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ASX Release

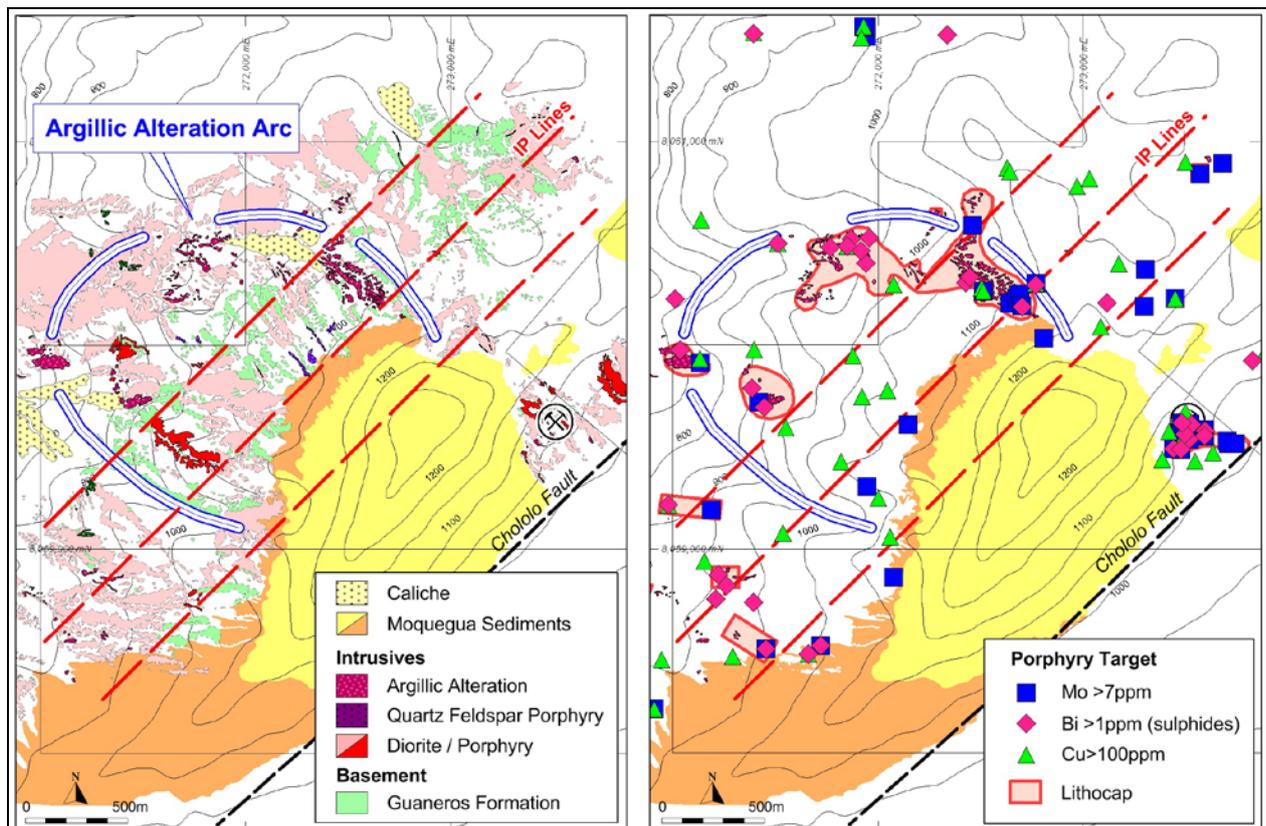
SURVEY UNDERWAY TO IDENTIFY DRILL TARGETS AT CHOLOLO PORPHYRY COPPER PROSPECT IN PERU

Geological mapping infers porphyry system could be several square kilometres in size

AusQuest Limited (ASX: AQD) is pleased to advise that it has commenced a key phase of drill targeting at its Chololo Porphyry Copper Prospect in southern Peru with an Induced Polarisation (IP) survey currently underway to identify potential drill targets associated with a buried porphyry copper system inferred by earlier mapping and sampling programs.

The IP survey (pole-dipole) is designed to explore for disseminated sulphide mineralisation (pyrite and chalcopyrite), which normally forms a halo to the mineralised core of a porphyry copper system. The survey will explore to depths of approximately 500 metres and will help to optimise targets for drilling.

The survey is expected to take approximately 2-3 weeks to complete with data expected to be available for modelling and interpretation by early February 2017.



Chololo Porphyry Copper Project showing location of IP lines

The Chololo prospect is located ~20km north-east of the port of Ilo, close to power and transport infrastructure. It is closely associated with the Chololo Fault, which appears to control the location of other known porphyry copper systems in the area.

Detailed mapping and sampling completed by the Company in 2016 identified alteration styles and anomalous levels of metals (Cu, Mo, Bi, Sb, Pb, Zn +/-Au) that highlighted the potential for a preserved porphyry copper system to occur at depth.

A detailed study of the rock geochemical and mineralogical data collected at Chololo by the Company's consultants has outlined areas of preserved lithocap containing high temperature minerals (Na-alunite and pyrophyllite), suggesting close proximity to a buried porphyry system. The presence of anomalous immobile metals within the basal lithocap (Mo, As and Sb) infers that the porphyry could be mineralised (+Cu).

A similar assessment of the soil geochemical data found strong metal associations (Cu-Bi-Mo and As-Sb+/-Cu) within the area of the inferred porphyry system, supporting the interpretation of a potential mineralised porphyry at depth.

The inferred porphyry could be several square kilometres in size based on geological mapping by AusQuest, which has defined an arcuate structure of argillic alteration that could reflect the surface trace of a buried porphyry system.

The Company looks forward to receiving results from the IP survey, and is continuing discussions with parties who have expressed interest in drill testing this prospect once the IP survey has been completed.



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.