

May 24, 2007
ASX Release



AUSQUEST REGAINS PLENTY RIVER DIAMOND PROJECT

AusQuest Limited (ASX: AQD) advises that it has received notice from Rio Tinto Exploration Pty Ltd (Rio Tinto) of its withdrawal from the Option, Farm-in and Joint Venture Agreement (OFJVA) covering the Plenty River Diamond Project in the Northern Territory.

Rio Tinto reported that no kimberlitic indicator minerals or microdiamonds were recovered from the 12 drillhole samples and 17 surface loam samples that were collected during the drilling programme completed in September 2006.

The Plenty River Diamond Project is located 230km east of Alice Springs in the Northern Territory. The project was acquired by AusQuest to test a suite of more than 50 discrete magnetic targets that were interpreted as possible kimberlitic and/or lamproitic pipes representing priority targets for diamond exploration.

To date, only two magnetic targets, including one target with associated microdiamonds, have been effectively tested by drilling. The source(s) of the original 8 microdiamonds located by surface loam sampling over four of the sixteen magnetic targets, remains unexplained.

AusQuest will consider its future options regarding the Plenty River Diamond Project once a final report has been received from Rio Tinto and the results assessed by the Company's consultants.

The Company continues to progress its 2007 exploration program which is focused on its portfolio of nickel sulphide, uranium and gold projects in the Pilbara region of Western Australia.

A handwritten signature in black ink, appearing to read 'G Drew'.

Graeme Drew
Managing Director