



Quarterly Report – 30th September 2015

HIGHLIGHTS

Peru – Copper-Gold

- ❑ Access preparations commenced at Lana in late September with drilling of the large gravity target now expected to commence October-November 2015.
- ❑ Amended drilling plans including extra drill-holes and two additional prospects were submitted to Government for the Cardonal and Puite-Colorada Joint Ventures.
- ❑ First Option payment (US\$120,000) for the Cardonal Joint Venture received.
- ❑ Site visits with potential joint venture parties were completed at the Chololo porphyry copper prospect - discussions are ongoing with several parties.
- ❑ Mapping at the Cerro de Fierro prospect has identified further copper and gold mineralisation confirming the areas prospectivity.

Australia – Nickel-Copper

- ❑ Road-side aircore drilling across selected magnetic targets (mafic-ultramafic intrusions?) in the Gibson Soak area now planned to commence in November 2015.
- ❑ Application submitted under the ‘Western Australian Exploration Incentive Scheme (EIS)’ for funding assistance (\$150K) to drill targets at Balladonia – results will be announced at the end of November.

West Africa – Gold

- ❑ Initial RC drill programme (189holes/28,417m) under the Banfora Gold Joint Venture now completed. Narrow (1-3m) intersections of anomalous gold (0.4-9.0g/t Au) reported from wide-spaced Reverse Circulation (RC) drill sections.
- ❑ Further gold auger anomalies outlined at Lagnin and Tiefora with several samples reporting >1g/t gold. Approximately 25,000 auger holes have now been completed under the JV.
- ❑ A Joint Venture report on RC and auger results is expected by the end of November.

Corporate

- ❑ \$1.75M cash at the end of the Quarter, putting AusQuest in a strong position to complete its planned exploration programmes for 2015 and beyond.

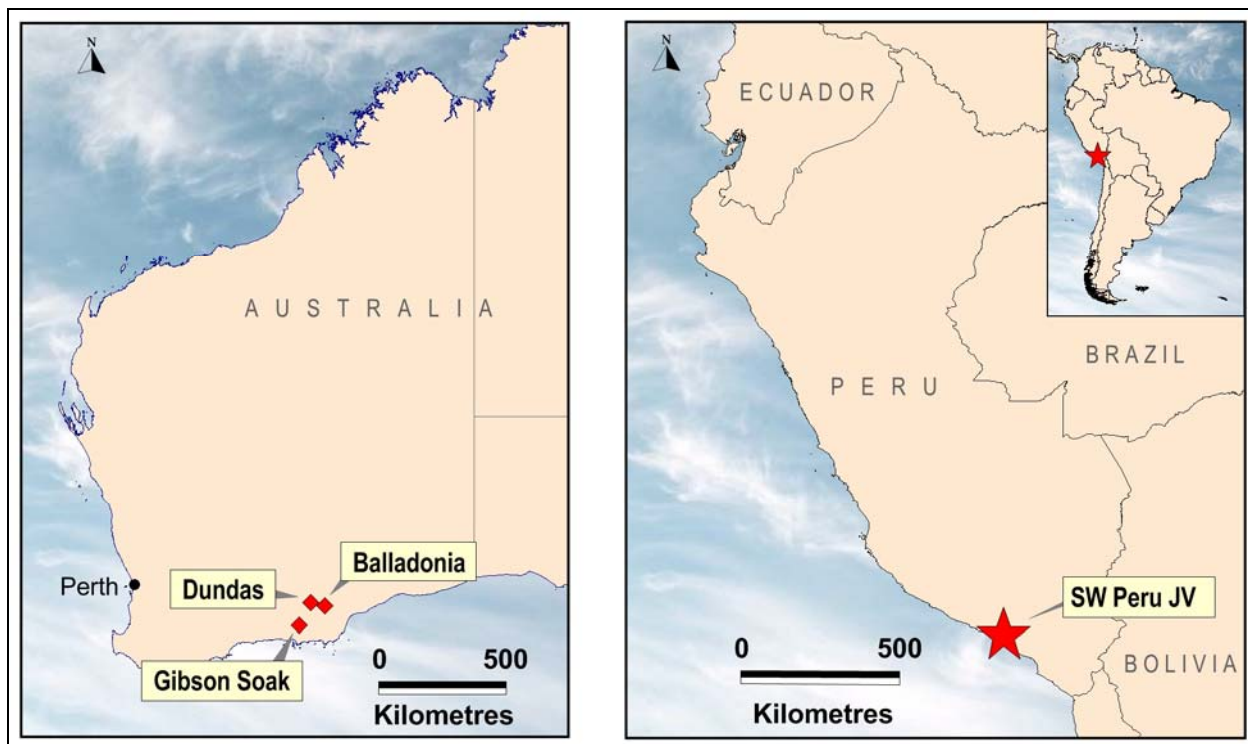


Figure 1: Project Locations – Australia and Peru

OVERVIEW

AusQuest continued to make good progress with its emerging portfolio of porphyry copper-gold targets in Peru but awaits final clearance and improved ground conditions to commence drilling of its nickel-copper targets in the Fraser Range province in WA (Figure 1).

In **Peru**, access preparations for diamond drilling at the Lana prospect commenced with drilling under the Joint Venture Agreement with Southern Peru Copper Corporation Sucurs del Peru (“Southern”) expected to start around the end of October. This represents the first of several large porphyry copper-gold prospects which are scheduled to be drill tested by our joint venture partners over the next 12 months.

Elsewhere, field work continued to identify further porphyry copper and/or IOCG targets for drill permitting and possible joint venture discussions. Site visits by interested parties were completed at Chololo to progress

possible joint venture discussions over the coming months.

In the **Fraser Range** region of WA, drilling at both the Balladonia and Gibson Soak projects has been delayed by either access approvals and/or poor (wet) ground conditions. An application for funding assistance under the Governments ‘Co-funded Drilling Initiative’ was submitted for the Balladonia programme which if successful, would mean target drilling could start in January 2016.

In **West Africa**, the Company’s joint venture partner, Burkinor SARL, advised that the RC drilling and regional auger sampling programmes for 2015 have been completed and a full assessment of results is underway. A total of 189 RC drill-holes for 28,417m and ~25,000 auger holes were completed.

Burkinor, a wholly-owned subsidiary of TSX-listed SEMAFO Inc., can earn up to 80% equity in the Banfora projects by spending a total of US\$7.5 million over a three-year period.

PERU COPPER-GOLD JV PROJECTS (100% AQD, JV partners earning to 70%)

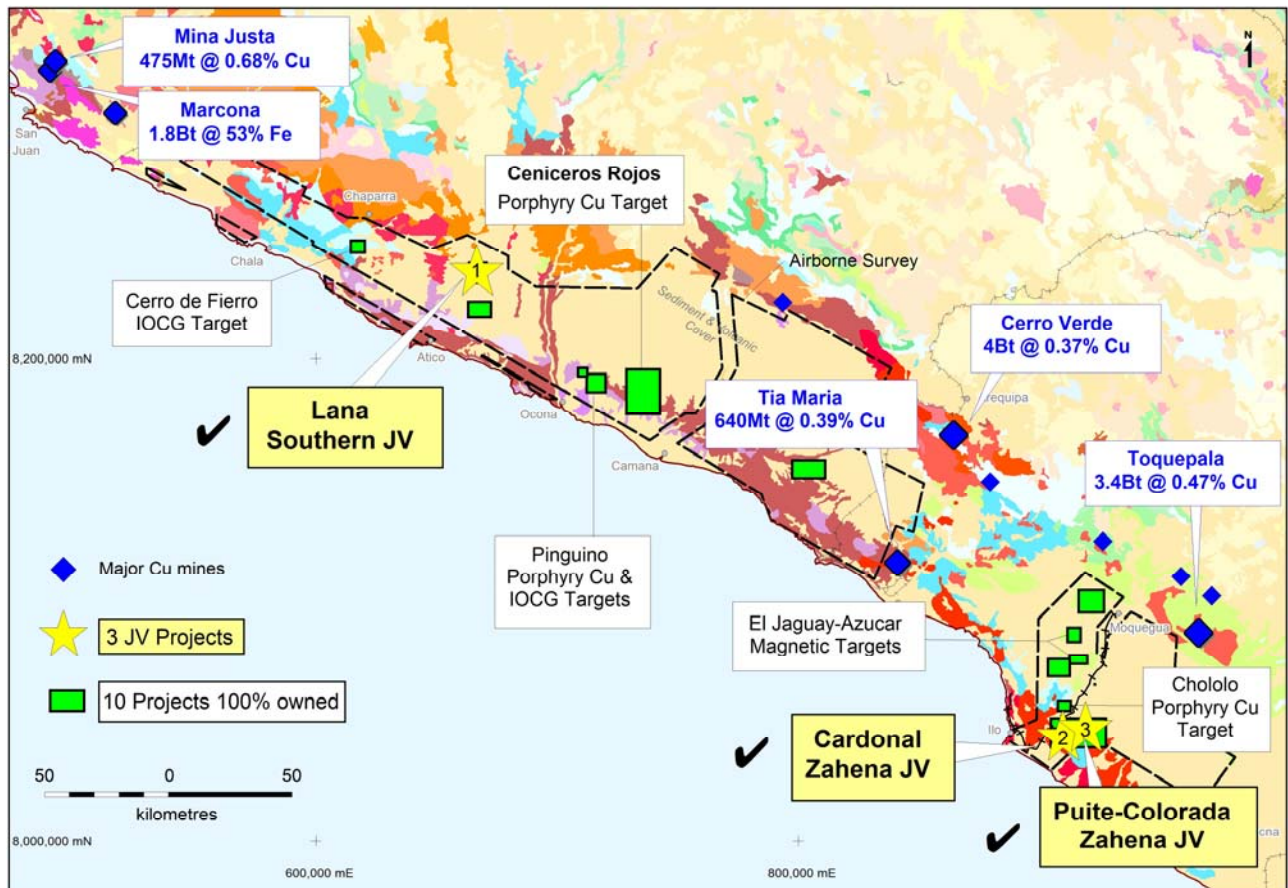


Figure 2: Peru Joint Venture and Project Locations

During the Quarter, final Government approval for access and drilling at the **Lana prospect**, the first of several large porphyry copper-gold prospects scheduled to be drill tested over the next 12 months, was received and access preparations initiated. Diamond drilling is expected to commence around the end of October.

The Lana Prospect is located approximately 30km from the coastal town of Atico in the south of Peru (Figure 2) and covers a large (~20km²) discrete gravity anomaly (8 milligals), located close to the intersection of major structures interpreted from the Company’s aeromagnetic and gravity data.

The gravity target is offset from the deeper (~400m) magnetic response and parallels the strike of the underlying structures, indicating potential for possible buried iron-oxide copper-gold (IOCG) and/or porphyry copper-style mineralisation beneath the sediment cover (Figure 3).

Under the Lana Joint Venture Agreement, Southern is required to:

- complete a minimum 5000m of diamond drilling or spend not less than US\$1.0 million before the first anniversary of the registration date of the agreement (April 9th 2016); and
- complete a further 15,000m of drilling and make staged cash payments to AusQuest totalling a further US\$2.925 million over the next 3-year period in order to earn a 70% interest in the project.

Amended drill programs were submitted to Government for the **Puite-Colorada** and **Cardonal** Joint Ventures and community consultations undertaken. Final permitting for drilling is now expected to be completed later this year with drill access preparations for both areas to commence shortly thereafter.

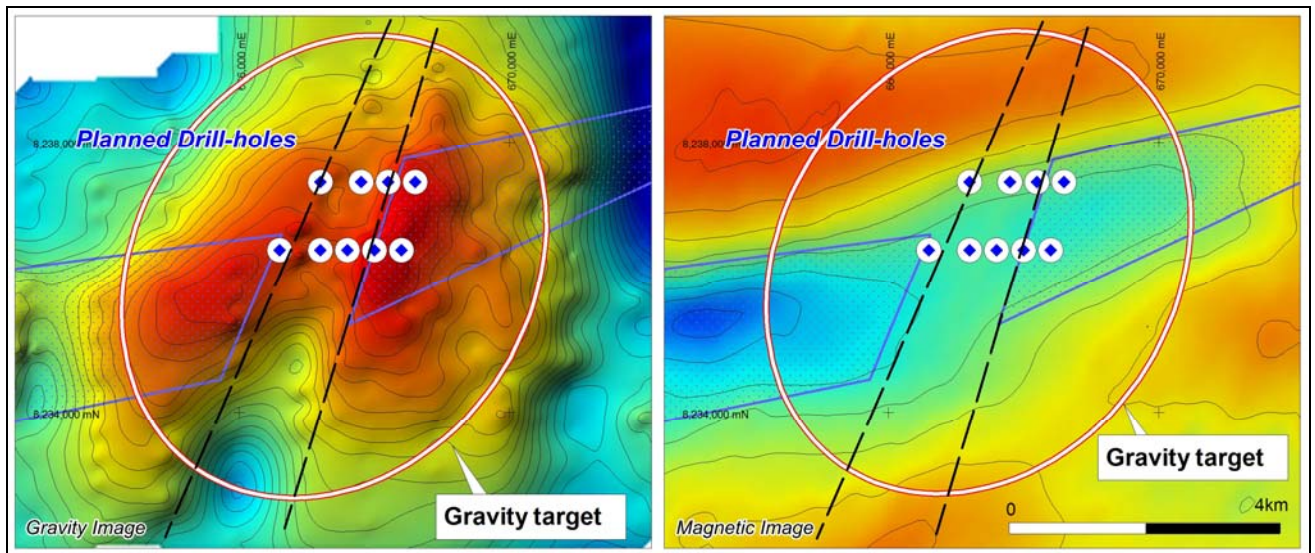


Figure 3: Lana Prospect: Gravity Target showing planned drill-holes

The amended drill programs increased the number of possible drill-holes from a total of 24 to 40, changed the drilling method from Reverse Circulation (RC) to diamond, increased the hole depth from 300m to ~500m, and increased porphyry copper targets to be tested from two to four.

The program also includes drilling (up to 15 holes) at the recently identified **Ventana** prospect where strong indications of porphyry copper mineralisation are evident over several kilometres in length within road cuttings recently excavated on the property (Figure 4).

The initial **Option payment** of US\$120,000 from Compañia Minera Zahena SAC (“Zahena”) under the terms of the Extended Cardonal Joint Venture Agreement was received in October 2015. The first Option payment (US\$70,000) for the Puite-Colorada Joint Venture is due at the end of December 2015.

The combined value of joint venture agreements in Peru is now up to US\$28 million (~A\$37 million), including staged option payments to AusQuest over four year periods (totalling ~A\$13 million) and in-ground exploration (drilling) expenditure totalling an estimated A\$24 million.

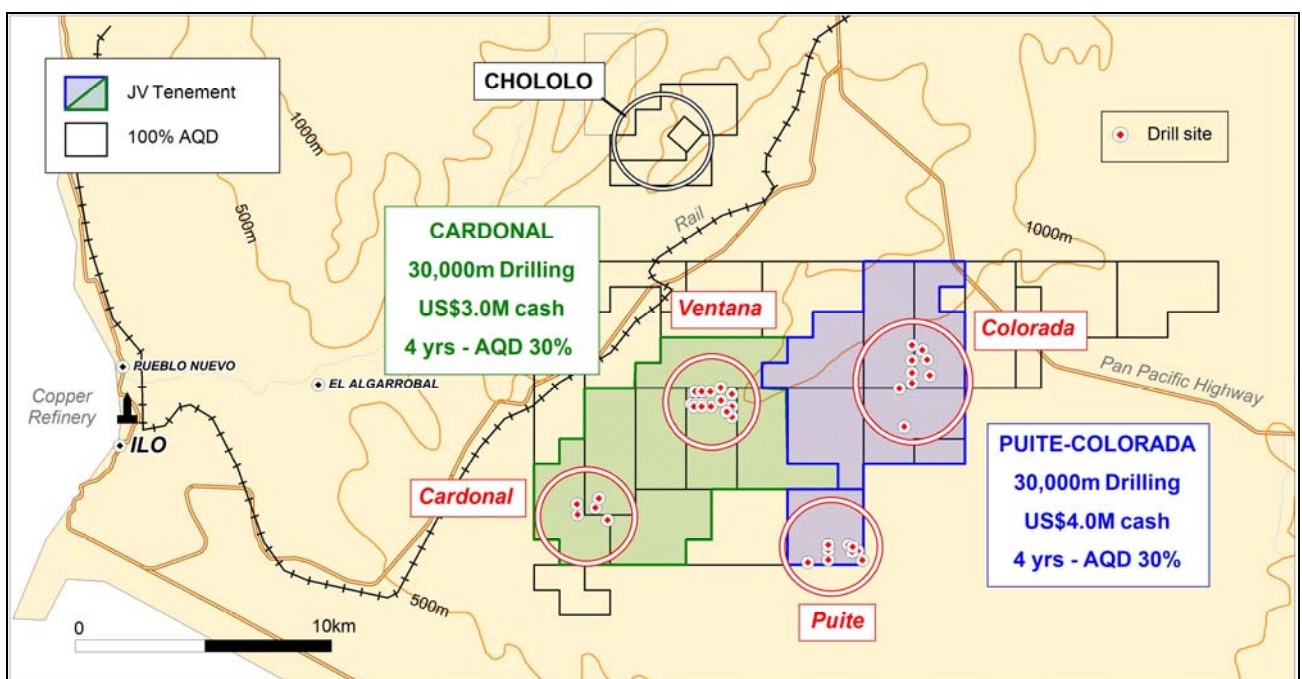


Figure 4: Location of Drilling Prospects near Ilo in the south of Peru.

PERU COPPER-GOLD PROJECTS
(100% AQD)

Over the past four years, AusQuest has assembled a large portfolio of copper-gold prospects along the southern coastal belt of Peru in South America with targets identified for drilling as possible porphyry copper targets and/or iron-oxide copper-gold (IOCG) targets with the size potential to be of significance to AusQuest (Figure 2). Peru is one of the world's most prominent destinations for international copper exploration and is considered to be a prime location for world-class exploration opportunities.

During the Quarter, a report on the **Chololo** porphyry copper prospect was prepared with up to fifteen sites recommended for drilling.

A data base for the prospect was provided under confidentiality to parties interested in a possible joint venture, and site visits organised. Discussions with several parties are ongoing.

The Chololo prospect is located approximately 20km north-east of the port of Ilo, close to power and transport infrastructure. The prospect is at least 3km² in size and occurs along the Chololo Fault immediately north-east of the Ilo Este porphyry copper prospect. Anomalous copper, molybdenum, +/- gold in soils associated with variably altered dioritic intrusive rocks, supports the concept of a mineralised buried porphyry in the area.

Detailed mapping and sampling was initiated over the **Cerro de Fierro** prospect located ~30km from the town of Chala in the north of the Company's area of interest. The prospect was originally identified from aeromagnetic data as a potential iron-oxide copper-gold (IOCG) target, several km² in size.

Previous work had located copper mineralisation in the area but failed to identify the cause of the discrete magnetic response and any relationship between copper mineralisation and magnetics.

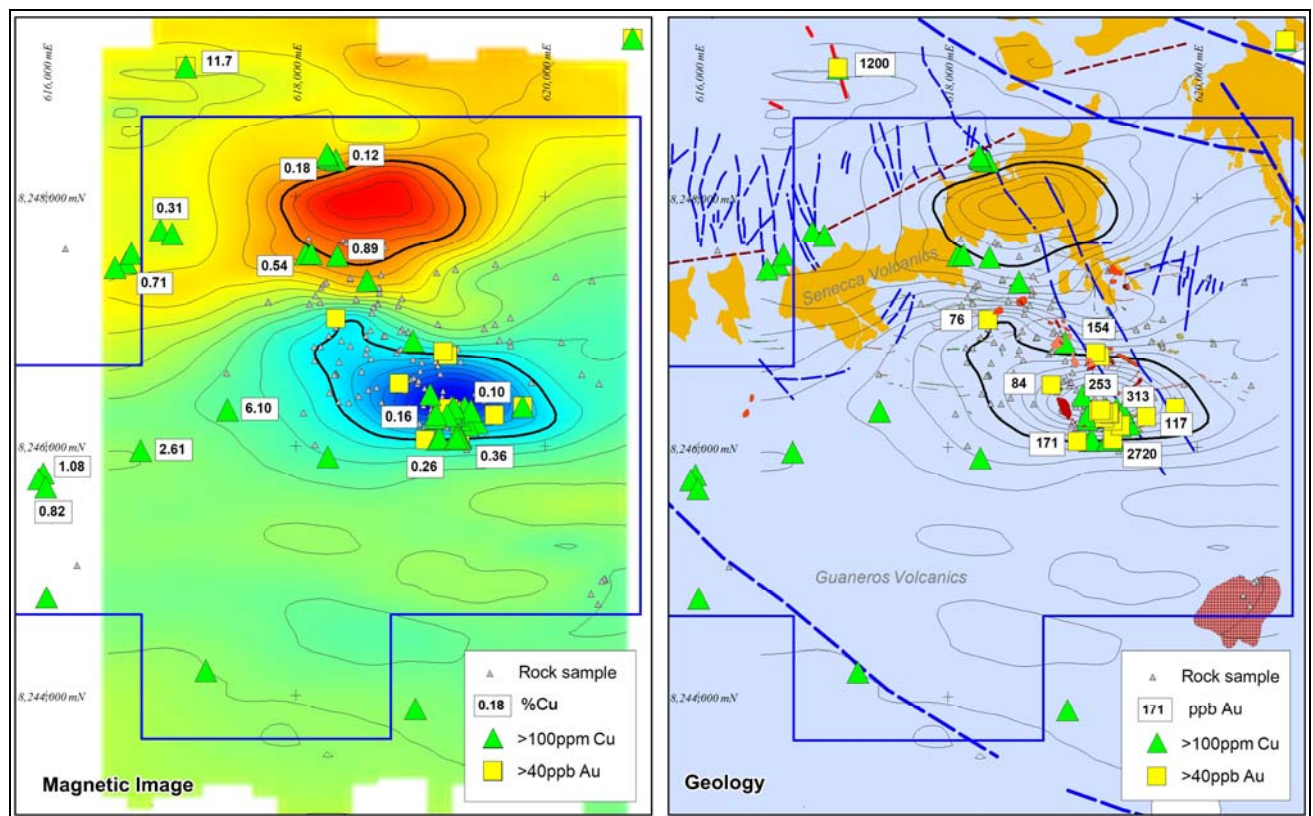


Figure 5: Cerro de Fierro Prospect showing geology and anomalous copper-gold values

Current mapping and sampling has located further copper and gold mineralisation associated with calcite veins, skarns and fractures within the andesitic volcanics that cover much of the area (*Figure 5*). The volcanics are non-magnetic suggesting the source of the magnetic response could be associated with mineralisation hidden beneath the volcanics.

A total of 122 rock samples have so far been collected as part of the current mapping and sampling programme. Numerous copper values in excess of 100ppm Cu were reported ranging up to a maximum value of 6.1% Cu. Anomalous gold values (>40ppb Au) were less prevalent but did range up to a maximum 2.72g/t Au close to the magnetic target.

Mapping and sampling is continuing and is expected to be completed by the end of 2015 at which time drill permitting and potential joint venture will be considered.

Follow-up of ground magnetic targets within the eastern Pampa de Las Pulgas concessions located magnetite within a discrete micro-diorite intrusion containing elevated copper

values (>100ppmCu). The significance of this occurrence is yet to be determined. It occurs in a region of complex structure adjacent to the Colorado prospect which will be drill tested under the Puite-Colorado joint venture.

The Company continues to be encouraged by its Peruvian projects, and plans to continue evaluating its extensive portfolio of large porphyry copper and/or IOCG targets with a view to advancing prospects to the drilling stage as soon as possible.

AUSTRALIA – FRASER RANGE PROJECTS (Nickel, Copper)

AusQuest controls approximately 2,900km² of title within the Fraser Range Province of WA, which hosts the Nova-Bollinger nickel-copper deposit discovered by Sirius Resources and the Tropicana gold mine, commissioned recently by Anglo Gold (Figure 6). The region is the focus of high levels of exploration activity by a range of companies and is considered to be one of the country's premier locations for exploration.

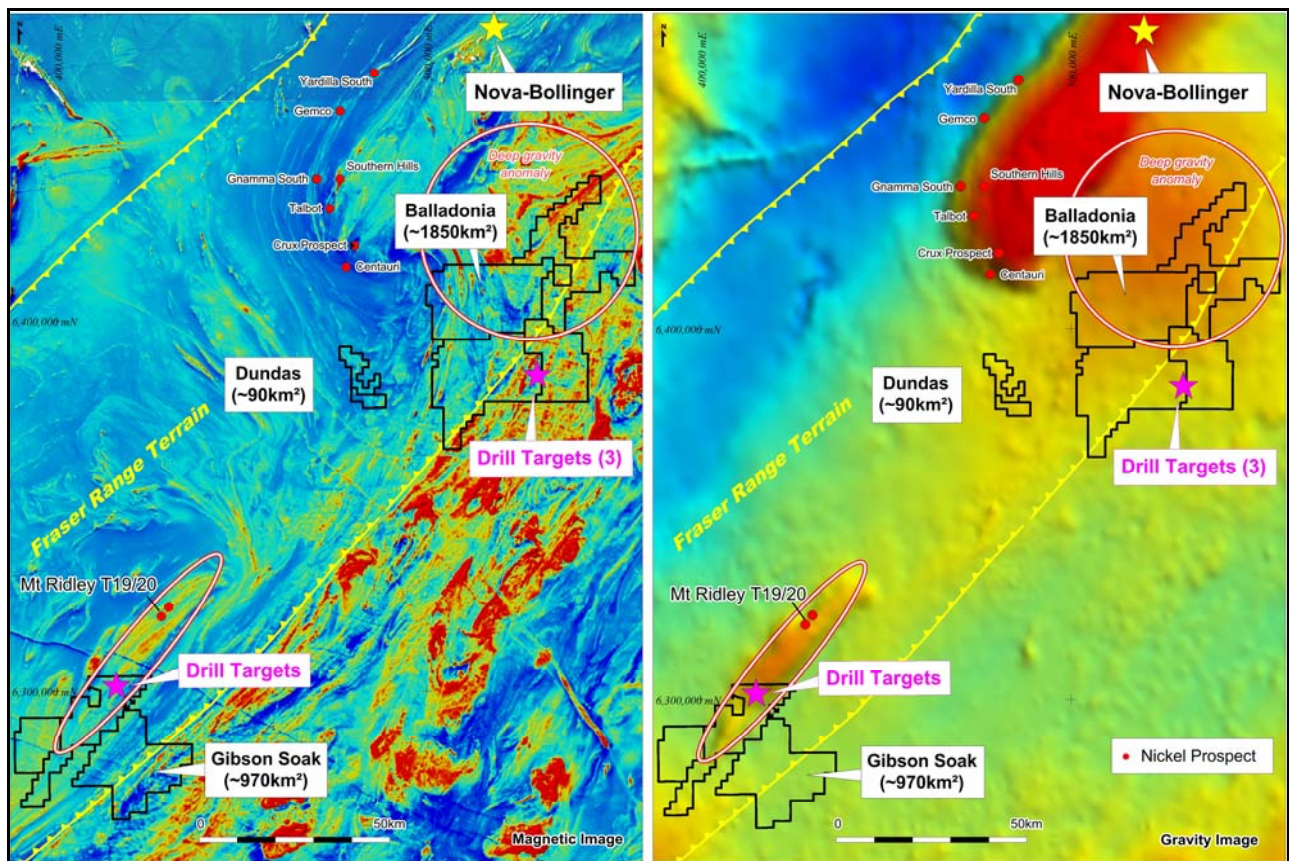


Figure 6: Fraser Range Projects showing current target locations.

Balladonia Ni-Cu Project (100% AQD)

The Balladonia Project is located ~50km south of the Nova-Bollinger nickel-copper deposit. It consists of four Exploration Licences covering an area of ~1,850km², within a structurally complex region of the Fraser Range Terrain centred above the southern margin of a deep regional gravity anomaly (~30 milligals) which is thought to reflect buried mafic/ultramafic rocks similar to those that may be related to the formation of the Nova deposit. Most of the tenements lie within the Dundas Nature Reserve.

During the Quarter, the Flora Survey report was received and results incorporated into the Conservation Management Plan (CMP) for the Dundas Nature Reserve in order to finalise access approval for drilling of the Boorara, Gardner and Canterbury EM targets.

An application was also submitted under the 'Western Australian Exploration Incentive Scheme (EIS)' for funding assistance which if successful, would mean a contribution from the DMP of up to \$150,000 (maximum)

towards the cost of the drilling programme. Results of this application will be known by the end of November with drilling under the scheme able to commence in January 2016.

The EM anomalies are considered high priority targets as they appear to have a close association with interpreted cross-cutting mafic intrusions which are considered the preferred host rocks for nickel-copper sulphides within mafic-hosted systems.

The Company now plans to commence drilling operations in early 2016 when results of the EIS application are known.

Gibson Soak Ni-Cu Project (100% AQD)

The Gibson Soak Project is located ~30km north of the port of Esperance, within the broader Fraser Range terrain. The tenements cover an area of ~960km², centred on a regional north-east trending gravity high with similarities to the Fraser Range Complex and cover major north-east trending structures thought to host mafic-ultramafic intrusions prospective for nickel sulphides.

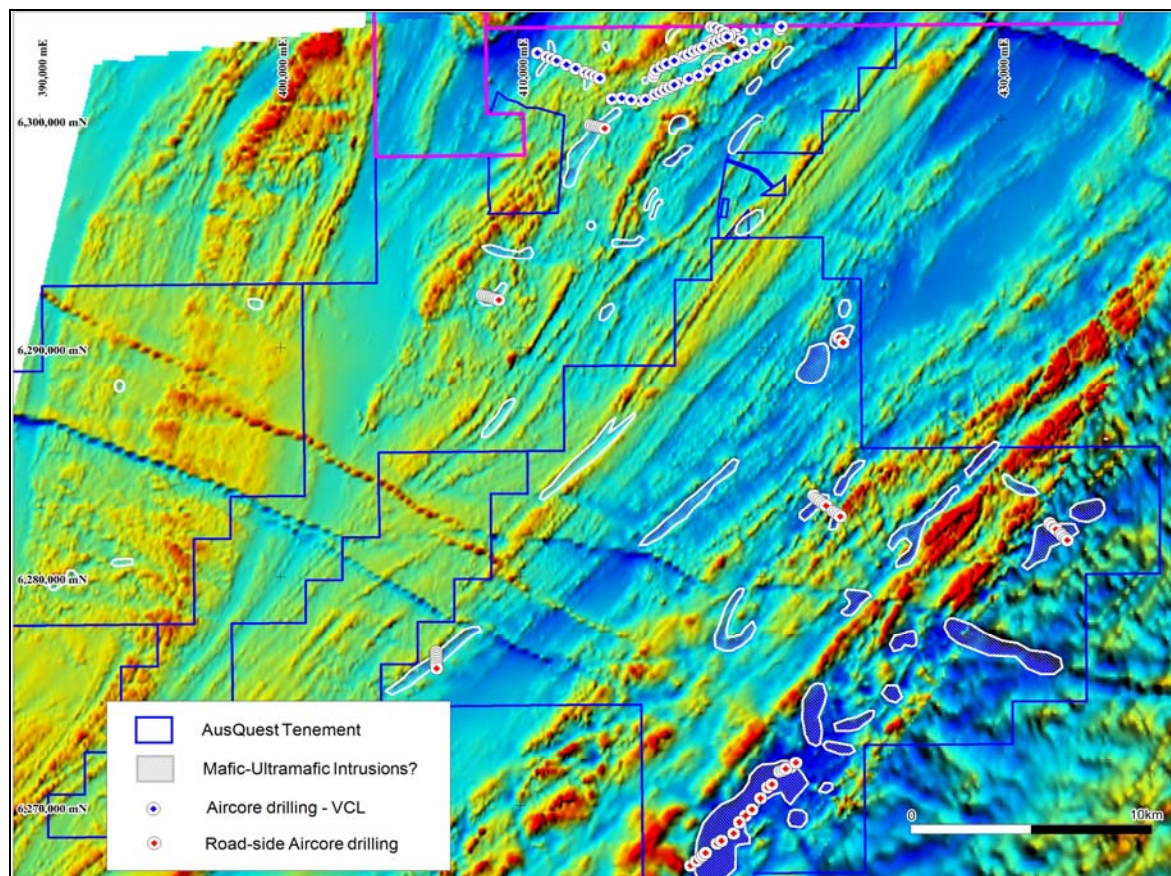


Figure 7: Gibson Magnetics showing Aircore drilling targets

During the Quarter, meetings with the Esperance shire and landowners in the areas of interest cleared the way for shallow aircore drilling along road-side verges in order to determine the prospectivity of targets identified from the aeromagnetic data. Magnetic lows similar in nature to those reflecting potential nickel host rocks elsewhere along the Fraser Range (Crux, Plato, Mt Ridley) will be targeted by this programme.

Approximately 9 magnetic targets are planned to be drill tested along road verges and a further 7 targets tested within vacant crown land (VCL) that adjoins the Mt Ridley tenement where their initial drill results confirmed prospective host rocks beneath magnetic lows.

The Company has delayed commencing drill operations until ground conditions improve, with steady rainfall in the area making access difficult along many of the road verges. It is expected that drilling will now commence in November.

Dundas Ni-Cu Project (100% AQD)

The Dundas Project is located ~100km east-southeast of Norseman (WA), and ~80km south-west of the Nova-Bollinger nickel-copper discovery (Sirius Resources). The remaining tenements cover an area of ~90km² within a structurally complex region bordering the south-west margin of the main Fraser Range Complex which hosts the Nova discovery.

During the Quarter, the Flora Survey report was received and results incorporated into the Conservation Management Plan (CMP) for the Dundas Nature Reserve in order to finalise access approval for the drilling programme. A final decision on drilling will be made once access conditions are advised.

GOLD – WEST AFRICA

Comoe Project (AQD 100%, Ressources Burkinor SARL earning to 80%)

The Comoe Project is located near the town of Banfora in south-west Burkina Faso, West Africa, within an extensive greenstone belt. The area is relatively unexplored except for extensive historical surface sampling programs and widespread artisanal gold workings along the belt. AusQuest controls approximately 1,150km² of title within the Belt, which is now under a Farm-In and Joint Venture Agreement with Ressources Burkinor SARL, a wholly-owned subsidiary of TSX-listed SEMAFO Inc. Burkinor has the right to earn up to an 80% interest in all the Banfora permits by spending a total of US\$7.5 million over a three-year period. Burkinor are the operators of the JV.

During the Quarter, Ressources Burkinor SARL reported that the initial Reverse Circulation (RC) drilling programme for 2015 had been completed for a total of 189 drill-holes and 28,417 metres. A total of 19 reconnaissance drill traverses were completed as an initial test of 7 prospects, using drill-holes 60m apart, inclined at ~50° and drilled to ~150m depth.

Narrow intersections (1m to 3m) of anomalous gold (0.4 up to 9.0g/t Au) have been reported from this program and will be the subject of a detailed assessment and reporting by Burkinor over the coming months.

Grid based (400m x 25m) auger drilling for 2015 was also completed for a total of 13982 holes/116223m providing a first pass test of some 10 prospects. Results from the quarter included a number of >1g/t Au assays from within both the Finkere and Tiefora tenements, which have been recommended for further follow-up.

At the end of September 2015, it is estimated that Burkinor will have spent in excess of the US\$4.5 million required to earn their 65% interest in the joint venture tenements. Formal notification of joint venture expenditure is pending completion of a report on the extensive data sets that have been acquired under the joint venture. Burkinor is

required to spend a total of US\$7.5 million to earn an 80% equity in the project.

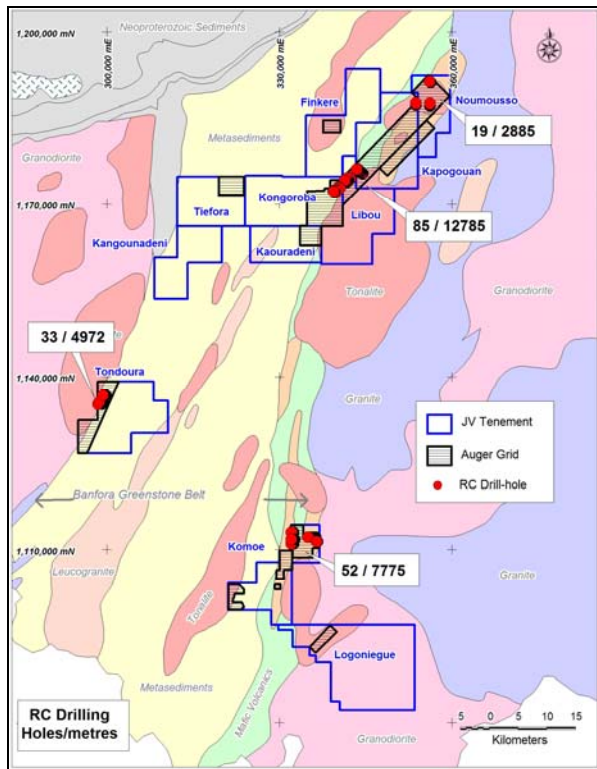


Figure 8: Banfora JV Prospects showing areas of drilling

BUSINESS DEVELOPMENT

AusQuest continues to look for opportunities both within Australia and offshore to add value to the Company, especially in areas of immediate interest. New nickel and zinc exploration opportunities have been identified in WA and are currently under tenement application.

CORPORATE

The Company's cash position at the end of June is approximately \$1.75 million, putting it in a good financial position to complete planned exploration programmes.

KEY ACTIVITIES – DECEMBER 2015 QUARTER

The following activities are planned for the December 2015 Quarter:

- Balladonia (Ni-Cu) – Drill preparation pending results of EIS application;
- Gibson Soak (Ni-Cu) – Aircore drilling of magnetic targets to test for Ni potential;
- Peru (Cu-Au) – JV negotiations over Chololo porphyry Cu prospect;
- Peru (Cu-Au) – Commencement of access and drill operations within JV properties;
- Peru (Cu-Au) – Advance Cerro de Fierro to drill status and JV discussions; and
- Comoe (Au) – Monitor results from Burkinor JV program.

Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears. The information presented in this report in relation to the Cenicerros Rojos and Dundas Projects is extracted from the ASX announcements dated 25 June and 20 July 2014 titled 'AusQuest Receives First Peru Drill Approval' and 'Fraser Range New Exploration Targets' respectively. The Competent Person responsible for that announcement is Mr. Graeme Drew. The report is stored on the ASX website under ASX- AQD, and on the Company's website at www.ausquest.com.au. AusQuest confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

FORWARD LOOKING STATEMENT

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