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ASX Release



IOCG SYSTEM INTERSECTED AT DIAMANTINA

AusQuest Limited (ASX: AQD) is pleased to advise that the initial diamond drill-hole at the **Machattie Prospect at its Diamantina Project**, located approximately 450km south of Mt Isa in western Queensland, has intersected a **large Iron-Oxide Copper-Gold (IOCG) intrusive system** from 960 metres to the end of the hole at 1,790 metres.

The purpose of the drill-hole was to establish whether the strong coincident gravity (32 milligals) and magnetic anomaly located below the Eromanga Basin sediments was caused by an IOCG system, as these systems can contain significant occurrences of copper and gold mineralisation.

Drilling intersected **~800 metres of magnetite-rich pyroxenite rock**, cut by numerous mafic dykes and containing abundant calcite-pyrite mineralisation both within the rock itself and within veins and stock-works, suggesting the presence of large scale fluid movement, a prerequisite for the concentration of metals in IOCG systems.

The Company believes this is a highly unusual rock-type and may have analogies with the Palabora complex in southern Africa, which researchers have recently classified as an IOCG type deposit.

Measurements on core confirm the very high densities (3.5 gm/cc) and very high magnetic susceptibilities ($>25,000 \times 10^{-5}$ SI units) that are a result of the high iron content of the rock.

Drill core has been systematically sampled and sent for analysis. Selected samples were collected for microscopic study. Results are expected within the next six to eight weeks.

The Company is encouraged by this result which has established the presence of a large scale IOCG intrusive system (~25km²) at the southern boundary of the Mt Isa Block, which may have potential for copper-gold mineralisation. Further exploration at the Machattie Prospect will be planned once all analytical results have been received and assessed.

Diamond drilling at the Mulligan Prospect which represents a second IOCG target located approximately 120 kilometres west of Machattie, has commenced.



Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

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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 2004 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.