

July 8th, 2015
ASX Release

AUSQUEST EXPANDS PERU COPPER-GOLD JOINT VENTURES WITH NEW AGREEMENT

*Existing Cardonal Joint Venture with Zahena extended to include fifth porphyry Cu target.
Additional terms include upfront cash of US\$120,000 and an extra 10,000m drilling*

Key Points:

- AusQuest has completed a **fourth joint venture agreement** in Peru by extending the Cardonal Joint Venture Agreement with Zahena SAC.
- This follows the signing of three agreements in February 2015 (as announced to the ASX on 26th February 2015), and means that a **fifth porphyry copper-gold target** in Peru will be **tested by drilling over the next 12 to 18 months**.
- Under the Amended Cardonal Agreement, Zahena can earn a 70% interest in the increased title area (**7 mineral concessions**) for an upfront cash payment of **US\$120,000** (originally US\$70,000), a structured series of cash option payments over a four-year period totalling **US\$2.995M**, and a total **drilling budget of 30,000m** (originally 20,000m). The value of the Amended Agreement is estimated at approximately **US\$10M (~A\$13M)**.

AusQuest Limited (ASX: AQD) is pleased to announce that it has further expanded its portfolio of joint ventures in Peru targeting major porphyry copper-gold discoveries after signing an amendment to its Cardonal Agreement with Compania Minera Zahena SAC ("Zahena") that will see a fifth porphyry copper target tested within its portfolio of projects located in the southern part of Peru within the next 12-18 months (*Figure 1*).

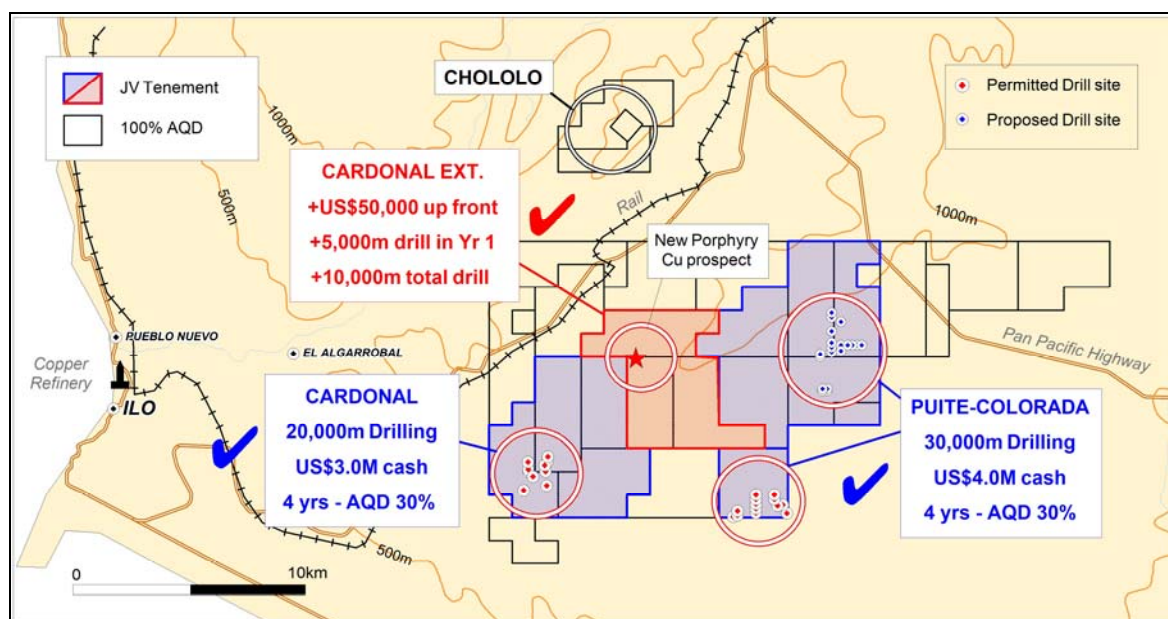


Figure 1: Joint Venture locations in the southern part of Peru

The inclusion of an additional three mineral concessions that are contiguous with the original Cardonal Agreement area has resulted in several substantive changes to the original joint venture agreement signed earlier this year.

These changes include:

- an increase in the upfront cash payment from US\$70,000 to US\$120,000;
- an increase in the metres to be drilled (Diamond or Reverse Circulation) during the first 12 months from 5,000m to 10,000m (with 5,000m committed);
- an increase in the total metres to be drilled over the four year period from 20,000m to 30,000m.

Details of the original Cardonal Agreement were disclosed to the ASX on 26th February 2015.

Zahena SAC is a major copper exploration company in southern Peru with strong technical expertise in porphyry copper exploration and a number of active exploration joint ventures in the region.

AusQuest's Managing Director, Mr Graeme Drew, said the signing of this latest agreement with Zahena vindicates the Company's belief in the prospectivity of its large-scale porphyry copper prospects in the southern part of Peru and the excellent generative work being undertaken by its highly skilled exploration team in Peru and Australia.

This fourth agreement could see total potential joint venture expenditure over the Company's projects in Peru increase to ~US\$28M (~A\$37M) with five porphyry copper prospects being drill tested over the next 3 to 4 years.

"We fully expect that there will be further agreements secured over more of our 100% owned projects in the coming months, as we continue to upgrade them to the drilling stage through mapping, sampling and geophysical surveys," Mr Drew said.

"We have always said after signing the initial cornerstone agreements in February that our strategy would be to continue to advance targets within key parts of our broader exploration portfolio and then secure joint ventures over these prospects to bring the required level of funding to make a significant porphyry discovery.

"Through these agreements, AusQuest will have free-carried exposure to significant copper exploration drilling programmes within one of the prime copper exploration areas on this planet," he added. "We look forward to reporting on the progress of these joint ventures over the coming months."



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.