

April 20th, 2016
ASX Release

DRILLING PREPARATIONS UNDERWAY FOR CARDONAL AND PUITE JOINT VENTURES, PERU

Up to 20,000m of drilling planned across four large-scale copper-gold targets

AusQuest Limited (ASX: AQD) is pleased to advise that access and site preparation for diamond drilling have commenced under the Cardonal and Puite-Colorada Joint Venture Agreements with Compania Minera Zahena SAC (“Zahena”) in the south of Peru.

Two diamond drilling rigs have been contracted to complete the program, which will begin at the Puite prospect where nine drill sites have been prepared (see attached photos). Drilling operations are expected to commence shortly.

The total programme of up to 37 drill-holes and 20,000m of drilling across four prospects is expected to take 4-5 months to complete. After Puite, drilling will progressively test targets at the Cardonal (6 drill-holes), Ventana (13 drill-holes) and Colorada (9 drill-holes) prospects with drilling priorities to be set as results are returned (see Figure 1).

Under the Cardonal and Puite-Colorada Joint Venture Agreements, Zahena is required to complete a minimum 10,000m of diamond drilling or spend not less than US\$1.5 million within each joint venture area prior to the anniversary date of the agreements (October 8th and December 28th 2016 respectively) to satisfy joint venture conditions.

In order to earn a 70% interest in the projects, Zahena must then complete an additional 20,000m of drilling within each Project and make staged cash payments to AusQuest totalling a further US\$3.925 million for Puite and US\$2.925 million for Cardonal, over the following 3-year period.

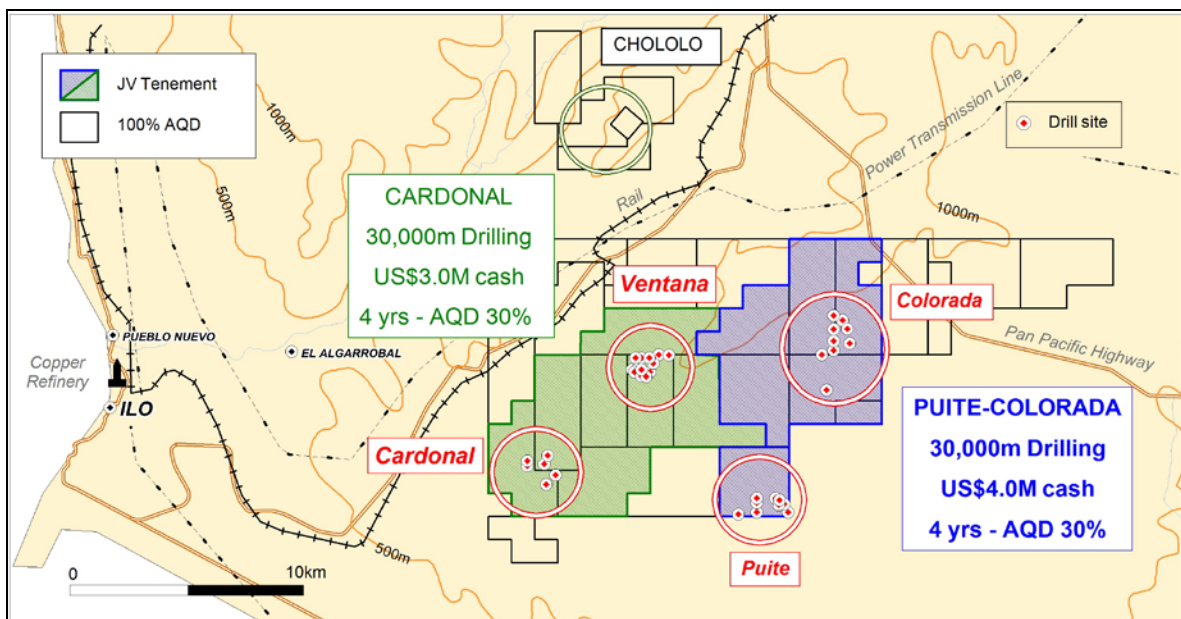


Figure 1: Project Location Plan showing prospects to be drilled.

The **Puite** and **Cardonal Joint Venture Projects** are located approximately 20km from the town of Ilo in the south of Peru, close to port, rail and power infrastructure. A range of large-scale porphyry copper-gold targets which have been defined by a combination of geological, geochemical and geophysical surveys, will be tested by the drilling programs.

The Company is pleased that preparations for drilling within the Cardonal and Puite Joint Ventures are underway and that drilling will commence shortly. The Company will advise as soon as drilling commences.



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.



Cardonal Prospect — Drill Hole CAR01



Cardonal Prospect — Drill Hole CAR02



Cardonal Prospect — Drill Hole CAR04



Cardonal Prospect — Drill Hole CAR05



Drill access preparation at Puite



Puite Prospect — Drill Hole PUT01



Puite Prospect — Drill Hole PUT02



Puite Prospect — Drill Hole PUT03



Puite Prospect — Drill Hole PUT05