

June 22nd, 2017
ASX Release

EM TARGET IDENTIFIED AT JIMBERLANA

Reconnaissance EM surveys currently being extended before drill planning commences

AusQuest Limited (ASX: AQD) is pleased to advise that it has successfully identified a high-conductivity EM target (+3000 siemens) from reconnaissance electromagnetic (EM) surveys at its **Jimberlana** nickel prospect, located 130km west of Norseman in WA.

The bedrock EM target is located at a depth of ~250m below surface and is associated with a cross-cutting structure within the dyke complex.

The Jimberlana Project is the first of several exploration prospects to be tested under the recently signed Strategic Alliance with South32.

Reconnaissance EM surveys are being extended to cover the full strike extent of the dyke within the Company's tenement (an extra 7km) before target drilling is planned. This work will commence as soon as clearances have been obtained and a high-powered EM system is available to ensure maximum depth of penetration.

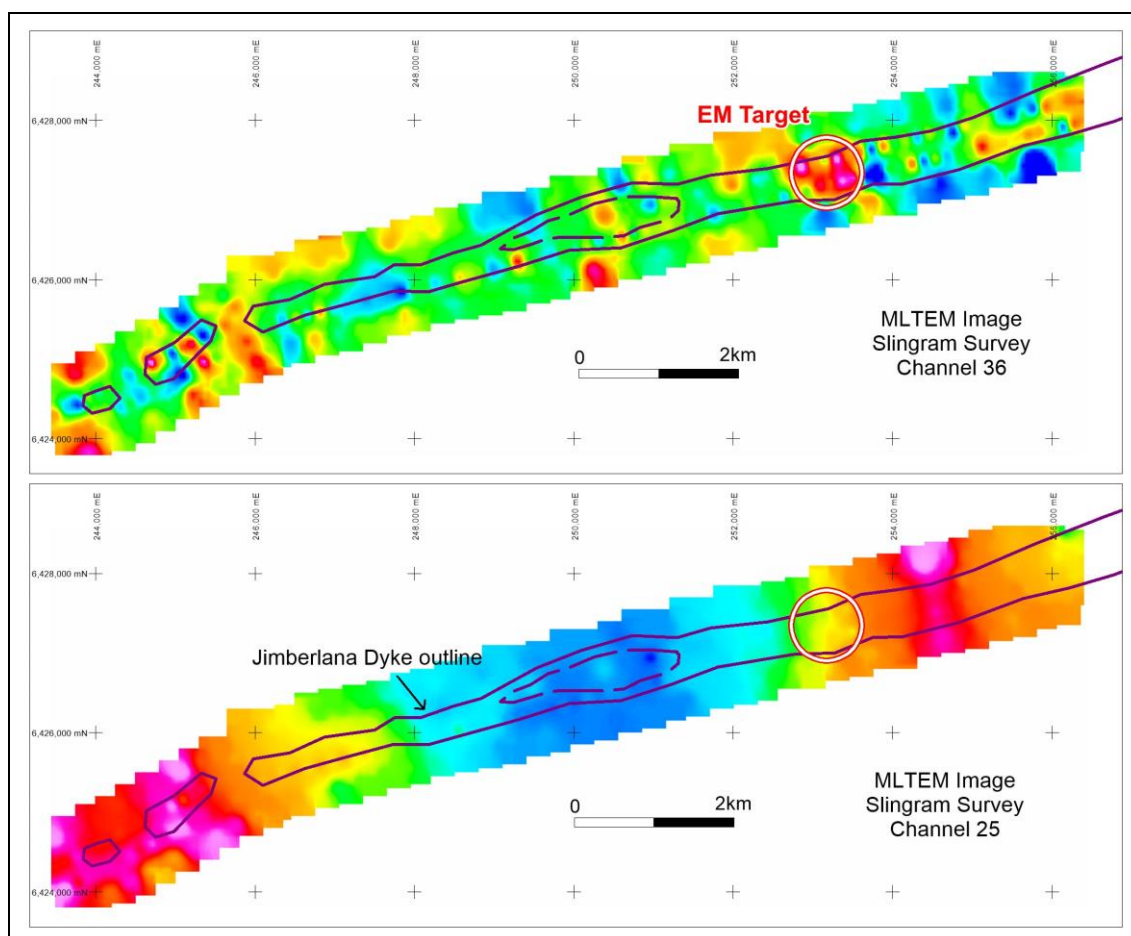


Figure 1: Jimberlana Reconnaissance MLEM showing Late Time Target Area.

The Jimberlana Project covers the western extension of a large (200km long) fractionated and highly fertile dyke-like intrusion which has the potential to host large-scale accumulations of nickel-copper sulphides, similar to other intrusive-related deposits found worldwide (such as Voisey's Bay and Nova-Bollinger).

Reconnaissance moving-loop electromagnetic surveys (MLEM) were completed by GEM Geophysics using 300m x 300m transmitter loops, a three component squid sensor and 300m stations (slingram) parallel to the strike of the dyke, to provide a rapid initial test for buried massive sulphide mineralisation associated with the interpreted base of the dyke (*Figure 1*).

Late-time EM responses identified within the eastern half of the survey were subsequently followed-up with in-fill moving loop and fixed-loop EM surveys which indicated several small (250m x 50m) highly conductive bodies (+3000 siemens) within a weak to moderately conductive NNW trending interpreted structure as the likely cause of the anomalies (*Figures 2 and 3*).

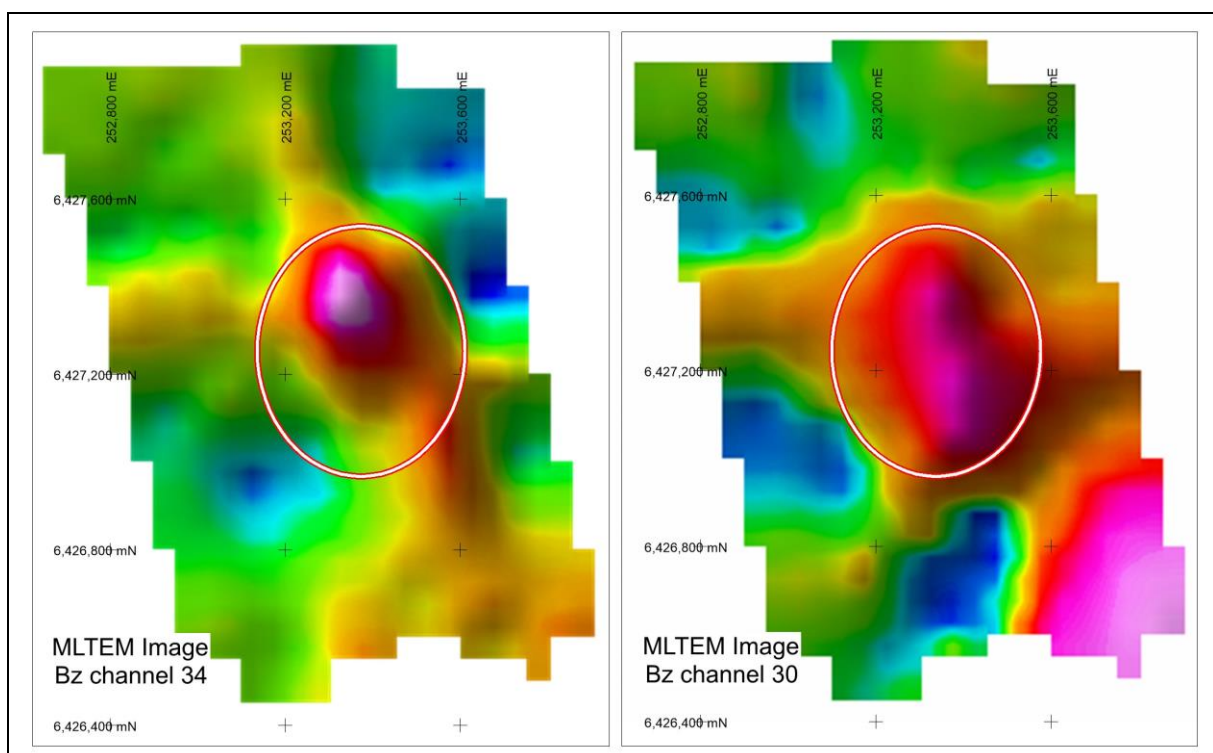


Figure 2: Detailed In-fill Moving Loop EM showing late time responses.

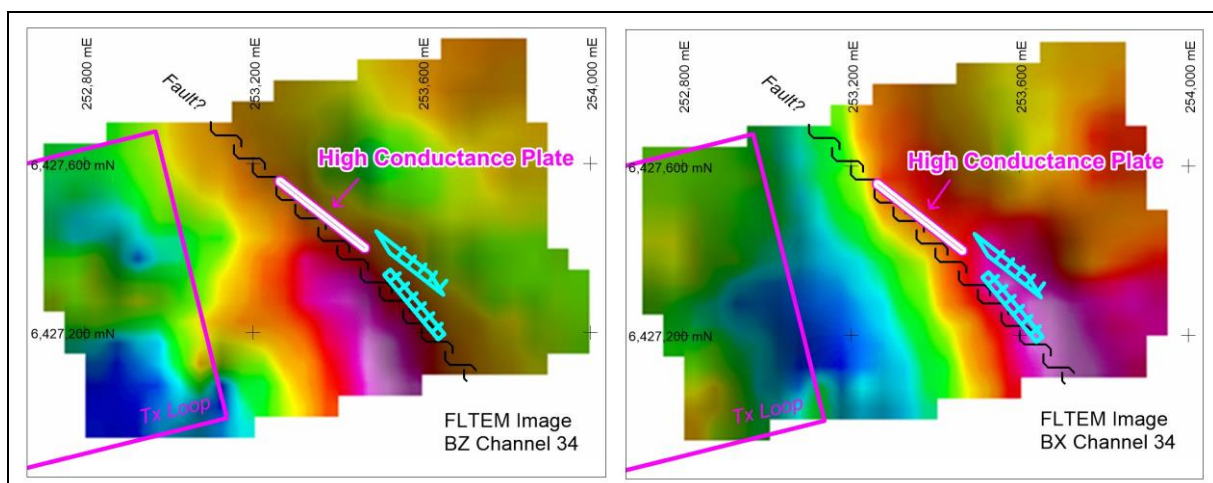


Figure 3: Detailed Fixed-Loop EM showing late-time response.

Correlation with aeromagnetic data supports the existence of a possible NNW trending structure in the target area, but no obvious magnetic anomalies were found to coincide with the conductor(s). Further compilation and assessment of results will be made after completion of the extended survey.

AusQuest's Managing Director, Graeme Drew, said the Company was encouraged by the initial results from the reconnaissance EM survey especially given this is the first of several exploration prospects to be tested under the recently signed Strategic Alliance with South32.

"We are looking forward to seeing the results of the expanded EM survey, which will assist us in planning our maiden drilling program at Jimberlana," he said.



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.