December 20, 2013
ASX Release

AUSQUEST LIMITED
ABN 35 091 542 451

FRASER RANGE PROJECT – DRILLING UPDATE

- ***First two diamond drill holes completed at Dundas Project: samples sent for analysis.***
- ***Zones of alteration with associated sulphide mineralisation intersected in first hole at Lambda target, suggesting possible proximity to nearby mineralisation.***
- ***Second drill hole planned to test the deeper and larger EM conductor which was not intersected by the first hole.***
- ***Down-hole EM (DHEM) surveys underway: results expected early 2014.***
- ***Drilling to resume on 6 January 2014 with five further holes planned.***

AusQuest Limited (ASX: AQD) advises that the first two of the seven planned diamond drill-holes have been completed at its 100%-owned **Dundas Project**, located ~80km south of the Nova and Bollinger nickel-copper deposits in the Fraser Range belt of Western Australia.

Drilling will resume on 6 January 2014 following a short break for the Christmas/New Year period. The ~2,000m program has been designed to test four high-priority targets – Alpha, Beta, Omega and Lambda – which have been defined by a combination of ground-based fixed loop EM (electro-magnetic) surveys and limited soil geochemistry.

The two diamond holes completed to date have provided a partial test of two of the EM targets, Lambda and Omega. Drill details are provided in the table below.

Hole No	Prospect	Easting	Northing	Azimuth	Incline	Total Depth
13DSDD034	Omega	466123	6387646	90	-70	397.2
13DSDD035	Lambda	467452	6388744	180	-75	343.2

At the **Lambda** prospect, the first drill-hole intersected zones of siliceous alteration associated with sulphide mineralisation within a felsic gneiss sequence, suggesting possible proximity to nearby mineralisation.

The upper alteration zone, which occurs at ~220m down-hole, contains a narrow zone (~20cm) of coarse grained massive and heavily disseminated sulphides (pyrrhotite, pyrite). This correlates with the modelled position of the upper EM conductor.

The lower zone, located at ~310m down-hole, occurs close to the modelled position of the deeper and larger conductor but near the edge of the predicted body. Importantly, this hole did not intersect the cause of the deeper EM response.

A second drill-hole is planned at Lambda to test the deeper and larger conductor, once down-hole electromagnetic (DHEM) surveys have been completed to confirm the location of the source.

At the **Omega** prospect, drilling intersected narrow zones (~0.5m) of graphitic schist associated with low level sulphides (dominantly pyrite) that occur over a total width of ~14m, within an intermediate schistose host rock.

The sulphide zone was much shallower and steeper dipping than predicted by modelling of the EM data, suggesting the possibility of a second target at depth that has not been intersected by drilling.

Down-hole electromagnetic (DHEM) surveys are currently underway to test for off-hole conductors to explain the EM response. Further drilling at Omega will depend on the results of these surveys.

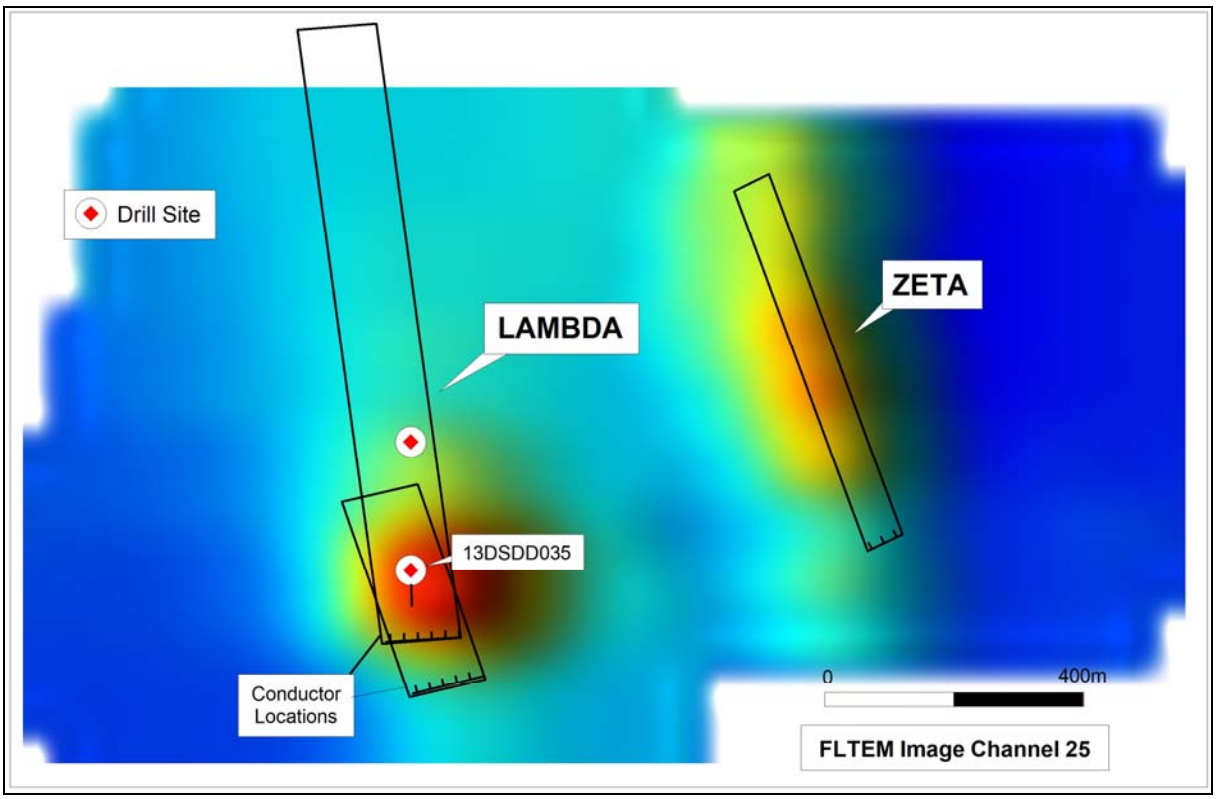
Selected samples have been collected from both drill-holes and are being sent to Perth for analysis. Assay results are expected to be available in January.

Once drilling resumes in early January, the balance of the program is expected to take 2-3 weeks to complete. Further updates, and the results of the DHEM surveys, will be provided early in the New Year.

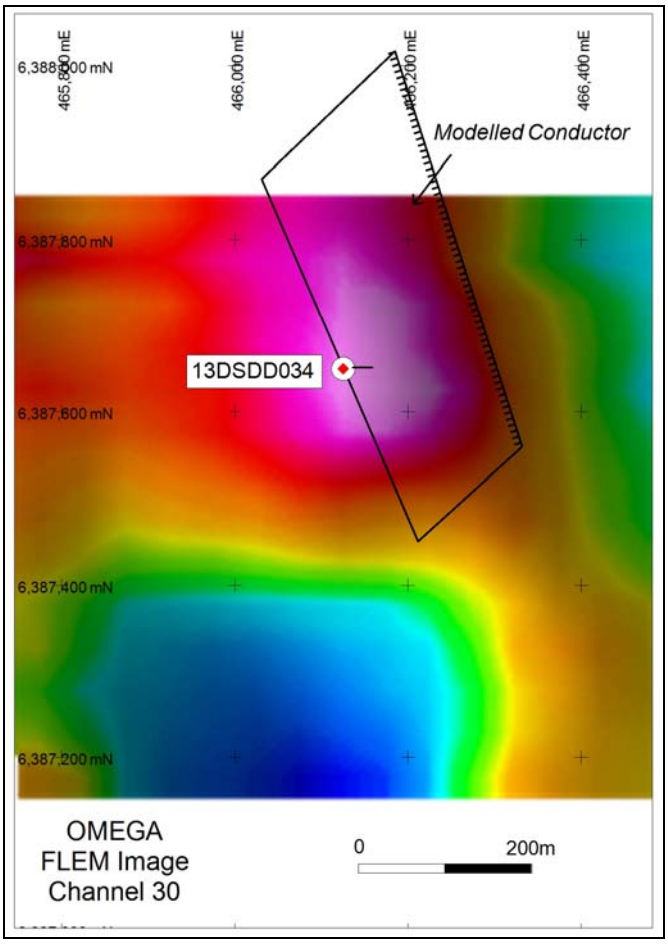
Graeme Drew
Managing Director

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.



Lambda EM Image showing drill-hole location



Omega EM Image showing drill-hole location

JORC Code, 2012 Edition – Table 1 report, AusQuest Diamond Drilling Results

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.*	• Where there is visible mineralization, half core is sampled at 1m intervals up to geological boundaries or mineralization zones are selectively sampled by the on-site geologist to ensure sample representivity. • Where there is no visible mineralization a 20cm half core sample is collected at ~5m intervals. • Core is cut in half with half sent for analysis and half retained for geological and quality control purposes • Sample intervals are measured by tape from depth intervals shown on core blocks labeled by the drillers, as per standard industry practice.
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).*	• Diamond Drilling with an RC pre-collar. • NQ2 drill rods used to produce 50mm diameter core. The RC pre-collar is drilled with a face sampling bit and is ~132mm in diameter. • Down-hole surveys are read at ~ 30m intervals. • Drill core from angled holes is "oriented" using a Reflex orientation tool to identify the underside of the hole.
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.*	• Core recovery is determined by comparing core lengths measured against drilled intervals shown on core blocks and recorded on the logs. • Experienced diamond drillers are engaged to ensure maximum core recovery. • Sample recovery is high negating any sample bias due to recovery.
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)*	• Drill core and sample chips are logged by experienced geologists to identify key rock types and mineralisation styles. • Core logging is qualitative with visual estimates of

Criteria	JORC Code explanation	Commentary
	photography. • *The total length and percentage of the relevant intersections logged.*	mineralisation made for later comparison with assay results. • All core is photographed. • All core is logged.
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.*	• Samples are collected by sawing the core in half along its length and using the sample interval determined by the geologist. In sections where core cannot be cut, representative core chips are collected for assay. • For the RC pre-collar, samples are composited at 4m intervals, by pushing a sampling scoop into the side of each sample pile to provide a representative composite sample for assay. • No duplicate core samples or company standards have been used at this stage. • The sample sizes are appropriate for the geological materials sampled.
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.*	• N/A for this report – Samples have not yet been submitted to the assay laboratory.
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.*	• N/A for this report – No results have been received to date.
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 estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars are located by hand held GPS to an accuracy of approximately 5m. • Down hole surveys on angled holes are carried out every 30m down hole, and at the end of the hole. • All surface location data are in GDA94 datum, UTM zone 51. At this stage drill collar elevations are derived from

Criteria	JORC Code explanation	Commentary
		DTM data.
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.*	• Diamond drill-holes were positioned to intersect EM targets. No systematic drilling of targets has been done
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.*	• Bias due to the orientation of the drilling is unknown at this early stage of exploration.
Sample security	• *The measures taken to ensure sample security.*	• Samples are collected into securely tied bags and placed into cable-tied plastic bags for transport to the laboratory. Each sample batch has a sample submission sheet that lists the sample numbers and the work required to be done on each sample. • Reputable freight companies are used to transport samples to the laboratory. • Sample pulps (after assay) are held by the laboratory and returned to the company after 90 days.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No reviews or audits of the sampling techniques or data have been carried out 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 5 granted exploration licences (E63/1000, 1001, 1002, 1003, 1004) and three exploration licence applications (E63/1680, 1681 and E69/3246). • All tenements are held 100% by AusQuest Limited.

Criteria	JORC Code explanation	Commentary
		• 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.
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.*	• All relevant drill hole data are tabulated in the ASX release. • No RL data have been collected at this stage.
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.*	• N/A for this report – Drilling will continue until early January, no results have been received to date.
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').*	• All intervals reported are down-hole lengths. True widths are unknown at this stage.
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*	• All drill holes are shown on appropriate plans and included in the ASX release.

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	limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant results are reported.
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 relationship between current drill results and previously reported exploration data is discussed in the report with particular reference to EM data used to site the drill holes.
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.*	• Drilling of EM targets reported in previous ASX releases is continuing. • Exact drill hole locations for future work are still to be determined and await detailed review of the current results.