July 21, 2014
ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

FRASER RANGE: NEW EXPLORATION TARGETS IDENTIFIED

Key Points

- **New target areas outlined by surface sampling at Dundas East, 80km south of Nova-Bollinger nickel-copper deposit**
- **Ground EM surveys planned for Dundas East, leading to possible drilling.**
- **Mafic metagabbro identified within regional gravity high at the Gibson Soak Project, 30km north of Esperance, similar to that within the Fraser Range terrain which hosts the Nova-Bollinger discovery.**
- **Ground-based exploration including sampling and EM surveys to commence at Gibson Soak as soon as access is secured, expected within two months.**

AusQuest Limited (ASX: AQD) is pleased to advise that it has defined new target areas for exploration, including ground EM surveys, sampling and possible drilling, at both its **Dundas East** and **Gibson Soak** projects in the broader Fraser Range region of southern WA.

The Dundas East prospect is located approximately 80km south of the Nova-Bollinger nickel-copper deposit in the Fraser Range Complex while the Gibson Soak Project lies approximately 30km north of Esperance, within the broader Fraser Range terrain.

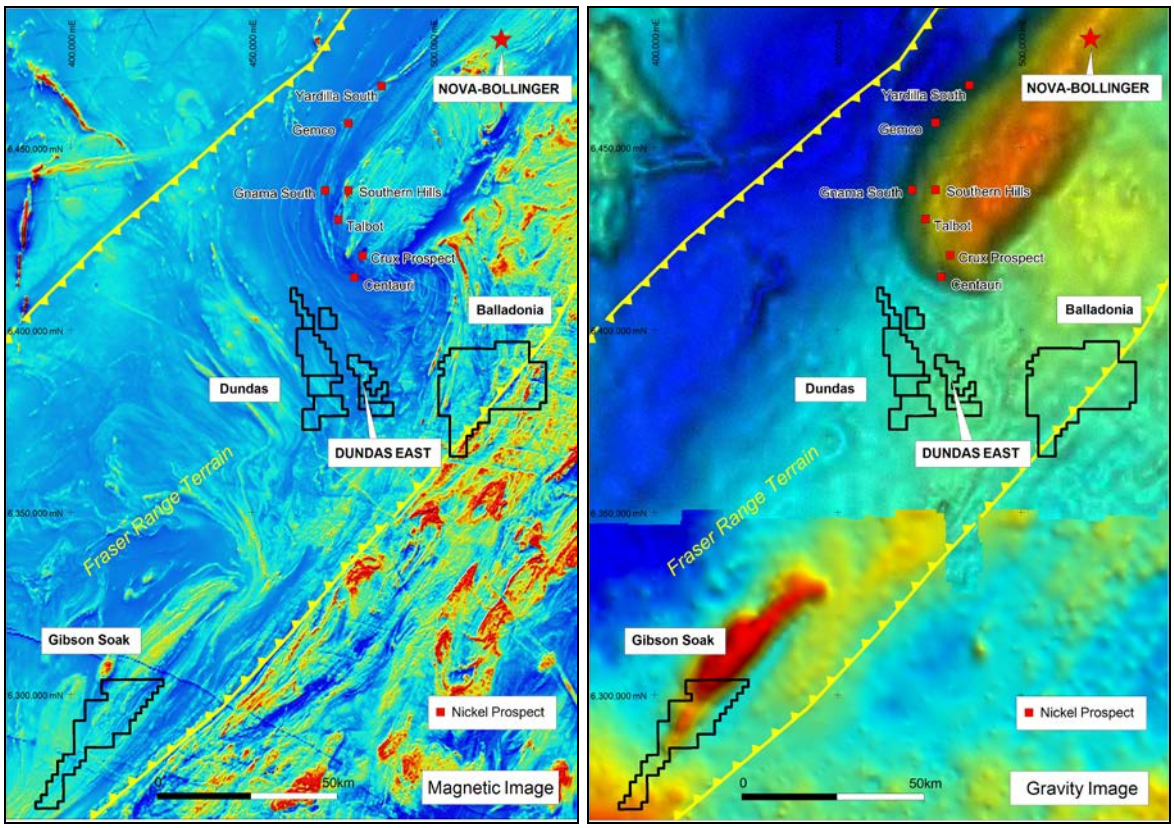

Figure 1: Fraser Range Tenement Locations

Dundas East (100% AusQuest)

At Dundas East, a recent surface sampling program has identified anomalous nickel and copper values associated with a coincident magnetic/gravity target previously identified as representing possible prospective mafic rocks within a dominantly sedimentary sequence.

Samples were collected on a 250m triangular grid and assayed for a range of elements including nickel and copper, using a portable XRF instrument. Assays ranged from 10 to 90ppm Ni and 5 to 75ppm Cu, with coincident Ni-Cu anomalies (>70ppm Ni and >40ppm Cu) located in at least five areas (*Figure 2*).

The coincidence of increased magnetic response, increased rock density (gravity) and moderately anomalous nickel and copper values given the surface conditions in the sampled area, suggests potential for nickel and copper sulphides at this prospect.

Ground electromagnetic (EM) surveys are planned to identify targets for drilling, once access has been approved and a suitable system is available for surveying.

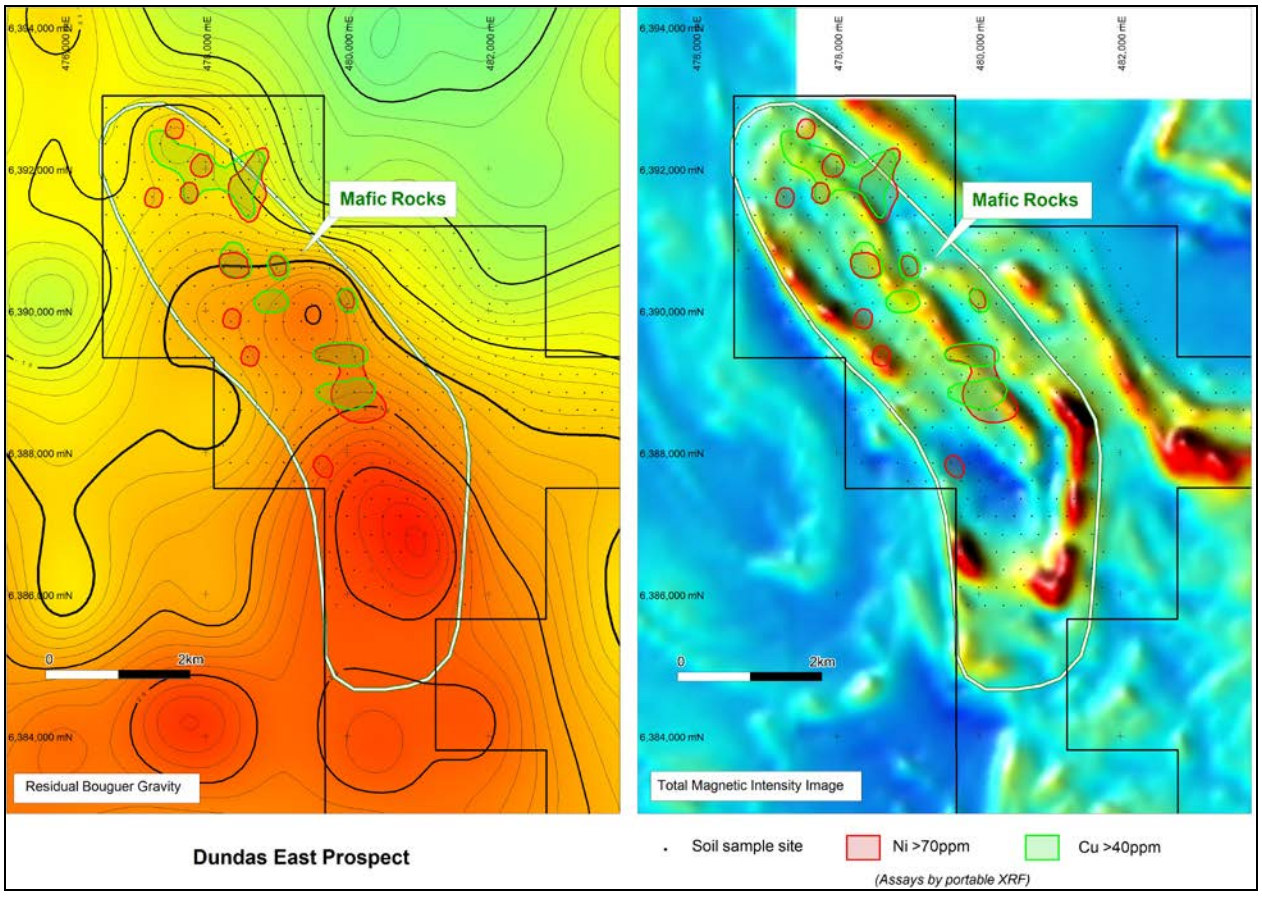

Figure 2: Dundas East Ni, Cu soils anomalies on magnetics and gravity images

Gibson Soak (100% AusQuest)

The Gibson Soak Project is located ~30km north of the port of Esperance, within the broader Fraser Range terrain. The Exploration Licence is still in the application stage but is expected to be granted within the next two months.

Initial field reconnaissance along public roads has identified the presence of mafic meta-gabbro outcrop within the regional gravity high (15–25 milligals), suggesting similarities to the Fraser Complex which hosts the Nova-Bollinger nickel-copper discoveries.

The regional gravity anomaly is approximately 20km x 7km in size within the Company's tenement, and represents a priority target once title is granted and access approved (*Figure 3*).

Much of the area is under crop with very little outcrop to be found. Interpretation of available radiometric data and satellite imagery, supported by field observations, has confirmed the presence of widespread granitic rocks outside the boundary of the gravity anomaly.

Surface sampling over the gravity anomaly will be undertaken to define areas for subsequent ground EM surveys and drilling of targets, once title is granted and approvals for access have been obtained.

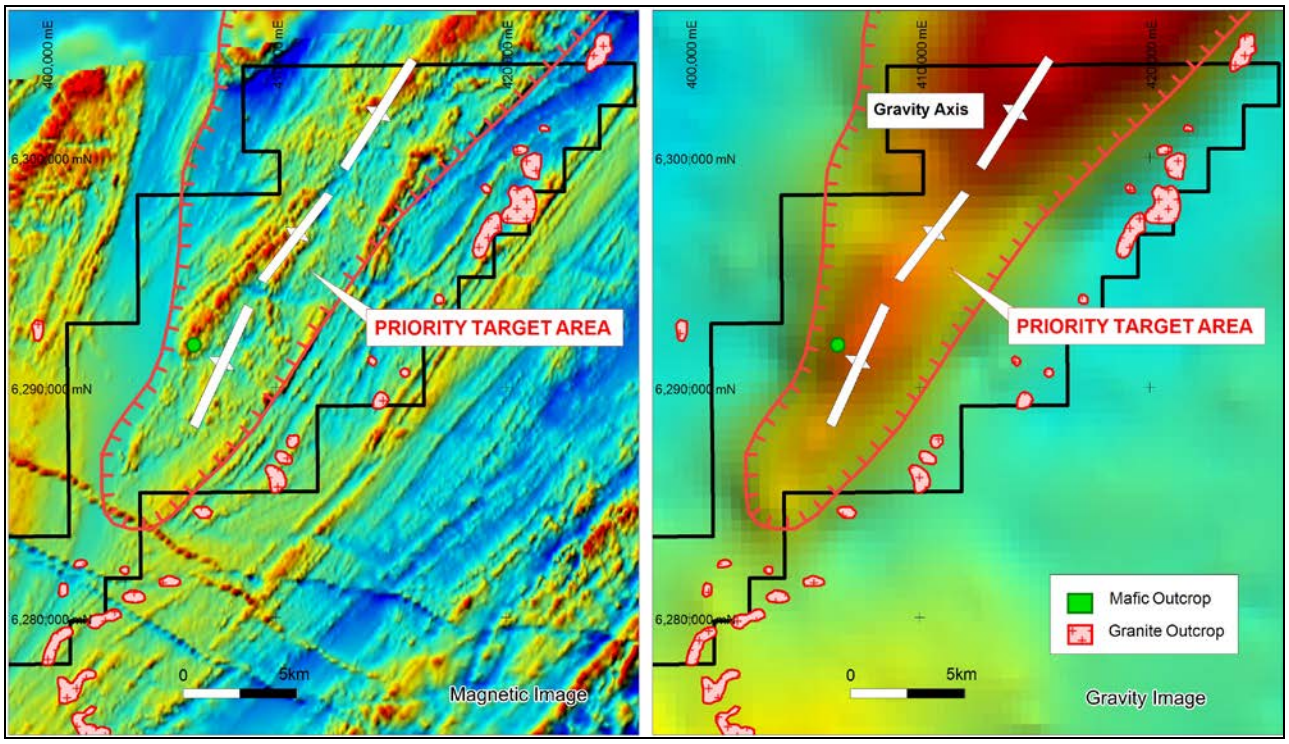

Figure 3: Gibson Soak priority target area

The Company is continuing to focus its exploration efforts within the Fraser Range area of WA as well as on preparations for drilling at its 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.

JORC Code, 2012 Edition – Table 1 report Surface Sampling – Dundas

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Soil sampling was carried at 250m sample separations on a triangular grid. • Sample locations were recorded by hand-held GPS. • Soil sampling holes were logged by the sampler and recorded on a sampling spread sheet • Each soil sample was collected by digging a 15 to 20 cm deep hole and screening the soil from that depth to pass a 200 microns (µm) sieve. • Sample readings were undertaken using an Innov-x Delta DP-6000 portable XRF instrument, set up in a cradle at the field camp. • Each - 200 µm sample was pressed to a minimum thickness of 1 cm into a cylindrical cup, sealed at its base by a thin (4 µm) polypropylene sheet.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling undertaken
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling undertaken
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling undertaken

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• No sub-sampling was completed
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Samples were analysed using a portable Innov-x Delta DP6000 XRF analyser for a range of elements including Ag, As, Cr, Cu, Fe, K, Mn, Mo, Ni, P, Pb, Ti, U, V and Zn. • Each - 200 µm sample was pressed to a minimum thickness of 1 cm into a cylindrical cup, sealed at its base by a thin (4 µm) polypropylene sheet. • Each sample was read (through the polypropylene sheet) for 30 seconds per beam (ie. 90 seconds total) using the portable XRF analyser • QA-QC procedures involved an instrument calibration and reading of a blank and registered standard, at the beginning and end of each reading session. Instrument drift monitoring was undertaken by reading a laboratory-analysed field standard and a field duplicate, inserted alternately every 20th sample reading.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Field sample locations were compiled onto Excel spreadsheets for merging with assay data. • Digital data is regularly backed-up on the company's servers.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource*	• Sample locations are established with a hand held

Criteria	JORC Code explanation	Commentary
	estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	GPS to +/- 5m accuracy.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Spacing for soil sampling was 250m on a triangular grid
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Soil sampling on a triangular grid pattern was independent of geological structure orientations.
Sample security	• *The measures taken to ensure sample security.*	• Samples were securely sealed in the field, followed by packing into larger sealed plastic bags or boxes for transport to the Perth office.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have been carried out on the sampling to date.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Dundas Project is centered at 122 degrees 40 minutes East and 32 degrees 36 minutes South, approximately 100 km ESE of Norseman, Western Australia. • Tenement holdings include 4 granted exploration licences (E63/1001, 1002, 1003, 1004). • All tenements are held 100% by AusQuest Limited. • The majority of the tenement area falls within the Dundas Nature Reserve for which the company has an accepted Conservation Management Plan with DPaW • Aboriginal heritage and flora surveys are routinely completed ahead of ground disturbing activities.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Very limited open file data were found over the company's area of interest.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration model is based upon copper and nickel sulphides hosted in mafic rocks of the Albany Fraser Orogen.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• No drilling undertaken
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling undertaken
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling undertaken
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Soil sample locations and selected element anomalies are provided in the ASX release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable,*	• Representative reporting of assay results is included

Criteria	JORC Code explanation	Commentary
	representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	in the ASX release.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The area was selected for sampling based on geological and geophysical data interpretations by the company.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Proposals of further work will follow after a thorough analysis of the data.