

31 August, 2011
ASX Release



SILVER ASSAYS SUPPORT LARGE-SCALE GOLD –SILVER VMS SYSTEM AT PHACO HILL, WEST AFRICA

AusQuest Limited (ASX: AQD) is pleased to advise that it has received further **highly anomalous silver results** from the emerging Phaco Prospect at its Comoe Joint Venture in Burkina Faso, West Africa, providing further support for the concept of a large-scale gold-silver VMS system extending to depth.

Previously reported assay results from the Phaco Hill Prospect have demonstrated the potential for high gold grades in the area including:

- **12 metres @ 4.92g/t Au (including 2m @ 13.5g/t Au)**
- **15 metres @ 2.65g/t Au (including 3m @ 9.66g/t Au)**
- **17 metres @ 3.55g/t Au (including 6m @ 8.5g/t Au)**
- **8 metres @ 7.75g/t Au**

whereas current base metal assays have reported highly anomalous silver values associated with the gold mineralisation.

The Company has now received approximately 60 per cent of the silver and all the gold assay results from the drilling program completed in July 2011. Better silver results include:

- **20 metres @ 45.96g/t Ag (including 1m @ 719g/t Ag)**
- **36 metres @ 18.45g/t Ag**
- **16 metres @ 20.99g/t Ag**
- **34 metres @ 10.37g/t Ag**

The best silver intersections occur within the Phaco North prospect, where large thicknesses of anomalous silver are laterally and vertically extensive – with anomalous intersections (>2g/t Ag) up to 100 metres thick confirming the large size and continuity of the gold-silver system.

The extensive nature of the silver intersections confirms the gold-silver association at Phaco Hill and support the concept of potential VMS-style mineralisation extending to depth as previously inferred from drill data and geological observations.

Highly anomalous silver values also occur at the Phaco South and Phaco East prospects but, so far these intersections have been more confined.

Preliminary assessment of assay results shows the higher grade silver values (+10g/t Ag) are generally associated with the higher grade gold values (+1g/t Au) suggesting that silver may add significant value to the potential in-ground worth of gold bodies identified within the broader anomalous background.

Significant silver intersections received to date, using a 5g/t Ag cut-off grade, are shown in the following table:

Hole No	Easting	Northing	From (m)	To (m)	Int (m)	Ag (g/t)
KPRC-001	329500	1102470	60	80	20	45.96
(including			61	62	1	719.00)
KPRC-004	329473	1102698	170	184	14	5.67
KPRC-030	329589	1102093	97	102	5	7.02
KPRC-051	329588	1102077	106	110	4	7.55
KPRC-053	329552	1102124	54	60	6	13.82
KPRC-057	329610	1102801	36	43	7	7.99
			47	54	7	8.04
KPRC-061	329805	1102347	92	96	4	6.35
			99	102	3	6.07
KPHD001	329594	1102701	10	17	7	8.02
			23	39	16	20.99
KPHD002	329582	1102559	29	40	11	7.42
			44	49	5	5.18
			110.5	129	18.45	8.51
KPHD003	329614	1102549	118	154	36	18.45
KPHD004	329602	1102606	80	85	5	10.72
			108	121	13	5.18
KPHD005	329638	1102603	84	118	34	10.37
			162.81	165	2.19	14.27
KPHD006	329612	1102075	141	144.1	3.10	13.87
KPHD007	329617	1102096	139	149	10	8.55
			152	156	4	17.07
KPHD011	329612	1102500	151	168	17	10.43
KPHD012	329689	1102701	6	16	10	9.73
			148	165	17	6.36
			196	202	6	5.42

NB: Projection WGS84 Zone 30N; all drill-holes inclined -50 to -60 degrees to 265 degrees except drill-holes KPRC01 and 04 which were inclined -55 degrees to 90 degrees. Intervals reflect down-hole thicknesses.

Gold assay results for the remaining two diamond drill-holes (KPHD020 and 021) confirm that gold mineralisation continues to depths of at least 450 metres at Phaco East with anomalous levels of gold (>0.1g/t Au) extending for several hundred metres of strike.

Significant intersections from these two holes are shown in the table below (note that KPHD021 ended in mineralisation):

Hole No	Easting	Northing	From(m)	To (m)	Int (m)	Au (g/t)
KPHD020	329367	1102244	557	577.5	20.5	0.40
KPHD021	329460	1102475	88.7	194.2	105.5	0.27
(including			124	126.3	2.3	1.52)
			299	351 (EoH)	52	0.16

NB: Projection WGS84 Zone 30N; drill-holes inclined -50 to -60 degrees to 90 degrees. Intervals reflect down-hole thicknesses.

At least three separate higher grade gold bodies have been identified by drilling within the broader Phaco Hill mineralised system (as reported in the company's June Quarterly Report to the ASX). At this stage all the gold bodies are poorly defined and remain open in all directions. These bodies will be the focus of further exploration when drilling re-commences later in the year.

Final gold assays have also been received for the **Siniko West** and **Karite** prospects, where initial wide-spaced RC and/or diamond drilling was designed to provide an initial test of these prospects.

At Siniko West, drilling on widely spaced traverses (400m and 800m) returned significant thicknesses of anomalous gold over a strike length of at least 4 kilometres, with gold intercepts located along the eastern edge of the drilled area coinciding with interpreted NNE trending structures. Better results include 60m @ 0.24g/t Au, 16m @ 0.52g/t Au, 28m @ 0.17g/t Au, and 14m @ 0.51g/t Au. Further work is warranted.

Compilation of aeromagnetic data and soil geochemistry in light of these results has highlighted several similar potential gold-bearing structures to the west of Siniko West where further gold-soil anomalies remain to be tested.

At the Karite prospect, which is located approximately 3km south of Phaco Hill, single drill-hole tests completed at six EM targets returned anomalous gold intersections from two of the targets.

The gold in this area occurs within graphitic/sulphidic metasediments adjacent to intrusive rocks along possible structural contacts. Better intersections include 27m @ 0.14g/t Au and 3.4m @ 0.64g/t Au. Further work is warranted given the limited drill coverage in this area.

Assay results received from the detailed soil sampling program also confirmed the high prospectivity of the Karite prospect, where a large area containing multiple gold-soil anomalies (+50ppb Au) has been defined. The anomalous belt is likely to extend southwards into the Logoniegue Permit which was recently granted to the Comoe JV but has received little exploration attention to date.

The soil sampling program also outlined numerous gold targets in and around the Phaco Hill prospect and identified a large gold soil anomaly (1.5km x 0.8km) within an area of mapped granodiorite (Grano Prospect) adjacent to the Phaco Hill area. The Grano prospect will be tested as part of next season's field program.

The Board of AusQuest continues to be encouraged by the results from Phaco Hill and the surrounding areas, 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.

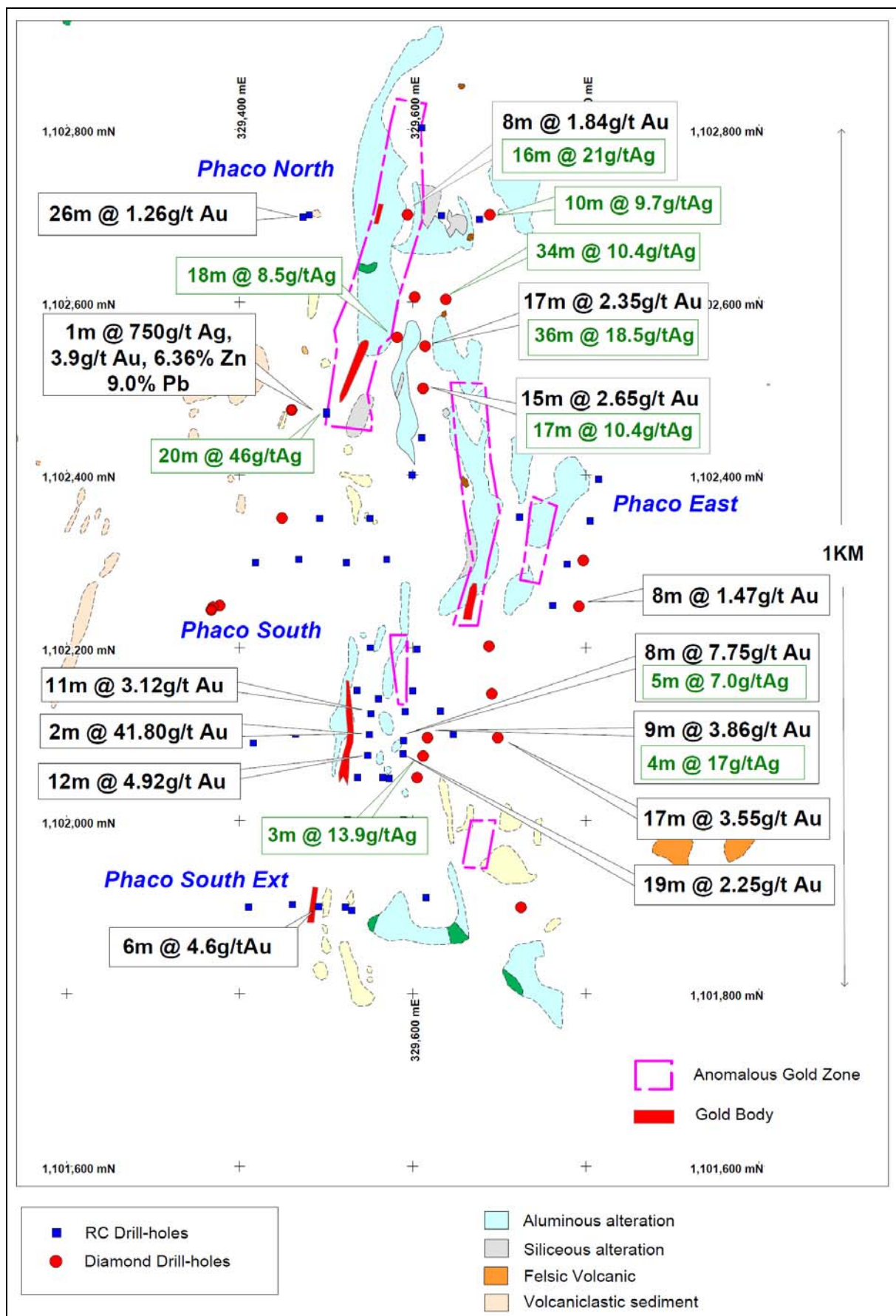


Figure 1: Phaco Hill Drill Summary Plan showing silver assay results