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ASX Release



## NICKEL DRILLING UPDATE

AusQuest Limited (ASX: AQD) advises that the initial diamond drilling programme at its Bellary Project located 40 kilometres west of Paraburdoo in the Pilbara region of WA has been completed.

The drilling programme consisted of 8 holes for a total of 1,425 metres and tested 8 electromagnetic (EM) targets identified by a helicopter VTEM survey that was completed in late 2006.

Fine grained disseminated sulphides (up to 5% sulphides in places) were encountered within the target ultramafic sequence in 4 of the 8 holes drilled and samples have been sent for analysis to determine the nature of the sulphides. Assays are expected in 4 to 6 weeks.

Narrow bands of sulphidic sediment (black shales) were intersected in the footwall to the ultramafics and are at least partly the cause of the VTEM anomalies that were targeted.

Down hole electromagnetic surveys (DHEM) are in progress to test for massive nickel sulphide mineralisation that may be offset from the drill-holes. Results of these surveys are expected over the coming weeks.

A full assessment of the drilling results from the Bellary Project will be undertaken when DHEM and assay data have been received and assessed.

Drilling has now commenced at the Beasley Nickel Project located 50 kilometres 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.

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.



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