AUSQUEST LIMITED

ABN 35 091 542 451

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT AND

PROXY FORM

TIME: 10.30 am (WST)

DATE: 20 November 2019

PLACE: Heritage Room,
South of Perth Yacht Club,
Applecross, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9463 2463.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (WST) on 20 November 2019 at:

Heritage Room,
South of Perth Yacht Club,
Applecross, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

(a) post to AusQuest Limited, 8 Kearns Crescent, Ardross WA 6153; or

(b) facsimile to the Company on facsimile number +61 8 9364 4892: or

(c) email to the Company at proxy@ausquest.com.au

so that it is received not later than 10.30 am (WST) on 18 November 2019.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.30 am (WST) on 20 November 2019 at The Heritage Room, South of Perth Yacht Club, Applecross, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 18 November 2019.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2019.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2019 be adopted".

Short Explanation: The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: A vote on this resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

(a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;

(b) a closely related party of such a member.

However any of those persons may cast a vote on the resolution if:

(a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and

(b) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this advisory Resolution. The Chairman, as one of the Key Management Personnel of the Company, is not permitted to cast any votes in respect of this advisory Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

3. RESOLUTION 2 – RE-ELECTION OF MR CHRISTOPHER ELLIS AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, Mr Christopher Ellis, a director of the Company who retires in accordance with clause 3.6 of the Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company".

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SECURITIES – LISTING RULE 7.1

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 35,714,286 Placement Shares with 35,714,286 free-attaching Placement Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass the following, with or without amendment, as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by a person (and any associates of such a person) who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 17 OCTOBER 2019

BY ORDER OF THE BOARD
HENKO VOS
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:30 am (WST) on 20 November 2019 at The Heritage Room, South of Perth Yacht Club, Applecross Western Australia.

The purpose of this Explanatory Statement is to provide information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2019 Annual Report is available at www.ausquest.com.au. Those shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

(a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
(b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
(c) sets out remuneration details for each Director and each of the Company's executives named in the Remuneration Report for the financial year ended 30 June 2019.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must stand for re-election. Voting on this resolution will be determined by a poll at the meeting rather than a show of hands. Shareholders voted in favour of the Remuneration Report at the 2018 AGM.

Undirected proxies

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation to vote the proxy in accordance with the Chairman's intention.

Any undirected proxies held by any other key management personnel or any of their closely related parties will not be voted on this resolution.

Key management personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2019. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF MR CHRISTOPHER ELLIS AS A DIRECTOR

ASX Listing Rule 14.4 and Clause 3.6 of the Constitution provide that a re-election of Directors must be held at each annual general meeting. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. Mr Ellis retires from office in accordance with these requirements and being eligible, offers himself for re-election by shareholders as a director of the Company, with effect from the end of the meeting.

Mr Ellis is an experienced mining executive with over 30 years' experience in geology, exploration, mine planning and project development in Australia and overseas. He was a founding member and Executive Director of Excel Coal Limited which was the subject of a take-over bid by the US coal giant Peabody Energy Inc, and has held senior positions within Shell Coal's Exploration, BP Coal (London and USA), Agipcoal Australia and the Stratford Joint Venture. Mr Ellis is also an executive director of King Island Scheelite Limited.

The Board unanimously recommends that shareholders vote in favour of the re-election of Mr Ellis as a director.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SECURITIES – LISTING RULE 7.1

4.1 General

On 16 October 2019, the Company announced a 1 for 4 non-renounceable pro-rata rights issue for new ordinary shares at an issue price of $0.014 per new share with an attaching 1:1 option to raise approximately $1.9 million (Rights Offer). In addition, the Company announced it would undertake a Placement pursuant to its available ASX Listing Rule 7.1 capacity to raise up to $500,000 by the issue of up to 35,714,286 Placement Shares and 35,714,286 free attaching Placement Options (Placement Securities) on the same terms and conditions of the Rights Offer.

At the date of this Notice, the Placement Shares and Placement Options have not yet been issued. With reference to the indicative timetable in the Company's Prospectus dated 16 October 2019 and lodged with ASIC and ASX on that date, the Company anticipates that the Placement Securities will be issued on or around 25 October 2019.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Securities (Ratification).

A summary of the terms of the Placement Options is set out in Annexure A. These are the same terms as the options to be issued under the Rights Offer.

Description of ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

a) up to 35,714,286 Placement Shares and 35,714,286 free attaching Placement Options;

b) the issue price is $0.14 per Placement Share which includes a free attaching Placement Option;

c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

The Placement Options have an exercise price of $0.025 and an expiry date of 30 November 2021. The full terms of the Placement Options are set out in Annexure A to this Notice;

d) the names of the allottees of the Placement Securities are not known at the date of this Notice. The Placement Securities will be issued to sophisticated and professional investors and will be introduced to the Company by Hartleys Limited, Lead Manager for the Placement and Rights Offer as announced to the ASX on 16 October 2019. None of the subscribers are related parties of the Company;

e) a voting exclusion statement is included in the Notice; and

f) the Company plans to use the funds raised from the Rights Offer (up to approximately $1.9 million), together with the $500,000 to be raised under the Placement the subject of Resolution 3, in accordance with the table below which sets out the indicative use of funds if the Rights Offer are fully subscribed:

Use of funds	Amount
Exploration and evaluation activities (1)	$1,750,000
General working capital	$503,500
Costs of the Offers and Placement	$169,067
Total	**$2,422,567**

Notes:

1. Exploration programs over selected projects in Australia and Peru to advance them as potential new opportunities under the South32 Strategic Alliance Agreement or as 100% owned AusQuest prospects comprising:

- Exploration programs (magnetics/EM) at the Runton, Madley and Gunanya Projects within the Paterson Province of Western Australia
- Geochemical and geophysical surveys over prospects (Pampa Camarones, Ventura, Cerro Ardines, Pinguino, Azucar West) identified in southern Peru as having potential for buried IOCG and/or porphyry copper mineralisation
- Identification of new exploration opportunities.

The information set out in the above table is a statement of present intention as at the date of this Notice. As with any budget, the exact amount of funds spent by the Company and how the funds are ultimately applied, may change depending on intervening events and new circumstances which cannot be ascertained as at the date of this Notice, including market conditions, the development of new opportunities and a number of other factors. There is no guarantee that the funds raised will be sufficient to enable the Company to achieve its stated objectives. The Company and the Directors reserve the right to alter the way and the amount in which the funds raised will be applied, particularly if the Rights Offer are not fully subscribed.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

5.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of $300 million or less. The Company is an eligible entity. The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).
The Directors of the Company believe that Resolution 4 is in the best interests of the Company because if exploration success is encountered at its Australian or Peruvian projects in particular, over the next 12 months, this resolution provides the ability for the Company to raise additional funds quickly. The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

5.2 Description of Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, namely quoted Shares and unquoted Options.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid shares that became fully paid in the 12 months;

(c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has on issue 549,305,061 Shares, meaning the Company has the capacity to issue:

(i) 82,395,759 Equity Securities under Listing Rule 7.1; and

(ii) 54,930,506 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

5.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) Minimum Issue Price

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

Risk of economic and voting dilution

If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Unlisted Options, only if the Unlisted Options are exercised). There is a risk that:

(i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

(i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and

(ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		$0.007 **50% decrease in Issue Price**	$0.014 **Issue Price**	$0.021 **50% increase in Issue Price**
Current Variable A 549,305,061 Shares	**10% Voting Dilution**	54,930,506 shares	54,930,506 shares	54,930,506 shares
	Funds raised	$384,514	$769,027	$1,153,541
50% increase in current Variable A 823,957,592 Shares	**10% Voting Dilution**	82,395,759 shares	82,395,759 shares	82,395,759 shares
	Funds raised	$576,770	$1,153,541	$1,730,311
100% increase in current Variable A 1,098,610,122 Shares	**10% Voting Dilution**	109,861,012 shares	109,861,012 shares	109,861,012 shares
	Funds raised	$769,027	$1,538,054	$2,307,081

The table has been prepared on the following assumptions:

(i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
(ii) No unlisted Options are exercised into Shares before the date of the issue of the Equity Securities.
(iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
(iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
(v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
(vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Unlisted Options, it is assumed that those Unlisted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
(vii) The issue price is $0.014, being the closing price of the Shares on ASX on 16 October 2019.

(b) Period within which the 10% Placement Facility can be implemented

The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(c) Purpose for which the 10% Placement Facility may be implemented

The Company may seek to issue the Equity Securities for the following purposes:

(i) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

(ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new resource assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(d) Allocation policy when the 10% Placement Facility may be implemented

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

(i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;

(ii) the effect of the issue of the Equity Securities on the control of the Company;

(iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice. However, the recipients of Equity Securities could consist of current Shareholders and/or new Shareholders (or both), none of whom will be related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(e) Voting Exclusions

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2019 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting.

(g) Prior Approvals under Listing Rule 7.1A

The Company has previously obtained Shareholder approval under ASX listing Rule 7.1A at its annual general meeting held on 21 November 2018. In accordance with Listing Rule 7.3 A.6 the total number of Equity Securities issued in the 12 months preceding the date of this meeting is 94,167,877 (subject to finalisation of the Placement as contemplated under Resolution 3) representing approximately 16.5% of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following Equity Securities in the 12 months preceding the date of this meeting:

Date of Issue	22 Nov 2018	22 Nov 2018	30 May 2019	Expected to be 25 October 2019
Number of Securities	20,239,305	2,000,000	500,000	Up to 71,428,572
Class	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	1) Up to 35,714,286 Fully paid ordinary shares 2) Up to 35,714,286 Listed options
Issue Price	$0.02 per share (deemed)	$0.011 per share (deemed)	$0.015 per share (deemed)	1) $0.014 2) Nil (free-attaching)

Terms of Class / Issue	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company	1) Same as existing fully paid ordinary shares previously issued by the Company 2) Listed options exercisable at $0.025 expiring 30 November 2021
Discount to Market Price at date of issue	N/A (The share price on the date of issue was $0.02).	The share price on the date of issue was $0.02, being a deemed discount of $0.009. This represents a discount of 45% to the market price on the date of issue.	The share price on the date of issue was $0.013. This represents a premium of $0.002 or 15.4% to the market price on the date of issue.	The share price on the date of issue is not known at the date of this Notice however, the share price on the last day of trading prior to announcing the Placement was $0.018 which represents a discount of $0.004 or 22% to that price.
Total cash consideration	Nil	Nil	Nil	$500,000
Use of cash consideration	N/A	N/A	N/A	Exploration programs over selected projects in Australia and Peru and general working capital (funds is expected to be received on or around 25 October 2019 and accordingly has not been used at the date of this Notice.
Total non-cash consideration paid and current value	Shares issued as approved by shareholders at the Company's AGM on 21 November 2018. 20,239,305 ordinary shares at $0.02 per share to convert $404,786 of the Lender's Convertible Note.	Issued in lieu of a cash payment for geological consulting services (total deemed value at date of issue of $22,000 with a current value at the date of this Notice of $30,000 given a share price of $0.015 per share).	Issued in lieu of a cash payment for geological consulting services (total deemed value at date of issue of $7,500 with a current value at the date of this Notice of $7,500 given a share price of $0.015 per share).	N/A
Allottees of Equity Securities issued or Basis of Issue	Chrysalis Investments Pty Ltd, a company associated with Christopher Ellis (a director of the Company).	Peter Walker (Issued pursuant to service consultancy agreement).	Peter Walker (Issued pursuant to service consultancy agreement).	Various sophisticated and professional investors introduced by Hartleys Limited, who acted as the lead manager for the Rights Offer and Placement. The names of the allottees are not known at the date of this Notice. None of the subscribers are related parties of the Company.

GLOSSARY

$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means AusQuest Limited (ABN 35 091 542 451).

Constitution means the Company's Constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current Directors of the Company.

Rights Offer means the Company's 1 for 4 non-renounceable pro-rata entitlement offer for new ordinary shares at an issue price of $0.014 per new share with an attaching 1:1 option to raise approximately $1.9 million as announced on the ASX on 16 October 2019.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Lender means Chrysalis Investments Pty Ltd ACN 064 046 224, a company controlled by Director Mr Chris Ellis.

Placement Securities means the Placement Shares and the Placement Options.

Placement Shares means the Shares issued or to be issued to professional and sophisticated investors on or around 25 October 2019 at an issue price of $0.014 per Share to raise up to $500,000.

Placement Options means the free attaching option attached to every Placement Share with terms as set out in Annexure A of this Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the explanatory statement.

Related Party is defined in section 228 of the Corporations Act

Remuneration Report means the remuneration report in the Directors' Report section of the Company's Annual Report.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A

Terms of Placement Options

The key terms of the Options are as follows:

(a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**: The amount payable upon exercise of each Option will be $0.025 (**Exercise Price**).

(c) **Expiry Date**: Each Option will expire at 5.00pm AWST on 30 November 2021 (**Expiry Date).** The Options may be exercised at any time on or prior to the Expiry Date (**Exercise Period**) upon payment of the Exercise Price per Option. Options not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.

(d) **Transferable**: The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(e) **Quotation of Options:** The Company will seek to have the Options quoted by ASX.

(f) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by cheque or electronic funds transfer or other means of payment acceptable to the Company.

The Options may be exercised in whole or in part. If exercised in part, multiples of 50,000 must be exercised on each occasion, unless the holder holds a smaller number of Options and exercises all of those Options at the same time.

(g) **Exercise Date:** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing and issue of Shares on exercise:** Within 15 Business Days of the Exercise Date, the Company will:

(i) issue the Shares pursuant to the exercise of the Options as specified in the Notice of Exercise in accordance with these terms and conditions;

(ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options, if the Shares are admitted to the official list of ASX at the time.

(i) **Shares issued on exercise:** Shares issued on exercise of Options rank equally with the then issued Shares of the Company.

(j) **Participation rights:** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. The Company must give the holder of Options notice of the proposed terms of issue or offer in accordance with the ASX Listing Rules.

(k) **Change in exercise price:** An Option does not confer a right to a change in the Exercise Price of the Option or a change to the number of Shares over which the Option can be exercised.

(l) **Reconstruction:** If there is any reconstruction (including a consolidation, subdivision, reduction or return) of the issued share capital of the Company prior to the Expiry Date, the rights of the Option holders will be changed in a manner determined by the Board to the extent necessary to comply with the provisions of the ASX Listing Rules and the Corporations Act applying to a reconstruction of capital at the time of the reconstruction.

(m) **Voting**: An Option does not confer on the holder the right to vote at general meetings of the Company.

AUSQUEST LIMITED

ABN 35 091 542 451

PROXY FORM

Ph (+61 8) 9364 3866/Fax (+61 8) 9364 4892

The Company Secretary
AusQuest Limited
8 Kearns Crescent,
Ardross WA 6153

ANNUAL GENERAL MEETING

I/We _____

being a member(s) of AusQuest Limited and entitled to attend and vote at the Annual General Meeting, hereby

Appoint _____

Name of Proxy

OR ☐ Mark this box if you wish to appoint the Chair of the Annual General Meeting as your proxy

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of the Company to be held at 10.30 am (WST), on 20 November 2019 at The Heritage Room, South of Perth Yacht Club, Applecross, Western Australia, and at any adjournment thereof.

Important for Resolutions 1:
The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 even if the Chairman has an interest in Resolutions 1 which is connected directly with the remuneration of Key Management Personnel.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chair of the Meeting intends to vote all undirected proxies, which the Chairman is entitled to vote, in favour of each item of business.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of the Remuneration Report	☐	☐	☐
Resolution 2 – Re-election of Mr Christopher Ellis as a Director	☐	☐	☐
Resolution 3 – Ratification of Prior Issue of Placement Securities – Listing Rule 7.1	☐	☐	☐
Resolution 4 – Approval of 10% Placement Facility	☐	☐	☐

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signed this day of 2019

By: Individuals and joint holders Companies (affix common seal if appropriate)

Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

AUSQUEST LIMITED (ABN 35 091 542 451) **INSTRUCTIONS FOR COMPLETING PROXY FORM**

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a shareholder of the Company.

2. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company. A proxy may be an individual or a body corporate.

   If your appointment of a proxy specifies the way the proxy is to vote on a particular resolution and your appointed proxy is not the Chairman of the meeting and at the meeting a poll is duly demanded on the question that the resolution be passed, then if either your proxy is not recorded as attending the meeting (if a record of attendance is made) or your proxy does not vote on the resolution, the Chairman is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution at that meeting.

3. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction, unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate place. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

   If you direct your proxy how to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so, the proxy must vote as directed. If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands. If the proxy is the Chairman, the proxy must vote on a poll, and must vote as directed and if the proxy is not the Chairman, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed. If any member of the Key Management Personnel of the Company, other than the Chairman of the Meeting, or a Closely Related Party of a member of the Key Management Personnel is your nominated proxy and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report), that person will not cast any votes on Resolution 1.

4. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.

5. Where a Proxy Form of a corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.

6. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - 2 directors of the company;
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary – that director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to AusQuest Limited, 8 Kearns Crescent, Ardross WA 6153; or
   (b) facsimile to the Company on facsimile number +61 8 9364 4892; or
   (c) email to the Company at proxy@ausquest.com.au

   so that it is received not later than 10.30 am (WST) on 18 November 2019.

   Proxy forms received later than this time will be invalid.