling at the *Canterbury Prospect* some 30km to the south-east of Telegraph, suggesting that carbonatite intrusive activity occurs over a relatively large area.

Magnetic lows associated with both the Telegraph and Canterbury prospects provided a targeting mechanism for identifying other potential carbonatite intrusions within the project area (*Figure 7*).

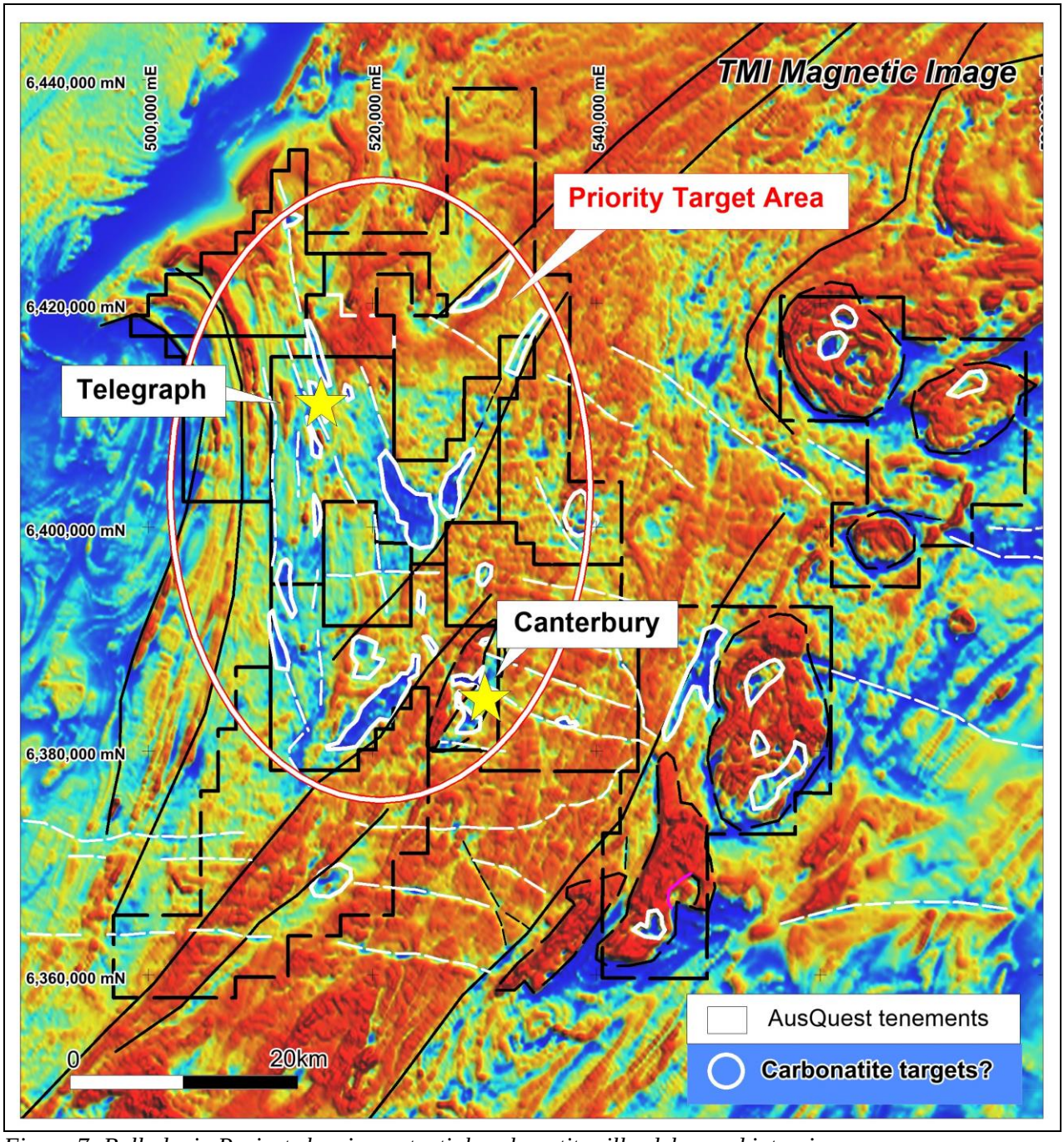

Figure 7: Balladonia Project showing potential carbonatite sills, dykes and intrusives

New tenement applications (four Exploration Licences covering an area of ~1700km²) were submitted to secure possible targets for REE and base metals pending a full evaluation of drilling results.

<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 Licences covering an area of ~520km². Exploration is targeting Iron-Oxide Copper-Gold (IOCG) mineralisation beneath the extensive cover in the region. Limited historical drilling designed to test magnetic and gravity targets has provided evidence for "near-miss" situations which will be the focus of the Company's exploration program. Exploration work at Hamilton is being funded by South32.

During the Quarter, a detailed review of the Stage 1 reconnaissance drilling program (four holes/1,447m completed in August 2019 - ASX release 30 September 2019) and historical drilling results provided new insights into the prospectivity of this area, resulting in the identification of several features suggestive of nearby copper mineralisation similar to that found at Ernest Henry copper deposit.

These features included:

- Strong potassic alteration in historical drill-holes WD02009 and WD02010, which was confirmed by re-assay of core and petrographic studies;
- Highly anomalous copper values (9m @ 1,100ppm Cu in drill-hole HMDD03) within sediments above the Proterozoic basement (at the unconformity) similar to what has been reported to occur above the Ernest Henry deposit; and
- Magnetite alteration which was confirmed by petrographic studies and defined by strong magnetic anomalies at both Hamilton and Ernest Henry, plus weak discrete gravity responses in both areas that appear to be spatially associated with the mineralisation.

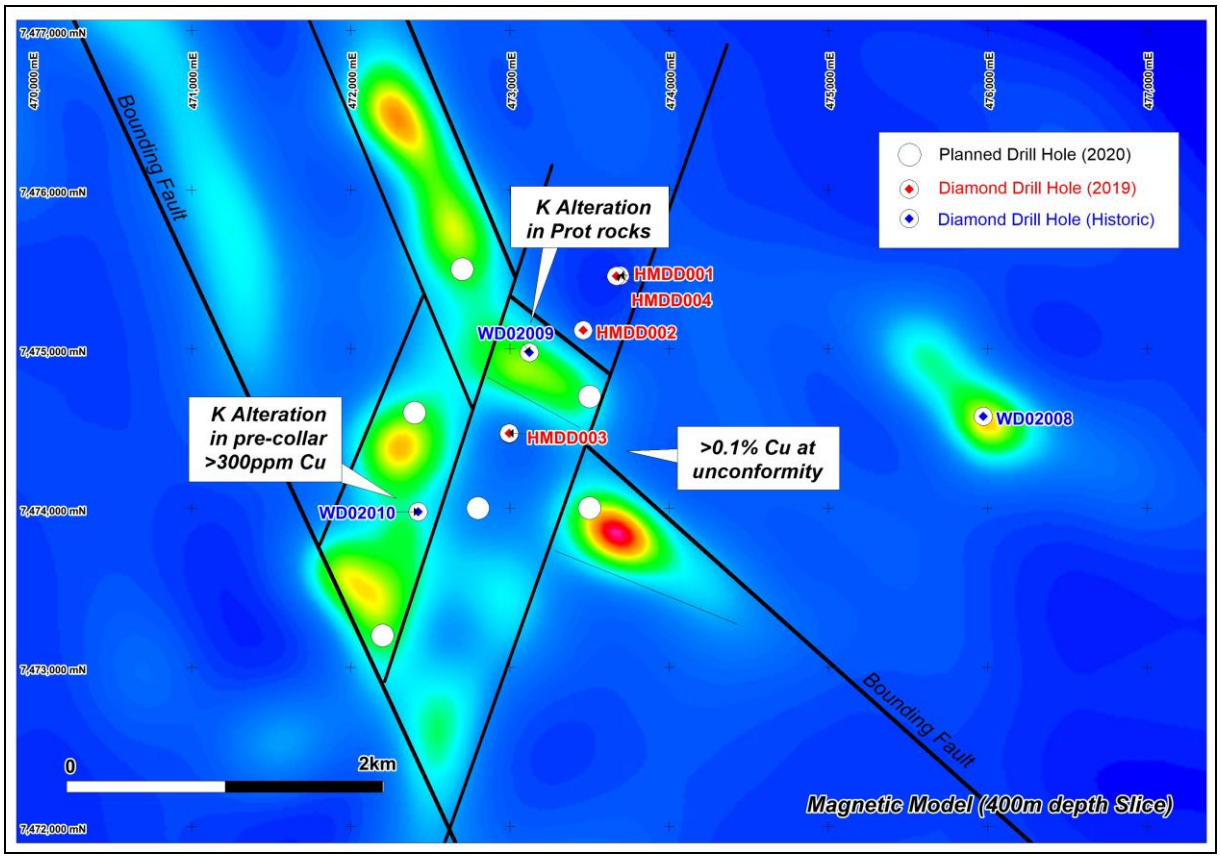

Figure 8: Hamilton Copper Prospect magnetic modelling showing proposed drill sites.

Computer modelling of aeromagnetic and gravity data was initiated, identifying priority areas for IOCG mineralisation which will be the subject of a Stage 2 drilling program (six diamond drill-holes/~1,800m) under the SAA with South32 (*Figure 8*).

This program is expected to be completed in Q3/Q4 of 2020 once travel restrictions have been lifted and all the necessary Native Title, Landowner and Government approvals have been obtained.

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

The Tangadee Zinc Project is located ~150km south-west of Newman within the Edmund Basin of WA. It consists of one Exploration Licence covering an area of ~280km². Exploration is targeting sediment-

hosted zinc mineralisation similar to deposits found in north-west Queensland. The area contains favourable host rocks, prospective large-scale structures and anomalous geochemistry in the available regional geochemical database, highlighting the potential for sediment-hosted zinc mineralisation. Exploration work at Tangadee is being funded by South32.

Soil sampling completed by the Company identified a large zinc (>1,000ppm Zn)/thallium (>5ppm Tl) anomaly within the core of a mapped synclinal structure adjacent to regional scale faulting (ASX - Quarterly Report December 2019). Shallow dips (10° to 20°) recorded in this area suggest there is potential for shallow zinc mineralisation over an area of several square kilometres within the core of the syncline, adjacent to the inferred fault (*Figure 9*).

Historical drilling approximately 6km to the east of the target area, reported a zinc intersection of 30m @ 0.75% Zn within siltstones, highlighting the prospectivity of the sedimentary package. Orientation soil sampling over the drilled section produced weak Zn and Tl responses.

A minimum drilling program of four (up to eight), wide-spaced Reverse Circulation drill-holes (~1,400m to 2,400m) has been planned to test this high-priority zinc target, once Native Title clearances and Government approvals have been obtained. It is expected that drilling should be completed in Q3/Q4 2020.

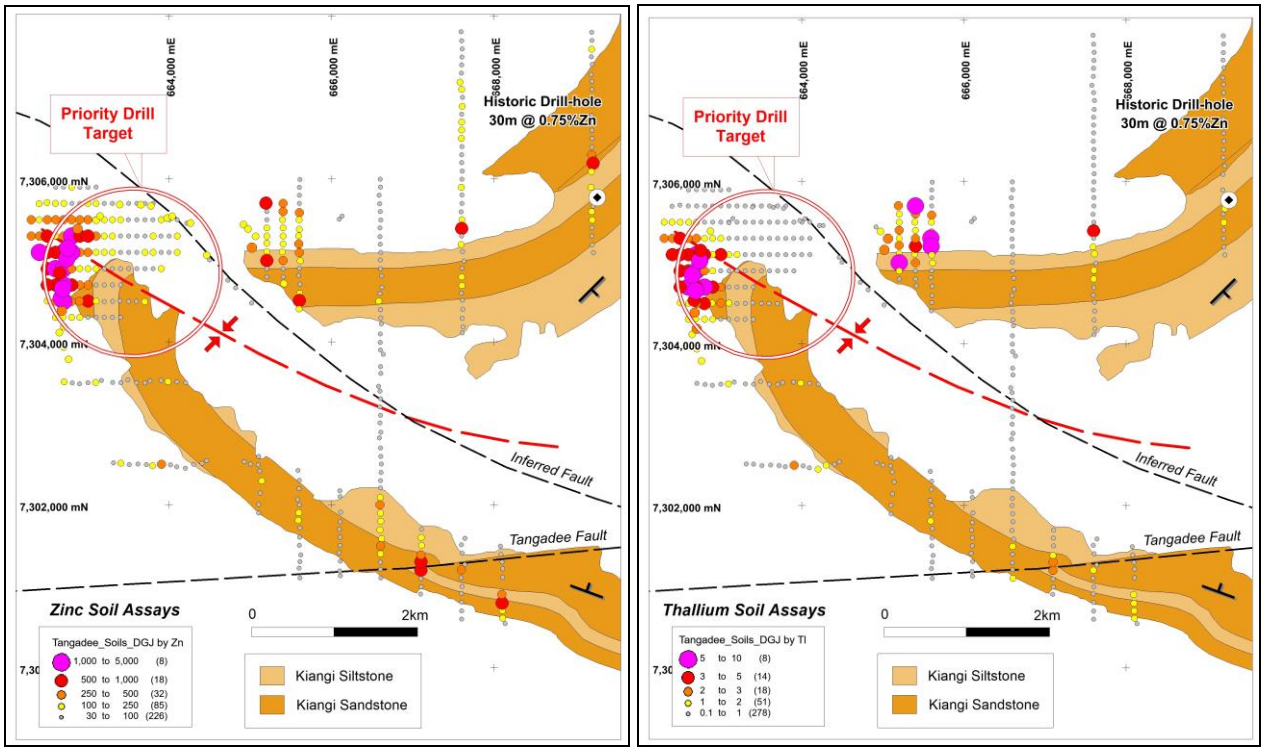

Figure 9: Tangadee Zinc Prospect showing zinc and thallium soil anomalies and drill target area.

New Opportunities

New tenement applications (Moora ~560km², Morrisey ~850km²) were submitted to secure targets north of Perth and north of Mullewa in Western Australia, following the report of a high grade nickel-copper-PGE intersection (19m @ 2.59% Ni, 1.04% Cu, 8.4g/t Pd, 1.1g/t Pt in massive and matrix/stringer sulphides) at the Julimar Prospect ~70km north of Perth by Chalice Gold Mines. The new tenements are targeting magnetic signatures similar to the one associated with the Julimar discovery (*Figure 10*).

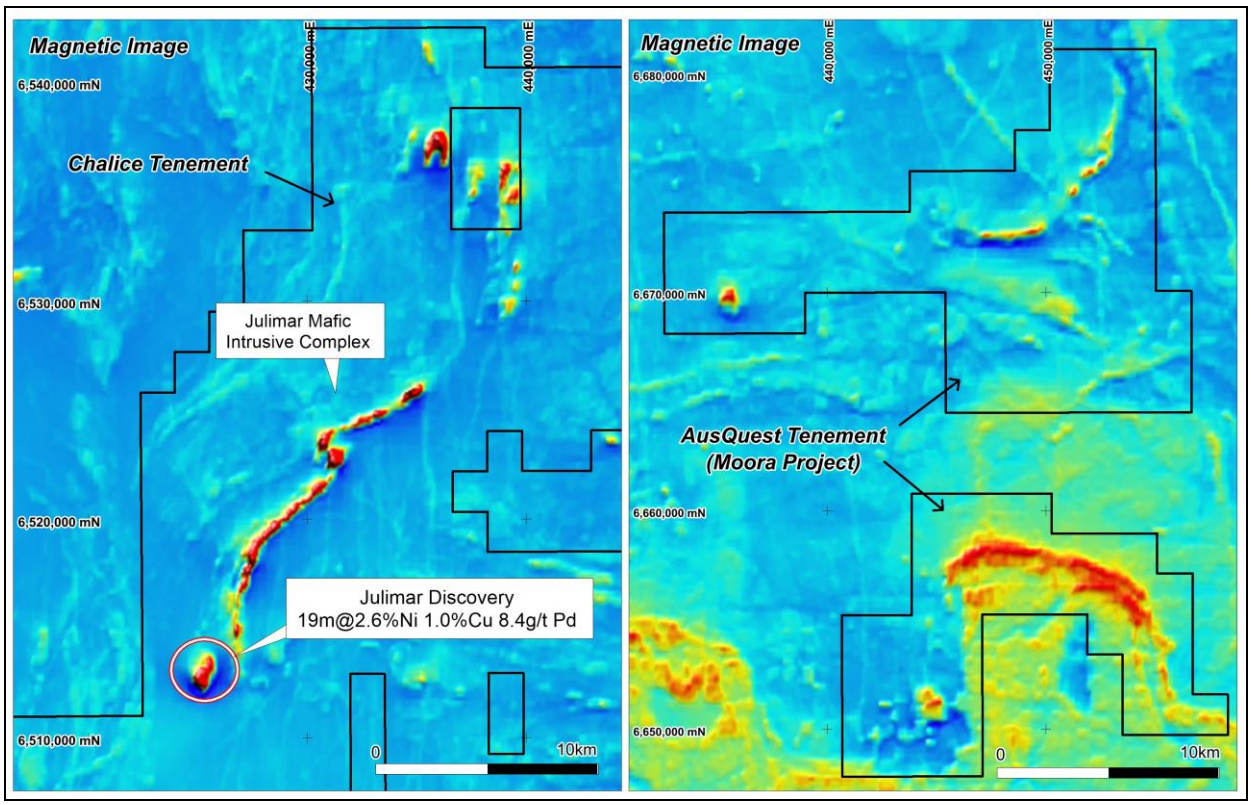

Figure 10: Comparison of aeromagnetic data over the Moora Nickel Project and the Julimar Discovery

As reported, results from the Julimar prospect highlight the potential of the South-West Terrane and possibly the Narryer Terrane north of Mullewa in Western Australia, to have under-explored potential for nickel-copper deposits associated with mafic/ultramafic intrusions that occur in these regions.

Both Terranes occur along the western margin of the Yilgarn Craton and may have similar nickel potential to the Fraser Range Region of WA (along the eastern margin of the Yilgarn) which contains the Nova Ni-Cu deposit as well as the new Mawson discovery by Legend Mining.

In the Paterson Region of Western Australia detailed aeromagnetic surveys have been planned over the Madley Project to confirm target size and depth. These surveys will be undertaken once Native Title clearance and other access approvals have been received.

The Paterson Region is considered to be highly prospective for copper and gold following the discoveries of the Winu and Havieron deposits by Rio Tinto and Greatland Gold (now Newcrest JV), which enhanced the already excellent copper-gold pedigree of the region.

CORPORATE

AusQuest and South32 agreed to extend the Strategic Alliance Agreement (SAA) for a further two years (up to 31st December 2021) to continue development of a pipeline of high-potential exploration opportunities in Australia and internationally.

Exploration Opportunities offered by AusQuest and accepted by South32 will continue to be advanced through exploration funding provided by South32.

At the drill-ready stage, South32 can elect to earn a 70% interest in each project for a total expenditure of US$4.5M, including the funds already provided to reach the drilling stage.

AusQuest will continue to manage the initial programs in consultation with South32 and will receive an administration fee equal to 15% of monies expended on all projects. The Company will also receive a US$300,000 Bonus Generation Fee provided that at least two new Exploration Opportunities are accepted by South32 in a calendar year.

Six of the Company's projects are currently Exploration Opportunities under the SAA (three in Australia and three in Peru) with three of these projects currently subject to drilling activity and one the subject of a joint venture arrangement.

During the Quarter the Company invested $1.68M in exploration and had approximately $3.1 million in cash remaining at the end of March, with additional funding ($610,000) for agreed programs under the SAA invoiced but not yet received.

The Company's Cashflow Report (Appendix 5B) for the Quarter ended 31 March 2020 is appended to this report. Payments to related parties as shown in sections 6 of this report include director salary and superannuation payments of $54,750, and payments of $12,000 for corporate consulting fees to a director.

KEY ACTIVITIES – JUNE 2020 QUARTER

- Balladonia (Ni-Cu) – Assess drill results from Telegraph and assess regional potential;
- Hamilton (Cu-Au) – Finalise access approvals for Stage 2 drilling program;
- Tangadee (Zn) – Finalise access approvals for initial RC drilling program;
- Madley (Cu-Au) – Complete aeromagnetic surveys pending access approvals;
- Moora (Ni-Cu) – Finalise Heritage Agreements to facilitate grant of title;
- Morrisey (Ni-Cu) - Finalise Heritage Agreements to facilitate grant of title;
- Peru (Cu-Au) – Progress Drill Permits for Stage 3 drilling at Cerro de Fierro;
- Peru (Cu-Au) – Complete rock sampling at Cerro de Fierro if CV19 restrictions lifted;
- Peru (Cu-Au) – Progress Drill Permits for Stage 1 drilling at Parcoy;
- Peru (Cu-Au) – Review Los Otros and identify targets for drilling consideration;
- Australia (base metals) – Finalise plans for field programs over Moora and Morrisey; and
- Peru (base metals) – Identify and advance new opportunities under the SAA.

Authorised for release on behalf of the Company by:



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 31 March 2020

Tenement	Location	Interest Held: Start of Quarter	Interest Held: End of Quarter	Registered Holder
Australia				
E69/3246	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3317	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3558	WA, Balladonia	100%	100%	AusQuest Ltd.
E69/3671	WA, Balladonia	**Nil**	**100%**	AusQuest Ltd.
E52/3603	WA, Tangadee	100%	100%	AusQuest Ltd.
E45/5394	WA, Runton	100%	100%	AusQuest Ltd
E45/5395	WA, Runton	**Nil**	**100%**	AusQuest Ltd
E69/3664	WA, Madley	100%	100%	AusQuest Ltd.
E69/3690	WA, Madley	100%	100%	AusQuest Ltd.
E45/5447	WA, Gunanya	100%	100%	AusQuest Ltd.
EPM 26681	QLD, Hamilton	100%	100%	AusQuest Ltd.
EPM 26682	QLD, Hamilton	100%	100%	AusQuest Ltd.
Peru				
Azucar West 04	Moquegua	100%	100%	Questdor SAC
Azucar West 05	Moquegua	100%	100%	Questdor SAC
Azucar West 06	Moquegua	100%	100%	Questdor SAC
Azucar West 07	Moquegua	100%	100%	Questdor SAC
Azucar West 08	Moquegua	**Nil**	**100%**	Questdor SAC
Azucar West 09	Moquegua	**Nil**	**100%**	Questdor SAC
Azucar West 10	Moquegua	100%	100%	Questdor SAC
Azucar West 12	Moquegua	100%	100%	Questdor SAC
Azucar West C	Moquegua	100%	100%	Questdor SAC
Azucar West D	Moquegua	100%	100%	Questdor SAC
Azucar West E	Moquegua	100%	100%	Questdor SAC
Cerro Ardines 01	Arequipa	100%	100%	Questdor SAC
Cerro Ardines 02	Arequipa	100%	100%	Questdor SAC
Cerro Ardines 03	Arequipa	100%	100%	Questdor SAC
Cerro Ardines 06	Arequipa	**Nil**	**100%**	Questdor SAC
Cerro Ardines 07	Arequipa	**Nil**	**100%**	Questdor SAC
Cerro Ardines 08	Arequipa	**Nil**	**100%**	Questdor SAC
Cerro Ardines 10	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro A	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro B	Arequipa	100%	100%	Questdor SAC
Cerro De Fierro C	Arequipa	100%	100%	Questdor SAC
Chololo 1	Moquegua	100%	100%	Questdor SAC
Chololo 2	Moquegua	100%	100%	Questdor SAC
Los Otros 01	Moquegua	100%	100%	Questdor SAC
Los Otros 02	Moquegua	100%	100%	Questdor SAC
Los Otros 03	Moquegua	100%	100%	Questdor SAC
Los Otros 04	Moquegua	100%	100%	Questdor SAC
Los Otros 05	Moquegua	100%	100%	Questdor SAC
Los Otros 06	Moquegua	100%	100%	Questdor SAC
Los Otros 07	Moquegua	100%	100%	Questdor SAC
Los Otros 08	Moquegua	100%	100%	Questdor SAC
Pampa Camarones 01	Arequipa	100%	100%	Questdor SAC
Pampa Camarones 02	Arequipa	100%	100%	Questdor SAC
Pampa Camarones 03	Arequipa	100%	100%	Questdor SAC
Pampa Camarones 04	Arequipa	100%	100%	Questdor SAC
Pampa Camarones 05	Arequipa	100%	100%	Questdor SAC
Pampa De Las Pulgas AF	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas J	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas K	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas O	Moquegua	100%	100%	Questdor SAC

AusQuest Limited Tenement Schedule as at 31 March 2020 - cont'd

Tenement	Location	Interest Held: Start of Quarter	Interest Held: End of Quarter	Registered Holder
Peru Cont.				
Pampa De Las Pulgas P	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas Q	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas R	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas VA	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas W	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas X	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas Y	Moquegua	100%	100%	Questdor SAC
Pampa De Las Pulgas Z	Moquegua	100%	100%	Questdor SAC
Parcoy 01	Arequipa	100%	100%	Questdor SAC
Parcoy 02	Arequipa	100%	100%	Questdor SAC
Parcoy 03	Arequipa	100%	100%	Questdor SAC
Parcoy 04	Arequipa	100%	100%	Questdor SAC
Parcoy 05	Arequipa	100%	100%	Questdor SAC
Parcoy 06	Arequipa	100%	100%	Questdor SAC
Parcoy 07	Arequipa	100%	100%	Questdor SAC
Parcoy 08	Arequipa	100%	100%	Questdor SAC
Parcoy 09	Arequipa	100%	100%	Questdor SAC
Pinguino F	Arequipa	100%	100%	Questdor SAC
Pinguino G	Arequipa	100%	100%	Questdor SAC
Pinguino H	Arequipa	100%	100%	Questdor SAC
Pinguino I	Arequipa	100%	100%	Questdor SAC
Ventura 2	Moquegua	100%	100%	Questdor SAC
Ventura 3	Moquegua/Tacna	100%	100%	Questdor SAC
Ventura 4	Moquegua/Tacna	100%	100%	Questdor SAC
Ventura 5	Moquegua	100%	100%	Questdor SAC

JORC Code, 2012 Edition – Table 1 AusQuest Rock-Chip Sampling Parcoy

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.*	• Rock chip sampling comprises the collection of rocks, usually by hammering an outcrop, with samples being of variable size and quality. • Sample locations are recorded by hand-held GPS. • Reconnaissance sampling is not systematic, with samples of potentially mineralized rock being the main focus of the program.
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).*	• Not applicable – surface sampling only
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.*	• Not applicable – surface sampling only
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.*	• Descriptions of all surface samples are recorded by the project geologist.

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 of rock-chip samples was undertaken • Approximately 2 kg of rock was collected from each site sampled which is regarded as representative of the outcrop being sampled • Mineralised and altered rocks plus systematic sampling of the various rock types within the project were targeted by this program.
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.*	• Rock chip samples are crushed and pulverized to 85% minus 75 microns, then a representative sub-sample is collected for digestion using a 4 acid digest, followed by analysis by ICP-MS and/or AES 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. • Gold are assayed by 30gm fire assay with AAS finish. • Assays are provided by ALS del Peru in Lima which is a certified laboratory for mineral analyses. Analytical data is transferred to the company via email. • In laboratory QAQC data is reviewed for all assay jobs. Blanks and standards are included with all sample batches.
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.*	• Rock-chip sampling is compiled into Excel spreadsheets for merging with assay data when it becomes available. • 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 estimation.*	• Sample locations are recorded using GPS to within 5 metres accuracy. • The grid projection used is WGS 84 - Zone 18S

Criteria	JORC Code explanation	Commentary
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Topographic control is obtained from GPS readings or topographic maps and is considered adequate for current needs
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.
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.*	• Not applicable to reconnaissance rock chip sampling
Sample security	• *The measures taken to ensure sample security.*	• Samples are securely tied/sealed in the field, followed by packing into larger sealed plastic bags for transport to the laboratory.
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 Parcoy project is located approximately 25 km north of the town of Chala in the south of Peru. • The Parcoy project comprises 5 mineral concession applications. • The tenements are held by Questdor which is a 100% subsidiary of AusQuest Limited. • There are no major heritage issues to prevent access to the tenements during surface exploration activities. Permits to drill are required including environmental, water and land access involving community consultations. • The Parcoy project is subject to a Strategic Alliance Agreement with South32.

Criteria	JORC Code explanation	Commentary
		• A renegotiable surface agreement contract (2yrs) has been signed with the local community to allow access.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No public reporting of exploration data is required in Peru. • Camino Resources have reported copper intersections from their Los Chapitos prospect which is located approximately 6km to the south east.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The deposit styles being explored for are porphyry copper and gold and IOCG manto style deposits, which are large scale disseminated copper (and gold) deposits found within orogenic belts that surround the Pacific Rim. These deposits can be large in size requiring significant drilling to evaluate.

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.*
		• Not applicable – surface sampling only

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.*	• Not applicable – surface sampling only.
Relationship between	• *These relationships are particularly important in the reporting of Exploration Results.*	• Not applicable – surface sampling only

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	• *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').*	
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 sectional views.*	• Sample locations included on plan in ASX release.
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.*	• Assay ranges and highlights provided on the plan in ASX release.
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 be determined after a thorough analysis of the data.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AusQuest Limited

ABN	Quarter ended ("current quarter")
35 091 542 451	**31 March 2020**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	153	465
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(62)	(149)
	(e) administration and corporate costs	(368)	(783)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(1)	(5)
1.6	Income taxes refunded	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material):	-	-
	- Funding received from South 32 under the Strategic Alliance Agreement	599	3,936
	- R&D Refund	866	866
1.9	**Net cash from / (used in) operating activities**	**1,188**	**4,332**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(19)
	(d) exploration & evaluation (if capitalised)	(1,684)	(4,836)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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**	**(1,684)**	**(4,855)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from performance shares (excluding convertible debt securities)	-	1,778
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(115)
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**	**-**	**1,663**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,456	1,817
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,188	4,332
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,684)	(4,855)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,663

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	185	188
4.6	**Cash and cash equivalents at end of period**	**3,145**	**3,145**

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	3,145	3,456
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)**	**3,145**	**3,456**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	29
6.2	Aggregate amount of payments to related parties and their associates included in item 2	38

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	-

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,188
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(1,684)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(496)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,145
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,145
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	6

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:
N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:
N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:
N/A

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.

Date: 30 April 2020

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.