

March 26, 2015
ASX Release

FRASER RANGE: TWO NEW DRILL TARGETS IDENTIFIED

Drilling planned in second Quarter to test two new EM conductors

Key Points:

- Late-time EM conductor identified at Balladonia South, ~40km east of Sirius Resources' Crux prospect, representing a high-priority drill target.
- Balladonia South EM conductor (strike length ~800m) closely associated with interpreted dyke-like intrusion. In-fill EM surveys planned to optimise drill sites ahead of drilling in Q2 2015.
- Second-order EM target identified at Dundas East, located ~30km south of Crux, coincident with a gravity feature and elevated nickel and copper soil assays.

AusQuest Limited (ASX: AQD) is pleased to advise that it has identified two new conductors from recent reconnaissance ground electromagnetic (EM) surveys within its 100%-owned **Balladonia South** and **Dundas East** projects in the Fraser Range region of WA (*Figure 1*).

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.

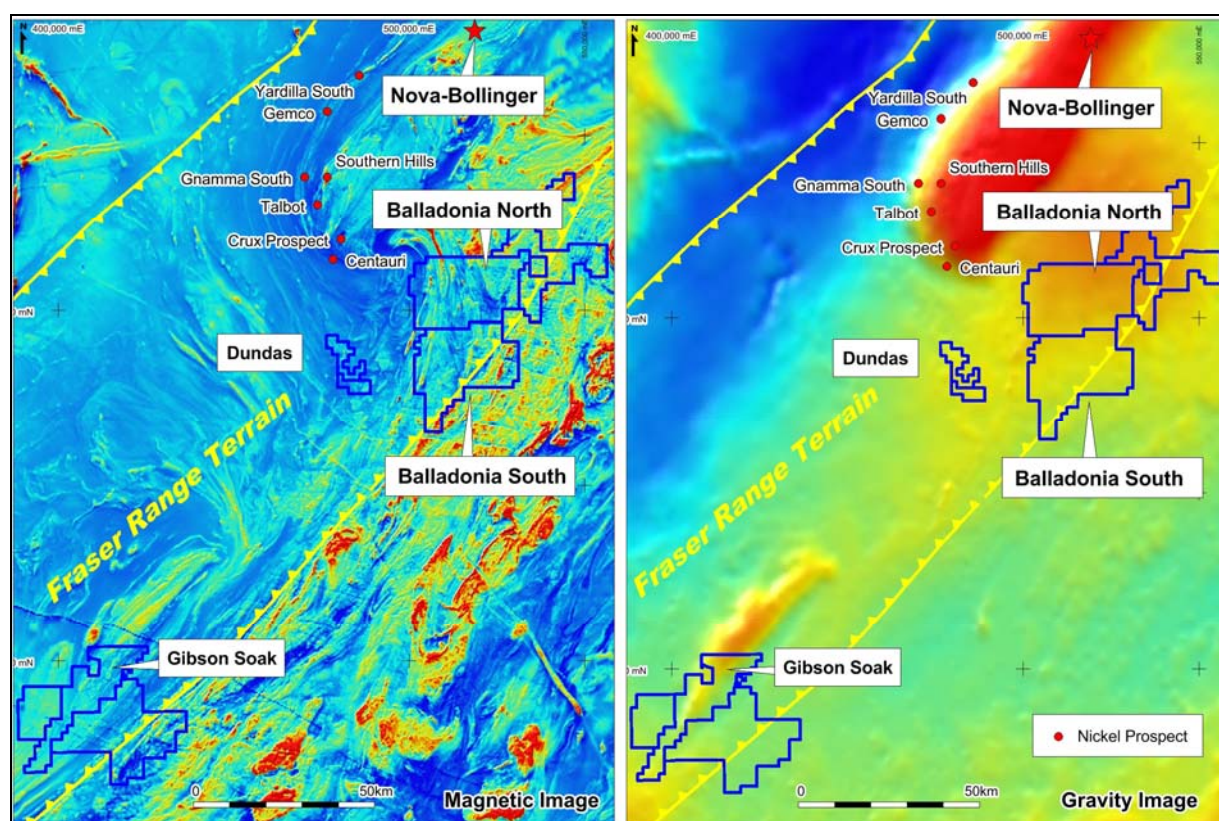


Figure 1: Fraser Range Tenement Locations

Balladonia South (100% AusQuest)

The EM conductor identified within the Balladonia South tenement is located ~40km east of Sirius Resources' Crux prospect and is associated with a negative magnetic anomaly similar to the response over 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.

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 (*Figure 2*).

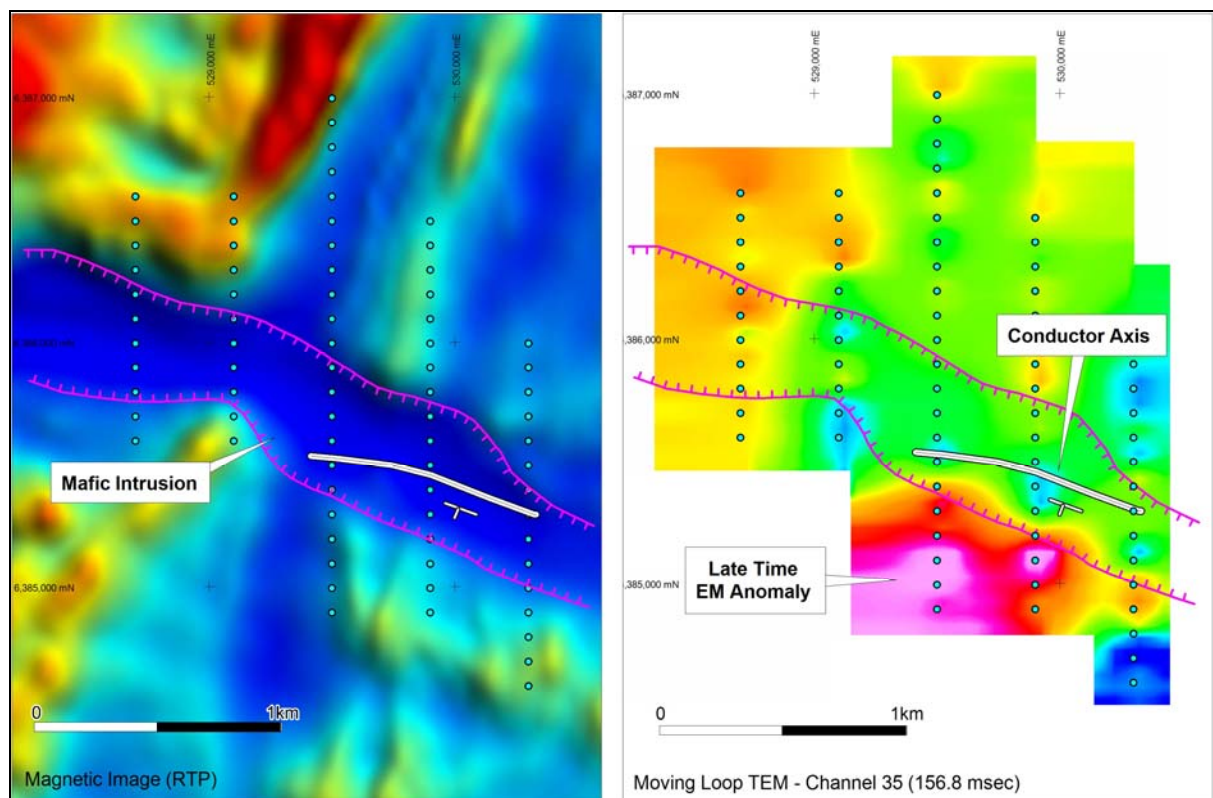


Figure 2: Block 5: Magnetic and MLTEM Images (Channel 35) showing EM Target

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 invoke the possibility of a substantial ultramafic component within the underlying rocks. Ultramafics are the dominant hosts for nickel sulphide deposits world-wide.

No significant EM anomalies were detected within the Blocks 1 to 4 and Block 6 (*Figure 3*).

In-fill EM surveying within block 5 is expected to commence in early April to fully outline the target and optimise drill sites ahead of planned drilling in Q2 2015.

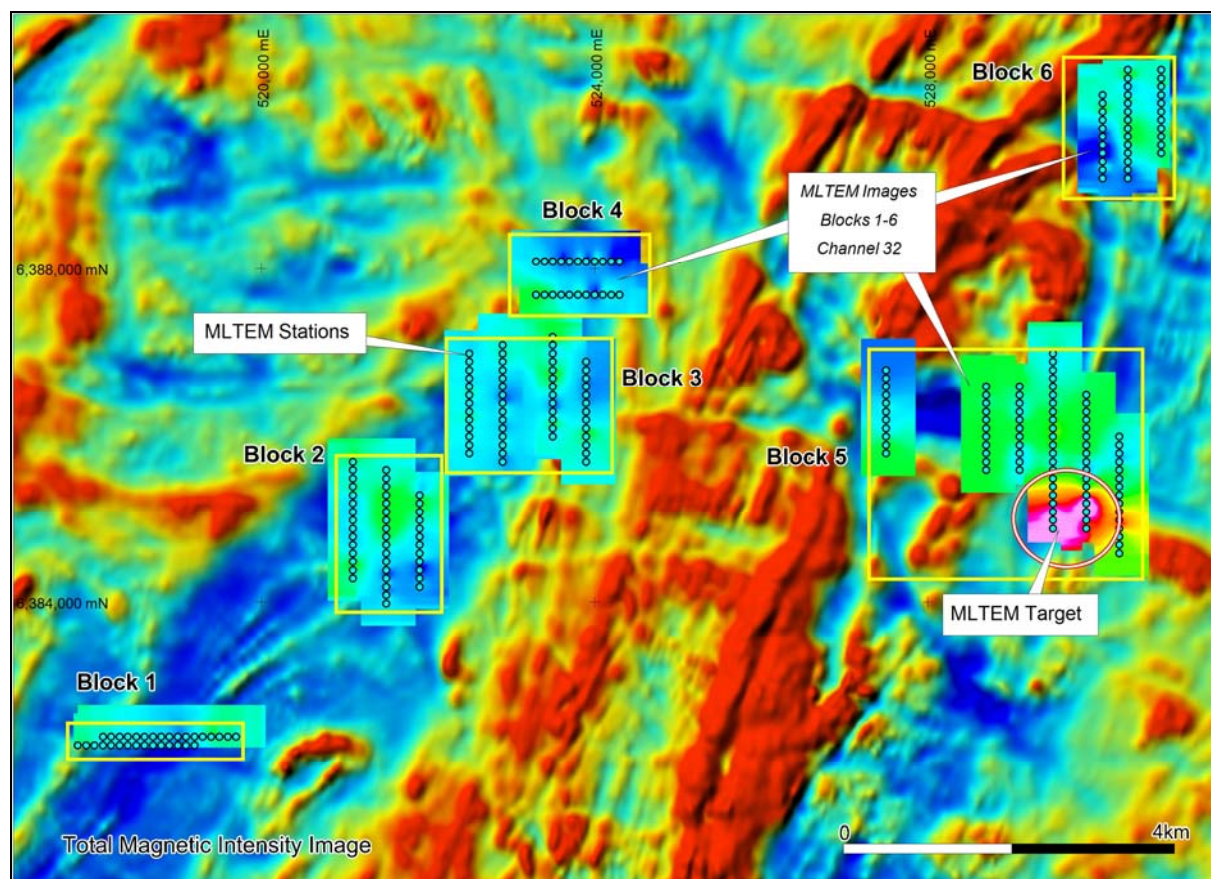


Figure 3: Balladonia: MLTEM Survey Locations

Dundas East (100% AusQuest)

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 in 2014 located a number of elevated nickel and copper values associated with these anomalies.

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 (*Figure 4*).

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 in Q2 2015 once all clearances have been obtained.

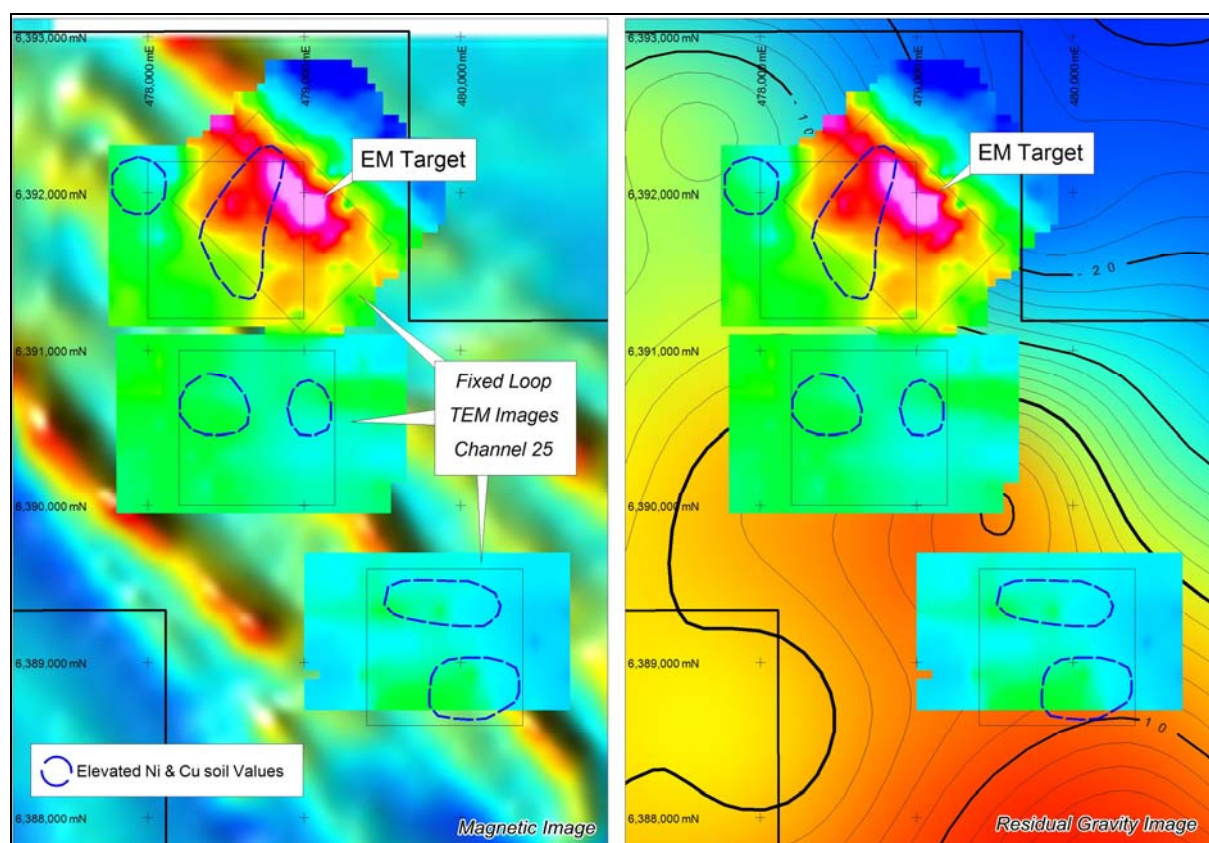


Figure 4: Dundas East FLTEM Surveys

The Company continues to focus its exploration efforts within the Fraser Range area of WA as well as on defining further drill targets within its extensive portfolio of copper-gold projects in southern Peru.

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.