

February 14, 2019
ASX Release

THIRD AUSTRALIAN PROJECT GETS GREEN LIGHT FOR FURTHER DRILLING UNDER STRATEGIC ALLIANCE

AusQuest Limited (ASX: AQD) is pleased to advise that further drilling at the Balladonia Prospect in the Fraser Range area of Western Australia will be undertaken next quarter under its Strategic Alliance (SAA) with South32, following the receipt of encouraging assay results from initial reconnaissance air-core drilling completed in December 2018.

This is in addition to the recently announced drilling programs being planned at the Yallum Hill and Hamilton Projects under the SAA (see ASX release, January 25th 2019).

Reconnaissance air-core drilling completed in December 2018 (see December 2018 Quarterly Report) intersected highly anomalous base metal values in several drill-holes within the northern-most target area, suggesting the potential for a new base metal prospect at Balladonia.

A multi-element geochemical signature within drill-hole BAC011 included anomalous copper (300 to 5,500ppm Cu), silver (1 to 15gpt Ag), lead (100 to 1,800ppm Pb), and zinc (300 to 2,900ppm Zn) plus elevated pathfinder elements (As, Bi, Cd, Co, Cr and Mo) within weathered silica-rich felsic host rocks over an interval of 28m from 32m depth to the end-of-hole (*Figure 1*).

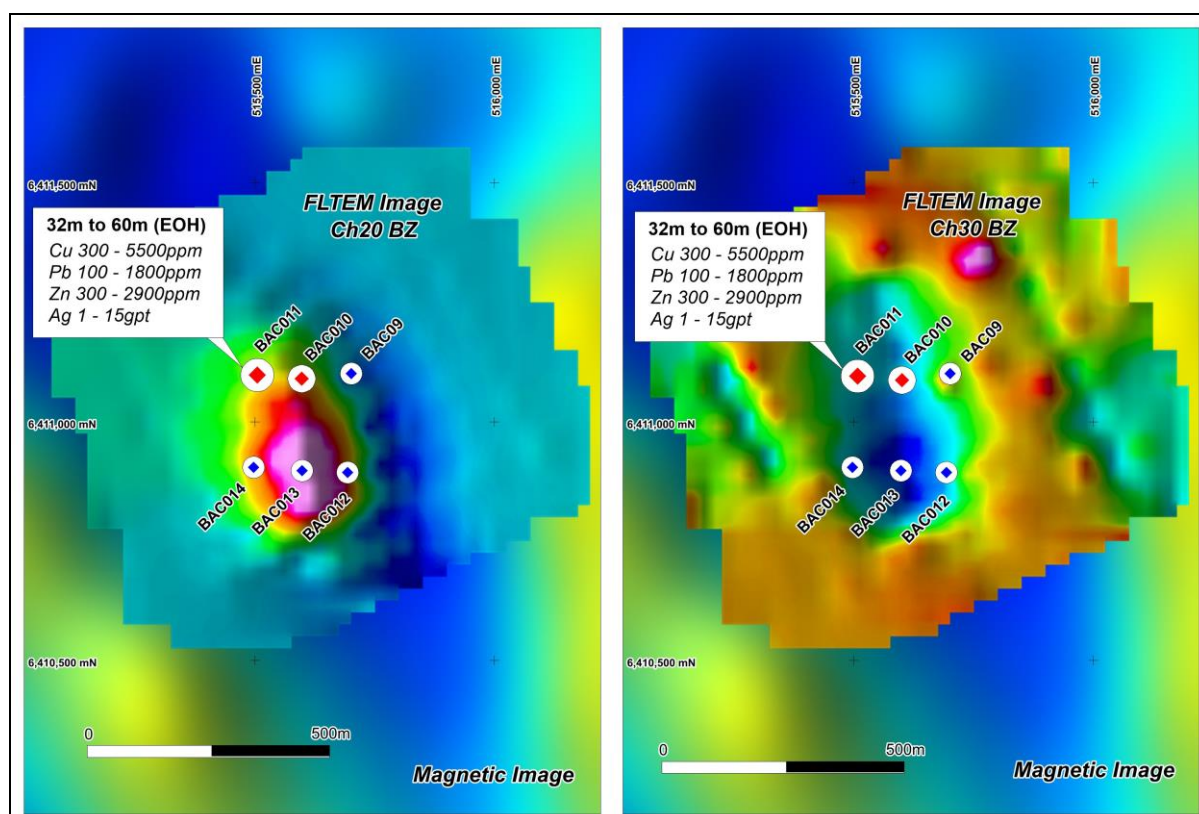


Figure 1: Balladonia Air-core drilling showing anomalous assay results

Adjacent drill-holes also returned elevated metal values, suggesting that the bedrock source may be extensive, but the full extent of the geochemical anomaly is unknown at this stage.

A further 40 air-core drill-holes (~1,600m) have been planned to outline the full extent of the metal anomalism before deeper drilling is considered under the SAA. The drilling program is expected to commence early in the second Quarter of 2019, once all the required approvals have been obtained.

AusQuest Managing Director Graeme Drew said the Company was excited by the emerging exploration opportunity at Balladonia.

“This is a very promising early-stage exploration target in an active exploration region of WA, and we are looking forward to seeing what this next phase of drilling can deliver.”

“With drilling now confirmed at three of our Strategic Alliance projects in Australia over the coming months, the Company is looking at another very active period of exploration with strong upcoming news-flow expected,” 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.