

November 15, 2018
ASX Release

CERRO DE FIERRO COPPER-GOLD PROJECT, PERU DRILLING UPDATE

AusQuest Limited (ASX: AQD) is pleased to provide an update on the recently commenced drilling program at the Cerro de Fierro Iron-Oxide Copper-Gold (IOCG) Project in southern Peru. To date, four of the planned seven diamond drill-holes have been completed (~2,000m) with the remaining three holes expected to be completed by early December (see Figure 1).

Drill-hole CDF03 has encountered low levels of disseminated and vein copper over an interval up to ~200m thickness from ~180 metres down hole. Samples have been sent for analysis and assays should be available within the next 3-4 weeks.

Initial drilling at Cerro de Fierro has intersected a variable sequence of andesitic volcanics, volcanoclastics and intercalated sediments with strong iron (magnetite) alteration over many tens of metres, which is suggestive of an IOCG system. High temperature minerals (garnet) associated with the alteration may also imply the presence of skarn-style mineralisation.

Copper minerals observed closely associated with the alteration, especially in drill-hole CDF03, include both sulphide (chalcopyrite, bornite) and oxide (chrysocolla, brochantite) copper minerals and trace amounts of native copper. The copper minerals occur as disseminations and within small veinlets cutting the host rocks.

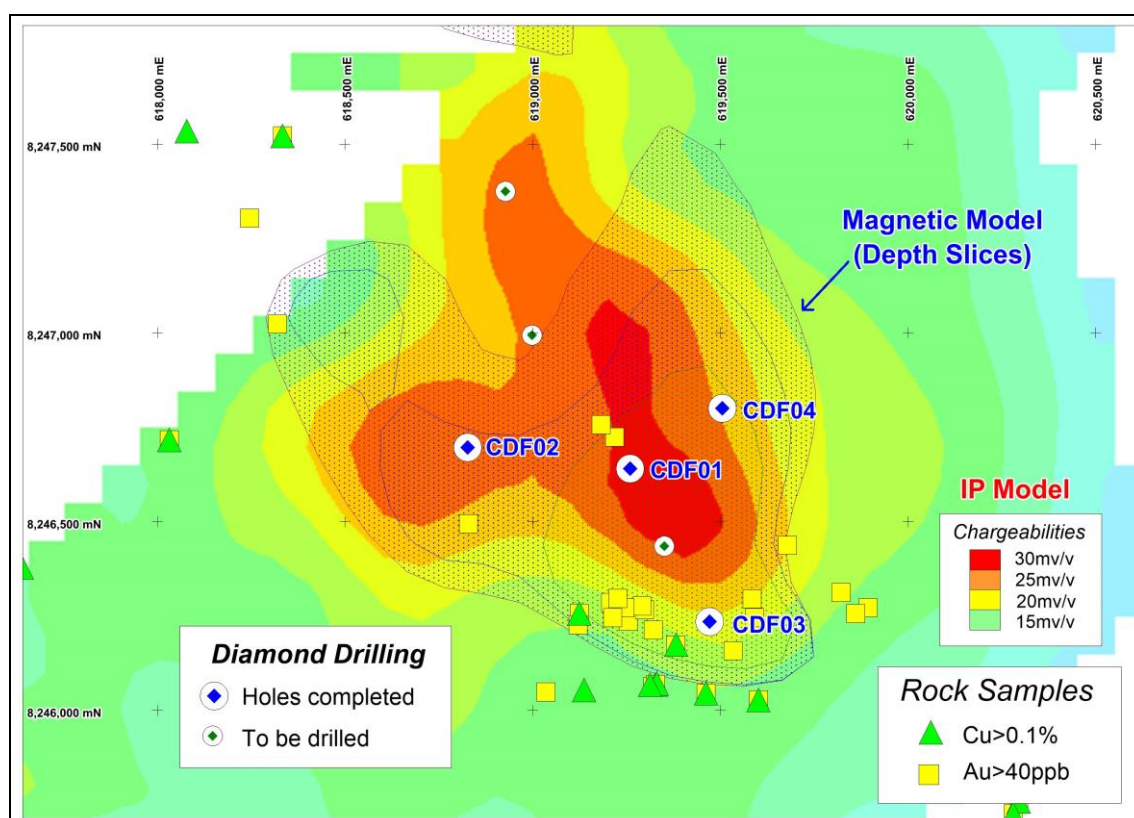


Figure 1: Cerro de Fierro IOCG target showing drill-hole locations.

The magnetic and IP anomalies that were the target of the initial drill program are thought to reflect the broader scale of the alteration system, as they are caused by a combination of disseminated magnetite and sulphide mineralisation associated with the alteration. The relationships between these anomalies and the observed copper mineralisation are still to be determined.

The Cerro de Fierro Project is located at the southern end of a recognised IOCG metallogenic belt in southern Peru. It lies within ~150km of the Mina Justa deposit (~475Mt @ 0.68% Cu), which is being developed by Peruvian mining company Minsur S.A.

The Project is the subject of an agreement with globally diversified mining and metals company South32 (ASX, LSE, JSE: S32; ADR: SOUHY), whereby South32 can earn a 70% interest in the project by spending US\$4.0 million, with the right to earn an additional 10% interest by completing a Pre-Feasibility Study.

AusQuest is the operator during the first phase of drilling.

AusQuest Managing Director Graeme Drew said the Company was pleased with the progress of the initial drilling at Cerro de Fierro and was looking forward to receiving assay results as they become available.

“We are now eagerly awaiting the outcome from the remaining three drill-holes to see if we can find extensions and improvements on the mineralisation found in CDF03,” he said.



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.