

AUSQUEST LIMITED

Phaco Hill Encouraging Diamond Drill Results

AusQuest Limited ("AusQuest", "AQD", "Company") has intersected thick gold-mineralisation during diamond drilling at the northern end of the Phaco Hill prospect, part of the Comoe JV (AQD 51%, Endeavour Mining 49%) in Burkina Faso. The latest results are from 5 of the 16 diamond drill holes completed at Phaco North with the new zones ranging in thickness from 53m to 125m with anomalous gold mineralisation averaging from 0.28 to 0.8g/t Au and include 17m @ 2.35g/t Au and 7.9m @ 1.84g/t Au.

AusQuest has now defined 4 main targets (Phaco North, Phaco Central, Phaco East and Phaco South), with reported good-grade gold to the north and south. Mineralisation remains open in all directions with results awaited for the remaining 11 holes completed. The aim of the diamond drill program was to test deeper conductive electromagnetic (EM) targets which have the potential for Volcanogenic Massive Sulphide (VMS) style systems.

More drilling to unlock economic potential

The Phaco Hill prospect (1km x 400m) is located within the Komoe tenement area in the southern parts of the under-explored Banfora greenstone belt. During previous exploration by AusQuest at Phaco North has intersected anomalous gold including 26m @ 1.26/t Au within sulphides. Sulphide mineralisation is thought to be the cause for a number of discrete conductive EM anomalies within the area which have now been tested by diamond drilling. Thus far, higher grade gold values have been associated with an increase in sulphide content, with gold grade increasing with depth. We see more detailed drilling as the key to unlocking the economic potential of this area.

Phaco South larger EM targets to test

Five diamond drill holes have been sited at Phaco South to test beneath the level of previous RC drilling which returned **2m @ 41.8g/t Au** and **8m @ 7.75g/t Au**. The completed diamond holes have intersected two zones of sulphide mineralisation at depth with assays pending. Both these zones are wider than the intersections previously reported, indicating that the target zone is getting wider with depth. Gold assays for the cored holes are expected in the coming weeks. Completed down-hole EM implies large vertical extent for the sulphides in this area (Fig.2) and further encouraging results from Phaco South are expected.

More targets to test, we recommend AQD as a Speculative Buy

The Company has another 8 priority targets to test over 4km south of Phaco Hill within the Komoe tenement. Diamond drilling has commenced with the testing of some of these targets. Systematic RC drilling at Siniko West continues with 50m-spaced holes along section lines to test a 5km long gold anomaly. AusQuest is planning to spend ~\$3m on exploration during the June quarter in Burkina Faso.

AusQuest has a current market capitalisation of A\$34m for an enterprise value of ~A\$18m. We expect more positive results from on-going West African exploration and work programs across the Company's Australian projects. We recommend AusQuest Limited as a Speculative Buy.

3 May 2011

Share Price (last): \$0.150

Brief Business Description:

Diversified Junior Explorer

Hartleys Brief Investment Conclusion

Next phase of drilling in Burkina Faso has commenced and early drill success at Phaco Hill.

Chairman & MD

Greg Hancock (Non-Exec. Chairman)
 Graeme Drew (Managing Director)

Top Shareholders

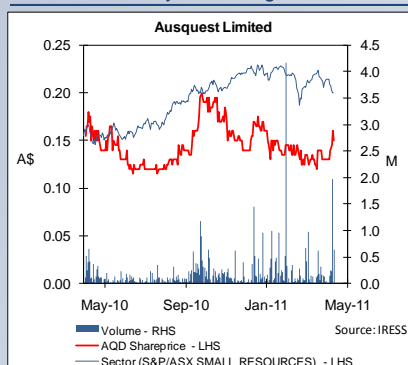
Cliffs Australia Holdings Pty Ltd	29.9%
Passport Capital	6.5%
Hammersley Holdings Ltd	4.6%

Company Address

8 Kearns Crescent
 Ardross WA 6153

Issued Capital	228.3m
- fully diluted	228.3m
Market Cap	\$34.2m
- fully diluted	\$34.2m
Cash (31 Mar '11)	\$16.4m
Debt (31 Mar '11)	\$0.0m
EV	\$17.9m

Main Projects	Target Commodity
West Africa	Gold
Dundas	Gold
Diamantina	Copper, Gold
Plenty River	Base Metals
Wolfe, Stanley	Manganese
Table Hill, Savory	Manganese, Nickel

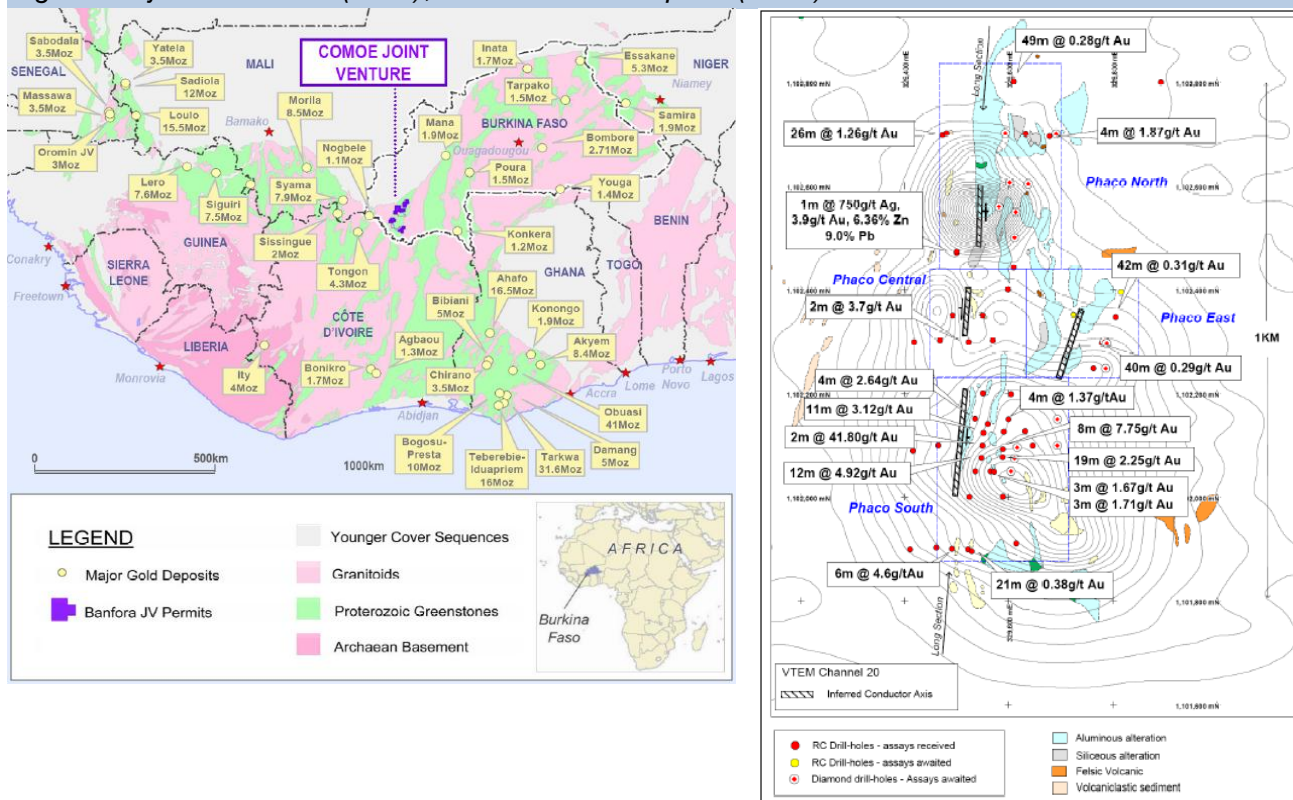

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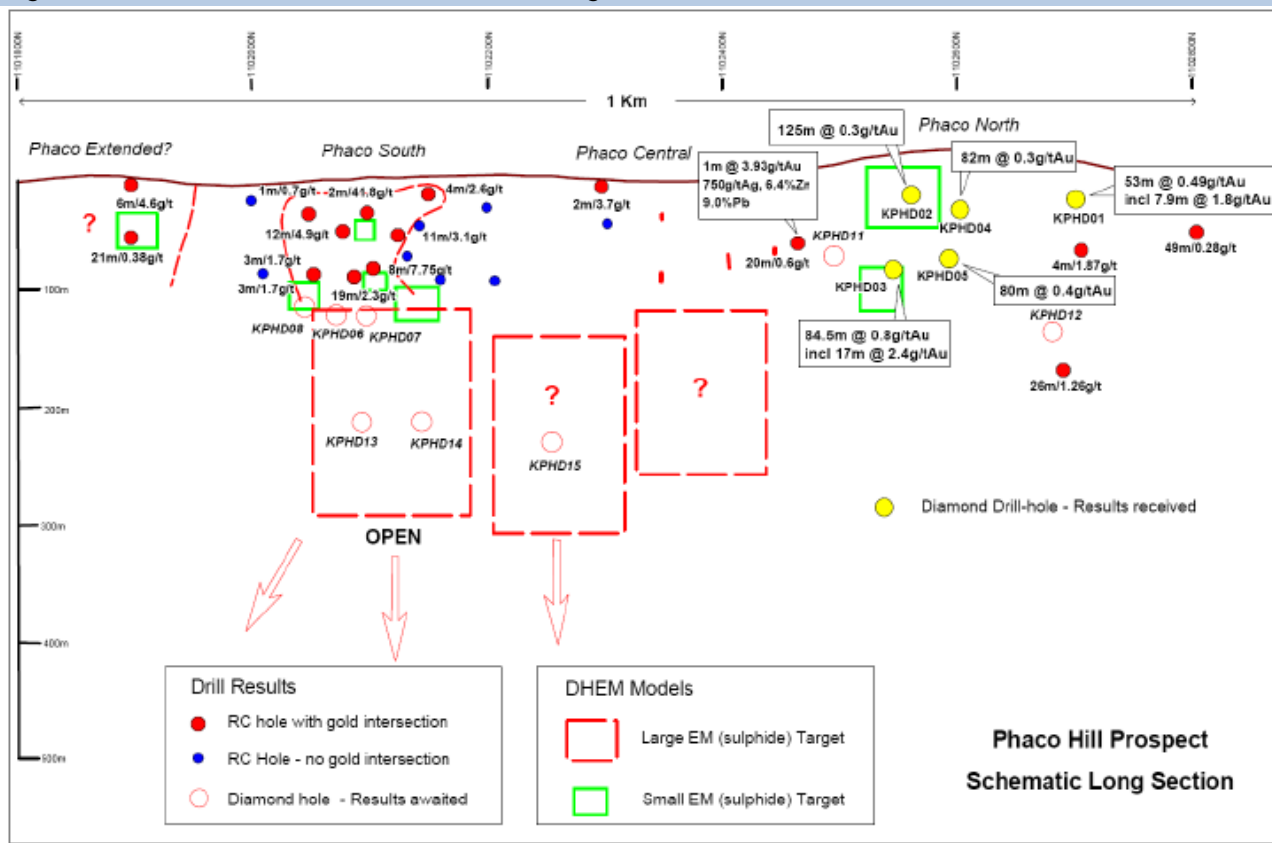
Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to AusQuest Limited. See back page for full disclosure.

Fig. 1: Project Location (LHS); Phaco Hill Prospect (RHS)



Source: AusQuest Limited

Fig. 2: Phaco Hill Drill Results with EM targets to test



Source: AusQuest Limited

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage						Hartleys Research Coverage					
Name	Ticker	Last Price*	M. CAP (\$m)	Status	Hartleys Research Recommendation	Name	Ticker	Last Price*	M. CAP (\$m)	Status	Hartleys Research Recommendation
Resources						Oil & Gas					
Gold						Conventional Oil & Gas					
1. Intrepid Mines Limited	IAU	1.88	804	Explorer	Speculative Buy	1. Woodside Petroleum Ltd	WFL	47.81	37,298	Major	Buy
2. Beadell Resources Limited	BDR	0.835	519	Developer	Speculative Buy	2. Nexus Energy Ltd	NXS	0.44	417	Developer / Explorer	Speculative Buy
3. Silver Lake Resources Limited	SLR	2.22	397	Producer	Buy	3. Tap Oil Ltd	TAP	0.98	235	Producer / Explorer	Buy
4. Gold One International Limited	GDO	0.485	391	Producer	Buy	4. Carnarvon Petroleum Ltd	CVN	0.28	189	Producer / Explorer	Speculative Buy
5. Integra Mining Limited	IGR	0.495	374	Producer	Speculative Buy	5. FAR Ltd	FAR	0.11	131	Explorer / Producer	Speculative Buy
6. Catalpa Resources Limited	CAH	1.550	252	Producer	Buy	6. Cooper Energy Ltd	COE	0.42	121	Producer / Explorer	Buy
7. Focus Minerals Ltd	FML	0.083	238	Producer	Buy	7. Otto Energy Ltd	OEL	0.09	107	Explorer / Producer	Buy
8. Tanami Gold NL	TAM	0.900	234	Producer	Speculative Buy	8. Amadeus Energy Ltd	AMU	0.26	78	Producer / Explorer	Speculative Buy
9. YTC Resources Limited	YTC	0.715	140	Developer	Buy	9. Hawkey Oil and Gas Ltd	HOG	0.39	53	Producer / Explorer	Buy
10. PMI Gold Corporation Limited	PVM	0.650	125	Developer	Speculative Buy	10. WHL Energy Ltd	WHN	0.04	30	Explorer / Producer	Speculative Buy
11. Papillon Resources Limited	PIR	0.410	75	Explorer	Speculative Buy	11. Sun Resources NL	SUR	0.03	12	Explorer / Producer	Hold
12. Cortona Resources Limited	CRC	0.170	33	Developer	Speculative Buy	Non Conventional Oil & Gas					
13. Ausquest Limited	AQD	0.130	30	Explorer	Speculative Buy	1. Aurora Oil and Gas Ltd	AUT	2.76	1,113	Producer / Developer	Reduce
14. Emmerson Resources Limited	ERM	0.145	30	Explorer	Speculative Buy	2. Samson Oil & Gas Ltd	SSN	0.160	275	Developer / Producer	Buy
15. Canyon Resources Limited	CAY	0.430	13	Explorer	Speculative Buy	3. Oilex Ltd	OEX	0.44	111	Explorer / Producer	Speculative Buy
16. Southern Gold Limited	SAU	0.090	13	Explorer	Speculative Buy	4. European Gas Ltd	EPG	0.45	90	Producer / Explorer	Speculative Buy
17. Geopacific Resources NL	GPR	0.280	11	Explorer	Speculative Buy	5. Strike Energy Ltd	STX	0.19	61	Explorer / Producer	Buy
Iron Ore						6. Entek Energy Ltd	ETE	0.19	53	Producer / Explorer	Speculative Buy
18. Atlas Iron Limited	AGO	3.70	2,021	Producer	Buy	Sub-Total					40,374
19. Centaurus Metals Ltd	CTM	0.098	59	Explorer	Speculative Buy	Industrials					
Coal						Resource Services - Capital Intensive					
20. Riversdale Mining Limited	RIV	16.520	3,113	Developer	No Rating	1. Ausdrill Limited	ASL	3.49	1,063	Contract Drilling	Buy
Base Metals						2. NRW Holdings Ltd	NWH	2.84	713	Contract mining	Speculative Buy
21. Jabiru Metals Limited	JML	0.820	453	Zinc-Copper Producer	Buy	3. Mermaid Marine Ltd	MRM	3.21	684	Oil & Gas Services	Speculative Buy
22. Aviva Corporation Limited	AVA	0.265	36	Explorer	Speculative Buy	4. Fleetwood Corporation	FWD	11.12	637	Accommodation	Hold
Other metals						5. Matrix Composites &	MCE	8.40	613	Oil & Gas Services	Buy
23. Kasbah Resources Limited	KAS	0.290	69	Tin Developer	Buy	6. Index Ltd	IMD	2.10	407	Drilling Supplies	Buy
24. Shaw River Resources Limited	SRR	0.230	58	Manganese:	Speculative Buy	7. Macmahon Holdings Limited	MAH	0.55	400	Contract mining	Hold
25. Hazelwood Resources Ltd	HAZ	0.195	45	Tungsten Developer	Speculative Buy	8. MACA Ltd	MLD	2.50	375	Contract mining	Buy
Uranium						9. Pacific Energy Ltd	PEA	0.43	151	Remote Power	Buy
26. Peninsula Energy Ltd	PEN	0.091	190	Developer	Buy	10. Swick Mining Services Ltd	SWK	0.37	88	Contract Drilling	Speculative Buy
27. Impact Minerals Limited	IPT	0.090	11	Explorer	Speculative Buy	Resource Services - Labour Intensive					
Sub-Total					9,733	11. Monadelphous Group Limited	MND	19.86	1,709	Construction	Hold
66. GRAND TOTAL						12. Decmil Group Limited	DCG	3.25	402	Construction	Buy
						13. Lycopodium Limited	LYL	6.65	257	Engineer. & Constr.	Speculative Buy
						14. RCR Tomlinson Ltd	RCR	1.73	228	Engineer. & Constr.	Buy
						15. LogiCams Limited	LCM	1.25	75	Engineer. & Constr.	Buy
						16. VDM Group Limited	VMG	0.23	48	Engineer. & Constr.	Speculative Buy
						Other Industrial Companies					
						17. West Australia News Hdgs Ltd	WAN	5.02	3,773	Media	Speculative Buy
						18. Austal Limited	ASB	3.14	591	Civil and Military	Buy
						19. iNet Limited	IN	2.71	412	Telecommunications	Buy
						20. Cash Converters Internat.	CCV	0.85	338	Unsecured Finance	Hold
						21. Amcom Telecommunications	AMM	0.37	265	Telecommunications	Buy
						22. RedHill Education Ltd	RDH	0.20	5	'For profit' education	Hold
Sub-Total					13,233	Sub-Total					63,339
66. GRAND TOTAL						66. GRAND TOTAL					

Source: IRESS, Hartleys Research. * 3 May 2011

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Hartleys Recommendation Categories

No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Hold	Take no action.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause weakness.
Sell	Significant price depreciation anticipated

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Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to AusQuest Limited, for which it has earned fees and continues to earn fees.

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