

June 12, 2018  
ASX Release

## SECOND DIAMOND RIG COMMENCES IN PERU

*Additional rig to speed up testing of large Chololo porphyry copper target and improve cost effectiveness of drilling program*

Further to its ASX release of 5 June, AusQuest Limited (ASX: AQD) is pleased to advise that a second drill rig has now commenced drilling at the Chololo Porphyry Copper Project in southern Peru. The second rig has been set up at site CH018, which is located within the central part of the Induced Polarisation (IP) anomaly and will provide an initial test of the large-scale IP target.

As reported last week, 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.

The Chololo Project, which is located ~30km from the port of Ilo in southern Peru, 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.

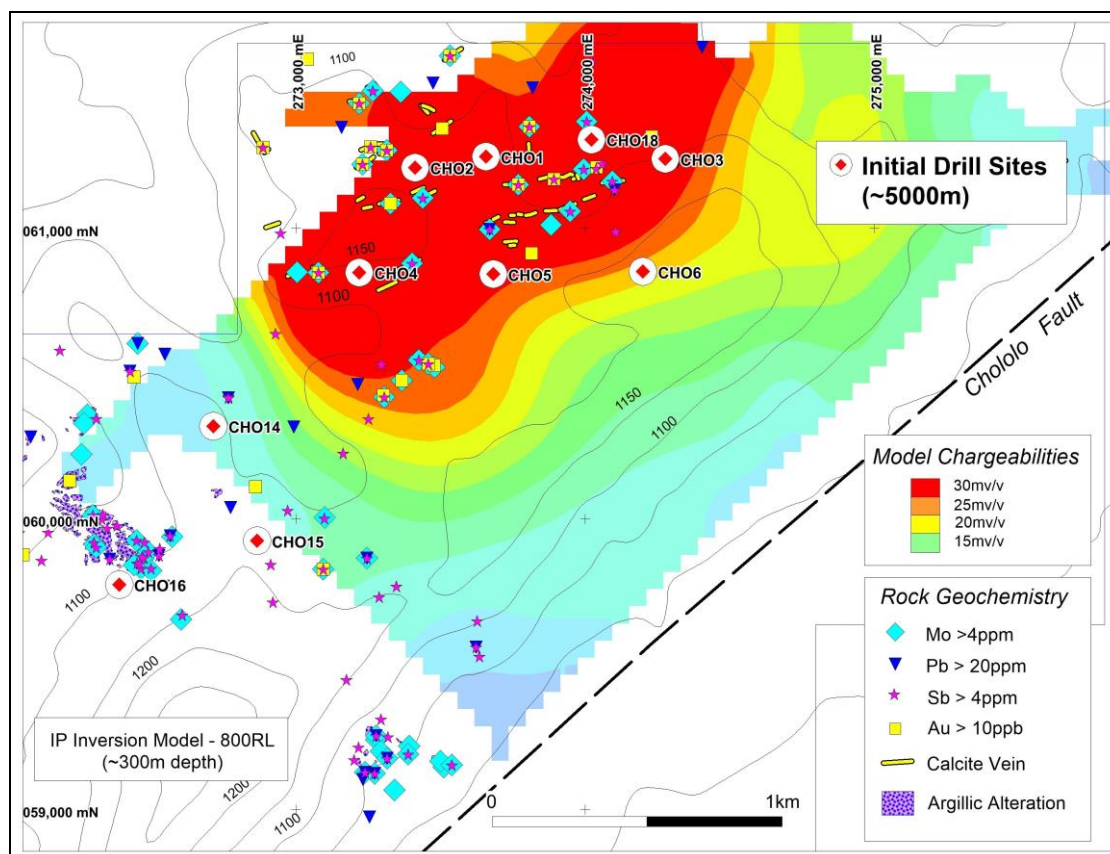


Figure 1: Chololo Porphyry Copper target showing location of the initial drill holes

AusQuest Managing Director Graeme Drew said the use of two drilling rigs would help speed up testing of the prospect as well as improve the cost effectiveness of the overall drilling program.

“The porphyry copper target being drilled at Chololo is very large and requires a number of drill-holes (at least ten) to properly assess its potential,” he said. “We are continuing to work hard to assess this and other projects in Peru (and in Australia) in search of Tier-1 base metal discoveries.”



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.*