AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 31st December 2019

HIGHLIGHTS

Peru – Copper-Gold

- ~2,600m Stage 2 scout diamond drilling program commenced at the Cerro de Fierro IOCG Project under the Strategic Alliance Agreement (SAA) with South32.
- Visible copper mineralisation intersected in variable amounts in three of the four drill-holes completed to date. Final assay results for all drill-holes expected during February 2020.
- Permit application for an additional 20 drill pads south of the current drilling at Cerro de Fierro submitted in mid-December.
- Further rock and soil sampling at the Parcoy Project, located 50km north-west of Cerro de Fierro, extended the anomalous copper (+/- gold) target areas with drill permitting initiated under the SAA.

Australia – Nickel, Copper, Zinc

- Reverse Circulation (RC) drilling at the Telegraph Prospect (Balladonia) confirmed alteration to depths of more than 100m over the ~500m x 200m target area.
- Highly anomalous metal values (Cu, Pb, Zn and Ag) reported from RC drilling within the alteration zone, highlighting the potential of the base metal target. Diamond drilling planned for February 2020, subject to bushfire activity in the area.
- Priority target for sediment-hosted zinc mineralisation outlined by surface sampling at the Tangadee Zinc Project in WA, undertaken under the SAA with South32.
- Titles granted over five prospects (Gunanya, Madley(3) and Runton) in the Paterson Range region of WA, allowing field work to commence in 2020.

Corporate

- Quarter-end cash position of ~$3.4M following a successful Placement ($0.5M) and Rights Issue to shareholders ($1.28M) in November 2019.

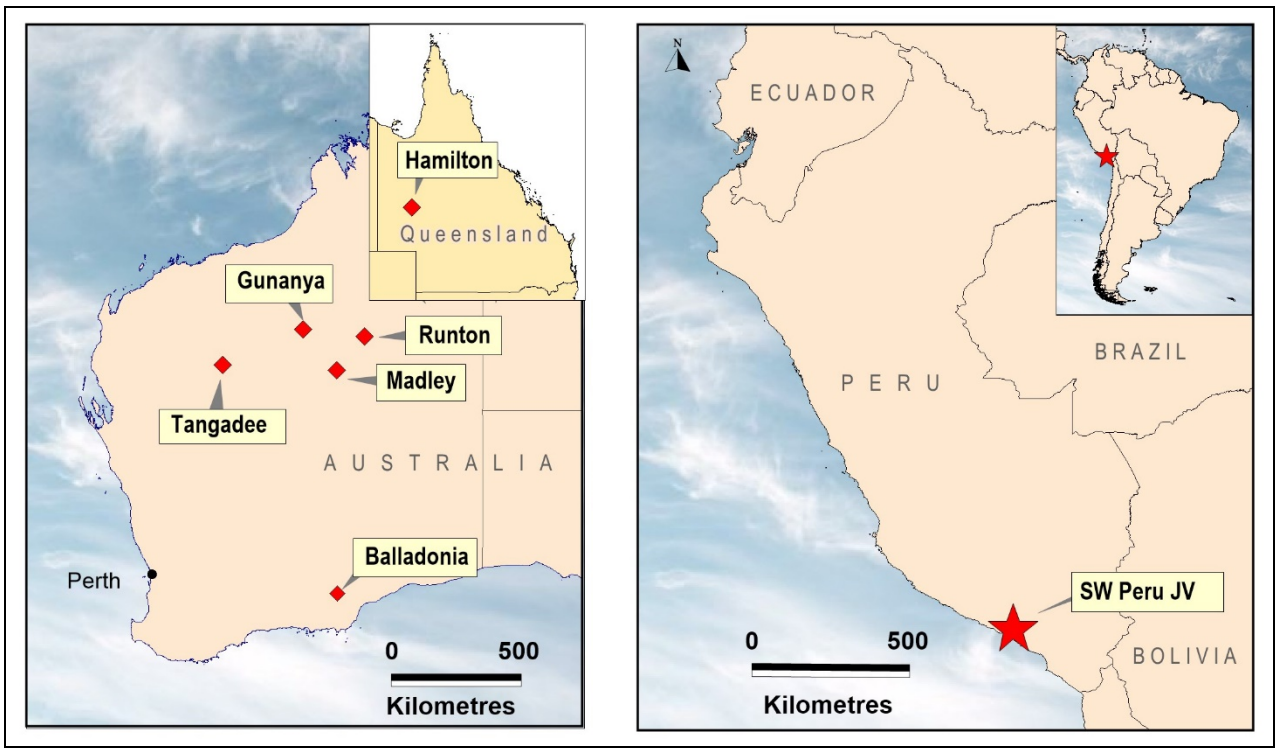

Figure 1: Project Locations – Australia and Peru

OVERVIEW

The key focus of exploration activity during the Quarter was:

- The commencement of the Stage 2 scout diamond drilling program at the Cerro de Fierro Copper-Gold Project in southern Peru, the submission of new drill permit applications at Cerro de Fierro and the definition of potential drill targets at the Parcoy Project; and

- The commencement of target drilling at the Telegraph base metal prospect at the Balladonia Project in Western Australia, and the assessment of the Tangadee and Hamilton Projects under the Company's Strategic Alliance Agreement (SAA) with South32.

In **Peru**, the Stage 2 drilling program at the Cerro de Fierro Project commenced in mid-November to test a range of possible targets as well as to determine the controls on copper mineralisation intersected during the Stage 1 program. At Parcoy, surface sampling and mapping continued in order to outline copper (+/- gold) targets for initial scout drilling.

A new drill Permit application covering an additional 20 drill sites at Cerro de Fierro was submitted in December to enable further drilling of copper targets to be completed during 2020.

In **Australia**, RC drilling to test a base metal target at the Telegraph Prospect at the Balladonia Project in the Fraser Range region of Western Australia was undertaken with follow-up diamond drilling scheduled for January 2020. Assessment of drilling results from the Hamilton IOCG prospect in north-west Queensland continued and initial sampling was completed over the Tangadee Zinc Project in WA.

The Company continued to pursue **new opportunities in base metals** both within Australia and offshore. Five of the six Exploration Licences over the Paterson Range prospects were granted, allowing early-stage exploration work to commence in 2020. The Company now controls ~2,300km² of title in this area.

In Peru, the Company continued to assess areas within the Cerro de Fierro – Parcoy region in light of new data. Four new mineral concession applications were submitted.

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.

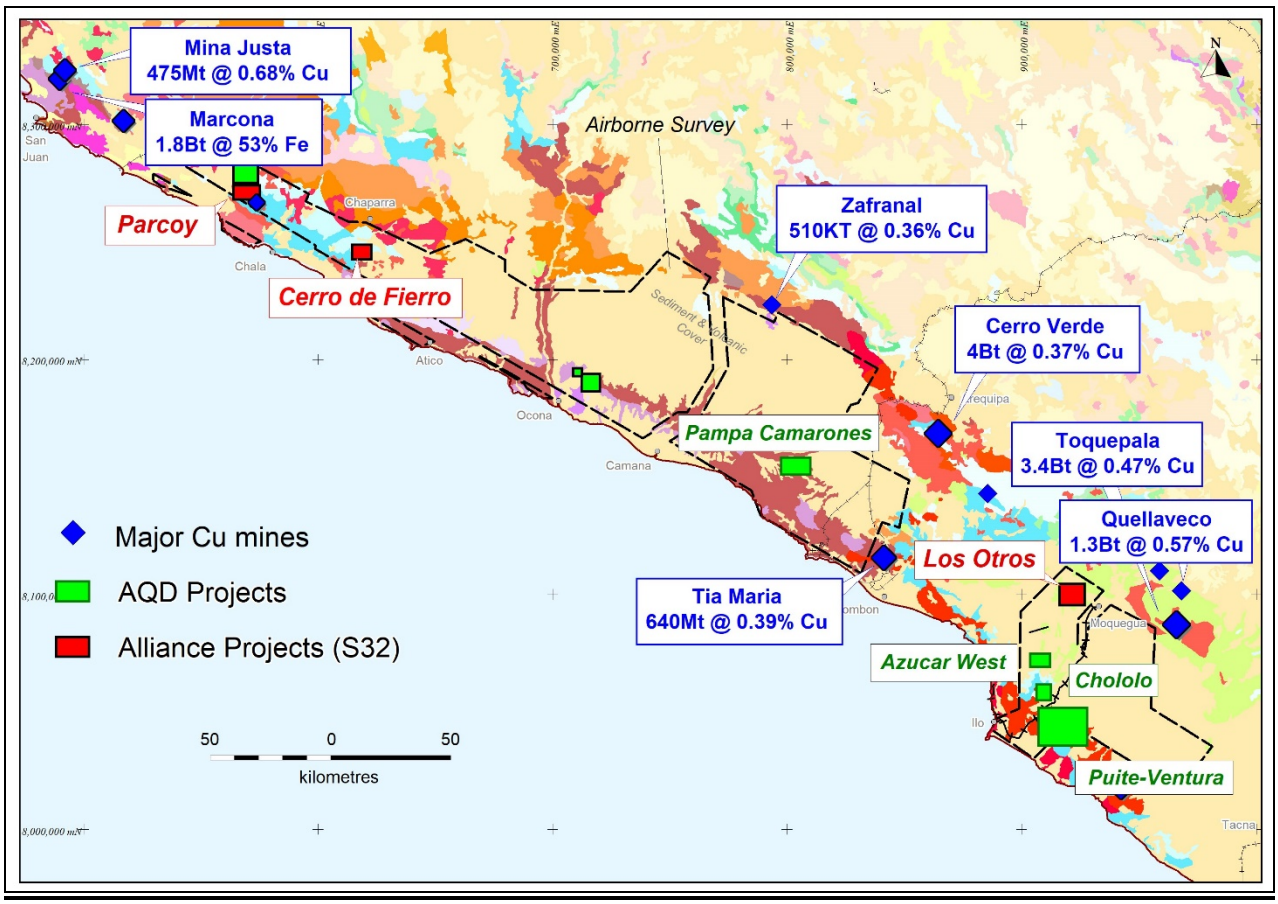

Figure 2: Project Locations – Southern Peru

<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 (comprising ~2,600m) commenced during the quarter with drilling now expected to be completed in January 2020. Final assays for all drill-holes are expected during February 2020. An update on progress was reported to the ASX on 9th January 2020.

As at the end of December 2019, four drill-holes (CDFDD008 to 011) had been completed for a total of ~1,800m of drilling, with three of the four holes intersecting visible copper mineralisation (trace to disseminated chalcopyrite, bornite and chalcocite) over down-hole thicknesses of tens of metres (as reported to the ASX on 9th and 10th January). Drill-hole CDFDD010, in the north of the prospect, was terminated prior to reaching the target (andesitic volcanics) due to drilling problems caused by poor ground conditions.

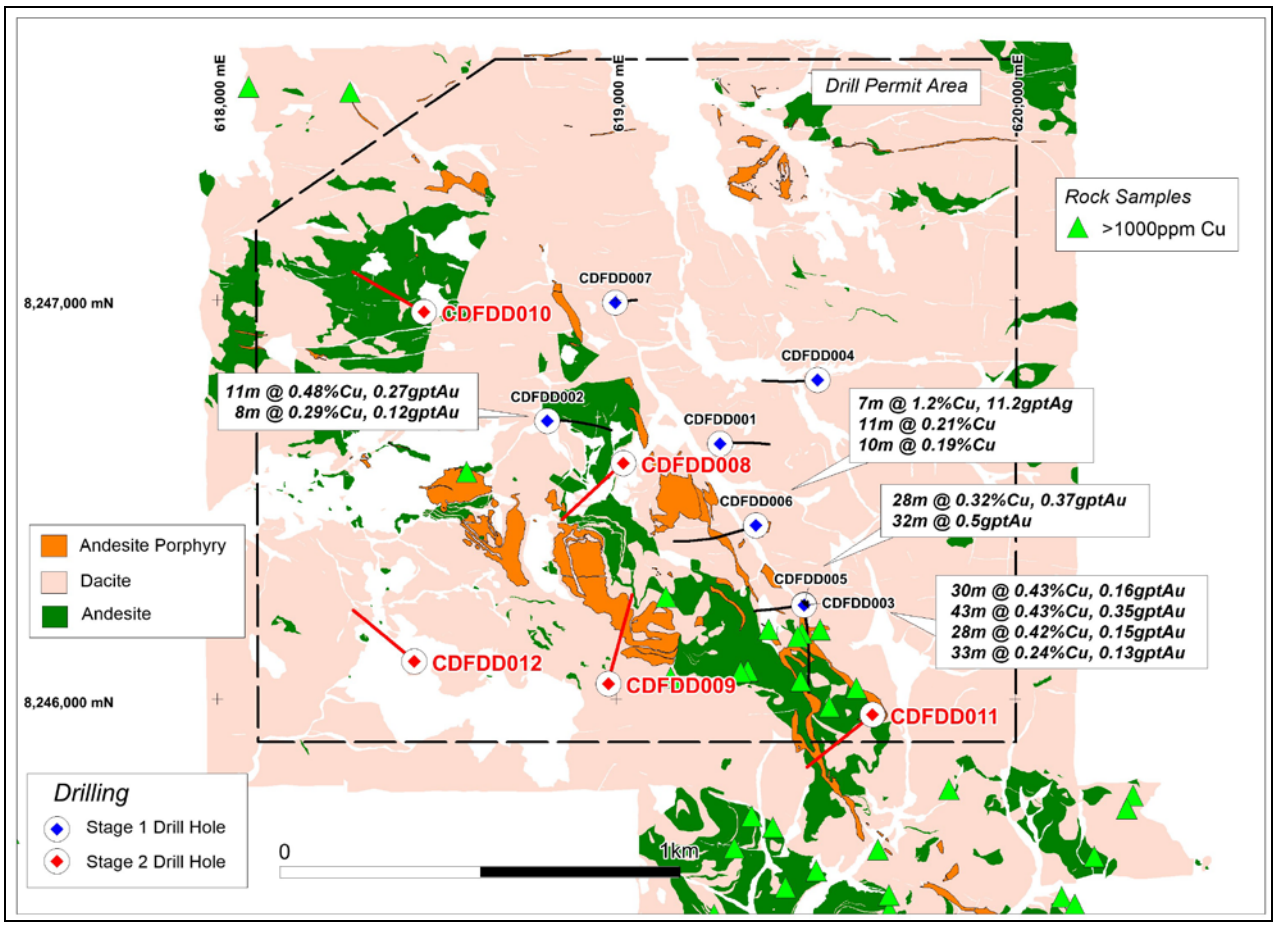

Figure 3: Cerro de Fierro Stage 1 and 2 drill-hole locations

The copper mineralisation encountered occurs within veins and breccias in sub-vertical shears and/or sub-horizontal manto-style structures, and is generally associated with quartz-calcite-chlorite alteration. Once the Company has received and interpreted all assay data following completion of the drilling program, it will be in a position to develop a more complete understanding of the mineralisation and its controls.

Copper continues to preferentially occur within the mafic volcanics (andesites), which occur below a relatively thick (~200m to 300m) dacitic unit that is generally, but not always, barren of copper.

The wide drill-hole spacing (>250m) and the similarity in mineralisation/alteration styles between drill-holes, supports the concept of one large mineralising system that likely extends well beyond the limits of the current Drill Permit Area.

An application to increase the number of drill pads from 20 to 40, and enlarge the Drill Permit Area to the south and west of its current limits, was submitted to Government in December. It is anticipated that approval for the additional drilling could take up to six months to process.

Further detailed mapping and rock-chip sampling immediately south of the current drill area, is planned in order to prioritise targets ahead of the anticipated drilling approval. Sampling results to date from this area have reported numerous high-grade copper values (>1% Cu) at surface related to copper oxides within the andesitic volcanics.

A digital terrain model (DTM) over the prospect has been produced from the recent drone survey, to help with ongoing mapping and sampling programs and the definition of key structures affecting the distribution of copper (+/- gold) in this area.

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, soil and rock-chip sampling programs were extended in light of encouraging assay results from the initial surveys. A total of ~700 soil and ~550 rock samples have now been collected over an area of ~20km² centred on the regional scale north-west trending fault that cuts through the Parcoy prospect and is known to host copper mineralisation ~6km to the south-east at the Los Chapitos Project.

High-priority copper (+/- gold) in soil anomalies (>500ppm Cu) were located on the northern side of the north-west fault within andesitic volcanics similar to those found at the Company's Cerro de Fierro prospect, located ~50km to the south-west (*Figure 4*). Rock sampling across the project area is still in progress and will be reported once sampling is complete.

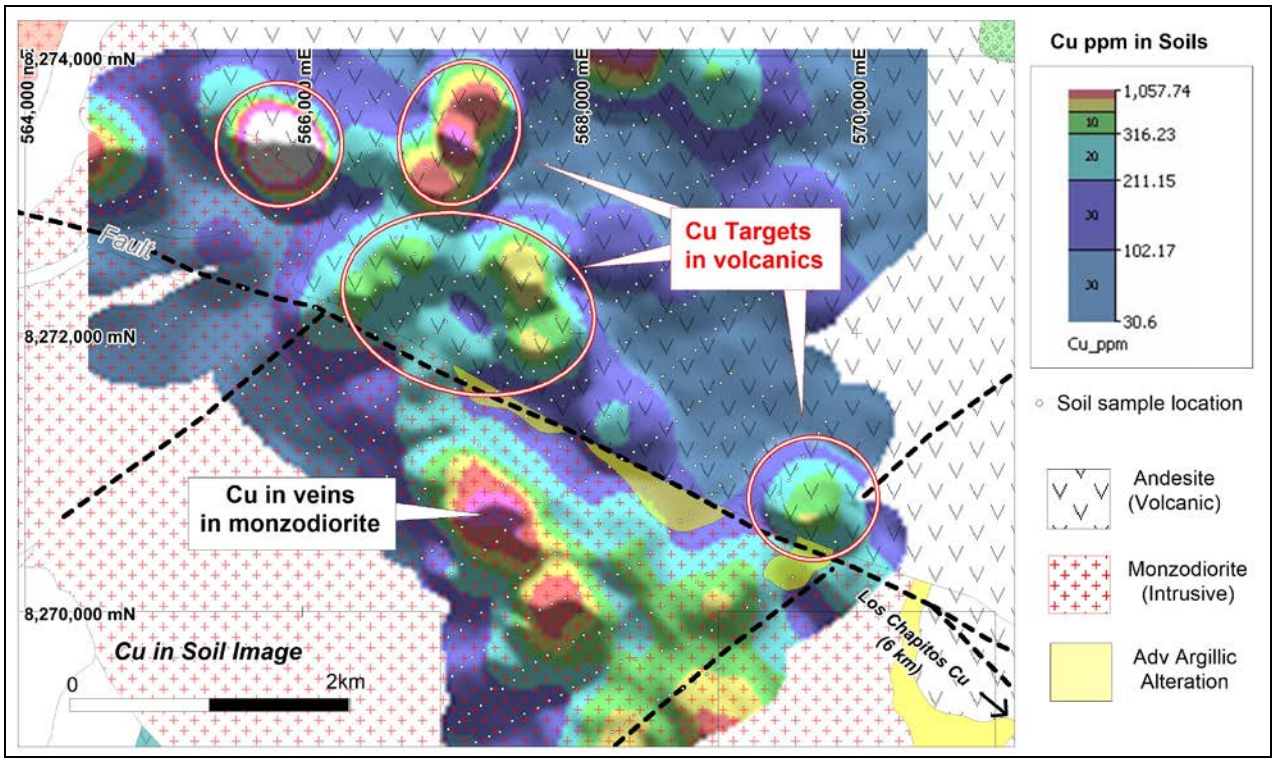

Figure 4: Parcoy copper-in-soil anomalies within andesitic volcanics

The soil anomalies are up to several square kilometres in size and are often associated with other indicator elements (Mo, Bi, Se, and As), suggesting the presence of hydrothermal activity along the structure and within the northerly dipping volcanics adjacent to the fault (*Figures 5).*

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

Soil assay results also outlined several strong copper (+/- gold) anomalies within the monzodiorite intrusion south of the fault. Detailed mapping and traverse rock-chip sampling across the intrusion suggests that the more highly anomalous samples reflect the presence of narrow north-south vein sets which can contain upwards of 10% Cu and several grams gold in some samples.

However, a lack of alteration surrounding the veins suggests that this mineralisation may be limited in size.

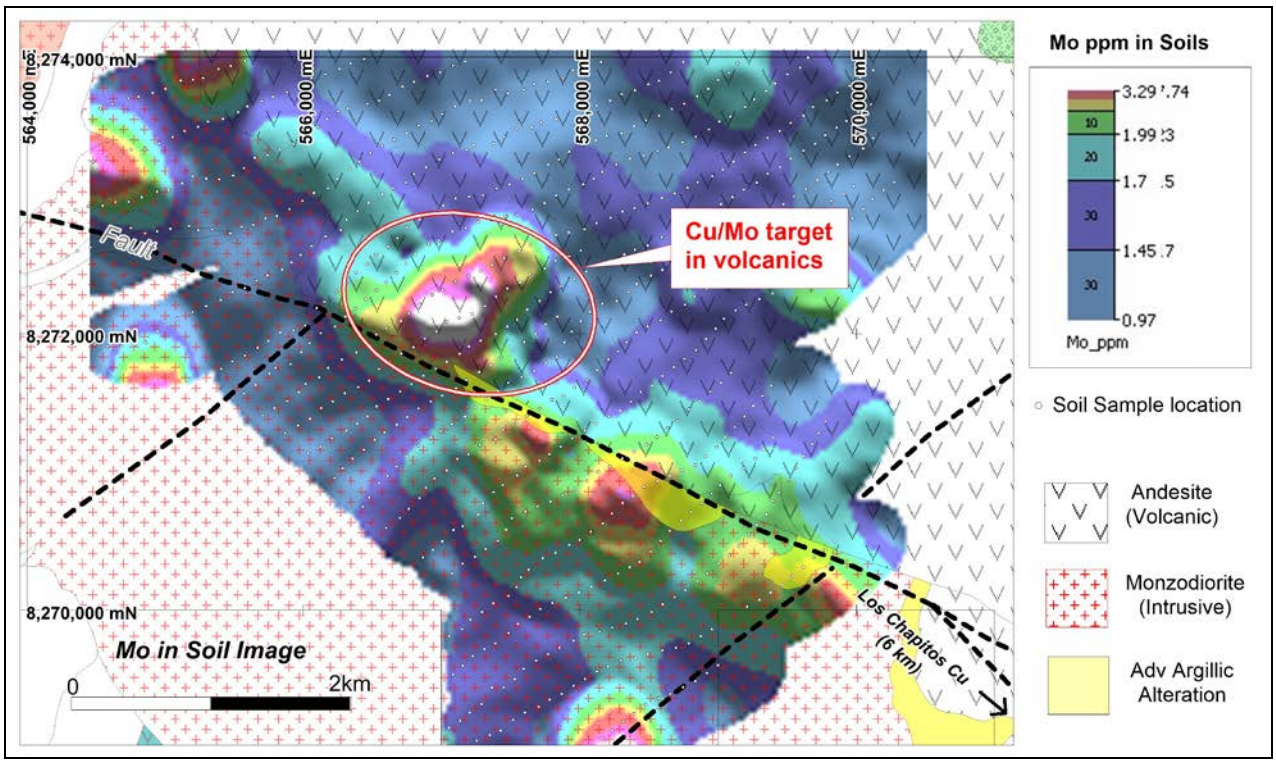

Figure 5: Parcoy molybdenum-in-soil anomaly within andesitic volcanics

Mapping is continuing in order to provide geological context and help prioritise the geochemical anomalies outlined by the sampling programs. A full assessment of the data awaits completion of the mapping and sampling programs.

Base-line environmental and archaeological surveys are being initiated to facilitate the drill permitting process in order for drill testing of targets to be considered under the SAA in the second half of 2020.

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

At Los Otros, age dating of alunite samples from the areas of advanced argillic (AA) alteration is still pending. A small sampling program (20 samples) was completed over a vertical section (~100m) through the alteration to identify possible trends that could help vector towards a potential target. Results are pending.

New Opportunities

Reconnaissance mapping and sampling was temporarily suspended over the Company's 100%- owned properties in Peru due to personnel being required for the commencement of drilling operations at the Cerro de Fierro Project.

Assay results from earlier rock-chip sampling at the **Pampa Camarones Project** were received and a detailed assessment of the geochemical data is in progress. In most cases, the magnetic targets were found to occur in areas of little or no outcrop and were therefore not effectively sampled. Future work in the area will depend on interpretation of the geochemical data.

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 seven Exploration Licences covering an area of ~1,200km² and is located within a structurally complex region of the Fraser Range Terrain centred above the southern margin of a deep regional gravity anomaly (~30 milligals), which is thought to reflect buried mafic/ultramafic rocks similar to those that may be related to the formation of the Nova deposit. Most of the tenements lie within the Dundas Nature

Reserve. Exploration work at Balladonia is being funded by South32.

During the quarter, assay results from the Reverse Circulation (RC) drilling program returned highly anomalous base metal values within several of the holes, confirming the potential of the base metal target identified by earlier shallow air-core drilling (ASX releases August 20, 2019 and January 7th 2020).

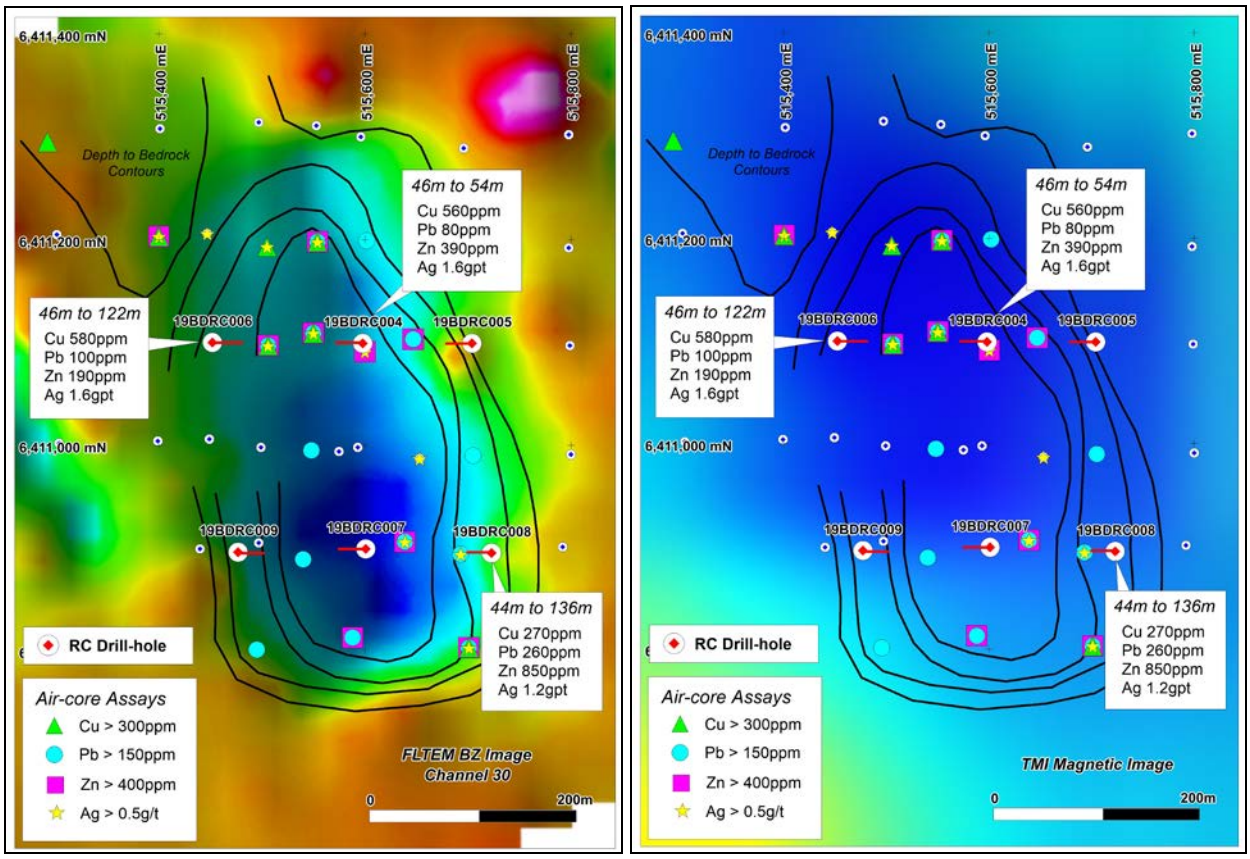

Figure 5: Telegraph Prospect showing RC drill-holes and anomalous base metal intersections

The anomalous metal (Cu, Pb, Zn and Ag) values occur within intense clay/silica/pyrite alteration that is thought to occur above the main target zone. RC drilling was unable to penetrate to planned depths (~250m) due to the intense nature of this alteration, which was found to occur down to depths of at least 100m in places.

Highly anomalous copper (from 200ppm to 4000ppm Cu), lead (from 100ppm to 900ppm), zinc (from 200ppm to 2900ppm Zn) and silver (from 0.5g/t to 8.0g/t Ag) values were intersected over thicknesses of up to 92 metres in drill-hole BDRC008 and 76 metres in drill-hole BDRC06 (*Figure 5 and 6*).

The highly anomalous metal values are associated with elevated rare earths (Ce, La, Y) and other anomalous indicator elements (As, Sb, Sn and Tl), supporting the concept of a base metal target beneath the alteration.

Diamond drilling to test below the alteration was scheduled to commence in early January 2020 but has now been postponed until February as a result of high bush-fire activity in the Balladonia area.

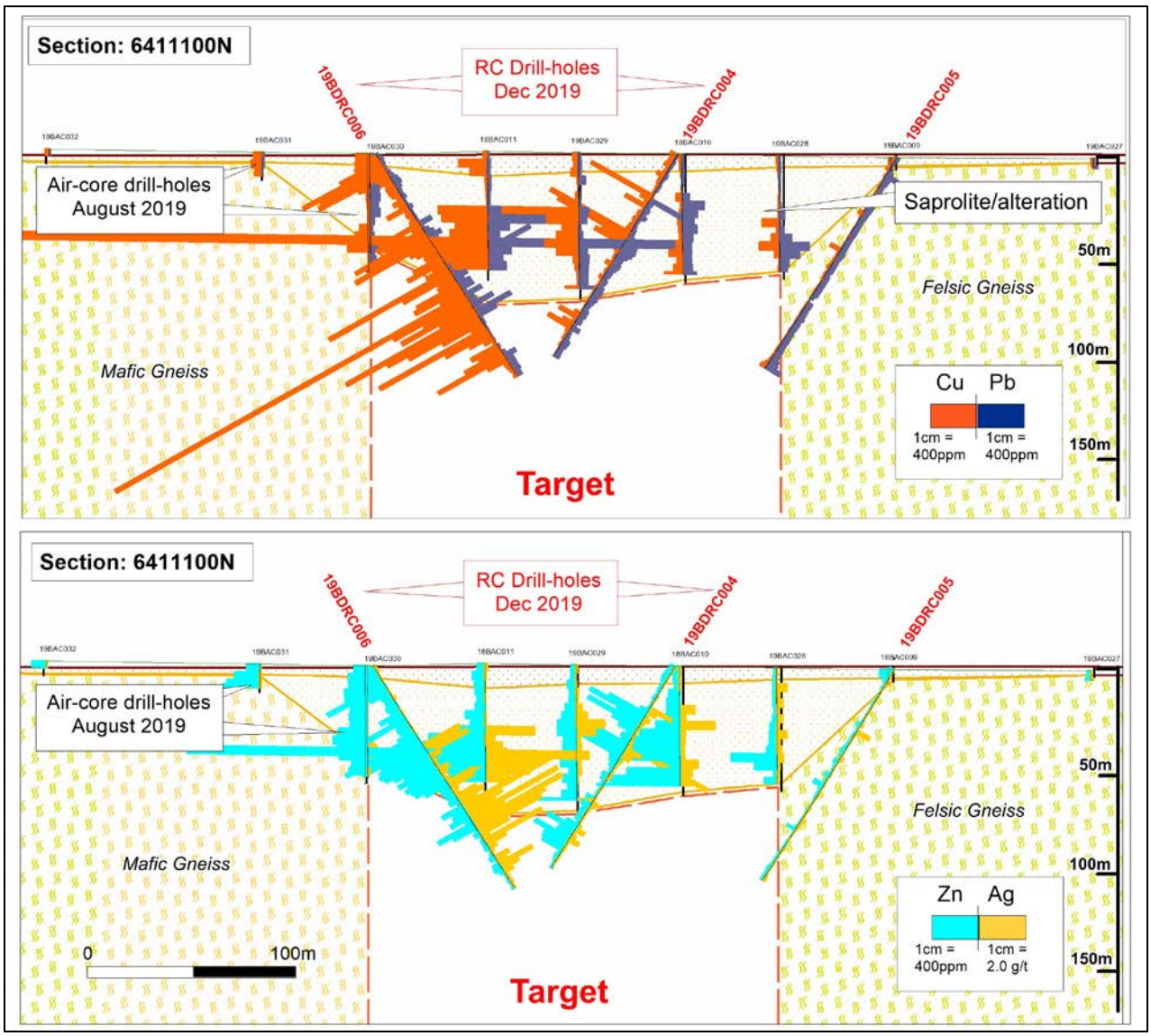

Figure 6: Telegraph Prospect Section 6411100N showing RC and air-core assay results

<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, core samples from historical drill-holes in the vicinity of the Company's recent diamond drill program were re-assayed and petrological samples collected in order to provide a more meaningful dataset over the project and help vector towards potential targets.

While this work is still in progress, initial findings have confirmed potassic alteration in historical drill-holes WD2009 and WD2011, and more distal sodic alteration in holes HMDD03, WD2008 and WD2010. The anomalous Cu, Au, Ag, Pb, and Bi found within clay alteration in drill-hole HMDD03 is consistent with supergene mineralisation from a nearby source.

Computer modelling of detailed aeromagnetic data is in progress and will be used in conjunction with the geochemical and petrological assessment to help identify potential drill targets close to drill-holes

WD02009, WD2010 and HMDD03 for consideration under the SAA.

<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.

During the quarter, in-fill soil sampling (~165 samples) was completed to further define areas of anomalous zinc within the core of a large-scale synclinal structure that appears to be intersected by regional scale faulting, reflecting a favourable location for sediment-host zinc mineralisation.

Initial assay results from this program have extended the zinc anomalism (>1,000ppm Zn) located south of the inferred fault, to over 1,000m in strike length, with anomalous thallium (>5ppm Tl) reported on both the northern and southern sides of the fault defining a target area several square kilometres in size (*Figure 7*).

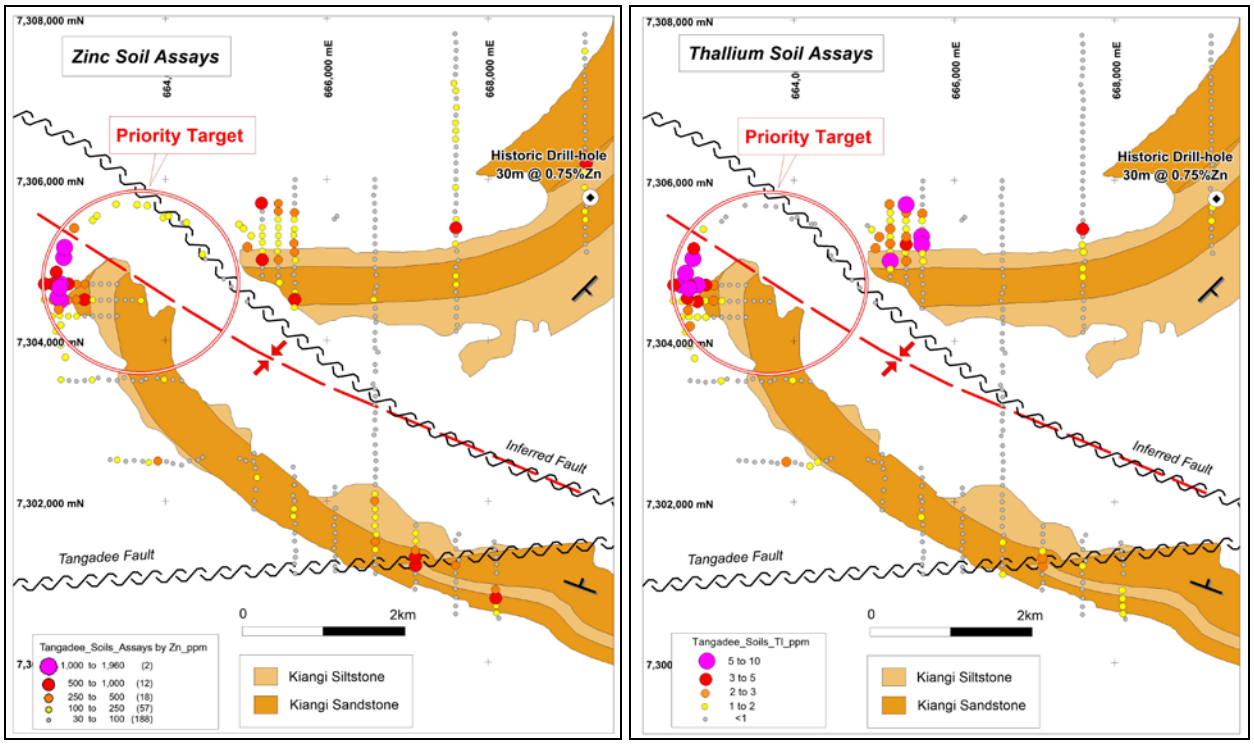

Figure 7: Tangadee Zinc Prospect showing Zn and Tl soil anomalies and priority target area

A final assessment of these data awaits receipt of all assays, which are expected during January 2020. Further work programs, including drilling of target areas, will be considered under the SAA once all data have been received and assessed.

<u>New Opportunities</u>

Tenements over the five prospect areas (Gunanya, Madley 1 to 3 and Runton) have now been granted, increasing the total area under title in the Paterson region of Western Australia to approximately 2,300km². Field work over these titles is being planned for 2020.

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

At the end of December 2019, the Company's cash position was approximately $3.4 million following a successful Placement ($0.5M) and Rights Issue to the Company's shareholders, which raised a further $1.3 million.

KEY ACTIVITIES – MARCH 2020 QUARTER

- Balladonia (Ni-Cu) – Complete diamond drilling at the Telegraph base metal prospect;
- Hamilton (Cu-Au) – Finalise future programs at the Winton South prospect;
- Tangadee (Zn) – Complete assessment of soil assay data and finalise future programs;
- Peru (Cu-Au) – Complete and assess Stage 2 diamond drilling at Cerro de Fierro;
- Peru (Cu-Au) – Detailed rock-chip sampling south of drilling area at Cerro de Fierro;
- Peru (Cu-Au) – Assess mapping/sampling data at Parcoy – submit drill permit application;
- Peru (Cu-Au) – Reconnaissance sampling over selected projects for SAA consideration;
- Australia (base metals) – Finalise field programs over Paterson prospects; and
- Peru (base metals) – Identify and advance new opportunities under the SAA.



Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

JORC Code, 2012 Edition – Table 1 report Soil Sampling – Parcoy Peru

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil samples were collected on an approximate 300m x 100m grid over the prospect taking account of local topography • Sample locations were recorded by hand-held GPS. • Soil sampling holes were logged by the sampler and recorded on a sampling spread sheet • Each soil sample was collected by digging a 10 to 20 cm deep hole and screening the soil from the bottom of hole to pass a 210 microns (µm) sieve. • Approximately 200gm sample was placed in a sample packet and given a unique sample number.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling undertaken
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No sub-sampling was undertaken
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.*	• Soil samples were sent to ALS in Lima for analysis • Sample preparation included pulverizing to 85% minus 75 microns and digesting sample using 4 acid digest, followed by ICP-MS and /or OES analysis. • Standard and duplicate samples are inserted within each sample-run to check on laboratory procedures. • In-laboratory QAQC data is reviewed for all assay jobs.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations are established with a hand held GPS to +/- 5m accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Soil samples were collected on an approximate 300m x 100m grid which was considered adequate given the general size and scale of porphyry copper and IOCG targets.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Soil samples were collected along north-west oriented traverses perpendicular to structures and parallel to topographic relief in the area. No sampling bias is expected.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the 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 tenements are located in southern Peru, approximately 20km north of the town of Chala. • The Parcoy Project comprises nine granted mineral concession and one under application. • The tenements are held 100% by Questdor a wholly owned subsidiary of AusQuest Limited. • There are no known impediments to operating in this area at this stage. • The Parcoy project is subject to a Strategic Alliance Agreement with South32. • 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.*	• There is no open-file system in Peru to determine previous work undertaken.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Large scale porphyry copper-molybdenum deposits and Iron-Oxide Copper-Gold deposits which are known to occur along the coastal belt of southern Peru are the target of this project.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling undertaken

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling undertaken
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling undertaken
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Soil sample locations are provided with the ASX announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Representative reporting of assay results is included in the announcement.
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 reconnaissance geological mapping which identified the potential for porphyry copper and/or IOCG style deposits in this area.

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Proposals of further work will follow after a thorough analysis of the data.

JORC Code, 2012 Edition – Table 1 Report Soil Sampling – Tangadee Zinc Project

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil sampling was completed along lines spaced 500m and 1000m apart at 100m sample intervals with infill sampling in selected areas on 200m spaced lines within E52/3603. • Sample locations were recorded by hand-held GPS. • Soil sampling sites were logged by the sampler and recorded on a sampling spread sheet • Each soil sample was collected by digging a 10 to 20 cm deep hole and screening the material to pass a 400 microns (µm) sieve. • Approximately 200g of material was collected in a numbered kraft packet.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling undertaken
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No sub-sampling was completed
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• The samples were submitted to Intertek Genalysis Maddington, WA, for 48 element suite 4A/MS48 • Samples were subjected to a multi-acid digest, including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids, in Teflon tubes providing close to a total digest for most elements. • Samples were analysed (48 elements) by Inductively Coupled Plasma Mass Spectrometry.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations are established with a handheld GPS to +/- 5m accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Samples were collected on lines 500m and 1000m with infill sampling in selected areas on 200m line spacing with samples 100m apart.
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible*	• Sample grid lines were generally oriented

Criteria	JORC Code explanation	Commentary
geological structure	*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.*	perpendicular to the strike of the target horizon.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the Perth office.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out on the sampling to date.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Tangadee Project is centered at ~7305000N and 670000E (GDA94 Zone 50), approximately 150 km south west of Newman in Western Australia. • Tenement holdings include granted Exploration Licence E52/3603. • The Tangadee Project is subject to a Strategic Alliance Agreement with South32 who can earn 70% by spending US$4.0M. • Aboriginal heritage surveys are routinely completed ahead of ground disturbing activities
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration by Rio Tinto between 1998 and 2001 included stream and rock-chip sampling, IP Surveys over two target areas and 10 RC drill holes testing a variety of anomalies within the Kiangi Creek Formation. Anomalous Zn was found but deemed too low to be of interest. Periodic work by other companies is not considered to be effective over the areas the Company is exploring.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Tangadee project is targeting sediment hosted zinc mineralisation similar to NW Queensland. Black

Criteria	JORC Code explanation	Commentary
		shale horizons within the Kiangi Creek Formation within the Edmund Basin in WA are the target horizons

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling undertaken

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling undertaken
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling undertaken
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Soil sediment sample locations and selected element anomalies are provided in the 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.*	• Representative reporting of assay results is included in the ASX release.

Criteria	JORC Code explanation	Commentary
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 done after a thorough analysis of the data is completed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity:

AUSQUEST LIMITED

ABN:	Quarter ended ("current quarter")
35 091 542 451	**31 December 2019**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	161	312
1.2	Payments for		
	(a) exploration & evaluation	(1,722)	(3,152)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(49)	(87)
	(e) administration and corporate costs	(275)	(415)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	1
1.5	Interest and other costs of finance paid	(4)	(4)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other :		
	Funding received from South 32 under the Strategic Alliance Agreement	2,546	3,337
	R&D Refund	-	-
1.9	**Net cash from / (used in) operating activities**	**660**	**(8)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(13)	(19)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(13)**	**(19)**

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

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,198	1,817
4.2	Net cash from / (used in) operating activities (item 1.9 above)	660	(8)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(19)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,663	1,663
4.5	Effect of movement in exchange rates on cash held	(52)	3
4.6	**Cash and cash equivalents at end of period**	**3,456**	**3,456**

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	3,456	1,198
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)**	**3,456**	**1,198**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	67
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payment of director and consulting fees.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

-

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $'000	Amount drawn at quarter end $'000
8.1	Loan facilities (Loan and Convertible Note)	-	-
8.2	Credit standby arrangements	-	-
8.3	Other	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	Estimated cash outflows for next quarter	$A'000
9.1	Exploration and evaluation	(1900)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(70)
9.5	Administration and corporate costs	(150)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(2120)**

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Peru	-		
		Pampa Camarones 6, 7,8		100%	Nil
		Pampa de las Pulgas L,		100%	Nil
		M, N, S, T, U, AD, AE, AH		100%	Nil
		Pinguino 1		100%	Nil
		Chololo 4		100%	Nil
		Cerro Ardines 4		100%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E45/5394		0%	100%
		E69/3664		0%	100%
		E69/3690		0%	100%
		E45/5447		0%	100%
		Peru			
		Cerro Ardines 1, 2, 3		0%	100%
		Parcoy 6, 7, 8, 9		0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2 This statement gives a true and fair view of the matters disclosed.

Sign here: ...(signed electronically)..... Date: 31 January 2020

Print name: Henko Vos (Company Secretary)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.