

19 June 2006  
ASX Release

## DRILLING RESULTS — NAMELESS IRON PROJECT

AusQuest Limited (ASX: AQD) advises that assay results from the initial drilling programme at its Nameless Iron Ore Project, located 5 kilometres north west of Tom Price in the Pilbara region of Western Australia, have been received.

This programme consisted of 64 vertical Reverse Circulation drill holes (100 metres apart) on 13 sections spaced 800 metres to 1,200 metres apart. The sections span a 13 kilometre strike length of the 15km long channel outlined by earlier surface mapping.

Assay results confirmed the presence of channel iron mineralisation on all sections, returning values in excess of 50% Fe on nine of the thirteen sections drilled. Two zones of interest were outlined by the drilling; one at the eastern end of the channel (closest to Tom Price) with a potential strike length of approximately 5 kilometres and a smaller zone (1 to 2 kilometres in length) towards the western end, centred on section 565200E.

Within the two zones of interest, grades for the two metre sample intervals ranged from 50 to 56% Fe, 3.0 to 10.0% SiO<sub>2</sub>, and 3.9 to 9.6% Al<sub>2</sub>O<sub>3</sub>, with average values, normalised by thickness, of 52.7% Fe, 6.4% SiO<sub>2</sub> and 6.2% Al<sub>2</sub>O<sub>3</sub>. For comparison, typical grades quoted for the Robe River pisolite mineralisation are approximately 57.0% Fe, 5.4% SiO<sub>2</sub> and 2.6% Al<sub>2</sub>O<sub>3</sub>.

The average pisolitic iron grades returned from the drilling are lower than the grades achieved from previous surface sampling (55-58% Fe), due to higher levels of SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub> which probably reflect the clay content of the channel iron material. The company thinks it may be possible to reduce this clay content by processing (screening and washing) which would enhance the iron grade of the resultant product. However, no test work has been undertaken.

While both the iron grades and contaminant levels (SiO<sub>2</sub> and Al<sub>2</sub>O<sub>3</sub>) are not at the levels initially expected based on the surface sampling results, the drilling has confirmed the presence of substantial volumes of pisolitic channel iron mineralisation at Nameless.

Better intersections from this initial drilling program are presented in the table below:

Section	Hole No	Easting	Northing	Depth from	Depth to	Interval	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI 400
3400E	RC058	573919	7494877	8m	12m	4	51.4	6.8	7.4	9.3
	RC059	573847	7494805	10m	24m	14	50.8	7.6	8.2	8.3
	RC060	573784	7494751	14m	18m	4	52.4	5.8	6.4	10.1
2600E	RC057	573109	7495158	10m	22m	12	52.4	7.5	6.2	8.6
1800E	RC053	572439	7495607	10m	28m	18	52.0	7.1	6.4	9.3
	RC054	572405	7495584	8m	20m	12	53.8	5.6	5.8	9.0
572000E	RC048	572004	7496299	4m	8m	4	51.1	7.6	6.4	9.3
	RC07	571997	7496204	2m	20m	18	53.2	6.4	5.4	9.4
	RC06	571998	7496118	0m	24m	24	53.4	6.2	5.8	8.8
571200E	RC02	571204	7496489	2m	6m	4	52.4	7.5	6.8	7.8
	RC03	571197	7496403	0m	20m	20	54.6	5.6	5.4	8.1

	RC04	571197	7496302	0m	6m	6	50.5	7.7	6.4	7.0
570000E	RC045	570021	7497004	6m	10m	4	50.3	7.7	7.2	9.7
	RC064	570018	7496846	4m	8m	4	52.5	6.4	6.3	9.6
568800E	RC012	568796	7497106	12m	16m	4	50.8	7.6	6.6	9.6
	RC013	568798	7497003	4m	8m	4	50.2	9.2	7.5	7.9
566400E	RC016	566393	7497899	8m	12m	4	50.5	7.4	6.9	10.1
565200E	RC033	565191	7497757	4m	10m	6	50.7	7.4	6.8	9.5
	RC034	565199	7497700	6m	22m	16	53.5	6.0	5.3	9.4
	RC035	565216	7497604	10m	18m	8	53.7	4.9	5.7	9.5

*Note: All holes are vertical. Samples were collected at 2 metre intervals. Samples were dried, pulverised and assayed by X-Ray Fluorescence Spectrometry.*

*Loss on Ignition (LOI 400) values reflect water of crystallisation of the Fe minerals within the samples.*

It is not possible at this stage to make any definitive statements regarding the commercial potential of the mineralisation due to the high Al<sub>2</sub>O<sub>3</sub> levels in the samples. A comprehensive report on the drilling results will now be prepared and submitted to Rio Tinto, under the previously announced agreements covering the Nameless Project.

Under these agreements, Rio Tinto has 60 days following receipt of this report to decide whether to proceed to the next stage of the agreement under which it can exercise a right to earn an interest in the Project.

The Nameless Project is part of a portfolio of iron ore projects held by AusQuest in the Pilbara region, where the Company has assembled a substantial package of tenements (covering an area of ~1,400km<sup>2</sup>) in the Tom Price-Paraburdoo area. In addition, the Company has also secured a major drainage system (25km in length) immediately south of the Whaleback iron ore mine at Newman in the east Pilbara, where it has already identified pisolitic iron mineralisation at surface.

The Company recently completed a second phase of scout drilling at the Rocklea Iron Ore Project, located 40km west of Tom Price. Analytical results for this drilling are awaited.



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.*

