



AUSQUEST LIMITED

ABN 35 091 542 451

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.30 am (WST)

DATE: 22 November 2017

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.

CONTENTS PAGE

Notice of Annual General Meeting	3
Explanatory Statement	6
Glossary	19
Annexure A – Takeover Approval Provisions	20
Proxy Form	Enclosed

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30 am (WST) on 22 November 2017 at:

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

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

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

so that it is received not later than 10.30 am (WST) on 20 November 2017.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.30 am (WST) on 22 November 2017 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 20 November 2017.

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 2017.

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 2017 be adopted”.

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

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

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

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

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

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

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

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

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

4. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF SHARES TO MR CHRISTOPHER ELLIS FOR PART CONVERSION OF CONVERTIBLE NOTE

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 21,642,048 Shares to Chrysalis Investments Pty Ltd, a company controlled by Mr Christopher Ellis, a Director of the Company, in part conversion of a convertible note having a face value of \$750,000, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the Company, namely Mr Christopher Ellis, and 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.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

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

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

Voting Exclusion: The Company will disregard any votes cast 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.

6. RESOLUTION 5 – APPROVAL FOR THE RENEWAL OF THE AUSQUEST LONG TERM INCENTIVE SCHEME

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

"That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, the AusQuest Employment Option Incentive Plan ("Long Term Incentive Scheme"), the terms of which are summarised in the Explanatory Statement, is approved."

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by the Directors (except those who are ineligible to participate in the Long Term Incentive Scheme) and their associates.

However, the Company need not disregard a vote on Resolution 5 if it is cast by a person as proxy appointed in writing for a person who is entitled to vote, in accordance with voting directions which are specified on the proxy form. A vote must not be cast on Resolution 5 by a key management personnel or their closely related parties, acting as proxy, if their proxy does not specify the way the proxy is to vote on this Resolution.

Also, the Company need not disregard a vote on Resolution 5 if it is cast by the Chairman of the Meeting (as proxy appointed in writing for a person who is entitled to vote) where the proxy form expressly authorises the Chairman of the Meeting to exercise an undirected proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company or their closely related parties.

7. RESOLUTION 6 – RENEWAL OF THE PROPORTIONAL TAKEOVER APPROVAL PROVISIONS IN THE CONSTITUTION

To consider and, if thought fit, pass the following resolution as a **special resolution**:

"That, for the purposes of sections 136 and 648D of the Corporations Act and for all other purposes, the proportional takeover approval provisions inserted into the Constitution as Rule 37 be renewed for a period of 3 years as detailed in the Explanatory Statement and with effect from the close of the Meeting."

DATED: 13 OCTOBER 2017

BY ORDER OF THE BOARD

**HENKO VOS
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:30 am (WST) on 22 November 2017 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 2017 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 2017.

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 2017. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

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

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

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

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

4. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF SHARES TO MR CHRISTOPHER ELLIS FOR PART CONVERSION OF CONVERTIBLE NOTE

4.1 General

Pursuant to a Loan and Convertible Note Agreement dated 5 October 2016 between the Company and the Lender (**Loan and Convertible Note Agreement**), the Lender advanced to the Company a loan of \$750,000 and the Company issued to the Lender a Convertible Note with a face value of that amount.

The Lender is Chrysalis Investments Pty Ltd ACN 064 046 224, a company controlled by Mr Chris Ellis who is a Director and, through his control of the Lender, a substantial shareholder of the Company. At the date of this Notice, Mr Ellis holds 16.53% of the Shares in the Company.

The key terms of the Convertible Note under the Loan and Convertible Note Agreement are as follows:

- (a) the conversion of the Convertible Note to Shares is subject to Shareholder approval, for the purposes of Listing Rule 10.11;
- (b) the conversion price of the Convertible Note is the lower of:
 - (i) 2 cents per Share; and
 - (ii) the volume weighted average market price for Shares calculated over the 5 days on which sales in the Shares were recorded immediately prior to the day on which the issue of the Conversion Shares is made (**5 day VWAP**);
- (c) if the Convertible Note has not been converted by the maturity date which is 18 months after the date of the Loan and Convertible Note Agreement (subsequently extended by agreement of the parties to 30 November 2018), the loan must be repaid in cash;

- (d) the loan must also be repaid in cash on 20 Business Days' notice on the occurrence of an event of default prior to the maturity date. Events of default include an insolvency event for the Company, cessation of ASX listing of the Company, and failure to remedy a material default by the Company under the Loan and Convertible Note Agreement within 20 Business Days of a request to do so.
- (e) conversion of the Convertible Note to Shares is solely at the election of the Company, provided shareholder approval has been received, and may be done in part in tranches of no less than \$200,000 in value;
- (f) interest on the loan funds advanced is accrued at the rate of 10% per annum if the Company has not converted the Convertible Note to shares within six months of the date of issue (but is only accrued on the period following expiry of that 6 month period). All interest accrued is payable in cash on the maturity date or the conversion date; and
- (g) the Convertible Note is unsecured and non transferable.

This Resolution seeks Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of Conversion Shares to the Lender in part conversion of the Convertible Note. If Shareholders approve the issue of the Conversion Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1 in relation to the 15% restriction in Listing Rule 7.1. This means that the Company's flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 is not affected.

If Shareholders do not approve the issue of the Conversion Shares pursuant to Listing Rule 10.11 on this or any subsequent occasion at which shareholder approval may be sought, then the Convertible Note will not be capable of conversion to Shares at the election of the Company. It will then be necessary for the Company to repay the loan of up to \$750,000 (excluding interest) in cash on or before the maturity date under the Loan and Convertible Note Agreement, being 30 November 2018.

Mr Ellis, through his control of the Lender, is a substantial shareholder of the Company, holding a 16.53% shareholding in the Company at the date of this Notice. The Company will only convert that part of the Convertible Note which will result in the issue under the terms of the Loan and Convertible Note Agreement of that number of Conversion Shares which will increase Mr Ellis' holding to 19.99% (but not more than it) at the date of issue. On the current total of 500,897,392 Shares on issue, the maximum number of Conversion Shares that will be issued by the Company under Resolution 3 is 21,642,048 Shares. This will increase Mr Ellis' current voting power of 82,813,586 Shares or 16.53% of the current total 500,897,392 Shares on issue in the Company, to a voting power of 104,455,634 Shares or 19.99% of the then total 522,539,440 Shares on issue in the Company.

If the Company's 5-day VWAP is above \$0.02 on the date the Company issues Conversion Shares to Mr Ellis, conversion will occur at \$0.02 each under the terms of the Loan and Convertible Note Agreement. The issue of the maximum number of Conversion Shares of 21,642,048 will reduce the outstanding loan value and the face value of the Convertible Note by \$432,841 (21,642,048 Shares multiplied by \$0.02).

If the Company's 5-day VWAP is below \$0.02 on the date the Company issues Conversion Shares to Mr Ellis, conversion will occur at that lower 5-day VWAP price. The issue of the maximum number of Conversion Shares of 21,642,048 in this instance would reduce the outstanding loan value and the face value of the Convertible Note by a lesser amount than if issued at \$0.02, with the actual reduction to be calculated as 21,642,048 Shares multiplied by the 5-day VWAP.

Any Conversion Shares issued under this Resolution will be limited to ensure that the voting power of Mr Ellis does not exceed 19.99%. Mr Ellis's resulting voting power (increased as a result of the issue of Conversion Shares contemplated under this Resolution) will dilute, in the same way that other Shareholders' holdings will be diluted, as a result of any future capital raisings undertaken by the Company in which Mr Ellis and those other Shareholders do not participate.

For the purposes of Chapter 2E of the Corporations Act the Directors, excluding Mr Ellis, have resolved that although the issue of the Conversion Shares to Mr Ellis under the Loan and Convertible Note Agreement

constitutes the giving of a financial benefit to a related party of the Company, no shareholder approval is required under Chapter 2E because the terms of the Loan and Convertible Note Agreement are less favourable to the related party Mr Ellis than would be reasonable if the Company and Mr Ellis were dealing at arm's length.

4.2 ASX Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue Equity Securities to a related party of a company, such as a director, without the company obtaining the approval by ordinary resolution of its shareholders. Accordingly the Company is seeking the approval of the Shareholders under Listing Rule 10.11 to allow the Company to issue the Conversion Shares to the Lender, a company controlled by Director Mr Chris Ellis.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the proposed issue of the Conversion Shares under Resolution 3:

- (a) the Conversion Shares will be issued to Chrysalis Investments Pty Ltd ACN 064 046 224, a company controlled by Mr Christopher Ellis, a Director and substantial shareholder of the Company;
- (b) the maximum number of Shares that will be issued by the Company under Resolution 3 is 21,642,048 Shares.
- (c) the Conversion Shares will be issued within 1 month after the date of the Meeting, if approved;
- (d) the issue price of the Conversion Shares is set at the lower of:
 - (i) 2 cents per Share; and
 - (ii) the volume weighted average market price for Shares calculated over the 5 days on which sales in the Shares were recorded immediately prior to the day on which the issue of the Conversion Shares is made;

The Conversion Shares will be 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, the terms of which are in the public domain;

- (e) the Company raised \$750,000 from the issue and conversion of the Convertible Note pursuant to the Loan and Convertible Note Agreement. These funds were used to advance several of the Company's prospective WA nickel and Peru copper projects to the drilling stage and for other working capital purposes; and
- (f) a voting exclusion statement is included in the Notice of Meeting.

4.3 ASX waiver

ASX has granted a waiver from Listing Rule 10.13.5 to allow this Notice not to contain an exact issue price for the Conversion Shares but for the issue price to be based on the formula in Section 4.2(d) above which includes a future share price.

The Directors, excluding Mr Christopher Ellis, recommend that Shareholders vote in favour of this Resolution to preserve the cash flow position of the Company pending a capital raising in the next 12 month period. The Chairman intends to vote undirected proxies in favour of this Resolution.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

5.1 General

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

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

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c) below).

The Directors of the Company believe that Resolution 4 is in the best interests of the Company because if exploration success is encountered at its Australian or Peruvian projects in particular, over the next 12 months, this resolution provides the ability for the Company to raise additional funds quickly. The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

5.2 Description of Listing Rule 7.1A

(a) Shareholder approval

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

(b) Equity Securities

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

The Company, as at the date of the Notice, has on issue 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 500,897,392 Shares, meaning the Company has the capacity to issue:

- (i) 75,134,609 Equity Securities under Listing Rule 7.1; and
- (ii) 50,089,739 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 5.2(c) above).

(e) **Minimum Issue Price**

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

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

(f) **10% Placement Period**

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

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (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**).

5.3 Listing Rule 7.1A

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

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

5.4 Specific information required by Listing Rule 7.3A

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

(a) **Minimum Issue Price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of 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		
		\$0.011 50% decrease in Issue Price	\$0.021 Issue Price	\$0.0320 50% increase in Issue Price
Current Variable A 500,897,392 Shares	10% Voting Dilution	50,089,739 shares	50,089,739 shares	50,089,739 shares
	Funds raised	\$550,987	\$1,051,885	\$1,602,872
50% increase in current Variable A 751,346,088 Shares	10% Voting Dilution	75,134,609 shares	75,134,609 shares	75,134,609 shares
	Funds raised	\$826,481	\$1,577,827	\$2,404,307
100% increase in current Variable A 1,001,794,784 Shares	10% Voting Dilution	100,179,478 shares	100,179,478 shares	100,179,478 shares
	Funds raised	\$1,101,974	\$2,103,769	\$3,205,743

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 Listed 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 \$0.021, being the closing price of the Shares on ASX on 13 October 2017.

(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 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (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 the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

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

(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 2017 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 23 November 2016. 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 3,000,000 representing 0.4% 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	13 Jun 2017	13 Jun 2017
Number of Securities	1,000,000	2,000,000
Class	Fully paid ordinary shares	Unlisted options
Terms of Class / Issue	Same as existing fully paid ordinary shares previously issued by the Company	Exercise price \$0.05 Expiry date 30 Nov 2020 (this is an existing class)
Issue Price	\$0.011 per share (deemed)	Nil
Discount to Market Price at date of issue	The share price on the date of issue was \$0.013, being a deemed discount of \$0.002. This represents a discount of 15.4% to the market price on the date of issue	N/A
Total cash consideration	Nil	Nil
Use of cash consideration	N/A	N/A
Total non cash consideration paid and current value	Shares issued pursuant to a geological consulting services agreement (total deemed value at date of issue of \$11,000 with a current value at the date of this Notice of \$21,000 given a share price of \$0.021 per share).	N/A – Options were issued as an incentive to a consultant of the Company. Value = \$32,599 ⁽ⁱ⁾
Allottees of Equity Securities issued or Basis of Issue	Michael Sherington (Issued pursuant to service consultancy agreement)	Richard Hatfield (Issued pursuant to service consultancy agreement)

- (i) The fair value of the Options is measured using the Black & Scholes option pricing model. Measurement inputs include the share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share, the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

6. RESOLUTION 5 – APPROVAL FOR THE RENEWAL OF THE AUSQUEST LONG TERM INCENTIVE SCHEME

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1. Resolution 5 seeks Shareholder refreshment approval for the Company's existing "Long term incentive scheme" (LTIS) as an exception to ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 (Exception 9).

The purpose of the LTIS is to recognise the ability and efforts of the Directors and employees of the Company who have contributed to the success of the Company, in a manner aligned with Shareholders; provide an incentive to Directors and employees to achieve the long term objectives of, and improve the performance of the Company; attract persons of experience and ability to the Company and foster and promote loyalty between the Company and its Directors and employees. Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations encourages ASX listed companies to find a balance between short term and long term performance objectives in remunerating its senior management personnel. In the Board's view, the adoption of a long term incentive scheme for senior managers is an appropriate means of meeting these long term performance objectives. The Board also considers that the retention of high quality and well-credentialed executive managers within the Company is important to the ongoing development and success of the Company's projects.

Resolution 5 seeks to refresh approval for the previously approved long term incentive scheme as a long term incentive that provides the Board with the discretion to grant Options to certain executives that will become capable of exercise after a minimum period of service and possibly subject to the satisfaction of performance hurdles, as determined by the Board. It will operate in conjunction with any other existing incentive plans of the Company as the Board considers appropriate from time to time.

In order to take advantage of the exemption from ASX Listing Rule 7.1 contained in ASX Listing Rule 7.2 (Exception 9) and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the LTIS as an exemption from ASX Listing Rule 7.1.

For the purpose of Exception 9 of Listing Rule 7.2:

- (a) As at the date of this Meeting, 8,000,000 securities will have been issued under the Long Term Incentive Scheme since the date of the Scheme's last approval (all remaining options having an exercise price of 5 cents per share).
- (b) A summary of the key terms of the LTIS is set out below. The full terms of the options are set out in the LTIS, a copy of which may be obtained from the Company. A copy of the LTIS will also be available for inspection both at the Company's registered office during normal business hours prior to the Meeting and at the Meeting venue during the Meeting. In the event of any inconsistency between the terms of the LTIS and the summary set out below, the terms of the Plan will prevail.
- (c) A voting exclusion statement appears in the Notice of Meeting in connection with Resolution 5.

Summary of the LTIS

- Each option entitles the holder, on exercise, to one Share.
- The exercise price and expiry date for the Options will be as determined by the Board (in its discretion) on or before the date of grant.
- Shares issued on exercise of Options will rank equally with other Shares on issue.

- An Option may only be exercised after that Option has passed its exercise period, after any conditions associated with the exercise of the Option are satisfied and before its expiry date. The Board may determine the non-exercise period (if any). On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.
- All Options are subject to the minimum requirement that Option holders have completed one year of employment or consultancy with the Company. Additional requirements or non exercise conditions may be imposed for different holders.
- An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company or the holder being in material breach of the LTIS rules.
- An Option (which is past its non-exercise period) will lapse one year after the holder dies or retires or becomes permanently disabled, during which time it may be exercised.
- An Option (which is past its non-exercise period) will lapse 90 days after the holder ends his or her employment or consultancy with the Company other than through death, retirement or permanent disability (for example, voluntarily leaves employment or is made redundant) and the Directors have discretion to extend that 90 day period ceasing to be employed by the Company. During this time the Option may be exercised.
- If a takeover bid (as defined in section 9 of the Corporations Act) is made for the Company's Shares then the Board must notify the holders within 10 days of becoming aware of the bid and the Options are automatically capable of exercise for 120 days after the date of the bid, regardless of any conditions of exercise that were attached on grant of the Options.
- Options may not be transferred or encumbered without the Board's consent.
- Quotation of the Options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.
- There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options unless the Options are exercised by the record date, in accordance with the ASX Listing Rules.
- If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("Bonus Issue"), each option holder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the option holder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
- In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each option holder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

The Directors are eligible to participate in the LTIS (subject to prior shareholder approval being obtained under Listing Rule 10.11) and therefore make no recommendation as to how Shareholders should vote in relation to Resolution 5. The Chairman intends to vote all available proxies in favour of Resolution 5.

7. RESOLUTION 6 – RENEWAL OF THE PROPORTIONAL TAKEOVER APPROVAL PROVISIONS IN THE CONSTITUTION

7.1 General

Under section 648D of the Corporations Act, a company may include provisions in its constitution to the effect that registration of a transfer giving effect to a takeover contract for a proportional takeover bid is prohibited unless a resolution to approve the bid is passed by shareholders in accordance with the requirements of the

Corporations Act. These provisions cease to apply at the end of 3 years after they were inserted into the constitution, or last renewed by shareholders. The provisions are renewed in the same manner as that in which the constitution is altered to insert the provisions.

Shareholders approved the insertion into the Constitution of Rule 37 containing the proportional takeover approval provisions at the annual general meeting of the Company held on 26 November 2014. Resolution 6 seeks the approval of Shareholders by special resolution to renew the provisions in Rule 37 for a further 3 year period from the date of the Meeting. A copy of Rule 37 is set out in Annexure A.

7.2 Explanatory information

Section 648G of the Corporations Act requires that certain explanatory information be provided to Shareholders when considering the insertion or renewal of these proportional takeover approval provisions into a company's constitution. That information is set out below to enable Shareholders to make an informed decision on whether to approve the Resolution.

What is a proportional takeover bid

In a proportional takeover bid the bidder offers to take only a proportion of a shareholders shares in the target company. This means that control of the company may pass to the bidder without a shareholder having the chance to sell all of their shares in the target to the bidder. The bidder may acquire practical control of the target without paying a premium for that control.

In order to deal with this possibility, the Corporations Act allows the Company to introduce a special procedure into its constitution, which requires shareholders at the time of a proportional bid being made to vote whether or not to approve a proportional takeover bid. The vote of the shareholders is binding on all the shareholders including those who abstain or do not vote in favour of the ordinary resolution. The process allows the shareholders at that time to collectively decide by simple majority vote how to proceed and it may ensure that an appropriate premium is paid by the bidder offering to acquire a proportion only of each shareholder's shares in the Company.

Effect of the proportional takeover provisions

If a proportional takeover offer is made the Directors of the Company must ensure that the Shareholders of the Company at that time meet to consider whether to approve the offer by simple majority vote, no less than 14 days before the end of the bid period. The Shareholders who are eligible to vote on the ordinary resolution are those who held bid class securities at the end of the day on which the first offer was made under the takeover bid. If the ordinary resolution is not passed the bid is deemed to have been withdrawn and no prior acceptances will be valid. Transfers which would have resulted from acceptance of the bid cannot be registered by the Directors. If the ordinary resolution is passed the transfers which comply with the Constitution and the Corporations Act must be registered by the Directors.

If the Directors fail to ensure the bid is voted on, the Directors will be in breach of the Corporations Act. However if the bid is not voted on it is deemed to have been voted on and approved, no later than 14 days before the end of the bid period. The provisions proposed to be inserted in the Constitution with effect at close of the Meeting will endure for 3 years at which point they will lapse unless Shareholders renew their approval of the provisions by a special resolution.

The provisions are not relevant and do not apply to full takeover bids, where the bidder offers to acquire the whole of a shareholder's shares in the Company. No such special approval process applies to full takeover bids, where Shareholders are entitled to make their own decision as to whether to accept the bid or not.

Reason for proposing the Resolution to renew the proportional takeover provisions

The reason for proposing the Resolution is that Directors consider that Shareholders should have the opportunity to vote on inclusion of the proportional takeover approval provisions in the Constitution. If the provisions are renewed, the benefit is that Shareholders must collectively decide on whether a proportional takeover bid is permitted to succeed and whether the advantages discussed below outweigh the disadvantages in the particular circumstances of the bid, or vice versa.

Awareness of Directors of proposal to acquire or increase a substantial interest in the Company

At the date this Notice of Meeting was approved by Directors before despatch to Shareholders, no Director is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company other than the proposed increase in the substantial shareholding of Mr Ellis if Shareholders approve the issue of Conversion Shares under Resolution 3. The proposed increase in the substantial shareholding of Mr Ellis has not influenced the decision of the Directors to propose the Resolution.

Review of the advantages and disadvantages for the Directors and Shareholders for past 3 years

As there have been no proportional takeover bids made for the Company in the period since the provisions were inserted into the Constitution, there are no actual circumstances against which the Directors have had the opportunity to review the advantages or disadvantages of the proportional takeover provisions in Rule 37 of the Constitution. The Directors are not aware of any proposed bid which did not proceed during that period because of the inclusion of the provisions.

Potential advantages and disadvantages

The Directors (excluding Mr Ellis for the reason set out below) consider that the proposed provisions have no advantage or disadvantage for them other than the advantage of enabling them to formally ascertain the views of Shareholders in relation to any proportional takeover bid made. They remain free to make a recommendation in relation to whether a proportional takeover bid for the Company should be recommended or rejected.

Mr Ellis currently holds a substantial interest of approximately 16.53% in the Company and if the issue of the Conversion Shares on part conversion of the Convertible Note the subject of Resolution 3 is approved, Mr Ellis will increase his substantial interest in the Company to approximately 19.99% (but not more than 19.99%). The personal impact of this Resolution is therefore greater for Mr Ellis than any of the other Directors because they are more advantageous for him as a shareholder in comparison to the other Directors, and as such he has not made a recommendation in relation to the Resolution.

The potential advantages for Shareholders of inclusion of these provisions in the Constitution are:

- Shareholders will have the right to decide by majority vote whether a proportional takeover bid should proceed;
- The provisions may help shareholders being locked in as minority shareholders;
- The provisions may improve the bargaining power of shareholders and therefore may result in any proportional takeover bid being adequately priced;
- Knowing in advance the views of the majority of the shareholders may assist a shareholder assess the likelihood of success of the proportional takeover offer and therefore decide how to vote.

The potential disadvantages for Shareholders of inclusion of these provisions in the Constitution are:

- This may discourage a proportional takeover bid being made, which may have been the only takeover offer to be made for the Company;
- Shareholders may lose an opportunity to sell a portion of their shares in the Company at a premium; and
- The chance that a proportional takeover bid is successful may be reduced.

The Board (excluding Mr Ellis) considers that the disadvantages do not outweigh the advantages of renewing the proportional takeover approval provisions. In particular, Shareholders as a whole are able to decide by simple majority vote whether a proportional bid should be allowed to proceed.

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.

Conversion Shares means the Shares to be issued to the Lender under Resolution 4 on part conversion of the Convertible Note.

Convertible Note means a convertible note the subject of the Loan and Convertible Note Agreement.

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

Loan and Convertible Note Agreement means the loan and convertible note agreement between the Lender and the Company) dated 3 October 2016 for the issue of up to one convertible note with a total face value of up to \$750,000 with terms described in section 4 of the Explanatory Statement.

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.

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

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

Option means an option to acquire a Share in the Company.

Related Party is defined in section 228 of the Corporations Act

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

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

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

Shareholder means a holder of a Share.

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

ANNEXURE A – RULE 37 TAKEOVER APPROVAL PROVISION

“37. Takeover approval provisions

37.1 In this Rule 37:

“**Proportional takeover bid**” has the meaning given in section 9 of the Corporations Act 2001; “**Relevant day**” (in relation to a proportional takeover bid) means the day that is 14 days before the last day of the bid period;

Subject to the foregoing, any word the meaning of which is defined in the Corporations Act 2001 has the same meaning in this Rule 37;

Rule 37.2 is to be read subject to this Rule 37.1.

37.2 Where offers have been made under a proportional takeover bid in respect of Securities of the Company:

- (a) the registration of a transfer giving effect to a takeover contract for the bid is prohibited unless and until a resolution to approve the bid is passed in accordance with the provisions of this clause;
- (b) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class Securities is entitled to vote on the resolution;
- (c) the resolution of the persons entitled to vote on the resolution must be voted on at a meeting, convened and conducted by the Company;
- (d) the resolution is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is taken to have been rejected.

37.3 The provisions that apply to a general meeting of the Company apply with such modifications as the circumstances require to a meeting that is convened pursuant to this Rule 37 and apply as if the last mentioned meeting were a general meeting of the Company.

37.4 Where offers have been made under a proportional takeover bid for a class of the Company’s Securities, the directors must ensure that a resolution to approve the takeover scheme is voted on in accordance with this article before the Relevant day.

37.5 Where a resolution to approve the proportional takeover bid is voted on before the Relevant day in accordance with this clause, the Company must, on or before the Relevant day:

- (a) give to the bidder; and
- (b) serve on each relevant financial market – if the Company is listed, a notice in writing stating that a resolution to approve the bid has been voted on and whether the resolution has been passed or rejected.

37.6 Where, as at the end of the day before the Relevant day, no resolution to approve the proportional takeover bid has been voted on in accordance with this Rule, a resolution to approve the bid is taken to have been passed in accordance with this Rule.

37.7 This Rule 37 ceases to have effect on the third anniversary of the date of its adoption or, if it has been renewed, the third anniversary of the date of its last renewal.”

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 10.30 am (WST), on 22 November 2017 at The Heritage Room, South of Perth Yacht Club, Applecross, Western Australia, and at any adjournment thereof.

Important for Resolutions 1 and 5:

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1 and 5. 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, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 5 even if the Chairman has an interest in Resolutions 1 and 5 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 – Election of Mr Christopher Ellis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval for the issue of Shares to Mr Christopher Ellis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Renewal of the AusQuest Long Term Incentive Scheme (LTIS)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Refreshment of the Takeover Approval provisions in the Constitution	<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 to be counted in computing the required majority on a poll.

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

Signed this _____ day of _____ 2017

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

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

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

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

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

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

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

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

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

so that it is received not later than 10.30 am (WST) on 20 November 2017.

Proxy forms received later than this time will be invalid.
