

December 4, 2019
ASX Release



DRILLING UPDATE – BALLADONIA PROJECT, FRASER RANGE REGION, WA

Further to its announcement of 25 November, AusQuest Limited (ASX: AQD) advises that drilling at the **Telegraph Base Metal Prospect**, part of its Balladonia Project in the Fraser Range region of Western Australia, has been temporarily suspended as the Reverse Circulation (RC) drilling method employed was unable to penetrate to planned depths below the shallow air-core drill-holes and provide an effective test of the base metal target.

A diamond drill rig has now been sourced and is expected to be on site in early January to finish the planned program. Diamond drilling should take approximately 7 to 10 days to complete, using the RC drill-holes as pre-collars.

Geological logging of drill chips from the RC program has confirmed the intense nature of the clay/pyrite/silica alteration down to depths of at least 100m.

Drilling is now expected to be completed by mid-January 2020 with final assays approximately three weeks after completion of the program. The Balladonia Project is subject to the Company's Strategic Alliance Agreement with South32.

The current drilling program has been designed to test beneath air-core drill-holes which intersected anomalous copper (300 to 5,500ppm Cu), silver (1 to 51gpt Ag), lead (150 to 1,800ppm Pb) and zinc (400 to 2,900ppm Zn) values within a deeply weathered alteration profile which outlined a base metal target approximately 500m x 200m in size.

AusQuest's Managing Director, Graeme Drew, said that while the delay in completing the drill test of the Telegraph prospect was frustrating, the ground conditions encountered in drilling to date are highly unusual for the region.

"What we have observed in the drilling so far has confirmed, if not increased, the size and scale of the alteration system we are testing. We continue to be excited about what we may find below the alteration intersected in the drilling to date," 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.