QUEST

QUEST MINERALS LIMITED

ABN 55 062 879 583

& Controlled Entities

Annual Report
For the year ended 30 June 2017

CORPORATE DIRECTORY

Board of Directors

Mr Steven Formica – Non-Executive Chairman

Mr Jerome G Vitale – Non-Executive Director

Mr David Palumbo – Non-Executive Director

Company Secretary

Mr David Palumbo

Registered Office

Level 11
216 St Georges Terrace
PERTH WA 6000
Phone: +61 8 9481 0389
Fax: + 61 8 9463 6103

Auditors

Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
WEST PERTH WA 6005

Solicitors

Edwards Mac Scovell
Level 7
140 St Georges Terrace
PERTH WA 6000

Banker

National Australia Bank Limited
226 Main Street
OSBORNE PARK WA 6017

Share Registry

Advanced Share Registry Ltd
110 Stirling Highway
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Stock Exchange Listing

Australian Securities Exchange
Quest Minerals Limited

ASX Code: QNL

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DIRECTORS' REPORT

Your Directors submit their report for the Company and its controlled entities ("the Group") for the year ended 30 June 2017.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Steven Formica	**Non-Executive Chairman**
Experience	Appointed Non-Executive Director on 3 January 2017 and Non-Executive Chairman on 18 January 2017. Mr Formica is a successful businessman with over 30 years' experience. He has been involved in multiple business ventures either as a founding shareholder, operational Managing Director or as a non-executive Director. He is a non-executive Director of ASX listed companies Cabral Resources Limited and Lindian Resources Limited.
Interest in shares & options	5,900,000 ordinary shares
Directorships held in other listed entities	Mr Formica is currently a non-executive Director of ASX listed Cabral Resources Limited and Lindian Resources Limited. Former directorships in other listed entities in the past 3 years: Nil
Mr Jerome G Vitale	**Non-Executive Director**
Qualifications	B Comm, ACA, FAICD, Sen F Finsia
Experience	Appointed Non-Executive Director on 18 January 2017, previously Managing Director since 22 April 2013. Mr Vitale is an experienced mining company executive with wide ranging experience in project development and finance. His achievements in the gold sector include the acquisition, construction and operation of the McKinnons Gold project in Cobar NSW (a 50,000 oz pa low cost open cut operation), execution of numerous gold project financing transactions as a project finance specialist with Standard Chartered Bank group and senior executive responsibilities with the Normandy Mining group prior to its acquisition by Newmont Mining Corporation. Mr Vitale's other appointments have included senior roles with a copper production and exploration company, a privately held mining reagents business and as principal of a mining corporate advisory consultancy specialising in and corporate turnaround situations. He has extensive experience and conducting resource project evaluation and feasibility studies in numerous commodities as head of multi-disciplinary technical teams and has acted as lead advisor to Chinese SOE's and private sector investment houses in relation to non-ferrous metals project opportunities in Australia and internationally.
Interest in shares & options	1,175,001 ordinary shares, 2,500,000 options.

DIRECTORS' REPORT

Directorships held in other listed entities	None
	Former directorships in other listed entities in the past 3 years are: Bligh Resources Limited
Mr David Palumbo	**Non-Executive Director and Company Secretary**
Qualifications	BCom, CA
Experience	Appointed Non-Executive Director on 18 January 2017 and Company Secretary on 18 December 2016.
	Mr Palumbo is a Chartered Accountant with over ten years' experience in the accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. Mr Palumbo is currently a non-executive director and company secretary for ASX listed companies Roto-Gro International Limited and Krakatoa Resources Limited and company secretary for European Cobalt Ltd as well a number of unlisted public companies.
Interest in shares & options	250,000 ordinary shares
Directorships held in other listed entities	Mr Palumbo is currently a non-executive Director of ASX listed Roto-Gro International Limited and Krakatoa Resources Limited.
	Former directorships in other listed entities in the past 3 years: nil
Dr Dennis Gee	**Former Non-Executive Director - resigned 31 January 2017**
Interest in shares & options (at resignation)	502,853 ordinary shares
Mr Ian Crawford	**Alternate Director (D Gee) – resigned 17 September 2016**
Interest in shares & options (at resignation)	Nil
Mr Paul Piercy	**Former Non-Executive Chairman - resigned 18 January 2017**
Interest in shares & options (at resignation)	500,000 ordinary shares
Mr Stuart Third	**Alternate Director (P Piercy) – resigned 28 July 2016**
Interest in shares & options (at resignation)	1,575 ordinary shares

OTHER OFFICERS

Mr Stuart Third	**Company Secretary – resigned 4 April 2017**

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year was mineral exploration including the exploration and evaluation of opportunities located domestically and internationally.

OPERATING RESULTS

The Consolidated Entity's operating loss after tax for the year ended 30 June 2017 was $1,375,462 (2016: $184,776).

FINANCIAL POSITION

At the end of the financial year, the Consolidated Entity had a cash balance of $874,582 (2016: $10,600) and a net asset position of $924,575 (2016: net liabilities of $226,476).

REVIEW OF OPERATIONS

Victory Bore Project E57/1036
On 1 July 2016 the Company's wholly owned subsidiary Acacia Mining Pty Ltd ("Acacia") was awarded Exploration Licence E57/1036 comprising 13 blocks covering an area of 39 km^2 in the East Murchison Mineral Field in Western Australia. The tenement is located near the town of Sandstone, 560 km north east of Perth. Independent geological consultants CSA Global Pty Ltd (CSA) have provided the following Mineral Resource estimate prepared in accordance with JORC Code 2012, (for details refer to Company's ASX announcement of 29 June 2017).

Inferred Mineral Resource, Victory Bore

Tonnes (Mt)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	P (%)	SiO_2 (%)	Al_2O_3 (%)	LOI (%)
151	25.0	0.44	6.73	0.013	28.6	14.8	0.56

Note: the Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 20% Fe. The Resource is quoted from blocks above a specified Fe % cut-off grade of 20% Fe. This Mineral Resource estimate was first announced by the Company on 4 March 2011 based on JORC 2004 reporting guidelines based on drilling conducted primarily in 2010.

The Sandstone district is a recognised gold producing area with a number of gold processing facilities in the locality. In accordance with the exploration objectives set out in the Company's Prospectus lodged with ASIC on 15 November 2016 (supplemented on 29 November 2016, 27 January 2017 and 6 February 2017), during the June quarter the Company completed planning for a limited 11 hole Reverse Circulation (RC) drilling programme to investigate historical gold anomalies from the 1990's. The programme was executed after year end in July and August and while primarily targeting for gold to verify historical anomalies occurring along strike of a magnetic anomaly identified from an earlier aeromagnetic survey, drill samples obtained were also assayed for vanadium and titanium.

Subsequent to year-end, on 28 August 2017 the Company reported that the historical gold anomalies were not confirmed by the drilling and that no further gold targets would be pursued. However significant vanadium – titanium intercepts identified a new mineralised lens along the magnetic anomaly with potential to add to the established V_2O_5-$Ti0_2$-Fe Mineral Resource which is located on three similar magnetic structures.

The Company is now investigating the business case for a low complexity, low capital and operating cost project development model. Under such a model the Company will produce and sell a concentrate at the mine-gate and partner with established operators for down-stream processing to potentially produce and market several product streams made possible by recent advances in metallurgical process technology. These include titanium oxide pigment and pig-iron in addition to the single commodity vanadium products considered in previous desktop studies conducted by the Company.

DIRECTORS' REPORT

Perenjori Prospecting Licence P70/1608
The Company elected to relinquish this residual prospecting licence located near Perenjori in the Midwest of Western Australia where it was previously earning an interest. The minimum expenditure required to maintain the tenement in good standing was not deemed to be justified with any upside limited by the small size of the land holding.

Corporate

Readmission to ASX
The Company's shares were readmitted to trading on ASX 17 February 2017 after a hiatus of more than three years since they were last traded on 30 September 2013.

Prior to this the Company completed a public offer of 91 million shares at $0.02 to raise $1.82 million and achieved a spread in excess of 300 shareholders holding a value of at least $500 to satisfy ASX conditions for reinstatement of trading of the Company's securities. Details of the public offer and other offers of securities made by the Company to satisfy adviser and directors fees are contained in a Prospectus lodged with ASIC on 15 November 2016, supplemented on 29 November 2016, 27 January 2017 and 6 February 2017.

Shareholder Meetings, Capital Reconstruction, Share Capital Movements
During the year the Company held a number of shareholder meetings. On 14 November 2016 a general meeting was held to consider a number of resolutions to (a) provide retrospective shareholder approval as required by ASX for a number of historical transactions deemed to be with a related party (details of which were reported in detail in the Company's prior year financial statements), (b) to approve the consolidation of the Company's issued capital and (c) to approve the issue of shares to recapitalise the Company. All of the necessary resolutions were passed at the meeting.

Also on 14 November 2016, pursuant to a relief order granted by ASIC on 7 December 2015, the Company held the 2015 Annual General Meeting followed immediately by the 2016 Annual General Meeting. At each of these meetings a strike was recorded in relation to the adoption of the remuneration report which then required the spill motion to be placed before the 2016 Annual General Meeting. The spill motion was not passed.

On 15 March 2017, the Company issued 10,000,000 shares at $0.02 per share to raise $200,000 for working capital purposes. On 21 April 2017, the Company issued a further 10,000 shares at $0.025 per share pursuant to a cleansing Prospectus lodged on 19 April 2017 to raise $250. The primary purpose of this Prospectus was to remove any trading restrictions that might have attached to shares issued by the Company prior to the Prospectus offer. On 11 May 2017, the Company completed a buy-back of less than marketable parcels of fully paid ordinary shares (Buy-Back). Based on the Buy-back price of $0.025 per share and the register of members as at 17 March 2017, a total of 471,561 fully paid shares were acquired and subsequently cancelled.

Changes to Directors and Officers
Mr Steve Formica was appointed as Company Director on 21 December 2016 and subsequently appointed non-executive Chairman on 18 January 2017 to replace Mr Paul Piercy who resigned as Director and Chairman on the same date. Dr Dennis Gee resigned as Director on 31 January 2017. Mr David Palumbo was appointed as a joint Company Secretary on 16 December 2016, sole company secretary on 4 April 2017 and Non-Executive Director on 18 January 2017.

Competent Persons Statement

Information in this Annual Report that relates to exploration results reflects information compiled by Dr Dennis Gee a Director of the company and a member of the AIG. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity upon which he is reporting on as a Competent Person as defined in the 2012 Edition of "The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." He consents to the inclusion in this report of the matters based on the information compiled by him, in the form and context in which it appears.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for Directors and Key Management Personnel of Quest Minerals Limited.

The key management personnel of Quest Minerals Limited for the financial year consisted of the following directors:

- Steven Formica was appointed non-executive director on 3 January 2017 and non-executive chairman on 18 January 2017;
- David Palumbo was appointed non-executive director on 18 January 2017;
- Jerome Vitale was the managing director until 18 January 2017 when he was appointed as a non-executive director;
- Paul Piercy was the non-executive chairman until he resigned 18 January 2017;
- Dennis Gee was a non-executive director until he resigned 31 January 2017;
- Stuart Third was an alternate director (for P Piercy) until he resigned 28 July 2016;
- Ian Crawford was an alternate director (for D Gee) until he resigned 17 September 2016.

Remuneration policy

The remuneration policy of Quest Minerals Limited has been designed to align Director objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Quest Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Company as well as create goal congruence between Directors and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

The remuneration policy, setting the terms and conditions for an Executive Director was developed by the Board. The Board reviews Executive packages annually by reference to the Company's performance, Executive performances and comparable information from industry sectors and other listed companies in similar industries.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company.

The full Board reviews recommendations on Remuneration packages and other terms of employment for Executive Directors and other senior Executives. Remuneration packages are set at levels that reflect the nature of the Company's operations and resources. Remuneration for work outside that ordinarily performed by of Non-Executive Directors from time to time is determined by the Board.

Non-executive Director and executive remuneration

The remuneration of non-executive directors may not exceed in aggregate in any financial year the amount fixed by the Company. Currently, non-executive directors Jerome Vitale and David Palumbo are remunerated by way of director fees which have been set at $60,000 p.a. (reducing to $24,000 p.a. from August 2017) and $24,000 p.a. respectively, which is considered reasonable for a company of its size and operational activity. Non-Executive Chairman Steven Formica is currently not being remunerated for his role.

The remuneration of all officers of the Company was suspended prior to recapitalisation of the Company, at which time the amounts accrued since that date became payable pursuant to deeds of settlement executed.

Reward for Performance

During the year there was no reward for the performance component of any remuneration package.

DIRECTORS' REPORT

Remuneration report (cont'd)
Remuneration of Directors and Key Management Personnel

	Short-term employee benefits			Post-employment benefits	Share-based payment				
					Equity-settled				
	Salary & fees $	Profit share & bonus $	Non-monetary $	Superannuation $	Shares $	Options $	Total $	Proportion of remuneration - performance related (%)	Value of options as proportion of remuneration (%)
2017									
Steven Formica	-	-	-	-	-	-	-		
David Palumbo	8,857[1]	-	-	-	-	-	8,857		
Jerome Vitale	102,500[2]	-	-	-	-	29,975[3]	132,475	-	-
Paul Piercy	-	-	-	-	-	-	-		
Dennis Gee	-	-	-	-	-	-	-	-	-
Stuart Third	-	-	-	-	-	-	-	-	-
Ian Crawford	-	-	-	-	-	-	-	-	-
Total 2017	**111,357**	**-**	**-**	**-**	**-**	**29,975**	**141,332**	**-**	**-**
2016									
Paul Piercy	838	-	-	79	-	-	917	-	-
Jerome Vitale	2,058	-	-	196	-	-	2,254	-	-
Dennis Gee	838	-	-	79	-	-	917	-	-
Stuart Third	-	-	-	-	-	-	-	-	-
Ian Crawford	-	-	-	-	-	-	-	-	-
Total 2016	**3,734**	**-**	**-**	**354**	**-**	**-**	**4,088**	**-**	**-**

[1] Fees paid or payable to Mr Palumbo's employer, Mining Corporate Pty Ltd.
[2] Comprised director fees since ASX reinstatement totalling $22,500 ASX reinstatement success fees totalling $80,000.
[3] 2,500,000 options acquired by Mr Vitale for a consideration of $0.00001 per option were revalued using black–scholes and deemed to have a fair value of $0.012 per option.

DIRECTORS' REPORT

Nomination and Remuneration Committee
The Board is responsible for establishing the Company's remuneration policies and practices and to ensure they match the group's objectives. The Company's Board proposed the Managing Director's total remuneration package and is responsible for reviewing the non-executive remuneration. The Board is of the opinion that given the size and circumstances of the Company, the functions of the Remuneration Committee are more readily attended to by the Board than a separate committee. The Board did not engage any remuneration consultants during the period.

Amounts payable to KMP
During the year, the following amounts were settled pursuant to deed of release agreements executed between the relevant KMP and the Company. The amounts relate to settlement of payables to KMP or their related entities accrued since execution of the Deed of Company Arrangement on 18 August 2014:

	Cash $	Shares $	Total $
Paul Piercy	11,693	10,000	21,693
Jerome Vitale	4,233	50,000	54,233
Dennis Gee	11,693	10,000	21,693
Stuart Third	12,281	10,000	22,281

Options granted as part of remuneration
During the financial year, 2,500,000 options over unissued shares in Quest Minerals Limited were granted to Jerome Vitale as part of his remuneration. Mr Vitale paid $0.00001 per option, for a total consideration of $25. The terms and conditions of options are as follows:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date
Jerome Vitale	2,500,000	14/11/2016	14/12/2016	30/09/2020	$0.03	$0.012

Options granted vested immediately and carry no dividend or voting rights.

During the financial year, there were no options over unissued shares in Quest Minerals Limited granted to the directors, employees or consultants as part of their remuneration that expired.

KMP Options and Rights Holdings
The number of options over ordinary shares held by each KMP of the Company during the financial year is as follows:

30 June 2017	Balance at start of year	Commencing office	Granted as remuneration during the year	Acquired during the year	Expired during the year	Ceasing office	Balance at end of year
S Formica	-	-	-	-	-	-	-
D Palumbo	-	-	-	-	-	-	-
P Piercy	-	-	-	-	-	-	-
JG Vitale	-	-	2,500,000	-	-	-	2,500,000
D Gee	-	-	-	-	-	-	-
S Third	-	-	-	-	-	-	-
I Crawford	-	-	-	-	-	-	-
	-	-	2,500,000	-	-	-	2,500,000

DIRECTORS' REPORT

KMP shareholdings
The number of ordinary shares in the Company held by each KMP of the Company during the financial year is as follows:

30 June 2017	Balance at start of year*	Commencing Office	Issued during the year	Purchased/(sold) during the year	Ceasing Office	Balance at end of year
S Formica	-	-	-	5,900,000	-	5,900,000
D Palumbo	-	-	-	250,000	-	250,000
P Piercy	-	-	500,000	-	(500,000)	-
JG Vitale	1	-	1,175,000	-	-	1,175,001
D Gee	2,583	-	500,000	-	(502,583)	-
S Third	1,575	-	-	-	(1,575)	-
I Crawford	-	-	-	-	-	-
	4,159	-	2,175,000	6,150,000	(1,004,158)	7,325,001

* Adjusted for 300/1 consolidation approved by shareholders on 14 November 2016

OTHER CONTRACTS AND TRANSACTIONS WITH KMP

The Company received company secretarial, accounting and bookkeeping services from Winduss & Associates Pty Ltd, an accounting practice of which Mr Stuart Third is a director and shareholder. Fees charged were at normal commercial rates and conditions. The amount of fees paid or accrued to Mr Third's resignation as alternate director on 28 July 2016 for accounting, bookkeeping and secretarial services is $nil (2016: $25,080). The fees outstanding at 30 June 2016 were settled in cash and shares during the year – refer to amounts payable to KMP note above.

During the year, a $600 loan previously provided by Haramont Pty Ltd, an entity controlled by Jerome Vitale to meet urgent expenses of the Company was repaid.

END OF REMUNERATION REPORT (AUDITED)

DIVIDENDS

The directors do not recommend the payment of a dividend for this financial year. No dividends have been paid or declared by the Company since the end of the previous financial year (2016: Nil).

DIRECTORS' MEETINGS

The number of Directors' meetings held in the year and the number of meetings attended by each Director during the year were as follows:

Directors' Meetings

	No. of meetings held while in office	Meetings attended
S. Formica	-	-
D. Palumbo	-	-
P. Piercy	-	-
J. Vitale	-	-
D. Gee	-	-
S. Third (Alternate)	-	-
I. Crawford (Alternate)	-	-

DIRECTORS' REPORT

It is noted that the Directors were able to attend to business of the Company during the period by circulated resolution and telephone meetings as permitted by the Company's Constitution in place of conducting meetings.

As at the date of this report, the Consolidated Entity did not have an audit committee, as the directors believe the size of the Consolidated Entity and the size of the Board do not currently warrant its existence.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of Directors there were no significant changes in the state of affairs of the group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Other than as referred to in the Review of Operations, further information as to likely developments in the operations of the Consolidated Entity would, in the opinion of the Directors, be speculative and may hinder the Consolidated Entity in the achievement of its commercial objectives.

OPTIONS

At the date of this report the Company has 32,500,000 options (2016: Nil) which are outstanding.

During the year, 32,500,000 options (2016: nil) were issued and nil options (2016: 25,000,000) lapsed.

During, and since the end of, the financial year, no fully paid ordinary shares were issued by virtue of the exercise of options (2016: Nil). None of the options on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's exploration operations are subject to environmental regulations under Commonwealth and State legislation. The Directors believe that the Company has adequate systems in place for the management of the requirements under those regulations, and are not aware of any breach of such requirements as they apply to the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. Refer to the Company's Corporate Governance Statement at www.questminerals.com.au/.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on the following page and forms part of the Directors' report.

SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Group in future financial periods.

NON-AUDIT SERVICES

There were no non-audit services provided by the external auditors during the financial year.

SIGNED in accordance with a resolution of the directors

Steven Formica
Non-Executive Chairman
Perth, 27 September 2017

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Auditor's Independence Declaration to the Directors of Quest Minerals Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Quest Minerals Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 27 September 2017

CONSOLIDATED STATEMENT OF STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Other income from ordinary activities			
Financial income	3	2,214	5
Expenses reimbursed by Creditors Trust	3	-	38,050
Total other income		2,214	38,055
Expenses from ordinary activities			
Professional fees	4	(1,176,470)	(81,200)
Impairment of exploration and evaluation expenditure	12	-	(10,067)
Administrative expenses		(21,206)	(299)
Expenses of Voluntary Administration		-	-
Asset transferred to Creditors Trust		(180,000)	(131,265)
Total Expenses		(1,377,676)	(222,831)
Loss from ordinary activities before income tax expense		(1,375,462)	(184,776)
Income tax expense	5	-	-
Loss from continuing operations		(1,375,462)	(184,776)
Other comprehensive income			
Total other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		(1,375,462)	(184,776)
Earnings per share			
Basic earnings/(loss) per share (cents per share)	6	(2.99)	(8.86)
Diluted earnings/(loss) per share (cents per share)	6	(2.99)	(8.86)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017	2016
ASSETS		**$**	**$**
Current assets			
Cash and cash equivalents	9	874,582	10,600
Trade and other receivables	10	92,614	9,611
Other assets	11	10,004	-
Total current assets		977,200	20,211
Non-current assets			
Exploration and evaluation expenditure	12	47,975	-
Total non-current assets		47,975	-
TOTAL ASSETS		1,025,175	20,211
LIABILITIES			
Current liabilities			
Trade and other payables	13	100,600	236,087
Borrowings	14	-	10,600
Total current liabilities		100,600	246,687
TOTAL LIABILITIES		100,600	246,687
NET (LIABILITIES)/ASSETS		924,575	(226,476)
EQUITY			
Contributed equity	15(a)	94,338,750	92,202,237
Reserves	15(e)	1,746,900	1,356,900
Accumulated losses		(95,161,075)	(93,785,613)
TOTAL EQUITY/(DEFICIENCY)		924,575	(226,476)

The above statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Contributed Equity	Accumulated Losses	Share Option Reserve	Total Equity/ (Deficiency)
	$	$	$	$
Balance at 1 July 2015	92,202,237	(93,600,837)	1,356,900	(41,700)
Loss after income tax expense for the year	-	(184,776)	-	(184,776)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(184,776)	-	(184,776)
Shares issued during the year (net)	-	-	-	-
Balance at 30 June 2016	92,202,237	(93,785,613)	1,356,900	(226,476)
Balance at 1 July 2016	92,202,237	(93,785,613)	1,356,900	(226,476)
Loss after income tax expense for the year	-	(1,375,462)	-	(1,375,462)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	(1,375,462)	-	(1,375,462)
Shares issued during the year (net)	2,136,513	-	-	2,136,513
Options issued during the year	-	-	390,000	390,000
Balance at 30 June 2017	94,338,750	(95,161,075)	1,746,900	924,575

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,214	5
Payment to suppliers and employees		(784,772)	(1,516)
Exploration and evaluation expenditures		(27,963)	(2,223)
Cash transferred to Creditors Trust		(180,000)	(128,652)
Net cash used in operating activities	21	(990,521)	(132,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares and options		2,026,829	-
Payments for share buy-back		(3,502)	-
Share issue expenses		(158,224)	-
Proceeds from borrowings		184,625	10,000
Repayment of borrowings		(195,225)	
Net cash provided by financing activities		1,854,504	10,000
Net (decrease) in cash held		863,982	(122,386)
Cash and cash equivalents at the beginning of financial year		10,600	132,986
Cash and cash equivalents at the end of financial year	9	874,582	10,600

The above statement of cash flows should be read in conjunction with the accompanying note

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Quest Minerals Limited ("the Company") and its Controlled Entities ("the Group"). Quest Minerals Limited is a listed public Company, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 27 September 2017 by the Directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Principles of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

b. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

d. Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

e. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

ii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Fair values

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference similar to instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

f. Impairment of non-current assets

At the end of each reporting period, the Group assesses whether there is any indication that a non-current asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. Contributed equity

Issued and paid up-capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

h. Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

i. Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions)

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a pricing model which incorporates all market vesting conditions.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-based transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If any equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

j. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

l. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Recognition of revenue from research and development concessions available to the Company has been adopted on a receipts basis due to the inherent uncertainty of the receipt of the concession each year.

All revenue is stated net of the amount of goods and services tax.

m. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

o. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

p. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and Evaluation Expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in Note 1(c).

q. Earnings per Share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

r. Share-based payments

Equity settled transactions:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

s. Going concern

As disclosed in the financial statements, the Group recorded an operating loss of $1,375,462, and a cash outflow from operating activities of $990,521 for the year ended 30 June 2017 and at balance date, had net current assets of $876,600.

As the Group is in the exploration phase, and recognises no revenue streams, it continues to rely heavily on equity or debt raisings.

The Group's cash flow forecast for the next 12 months indicates that based upon current planned expenditure the Group will have a positive cash position and will not require additional capital raisings during the next 12 months.

t. Changes in accounting policies and disclosure

In the year ended 30 June 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

u. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance.

Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

v. Reclassification of comparative figures

Certain reclassifications have been made to the prior year’s financial statements to enhance comparability with the current year’s financial statements. As a result, certain line items have been amended in the statement of profit or loss and other comprehensive income as follows:

Expense	Previously Reported ($)	After Reclassification ($)
Administrative expenses	29,316	299
Professional fees	52,183	81,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2017	2016
STATEMENT OF FINANCIAL POSITION	**$**	**$**
ASSETS		
Current assets	973,709	20,211
TOTAL ASSETS	973,709	20,211
LIABILITIES		
Current liabilities	80,588	246,687
TOTAL LIABILITIES	80,588	246,687
EQUITY		
Issued capital	94,338,750	92,202,237
Share option reserve	1,746,900	1,356,900
Accumulated losses	(95,192,529)	(93,785,613)
TOTAL EQUITY	893,121	(226,476)

STATEMENT OF COMPREHENSIVE INCOME		
Total income / (loss) for the year	(1,017,240)	(184,776)

Guarantees
The Company has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities
Details of contingent liabilities are set out in Note 18.

Contractual commitments
Details of contractual commitments are set out in Note 17.

At 30 June 2017, the Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: OTHER INCOME

	2017 $	2016 $
Expense reimbursement from creditors trust	-	38,050
Interest income	2,214	5
Total other income from ordinary activities	2,214	38,055

NOTE 4: LOSS FOR THE YEAR

Loss from ordinary activities before income tax expenses has been arrived at after charging the following items:

Professional fees		
- ASX & ASIC	38,988	24,929
- Accounting and company secretarial fees	18,984	25,594
- Audit fees	31,600	20,000
- Consulting fees	666,306	-
- Director fees	141,332	4,088
- Legal fees	173,065	-
- Share registry fees	106,195	6,589
	1,176,470	81,200

NOTE 5: INCOME TAX

A reconciliation between tax revenue and the product of accounting loss before income tax multiplied by Group's applicable income tax rate is as follows:

Accounting profit/(loss) before tax from continuing operations	(1,375,462)	(184,776)
At the parent entity's statutory income tax rate of 30% (2016: 30%)	(412,639)	(55,433)
- Non-deductible expenses	344,538	-
- Deductible equity raising costs	(9,494)	
- Unused tax losses and temporary differences not recognised as deferred tax assets	77,595	55,433
Income tax attributable to entity	-	-

Deferred tax not brought to accounts, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

Losses available for offset against future tax liabilities (at 30%)	4,821,457	4,743,862
Deductible temporary differences	37,973	29,156
	4,859,430	4,773,018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Group has based its workings on the current 30% tax rate, on the basis the Group has future taxable profit it is likely that the Group will not be a Small Business Entities (SBE) and therefore the tax rate applicable will be 30%.

The Continuity of Ownership Test (COT), or failing that, the Same Business Test has not been considered to determine whether tax losses can be carried forward as at 30 June 2017. The recovery of the losses is subject to satisfaction of the tax loss recoupment rules.

NOTE 6: EARNINGS PER SHARE

	2017	2016
	$	$
Earnings used in the calculation of EPS		
Income/(loss) for the year	(1,375,462)	(184,776)
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic EPS	46,052,141	2,084,811*

* Post 300/1 consolidation

The Company's options on issue are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

NOTE 7: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017. The totals of remuneration attributable to KMP of the Company during the year are as follows:

	2017	2016
	$	$
Short-term employee benefits	111,357	3,734
Post-employment benefits	-	354
Share-based payments	29,975	-
Total KMP compensation	141,332	4,088

NOTE 8: AUDITORS' REMUNERATION

Audit of accounts – Grant Thornton Audit Pty Ltd	31,600	20,000
	31,600	20,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank	874,582	10,600
	874,582	10,600

NOTE 10: TRADE AND OTHER RECEIVABLES

	2017	2016
GST receivable	92,614	9,611
	92,614	9,611

As all amounts are short-term, the net carrying value is considered to be a reasonable approximation of fair value.

NOTE 11: OTHER ASSETS

	2017	2016
Prepayments	10,004	-
	10,004	-

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	2017	2016
Balance at beginning of year	-	-
Exploration and evaluation expenditure incurred	47,975	10,067
Impairment adjustment	-	(10,067)
	47,975	-

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

NOTE 13: TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	74,834	138,902
Sundry payables and accrued expenses	25,766	97,185
	100,600	236,087

Trade payables are non-interest bearing and have normal trade terms of 30 days or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: BORROWINGS - CURRENT

	2017 $	2016 $
Loans from others – unsecured[1]	-	10,000
Loans from others – related[2]	-	600
	-	10,600

[1] Funds from proponents provided to assist the Company to meet its financial obligations as required. Funds were repaid during the financial year ended 30 June 2017.

[2] The amount of $600 was provided by Haramont Pty Ltd to meet urgent expenses of the Company. Funds were repaid during the financial year ended 30 June 2017.

NOTE 15: ISSUED CAPITAL

a. Issued share capital	2017 $	2016 $
116,937,867 fully paid ordinary shares (2016: 625,443,285)	94,338,750	92,159,787
nil contributing ordinary shares; partly paid to $0.0025 (2016: 16,980,000)	-	42,450
	94,338,750	92,202,237

b. Ordinary shares	2017 Number	2016 Number	2017 $	2016 $
At the beginning of the reporting period	625,443,285	625,443,285	92,159,787	92,159,787
Consolidation of securities (300/1)	(623,356,557)	-	-	-
Shares issued during the year:				
- 11 November 2016	312,700	-	6,254	-
- 15 December 2016	4,000,000	-	80,000	-
- 10 February 2017	101,000,000	-	2,020,000	-
- 15 March 2017	10,000,000	-	200,000	-
- 19 April 2017	10,000	-	250	-
Share buy-back	(471,561)	-	(11,767)	-
Transfer of partly paid shares	-		42,500	
Capital raising costs	-	-	(158,224)	-
At the end of the reporting period	116,937,867	625,443,285	94,338,750	92,159,787

c. Contributing shares	2017 Number	2016 Number	2017 $	2016 $
At the beginning of the reporting period	16,980,000	16,980,000	42,500	42,500
Consolidation of securities (300/1)	(16,923,400)	-	-	-
Forfeited during the year	(56,600)	-	(42,500)	-
At the end of the reporting period	-	16,980,000	-	42,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Terms and conditions of contributed equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. The shares do not have a par value.

Contributing shares
Contributing ordinary shares will participate proportionately in any dividends declared to the extent that the contributing ordinary shares are paid or credited as paid. The Directors may deduct from any dividend payable to a member all sums of money presently payable by the member to the Company on account of calls. The shareholder has an obligation to make payment of calls made, and where the amounts is not paid, the shareholder remains liable for the amount unpaid and the shares may be forfeited.

d. Options over ordinary shares

At 30 June 2017, the Group had 32,500,000 options exercisable at $0.03 on before 30 September 2020 on issue. No options expired or were exercised during the year ended 30 June 2017.

At 30 June 2016, the Group had no options on issue. 25,000,000 options exercisable at $0.012 (pre-consolidation) expired on 3 April 2016.

e. Share Option reserve

	2017 $	2016 $
Opening balance	1,356,900	1,356,900
Issue of options	390,000	-
	1,746,900	1,356,900

During the year ended 30 June 2017, 32,500,000 options (2016: nil) were issued at $0.00001 per option to subscribers for consideration of $325. The Company has fair valued the options using the Black-Scholes option pricing model, valuing the options at $0.012 per option (refer to note 22: Share-based payments).

f. Capital management policy

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so as to maintain a capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund its activities. The Group monitors capital on the basis of the gearing ratio.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group is not subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 16: CONTROLLED ENTITIES

Controlled entities consolidated	Country of incorporation	Principal Activity	Percentage owned (%)	
Subsidiaries of Quest Minerals Limited			2017	2016
Direct				
Acacia Mining Pty Ltd	Australia	Holds E57/1036	100	100

NOTE 17: CONTRACTUAL AND LEASING COMMITMENTS

a. Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Controlled Entity is required to outlay tenement lease rentals and perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. These obligations are subject to renegotiation when application for a mining lease is made and at various other times. These obligations are not provided for in the financial report and are payable:

	2017	2016
	$	$
- not later than 12 months	20,000	4,489
- between 12 months and 5 years	60,000	-
- greater than 5 years	-	-
	80,000	4,489

NOTE 18: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at the date of the financial statements.

NOTE 19: OPERATING SEGMENT

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the year ended 30 June 2017, the Group had no development assets. The Board considers that it has only operated in one segment, being mineral exploration.

The Group is domiciled in Australia. All revenue from external customers are only generated from Australia. No revenues were derived from a single external customer.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 21: CASH FLOW INFORMATION

	2017 $	2016 $
a. Reconciliation of cash		
Cash at end of financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	874,582	10,600

b. Reconciliation with operating loss

Reconciliation of cash flows from operations with operating loss after income tax is set out as follows:

	2017 $	2016 $
Operating income/(loss) after income tax	(1,375,462)	(184,776)
Non-cash flows included in income/(loss):		
- Exploration expenditure written off / impaired	-	2,223
- Share-based payment expense	669,675	-
Changes in assets and liabilities:		
- (Increase)/decrease in receivables	(83,002)	(1,366)
- (Increase)/decrease in prepayments	(10,004)	-
- (Increase)/decrease in exploration expenditure	(47,975)	(2,223)
- Increase/(decrease) in creditors and accruals	(143,753)	53,758
Net cash used in operating activities	(990,521)	(132,386)

c. Non-cash operating activities

During the financial year ended 30 June 2017, the Company issued 4,000,000 ordinary shares in satisfaction of fees payable to directors and officers of the Company.

During the financial year ended 30 June 2017, the Company issued 10,000,000 shares to satisfy corporate advisory and lead manager fees in respect of the placement to effect the recapitalisation of the Company.

During the financial year ended 30 June 2017, the Company issued 30,000,000 options to clients and nominees of CPS Capital and 2,500,000 options were issued to a Director.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22: SHARE-BASED PAYMENTS

	2017 $	2016 $
The following share based payments were in existence during the year:		
4,000,000 ordinary shares in satisfaction of fees payable to directors and officers of the Company incurred to 30 June 2016 (a)	80,000	-
10,000,000 shares to satisfy corporate advisory and lead manager fees, classified within consulting and director fees (a)	200,000	-
32,500,000 options exercisable at $0.03 on or before 30 September 2020, of which 30,000,000 were issued to clients and nominees of CPS Capital and 2,500,000 were issued to a Director, classified within consulting and director fees (b)	389,675	-

(a) The fair value of ordinary shares issued were determined by reference to market price.
(b) The options were deemed to have a fair value of $0.012 per option (total of $390,000). Recipients of the options paid $0.00001 per option, with $325 received in application funds.

The option value was calculated using the Black-Scholes option pricing model applying the following inputs:

Share price	$0.02
Grant date	14 November 2016
Exercise price	$0.03
Expected volatility	100%
Risk-free interest rate	2%
Annualised time to expiry	3.64

NOTE 23: FINANCIAL RISK MANAGEMENT

This note presents information about the Group's exposure to credit, liquidity and market risks, its objectives, policies and processes for measuring and managing risk and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company and the Group through regular reviews of the risks.

The totals for each category of financial instruments, measured in accordance with AASB 139, as detailed in the accounting policies to these financial statements, are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Categories of financial instruments	**Note**	**2017**	**2016**
		$	**$**
Financial assets			
Cash and cash equivalents	9	874,582	10,600
Receivables	10	92,613	9,611
		967,195	20,211
Financial liabilities			
Payables	13	100,600	236,087
Borrowings – unsecured loans	14	-	10,600
		100,600	246,687

a. General objectives, policies and processes

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The principal financial instruments from which financial instrument risk arises:
- trade and other receivables
- cash at bank
- trade and other payables
- borrowings

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impact of these risks on the results of the Company where such impacts may be material.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

b. Credit risks

Exposure to credit risk relating to financial assets arises from the potential non- performance by counter parties of the contract obligations that could lead to a financial loss to the Company. There is no material amount of collateral held as security at 30 June 2017.

Cash and cash equivalents
The Company limits its exposure to credit risk by only depositing cash at banks or financial institutions that have an acceptable credit rating.

Trade and other receivables
As the Company operates primarily in investment and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Company, where necessary, establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk
The carrying amount of the group's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at balance date is as follows:

	Note	2017	2016
		$	$
Other receivables	10	92,614	9,611
		92,614	9,611

c. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual flows. The Company does not have any external borrowings.

The Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational activities. The decision on how the Company will raise future capital will depend on market conditions existing at that time.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Financial liability and financial asset maturity analysis

At 30 June 2017

	Within 1 year	1 to 5 years	Over 5 years	Total
	$	$	$	$
Financial liabilities due for payment				
Payables	100,600	-	-	100,600
Total expected outflows	100,600	-	-	100,600
Financial assets – cash flows realisable				
Cash and cash equivalents	874,582	-	-	874,582
Receivables	92,614	-	-	92,614
Total anticipated inflows	967,196	-	-	967,196
Net (outflow)/ inflow on financial instruments	866,596	-	-	866,596

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

At 30 June 2016

	Within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities due for payment				
Payables	138,902	-	-	138,902
Loans and borrowings	10,600	-	-	10,600
Total expected outflows	149,502	-	-	149,502
Financial assets – cash flows realisable				
Cash and cash equivalents	10,600	-	-	10,600
Receivables	9,611	-	-	9,611
Total anticipated inflows	20,211	-	-	20,211
Net (outflow)/ inflow on financial instruments	(129,291)	-	-	(129,291)

d. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

i) Foreign exchange risk
At balance date, there were no amounts receivable and payable in foreign currency and therefore the Group does not have any exposure to foreign currency risk.

ii) Interest rate risk
The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Company adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at best available market interest rates.

Profile
At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Consolidated and Company carrying amount	
	2017	2016
	$	$
Variable rate instruments		
Financial assets – cash and cash equivalents	874,582	10,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Fair value sensitivity analysis for variable rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016.

	Profit or loss		**Equity**	
	100bp Increase	**100bp decrease**	**100bp increase**	**100bp decrease**
	$	**$**	**$**	**$**
30 June 2017				
Variable rate instruments	8,746	(8,746)	8,746	(8,746)
30 June 2016				
Variable rate instruments	106	(106)	106	(106)
Unsecured loan	-	-	-	-

e. Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Quest Minerals Limited (the 'Group'):

   (a) the financial statements and notes set out on pages 15 to 44 and the Remuneration disclosures that are contained in pages 4 to 13 of the Remuneration Report in the Director's Report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

      (iii) complying with International Financial Reporting Standards as disclosed in Note 1; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Non-Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the Board of Directors:

Steven Formica

Non-Executive Chairman

Perth, 27 September 2017

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Independent Auditor's Report to the Members of Quest Minerals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Quest Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation expenditure – refer to Note 1(d) and Note 12	
At 30 June 2017, the carrying value of Exploration and Evaluation Assets was $48 thousand. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the valuation of exploration and evaluation assets being a significant risk.	Our procedures included, amongst others: • Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • Reviewing management's area of interest considerations against AASB 6; • Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; - Tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - Enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of managements' budgeted expenditure; - Understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Quest Minerals Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 27 September 2017

ASX INFORMATION

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 1 September 2017.

1. Shareholder and Option holder information

a. Number of Shareholders and Option Holders

Shares
As at 1 September 2017, there were 468 shareholders holding a total of 116,937,867 fully paid ordinary shares.

Options
As at 1 September 2017, there were 32,500,000 Unquoted Options exercisable at $0.03 on or before 30 September 2020 held by 21 holders.

b. Distribution of Equity Securities

Fully paid ordinary shares	**Number (as at 1 September 2017)**	
Category (size of holding)	**Shareholders**	**Ordinary Shares**
1 – 1,000	132	14,938
1,001 – 5,000	17	38,658
5,001 – 10,000	1	10,000
10,001 – 100,000	4	8,189,948
100,001 – and over	144	108,684,323
	468	116,937,867

The number of shareholdings held in less than marketable parcels is 152 shareholders amounting to 99,995 shares.

c. The names of substantial shareholders listed in the company's register as at 1 September 2017 are:

Shareholder	**Ordinary Shares**	**%Held of Total Ordinary Shares**
1215 Capital Pty Ltd	10,437,699	8.926%
A22 Pty Limited	7,150,000	6.114%
Syracuse Capital Pty Ltd <The Rocco Tassone Super A/C>	6,000,000	5.131%
Murdoch Capital Pty Ltd <Glovac Superfund A/C>	6,000,000	5.131%
Stevsand Holdings Pty Ltd <Formica Horticultural A/C>	5,900,000	5.045%

ASX INFORMATION

d. Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders as at 1 September 2017 — Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	**% Held of Issued Ordinary Capital**
1.	1215 CAPITAL PTY LTD	10,437,699	8.93
2.	A22 PTY LIMITED	7,150,000	6.11
3.	SYRACUSE CAPITAL PTY LTD <THE ROCCO TASSONE SUPER A/C>	6,000,000	5.13
4.	MURDOCH CAPITAL PTY LTD <GLOVAC SUPERFUND A/C>	6,000,000	5.13
5.	STEVSAND HOLDINGS PTY LTD <FORMICA HORTICULTURAL A/C>	5,900,000	5.05
6.	MS PATRICIA PAULINE RUSSO	5,000,000	4.28
7.	FIRST ONE REALTY PTY LTD	4,368,791	3.74
8.	WIMALEX PTY LTD <TRIO S/F A/C>	4,000,000	3.42
9.	RAVENHILL INVESTMENTS PTY LTD <HOUSE OF EQUITY A/C>	2,600,000	2.22
10.	MR MATTHEW STEVEN KLEIN	2,000,000	1.71
11.	S & F DING NOMINEES PTY LTD	1,870,000	1.6
12.	MS MEIFENG SHEN	1,826,583	1.56
13.	MRS MICHELLE DENNY <PIRATE'S COVE A/C>	1,821,697	1.56
14.	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	1,500,000	1.28
15.	MR SAMUEL JAMES CODRINGTON HOLMES	1,500,000	1.28
16.	MR ALEXANDER NAUM & MRS ALBINA ABAYEVA <COCO INVESTMENTS A/C>	1,500,000	1.28
17.	SUPER MSJ PTY LTD <MSJ SUPER FUND A/C>	1,137,000	0.97
18.	MR MARCUS STEVEN DING	1,100,000	0.94
19.	MR ALIS TRAKILOVIC & MRS SVJETLANA BJELAC <TRAKILOVIC FAMILY A/C>	1,035,000	0.89
20.	ALISSA BELLA PTY LTD <THE C&A TASSONE SUPER A/C>	1,000,000	0.86
		67,746,770	57.93

2. The name of the company secretary is David Palumbo.

3. The address of the principal registered office in Australia is:
Level 11, 216 St Georges Terrace Perth WA 6000

4. Registers of securities are held at the following address:
Advanced Share Registry Ltd, 110 Stirling Highway NEDLANDS WA 6009

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited.

SCHEDULE OF MINERAL TENEMENTS

Project	***Tenement***	***Interest held by Quest Minerals Limited***
VICTORY BORE	EL57/1036	100%