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ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

FURTHER DRILLING AGREED AT HAMILTON COPPER PROJECT FOLLOWING POSITIVE DRILLING REVIEW

Assessment of drill assay data highlights key indicators for locating IOCG copper-gold mineralisation, identifying target(s) for further drilling under the SAA

Further to its ASX release of October 7, AusQuest Limited (ASX: AQD) is pleased to advise that it has now completed assessment of assay results from the Stage 2 drilling program at the **Hamilton Copper Project** in north-west Queensland, which is subject to the Strategic Alliance Agreement (SAA) with South32.

Key parameters (potassic and sericite alteration) for the location of iron-oxide copper-gold (IOCG) mineralisation similar to that found at the Ernest Henry deposit have been identified, and magnetic targets closest to the strongest alteration identified for further drilling.

The recent drilling program provided wide-spaced coverage (~500m) across the targeted magnetic complex to outline areas beneath the cover with similar alteration to that associated with the IOCG deposit at Ernest Henry.

Potassic alteration has now been found in five of the thirteen holes completed in this area, with drill-hole HMDD07 and historical drill-hole WD2009 providing the strongest evidence for nearby mineralisation. A zone of potassic alteration similar in size to that at Ernest Henry and open to the south-east has been inferred from the drilling data (Figure 1).

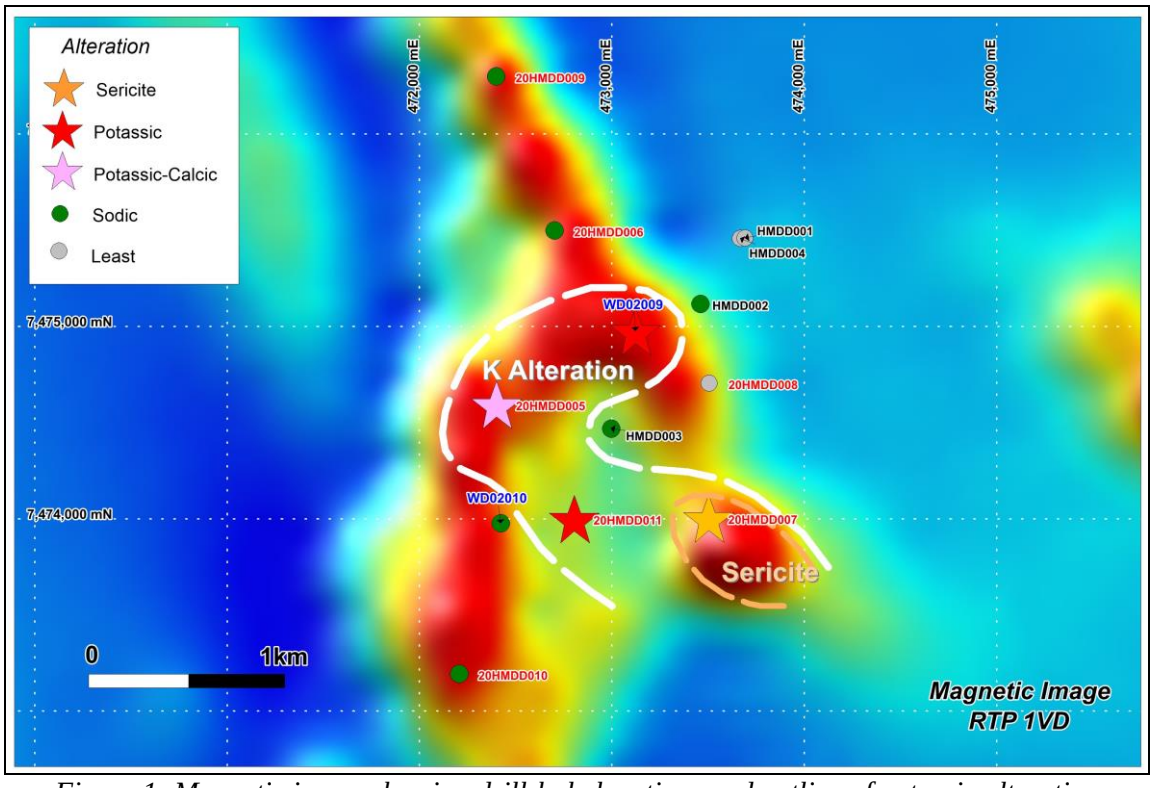


Figure 1: Magnetic image showing drill-hole locations and outline of potassic alteration

Strong sericite alteration with elevated levels of copper (up to 3,100ppm Cu) and gold (up to 80ppb Au) within HMDD07 suggest that this drill-hole is closest to potential mineralisation.

Elevated levels of lead, zinc and silver also found within HMDD07 are thought to reflect primary concentrations of metals within the metasedimentary sequence prior to the introduction of copper and gold.

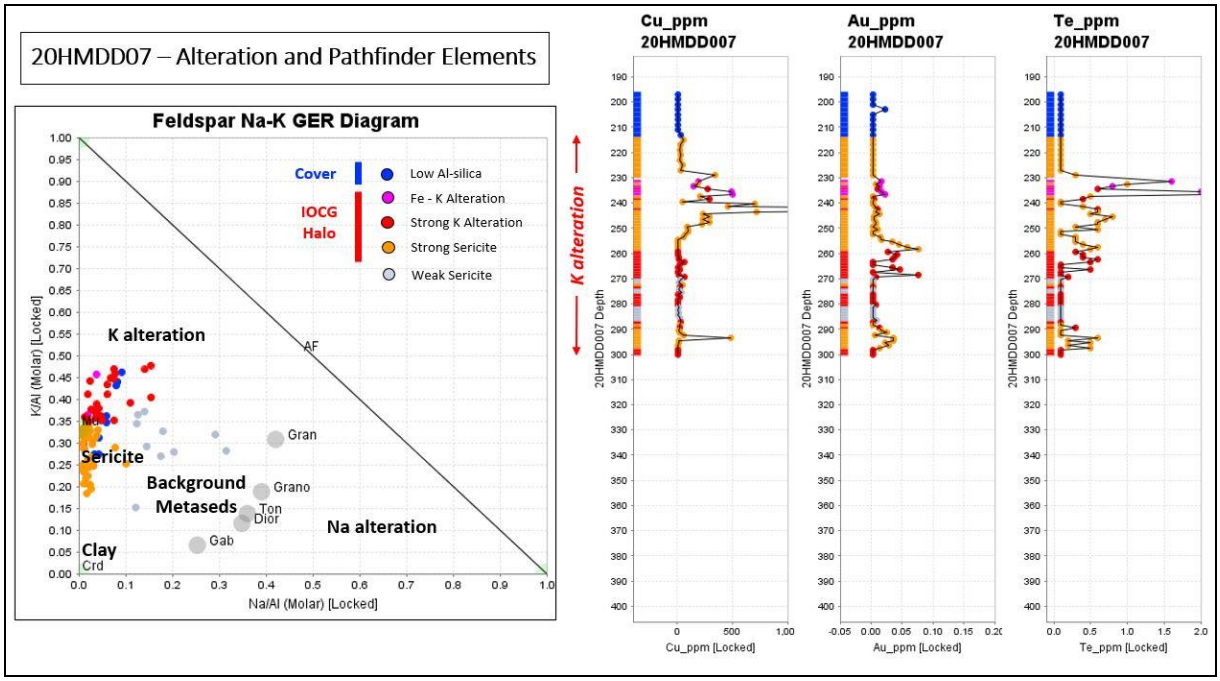


Figure 2: Alteration and pathfinder elements in drill-hole HMDD07

HMDD07 is located on the margin of a discrete magnetic anomaly which has not been tested by drilling. Magnetic susceptibility measurements on core from HMDD07 failed to detect magnetic rocks within the drill-hole, confirming that the source of the magnetic anomaly has not been tested.

Other drill-holes with potentially significant results include:

- HMDD05, which displays strong potassic-calcic alteration, reflecting alteration similar to that found in the footwall to the Ernest Henry deposit;
- HMDD11, which intersected potassic alteration near the bottom of the hole, suggesting either deeper or laterally offset IOCG mineralisation; and
- HMDD09, which intersected iron and potassic alteration at the bottom-of-hole, associated with elevated gold, including a 1 metre sample containing 1.1g/t Au.

Discussions with South32 regarding future work programs at Hamilton under the Strategic Alliance Agreement have resulted in general agreement that further drilling is required to more fully assess the potential of this project.

Re-modelling of magnetic data is currently underway to integrate magnetic susceptibility data obtained from measurements on drill-core into the computer inversion modelling, in order to improve target definition and optimise potential targets for future drilling.

It is anticipated that Native Title clearances for additional drill sites at Hamilton could be completed before the end of the year with drilling to re-commence in 2021, immediately following cessation of the wet season.

The Hamilton Project is located in north-west Queensland, ~120km south of the world-class Cannington mine, which is owned and operated by South32. Exploration targeting Iron-Oxide Copper-Gold (IOCG) mineralisation similar to that found at the Ernest Henry mine forms part of the Strategic Alliance Agreement with South32.

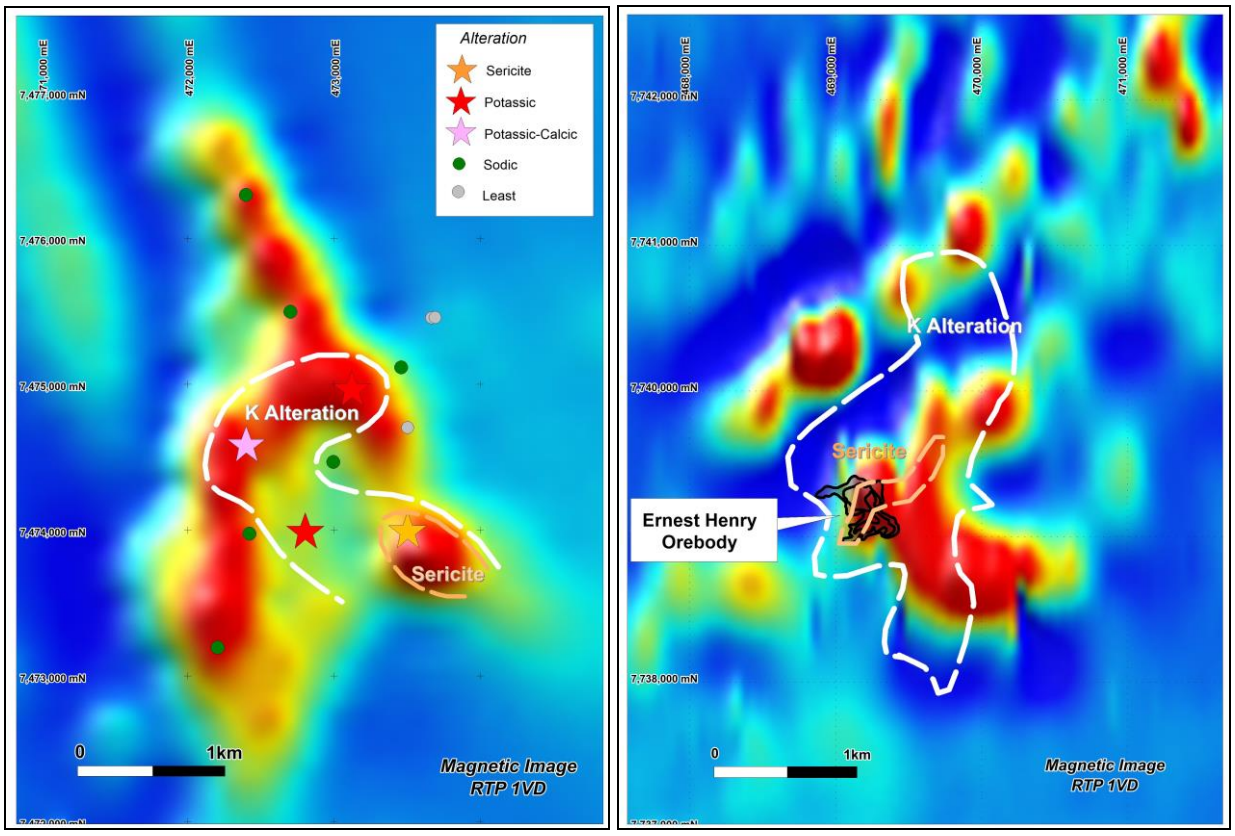


Figure 3: Comparison of magnetics and alteration at Hamilton and Ernest Henry

AusQuest's Managing Director, Graeme Drew, said the Company was encouraged by the outcomes of the detailed review of the Stage 2 drilling results at Hamilton.

"The fact that the world-class deposit at Ernest Henry is associated with only one of many magnetic targets in that area suggests you need to test the right target before you have a chance of success," he said.

"This is difficult terrain to explore and we are limited in the technologies we can cost effectively use to look beneath the conductive cover. The combination of multi-element geochemistry and geophysics has provided us with direction for the drill-rig, which is the only truly effective way to explore in these areas.

"We are excited about the potential of this area to host major orebodies, and we will continue to use the best available science to improve the Company's chances of success," he added.

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.

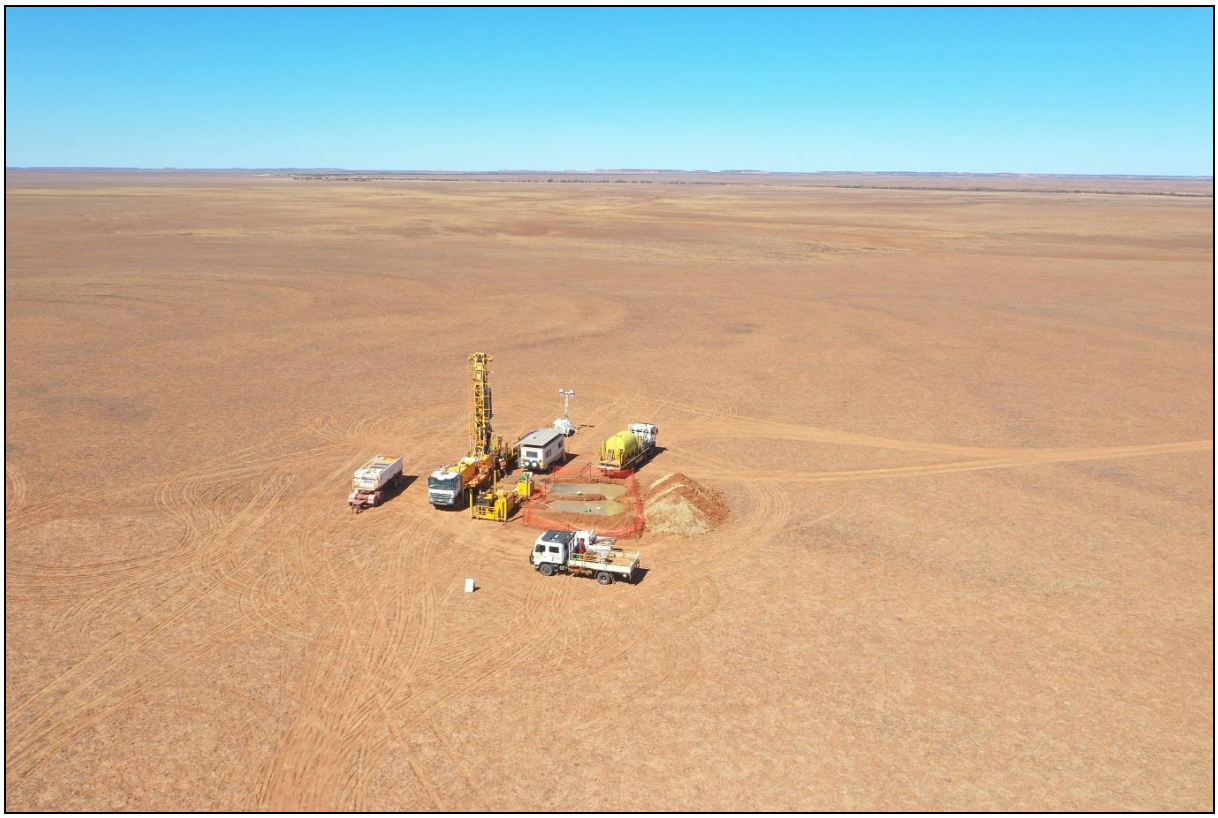


Figure 4: Drilling Operations at Hamilton showing the vast Eromanga Basin cover