



MinQuest Targets Increases to Mineral Resources on the Fyre Lake Project to Allow Project to Operate on a Stand Alone Basis

Highlights

- The Fyre Lake Project contains the Kona Mineral Resource, which is currently defined as 8.93 Mt @ 1.52% Cu, 0.09% Co and 0.56g/t Au, classified as Indicated and Inferred in accordance with the guidelines of the 2012 JORC Code;
- For the Fyre Lake project to be economically viable as a stand-alone mining operation, with a Net Present Value in excess of US\$150, it is MinQuest's opinion that the Fyre Lake Project needs to contain Mineral Resources in excess of 16-17Mt, at copper and gold grades no less than the currently defined Kona Mineral Resource;
- A mining operation at Fyre Lake will most probably involve both open pit and underground mining, due to the fact that the Cu-Co-Au mineralisation of the Kona Mineral Resource crops out at the surface and dips shallowly at depth;
- MinQuest's planned drill program commencing in the northern hemisphere spring, will target potential extensions to the shallow mineralisation, as MinQuest believes maximising the mineralisation able to be mined by open pit methods will have the greatest positive effect on the economics of a stand-alone operation;
- Currently, three exploration target areas have been developed to explore for extensions of the Kona Mineral Resource:
 1. The North-West Ridge identified by the geological model and the airborne VTEM Survey (see announcement to the ASX on 16 October 2014),
 2. South-East Extension, along strike from drill hole 96-065 which returned 31.3m @ 2.3% Cu, 0.07% Co, 0.51g/t Au, including 7m @ 6.0% Cu, 0.05% Co, 0.68g/t Au,
 3. Lateral Step Fault Extensions identified by the geological model and the airborne VTEM survey.

15 January 2015

DIRECTORS

David Deloub
Chairman

Jeremy Read
Managing Director

Paul Niardone
Non-Executive Director

Adam Davey
Non-Executive Director

Kim Clark
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SHARE INFORMATION

ASX Code: MNQ
Issued Capital:

75,535,244 Fully Paid
Shares
7.0M Unlisted Options

CONTACT INFORMATION

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Introduction

MinQuest Limited ("**MinQuest**" or "**The Company**") (ASX: MNQ) is pleased to provide an update on its proposed exploration plan and objectives for the Fyre Lake Project, located in the Yukon Territory in northern Canada. It is anticipated that the planned exploration activities outlined below should commence in May 2015, subject to receiving the required approvals from the Yukon Territory government.

The primary objective for the Fyre Lake Project is to increase the Mineral Resources defined on the project to support a stand-alone mining and processing operation with a Net Present Value ('NPV') in excess of the US\$150. In order to achieve this objective it is MinQuest's opinion that the Mineral Resources on the Fyre Lake project need to be in excess of 17 Mt at copper and gold grades similar to the currently defined Kona Mineral Resource (1.52% Cu and 0.56g/t Au). The additional tonnes required beyond what is currently contained within the defined Kona Mineral Resource are considered to be the exploration target outlined below.

The Mineral Resources required for a stand-alone operation to be economically viable can vary significantly depending upon the proportion of the Mineral Resources which are able to be extracted using open pit or underground methods and the prevailing metals prices. MinQuest believes that maximising the Mineral Resources able to be extracted using open pit mining methods will have the greatest impact on the economics of the Fyre Lake Project. Therefore, MinQuest will concentrate the majority of its exploration and drilling program on locating shallow extensions to the currently defined Kona Mineral Resource.

MinQuest has identified three highly prospective targets with the potential to increase the Kona Mineral Resource. These targets have been developed through re-interpretation of the geology of the Kona Mineral Resource and from interpretation of magnetic and electromagnetic data from a VTEM survey flown over the Fyre Lake Project in October 2014 (see ASX Announcement of 16 October, 2014).

Exploration Targets for Extending the Kona Deposit Mineral Resource

1. The North-West Ridge

The recent VTEM survey identified electromagnetics ('EM') and magnetic anomalies on the North-West Ridge, directly along strike from the currently defined Kona Mineral Resource. MinQuest also recently completed a geological reinterpretation of the Kona Mineral Resource. This reinterpretation showed that the Kona Deposit has been eroded away in the valley floor of the Kona Cirque, at the current northern limit of the Kona Mineral Resource. However, projecting the deposit along strike to the north-west

shows it that has the potential to also exists on the North-West Ridge, coincident with the EM and Magnetic Anomalies (Figure 3). This area has not been drill tested in the past and MinQuest plans to test this target during the northern hemisphere summer of 2015. If the resource exists as shown as the Exploration Target in Figure 3, it has the potential to add approximately 7.0 Mt to 8.0 Mt at similar grades to the currently defined resource on the other side of the valley, which are the tonnes required to sustain a stand alone operation. The estimation of the Exploration Target is based upon extrapolating the currently defined Kona Mineral Resource a further 1150-1250m further north-west following the trend of magnetic and electromagnetic anomalies, directly associated with the Kona mineralisation, which extend 1150-1250m beyond the currently defined limit of the Kona Mineral Resource. The Exploration Target is conceptual in nature and there has been insufficient exploration to date to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

2. South-East Extension at Depth

The western lens of the Kona Deposit appears to be thickening at depth. One of the thickest and highest grade intersections recorded to date on the Fyre Lake Project was in hole 96-065, the most south-easterly hole to intersect the western lens of the Kona deposit. This intersection was 31.3m @ 2.3% Cu, 0.07% Co, 0.51g/t Au including 7m @ 6.0% Cu, 0.05% Co, 0.68g/t Au. The eastern lens of the Kona deposit may also thicken at depth in a similar way to the western lens. The eastern lens has two high grade sections open at depth, with the most south-easterly hole being 97-114 (Figure 2). These thickened lenses of high-grade mineralisation represent very attractive exploration targets and could potentially add significant tonnes to the currently defined mineral resource.

3. Lateral Step-Fault Extensions

The Kona Deposit consists of two, parallel lenses referred to as Kona East and Kona West. These two lenses are separated from each other by a step fault, which was likely active during deposition of the Kona copper-gold mineralisation. Bounding the west side of the Kona western lens and the east side of the Kona eastern lens are two additional step-faults. Very limited drilling has occurred beyond the faults bounding the mineralisation to the east and the west. These untested areas of potential extensions to the western and eastern lens of the Kona deposit, exhibit electromagnetic and magnetic anomalies similar to the electromagnetic and magnetic anomalies directly associated with the known Kona deposit (Figure 2). If these anomalies are due to copper-gold mineralisation they would constitute entirely new lenses of mineralisation and potentially add significantly to the current Kona Mineral Resource.



Summary

Despite the Kona Mineral Resource being open and exploration targets remaining untested, no drilling has been conducted on the Fyre Lake project since 1997. Following completion of the re-estimation of the Kona Mineral Resource, MinQuest will aim to increase the size of the Kona Mineral Resource from its currently defined 8.9Mt to 16-17Mt, via infill and extensional drilling to be undertaken in the northern hemisphere spring and summer. The recent VTEM Airborne Survey completed over the Fyre Lake project area and reinterpretation of geological data, shows that there is significant potential to expand the Kona Mineral Resource, which could positively enhance the economics of the overall Fyre Lake Project. MinQuest's objective for the Fyre Lake Project is to ultimately define sufficient mineral resources to allow for the development of a stand-alone mining and processing operation with an NPV in excess of \$150M.



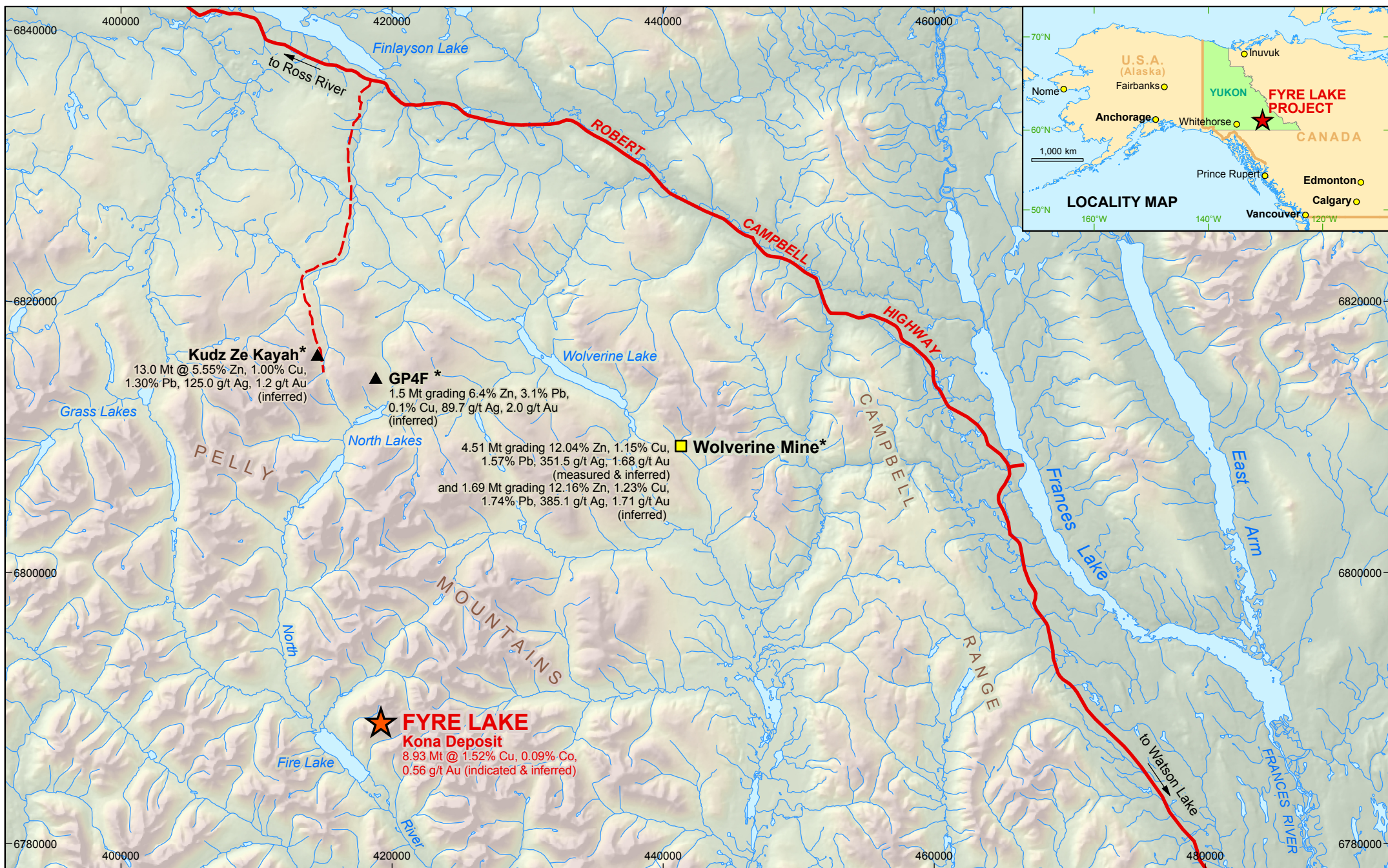
Competent Person Statement - Mineral Resource

The information in this ASX Announcement relating to the Mineral Resource estimate for the Kona Deposit is extracted from the ASX Release entitled "Merah Resources to Acquire Copper Project in the Yukon, Canada" announced on 18 July 2014 and is available to view on the ASX website (ASX:MNQ), and the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, that all material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to exploration results is based upon information reviewed by Mr Jeremy Read BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Read is a full time employee of MinQuest Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Read consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Read is the Managing Director of MinQuest and currently owns 2,525,253 Fully Paid Ordinary Shares and has the entitlement to a further 2,525,253 deferred consideration shares subject to relevant milestone events being achieved.

Forward Looking Statements

This announcement contains "forward-looking statements". Such forward-looking statements include, without limitation: estimates of future earnings, the sensitivity of earnings to commodity prices and foreign exchange rate movements; estimates of future production and sales; estimates of future cash flows, the sensitivity of cash flows to commodity prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimates of resources and statements regarding future exploration results; and where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to commodity price volatility, currency fluctuations, increased production costs and variances in resource or reserve rates from those assumed in the company's plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.



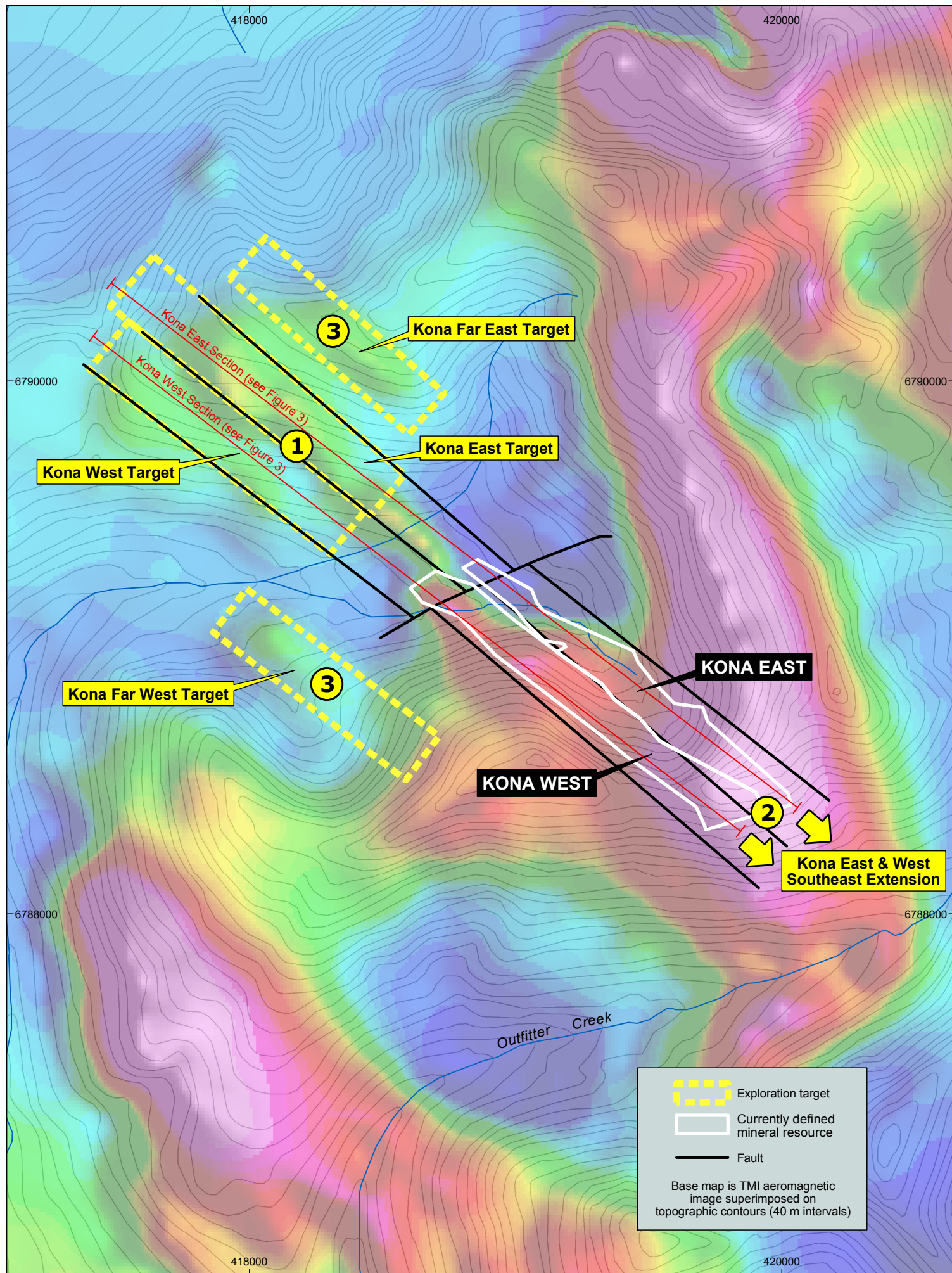
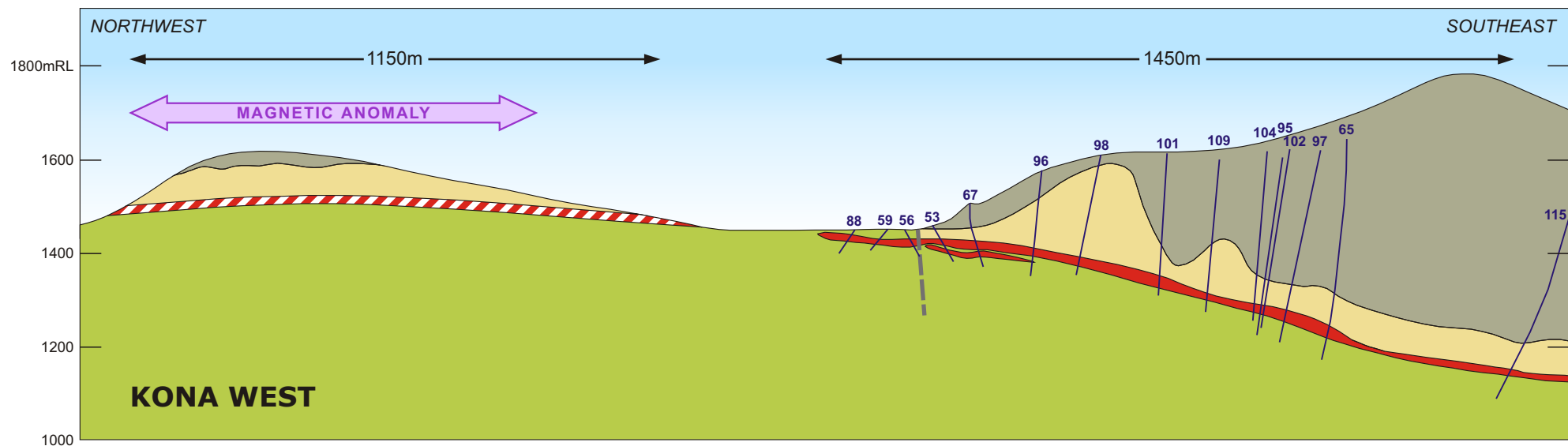
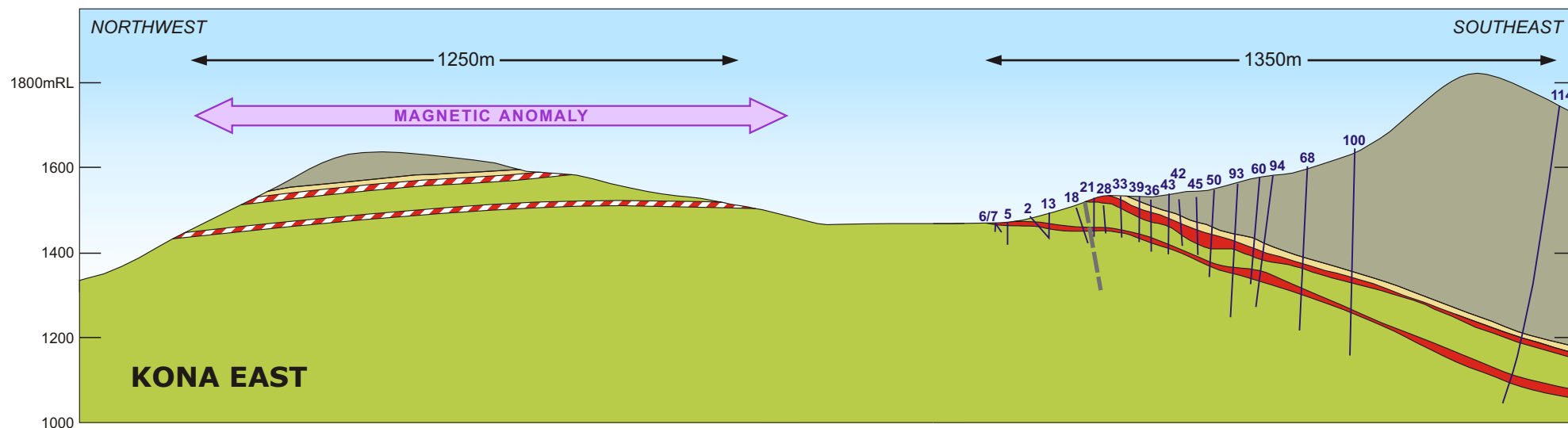


Figure 2



For location of sections, see Figure 2