

April 23, 2007  
ASX Release

## **MAJOR DRILLING PROGRAM COMMENCES AT PILBARA NICKEL PROJECTS**

- **Minimum of 6,000m of RC/Diamond drilling to be undertaken across four nickel projects.**
- **Up to 20 individual EM and VTEM targets to be tested.**
- **Drilling has commenced at the Bellary Project, to be followed by Beasley, Table Hill and Sylvania Projects.**

AusQuest Limited (ASX: AQD) is pleased to advise that the planned drilling program within its extensive portfolio of nickel sulphide exploration projects in the Pilbara region of Western Australia has commenced.

A minimum of 6,000 metres of RC/Diamond drilling is planned to test up to 20 nickel sulphide targets identified by airborne and/or ground electromagnetic (EM) surveys within the Company's four nickel projects.

The program is expected to take 4 to 6 months to complete and will use a multi-purpose RC/Diamond drilling rig contracted from Wallis Drilling Pty Ltd. Down hole electromagnetic surveys (DHEM) will be undertaken where appropriate.

The current drilling schedule commenced on the 20<sup>th</sup> April at the 75%-owned Bellary project, west of Paraburdoo, where a minimum of eight VTEM targets are ready for drilling, and will be followed by drilling at the 100%-owned Beasley, Table Hill and Sylvania projects.

It is expected that drilling within the first two areas should be completed during the current Quarter with drilling at the Table Hill and Sylvania projects being completed within the second half of 2007.

### **2007 Field Season and Drilling Programs**

#### ***Bellary Project:***

The Bellary Project is located 20km north west of Paraburdoo in WA and covers a 40km belt of unexplored ultramafic rocks which correlate, in part, with the prospective ultramafic sequence at Beasley.

A detailed helicopter-borne VTEM survey completed in the second half of 2006 identified a number of EM targets with limited strike length (50 to 200m), close to the base of the ultramafic units which are considered prospective for nickel sulphide mineralisation. These ultramafics are defined by a combination of geological mapping by the Company's consultants and interpretation of detailed aeromagnetic data.

Field reconnaissance and sampling confirmed the presence of channels within the ultramafic sequence (considered prime locations for the accumulation of massive nickel sulphides) and located gossanous outcrop (albeit narrow <1 metre) up dip and along strike from one of the VTEM targets.

A minimum of eight VTEM targets have been selected for testing during this initial phase of drilling. All targets are discrete VTEM anomalies located close to the basal contact of the ultramafics. No previous drilling has been undertaken within the Bellary project area.

### ***Beasley Project***

The Beasley Project is located 50km west of Tom Price in the Pilbara region of WA.

Previously reported wide-spaced (400 metres) drilling results identified a broad channel containing disseminated magmatic sulphides of high metal tenor (Ni, Cu, PGE) within the targeted ultramafic sequence. These results, combined with aeromagnetic data, have been used to outline a target zone (approximately 500 metres wide) extending to the north, and down dip from the current drill hole locations.

A program of 6 holes is planned to test the interpreted channel position. This will include infill drilling (to ~150 metres) around current drill hole locations and completion of a second drill section approximately 300 metres to the north, across the interpreted down dip extension of the channel. Drilling will also target a subtle off-hole DHEM target located previously but not tested.

### ***Table Hill***

The Table Hill Project is located 200km east of Newman in WA. Exploration in this region is targeting Noril'sk-style nickel sulphide mineralisation within a feeder system to the regionally extensive Table Hill Volcanics.

The area is dominantly covered by dune sands with very little outcrop available for mapping and sampling. The large extent of the feeder complex is defined by aeromagnetic data which indicate the presence of numerous intrusive sills and dykes which are potential host rocks for Noril'sk style nickel sulphide mineralisation.

An extensive airborne EM (GEOTEM) survey flown in December 2005 identified a number of EM targets that could reflect sulphide mineralisation near the base of mafic sills outlined by the airborne magnetic data.

The Company is currently gaining access to the target areas to enable completion of ground EM surveys prior to drilling, which is scheduled for the second half of 2007. Up to 11 target areas will be surveyed by fixed-loop time domain EM prior to the drilling program being finalised. A minimum of 2,400 metres of drilling is planned with hole depths expected to be between 300 and 400 metres.

### ***Sylvania***

The Sylvania Project is located 10 kms south of Newman in the east Pilbara region of WA. Regional mapping and interpretation of geophysical data sets indicate potential strike extensions of the prospective ultramafic sequences found in the Beasley and Bellary areas, 200 kms to the west.

Ground EM follow-up of airborne (GEOTEM) anomalies identified two high-conductance targets closely associated with the interpreted ultramafic sequence indicating potential for massive nickel sulphide mineralisation.

Drilling of these targets is scheduled for the second half of 2007. Target depths are modelled at approximately 150 metres.

A handwritten signature in black ink, appearing to read 'G. Drew'.

Graeme Drew  
**Managing Director**