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ASX Release

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DRILLING HIGHLIGHTS GROWING POTENTIAL AT THE CERRO DE FIERRO COPPER PROJECT, PERU

Encouraging initial assays received from wide-spaced drilling

Key Points:

- ***15-hole/5,048m RC drill program successfully completed.***
- ***Encouraging widths and grades of copper returned in assays from first 7 holes.***
- ***Best intercepts of 30m at 0.5% Cu and 5.6g/t Ag from surface and 28m at 0.57% Cu and 9g/t Ag from 44m.***
- ***Results indicate the potential for an extensive, flat-lying sheet of copper oxide mineralisation at depths of less than 50m.***
- ***Assays for the remaining 8 holes expected in April 2021.***
- ***Presence of strong argillic alteration also highlights the possibility of nearby porphyry copper mineralisation.***

AusQuest Limited (ASX: AQD) is pleased to report encouraging initial results from a recently completed Reverse Circulation (RC) drilling program at the Cerro de Fierro Copper Prospect in southern Peru, under the Company's Strategic Alliance Agreement (SAA) with a wholly-owned subsidiary of South32 Limited.

The program consisted of 15 RC drill-holes for a total of 5,048m with assay results received so far from the first seven drill-holes with the balance (eight holes) expected in April.

Drilling results to date have reported encouraging copper grades over thicknesses of ~20m to 30m from depths ranging from surface to 50m, in widely spaced drill-holes, highlighting the potential to delineate an extensive zone of shallow copper oxide mineralisation provided continuity of grade can be established by further drilling.

Results have also identified thick zones (>80m) of strong advanced argillic alteration deeper in the profile (beneath the copper oxide layer), suggesting the possibility of nearby porphyry copper mineralisation in addition to the shallow copper oxide layer, and the manto-style copper mineralisation intersected by earlier drilling programs.

The best copper intersections reported to date occur within drill-holes CDFRC04 (**30m @ 0.5% Cu and 5.6g/t Ag** from surface) and CDFRC06 (**28m @ 0.57% Cu and 9.0g/t Ag** from 44m) located approximately 1km apart, suggesting potential to delineate an extensive flat-lying sheet of mineralisation at depths of less than 50 metres.

Results received from other RC drill-holes (CDFRC01, 02 and 07), while not of the same copper grade (see table below), continue to support the presence of an extensive shallow dipping sheet(s) of copper oxide (plus silver (Ag)) across a large area of the prospect, given the wide spacing of drill-holes used in this exploratory program.

Significant assays reported to date are provided in the table below with drill-hole locations shown in Figure 1.

Hole ID	Easting	Northing	From (m)	To (m)	Thick (m)	Cu %	Ag gpt
CDFRC001	619475	8245060	206	244	38	0.17	1.4
CDFRC002	620383	8245474	228	240	12	0.32	3
CDFRC004	**619475**	**8245066**	**0**	**30**	**30**	**0.5**	**5.6**
CDFRC006	**618740**	**8244468**	**44**	**72**	**28**	**0.57**	**9**
CDFRC007	619710	8245414	18	36	18	0.13	0.8

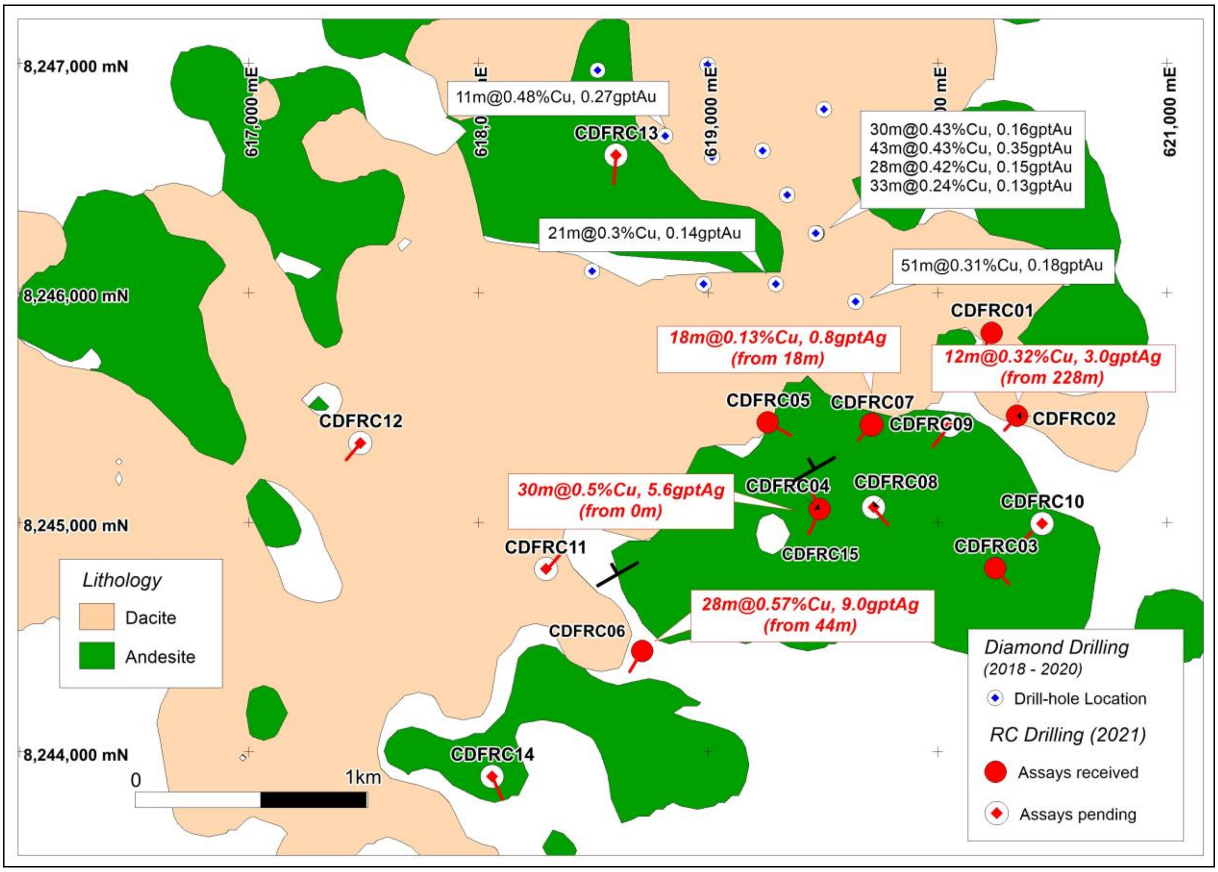

Figure 1: Cerro de Fierro prospect showing location of RC drill-holes and significant results.

Copper continues to preferentially occur within the mafic volcanics (andesites), and is associated with similar alteration geochemistry to the copper mineralisation found during earlier drilling programs completed by the Company, ~1km to the north.

The strong advanced argillic alteration intersected during the current program is however, a new addition to the prospect and suggests the possibility of at least two separate copper systems in the area.

The advanced argillic alteration is characterised by strong depletion in magnesium (Mg), manganese (Mn), sodium (Na) and zinc (Zn) with enrichment in sulphur (S), molybdenum (Mo) and tellurium (Te), and contains occasional zones of elevated copper (200ppm to 500ppm Cu), typical of a lithocap associated with porphyry copper mineralisation.

A complete assessment of the data will be undertaken by the Company's consultants once all assay data and TerraSpec data (clay mineralogy) have been received and assessed.

AusQuest Managing Director Graeme Drew said the presence of broad widths of shallow copper oxide mineralisation intersected over an extensive area was an encouraging development, and the Company was looking forward to receiving assays from the remaining eight drill-holes over the coming weeks.

"The possibility of defining a shallow coherent zone of copper oxide mineralisation, coupled with the recognition of a potential lithocap which is often associated with porphyry copper mineralisation, has added an exciting new dimension to this prospect," he said.

"We look forward to reporting on further results as they become available."

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.

JORC Code, 2012 Edition – Table 1 report, Reverse Circulation 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.*	• Samples were collected using a tube sampler by spearing into each one metre sample bag and compositing samples on a two-metre basis. • Sample depths were determined by the length of the rod-string and confirmed by counting the number of samples and bags at the drill platform as per standard industry practice. • A ~5kg sample was collected for representivity.
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).*	• RC Drilling with a face sampling bit has been used with a hole diameter of approximately 132mm. • Down-hole surveys were undertaken using an isGyro3-193 with measurements every 10m.
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.*	• Experienced RC drillers and an appropriate rig were used to provide maximum sample recovery. • Minimal to no water was encountered in all drill holes. • The weight of every bulk 1 metre sample was recorded and checked for sample recovery estimates. Sample recovery was acceptable to industry standard. • The sample weight of every laboratory sample was also collected and weighed on site for future reference. • At this early stage of exploration, it is not known if there is a relationship between sample recovery and assay grade.

Criteria	JORC Code explanation	Commentary
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 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.*	• RC sample chips were collected into chip trays and are stored for future reference. • RC samples were logged on site during the drilling by experienced geologists to identify key rock types and mineralization styles. • Selected RC meter samples were logged with a hand held XRF and portable XRD unit to confirm visual mineralization and help identify clay mineralogy. • Sample logging was qualitative with visual estimates of mineralization made for later comparison with assay results. • All one metre drill samples were logged.
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.*	• RC samples were collected every 1 metre into large plastic bags and stored in rows per depth at the drill site. • Samples were collected using a 50mm tube sampler and composited on a two metre basis. • Certified coarse blanks and fine standards are inserted approximately every 35 samples and duplicates taken every 20 samples for quality control purposes. • The sample sizes are considered appropriate for the geological materials 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. • Every 2 metre composite sample is also submitted for Hyperspectral analysis using a TerraSpec instrument and uploaded into the aiSIRIS^{TM} software for mineral

Criteria	JORC Code explanation	Commentary
		identification and spectral output. • 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. • 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 fine standards are inserted on a 1:35 basis.
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.*	• No verification of intersections was undertaken. Drilling was wide spaced and reconnaissance in nature. • All primary sample data is recorded onto a printed sheet on site and uploaded to a site laptop, all geological data is recorded at the drill platform on a site laptop and downloaded daily and onto an external backup. • 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 were carried out using a Gyro3-193 with measurements every 10m down 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.*	• RC drill-holes were wide spaced between 300m and 1000m apart to define the controls and the scale (outer limits) of the mineralization. No systematic grid drilling of the target has been undertaken. • Samples were composited on a 2 metre basis.
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.*	• Sample security is managed by the operator of the Project. Procedures match with Industry best practice.

Criteria	JORC Code explanation	Commentary
		• 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. • Samples were transported to the laboratory by company vehicle using trusted company personnel. • Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.
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 program following environmental, and community approvals. • The Cerro de Fierro Prospect is subject to an agreement with South32 which includes Mineral concessions Cerro de Fierro A,B,C
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 IOCG deposits 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

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		deposits can be really 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* ○ *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.*	• All relevant drill hole data and information are provided below.
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.*	• Aggregate assay intervals quoted for the RC drill-holes in this report are based on copper assays, using a cut-off value of ~0.1% Cu, and a minimum thickness of 4 metres.
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.*	• At this early stage of drilling, only significant assay results have been reported.
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.

Criteria	JORC Code explanation	Commentary
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.*	• Future drill hole locations will be determined once the current results have been fully assessed.

Hole_ID	Datum	Zone	Easting	Northing	RL (m)	Az	Dip	Depth (m)
CDFRC001	WGS84	z18s	620258	8245778	2111	195	-65	290
CDFRC002	WGS84	z18s	620383	8245474	2105	220	-65	300
CDFRC003	WGS84	z18s	620252	8244793	2011	135	-65	348
CDFRC004	WGS84	z18s	619475	8245066	2033	340	-65	348
CDFRC005	WGS84	z18s	619332	8245446	2045	100	-65	294
CDFRC006	WGS84	z18s	618741	8244468	1975	195	-60	300
CDFRC007	WGS84	z18s	619710	8245414	2076	220	-65	374
CDFRC008	WGS84	z18s	619793	8245066	2020	140	-65	384
CDFRC009	WGS84	z18s	620076	8245466	2069	220	-65	390
CDFRC010	WGS84	z18s	620500	8244971	2039	235	-65	366
CDFRC011	WGS84	z18s	618314	8244793	1986	45	-65	282
CDFRC012	WGS84	z18s	617542	8245297	1962	240	-65	396
CDFRC013	WGS84	z18s	618603	8246631	2061	180	-65	274
CDFRC014	WGS84	z18s	618053	8243843	1937	155	-65	300
CDFRC015	WGS84	z18s	619475	8245060	2031	200	-60	402