

5 October 2006
ASX Release

AUSQUEST REGAINS CONTROL OF NICKEL PROJECTS

AusQuest Limited (ASX: AQD) advises that it has received notice from Falconbridge (Australia) Pty Ltd (Falconbridge) of their withdrawal from the Beasley and Table Hill Option and Joint Venture Agreements. We have been advised that this is a direct result of the recently completed acquisition of Falconbridge by Xstrata plc and does not reflect on the 'significant technical merit' of the projects.

AusQuest remains encouraged by results at the Table Hill project where massive sulphide targets interpreted from the airborne electromagnetic survey (GEOTEM) flown in late 2005, have yet to be tested on the ground. Falconbridge had planned to commence field work to test these targets during the second half of 2006 but their program has been curtailed by the acquisition.

The Company will consider its future options regarding the Table Hill project once all data have been received from Falconbridge and assessed by the Company's consultants.

At the Beasley project, the Company awaits a report on assay results from the recently completed drilling by Falconbridge, as reported to the ASX on 15th September 2006. A review of this project and its future direction will be undertaken by the Company once these results have been received and assessed by our consultants.



Graeme Drew
Managing Director