



**AusQuest Limited**

**ABN 35 091 542 451**

**Annual Report for the financial year ended  
30 June 2020**

**AusQuest Limited**  
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**AusQuest Limited**  
**Corporate directory**

**Corporate directory**

**Board of Directors**

Mr Greg Hancock	Non-Executive Chairman
Mr Graeme Drew	Managing Director
Mr Chris Ellis	Non-Executive Director

**Company Secretary**

Mr Henko Vos

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Perth WA 6000

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(Home Exchange: Perth, WA) Code: AQD

**Bankers**

Australia and New Zealand Bank  
135 Riseley Street  
Booragoon WA 6154

## AusQuest Limited Chairman's letter

Dear Shareholder

Notwithstanding the obvious challenges faced by all companies in FY 2020, I am pleased to say that AusQuest has had a busy and productive year, with exploration activity continuing at a healthy pace across our projects in both Australia and Peru, and with new projects being generated and secured by the Company.

Of particular note was the agreed two-year extension of our Strategic Alliance Agreement ("SAA") with South32, which will ensure continued funding for our SAA projects as well as the potential for new exploration opportunities to be considered and advanced under the extended agreement.

Like many companies, the onset of the COVID-19 pandemic in early 2020 affected our operations both directly and indirectly, resulting in the Company shifting its focus towards exploration opportunities in Australia.

While our Peruvian office continued to operate, there have been extended delays in obtaining Government approvals, particularly for projects awaiting drill testing. This situation is expected to continue at least in the short term, with our drilling programs funded under the SAA ready to commence as soon as Governmental approvals are received and the safety of our crews can be assured.

During the year, we undertook drilling programs at the Balladonia and Hamilton Projects in Australia and at Cerro de Fierro in Peru. The results were encouraging and these projects will be the subject of further drilling under the SAA in FY 2021.

Wide-spaced drilling at Hamilton reported anomalous copper within the cover sequence, supporting our view of the potential for IOCG (iron oxide-copper-gold) mineralisation nearby.

Balladonia surprised with the possibility of widespread carbonatite activity and the potential for both base metals and rare earth elements in the surrounding area.

Meanwhile, scout diamond drilling at Cerro de Fierro confirmed the widespread nature of copper mineralisation and highlighted the potential for shallow copper mineralisation south of the drilled area, making this a compelling target for further exploration drilling.

Following the extension of the SAA in March 2020, additional exploration drilling at the Company's Hamilton Copper, Tangadee Zinc and Gunanya Gold-Copper Projects was agreed with South32, resulting in a very active exploration drilling program in Australia during the first half of FY 2021.

Further detail of our planned activities and expected timing for each of these projects was outlined in the Company's ASX announcement of 21 July 2020.

New exploration acreage for nickel and copper along the western margin of the Yilgarn in Western Australia was acquired late in the year following the recent discovery of massive nickel-copper sulphides at the Julimar prospect north of Perth. Work on these projects to upgrade them for consideration under the SAA will commence once the titles are granted.

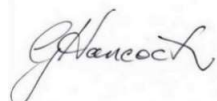
In Peru, funding for further drilling at Cerro de Fierro and initial drilling at the Parcoy and Los Otros Projects was agreed under the SAA, with timing still to be determined. A total of 40 drill pads are currently in the pipeline with significant drill programs planned for early 2021, pending Government approvals.

Corporately, the Company remains suitably funded with ongoing support – both financial and technical – received under the SAA. The positive relationship with South32 continues to grow, providing strong continuity of funding for agreed work programs.

In summary, a great deal has been achieved during the year despite the significant challenges generated by the COVID-19 pandemic. The Company is well-funded across a range of projects with a major partner, and an Alliance structure which fosters further project generation across two continents – all of which means there is a great deal for shareholders to look forward to.

In conclusion, I would like to express my sincere thanks to my fellow directors for their efforts during the year; to our staff and consultants for their commitment; and to our shareholders for their ongoing support.

Yours faithfully



Greg Hancock  
Chairman

**Operations Review – 2020 Annual Report**

*Highlights – Year in Review*

**Australia – Copper, Gold, Zinc, Nickel**

- ❑ Titles were granted over five copper-gold exploration projects in the Paterson Province of Western Australia. A proposed drilling program to test three magnetic targets at the Gunanya Project was agreed under the Strategic Alliance Agreement (SAA) with South32.
- ❑ Wide-spaced scout drilling at the Hamilton Copper-Gold Project in north-west Queensland reported anomalous copper within the cover sequence, supporting the concept of nearby IOCG mineralisation. Further diamond drilling under the SAA commenced in mid-August.
- ❑ A priority target for sediment-hosted zinc mineralisation was outlined by surface sampling at the Tangadee Zinc Project in Western Australia. Drilling under the SAA was completed in Q3 2020, once all necessary approvals have been received.
- ❑ Drilling at the Balladonia Project indicated the possibility of widespread carbonatite activity and the potential for both base metal (copper, gold, zinc, silver) and rare earth elements (REE) mineralisation in the broader Balladonia region of Western Australia.
- ❑ Nickel-copper targets along the western margin of the Yilgarn Province (Western Australia) were secured under title following the discovery of new high-grade nickel-copper-PGE mineralisation by Chalice Gold Mines north of Perth. Grant of the title is pending.

**Peru – Copper-Gold**

- ❑ Further scout diamond drilling undertaken at the Cerro de Fierro Copper-Gold Project under the SAA confirmed the widespread nature of copper mineralisation.
- ❑ Significant intersections to date include 30m @ 0.43% Cu and 0.16g/t Au plus 43m @ 0.43% Cu and 0.35g/t Au plus 28m @ 0.42% Cu and 0.15g/t Au in CDFDD03 and 51m @ 0.31% Cu and 0.18g/t Au in CDFDD14.
- ❑ The potential for shallow copper mineralisation was recognised south of the current drilled area, where systematic rock-chip sampling outlined large areas of mineralised andesite at surface.
- ❑ An additional 20 drill pads to test beneath the shallow copper mineralisation will be prepared pending Government approval.
- ❑ The potential for large-scale manto-style copper mineralisation was highlighted by rock and soil sampling at the Parcoy Project, located ~50km north of Cerro de Fierro, under the SAA.
- ❑ A permit application for 20 drill pads will be submitted for Government approval in the second half of 2020, to enable drilling to commence in early 2021.
- ❑ Age dating of alteration at Los Otros suggests the potential for buried porphyries of similar age to the giant porphyry copper deposits found in the area. Exploratory drilling was agreed in principle under the SAA.

**Corporate**

- ❑ Cash position of ~\$2.7 million at the end of June 2020. The Company's cash balance remained relatively stable throughout FY2020 due to the SAA, which provided funding of \$5.4 million for agreed work programs over projects both in Australia and Peru.
- ❑ The SAA with South32 was extended by agreement for a further two years (up to 31<sup>st</sup> December 2021) to continue the development of high-potential exploration opportunities in Australia and internationally.

## OVERVIEW

In response to the global COVID-19 pandemic, the Company strengthened its focus on projects within **Australia**, where the lifting of restrictions cleared the way for the safe resumption of exploration activities in both Western Australia and Queensland. By contrast, activities in **Peru** were reduced as the Government grappled with the spread of the virus. The Company continues to monitor advice from Government and health authorities with regard to restrictions imposed in relation to COVID-19, in order to ensure the health and well-being of its employees and contractors.

During the 2020 financial year (FY2020), drilling was completed under the SAA with South32 at three of the Company's projects – one in Peru and two in Australia. Three new projects were also advanced to the drilling stage. In total, up to six of the Company's projects under the SAA will be drill tested during FY2021.

New copper-gold opportunities were secured in the Paterson Province of Western Australia, surface sampling outlined a priority zinc target at Tangadee in WA, Stage 1 drilling upgraded the Hamilton Copper Project in north-west Queensland, and drilling at Balladonia provided new insights into the prospectivity of the region.

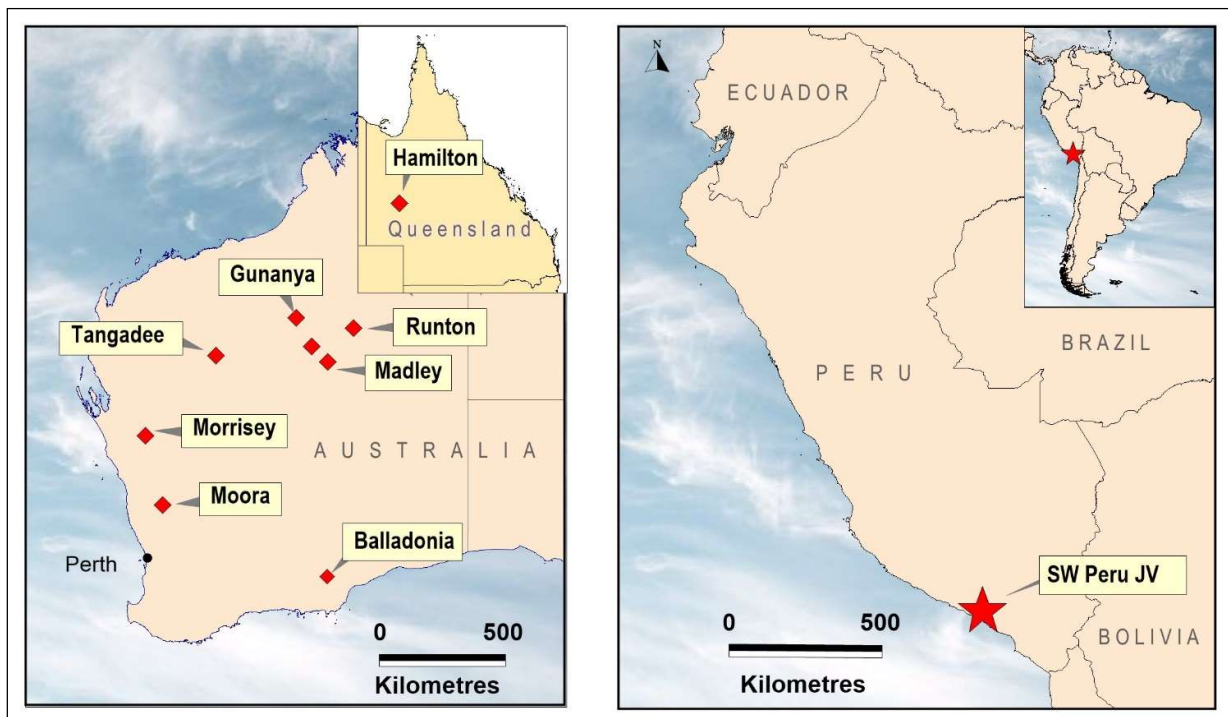


Figure 1: Project Locations in Australia and Peru.

Preparations for drilling within the second half of 2020 were initiated at three projects in Australia – the Hamilton Copper Project in north-west Queensland, the Tangadee Zinc Project in WA and the Gunanya Gold-Copper Project – a new opportunity which has been secured in the Paterson Province of WA.

In **Peru**, field programs were cut back due to the COVID-19 pandemic; however, surface sampling and drilling at Cerro de Fierro as well as sampling at the Parcoy Project were completed with drill permitting now in progress for both projects, albeit at a slower pace due to the Government lock-down. Approvals for drilling are anticipated during Q4 2020, which would allow programs to commence shortly thereafter.

The Company also continued to pursue **new opportunities** in base metals both within Australia and Peru. New tenement applications were submitted in Western Australia to secure nickel-copper targets north of Perth following the discovery of Ni-Cu-PGE mineralisation at Julimar by Chalice Gold Mines, and new mineral concessions were submitted in Peru to secure potential strike extensions of copper-gold mineralisation found at the Company's Cerro de Fierro and Parcoy Projects.

## REVIEW OF PROJECTS

### AUSTRALIA BASE METALS: COPPER, GOLD, ZINC and NICKEL

AusQuest controls approximately 7,400km<sup>2</sup> of exploration title within Australia – 6,900km<sup>2</sup> within Western Australia and 500km<sup>2</sup> within Queensland. Four of the seven projects (Gunanya, Hamilton, Tangadee and Balladonia) are currently subject to the SAA with South32.

#### Gunanya Gold-Copper Project

The Gunanya Gold-Copper Project is located ~250km north-east of Newman within the Paterson Province of Western Australia, where recent discoveries at Winu (Rio Tinto) and Havieron (Greatland Gold/Newcrest) have led to a significant increase in exploration activity in the area (*Figure 2*).

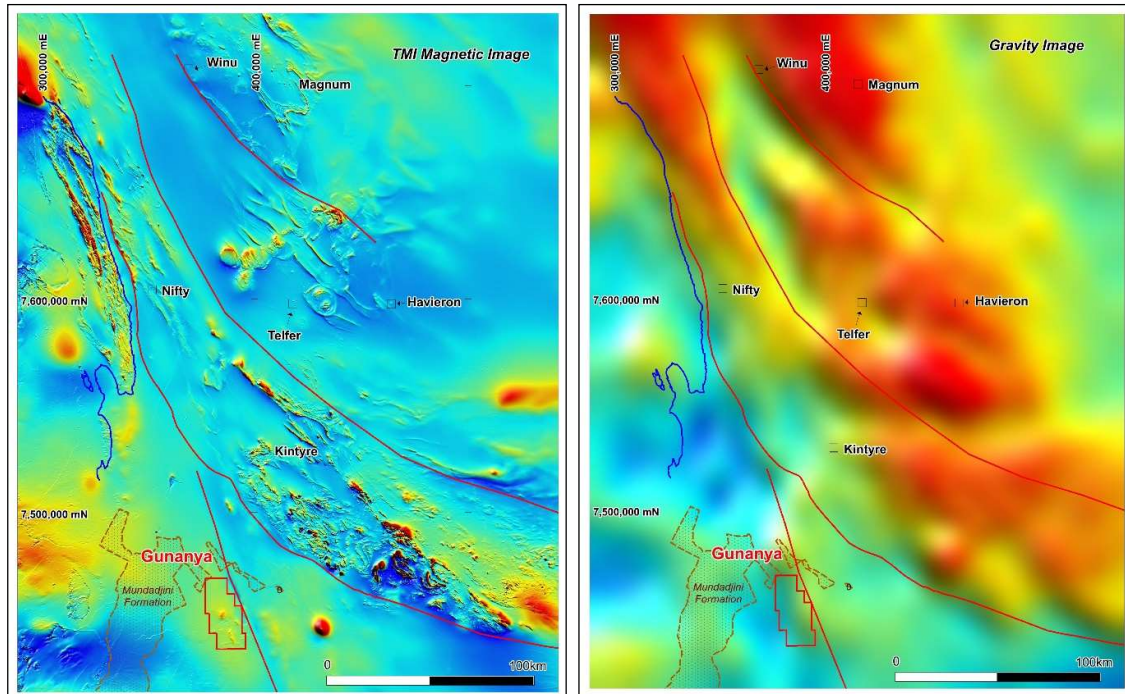


Figure 2: Regional magnetic and gravity images showing the location of the Gunanya tenement.

Interpretation of detailed magnetic data acquired over the Gunanya Project outlined at least three priority magnetic targets with similarities to the responses associated with the discoveries at both Winu and Havieron.

Computer modelling indicated that the targets are large in size, with widths up to one kilometre and strike lengths ranging from one to five kilometres, and occur at relatively shallow depths (~50m to 100m). The low magnetic susceptibilities inferred from modelling are comparable to those implied by the magnetic responses at Winu and Havieron.

The magnetic targets are sub-vertical bodies that occur beneath flat-lying sediments (sandstones and glacials) that are mapped at surface. They strike in a north-northwest direction, parallel to the Madley Fault system, suggesting a possible structural control on the source of the magnetic responses, similar to the controls on mineralisation reported at both Winu and Havieron.

A Reverse Circulation (RC) drilling program (~1,800m) is planned to test three of the magnetic targets and determine their potential to host large-scale gold and copper mineralisation (*Figure 3*).

Heritage Clearance surveys were completed in Q3 2020 and drilling is scheduled for the September/October period, subject to the receipt of all necessary clearances and the availability of drill rigs.

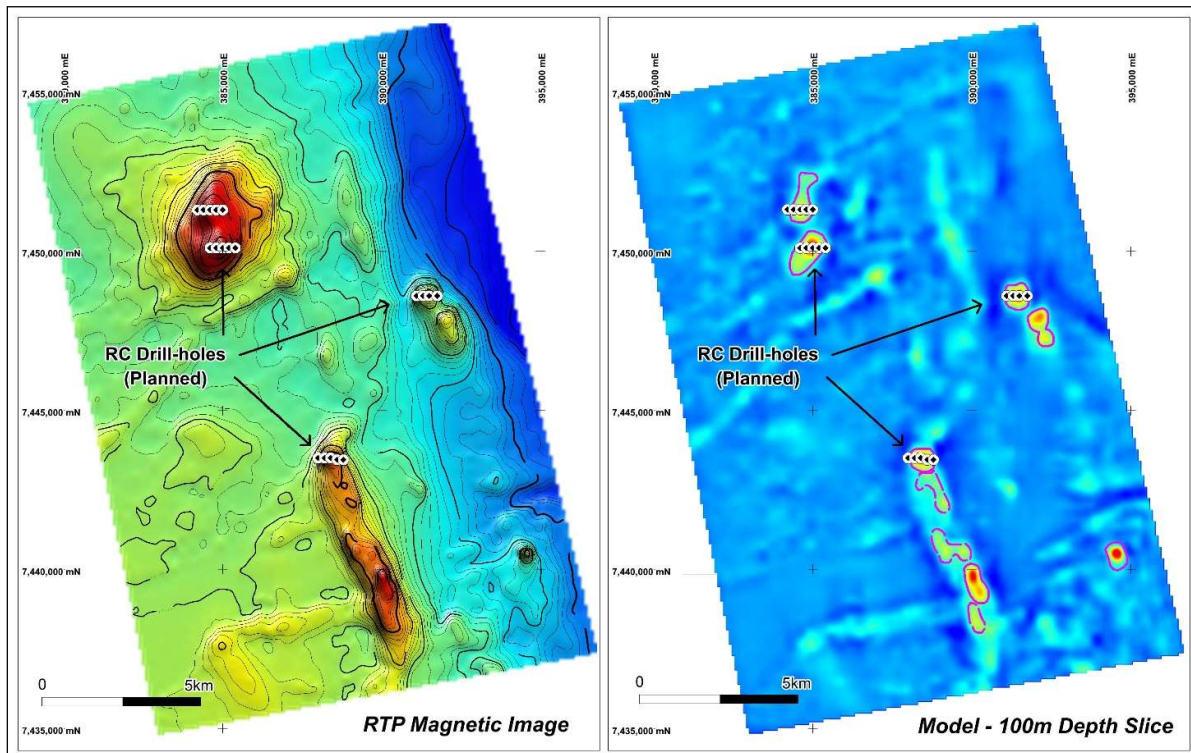


Figure 3: Gunanya Prospect showing planned RC drill-sites relative to magnetic targets.

### Hamilton Copper Project

The Hamilton Project is located in north-west Queensland, ~120km south of the Cannington mine. Limited historical drilling of magnetic and gravity targets in this area provided evidence for “near-miss” situations for Iron Oxide-Copper-Gold (IOCG) mineralisation beneath the cover sequence.

During FY2020, Stage 1 reconnaissance diamond drilling (4 holes/1,447m) was completed at Hamilton to test Induced Polarisation (IP)/gravity targets located close to historical drill-hole WD02009, which provided strong indications (potassic alteration) of a nearby IOCG system.

Several drill-holes (HMDD01, 02 and 04), positioned to test the IP anomaly, intersected sulphidic and graphitic metasediments, effectively downgrading the target, however drill-hole HMDD03 reported anomalous copper (9m @ 0.11% Cu) at the unconformity between the cover sequence and the underlying Proterozoic rocks, suggesting the potential for a nearby copper source.

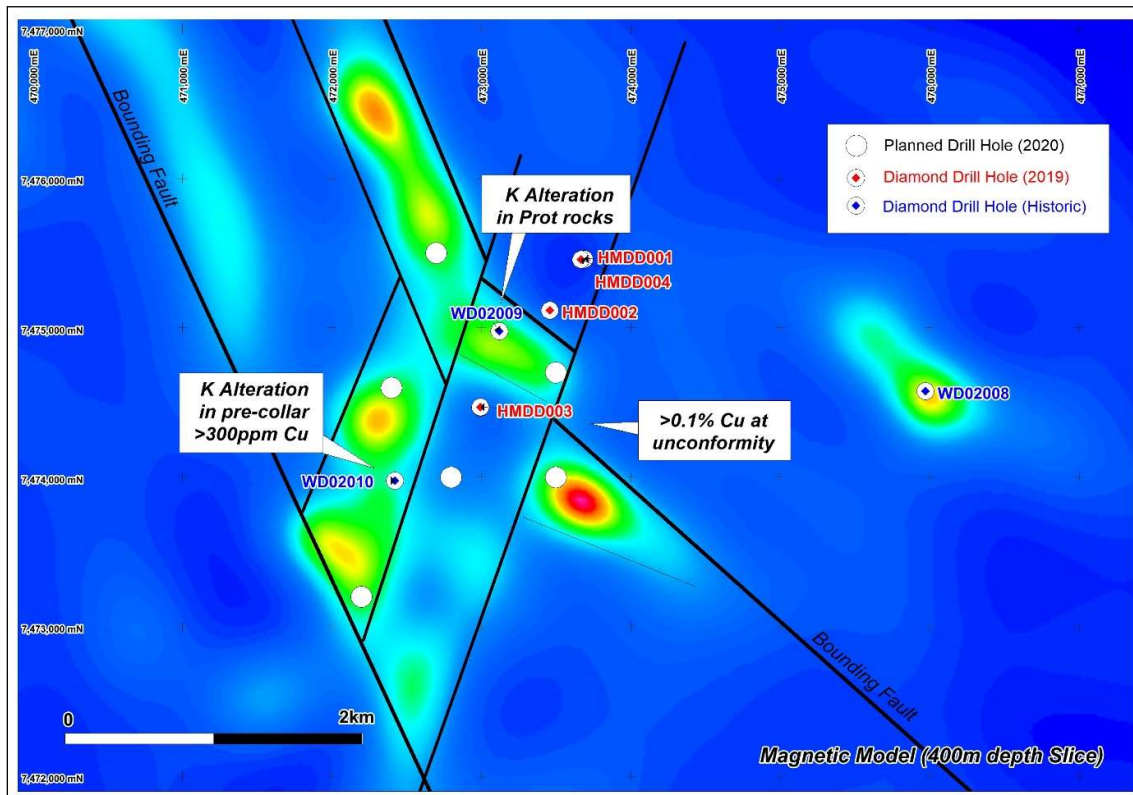


Figure 4: Hamilton Copper Prospect magnetic modelling showing planned drill sites.

A detailed review of reconnaissance and historical drilling results has provided new insights into the prospectivity of this area, resulting in the identification of several features suggestive of nearby copper mineralisation similar to that found at the Ernest Henry copper deposit, ~250km to the north.

Computer modelling of geophysical data was used to identify potential structures and priority targets for drilling based on analogies with the Ernest Henry copper deposit (Figure 4). A program of six widely-spaced diamond drill holes (~1,800m) commenced in mid-August, to test a variety of geological and geophysical settings. The results of this program will be available during Q4 2020.

### Tangadee Zinc Project

The Tangadee Zinc Project is located ~150km south-west of Newman within the Edmund Basin of Western Australia. The area contains favourable host rocks, prospective large-scale structures and anomalous geochemistry, suggesting the potential for sediment-hosted zinc mineralisation similar to that found in north-west Queensland.

Soil sampling completed during the year outlined a large zinc (>1,000ppm Zn)/thallium (>5ppm Tl) anomaly within the core of a mapped synclinal structure adjacent to regional scale faulting – a priority structural setting for sediment-hosted zinc deposits. Shallow dips (10° to 20°) recorded in the area suggest that zinc mineralisation could occur at relatively shallow depths, and extend over a possible area of several square kilometres.

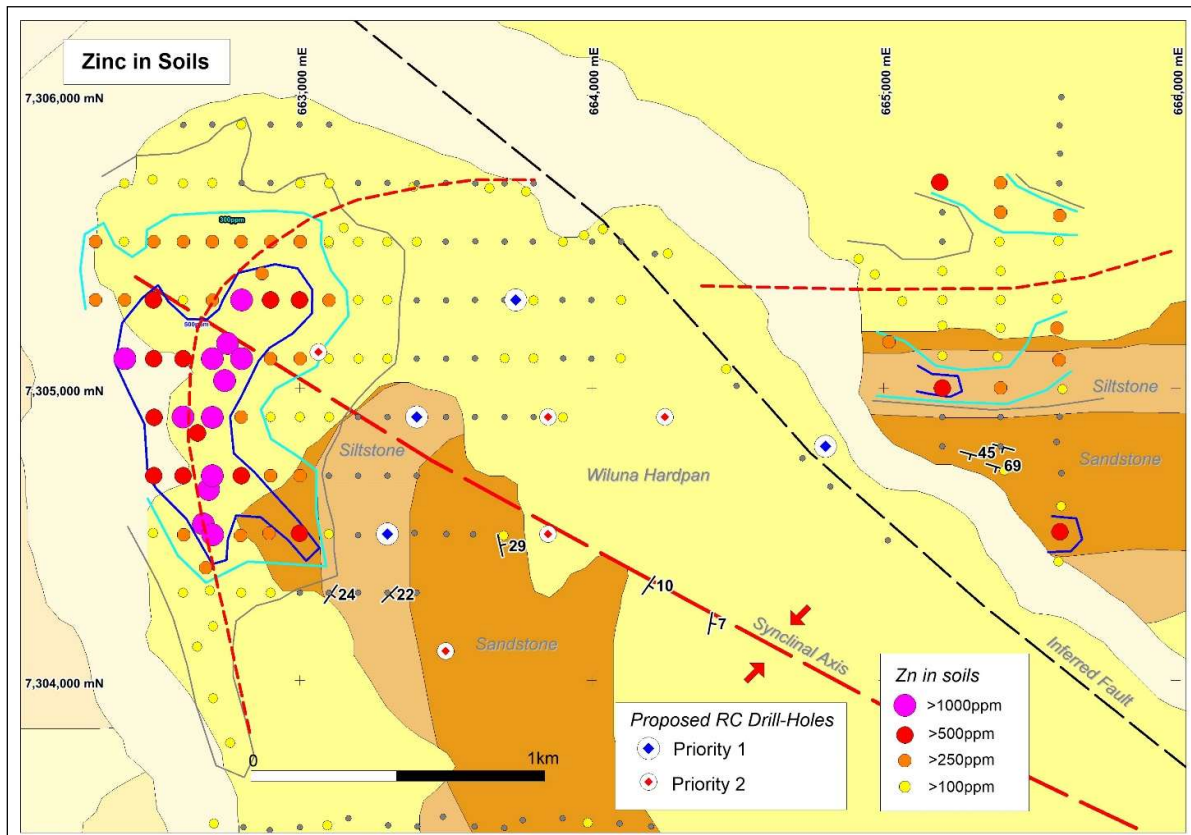


Figure 5: Tangadee Zinc Prospect soil geochemistry showing planned drill sites.

An initial drilling program comprising four wide-spaced RC drill-holes (~1,400m) has been planned to test for zinc mineralisation down-dip from the surface zinc anomaly (Figure 5). Heritage Surveys were completed in July and drilling is scheduled to commence around the end of August. The results of this program will be available during Q4 2020.

### Balladonia Nickel-Copper Project

The Balladonia Project, which covers an area of ~1,200km<sup>2</sup>, is located ~50km south of the Nova-Bollinger nickel-copper deposit within the Fraser Range region of Western Australia.

During the year, RC and diamond drilling (four holes/~980m) was completed at the Telegraph Prospect, intersecting a carbonatite beneath the intense weathering and alteration that returned anomalous base metal values (Cu, Pb, Zn, Ag) in earlier air-core drilling over the prospect.

The carbonatite contained between 20 to 35% CaO and 15 to 25% MgO, and consisted of alternating layers of carbonate and ultramafic minerals (pyroxene/olivine), suggesting the presence of a highly fractionated and evolving intrusive system.

No anomalous base metals were reported within the carbonatite.

Alteration at the margins of the carbonatite was overprinted by silica-clay alteration containing anomalous base metals. However, the source of the metals was not intersected by the diamond drilling program. Down-hole electromagnetic (DHEM) surveys completed in two drill-holes located a weak off-hole conductor (~100 to 200 siemens), suggesting a possible low priority target for future drilling at Telegraph (Figure 6).

On a regional scale, the drilling results suggest possible widespread carbonatite activity within the region and strengthens comparisons between the Balladonia region in WA and the Eastern Succession of north-west Queensland (east of Mt Isa), where IOCG and Broken Hill Type (BHT) deposits are known to occur.

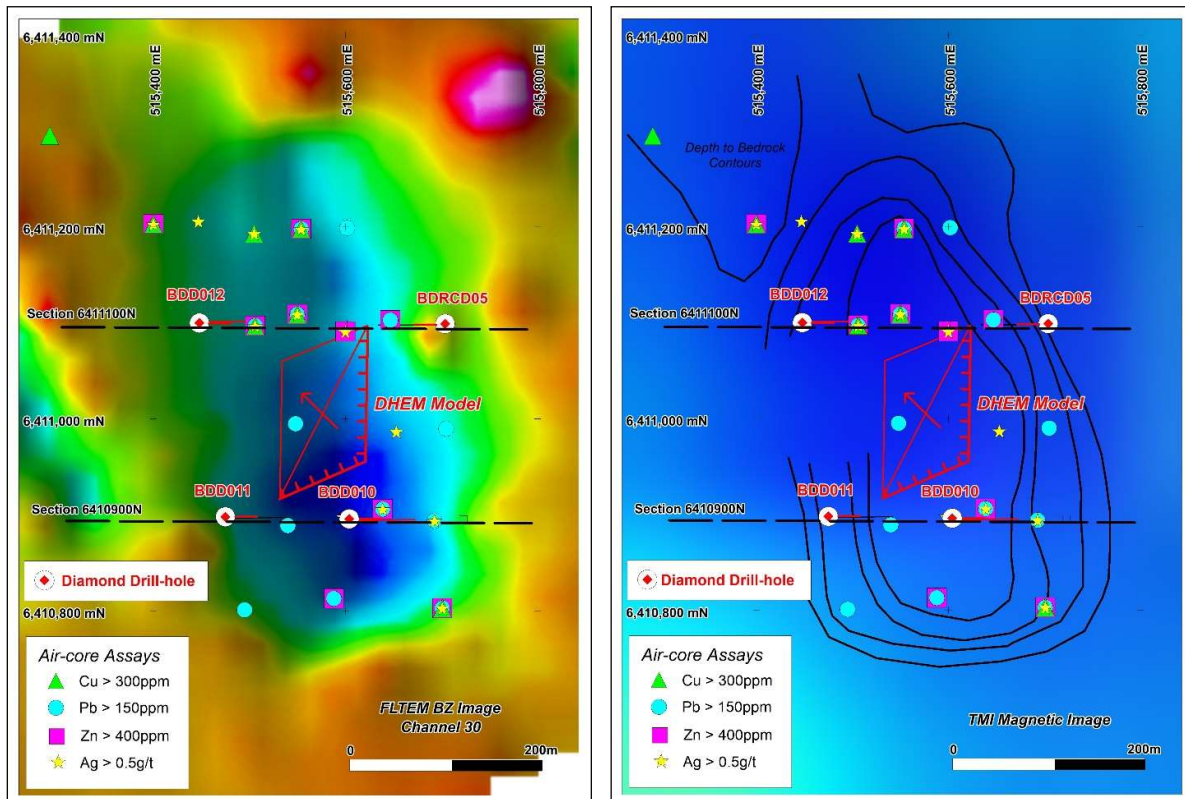


Figure 6: Telegraph Prospect showing diamond drill-hole locations and DHEM Model.

A review of available regional data was initiated to identify potential base metal and rare earth element (REE) targets within the broader project area and the region.

#### New Opportunities and Project Generation (Australia)

The Company continues to undertake project generation studies across Australia targeting new base metal (copper, zinc and nickel) opportunities for consideration under the SAA.

In the Paterson Region of Western Australia, tenements over five prospects (Gunanya, Madley 1 to 3 and Runton) were granted during the year, securing a total of ~3,000km<sup>2</sup> of tenements for copper and gold exploration within this highly prospective terrain.

Low-level aeromagnetic surveys were completed over the Madley and Runton Projects, identifying several targets of interest which are currently the subject of modelling studies. The Gunanya Project, which already had detailed magnetic coverage, was accepted as a new exploration opportunity under the SAA.

New tenement applications were also lodged in the Western Yilgarn Terrane (~560km<sup>2</sup> at Moora, and ~850km<sup>2</sup> at Morrisey), where the recent discovery of high-grade nickel-copper-PGE mineralisation at the Julimar Prospect north of Perth has highlighted the potential of this region to contain undiscovered nickel-copper-PGE deposits.

The new tenements have been pegged to target magnetic signatures similar to those associated with the Julimar discovery. Grant of the tenements is expected over the coming months to allow exploration field work to commence in FY2021.

## PERU: COPPER-GOLD

AusQuest has assembled a world-class exploration portfolio in Peru, South America – one of the world's most prominent destinations for international copper exploration. Detailed aeromagnetic data acquired by the Company in 2011 has been used to identify prospective areas for porphyry copper and/or IOCG deposits beneath extensive cover in the south of Peru (Figure 7)

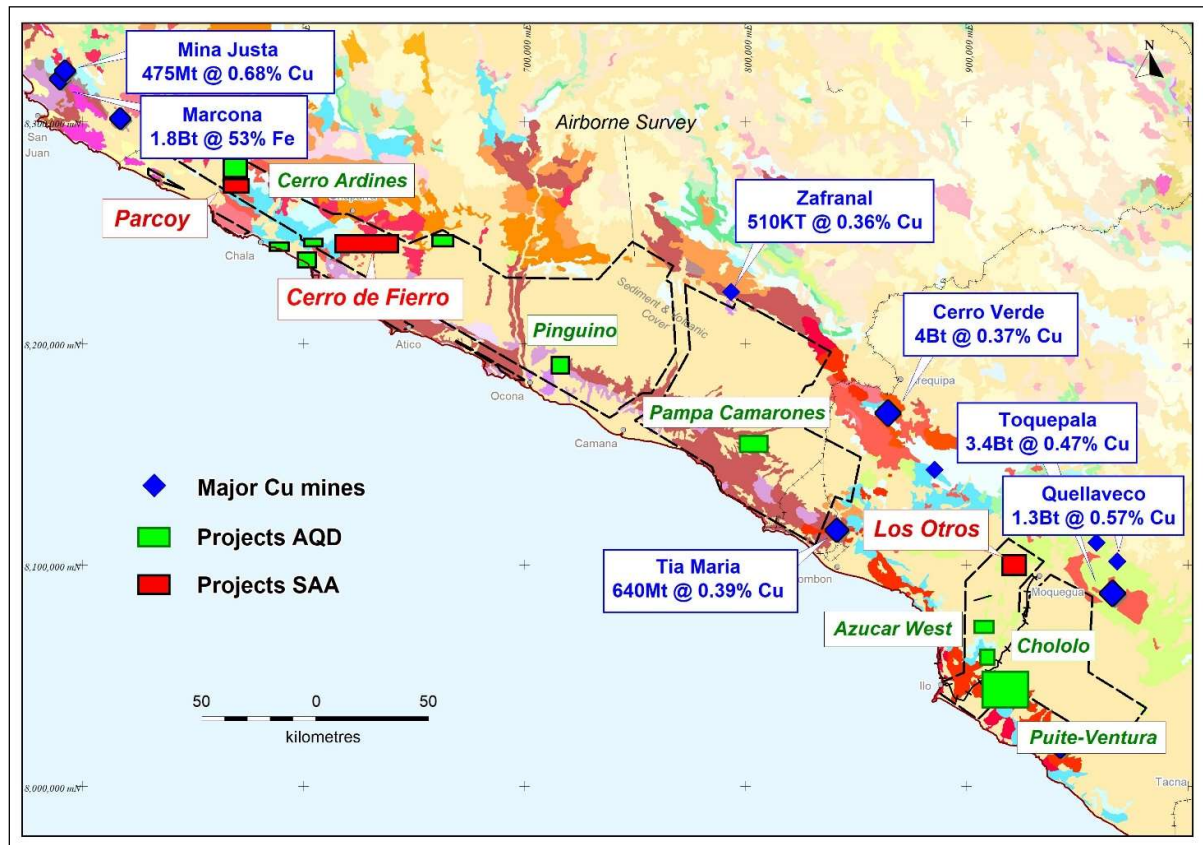


Figure 7: Peru Project Locations.

During FY2020, Stage 2 scout drilling was completed at the **Cerro de Fierro Copper-Gold Project** as part of the ongoing assessment of this large copper prospect.

A total of 14 drill-holes for 6,955m have now been completed over two programs, confirming the widespread distribution of copper mineralisation.

Significant intersections reported from drilling to date (Figure 8) include:

Hole CDFD003: 30m @ 0.43% Cu, 0.16g/t Au + 43m @ 0.43% Cu, 0.35g/t Au + 28m @ 0.42% Cu, 0.15g/t Au.

Hole CDFD005: 28m @ 0.32% Cu, 0.37g/t Au (mineralisation terminated by faulting);

Hole CDFD006: 7m @ 1.17% Cu, 11.2g/t Ag;

Hole CDFD009: 21m @ 0.3% Cu, 0.14g/t Au (terminated in mineralisation);

Hole CDFD014: 51m @ 0.31% Cu, 0.18g/t Au (including 6m @ 1.16% Cu, 0.42g/t Au).

The copper mineralisation occurs preferentially within a thick andesite volcanic package that is overlain by dacitic volcanics which are generally, but not always, barren of copper. The mineralisation occurs within veins and breccias, in sub-vertical shears and/or sub-horizontal manto-style structures and is present as both oxides and sulphides.

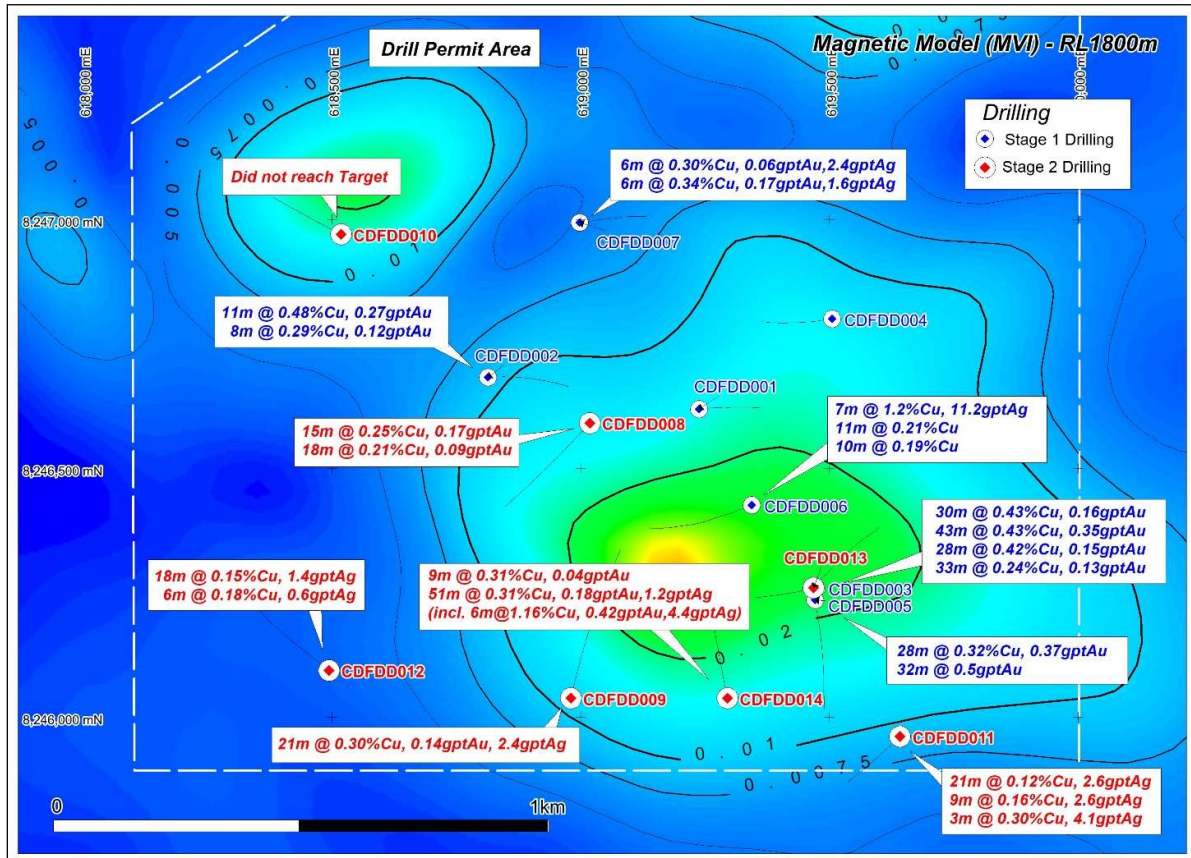


Figure 8: Cerro de Fierro prospect showing drilling results and location of drill-holes.

Multi-element geochemical analysis of drill core indicates that the copper is closely associated with iron and potassic alteration, and occurs marginal to elevated levels of molybdenum (Mo), pyrite and magnetite which are thought to define the central core of the mineralised system.

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

Grid-based rock chip sampling completed during the year outlined a large area of mineralised (copper) andesite in the south of the prospect, highlighting potential for shallow copper mineralisation in this area (Figures 9 and 10).

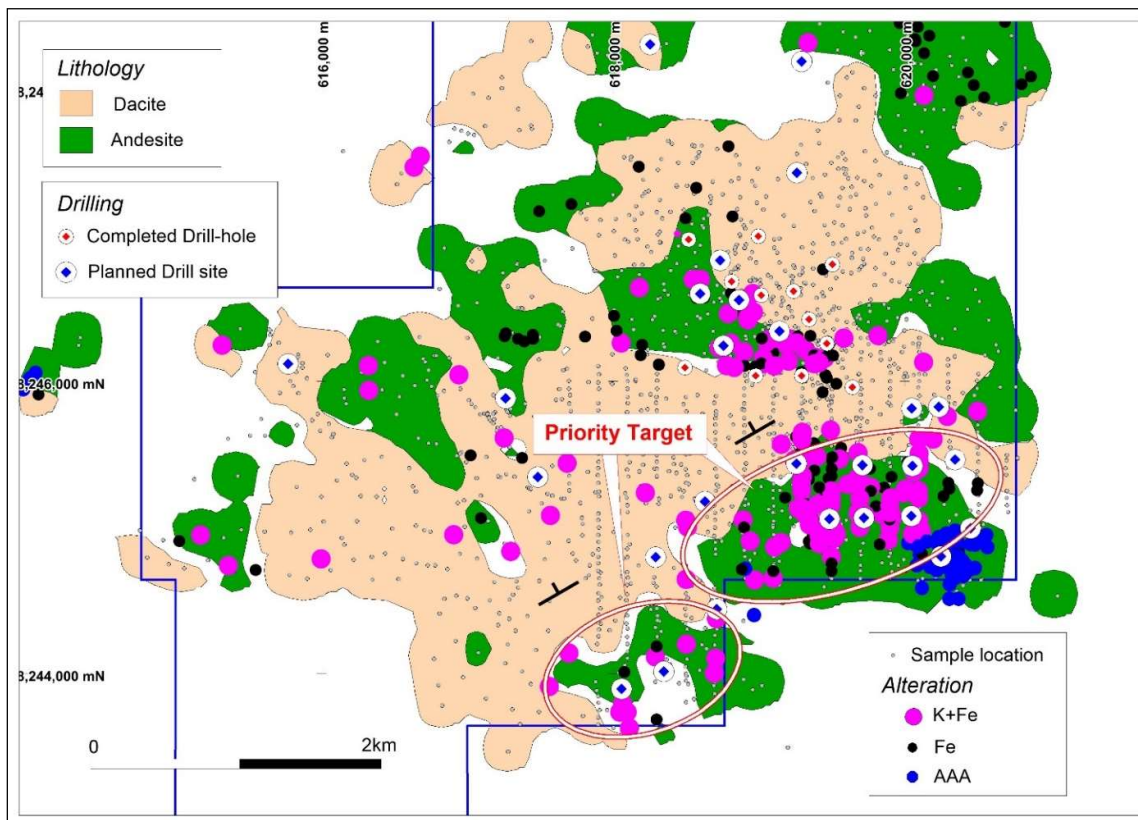


Figure 9: Cerro de Fierro Cu-Au Project showing Lithology & Alteration from rock geochemistry.

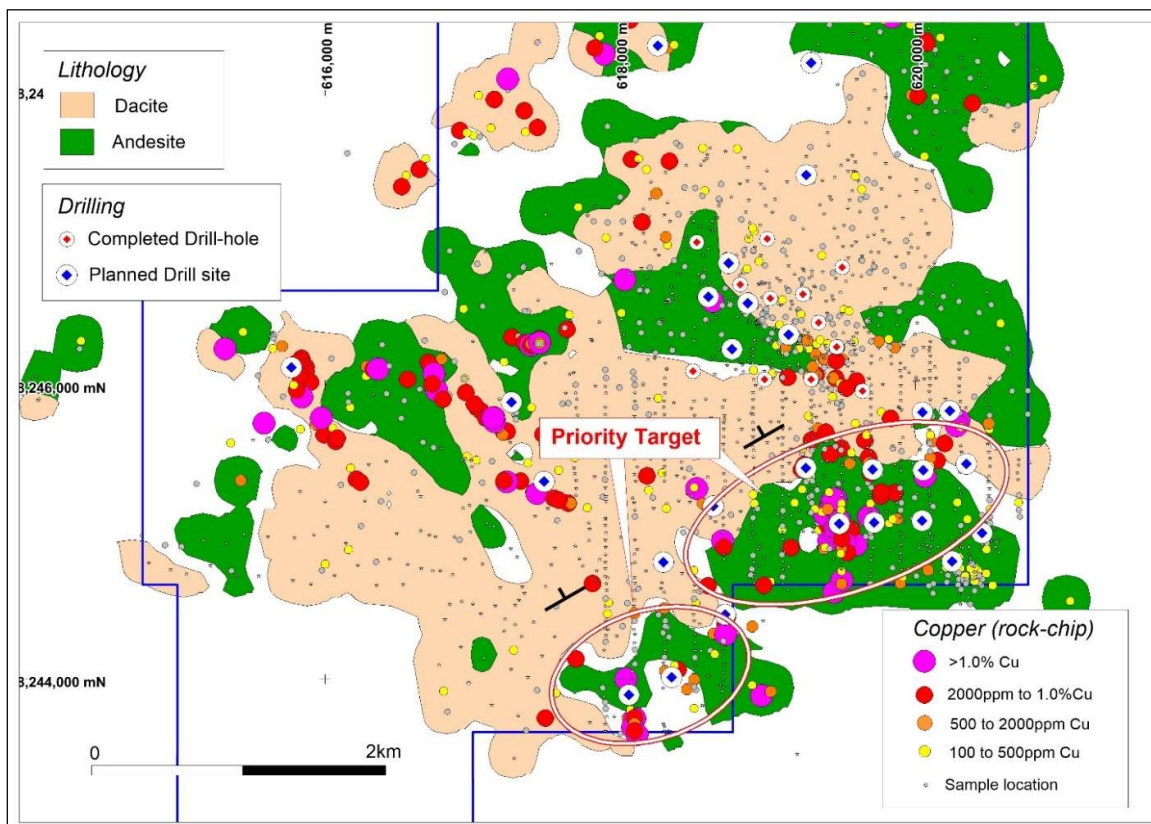


Figure 10: Cerro de Fierro Cu-Au Project showing Lithology & Copper from rock geochemistry.

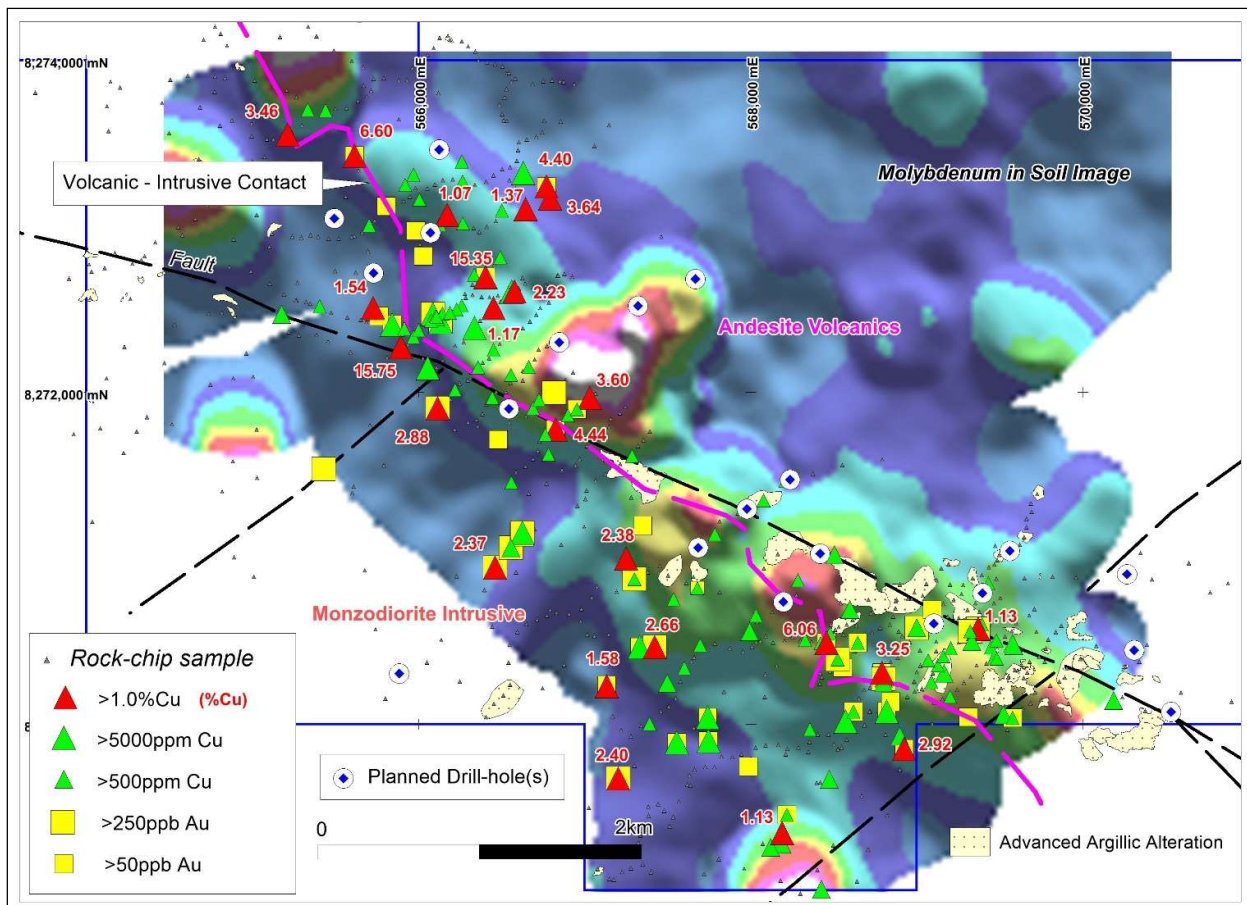
These andesites are characterised by similar lithological and alteration geochemistry to the copper mineralised andesites intersected at depth by drilling, and dip shallowly to the north beneath the dacitic volcanics that form an upper limit to the mineralisation.

The potential continuity of copper mineralisation from the outcropping andesites in the south to the drilled intersections in the north will be evaluated by Stage 3 drilling under the SAA, when the necessary Government approvals have been obtained.

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 in March 2020, prior to the lock-down imposed in response to the COVID-19 pandemic. It is anticipated that approvals for the Stage 3 drilling could be received by the end of 2020.

At the **Parcoy IOCG Project**, which is located approximately 50km north of Cerro de Fierro, soil and rock-chip sampling programs were completed to prioritise drill targets associated with the prospective structures known to host copper mineralisation ~6km to the south-east at the Los Chapitos prospect. A total of ~700 soils and ~840 rock samples were collected over an area of ~20km<sup>2</sup>.

Strong copper anomalies up to several square kilometres in size, with many rock samples reporting >1.0% Cu, were located within andesitic volcanics north of the fault, which are similar to the mineralised volcanics found at the Cerro de Fierro Project (*Figure 11*).



*Figure 11: Parcoy Project: Anomalous copper rock-chip sample locations and planned drill-hole locations.*

The association of anomalous copper with multiple indicator elements (Mo, Bi, Au, Te, Sb, As) is thought to reflect hydrothermal activity along the fault, increasing the possibility of copper-bearing fluids migrating into the shallow dipping volcanics and forming manto-style (replacement) deposits.

Radiometric data from the Company's proprietary airborne survey indicate that these volcanics are potassic altered, supporting the concept of manto-style copper mineralisation north of the fault.

Sampling also outlined strong copper (+/- gold) anomalies within the monzodiorite intrusion south of the fault, however detailed mapping and rock-chip sampling showed these anomalies were associated with narrow north-south vein sets with limited size potential.

A total of 20 drill sites are planned under the SAA to test the high-priority copper (+/- gold) anomalies outlined by the soil and rock-chip sampling programs. Base-line environmental and archaeological surveys have been completed and an application to drill in the area is expected to be submitted to Government during the second half of 2020.

This application will be submitted under the Government's new approval system (FTA) for early-stage drill testing of prospects, which should provide shorter time frames for the approval process to be completed. The Company is optimistic that final drill approval could be received before the end of 2020.

At the **Los Otros Project**, age dating of alunite samples from areas of advanced argillic alteration returned a date of 58.55 +/- 0.7 Ma, similar to the age range reported for the giant Palaeocene copper deposits that occur nearby.

A drilling program to test targets associated with the advanced argillic alteration (~1km<sup>2</sup>) has been agreed under the SAA and drill permitting initiated with Government to allow drilling to take place in 2021.

#### **New Opportunities and Project Generation (Peru)**

Project generation work within southern Peru was limited during the year as a result of the Company's increased attention on advanced projects under the SAA, and reduced field work time due to the onset of COVID-19. However, new tenement applications (16 mineral concessions covering an area of ~140km<sup>2</sup>) were lodged to secure additional targets in the Cerro de Fierro – Parcoy region where the Company is enjoying exploration success.

#### **CORPORATE**

The Company's cash balance remained relatively stable throughout the year due to the SAA with South32, which continued to provide funding for agreed work programs over projects both in Australia and Peru. The Company's cash position at the end of June 2020 was ~\$2.7 million.

In March 2020, AusQuest and South32 agreed to extend the SAA for a further two years (up to 31st December 2021) and continue to develop a pipeline of high-potential exploration opportunities in Australia and internationally.

Under the renewed agreement, AusQuest will continue to manage the initial programs in consultation with South32, and receive an administration fee equal to 15% of monies expended on all projects. Seven of the Company's projects are currently Exploration Opportunities under the SAA – four in Australia and three in Peru.

During the year, the Company successfully completed a Placement (\$0.5 million) and Rights Issue to shareholders (\$1.28 million) to provide additional funds for project generation and identification of new opportunities for consideration under the SAA.

## AusQuest Limited

### Directors' report

The directors of AusQuest Limited herewith submit the annual financial report of the Company and the entities it controlled ("Group") for the financial year ended 30 June 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### Information about directors and senior management

The names and particulars of the directors of the Company during or since the end of the financial year and up to the date of this report are noted below. Except where indicated, directors have held office during and since the end of the financial year:

**Greg Hancock BA Econs., BEd Hons., F.Fin**  
**Non-Executive Director and Chairman**

Greg has had over 25 years' experience in capital markets practicing in the area of corporate finance. He maintains close links with the stockbroking and investment banking community on behalf of the Company.

Directorships held in listed companies over the last three years are as follows:

- Zeta Petroleum PLC – April 2015 – current
- Strata-X Energy Limited – July 2015 – current
- BMG Resources Ltd – Feb 2017 – current
- Golden State Mining Limited – Nov 2018 – current
- Cobra Resources PLC – Nov 2018 – current
- King Island Scheelite Ltd – Feb 2019 – current

**Graeme Drew B.Sc.Hons., FAIMM, MASEG**  
**Managing Director**

Graeme has over 40 years' experience in the exploration industry in Australia and overseas. Prior to co-founding AusQuest Limited he was an Exploration Manager for CRAE and Rio Tinto Exploration Pty Ltd in Western Australia (9 years) and Eastern Australia (4 years). He has wide experience in the search for, and evaluation of, most base and precious metals (notably nickel, copper, gold, uranium, zinc and diamonds). Graeme has developed a passion for the 'big picture' and 'big project' generation which he strongly believes are the building blocks for successful exploration outcomes.

Graeme has held no other directorships in listed companies over the last three years.

**Christopher Ellis B.Sc.Hons.**  
**Non-Executive Director**

Chris 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.

Chris was appointed a Non-Executive Director of King Island Scheelite Limited on 8 November 2012. Chris has held no other directorships in listed companies over the last three years.

**Henko Vos**  
**Company secretary**

Mr Vos is a member of the Governance Institute of Australia and Chartered Accountants Australia & New Zealand with more than 15 years' experience working within public practice, specifically within the area of audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is an employee of Nexia Perth, a mid-tier corporate advisory and accounting practice.

#### Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options (Unlisted) Number	Share options (Listed) (Listed) Number
Greg Hancock	4,586,415	4,000,000	-
Graeme Drew	16,942,145	10,000,000	3,388,491
Chris Ellis	155,868,673	4,000,000	31,173,734

### **Remuneration of directors and senior management**

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report.

### **Share options granted to directors and senior management**

During the year and since the end of the financial year there were no share options granted to any Key Management Personnel of the Group as part of their remuneration.

### **Principal activities**

The principal activity of the Group was mineral exploration throughout Australia and Peru.

### **Review of operations**

A review of the Group's exploration projects and activities during the year is discussed in the Operations Review included in this Annual Report.

The loss of the Group after income tax for the year was \$984,829 (2019: loss after tax of \$275,633).

### **Changes in state of affairs**

During the financial year there was no other significant change in the state of affairs of the Group other than as referred to in the financial statements or notes thereto.

### **Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### **Future developments**

Disclosure of information regarding the likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

### **Safety and environmental regulations**

The Group is aware of its occupational health and safety and environmental obligations with regard to its exploration activities and ensures that it complies with all regulations when carrying out exploration work.

### **Dividends**

No dividends were paid or declared since the start of the financial year. No recommendation for the payment of dividends has been made.

### **Proceedings on behalf of the Company**

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of AusQuest Limited.

**AusQuest Limited**  
**Directors' report**

**Share options**

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
<b>Unlisted</b>				
AusQuest Limited	39,500,000	Ordinary	5 cents each	30 Nov 2020
<b>Listed</b>				
AusQuest Limited	127,027,620	Ordinary	2.5 cents each	30 Nov 2021

The holders of such options do not have the right, by virtue of the option, to participate in any share or other interest issue of any other body corporate or registered scheme.

Shares issued on the exercise of options

There were no shares issued on the exercise of options during or since the end of the financial year.

Share options granted during the year

On 25 October 2019, the Company issued 35,714,286 ordinary shares to a number of professional and sophisticated investors as introduced by the Company's corporate advisors, Hartleys Limited (Placement Shares). Each Placement Share received a free attaching option exercisable at \$0.025 per option with an expiry date of 30 November 2021 (Placement Options).

On 15 November 2019, following the closure of a non-renounceable pro-rata rights issue, the Company also issued 91,313,334 attaching options exercisable at \$0.025 per option with an expiry date of 30 November 2021 (Rights Issue Options). The Placement Options and Rights Issue Options, totalling 127,027,620, is listed on ASX (ASX : AQDOC).

Share options that expired/lapsed

No share options expired or lapsed during or since the end of the financial year.

**Directors' meetings**

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

During the financial year 4 board meetings and 1 audit committee meeting and 1 nomination and remuneration committee meeting were held.

Directors	Board of Directors		Nomination and Remuneration committee		Audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Greg Hancock	4	4	1	1	1	1
Graeme Drew	4	4	1	1	1	1
Christopher Ellis	4	4	1	1	1	1

**Indemnification of officers and auditors**

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- except as may be prohibited by the Corporations Act 2001 a Director or Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Director or officer of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

Since the beginning of the financial year the Company has paid insurance premiums of \$53,371 (2019: \$52,142) in respect of directors and officers liability and corporate reimbursement, for directors and officers in the Company.

## AusQuest Limited Directors' report

The insurance premiums relate to:

- any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a Director or Officer of the Company or any related corporation, first made against them jointly or severally during the year of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any Director or Officer in their capacity as a Director or Officer of the Company or any related corporation, first made against the Director or Officer during the period of insurance.

### Non-audit services

There were no non-audit services performed during the year by the auditors (or by another person or firm on the auditor's behalf).

### Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an independence declaration in relation to the audit of the financial report. This independence declaration is included on page 23 of the annual report and forms part of this directors' report for the year ended 30 June 2020.

### Remuneration report (audited)

This report, which forms part of the directors' report, outlines the remuneration arrangements in place for the key management personnel of AusQuest Limited (the "Company") for the financial year ended 30 June 2020.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

### Group performance and its consequences on shareholder wealth

It is not possible at this time to evaluate the Group's financial performance using generally accepted measures such as profitability and total shareholder return as the Group is focussed on exploration activities with no significant revenue stream. This assessment will be developed as and when the Group moves from explorer to producer.

The table below shows the gross revenue, losses and loss per share for the last five years for the Group:

		2020	2019	2018	2017	2016
Revenue and other income	\$	621,679	923,545	2,156,489	681,973	19,490
Net loss	\$	(984,829)	(275,633)	767,788	(7,192,145)	(7,943,167)
Earnings/(Loss) per share	Cents	(0.16)	(0.05)	0.15	(1.44)	(1.60)
Share price at year end	Cents	0.015	0.014	0.033	0.011	0.013

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and Company performance;
- remuneration of key management personnel;
- key terms of employment contracts;
- key management personnel equity holdings;
- transactions with key management personnel; and
- loans to/from key management personnel.

## AusQuest Limited Directors' report

### Key management personnel details

The key management personnel of AusQuest Limited during the year or since the end of the year were:

Greg Hancock	Non-Executive Chairman
Graeme Drew	Managing Director
Christopher Ellis	Non-Executive Director

There were no group executives employed by AusQuest Limited during the year.

### Remuneration policy and relationship between the remuneration policy and Company performance

The Board policy for determining remuneration is based on the principle of remunerating directors and senior executives on their ability to add value to the Company (taking into account the Company's strategic plan and operations) whilst also considering market remuneration packages for similar positions within the industry and in consultation with external consultants.

The Board appreciates the interrelationship between this policy and Company performance. It acknowledges that it is in the best interests of shareholders to provide challenging but achievable incentives to reward senior executives for reaching the Company's stated goals. The Board will discuss these issues internally and with candidates prior to engaging additional directors or senior executives in the future.

### Key management personnel (excluding non-executive directors)

The Remuneration Committee is responsible for determining the remuneration policies for the Group, including those affecting executive directors and other key management personnel. The Committee may seek appropriate external advice to assist in its decision making. Remuneration policies and practices are directed primarily at attracting, motivating and retaining key management personnel.

The remuneration policy for executive directors and other key management personnel has the following key elements:

- Primary benefits (being salary, fees, bonus and non-monetary benefits)
- Post-employment benefits (being superannuation)
- Equity (being share options granted at the discretion of the Board)
- Other benefits

### Non-Executive Directors

The Company's Non-Executive Directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's Non-Executive Directors reflect the demands on, and responsibilities of these directors. They do not receive any retirement benefits (other than compulsory superannuation).

The Board decides annually the level of fees to be paid to Non-Executive Directors with reference to market standards.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to Non-Executive Directors to remain with the Company.

A Non-Executive Directors' fee pool limit of \$300,000 per annum was approved by the shareholders.

### Key terms of employment contracts

Remuneration and other terms of employment for the Managing Director, Graeme Drew are formalised in a service agreement. Major provisions of this agreement are set out below:

- Term of agreement dated 21 April 2015.
- Base salary reviewed annually, salary of \$200,000 from 1 March 2018 (excluding superannuation entitlements).
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, equal to 3 months' salary, other than if there is a change of control of the Company, which will result in 12 months' salary.
- Notice period of 90 days.

The consulting agreement in place with the Chairman, Greg Hancock is summarised below:

- Term of agreement is renewed annually.
- Fee of \$48,000 from 1 July 2019.
- No payment of termination benefit.

**Remuneration of key management personnel**

	Short-term employee benefits		Post employment benefits	Other long term employee benefits	Share-based payment	Total	Performance Related
	Salary and fees	Other <sup>(i)</sup>	Superannuation		Options		
	\$	\$	\$	\$	\$	\$	%

**2020**

Directors

Graeme Drew	200,000	-	19,000	-	-	219,000	-
Greg Hancock <sup>(i)</sup>	-	48,000	-	-	-	48,000	-
Chris Ellis	-	-	-	-	-	-	-
	200,000	48,000	19,000	-	-	267,000	-

**2019**

Directors

Graeme Drew	200,000	-	19,000	-	-	219,000	-
Greg Hancock <sup>(i)</sup>	-	48,000	-	-	-	48,000	-
Chris Ellis	-	-	-	-	-	-	-
	200,000	48,000	19,000	-	-	267,000	-

(i) Mr Hancock received \$48,000 (2019: \$48,000) for corporate advisory services rendered to the Company.

There were no options granted as remuneration to key management personnel during the year.

There were no options granted as remuneration to key management personnel exercised during the year.

There were no options expired or lapsed during the year.

**Key management personnel equity holdings**

Fully paid ordinary shares of AusQuest Limited

	Balance at 1 July No.	Balance on appointment No.	Granted as compensation No.	Other movements No.	Balance on resignation No.	Balance at 30 June No.
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**2020**

**Directors**

Greg Hancock	4,586,415	-	-	-	-	4,586,415
Graeme Drew	13,553,966	-	-	3,388,491 <sup>(i)</sup>	-	16,942,457
Chris Ellis	124,694,939	-	-	31,173,734 <sup>(i)</sup>	-	155,868,673
	142,835,320	-	-	34,562,225	-	177,397,545

(i) Issue of shares under the pro-rata non-renounceable rights issue announced on 16 October 2019.

Options (listed and unlisted) of AusQuest Limited

	Balance at 1 July No.	Other movements No.	Granted as compensation No.	Exercised No.	Balance at 30 June No.	Vested during year No.	Vested and exercisable at 30 June No.
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**2020**

**Directors**

Greg Hancock	4,000,000	-	-	-	4,000,000	-	4,000,000
Graeme Drew	10,000,000	3,388,491 <sup>(i)</sup>	-	-	13,388,491	-	13,388,491
Chris Ellis	4,000,000	31,173,734 <sup>(i)</sup>	-	-	35,173,734	-	35,173,734
	18,000,000	34,562,225	-	-	52,562,225	-	52,562,225

(i) Issue of free attaching options under the pro-rata non-renounceable rights issue announced on 16 October 2019.

**AusQuest Limited**  
**Directors' report**

**Transactions with key management personnel**

The following transactions occurred with key management personnel:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Corporate advisory services <sup>(i)</sup>	48,000	48,000
Convertible note and interest accrued <sup>(ii)</sup>	-	20,247

- (i) The Company entered into a 12 month corporate advisory services agreement with Mr Hancock. Mr Hancock was paid \$48,000 (excluding GST) for services rendered during the 12 month period ending 30 June 2020 (2019: \$48,000 excluding GST). This amount is included as part of Mr. Hancock's remuneration in the table above.
- (ii) On 3 October 2016, the Company executed a Convertible Note Agreement ("the Loan") with Mr Chris Ellis for a total loan facility of \$750,000. The Loan was interest free for six months and thereafter accrued interest at 10% per annum, resulting in the Company accruing a total of \$87,628 interest over the term of the loan, of which \$20,247 related to the 30 June 2019 financial year. The outstanding balance of the Loan, including interest, was converted to ordinary shares following shareholder approval at the Company's AGM on 21 November 2018.

There were no other transactions with key management personnel during the year.

***Receivable from and payable to related parties***

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current payables:		
Fee payable to Graeme Drew and related entity	18,250	18,250
Fee payable to Greg Hancock and related entity	4,400	4,693

**Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

**(End of remuneration report)**

The Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



**Graeme Drew**  
**Managing Director**

22 September 2020  
Perth, WA

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of AusQuest Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia  
22 September 2020

**B G McVeigh**  
Partner

**hlb.com.au**

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## **INDEPENDENT AUDITOR'S REPORT**

To the members of AusQuest Limited

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of AusQuest Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Material uncertainty related to going concern*

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p><b>Exploration and evaluation expenditure</b> Note 11 in the financial report</p> <p>The Group has capitalised exploration and evaluation expenditure of \$4,623,815 as at 30 June 2020.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure in respect of each identifiable area of interest, including acquisition costs and measures the asset using the cost model.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values;</li> <li>- We considered the Directors' assessment of potential indicators of impairment;</li> <li>- We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>- We reviewed additions to exploration expenditure during the year;</li> <li>- We considered the accounting treatment in relation to exploration partner funding;</li> <li>- We verified amounts received from the Group's exploration partner and subsequently spent on exploration;</li> <li>- We verified the completeness of amounts recognised as income in relation to the Group's exploration partner contracts;</li> <li>- We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and</li> <li>- We examined the disclosures made in the financial report.</li> </ul>

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation

of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of AusQuest Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**22 September 2020**



**B G McVeigh**  
**Partner**

**AusQuest Limited**  
**Directors' declaration**  
**30 June 2020**

- 1) In the directors' opinion:
  - a) the attached financial statements notes thereto comply with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
    - (i) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
    - (ii) give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2) The directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors.

On behalf of the directors



Graeme Drew

Managing Director

22 September 2020  
Perth, WA

**AusQuest Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Continuing operations</b>			
Revenue	5	512,733	923,545
Other income	5	108,946	-
		<u>621,679</u>	<u>923,545</u>
<b>Expenses</b>			
Consultants and employee benefits expenses		(255,882)	(208,406)
Occupancy expenses		(63,474)	(169,004)
Other expenses		(747,143)	(705,077)
Depreciation expense		(7,409)	(14,178)
Depreciation expense of right-of use asset		(101,600)	-
Share-based payment expenses	6	(22,000)	(73,000)
Impairment of exploration and evaluation expenditure	11	(1,259,122)	(743,169)
Finance costs		(6,281)	(26,941)
Interest on lease liability		(9,966)	-
Total expenses		<u>(2,472,877)</u>	<u>(1,939,775)</u>
<b>(Loss) before income tax</b>	6	(1,851,198)	(1,016,230)
Income tax benefit	7	866,369	748,829
<b>(Loss) for the year after income tax of continuing operations</b>		<u>(984,829)</u>	<u>(267,401)</u>
Loss after tax from discontinued operations	30	-	(8,232)
<b>(Loss) for the year after income tax</b>		<u>(984,829)</u>	<u>(275,633)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange gain on translation of foreign operations		287,391	455,161
Other comprehensive income for the year, net of tax		287,391	455,161
<b>Total comprehensive (loss)/income for the year</b>		<u>(697,438)</u>	<u>179,528</u>
<b>(Loss)/Earnings per share</b>			
Basic and diluted (loss)/earnings per share (cents per share)	28	(0.16)	(0.05)
Basic and diluted (loss)/earnings per share from continuing operations (cents per share)	28	(0.16)	(0.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**AusQuest Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2020**

	<b>Note</b>	<b>Consolidated 2020 \$</b>	<b>2019 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	27	2,719,202	1,816,388
Trade and other receivables	8	467,622	362,413
Other assets	9	247,687	203,743
<b>Total current assets</b>		<u>3,434,511</u>	<u>2,382,544</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	63,816	52,992
Exploration and evaluation	11	4,623,815	4,765,916
Right-of-use asset	12	37,383	-
<b>Total non-current assets</b>		<u>4,725,014</u>	<u>4,818,908</u>
<b>Total assets</b>		<u>8,159,525</u>	<u>7,201,452</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	346,199	374,879
Provisions	14	125,742	120,160
Unexpended funding	15	946,608	997,888
Lease liability	12	44,636	-
<b>Total current liabilities</b>		<u>1,463,185</u>	<u>1,492,927</u>
<b>Total liabilities</b>		<u>1,463,185</u>	<u>1,492,927</u>
<b>Net assets</b>		<u>6,696,340</u>	<u>5,708,525</u>
<b>Equity</b>			
Issued capital	16	59,416,693	57,731,440
Reserves	17	4,546,369	4,258,978
Accumulated losses		<u>(57,266,722)</u>	<u>(56,281,893)</u>
<b>Total equity</b>		<u>6,696,340</u>	<u>5,708,525</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

**AusQuest Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2020**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payment reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
Balance at 1 July 2019	57,731,440	327,929	3,931,049	(56,281,893)	5,708,525
Loss after income tax for the year	-	-	-	(984,829)	(984,829)
Other comprehensive income for the year, net of tax	-	-	287,391	-	287,391
Total comprehensive income/(loss) for the year	-	-	287,391	(984,829)	(697,438)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	1,685,253	-	-	-	1,685,253
Balance at 30 June 2020	<u>59,416,693</u>	<u>327,929</u>	<u>4,218,440</u>	<u>(57,266,722)</u>	<u>6,696,340</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payment reserve \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
Balance at 1 July 2018	57,253,653	327,929	3,475,888	(56,006,260)	5,051,210
Loss after income tax for the year	-	-	-	(275,633)	(275,633)
Other comprehensive income for the year, net of tax	-	-	455,161	-	455,161
Total comprehensive income for the year	-	-	455,161	(275,633)	179,528
<i>Transactions with owners in their capacity as owners:</i>					
Issue of shares	477,787	-	-	-	477,787
Balance at 30 June 2019	<u>57,731,440</u>	<u>327,929</u>	<u>3,931,049</u>	<u>(56,281,893)</u>	<u>5,708,525</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**AusQuest Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from South32 Group Operations Pty Ltd		511,224	920,067
COVID-19 government contributions		49,453	-
Payments to suppliers and employees		(954,183)	(1,232,774)
Interest received		2,086	2,502
Finance costs		(6,281)	(6,695)
Net cash (used in) operating activities	27(ii)	<u>(397,701)</u>	<u>(316,900)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(21,470)	(19,397)
Payments for exploration and evaluation		(5,951,525)	(9,149,356)
Payment received on grant of farm-in and joint venture interests		4,816,859	5,929,509
Research and development tax incentive refund received		866,369	748,829
Net cash (used in) investing activities		<u>(289,767)</u>	<u>(2,490,415)</u>
<b>Cash flows from financing activities</b>			
Payment of lease liability		(104,313)	-
Proceeds from issue of shares		1,778,387	-
Share issue costs		(115,134)	-
Net cash from financing activities	27(iii)	<u>1,558,940</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		871,472	(2,807,315)
Cash and cash equivalents at the beginning of the financial year		1,816,388	4,520,934
Exchange rate adjustment		31,342	102,769
Cash and cash equivalents at the end of the financial year	27(i)	<u>2,719,202</u>	<u>1,816,388</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

**AusQuest Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 1. General information**

AusQuest Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol ("AQD")), incorporated in Australia and operating in Australia, Africa and Peru.

The Company's registered office and its principal place of business are as follows:

**Registered Office**

C/- Nexia Perth Pty Ltd  
Level 3, 88 William Street  
Perth WA 6000

**Principal place of business**

8 Kearns Crescent  
Ardross WA 6153

The Group's principal activities are the exploration for and evaluation of mineral resources in Australia and Peru.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements comprise the consolidated financial statements for the Group. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**i. Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 22 September 2020.

**(b) Going concern**

The 30 June 2020 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2020 the Group recorded a net loss of \$984,829 (2019 net loss: \$275,633) and at 30 June 2020 had a net working capital of \$1,971,326 (30 June 2019: net working capital of \$889,617). The Group also recorded a net cash outflow in operating activities for the year ended 30 June 2020 of \$397,701 (2019: net cash outflow in operating activities of \$316,900).

Based on the Group's cash flow forecast it is likely that the Group will need to access additional working capital in the next 12 months to advance its exploration projects and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, should the need arise. The directors are also aware that the Group has the option, if necessary, to defer expenditure or relinquish certain projects and reduce administration costs in order to minimise its capital raising requirements.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in raising additional funds through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Note 2. Significant accounting policies (continued)**

**(c) Critical accounting estimates**

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Refer to Note 3 for a discussion of critical judgements in applying the Group's accounting policies and key sources of estimation uncertainty.

**(d) Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues.

Management also considers other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – being the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

**(e) Financial Instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

*(i) Financial Assets*

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

*(ii) Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

**Note 2. Significant accounting policies (continued)**

**(e) Financial Instruments (continued)**

*(iii) Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

*(iv) Effective Interest Rate Method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**(f) New accounting standards and interpretations**

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2019.

As a result of this review, the Group has initially applied AASB 16 from 1 July 2019.

**AASB 16 Leases**

AASB 16 replaces the provisions of AASB 117 Leases that relate to the recognition, classification and measurement of leases. This note explains the impact of the adoption of AASB 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

On 1 July 2019, the Company held five leases in Peru and one lease for the office based in Ardross. The Company assessed which business model applied to the lease and classified its lease into the appropriate AASB 16 category.

The Company has elected to apply AASB 16 utilising the modified retrospective approach from 1 July 2019, and therefore has not restated comparatives for the 2020 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

*Reclassification from administration expense to a lease liability and right-of-use ("ROU") asset*

The office, housing and storage leases was reclassified from an operating lease which was recorded as an administrative expense in the consolidated statement of profit or loss, as payments were made each month under the previous AASB 117, to recognising a lease liability and a ROU asset in its statement of financial position under the new AASB 16. The lease payments are discounted using the Company's incremental borrowing rate of 10.25%. See Note 12 for further details.

The Company holds an Australian office lease which has not been recognised as a right-of-use asset as it has been assessed as a short term lease.

**(g) New accounting standards and interpretations not yet adopted**

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

**Note 2. Significant accounting policies (continued)**

**(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts

**(i) Foreign currency translation**

Both the functional and presentation currency of AusQuest Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The exchange differences arising on the translation are taken directly to the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(j) Revenue and other income**

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

Revenue is measured at the transaction price received or receivable (which excludes estimates of variable consideration) allocated to the performance obligation satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, GST and other sales related taxes. Where the expected period between transfer of a promised service and payment from the customer is one year or less no adjustment for a financing component is made.

Revenue arising from the provision of services is recognised when and to the extent that the customer simultaneously receives and consumes the benefits of the Group's performance or the Group does not create an asset with an alternative use but has an enforceable right to payment for performance completed to date.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

Government assistance revenue is recognised when it is received or when the right to receive payment is established.

**Note 2. Significant accounting policies (continued)**

**(k) Income tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax is provided on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

The Company and its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. AusQuest Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group as and when they arise.

The Research and Development (R&D) tax rebate is recognised as income tax benefit upon receipt.

**Note 2. Significant accounting policies (continued)**

**(k) Impairment of assets**

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(l) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on plant and equipment. Depreciation is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

<i>Class of fixed asset</i>	<i>Depreciation rate (%)</i>
Fixtures, fittings and office equipment	10 - 40%
Computer equipment	20 - 50%
Field equipment	20 - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits/accumulated losses.

**(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 2. Significant accounting policies (continued)**

**(n) Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

**(o) Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

**(p) Share-based payments**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments. The cost of these share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at grant date is measured by use of the Black and Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(q) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Note 2. Significant accounting policies (continued)**

**(r) Exploration and evaluation assets**

Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest.

These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

Contributions by a farmee in a farm out agreement are offset against the exploration and evaluation assets when spent. The unexpended expenditure from the farmee at reporting date is recorded as a liability in the statement of financial position. Where there is no obligation attached to the contribution received, the excess of cash received over the carrying amount of the exploration project is credited to the statement of profit or loss and other comprehensive income as revenue.

**(s) Joint arrangements**

*Joint operations*

Interests in joint operations are reported in the financial statements by including the entity's share of assets employed in the joint operation, the share of liabilities incurred in relation to the joint operation and the share of any expenses incurred in relation to the joint operation in their respective classification categories.

*Joint ventures*

Interests in joint ventures are accounted for under the equity method in the consolidated financial statements and the cost method in the Company's financial statements.

**(t) Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**(u) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(v) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit/loss attributable to the owners of AusQuest Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 2. Significant accounting policies (continued)**

**(w) Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Note 3. Critical accounting judgements, estimates and assumptions**

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**a) *Impairment***

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. During the year the Company impaired certain of its Peruvian and Australian tenements. Impairment charges of \$765,098 and \$494,024 were recognised for these tenements respectively.

Other than exploration and evaluation expenditure impaired totalling \$1,259,122 (2019: \$743,169) during the year, no other impairment loss was recorded in the current financial year. Refer Note 4 (Operating Segments) and Note 11 (Exploration and Evaluation) for further detail on the impairment charges.

**b) *Exploration and evaluation costs carried forward***

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will increase losses and reduce net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will increase losses and reduce net assets in the period in which this determination is made.

**c) *Share-based payments***

The Company makes equity settled share-based payments to certain employees and consultants, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The fair values are determined using the Black Scholes Option Pricing Model or the Cox, Ross and Rubinstein Binomial Option Pricing Model. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

**d) *Loans to controlled entities***

The directors believe that the recoupment by AusQuest Limited of the inter-company receivables from Questdor SAC is dependent on the successful development and commercial exploitation or, alternatively, the sale of the exploration assets held by the controlled entity.

**AusQuest Limited**  
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**Note 3. Critical accounting judgements, estimates and assumptions (continued)**

e) *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**Note 4. Operating segments**

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of AusQuest Limited.

The following table presents the revenue, results and certain asset and liability information regarding the segment information provided to the Board of Directors for the year ended 30 June 2020.

**AusQuest Limited**  
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**Note 4. Operating segments (continued)**

*Operating segment information*

	<b>Australia</b>	<b>South</b>	<b>Discontinued</b>	<b>Intersegment</b>	
	<b>\$</b>	<b>America</b>	<b>Operations</b>	<b>eliminations</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated - 2020</b>					
<b>Revenue</b>					
Interest revenue	1,951	-	-	-	1,951
Other revenue	620,170	(442)	-	-	619,728
<b>Total revenue</b>	<b>622,121</b>	<b>(442)</b>	<b>-</b>	<b>-</b>	<b>621,679</b>
<b>Expenses</b>					
Depreciation	(8,598)	(100,411)	-	-	(109,009)
Impairment of exploration expenditure	(494,024)	(765,098)	-	-	(1,259,122)
Other expenditure	(819,954)	(284,792)	-	-	(1,104,746)
<b>Total expenses</b>	<b>(1,322,576)</b>	<b>(1,150,301)</b>	<b>-</b>	<b>-</b>	<b>(2,472,877)</b>
<b>Loss before income tax</b>	<b>(700,455)</b>	<b>(1,150,743)</b>	<b>-</b>	<b>-</b>	<b>(1,851,198)</b>
Income tax benefit					866,369
<b>Loss after income tax</b>					<b>(984,829)</b>
<b>Assets</b>					
Non-current assets	9,101,328	8,948,722	-	(13,325,036)	4,725,014
Segment assets	12,041,080	9,432,501	10,980	(13,325,036)	8,159,525
<b>Total assets</b>					<b>8,159,525</b>
<b>Liabilities</b>					
Segment liabilities	1,369,395	15,630,696	35,486	(15,572,392)	1,463,185
<b>Total liabilities</b>					<b>1,463,185</b>
	<b>Australia</b>	<b>South</b>	<b>Discontinued</b>	<b>Intersegment</b>	
	<b>\$</b>	<b>America</b>	<b>Operations</b>	<b>eliminations</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated - 2019</b>					
<b>Revenue</b>					
Interest revenue	2,475	-	-	-	2,475
Other revenue	920,055	1,015	-	-	921,070
<b>Total revenue</b>	<b>922,530</b>	<b>1,015</b>	<b>-</b>	<b>-</b>	<b>923,545</b>
<b>Expenses</b>					
Depreciation	(12,012)	(2,166)	-	-	(14,178)
Impairment of exploration expenditure	(604,037)	(139,132)	-	-	(743,169)
Other expenditure	(870,108)	(312,320)	(8,232)	-	(1,190,660)
<b>Total expenses</b>	<b>(1,486,157)</b>	<b>(453,618)</b>	<b>(8,232)</b>	<b>-</b>	<b>(1,948,007)</b>
<b>Loss before income tax</b>	<b>(563,627)</b>	<b>(452,603)</b>	<b>(8,232)</b>	<b>-</b>	<b>(1,024,462)</b>
Income tax benefit					748,829
<b>Loss after income tax</b>					<b>(275,633)</b>
<b>Assets</b>					
Non-current assets	9,357,585	9,865,099	-	(14,403,776)	4,818,908
Segment assets	11,106,179	10,488,303	10,746	(14,403,776)	7,201,452
<b>Total assets</b>					<b>7,201,452</b>
<b>Liabilities</b>					
Segment liabilities	1,433,056	12,752,418	34,727	(12,727,274)	1,492,927
<b>Total liabilities</b>					<b>1,492,927</b>

**AusQuest Limited**  
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**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Funding from South32 Group Operations Pty Ltd recognised as income:		
Administration charges (Note 15)	511,224	729,657
Funding against written off exploration expenditure (Note 15)	-	190,398
Interest income	1,509	2,475
Government assistance	108,946	1,015
	<u>621,679</u>	<u>923,545</u>

**Note 6. (Loss)/Profit for the year**

(Loss)/Profit for the year includes the following expenses:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure (recovered) / expensed	(22,410)	46,988
Depreciation	109,009	14,178
Share-based payments:		
Consulting services	22,000	73,000
	<u>22,000</u>	<u>73,000</u>

**Note 7. Income tax expense**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Tax benefit comprises:</b>		
Current tax benefit	866,369	748,829
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax benefit	<u>866,369</u>	<u>748,829</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
(Loss)/Profit before income tax expense	(1,851,198)	(1,016,230)
<b>Tax at the statutory tax rate of 27.5% (2019: 27.5%)</b>	(509,079)	(279,463)
Effect of net expenses that are not deductible in determining taxable profit	431,069	160,434
Effect of net income that is not assessable in determining taxable profit	(25,010)	-
Effect of changes in unrecognised temporary differences	(255,950)	(41,969)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	358,971	160,998
Effect of research and development tax incentive refund	866,369	748,829
Income tax benefit	<u>866,369</u>	<u>748,829</u>

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2019: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

**AusQuest Limited**  
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**Note 7. Income tax expense (continued)**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Unrecognised deferred tax assets and liabilities</b>		
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax losses – revenue	8,650,465	9,704,245
Exploration and evaluation assets	(4,508,038)	(4,998,038)
Unrealised foreign exchange gain	(453,384)	(498,722)
Other temporary differences	43,169	(3,627)
	<u>3,732,212</u>	<u>4,203,858</u>
Deferred tax assets not recognised in equity – share issue costs	<u>-</u>	<u>-</u>

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. Management has calculated that accounting losses arose in prior periods and therefore consider a reasonable assumption to be that, following submission of the tax returns, tax losses will be available to be utilised in order to offset its assessable income. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Relevance of tax consolidation to the Group**

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is AusQuest Limited. The members of the tax-consolidated group (incorporated in Australia) are identified at Note 25.

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Security deposits	50,000	50,000
Other debtors - unsecured	31,835	3,508
Input tax recoverable	385,787	308,905
	<u>467,622</u>	<u>362,413</u>

**Note 9. Current assets - Other assets**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Prepayments	96,176	74,271
Other assets	92,460	129,472
Accrued Revenue	59,051	-
	<u>247,687</u>	<u>203,743</u>

**AusQuest Limited**  
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**Note 10. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Fixtures, fittings and office equipment - at cost	28,968	16,775
Less: Accumulated depreciation	(15,878)	(14,409)
	<u>13,090</u>	<u>2,366</u>
Computer equipment - at cost	58,562	49,403
Less: Accumulated depreciation	(37,443)	(30,743)
	<u>21,119</u>	<u>18,660</u>
Field equipment - at cost	208,574	211,931
Less: Accumulated depreciation	(180,405)	(181,419)
	<u>28,169</u>	<u>30,512</u>
Low value pool - at cost	13,067	13,602
Less: Accumulated depreciation	(11,629)	(12,148)
	<u>1,438</u>	<u>1,454</u>
Carrying amount	<u>63,816</u>	<u>52,992</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Total</b>
	<b>\$</b>
Balance at 1 July 2018	47,773
Additions	19,397
Write off	-
Depreciation expense	<u>(14,178)</u>
Balance at 30 June 2019	52,992
Additions	21,470
Write off	-
Depreciation expense	(7,409)
Forex	<u>(3,237)</u>
Balance at 30 June 2020	<u>63,816</u>

**AusQuest Limited**  
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**Note 11. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation phase - at cost	<u>4,623,815</u>	<u>4,765,916</u>
<b>Consolidated</b>		<b>Total</b>
		<b>\$</b>
Balance at 30 June 2019		4,765,916
Capitalised during the year		5,935,845
Impaired during the year <sup>(i)</sup>		(1,259,122)
Grant of farm-in interests in previously capitalised projects <sup>(ii)</sup>		(4,902,120)
Exchange movements		<u>83,296</u>
Balance at 30 June 2020		<u>4,623,815</u>
Balance at 1 July 2018		4,055,120
Capitalised during the year		8,727,796
Impaired during the year <sup>(i)</sup>		(743,169)
Grant of farm-in interests in previously capitalised projects <sup>(iii)</sup>		(7,270,222)
Exchange movements		<u>(3,609)</u>
Balance at 30 June 2019		<u>4,765,916</u>

The recoupment of costs carried forward in relation to areas in the exploration and evaluation phases is dependent on the successful development and commercial exploration or sale of the respective areas.

*(i) Significant impairments to the following projects occurred during the year:*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
South West Peru <sup>a</sup>	765,098	139,132
Other Australian Projects <sup>a</sup>	<u>494,024</u>	<u>604,037</u>
Balance at 30 June	<u>1,259,122</u>	<u>743,169</u>

<sup>a</sup> The Group has impaired expenditure for those projects and tenement where they have decided not to renew leases. Costs for leases that are under application are allocated to prepaid exploration expenditure, rather than impaired. For the year to 30 June 2020 the Group has impaired \$1,259,122 (30 June 2019: \$743,169) of previously capitalised expenditure incurred on those. The impairment has been recognised in the statement of profit or loss and other comprehensive income.

*(ii) Grant of farm-in and joint venture interests in previously capitalised projects:*

For the year ended 30 June 2020, the Company received \$5,362,064 (30 June 2019: \$6,810,563) in funding. An amount of \$4,902,120 (30 June 2019: \$7,270,222) has been allocated against capitalised exploration and evaluation expenditures at reporting date (Note 15).

**AusQuest Limited**  
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**Note 12. Lease Liability**

	Consolidated 2020	2019
	\$	\$
<b>(a) Amounts recognised in the balance sheet</b>		
<b>Rights-of-use asset</b>		
Right-of-use asstes recognised as at 1 July	133,849	-
Less: Depreciation	(101,600)	-
Add: Forex	5,134	-
	<hr/>	<hr/>
Closing balance as at 30 June	37,383	-
	<hr/>	<hr/>
<b>Lease liabilities</b>		
Lease liability recognised as at 1 July	133,849	-
Add: Interest	9,966	-
Less: Payment	(104,313)	-
Add: Forex	5,134	-
	<hr/>	<hr/>
Closing balance as at 30 June	44,636	-
	<hr/>	<hr/>
Current	44,636	-
Non-current	-	-
Closing balance	<hr/>	<hr/>
	44,636	-
	<hr/>	<hr/>
<b>(b) Amounts recognised in the consolidated statement of profit or loss</b>		
Depreciation of right-of-use asset including forex	101,600	-
Interest expense on lease liabilities	9,966	-

**(c) Leasing Activities**

The Group currently holds office, housing and storages leases with varying terms, the earliest commencing from 6 April 2018 and a latest expiring on 31 July 2021.

The leases are recognised as a right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

**Initial measurement**

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Company's incremental borrowing rate of 10.25%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

**Note 13. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade and other payables and accruals	279,350	346,382
GST/VAT payables	66,849	28,497
	<u>346,199</u>	<u>374,879</u>

The average credit period on purchases and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest may be charged at various penalty rates on the outstanding balance. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**Note 14. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	125,742	120,160

The current provision for employee benefits relates to annual leave and long service leave entitlements.

**Note 15. Unexpended funding**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	997,888	2,377,602
Funding from strategic alliance and joint venture partner	5,362,064	6,810,563
Less: Amount spent on exploration and evaluation projects (Note 11)	(4,902,120)	(7,270,222)
Less: Amount spent on administration (Note 5)	(511,224)	(729,657)
Less: Excess funding recognised (Note 5)	-	-
Less: Funding against written off exploration expenditure (Note 5)	-	(190,398)
Balance at the end of the year	<u>946,608</u>	<u>997,888</u>

The balance represents the unexpended funding received from South32 Group Operations Pty Ltd at reporting date.

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**Note 16. Equity - issued capital**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Shares No.</b>	<b>Shares No.</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	677,332,681	549,305,061	59,416,693	57,731,440

*Movements in ordinary share capital*

<b>Details</b>	<b>Shares No.</b>	<b>\$</b>
Balance at 1 July 2018	525,565,756	57,253,653
Issue of shares (consulting services) <sup>(i)</sup>	3,500,000	73,000
Issue of shares (part conversion of a convertible note) <sup>(ii)</sup>	20,239,305	404,787
Balance at 30 June 2019	549,305,061	57,731,440
Issue of shares (placement) <sup>(iii)</sup>	35,714,286	500,000
Issue of shares (rights issue) <sup>(iv)</sup>	91,313,334	1,278,387
Issue of shares (consulting services) <sup>(v)</sup>	1,000,000	22,000
Capital Raising Costs	-	(115,134)
Balance at 30 June 2020	677,332,681	59,416,693

*(i) Issue of shares (consulting services)*

The Company issued 3,500,000 ordinary shares during the 2018/2019 financial year in lieu of cash payments for consulting services rendered to the Group. 1,000,000 shares were issued on 11 September 2018, 2,000,000 shares on 22 November 2018 and 500,000 shares on 30 May 2019. All shares were issued at the share price at the date the share-based payment arrangement was entered into. Consulting expenses to the same value were recognised in the statement of profit or loss and other comprehensive income.

*(ii) Issue of shares (part conversion of a convertible note)*

On 22 November 2018, the Company issued 20,239,305 ordinary shares on full conversion of a convertible note plus interest of \$87,628 as approved by shareholders at the Company's AGM on 21 November 2018. The deemed conversion price was \$0.02 per share.

*(iii) Issue of shares (placement)*

On 25 October 2019 the Company issued 35,714,286 ordinary shares with 35,714,286 free attaching listed options pursuant to a Placement to certain sophisticated investors to raise \$500,000. The free attaching listed options have an exercise price of \$0.025 and an expiry date of 30 November 2021.

*(iv) Issue of shares (rights issue)*

On 15 November 2019 the Company issued 91,313,334 ordinary shares with 91,313,334 free attaching listed options raising \$1,278,387 pursuant to a 1-for-4 non-renounceable pro-rata Rights Offer. The free attaching listed options have an exercise price of \$0.025 and an expiry date of 30 November 2021.

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**Note 16. Equity - issued capital (continued)**

*(v) Issue of shares (consulting services)*

The Company issued 1,000,000 ordinary shares during the 2019/20 financial year in lieu of cash payments for consulting services rendered to the Group. 1,000,000 shares were issued on 22 January 2020. All shares were issued at the share price at the date the share-based payment arrangement was entered into. Consulting expenses to the same value were recognised in the statement of profit or loss and other comprehensive income.

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 16. Equity – listed options**

*Movements in listed options over ordinary shares on issue*

<b>Details</b>	<b>Listed options (AQDOA) No.</b>
Balance at 1 July 2018	-
Exercised during the year	-
Expired during the year	-
	<hr/>
Balance at 30 June 2019	-
Granted during the year	127,027,620
Exercised during the year	-
Expired during the year	-
	<hr/>
Balance at 30 June 2020	<u>127,027,620</u>

*Listed options*

During October 2019 and November 2019, the Company issued 127,027,620 ordinary shares with 127,027,620 free attaching listed options as part of a Placement and pro-rata non renounceable Rights Offer. The free attaching listed options have an exercise price of \$0.025 and an expiry date of 30 November 2021.

Share options issued by the Company carry no rights to dividends and no voting rights.

**Note 17. Equity - reserves**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Foreign currency reserve	4,218,440	3,931,049
Share-based payments reserve	327,929	327,929
	<hr/>	<hr/>
	4,546,369	4,258,978

Movements in reserves during these periods are disclosed in the consolidated statement of changes in equity.

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars and foreign currency gains and losses on net investments in foreign operations.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**Note 18. Financial instruments**

***Financial risk management objectives***

The Company has exposure to the following risks from its use of financial instruments:

- Foreign currency risk
- Liquidity risk
- Interest rate risk
- Capital management

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

***Foreign currency risk***

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date, expressed in Australian dollars, was as follows:

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
US dollars	849,326	1,680,093	259,391	755,684

**Foreign currency sensitivity analysis**

The sensitivity analyses of the Group's exposure to foreign currency risk at the reporting date has been determined based on a change of 10% in the value of the Australian dollar against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

At reporting date, if the Australian dollar was 10% stronger and all other variables were constant, the Group's net profit after tax would have decreased by \$58,994 (2019: net profit decrease of \$92,441) with a corresponding increase in equity. Where the Australian dollar weakened, there would be an equal and opposite impact on the profit after tax and equity.

***Price risk***

The Group is not exposed to any significant price risk.

***Interest rate risk***

The Group is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The Group manages this risk by maintaining an appropriate mix between fixed and floating rated products, which also facilitate access to money.

Although some of the Group's assets are subject to interest rate risk, it is not dependent on this income. Interest income is only incidental to the Group's operations and operating cash flows. The Group is not exposed to interest rate risk associated with borrowed funds.

**AusQuest Limited**  
**Notes to the financial statements**  
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**Note 18. Financial instruments (continued)**

***Interest rate risk (continued)***

Interest rate sensitivity analysis

The sensitivity analyses of the Group's exposure to interest rate risk at the reporting date has been determined based on a change of 50 basis points in interest rates.

At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net profit after tax would have increased by \$13,594 (2019: \$9,070) with a corresponding increase in equity. Where interest rates decreased, there would be an equal and opposite impact on the profit after tax and equity.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk management is the responsibility of the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities, identifying when further capital raising initiatives are required.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities and have been prepared on the following basis:

- Financial assets - based on the undiscounted contractual maturities including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period; and
- Financial liabilities - based on undiscounted cash flows on the earliest date on which the Group can be required to pay, including both interest and principal cash flows.

**2020**

	<b>CONSOLIDATED</b>					
	<b>Less than 1 month \$</b>	<b>1-3 months \$</b>	<b>3 months to 1 year \$</b>	<b>1 - 5 years \$</b>	<b>5+ years \$</b>	<b>Total \$</b>
<b>Financial assets</b>						
Non-interest bearing	418,101	-	-	-	-	418,101
Variable interest rate	2,718,727	-	-	-	-	2,718,727
Fixed interest rate	-	-	50,000	-	-	50,000
	<u>3,136,828</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>3,186,828</u>
<b>Financial liabilities</b>						
Non-interest bearing	1,209,709	83,098	-	-	-	1,292,807
Fixed interest rate	-	-	-	-	-	-
	<u>1,209,709</u>	<u>83,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292,807</u>

**Note 18. Financial instruments (continued)**

**Liquidity risk (continued)**

2019	CONSOLIDATED					
	Less than 1 month \$	1-3 months \$	3 months to 1 year \$	1 - 5 years \$	5+ years \$	Total \$
<b>Financial assets</b>						
Non-interest bearing	314,805	-	-	-	-	314,805
Variable interest rate	1,814,004	-	-	-	-	1,814,004
Fixed interest rate	-	-	50,000	-	-	50,000
	<u>2,128,809</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>2,178,809</u>
<b>Financial liabilities</b>						
Non-interest bearing	1,266,427	106,341	-	-	-	1,372,768
Fixed interest rate	-	-	-	-	-	-
	<u>1,266,427</u>	<u>106,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,372,768</u>

**Fair value of financial assets and liabilities**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2. The directors consider that the carrying amount of financial assets and other financial liabilities recorded in the financial statements approximate their net fair values.

**Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of debt and equity, comprising loan from a director, issued capital and reserves, net of accumulated losses. The Group's policy is to use capital market issues to meet the funding requirements of the Group.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**Note 19. Key management personnel disclosures**

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited. The aggregate compensation of the key management personnel is summarised below:

	Consolidated	
	2020 \$	2019 \$
Short term employee benefits	248,000	248,000
Post employment benefits	<u>19,000</u>	<u>19,000</u>
	<u>267,000</u>	<u>267,000</u>

**AusQuest Limited**  
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**Note 20. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit and review of the financial statements	38,925	37,546

The auditor of AusQuest Limited is HLB Mann Judd.

**Note 21. Contingencies**

In the opinion of the directors, there were no material contingent liabilities as at 30 June 2020 and no contingent liabilities have arisen in the interval between the period end and the date of this financial report.

At reporting date the Company had contingent share issues to consultants of up to 7,000,000 (2019: 11,000,000) fully paid ordinary shares. The issue of these shares are staged over a period of up to four years and is dependent on certain agreed project and/or Joint Venture milestones being reached.

**Note 22. Commitments**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Capital commitments</i>		
Committed at reporting date but not recognised as liabilities, payable:		
Within one year	1,934,557	1,460,605
After one year but not more than five years	9,811,964	7,433,589
More than 5 years	-	-
	<u>11,746,521</u>	<u>8,894,194</u>

Capital commitment includes minimum expenditures and rent payable under granted tenements. Certain amounts of these commitments will be paid for by the Company's joint-venture partners. The Company also has the discretion to surrender one or more of these tenements and thereby avoid payment of these commitments.

*Lease commitments - operating*

Committed at reporting date but not recognised as liabilities, payable:

Within one year	-	87,000
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AASB 16 Leases applies to the Group's leasing arrangements and as a result, no further lease commitments are recognised during the current year. Refer to Note 12.

**AusQuest Limited**  
**Notes to the financial statements**  
**30 June 2020**

**Note 23. Related party transactions**

*Parent entity*

AusQuest Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in Note 25.

*Key management personnel*

Disclosures relating to key management personnel are set out in Note 19 and the remuneration report in the Directors' Report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Corporate advisory services <sup>(i)</sup>	48,000	48,000
Convertible note and interest accrued <sup>(ii)</sup>	-	20,247

- (i) The Company entered into a 12 month corporate advisory services agreement with Mr Hancock on 1 May 2015 (subsequently extended). Under the agreement Mr Hancock can receive annual fees of up to \$48,000 + GST. Mr Hancock was paid \$48,000 (excluding GST) for services rendered during the 12 month period ending 30 June 2020 (2019: \$48,000 excluding GST). This amount is included as part of Mr. Hancock's remuneration in the Remuneration Report.
- (ii) On 3 October 2016, the Company executed a Convertible Note Agreement ("the Loan") with Mr Chris Ellis for a total loan facility of \$750,000. The Loan was interest free for six months and thereafter accrued interest at 10% per annum, resulting in the Company accruing a total of \$87,628 interest over the term of the loan, of which \$20,247 related to the 30 June 2019 financial year. The outstanding balance of the Loan, including interest, was converted to ordinary shares following shareholder approval at the Company's AGM on 21 November 2018.

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current payables:		
Fee payable to Graeme Drew and related entity	18,250	18,250
Fee payable to Greg Hancock and related entity	4,000	4,693

*Loans to/from related parties*

Other than the convertible note payable to Chris Ellis which was fully converted into ordinary shares during the 2019 financial year there were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**AusQuest Limited**  
**Notes to the financial statements**  
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**Note 24. Parent entity information**

Set out below is the supplementary information about the parent entity.

	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
<i>Statement of profit or loss and other comprehensive income</i>	<b>\$</b>	<b>\$</b>
Profit after income tax for the year	(697,438)	179,528
Other comprehensive income	-	-
Total comprehensive income	<u>(697,438)</u>	<u>179,528</u>
<i>Statement of financial position</i>		
Total current assets	2,939,751	1,748,593
Total non-current assets	<u>5,125,984</u>	<u>5,392,987</u>
Total assets	<u>8,065,735</u>	<u>7,141,580</u>
Total current liabilities	1,369,395	1,433,055
Total non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>1,369,395</u>	<u>1,433,055</u>
Equity		
Issued capital	59,416,693	57,731,440
Share-based payment reserve	327,929	327,929
Accumulated losses	<u>(53,048,282)</u>	<u>(52,350,844)</u>
Total equity	<u>6,696,340</u>	<u>5,708,525</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2020 and 30 June 2019.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Included in non-current assets are investments and loans to subsidiaries of \$9,349,694 (2019: \$10,439,179), the recoverability of which is dependent on the successful exploitation of the subsidiaries exploration assets.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at 30 June 2020 and 30 June 2019.

**AusQuest Limited**  
**Notes to the financial statements**  
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**Note 25. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2020 %	2019 %
Parent Entity			
AusQuest Limited (i)	Australia		
Controlled entities			
<i>Held directly by AusQuest Limited:</i>			
Fortescue Resources Limited	Australia	100%	100%
E&A Resources Pty Ltd	British Virgin Islands	100%	100%
Questdor SAC	Peru	100%	100%
Filigree SARL	Burkina Faso	100%	100%
<i>Held through E&amp;A Resources Pty Ltd:</i>			
Comoe Exploration SARL	Burkina Faso	100%	100%

- (i) AusQuest Limited is the head entity within the tax consolidated group. All the Australian-incorporated companies are members of the tax consolidated group.

**Note 26. Events after the reporting year**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Note 27. Cash and cash equivalents**

- (i) *Cash and cash equivalents*

	Consolidated	
	2020 \$	2019 \$
Cash at bank and on hand	2,719,202	1,816,388
	<u>2,719,202</u>	<u>1,816,388</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

*Reconciliation to the Statement of Cash Flows:*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on bank and cash on hand.

**AusQuest Limited**  
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**Note 27. Cash and cash equivalents (continued)**

(ii) *Reconciliation of (loss)/profit after income tax to net cash used in operating activities:*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
(Loss) after income tax for the year from continued operations	(984,829)	(267,401)
(Loss) after income tax for the year from discontinued operations	-	(8,232)
	<u>(984,829)</u>	<u>(275,633)</u>
Adjustments for:		
Depreciation and amortisation	7,409	14,178
Depreciation and interest expense on right-of-use asset	111,566	-
Share-based payment expenses	22,000	73,000
Exploration and evaluation expenditure impaired	1,259,122	743,169
R&D tax rebate reclassified as investing activities	(866,369)	(748,829)
Exploration and evaluation expenditure included in investing activities	(22,410)	46,988
Operating (loss)/profit before working capital changes	<u>(473,511)</u>	<u>(147,127)</u>
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	29,327	(32,556)
(Increase)/decrease in other assets	63,264	(62,059)
(Decrease) in payables	(22,363)	(79,224)
Increase in provisions	<u>5,582</u>	<u>4,066</u>
Net cash (used in)/from operating activities	<u>(397,701)</u>	<u>(316,900)</u>

(iii) *Changes in liabilities arising from financing activities*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Convertible note, accrued interest and leases</b>		
Opening balance	-	384,540
Interest accrued	-	20,247
Part conversion into ordinary shares	-	(404,787)
Non-cash recognition of lease	133,849	-
Payment of leases	(104,313)	-
Lease interest	9,966	-
Forex on leases	<u>5,134</u>	<u>-</u>
Closing balance	<u>44,636</u>	<u>-</u>

**Note 28. (Loss)/Earnings per share**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share from continuing and discontinued operations	<u>(0.16)</u>	<u>0.05</u>
Basic (loss)/earnings per share from continuing operations	<u>(0.16)</u>	<u>0.05</u>
	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
(Loss)/Profit after income tax attributable to the owners of AusQuest Limited	<u>(984,829)</u>	<u>(275,633)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares	<u>631,445,293</u>	<u>515,351,64</u>

The options of the Company have an anti-dilutive in nature as the average market price of ordinary shares during the year does not exceed the exercise price of the options. Diluted (loss)/earnings per share have not been calculated as the result does not decrease earnings per share or increase loss per share.

**AusQuest Limited**  
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**Note 29. Share-based payments**

**Equity-settled payments**

During the year the Company settled payment for certain consulting services received through the issue of ordinary shares.

The Company issued 1,000,000 ordinary shares during the 2019/2020 financial year in lieu of cash payments for consulting services rendered to the Group. 1,000,000 shares were issued on 22 January 2020. All shares were issued at the share price at the date the share-based payment arrangement was entered into. Consulting expenses of \$22,000 were recognised in the statement of profit or loss and other comprehensive income.

**Employee share options**

The Company has an ownership-based compensation arrangement for consultants and employees of the Company.

Each option issued under the arrangement converts into one ordinary share of AusQuest Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

**Share based payment arrangements in existence during year**

The following share-based payment arrangements were in existence during the current and comparative reporting years:

Option series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
30 Nov 2020	22,000,000 <sup>(i)</sup>	25 Nov 2015	30 Nov 2020	0.05	0.008
30 Nov 2020	6,000,000 <sup>(ii)</sup>	01 Dec 2015	30 Nov 2020	0.05	0.009
30 Nov 2020	2,000,000 <sup>(iii)</sup>	13 June 2017	30 Nov 2020	0.05	0.008
30 Nov 2020	9,500,000 <sup>(iv)</sup>	18 Dec 2017	30 Nov 2020	0.05	0.009

(i) Following shareholder approval at the Annual General Meeting held on 25 November 2015, 22,000,000 unlisted options was issued to the directors. These options have an exercise price of 5 cents each and expire on 30 November 2020.

(ii) On 1 December 2015 the Company issued 6,000,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the directors. The options hold no voting rights and are not transferable. At reporting date no options have been exercised and the employees have not ceased employment.

(iii) On 13 June 2017 the Company issued 2,000,000 unlisted options to a contractor on the same terms as those granted to employees and other contractors on 1 December 2015. The options hold no voting rights and are not transferable.

(iv) On 18 December 2017, the Company issued 9,500,000 unlisted options to employees and contractors under the Company's Long Term Incentive Scheme ("LTIS"). The exercise price of the options of \$0.05 under the LTIS was determined by the Directors. The employees eligible to participate in the plan are at the discretion of the Directors. The options hold no voting rights and are not transferable. At reporting date no options have been exercised and the employees have not ceased employment.

The fair value of the all the options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options vest immediately and the Black-Scholes valuation is expensed on grant date.

There were no options granted to directors, employees or contractors. The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments granted in 2020 was nil (2019: \$Nil). There were no share based payment options exercised during the financial years ended 30 June 2019 and 30 June 2020.

**AusQuest Limited**  
**Notes to the financial statements**  
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**Note 29. Share-based payments (continued)**

The following table shows a reconciliation of the outstanding share options granted as share-based payments at the beginning and end of the financial year:

	<b>2020</b>		<b>2019</b>	
	<b>Number of Options</b>	<b>Weighted average exercise price \$</b>	<b>Number of Options</b>	<b>Weighted average exercise price \$</b>
Balance at beginning of the financial year	39,500,000	0.05	39,500,000	0.05
Granted during the financial year	-	-	-	0.05
Lapsed during the financial year	-	-	-	-
Balance at end of the financial year <sup>(i)</sup>	39,500,000	0.05	39,500,000	39,500,000
Exercisable at end of the financial year	39,500,000	0.05	39,500,000	39,500,000

(i) Balance at end of the financial year

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of 0.42 years (2019: 1.42 years).

**Note 30. Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive loss is re-presented as if the operation had been discontinued from the start of the comparative year.

**A. Results of discontinued operations**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Revenue	-	-
Administration costs	-	(8,232)
Loss before tax expense	-	(8,232)
Income tax expense	-	-
Net loss from discontinued operations	-	(8,232)
Basic/diluted loss per share (cents per share)	(0.00)	(0.00)

**B. Cash flows from discontinued operations**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Net cash from operating activities	-	(7,421)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net cash inflow for the year	-	(7,421)

**AusQuest Limited**  
**Additional securities exchange information**

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 17 September 2020.

**1. Registered office and principal administrative office**

The address of the registered office in Australia is C/- Nexia Perth, Level 3, 88 William Street, Perth, WA, 6000.  
Telephone + 61 8 9463 2463

The principal administrative office is 8 Kearns Crescent, Ardross, WA, 6153.  
Telephone + 61 8 9364 3866

**2. Register of securities are held at the following address:**

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
Telephone + 61 8 9389 8033

**3. Restricted securities**

The Company has 1 million fully paid ordinary shares under escrow until the earlier of 22 January 2021 or until the Company issues a prospectus, cleansing statement or some other form of disclosure document. There are no other restricted securities or securities under voluntary escrow at the date of this report.

**4. On-market buy back**

At the date of this report, the Company is not involved in an on-market buy back.

**5. Shareholdings**

**a. Distribution of shareholders**

Category (size of holding)	Ordinary shares	Number of holders
1 – 1,000	24,405	224
1,001 – 5,000	584,111	203
5,001 – 10,000	1,008,297	129
10,001 – 100,000	34,814,194	771
100,001 and over	640,901,674	625
	<b>677,332,681</b>	<b>1,952</b>

**b. Distribution of listed optionholders**

Category (size of holding)	Ordinary shares	Number of holders
1 – 1,000	3,210	8
1,001 – 5,000	68,303	24
5,001 – 10,000	137,113	17
10,001 – 100,000	4,475,206	103
100,001 and over	122,343,788	110
	<b>127,027,620</b>	<b>262</b>

**b. Less than marketable parcels of shares**

The number of shareholdings held in less than marketable parcels is 671 given a share value of 3.1 cents per share.

**c. Voting rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

Options over ordinary shares do not carry voting rights.

**AusQuest Limited**  
**Additional securities exchange information**

**d. 20 Largest shareholders – ordinary shares**

NAME	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1 Chrysalis Investments Pty Ltd	155,868,673	23.01%
2 Altor Capital Management Pty Ltd<Altor Alpha Fund A/C>	17,602,389	2.60%
3 Mr Graeme Drew & Mrs Barbara J Drew	16,942,457	2.50%
4 Mrs Nova Valerie Ashley	14,211,000	2.10%
5 Bnp Paribas Noms Pty Ltd	10,511,849	1.55%
6 Mr Micheal James Sherington & Miss Katrina Louise Weier	9,738,831	1.44%
7 Mr James Thornett and Susan Thornett	9,165,135	1.35%
8 Mr Peter James Walker	9,111,842	1.35%
9 Stadjoy Pty Ltd<Bradam Trading A/C>	9,000,000	1.33%
10 Citicorp Nominees Pty Limited	8,046,569	1.19%
11 Invia Custodian Pty Ltd<Abex Ltd A/C>	7,787,500	1.15%
12 Sarelda Pty Ltd<The Sarelda Super Fund A/C>	7,165,653	1.06%
13 Verguier Pty Ltd	6,131,250	0.91%
14 Jetosea Pty Ltd	5,886,372	0.87%
15 Mineral Royalties Online Pty Ltd	5,000,000	0.74%
16 ACN157889104 Pty Ltd<Jaguar Share Trading A/C>	5,000,000	0.74%
17 Gould Co Pty Ltd <Gould Co Superfund A/C>	4,927,565	0.73%
18 Antico Holdings Pty Ltd <Gole Super Fund A/C>	4,794,780	0.71%
19 Mr Gregory George Hancock	4,586,415	0.68%
20 HSBC Custody Nominees(Australia) Ltd	4,128,535	0.61%
	<b>315,606,815</b>	<b>46.62%</b>

**e. 20 Largest option holders – listed options (AQDOC)**

NAME	Number of Unlisted Options Held	% Held of Unlisted Options
1 Chrysalis Investments Pty Ltd	31,173,734	24.54%
2 Jetosea Pty Ltd	8,997,375	7.08%
3 Altor Capital Management Pty Ltd<Altor Alpha Fund A/C>	8,142,862	6.41%
4 Stadjoy Pty Ltd<Bradam Trading A/C>	5,000,000	3.94%
5 Silver Whiting Pty Ltd<T Whiting Super Fund A/C>	3,500,000	2.76%
6 Mr Graeme Drew & Mrs Barbara J Drew<The Drew Family S/F A/C>	3,388,491	2.67%
7 Fish and Badger Enterprises Pty Ltd	3,100,000	2.44%
8 Dr Thomas Holland Whiting	2,500,000	1.97%
9 Dr Thomas Holland Whiting <Whiting Liberty A/C>	2,000,000	1.57%
10 Mr William John Robertson + Mrs June Diane Robertson	2,000,000	1.57%
11 Value Adding Resources Pty Ltd	2,000,000	1.57%
12 Mr Michael James Sherington + Miss Katrina Louise Weier <Sherington Weier Family A/C>	1,947,766	1.53%
13 Mr William Henry Hemstadt	1,850,000	1.46%
14 Mr James Thornett	1,833,026	1.44%
15 Mr Peter James Walker	1,822,368	1.43%
16 Mr Lewis Darren Parker	1,587,806	1.25%
17 Invia Custodian Pty Ltd<Abex Ltd A/C>	1,557,500	1.23%
18 Blue Elvin Rock Pty Ltd <M K Holt Super Fund A/C>	1,500,000	1.18%
19 Rivermore Pty Limited	1,500,000	1.18%
20 Ms Melinda Kay Holt	1,500,000	1.18%
	<b>86,900,928</b>	<b>68.40%</b>

**AusQuest Limited**  
**Additional securities exchange information**

**f. Substantial holders of fully paid ordinary shares**

Substantial shareholders listed in the Company's holding register as at 17 September 2020:

NAME		Number of fully paid ordinary shares held
1	Chrysalis Investments Pty Ltd (a company associated with Mr C Ellis)	155,868,673
		155,868,673

**g. Substantial holders of listed options (AQDOC)**

Substantial holders of listed options (AQDOC) listed in the Company's holding register as at 17 September 2020:

NAME		Number of listed options (AQDOC) held
1	Chrysalis Investments Pty Ltd	31,173,734
2	Jetosea Pty Ltd	8,997,375
3	Altor Capital Management Pty Ltd<Altor Alpha Fund A/C>	8,142,862
		48,313,971

**6. Company secretary**

The name of the Company secretary is Henko Vos.

**7. Securities exchange listing**

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange ('ASX').

**8. Unquoted securities**

Terms		Unlisted Options	
		Number	Number of holders
1	Unlisted options exercisable at 5 cents each on or before 30 November 2020	39,500,000	10
		39,500,000	10

**9. Unquoted equity security holdings greater than 20%**

At 17 September 2020 Mr Drew (Managing Director) was the only holder of unquoted equity securities greater than 20%, with a holding of 10,000,000.

**AusQuest Limited  
Tenements**

**Project Tenements as at 17<sup>th</sup> September 2020**

Tenement	Location	Lease Status	Registered Holder	Interest Held
<b><u>Australia</u></b>				
E69/3246	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3558	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3559	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3671	WA, Balladonia	Granted	AusQuest Ltd.	100%
E69/3672	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3792	WA, Balladonia	Application	AusQuest Ltd.	100%
E69/3804	WA, Balladonia	Application	AusQuest Ltd.	100%
E52/3603	WA, Tangadee	Granted	AusQuest Ltd.	100%
E52/3862	WA, Tangadee	Application	AusQuest Ltd.	100%
E45/5394	WA, Runtun	Granted	AusQuest Ltd.	100%
E45/5395	WA, Runtun	Granted	AusQuest Ltd.	100%
E69/3664	WA, Madley	Granted	AusQuest Ltd.	100%
E69/3665	WA, Madley	Granted	AusQuest Ltd.	100%
E69/3690	WA, Madley	Granted	AusQuest Ltd.	100%
E45/5447	WA, Gunanya	Granted	AusQuest Ltd.	100%
E45/5753	WA, Gunanya	Application	AusQuest Ltd.	100%
E45/5752	WA, Gunanya	Application	AusQuest Ltd.	100%
E70/5383	WA, Morrissey	Application	AusQuest Ltd.	100%
E09/2397	WA, Morrissey	Application	AusQuest Ltd.	100%
E70/5388	WA, Moora	Application	AusQuest Ltd.	100%
E70/5389	WA, Moora	Application	AusQuest Ltd.	100%
E70/5402	WA, Moora	Application	AusQuest Ltd.	100%
E70/5401	WA, Moora	Application	AusQuest Ltd.	100%
E70/5418	WA, Moora	Application	AusQuest Ltd.	100%
EPM 26681	QLD, Hamilton	Granted	AusQuest Ltd.	100%
EPM 26682	QLD, Hamilton	Granted	AusQuest Ltd.	100%
<b><u>Peru</u></b>				
Azucar West 04	Moquegua	Granted	Questdor SAC	100%
Azucar West 05	Moquegua	Granted	Questdor SAC	100%
Azucar West 06	Moquegua	Granted	Questdor SAC	100%
Azucar West 07	Moquegua	Granted	Questdor SAC	100%
Azucar West 08	Moquegua	Granted	Questdor SAC	100%
Azucar West 09	Moquegua	Granted	Questdor SAC	100%
Azucar West 10	Moquegua	Granted	Questdor SAC	100%
Azucar West 11	Moquegua	Application	Questdor SAC	100%
Azucar West 12	Moquegua	Granted	Questdor SAC	100%
Azucar West C	Moquegua	Granted	Questdor SAC	100%
Azucar West D	Moquegua	Granted	Questdor SAC	100%
Azucar West E	Moquegua	Granted	Questdor SAC	100%
Cangallo 2	Arequipa	Application	Questdor SAC	100%
Cangallo 3	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 01	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 02	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 03	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 05	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 06	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 07	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 08	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 10	Arequipa	Granted	Questdor SAC	100%
Cerro Ardines 11	Arequipa	Application	Questdor SAC	100%
Cerro Ardines 12	Arequipa	Application	Questdor SAC	100%

**AusQuest Limited  
Tenements**

Tenement	Location	Lease Status	Registered Holder	Interest Held
<b><u>Peru (continued)</u></b>				
Cerro De Fierro A	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro B	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro C	Arequipa	Granted	Questdor SAC	100%
Cerro De Fierro D	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro E	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro F	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro G	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro H	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro I	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro J	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro K	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro L	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro N	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro O	Arequipa	Application	Questdor SAC	100%
Cerro De Fierro P	Arequipa	Application	Questdor SAC	100%
Chololo 1	Moquegua	Granted	Questdor SAC	100%
Chololo 2	Moquegua	Granted	Questdor SAC	100%
El Sello 01	Arequipa	Application	Questdor SAC	100%
El Sello 02	Arequipa	Application	Questdor SAC	100%
El Sello 03	Arequipa	Application	Questdor SAC	100%
El Sello 04	Arequipa	Application	Questdor SAC	100%
El Toro 01	Arequipa	Application	Questdor SAC	100%
El Toro 02	Arequipa	Application	Questdor SAC	100%
El Toro 03	Arequipa	Application	Questdor SAC	100%
Los Otros 01	Moquegua	Granted	Questdor SAC	100%
Los Otros 02	Moquegua	Granted	Questdor SAC	100%
Los Otros 03	Moquegua	Granted	Questdor SAC	100%
Los Otros 04	Moquegua	Granted	Questdor SAC	100%
Los Otros 05	Moquegua	Granted	Questdor SAC	100%
Los Otros 06	Moquegua	Granted	Questdor SAC	100%
Los Otros 07	Moquegua	Granted	Questdor SAC	100%
Los Otros 08	Moquegua	Granted	Questdor SAC	100%
Pampa Camarones 01	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 02	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 03	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 04	Arequipa	Granted	Questdor SAC	100%
Pampa Camarones 05	Arequipa	Granted	Questdor SAC	100%
Pampa De Las Pulgas AF	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas J	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas K	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas O	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas P	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Q	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas R	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas VA	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas W	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas X	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Y	Moquegua	Granted	Questdor SAC	100%
Pampa De Las Pulgas Z	Moquegua	Granted	Questdor SAC	100%

**AusQuest Limited  
Tenements**

Tenement	Location	Lease Status	Registered Holder	Interest Held
<b><u>Peru (continued)</u></b>				
Parcoy 01	Arequipa	Granted	Questdor SAC	100%
Parcoy 02	Arequipa	Granted	Questdor SAC	100%
Parcoy 03	Arequipa	Granted	Questdor SAC	100%
Parcoy 04	Arequipa	Granted	Questdor SAC	100%
Parcoy 05	Arequipa	Granted	Questdor SAC	100%
Parcoy 06	Arequipa	Granted	Questdor SAC	100%
Parcoy 07	Arequipa	Granted	Questdor SAC	100%
Parcoy 08	Arequipa	Granted	Questdor SAC	100%
Parcoy 09	Arequipa	Granted	Questdor SAC	100%
Parcoy 10	Arequipa	Granted	Questdor SAC	100%
Parcoy 12	Arequipa	Application	Questdor SAC	100%
Pinguino F	Arequipa	Granted	Questdor SAC	100%
Pinguino G	Arequipa	Granted	Questdor SAC	100%
Pinguino H	Arequipa	Granted	Questdor SAC	100%
Pinguino I	Arequipa	Granted	Questdor SAC	100%
Playa Kali 01	Arequipa	Application	Questdor SAC	100%
Playa Kali 02	Arequipa	Application	Questdor SAC	100%
Playa Kali 03	Arequipa	Application	Questdor SAC	100%
Playa Kali 04	Arequipa	Application	Questdor SAC	100%
Playa Kali 05	Arequipa	Application	Questdor SAC	100%
Playa Kali 06	Arequipa	Application	Questdor SAC	100%
Playa Kali 07	Arequipa	Application	Questdor SAC	100%
Playa Kali 08	Arequipa	Application	Questdor SAC	100%
Ventura 1	Moquegua	Application	Questdor SAC	100%
Ventura 2	Moquegua	Granted	Questdor SAC	100%
Ventura 3	Moquegua/Tacna	Granted	Questdor SAC	100%
Ventura 4	Moquegua/Tacna	Granted	Questdor SAC	100%
Ventura 5	Moquegua	Granted	Questdor SAC	100%