February 20th, 2020
ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

# DIAMOND DRILLING COMMENCES AT THE BALLADONIA PROJECT – FRASER RANGE, WA

AusQuest Limited (ASX: AQD) is pleased to advise that diamond drilling has commenced at the Telegraph Base Metal Prospect, part of its Balladonia Project in the Fraser Range area of Western Australia. The Balladonia Project is subject to the Company's Strategic Alliance Agreement (SAA) with South32.

Reverse Circulation (RC) drilling completed in December 2019 intersected highly anomalous base metal values (Cu, Pb, Zn and Ag) within several RC drill holes, confirming the base metal potential of the prospect (ASX release 7th January 2020). The anomalous metals occur within intense clay/silica/pyrite alteration that can extend to depths of at least 100 metres.

A total of ~1,000m of diamond drilling is planned to test beneath the alteration zone using the earlier RC drill-holes as pre-collars for this drilling program. The program should take approximately two weeks to complete with assays expected within three weeks of the drilling being completed.

Clearances have been obtained for an additional six drill-holes at the prospect should they be needed, pending results from the drilling program.

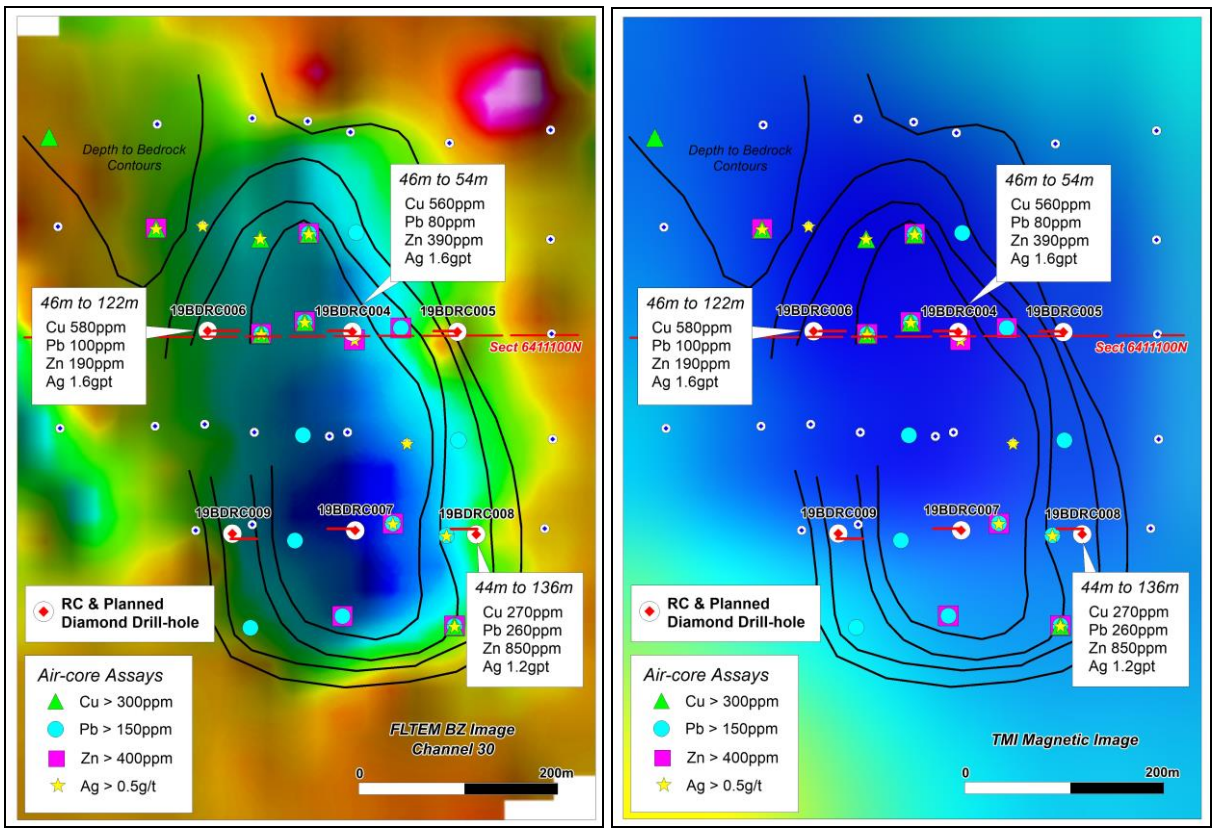


*Figure 1: Telegraph Prospect showing RC/Diamond drill-hole locations and RC assay results*

The highly anomalous copper (from 200ppm to 4000ppm Cu), lead (from 100ppm to 900ppm), zinc (from 200ppm to 2900ppm Zn) and silver (from 0.5g/t to 8.0g/t Ag) values associated with elevated rare earths (Ce, La, Y) and other anomalous indicator elements (As, Sb, Sn and Tl) (see ASX release of 7th January 2020) are considered good indicators of base metal mineralisation associated with the intense alteration.

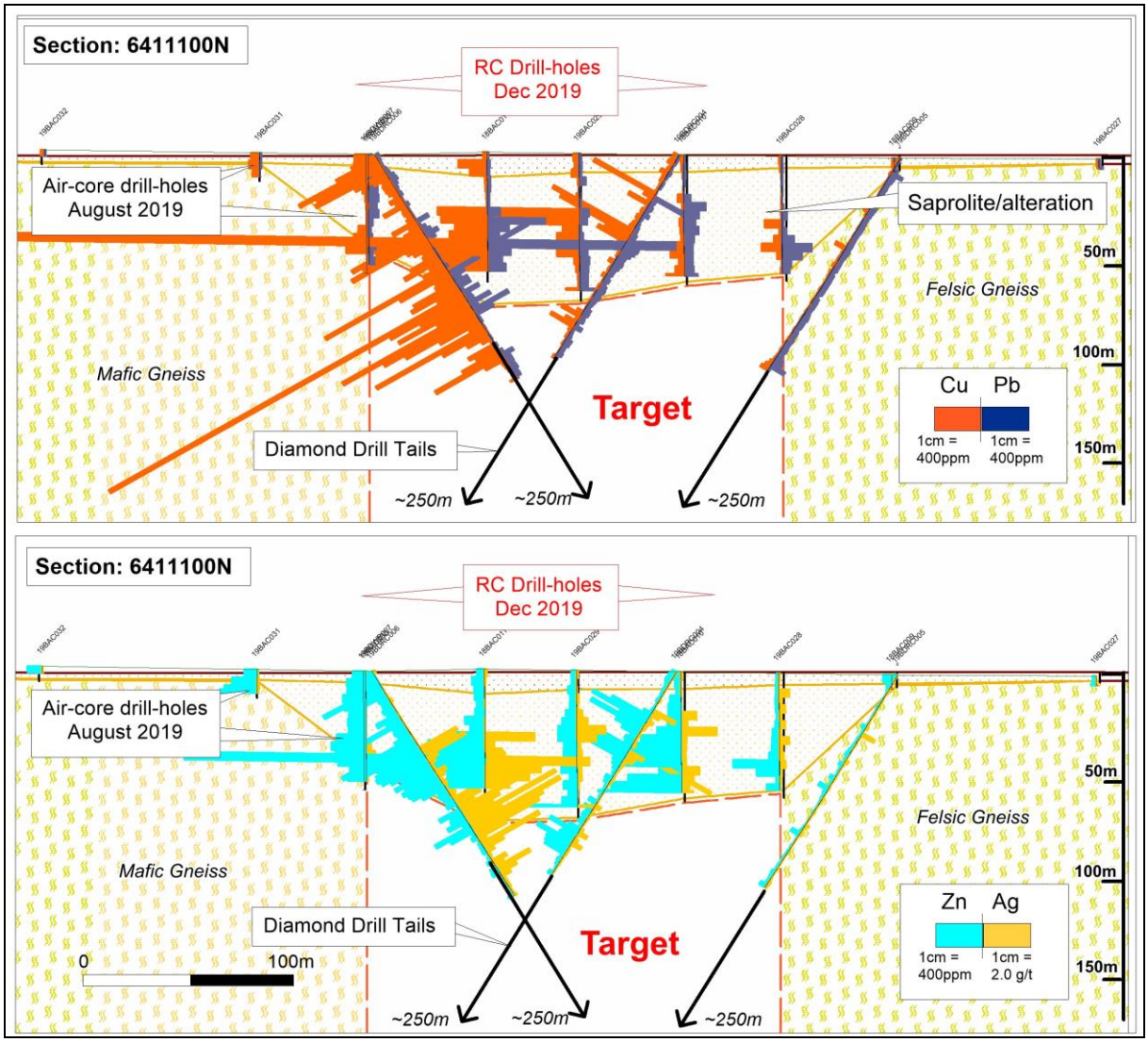


*Figure 2: Telegraph Prospect Section 6411100N showing Diamond Drill tails*

AusQuest's Managing Director, Graeme Drew, said the Company was pleased that drilling had finally re-commenced at the Telegraph Prospect following delays caused by recent bush fire activity in the area.

"Assay results received from the RC drilling completed in December 2019 were very encouraging, confirming the prospectivity of the area and building the picture of a strong base metal target at depth," he said.

"We look forward to reporting the results of the current diamond drilling program as they come to hand over the coming weeks."

This announcement has been appproved by the full Board of directors.



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.*