

April 27, 2021
ASX Release



SHALLOW COPPER OXIDE AND PORPHYRY POTENTIAL OUTLINED AT CERRO DE FIERRO IN PERU

Key Points:

- *Shallow copper oxides interpreted to extend over an extensive area of up to 1.5km², with best intercepts of:*
 - **30m at 0.5% Cu, 5.6g/t Ag from surface (CDFRC004);**
 - **20m @ 0.27% Cu, 2.1gpt Ag from surface (CDFRC15); and**
 - **28m at 0.57% Cu, 9g/t Ag from 44m (CDFRC006)**
- *Only 5 of 15 RC drill-holes intersected the shallow copper oxide layer.*
- *Strong indications of nearby porphyry copper potential in several drill-holes.*

Further to its announcement on the 29th March, AusQuest Limited (ASX: AQD) is pleased to report more encouraging assay results from its 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, which comprised 15 RC drill-holes (for 5,048m), was successful in locating near-surface extensions of the copper mineralisation that was previously discovered at depth (~150m to 300m) during earlier drilling programs to the north, as well as strong indications of nearby porphyry copper mineralisation.

Copper Oxide:

While the extent, thickness and grade of the shallow copper oxide mineralisation is not fully known at this stage, the possible extent of the mineralised horizon appears to be extensive (up to 1.5km²), subject to further drilling and/or sampling to confirm the continuity and grade of the copper within the potential target area.

Five of the 15 widely-spaced drill holes intersected shallow copper oxides (at depths <50m) with thicknesses varying from ~20 to 30 metres and average copper grades ranging from ~0.13% Cu up to ~0.57% Cu with associated silver values from ~1.0g/t Ag and up to 9.0g/t Ag. Significant assay results and drill-hole details are summarised in the table below:

Hole ID	Easting	Northing	From (m)	To (m)	Thick (m)	Cu %	Ag g/t
CDFRC001	620258	8245778	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
CDFRC015	619475	8245060	0	20	20	0.27	2.1

Interpretation of the drilling results and topographical data demonstrates a strong relationship between anomalous copper values and topography. Four drill-holes (CDFRC 03, 05, 08, 010) were found to be located within valleys below the copper-bearing horizon and, consequently, did not intersect the shallow copper oxides, while six drill-holes were located outside the limits of the mineralisation.

A large potential copper target area has now been outlined after compiling both the drill-hole and surface rock-chip sampling data, which show a clear relationship between anomalous copper at surface (copper values from 200ppm up to >1.0% Cu) and topographical relief.

Figure 1 below shows the location of drill-holes with respect to topography as well as the interpreted outline of the potential shallow copper target area. Figures 2 and 3 show the relationship between shallow copper oxides and topography along cross-sections A-B and C-D over the main mineralised area.

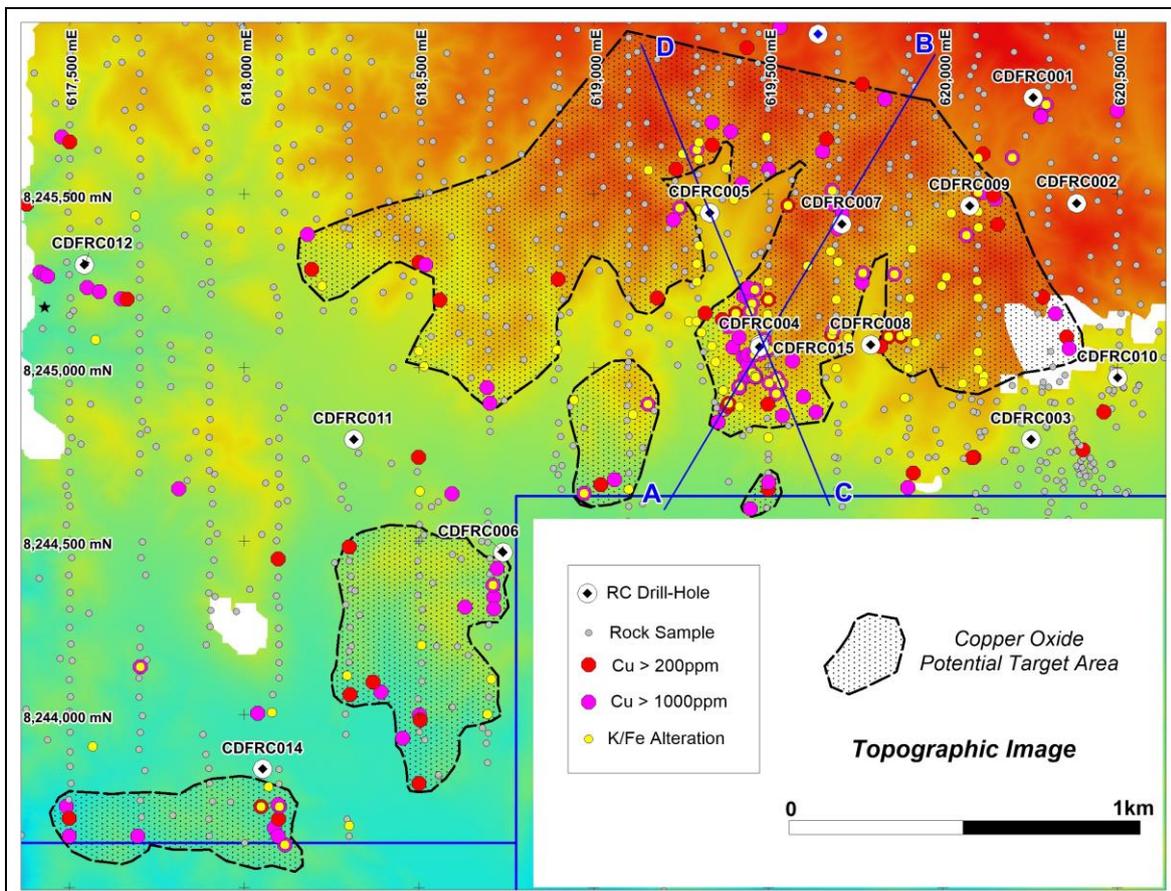


Figure 1: Topographic Image showing drill-hole locations and potential copper oxide target area

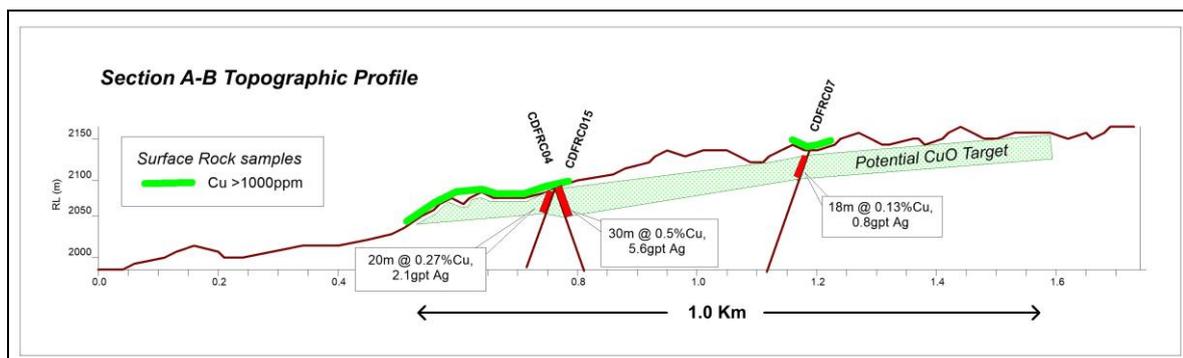


Figure 2: Interpreted section A-B showing copper oxides relative to topography

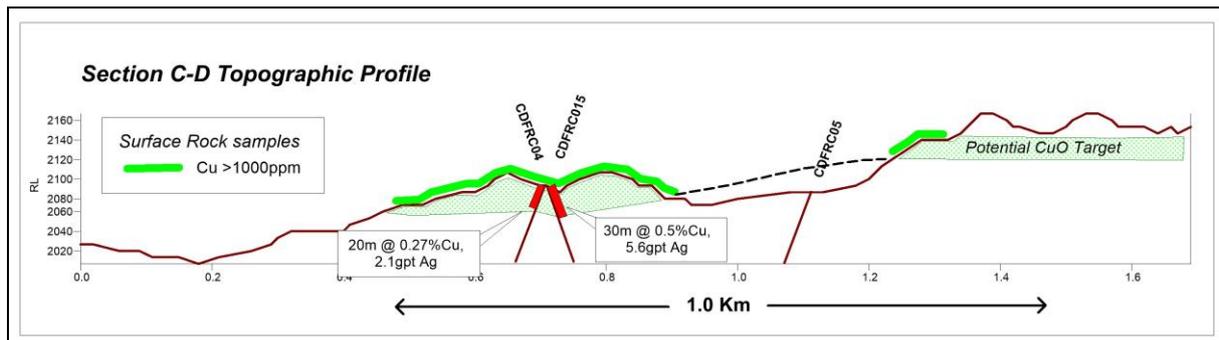


Figure 3: Interpreted section C-D showing copper oxides relative to topography

Further drilling of this shallow copper oxide horizon is required before any meaningful resource calculations can be made.

Porphyry Copper:

Assay results from the RC drilling program also provided strong evidence for nearby porphyry copper mineralisation located either lateral to, and/or beneath, the current level of drilling.

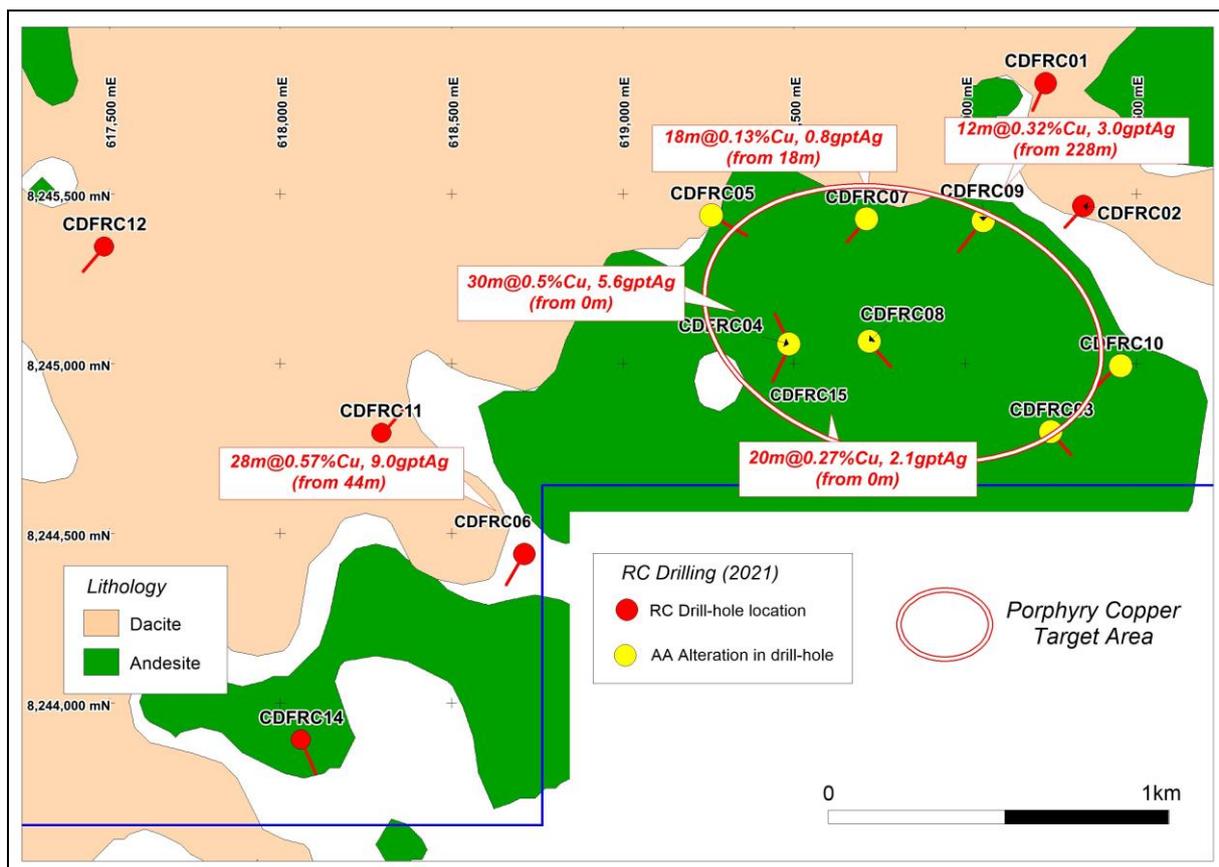


Figure 3: Simplified geology showing RC drill-holes and priority porphyry copper target area

Thick zones (>80m) of strong advanced argillic alteration (lithocap) were intersected below the copper oxide layer in eight of the RC drill-holes. Multi-element geochemical analysis of these zones identified pathfinder elemental associations (Mo, W, Te, Bi) and vectors that suggest the drill-holes are close to the base of a lithocap and, by definition, close to potential porphyry copper mineralisation.

Copper sulphides (chalcopyrite) intersected in drill-hole CDFRC015 (copper assays ranging from 0.1% Cu to 0.8% Cu), albeit over a relatively narrow thickness (26 metres), occur in a zone of remnant potassic alteration within the lithocap, providing strong evidence for copper being present within the nearby porphyry(s).

A priority porphyry target area has been outlined for consideration under the SAA of further exploratory drilling (*Figure 3*).

Compilation and analysis of all available data by the Company's consultants is continuing in consultation with South32, in order to further understand the implications of these results and to plan future exploration programs in the area.

AusQuest Managing Director Graeme Drew said the delineation of a potentially large, shallow copper oxide exploration target together with clear vectors to one or more porphyry targets in the vicinity, had further enhanced the potential at Cerro de Fierro.

"While the recent drilling has delivered some highly encouraging results, we still need to do more work to fully understand its implications," he said.

"The presence of shallow copper oxide mineralisation over an extensive area is an encouraging development for the prospect and, together with the strong indications of porphyry copper mineralisation, has added a new dimension to the project on top of the manto-style (IOCG) copper mineralisation that was intersected by earlier drilling programs to the north.

"How all this ties together is still a work in progress but the variety and extensive nature of copper mineralisation in the area has provided us with a strong belief that further copper discoveries will be made" he added.



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.