

May 23, 2008  
ASX Release



## EXPLORATION DRILLING UPDATE

AusQuest Limited (ASX: AQD) is pleased to advise that drilling of the pre-collar at the **Machattie Prospect** at its 100%-owned **Diamantina Iron-Oxide Copper-Gold (IOCG) Project**, located approximately 450km south of Mt Isa in western Queensland, has commenced.

The first drill hole is targeting a strong coincident gravity (32 milligals) and magnetic anomaly which the Company believes is consistent with large-scale IOCG systems known elsewhere in Australia to contain copper, gold and uranium mineralisation (eg Olympic Dam in South Australia).

The target is approximately 800 to 1000 metres deep and extends over an area of some 25 km<sup>2</sup>. The pre-collar is expected to take approximately 3 weeks to complete, with diamond drilling of the target zone scheduled to commence in the second half of June 2008.

Drilling at the **Table Hill Manganese Project** which is located 200km east of Newman in Western Australia, is scheduled to commence around the 27<sup>th</sup> May 2008.

Drilling will commence at the Company's MN1 prospect where high grade manganese mineralisation (3.96m @ 47.5% Mn) was intersected in drill hole THD01 in November 2007. The original drill-hole was sited to test a laterally extensive (18km<sup>2</sup>) electromagnetic target outlined by an airborne GEOTEM survey.

Approximately 15 widely spaced drill-holes (~1,200m x 800m) are planned during the initial phase of the programme.

The Board of AusQuest is looking forward to reporting results from the 2008 drilling programme as they become available.

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

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.*



Daly Bros Drilling rig on site at Machattie