

September 17, 2018
ASX Release

NEW PHASE OF DRILLING COMMENCES AT BLUE BILLY ZINC JOINT VENTURE PROJECT IN WA

AusQuest Limited (ASX: AQD) is pleased to advise that it has commenced a second phase of drilling its Blue Billy Zinc Joint Venture Project in the Edmund Basin in Western Australia. The program will comprise 12 Reverse Circulation (RC) drill-holes for a total of 2,900m.

Previous wide-spaced drilling (four diamond holes drilled in 2017) revealed geological and geochemical characteristics consistent with major mineralised basins in northern Australia, supporting the potential to discover a sediment-hosted zinc deposit in the area.

The in-fill drilling program is designed to test structural targets, outlined by the interpretation of VTEM data, in the vicinity of earlier drill-holes BBDD03 and BBDD04 – both of which provided significant encouragement for the presence of nearby zinc mineralisation.

Drill-holes will vary in depth from 150m to 350m and have been designed to test synclinal structures adjacent to major faults, where the target horizon occurs at relatively shallow depths, as well as to test lateral changes in conductivity within the pyritic black shales which may reflect changes in sulphide mineralogy (Fe sulphides to Zn sulphides).

The drill program is expected to take several weeks to complete with assays available approximately four weeks after completion of the program.

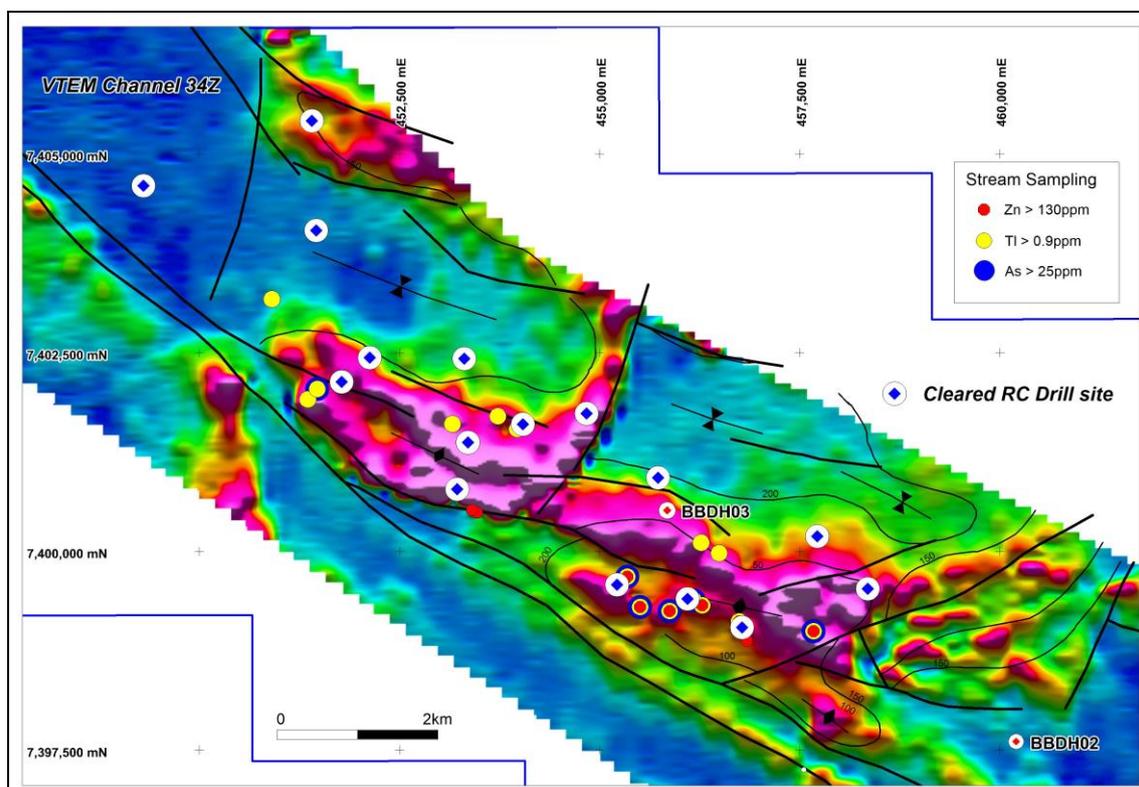


Figure 1: Blue Billy Zinc Joint Venture Project showing drill target areas and planned drill-holes

The Blue Billy Zinc Project is subject to a Joint Venture Agreement with leading diversified global mining and metals company South32 (ASX, LSE, JSE: S32; ADR: SOUHY), whereby South32 can earn a 70% interest in the project by spending US\$4.0 million, with the right to earn an additional 10% interest by completing a Pre-Feasibility Study. AusQuest is the current operator of the joint venture.

AusQuest Managing Director Graeme Drew said the new phase of in-fill drilling at the Blue Billy project was an important step towards understanding the potential of this untested region to host a significant sediment-hosted zinc deposit similar to those found in north-west Queensland.

“This will be the first of several drilling programs that we are planning to complete in Western Australia as part of the Strategic Alliance before the end of the year,” he said. “This should generate steady news-flow for our shareholders in the weeks and months ahead.”



Graeme Drew
Managing Director

COMPETENT PERSON'S STATEMENT

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 2012 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.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.