



ABN 35 091 542 451

September 1, 2006

6 Keams Crescent, Ardross WA 6153  
Telephone: 08 9364 3866  
Facsimile: 08 9364 4892  
Email: [graeme@ausquest.com.au](mailto:graeme@ausquest.com.au)  
Web: [www.ausquest.com.au](http://www.ausquest.com.au)

Ms N Taylor  
ASX, Level 8  
Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Narissa,

We refer to your 'Price and Volume Query' letter received this morning which noted an increase in the Company's share and option price and an increase in the volume of trading in these securities since the 29<sup>th</sup> August.

The Company is not aware of any information concerning it that has not been announced, which, if known, could be an explanation for recent trading in the securities of the Company.

In recent releases to the ASX the Company has advised:

- the commencement of drilling programmes at its Plenty River Diamond Project (August 22<sup>nd</sup>) and the Beasley Nickel Project (August 23<sup>rd</sup>) by joint venture partners;
- the commencement of a helicopter electromagnetic survey over our Bellary Nickel project (August 25<sup>th</sup>); and
- the delivery of a report on the Nameless Iron Project to Rio Tinto (August 14<sup>th</sup>) which triggers a 60 day assessment period.

Preliminary results from the helicopter electromagnetic survey have started to be received but processing and assessment of this data will take weeks to be completed. At this time no information has been received from either of the drilling programmes.

The company is in compliance with the Listing Rules, in particular listing rule 3.1.

Sincerely



Graeme Drew  
Managing Director  
AusQuest Limited

**ASX**

AUSTRALIAN STOCK EXCHANGE

1 September 2006

Mr Graeme Drew  
Managing Director  
Ausquest Limited  
6 Kearns Crescent  
ARDROSS WA 6153

*By facsimile: 9364 4892*

Dear Graeme

**Ausquest Limited (the "Company")**

**PRICE AND VOLUME QUERY**

We have noted a change in the price of the Company's ordinary shares from \$0.23 on 29 August 2006 to an intra-day high of \$0.31 today and a change in the price of the Company's options from \$0.07 on 30 August 2006 to an intra-day high of \$0.12 today. We have also noted an increase in the volume of trading in these securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at [narissa.taylor@asx.com.au](mailto:narissa.taylor@asx.com.au) or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, by no later than 2.00 pm on Friday, 1 September 2006.

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2 The Esplanade  
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Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### Trading halt

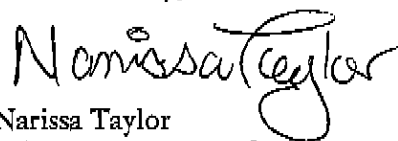
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Narissa Taylor  
Adviser, Issuers (Perth)