

January 13<sup>th</sup>, 2016  
ASX Release

## PERU COPPER-GOLD UPDATE: INITIAL OPTION PAYMENT RECEIVED FOR THIRD JOINT VENTURE

*Drilling set to begin within months at the Joint Venture Projects near Ilo with drilling already underway at Lana*

AusQuest Limited (ASX: AQD) is pleased to advise that its portfolio of joint ventures in Peru continues to advance on several fronts, providing the Company with exposure to a major exploration initiative in one of the world's premier copper-gold provinces.

The Company has received the initial option payment of US\$70,000 from Compania Minera Zahena SAC ("Zahena") under the terms of the Puite-Colorada Joint Venture Agreement, one of its three copper-gold joint ventures negotiated in Peru during 2015.

Under the Joint Venture, Zahena is required to complete **10,000m of RC and/or diamond drilling or expenditure of US\$1.5 million** before December 28<sup>th</sup> 2016 with an election to complete a further 20,000m of drilling over a further 3-year period, plus make additional option payments to AusQuest totalling US\$3.925 million over the same period, to earn a 70% interest in the project (*agreement details were released to the ASX on February 24<sup>th</sup> 2015*).

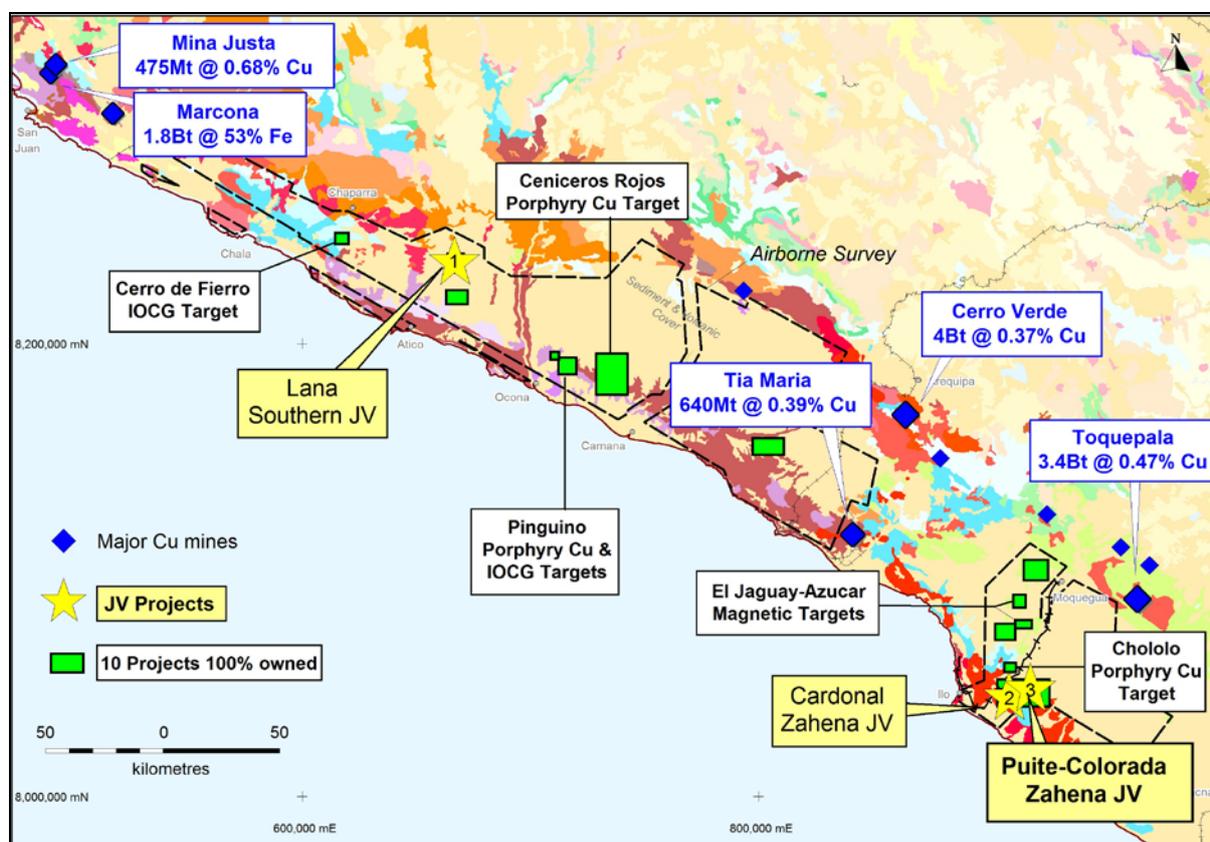


Figure 1: Peru Projects showing Location of the Puite-Colorada JV area

The Puite-Colorada Joint Venture Project is located approximately 25km from the coastal town of Ilo in the south of Peru and covers two large porphyry copper targets which were defined by a combination of geological mapping, surface sampling and geophysics.

The **Puite Prospect** is a large, buried porphyry copper target identified by mineralised diorite dykes at surface which contain anomalous levels of copper (100ppm up to 0.24% Cu) and associated propylitic alteration.

Drilling is planned to test a range of targets in this area including a magnetic anomaly (with associated copper in soils) reflecting possible potassic alteration, a low-order IP anomaly reflecting possible sulphide mineralisation and propylitic altered diorite dykes containing anomalous levels of copper.

The **Colorada Prospect** is a large porphyry copper target defined by epithermal veins containing anomalous copper (0.1% to 1.7% Cu) and sporadic gold values (up to 1.7g/t Au) scattered over an area of several square kilometres along an interpreted fault contact of a magnetic target identified from the Company's aeromagnetic survey.

Drilling in this area is planned to test a range of features including IP anomalies located below the epithermal veins as well as geochemical and alteration targets identified from the Company's mapping and sampling program. A total of up to 18 holes is planned to be drilled in order to test both of these prospects (*Figure 2*).

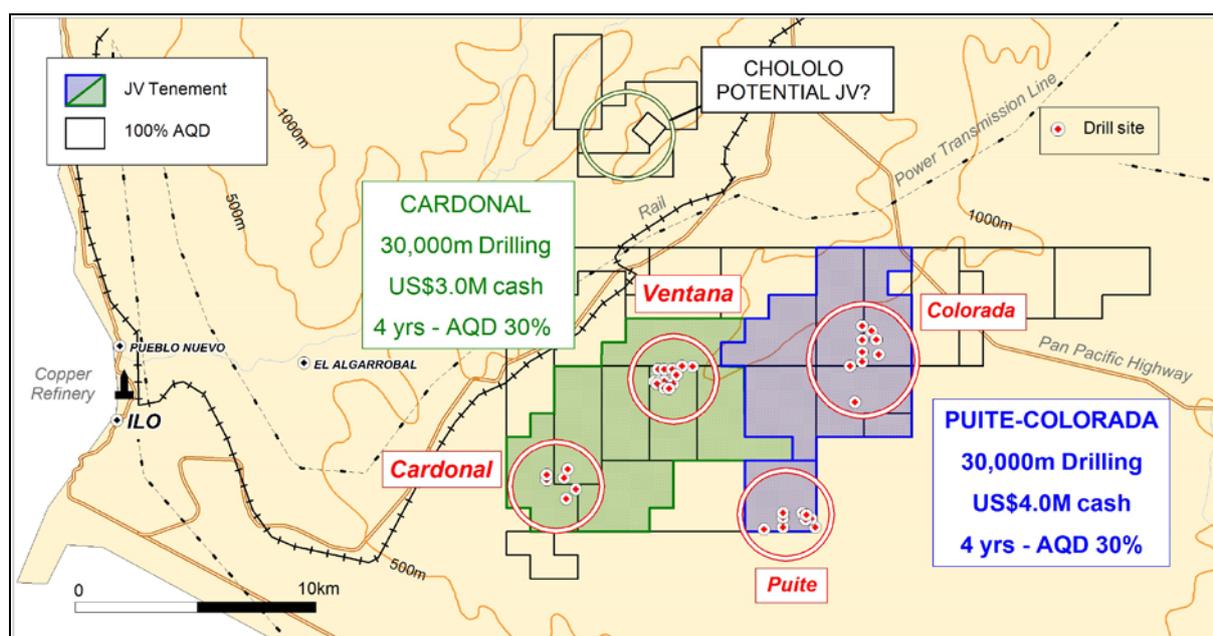


Figure 2: Location of Drilling Prospects near Ilo in the south of Peru.

AusQuest's Managing Director Graeme Drew said activities were continuing to ramp up in Peru with drilling already underway at the Lana Joint Venture and likely to commence in the Ilo area within the Puite-Colorada and Cardonal Projects over the coming months.

“The Puite-Colorada Joint Venture is one of three joint ventures negotiated in Peru over the past 12 months which will see five of our large-scale porphyry copper and/or IOCG targets drilled by major companies before the end of 2016 – an exciting proposition for our shareholders,” Mr Drew said.

“Drilling recently started at the Lana Prospect, located ~300km to the north, and we expect drilling operations to start in the Ilo area during the March-April period once all necessary permits have been received.”

The Company looks forward to reporting results from these drilling operations as they come to hand.



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.*