

MNQ TO ACQUIRE GROUND-BREAKING PAIN MANAGEMENT APP DEVELOPER

HIGHLIGHTS

- MinQuest Limited (ASX:MNQ) has executed a binding Heads of Agreement (“HOA”) to acquire 100% of ePAT Pty Ltd (“ePAT”).
- ePAT is the developer a smartphone app (“App”) that uses facial recognition technology and other indicators of pain to provide a more objective pain assessment in patients who are unable to communicate with their carers.
- The ePAT App is based on research developed by Curtin University over the past 3.5 years.
- Initially, the App will be designed for patients with cognitive impairment; especially those with dementia, with the intention to follow this with one for young children.
- The ePAT App is a significant advance on current pain assessment methodologies and is globally unique because it is the first pain assessment tool to use facial recognition technology on a smart device for pain detection at the point of care.
- The ePAT App’s ease of use means it will be suitable for use by the majority of people, from family carers, to professional carers and healthcare professionals.
- The use of the ePAT App has the potential to improve a patient’s quality of life and to reduce health care costs. Currently, there are 47.5M dementia patients globally which is predicted to increase to 135M by 2050.
- ePAT anticipates development of the ePAT App for young children during the latter half of 2016 and commencement of the process to register the second App early in 2017.
- MNQ will issue 373 million shares (on a pre-consolidation basis), to the shareholders of ePAT, for the acquisition of 100% of ePAT.
- MNQ will undertake an interim capital raising for up to \$500,000 to provide working capital and to meet costs associated with the transaction.
- Subject to MNQ shareholder approval, MinQuest will dispose of its current portfolio of mineral projects. The MNQ Board will explore transaction structures that may allow shareholders to retain exposure to the Company’s existing exploration portfolio going forward.

14 April 2016

DIRECTORS

Frank Terranova
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:
287,174,782 Fully Paid
Shares
72,936,522 Listed Options
15,619,853 Unlisted Options

CONTACT INFORMATION

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MinQuest Limited
ACN: 146 035 127

MinQuest Limited (**ASX:MNQ**) (“MinQuest” or “the Company”) is pleased to announce it has signed a binding Heads Of Agreement (“**HOA**”) with ePAT Pty Ltd (“**ePAT**”) to acquire 100% of the Australian based medical research Company (“**the Transaction**”).

ePAT is developing revolutionary mobile medical applications that use facial recognition software to facilitate and improve pain assessment in patients that are unable to communicate (“**App**”). The App is being developed and rolled out in two phases; one for patients with dementia who have lost the ability to communicate with their carers and the second for young children who have not yet learnt to speak. The ePAT Apps are being developed for the global market, initially for health care professionals and professional carers of patients with dementia and subsequently for parents and carers of young children. ePAT is anticipating obtaining any required regulatory approvals for the App for patients with dementia, to be classed as a medical device in Australia, by June 2017.

Commenting on the acquisition, MNQ Chairman Mr Frank Terranova said ePAT would materially transform MNQ for the benefit of all shareholders.

“The proposed transaction will provide our shareholders with exposure to the significant growth potential of the ground breaking ePAT pain management technology,” MNQ has assessed a substantial number of business propositions and believes this opportunity has genuine potential for its shareholders Mr Terranova said.

Mr Terranova also noted while MinQuest would dispose of its portfolio of mineral projects prior to the completion of the acquisition (subject to any required shareholder approval), the Board would explore transaction structures that may allow shareholders to retain exposure to the Company’s existing exploration portfolio going forward taking timelines and transaction costs into consideration.

OVERVIEW OF ePAT and ePAT APP

ePAT has evolved from research undertaken by Curtin University. The tool’s lead developer, Professor Jeff Hughes from Curtin University’s School of Pharmacy is the Chief Executive Officer of ePAT.

ePAT is developing mobile medical applications that provide pain assessment for individuals unable to communicate verbally with carers. The technology utilises the cameras in smart mobile devices to capture a brief video of patients, which is analysed in real time using facial recognition software to detect the presence of facial micro-expressions that are indicative of the presence of pain. This data is then combined with other indicators of pain, such as vocalisations, behaviours and movements captured through the App by the operator, allowing the automatic calculation of a pain severity score. Due to its ease of use and its reproducibility, the ePAT App can be used in the first instance to detect and measure a patient’s pain, after which it can be used to determine the effectiveness of pain management treatment provided to the patient.

The first version of the App will provide carers of patients with dementia with an accurate, simple to use, evidence based pain assessment tool.

More than 47.5 million people worldwide are living with dementia. It is estimated this number could rise to 135 million by 2050. In Australia alone, it is estimated that dementia affects more than 380,000 Australians at a cost of more than \$4.9 billion per year to the economy. By the 2060’s, spending on dementia is set to

outstrip that of any other health condition. It is projected to be \$83 billion (in 2006-07 dollars), and will represent around 11% of health and residential aged care sector spending¹.

It is estimated up to 85% of patients with dementia suffer pain at some time and 50% experience pain regularly.² In many instances, this pain goes unreported due to the inability of patients to communicate effectively. Whilst there are a number of methodologies currently available to facilitate pain assessment in patients that are unable to communicate effectively, those methodologies are highly subjective, have issues of reproducibility and / or require some involvement or interaction by the patient. The deficiencies in the currently available tools for the assessment of pain in patients with dementia contribute to the following adverse outcomes:

- Failure to detect and manage pain effectively
- Behavioural disturbances as a result of unrecognised or poorly managed pain, which can lead to the inappropriate use of anti-psychotic agents
- Poor quality of life for patients and carers.
- Increased carer burden and healthcare costs.

The ePAT App aims to improve the quality of life for patients and carers, as well as save time and money by providing a quick, accurate, objective and reliable means to detect and quantify the pain patients with dementia suffer, thus facilitating its effective treatment.

Potential users of the ePAT App include residential aged care facilities, hospitals, healthcare professionals and home carers. The App's ease of use means it will be suitable for use by family carers as well as professional carers and health care professionals.

In 2015, the ePAT App underwent validation studies in patients with moderate to severe dementia in three residential aged care facilities ("RACF"). The App demonstrated excellent correlation against the current Australian standard, namely the paper based Abbey Pain Scale. It is planned to undertake implementation studies of the ePAT App in the second half of 2016. Following completion of the implementation studies, ePAT plans to seek regulatory approval in Australia, the United States and the European Union for ePAT App to be registered as a medical device product.

A second version of the App, currently in development, will assist with the assessment of pain in infants and toddlers that are not yet able to talk. It is planned the ePAT App for children will complete testing and be available for use in the second half of calendar 2017.

The ePAT App will be commercialised as follows:

- Available for purchase through the Apple App store and Google Play store to:
 - Carers including the family members
 - Primary healthcare professionals
- Under licence through software vendors to:
 - Residential Age Care Facilities
 - Hospitals

¹ Sourced from <https://fightdementia.org.au/about-dementia/statistics>

² Journal of Clinical Interventions in Ageing 31 October 2013



ACQUISITION CONSIDERATION

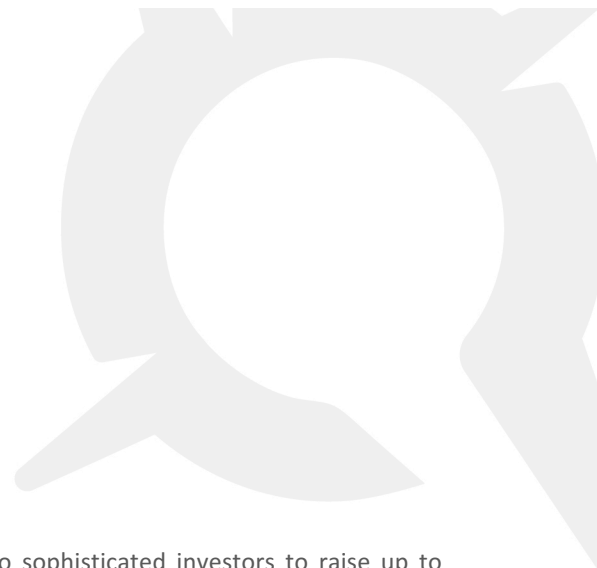
As consideration for the acquisition of ePAT, MNQ will issue:

- 373,134,328 fully paid ordinary shares in MNQ to ePAT shareholders (on a pre-consolidation basis) (“**Consideration Shares**”) for 100% of their shares.
- All of the MNQ shares issued to the shareholders of ePAT will be escrowed for a minimum of 24 months post re-listing and otherwise in accordance with ASX Listing Rules.
- In addition to the Consideration Shares, the ePAT shareholders shall be entitled to receive ordinary shares in MNQ to the value of \$1,000,000 if regulatory approval for the commercial use of the ePAT App in Australia is received from the Australian Therapeutic Goods Administration within 12 months of the effective date of the transaction or if within 12 months of the Effective Date revenue of an amount to be mutually agreed between MNQ and EPAT prior to the conclusion of the period of due diligence is earned from the EPAT application, whichever occurs sooner, (“**Performance Shares**”). The issue price for the Performance Shares will be the volume weighted average price of MNQ shares for the twenty trading days prior to the date on which MNQ satisfies the conditions for the issue of the Performance Shares.

CONDITIONS PRECEDENT

The HOA is subject to a number of conditions precedent as follows:

- Completion of legal and financial due diligence to MNQ’s satisfaction within four weeks.
- MNQ entering into binding, full form sale and purchase documentation with the shareholders of ePAT.
- MNQ divesting its interests in its mineral exploration projects in Australia and Canada.
- MNQ shareholder approval of the ePAT acquisition and the divestment of its mineral exploration projects in Australia and Canada.
- Curtin University shall have completed a market-based sale of its shareholding in ePAT.
- The terms of the transaction are to be approved by the Deputy Vice Chancellor Research of Curtin University.
- MNQ completing a post- Consolidation capital raising of at least \$3,000,000 (“**post-Consolidation Capital Raising**”). Patersons will act as Lead Manager to the capital raising.
- ASX confirming re-compliance with Chapters 1 and 2 of the ASX Listing Rules (if required) and allowing recommencement of trading in MNQ shares.



INTERIM CAPITAL RAISING

The Company intends to undertake an interim capital raising to sophisticated investors to raise up to \$500,000, utilising the Company's available placement capacity under Listing Rule 7.1 and 7.1A. These funds will be used for working capital, continued assessment of the Company's mineral exploration projects in Canada and Australia and costs associated with the proposed transaction with ePAT.

It is intended that the interim capital raising will be completed in the week commencing 18 April 2016.

RECOMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

The Transaction will constitute a change to the nature and scale of the Company's business and will require shareholder approval under Chapter 11 of the ASX Listing Rules. The Transaction may also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will convene a General Meeting of shareholders to obtain the shareholder approvals necessary to complete the Transaction. The Company will send a Notice of Meeting and Explanatory Memorandum to shareholders, which will include further details about the Transaction.

If the Company's shareholders approve the Transaction, the Company's shares may be suspended from trading on the ASX until the requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied.

SHARE CONSOLIDATION AND PUBLIC OFFER

As part of MNQ's re-admission to the ASX, MNQ may be required to undertake a consolidation of its share capital. The actual consolidation ratio will be determined as part of the re-admission process. For the purposes of the pro-forma capital structure set out in this release, the Company has assumed a consolidation ratio of 10 to 1; however, this is indicative only.

The Company will prepare and issue a prospectus to raise a minimum of \$3,000,000 subject to shareholder approval. The funds raised will be applied for the following purposes:

- building a management team for the development and commercialisation of the ePAT App;
- performing implementation studies and applying for regulatory approval for the ePAT App for use with dementia patients;
- completing development of the second ePAT App for use with young children;
- commercialising the ePAT App for dementia patients;
- commercialising the ePAT App for young children; and
- general working capital purposes.



BOARD AND MANAGEMENT CHANGES

At completion of the Transaction, ePAT shall have the right to appoint three new Directors to the MNQ Board, including the Chairman and the Managing Director.

MNQ will be granted the right to retain two existing Board seats to represent the interests of existing MNQ shareholders.

INDICATIVE TIMETABLE

The indicative timetable for completion of the transaction and MNQ's re-compliance with the ASX Listing Rules is outlined below:

ACTIVITY	DATE
Announcement of Transaction	14 April 2016
Completion of interim Placement to raise up to \$500,000	Week commencing 18 April 2016
Completion of Due Diligence and execution of definitive agreement	6 May 2016
Notice of Meeting and Explanatory Memorandum dispatched to shareholders	27 May 2016
Lodgement of Prospectus with ASIC	24 June 2016
Shareholder Meeting	1 July 2016
Offer opens	1 July 2016
Closing date of offer under the prospectus	15 July 2016
Satisfaction of ASX re-compliance conditions and readmission to the Official List of the ASX	5 August 2016

The above dates are indicative only and are subject to change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses.

INDICATIVE CAPITAL STRUCTURE

In the event that the ASX makes a determination that the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules, the Company may need to reconstruct its capital structure.

The table below reflects the indicative capital structure based on the following assumptions:

1. The final capital structure without reconstruction; and
2. The final capital structure based on a reconstruction ratio of one share for every 10 shares held. The Consideration Shares and shares to be issued under the capital raising will also be adjusted by the same ratio.

	Fully paid ordinary shares	Listed options ^{iv}	Unlisted options ^v
Existing issued capital (pre-consolidation)	275,234,573	72,816,669	15,619,853
Interim capital raising to raise up to \$500,000 (pre-consolidation) ⁱⁱ	38,461,538	-	-
Pre- Consolidation securities	313,696,111	72,816,669	15,619,853
Post Consolidation securitiesⁱⁱⁱ	31,369,611	7,281,667	1,561,986
Consideration shares for acquisition of ePAT (post consolidation)	37,313,433	-	-
Public Offer (post consolidation) ^{vii}	23,076,923	-	-
Total indicative post Transaction securities	91,759,967	7,281,667	1,561,986

- I. The above table and total issued shares after completion of the transaction is indicative only and are subject to change
- II. It is assumed that the interim capital raising will raise \$500,000 at an issue price of \$0.013 per share being the closing price of the Company's shares on the ASX on 11 April 2016. The actual issue price of the shares will be determined at the time the interim capital raising is completed.
- III. The assumed reconstruction ratio of 1:10 may change dependent on the MNQ share price at the issuance date of the Notice of Meeting.
- IV. Pre-consolidation listed options consist of 72,816,669 options with an exercise price of \$0.045 per share and an expiry date of 11 May 2017. Post consolidation there would be 7,281,667 listed options with an exercise price of \$0.45 per share and an expiry date of 11 May 2017.
- V. Pre-consolidation unlisted options consist of 7,923,097 options with an exercise price of \$0.045 per share and an expiry date of 11 February 2017; 6,000,000 options with an exercise price of \$0.045 per share expiring on 23 July 2017; and 1,696,756 options with an exercise price of \$0.10 per share expiring on 10 August 2018. Post consolidation there would be 792,310 options with an exercise price of \$0.45 per share and an expiry date of 11 February 2017; 600,000 options with an exercise price of \$0.45 per share expiring on 23 July 2017; and 169,676 options with an exercise price of \$1.00 per share expiring on 10 August 2018
- VI. In addition to the above securities, the Company has on issue Convertible Notes with a face value of US\$226,000 (A\$301,633 at the exchange rate on 11 April 2016) with maturity dates in the period 22 December 2016 to 17 March 2017. The Convertible Notes may be converted at the option of the noteholder into fully paid ordinary equity securities at a conversion price that is the lesser of (a) the lowest daily VWAP in the 5 days prior to the issue of a conversion notice or (b) \$0.05 per share.
- VII. It is assumed that Public Offer will raise \$3,000,000 at a pre-consolidation issue price of \$0.013 per share (\$0.13 per share post consolidation) being the closing price of the Company's shares on the ASX on 11 April 2016. The actual issue price of the shares will be determined at the time the Prospectus for the Public Offer is issued.

EXISTING BUSINESS

Should the Transaction proceed, and subject to any required MNQ shareholder approval, MinQuest proposes to divest its existing mining exploration business.

The Board will explore transaction structures that may allow MNQ shareholders to retain exposure to the Company's existing exploration portfolio going forward.



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.