

Quest Minerals Limited

ABN 55 062 879 583
(Subject to a Deed of Company Arrangement and Creditors Trust)

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Board of Directors and Management:

Jerome G (Gino) Vitale
Managing Director

Non-Executive Directors

Paul Piercy – Non executive
Chairman
Dennis Gee – non-executive
Director

Company Secretary

Stuart Third

Capital Structure

Ordinary Shares: 719,253,285



ASX Code: **QNL**

Enquiries regarding this announcement can be directed to:

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Appointment of CPS Capital Group as Lead Manager for Placement Offer to raise \$1.82 million

Quest Minerals Limited (Subject to a Deed of Company Arrangement, Subject to a Creditors Trust) (ASX: QNL, "Company") is pleased to announce that it has entered into a definitive agreement with CPS Capital Group Pty Ltd (holder of AFSL 294848) ("CPS Capital") to act as lead manager for the capital raising approved by shareholders at today's General Meeting of shareholders.

Pursuant to the approval received from shareholders, the Company will now immediately proceed with lodgement of a prospectus under which the Company will include an offer of 91.0 million shares at \$0.02 per share to raise \$1.82 million.

The terms of appointment of CPS Capital are contained in the Prospectus and are considered standard for appointments of this type. The offer to be made under Prospectus is not underwritten.

The formal appointment of CPS Capital as lead manager to the proposed offer of securities fulfils a condition imposed by ASX to achieve reinstatement of quotation of the Company's securities, details of which are contained in Annexure D to the Notice of General Meeting released on 14 October 2016.

Appendix 1 below shows the movements in the Company's capital structure pursuant to the approval of all resolutions at the General Meeting of shareholders held today with respect to the consolidation of the Company's capital and the offers to be made under the Prospectus.

Yours faithfully,

Gino Vitale
Managing Director

Appendix 1

Capital Structure after Recapitalisation

Following the placement the Company's present capital structure and the position post consolidation and the recapitalisation will now be as follows:

	Fully Paid Ordinary Shares		Forfeited Partly Paid shares		Options
Existing Shares on Issue as at 30 September 2016 and at date of this report, prior to the consolidation of capital	719,253,285	100.00%	16,980,000	100%	-
Existing Shares on issue following the consolidation	2,397,511	2.23%	56,600	100%	
Placement at \$0.02 per Share to unrelated parties	91,000,000	84.69%	-	-	
Issue at \$0.02 per Share to related parties	4,000,000	3.72%	-	-	
Issue of Shares at \$0.02 per share in satisfaction of fees to unrelated lead manager and corporate advisers	10,000,000	9.31%	-	-	
Issue of Unlisted Options to nominees of proponents of recapitalization at a price of \$0.00001 (includes 2,500,000 to be offered to a related party subject to shareholder approval)					32,500,000
Conversion of forfeited Partly Paid Shares (to be offered under Prospectus)	56,600	0.05%			
On Issue at completion of proposed consolidation and recapitalisation	107,454,111	100.00%	-	-	32,500,000

About Victory Bore Gold Project, Sandstone WA

The Company's wholly owned subsidiary Acacia Mining Pty Ltd ("Acacia") was awarded Exploration Licence E57/1036 on 1 July 2016. The licence covers an area of 39 km² on 13 blocks near the town of Sandstone, 560 km north east of Perth in East Murchison Mineral Field in Western Australia. **Figure 1** below shows several gold processing facilities are located close to the licence area.

The primary interest of the Company is to explore the potential for gold mineralization where a number of historical drill anomalies in BIF's (banded iron formations) have never been followed up. These anomalies represent sound drill targets that warrant follow up drilling.

The area also hosts gold bearing mineralised shears and quartz veins associated with brittle-ductile fracturing of host rocks that provide significant potential for economic gold mineralization due to the favourable geological and structural setting.

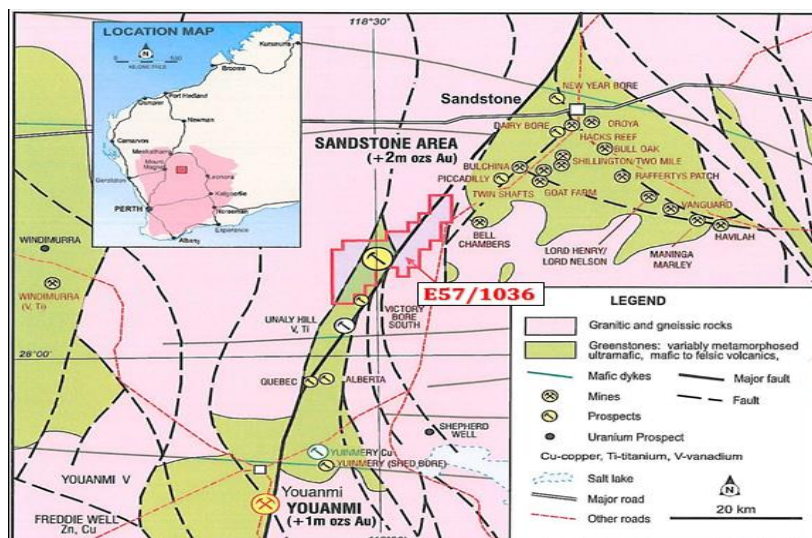


Figure 1 – Location of E57/1036 and geology of Sandstone area

The Company has previously commissioned a consultant geologist to compile historic gold intersections, being drilling programs that predominantly occurred from 1979 to 1998. Previous exploration drilling carried out by Battle Mountain Gold intersected several ore grade intersections of gold. These include:

- 4m @ 3.51 g/t Au from 52m in hole YR867
- 6m @ 5.2 g/t Au from 59m in hole YR875
- 8m @ 10.24 g/t Au from 20m in hole YP780

The location of these drill holes within EL57/1036 is shown in **Figure 2** below.

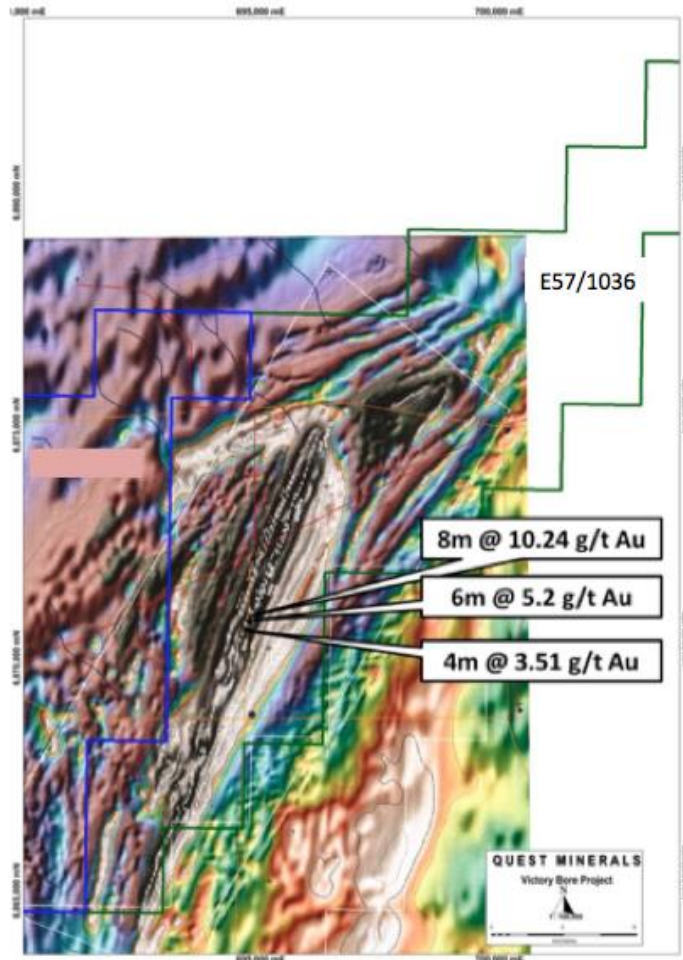


Figure 2 –historical gold intercepts and location shown over interpreted aeromagnetics map