

April 16th, 2015
ASX Release

CLUSTER OF NEW DRILL TARGETS IDENTIFIED AT BALLADONIA – FRASER RANGE

Key Points:

- **Three strong bedrock EM conductors now identified at Balladonia South, ~40km east of Sirius Resources' Crux prospect, following an extended EM survey.**
- **The EM conductors, which represent high priority drill targets, are closely associated with west-north-west cross-cutting structures and potential thickening of dyke-like intrusions: drilling planned later this quarter or early Q3 2015.**

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

Further to the encouraging results from the initial Block 5 survey reported last month (*see ASX Announcement – 25th March 2015*), which resulted in the identification of a strong late-time EM conductor, EM coverage to the south of this block has now been extended.

Preliminary results have identified two additional targets **both with stronger responses than the original anomaly**, increasing the number of priority drill targets in this area to three.

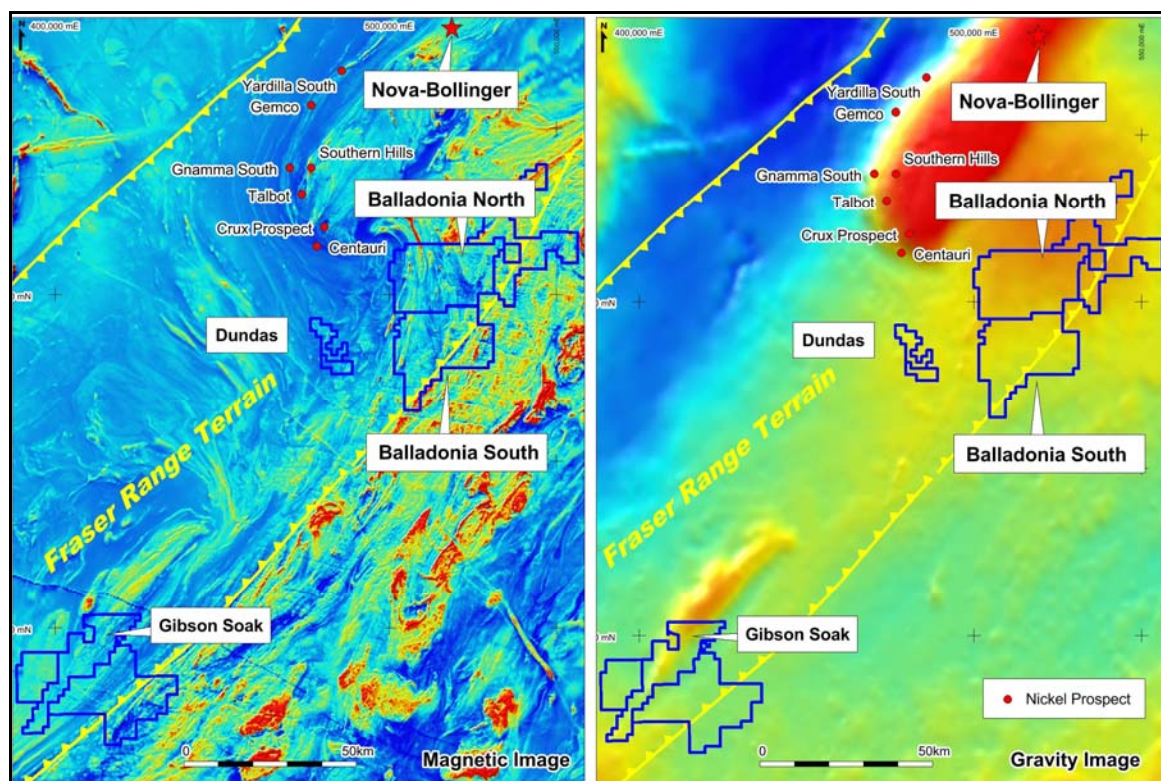


Figure 1: Fraser Range Tenement Locations

The new EM targets have strong late-time responses (to 194.5msec) and represent bedrock conductors associated with dyke-like structures that cross-cut the area (*Figure 2*). Definition of the original EM target was confirmed as a moderate-to-strong late-time (to 156.8msec) response associated with a west-north-west trending dyke-like intrusion.

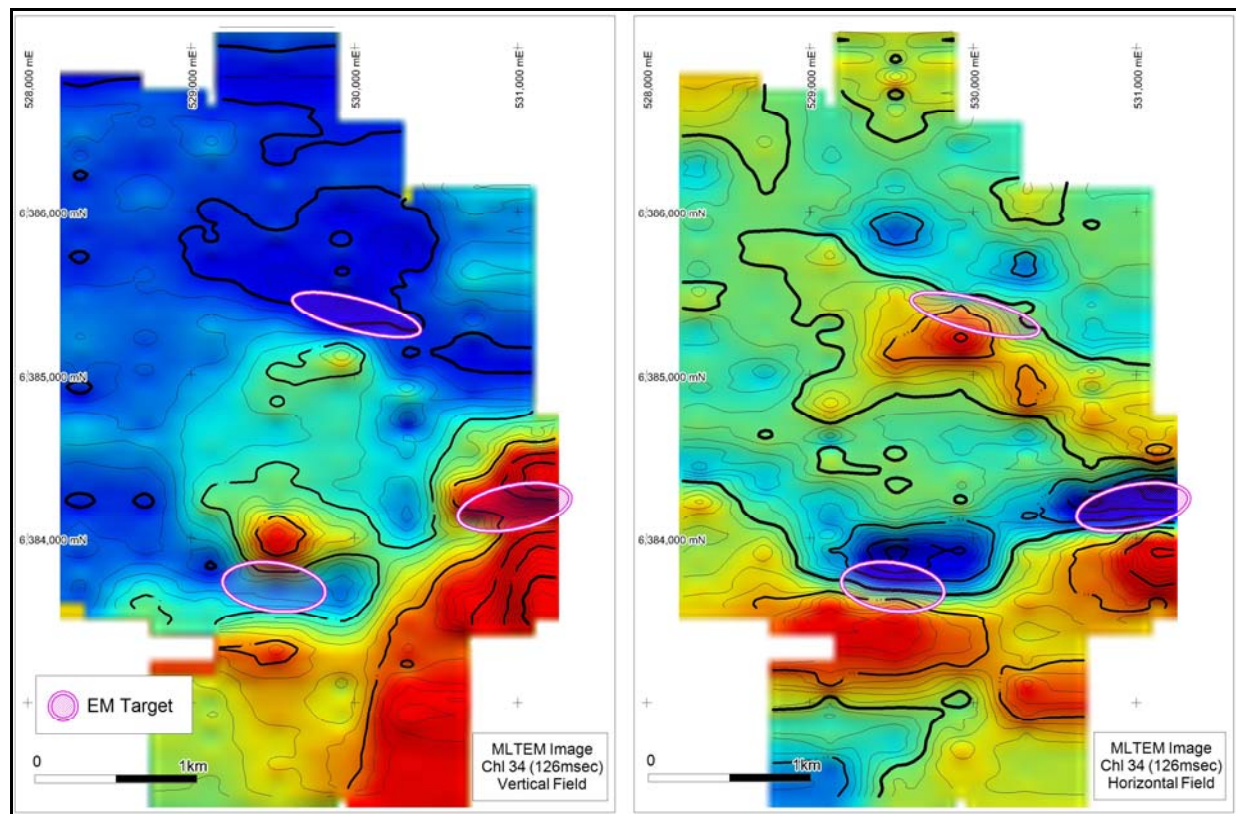


Figure 2: MLTEM Images (Channel 34) showing EM Targets

The new conductors are discrete (being visible on adjacent lines 400m apart), and appear to reflect relatively broad sub-vertical targets at depths of approximately 100m to 200m below surface. The EM anomalies trend approximately east-west with the western-most anomaly coinciding with a possible intrusion along a dyke-like structure that is evident in the aeromagnetic data (*Figure 3*).

Recent studies have shown a close association between dyke-like structures and the occurrence of known mafic-hosted nickel (copper) sulphide deposits in Canada and the USA, with an inference that this association could be fundamental to the formation of these types of deposits.

EM targets within the Balladonia South tenement are located approximately 40km east-south-east of the Crux intrusion, which is currently the subject of diamond drilling by Sirius Resources, which earlier this year reported “Nova-style host rocks containing disseminated and matrix sulphides” from early diamond drilling within the prospect.

In-fill EM surveying is currently underway to enable better modelling of the EM data to optimise sites ahead of drilling.

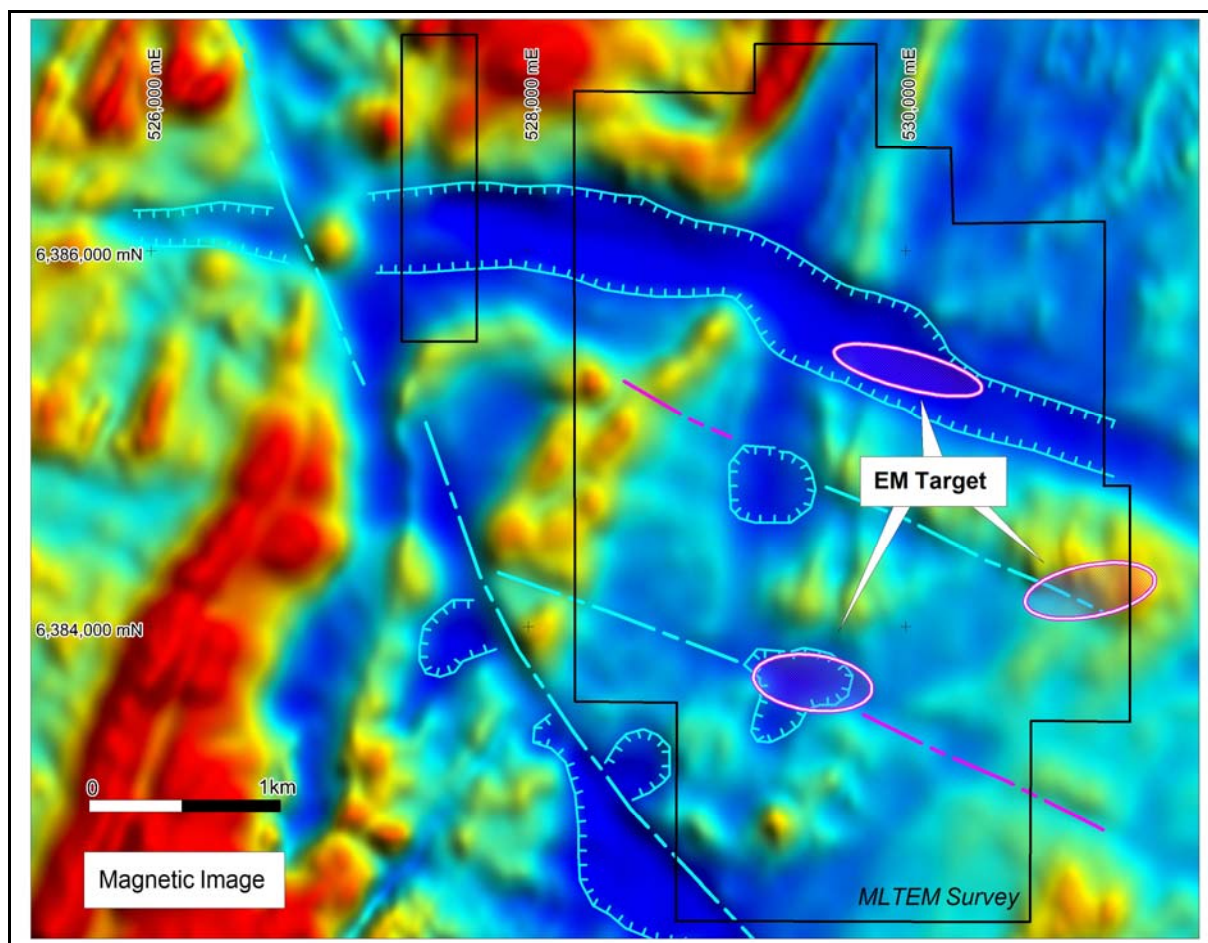


Figure 3: Magnetic Image showing location of EM targets.

Native Title and Government approvals will be sought to allow drilling of these targets and the Dundas East target (as reported to the ASX on March 25th 2015), to be undertaken within Q2/Q3 2015.

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.