November 2, 2017
ASX Release

AUSQUEST SECURES SOUTH32 COMMITMENT TO DRILL CERRO DE FIERRO COPPER-GOLD TARGET

- **Second project to be drilled in Peru under the Strategic Alliance with South32.**
- **Permitting for up to 3,000m of diamond drilling commenced.**
- **Strong chargeability anomaly identified from recent IP survey.**
- **US$500,000 bonus payable when drill programmes and agreements are finalised.**

AusQuest Limited (ASX: AQD) is pleased to advise that its Strategic Alliance partner, South32 (ASX: S32), has committed to a diamond drilling program of up to 3,000m at the Cerro de Fierro Iron-Oxide Copper-Gold (IOCG) Project in southern Peru, making it the second project in Peru to be selected for drilling under the Strategic Alliance.

Drill permitting has commenced and is estimated to take around six months to complete, with diamond drilling expected to commence during the second quarter of 2018. As provided for in the Strategic Alliance Agreement (SAA) South32 would need to spend US$4.0 million to earn a 70% interest in the project.

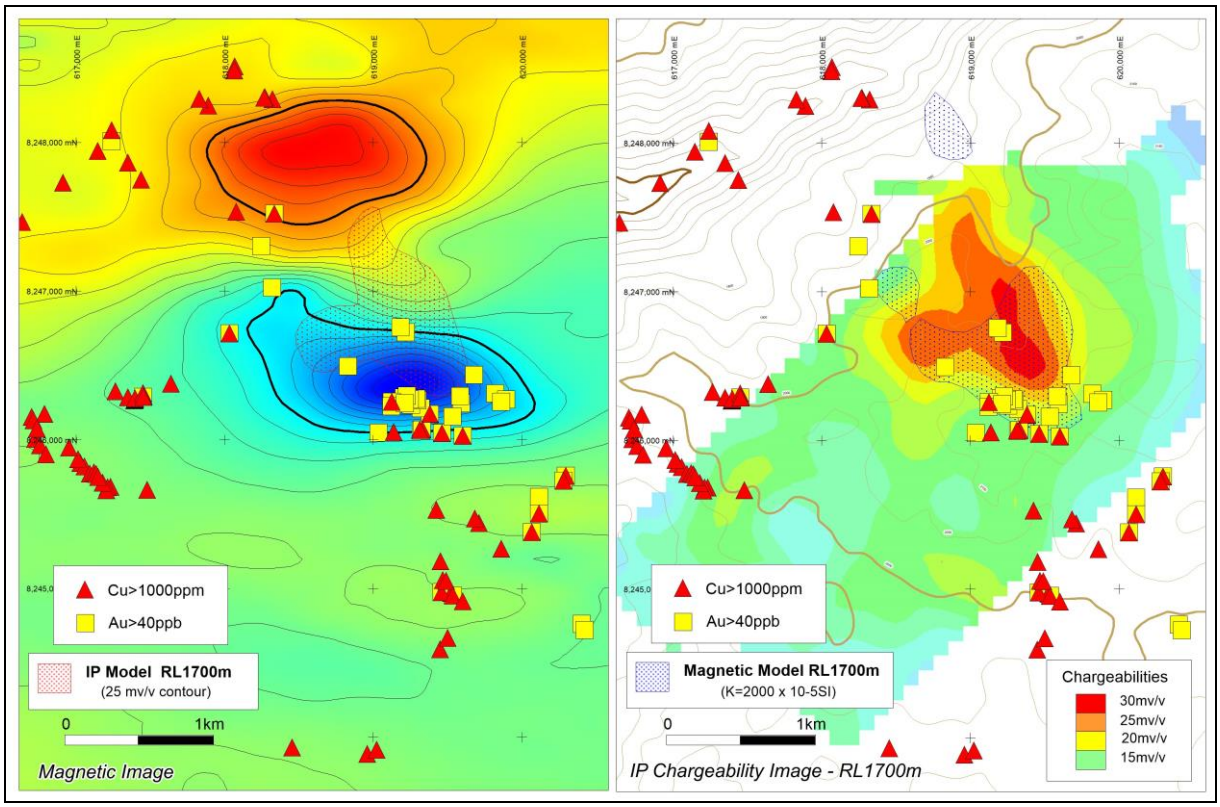

Figure 1: Cerro de Fierro IP/Magnetic Target and rock geochemistry

The Cerro de Fierro Project is located at the southern end of a recognised IOCG metallogenic belt in the south of Peru, within ~150km of the Mina Justa (~475Mt @ 0.68% Cu) and Pampa de Pongo (945Mt @ 44.7% Fe, 0.12% Cu, 0.09g/t Au) deposits.

Recently completed Induced Polarisation (IP) surveys at Cerro de Fierro highlighted a strong chargeability anomaly coincident with a magnetic response that had previously been identified as a potential IOCG-style target (see ASX release, 9 October 2017).

The IP responses are thought to reflect a combination of iron sulphide and iron oxide mineralisation over an area at least 1,000m long by 500m wide, with potential for copper oxide and/or sulphide mineralisation throughout the target section.

Geological mapping and sampling located extensive copper mineralisation proximal to the magnetic target, supporting the presence of copper within the target zone. Numerous copper values in excess of 1,000ppm Cu, and many returning values in excess of 1% Cu, were reported from the sampling programme (*Figure 1*).

AusQuest Managing Director Graeme Drew said the identification of a large-scale IP-magnetic target at the Cerro de Fierro IOCG Prospect was another significant development for the Company.

"The Cerro de Fierro Project becomes the third project under the Strategic Alliance to reach the drilling stage and, in line with the terms of our Strategic Alliance Agreement, will trigger a bonus payment of US$500,000 from South32 once drilling programmes and agreements have been finalised.

"The additional funds will be used for further project generation work in order to provide new opportunities for the Alliance," 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.