



AusQuest Limited

ABN 35 091 542 451

**Financial report for the half-year ended
31 December 2011**

Corporate directory

Board of Directors

Mr Greg Hancock	Chairman and Non Executive Director
Mr Graeme Drew	Managing Director
Mr John Ashley	Executive Director
Mr Chris Ellis	Non-Executive Director
Mr Craig Moulton	Non-Executive Director

Company Secretary

Mr Darren Crawte

Registered Office

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Perth, WA, 6000

Corporate Office

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Ardross, WA, 6153

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Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA, 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, WA, 6009

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, WA)
Code: AQD

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Directors' report

The directors of AusQuest Limited herewith submit the financial report for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company who have held office during and since the end of the half-year and up until the date of this report are:

Graeme Drew
John Ashley
Gregory Hancock
Chris Ellis
Peter Ravenscroft (resigned 5 August 2011)
Craig Moulton (appointed on 9 August 2011)

The above named directors held office for the entire period unless otherwise noted.

Review of operations

Highlights

- **West Africa - Gold (Burkina Faso)**
 - ❑ AusQuest moved to 100% ownership of the Comoe Project after completing an agreement with Endeavour Exploration. The Project includes the Phaco Hill gold-silver discovery and 920km² of title within the highly prospective Banfora Greenstone Belt.
 - ❑ At Phaco Hill, highly anomalous silver assays were returned from the south lode, supporting the potential for a large-scale (>1km) gold-silver VMS system with significant potential at depth.
 - ❑ New priority gold targets (>100ppb Au) were identified from soil sampling results within the Tondoura and Komoe tenements. These targets will be tested as part of the 2012 exploration program in Burkina Faso.
 - ❑ RAB drilling (15,000m) of existing structural gold targets will commence in February 2012.
- **Australia – Gold, Base Metals and Manganese**
 - ❑ The potential for base and precious metal deposits was highlighted by recent RC drilling and ground EM surveys at the Dundas Project, located ~200km SW of the Tropicana gold discovery.
 - ❑ EM results have defined a sizeable target (800m) along strike and slightly offset from highly anomalous RC results including peak metal values of 26g/t silver (Ag), 4,200ppm zinc (Zn), 772ppm lead (Pb), 2,570ppm copper (Cu) and 101ppb gold (Au).
 - ❑ Further drilling at Dundas is planned for the second quarter of 2012.
 - ❑ RC drilling to test manganese targets identified by gravity and VTEM surveys at the Stanley Project was re-scheduled to commence in second quarter 2012.

Directors' report (continued)

- **Peru- Copper - Gold**

- ❑ Exploration commenced in Peru, South America following completion of a joint venture agreement with the Company's Strategic Alliance partner, Cliffs Natural Resources Exploration Inc (CNRE).
- ❑ Potential Iron Oxide Copper Gold (IOCG) targets were identified from regional aeromagnetic data collected by the joint venture and title was acquired over 13 targets (~1,000km²).
- ❑ Initial field reconnaissance is due to commence in the first quarter of 2012 to prioritise targets for more detailed evaluation.

- **Corporate**

The Company is in a strong cash position with **approximately \$8.1M** as at 19th January 2012 following receipt of the second payment (**\$1.125M**) from the sale of the Rocklea Iron Project in Western Australia's Pilbara region.

Review of Projects

Gold – West Africa

During the half-year to 31 December 2011, the Company completed a Share Sale and Royalty Agreement with Endeavour Exploration Limited ("Endeavour") to acquire 100% ownership of the Comoe Project in Burkina Faso in exchange for a 1.5% Net Smelter Royalty, payable out of future production revenue.

The Comoe Project includes the recent Phaco Hill gold-silver VMS discovery and 920km² of title within the highly prospective Banfora Greenstone Belt in south-western Burkina Faso.

Burkina Faso continues to emerge as a significant new West African gold province, currently attracting substantial investment in exploration and mining by a number of Australian, Canadian and International companies.

Field exploration activities were suspended during the wet season with a major focus during this period on processing and interpretation of results and planning for the 2012 field season.

Final gold and base metal assays were received for all diamond and RC drill-holes completed during 2011. These results included highly anomalous silver values at the Phaco South and Phaco East prospects and anomalous gold results (up to 0.5g/t Au) at the Siniko West and Karite prospects from initial broad-spaced RC drilling.

At Phaco Hill, at least three separate higher grade gold-silver bodies have now been identified within the laterally extensive (1,000m x 400m) sulphidic and aluminous alteration zone. At this stage, all the gold-silver bodies remain poorly defined and are open at depth.

Results from detailed soil sampling programs have outlined new gold targets in close proximity to the Phaco Hill prospect, highlighting the potential for multiple gold resources in this area, as well as numerous +100ppb Au targets within the Tondoura tenement.

Compilation and interpretation of all data continued across all tenements in order to establish priorities for RAB and auger drilling to be undertaken in 2012. Approximately 15,000 metres of RAB drilling and 5,000 metres of auger drilling are planned to test up to 12 gold-soil targets.

RAB drilling of structural gold targets commenced in February 2012.

Directors' report (continued)

Gold and Base metals - Australia

Exploration efforts in Australia are now focussing on the **Dundas Gold Project**, which is located east of Norseman in Western Australia) and approximately 200km south-west of the world-class Tropicana gold discovery.

Reconnaissance RC drilling undertaken to test gold (+/- Cu, Zn and Ag) RAB anomalies highlighted several thick zones (up to 30 metres) of highly anomalous silver and base metal values from two of the targets tested, as well as several narrow gold-only intersections. Higher grade base metal intervals included:

- 5m @ 14g/t Ag, 2,582ppm Zn, 594ppm Pb, 58ppb Au (RC07); and
- 11m @ 2.5g/t Ag, 434ppm Zn, 1,657ppm Cu, 16ppb Au (RC011).

Subsequent ground electromagnetic (EM) surveys identified distinct EM responses over a strike length of 800 metres, along strike and slightly offset from the anomalous base and precious metal values reported from the drilling.

This association of EM and base metal anomalism is considered to be highly encouraging and represents a priority drilling target for the Company in 2012.

RC drilling is planned to commence in the second quarter of 2012, subject to access and drill rig availability.

Diamond drilling completed at the **Plenty River Project** (Caroline prospect) downgraded this prospect after intersecting sulphidic and graphitic laminated mudstones containing only slightly elevated base metal values. The Company is currently assessing various options in relation to ongoing work on this project.

Exploration activities at **Earoo** (nickel), **Teriwa** (copper-gold) and **Finke** (copper-gold) are still at a very early stage with future programs currently under review by the Company.

Manganese - Australia

The Company continued to focus on exploration for manganese at its **Stanley Project** within the Earraheedy Basin in Western Australia, where it has title to approximately 4,700km² of tenements. Results continue to indicate that highly anomalous manganese levels are widespread across the basin, occurring at various stratigraphic levels throughout the sedimentary sequence.

Detailed gravity surveys completed over VTEM target areas at the Dome and Niminga prospects highlighted several additional targets which will be tested as part of the RC drilling program scheduled to commence in the second quarter of 2012.

The VTEM anomalies are interpreted to reflect possible manganese (Mn)/clay alteration along structures intersecting the sediments, while gravity anomalies may reflect possible accumulations of manganese.

At the **Table Hill Project**, shallow bedrock drilling designed to test surface manganese anomalism failed to intersect significant concentrations of manganese and no further work could be justified in the area. The tenements were surrendered.

Copper – Gold - Peru

The Company embarked on a significant new exploration initiative in the second half of 2011 following completion of an exploration joint venture agreement with its Strategic Alliance partner, Cliffs Natural Resources Exploration Inc. ("CNRE"), to explore for Iron Oxide Copper Gold (IOCG) and other mineral deposits in south-western Peru, South America.

Directors' report (continued)

An initial commitment of US\$1.0 million from each party (a total of US\$2.0 million) is planned to be spent during the first year of the agreement.

Peru is considered a highly prospective country for large-scale IOCG and porphyry copper deposits and is relatively under-explored when compared to its neighbour Chile, which is the world's largest copper producer.

A large regional aeromagnetic survey has now been flown over the joint venture area to identify targets for acquisition. Thirteen magnetic targets were selected from the survey and a total of 116 Prospecting Licence applications (approximately 1,060km²) submitted.

All applications are currently being processed by INGEMMET (the Institute of Geology Mines and Metallurgy), and tenement grants are awaited.

Field reconnaissance of target areas is planned to commence during the first quarter of 2012 to prioritise areas for more detailed ground investigation.

Project Generation – Business Development

The Company continued with its project generation work, evaluating opportunities both within Australia and offshore with the potential to significantly enhance the value of the Company.

In Australia, new opportunities are being sought to renew the Company's portfolio of projects, with an emphasis on advanced projects with drill-ready targets. In Peru, opportunities are expected to increase with the Company's presence in the country while evaluation of new projects in West Africa will continue where warranted.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half year financial report. This Independence declaration is set out on page 5 and forms part of this directors report for the half year ended 31 December 2011.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Graeme Drew
Managing Director
Perth, 13 March 2012

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.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of AusQuest Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
13 March 2012

W M CLARK
Partner, HLB Mann Judd

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AusQuest Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AusQuest Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AusQuest Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
13 March 2012

Directors' declaration

The directors declare that:

- i. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year then ended.
- ii. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Graeme Drew
Managing Director

Perth, 13 March 2012

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2011

	<u>Note</u>	Consolidated	
		31 Dec 2011 \$	31 Dec 2010 \$
Revenue	2	251,735	470,958
Consultants & employee benefits expenses		(251,736)	(535,502)
Occupancy expenses		(63,713)	(68,272)
Administrative expenses		(388,464)	(644,085)
Loss on sale of project		-	(279,253)
Impairment of exploration expenditure	3	(3,880,822)	(670,567)
Loss before income tax expense		(4,333,000)	(1,726,721)
Income tax expense		-	-
Loss for the period		(4,333,000)	(1,726,721)
Other comprehensive income			
Exchange gain/(loss) on translation of foreign operations		268,296	(62,574)
Total comprehensive loss for the period		(4,064,704)	(1,789,295)
Loss for the year attributable to owners of the parent		(4,338,631)	(1,726,749)
Profit / (loss) for the year attributable to non-controlling interests		5,631	28
		(4,333,000)	(1,726,721)
Total comprehensive loss attributable to owners of the parent		(4,121,555)	(1,789,323)
Total comprehensive income attributable to non-controlling interests		56,851	28
		(4,064,704)	(1,789,295)
Loss per share:			
Basic loss per share (cents per share)		1.90	0.76

The accompanying notes form part of these financial statements.

Condensed consolidated statement of financial position as at 31 December 2011

	Note	Consolidated	
		31 Dec 2011 \$	30 June 2011 \$
Current assets			
Cash and cash equivalents		6,936,183	11,434,507
Trade and other receivables		1,600,342	2,073,276
Other assets		74,050	91,267
Total current assets		8,610,575	13,599,050
Non-current assets			
Other receivables		750,000	750,000
Property, plant and equipment		128,560	127,705
Exploration and evaluation expenditure	3	18,801,840	19,267,933
Total non-current assets		19,680,400	20,145,638
Total assets		28,290,975	33,744,688
Current liabilities			
Trade and other payables		866,200	2,265,695
Provisions		91,671	81,185
Total current liabilities		957,871	2,346,880
Total liabilities		957,871	2,346,880
Net assets		27,333,104	31,397,808
Equity			
Issued capital		52,307,672	52,307,672
Reserves		246,616	278,944
Accumulated losses		(27,155,750)	(22,817,119)
Parent entity interest		25,398,538	29,769,497
Non controlling interest		1,934,566	1,628,311
Total equity		27,333,104	31,397,808

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2011

	Consolidated						
	Issued capital (fully paid ordinary shares) \$	Share based payment reserve \$	Foreign currency translation reserve \$	Non controlling contribution reserve \$	Accumulated losses \$	Non controlling interests \$	Total equity \$
Balance at 1 July 2011	52,307,672	847,395	8,554	(577,005)	(22,817,119)	1,628,311	31,397,808
Loss for the period	-	-	-	-	(4,338,631)	5,631	(4,333,000)
Exchange differences on translation of foreign operations	-	-	217,076	-	-	51,220	268,296
Total comprehensive loss for the period	-	-	217,076	-	(4,338,631)	56,851	(4,064,704)
Adjustment to reflect change of non-controlling interest in subsidiary	-	-	-	(249,404)	-	249,404	-
Balance at 31 December 2011	52,307,672	847,395	225,630	(826,409)	(27,155,750)	1,934,566	27,333,104
Balance at 1 July 2010	52,307,672	1,048,976	31,658	-	(12,796,815)	1,057,382	41,648,873
Loss for the period	-	-	-	-	(1,726,749)	28	(1,726,721)
Exchange differences on translation of foreign operations	-	-	(62,574)	-	-	-	(62,574)
Total comprehensive loss for the period	-	-	(62,574)	-	(1,726,749)	28	(1,789,295)
Share based payments expense	-	265,215	-	-	-	-	265,215
Balance at 31 December 2010	52,307,672	1,314,191	(30,916)	-	(14,523,564)	1,057,410	40,124,793

The accompanying notes form part of these financial statements.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2011

	Consolidated	
	31 Dec 2011	31 Dec 2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(863,986)	(1,840,433)
Interest received	411,784	553,486
Net cash used in operating activities	(452,202)	(1,286,947)
Cash flows from investing activities		
Payment for property, plant and equipment	(25,985)	(16,744)
Payment for exploration and evaluation activities	(4,020,137)	(2,669,668)
Proceeds from sale of tenement	-	500,000
Net cash used in investing activities	(4,046,122)	(2,186,412)
Net decrease in cash and cash equivalents	(4,498,324)	(3,473,359)
Cash and cash equivalents at the beginning of the half-year	11,434,507	19,051,509
Cash and cash equivalents at the end of the half-year	6,936,183	15,578,150

The accompanying notes form part of these financial statements.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2011

1. Statement of significant accounting policies

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by AusQuest Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2011 and the corresponding interim reporting period, except as set out below.

Basis of preparation

The interim report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2011.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2011 (continued)

2. Revenue

	2011 \$	2010 \$
Interest income	221,977	470,958
Other income	29,758	-
	251,735	470,958

3. Exploration and Evaluation Expenditure

	Half Year ended 31 Dec 2011 \$	Year ended 30 June 2011 \$
Balance at beginning of period	19,267,933	23,531,396
Capitalised during the period	3,414,729	9,848,319
Disposed of during the period	-	(1,970,674)
Impaired during the period (i)	(3,880,822)	(12,141,108)
Balance at end of period	18,801,840	19,267,933

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration and/or evaluation phases is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

	Half Year ended 31 Dec 2011 \$	Year ended 30 June 2011 \$
(i) Significant impairments to the following projects occurred during the period:		
Table Hill	3,714,285	5,144,497
Diamantina	-	2,896,214
Bellary	-	1,902,209
Savory	-	1,280,906
WYO Well	-	374,584

4. Segment Information

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of AusQuest Limited.

The following table presents the revenue and results information regarding the segment information provided to the Board of Directors for the half-year ended 31 December 2011.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2011 (continued)

Continuing operations

	Australia	Africa	Other	Intersegment eliminations	Consolidated
	\$	\$	\$	\$	\$
31 December 2011:					
Segment revenue	361,602	-	158	(110,025)	251,735
Segment (loss)/profit after tax	(4,576,870)	19,167	334,728	(110,025)	(4,333,000)
Segment net loss after tax					(4,333,000)
Segment assets	27,135,329	10,737,719	21,939	(9,604,012)	28,290,975
Segment liabilities	826,114	1,067,132	383,389	(1,318,763)	957,871
Included within segment result:					
Depreciation	25,130	-	-	-	25,130
Interest income	(221,819)	-	(158)	-	(221,977)
Impairment of exploration expenditure	4,208,058	-	(327,236)	-	3,880,822

Continuing operations

	Australia	Africa	Intersegment eliminations	Consolidated
	\$	\$	\$	\$
31 December 2010:				
Segment revenue	470,958	-	-	470,958
Segment (loss)/profit after tax	(1,869,495)	57	142,689	(1,726,749)
Unallocated expenses				-
Segment net loss after tax				(1,726,749)
Segment assets	39,759,503	5,129,885	(3,518,778)	41,370,610
Segment liabilities	3,079,227	601,592	(2,435,002)	1,245,817
Included within segment result:				
Depreciation	26,680	-	-	26,680
Interest income	(470,958)	-	-	(470,958)
Impairment of exploration expenditure	670,567	-	-	670,567

5. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2011 (continued)

6. Related parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2011 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post employment benefits and share-based payments.

7. Transactions with non-controlling interests

During the period AusQuest Ltd increased its interest in the Comoe Joint Venture from 60% to 80%. AusQuest's interest was increased via the issue of additional equity in E&A Resources Pty Ltd which holds the Comoe tenements via its wholly owned subsidiary Comoe Exploration SARL. AusQuest was entitled to receive this additional equity once it had spent a cumulative \$7 million on the Comoe tenements.

The Group recognised an adjustment to non-controlling interests of \$249,404 and a corresponding adjustment in equity attributable to owners of the parent.

8. Subsequent events

On 19 January 2012, the Company signed a share sale and royalty agreement with Endeavour Exploration Limited ("Endeavour") whereby it purchased Endeavour's remaining 20% interest in the Comoe Project in Burkina Faso in exchange for a 1.5% net smelter royalty, payable to Endeavour out of future production revenue. The interest was acquired via the purchase of Endeavour's residual 20% holding in E&A Resources Pty, which now becomes a wholly owned subsidiary of AusQuest.

No further material subsequent events have occurred between 31 December 2011 and the date of this report.