

AusQuest Limited (ASX: AQD) is pleased to provide a progress update on the Stage 2 scout diamond drilling program which commenced in late November at the Cerro de Fierro Copper Prospect in southern Peru, under the Company's Strategic Alliance Agreement (SAA) with South32 (*see ASX announcements, 20 November 2019, 9 and 10 January 2020*).

The program was completed in early February 2020 with a total of seven drill-holes for 3,200m drilled as part of the ongoing assessment of this IOCG prospect. Final assay results have now been received and will be assessed over the coming weeks. Significantly, copper mineralisation was intersected in every drill-hole except CDFDD010, which was terminated at 366m above the target zone (for drilling reasons).

Significant intersections from the current program include **51m @ 0.31% Cu, 0.18g/t Au and 1.2g/t Ag** (including **6m @ 1.16% Cu, 0.42g/t Au and 4.4g/t Ag**) within CDFDD14, 21m @ 0.3% Cu, 0.14g/t Au and 2.4g/t Ag within the lower portion of CDFDD09 (which was terminated in the mineralised zone), and 6m @ 0.18% Cu and 0.6g/t Ag in the bottom hole samples from CDFDD12, implying that the mineralised system could extend more than 500m west of hole CDFDD09. Significant intersections for all drill-holes completed to date are provided in an attached table and shown below on *Figure 1*.

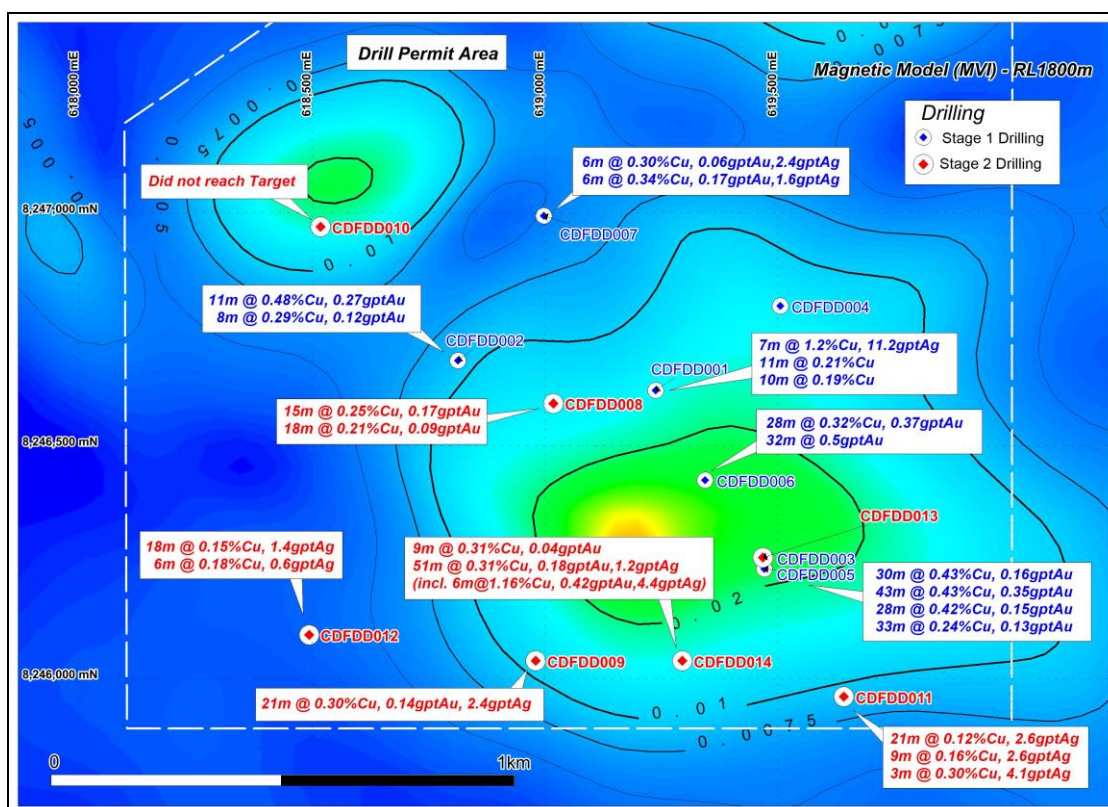


Figure 1: Cerro de Fierro drilling results showing location of drill-holes.

Drilling has confirmed the widespread distribution of copper within the andesitic volcanics, which are the preferred host rocks for mineralisation at Cerro de Fierro. The mineralised andesites do not outcrop within the drilled area, occurring at depths ranging from ~75m within CDFDD11 to in excess of 450m in CDFDD12. Drill-hole CDFDD10 (366m), located north of CDFDD02, failed to reach target depth and did not intersect the mineralised andesite.

The copper (+/-Au) mineralisation is open in all directions, and appears to be shallowing to the south and deepening to the west (*Figures 2 and 3*), away from the magnetite/pyrite core of the system which was intersected by the original drilling program.

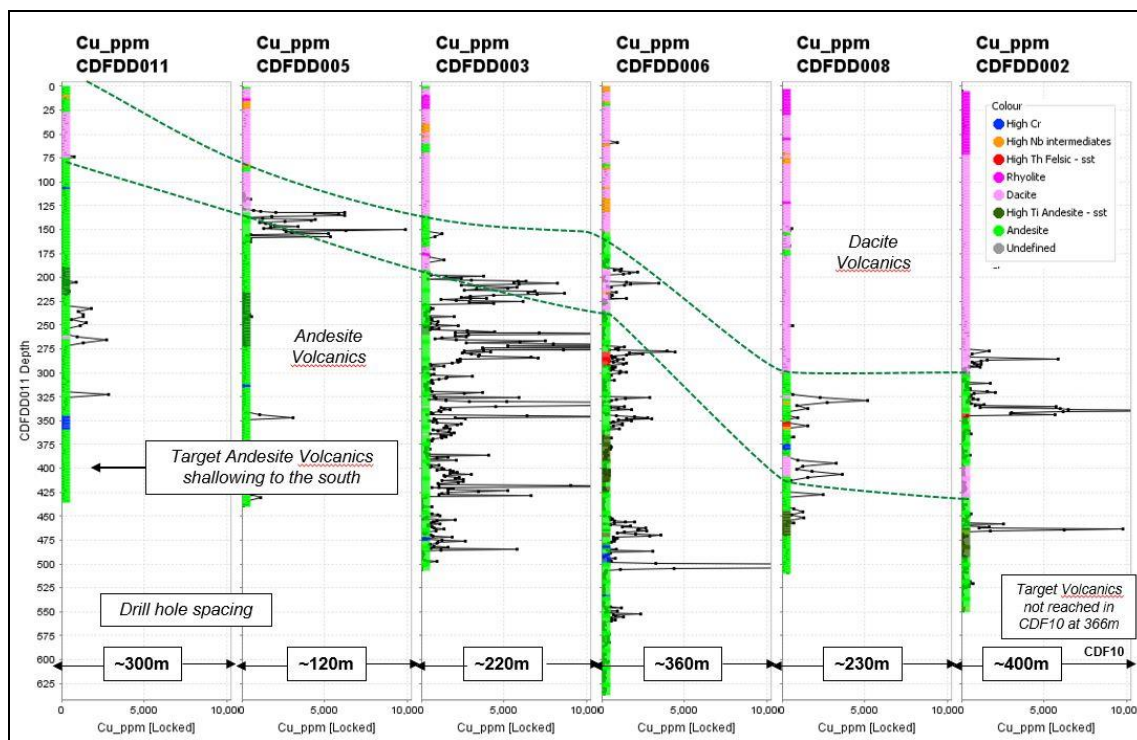


Figure 2: North-South drill section showing copper distribution (not to scale)

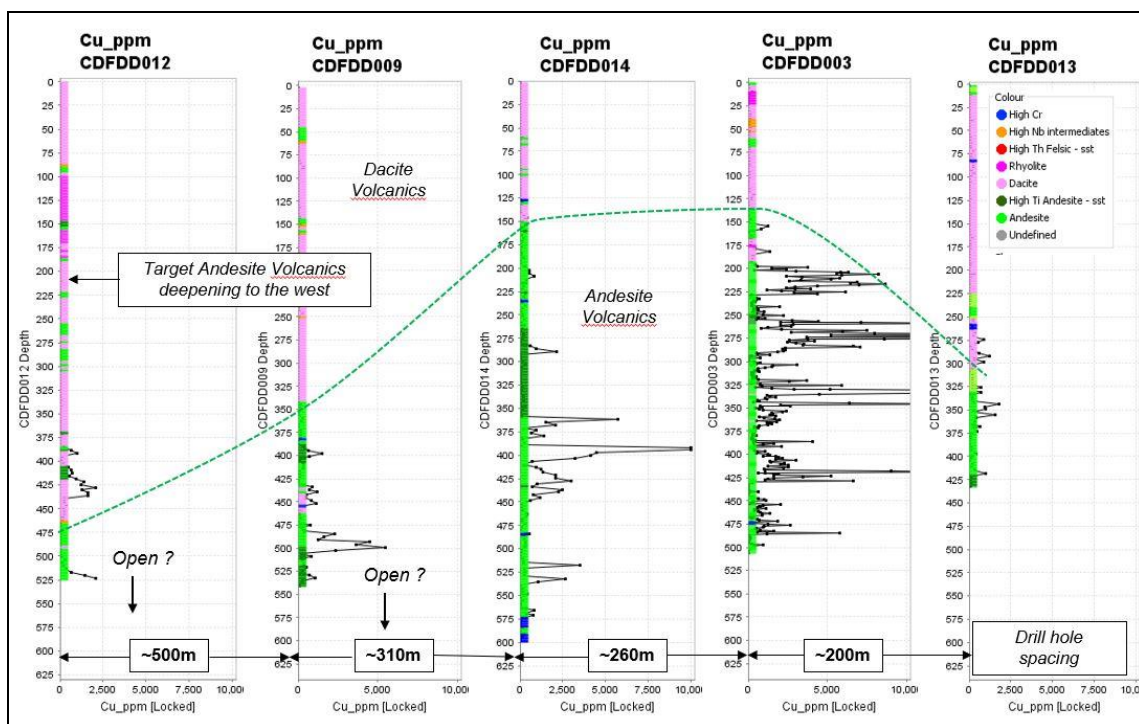


Figure 3: East-West drill section showing copper distribution (not to scale)

Strong copper anomalism ($>1.0\%$ Cu) identified in rock-chip sampling to the south of the current drilling suggests that the prospective andesitic host rocks out-crop in this area, providing a high-priority target area for future drilling (*Figure 4*). Permitting to drill test this area was initiated late last year, with an official application lodged with the Government in December 2019. The Drill Permit is expected to be approved around the middle of 2020 with drilling set to start shortly thereafter.

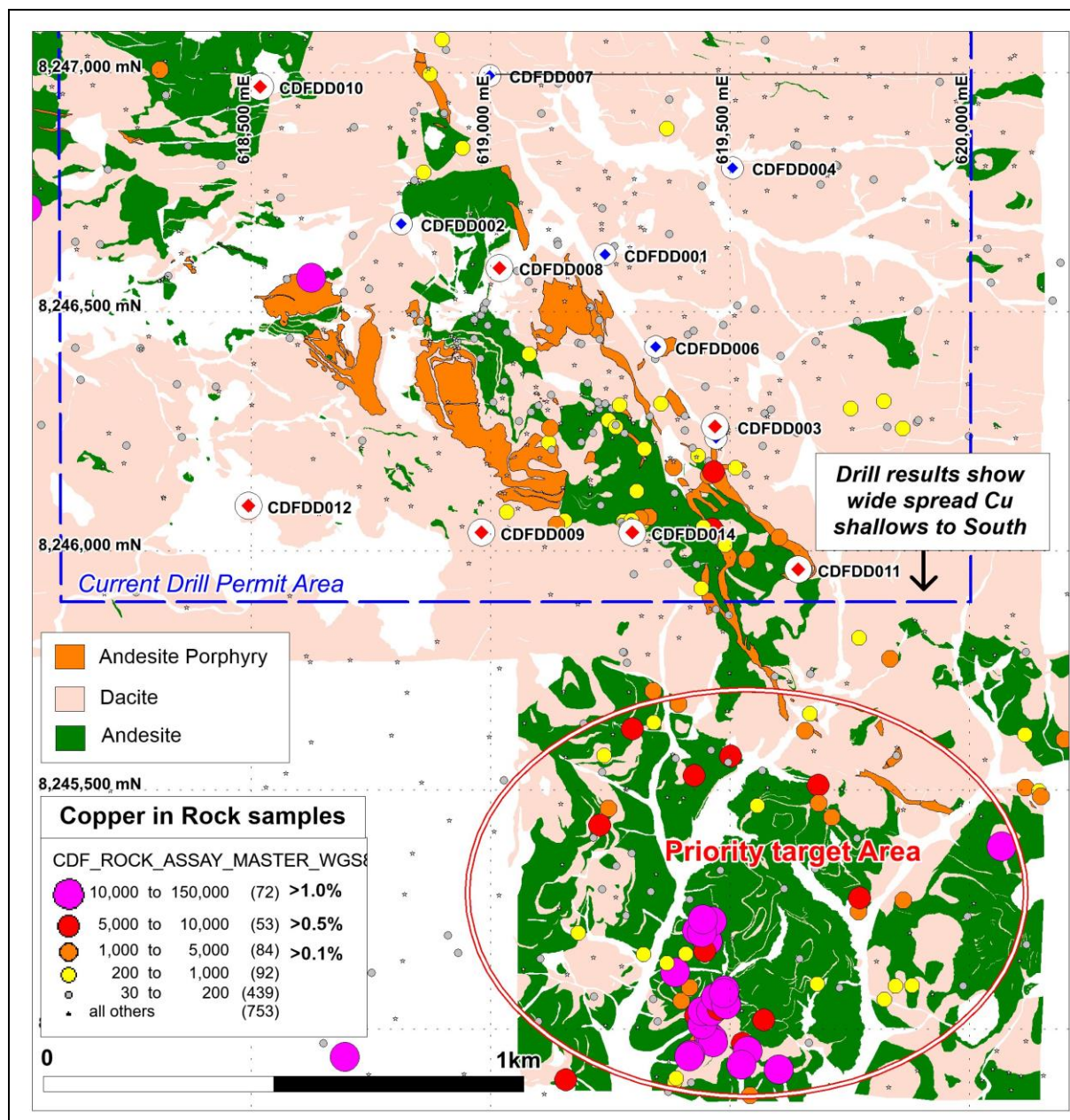


Figure 4: Cerro de Fierro Copper prospect showing current drilling and additional targets

Copper mineralisation in the andesitic volcanics occurs within veins and breccias in sub-vertical shears and/or sub-horizontal manto-style structures, and is closely associated with iron and potassic alteration within the volcanic stratigraphy, typical of other IOCG type deposits in the region.

A full assessment of the drilling data is currently in progress and will be used to provide a more complete understanding of the mineralisation and the potential of this prospect, as well as providing future direction for additional drilling.

AusQuest Managing Director Graeme Drew said results from the wide-spaced scout drilling program at Cerro de Fierro provided further strong encouragement for the ongoing evaluation of this newly discovered IOCG prospect.

“A clearer understanding of the controls and distribution of copper and gold mineralisation is now emerging, as is the large size and scale of the mineralised system(s) present at this prospect,” he said.

“We are continuing to evaluate the data we have collected but recognise that shallower, higher grade copper (+/-gold) needs to be delineated before the full potential of this prospect is known.

“The area immediately to the south of the current drilling has been highlighted as a high-priority target area on this basis, and plans are already in place to drill test this area under the SAA, as soon as the appropriate Government permits have been received.”



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.

Drill-Hole	From (m)	To (m)	Interval (m)	Cu%	Au/gpt	Ag/gpt
<u>CDF02</u>	276	294	18	0.14	0.12	
	333	344	11	0.48	0.27	
	458	466	8	0.29	0.12	
<u>CDF03</u>	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	

CDF04	69	90	21		0.61	
	378	384	6	0.17		
CDF05	93	125	32		0.5	
	130	158	28	0.32	0.37	
	342	348	6	0.21	0.25	
CDF06	191	197	6	0.14		
	205	209	4	0.2		
	272	282	10	0.19		
	345	355	10	0.16		
	460	471	11	0.21		
	499	506	7	1.17		11.2
CDF07	210	216	6	0.17	0.1	
	354	360	6	0.3	0.06	2.4
	390	396	6	0.34	0.17	1.6
	507	513	6	0.13		
CDF08	324	339	15	0.25	0.17	0.9
	393	411	18	0.21	0.09	0.7
	444	453	9	0.1		
CDF09	483	504	21	0.3	0.14	2.4
CDF11	231	252	21	0.12		2.6
	264	270	6	0.16		2.6
	321	324	3	0.28		4.1
CDF12	420	438	18	0.15		1.4
EOH	519	525	6	0.18		0.6
CDF14	285	291	6	0.16		0.6
	360	369	9	0.31	0.04	0.14
	378	381	3	0.14	0.06	0.4
	390	441	51	0.31	0.18	1.2
incl	390	396	6	1.16	0.42	4.4
	516	519	3	0.35	0.08	4.5
	531	537	6	0.18		1.2

NB: Aggregate intervals quoted above for drill-holes CDFDD08 to CDFDD14 are based on copper assays >0.1%Cu, and a minimum thickness of 3 metres. Gold and Silver grades are calculated for the Cu intersections. Aggregate intervals quoted above for drill-holes CDFDD01 to CDFDD07 are based on copper assays >0.1%Cu, and a minimum thickness of 4 metres. Gold and Silver grades are calculated for the Cu intersections.

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	<ul style="list-style-type: none"> <i>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.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>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.</i> 	<ul style="list-style-type: none"> The entire cored hole is sampled (except for Quaternary cover sequence). Composite samples are collected over 3 metre intervals. 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	<ul style="list-style-type: none"> <i>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).</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> <i>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.</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>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</i> 	<ul style="list-style-type: none"> Drill core and sample chips are logged by experienced geologists to identify key rock types, alteration and

Criteria	JORC Code explanation	Commentary
	<p><i>metallurgical studies.</i></p> <ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<p>mineralisation styles.</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Samples are collected by cutting the core in half along its length and sampling over 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 duplicate 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	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • 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
		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Diamond drill-holes were wide spaced between 200m and 500m apart to define the controls and the scale (outer limits) of the mineralization. No systematic grid drilling of the target has been undertaken.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i> 	<ul style="list-style-type: none"> Any bias due to the orientation of the drilling is unknown at this early stage of exploration.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> 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

Criteria	JORC Code explanation	Commentary
		returned to the company after 90 days.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> 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
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> 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.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> No historic exploration data is available.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> 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.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> 	<ul style="list-style-type: none"> All relevant drill hole data and information are provided below.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ dip and azimuth of the hole ○ down hole length and interception depth ○ 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	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Aggregate assay intervals quoted for the new drill-holes (CDFDD08 to CDFDD14) in this report are based on copper assays, using a cut-off value of 0.1% Cu, and minimum thickness of 3 metres. Aggregate assays quoted for earlier drill holes CDFDD01 to CDFDD07 use copper >0.1%Cu and a minimum thickness of 4 metres.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • 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'). 	<ul style="list-style-type: none"> • All intervals reported are down-hole lengths. True widths are unknown at this stage.
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • All drill holes are shown on appropriate plans and included in the ASX release.
Balanced reporting	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • At this early scout stage of drilling, only significant assay results have been reported.
Other substantive exploration data	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • The relationship between current drilling and previously reported exploration data is shown in the report.
Further work	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Drilling is planned to the south of the current drill program. Drill Permits are currently being sought. • Future drill hole locations will be determined once the current results have been fully assessed.

Hole_ID	Datum	Zone	Easting	Northing	RL	Azimuth	Dip	Depth
CDFDD001	WGS84	18S	619238	8246619	2038	90	-74	458.5
CDFDD002	WGS84	18S	618813	8246683	2048	98	-72	550
CDFDD003	WGS84	18S	619474	8246259	2085	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	619344	8246426	2060	250	-70	636.7
CDFDD007	WGS84	18S	618998	8246994	2034	80	-75	531
CDFDD008	WGS84	18S	619018	8246591	2040	225	-65	510
CDFDD009	WGS84	18S	618980	8246038	2108	15	-60	541.4
CDFDD010	WGS84	18S	618518	8246970	2090	300	-65	365.2
CDFDD011	WGS84	18S	619642	8245961	2119	230	-70	435.9
CDFDD012	WGS84	18S	618494	8246094	2084	310	-65	525.20
CDFDD013	WGS84	18S	619468	8246260	2085	45	-65	433.00
CDFDD014	WGS84	18S	619295	8246038	2115	350	-65	600.00