

AQD - SOUTH32 STRATEGIC ALLIANCE

> A\$10.0M Exploration Spend - 2018

**Eleven Projects subject to SOUTH32 S.A.A.
Five Projects being Drilled in 2018**

\$11.5 MILLION MARKET CAPITALISATION

Forward-Looking Statements

This presentation 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. Data and amounts shown in this presentation relating to capital costs, operating costs and project timelines are internally generated best estimates only. All such information and data is currently under review as part of AusQuest Limited's ongoing development and feasibility studies. Accordingly, AusQuest Limited cannot guarantee the accuracy and/or completeness of the figures or data included in the presentation until the feasibility studies are completed.

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.

JORC – Exploration Targets

It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Currency

All dollar amounts shown in this presentation are in Australian dollars unless otherwise stated.

CAPITAL STRUCTURE



AusQuest Limited

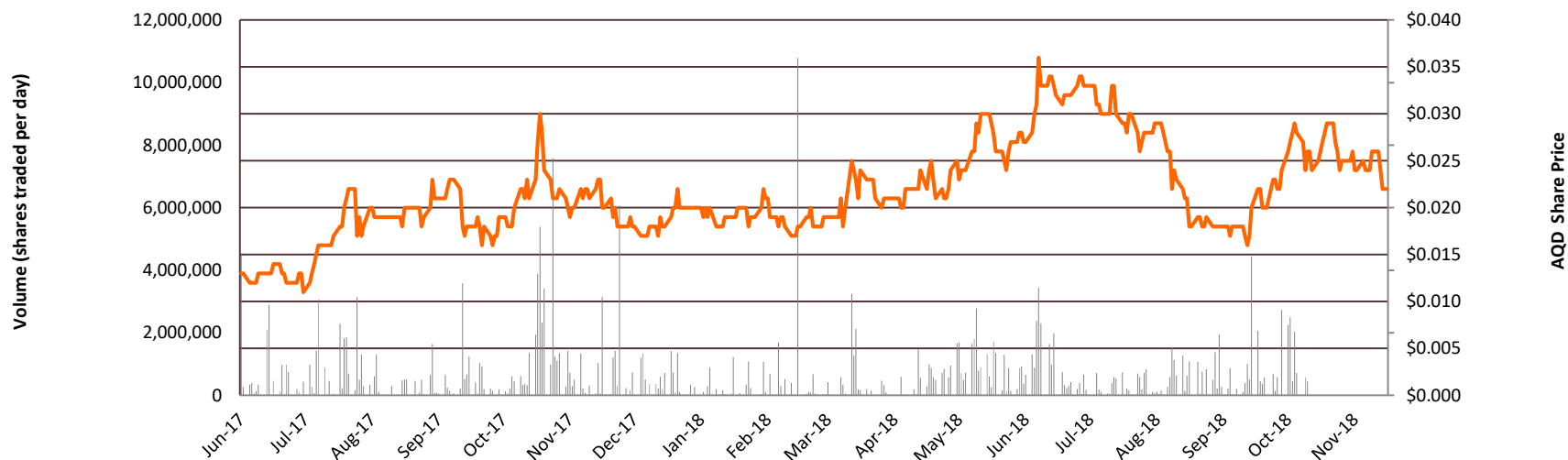
ASX Code	AQD
Shares on Issue	526.5 million
Options on Issue	Nil
Market Cap. (at 2.2 cents)	~\$11.5 million
Cash (September 30)	~\$3.4M
Enterprise Value	\$8.0 million

Significant Shareholder

Chris Ellis (NED)	19.84%
Directors (Incl C.E.)	23.28%
Citicorp Nominees Pty Ltd	2.16%
Top 20 (approx)	43.73%

Directors

Greg Hancock	Non Exec. Chairman
Graeme Drew	Managing Director
Chris Ellis	Non Exec. Director





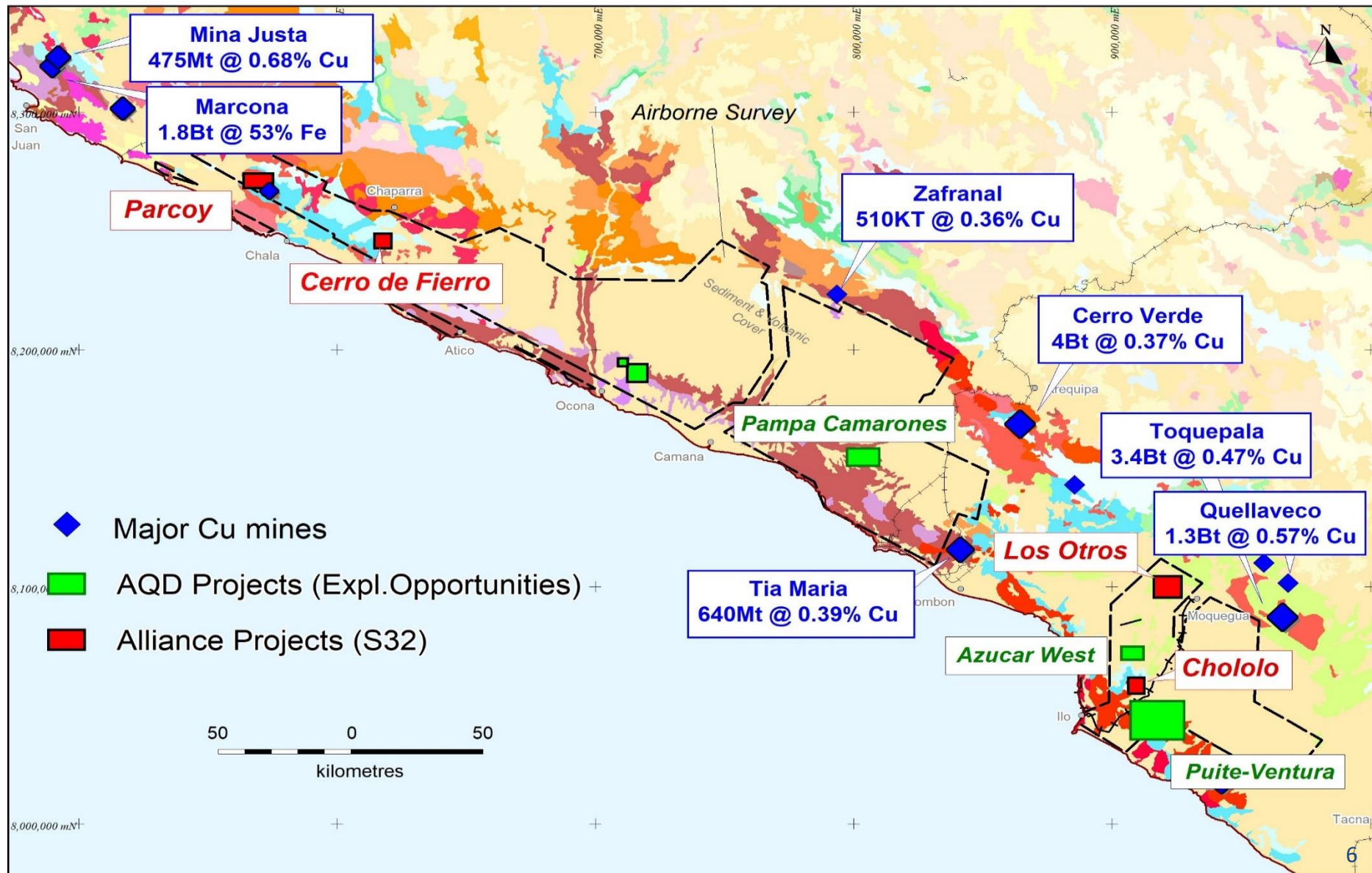
- South32 fund drill targeting (US\$0.5M) of selected prospects & drilling of agreed targets (US\$4.0M for 70%)
- Bonus payments help finance Project Generation
- AusQuest manage programs including drilling
- Strong support for early stage exploration & drilling
- 11 projects funded under S.A. – 5 at drilling stage
- High reward drilling –‘COMPANY MAKING’ TARGETS

ALLIANCE PROJECTS - 10/18

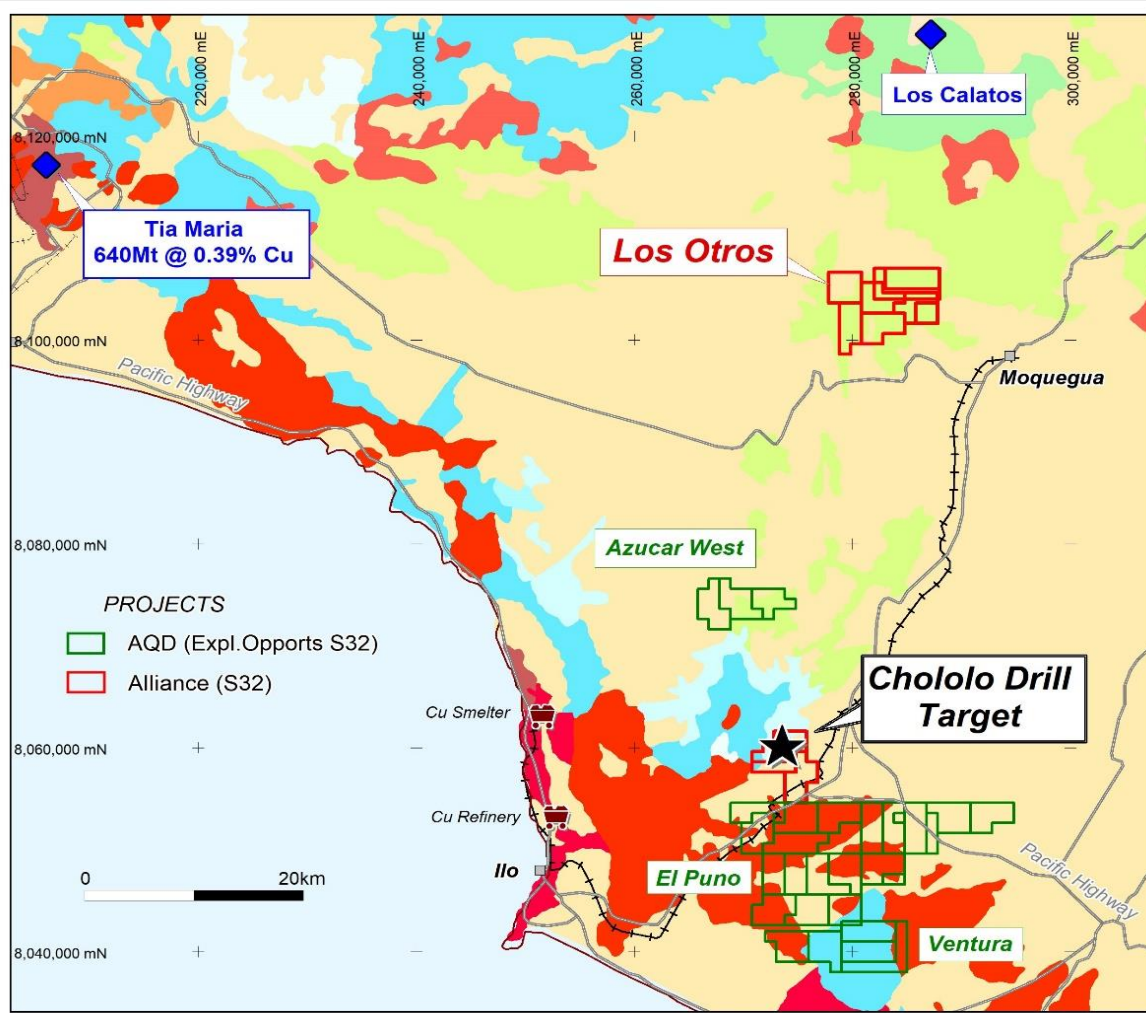


Projects	Location	Target	STATUS	Current Program
Chololo	Peru	Cu	S32 right to earn 70%	<i>DDH (10/5300m) – Assessing results</i>
Cerro de Fierro	Peru	Cu-Au	S32 right to earn 70%	<i>Drilling in progress (7/3500m)</i>
Los Otros	Peru	Cu	S32 Expl. Opportunity	<i>Under Assessment</i>
Parcoy	Peru	Cu-Au	S32 Expl. Opportunity	<i>Planned IP Survey – Targeting</i>
Blue Billy JV	WA	Zn	S32 right to earn 70%	<i>RC (2870m) – Assessing results</i>
Jimberlana	WA	Ni-Cu	S32 Expl. Opportunity	<i>DDH (2/716m) – Assessing results</i>
Balladonia	WA	Ni-Cu	S32 Expl. Opportunity	<i>Drilling (3/1200m) Nov/Dec</i>
Caramulla	WA	Ni	S32 Expl. Opportunity	<i>Proposed Surrender</i>
Tangadee	WA	Zn	S32 Expl. Opportunity	<i>VTEM – Targeting in progress</i>
Yallum Hill	WA	Ni	S32 Expl. Opportunity	<i>Drill Targets identified</i>
Hamilton	QLD	Cu-Au	S32 Expl. Opportunity	<i>Drill Targets Identified</i>

PERU PROJECTS – COPPER COUNTRY

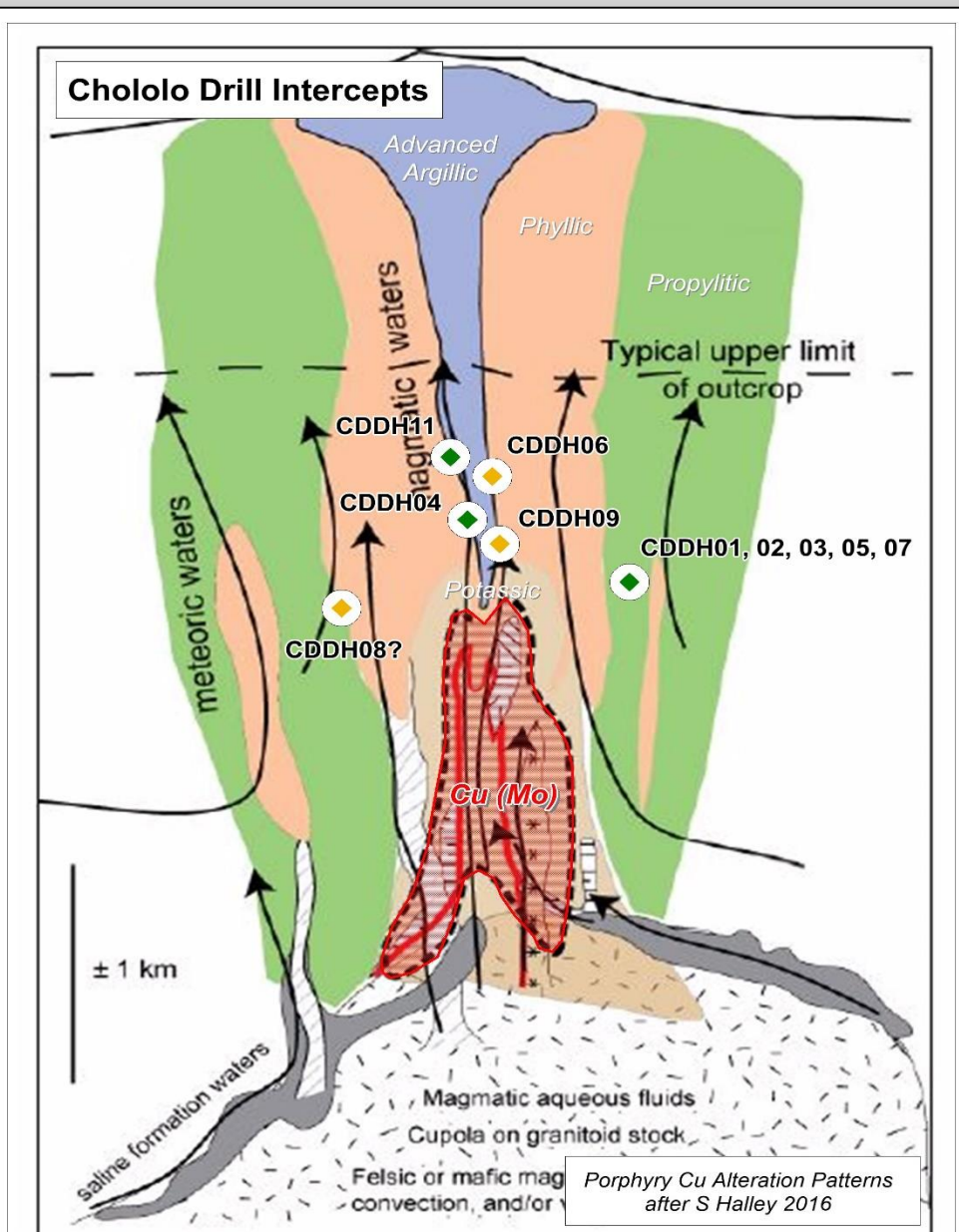


CHOLOLO – PORPHYRY CU PROSPECT



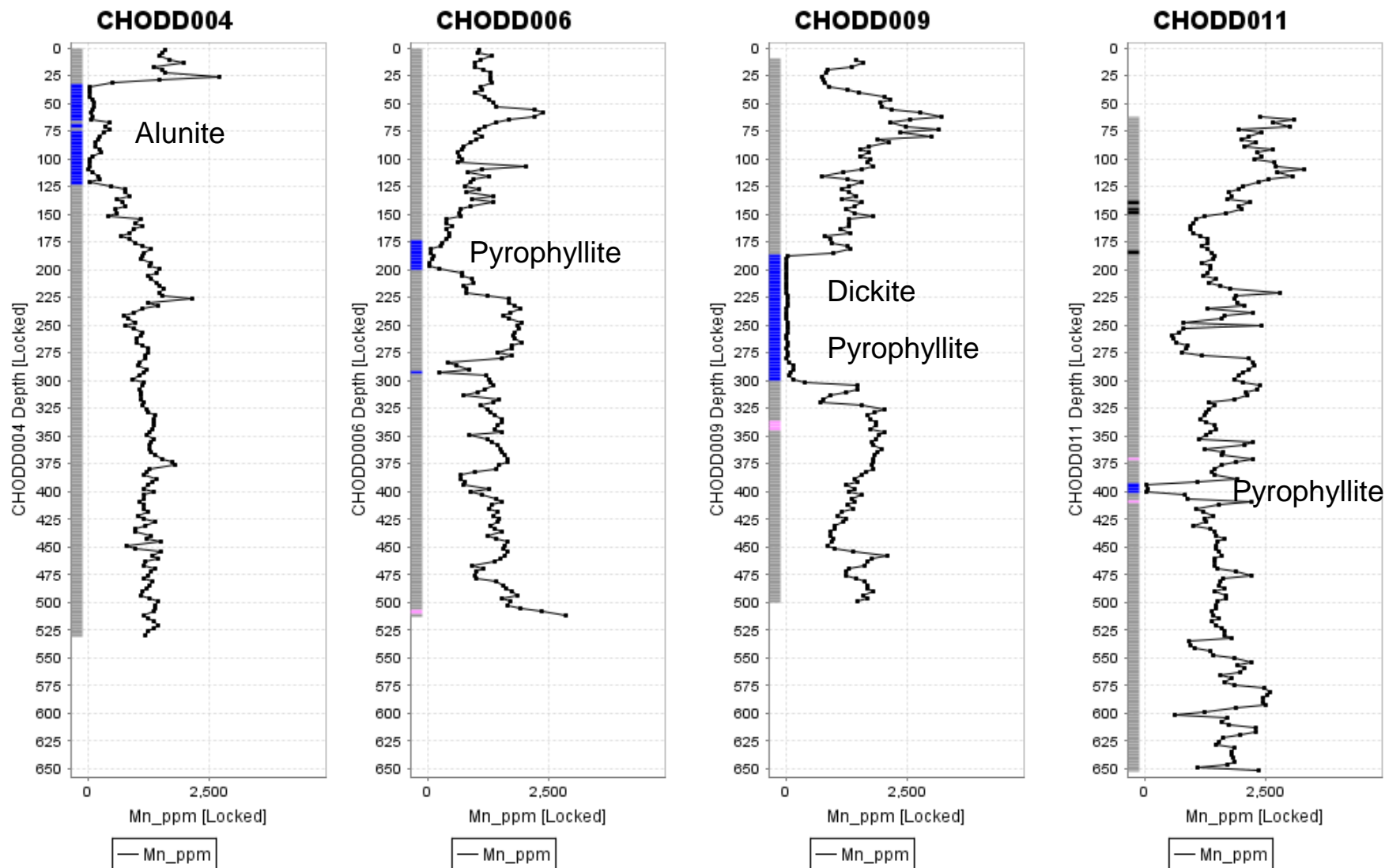
- Close to infrastructure – road, rail, power - 20km from Ilo port – 1100m RL
- Initial drilling completed (10/5300m) – final results & assessment in progress

CHOLOLO- SCHEMATIC DRILL INTERCEPTS



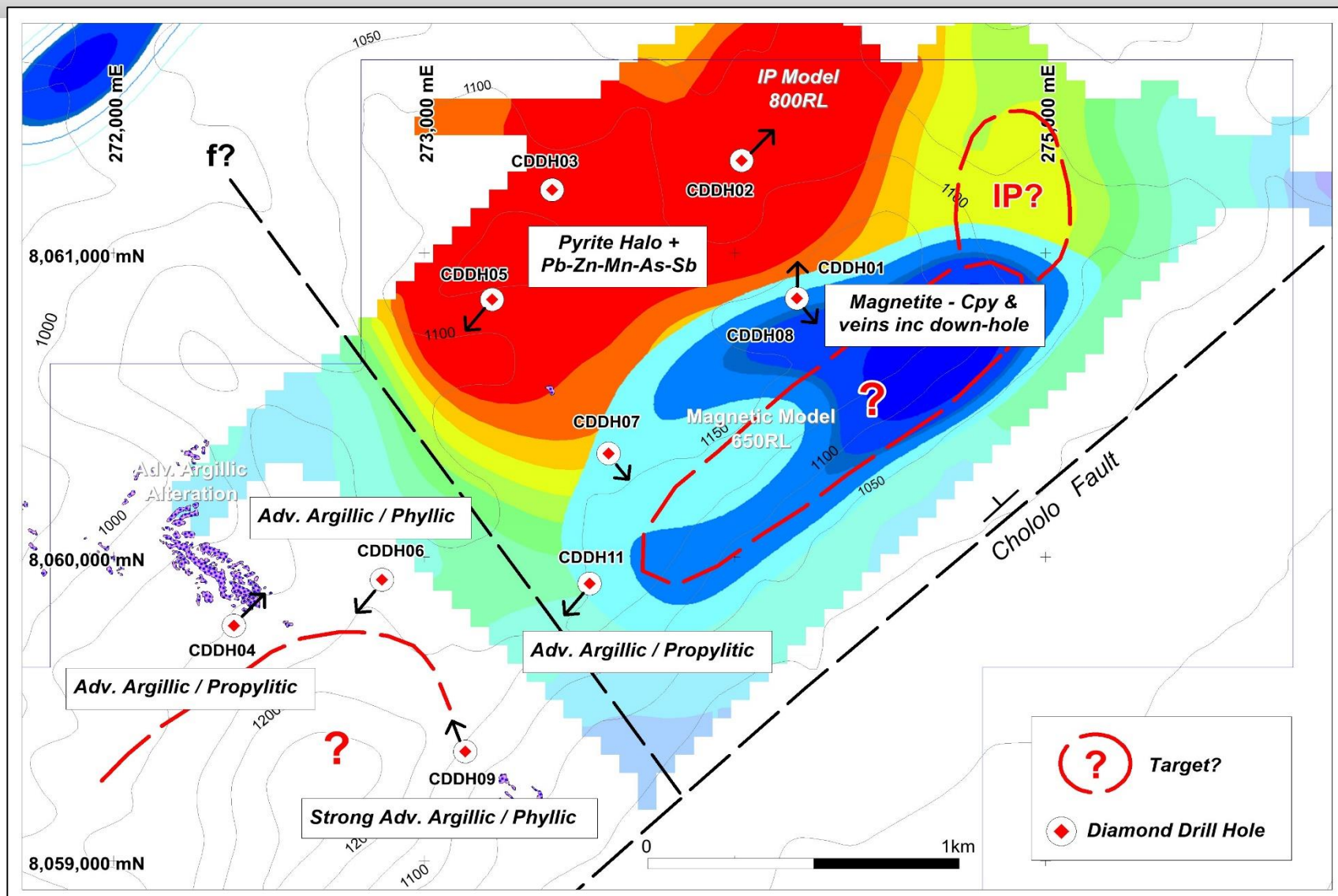
- Wide spaced drilling (+500m) intersected large scale porphyry alteration
- Alteration provides vectors to mineralisation
- Advanced argillic in CDDH04, 06, 09, 11
- Phyllic in CDDH06, 04 & 09
- Pyrite & base metal halo in CDDH01, 02, 03, 05, 07
- Iron (Mt) + copper veins in CDDH08
- Large system &/or multiple systems proximal to drilling?

CHOLOLO - PORPHYRY INDICATORS



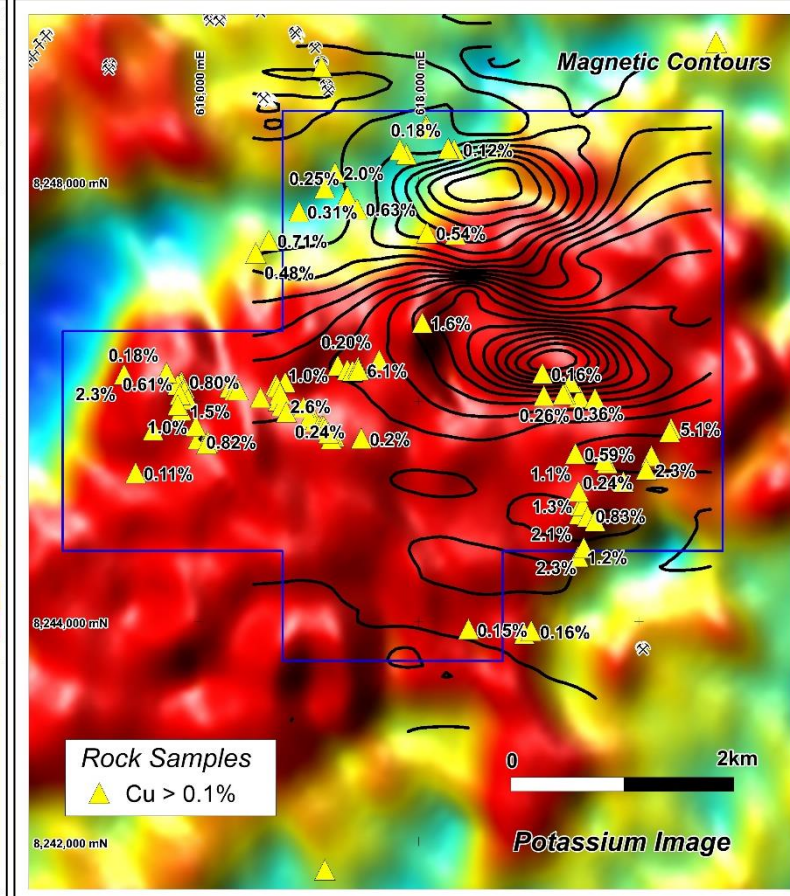
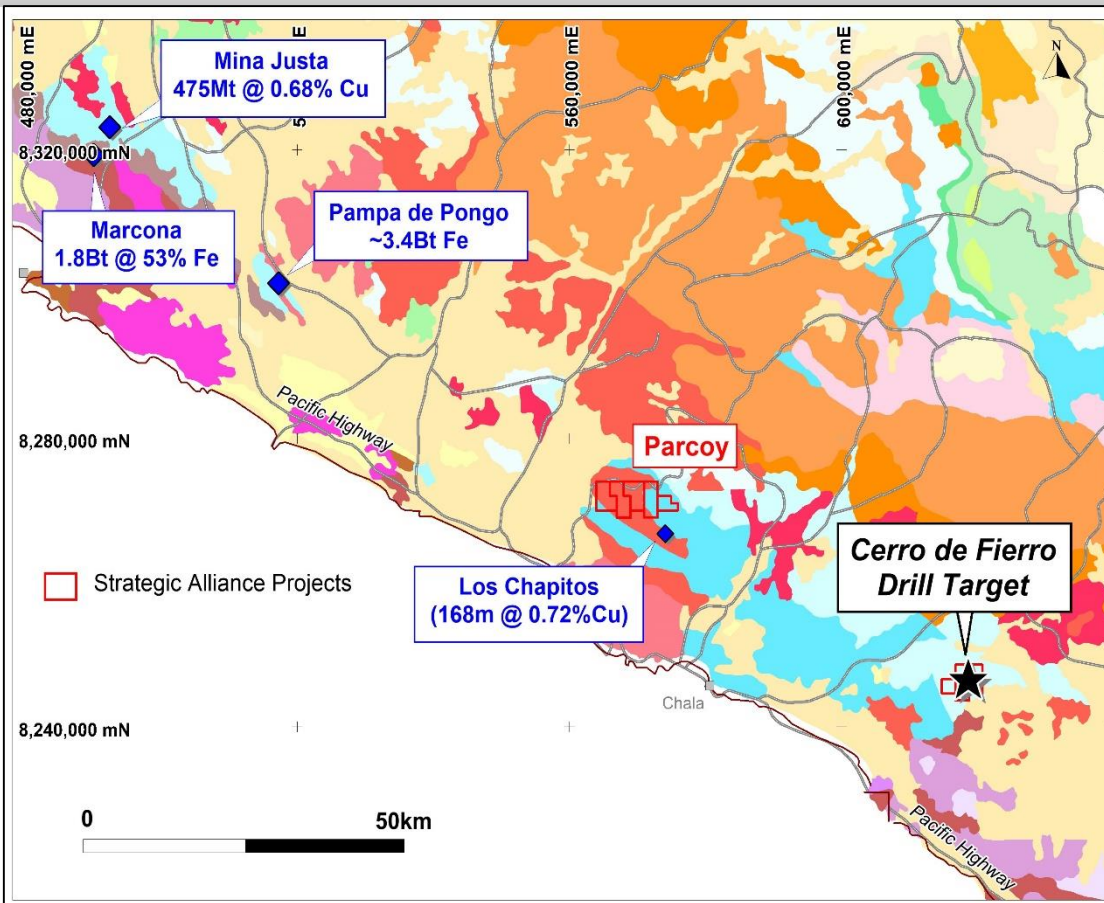
☐ Lithocap (intense depletion of Mn, Mg, Zn etc) plus high Temp minerals implies proximity to porphyry

CHOLOLO- PORPHYRY CU TARGETS?



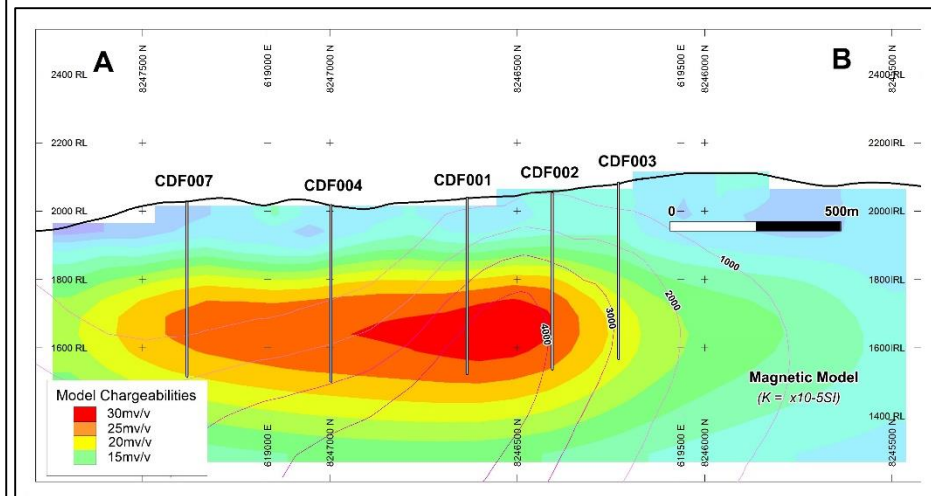
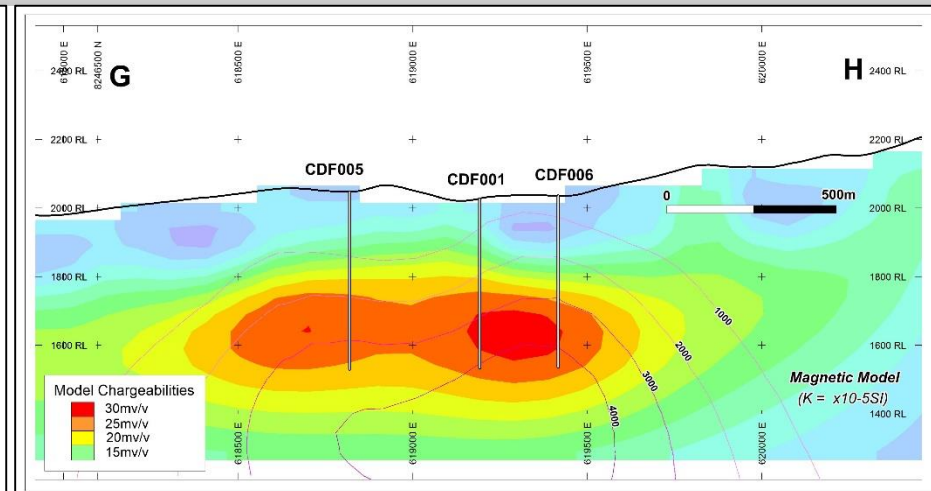
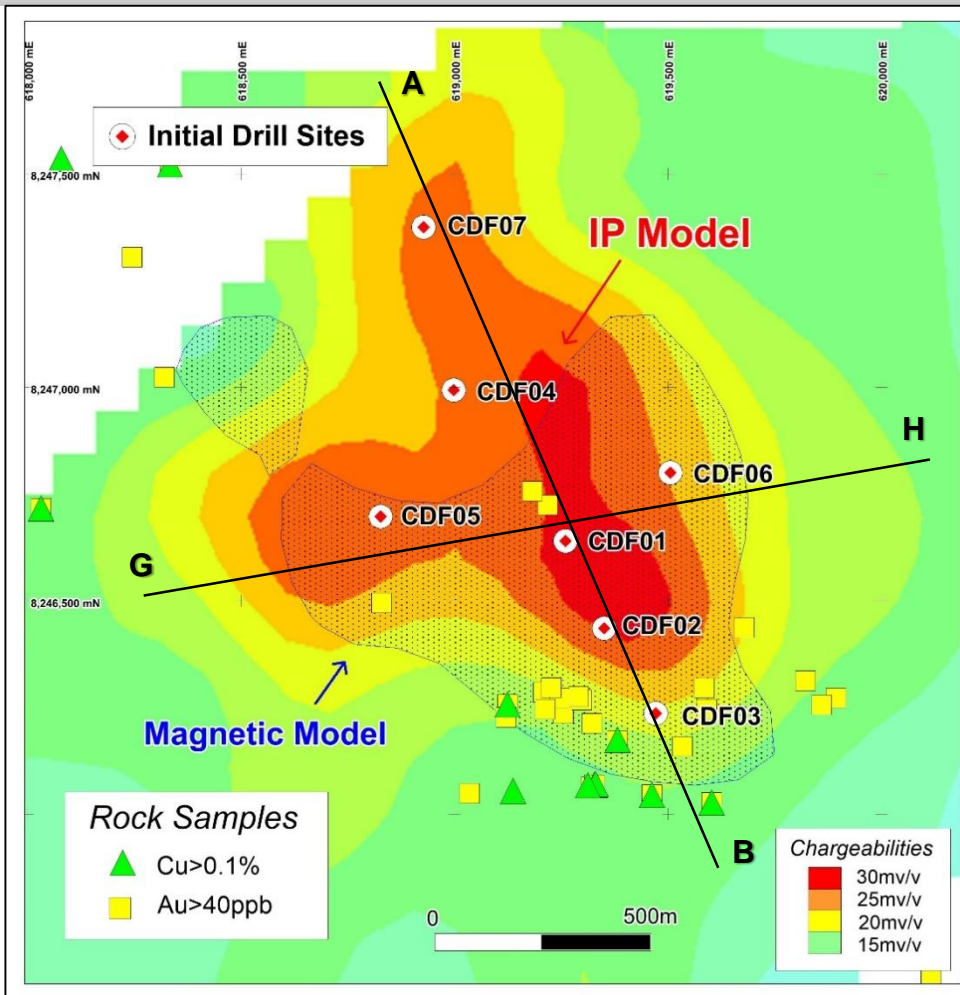
- Initial indicators suggest possible porphyry centre(s) close to the Chololo Fault

CERRO DE FIERRO – NEW IOCG TARGET(S)



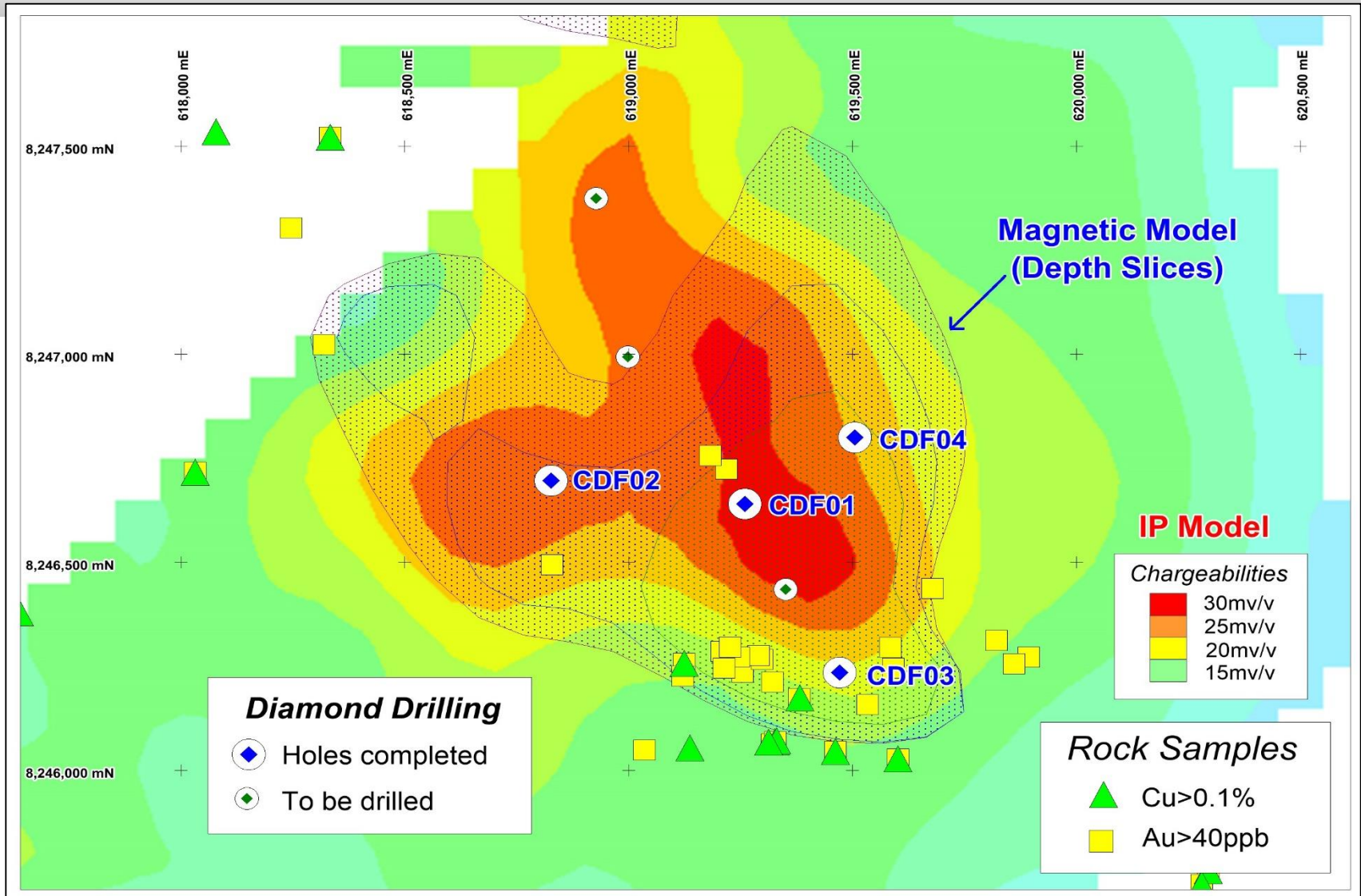
- Close to Marcona (Fe), Mina Justa, Pampa Pongo (Fe-Cu-Au) & Los Chapitos (Cu)
- Magnetic target(s) identified from Company's proprietary airborne data
- Extensive Cu & regional scale potassic alteration implies IOCG prospectivity

CERRO DE FIERRO – DRILL PROGRAM



- Large scale IP / magnetic target associated Cu-Au anomalies – IOCG / Manto?
- ***Second target to be drilled in Peru under Strategic Alliance (S32)***

CERRO DE FIERRO - DRILL PROGRESS

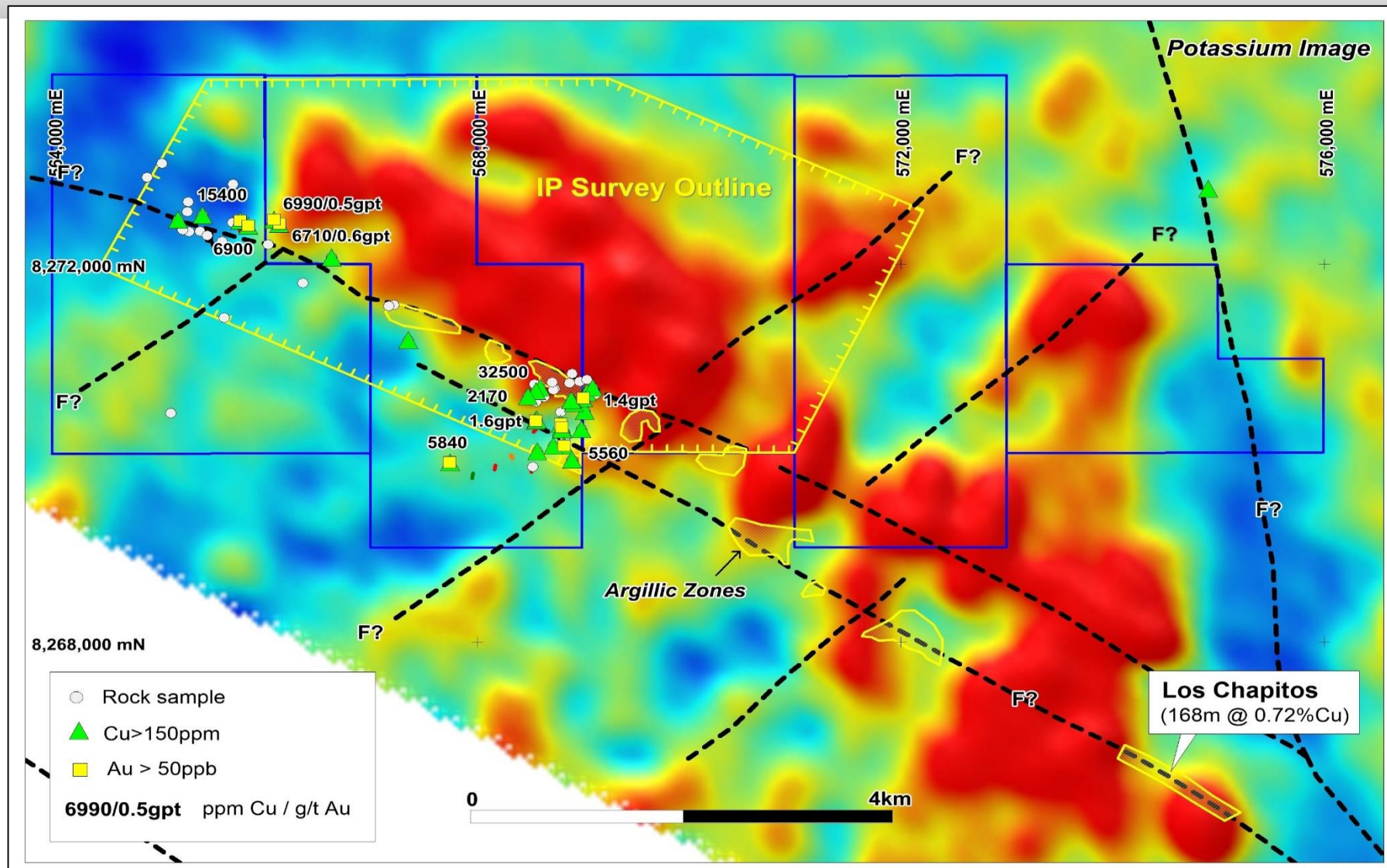


- Four holes completed (~2000m) – three (~1500m) to be drilled – finish in December

CERRO DE FIERRO – CU in HOLE CFD03

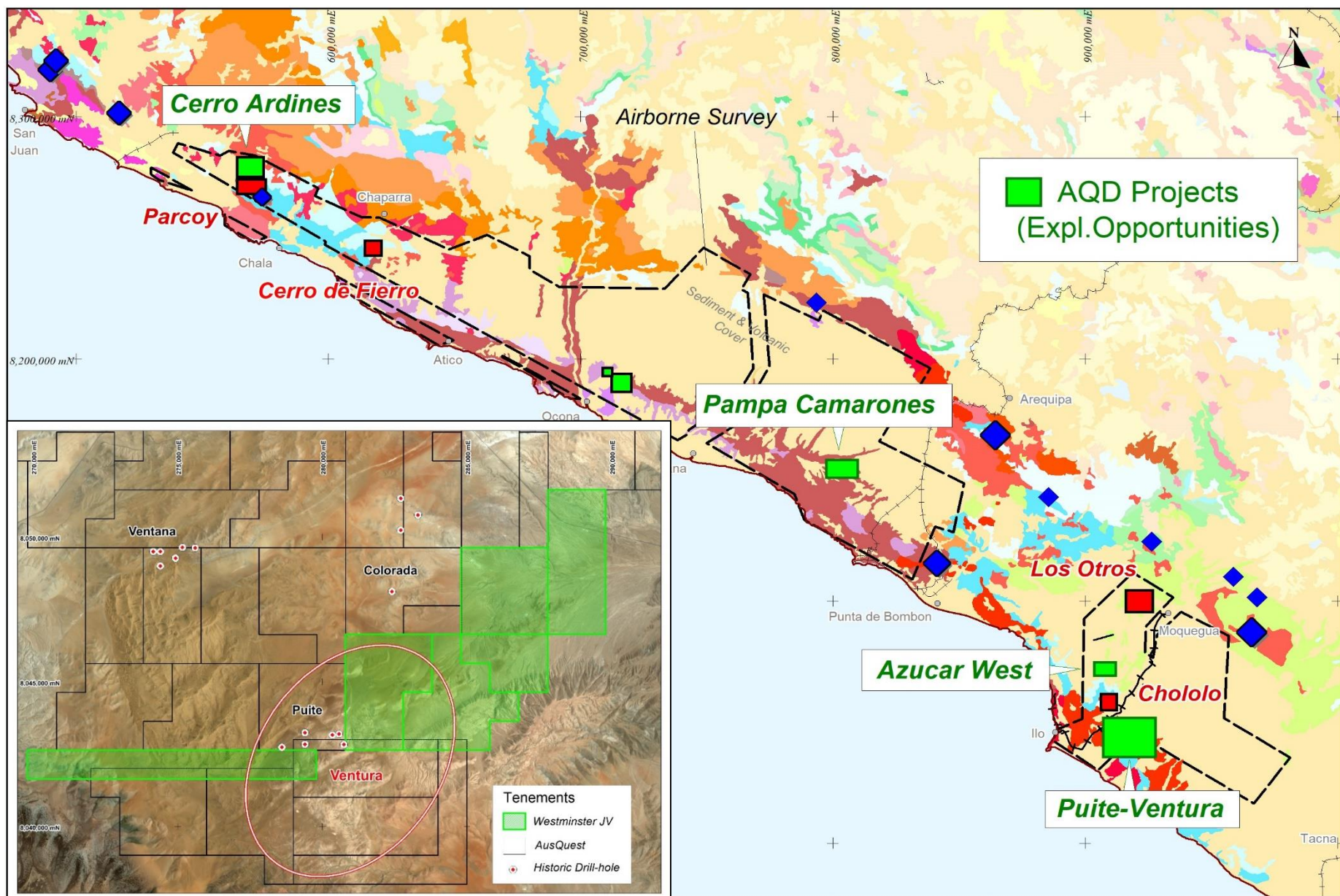


PARCOY – DRILL TARGETING WITH IP

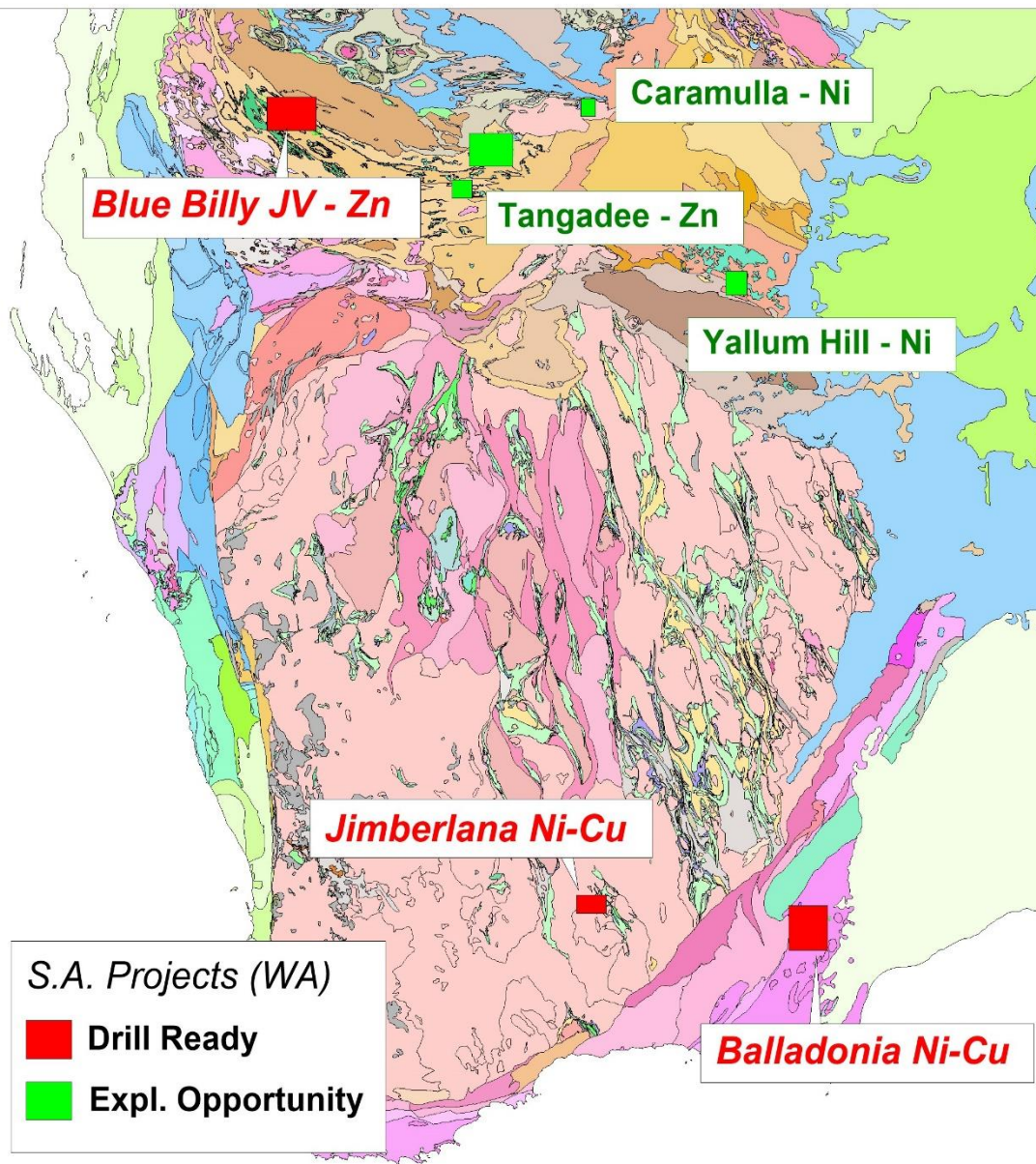


- Regional K alteration & Cu (+/- Au) identified along structures – IP survey planned

PERU – NEW OPPORTUNITIES

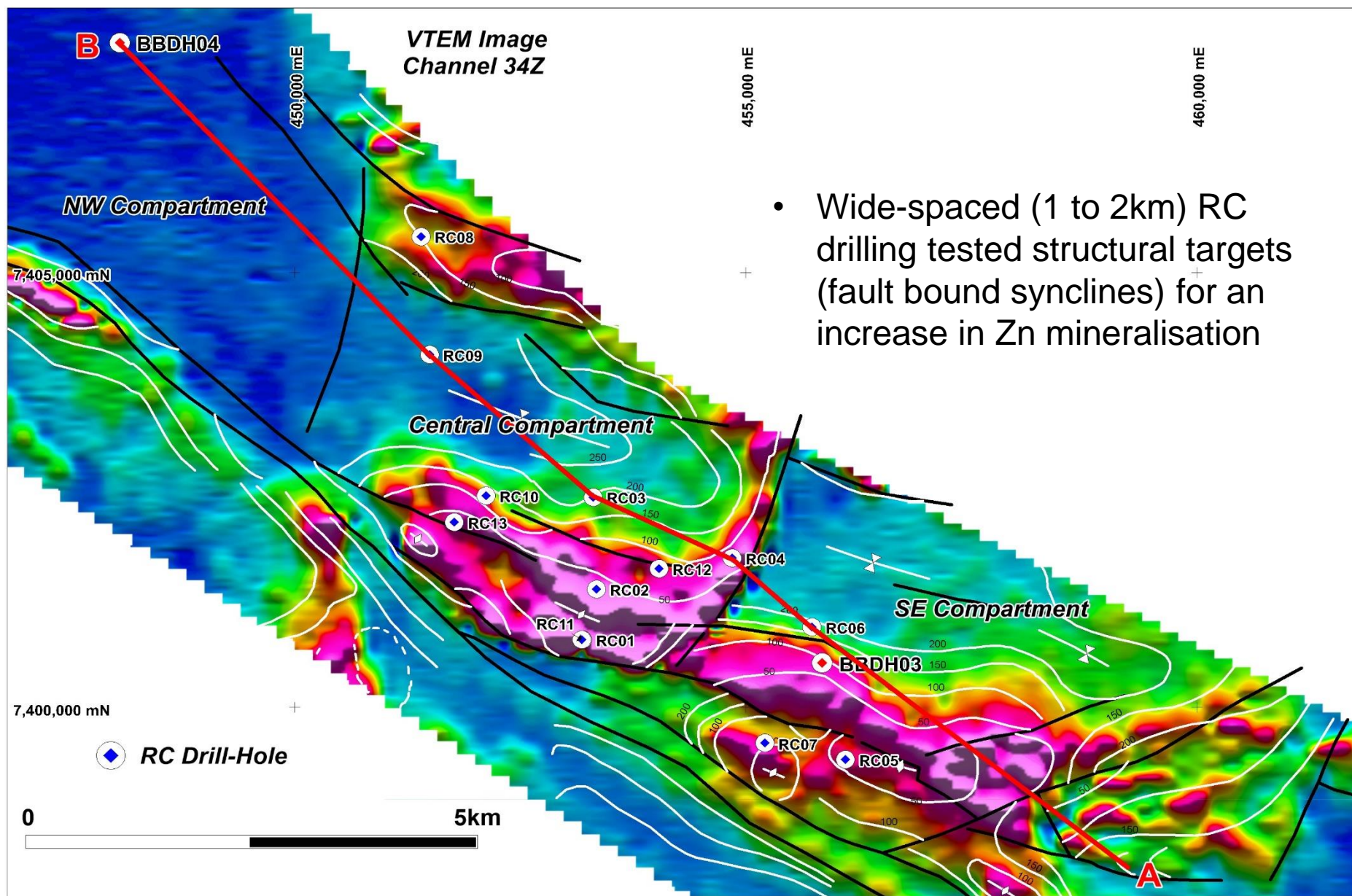


AUSTRALIA – PROJECTS (South32)



- Focus on **large scale** base metal projects (WA - QLD)
- 7 projects being tested under Strategic Alliance in **2018**
- **Drilling** at Blue Billy JV for sediment-hosted Zn
- **Drilling** of Ni-Cu targets at Balladonia & Jimberlana
- **Target definition** for Cu-Ni at Yallum Hill and Caramulla
- **Target definition** for sediment-hosted Zn at Tangadee
- **Target definition** or IOCG at Hamilton - (NW Qld)

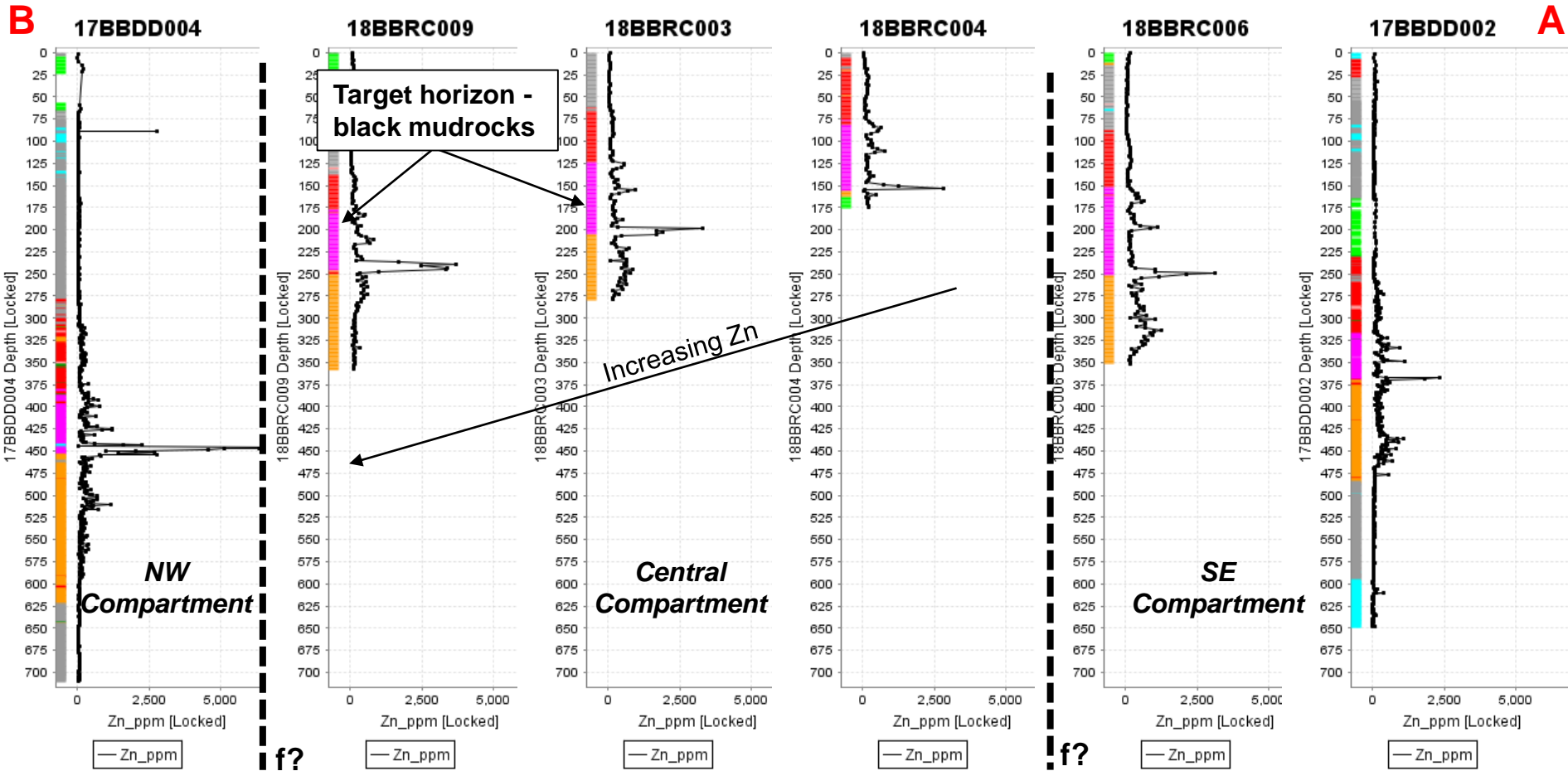
BLUEBILLY JV (South32) – SEDEX ZINC



BLUEBILLY JV – Drill Section A-B

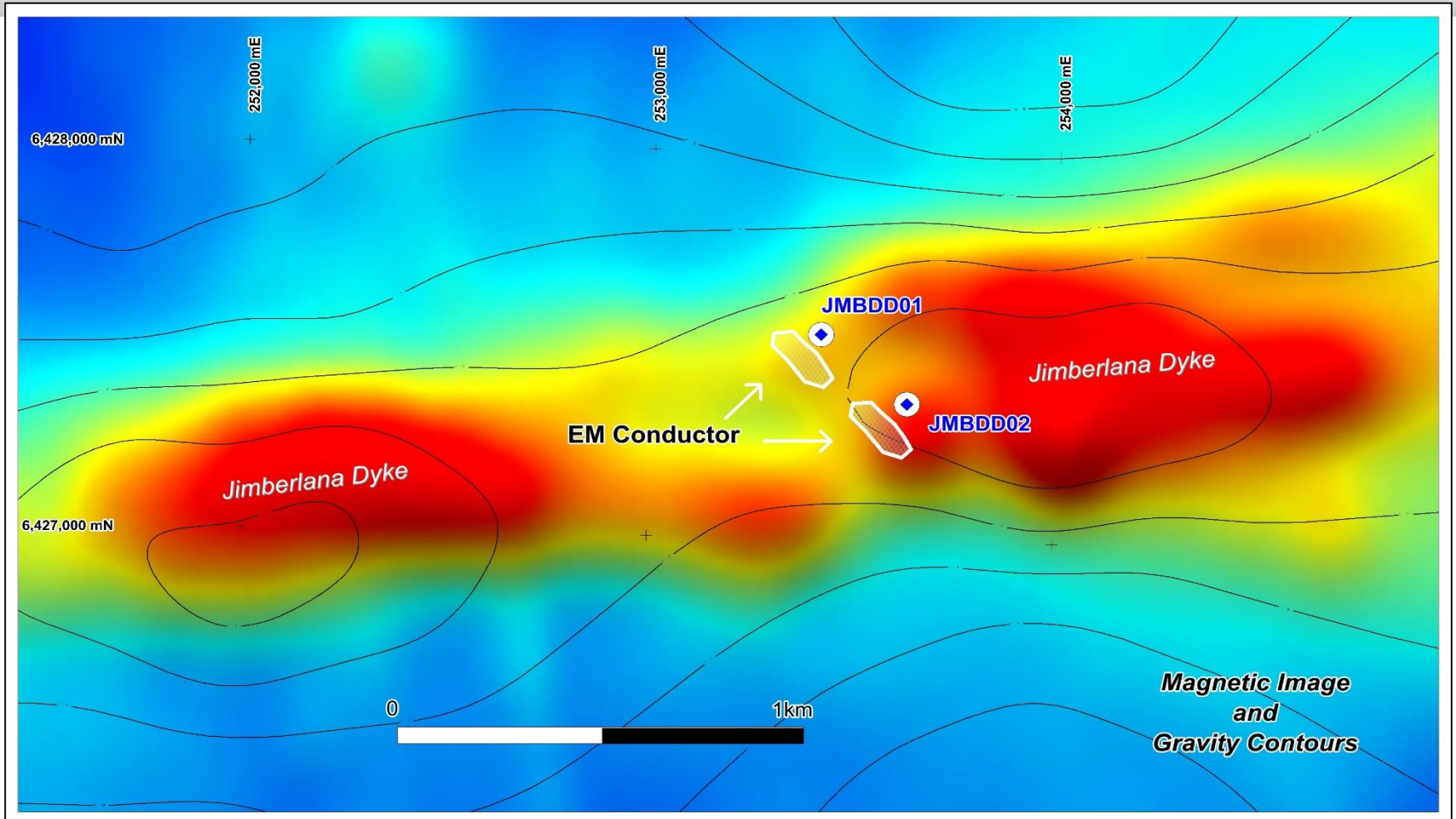


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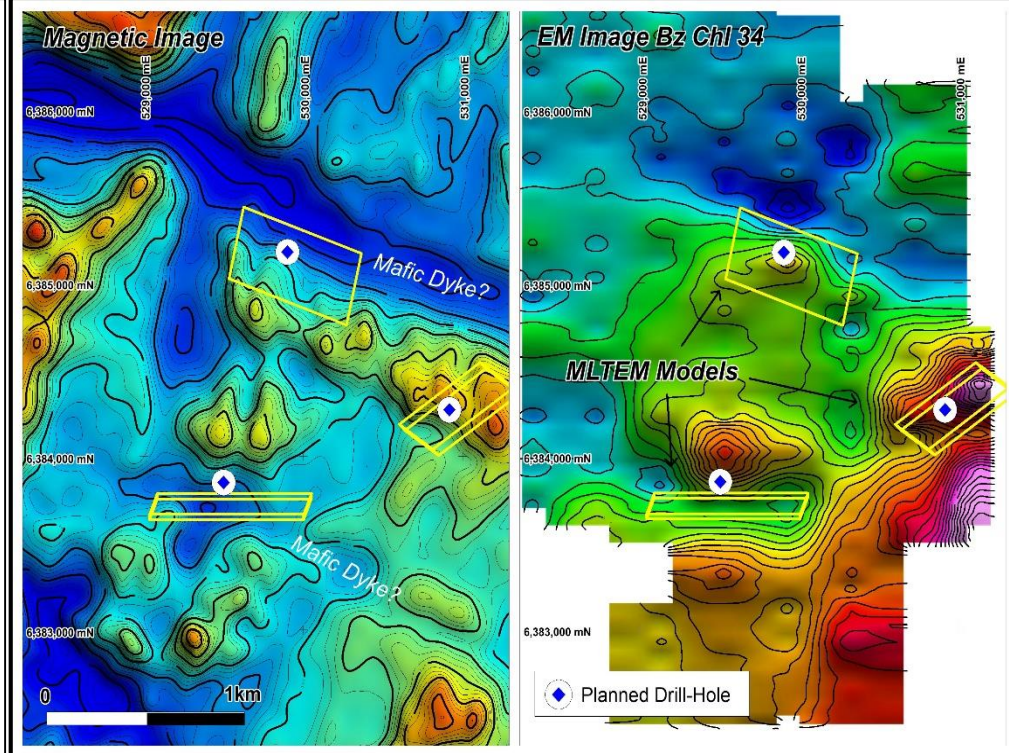
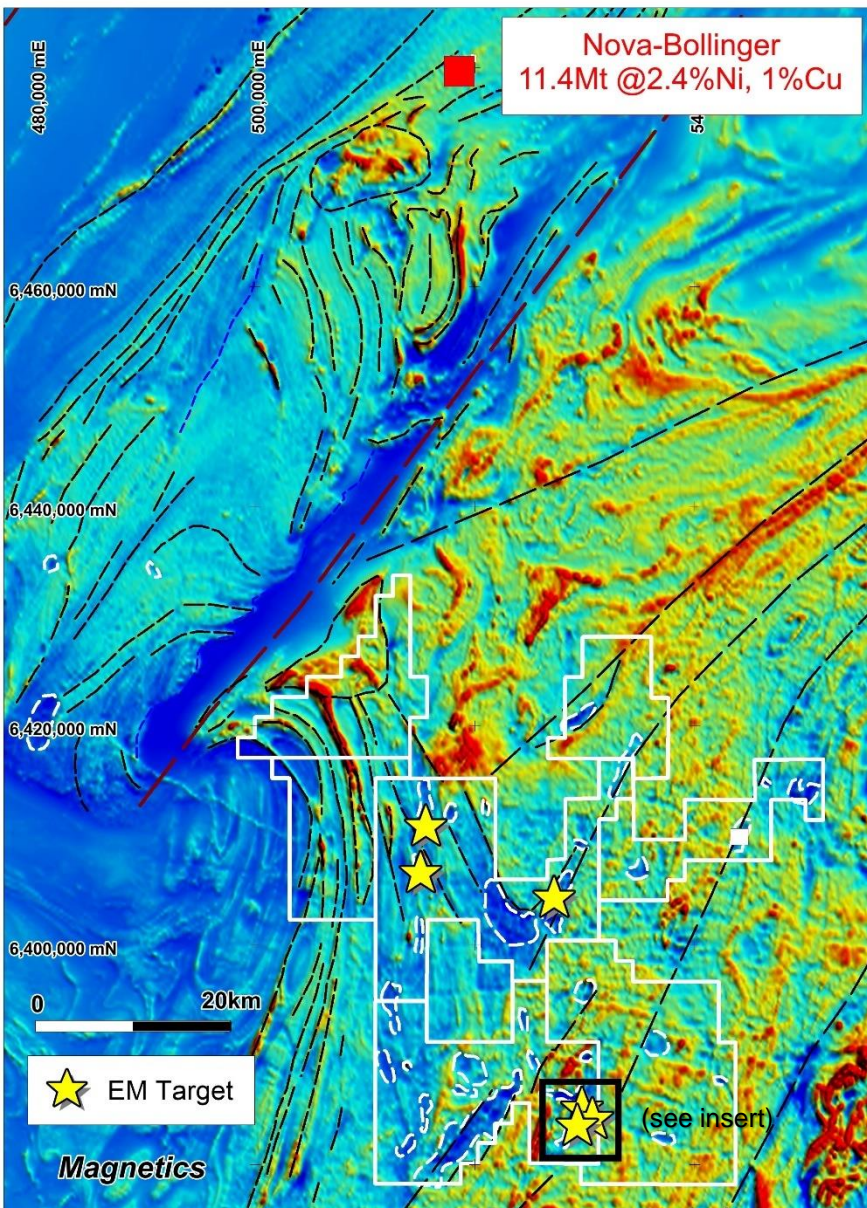
- Zinc content of target horizon shows slight increase to NW where target horizon deepens
- Thickness of target horizon remains constant implying lack of growth faulting and sub-basin development

JIMBERLANA (South32) NI-CU PROJECT



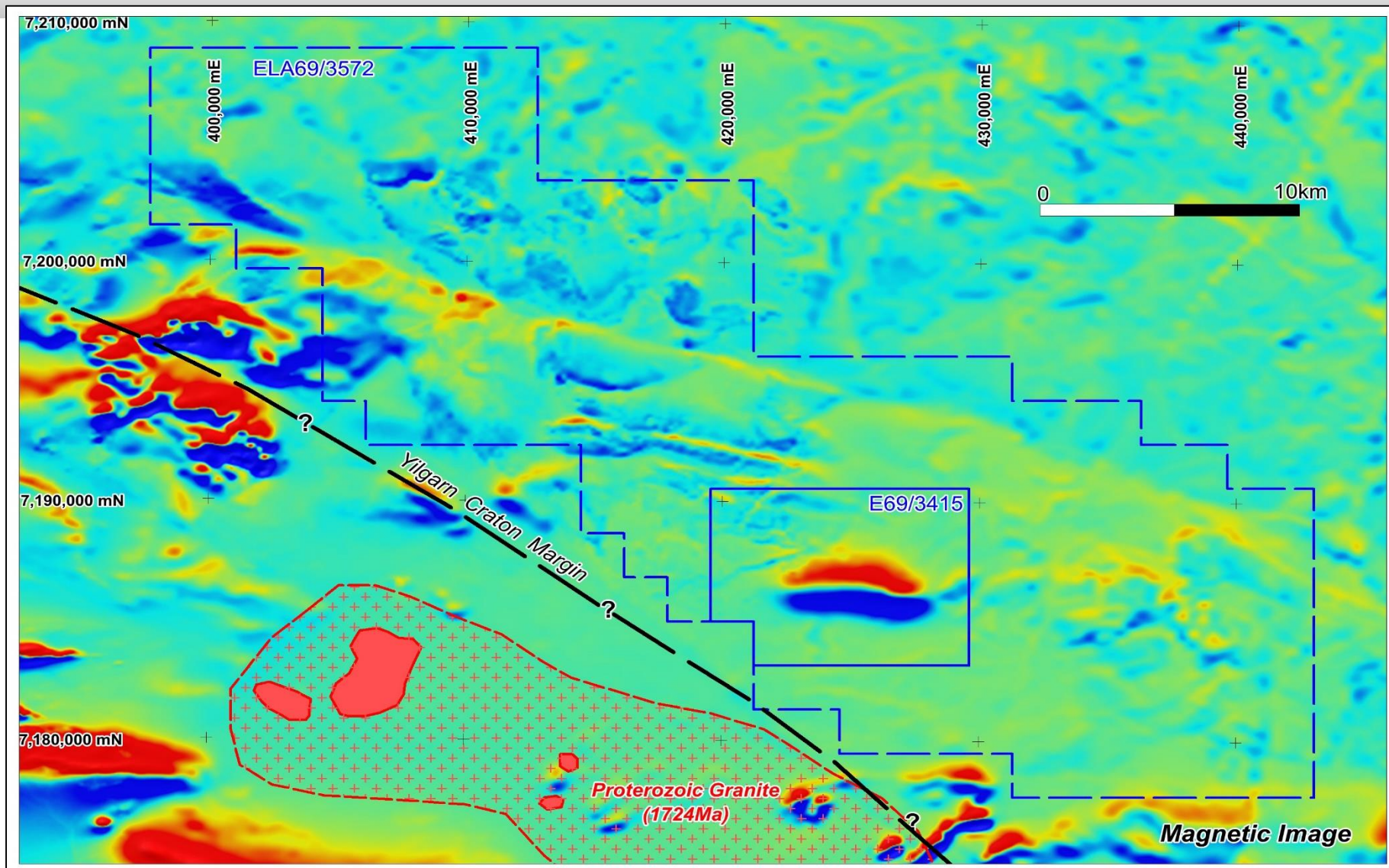
- Large (200km x 1-2km) highly fertile (Ni) mafic intrusion defined by mag/gravity
- Drilling (2 holes/716m) & DHEM confirmed fertility of intrusion but failed to locate massive sulphides

BALLADONIA (South32) NI-CU PROJECT



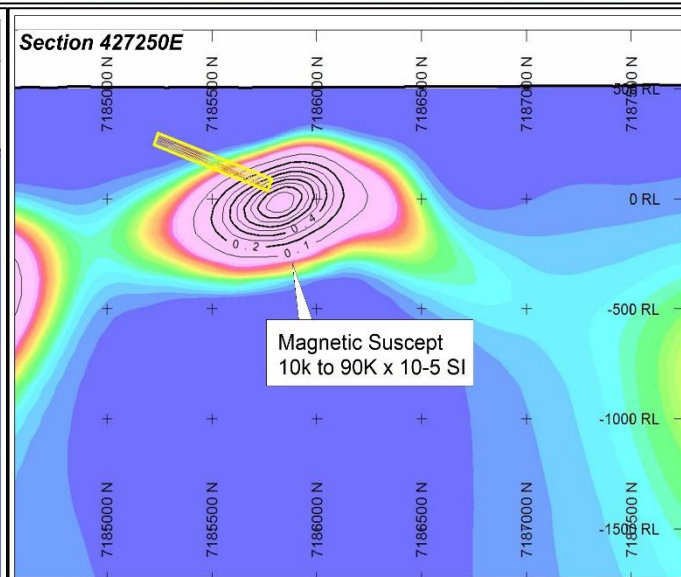
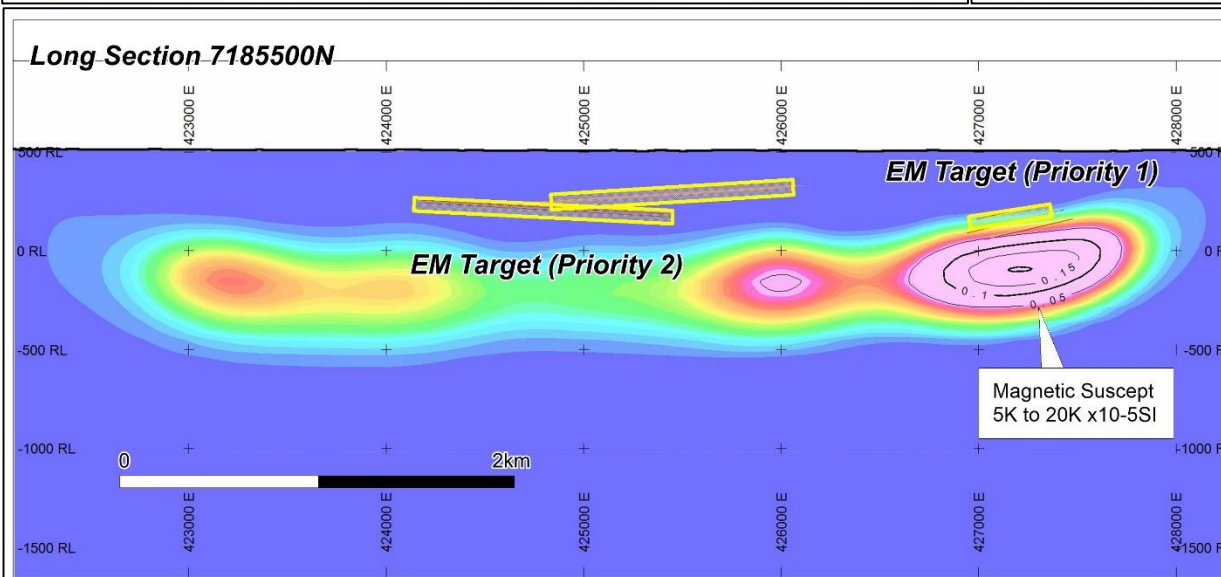
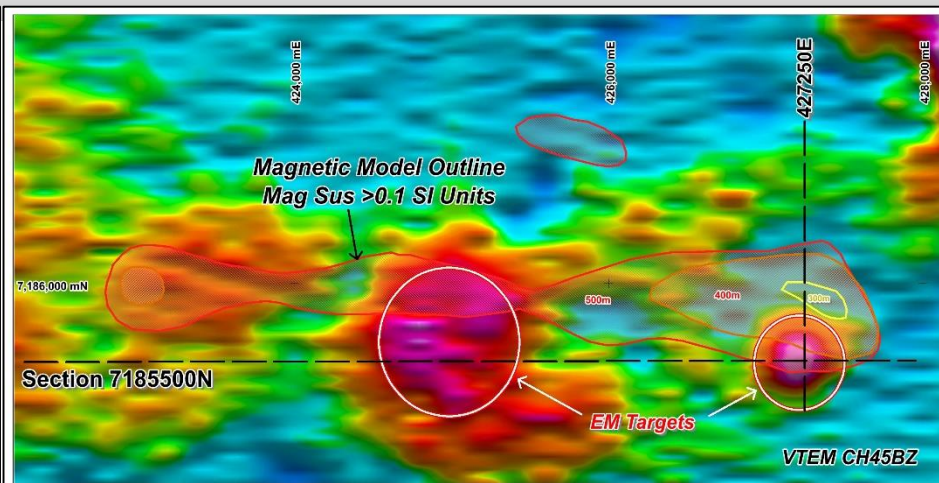
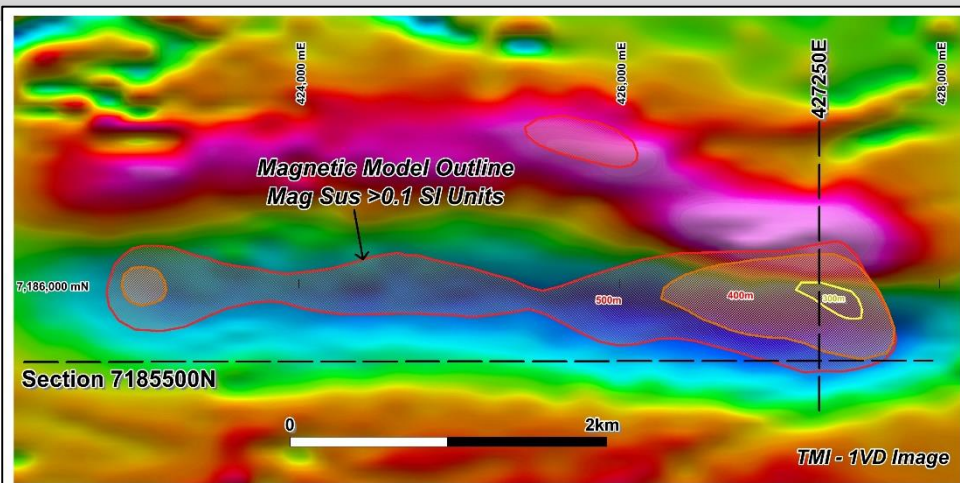
- Large tenement holding (1040km²) in Fraser Range Region of WA
- Six drill targets identified by EM Surveys
- Diamond (~1200m) & Aircore (~1300m) drilling to commence end November

YALLUM HILL CU (NI) PROJECT



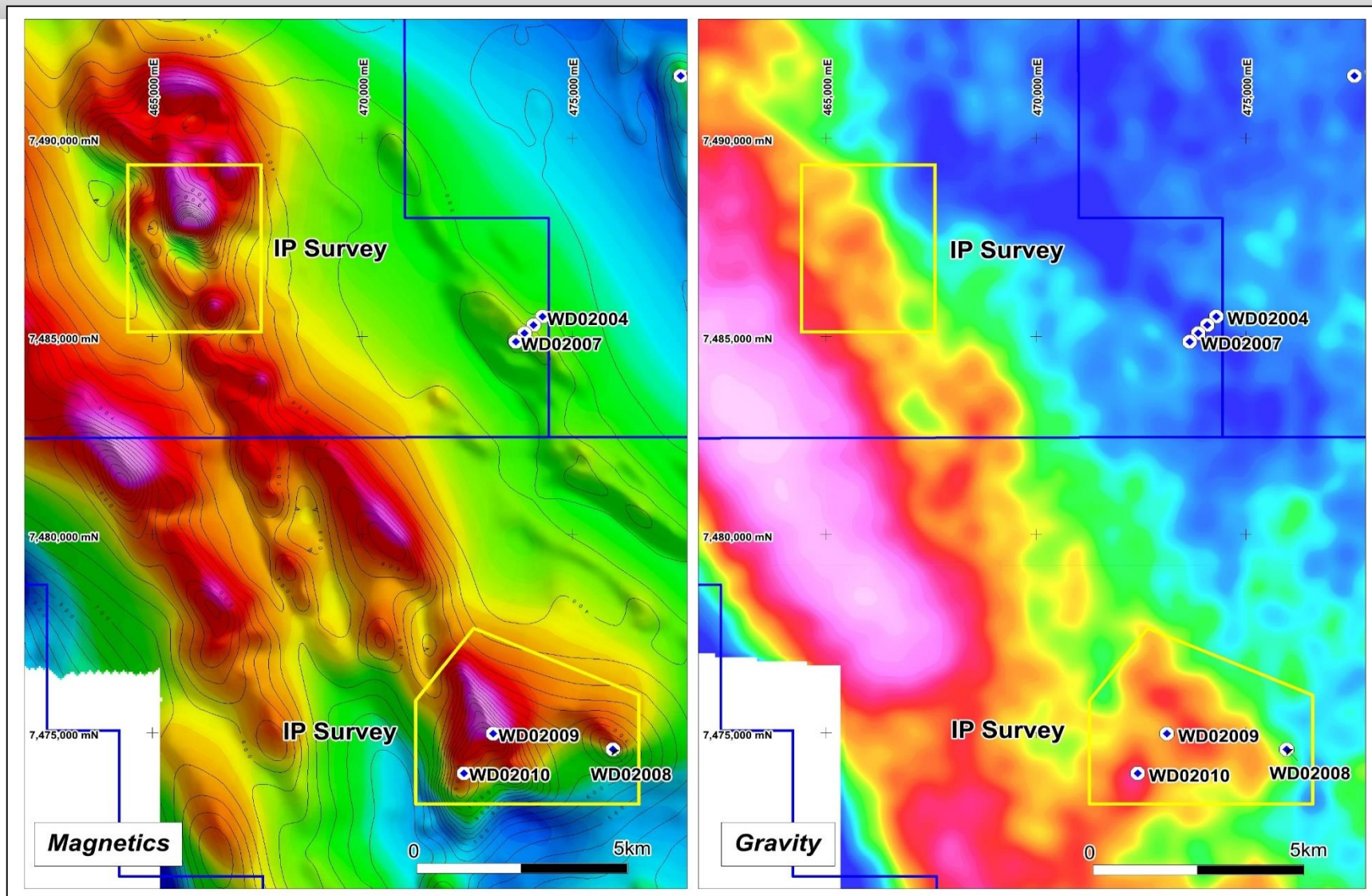
- Distinct Magnetic Target close to Yilgarn Craton Margin & Proterozoic age granite

YALLUM HILL – Proposed Drill target



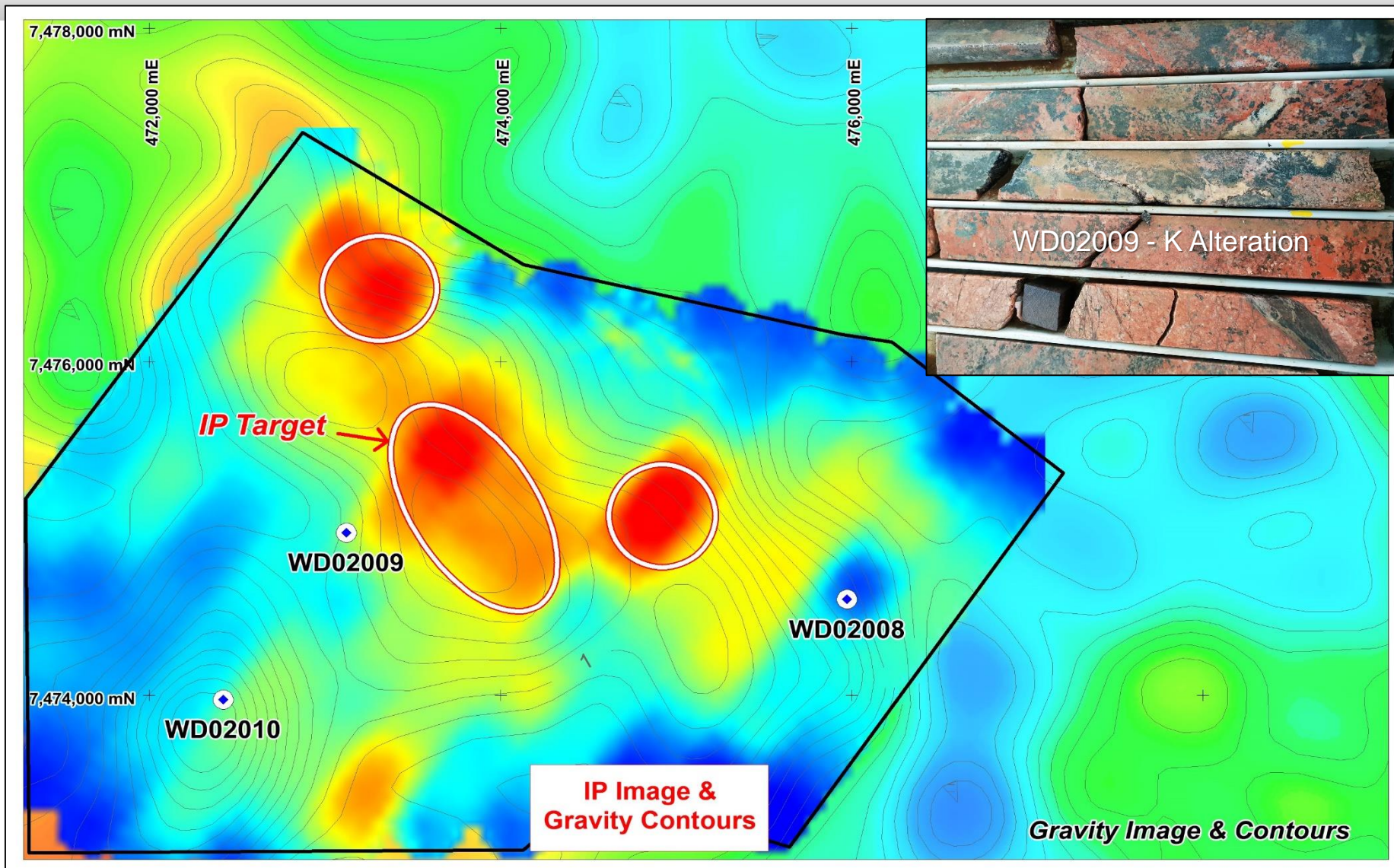
- Discrete EM target overlying strong magnetic response defines potential IOCG drill target – similar anomalies associated with Cu deposits in NW Qld

HAMILTON IOCG PROSPECT – NW QLD



- K alteration in historic drill holes infers near-miss IOCG ~120km south of Cannington

HAMILTON IOCG PROSPECT - NW QLD



- Preliminary IP data identify sulphide target NE of WD2009 - coincident with gravity

POSSIBLE DRILL TIMETABLE (Est.)



Projects	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April
Chololo (S32) Cu – Peru	Drilling ✓	Assess Results ✓					New Drill ?	
Cerro de Fierro (S32) Cu-Au - Peru			Drilling ✓		Assess Results			
Blue Billy JV (S32) Zn – WA	Drilling ✓		Assess Results ✓					Drill?
Balladonia (S32) Ni – WA			Drilling ✓		Assess Results			
Jimberlana (S32) Ni –WA	Drilling ✓		Assess Results ✓					
Parcoy (S32) Cu-Au-Peru				Planned IP - Targeting			Drill Permits?	
Yallum Hill (S32) Cu/Ni-WA		EM/Mag model ✓ - Drill Targets?						Drill?
Hamilton (S32) Cu/Au-Qld	IP Results – Drill target(s) ?							Drill?
Project Generation								

(✓ = completed/in progress ? = pending results / assessment)

WHY ADD AQD TO YOUR WATCH LIST?



- *High Levels of Activity*
- *Strategic Alliance Funding*
- *Material Opportunities*
- *High leverage – Low EV*
- ★ • *Many Market Catalysts*



CONTACT



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