



Conditional Bid for Wolverine Zinc Mine, Yukon Territory, Canada

Highlights

- MinQuest Limited has submitted a conditional, non-binding bid for the Wolverine Zinc Mine, Yukon Territory, Canada, currently owned by Yukon Zinc Corporation (“Yukon Zinc”);
- Due to ongoing discussions between Yukon Zinc’s Monitor and MinQuest, the terms of the offer will remain confidential until the offer becomes unconditional;
- MinQuest’s bid for Wolverine zinc mine is conditional upon MinQuest securing the funds for the project acquisition and the successful negotiation of an Asset Purchase Agreement with Yukon Zinc and Yukon Zinc’s Monitor;
- The Wolverine zinc mine was placed on Care and Maintenance in January, 2015 and in March, 2015, due to liquidity issues, Yukon Zinc filed for, and received, Court protection under the Companies’ Creditors Arrangement Act (“CCAA”);
- Yukon Zinc spent in excess of CAD\$500M developing and running the Wolverine Mine;
- The Wolverine zinc mine is situated 28Km north-east of MinQuest’s Fyre Lake Copper Project;
- MinQuest’s offer is to acquire the Wolverine zinc mine including the 750,000tpa processing facility, tailings management facility, mine office, workshops, power station, underground mine, surrounding exploration tenements and operating licences;
- MinQuest is examining the possibility of using the existing facilities at the Wolverine zinc mine to fast-track the Kona Mineral Resource on the Fyre Lake Copper Project into production, with potential pre-production cost savings of CAD\$150-200M;
- Kona Mineral Resource at Fyre Lake is currently defined as 12.6Mt Mt @ 1.6% Cu, 0.6% Co and 0.6g/t Au

23 July 2015

DIRECTORS

David Deloub
Chairman

Jeremy Read
Managing Director

Paul Niardone
Non-Executive Director

Adam Davey
Non-Executive Director

Stephen Kelly
Company Secretary

SHARE INFORMATION

ASX Code: MNQ
Issued Capital:
135,793,746 Fully Paid
Shares
66,239,736 Unlisted
Options

CONTACT INFORMATION

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INTRODUCTION

MinQuest Limited (**"MinQuest" or "The Company"**) (ASX:MNQ) is pleased to announce that the Company has submitted a conditional, non-binding offer for the Wolverine zinc mine in the Yukon Territory, Canada. The Wolverine zinc mine is located 28km north east of MinQuest's Fyre Lake Project in the Finlayson Lake District of the south east Yukon Territory (**Figure 1**). MinQuest is currently examining the possibility of utilising the existing processing and tailings management facilities at the Wolverine zinc mine to fast-track the development of the Kona Mineral Resource on the Fyre Lake Copper Project.

MinQuest's Managing Director Mr Jeremy Read said, "If MinQuest is successful in concluding the purchase of the Wolverine zinc mine it will be a transformative event for the Fyre Lake Copper Project, as it will open up the possibility of putting the Kona Mineral Resource into production utilising the existing infrastructure at Wolverine."

"Using the existing infrastructure at Wolverine could decrease the pre-production capital expenditure for putting Fyre Lake into production by as much as CAD\$150-200M, which would substantially improve the economics of the Fyre Lake Copper Project."

"We are in regular discussions with PricewaterhouseCoopers Inc., the Monitor of Yukon Zinc Corporation and we anticipate being able to finalise an Asset Purchase Agreement with Yukon Zinc and the Monitor in the very near future", said Mr Read.

WOLVERINE PROJECT (YUKON TERRITORY, CANADA)

Yukon Zinc Corporation (**"Yukon Zinc"**) acquired the Wolverine Zinc Project in 2008 and following acquisition of the project, invested in excess of CAD\$500M to acquire, develop, put into production and fund the ongoing operation of the Wolverine zinc mine. Construction of the mine and processing facilities occurred throughout 2009 and 2010 with the mill commissioning commencing in late 2010. Commercial production commenced in March 2012 and full design capacity of the mine and processing mill (750,000tpa) was achieved in the first quarter of 2013. The Wolverine zinc mine was placed on Care and Maintenance in January 2015. On 13 March, 2015 the Supreme Court of British Columbia granted Yukon Zinc protection from its creditors pursuant to the Companies Creditors Arrangements Act (**"CCAA"**). PricewaterhouseCoopers Inc. (**"PwC" or the "Monitor"**) has been appointed as Monitor of Yukon Zinc in the CCAA Proceedings.

On 17 April, 2015 the Supreme Court of British Columbia, authorised the Monitor to proceed with a process for the solicitation of offers to invest in Yukon Zinc or to purchase all or any part of Yukon Zinc's assets. As a result of the solicitation process MinQuest made a conditional offer to purchase the Wolverine zinc mine including the remaining Mineral Resources, processing mill, tailings management facility, workshops,



mine office buildings, generator power plant, mine and operating leases and surrounding exploration claims (tenements). MinQuest is currently progressing the finalisation of an Asset Purchase Agreement with Yukon Zinc and the Monitor, and expects to complete this Asset Purchase Agreement in the near future.

MinQuest's offer for the Wolverine mine and associated infrastructure is conditional upon MinQuest securing the finances to complete the asset purchase, by 10 August, 2015. MinQuest is in discussions with a number of potential financiers who have expressed interest in presenting a term sheet for financing the acquisition of the Wolverine zinc mine.

BENEFITS TO THE FYRE LAKE PROJECT OF PURCHASING THE WOLVERINE ZINC MINE

MinQuest is currently assessing the possibility of fast tracking the development of the Kona Mineral Resource on the Fyre Lake Copper Project by utilising the existing mine infrastructure at Wolverine.

The Kona Mineral Resource is currently defined as a total Mineral Resource of 12.6Mt @ 1.56% Cu, 0.09% Co, 0.30% Zn and 0.63g/t Au as shown in Table One and classified in Accordance with the JORC 2012 guidelines.

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

Estimate Year	Classification	Mt	Cu %	Co %	Au g/t
2014	Indicated	3.53	1.55	0.10	0.63
	Inferred	9.05	1.56	0.09	0.63
	Total	12.57	1.56	0.09	0.63

* Refer to MinQuest announcement to the ASX dated 23 January, 2015

The Fyre Lake Project is approximately 28km to the south west of the Wolverine zinc mine. In order to truck ore from the Kona Mineral Resource to the existing processing facilities at Wolverine a 40km road will need to be constructed. If MinQuest proceeds with the development of the Kona Mineral Resource, the Company will follow all permitting processes as required by the Yukon Territory Government and also work closely with the Kaska First Nation. MinQuest committed to achieving outcomes beneficial to all stakeholders and MinQuest shareholders.

Preliminary studies completed by MinQuest have concluded that the Wolverine processing plant is capable of being converted to a single float circuit plant, producing a copper-cobalt-gold metal concentrate and increasing the processing capacity to 1.5Mtpa. Yukon Zinc was producing separate copper, lead and zinc metal concentrates from the Wolverine ore body at a nameplate capacity of 750,000tpa.



In comparison to constructing a stand alone metal processing plant and mine at Fyre Lake, utilising the existing facilities at Wolverine could save between CAD\$150-200M from the cost of developing the Kona Mineral Resource on the Fyre Lake Project.

The Wolverine zinc mine is currently being allowed to flood and Yukon Zinc have advised MinQuest that it could take up to 2 years for the Wolverine mine to flood. If MinQuest is successful with its bid to purchase Wolverine, MinQuest will become responsible for the environmental liabilities associated with the Wolverine mine site. MinQuest has assessed these environmental liabilities and has concluded that they are no more onerous than the liabilities incurred if a stand-alone project was developed at Fyre Lake.

The Company emphasises that the bid for the Wolverine zinc mine is conditional and there is no certainty that a transaction will be completed.

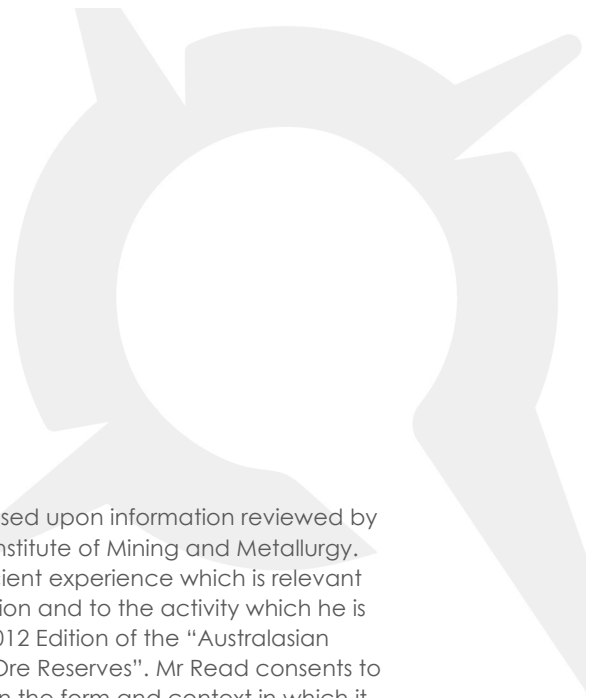
MinQuest will provide a further update to the market on or prior to 10 August, 2015, when the financing condition in MinQuest's offer for the Wolverine mine is required to be satisfied.

FYRE LAKE PROJECT OPTION PAYMENT

MinQuest and its joint venture partner on the Fyre Lake Project, Pacific Ridge Exploration Ltd ("**Pacific Ridge**"), have agreed to amend the option payment which was due on the first anniversary (14 July, 2015) of the Fyre Lake Joint Venture Agreement to the following:

- 1) By 14 July, 2015 deliver to Pacific Ridge MinQuest shares having a value of CAD\$50,000 (this has already been completed);
- 2) On 24 July, 2015 make a cash payment to Pacific Ridge of CAD\$25,000;
- 3) On 31 August, 2015 make a further cash payment of CAD\$75,000 to Pacific Ridge and deliver to Pacific Ridge, MinQuest shares having a value of CAD\$75,000.

If the cash and shares payments detailed in (3) above are not made on 31 August, 2015 then the Fyre Lake Joint Venture agreement will automatically terminate, with MinQuest having no retained interest in the Fyre Lake Project.



Competent Person Statement

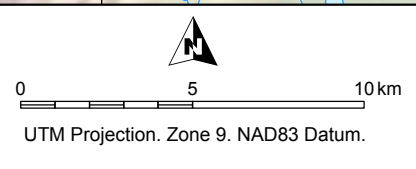
The information in this report that relates to exploration results is based upon information reviewed by Mr Jeremy Read BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Read is a full time employee of MinQuest Limited and has sufficient experience which is relevant 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 law.



- VMS Mine
- VMS Deposit
- Highway
- Mine access road
- Proposed Fyre Lake access
- Lake
- River



FYRE LAKE PROJECT - YUKON, CANADA			
WOLVERINE ZINC MINE			
Drawn: RRM	Date: 05.05.2015	Revision:	
Checked: C. Doornbos	Drawing No.: FL-010a.mxd		
			Figure 1