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ASX Release



## NICKEL DRILLING UPDATE

AusQuest Limited (ASX: AQD) advises that assay and DHEM (downhole electromagnetic survey) results have been received from the initial diamond drilling programme at its **Bellary Nickel Project**, located 40 kilometres west of Paraburdoo in the Pilbara region of WA. This is the first nickel project to be tested as part of AusQuest's 2007 exploration field season.

The drilling programme tested 8 electromagnetic (VTEM) targets that were located near the base of the prospective ultramafic flow. No prior drilling had been undertaken in this area.

Routine sampling of the ~80m thick ultramafic unit (20cm half core samples every 2 to 4 metres) reported anomalous nickel, copper and platinum group elements (PGE) near the top of the ultramafic flow in several drill-holes. A best result of 0.35% Ni, 0.05% Cu and 1.2g/t PGEs was reported in drill hole 07BD007 from 77 metres depth. Infill core sampling of anomalous zones will be completed shortly to determine the significance of these results.

Assaying of the disseminated sulphide zones reported near the base of the ultramafic flow did not return anomalous Ni, Cu or PGE values. However, geological logging indicates that the current drilling did not intersect the prospective channel locations and further work is required.

DHEM surveys confirmed that the VTEM anomalies tested by the drilling were caused by narrow bands of sulphidic sediment (black shales) up to 30 metres below the basal contact of the ultramafic. No significant off-hole anomalies were located within the ultramafic unit.

Drilling is continuing at the **Beasley Nickel Project**, located 50 kilometres west of Tom Price in the Pilbara region of WA, where four of the planned six holes have been completed to date.

Visual logging of core has identified trace to 1% sulphides within the ultramafic in several holes with the fourth hole intersecting several metres containing an estimated 5% sulphides with obvious magmatic textures. Samples have been sent to Perth for analysis with results expected in the next 2 to 4 weeks.

The Company is encouraged by this latest drill-hole and is planning additional drilling (2 to 3 holes) to further test this area.



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