

January 7, 2011
ASX Release



FURTHER GOLD INTERSECTIONS IN BURKINA FASO, WEST AFRICA

NEW INTERCEPTS INCLUDE 2m @ 41.8g/t Au

AusQuest Limited (ASX: AQD) is pleased to report further encouraging drilling results from the **Phaco Hill** prospect, part of its Comoe Joint Venture in Burkina Faso, West Africa, with the latest intercepts confirming extensions to the gold mineralisation identified last year.

New gold assay results include a high-grade intersection of **2 metres @ 41.8g/t Au** approximately 50 metres up-dip of the previously reported intersection in hole RC030 (8 metres @ 7.7g/t Au – see *ASX Announcement of 23rd November 2010*). Silver and base metal assays are still awaited from the recent drilling.

In addition, intersections of 4 metres @ 2.64g/t Au (hole RC044) and 1 metre @ 3.18 g/t Au plus 2 metres @ 2.14g/t Au (hole RC043A) have been returned 50 metres north and south along strike from hole RC030, indicating that gold mineralisation extends over at least 100 metres of strike. This zone of mineralisation is associated with semi-massive sulphide mineralisation which is believed to be the source of the VTEM response.

Modelling of the VTEM data suggests a large depth extent to the sulphide mineralisation and deeper drilling below drill-hole RC030 is scheduled to commence in late January 2011 following the arrival of a diamond drilling rig from Ghana.

Diamond drilling is also planned to test the northern section of the Phaco Hill prospect, where initial RC drilling last year returned intersections including 26m @ 1.26g/t Au, 4m @ 1.87g/t Au, and a narrow high-grade intersection of 1m @ 750g/t Ag, 3.83g/t Au, 9.0% Pb and 6.3% Zn from the initial reconnaissance drilling program.

A further five VTEM targets in the general Phaco Hill area are scheduled to be tested by RC and possible diamond drilling over the coming weeks and months. RC drilling of other gold targets will also continue.

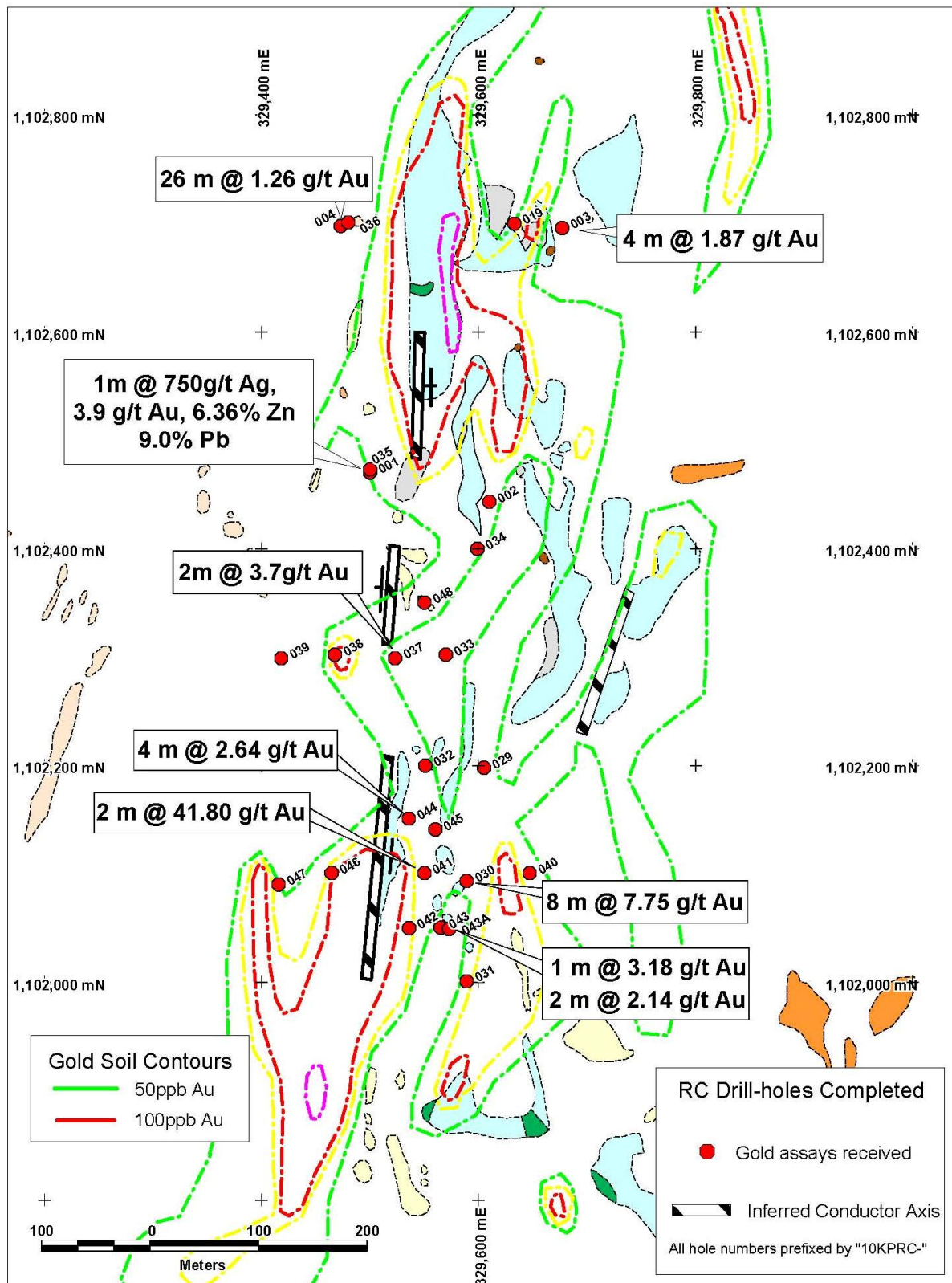
AusQuest's current drilling program comprises a total of approximately 15,000 metres of RC drilling (12,000m outstanding) and 3,000 metres of diamond drilling across multiple gold and base metal targets. Assay results from this program should be available within four to eight weeks of drilling.

The Board of AusQuest is encouraged by the recent drilling results from Burkina Faso and looks forward to reporting further results 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.



Phaco Hill Prospect showing RC drill results