

September 24, 2018
ASX Release

DRILLING COMMENCES AT JIMBERLANA NICKEL PROJECT, WA TARGETING EM CONDUCTORS

AusQuest Limited (ASX: AQD) is pleased to advise that it has commenced diamond drilling at its Jimberlana Nickel Project in Western Australia, under the Strategic Alliance Agreement (SAA) with South32 (ASX: S32). The new program, comprising two holes for approximately 700m, is designed to test electromagnetic (EM) targets located within the Jimberlana Dyke complex and will take up to two weeks to complete.

The Jimberlana Project is located ~120km west of Norseman in WA, and covers the western-most limit of the Jimberlana Dyke, a large, nickel-fertile, fractionated intrusion. The EM targets are discrete, have high conductivities (>3000 siemens) and occur at depths of ~200m to 300m below surface. They are thought to occur close to the basal section of the intrusion where accumulations of nickel-copper sulphides are more likely to be found.

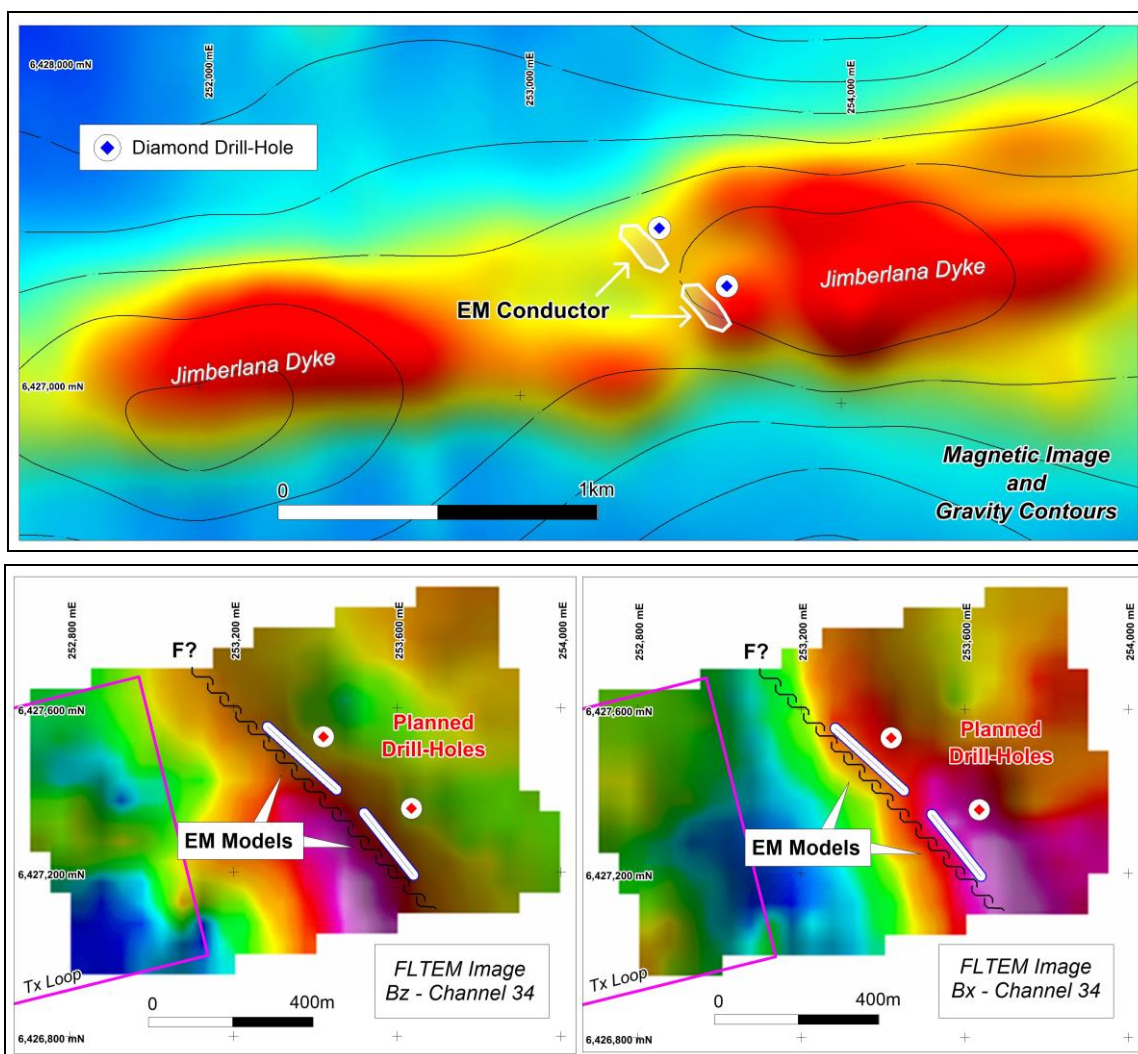


Figure 1: Jimberlana Nickel Project showing drill targets and planned drill-holes

The targets appear to be associated with cross-cutting structures within the dyke complex and may reflect off-shoots from larger bodies of mineralisation deeper in the profile. The basal contact of the dyke is estimated to be at a depth of ~500m at this location, based on interpretation of the Company's gravity data.

The Jimberlana 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 Jimberlana drilling program was the first of three planned nickel drilling programs in Western Australia between now and the end of the year under the SAA.

"The EM targets defined at Jimberlana occur in a very favourable but untested geological setting, and we are looking forward to seeing what this program can deliver," he said.

"The Jimberlana program is in addition to ongoing drilling at our Blue Billy Zinc prospect and upcoming drilling in Peru – all of which should generate strong 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.