ASX ANNOUNCEMENT

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PROSPECTIVE IOCG TARGET IDENTIFIED AT THE COOBER PEDY COPPER PROJECT, SA

- ***Magnetic and gravity responses highlight the potential for IOCG mineralisation.***
- ***Limited historical drilling data provides evidence for an alteration footprint.***
- ***Project located at northern end of the world-class Olympic Dam IOCG Province.***

AusQuest Limited (ASX: AQD) is pleased to advise that detailed gravity over a regional magnetic/gravity target within its Coober Pedy Project in South Australia has confirmed a potential iron-oxide copper-gold (IOCG) target(s) near the north-eastern margin of the Gawler Craton, approximately 100km north-west of the Prominent Hill Copper-Gold deposit.

AusQuest's Managing Director, Graeme Drew, said the Company was encouraged by the results of the survey, which confirmed the potential for large-scale copper-gold discoveries within a Tier-1 mineral province.

"The recent gravity survey has provided support for the occurrence of IOCG-style mineralisation within our Coober Pedy Project, which is located at the northern end of a world-class IOCG Province which already hosts several major copper-(gold) deposits, including Olympic Dam, Carrapateena and Prominent Hill, as shown in Figure 1," he said.

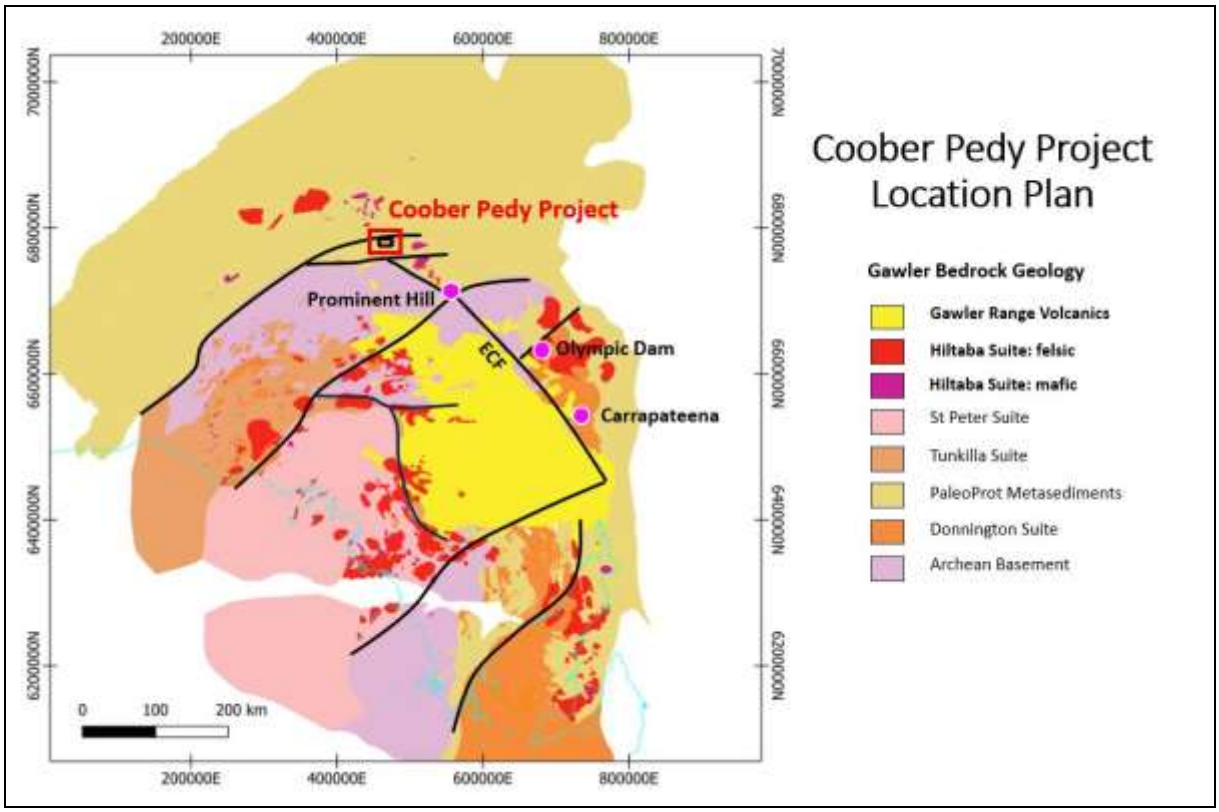

Figure 1: Coober Pedy Project Location Plan showing major deposits in the area.

A detailed gravity survey was completed by Daishsat Geodetic Surveyors (400m x 100m grid with selected in-fill lines at 200m) outlining possible targets for drilling. A residual gravity image is provided below showing two anomalous areas within a broader gravity response (~5km x 2km), that are associated with historic drill-holes that were found to contain potassic alteration (Figure 2).

Correlation with available aeromagnetic data shows that the gravity anomalies are offset from the stronger magnetic responses, suggesting the possibility of hematite rather than magnetite as a possible cause for the gravity anomalies (Figure 3).

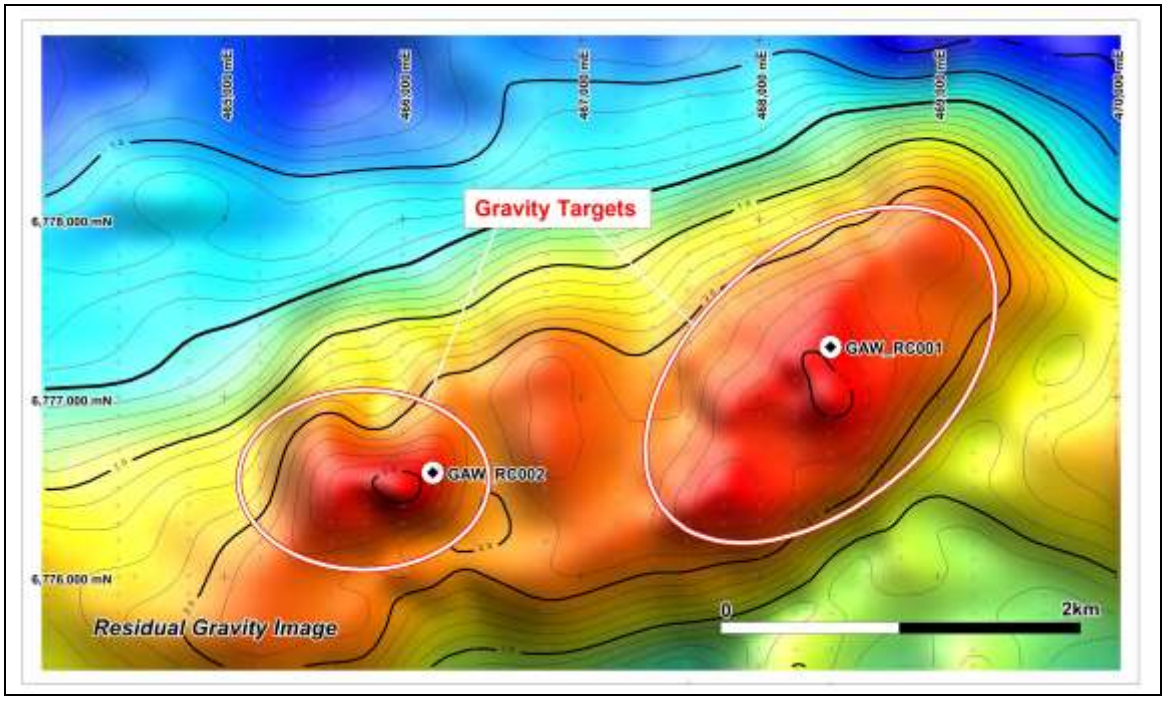

Figure 2: Residual Gravity Image showing location of gravity stations and historic drill-holes (Vale 2015) containing potassic alteration

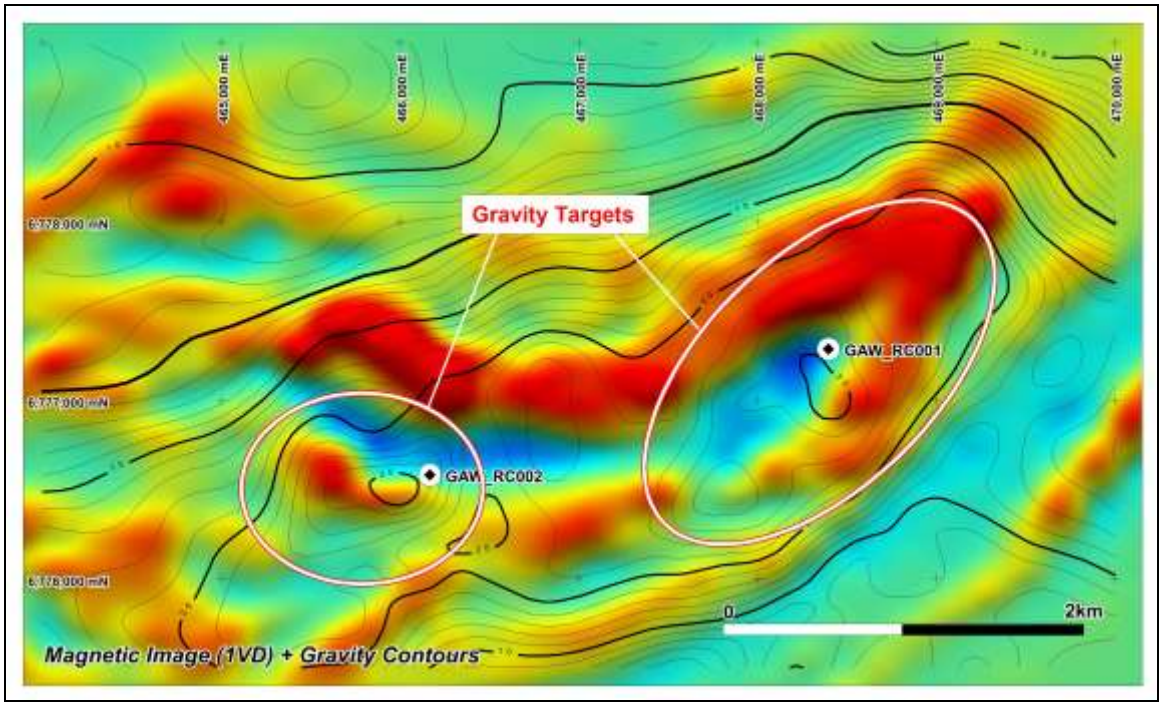

Figure 3: First Vertical Derivative magnetic image plus residual gravity contours showing the location of historic drill-holes relative to the magnetic and gravity anomalies.

Analysis of available geochemical data contained within historical company reports provided by Government (PIRSA)*, was used to highlight the presence of potassic alteration within both drill-holes (GAW_RC01 and RC02), and the presence of additional proximity indicator elements, including an enrichment in iron (Fe) within drill-hole GAW_RC01, that suggests the possibility of a nearby IOCG system.

The close association of hematite and magnetite with IOCG mineralisation is well known in the IOCG Province of South Australia, which hosts the world-class deposits of Olympic Dam, Carrapateena and Prominent Hill, and is the main reason why magnetic and gravity surveys are commonly used to identify targets for drilling in these areas.

Further exploration activities, including drilling, are currently being planned for discussion with South32 under the Strategic Alliance Agreement. Results from the historic drilling at the Coober Pedy Project indicates that the cover depth is relatively shallow (<100m), making target testing amenable to relatively shallow Reverse Circulation (RC) drilling.

The Company looks forward to reporting on progress at Coober Pedy once future programs have been finalised.

Graeme Drew
Managing Director

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*Drill data obtained from Vale Final Surrender Report, March 2015 – (ENV12700)

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, Coober Pedy Gravity Survey Results

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.*	• A gravity survey using a Scintrex CG-5 Autograv gravity meter and Leica GX1230 GNSS receivers for location and elevation control was completed using line spacings of either 200m or 400m with readings taken every 100m along the lines.
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).*	• Not applicable
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.*	• Not applicable
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.*	• Not applicable
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.*	• Not applicable

Criteria	JORC Code explanation	Commentary
	• *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.*	
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.*	• Not applicable
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.*	• Not applicable
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.*	• All stations were located using GNSS receivers and a GNSS base station to provide an accuracy of <10mm in X, Y, and Z positional coordinates. • All station location data are recorded in GDA94 datum, UTM zone 53.
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.*	• Gravity readings were taken on a 400m x 100m grid with infill readings along 200m spaced lines where it was deemed to be necessary.
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.*	• The gravity traverses were oriented north-south approximately perpendicular to the trend of the regional anomalies and structures.
Sample security	• *The measures taken to ensure sample security.*	• Results were transmitted electronically from the

Criteria	JORC Code explanation	Commentary
		contractor to the Company's consultant.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data quality was reviewed on an ongoing basis by the Company's consultant.

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 Coober Pedy Project is located approximately 15km SW of Coober Pedy at the northern end of the Olympic Dam IOCG trend in S.A. • The Project comprises one granted exploration license (EL6798) held 100% by AusQuest Limited. • Approximately 40% of the tenement falls within the 'Woomera Prohibited Area – Defence Infrequent Zone' for which the company has a Resource Exploration Permit to allow access to the area. • Aboriginal heritage surveys are routinely completed ahead of ground disturbing activities.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration in northern parts of licence is dominated by shallow opal drill holes • Only 5 historic exploration drill holes are reported within the tenement. • CRA (1987), drilled one hole to test a diamond target but did not reach basement. • BHP drilled two holes (1991) targeting magnetic anomalies for IOCG mineralisation in the western half of the tenement. • Vale drilled two holes (2014) targeting gravity highs for IOCG mineralisation based on regional data before exiting the area. A re-assessment of this data identified alteration that is thought to be proximal to an IOCG system.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Company is targeting IOCG style mineralization similar in style to the major deposits that occur within the district.

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.*
		• Not applicable

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.*	• Not applicable
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').*	• Not applicable
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.*	• Relevant gravity data are shown on appropriate plans and included in the ASX release.
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.*	• All significant results are reported.
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 relationship between the new gravity results and other historic data is discussed in the report.

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.*	• Drilling of gravity and magnetic targets is being planned.