November 29, 2018
ASX Release

COPPER-GOLD INTERSECTED IN INITIAL HOLES AT CERRO DE FIERRO IN PERU, CONFIRMING POTENTIAL FOR AN IOCG SYSTEM

AusQuest Limited (ASX: AQD) is pleased to advise that assays received from the first three of seven diamond drill holes completed at the Cerro de Fierro Iron-Oxide Copper-Gold (IOCG) Project in southern Peru have reported wide intervals of highly anomalous copper and gold mineralisation.

The broad zones of mineralisation are associated with iron and potassic alteration originally identified by the Company's airborne survey, and confirm observations reported to the ASX on the 15th November 2018.

The initial drill-holes are widely spaced with holes CDF02 and CDF03 located ~800m apart. Significant assay results from both drill-holes are provided in the table below:

CDF03	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)
	198	228	30	0.43	0.16
	250	293	43	0.43	0.35
(Incl.	***266***	***276***	***10***	***0.93***	***1.06)***
	303	307	4	0.18	0.17
	320	348	28	0.42	0.15
(Incl.	***330***	***336***	***6***	***1.09***	***0.4)***
	353	369	16	0.15	0.12
	396	429	33	0.24	0.13
	482	486	4	0.23	0.13
CDF02	276	294	18	0.14	0.12
	333	344	11	0.48	0.27
	458	466	8	0.29	0.12

NB: Cu grades > 0.1%. Gold grades calculated for Cu intersections. Minimum Intersection - 4 metres. No grades cut

The results from CDF03 are of particular interest, with a number of relatively thick (>30m) intersections reporting copper grades greater than 0.4% Cu and associated gold values ranging from 0.13g/t Au to 0.35g/t Au. These intersections occur within a broader envelope (288m down-hole) of highly anomalous copper values, indicating the potential size of the system.

Drilling is continuing with the original planned program scheduled to be completed in early December. Assays for all remaining drill-holes should be available by early January 2019.

Drilling at Cerro de Fierro has intersected a variable sequence of andesitic volcanics, volcanoclastics and intercalated sediments with strong iron and potassic alteration suggestive of a large IOCG system. High temperature minerals (garnet) associated with the alteration may imply the presence of skarn-style mineralisation.

Copper minerals observed, which are closely associated with the alteration, include both sulphide (chalcopyrite, bornite) and oxide (chrysocolla, brochantite) copper minerals and trace amounts of native copper. The copper mineralisation occurs as disseminations and within small veinlets cutting the host rocks.

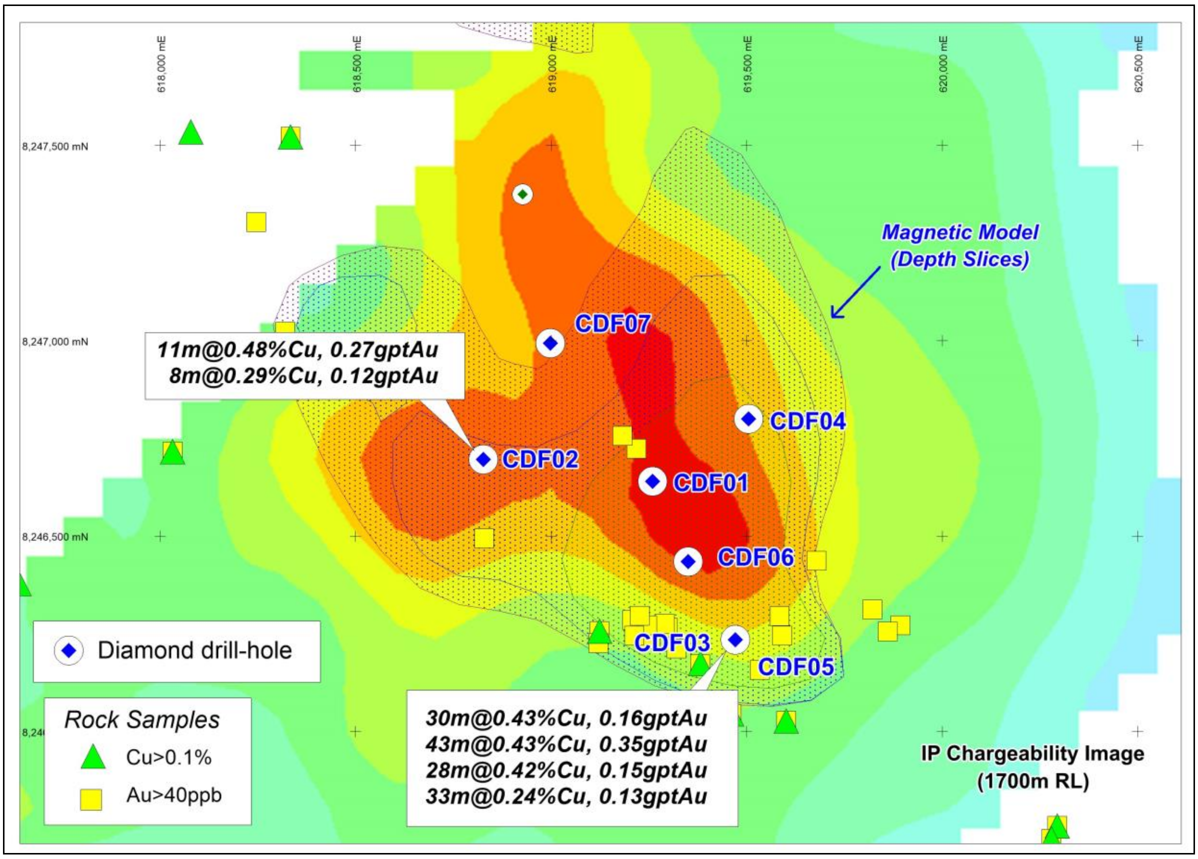

Figure 1: Cerro de Fierro IOCG target showing drill-hole locations and available assays.

The magnetic and IP anomalies that were targeted by the initial drill program are thought to reflect the broad scale of the alteration system, as they are caused by a combination of disseminated magnetite and sulphide mineralisation associated with the alteration. The relationship between these anomalies and the observed copper mineralisation is still to be determined.

The Cerro de Fierro Project is located at the southern end of a recognised IOCG metallogenic belt in southern Peru. It lies within ~150km of the Mina Justa deposit (~475Mt @ 0.68% Cu), which is being developed by Peruvian mining company Minsur S.A.

The Project is the subject of an agreement with globally diversified mining and metals company South32 (ASX, LSE, JSE: S32; ADR: SOUHY), whereby South32 can earn a 70% interest in the project by spending US$4.0 million, with the right to earn an additional 10% interest by completing a Pre-Feasibility Study. AusQuest is the operator during the first phase of drilling.

AusQuest Managing Director Graeme Drew said the initial assay results provide a strong indication of the potential for the Cerro de Fierro prospect to host a relatively large IOCG deposit. “This is a very encouraging start and we are now eagerly awaiting the results from the final four drill-holes to see if they will shed further light on the controls on mineralisation and its distribution,” he said.

Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

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

FORWARD LOOKING STATEMENT

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

AusQuest Limited 8 Kearns Crescent Ardross WA 6153 (T): 08 9364 3866 (F): 08 9364 4892
www.ausquest.com.au

JORC Code, 2012 Edition – Table 1 report, Diamond Drilling at Cerro de Fierro in Peru

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The entire cored hole is sampled (except for Quartenary cover sequence). Composite samples are collected over 3 metre intervals or at 1 metre intervals where significant mineralization is observed. • Core is cut in half with half sent for analysis and half retained for geological and quality control purposes • Sample intervals are measured by tape from depth intervals shown on core blocks labeled by the drillers, as per standard industry practice.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond Drilling to produce continuous core. • HQ and NQ drill rods used to produce 63.5mm and 47.6mm diameter core respectively. The hole starts with HQ core and changes to NQ at the appropriate depth depending on drilling conditions. • Down-hole surveys are read at ~ 50m intervals.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs. • Experienced diamond drillers are engaged to ensure maximum core recovery. • Sample recovery is high negating any sample bias due to recovery.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and*	• Drill core and sample chips are logged by experienced geologists to identify key rock types, alteration and

Criteria	JORC Code explanation	Commentary
	metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	mineralisation styles. • Core logging is qualitative with visual estimates of mineralisation made for later comparison with assay results. • All core is logged and photographed.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Samples are collected by cutting the core in half along its length and sampling over 1 to 3 metre intervals. In sections where core cannot be cut, representative core chips are collected for assay. • Duplicate samples are collected from the core every 40th sample for quality control. The duplicated sample is cut from the same length and a quarter of the core is used as the original sample with 30% of the core used as the original and 30% used as the "duplicate". 40% is retained in the core box. • The sample sizes are appropriate for the geological materials being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Assaying of the drill samples is by standard industry practice. • The samples are sorted, dried, crushed then split to obtain a representative sub-sample which is then pulverized. • A portion of the pulverized sample is digested using a four acid digest (Hydrofluoric, Nitric, Hydrochloric and Perchloric) which approximates a total digest for most elements. Some refractory minerals are not completely dissolved. • Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) was used to measure Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Ti V, W, Y, Zn, Zr. • Assays are provided by ALS del Peru in Lima which is a certified laboratory for mineral analyses. Analytical data is transferred to the company via email. • Data from the laboratory's internal quality procedures (standards, repeats and blanks) are provided to check data quality.

Criteria	JORC Code explanation	Commentary
		• The Company collects duplicate samples on an approximate 1: 20 basis, and inserts coarse blanks on a 1:30 basis and fine blanks on a 1:35 basis and standards are inserted on a 1:20.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• N/A for this report. • No twinned holes were completed. • All data are entered into Excel spreadsheets and stored in the company's database. • No adjustments have been made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars including elevation are located by hand held GPS to an accuracy of approximately 5m. • Down hole surveys on angled holes are carried out every 50m down hole, and at the end of the hole. • All surface location data are in WGS 84 datum, UTM zone 18S.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Diamond drill-holes were positioned to test targets identified by various ground surveys. No systematic drilling of targets has been undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Any bias due to the orientation of the drilling is unknown at this early stage of exploration.
Sample security	• *The measures taken to ensure sample security.*	• Samples security is managed by the operator of the Project. Procedures match with Industry best practice. • Samples are collected into securely tied bags and placed into cable-tied plastic bags for transport to the laboratory. Each sample batch has a sample submission sheet that lists the sample numbers and the work required to be done on each sample. • Reputable freight companies are used to transport samples to the laboratory. • Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No reviews or audits of the sampling techniques or data have been carried out to date.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Cerro de Fierro project is located approximately 30 km east of the town of Chala in the south of Peru. • The Cerro de Fierro project comprises 3 granted mineral concessions. The tenements are held by Questdor which is a 100% subsidiary of AusQuest Limited. • There are no major heritage issues to prevent access to the tenements. A drill permit (AIA) has been provided by INGEMMET for the drilling programme following environmental, and community approvals. • The Cerro de Fierro Prospect is subject to an agreement with South32 which includes Mineral concessions Chololo 1 2 and 4.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No historic exploration data is available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Cerro de Fierro project is targeting an IOCG deposit along the coastal belt of southern Peru. These are large scale disseminated copper (and gold) deposits found within orogenic belts that surround the Pacific Rim. The deposits can be areally large requiring significant drilling to evaluate.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
		• All relevant drill hole data and information are provided below.

Criteria	JORC Code explanation	Commentary
	○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A for this report.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intervals reported are down-hole lengths. True widths are unknown at this stage.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• All drill holes are shown on appropriate plans and included in the ASX release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• N/A for this report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The relationship between current drilling and previously reported exploration data is shown in the report.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Drilling is continuing to test a range of targets associated with the Cerro de Fierro Prospect as reported in previous ASX releases. • Future drill hole locations are shown on the plans included within the ASX report

Hole_ID	Datum	Zone	Easting	Northing	RL	Azimuth	Dip	Depth
CDFDD001	WGS84	18S	619260	8246640	2047	90	-74	458.5
CDFDD002	WGS84	18S	618827	8246697	2050	98	-72	550
CDFDD003	WGS84	18S	619471	8246236	2093	263	-76	506.5
CDFDD004	WGS84	18S	619505	8246800	2058	260	-70	421
CDFDD005	WGS84	18S	619471	8246236	2093	170	-60	440.5
CDFDD006	WGS84	18S	619350	8246435	2063	250	-70	636.7
CDFDD007	WGS84	18S	618998	8246994	2034	80	-75	