

MinQuest Limited
(formerly Merah Resources Limited)
(ACN 146 035 127)

Half Year Financial Report
31 December 2014

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CORPORATE DIRECTORY

MANAGING DIRECTOR

Jeremy Read

NON-EXECUTIVE DIRECTORS

Adam Davey

David Deloub

Paul Niardone

COMPANY SECRETARY

Kim Clark

REGISTERED OFFICE

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SECURITIES EXCHANGE LISTING

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2 The Esplanade

PERTH WA 6000

Codes: MNQ

BANKERS

Commonwealth Bank of Australia

150 St Georges Terrace

PERTH WA 6000

DIRECTORS' REPORT

The Directors of MinQuest Limited (formerly Merah Resources Limited) (“**MinQuest**” or the “**Company**”) submit the financial report for the Company and its subsidiaries for the period ended 31 December 2014. In order to comply with the Corporations Act (2001), the Directors’ report follows.

Directors

The names of Directors who held office during or since the end of the half year period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Officer Name	Position	Date of Appointment	Date of Cessation
David Ross DeLoub	Managing Director	05/09/2013	30/09/2014
	Non- Executive Chairman	30/09/2014	
Ian Prentice	Director	27/08/2010	31/10/2014
Suzie Jayne Foreman	Director	27/08/2010	30/04/2014
Jason Eveleigh	Director	30/04/2014	30/09/2014
Jeremy James Read	Managing Director	30/09/2014	
Adam Stuart Davey	Non- Executive Director	30/09/2014	
Paul Niardone	Non-Executive Director	12/11/2014	

REVIEW OF OPERATIONS

On 18 July, 2014, MinQuest Limited (‘MinQuest’) announced it was acquiring the Australian, unlisted public company, Oresearch Limited. The acquisition of Oresearch marked a major strategic change for MinQuest, as it moved the focus of its activities from gold exploration in West Africa to the exploration and potential subsequent development of advanced multi-commodity, copper rich, Volcanogenic Massive Sulphide (‘VMS’) deposits in Western Canada.

The rationale for re-focussing the activities of the Company on VMS deposits in Western Canada is that there are a number of advanced projects, containing Mineral Resources, available for purchase or joint venture and in comparison to Australia, the Canadian projects are more advanced, with higher quality Mineral Resources, which have a higher probability of being able to be profitably put into production.

VMS are also very well suited to being explored and developed by junior resource companies due to the following characteristics:

- Often occur in clusters so there is a high probability of finding additional deposits
- Multi-commodity with by product credits
- High-grade
- Compact size so feasibility studies and drill programs can be funded without having to bring in a major resource company as a project partner

MinQuest’s first project in Western Canada is the Fyre Lake Project situated in the Finlayson Lake district where it is one of three significant mineral resources. The Fyre Lake Project contains the Kona Mineral Resource, which was discovered in the mid 1990’s and was last drilled in 1997. MinQuest believe that it will be possible to extend the current Mineral Resource at the Kona Prospect such that development of the Mineral Resource as a stand-alone project will become a possibility. MinQuest is currently preparing for a drill program to be conducted on the Kona Mineral Resource this northern hemisphere summer.

In addition to the Fyre Lake project, MinQuest will look to acquire other high-grade VMS projects, which have good probabilities of being able to put into production and create value for shareholders. MinQuest is currently reviewing a number of VMS project opportunities, in Western Canada.

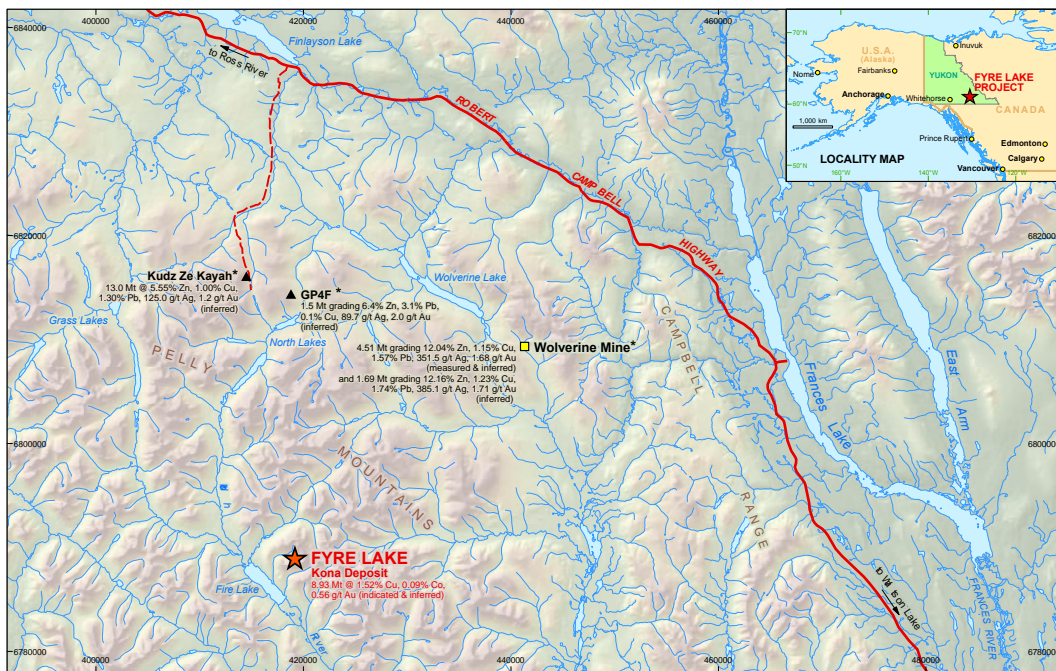
Through the acquisition of Oresearch, MinQuest also obtained the right to earn up to a 100% interest in the Coober Pedy Project in central South Australia. The objective of exploration on the Coober Pedy project is to discover a world-class Iron Oxide Copper Gold ('IOCG') deposit within the Gawler Craton, which is the world's premier geological terrane for IOCG deposits, such as the giant Olympic Dam deposit. The Coober Pedy project contains the Cyclops target, which is a target analogous to the Prominent Hill IOCG mine. The Cyclops target is defined by geophysical magnetic and gravity data that have similar size and intensity to the geophysical anomalies associated with the Prominent Hill mine. MinQuest is currently preparing for a drill program to test the Cyclops target.

MinQuest has an active project generation program and it will continually seek out new project opportunities that will add value for shareholders.

FYRE LAKE PROJECT, Yukon Territory (MinQuest earning to 70%)

The Fyre Lake project is located in the Finlayson Lake District, south east Yukon Territory, Canada (Figure One). The project contains the Kona Mineral Resource and over nine kilometres of favourable host rocks with geochemical and geophysical targets indicative of VMS mineralization.

Figure One – Location of Fyre Lake Project



The Finlayson Lake District also hosts the Kudz ze Kayah and Wolverine VMS deposits. Wolverine, occurs 25km to the north-east of Fyre Lake and commenced production in 2013 with Canadian NI 43-101 compliant proven and probable remaining reserves of 5.2Mt @ 9.66% Zn, 0.91% Cu, 1.26% Pb, 281.8 g/t Ag and 1.36 g/t Au. Wolverine was discovered in 1995, slightly preceding the commencement of the drilling which initially defined the Kona deposit on the Fyre Lake project.

Exploration History

During 1996 and 1997 the current Kona deposit was delineated with 23,200m of drilling in 115 holes. The Kona Deposit consists of two parallel, fault separated, north-west trending zones of Cu-Co-Au VMS mineralization found in horizons with mineralized thicknesses varying from 8 m to 40 m over a length of 1,500 m and a width of 250 m (Figure Two).

Figure Two – Kona VMS Deposit



The 1996-1997 drilling delineated a total Mineral Resource at the Kona deposit, of 8.9 Mt @ 1.52% Cu, 0.09% Co and 0.56 g/t Au, utilizing a 1.0% Cu cut-off, which has been classified under the JORC code (2012). Metallurgical studies indicate metal recoveries of 90% for copper and 70% for gold and cobalt.

Table One – Kona Deposit Mineral Resource

Resource Class	Tonnes	Cu	Co	Au
	(Mt)	(%)	(%)	(g/t)
Indicated	3.57	1.57	0.1	0.61
Inferred	5.36	1.48	0.08	0.53
Total	8.93	1.52	0.09	0.56

The Kona Mineral Resources are reported in accordance with the guidelines of the 2012 edition of the Australasian Code for reporting of Exploration Results, Minerals Resources and Ore Reserves (the JORC Code). Refer to MinQuest Ltd announcement dated July 18, 2014, entitled “Merah Resources to Acquire Copper Project in Yukon, Canada”.

The mineralisation at Kona remains open down plunge and down dip to the east and west with indications that the grade increases with depth.

No drilling has been conducted on the Fyre Lake project since 1997, despite the Kona Mineral Resource being open and exploration targets remaining untested.

Exploration Objectives

MinQuest's objective is to increase the size of the Kona Mineral Resource via infill and extensional drilling, in order to define a Mineral Resource, which will support an economically viable stand-alone mining and processing operation.

Additional exploration potential remains, over and above determining the ultimate size of the Kona Mineral Resource. A 4km long exploration target located north-east of Kona and a three kilometre-long exploration target lying west of Kona (both based on magnetic and conductive anomalies) are larger and more intense as compared to the magnetic feature associated with the Kona mineralization. These anomalies are hosted in the Kudz Ze Kayah (KZK) Formation, which also hosts the KZK Deposit 25km to the north of Fyre Lake. These anomalies are high priority drill targets for discovery of additional VMS deposits.

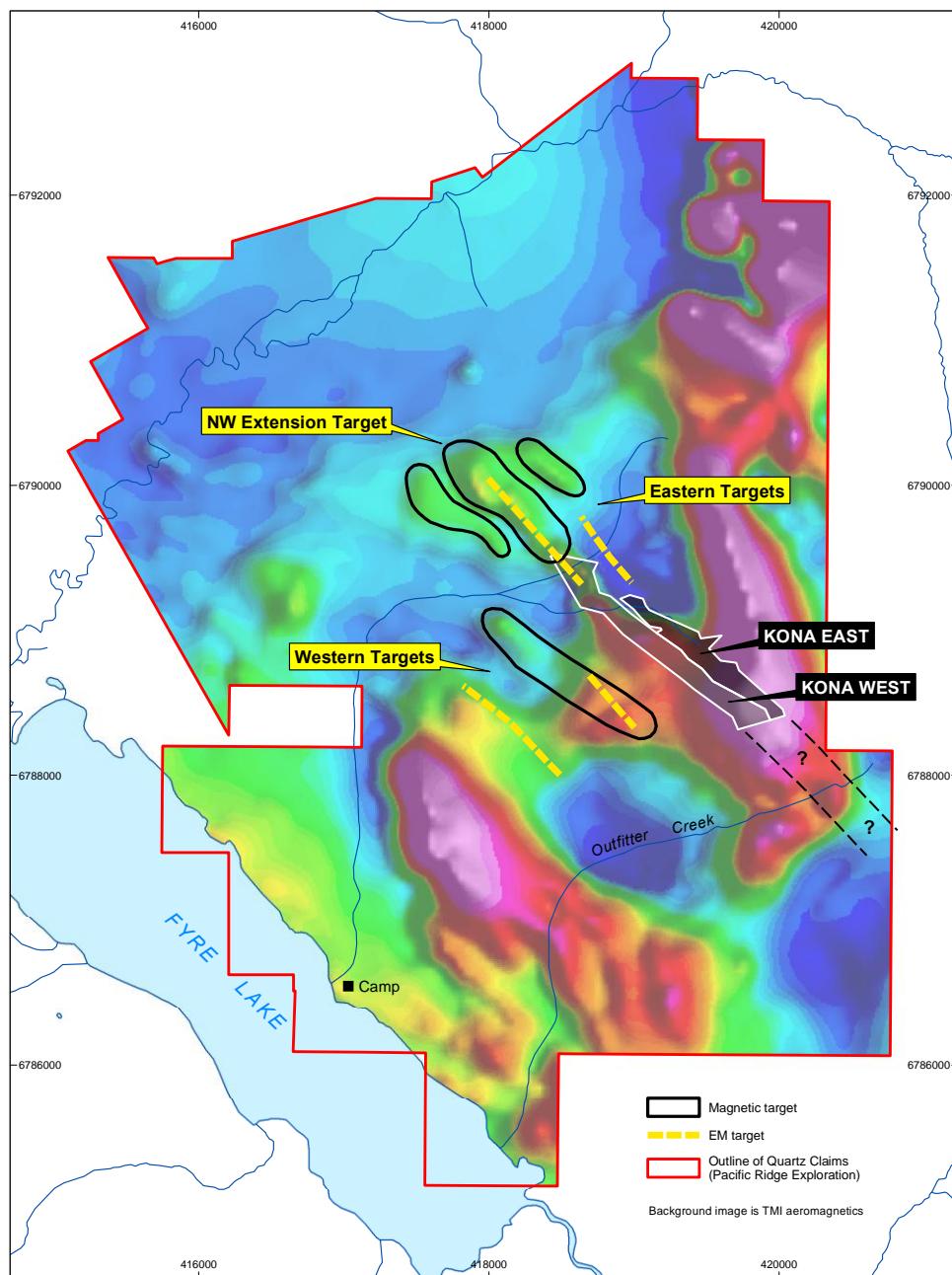
VTEM Survey Results

On 16 October, 2014, MinQuest announced that the VTEM airborne electromagnetic ("EM") and magnetic survey, conducted by Geotech over the Fyre Lake Project, had been completed. The VTEM survey was conducted to determine the character of magnetic and EM responses from the currently defined Kona Mineral Resource, to explore for possible extensions to the Kona copper mineralisation and generate new exploration targets.

The mineralisation of the Kona Mineral Resource consists of two distinct, and largely mutually exclusive, mineralisation styles. The lower zone is distinctly magnetite dominant (>50%), containing disseminated to semi-massive copper sulphide mineralisation, specifically pyrite, chalcopyrite and minor pyrrhotite. The lower zone is thought to be responsible for the majority of the magnetic anomaly detected over the Kona Mineral Resource. The upper mineralised zone is sulphide dominant (>50%), containing massive to semi massive pyrite, chalcopyrite and pyrrhotite. Due to the pyrrhotite content it is interpreted that the upper zone is responsible for the majority of the EM, conductive response.

Magnetic and EM anomalies associated with the Kona Mineral Resource have been detected north-west for a further 1km, beyond the current limit of drilling, suggesting the Kona mineralisation extends beyond its currently defined limits. (Figure Three).

Additional anomalies have been discovered both east and west of the Kona Mineral Resource. These anomalies consist of both EM and magnetic responses that are consistent in dimensions and magnitude to the Kona Resource. It is believed that these anomalies could be related to fault-separated sections of the main Kona deposit and represent high priority drill targets as they may represent new lenses of VMS mineralisation.

Figure Three – Fyre Lake Electromagnetic and Magnetic Targets**Check Assay Results**

On 21 November 2014, MinQuest announced the results of check assays completed on samples of quarter core from drill holes completed in either 1996 or 1997, when the Kona Mineral Resource was initially drilled.

The check assays confirmed that high-grade copper-cobalt-gold mineralization occurs along the strike length of the currently defined Kona Mineral Resource. Furthermore, the historical assays are of sufficient quality to allow a re-estimation of the Kona Mineral Resource to be completed.

APEX Geosciences from Edmonton, Alberta was contracted to complete the re-sampling of the 1996 and 1997 drill holes. ALS Laboratory of Vancouver, British Columbia was contracted to complete the sample analysis. Industry standard QA/QC samples were included into the analysis including standards, blanks and duplicates. The overall performance of the QA/QC samples was good with all results well within expectable ranges.

Comparing the new results to the historical results showed a net grade increase of 2.7% for Cu, 12% increase in Co and 0.1% increase in Au (Table Two). The overall net grade effect was a 3.7% increase and is considered within the tolerance given the natural heterogeneity in the mineralisation.

DDH No.	Mineralized Intercept		Vintage: Int (m)	HISTORIC		2014		HISTORIC		2014		HISTORIC		2014	
	From (m)	To (m)		Cu (%)	Co (%)	Cu (%)	Co (%)	Au (gpT)	Co (%)	Au (gpT)	Co (%)	CuEq (%)	Co (%)	Au (gpT)	CuEq (%)
96-033	12.19	29.93	17.74	1.95	0.13	2.13	0.15	0.53	0.13	0.48	0.15	2.71	0.13	0.48	2.93
96-033	16.00	26.00	10.00	2.57	0.18	2.64	0.22	0.45	0.18	0.79	0.22	3.48	0.18	0.79	3.88
96-043	75.83	94.50	18.67	2.27	0.11	2.16	0.10	0.48	0.11	0.46	0.10	2.93	0.11	0.46	2.79
96-043	86.50	93.50	7.00	3.36	0.15	3.21	0.14	0.53	0.15	0.49	0.14	4.20	0.15	0.49	4.00
96-065	428.70	460.00	31.30	2.29	0.07	2.29	0.07	0.53	0.07	0.51	0.07	2.82	0.07	0.51	2.83
96-065	453.00	460.00	7.00	6.07	0.05	6.00	0.05	0.68	0.05	0.68	0.05	6.61	0.05	0.68	6.54
96-067	96.08	116.37	20.29	1.33	0.11	1.32	0.12	0.42	0.11	0.46	0.12	1.96	0.11	0.46	2.00
96-067	97.00	102.00	5.00	1.71	0.11	1.90	0.13	0.83	0.11	0.83	0.13	2.55	0.11	0.83	2.81
97-101	250.04	269.50	19.46	1.98	0.13	2.12	0.15	0.54	0.13	0.52	0.15	2.73	0.13	0.52	2.96
97-101	251.00	267.50	16.50	2.15	0.13	2.31	0.15	0.58	0.13	0.55	0.15	2.92	0.13	0.55	3.17
97-101	260.50	265.50	5.00	2.65	0.16	2.92	0.20	0.72	0.16	0.57	0.20	3.63	0.16	0.57	3.96
97-102	341.44	351.17	9.73	3.03	0.10	2.89	0.12	0.97	0.10	0.87	0.12	3.89	0.10	0.87	3.77
97-102	342.94	351.17	8.23	3.26	0.10	3.10	0.12	1.10	0.10	0.92	0.12	4.20	0.10	0.92	4.01
97-115	703.60	719.87	16.27	1.28	0.11	1.36	0.13	0.61	0.11	0.61	0.13	2.00	0.11	0.61	2.16
97-115	711.60	719.87	8.27	1.61	0.11	1.72	0.12	0.49	0.11	0.49	0.12	2.27	0.11	0.49	2.44

Table 2 – Assay result from the historic drill program completed in 1996 and 1997 (historic) with the most recent results completed in October/November 2014, highlighted in yellow¹.

Re-estimation of the Kona Mineral Resource

On 23 January, 2015, MinQuest Limited announced an updated Mineral Resource for the Kona deposit on the Fyre Lake Project. MinQuest contracted IMC Mining Pty Ltd (IMC) to complete an independent review of the geological model for the Kona deposit, along with historical and recent assays and QA/QC results. From this work IMC have completed a new Mineral Resource estimate under JORC 2012 guidelines, for the Kona deposit.

The Kona Mineral Resource, on the Fyre Lake Project, is defined by six mineralised domains that are controlled in their lateral and vertical extents by the constraints of the geological model. The geological model was created from lithological descriptions and litho-geochemical data generated from drill programs completed in 1996 and 1997. This information allowed for the definition of the major geological units and a better delineation of the faults which bound the Kona East and Kona West mineralised zones. From this work, the geological model defined the six mineralised zones, which make up the Kona mineralised domains as defined in Table Three. Each zone was first outlined based on the geological description defining the mineralised zones (as disseminated, semi-massive or massive sulphides) and were further refined based on a defined assay sample selection criteria of at least 0.5% Cu over at least 2m true width.

Table Three: Kona 2014 Resource Estimate by Domain

Domain	Description	Indicated Resource Proportion	Mt	Cu %	Co %	Zn %	Au g/t	Density t/m ³
1	Kona West Main Lens	20%	7.20	1.57	0.09	0.20	0.45	3.36
2	Kona West Lower Lens	98%	0.03	1.09	0.03	0.12	0.16	3.38
3	Kona East Upper Main Lens	81%	1.32	1.64	0.10	0.14	0.40	3.25
4	Kona East Lower Main Lens	25%	3.90	1.50	0.10	0.55	1.04	3.67
5	Kona East Lower Minor Lens	0%	0.00	1.05	0.09	0.63	0.49	3.12
6	Kona West Upper Minor Lens	0%	0.11	1.77	0.04	0.07	0.53	3.41
Total		28%	12.57	1.56	0.09	0.30	0.63	3.44

The Mineral Resource was completed with a parent block size of 12.5m by 12.5m by 2.5m (x y z) with a sub-block size of 6.25m by 6.25m by 1.25m. The assay data was composited to a regular 1m interval, except on lithological breaks. The resource estimation used Ordinary Kriging methods to estimate Cu, Co, Au, Ag and Zn grades as well as bulk density. The resource estimate is outlined in Table Four compared to the Kona Mineral Resource (2006) which was defined prior to MinQuest's entry into the Fyre Lake Project. The resource remains open at depth to the south-east, laterally east and west and across the Kona Cirque valley to the North-West ridge.

Table Four: Kona 2006 and 2014 Resource estimate comparison at 1% Cu cut-off

Estimate Year	Classification	Mt	Cu %	Co %	Au g/t	CuEq* %
2006	Indicated	3.57	1.57	0.1	0.61	2.26
	Inferred	5.36	1.48	0.08	0.53	2.05
	Total	8.93	1.52	0.09	0.56	2.15
2014	Indicated	3.53	1.55	0.10	0.63	2.25
	Inferred	9.05	1.56	0.09	0.63	2.22
	Total	12.57	1.56	0.09	0.63	2.22

* The basis of the CuEq calculation is defined in Table Five (below)

The 2006 resource model was blocked at a regular 4m by 4m by 4m block size with no sub-blocking. The search and estimations parameters were not described in the 2006 NI 43-101 report.

A comparison of the total reported mineralisation blocks in each model (i.e. no cut-off), includes:

- 2014 model 4.5 Mm³ @ 1.33% Cu at 3.43 t/m³
- 2006 model 5.8 Mm³ @ 0.97% Cu at 3.44 t/m³

note: the 2006 model is for a 0.01% Cu cut-off and appears to also exclude 10% of the total model volume

The Copper Equivalent (CuEq) values are calculated based on the metrics in Table Five, such that $CuEq = Cu\text{ Grade} + (Co\text{ Grade} \times Co\text{ Recovery} \times Co\text{ Price}) + (Au\text{ Grade} \times Au\text{ Recovery} \times Au\text{ Price}) / (Cu\text{ Recovery} \times Cu\text{ Price})$. Recovery values have been taken from preliminary metallurgy work completed on the project in 1997.

Table Five – Values used to calculate copper equivalence (USD)

Type	Value	Unit
Cu price	\$3.00	\$/lb
Co price	\$15.00	\$/lb
Au price	\$1300	\$/troy oz
Cu recovery	90	%
Co recovery	70	%
Au recovery	70	%

It is the company's opinion that the metals used to calculate the copper equivalent grade have a reasonable chance of being recovered and sold.

A comparison of the updated mineral resource estimate to the previous 2006 estimate indicates the change in estimate is not related to extrapolation but is a result of a number of improvements in the interpretation and block estimates that have resulted in an increase in grade and tonnages above the 1% Cu cut-off. A comparison between the 2006 and the new updated resource estimate indicates that the new model has:

- More selective domain definition keeping strictly to a 0.5% Cu cut-off, reducing the mineralisation domain samples by 17% and increasing the Cu grade by 23%;
- Different mineralisation shapes with a 32% decrease in total volume and possibly 21% decrease on the estimated block model volumes reported;
- Reduced smoothing of the estimates due to the reduction in block height from 4m to 2m and improved search ellipse orientation for estimation;
- Previous work included drill holes that were not assayed (3% of the data). Current interpretations excluded unassayed intervals on the assumption that no mineralisation is present if not selected for assaying. This has improved the robustness of the domain interpretations.

COOBER PEDY PROJECT, South Australia (MinQuest earning to 100%)

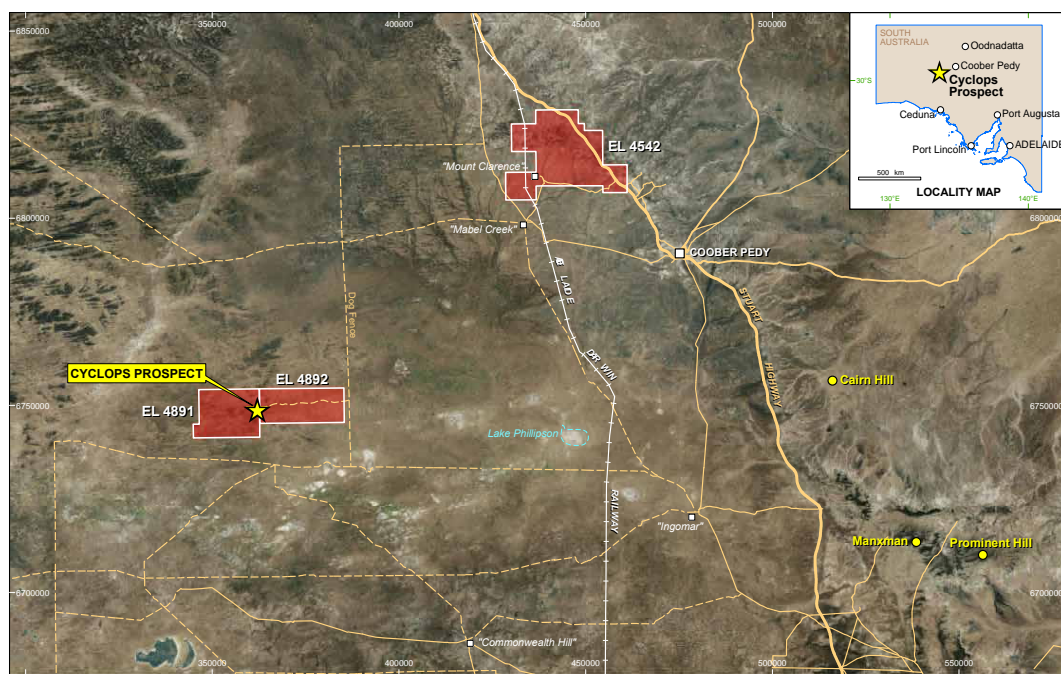
The Coober Pedy Project is currently 100% owned by Teck Australia Pty Ltd (Teck) and comprises three exploration licenses, located at the north-western end of the highly endowed Proterozoic Olympic Dam Iron Oxide Copper-Gold (IOCG) Province in the Gawler Craton, South Australia (Figure Four). Under the terms of a joint venture agreement with Teck, MinQuest has the ability to earn up to a 100% interest in the Coober Pedy Project.

Previous work by Teck has defined a strong, discrete magnetic and gravity anomaly, the "Cyclops prospect", to the west of Coober Pedy. The Cyclops prospect is an untested 'walk-up' Prominent Hill Type IOCG drill target in close proximity to the Karari Shear Zone. The gravity and magnetic data have been forward modelled

and indicate the potential source of the geophysical anomaly is a magnetite-rich body of approximately 800m x 250m, starting at a depth of approximately 100m.

Planning and permitting for a 1,200m drill program to test the magnetic and gravity anomalies at Cyclops, were completed in November 2014. It is anticipated that the drill program will commence at Cyclops in late April or early May.

Figure Four – Location of the Coober Pedy Project



ANTUBIA PROJECT, Ghana

MinQuest's option over the Antubia Project in Ghana commenced in January 2014. With the change in company strategy to focussing on advanced copper and copper-gold projects in Australia and Canada, a decision was taken to locate a joint venture partner for the Antubia Project. Despite extensive consultations, MinQuest was not able to source a partner for the Antubia Project. On 25 November 2014, MinQuest terminated its option agreement for the Antubia Project and returned the project to Castle Minerals Limited. MinQuest will have no further interest in the project going forward.

Competent Person Statement - Mineral Resource

This Mineral Resource estimate is based upon and accurately reflects data compiled or supervised by Mr John Horton, Principal Geologist, who is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and contracted to IMC Mining Pty Ltd. Mr Horton has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Horton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

The information in this ASX Announcement relating to the 2006 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.

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.

AUDITORS INDEPENDENCE DECLARATION

Sections 307C of the Corporations Act (2001) requires our auditors, HLB Mann Judd, to provide the Company with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is set out on the following page and forms part of the Directors Report for the period ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the Corporations Act (2001).



Jeremy Read
Managing Director

13 March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of MinQuest Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
13 March 2015



M R W Ohm
Partner

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Half Year ended 31 December 2014

		Consolidated	Consolidated
	Note	31 December 2014	31 December 2013
		\$	\$
Other revenue	2	215	11,316
Consultancy fees		(10,000)	(37,261)
Administration and other expenses		(147,395)	(65,665)
Legal and compliance		(17,411)	(80,869)
Depreciation		(18,633)	(13,099)
Remuneration of directors and employee benefits		(171,151)	(149,519)
Exploration expensed as incurred		(19,752)	(67,180)
Impairment of exploration assets		(709,177)	(51,294)
Share based payments		-	(2,718)
Loss before income tax		(1,093,304)	(456,289)
Income tax benefit / (expense)		-	-
Net loss for the period		(1,093,304)	(456,289)
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operation	4(c)	-	(1)
Total other comprehensive loss for the period		(1,093,304)	(456,290)
Basic loss per share (cents)		(2.39)	(1.72)

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

		Consolidated	Consolidated
	Note	31 December 2014	30 June 2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		198,978	141,399
Trade and other receivables		54,586	39,251
TOTAL CURRENT ASSETS		253,564	180,650
NON-CURRENT ASSETS			
Plant and equipment		41,118	24,890
Exploration and evaluation expenditure	5	1,509,400	754,377
TOTAL NON-CURRENT ASSETS		1,550,518	779,267
TOTAL ASSETS		1,804,082	959,917
CURRENT LIABILITIES			
Trade and other payables		488,509	155,764
TOTAL CURRENT LIABILITIES		488,509	155,764
NET ASSETS		1,315,573	804,153
EQUITY			
Issued capital	3	4,727,779	3,123,055
Reserves	4(a,b,c)	13,102	13,102
Accumulated losses		(3,425,308)	(2,332,004)
TOTAL EQUITY		1,315,573	804,153

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year ended 31 December 2014

Consolidated

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	3,123,055	(2,332,004)	13,087	15	804,153
Loss for the period	-	(1,093,304)	-	-	(1,093,304)
Other Comprehensive Income	-	-	-	-	-
Total Other Comprehensive Income	-	(1,093,304)	-	-	(1,093,304)
Shares issued during the period	1,604,724	-	-	-	1,604,724
Balance at 31 December 2014	4,727,779	(3,425,308)	13,087	15	1,315,573

Balance at 1 July 2013	2,825,255	(1,545,904)	16,284	15	1,295,650
Loss for the period	-	(456,289)	-	-	(456,289)
Other Comprehensive Income	-	-	-	(1)	(1)
Total Other Comprehensive Income	-	(456,289)	-	(1)	(456,290)
Shares issued during the period	-	-	-	-	-
Performance rights issued	-	-	2,718	-	2,718
Balance at 31 December 2013	2,825,255	(2,002,193)	19,002	14	842,078

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half Year ended 31 December 2014

	Consolidated	Consolidated
	31 December	31 December
	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	(410,773)	(326,642)
Interest received	215	11,316
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(410,558)	(315,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for fixed assets	(34,861)	(1,432)
Payments for exploration activities	(514,309)	(211,593)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(549,170)	(213,025)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	1,089,050	-
Transaction costs on issue of shares	(71,743)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	1,017,307	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	57,579	(528,351)
Cash and cash equivalents at beginning of period	141,399	1,133,496
CASH AND CASH EQUIVALENTS AT END OF PERIOD	198,978	605,145

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The condensed half year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by MinQuest Limited during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half year.

Basis of preparation

The half year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2014, except for the following:

During the period, the Group terminated its option agreement for the Antubia Project and returned the project to Castle Minerals Ltd. The Group will have no further interest in the project going forward and, accordingly \$709,177 of capitalised exploration expenditure has been impaired.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of \$1,093,304, had net cash outflows from operating and investing activities of \$959,728 for the six month period to 31 December 2014 and a cash balance of \$198,978 at period end. The Group will likely require further funding in order to meet its day to day obligations as they fall due and to further progress its exploration projects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

In addition, subsequent to the period end, the Group must expend a minimum sum of \$500,000 on the Coober Pedy Project by 31 July 2015. To date the Group has expended a sum of \$106,123. The Group must also expend a minimum sum of \$500,000 on the Fyre Lake project by 14 July 2015. To date the Group has expended a sum of \$481,953.

The Directors are confident the Group will be able to continue as a going concern, by successfully raising additional funds through the issue of new equity as occurred during the period and subsequent to balance date.

On 11 March, 2015 the Company completed a capital raising of \$118,846 via the issue of 7,923,097 shares at an issue price of \$0.015/share. The placement shares were issued under the provision of ASX Listing Rules 7.1 and 7.1A to sophisticated and otherwise exempt investors pursuant to s 708 of the Corporations Act 2001. Of the placement shares 6,676,667 shares were issued in accordance with the provisions of ASX Listing Rule 7.1A (additional 10% placement capacity) and otherwise in accordance with the approval obtained at the Company's AGM held in November 2014. The funds raised from this placement will be used to prepare for a drilling program on the Fyre Lake Project in the Yukon Territory and otherwise for working capital purposes.

Based on the above, the Directors consider the going concern basis is appropriate for this financial report. However, the above conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern should the Company be unable to raise additional funds and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount as stated in the financial report.

2. REVENUE

	Consolidated 31 December 2014 \$	Consolidated 31 December 2013 \$
Interest revenue	215	11,316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**3. ISSUED CAPITAL**

	Number of Shares	\$
	<hr/>	<hr/>
<i>Movements in shares on issue</i>		
At the beginning of the reporting period	28,495,001	3,085,255
Placement shares	4,100,000	123,000
Issue of shares for Antubia Project	500,000	37,800
Entitlements rights issue	8,223,440	246,703
Oresearch consideration (note 8)	10,000,000	320,000
Pacific Ridge consideration for Fyre Lake Project	1,608,338	51,334
Entitlement rights issue shortfall	13,839,894	415,197
Placement shares	8,768,571	306,900
Less share issue costs	-	(71,743)
	<hr/>	<hr/>
	75,535,244	4,514,446
	<hr/>	<hr/>
<i>Movements in unissued shares</i>		
At the beginning of the reporting period	500,000	37,800
Introduction fee for Antubia Project	(500,000)	(37,800)
Oresearch deferred consideration (note 8)	6,666,667	213,333
	<hr/>	<hr/>
	6,666,667	213,333
	<hr/>	<hr/>
At end of reporting period	82,201,911	4,727,779
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**4. RESERVES****(a) Options**

At the end of the reporting period, there are 7,000,000 options over unissued shares as follows:

Type	Number under Option	Grant Date	Date of Expiry	Exercise Price
Unlisted Options	7,000,000	14 Sept 2010	31 Aug 2015	\$0.20
				Number
				\$
Movements in Options issued				
As at 1 July 2014				7,000,000
Options issued				-
				<hr/>
Balance at the end of the period				7,000,000
				<hr/> <hr/>

(b) Performance Rights

	Number	\$
Movements in Performance Rights		
As at 1 July 2014	2,000,000	7,920
Vested during the period	-	-
Exercised during the period	-	-
Lapsed during the period	(2,000,000)	-
	<hr/>	<hr/>
Balance at the end of the period	-	7,920
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**4. RESERVES (con't)**

	Consolidated	Consolidated
	31 December	30 June 2014
(c) Foreign Currency Exchange	2014	\$
	\$	
At the beginning of the reporting period	15	15
Movement during the period	-	-
At end of reporting period	15	15

5. EXPLORATION AND EVALUATION EXPENDITURE

	Six months	Year ended 30
	ended 31	June 2014
	December 2014	\$
	\$	
Costs carried forward in respect of areas of interest in the following phases	1,509,400	754,377
Exploration and evaluation phase – at cost		
Balance at beginning of period	754,377	163,055
Expenditure capitalised	936,753	678,316
Oresearch Acquisition	527,447	-
Antubia Gold project written off	(709,177)	(86,994)
As at balance date	1,509,400	754,377

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**6. SEGMENT REPORTING**

MinQuest Limited operates predominantly in one industry being the mining and exploration industry in Australia and Canada.

Segment Information**Identification of reportable segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its exploration projects and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments*(i) Exploration*

Segment assets, including acquisition cost of exploration concessions and all expenses related to the tenements in Canada and Australia are reported on in this segment.

(ii) Other

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Basis of accounting for purposes of reporting by operating segments*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT REPORTING (con't)

(i) Segment performance

	Corporate	Exploration Australia	Exploration Canada	Exploration Africa	Total
	\$	\$	\$	\$	\$

31-Dec-14

Segment results	(364,375)	(14,767)	(4,985)	(709,177)	(1,093,304)
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Included within segment result:

• Interest Revenue	215	-	-	-	215
• Depreciation	(18,633)	-	-	-	(18,633)
• Exploration write down	-	(14,767)	(4,985)	(709,177)	(728,929)

31-Dec-14

Segment assets	294,682	1,027,446	481,954	-	1,804,082
Segment liabilities	(79,209)	(394,002)	(15,298)	-	(488,509)

	Other	Exploration Australia	Exploration Africa	Total
	\$	\$	\$	\$

31-Dec-13

Segment results	(405,052)	(51,294)	57	(456,289)
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Included within segment result:

• Interest Revenue	11,316	-	-	11,316
• Depreciation	(1,930)	-	(11,169)	(13,099)
• New project expenses	-	(51,294)	-	(51,294)

31-Dec-13

Segment assets	683,763	-	241,648	925,411
Segment liabilities	(68,629)	-	(14,704)	(83,333)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**6. SEGMENT REPORTING (con't)****(ii) Revenue by geographical region**

There is no revenue attributable to external customers for the half year periods ended 31 December 2013 and 2014.

(iii) Assets by geographical region

Reportable segment assets are located in Canada and Australia.

7. FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.

8. ORESEARCH ACQUISITION

During the period in September 2014, the company acquired all of the issued shares in Oresearch Limited, which holds an option to earn 100% in the Coober Pedy project, for consideration of 16,666,667 ordinary shares. Of the 16,666,667 ordinary shares, 10,000,000 were issued on acquisition with the remaining 6,666,667 recorded as deferred consideration.

The deferred consideration shares will be issued to the original shareholders of Oresearch upon the first of any of the following conditions being met:

- (i) completion of the earlier to occur of:
 - (A) the first 12 months of exploration on the Coober Pedy Project; or
 - (B) meeting the minimum expenditure commitment on the Coober Pedy Project,

and, the board of directors of the MinQuest electing to continue to fund expenditure on the Coober Pedy Project (either by sole funding or assigning or selling its joint venture interest) following satisfaction of the minimum expenditure commitment on the Coober Pedy Project; or

- (ii) completion of the earlier to occur of:
 - (A) the first 12 months of exploration on the Fyre Lake Property; or
 - (B) meeting the minimum expenditure commitment on the Fyre Lake Property,

and, the board of directors of the MinQuest electing to continue to fund expenditure on the Fyre Lake Property (either by sole funding or assigning or selling its joint venture interest) following satisfaction of the minimum expenditure commitment on the Fyre Lake Property.

The Deferred Consideration Shares will be subject to a voluntary escrow period of six (6) months (or such period as determined by the ASX) from their date of issue. In addition, a further 3,333,333 deferred consideration shares will be issued in the event the company concludes a successful capital raising of \$1,500,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. ORESEARCH ACQUISITION (con't)

If, within six (6) months of the settlement of the transaction to acquire Oresearch, any or all of the original Oresearch Shareholders are successful in securing an interest in one or more additional projects for MinQuest, then MinQuest will issue to the original Oresearch Shareholders (or their nominees), pro-rata to their original proportion shareholding in Oresearch, that number of MinQuest Shares which, when multiplied by the issue price will be equal to 5% of the agreed purchase price of the additional project(s) (Success Fee Shares). The issuing of the Success Fee Shares will be subject to any necessary shareholder and Board approvals. The issue price of the Success Fee Shares will be the volume weighted average price of MinQuest shares calculated over the 5 trading days immediately prior to the date of issue of the Success Fee Shares. The Success Fee Shares will be subject to a voluntary escrow period of six (6) months from their date of issue (or such other period as imposed in accordance with the ASX Listing Rules).

This transaction was an acquisition of assets and does not meet the definition of a business under AASB 3 Business combinations.

9. CONTINGENCIES AND COMMITMENTS

MinQuest must expend a minimum sum of \$500,000 on exploration on the Coober Pedy Project by 31 July 2015 and has, at the reporting date expended \$106,123. The balance of \$393,877 is included in the company's liabilities at the reporting date. If there is any shortfall the balance must be paid in cash to Teck Australia Pty Ltd as per the Option/Joint Venture Agreement between Teck Australia Pty and Oresearch Ltd.

MinQuest must expend a minimum of CAD \$500,000 on exploration of the Fyre Lake Project by 14 July 2015 and has, at the reporting date expended \$481,953.

Included in the above expenditure is the requirement to expend a minimum sum of \$240,765 per annum on exploration of the tenements that make up the Coober Pedy and Fyre Lake projects. MinQuest is responsible for meeting all of the outgoings with respect to the tenements, including keeping the tenements in good standing, except by mutual consent of the parties.

Other than as stated above, there has been no change in contingent liabilities since the last annual reporting date.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 23 January, 2015 MinQuest announced a newly upgraded Mineral Resource for the Kona deposit on the Fyre Lake Project. MinQuest contracted IMC Mining Pty Ltd (IMC) to complete an independent review of the geological model for the Kona deposit, along with historical and recent assays and QA/QC results. From this work IMC have completed a new Mineral Resource estimate under JORC 2012 guidelines, for the Kona deposit. The updated Mineral Resource estimate for the Kona Deposit at a 1% Cu cut-off and classified in accordance with JORC (2012) is as follows:

- Total - 12.6 Mt @ 1.56% Cu, 0.09% Co, 0.63 g/t Au, 0.30% Zn
- Indicated - 3.5 Mt @ 1.55% Cu, 0.10% Co, 0.63 g/t Au, 0.31 % Zn
- Inferred - 9.1 Mt @ 1.56% Cu, 0.09% Co, 0.63 g/t Au, 0.30 % Zn

The Kona Mineral Resource increased by over 40%, or 3.6Mt from the previously announced Mineral Resource. Full details of the resource classification and methodology are reported in MinQuest's announcement to the ASX of 23 January, 2015.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**10. EVENTS SUBSEQUENT TO REPORTING DATE (con't)**

On 11 March, 2015 the Company completed a capital raising raising \$118,846 via the issue of 7,923,097 shares at an issue price of \$0.015/share. The placement shares were issues under the provision of ASX Listing Rules 7.1 and 7.1A to sophisticated and otherwise exempt investors pursuant to s 708 of the Corporations Act 2001. Of the placement shares 6,676,667 shares were issue in accordance with the provisions of ASX Listing Rule 7.1A (additional 10% placement capacity) and otherwise in accordance with the approval obtained at the Company's AGM held in November 2014. The funds raised from this placement will be used to prepare for a drilling program on the Fyre Lake Project in the Yukon Territory and otherwise for working capital purposes.

Other than as stated above, no matters or circumstances have arisen since the end of the financial year which significantly affects the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of MinQuest Limited ("the Company"):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving true and fair view of the entity's consolidated financial position as at 31 December 2014 and of its performance for the half year then ended; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Jeremy Read

Managing Director

13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MinQuest Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MinQuest Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MinQuest Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report, which indicates that the Group incurred a loss of \$1,093,304 and had net cash outflows from operating and investing activities of \$959,728 for the six month period ended 31 December 2014 and a cash balance of \$198,978 at period end. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
13 March 2015