

June 2, 2008
ASX Release



PROGRESS REPORT ON DRILLING AT THE TABLE HILL MANGANESE PROJECT

AusQuest Limited (ASX: AQD) advises that the first exploration drill-hole of the planned 15 hole drilling programme at the MN1 prospect at Table Hill located ~200km east of Newman in Western Australia, was completed at 320 metres.

Drill-hole THD04 located approximately 900 metres north-east of drill-hole THD01 which intersected 3.9m @ 47.5% Mn in November 2007, intersected a zone of clay alteration (~6 metres) overlying silicified carbonate stratigraphy (~8 metres) containing minor elevated Mn values (1200ppm - based on results from a Niton portable XRF analyser) at a depth of 237 to 251 metres. This result appears to confirm continuity of the manganese target horizon intersected in THD01.

The source of the extensive electromagnetic (EM) anomaly that was the target of this drilling is not obvious in the drill-hole, however the EM data imply continuity of the conductive source rocks that were intersected in drill-hole THD01 (ie the manganese oxides). AusQuest believes this drill-hole fails to explain the cause of the EM anomaly.

The second drill-hole of the programme is located approximately 1000 metres north of THD04 and will provide a further test of the EM anomaly before section drilling is considered. Based on the first two drill-holes, the target horizon appears to be shallowing to the north where the future drilling will take place. Drilling of the second hole will commence immediately.

Results from the initial five drill-holes of the programme will provide a preliminary geological model for the ongoing drill programme and help to outline priority areas for infill drilling. A total of thirty one drill sites have been identified and cleared for drilling as part of this initial programme.

The Board of AusQuest will continue to report 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.

DISCLAIMER

The estimates of manganese grade referred to in this release are based on readings along the core using a Niton XL3t portable XRF analyser. While AusQuest believes the Niton estimate is indicative of the grade of the intersection, the Company makes it clear that the Niton grades are not based on formal assays and are an estimate only.

