

August 29, 2012



AUSQUEST CLOSES IN ON BURKINA FASO GOLD TARGETS WITH FIVE PRIORITY AREAS IDENTIFIED BY RAB DRILLING

High-grade intersections of up to 8.66g/t Au returned from reconnaissance drilling

Key Points:

- **Extensive programme of reconnaissance RAB drilling (~27,000m) to complete initial test of 25 gold-in-soil anomalies at Comoe Project, Burkina Faso**
- **High-grade intersections returned from five prospect areas, with shallow gold intersections above 1g/t Au returned from numerous locations**
- **Best results include:**
 - *12m @ 3.82g/t Au from surface – Phaco SE prospect*
 - *4m @ 8.66g/t Au from surface – Cisaillee prospect*
 - *4m @ 4.69g/t Au – Nandrefa prospect*
 - *1m @ 4.63g/t Au – Lagnin prospect*
 - *4m @ 1.9g/t Au – Diarabokoko prospect*
- **Planning underway for follow-up drilling focusing on these prospect areas**

AusQuest Limited (ASX: AQD) is pleased to advise that it has identified **at least five gold prospects** for follow-up target drilling within its **Comoe Gold Project** in Burkina Faso, West Africa following an extensive programme of successful reconnaissance RAB drilling across the tenements.

A total of **784 RAB holes for ~27,000m** were completed as a first pass test of 25 gold-soil anomalies. The initial RAB coverage was wide-spaced using drill sections at 125m to 400m intervals and drill-holes 25 to 50m apart. All RAB holes were drilled to refusal with hole depths varying from ~ 3 metres to 70 metres (average 34m) and sampled on a 4m composite basis.

High-grade gold intersections of up to **8.66g/t Au** – considered to be highly significant for early-stage reconnaissance RAB drilling – were returned from five areas, while shallow gold intersections **above 1g/t Au** were returned from numerous locations.

The results lay the foundations for the next major phase of exploration activity at the Comoe Project, enabling AusQuest to close in on priority areas for drilling, targeting potential new resources.

A summary of RAB assay results using a 0.35g/t Au cut-off is shown in the attached table, and prospect locations are provided on Figure 1. Prospects of significant interest include:

- *Phaco SE prospect*: a high-grade gold intersection (**12m grading 3.82g/t Au from surface**) was returned ~200m south-east of the Phaco Hill gold-silver discovery which is thought to represent the onset of a new gold zone(s) associated with the Phaco Hill gold-silver mineralisation, which was originally identified in 2011 (Figure 2);
- *Cisaillee prospect*: an intersection of **4m at 8.66g/t Au** on the northern-most drill section is open along strike, and several thick intersections to the south including **24m at 0.62g/t Au** suggest gold potential below the depth of drilling (~20m) (Figure 2);
- *Nandrefa prospect*: intersections of **4 metres @ 4.69g/t Au** and **8 metres @ 0.68g/t Au** remain open in all directions. The gold occurs within deformed and altered granodiorite on the western side of a major NNE trending shear zone (Figure 3);
- *Lagnin prospect*: several highly anomalous intersections occur within altered granodiorite, including a **1 metre interval @ 4.63g/t Au** from an end-of-hole sample of sheared rock, suggesting that gold mineralisation may be present below the depth of drilling (Figure 3);
- *Diarabokoko East prospect*: An intersection of **4m @ 1.9g/t Au** which occurs 50 metres along strike from RC drilling results of 12m @ 1.5g/t Au and 4m @ 1.86g/t Au previously reported (2010) suggests continuity of mineralisation and the potential for additional strike extensions.

At Phaco Hill, RAB results extended the known mineralisation trend by several hundred metres both to the north and south of previous RC and Diamond drill coverage (2011). Intersections of 11m @ 0.5g/t Au, 4m @ 0.43g/t Au, and 4m @ 0.40g/t Au help define the anomalous trend (Figure 2).

Results from *Phaco NE (11m @ 0.5g/t Au)* in particular are considered encouraging at this stage, as they coincide with a base metal soil anomaly thought to reflect a continuation of the sulphide mineralisation associated with the Phaco Hill discovery. Base metal assays from the RAB drilling are awaited.

Several prospects in the Tondoura area also produced intersections in excess of 1g/t Au but at this stage these are considered lower priority targets as mineralisation is most likely narrow and discontinuous.

These include 8m @ 2.0g/t Au from Vipere, 4m @ 1.1g/t Au from Mamba, and 15m @ 0.53g/t Au from Abore. Graphite and quartz veins were noted at several sites and appear to be associated with the anomalous gold sections.

Long turnaround times for assays that were experienced during the year from the in-country laboratories affected the Company's ability to plan follow-up drilling around interesting results before the RAB program was suspended due to the onset of the wet season.

Based on these results, the Company plans to focus its attention on prospects in the general Phaco Hill area (Cisaillee, SE and NE extensions to Phaco Hill) as well as at the Nandrefa and Lagnin prospects within the Finkere tenement, where the limited RAB drill coverage has produced the most encouraging results.

AusQuest's Managing Director, Graeme Drew, said the results were very encouraging for a relatively early-stage reconnaissance assessment of the Comoe Project, highlighting the presence of extensive gold mineralisation on the tenements and the significant potential for new discoveries.

"We have at least five priority areas that warrant immediate follow-up, where RAB drilling returned ore grade mineralisation," he said.



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.

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.

RAB Drilling Assay Results (using 0.35g/t Au cut-off)

Prospect	Hole number	Easting	Northing	from (m)	to (m)	Interval (m)	grade
Cisaille	KPRB0003	329923	1104503	16	24	8	0.50
Cisaille	KPRB0006	329847	1104498	12	16	4	0.35
Cisaille	KPRB0016	329603	1104501	24	28	4	0.41
Cisaille	KPRB0023	329926	1104754	12	16	4	0.70
Cisaille	KPRB0024	329899	1104753	4	8	4	8.66
Cisaille	KPRB0033	329927	1104372	4	8	4	0.90
Cisaille	KPRB0037	329723	1104375	8	12	4	0.50
Cisaille	KPRB0046	329798	1104251	4	8	4	0.39
Cisaille	KPRB0047	329773	1104249	4	28	24	0.62
Cisaille	KPRB0049	329747	1104248	16	20	4	0.60
Cisaille	KPRB0052	329668	1104249	0	4	4	0.35
Cisaille	KPRB0052	329668	1104249	8	12	4	0.55
Cisaille	KPRB0052	329668	1104249	20	21	1	0.59
Cisaille	KPRB0053	329648	1104253	0	4	4	0.43
Cisaille	KPRB0071	329472	1104002	12	13	1	0.42
Phaco NE	KPRB0116	329827	1102797	8	12	4	0.36
Phaco NE	KPRB0121	329703	1102800	16	27	11	0.50
Phaco NE	KPRB0123	329653	1102798	16	20	4	0.43
Phaco NE	KPRB0124	329621	1102797	8	12	4	0.37
Phaco SE	KPRB0126	329755	1101996	0	12	12	3.82
Phaco SE	KPRB0153	329472	1101702	28	32	4	0.40
Arbore	TPRB0009	301702	1126998	32	40.5	8.5	0.76
Arbore	TPRB0018	301650	1127200	32	36	4	0.62
Arbore	TPRB0020	301800	1127200	16	20	4	0.45
Arbore	TPRB0030	301877	1127399	32	36	4	1.40
Arbore	TPRB0033	301906	1127520	16	28	12	0.50
Arbore	TPRB0036	301848	1127409	12	16	4	0.36
Python Sud	TPRB0064	299900	1127400	36	40	4	0.66
Cobra	TPRB0093	307901	1138900	56	60	4	0.82
Mamba	TPRB0108	307993	1137297	8	12	4	1.10
Mamba	TPRB0144	307549	1136200	0	4	4	0.49
Vipere	TPRB0162	306210	1135153	8	16	8	2.01
Constrictor	TPRB0215	303930	1132550	8	12	4	0.50
Moutieredougou	TPRB0247	302933	1136300	12	16	4	0.75
Moutieredougou	TPRB0249	302850	1136302	48	49	1	0.35
Moutieredougou NW	TPRB0265	301901	1136299	8	12	4	0.48
Diara East	GPRB0005	311622	1155496	16	20	4	0.36
Diara EM	GPRB0028	310399	1157198	48	52	4	0.50
Diara East	GPRB0048	311601	1155389	4	8	4	1.88
Diara East	GPRB0049	311656	1155499	28	32	4	0.39
Nandrefa	FPRB0002	343988	1193054	28	32	4	4.69
Nandrefa	FPRB0018	343193	1193048	24	29	5	0.37
Nandrefa	FPRB0039	343750	1192804	20	24	4	0.45
Nandrefa	FPRB0046	343450	1192797	8	16	8	0.68
Nandrefa	FPRB0065	338301	1183049	20	24	4	0.53
Lagnin	FPRB0070	338049	1183050	4	8	4	0.84
Lagnin	FPRB0076	338650	1183302	12	16	4	0.55
Lagnin	FPRB0081	338353	1183300	0	4	4	0.62
Lagnin	FPRB0094	338849	1183678	12	16	4	0.64
Lagnin	FPRB0098	338498	1183675	0	4	4	0.58
Lagnin	FPRB0098	338498	1183675	32	33	1	4.63
Lagnin	FPRB0099	338452	1183678	0	4	4	0.61
Lagnin	FPRB0104	338290	1184154	4	8	4	0.40
Lagnin East	FPRB0117	340296	1183547	36	40	4	0.37

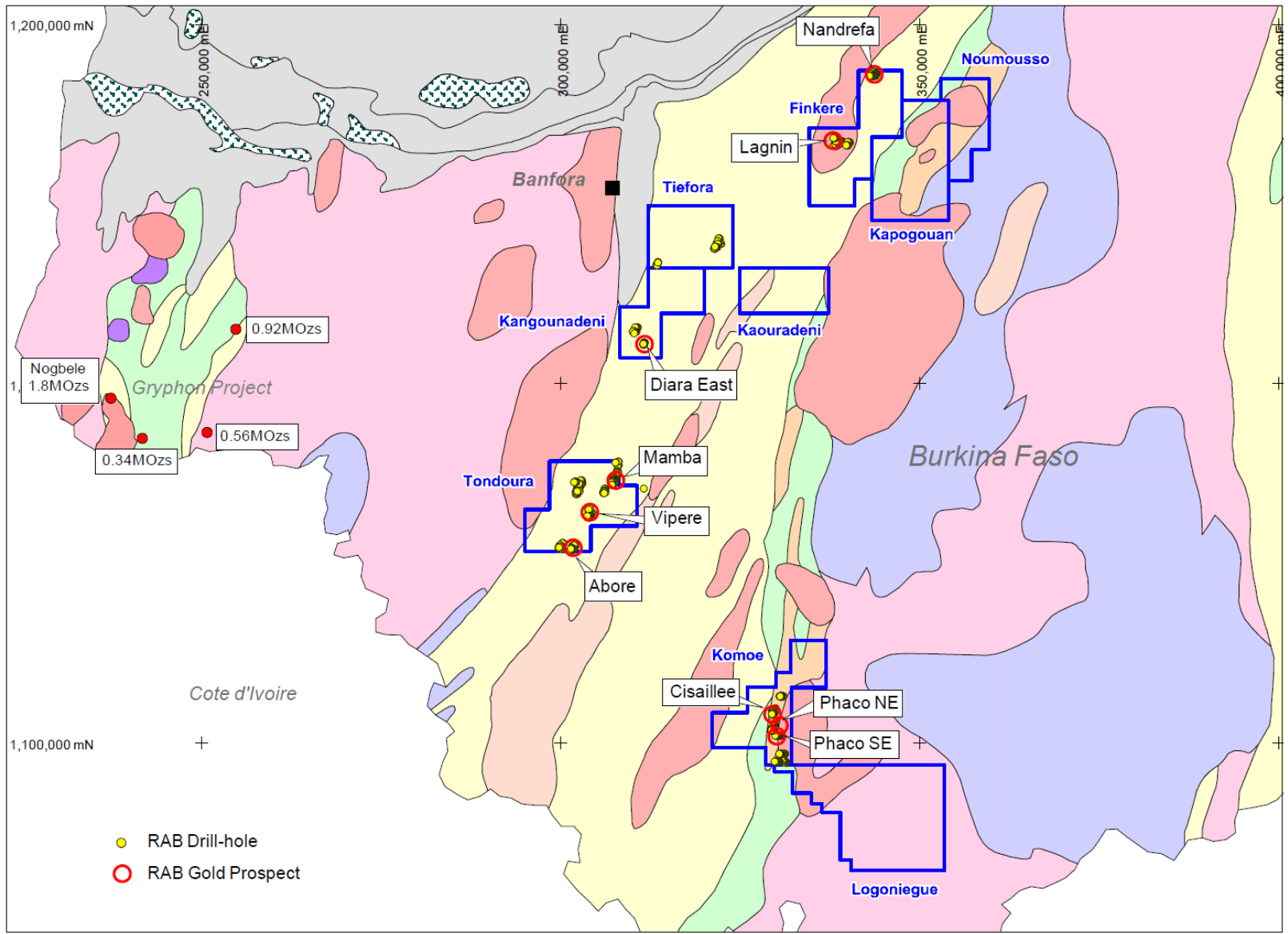


Figure 1: RAB Gold Prospect Location Plan

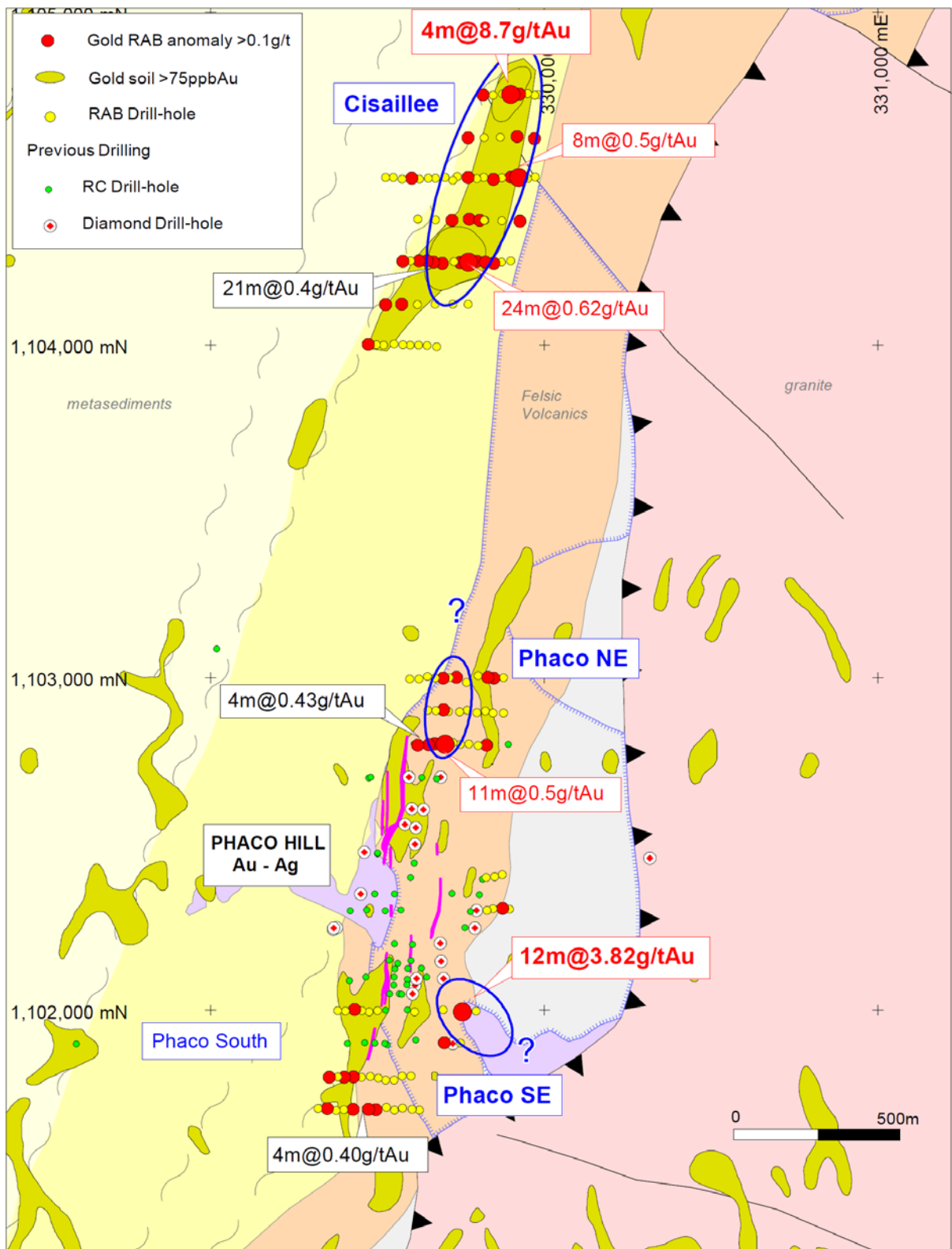


Figure 2: Komoe Gold Prospects identified by RAB Drilling.

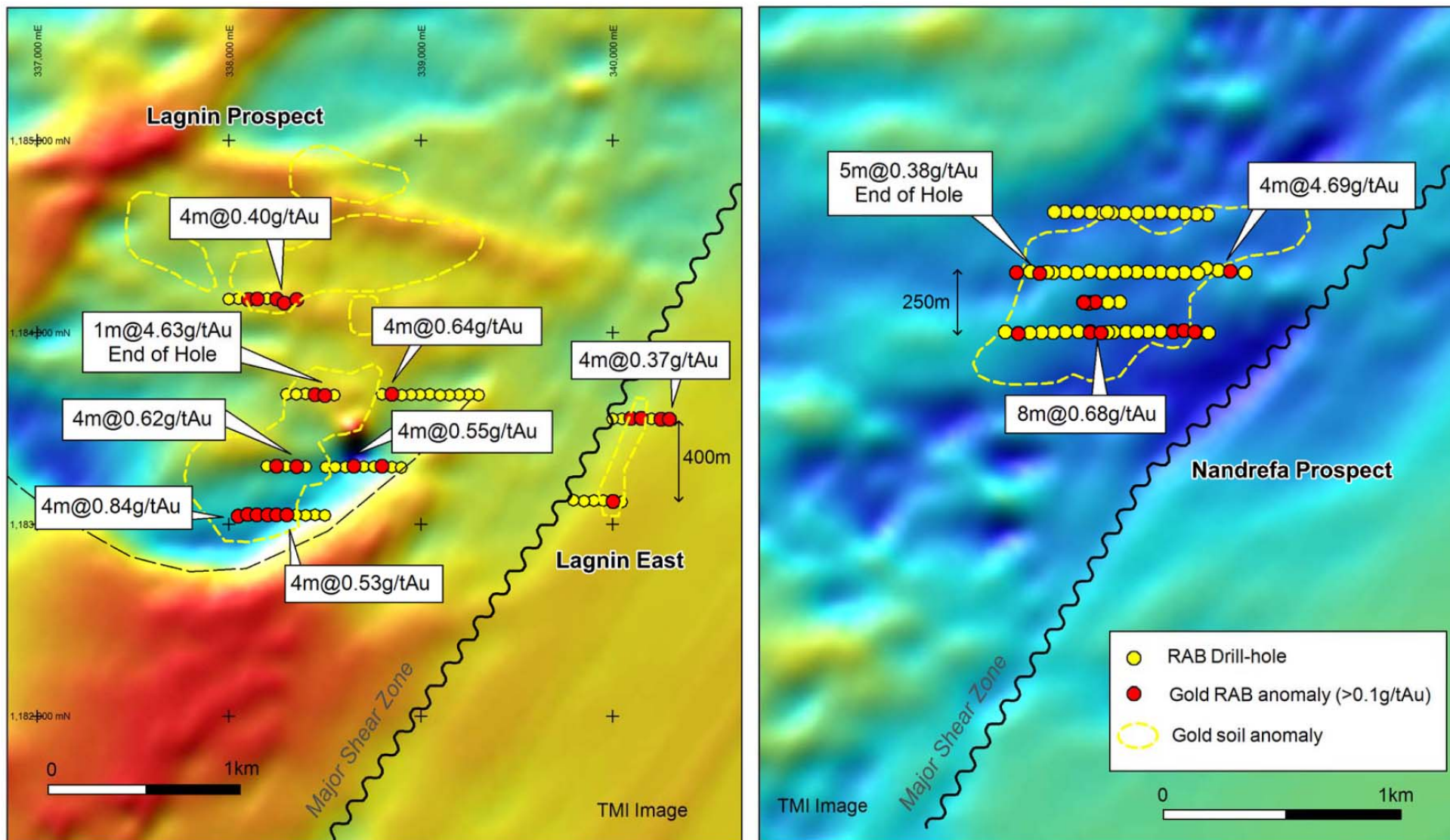


Figure 3: Finkere – Lagnin and Nandrefa RAB drilling results.