ASX Release
April 28th, 2014

EXPLORATION BOOST FOR AUSQUEST IN WEST AFRICA WITH US$7.5M FARM-IN IN BURKINA FASO

KEY POINTS

- ***Established Burkina Faso gold producer farms-in to the Banfora Gold Project.***
- ***Major boost to exploration expenditure: US$7.5M expenditure over 3 years for 80%.***
- ***Exploration activity levels set to increase at Banfora over coming months.***
- ***AusQuest to focus on Fraser Range nickel-copper and Peru copper-gold projects.***

AusQuest Limited (ASX: AQD) is pleased to advise that it has signed a Farm-in and Joint Venture Agreement with Ressources Burkinor SARL (Burkinor), a wholly-owned subsidiary of TSX-listed SEMAFO Inc. which will result in a significant acceleration in exploration activities over its Banfora Gold Project in Burkina Faso, West Africa.

Under the terms of the Agreement Burkinor can earn up to an 80% interest in the Banfora permits by spending a total of US$7.5 million over a three-year period and making an upfront cash payment to AusQuest of US$600,000 once all conditions precedent have been fulfilled.

This will see exploration activity ramp up significantly at Banfora, where AusQuest's exploration over the past four years has identified numerous gold targets which required further evaluation.

Burkinor has agreed to spend US$4.0 million within the first two years of the farm-in to earn a 65% interest before having the right to elect to increase its equity to 80% by spending a further US$3.5 million in the third year. Burkinor will be the operator of the joint venture and have sole carriage of exploration programmes during the earn-in stages.

AusQuest is very pleased to have concluded this deal as it brings a significant funding injection to the ongoing exploration of the Banfora Project, which the Company believes has the potential for significant gold discoveries.

The agreement will also result in an upfront cash payment of $600,000 to AusQuest and enables it to continue to focus its resources and management time on ongoing exploration of its prospective Fraser Range nickel-copper projects in WA and upcoming drill programs across its suite of highly prospective porphyry and IOCG copper-gold targets in Peru, South America.

Burkinor is a wholly-owned subsidiary of SEMAFO who is the owner/operator of the Mana gold mine in Burkina Faso, which has produced in excess of 150,000 ounces of gold annually during the past five years. SEMAFO is listed on the Toronto Stock Exchange and the NASDAQ OMX exchange in Stockholm (TSX, OMX: SMF).

SEMAFO has a successful track record in exploring, developing and operating in West Africa. The company has a very strong technical team and is well versed in community relations and Government relations.

The Mana gold mine is located some 150km north-east of the Banfora Project, and lies in a similar geological setting to many of the Banfora permits.

Commenting on the agreement, AusQuest's Managing Director, Graeme Drew, said: "*We are very pleased to have concluded this agreement with SEMAFO which we believe will bring a reinvigorated approach supported by a significant funding commitment to exploration within our Banfora permits.*

"We believe that this could result in the discovery of significant new gold deposits in the area, leveraging off the strong technical work which AusQuest has undertaken over the past few years.

"This agreement will also allow us to focus our resources in Australia and Peru where we are either identifying targets for drilling or have targets ready to drill, subject to permitting.

"We look forward to developing a strong working relationship with SEMAFO in Burkina Faso

Further information on the material terms of the agreement and background on the Banfora Project is appended to this announcement.



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 2012 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.

MATERIAL TERMS OF THE FARM-IN AND JOINT VENTURE AGREEMENT

Burkinor has the sole right to earn up to 80% equity in the Banfora permits under the following conditions:

- Upon satisfaction of two conditions precedent namely procuring renewals for 6 of the 9 permits, and executing Deeds of Covenant in favour of third party royalty holders affected by this agreement ("Commencement Date"), SEMAFO will make an up-front cash payment to AusQuest of US$600,000 as re-imbursement of expenses incurred and reimburse reasonable exploration costs from January 2014 to the Commencement Date, of up to a maximum of US$100,000.

- During the First Earning Period (up to two (2) years from the Commencement Date) Burkinor will have sole carriage of the exploration programmes and must spend US$4.0 million to earn 65% equity in the permits.

- At the completion of the First Earning Period, Burkinor can elect to continue sole funding and spend a further US$3.5 million within a further one (1) year period ("Second Earning Period") to earn an additional 15% equity, at which time Burkinor's total equity in the permits would be 80%.

- At the completion of either the First (if no election to continue sole funding is made by Burkinor) or Second Earning Period a joint venture will be formed with AusQuest retaining either a 35% or 20% equity in the permits and contributing to ongoing expenditures in proportion to its equity, or diluting its interest through a standard industry dilution formula.

- AusQuest's equity cannot be reduced below 5% for the duration of the joint venture. If AusQuest's interest is reduced to the minimum 5%, it will be free carried through any further exploration, development, mining and production, except that the participation of the State in the share capital of a new mining company will be assumed by each party in proportion to its Joint Venture interest. Under current legislation in Burkina Faso this would mean a reduction of 10% in AusQuest's equity (to 4.5%) at the time of mining and production.

- The joint venture will be governed by a management committee with contributing parties having a voting right proportional to their equity on all matters brought before the committee by the manager (Burkinor) and in particular, the programme and budget for the following year.

- If a decision is made to proceed with a Development Proposal a new special purpose joint venture company will be formed with ownership proportional to equities in the joint venture at that time.

- The agreement is also subject to standard industry warranties and standard clauses covering assignment, confidentiality and reporting amongst other things.

BACKGROUND ON THE BANFORA GOLD PROJECT

AusQuest's Banfora Project comprises nine (9) Exploration Permits (total area ~1,150km^2) located within the Banfora Greenstone Belt in south-west Burkina Faso. The Belt forms part of the gold-rich West African Birimian succession which is emerging as a significant new West African gold province.

The area is under-explored except for scattered artisanal gold workings along the belt, extensive surface sampling programs, and limited drill coverage by exploration companies, including AusQuest.

Since late 2010, AusQuest has been actively exploring the Banfora area and during that time has discovered high grade gold/silver mineralisation at the Phaco Hill prospect (as reported to the ASX) as well as locating numerous gold-soil anomalies and gold intersections from shallow rotary air blast (RAB) and reconnaissance Reverse Circulation (RC) drilling, that require further follow-up (*Figure 1*).

In more recent times relatively large artisanal workings and gold-soil anomalies have been outlined within the Kapogouan and Noumousso permits (which the Company has an Option to purchase) that have only had limited systematic sampling and no drilling.

Many of the gold prospects located by the Company's exploration programmes require further work to determine their potential to become significant new gold discoveries.

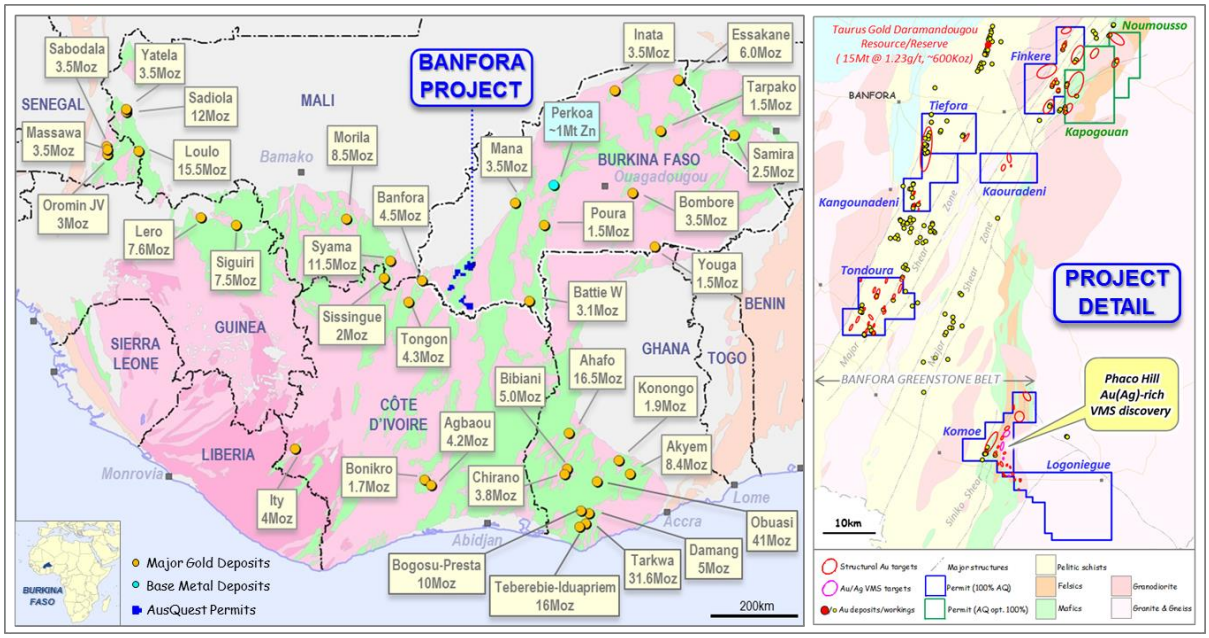

Figure 1: Location of the Banfora Project and gold targets