



AUSQUEST LIMITED

ABN 35 091 542 451

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00 am (WST)

DATE: 25 November 2015

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

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

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00 am (WST) on 25 November 2015 at:

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

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

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

so that it is received not later than 10.00 am (WST) on 23 November 2015.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00 am (WST) on 25 November 2015 at The Heritage Room, South of Perth Yacht Club, Applecross, Western Australia.

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

The directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 23 November 2015.

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

AGENDA

1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2015.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2015 be adopted”.

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

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

- (a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a closely related party of such a member.

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

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

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

3. RESOLUTION 2 – RE-ELECTION OF MR JOHN ASHLEY AS A DIRECTOR

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

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

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MICHAEL SHERINGTON

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1 million Shares to Michael Sherington at a deemed issue price of \$0.017 per Share, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ADRIENNE MEAKINS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 500,000 Shares to Adrienne Meakins at a deemed issue price of \$0.017 per Share, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 5 – ISSUE OF OPTIONS TO MR GREG HANCOCK

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

"That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 4,000,000 Options to Mr Greg Hancock (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Greg Hancock (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO MR GRAEME DREW

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 10,000,000 Options to Mr Graeme Drew (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Graeme Drew (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 7 – ISSUE OF OPTIONS TO MR JOHN ASHLEY

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 4,000,000 Options to Mr John Ashley (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr John Ashley (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 8 – ISSUE OF OPTIONS TO MR CHRISTOPHER ELLIS

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 4,000,000 Options to Mr Christopher Ellis (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Christopher Ellis (or his nominee) and any of his associates. The Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT FACILITY

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

DATED: 13 OCTOBER 2015

BY ORDER OF THE BOARD



HENKO VOS
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.00 am (WST) on 25 November 2015 at The Heritage Room, South of Perth Yacht Club, Applecross Western Australia.

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

1. ANNUAL REPORT

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

The Company's 2015 Annual Report is available at www.ausquest.com.au. Those shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

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

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives named in the Remuneration Report for the financial year ended 30 June 2015.

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

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

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

Undirected proxies

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

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

Key management personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2015. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF MR JOHN ASHLEY AS A DIRECTOR

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

John is a former Director of Southern Geoscience Consultants (SGC), which he established in 1985, and is a former Director of Aerodata Holdings and Conquest Mines NL (unlisted). John has over 4 decades experience as a geophysicist in the exploration industry with government agencies, exploration companies, and consulting companies and has worked in many countries. John has acted as a geophysical consultant to the Company since its inception and provides technical input to the Company's projects.

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

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MICHAEL SHERINGTON

4.1 General

On 7 May 2015, the Company announced to ASX that it had issued 1 million Shares pursuant to the terms of a geological services consultancy agreement.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 1 million Shares, which were issued on 7 May 2015. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. The Company confirms that the issue of the 1 million Shares did not breach ASX Listing Rule 7.1 or ASX Listing Rule 7.1A.

4.2 Technical Information Required by ASX Listing Rule 7.4

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

- (a) a total of 1 million Shares were issued to Michael Sherington on 7 May 2015. The placee is not a Related Party of the Company;

- (b) the deemed issue price per Share was \$0.017 (being the 5 day VWAP before the date of issue);
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, and ranking equally (from the date of their issue) with, the Company's existing Shares;
- (d) no funds were raised by the issue because the Shares were issued as consideration for geological services provided under a geological services consultancy agreement.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO ADRIENNE MEAKINS

5.1 General

On 11 September 2015, the Company announced to ASX that it had issued 500,000 Shares pursuant to the terms of a geological services consultancy agreement.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A (as the case may be). The purpose and effect of such a ratification is to restore the Company's discretionary power to issue further shares up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to a further 10% of the issued capital of the Company under Listing Rule 7.1A (as the case may be) without requiring Shareholder approval.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 500,000 Shares, which were issued on 10 September 2015. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. The Company confirms that the issue of the 500,000 Shares did not breach ASX Listing Rule 7.1 or ASX Listing Rule 7.1A.

5.2 Technical Information Required by ASX Listing Rule 7.4

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

- (a) a total of 500,000 Shares were issued to Adrienne Meakins on 10 September 2015. The placee is not a Related Party of the Company;
- (b) the deemed issue price per Share was \$0.017 (being the 5 day VWAP before the date of issue);
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, and ranking equally (from the date of their issue) with, the Company's existing Shares;
- (d) no funds were raised by the issue because the Shares were issued as consideration for geological services provided under a geological services consultancy agreement.

6. RESOLUTION 5, 6, 7 AND 8 – ISSUE OF OPTIONS TO MESSRS HANCOCK, DREW, ASHLEY AND ELLIS

6.1 Background

These Resolutions seeks Shareholder approval for the grant of 22,000,000 Options comprising 4,000,000 Options each to Messrs Hancock, Ashley and Ellis (or their nominees) and 10,000,000 Options to Mr Drew (or his nominee). Mr Hancock is the Company's Non-Executive Chairman, Mr Drew is the Managing Director and Messrs Ashley and Ellis are Non-Executive Directors of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (section 208) and ASX Listing Rule 10.11 because Messrs Hancock, Drew, Ashley and Ellis are Related Parties of the Company.

6.2 Chapter 2E of the Corporations Act - Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Messrs Hancock, Drew, Ashley and Ellis are Related Parties of the Company.

This Resolution provides for the grant of Options to a Related Party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

(a) The related party to whom the resolutions would permit the financial benefit to be given

The related parties under these four Resolutions are Messrs Hancock, Drew, Ashley and Ellis or their nominee.

(b) The nature of the financial benefit

The financial benefit proposed to be given is the grant 4,000,000 Options each to Messrs Hancock, Ashley and Ellis (or their nominees) and 10,000,000 Options to Mr Drew (or his nominee) (22,000,000 Options in total). The Options have an expiry date of 30 November 2020 and are issued on the terms set out in Annexure A.

The Options will have an exercise price of \$0.05, with all Options vesting on grant date.

(c) Directors recommendation and basis of financial benefit

The purpose of the grant of the Options is to provide an incentive to Messrs Hancock, Drew, Ashley and Ellis to provide dedicated and ongoing commitment and effort to the Company.

In addition, the grant of Options is also to acknowledge the continued contribution and support made by the Directors to the Company, especially since 1 January 2013 from which date Messrs Hancock, Ashley and Ellis waived their entitlements to directors fees and Mr Drew, as Managing Director, accepted a significantly reduced remuneration package in order to help preserve the Company's cash reserves.

Given the interest in this matter by each of the four Directors, the Board as a whole makes no recommendation on these four Resolutions.

(d) Total remuneration package of Messrs Hancock, Drew, Ashley and Ellis

The Directors' current base remuneration per annum (including superannuation) is as follows:

Director	Description	\$
Greg Hancock	Non-Executive Director Fee (Chairman)	-
Graeme Drew	Managing Director Salary	150,000
John Ashley	Non-Executive Director Fee	-
Christopher Ellis	Non-Executive Director Fee	-

As noted under section 6.2(c), in order to reserve the Company's cash balances, the three Non-Executive Directors (Messrs Hancock, Ashley and Ellis) waived their director fee entitlements effective from 1 January 2013. Mr Drew, the Company's Managing Director, also accepted a significantly reduced remuneration package from that date.

(e) Existing relevant interests

As at the date of this Notice, the Directors' relevant interests in the securities of the Company are as follows:

Director	Shares	Listed Options	Total Securities
Greg Hancock	4,586,415	1,250,000	5,836,415
Graeme Drew	11,612,466	3,000,000	14,612,466
John Ashley	12,348,209	2,638,290	14,986,499
Christopher Ellis	82,813,586	16,973,684	99,787,270

(f) Dilution

Passing the Resolution would have the effect of granting Messrs Hancock, Drew, Ashley and Ellis (or their nominee) a combined total of 22,000,000 Options.

Granting the Options would have the effect of diluting the shareholding of existing Shareholders. Normally an option holder's decision to exercise an option is determined by the market price of the Shares during the Option period. At the time an Option is exercised, the Shares may be valued at a higher price than the exercise price of the Option.

If the 22,000,000 Options to be granted under Resolutions 5, 6, 7 and 8 were all exercised, the effect would be to dilute the shareholding of the existing Shareholders by 4.2% based on the total number of Shares on issue at the date of this Notice; being 496,397,392.

(g) Trading history

The following table gives details of the highest, lowest and the latest closing price of the Shares trading on the ASX over the last 12 months, before the date of preparing this Notice of Annual General Meeting:

	Closing Price	Date
Highest Price	2.6 cents	2 July 2015
Lowest Price	0.7 cents	22 December 2014
Latest Price	2.0 cents	8 October 2015

(h) Valuation of Options

The Options to be issued to Messrs Hancock, Drew, Ashley and Ellis pursuant to Resolution 5, 6, 7 and 8 have been valued by internal management (who, it is considered, have sufficient qualifications, expertise and experience to conduct such a valuation) based on a valuation methodology using the Black & Scholes Option Pricing Model, which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its

derivation being grounded in economic theory. The value of an option calculated by the Black & Scholes Model is a function of a number of variables.

The assessment of the estimated value of the Options has been prepared applying the following assumptions:

Input	
Grant date	25 November 2015
Expiry date	30 November 2020
Spot price on grant date	2.0 cents
Exercise price	5.0 cents
Risk free rate	2.10%
Volatility	107%
Value per Option	1.3 cents
Number of Options	22,000,000
Total value per issue for each Non-Executive Director	\$52,000
Total value per issue for the Managing Director	\$130,000
Total value of all Options under Resolution 5, 6, 7 and 8	\$286,000

The value of the 4,000,000 Options issue to each of the Non-Executive Directors, being Messrs Hancock, Ashley and Ellis is \$52,000 and the value of the 10,000,000 Options issue to the Managing Director, being Mr Drew is \$130,000, with a total value for all 22,000,000 Options of \$286,000.

(i) *Other information*

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolution.

6.3 ASX Listing Rule 10.11

As Directors, Messrs Hancock, Drew, Ashley and Ellis are Related Parties of the Company.

Accordingly, in order to grant the Options to them or their nominee, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

6.4 Specific information required by ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- (a) The Options will be granted to Messrs Hancock (Executive Chairman), Drew (Managing Director), Ashley (Non-Executive Director) and Ellis (Non-Executive Director), or their nominees.
- (b) The maximum number of Options to be granted to each of Messrs Hancock, Ashley and Ellis is 4,000,000 and the maximum number of Option to be granted to Mr Drew is 10,000,000 (combined total for all four Directors of 22,000,000).

- (c) The Options will be granted no later than one month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules), and it is intended that allotment will occur on the same date.
- (d) The Options are being issued to Messrs Messrs Hancock, Drew, Ashley and Ellis to give them an incentive to provide dedicated and ongoing commitment and effort to the Company, and no funds will be raised from the issue given an issue price of NIL. The terms of the Options are set out in Annexure A.
- (e) A voting exclusion statement is included in the Notice.

The Company acknowledges the issue of Options to Mr Hancock, Ashley and Ellis as Non-Executive Directors is contrary to recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of the Options to be reasonable in the circumstances given the Company's size and stage of development, the incentive it will provide and the necessity to attract and retain the highest calibre of professionals to the role of non-executive Director, and its limited cash reserves.

7. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT FACILITY

7.1 General

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity given it had a market capitalisation of ~\$9.5 million at the date of this Notice.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The Directors of the Company believe that Resolution 9 is in the best interests of the Company because if exploration success is encountered at its Fraser Range or Peru projects in particular, over the next 12 months, this resolution provides the ability for the Company to raise additional funds quickly. The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

7.2 Description of Listing Rule 7.1A

(a) Shareholder approval

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

(b) Equity Securities

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

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

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

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

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

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

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

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

D is 10%

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

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

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 496,397,392 Shares, meaning the Company has the capacity to issue:

- (i) 74,459,609 Equity Securities under Listing Rule 7.1; and
- (ii) 49,639,739 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) **Minimum Issue Price**

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

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

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

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

7.3 Listing Rule 7.1A

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

7.4 Specific information required by Listing Rule 7.3A

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

(a) Minimum Issue Price

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed and Unlisted Options, only if the Listed and Unlisted Options are exercised). There is a risk that:

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

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

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

The table also shows:

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

Variable ‘A’ in Listing Rule 7.1A.2		Dilution		
		\$0.010 50% decrease in Issue Price	\$0.019 Issue Price	\$0.029 50% increase in Issue Price
Current Variable A 496,397,392 Shares	10% Voting Dilution	49,639,739 shares	49,639,739 shares	49,639,739 shares
	Funds raised	\$496,397	\$943,155	\$1,439,552
50% increase in current Variable A 744,596,088 Shares	10% Voting Dilution	74,459,608 shares	74,459,608 shares	74,459,608 shares
	Funds raised	\$744,596	\$1,414,733	\$2,159,329
100% increase in current Variable A 992,794,784 Shares	10% Voting Dilution	99,279,478 shares	99,279,478 shares	99,279,478 shares
	Funds raised	\$992,795	\$1,886,310	\$2,879,105

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options (including any listed options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.019, being the closing price of the Shares on ASX on 12 October 2015.

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

The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

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

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

- (i) non-cash consideration for the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company would intend to use the funds raised towards acquisition of new assets or investments (including expense(s) associated with such acquisition(s)), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

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

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

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

(f) Voting Exclusions

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2015 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting.

(g) Prior Approvals under Listing Rule 7.1A

The Company has previously obtained Shareholder approval under ASX listing Rule 7.1A at its annual general meeting held on 26 November 2014. In accordance with Listing Rule 7.3 A.6 the total number of Equity Securities issued in the 12 months preceding the date of this meeting is 277,840,924 representing 73.9% of the Equity Securities on issue at the commencement of the 12 month period. The Company has issued the following Equity Securities in the 12 months preceding the date of this meeting:

Date of Issue	5 Feb 2015	27 Feb 2015	19 Mar 2015	19 Mar 2015	20 Apr 2015	29 Apr 2015	29 Apr 2015	4 May 2015	4 May 2015	7 May 2015	10 Sep 2015
Number of Securities	1,000,000	1,000,000	72,375,000	36,187,500	37,500,000	78,585,592	39,292,798	6,933,356	3,466,678	1,000,000	500,000
Class	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Listed Options	Fully paid ordinary shares	Fully paid ordinary shares	Listed Options	Fully paid ordinary shares	Listed Options	Fully paid ordinary shares	Fully paid ordinary shares
Terms of Class / Issue	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company	Exercise Price \$0.035 Expiry date 30 April 2018	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company	Exercise Price \$0.035 Expiry date 30 April 2018	Same as existing fully paid ordinary shares previously issued by the Company	Exercise Price \$0.035 Expiry date 30 April 2018	Same as existing fully paid ordinary shares previously issued by the Company	Same as existing fully paid ordinary shares previously issued by the Company
Issue Price	\$0.014 per share	\$0.021 per share	\$0.019 per share	Nil (free attaching)	\$0.02 per share	\$0.019 per share	Nil (free attaching)	\$0.019 per share	Nil (free attaching)	\$0.017 per share	\$0.017 per share
Discount to Market Price at date of issue	Nil	Nil	5.0%	Nil	Nil	18.8% above market price	Nil	11.8% above market price	Nil	Nil	5.6%
Total cash consideration	Nil	Nil	\$1,375,125	Nil	\$750,000	\$1,493,126	Nil	\$131,734	Nil	Nil	Nil
Allottees of Equity Securities issued or Basis of Issue	Adrienne Meakins (a geological consultant to the Company)	Paul Walker	Clients of Hartley's Limited stockbrokers, other professional and sophisticated investors, existing shareholders	Clients of Hartley's Limited stockbrokers, other professional and sophisticated investors, existing shareholders	Mr Christopher Ellis (a director of the Company) who received the Shares on conversion of a Convertible Note (as approved at the 2014 AGM)	Eligible shareholders who chose to participate in the Share Purchase Plan (SPP), other professional and sophisticated investors and Directors	Clients of Hartley's Limited stockbrokers, eligible shareholders who chose to participate in the Share Purchase Plan (SPP), other professional and sophisticated investors and Directors	Exploration Capital Partners	Exploration Capital Partners	Michael Sherington (a geological consultant to the Company)	Adrienne Meakins (a geological consultant to the Company)

Date of Issue	5 Feb 2015	27 Feb 2015	19 Mar 2015	19 Mar 2015	20 Apr 2015	29 Apr 2015	29 Apr 2015	4 May 2015	4 May 2015	7 May 2015	10 Sep 2015
Use of cash consideration	N/A	N/A	See note 1 below	N/A	See note 2 below	See note 1 below	N/A	See note 1 below	N/A	N/A	N/A
Total non cash consideration paid and current value	Issued in lieu of a cash payment for geological consulting services (total deemed value at date of issue of \$14,000 with a current value at the date of this Notice of \$19,000 given a share price of \$0.019 per share).	Issued pursuant to new tenement acquisitions (total deemed value at date of issue of \$21,000 with a current value at the date of this Notice of \$19,000 given a share price of \$0.019 per share).	N/A	N/A – Options issued as free attaching on a 1:2 basis with the issue of shares under the Placement (Tranche 1). Listed options at the date of this notice traded at \$0.008 per option	N/A	N/A	N/A – Options issued as free attaching on a 1:2 basis with the issue of shares under the Placement / SPP (Tranche 2). Listed options at the date of this notice traded at \$0.008 per option	N/A	N/A – Options issued as free attaching on a 1:2 basis with the issue of shares under the Placement / SPP (Tranche 2). Listed options at the date of this notice traded at \$0.008 per option	Issued in lieu of a cash payment for geological consulting services (total deemed value at date of issue of \$17,000 with a current value at the date of this Notice of \$19,000 given a share price of \$0.019 per share).	Issued in lieu of a cash payment for geological consulting services (total deemed value at date of issue of \$8,500 with a current value at the date of this Notice of \$9,500 given a share price of \$0.019 per share).

Note 1 - A combined total of \$3M was raised of which ~\$920k was spent on exploration at the Company's Fraser Range and Peru Projects, ~\$320k on corporate and administration expenses and ~\$235k on associated capital raising costs. It is intended that the remaining funds of ~\$1,525M will be spent on continued exploration at the Company's Fraser Range and Peru Projects (~\$1.08M) and to strengthen the Company's working capital position (~ \$445k).

Note 2 – A combined total of \$750k was raised of which ~\$580k was spent on exploration at the Company's Fraser Range and Peru Projects and ~\$170k on corporate expenses.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

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

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

Constitution means the Company's Constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

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

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

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

Options means the proposed issue of unlisted options to each of the four Directors, exercisable at 5 cents per option and with an expiry date of 5 years after grant date.

Related Party is defined in section 228 of the Corporations Act

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

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

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

Shareholder means a holder of a Share.

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

APPENDIX A
TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO DIRECTORS

1. Nil Consideration Payable

No subscription or application monies will be payable for the issue of each option.

2. Entitlement

Non-Executive Directors

The Option Holder shall be issued with 4,000,000 options ("Options").

Executive Director

The Option Holder shall be issued with 10,000,000 options ("Options").

Each Option shall entitle the Option Holder (or a transferee under clause 9) to subscribe (in cash) for one (1) fully paid ordinary share ("Share") in the capital of AusQuest Ltd (ABN 35 091 542 451) ("the Company").

All Options will have an exercise price of 5 cents per Option ("Exercise Price").

3. Quotation

The Options will not be quoted on the Australia Securities Exchange ("ASX").

4. Option Period

Each Option will expire at 5:00pm WST on the 30 November 2020 ("Option Expiry Date"). Subject to clauses 5, 6 and 10 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire.

5. Non-Exercise Periods

Options may only be exercised after they have vested. The Options will vest on grant date ("Vested Options").

6. Lapsing of Options Prior to Option Expiry Date

Options will automatically lapse prior to the Option Expiry Date in the following circumstances:-

6.1 With respect to Vested Options:

6.1.1 immediately upon determination by the board of directors of the Company ("the Board") that the Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company or its subsidiaries;

6.1.2 Subject to clause 6.1.1, one (1) month after the Option Holder ceases to be an employee of the Company or its subsidiaries (for any reason including by resignation, retrenchment, redundancy, termination or retirement) unless a longer period is otherwise determined by the Board; or

6.1.3 Subject to clauses 6.1.1 and 6.1.2, three (3) months after the death, permanent illness or permanent physical or mental incapacity of the Option Holder (unless a longer period is otherwise determined by the Board).

7. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares on issue.

8. Notification to Option Holders

The Option Holder will be entitled to receive, and will be sent, all reports, accounts and notices required to be given to the members of the Company but will not be entitled to attend or vote at any meeting of the members of the Company unless he is, in addition to being an Option Holder, a member of the Company.

9. Dealings in Options

9.1 Save as provided in clause 9.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option without the prior written consent of the Board (which the Board may give or not give at its discretion) and any such sale, transfer, assignment or mortgage shall be subject to any applicable law and the ASX Listing Rules.

9.2 The Option Holder may at any time transfer all of their Vested Options to:

9.2.1 his spouse;

9.2.2 a company in which the Option Holder or his spouse are shareholders; or

9.2.3 a trustee of a trust in which the Option Holder or his spouse have a beneficial interest,

and such transfer shall be subject to any applicable law and the ASX Listing Rules.

10. Method of Exercise of an Option

10.1 A certificate or holding statement will be issued by the Company with respect to the Options ("the Certificate").

10.2 Attached to or endorsed on the reverse side of the Certificate will be a notice that is to be completed by the Option Holder when exercising the Options ("Notice of Exercise of Options").

10.3 Vested Options may be exercised by the Option Holder delivering to the Company personally or sending by registered post to the registered office of the Company:

10.3.1 a completed Notice of Exercise of Options;

10.3.2 payment in full for the Shares being subscribed, being an amount equal to the Exercise Price multiplied by the number of Vested Options being exercised; and

10.3.3 the Certificate.

10.4 The Notice of Exercise of Options must state the number of Vested Options being exercised and the number of Shares to be issued, such number to be a multiple of 25,000, or if the total number of Vested Options held by an Option Holder is less than 25,000, then the total of all Vested Options held by the Option Holder.

10.5 The exercise of less than all of the Option Holder's Vested Options will not prevent the Option Holder from exercising the whole or part of the balance of the Option Holder's Vested Options before the Option Expiry Date in the future.

- 10.6 If the Option Holder exercises less than all of the Option Holder's Vested Options, the Company must cancel the Certificate and issue to the Option Holder a new certificate or holding statement with respect to the balance of the Option Holder's unexercised Options.
- 10.7 Within fourteen (14) days from the date the Option Holder exercises the Vested Options, the Company shall issue to the Option Holder the number of Shares subscribed for.
- 10.8 The Company will (subject to any escrow restrictions imposed by the ASX), within three (3) business days from the date of issue and allotment of Shares pursuant to the exercise of Vested Options, apply to the ASX for, and use its best endeavours to obtain, official quotation of all such Shares, in accordance with the *Corporations Act 2001* and the ASX Listing Rules.

11. Reconstruction

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holder will be treated in the manner set out in the ASX Listing Rules applicable to reconstructions at the time of the reconstruction.

12. Participation in the New Share Issues

- 12.1 There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its members from time to time unless and until the Options are exercised.
- 12.2 The Company will ensure that prior to the Option Expiry Date, the record date for the purposes of determining entitlements to any new issues of capital will be at least nine (9) business days after such new issues are announced in order to afford the Option Holder an opportunity to exercise any Vested Options then held by the Option Holder.

13. Change of Options Exercise Price or Number of Underlying Shares

- 13.1 If the Company makes a pro rata issue (except a bonus issue) to its members, the exercise price of each Option shall be adjusted in accordance with the provisions of the ASX Listing Rules.
- 13.2 If the Company makes a bonus issue of Shares or other securities convertible into Shares pro rata to members, the number of Shares issued on the exercise of each Option will include the number of bonus Shares that the Option Holder would have been issued with if the Option had been exercised by the Option Holder prior to the books' closing date for bonus Shares. No change will be made in such circumstances to the Exercise Price.

14. Takeover

Notwithstanding clause 5, all Options may be exercised if a takeover bid (as defined in the *Corporations Act 2001*) is made for the Shares.

15. ASX Listing Rules

The rights of the Option Holder may be changed from time to time to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

AUSQUEST LIMITED
ABN 35 091 542 451
PROXY FORM

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

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

ANNUAL GENERAL MEETING

I/We

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

Appoint

Name of proxy

OR

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

or failing the person/body corporate so named or, if no person/body corporate is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of the Company to be held at 10.00 am (WST), on 25 November 2015 at The Heritage Room, South of Perth Yacht Club, Applecross, Western Australia, and at any adjournment thereof.

Important for Resolutions 1 and 5 to 8:

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1 and 5 to 8. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1 and 5 to 8, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 5 to 8 even if the Chairman has an interest in Resolutions 1 and 5 to 8 which is connected directly with the remuneration of Key Management Personnel.

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

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

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr John Ashley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratification of prior issue of shares to Michael Sherington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ratification of prior issue of shares to Adrienne Meakins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options to Mr Greg Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Mr Graeme Drew	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Options to Mr John Ashley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Issue of Options to Mr Christopher Ellis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signed this day of 2015

By: Individuals and joint holders

Signature

Signature

Signature

By: Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director & Sole Company Secretary

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a shareholder of the Company.
2. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company. A proxy may be an individual or a body corporate.

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

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

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

4. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
5. Where a Proxy Form of a corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
6. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

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

7. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to AusQuest Limited, 8 Kearns Crescent, Ardross WA 6153; or
 - (a) facsimile to the Company on facsimile number +61 8 9364 4892; or
 - (b) email to the Company at proxy@ausquest.com.au

so that it is received not later than 10.00 am (WST) on 23 November 2015.

Proxy forms received later than this time will be invalid.

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