



Update on proposal to acquire the Wolverine Zinc Mine, Yukon Territory

Highlights

- Yukon Zinc Corporation is currently under Court protection from its creditors, with PricewaterhouseCoopers having been appointed as Monitor of Yukon Zinc. Yukon Zinc has put forward a restructuring plan that was considered by creditors at a meeting on September 2, 2015 (Pacific Standard Time).
- At the creditors meeting, the Yukon Zinc restructuring proposal received approval from the required majorities of creditors.
- In accordance with the Court Order made on 14 August, 2015, the Monitor has advised the following anticipated key dates for implementation of the Yukon Zinc plan:
 - 10 September, 2015 Monitor to issue report on the vote.
 - 23 September, 2015 Yukon Zinc to bring Sanction Application for an Order approving and sanction the restructuring plan.
 - 2 October, 2015 effective date of the restructuring plan and payment to affected creditors.
- MinQuest Limited has agreed with the Monitor on the terms of an Asset Purchase Agreement (APA) to acquire the Wolverine Zinc Mine and related assets in the Yukon Territory, currently owned by Yukon Zinc.
- MinQuest has executed the APA and is awaiting advice from the Monitor as to whether the Monitor intends to make an application to the Supreme Court of British Columbia for an order that PwC be authorised to execute the APA on behalf of Yukon Zinc. If the Monitor does not intend to make an application to the Court, MinQuest will proceed with making such an application to the Court.
- If a Court order providing the Monitor the power to execute the APA is obtained, the APA would become effective if Yukon Zinc's restructuring proposal is not implemented by 2 October, 2015..
- In the event that the APA becomes effective and MinQuest purchases the Wolverine Zinc Mine and related assets, MinQuest intends to bring the Wolverine Mine back into operation as soon as is economically feasible. Following completion of mining at Wolverine, MinQuest will use the plant to process ore from the nearby Fyre Lake project, creating significant jobs and business opportunities for the region, over potentially a 10 year period.

4 September 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:
202,064,511 Fully Paid
Shares
72,936,522 Unlisted
Options

CONTACT INFORMATION

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INTRODUCTION

MinQuest Limited (ASX:MNQ) advises that at a meeting of Yukon Zinc creditors held on 2 September 2015 (Pacific Standard Time) the restructuring plan proposed by Yukon Zinc was approved by the required majorities of creditors.

In accordance with the Court Order made on 14 August, 2015, the Monitor has advised the following anticipated key dates for implementation of the Yukon Zinc plan:

- 10 September, 2015 the Monitor to issue its report on the vote.
- 23 September, 2015 Yukon Zinc to bring Sanction Application for an Order approving and sanction the restructuring plan.
- 2 October, 2015 effective date of the restructuring plan and payment to affected creditors.

MinQuest has agreed with the Monitor the terms of an Asset Purchase Agreement (APA) for the acquisition of the Wolverine zinc mine in the Yukon Territory, Canada for CAD\$15 million, with an additional payment of CAD\$2.85 million to the government of the Yukon Territory to supplement an existing CAD\$7.7 million of environmental bonds. In addition to proceeding with the purchase of Wolverine pursuant to the APA, MinQuest is proposing to make payments to employees and unsecured creditors totalling approximately CAD\$4M after the completion of the purchase under the APA.

MinQuest has executed the APA. Yukon Zinc has advised the Monitor that it does not intend to execute the APA. In this circumstance MinQuest understands that an application will need to be made to the Supreme Court of British Columbia to grant the Monitor the power to execute the APA on behalf of Yukon Zinc. MinQuest is awaiting advice from the Monitor as to whether the Monitor intends to make an application to the Supreme Court of British Columbia for an order that PwC be authorised to execute the APA on behalf of Yukon Zinc. If the Monitor does not intend to make an application to the Court, MinQuest will proceed with making such an application to the Court.

If a Court order providing the Monitor the power to execute the APA is obtained, the APA would become effective if Yukon Zinc's restructuring plan is not implemented by 2 October, 2015.

The APA includes the acquisition of the Wolverine Mine including the 750,000 tpa processing facility, tailings management facility, mine office, workshops, power station, underground mine, surrounding exploration tenements and operating licences.

The Wolverine project is 28km north east of MinQuest's Fyre Lake Project in the Finlayson Lake District of the south east Yukon Territory.



MinQuest is assessing the potential to use the existing facilities at Wolverine to process ore from Fyre Lake. MinQuest also is considering resuming mining and processing of remaining reserves at Wolverine while infrastructure is developed and permits obtained to transport ore from Fyre Lake to Wolverine.

MinQuest's opinion is that for viable, long term mining operations to be sustained using the existing infrastructure at Wolverine, an integrated project combining the remaining mineral resources at Wolverine and the Kona mineral resource on the adjacent Fyre Lake project, is required.

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.