

April 26, 2018
ASX Release

GO-AHEAD FOR MAJOR DIAMOND DRILL PROGRAM AT CHOLOLO COPPER PROJECT, PERU

- *Drilling to start in May following receipt of all required drill permits*
- *5,000m diamond drilling planned to test large-scale porphyry copper target*
- *Milestone drilling program under Strategic Alliance with South32 (ASX: S32)*

AusQuest Limited (ASX: AQD) is pleased to advise that it is gearing up for a major diamond drilling program at the large-scale **Chololo Copper Project** in southern Peru after receiving all required permits to enable drilling operations to commence. Access preparations are scheduled to start within days with drilling expected to begin in May.

The initial phase of drilling will comprise a total of 10 holes for ~5,000m of diamond drilling.

The Chololo Project is located ~30km from the port of Ilo in southern Peru, close to road, rail and power infrastructure. Previous mapping and sampling by the Company has identified the potential for a buried porphyry copper system in the area and subsequent Induced Polarisation (IP) surveys have outlined a priority drill target.

The IP anomaly is thought to reflect a large-scale pyrite (+/- chalcopyrite) halo associated with the inferred buried porphyry copper system. Computer modelling of the IP data confirmed the large target size (1.5km x 1.0km) and anomaly strength, suggesting potential for significant amounts of sulphide mineralisation within the source rocks (*Figure 1*).

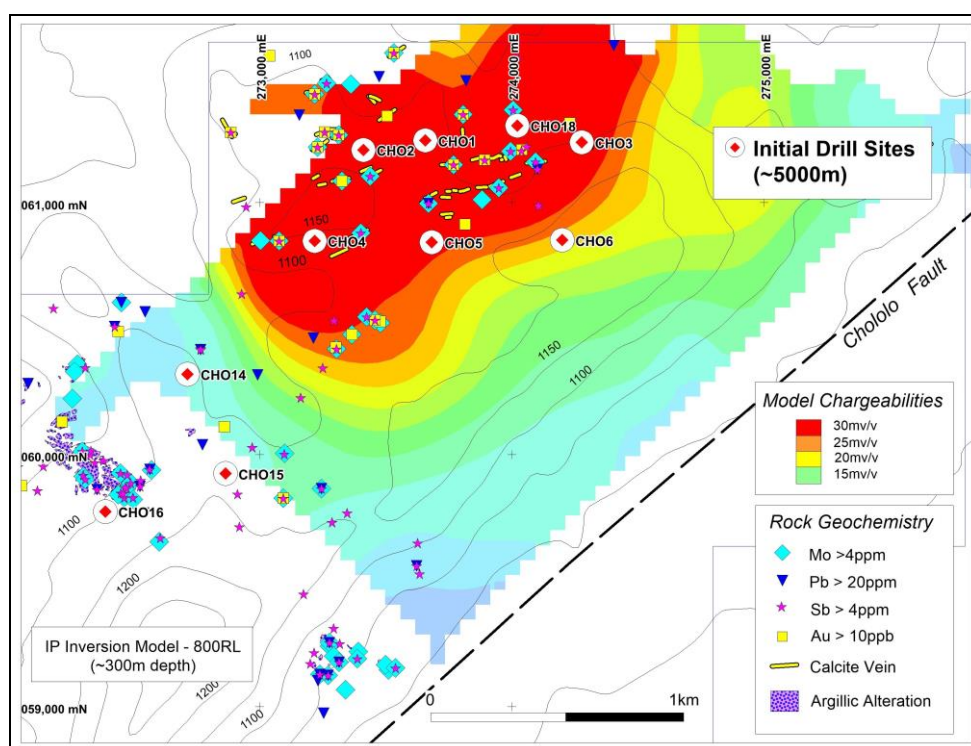


Figure 1: Chololo Porphyry Copper target showing location of the initial drill holes

The Chololo Project is subject to an agreement with global miner South32 (ASX, LSE, JSE: S32; ADR: SOUHY), whereby South32 can earn a 70% interest in the project by spending US\$4.0 million with the right to earn an additional 10% interest by completing a Pre-Feasibility Study. AusQuest will be the operator during the first phase of drilling.

AusQuest Managing Director Graeme Drew said the Chololo drilling program would be the largest undertaken to date under the Company's broader Strategic Alliance with South32.

"This is another key milestone for AusQuest and an exciting time for our shareholders," he said. "The targets being drilled in Peru are all potential company-makers and we keenly await results from our first prospect at Chololo, which is a large porphyry copper target in southern Peru – the home of large copper deposits.

"With drilling now expected to start in May, first results should be available in June/July."



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.