

June 5, 2018
ASX Release

MAJOR DIAMOND DRILL PROGRAM COMMENCES AT CHOLOLO PORPHYRY COPPER PROJECT IN PERU

Start of first Peru drill program marks the start of a busy six months for AusQuest

AusQuest Limited (ASX: AQD) is pleased to advise that a major diamond drill program comprising **10 holes for 5,000m** has commenced at its **Chololo Porphyry Copper Project** in southern Peru. Two drill rigs are currently on site with the first rig drilling at the CH06 target and the second due to commence drilling at site CH018 shortly.

All holes are planned to be drilled to at least 500m depth and will take approximately two weeks each to complete. Drill core logging/processing plus analysis should be available approximately 4-6 weeks after each hole is completed. The full drilling program is expected to take several months to complete.

Initial drill-hole priorities have been determined by the availability of access and preparation of drill pads. Drilling progress will be reported on an ongoing basis.

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 identified the potential for a buried porphyry copper system and subsequent Induced Polarisation (IP) surveys outlined a large-scale priority drill target (*Figure 1*).

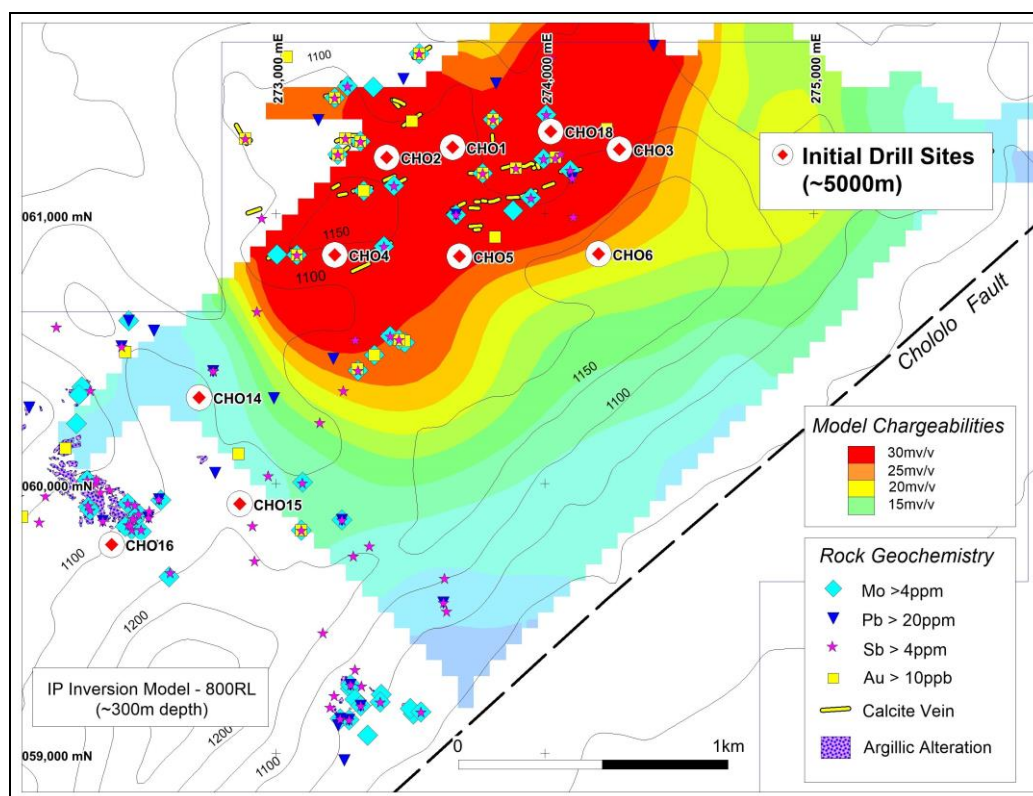


Figure 1: Chololo Porphyry Copper target showing location of the initial drill holes

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 is the operator during this first phase of drilling.

AusQuest Managing Director Graeme Drew said the start of the Chololo drilling program was another important step for its Strategic Alliance with South32 and for the Company's ongoing exploration programmes targeting large-scale copper discoveries in southern Peru.

"This is another key milestone for AusQuest and an exciting time for our shareholders," he said. "The target being drilled at Chololo has the potential to be a company-maker and we are keenly awaiting the outcome of our first drilling program in Peru, where many large copper deposits are known to occur."

"We are also working hard to keep the drill rigs turning in Peru on a semi-continuous basis over the next six months or so. Drill permitting at our Cerro de Fierro Project is nearing completion and will form the basis of our second drill programme later in the year," he said.



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.