

April 8th, 2019
ASX Release

POTENTIAL MAJOR EXTENSION TO COPPER MINERALISATION IDENTIFIED AT CERRO DE FIERRO

Data evaluation confirms large-scale IOCG system with potential for significant growth

AusQuest Limited (ASX: AQD) is pleased to advise that detailed evaluation of assay data received at the end of 2018 from the initial drilling program at the Cerro de Fierro Project in southern Peru has confirmed the discovery of an Iron-Oxide Copper-Gold (IOCG) mineralised system with strong potential for significant extensions to the copper-gold mineralisation already intersected.

A summary of significant assays from the initial drilling program (7 drill-holes/3,500m) as reported to the ASX on the 28th November and 18th December 2018 is provided in Figure 1:

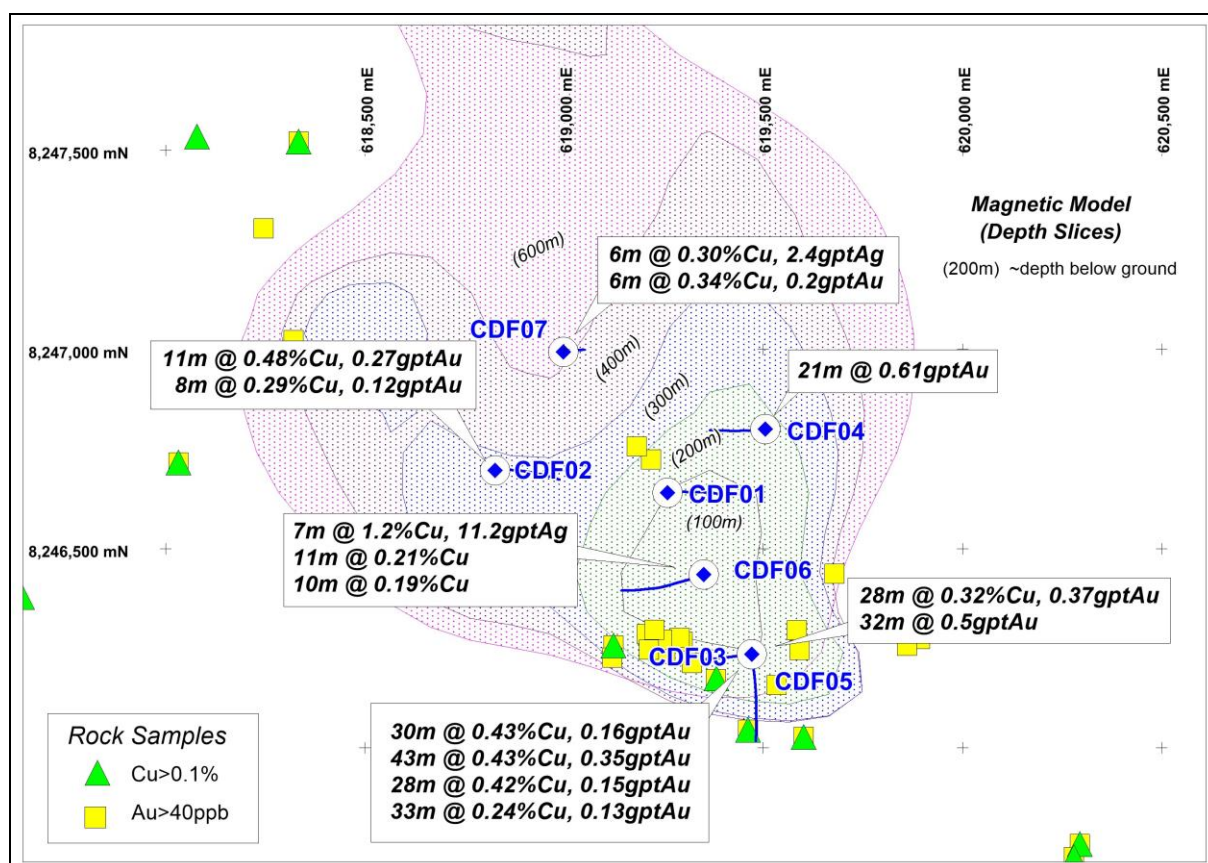


Figure 1: Cerro de Fierro magnetic model showing summary of drill results

Evaluation of multi-element geochemical data and re-logging of selected drill-core has highlighted both structural and stratigraphic controls on the distribution of copper (and gold) mineralisation at Cerro de Fierro. Copper occurs within both sub-vertical structures (possible feeders) and relatively flat-lying strata within the volcanic sequence, where it is present as replacement-style mineralisation (mantos).

Copper occurs dominantly within an andesitic volcanic unit that is overlain by a more felsic volcaniclastic sequence of rocks. The mineralised andesite does not outcrop in the area of drilling as it is buried beneath the more felsic volcaniclastics at depths ranging from 100m to 300m below ground level (Figure 2).

This stratigraphic control on copper mineralisation has been an important development in the Company’s understanding of the exploration potential at Cerro de Fierro as it explains why mineralisation which may not appear continuous at surface, could be continuous at depth.

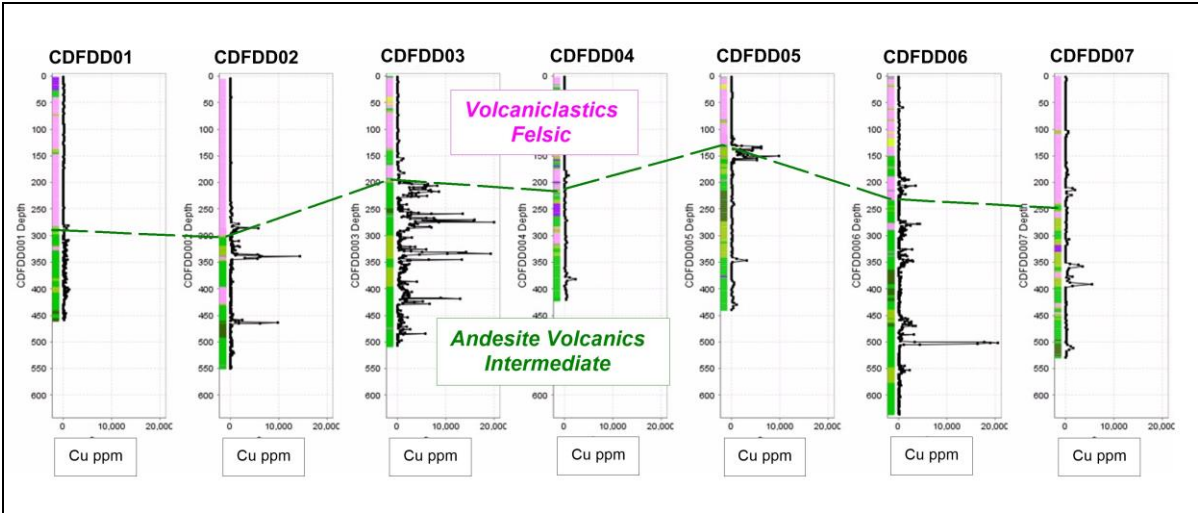


Figure 2: Cerro de Fierro drill-holes showing stratigraphic control on copper mineralisation

Copper is also strongly associated with invasive hematite alteration with the better copper intersections (drill-holes CDFDD03 and CDFDD05) located around the margins of the magnetic/IP anomaly which was the main target for the initial drill program.

Higher copper values generally correlate with local decreases in magnetic properties (susceptibility) due to its association with hematite alteration. Stronger magnetic properties are evident in drill-holes CDFDD01 and CDFDD06, which are located in the centre of the magnetic target (Figure 3).

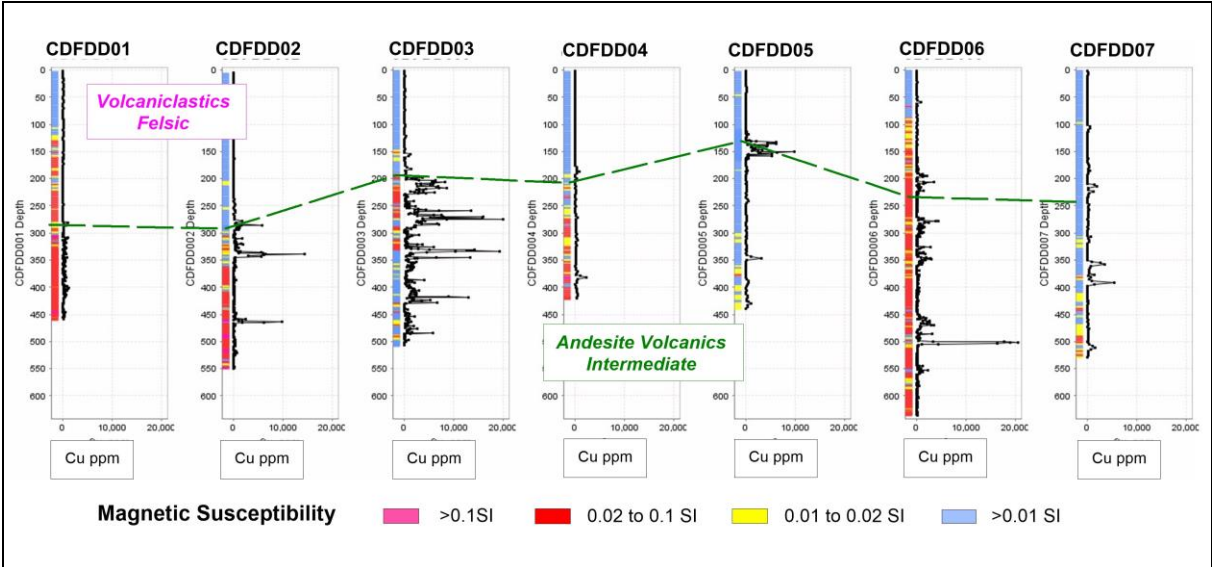


Figure 3: Cerro de Fierro drill-holes showing copper associated with lower magnetic susceptibilities

The continuity and lateral extent of copper mineralisation intersected by drilling is unknown, given the wide spacing of drill-holes and the effects of structural displacement on the manto-style copper mineralisation. For example, re-logging of core with the benefit of assay data shows that the apparent narrow copper intersection (28m) in drill-hole CDFDD05 (close to CDFDD03) has been truncated by faulting which appears to have displaced the mineralisation.

The recognition of flat-lying stratigraphic and sub-vertical structural controls on copper mineralisation at Cerro de Fierro has significantly increased the potential size of the IOCG system (up to ~10km²) as it is possible that high rock-chip copper values located up to 2km from the centre of the magnetic anomaly (system centre) may also be part of the same system (Figure 4).

The occurrence of high-grade surface copper values (>1% Cu) around the possible outer margins of the system implies that prospective strata should be exposed in these areas, increasing the potential for shallower manto copper mineralisation.

Under the Strategic Alliance with South32, additional mapping and surface sampling has been initiated to fully define the extent and characteristics of copper mineralisation around the inferred margins of the system ahead of further drilling being planned for later in 2019.

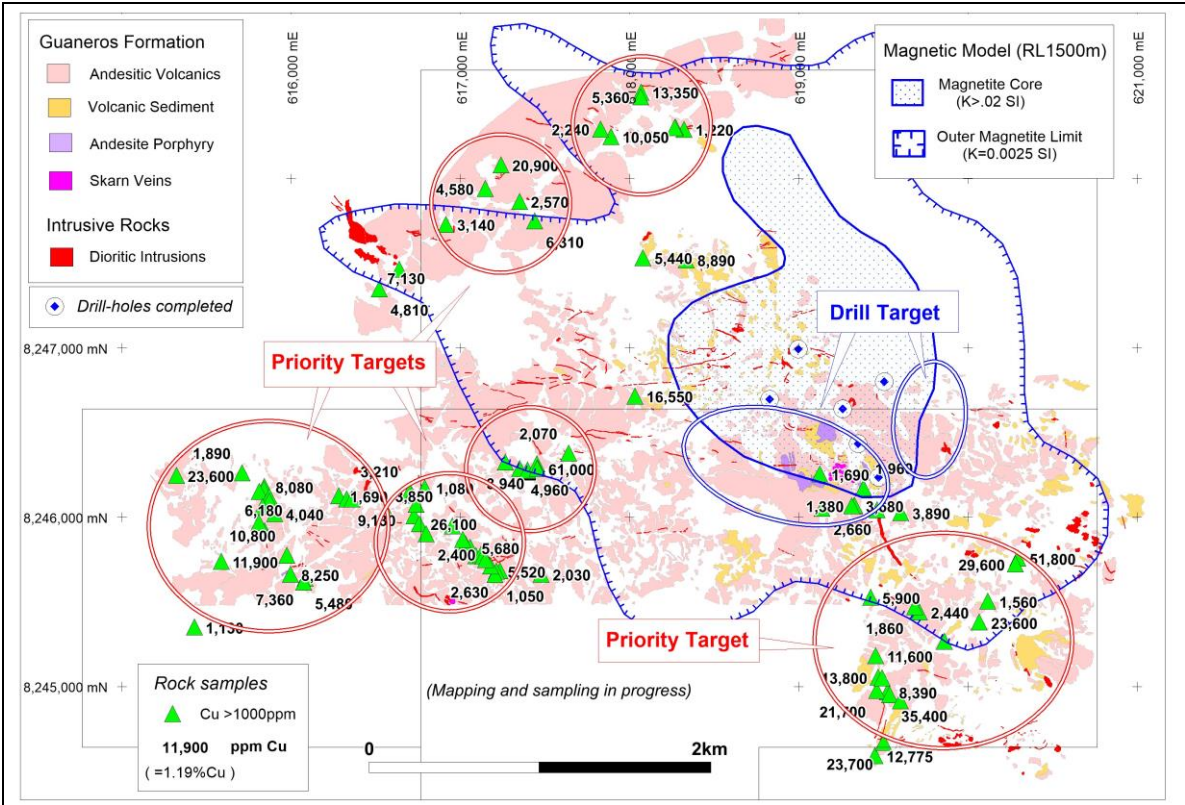


Figure 4: Cerro de Fierro Prospect showing the greater extent of the inferred IOCG System

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 subject to an agreement with globally diversified mining and metals company South32 whereby they 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 Managing Director Graeme Drew said the initial phase of drilling at Cerro de Fierro had conclusively confirmed the presence of significant IOCG mineralisation in the area while also providing strong evidence for the presence of a large scale IOCG system.

“Having geological evidence to indicate that the high surface copper values around the margins of the prospect may be part of the same IOCG system adds significantly to the potential scale of the opportunity,” he said.

“Initial field work in these outer areas is now underway and is already identifying structural and manto-style copper mineralisation south and west of the original target, providing additional targets for the next phase of drilling. We are looking forward to what the next phase of exploration can deliver.”



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.