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ASX Release



NEW DEEPER HIGH-GRADE GOLD HITS IN WEST AFRICA

LATEST RESULTS FROM DIAMOND DRILLING INCLUDE 6m @ 8.5g/t Au and 3m @ 9.7g/t Au

AusQuest Limited (ASX: AQD) is pleased to advise that it has received further high-grade gold results from diamond drilling at its Comoe Joint Venture in Burkina Faso, West Africa, with the latest results **confirming the presence of high gold grades at depth** within the mineralised system at **Phaco Hill**.

The latest results, including **6m @ 8.5g/t Au** (KPHD014) and **3m @ 9.66g/t Au** (KPHD011), indicate that high gold grades continue to depths of at least 200 metres at Phaco South and 120 metres at Phaco North.

These results continue to support the presence of a large VMS gold system at Phaco Hill containing high-grade gold shoots which extend to depth.

Drill holes KPHD 013 and 014, which were sited to test ~100 metres below previously reported intersections in drill-holes KPHD06 and 07 (4m @ 2.84g/t Au and 13.8 m @ 2.89g/t Au), show the variability of gold grades at this drill-hole spacing but confirm the presence of high gold grades (**6m @ 8.5g/t Au**) at depth.

The gold mineralisation remains poorly constrained by the limited drilling to date and is open in all directions (*see Figure 1*). Gold intersected continues to display a strong spatial association with significant sulphide content but is not always directly associated with the sulphide mineralisation.

Drill holes KPHD011 and 012 which were sited to test for continuity of gold mineralisation at Phaco North, returned a high-grade intercept (**3m @ 9.66g/t Au**) ~50 metres from hole KPHD03 which intersected 17m @ 2.4g/t Au, inferring the start of a high-grade gold shoot in this area.

The thick, low grade gold intercept in drill-hole KPHD012 (**89.7m @ 0.27g/t Au**) infers continuity of the same gold system to the north and at depth.

Drill hole KPHD010, which was sited to test the Phaco East prospect located approximately 200 metres east of the main gold trend, reported further thick low grade intersections but no significant high-grade gold intercepts.

Down-hole electromagnetic (DHEM) surveys continue to be undertaken in each drill-hole to help define the distribution of the sulphide mineralisation which appears to be spatially associated with the gold.

Results of the DHEM surveys continue to be processed and interpreted as each new hole is drilled and surveyed. A full assessment of these results will be made once the programme is completed.

Significant assay results for the six diamond holes for which the latest batch of results have been received, are shown in the following table.

Hole No	Easting	Northing	From(m)	To (m)	Int (m)	Au (g/t)
KPHD08	329605	1102050	132	141	9	0.22
KPHD010	329797	1102301	86	122	36	0.18
			194	220	26	0.26
KPHD011	329612	1102500	154	169	15	2.65
<i>including</i>			164	167	3	9.66
KPHD012	329689	1102701	115	204.7	89.7	0.27
KPHD013	329691	1102147	247	258.1	11.1	0.59
KPHD014	329698	1102096	259	276	17	3.55
<i>including</i>			267	273	6	8.5

NB: Projection WGS84 Zone 30N; drill-holes inclined -50 degrees to 265 degrees. Drill-hole KPHD10 is a repeat of KPH09 which was abandoned at shallow depth. Intervals reflect down hole thicknesses.

Diamond drilling is expected to continue at the Phaco Hill prospect until early July when drilling operations will likely cease for the duration of the wet season. Assay results from this work will continue to be received up to eight weeks following completion of drilling.

The Board of AusQuest continues to be encouraged by the drilling results from Phaco Hill 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.

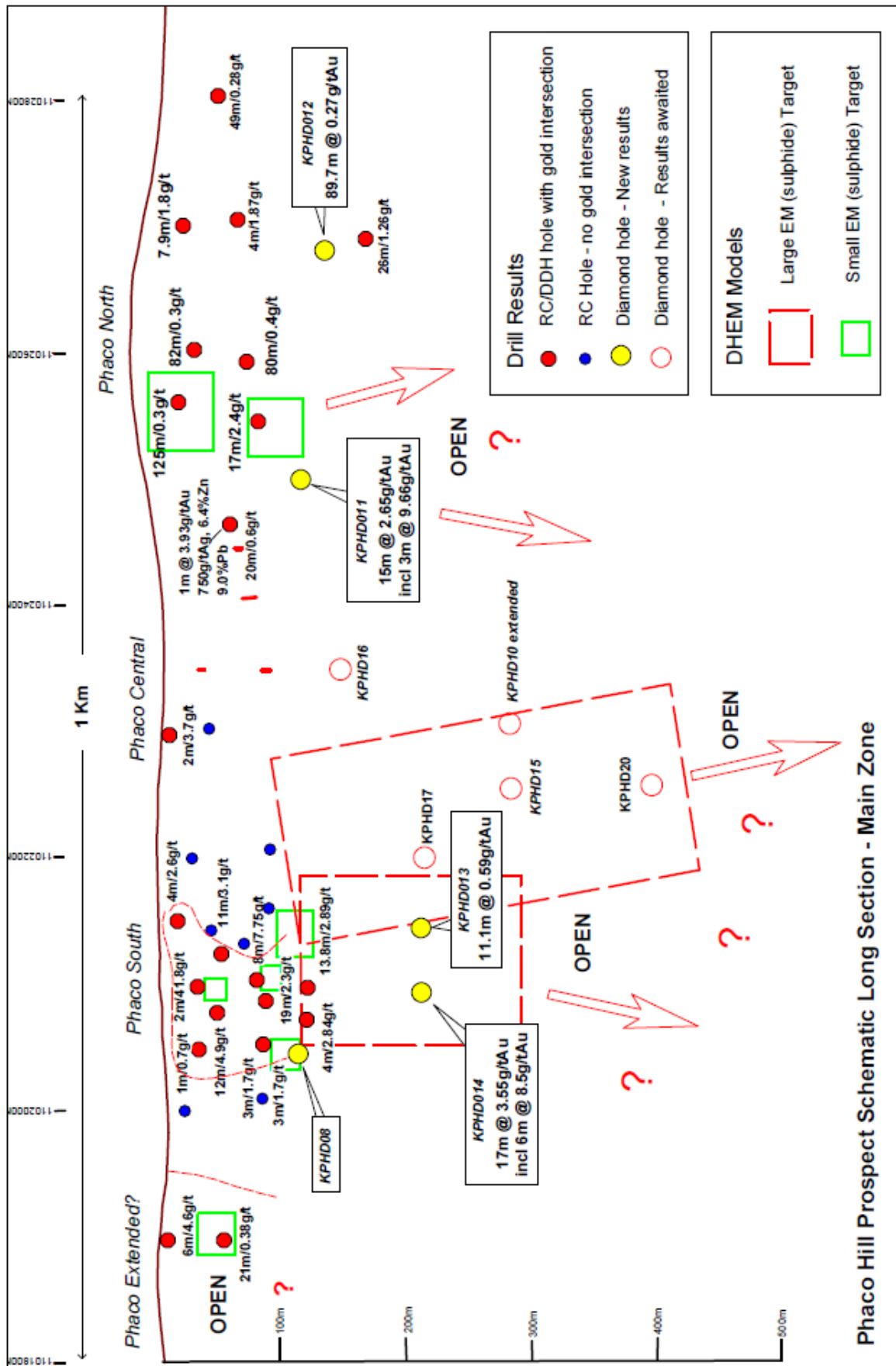


Figure 1: Phaco Hill schematic Long Section showing new diamond drill assay results