

09 June 2006
ASX Release



DRILLING UPDATE — ROCKLEA CHANNEL IRON PROJECT

AusQuest Limited (ASX: AQD) advises that a second phase of scout drilling has been completed at its Rocklea Iron Ore Project, located 40 kilometres west of Tom Price in the Pilbara region of Western Australia, and samples despatched to Perth for analysis. The company has been advised that analytical results should be available in late July 2006.

The drilling programme consisted of 22 vertical Reverse Circulation drill holes for a total of 794 metres. It was designed to test the eastern extension of previously drilled channel iron mineralisation and included two lines of infill drilling in the vicinity of previously reported intersections (including 16 metres at 58.0%Fe, 3.8%SiO₂, 1.6%Al₂O₃ within drill hole RC03). Initial scout drilling over an interpreted southern branch of the palaeochannel was also completed.

Thick intersections (up to 50 metres) of pisolitic channel iron mineralisation with intercalated clay bands were recorded east of the previous drill coverage, extending the known channel by approximately 1.5 kilometres in strike length. However, scout drilling within the interpreted southern branch of the palaeochannel only intersected thin iron-rich pisolitic material (less than 4 metres).

Within AusQuest tenement, the main channel is now approximately 3 kilometres in length, up to 50 metres deep and at least several hundred metres wide. The southern edge of the channel is close to the current location of the Hardey River and as yet, has not been defined by drilling on all sections. High water flows were encountered in a number of drill holes.

Further announcements will be made once analytical results have been received and assessed.

The Rocklea Project is part of a portfolio of iron ore projects held by AusQuest in the Pilbara region. The Company recently completed initial drilling at its Nameless Project, located 5 kilometres north west of Tom Price, which is subject to an agreement with Rio Tinto. Analytical results for this drilling are also awaited.

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.