

Wednesday 1st April, 2015

AusQuest Limited – New Fraser Range drill Targets Identified – Spec Buy/Take Up SPP @ \$0.019

AusQuest Limited (ASX: AQD, Share Price: \$0.02, Market Cap: \$6m) has been on our Portfolio Watch-list for several years now, focused on big-picture exploration both here and abroad. Market conditions have over recent years unfortunately worked against companies with ambitions of this type, but challenge has also brought opportunity. The company's exposure to the nickel potential of the Fraser Range province in WA, the copper-gold potential of Peru and gold potential of Burkina Faso, is paying dividends.

AusQuest has advised having identified two new conductors from recent reconnaissance ground EM surveys within its Balladonia South and Dundas East projects within the Fraser Range region of WA.

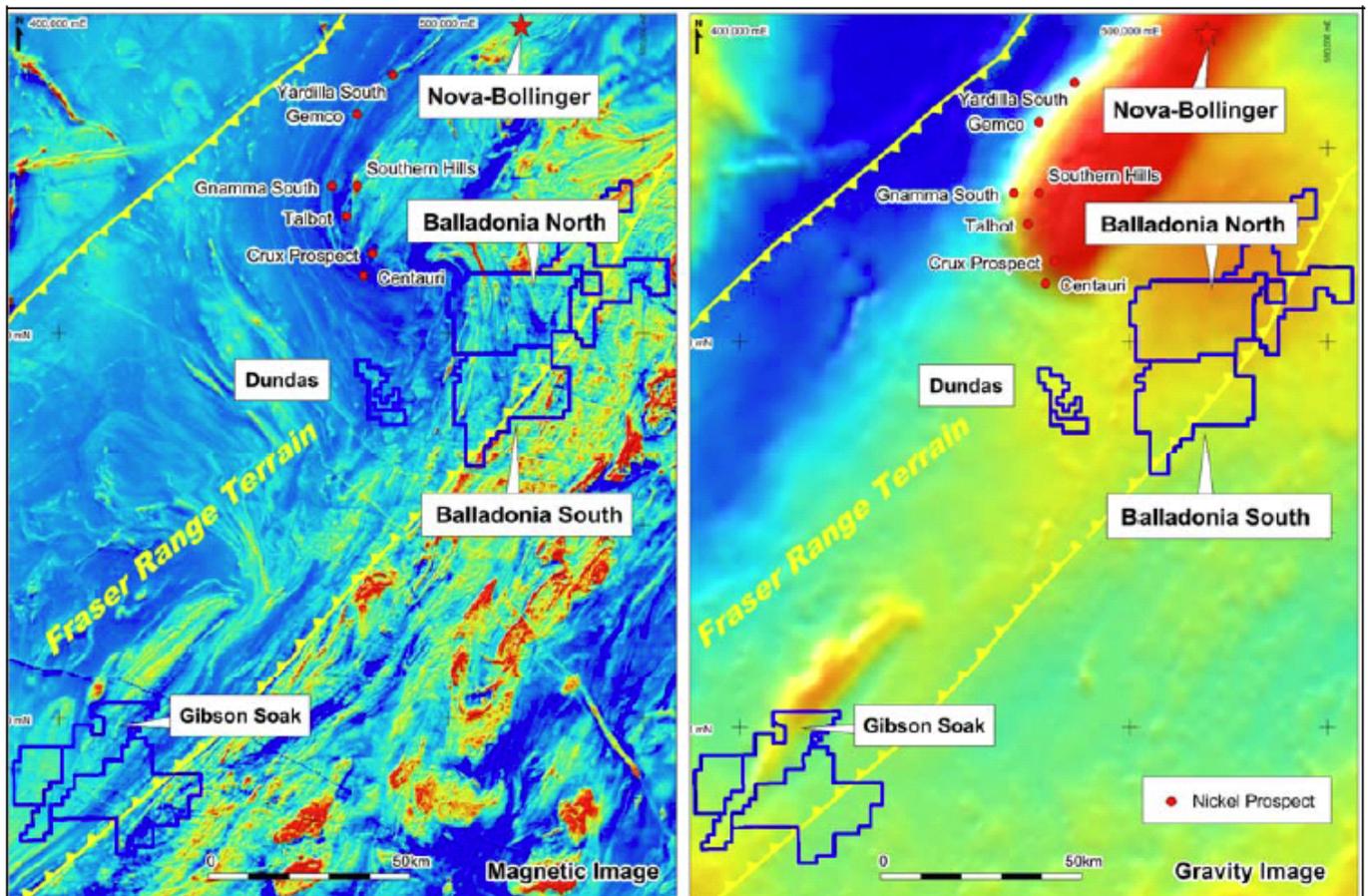


Market Significance

AusQuest's share price reflects the enormous significance of its recent exploration developments, surging from a recent low of \$0.007 during December 2014 to a recent high of \$0.035. These achievements differentiate AusQuest from the vast majority of its exploration sector peers at a time when the exploration funding taps have effectively been turned off for most companies. The quality of the projects and the quantum of the funding deals reflect the hard work undertaken by AusQuest over recent years and we anticipate further share price appreciation once accelerated exploration activity commences.

Announcement Detail

AusQuest has identified two new conductors from recent reconnaissance ground electromagnetic (EM) surveys within its Balladonia South and Dundas East projects within the Fraser Range province of Western Australia. Drilling of both targets is planned for Q2 2015, subject to completion of further work to optimise drilling locations at Balladonia and access approvals for both sites.



The EM conductor identified within the **Balladonia South** tenement is located ~40km east of Sirius Resources' (ASX: SIR) Crux prospect and is associated with a negative magnetic anomaly, similar in response to the Crux intrusion. The Crux prospect is currently the subject of diamond drilling by Sirius, which has reported "Nova-style host rocks containing disseminated and matrix sulphides" from the first diamond drill-hole into the prospect.

Technical Significance

Negative magnetic anomalies, thought to reflect mafic/ultramafic intrusions similar to Crux, are evident within the Balladonia tenement and were the focus of reconnaissance moving loop electromagnetic surveys (MLTEM) that were designed to search for massive sulphide mineralisation associated with these intrusions.

A moderate-to-strong late-time (156.8msec) EM response was found in survey block 5, closely associated with an east-south-east trending dyke-like intrusion, interpreted to be up to several hundred metres thick.

The EM target appears strike limited (~800m) and trends parallel to the dyke, suggesting a close relationship with the cross-cutting intrusion. Modelling of the EM data suggests a plate-like target with moderate conductance and a shallow south-westerly dip. Depths of ~150m to 200m are inferred to the top of the target zone, indicating the source of the anomaly could occur within or near the base of the intrusion.

High near-surface conductivities evident in the early-time data suggest deep weathering of the intrusion and suggest the possibility of a substantial ultramafic component within the underlying rocks. Ultramafics are the dominant hosts for nickel sulphide deposits world-wide. In-fill EM surveying within block 5 is expected to commence during early April in order to fully outline the target and optimise drill sites ahead of planned drilling during Q2 2015.

The EM target within the **Dundas East** tenement, located ~30km south of Crux, is associated with low order magnetic and gravity anomalies that are thought to reflect potential mafic host rocks within a dominantly sedimentary sequence. Soil sampling completed during 2014 located a number of elevated nickel and copper values associated with these anomalies.

Technical Significance

A weak to moderate mid-time EM response was located on the north-eastern margin of the survey area, parallel to the trend of the magnetic units and coincident with a residual gravity gradient thought to reflect a structural contact between sediments to the north-east and more mafic-dominated sequences to the south-west.

Modelling of the EM data shows the target is ~600m long, dips to the south-west at ~60 degrees and occurs at depths of ~100m. Elevated nickel and copper soil assays partially coincide with the northern half of the anomaly. A drilling program is planned to test this target during Q2 2015, once all clearances have been obtained.

Summary

AusQuest controls approximately a large acreage position within the Fraser Range Province of Western Australia, which hosts the Nova–Bollinger nickel-copper deposit discovered by Sirius Resources (ASX: SIR), along with the Tropicana gold mine discovered by Independence Group (ASX: IGO). Of current interest are the drilling results reported recently by Mount Ridley Mines (ASX: MRD), which have significantly upgraded the potential of AusQuest’s Gibson Soak tenement, which lies immediately south Mount Ridley.

It is a very exciting time to be an AusQuest shareholder, with credible, big-picture exploration activity now taking place on three fronts – Peru, Burkina Faso and Fraser Range. The stock offers exposure to up to \$41m worth of combined exploration funding, yet with a market value of just \$6m. We recently upgraded the stock from our Watch-List to a Speculative Buy recommendation and we also recommend that eligible shareholders take up their SPP entitlement at \$0.019.

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