January 9th, 2020
ASX Release

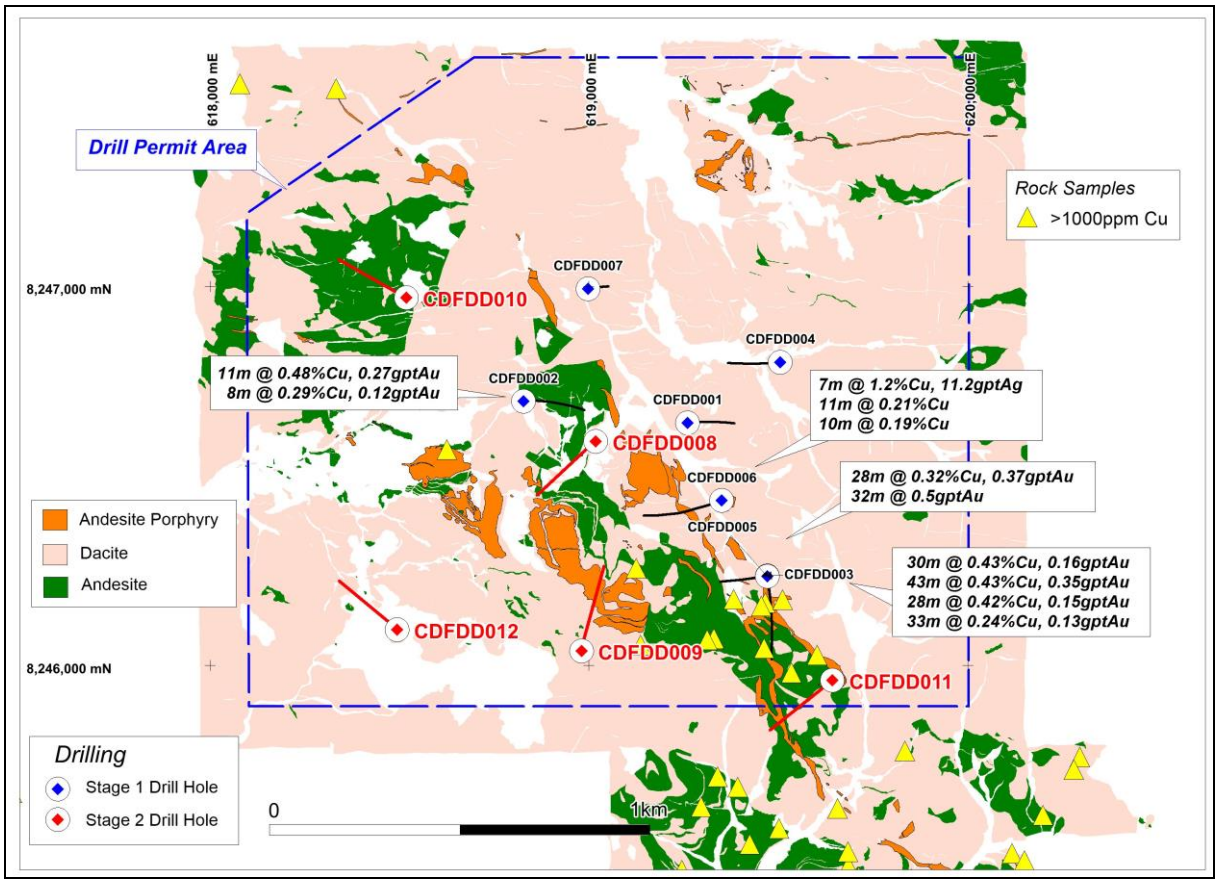
DRILLING UPDATE – CERRO DE FIERRO COPPER-GOLD PROJECT, PERU

AusQuest Limited (ASX: AQD) is pleased to provide a progress update on the Stage 2 scout diamond drilling program (~2,600m) which commenced in late November at the Cerro de Fierro Copper Prospect in southern Peru, under the Company's Strategic Alliance Agreement (SAA) with South32 (*see ASX announcement, 20 November 2019*).

As at the end of December 2019, four drill-holes (CDFDD008 to 011) had been completed for a total of ~1,800m of drilling, with three of the four holes intersecting visible copper mineralisation (trace to disseminated chalcopyrite, bornite and chalcocite) over down-hole thicknesses of tens of metres.

Drill-hole CDFDD010, in the north of the prospect, was terminated prior to reaching the target (andesitic volcanics) due to drilling problems caused by poor ground conditions.

The overall Stage 2 drilling program is now expected to be completed in mid-to-late January with final assays for all drill-holes expected during February 2020.



Cerro de Fierro drilling results showing location of planned drill-holes.

The copper mineralisation encountered occurs within veins and breccias in sub-vertical shears and/or sub-horizontal manto-style structures, and is generally associated with quartz-calcite-chlorite alteration. Once the Company has received and interpreted all assay data following completion of the program, it will be in a position to develop a more complete understanding of the mineralisation and its controls.

Copper continues to preferentially occur within the mafic volcanics (andesites), which occur below a relatively thick (~200m to 300m) dacitic unit that is generally, but not always, barren of copper.

The wide drill-hole spacing (>250m) and the similarity in mineralisation/alteration styles between drill-holes, supports the concept of one large mineralising system that likely extends well beyond the limits of the current Drill Permit Area.

An application to increase the number of drill pads from 20 to 40, and enlarge the Drill Permit Area to the south and west of its current limits, was submitted to Government in December. It is anticipated that approval for the additional drilling could take up to six months to process.

AusQuest Managing Director Graeme Drew said the recent diamond drilling at Cerro de Fierro continued to provide strong encouragement regarding the prospectivity of the project and its potential to host a large mineral system.

"Our scout drilling program has further expanded the footprint of copper mineralisation, especially to the south – where our sampling programs have outlined higher grade copper values at surface," he said.

"Our staff and consultants in Peru are working hard to speed up the drilling approval process so that all of the identified copper targets can be drill tested and the full potential of this prospect determined," he continued.



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.