

ASX Release

Dear Shareholders,

SHAREHOLDER UPDATE

PERU COPPER DEALS WORTH UP TO A\$34 MILLION MARK BEGINNING OF NEW GROWTH CHAPTER

I am pleased to update you on some important recent developments for AusQuest in Peru which have set the Company up for an active, exciting and productive period of drilling.

Peru is without question one of the world's pre-eminent destinations for international copper exploration, and is considered to be a prime location for world-class exploration opportunities. It ticks all the boxes for us, when looking for company-changing discoveries.

Over the past three years, the Company has spent a considerable amount of time, resources and effort in securing an extensive and highly prospective copper-gold portfolio in Peru, some of which is now joint-ventured with the rest still 100 per cent owned.

Thanks to the hard work of our team, we have been able to secure two joint venture agreements with a major player in the Peruvian copper industry covering three of our large-scale porphyry copper-gold targets in southern Peru, and finalised terms for a third agreement which is now awaiting signature.

The key takeaway points from these agreements, which are detailed more fully in the enclosed flyer and in our ASX release of 24th February, are as follows:

- The total value is estimated to be up to ~A\$34 million (~US\$26.5M) through a structured series of option payments and drilling programs over a 4-year period.
- Major drilling campaigns will be completed within the next 12 to 18 months to test four of our large scale copper-gold targets.

“These agreements provide our Company and our shareholders with at least four opportunities to make a major copper discovery over the next 12 to 18 months” – AusQuest’s Managing Director, Graeme Drew

- Drilling programs are expected to commence in Peru within the first half of 2015.
- In addition, we plan to continue developing high quality copper-gold exploration targets in Peru, using our proprietary airborne geophysical data.

I look forward to keeping you informed of our progress in the months ahead. If you have any queries about any aspect of our recent Peru joint ventures and upcoming exploration programs, please contact the Company on (08) 9364 3866.

Yours faithfully,

Greg Hancock
Chairman

AusQuest Limited 8 Kearns Crescent Ardross WA 6153 (T): 08 9364 3866 (F): 08 9364 4892
www.ausquest.com.au

For personal use only



A COUP IN PERU: AUSQUEST SECURES COPPER-GOLD JOINT VENTURES WORTH UP TO A\$34M

Peruvian copper majors to sole fund up to 70,000m of drilling targeting major porphyry copper-gold discoveries

“Southern Peru is home to several large-scale, world-class copper mines and is a highly sought-after destination for all the major copper producers of the world. These agreements provide our Company and our shareholders with at least four opportunities to make a major copper discovery over the next 12 to 18 months...” – AusQuest MD Graeme Drew

Highlights

- *Three separate joint venture agreements completed with leading South American copper companies, Zahena SAC and Southern Peru Copper Corporation, under which they can earn a 70% interest in four large-scale porphyry copper-gold projects identified by AusQuest in southern Peru.*
- *Agreements encompass a structured series of option payments totalling ~US\$10M and sole funding 70,000m of drilling worth an estimated value of US\$16.5M over a 4 year period (total estimated value: US\$26.5M (A\$34M)) with a minimum commitment of 20,000m drilling in the first 12 to 18 months.*
- *Free-carried exposure to a major copper exploration drilling program in one of the world's most prospective copper regions, representing a potentially transformational development for AusQuest.*

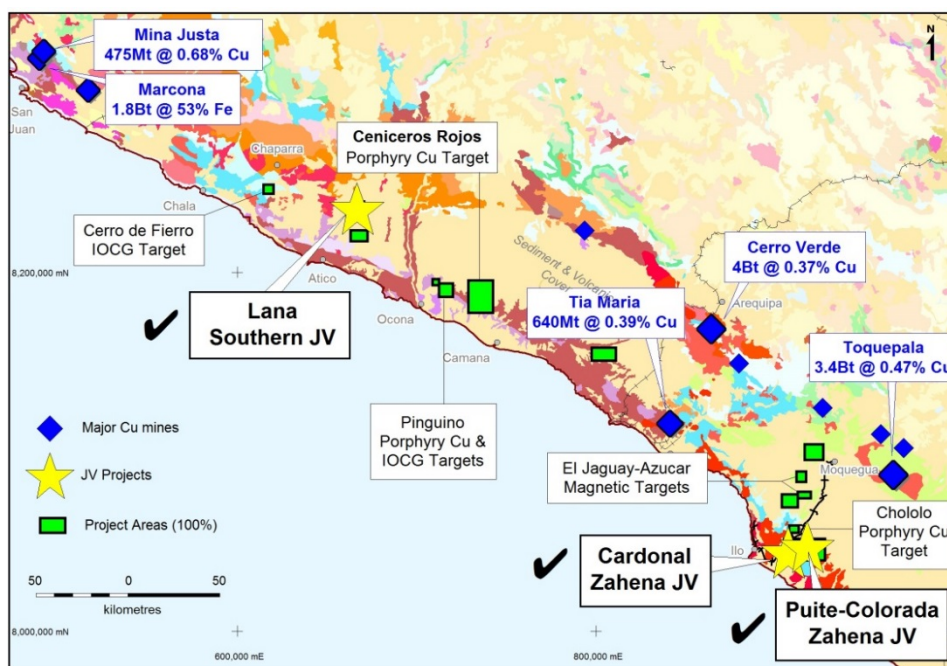


Figure 1: Peru Projects showing JV locations and 100% owned projects

Landmark agreements for AusQuest: Joint Ventures capable of delivering major new discoveries

AusQuest has secured a potentially game-changing series of Joint Venture agreements covering four of the Company's large-scale porphyry copper-gold targets in southern Peru.

The agreements represent a combined value of up to US\$26.5 million (A\$34 million) in option payments and in-ground exploration expenditure.

Through its wholly-owned subsidiary in Peru, Questdor SAC, AusQuest has signed two agreements with Compañía Minera Zahena SAC and finalised terms for a third agreement with Southern Peru Copper Corporation Sucursal del Peru to drill four of the Company's extensive portfolio of porphyry copper-gold targets (see map on Page 1).

Southern and Zahena are leading players in the copper industry in Peru, with Southern producing over 300,000 tonnes a year of copper (worth ~US\$2.0 billion a year revenue) from its Toquepala and Cuajone mines in southern Peru and Zahena, a major explorer in the region with strong technical expertise in porphyry copper exploration and a number of active exploration joint ventures.

The new joint venture arrangements give AusQuest free-carried exposure to one of the more significant copper exploration programs for a junior explorer to be undertaken in Latin America, while also securing a strong partnership with major companies in the region with the financial and technical expertise to advance any discovery through to development and production.

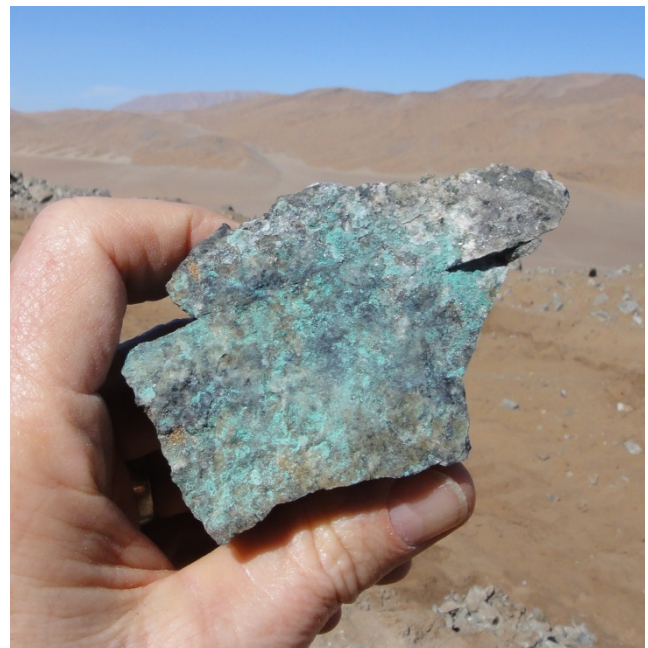
AusQuest has been active in Peru for over three years, assembling an extensive portfolio of high quality targets for porphyry and IOCG-style mineralisation utilising its proprietary airborne geophysical data sets. The targets are all located in the southern coastal belt of Peru close to infrastructure and major world-class deposits.

All the projects subject to the new joint ventures have been permitted. First stage drilling of all four prospects is due to be completed within the next 12 to 18 months, with Lana expected to be the first target drilled.

The agreements are structured to include both staged option payments to Questdor and expenditure towards drilling. Full details of the agreements can be found in the Company's ASX Announcement dated 24 February 2015.

Southern Peru is home to several large-scale, world-class copper mines and is a highly sought-after destination for all the major copper producers of the world. These targets are capable of delivering discoveries of major significance for AusQuest, and these agreements provide the Company and its shareholders with at least four opportunities to make a major copper discovery over the next 12 to 18 months.

The new joint venture agreements are consistent with the Company's strategy of securing quality joint venture partners to progress its large scale offshore mineral projects, allowing it to continue progressing its Fraser Range nickel-copper projects in Western Australia. In 2014 the Company secured a joint venture partner for its Banfora Gold Project in West Africa, which will see it free-carried to up to US\$7.5 million worth of exploration expenditure. AusQuest's Joint Venture partner, Burkinor, commenced a major drilling program at Banfora in February 2015, with a total budget of up to US\$5.6 million.



Directors

Graeme Drew
Managing Director
Greg Hancock
Non-Executive Chairman
John Ashley
Non-Executive Director
Chris Ellis
Non-Executive Director

Capital Structure

Stock Ticker: AQD
Shares on issue: 297.5M
Options on issue: 78.65M
Cash Reserves: ~\$1M (December 2014)

Contact

Phone: (+61-8) 9364-3866
Web: www.ausquest.com.au

UNEARTHING PROVINCIAL-SCALE MINERAL OPPORTUNITIES