

## Quest Minerals Limited

ABN 55 062 879 583

Level 1,  
467 Scarborough Beach Road,  
Osborne Park,  
Western Australia 6017  
T: +61 (8) 9217 9800  
F: +61 (8) 9217 9899

### Directors

Steve Formica, Chairman  
Jerome (Gino) Vitale  
David Palumbo

### Company Secretary

David Palumbo

### Capital Structure

Ordinary Shares: 117,409,428



ASX Code: **QNL**

Enquiries regarding this  
announcement can be directed to:

Mr Gino Vitale  
T: +61 (8) 9221 33 55  
Mr David Palumbo  
T: +61 (8) 9481 0389

## Report for Quarter Ended 31 March 2017

Quest Minerals Limited (ASX: QNL, "Company") is pleased to provide this quarterly update on its activities for the quarter ended 31 March 2017.

### 1. Operations - Victory Bore Gold Project, Sandstone WA

#### (a) Gold

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 39km<sup>2</sup> on 13 blocks near the town of Sandstone, 560 km north east of Perth in East Murchison Mineral Field in Western Australia. The Company plans to explore the potential for gold mineralization where a number of historical high-grade drill anomalies have been identified by a previous explorer.

The area 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. The Company considers these anomalies represent sound drill targets that warrant follow up drilling.

During the quarter a review of all previous exploration activities was commenced and is well advanced. This includes acquisition of geophysical survey coverages that are currently being reprocessed. Field verification of historical exploration activities across the entire Victory Bore project area is planned for the June quarter to prepare for a potential drilling campaign on delineated targets.

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

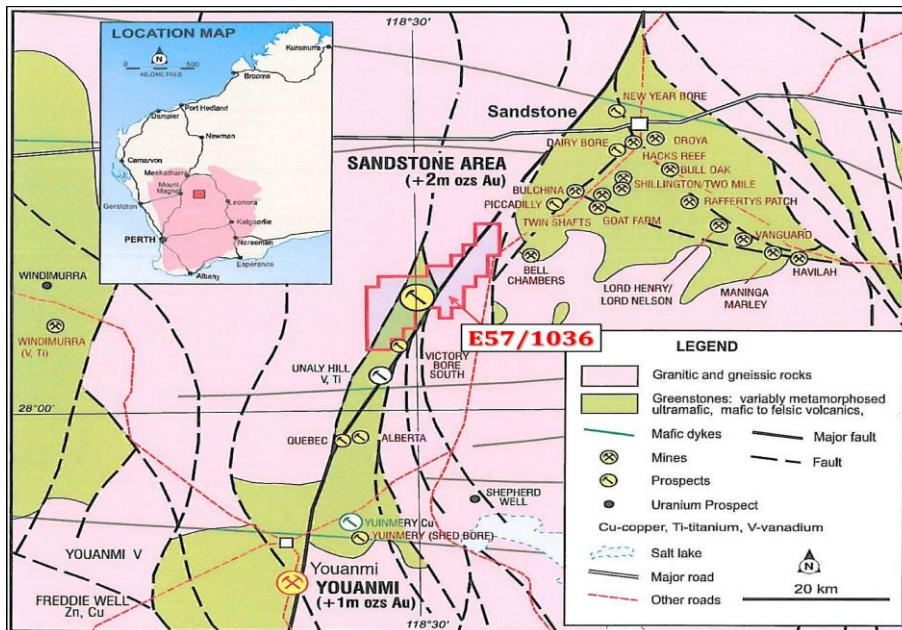
The location of EL 57/1036 and historical high grade gold anomalies from RC and RAN drilling historical are shown in **Figures 1 and 2** below.

A work program comprising 1,400 metres of air core drilling has been developed by Quest in the first year (from reinstatement on ASX on 17 February 2017) to confirm these anomalies, with a follow up 6,800 metres of staged RC drilling in the second year. The Company has budgeted \$200,000 in first year for exploration expenditure to execute the following exploration program:

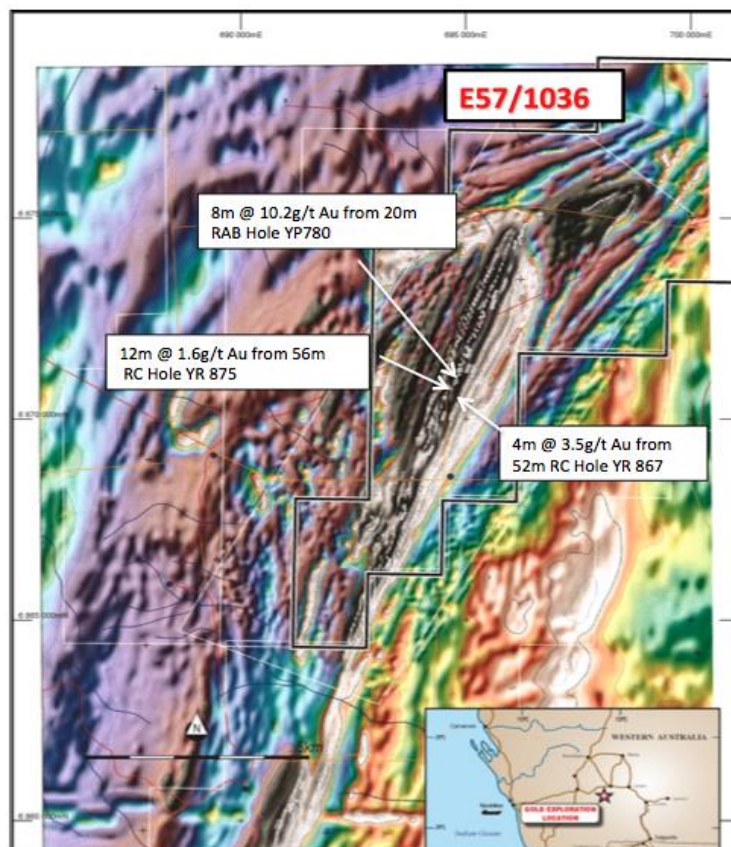
- the re-interpretation of recently available aeromagnetic data;
- geological mapping;
- re-examination of historic drill hole material;
- anthropological survey (required under access agreement with traditional land-owners);
- further surface rock chip sampling; infill detailed soil sampling within the defined gold-in-saprolite anomaly; and
- 1,400 metres of Air Core drilling to confirm historic anomalies.

Subject to results of first year programme, a further \$350,000 has been budgeted in second year, to be applied as follows:

- initial 10-hole angled RC program totalling 1,000 metres with grid spacing approximately 40m by 80m.
- follow up 5,800 metre RC drilling program
- drill rig and camp mobilisation, RC drilling, chemical analyses, planning and program administration and management, demobilisation



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



**Figure 2**  
Location of historical high  
grade gold intercepts from  
RC and RAB drilling on  
aeromagnetic image on  
E57/1036

### (b) Vanadium

With the recent surge in demand in high-density battery storage, Quest is undertaking a review of the vanadium potential within the Victory Bore project area on EL 57/1036.

Quest has commissioned independent consultants to review the available drill and geological data generated by the Company from 2010 to 2012 which identified extensive magnetite-vanadium-titanium mineralization. The review will include a field visit planned for the June quarter.

## 2. Corporate

Following completion of the capital consolidation approved by shareholders on 14 November 2016 and fully a subscribed share Offer outlined in a Prospectus lodged on 15 November 2016 (as supplemented on 30 November 2016, 27 January 2017 and 6 February 2017) to raise \$1.82 million, the Company's shares were reinstated for quotation on ASX on 17 February 2017.

Funds raised under the Offer were applied to payment to the Creditors Trust to bring about the effectuation of a DOCA as agreed with creditors, short term loans, costs of the Offer, funds to be applied to advance the Company's Victory Bore project and general working capital.

On 19 March the Company announced the placement of a 10,000,000 fully paid shares at a price of 2.0 cents to raise a further \$200,000 for working capital purposes. The shares were issued under capacity available to the Company under ASX Listing Rule 7.1.

After quarter's end, pursuant to a Cleansing Prospectus lodged on 19 April 2017, the Company issued 10,000 shares at a price of 2.5 cents resulting in a nominal cash raising of \$250. The Prospectus was prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of the Shares issued by the Company as part of the above placement.

### 2.1 Capital Structure

The capital structure of the Company at the date of this report is stated below:

CAPITAL STRUCTURE SUMMARY	Fully Paid Ordinary Shares	Unlisted Options <sup>(1)</sup>
Securities on Issue as at 31 March 2017	117,399,428	32,500,000
Shares issued on 24 April 2017 pursuant to Cleansing Prospectus lodged on 19 April 2017	10,000	-
<b>Securities on Issue as at date of this report</b>	<b>117,409,428</b>	<b>32,500,000</b>

<sup>(1)</sup> Unlisted options are exercisable at a price of \$0.03 at any time until 30 September 2020.

### 2.2 Director Resignations and Appointments

- Mr Paul Piercy resigned as a director and Chairman on 18 January 2017.
- Dr Dennis Gee resigned as a director, effective from 31 January 2017.
- Mr Steve Formica was appointed as a director of the Company on 3 January 2017 and was appointed as non-executive Chairman on 18 January 2017.
- Mr David Palumbo was appointed as a non-executive director of the Company on 18 January 2017. Mr Palumbo was also appointed to the role of joint company secretary on 16 December 2016.
- Mr Jerome Vitale stepped down as Managing Director on 17 February 2017, and continues as a non-executive director.
- Subsequent to quarter's end, Mr Stuart Third resigned as Joint Company secretary on 4 April 2017, leaving Mr Palumbo as sole Company Secretary.



*Report for Quarter ended 31 March 2017*

### **2.3 Cash at Bank and Borrowings**

At 31 March 2017 the Company had a cash balance of approximately \$1,131,000 and zero borrowings. A registered mining mortgage to support secured borrowings of \$69,000 incurred prior to reinstatement of trading was formally lifted following repayment of the debt in February.

Yours faithfully,

**Gino Vitale**  
**Director**

for further information, contact:

Gino Vitale

T: +61 (8) 9221 3355

E: [jeromev@vitale.net.au](mailto:jeromev@vitale.net.au)

David Palumbo

Company Secretary

T: +61 (8) 9481 0389

E: [david@miningcorporate.com.au](mailto:david@miningcorporate.com.au)

**ENDS**

### **Disclaimer**

Forward-looking statements are statements that are not historical facts. Words such as “expect(s)”, “feel(s)”, “believe(s)”, “will”, “may”, “anticipate(s)” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company’s prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

### **Competent Persons Statement:**

The information in this announcement that relates to the historical Exploration Results is based on information compiled and fairly represented by Mr Robert Jewson, who is a Member of the Australian Institute of Geoscientists and a consultant to Quest Minerals Ltd. Mr Jewson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he has undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Jewson consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.