



ABN 35 091 542 451

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14 December 2007

The Manager
Company Announcements Office
Australian Stock Exchange

By Electronic Lodgement

Dear Sir/Madam

SHARE PURCHASE PLAN

Please find attached a copy of the Share Purchase Plan which has been despatched to shareholders.

Yours sincerely
AUSQUEST LIMITED

A handwritten signature in black ink, appearing to read 'Darren Crawte'.

Darren Crawte
Company Secretary

11 December 2007



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Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of AusQuest Limited (**AusQuest** or **Company**) has approved the introduction of a Shareholder Share Purchase Plan (**Plan**).

Shareholders Eligible to Participate in the Plan

The right to participate in the offer under the Plan (**Offer**) is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of AusQuest (**Shares**) at 5pm (WST) on the Record Date of **10 December 2007** and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Share Purchase Plan

The Board is pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to approximately \$5,000 worth of Shares at \$0.28 per share, together with one free attaching option exercisable at \$0.20 on or before 30 November 2009 (**Option**) for every two new Shares purchased (**Offer**).

The average trading price of the Shares on ASX Limited (**ASX**) during the 5 trading days immediately prior to the announcement date of this Offer was 29.2 cents per share. The purchase price of the Shares offered pursuant to this Offer therefore represents a discount of 4% to that average price.

The average trading price of the Options on ASX during the 5 trading days immediately prior to the announcement date of this Offer was 12.2 cents per option.

Current Projects and Use of Funds

Details of the Company's current activities are set out in the announcements made by AusQuest to the ASX and are available from the ASX or Ausquest's website at www.ausquest.com.au.

The funds raised under the Plan will be used by the Company to underpin an expanded exploration program at the Company's Table Hill prospect, located 200km southeast of Newman in WA's Pilbara region, where a recently announced drill hole intersected high-grade manganese mineralization of 3.9m @ 47.5% Mn from 286.8m.

Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Advanced Share Registry Services Pty Ltd, 110 Stirling Highway, Nedlands WA 6009, on or before the **Closing Date of 5pm (WST) on 24 December 2007**. No late applications will be accepted.

Please note that there are three investment options available to Eligible Shareholders, being:

- (a) the maximum investment of \$4,999.68 per Eligible Shareholder, being a subscription of 17,856 Shares at 28 cents per Share;
- (b) an investment of \$2,999.92 per Eligible Shareholder, being a subscription of 10,174 Shares at 28 cents per Share; and
- (c) the minimum investment of \$1,999.76 per Eligible Shareholder, being a subscription of 7,142 Shares at 28 cents per Share.

The maximum investment any shareholder may apply for will remain \$4,999.68 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$5,000. Shares and Options allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares and Options will be made immediately following the issue of those Shares and Options.

The maximum number of Shares that may be issued pursuant to this Offer is 7,142,857. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis.

If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 31.5 cents. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Shortfall Placement/Underwriting

In the event that less than 7,142,857 Shares are applied for pursuant to this Offer, the shortfall may be placed at the discretion of the Directors.

Indicative Timetable

Announcement Date of Plan	28 November 2007
Record Date (5.00pm WST)	10 December 2007
Despatch Plan to Shareholders	11 December 2007
Opening Date of Offer	12 December 2007
Closing Date of Offer	24 December 2007
Issue of Shares and Options under the Plan	4 January 2008
Despatch date for holding statements	7 January 2008
Quotation of Shares and Options on ASX	7 January 2008

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

If you wish to participate in the Share Purchase Plan, please ensure that you return the completed "Entitlement and Acceptance Form" prior to the Closing Date.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact the following parties:

- The Company Secretary, Mr Darren Crawte, on (int) + 61 8 9321 3514 for general queries relating to the Plan;
- The Company's share registry, Advanced Share Registry Services Pty Ltd, on (int) + 61 8 9389 8033 for queries in relation to your specific shareholding and your entitlement under the Plan.
- Myself, on (int) + 61 8 9364 3866 for queries relating to AusQuest's projects;

Yours faithfully



Graeme Drew
Managing Director
AusQuest Limited

AUSQUEST LIMITED
ABN 35 091 542 451
Shareholder Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of AusQuest Limited (**AusQuest** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**AusQuest Shares**) up to a maximum of A\$5,000 in any 12 month period at a discount to the market price of AusQuest Shares on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for AusQuest to issue a prospectus, upon such terms and conditions as the board of directors of AusQuest, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of AusQuest Shares that are registered with an Australian or New Zealand address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any AusQuest Shares offered under the Plan).

An offer may, at the discretion of the directors of AusQuest, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$5,000. The directors of AusQuest may also determine in their discretion the minimum amount for participation, the multiple of AusQuest Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of AusQuest Shares

The price of AusQuest Shares to be issued under the Plan will be determined by calculating a discount to the volume weighted average market price of AusQuest Shares quoted on ASX during the period 5 trading days immediately prior to the date of the announcement of the Offer or the date Shares are issued pursuant to the Offer.

Applications and Notices

At the discretion of the directors of the Company, AusQuest will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for AusQuest Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by AusQuest to participants may be given in any manner prescribed by its Constitution.

Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares pursuant to the Plan where one or more of the eligible shareholders fail to subscribe for the maximum number of shares available to them under the Offer. The Directors may pay a broker's fee to Underwriters.

Issue of AusQuest Shares

AusQuest Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of AusQuest in the relevant offer.

AusQuest Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in AusQuest from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all AusQuest Shares issued under the Plan. The Company will, promptly after the issue of AusQuest Shares under the Plan, make application for those AusQuest Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

AusQuest may modify or terminate the Plan at any time.

AusQuest will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, AusQuest may issue to any person fewer AusQuest Shares than the person applied for under the Plan if the issue of the AusQuest Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

AusQuest may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or AusQuest Shares. The decision of AusQuest in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

AusQuest reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of AusQuest under these conditions may be exercised by the directors of AusQuest or any delegate of the directors of AusQuest.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Company Secretary, Mr Darren Crawte on (08) 9321 3514.