September 27, 2019
ASX Release

LARGE COPPER SOIL ANOMALY IDENTIFIED AT THE PARCOY PROJECT IN SOUTHERN PERU

AusQuest Limited (ASX: AQD) is pleased to advise that initial assay results from a soil sampling program at the Parcoy Project in southern Peru, which is subject to the Strategic Alliance Agreement (SAA) with South32, have outlined a strong copper anomaly over an area covering at least 4km² in size.

The copper anomaly, which is defined by numerous assays ranging from 200ppm Cu up to 3,600ppm Cu, overlies sub-cropping monzodiorite that intrudes volcanic rocks similar to those found at the Company's Cerro de Fierro Project, located ~50km to the south-east.

A regional scale fault that forms the northern boundary to the copper anomaly is known to host copper mineralisation ~6km to the south-east at the Los Chapitos Project, where drilling by Camino Minerals has reported numerous copper intersections (e.g. 168m @ 0.72% Cu).

Recently completed Induced Polarisation (IP) geophysical surveys at Parcoy produced weak but distinct chargeability responses that coincide in part with the copper anomaly (as reported to the ASX in the Company's June 2019 Quarterly Report). Additional soil sampling is now in progress to cover the full ~6km extent of the IP anomaly.

The Parcoy Project is located at the southern end of a recognised IOCG metallogenic belt in southern Peru, ~80km south-east of the Mina Justa mine development (~475Mt @ 0.68% Cu).

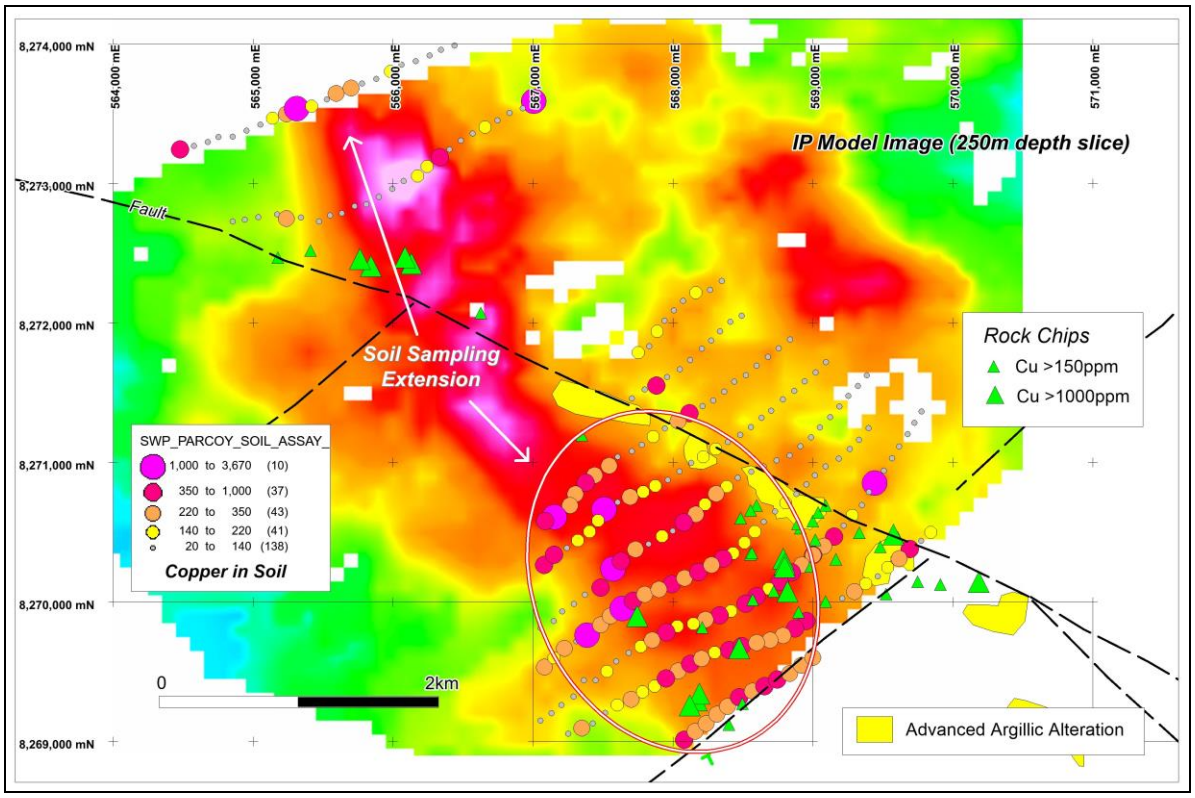


Figure 1: Parcoy Project showing the copper soil anomaly relative to the IP model.

AusQuest's Managing Director, Graeme Drew, said the Company was encouraged both by the level of copper anomalism reported by the soil sampling program and the scale of the target delineated to date, with more sampling results still to come.

"Further exploration work will be planned under the SAA once we have received final assays for the completed soil program," he said.

"Our initial concept for discovering IOCG-style mineralisation in this area similar to what we have intersected in drilling at Cerro de Fierro has been enhanced by the presence of possible porphyry-style mineralisation within intrusive rocks adjacent to the volcanics, which were our initial targets.

"There is obviously a lot of copper in the region and the possibility of both manto and porphyry-style mineralisation within the Parcoy Project area will be the subject of future exploration programs – including drilling," Mr Drew 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.

JORC Code, 2012 Edition – Table 1 report Soil Sampling – Parcoy Peru

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil samples were collected on an approximate 400m x 100m grid over the prospect taking account of local topography • Sample locations were recorded by hand-held GPS. • Soil sampling holes were logged by the sampler and recorded on a sampling spread sheet • Each soil sample was collected by digging a 10 to 20 cm deep hole and screening the soil from the bottom of hole to pass a 210 microns (µm) sieve. • Approximately 200gm sample was placed in a sample packet and given a unique sample number.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling undertaken
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No sub-sampling was undertaken
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Soil samples were sent to ALS in Lima for analysis • Sample preparation included pulverizing to 85% minus 75 microns and digesting sample using 4 acid digest, followed by ICP-MS and /or OES analysis. • Standard and duplicate samples are inserted within each sample-run to check on laboratory procedures. • In-laboratory QAQC data is reviewed for all assay jobs.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample locations are established with a hand held GPS to +/- 5m accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Soil samples were collected on an approximate 400m x 100m grid which was considered adequate given the general size and scale of porphyry copper targets.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Soil samples were collected along north-west oriented traverses perpendicular to structures and parallel to topographic relief in the area. No sampling bias is expected.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the laboratory.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out on the sampling to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Parcoy tenements are located in southern Peru, approximately 20km north of the town of Chala. • The Parcoy Project comprises five granted mineral concession and five under application. • The tenements are held 100% by Questdor a wholly owned subsidiary of AusQuest Limited. • There are no known impediments to operating in this area at this stage. • The Parcoy project is subject to a Strategic Alliance Agreement with South32. • A renegotiable surface agreement contract (2yrs) has been signed with the local community to allow access.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There is no open-file system in Peru to determine previous work undertaken.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Large scale porphyry copper-molybdenum deposits and Iron-Oxide Copper-Gold deposits which are known to occur along the coastal belt of southern Peru are the target of this project.

Criteria	JORC Code explanation	Commentary

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling undertaken

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling undertaken
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling undertaken
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Soil sample locations are provided with the ASX announcement.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Representative reporting of assay results is included in the announcement.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The area was selected for sampling based on reconnaissance geological mapping which identified the potential for porphyry copper and/or IOCG style deposits in this area.

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Proposals of further work will follow after a thorough analysis of the data.