

March 12, 2018  
ASX Release



## **ADDITIONAL FUNDING SECURED AND NEW EXPLORATION OPPORTUNITIES AGREED WITH SOUTH32**

- *Additional funding approved for existing Strategic Alliance projects*
- *Four new “exploration opportunities” agreed, taking total to 10*
- *Second US\$500,000 bonus payment triggered*

AusQuest Limited (ASX: AQD) is pleased to advise that, following meetings with its Strategic Alliance partner South32 (ASX: S32), funding support for the existing projects within the Strategic Alliance Agreement (SAA) will continue and funding for an additional four new exploration opportunities has been secured.

This takes the total number of projects under the SAA to 10, providing the Company and its shareholders with exposure to a wide range of high quality opportunities for exploration success in Peru and Australia and a potential significant uplift in the Company’s value in the event of a major discovery.

The new opportunities accepted by South32 have triggered the payment of a second bonus (US\$500,000) to AusQuest, which will be used for ongoing project generation studies.

Under the terms of the SAA, South32 has exclusive rights to the Company’s projects by funding selected projects up to the drilling stage and can elect to spend a further US\$4.0 million on each project to earn a 70% interest with the right to earn an additional 10% interest by completing Pre-Feasibility Studies.

It is now estimated that in excess of \$6.0 million will be provided under the SAA and other agreements during calendar year 2018 to advance the Company’s projects, including significant drilling in at least five areas (two in Peru and three in Australia).

In Peru, significant drilling programs are planned for the Chololo and Cerro de Fierro copper projects, while in Australia further drilling is planned at the Blue Billy zinc prospect with initial test drilling to be undertaken at the Balladonia and Jimberlana nickel prospects once all approvals have been received.

AusQuest Managing Director Graeme Drew said the Company’s Strategic Alliance Agreement with South32 was continuing to work effectively in generating a strong pipeline of high-potential project opportunities.

“Confirmation of ongoing funding for existing projects and the inclusion of five new projects as part of the SAA is a great outcome for AusQuest and a resounding endorsement of our technical expertise and hard work, as well as the strong working relationship we have developed with South32,” he said.

“Of course, drilling remains the key to success, and we are keenly awaiting approval for our major upcoming drill programs in Peru so we can test the large copper-gold targets we have already defined in southern Peru – the home of many large porphyry copper deposits,” he said. “This should not be too far away.”



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.*