

May 28, 2008
ASX Release



DRILLING COMMENCES AT THE TABLE HILL MANGANESE PROJECT, WA

AusQuest Limited (ASX: AQD) is pleased to advise that exploration drilling has commenced at the MN1 prospect at the **Table Hill Manganese Project** which is located approximately 200km east of Newman in Western Australia.

The drilling programme is designed to test for extensions of the high grade manganese mineralisation (3.96m @ 47.5% Mn) that was intersected in drill hole THD01 (November 2007) which was sited to test a laterally extensive electromagnetic (EM) target outlined by an airborne GEOTEM survey.

The initial five drill-holes will target an area to the north of THD01 (~4 to 5km² in size), where the airborne EM anomaly appears to be the strongest (see attached plan). The holes are located approximately 1km apart and will be drilled to depths of around 300 metres.

Whilst the relationship between conductivity and manganese grade is unknown at this stage, results from hole THD01 suggest that high grade manganese is the cause of the EM anomaly. Lower amplitude EM responses which will be drill tested later in the programme, are also considered highly prospective for manganese, reflecting possible changes in thickness, grade and/or mineralogy of the target horizon.

A total of thirty one drill sites have been identified and cleared for drilling as part of this programme with the final number of holes drilled depending on results obtained.

A recent trial VTEM helicopter survey completed over anomaly MN1 provided a significant improvement in data quality and is currently being used to produce conductivity-depth sections for direct comparison with the upcoming drill results. A preliminary image of channel 30 amplitude from the VTEM survey is presented on the attached plan.

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

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.

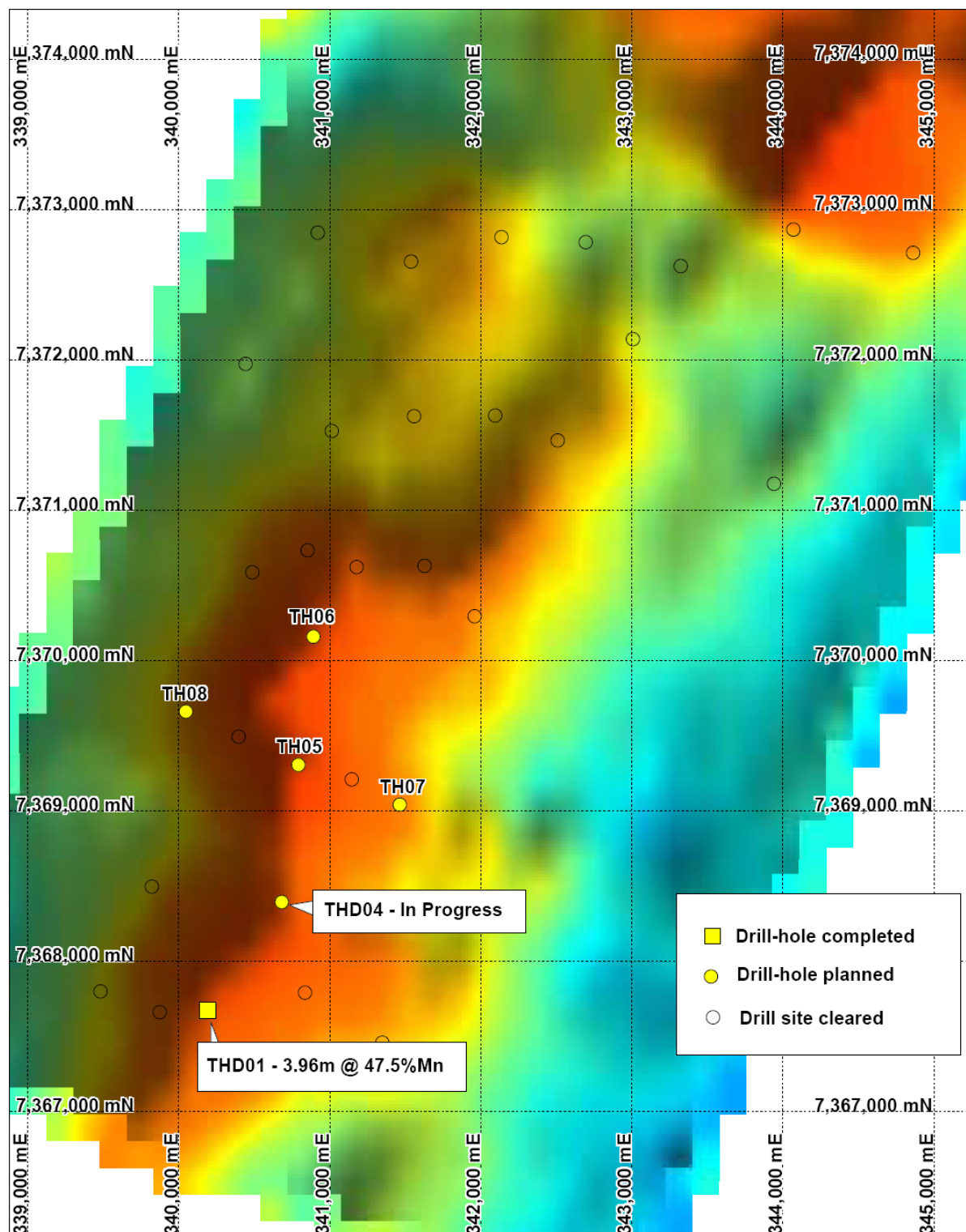


Table Hill - MN1 Prospect VTEM Image (Channel 30)
Showing Drill Hole Locations