

December 3, 2018
ASX Release

DRILLING COMMENCES TO TEST BEDROCK EM CONDUCTORS AT BALLADONIA NICKEL PROJECT, WA

AusQuest Limited (ASX: AQD) is pleased to advise that diamond drilling has commenced to test three discrete bedrock EM conductors at its Balladonia Nickel Project in the Fraser Range region of Western Australia.

The program, which comprises a minimum of three holes for approximately 1,200m, is expected to take up to three weeks to complete.

The Balladonia Project, which forms part of AusQuest's Strategic Alliance Agreement (SAA) with South32 (ASX: S32), is located ~60km south of the Nova/Bollinger nickel-copper mine, in an area offset from the main north-east Fraser Range trend, where mafic intrusions similar to those hosting nickel sulphides at Nova are interpreted to occur.

The diamond drilling programme is designed to test three discrete bedrock EM conductors that are thought to reflect sulphide mineralisation within cross-cutting dyke-like mafic intrusions interpreted from aeromagnetic data.

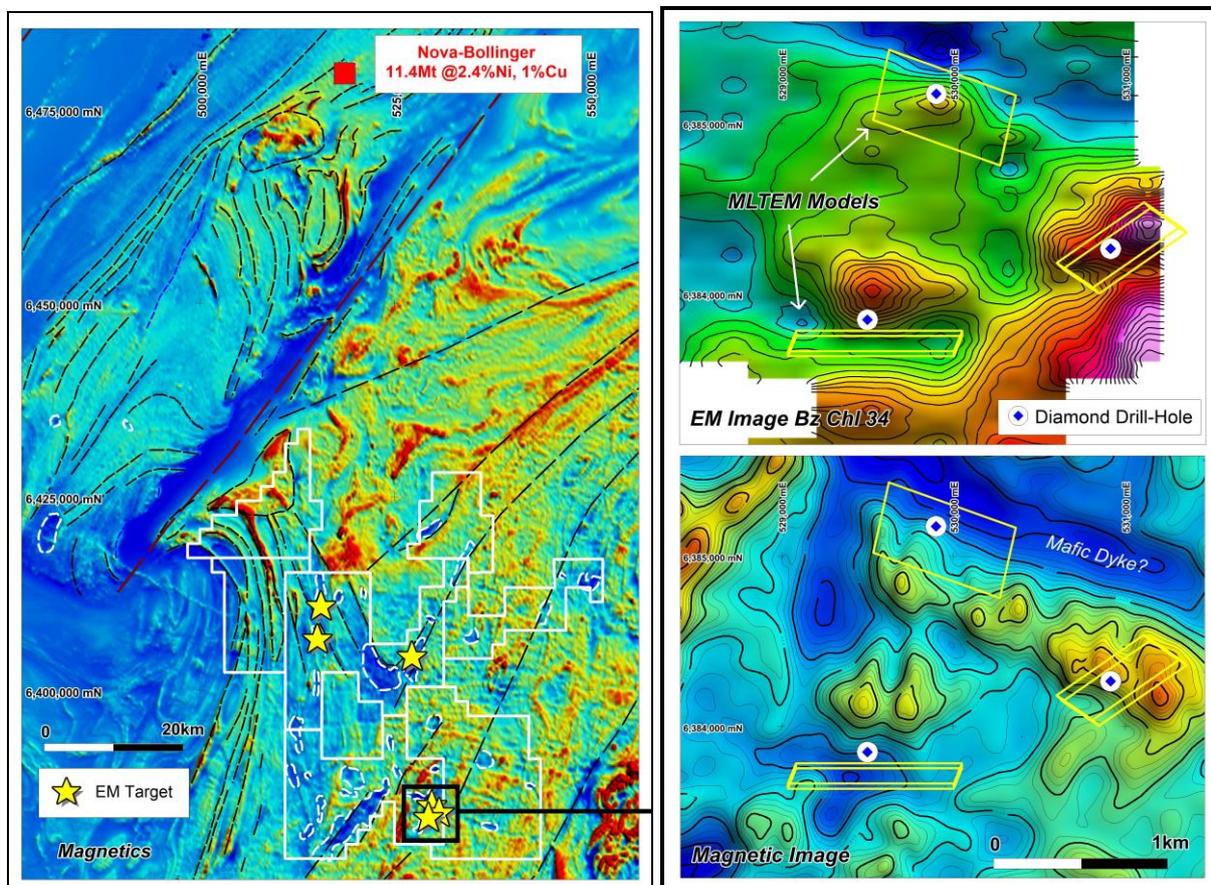


Figure 1: Balladonia Nickel Project showing EM targets and drill-hole locations.

Numerous mafic intrusions within the Balladonia Project area can be interpreted from the magnetic data and remain to be tested should drilling of the current targets confirm the nickel potential of the area.

The Balladonia Nickel Project is subject to the Strategic Alliance Agreement (SAA) with globally diversified mining and metals company South32 (ASX, LSE, JSE: S32; ADR: SOUHY), whereby South32 will fund the current drilling program and can earn a 70% interest in the project by spending US\$4.0 million.

AusQuest Managing Director Graeme Drew said the Balladonia drilling program had the potential to open up a new region for nickel exploration close to the Nova-Bollinger discoveries.

“The EM targets defined at Balladonia are located in highly favourable but as yet untested geological terrain, and we are looking forward to seeing what this program can deliver,” he said.

“Aircore drilling over the three northern targets is also scheduled to be completed before the end of the year.”



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.