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ASX Release



UPDATE ON WA NICKEL PROJECTS

VTEM survey underway at Dundas, 80km south of Nova; assays received from Earoo

AusQuest Limited (ASX: AQD) provides the following update on its nickel projects in Western Australia.

Dundas Nickel Project

A detailed airborne VTEM survey to explore for nickel-copper sulphide deposits has commenced at the Dundas Project, located ~80km south of Sirius Resources' recent world-class Nova nickel-copper discovery.

An earlier review of the Company's database over this project identified at least four low-level (up to 110ppm Ni and 170ppm Cu) nickel and copper anomalies from the regional surface sampling program that are considered to be of interest.

Previous RAB drilling results also confirmed the presence of mafic and ultramafic lithologies in the area, which are the preferred hosts to nickel sulphide mineralisation.

The airborne survey (350 km), which covers an area of ~100km², will be flown using the new VTEMmax system which has improved depth penetration capabilities. The survey is expected to take several days to complete and at least a further 2-3 weeks before processed data is available for interpretation.

The Company looks forward to reporting on results of this survey as they become available.

Earoo Nickel Project

The Company advises that it has received assay results from the recent drilling program at the Earoo Project, located approximately 300km north-east of Perth.

Narrow zones of anomalous copper (+/- zinc, molybdenum, and lead) were reported from sulphide zones that are located below the mafic sill which was the original target of the drilling program. No obvious connection between the sulphide mineralisation and the overlying mafic sill was evident in the geochemical data.

While there were a number of narrow low-grade copper intersections within the sulphide zones (best intersection – 3.3 metres grading 0.22% Cu, 0.11% Mo), these are not considered to be of economic significance. Analysis of the data is continuing but no further drilling is planned at Earoo at this stage.

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 2004 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.