



## MinQuest completes \$2.29 million financing

### Highlights

- MinQuest has raised approximately A\$2.29 million via a share issue and Convertible Loan Facility to progress its proposed acquisition of the Wolverine Zinc project in the Yukon Territory, Canada;
- MinQuest is continuing to progress negotiations for the proposed acquisition of the Wolverine Project prior to a scheduled Court hearing date on 14 August 2015. Discussions with potential financiers for the proposed acquisition are ongoing with an emphasis on asset level project financing structures;
- Approximately A\$1.35 million has been raised through a US\$1 million Convertible Loan Facility and A\$935,000 via an issue of ordinary shares to sophisticated investors;
- The convertible notes are to be issued to US investment firm Magna, with US\$160,000 in proceeds available to MinQuest immediately, US\$340,000 available after MinQuest obtains shareholder approval for the facility, and the remaining US\$500,000 available 60 calendar days after the initial drawdown;
- The share placement involves the issue of 37.4 million shares at an issue price of A\$0.025 (2.5 cents) per share;
- Magna has participated in the equity raising, subscribing for approximately A\$135,000 in shares as part of the total A\$935,000 raised through the share issue;
- The remaining shares have been placed with sophisticated and professional investors through lead manager Patersons Securities.

12 August 2015

#### DIRECTORS

David Deloub  
*Chairman*

Jeremy Read  
*Managing Director*

Paul Niardone  
*Non-Executive Director*

Adam Davey  
*Non-Executive Director*

Stephen Kelly  
*Company Secretary*

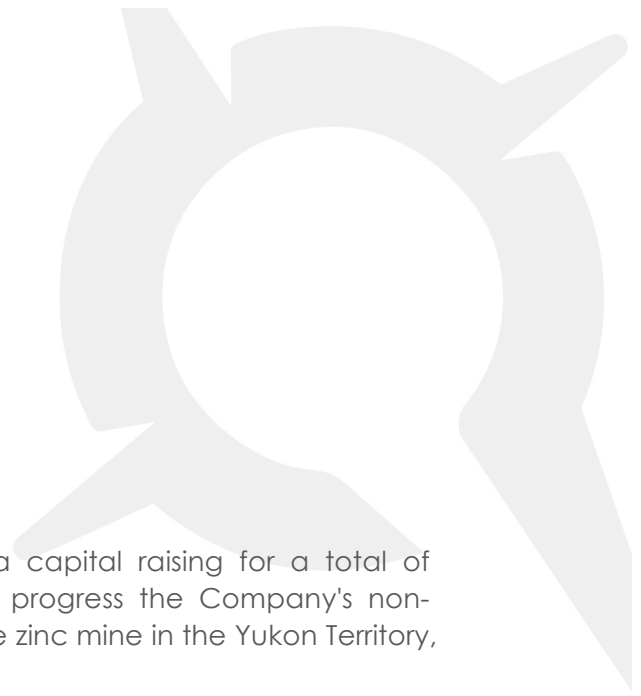
#### SHARE INFORMATION

ASX Code: MNQ  
Issued Capital:  
200,230,116 Fully Paid  
Shares  
72,936,522 Unlisted  
Options

#### CONTACT INFORMATION

Registered Office:  
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MinQuest Limited  
ACN: 146 035 127



## **Introduction**

MinQuest Limited (ASX: MNQ) has completed a capital raising for a total of approximately \$2.29 million to provide funds to progress the Company's non-binding, conditional offer to acquire the Wolverine zinc mine in the Yukon Territory, Canada, and for other corporate purposes.

The funds have been raised through a combination of a share placement and an issue of convertible notes

## **Convertible Note Issue**

The convertible notes are to be issued to New York investment firm, Magna Equities, LLC (Magna).

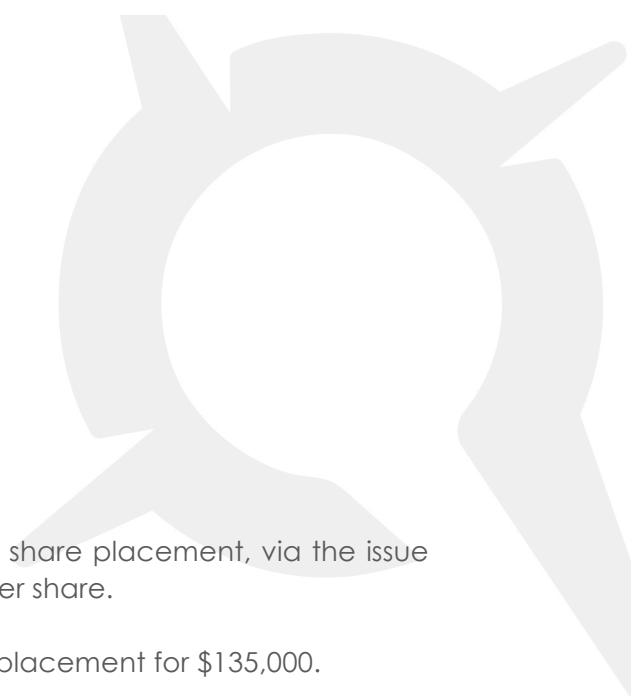
The term of the Magna facility is 24 months from the date of the initial drawdown. The facility is unsecured, bears no interest costs, can be repaid at any time by the Company with a 15% premium and can be converted into MNQ shares by Magna at any time during the term at the lower of (a) a 15% discount to the lowest VWAP of the Company's shares in the 5 trading days prior to the date of the conversion notice or (b) \$0.05 per share.

At each draw down Magna will receive commitment options. Two and a half commitment options are to be issued for each Australian dollar equivalent drawn down under the facility. Each commitment option has a term of 3 years and an exercise price of A\$0.10 per share.

Under the terms of the facility, MinQuest will receive US\$160,000 on the date of closing (subject to fulfilment of customary closing conditions). A further US\$340,000 will be made available on shareholder approval of the Magna facility (or earlier if certain conditions are met).

The Company may elect to draw down a further US\$500,000 between 60 and 65 calendar days after closing subject to customary conditions.

The Company is in the process of convening an extraordinary general meeting of shareholders to approve the Magna facility and refresh its placement capacity.



### **Share Placement**

A total of A\$935,000 has been raised through the share placement, via the issue of 37.4 million shares at an issue price of A\$0.025 per share.

Magna has subscribed for 5.4 million shares in the placement for \$135,000.

The remaining 32 million shares have been placed with sophisticated and professional investors by lead manager Patersons Securities.

### **Wolverine offer**

MinQuest announced on July 23 that it had submitted a conditional, non-binding bid for the Wolverine Zinc Mine in Yukon Territory, Canada with a view to using the infrastructure at Wolverine to process ore from MinQuest's Fyre Lake project, 28 kms to the south-west.

The Wolverine zinc mine, owned and developed by Yukon Zinc Corporation (**Yukon Zinc**), was placed into Care and Maintenance in January, 2015. In March, 2015, Yukon Zinc sought Court protection under the Companies' Creditors Arrangement Act due to liquidity issues, and PriceWaterhouseCoopers (PwC) was appointed by the Court as the Monitor of Yukon Zinc.

As part of a competitive bidding process, MinQuest made a conditional, non-binding offer to acquire the Wolverine Project and has been selected by PwC as the preferred third party bidder. The next Court hearing date for the Yukon Zinc matter is scheduled for Friday 14 August (Vancouver time). At that hearing, the Court is expected to make a determination whether it will approve the MinQuest offer or refer an alternative Yukon Zinc restructuring proposal to creditors. MinQuest management is currently seeking to finalise a binding agreement for the acquisition of the Wolverine project prior to the Court hearing.

The capital raising announced today will provide funds to complete payment of a deposit of CAD\$500,000 required before a binding Asset Purchase Agreement can be agreed with PwC and Yukon Zinc. The remaining funds will be used to complete due diligence on Wolverine, advance negotiations with potential financiers and to continue the development of MinQuest's portfolio of exploration projects.

Discussions with potential financiers for financing the proposed acquisition are ongoing with an emphasis on asset level project financing structures.



MNQ Managing Director Jeremy Read said the capital raising was a crucial step forward for MinQuest.

"The success of the capital raising demonstrates the depth of investor interest in our emerging plans for Wolverine and Fyre Lake. The successful redevelopment of these projects is an exciting step for MinQuest and its shareholders, and will provide significant economic benefits for the people and businesses of the Yukon," he said.

### **About Magna**

Magna creates companies and makes direct investments across the worldwide public and private equity markets and the entertainment industry. Investing more than \$200M since 2009, the firm is recognized for its open minded and actively strategic approach to every investment, creating successful, long-term relationships with portfolio companies across all sectors. Providing broad-based strategic support alongside capital, Magna continues to be among the most active and versatile investors in its market segment.

"Magna is pleased to help MNQ further its offer to acquire the assets of Yukon Zinc Corporation" said Magna founder and CEO Joshua Sason. "This investment marks the continuing efforts we are taking to build mutually beneficial relationships with great companies in the Australian market," he said.



### **Competent Person Statement**

The information in this report that relates to exploration results is based upon information reviewed by Mr Chris Doornbos BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy and a Professional Member of the Association of Professional Engineers and Geoscientists of Alberta. Mr Doornbos 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 Doornbos consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Doornbos is the Exploration Manager of MinQuest and currently owns 1,278,788 Fully Paid Ordinary Shares and has the entitlement to a further 1,212,120 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.