

August 22, 2006
ASX Release

DRILLING COMMENCES AT THE PLENTY RIVER DIAMOND PROJECT

AusQuest Limited (ASX: AQD) has been advised by Rio Tinto Exploration Pty Limited (Rio Tinto) that drilling has commenced at its Plenty River Diamond Project, located 230km east of Alice Springs in the Northern Territory. The Plenty River Project is subject to an Option and Farm-in Agreement with Rio Tinto which can earn a 70% interest in the project by spending a total of \$7.0 million on exploration in the area.

The drilling programme is being managed by Rio Tinto and is expected to take several weeks to complete. Subject to ground access conditions, a total of 8 airborne magnetic targets are planned to be tested, two of which returned multiple micro-diamonds from surface loam samples collected in late 2005, as reported to the ASX in March 2006.

Rio Tinto has advised that results from this programme will be available approximately 6 weeks after completion of the drilling. No previous exploration drilling for kimberlites has been undertaken in this area.

The Board of AusQuest looks forward to reporting the results of this programme when they become available.



Graeme Drew
Managing Director