March 10th, 2015
ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

THIRD PERU JOINT VENTURE AGREEMENT NOW SIGNED

Signing of third and final agreement completes joint venture arrangements with Peruvian copper majors worth up to A$34M across four large porphyry projects

Key Points:

- **Third joint venture agreement now signed** with **Southern Peru Copper Corporation** covering AusQuest's Lana porphyry copper project in Peru.

- This follows the two agreements already signed with **Zahena SAC**, as announced on 24th February, and means that three agreements are now in place covering **four large porphyry copper-gold targets** identified by AusQuest in southern Peru.

- Zahena and Southern Copper can **earn up to 70% in all four projects for a structured series of cash option payments and sole-funded exploration expenditure with a combined estimated value of US$26.5M (~A$34M)**.

Further to its announcement of 24th February 2015, AusQuest Limited (ASX: AQD) is pleased to advise that it has now signed the third joint venture agreement, with Southern Peru Copper Corporation Sucurs del Peru ("Southern"), completing the portfolio of joint venture arrangements covering four of its highly prospective porphyry copper-gold targets in Peru (*Figure 1*).

The final joint venture agreement covers the Lana Project and gives Southern Copper the right to earn up to a 70% interest in this project for a combination of option payments and committed in-ground exploration expenditure.

The terms of the final agreement mirror those of the two agreements already signed with Compania Minera Zahena SAC ("Zahena"). The combined value of the agreements is up to US$26.5 million (~A$34 million) in cash option payments to AusQuest (totalling ~A$12.8 million) and in-ground exploration expenditure (an estimated A$21.2 million). For the sake of completeness, a summary of the commercial terms of the agreements is attached.

Southern and Zahena are leading companies in the copper industry in Peru, with Southern producing over 300,000 tonnes a year of copper (~US$2.0 billion a year revenue) from its Toquepala and Cuajone mines in southern Peru and Zahena, a major explorer in the region with strong technical expertise in porphyry copper exploration and a number of active exploration joint ventures.

AusQuest's Managing Director, Mr Graeme Drew, said the signing of the third and final agreement with Southern Copper marked the beginning of an exciting new phase of exploration activity in one of the world's most prospective copper provinces.

"While Lana was the final agreement to be signed, it is expected to be the first target to be drilled this year," Mr Drew said. "With the agreements now completed, we are looking forward to preparations commencing for drilling across our exciting portfolio of targets.

"Through these agreements, AusQuest now has free-carried exposure to one of the more significant copper exploration programs planned in Latin America," he said. "We now have strong partnerships in place with companies with extensive skills and capability in this region. We look forward to reporting on the progress of these joint ventures in the coming months."

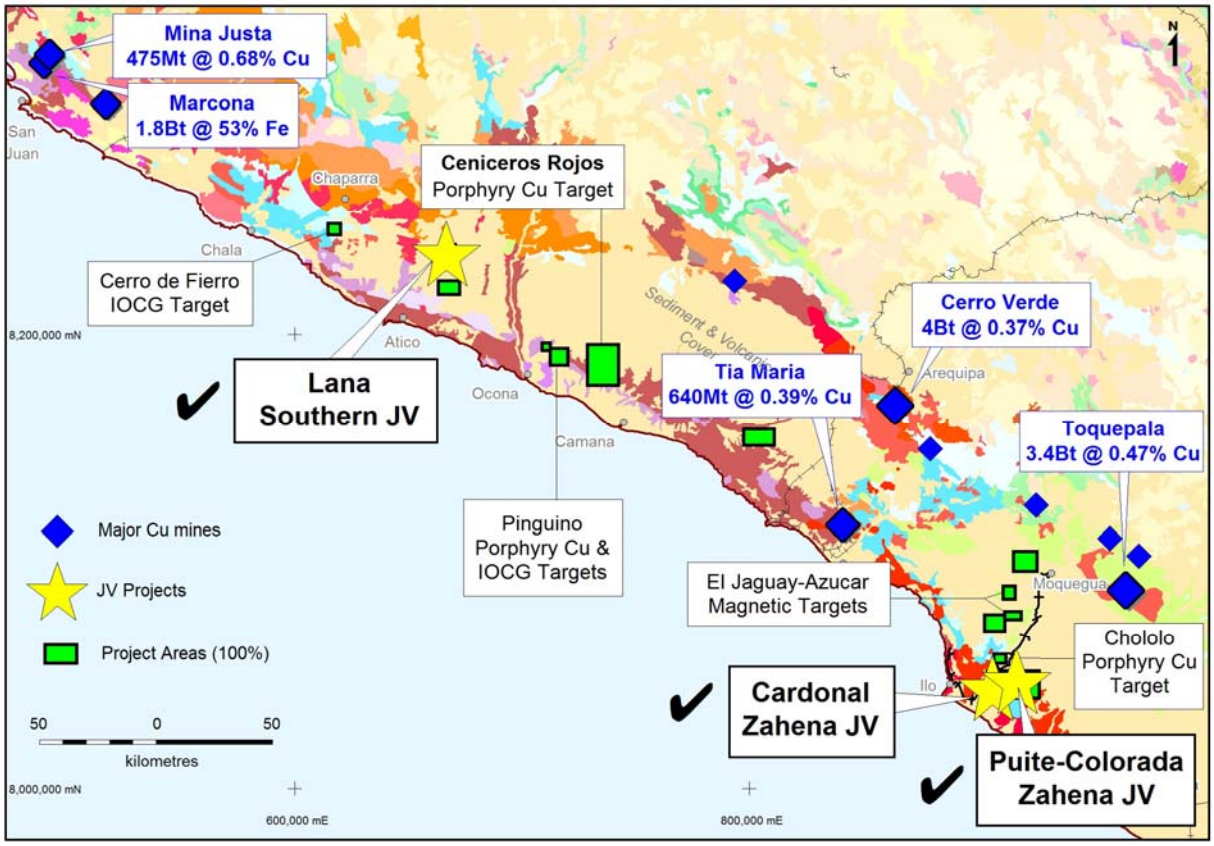


Figure 1: Peru Projects showing JV Locations



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.

ATTACHMENT

Summary of the Commercial Terms for Compania Minera Zahena SAC (Zahena) and Southern Peru Copper Corporation Sucurs del Peru (Southern) Agreements

Lana – Agreement with Southern to earn a 70% interest in Lana

1. *Minimum Program*: **5,000m** drilling (RC and/or Diamond) or expenditure of **US$1.0M** within 12 months of commencement (*commitment*).
2. *Elective Program*: plus **15,000m** drilling (RC and/or Diamond) over a further three year period – estimated value approximately **US$4.0M** (*at Southern's election*).
3. *Option Payment Schedule*:
    - US$70,000 at the commencement of the agreement
    - US$150,000 by the first anniversary of commencement
    - US$200,000 by the second anniversary of commencement
    - US$350,000 by the third anniversary of commencement
    - US$2,225,000 by the fourth anniversary of commencement.

    (*TOTAL Option Payments*: **US$2.995M**)

Cardonal Project – Agreement with Zahena to earn a 70% interest in Cardonal

1. *Minimum Program*: **5,000m** drilling (RC and/or Diamond) or expenditure of **US$1.0M** within 18 months of commencement (*commitment*).
2. *Elective Program*: plus **15,000m** drilling (RC and/or Diamond) over a further three year period – estimated value approximately **US$4.0M** (*at Zahena's election*).
3. *Option Payment Schedule*:
    - US$70,000 within 6 months of commencement - (*effective date*)
    - US$150,000 by the first anniversary of effective date
    - US$200,000 by the second anniversary of effective date
    - US$350,000 by the third anniversary of effective date
    - US$2,225,000 by the fourth anniversary of effective date.

    (*TOTAL Option Payments*: **US$2.995M**)

Puite-Colorada – Agreement with Zahena to earn a 70% interest in Puite-Colorada

1. *Minimum Program*: **10,000m** drilling (RC and/or Diamond) or expenditure of **US$1.5M** within 20 months of commencement (*commitment*).
2. *Elective Program*: plus **20,000m** drilling (RC and/or Diamond) over a further three year period – estimated value approximately **US$5.0M** (*at Zahena's election*).
3. *Option Payment Schedule*:
    - US$70,000 within 8 months of commencement - (*effective date*)
    - US$150,000 by the first anniversary of effective date
    - US$200,000 by the second anniversary of effective date
    - US$350,000 by the third anniversary of effective date
    - US$3,225,000 by the fourth anniversary of effective date.

    (*TOTAL Option Payments*: **US$3.995M**)

General Terms

- The commencement date is the date on which the agreements are placed on the public register in Peru – estimated at ~1 month after signing.

- When Zahena or Southern complete all agreed drilling and make all agreed payments as shown above, they will have earned a 70% interest in the project and a new Peruvian company will be formed (NewCo) into which the tenements will be transferred, with the initial shareholding in NewCo being Questdor 30% and Zahena 70%.

- If either Zahena or Southern elect to withdraw from an agreement before completing all agreed drilling and making all agreed payments, the titles for that project will remain 100% Questdor and Zahena or Southern will have no residual equity in the project.

- Both Zahena and Southern have the right to earn a further 10% equity in their respective projects by completing a Bankable Feasibility Study (BFS) within an additional four- year period. If either party fails to complete the BFS within the four year period their equity in NewCo will remain at 70%.

- Once NewCo is formed the parties must contribute to ongoing expenditure proportional to their shareholding or dilute their shareholding through standard formulae as provided in the Peruvian Company Act.

- If Questdor's interest in NewCo falls below 10%, its equity in the company will be converted to a 2% Net Smelter Royalty (NSR) on all production from the properties.

- Zahena and/or Southern will have control and accountability for all work programmes from the commencement of the agreements and during the earn-in/option stages and will control the Board and management of NewCo after it is formed.

- If NewCo elects to surrender tenements that form part of a project area they must first be offered to Questdor who can elect to have the titles transferred to Questdor (at Questdor's expense) before they are surrendered.

- All parties can assign their rights and interests under this agreement with the prior written consent of the other party.