

November 19, 2008  
ASX Release



## **SHAREHOLDERS APPROVE \$26M PLACEMENT AND STRATEGIC ALLIANCE WITH CLIFFS**

### ***KEY POINTS***

- **Placement of 68.3 million shares at 40 cents and 26.5 million options to be completed within five business days.**
- **\$26M cash injection positions AusQuest to accelerate exploration programs, and pursue new acquisition and growth opportunities.**
- **Support and back-up from major mining house through Strategic Alliance.**

AusQuest Limited (ASX: AQD) is pleased to advise that all six resolutions relating to the Strategic Alliance with international mining company, Cliffs Natural Resources (formerly Cleveland-Cliffs Inc.), were approved at the Company's Annual General Meeting today.

This marks the final outstanding approval for the transaction, with Cliffs to proceed to subscribe for 68,308,791 AusQuest shares at 40 cents each and an additional 26,470,857 options with an exercise price of 40 cents each. The share and option placement will be completed within five business days of the AGM.

This will result in a cash injection of approximately A\$26 million, net of costs, significantly enhancing AusQuest's cash position and enabling the Company to aggressively step up its exploration efforts in 2009 as well as actively target new opportunities.

The Strategic Alliance encompasses the back-up and support of a major international mining house, giving AusQuest a significant competitive advantage as a well-funded, technically capable junior resource company. Cliffs will hold a fully diluted 30% interest in AusQuest following completion of the placement.

Cliffs is the largest producer of iron ore pellets in North America and a major supplier of metallurgical coal to the global steel-making industry. It operates six iron ore mines and three coking coal mines in North America and is also moving towards 100% ownership of Portman Limited, a large iron ore mining company in Australia serving Asian markets.

The Board of AusQuest looks forward to welcoming Cliffs as a significant shareholder in the Company and to the opportunities this will provide in the future.



Graeme Drew  
**Managing Director**