

April 23, 2020
ASX Release

NEW DRILLING PLANNED AT ZINC AND COPPER PROJECTS IN WA AND QUEENSLAND

New work programs agreed under renewed Strategic Alliance Agreement with South32

AusQuest Limited (ASX: AQD) is pleased to advise that initial drill testing at its Tangadee Zinc Project in Western Australia and follow-up drilling at its Hamilton Copper Project in north-west Queensland has been agreed under the Company's renewed Strategic Alliance Agreement (SAA) with South32. Both programs are being funded under the SAA (see ASX release 9 March 2020).

It is hoped that drilling will be completed during Q3/Q4 of 2020 once restrictions on regional and interstate travel are lifted and Native Title clearances can be obtained.

The Company continues to monitor advice from Government and health authorities with regard to restrictions imposed by COVID-19, in order to ensure the health and well-being of its employees and contractors.

TANGADEE ZINC – Stage 1 drilling:

The Tangadee Zinc Project is located ~150km south-west of Newman within the Edmund Basin of WA. Exploration is targeting sediment-hosted zinc mineralisation similar to that found in north-west Queensland.

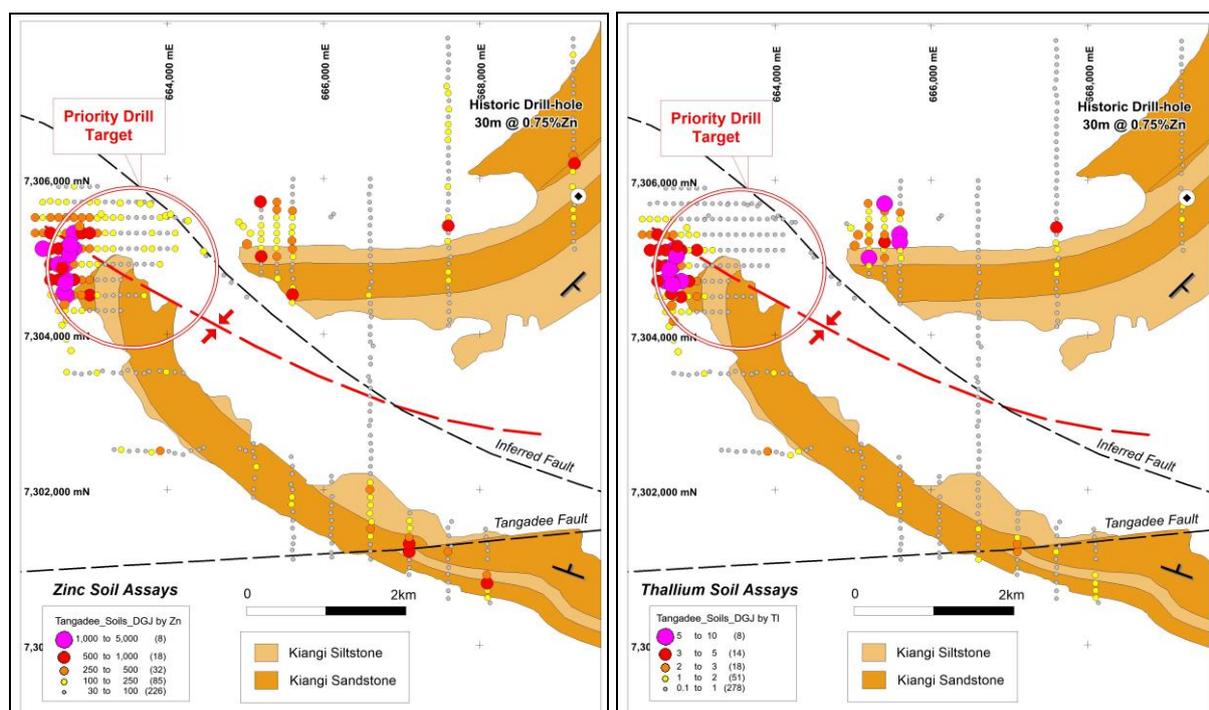


Figure 1: Tangadee Zinc Prospect showing zinc soil anomaly and drill target area.

Soil sampling completed by the Company has identified a large zinc (>1,000ppm Zn) / thallium (>5ppm Tl) anomaly within the core of a mapped synclinal structure adjacent to regional scale faulting. Shallow dips (10° to 20°) recorded in this area suggest the potential for shallow zinc mineralisation over an area of several square kilometres within the core of the syncline (*Figure 1*).

A minimum drilling program of four (and up to eight) wide-spaced Reverse Circulation drill-holes (~1,400m to 2,400m) has been planned to test this high priority zinc target, once Native Title clearances and Government approvals have been obtained.

HAMILTON COPPER – Stage 2 drilling:

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine which is owned and operated by South32. Exploration is targeting Iron-Oxide Copper-Gold (IOCG) mineralisation similar to that found at the Ernest Henry mine.

Stage 1 reconnaissance diamond drilling (4 holes/1,447m) completed in August 2019 and a detailed review of historical drilling results has provided new insights into the prospectivity of this area, identifying several features suggestive of nearby copper mineralisation.

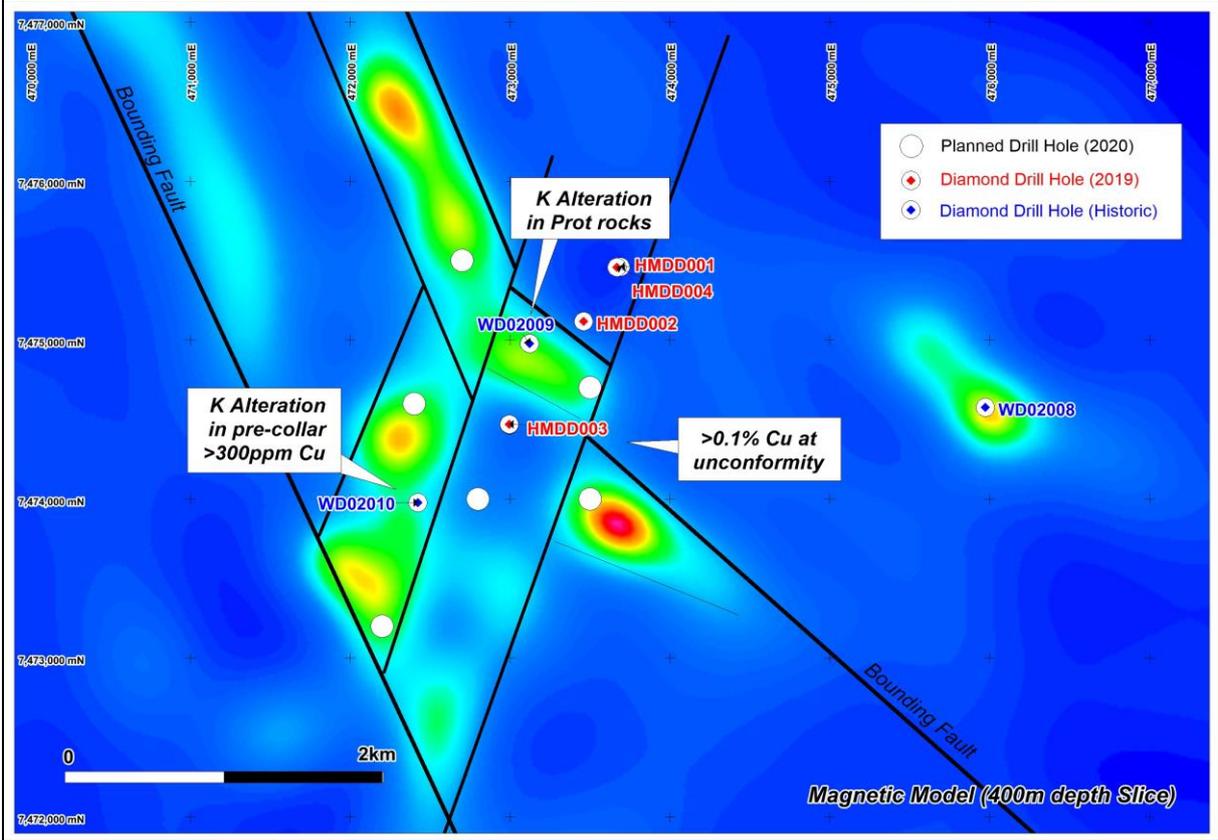


Figure 2: Hamilton Copper Prospect magnetic modelling showing proposed drill sites.

These features include:

- Potassic alteration in historical drill-holes WD02009 and WD02010, which was confirmed by re-assay of core and petrographic studies;
- Highly anomalous copper values (9m @ 1,100ppm Cu) in drill-hole HMDD03 which were found to occur within sediments above the Proterozoic basement (at the

unconformity) similar to what has been reported to occur above the Ernest Henry deposit; and

- Widespread magnetite alteration as outlined by magnetic anomalies at both Hamilton and Ernest Henry.

Computer modelling of aeromagnetic and gravity data was subsequently completed, identifying areas where IOCG mineralisation was most likely to occur. On this basis, a second stage drilling program (six diamond drill-holes/~1800m) has been agreed with South32, to test for copper mineralisation proximal to drill-holes WD02009, WD02010, and HMDD03, beneath the Eromanga Basin cover sequence (*Figure 2*).

This program is expected to be completed in the second half of 2020 once travel restrictions have been lifted and all the necessary Native Title, Landowner and Government approvals have been obtained.

MANAGEMENT COMMENT:

AusQuest's Managing Director, Graeme Drew, said the new programs agreed with South32 were expected to underpin a significant increase in drilling activity for the Company during the second half of 2020, once the worst of the COVID-19 pandemic had passed.

"We continue to work closely with South32 to develop opportunities for both companies, including early drilling of new high-potential projects where justified," he said.

"These two prospects represent potential company-makers for AusQuest, and we are excited about what these upcoming drilling programs could 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.