AUSQUEST LIMITED

ABN 35 091 542 451

Quarterly Report – 31 March 2009

HIGHLIGHTS

- Landmark, well-funded 2009 exploration program underway across AusQuest's project portfolio in Western Australia (WA) and the Northern Territory (NT).

- A$7.5M budget approved for 2009 exploration program.

MANGANESE (WA)

- 2009 drilling programme (minimum 5,000 metres) scheduled to commence in May.
- Regional GEOTEM Survey (~6,200km) commences at Table Hill to identify further manganese targets for drilling.
- Mapping and sampling of manganese target horizon scheduled to commence at the Wolfe Project in late April.

COPPER-GOLD (QLD, WA)

- Gold target zones identified by aeromagnetics at the Dundas Project (Tropicana belt, WA). Sampling scheduled to commence in second Quarter of 2009.
- Further work at the Diamantina IOCG project delayed by access conditions.

IRON (Pilbara, WA)

- In-fill drilling at the Rocklea Project scheduled to commence in April to determine continuity of higher Fe grades ahead of revised resource calculations.

NICKEL (WA, NT)

- New nickel sulphide targets identified by ground EM surveys at Bellary. Drilling scheduled to test targets in second Quarter of 2009.
- Four potential massive nickel sulphide targets identified by VTEM surveying at Plenty River.

CORPORATE

- Strong cash position of approximately A$28 million at the end of the Quarter.

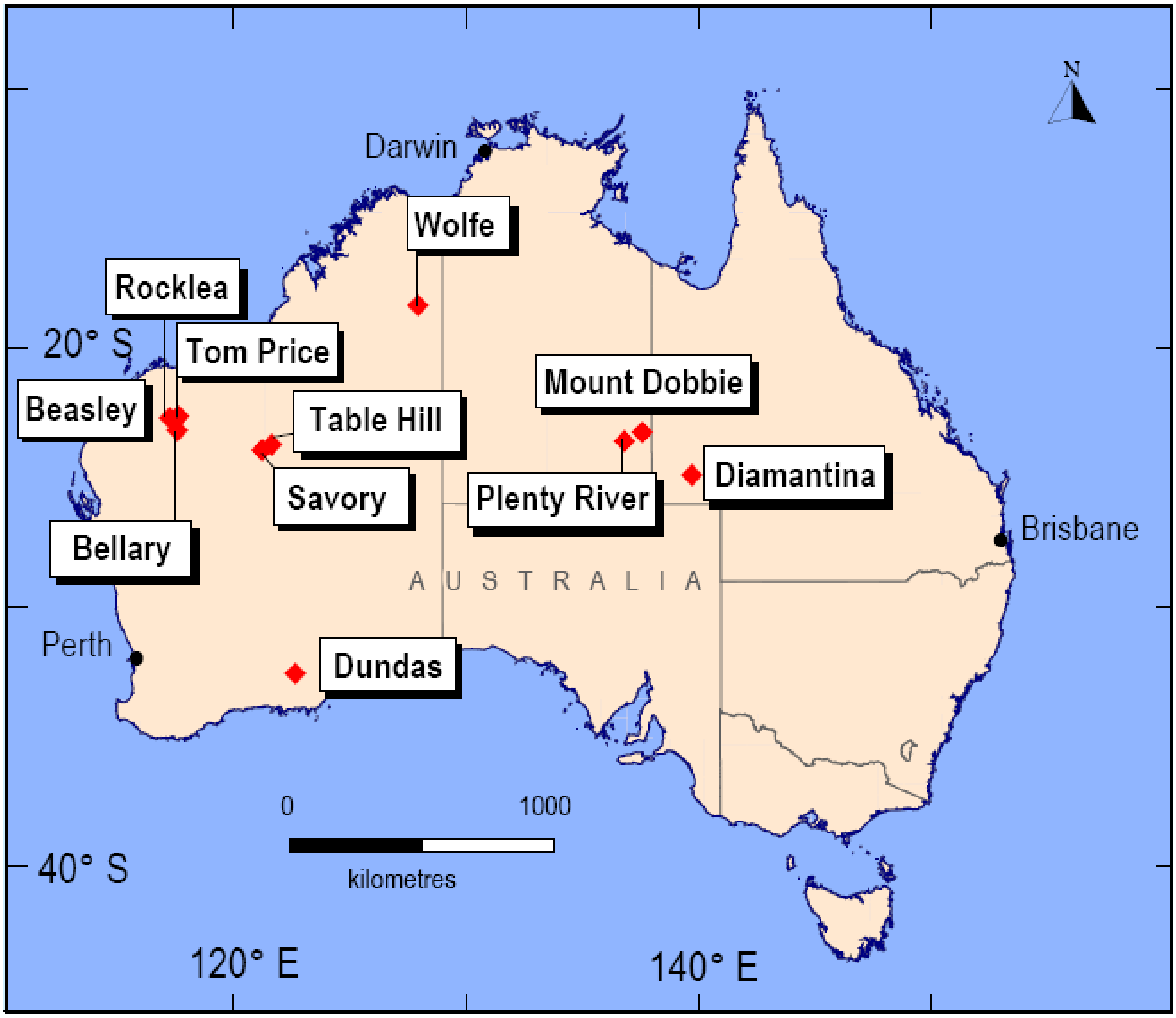


Figure 1: Project Location Plan

PROJECTS

AusQuest has a diversified portfolio of bulk commodity, base and precious metal projects (*Figure 1*) spread across Australia. The Company's exploration strategy is based on the discovery of major new deposits and new mineral provinces.

A budget of A$7.5M was approved for the 2009 exploration program, which is now underway across AusQuest's portfolio of projects.

MANGANESE

Table Hill-Savory Project *(100% AQD)*

The Table Hill-Savory Project is located 200km east of Newman in Western Australia, within the western Officer Basin sediments. The manganese potential of the area was highlighted by exploration drilling in November 2007, which intersected **3.9m @ 47.5% Mn** in drill-hole THD01.

During the March 2009 Quarter, a regional airborne GEOTEM survey (~6,200km) commenced to identify manganese targets close to the basal contact of the Mundadjini Formation, where it is expected that shallow manganese mineralisation is more likely to be found. All flying for the survey is scheduled to be completed by the end of April and preliminary data is expected within a further 4 to 6 weeks.

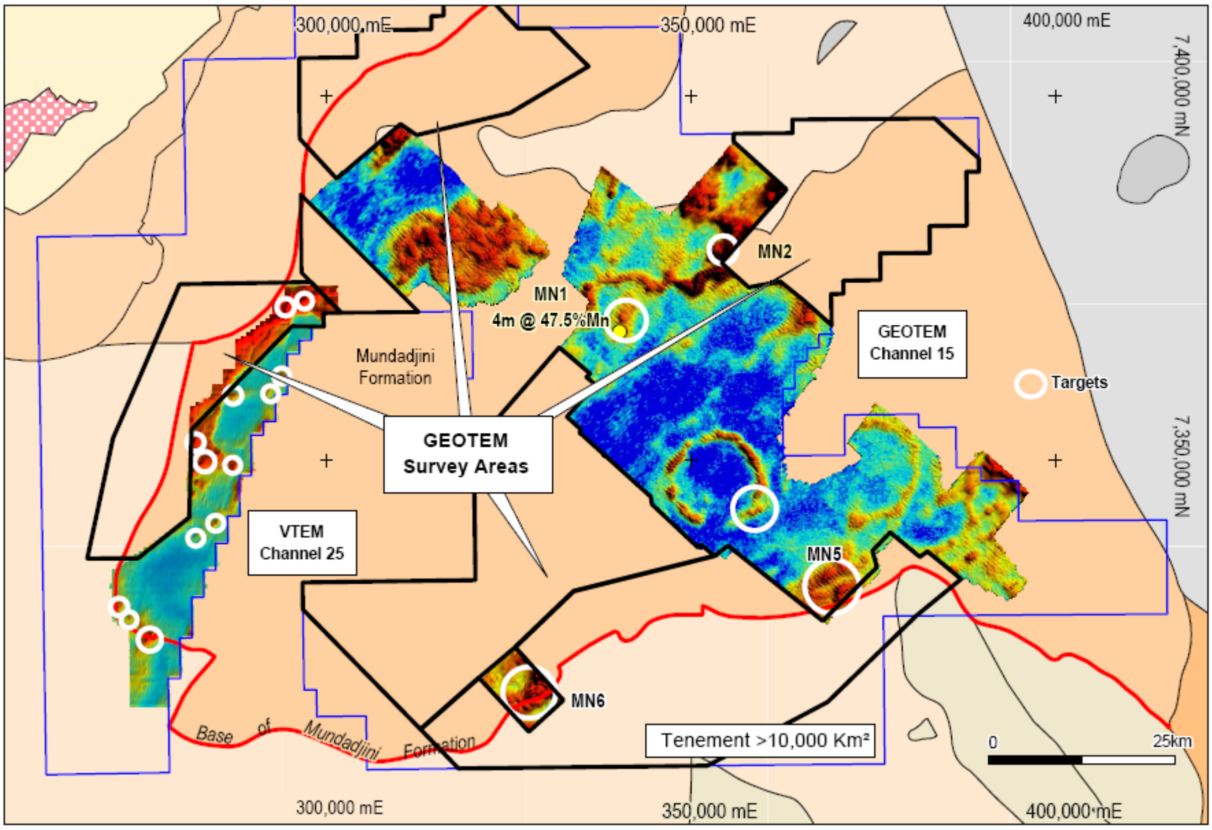


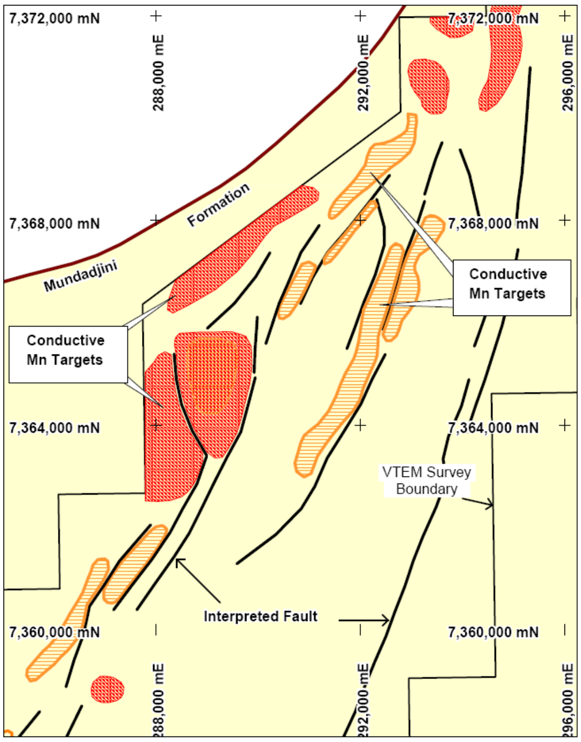
Table Hill-Savory Project: showing GEOTEM surveys and current targets

Drilling at Table Hill is scheduled to commence in May and will test at least five regional targets outlined by previous surveys. Access preparations are currently underway to facilitate drilling operations, which are expected to take several months to complete. A contract for a minimum 1,700m of RC and 3,300m of diamond drilling was awarded to DDH1 Drilling Pty Ltd.

The prospects are outlined by a combination of airborne and ground electromagnetic surveys, lag sampling where suitable surface materials could be found, and regional geology. Ground EM surveys will commence at the MN5 and MN6 prospects in late April to optimise drill targets at these prospects.

Interpretation of VTEM data for the Savory Project outlined several extensive conductive targets in the north western portion of the survey area. These targets are believed to reflect potential clay alteration (+/- manganese) associated with faulting of mudstone stratigraphy within the basal section of the Mundadjini Formation – the host stratigraphy for manganese at MN1.

Several drill sites will be selected to test these targets during the 2009 exploration program.



Savory VTEM Interpretation - Mn targets

A study of the 2008 drill core from the MN1 prospect has confirmed a hydrothermal origin for the manganese, and the importance of structures in localising the manganese mineralisation. Analysis of clay samples is currently underway to help in the identification of regional alteration systems and the definition of further targets for testing.

Wolfe Project (100% AQD)

The Wolfe Project is located approximately 50km south-east of Halls Creek in the Kimberley region of Western Australia and covers an area within the Wolfe Basin, where historical rock chip sampling reported high-grade manganese assays (up to **55.8% Mn**) at surface.

Reconnaissance mapping and sampling of manganese target zones is scheduled to start at the end of April ahead of RC drilling down-dip of surface manganese occurrences – which is now planned for the third Quarter 2009. Tenement grant has been delayed but is still expected before mid 2009. Access preparations are also being initiated as part of the initial reconnaissance program.

Interpretation of VTEM data continued with conductivity depth inversions (CDIs) highlighting a strong shallow dipping conductor near the base of the Wolf Basin sediments, representing a target for either base metals and/or manganese. Faulting of this horizon is apparent in the data and may provide a locus for manganese mineralisation. Ground EM surveys are being planned to upgrade these targets to drill status for the 2009 exploration program.

Stanley Project (*100%AQD*)

The Stanley project is located 170km east of Wiluna within the Earaheedy Basin and comprises 18 Exploration Licence Applications covering an area of approximately 5,200km². The applications were submitted to cover anomalous manganese values (1 to 7% Mn) reported from a regional surface sampling programme undertaken on 3km centres by Government, which suggested the potential for a number of manganese targets in the area.

Wide spaced (~20km) reconnaissance GEOTEM survey lines have been planned across several of the anomalous areas to check background levels of conductivity ahead of more detailed surveys to locate potential manganese targets. Surveying will be undertaken during demobilisation of the survey aircraft from the Table Hill area.

COPPER and GOLD

Diamantina Project *(100% AQD)*

The Diamantina Project is located approximately 450km south of Mt Isa along the southern margin of the Mt Isa Block, which hosts numerous base and precious metal deposits. The Company controls approximately 2,900 km² of tenements in the area and is targeting large-scale Iron-Oxide Copper-Gold (IOCG) systems below the Eromanga Basin sediments.

Extensive flooding in the general region of the project will delay follow-up geophysical surveys planned to confirm the IP target located close to the contact of the IOCG system intersected at the Machattie prospect. This work is now planned for the second half of 2009.

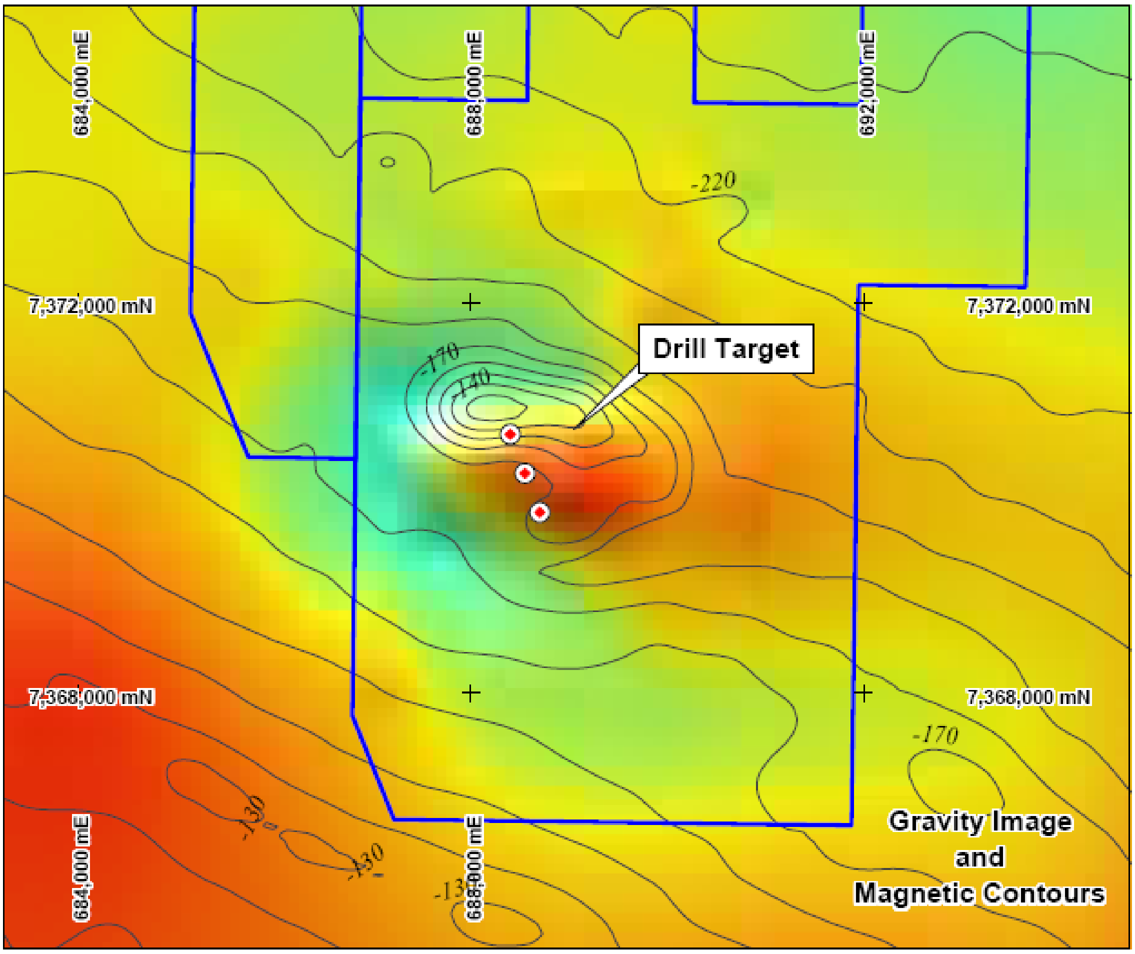
Analysis of the whole rock and rare earth geochemistry plus microscopic analysis of core is still pending.

Mt Dobbie-Plenty River Project *(100% AQD)*

The Mt Dobbie-Plenty River Project is located approximately 250km east of Alice Springs in the Northern Territory. Exploration is targeting copper-gold mineralisation associated with gravity/magnetic targets within the Arunta Block terrain.

During the Quarter, broad spaced (1km) VTEM surveys were flown over two target areas but the conductivity of the cover sequence was found to be too high for effective exploration using airborne EM methods.

Access preparations were initiated to facilitate drilling at the Caroline prospect (Plenty River), where a discrete magnetic/gravity target covering an area of 3 to 4km² was defined in 2008. A programme of three drill holes (1,000 metres) is planned for the third Quarter of 2009.



Plenty River – Caroline Prospect showing gravity/magnetic target

Dundas Gold *(100% AQD)*

The Dundas Gold Project is located approximately 100km east-south east of Norseman in WA and covers an area of ~1,100km² within a structurally complex region 200 km south west of the Tropicana gold discovery. The tenement was granted in February 2009.

A program of detailed aeromagnetics was completed early in the Quarter and outlined a structural target zone approximately 50km in length that will be the focus of surface calcrete sampling during the second Quarter of 2009.

IRON ORE

Rocklea Prospect *(75% AQD)*

The Rocklea channel iron prospect is located 40km west of the iron ore mining centre of Tom Price in the Pilbara region of WA. An Inferred Resource of 37.6Mt grading 53.2% Fe (59.9% calcined Fe grade), plus an Exploration Target of up to ~23Mt at similar Fe grades has been estimated based on current drill data.

In-fill RC drilling (40 holes for 2,000m) is scheduled to commence at the end of April 2009 to provide 200m x 100m coverage of the Rocklea resource. This programme is designed to confirm the continuity of higher iron grades (+56% Fe) and define internal waste outlines before revised resource estimates are undertaken.

During the Quarter, ASX-listed iron ore company Murchison Metals Ltd announced a maiden Inferred Resource of 100Mt @ 59% CaFe for its channel iron resource which is located immediately south of the Rocklea prospect.

Tom Price *(100% AQD)*

The Tom Price Project is located 5km north-west of Tom Price in the Pilbara region of Western Australia and contains the Nameless channel iron prospect, which was drill-tested in 2006.

Assay results from the reconnaissance RC drilling programme which tested the Marra Mamba Iron Formation (MMIF) during the previous Quarter, confirmed mineralised MMIF in 6 of the 25 holes drilled, with grades ranging from 45%Fe to 58% Fe.

No further drilling is planned at this stage.

NICKEL

Beasley Project *(100% AQD)*

The Beasley Project is located 50km west of Tom Price in the Pilbara region of WA. Exploration to date by AusQuest has located massive nickel sulphide gossans at surface but only disseminated Ni-Cu-PGE sulphides at depth.

Fixed loop EM surveys completed during the Quarter failed to locate massive sulphide targets associated with the magnetic target located down plunge from the disseminated Ni-Cu-PGE sulphides. No further work is planned at this prospect.

Bellary Project *(AQD 75%)*

The Bellary Project is located 20km north-west of Paraburdoo in WA and covers a 40km belt of ultramafic rocks which correlate, in part, with the ultramafic sequence at Beasley.

During the Quarter, ground EM surveys were completed over five target areas that had been identified by either earlier VTEM survey results or the location of gossanous outcrop.

Strong EM responses indicative of highly conductive source rocks (massive nickel sulphides) were obtained over two of the targets with more moderate EM responses over the remainder. The strongest anomalies occur in the vicinity of an interpreted cross-cutting mafic intrusion which may reflect a potential feeder structure for the mafic sills in the area. The more moderate anomalies are discrete in nature and occur in the vicinity of the mapped nickel gossan.

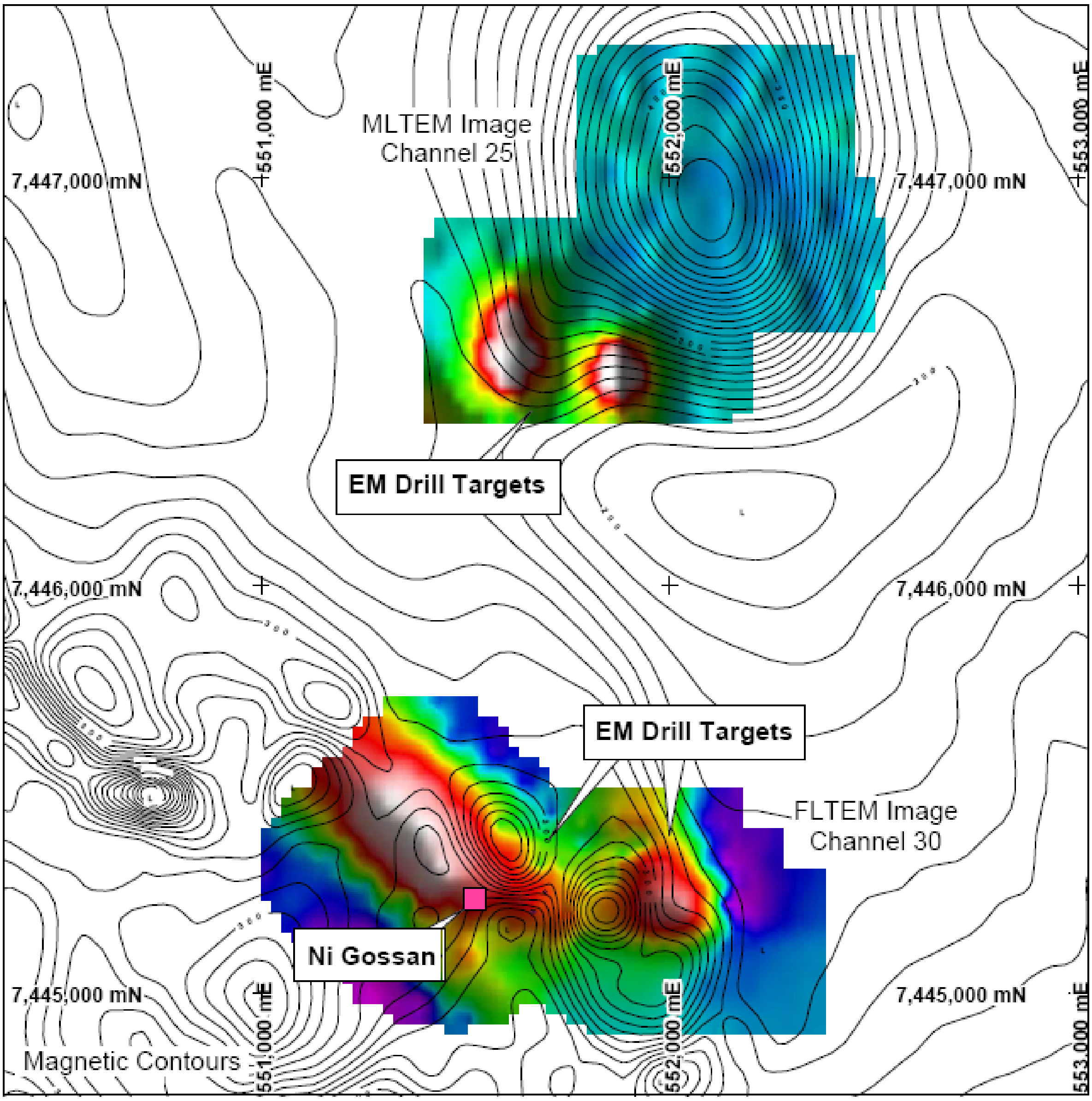
Site clearance work and access preparation is scheduled for late April to enable drill testing of these targets to be undertaken in May 2009.

Table Hill-Savory Project (100% AQD)

The Table Hill-Savory Nickel Project is located 150km south-east of Newman in WA and covers an interpreted feeder zone to the Table Hill Volcanics, which is believed to be prospective for Noril'sk style nickel sulphide deposits.

Several bedrock conductors which may represent massive sulphide targets have been interpreted from the VTEM data. Ground EM surveys will be undertaken over these targets as part of the 2009 program to identify targets for drilling.

Airborne GEOTEM surveys currently underway to test for manganese mineralisation will also be used to identify potential nickel sulphide targets when the data are available.



Bellary Project: Ground EM and magnetics showing nickel sulphide targets

Plenty River Project *(100% AQD)*

The Plenty River Project is located 230km east of Alice Springs in the Northern Territory. The nickel prospectivity of this region was highlighted by Mithril Resources Limited's discovery of nickel sulphide gossans associated with mafic intrusive rocks north-west of the Company's tenements.

During the Quarter, a detailed helicopter VTEM survey was completed over magnetic stratigraphy within the Company's tenement. Four high priority anomalies indicative of highly conductive source rocks were found to coincide at least in part, with magnetic host rocks and are believed to represent possible nickel sulphide targets.

Ground EM follow-up is planned in the second Quarter 2009 to confirm the conductivity of the targets and optimise sites for drilling in the second half of 2009.

PROJECT GENERATION

The Company's Business Development Team continues to evaluate a wide range of opportunities both within Australia and offshore which could add significant value to the Company.

CORPORATE

AusQuest's cash reserves at the end of March 2009 were approximately **A$28 million**, putting the Company in a strong position in the current market environment.

KEY ACTIVITIES – JUNE QUARTER

The following field activities are planned for the June Quarter 2009:

- In-fill RC drilling (40 holes / 2,000 metres) at Rocklea (Fe);
- Drill test EM targets (4) at Bellary (Ni);
- Commence 2009 drill programme (5,000 metres) at Table Hill (Mn)
- Complete Airborne GEOTEM survey at Table Hill-Savory (Mn, Ni);
- GEOTEM survey test flight lines over the Stanley project (Mn);
- Ground EM surveys over Mn and Ni targets at Table Hill-Savory;
- Reconnaissance sampling and ground EM surveys at Plenty River (Ni);
- Reconnaissance mapping and sampling at Wolfe (Mn);
- Broad spaced surface calcrete sampling at Dundas (Au).

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

AUSQUEST LIMITED

ABN	Quarter ended ("current quarter")
35 091 542 451	31 March 2009

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A '000	Year to date (9 months) $A '000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,105)	(5,675)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(399)	(1,017)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	84	465
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(1,421)	(6,228)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(15)	(92)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(15)	(92)
1.13	Total operating and investing cash flows (carried forward)	(1,436)	(6,320)

1.13	Total operating and investing cash flows (brought forward)	(1,436)	(6,320)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	28,182
1.15	Proceeds from unissued shares, options etc	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(1,323)
	Net financing cash flows	-	26,859
	Net increase (decrease) in cash held	(1,436)	20,539
1.20	Cash at beginning of quarter/year to date	29,333	7,358
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter / year to date**	**27,897**	**27,897**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A '000
1.23	Aggregate amount of payments to the parties included in item 1.2	152
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive directors' salaries and non-executive directors' fees and superannuation, consulting fees and rental of office space.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A '000	Amount used $A '000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A '000
4.1	Exploration and evaluation	2,500
4.2	Development	
	Total	

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A '000	Previous quarter $A '000
5.1	Cash on hand and at bank	738	751
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (Money market/Term Deposit)	27,159	28,582
	Total: cash at end of quarter (item 1.22)	**27,897**	**29,333**

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E52/1922 E52/1923 E52/1924 E52/1979 E52/1980 E52/2018		100% 100% 100% 100% 100% 100%	Nil Nil Nil Nil Nil Nil
6.2	Interests in mining tenements acquired or increased	E63/1000 E63/1001 E63/1002 E63/1003 E63/1004 E26767		Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	227,695,970	227,695,970		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		104,816,999	104,816,999	20 cents	30 Nov 2009
		1,875,000	-	30 cents	31 Aug 2009
		3,700,000	-	54 cents	30 June 2011
		500,000	-	30 cents	31 Jan 2012
		1,250,000	-	35 cents	31 Dec 2012
		21,590,000	-	40 cents	21 May 2011
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

7.12	**Unsecured notes** *(totals only)*		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (Company secretary) Date: 29 April 2009

Print name: Darren Crawte

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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