

October 27, 2008
ASX Release



FIRB APPROVAL FOR STRATEGIC ALLIANCE WITH CLIFFS

AusQuest Limited (ASX: AQD) is pleased to advise that its proposed Strategic Alliance with North American mining company, Cliffs Natural Resources (formerly Cleveland Cliffs Inc.) has taken another step forward with notification received from Australia's Foreign Investment Review Board that the proposed arrangements are exempt from review under the Foreign Acquisitions and Takeovers Act 1975 (the Act).

The arrangements include the Strategic Alliance and Subscription and Option Agreements between Cliffs Australia Holdings Pty Ltd (Cliffs), a 100% wholly owned subsidiary of Cliffs Natural Resources, and AusQuest.

It was a condition precedent under the Agreements that no objections are raised to the proposed arrangements by the Treasurer under the Act.

Shareholder approval for the strategic alliance with Cliffs will be sought at the Company's Annual General Meeting of shareholders (AGM) to be held in Perth on the 18th of November. Under the Agreements, the share and option placement to Cliffs will be completed within five business days of the AGM, should shareholder approval be obtained.

A handwritten signature in black ink, appearing to read 'G Drew', is positioned above the name and title of the signatory.

Graeme Drew
Managing Director