

October 21<sup>st</sup>, 2015  
ASX Release

## AUSQUEST RECEIVES INITIAL OPTION PAYMENT FOR CARDONAL PROJECT AS JV MOVES FORWARD

*Cardonal - one of three joint ventures negotiated in Peru over the past 12 months*

AusQuest Limited (ASX: AQD) is pleased to advise that it has received the initial option payment of US\$120,000 from Compania Minera Zahena SAC (“Zahena”) under the terms of the Extended Cardonal Joint Venture Agreement, one of its three new copper-gold joint ventures in Peru.

Under the Joint Venture, Zahena is required to complete 10,000m of RC and/or diamond drilling or expenditure of US\$1.5 million within 12 months from the Effective Date (October 8<sup>th</sup> 2015) with an election to complete a further 20,000m of drilling over a further 3-year period plus make additional option payments to AusQuest totalling US\$2.875 million over the same period, to earn a 70% interest in the project (*details of the extended agreement were released to the ASX on July 8<sup>th</sup> 2015*).

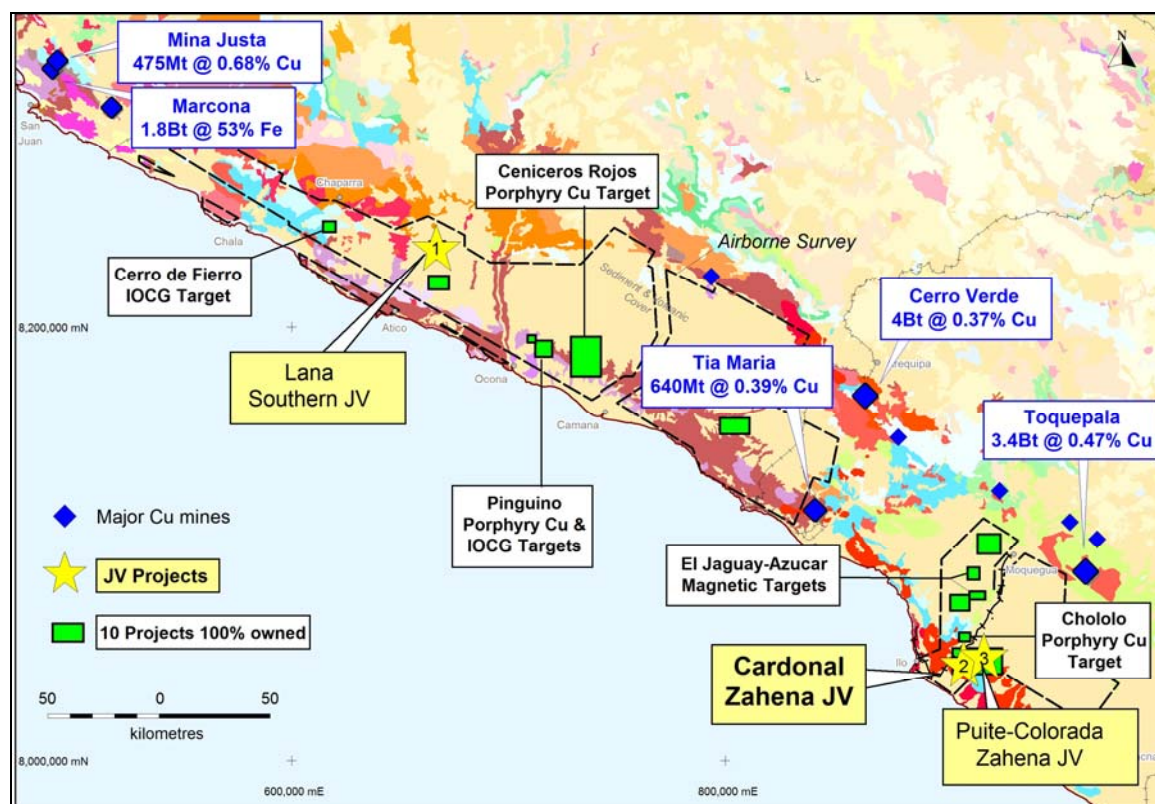


Figure 1: Peru Projects showing Location of the Cardonal JV area

The Cardonal Joint Venture Project is located approximately 20km from the coastal town of Ilo in the south of Peru and covers two large porphyry copper targets, **Cardonal** and **Ventana**, which were defined by a combination of geological mapping, surface sampling and geophysics.

The **Cardonal Prospect** is a large buried porphyry copper target identified by mineralised diorite dykes and breccias at surface, containing anomalous levels of copper (100ppm up to 0.74% Cu) with associated propylitic alteration.

An extensive IP chargeability anomaly (>6km<sup>2</sup>), reflecting probable sulphide mineralisation at depths of ~300m to 400m, supports the concept of a buried porphyry copper target immediately south of the dykes. Drilling under the Joint Venture will test a combination of anomalous features.

The **Ventana Prospect** contains strong indications of porphyry copper mineralisation that is evident in road cuttings recently excavated on the property. The mineralisation extends over several kilometres in length and will be the subject of drill testing once all permits for drilling have been approved. Up to 15 drill-holes are planned for this prospect (*Figure 2*).

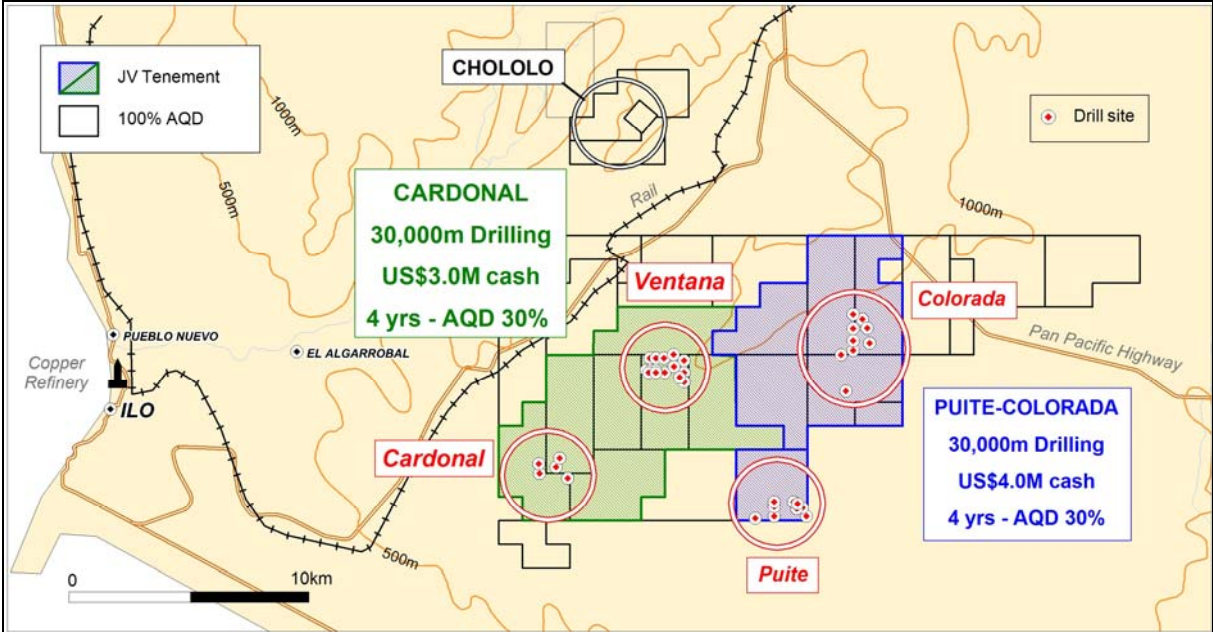


Figure 2: Location of Drilling Prospects near Ilo in the south of Peru.

AusQuest’s managing director Graeme Drew said: “The Extended Cardonal Joint Venture is one of three joint ventures negotiated over the past 12 months which will see five of our large-scale porphyry copper and/or IOCG targets drilled by major companies within the next 12 months – an exciting proposition for our shareholders”.

The Company looks forward to the commencement of drilling operations by its joint venture partners in the near future.

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.*