

January 2, 2019
ASX Release



BLUE BILLY AND JIMBERLANA UPDATE

AusQuest Limited (ASX: AQD) advises that both the Blue Billy Zinc and Jimberlana Nickel Projects will not be progressing into 2019 under the Strategic Alliance Agreement (SAA) with South32. Drill testing of targets identified by the Company at both prospects has not provided sufficient encouragement to justify ongoing exploration under the SAA.

At Blue Billy, wide-spaced RC drilling (1 to 2km drill spacing) intersected thick black mudrocks in all thirteen drill-holes but failed to provide significant improvement in zinc grade and/or thickness when compared with results from the initial diamond drilling program reported to the ASX in November 2018.

Assay results defined the main target horizon, but only elevated zinc values (up to 5000ppm Zn) and the relatively constant thicknesses of the target horizon (~100 to 150m) did not support the presence of nearby growth faults and sub-basin development which are considered to be critical in defining highly prospective terrains for sediment hosted zinc mineralisation.

At Jimberlana, two diamond drill-holes (716m) completed to test EM targets within the Jimberlana dyke, intersected gabbroic rocks in one hole and pyroxenitic rocks in the other, but failed to intersect massive sulphide mineralisation or an obvious cause of the EM response. DHEM surveys which were subsequently completed to search for near-miss situations, failed to identify any conductors of interest effectively downgrading the prospect.

AusQuest Managing Director Graeme Drew said that whilst disappointed with the results from Blue Billy and Jimberlana, the Company's drill results in other areas, particularly in Peru, had been much more encouraging and he was confident that further drilling of these prospects and several new drilling opportunities would be part of the Company's 2019 program.

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.