

September 11, 2019
ASX Release

PHASE TWO DRILLING PROGRAMS AGREED AT KEY PROJECTS IN AUSTRALIA AND PERU

~1,600m RC drill program planned to test base metal target at Balladonia in the Fraser Range and ~2,400m of second-phase diamond drilling planned at Cerro de Fierro in Peru

AusQuest Limited (ASX: AQD) is pleased to announce details of upcoming drilling programs in Australia and Peru agreed under its Strategic Alliance Agreement (SAA) with South32.

AUSTRALIA:

A second phase of drilling at the Telegraph Prospect at **Balladonia** in the Fraser Range area of Western Australia, has been agreed with South 32. The program, comprising six Reverse Circulation (RC) drill-holes for ~1,600m, will test beneath recent air-core drill-holes which outlined a base metal target ~500m x 200m in size (*Figures 1 and 2*).

Anomalous copper (300 to 5,500ppm Cu), silver (1 to 51gpt Ag), lead (150 to 1,800ppm Pb) and zinc (400 to 2,900ppm Zn) values intersected within a deeply weathered (>99m) saprolite (alteration) profile, suggests potential for a base metal source beneath the recent drilling.

A drill contract has been signed and drilling is expected to commence in late October/early November once all necessary approvals have been received and a suitable rig is available.

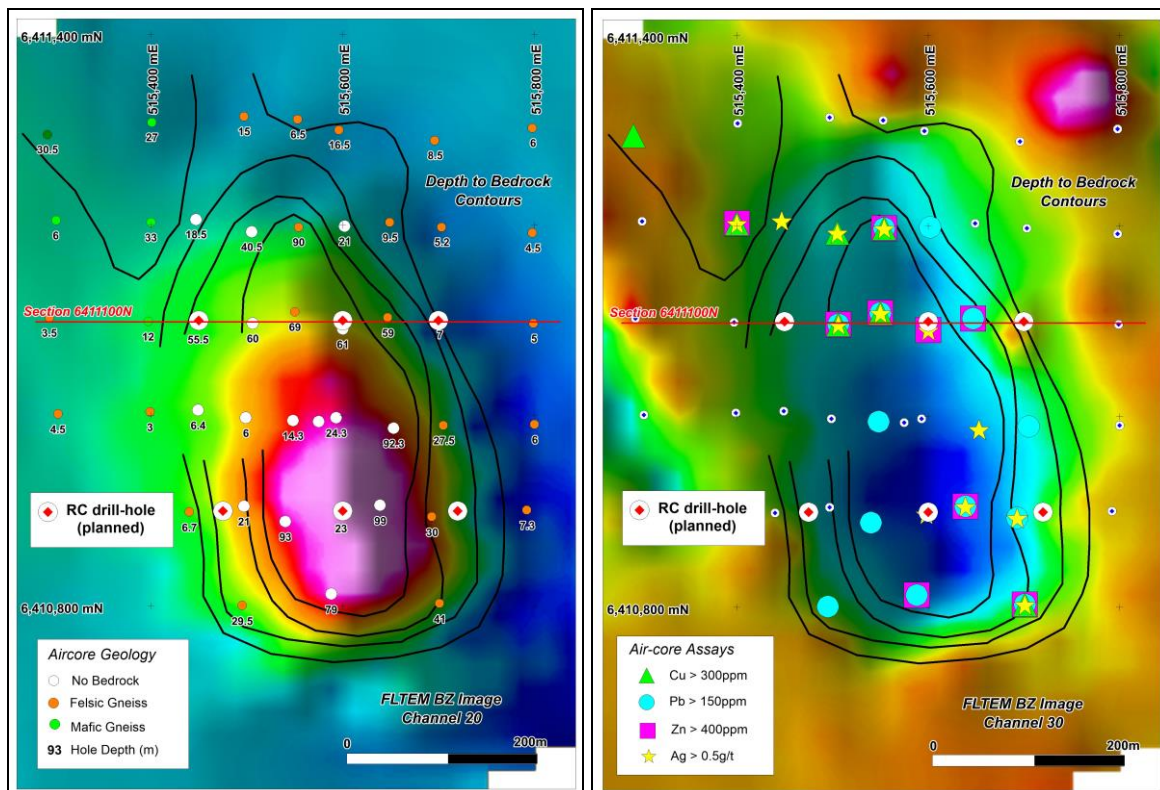


Figure 1: Balladonia Telegraph Prospect – air-core drilling results and depth to bedrock contours.

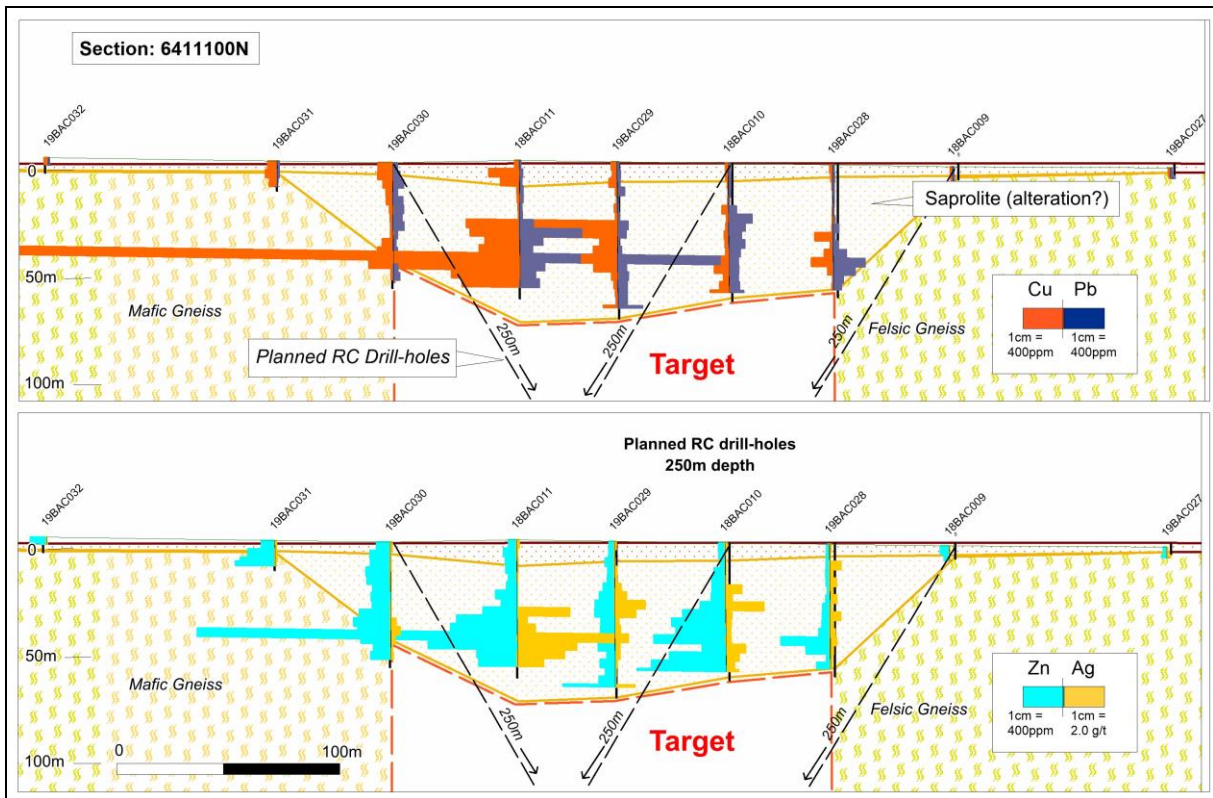


Figure 2: Telegraph Section 6411100N showing air-core results and planned RC drill-holes.

Meanwhile, at the **Hamilton Prospect** in north-west Queensland, initial reconnaissance drilling (4 holes/1,447m) has been completed with assay results expected around the end of September.

The drill program was designed to test a strong IP response adjacent to historical drill-hole WD02009, which intersected potassic alteration indicative of a 'near-miss' IOCG situation. The target is located beneath approximately 200m of Cretaceous cover (*Figure 3*).

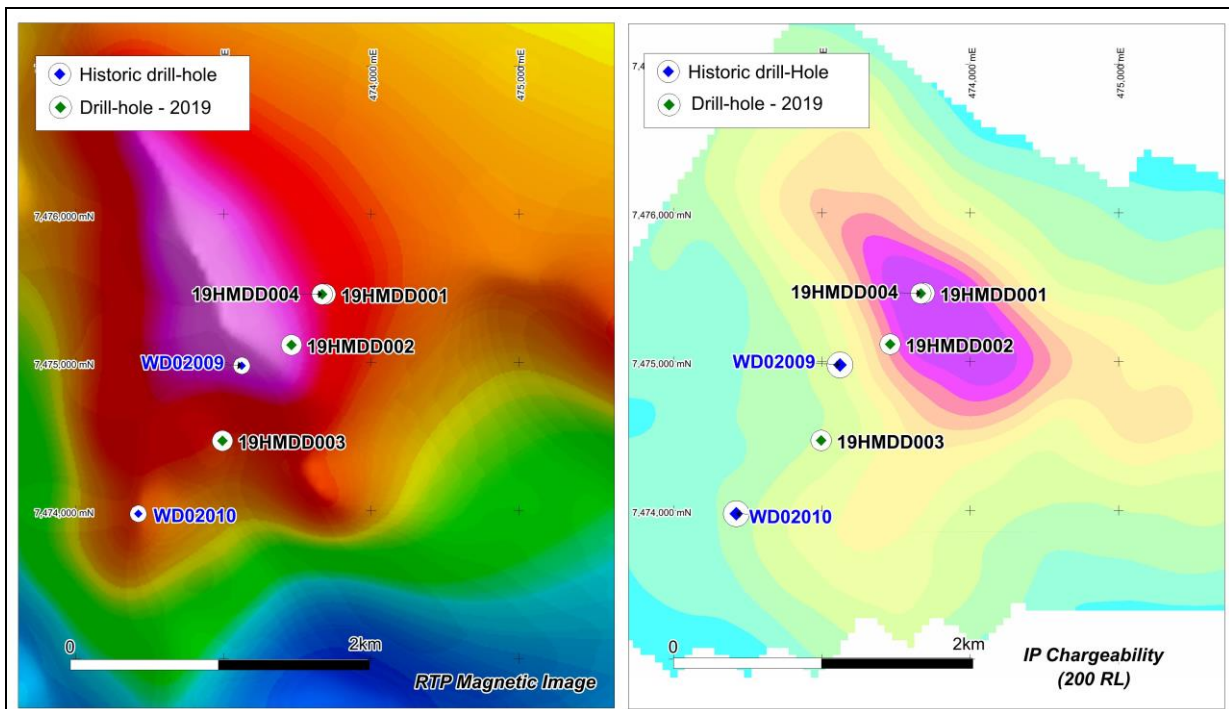


Figure 3: Hamilton Project showing location of drill-holes.

Drilling (HMDD01 and 04) intersected a metamorphosed sulphidic (mainly pyrite) sedimentary sequence beneath the cover sequence and coincident with the IP response. Carbonate altered amphibolite intersected in drill-hole HMDD03 closest to WD02009 suggests that any potential mineralisation may be located north and west of the historical drill-hole.

A full assessment of the drill data will be completed once all assay results have been received.

SOUTHERN PERU:

In Peru, a second round of diamond drilling at the **Cerro de Fierro Copper Prospect** is scheduled to commence in the second half of November 2019, with an application to vary the initial drilling program being submitted to Government within the coming days.

A program of 4 holes for ~2,400m of drilling has been agreed with South32 in order to test additional targets inferred from the initial drill results, which reported significant widths of copper and gold mineralisation in several drill-holes (*Figure 4*).

The new drilling program will test for extensions to the copper-gold mineralisation intersected in drill-holes CDFDD03, CDFDD06 and CDFDD02 as well as testing new areas of interest with similar geophysical, geochemical and geological indicators.

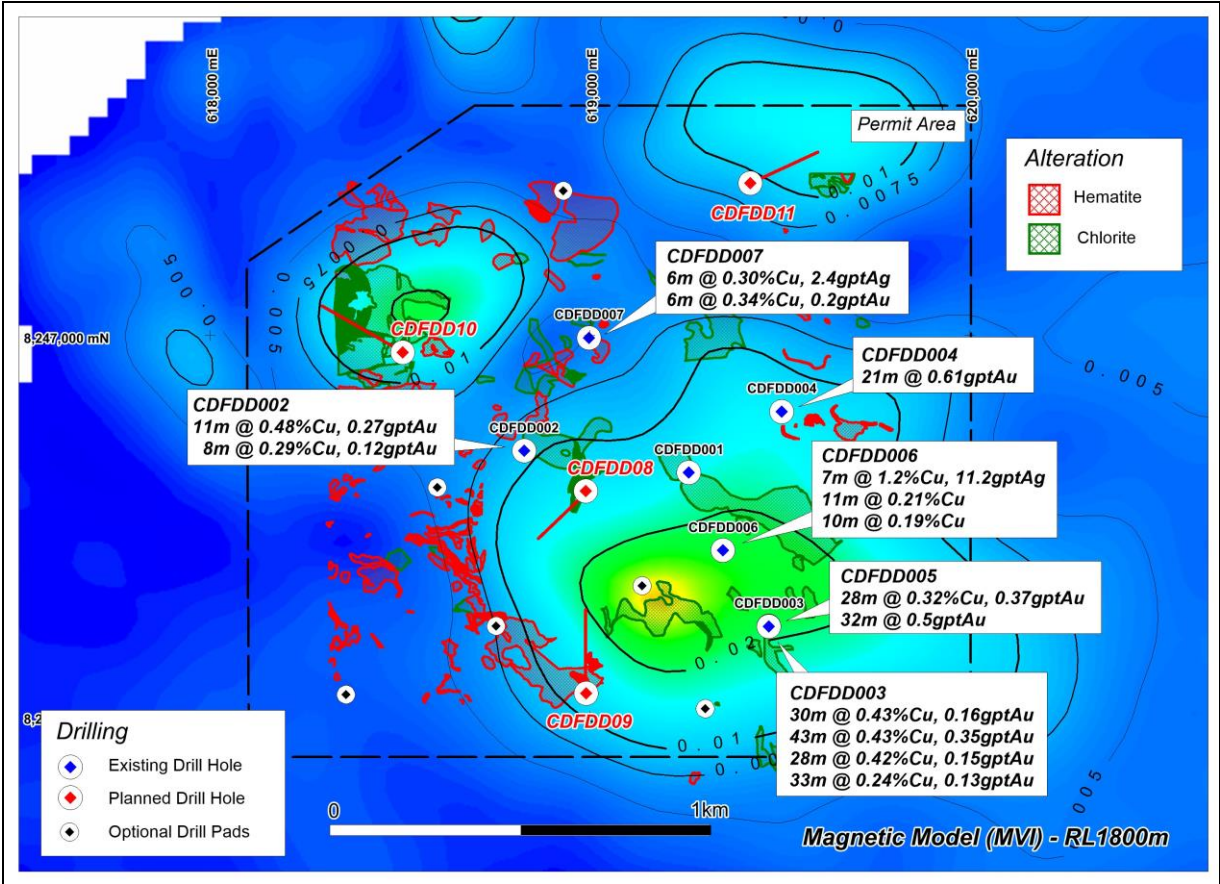


Figure 4: Cerro de Fierro drilling results showing location of planned drill-holes.

An application to increase the number of drill pads from 20 to 40 and expand the size of the Drill Permit Area is currently in preparation. This will allow drill testing of strong soil and rock-chip copper anomalies located south and west of the current Permit Area. This

application should be submitted to the Government in December, allowing further drilling operations to commence late in the second Quarter of 2020.

Commenting on the upcoming drilling programs, AusQuest's Managing Director, Graeme Drew, said: "With the level of drilling activity set to increase significantly over the next few months both in Australia and Peru, this is an exciting time for our shareholders. In both locations, this is the first time under the SAA that we have progressed to a second phase of drilling based on encouraging assay results from previous drilling."

"While the programs will take a little time to complete – and a level of patience may be required – the projects all represent potential company-makers, and the drilling programs are fully funded by South32 under the SAA.

"In particular, drilling at Balladonia could reflect a potential new base metal discovery in the Fraser Range area of WA and continued drilling at the Cerro de Fierro prospect in Peru should significantly improve our understanding of the copper distribution in this area, which is critical in understanding the ultimate potential of this prospect."



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.