



Activities and Cash Flow Report December Quarter 2015

Highlights

Strategic Review

- The Company has commenced a wide ranging strategic review of its business.
- The strategic review is expected to be completed in the March quarter and is considering the following business opportunities:
 - High to moderate grade Australian gold projects with near term production potential.
 - Investment opportunities outside the resources sector that have high growth prospects and strong cash flow generation potential.
 - Accessing capital through the European and North American financial markets to fund the development of the Canadian assets.

Fyre Lake Project, Yukon Canada

- MinQuest has been a stakeholder in the Companies Creditor Arrangement Act ('CCAA') process for Yukon Zinc Corporation ('Yukon Zinc'), through its bid for the Wolverine Zinc mine, adjacent to the Fyre Lake project.
- On 5 October 2015 Yukon Zinc paid their creditors and consequently, MinQuest's bid for the Wolverine Zinc mine lapsed.
- MinQuest's opinion is that for a viable long term operation to be sustained at Wolverine, an integrated project combining the copper mineral resource on the Fyre Lake project and the remaining zinc mineral resources at Wolverine is required. MinQuest continues to explore options to bring about this combined project.

Marg Project, Yukon Canada

- An updated mineral resource estimate was completed for the Marg Project resulting in the grade of the Marg mineral resource increasing by 10%.
- The new 2015 total mineral resource for the Marg, at a 0.5% Cu cut-off is
 - 9.8Mt at 1.3% Cu, 3.5% Zn, 1.8% Pb, 0.75g/t Au and 46g/t Ag
- A Scoping Study was completed for the Marg Project confirming the potential for an economically viable project with a Base Case project Net Present Value of US\$113M, an Internal Rate of Return of 29% p.a. and a Payback Period of 3.75 years.
- The Marg resource remains open in all directions with significant potential to increase the Mineral Resource and further enhance the project economics through additional exploration.
- MinQuest plans to undertake a Pre-Feasibility Study on the Marg Project in the northern hemisphere spring of 2016.

SCOPING STUDY PARAMETERS – CAUTIONARY NOTE

The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The Production Target referred to in this announcement is based on 46% Indicated Mineral Resources and 54% Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target or forecast financial information will be realised.

29 January 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:

248,658,079 Fully Paid
Shares

72,816,669 Listed Option

15,619,853 Unlisted
Options

CONTACT INFORMATION

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STRATEGIC REVIEW

With the continued uncertainty regarding the outlook for the mining and metals sector, and what is expected to remain a challenging financing environment for Australian resources companies in the short term, the Board of MinQuest believes that it is imperative that the Company undertake a wide ranging strategic review of the Company's business so as to maximise the returns for shareholders.

The Company has commenced this strategic review and as part of that review is currently investigating the following business opportunities:

- Identification of Australian gold projects with the following characteristics:
 - Near term production potential
 - High to moderate grade (>3g/t Au)
 - Simple metallurgy capable of being processed through low cost, off the shelf, modular processing plants
 - Low capital expenditure requirements
 - Targeting projects currently held by private companies with limited access to development capital and are motivated sellers.

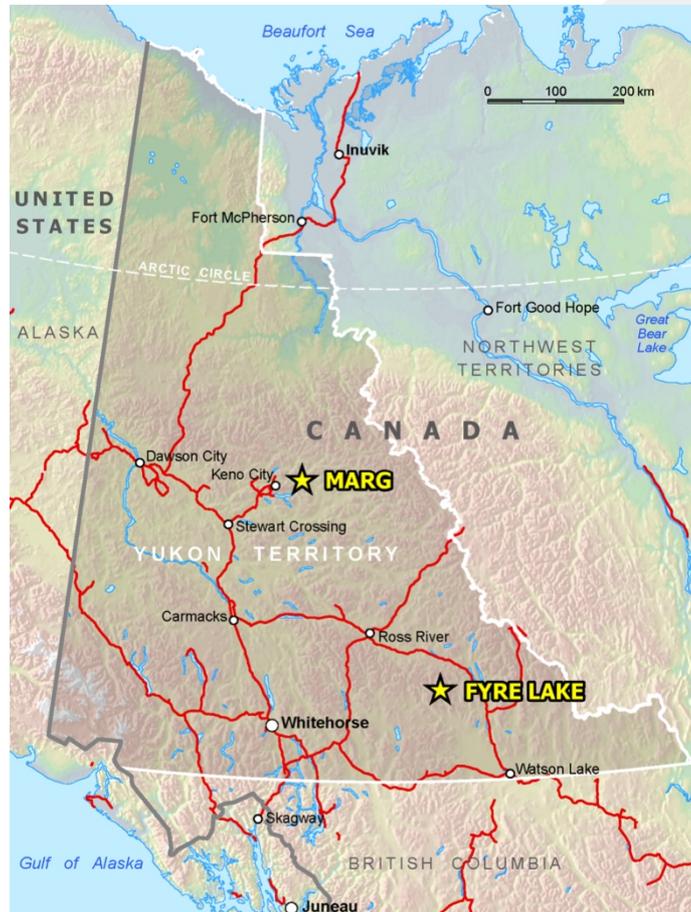
Discussions have commenced with several project vendors and due diligence is being undertaken with the objective of securing a gold project in early 2016.

- Investigation of investment opportunities outside of the resources sector. In the regard, the Company will investigate as part of its strategic review, global business opportunities with strong cash generation potential and good growth prospects.
- The Company continues to believe the Canadian assets have the potential to generate significant value when commodity prices improve. The Company considers that European and North American investors may have a greater appetite for investing in these projects and is investigating opportunities to access capital through offshore financial markets to finance the ongoing development of the Canadian assets.

The Company anticipates that the Strategic Review will be completed in the March Quarter and will update shareholders of any material developments as they occur.

MARG PROJECT, Yukon Territory (MinQuest earning up to 75%)

MinQuest announced on 17 March, 2015 that it had entered into a farm-in joint venture agreement to earn up to a 75% interest in the Marg VMS Project in the Yukon Territory. The property consists of 402 quartz mining claims covering over 8,400 hectares in the central part of the Yukon Territory.



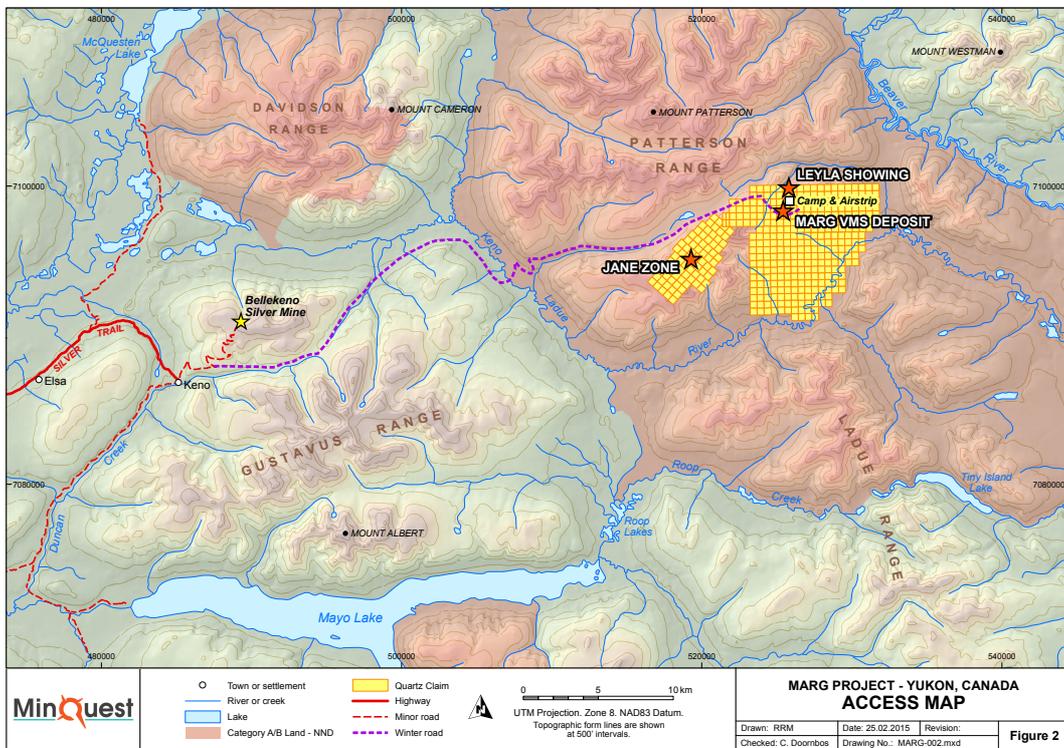
Project Geology

The Marg Project contains the main Marg deposit, which is a VMS deposit made up of three continuous units that contain the majority of the total defined Mineral Resource. The deposit is open along strike and at depth. The main economic mineral species are chalcopyrite, sphalerite and galena associated with pyrite occurring as massive to semi-massive lenses up to 20m thick (averaging 3m to 4m).

An evaluation of the deposit in terms of the mining potential shows that the higher-grade mineralisation is associated with the thicker zones of mineralisation and tend to cluster in the central area of the deposit, plunging to the east. To further understand the relationship between the higher grade and thicker mineralisation MinQuest completed an re-interpretation of the geology of the Marg deposit and produced a three dimensional model of the deposit geology. The new geological model was used to constrain a revision of the Mineral Resource for the Marg deposit (see below).

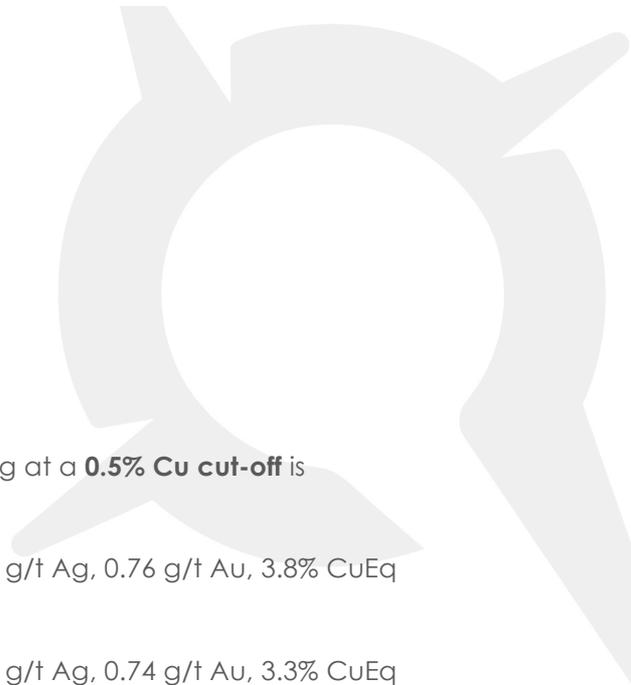
Exploration History and Mineral Resources

The Marg deposit has been explored by nine diamond drill exploration programs from 1988 to 2008. A total of 33,876 metres of diamond drilling in 117 holes has been completed on the Project. This drilling has defined mineralisation over 1400 metres strike distance, a down-dip distance of 700 metres and across a stratigraphic thickness of approximately 100 metres.



IMC Mining Pty Ltd (IMC) was engaged by MinQuest Limited (MinQuest) to undertake an independent Mineral Resource estimate of the Marg VMS Cu-Au-Zn deposit under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) guidelines, utilising the new geological model for the Marg deposit. Detailed information in relation to the updated Mineral Resource estimate is provided in the ASX release dated 6 October 2015 and titled "Updated Mineral Resource for the Marg Project".

Figure 2



The new 2015 total Resource estimate for the for Marg at a **0.5% Cu cut-off** is

Indicated

3.7 Mt @ 1.5% Cu, 2.0% Pb, 3.8% Zn, 48 g/t Ag, 0.76 g/t Au, 3.8% CuEq

Inferred

6.1 Mt @ 1.2% Cu, 1.7% Pb, 3.4% Zn, 44 g/t Ag, 0.74 g/t Au, 3.3% CuEq

Total

9.8 Mt @ 1.3% Cu, 1.8% Pb, 3.5% Zn, 46 g/t Ag, 0.75 g/t Au, 3.5% CuEq

There has been no additional drilling at the Marg deposit since the last resource estimate published within the NI43-101 report of 2013.

This update is based on MinQuest's improved geological interpretation which now includes the known structural understanding of the deposit and a more selective lens interpretation more suited for underground mining assessments.

A copper equivalent formulae was developed and is based on the relative price, recovery, concentrate grade and smelter payable factors as follows:

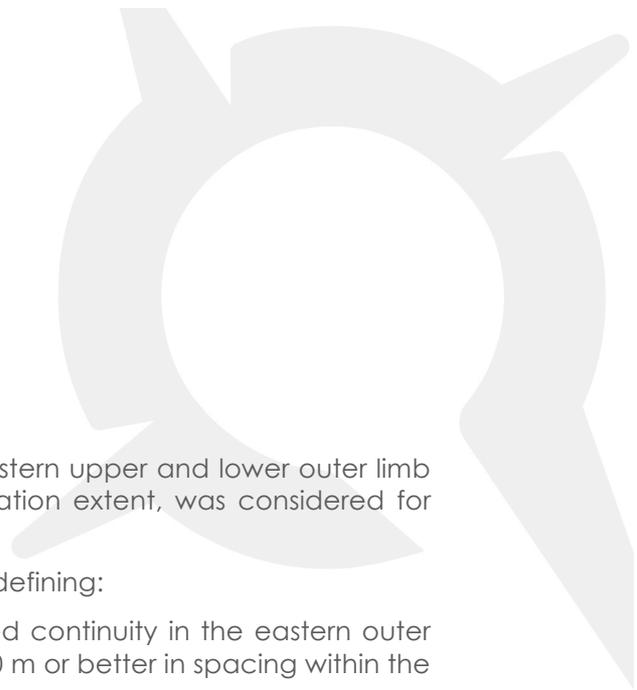
$$\text{CuEq} = \text{Cu} + 0.28 \text{ Pb} + 0.32 \text{ Zn} + 0.39 \text{ Au} + 0.0055 \text{ Ag}$$

This was based on

- Cu price of 2.5 US\$/lb and recovery of 80% (96.5% payable)
- Pb price of 0.8 US\$/lb and recovery of 70% (95% payable)
- Zn price of 0.8 US\$/lb and recovery of 90% (85% payable)
- Au price of 1100 US\$/oz and recovery of 50% (90% payable)
- Ag price of 16 US\$/oz and recovery of 50% (90% payable)

The Mineral Resource is presented at a 0.5% Cu cut-off. This is consistent with the previous reported resource in 2013 and it approximates the marginal cost of processing sulphide ores. This could effectively be reduced if the other potentially economic elements are considered but presents a reasonable basis for material likely to be considered for mineral processing.

Given the discrete lens type mineralisation style of VMS deposits the geological interpretation has a considerable bearing on the effective cut-off grade. That is there are no broad halo or disseminated low-grade zones, instead the low-grade zones comprise smaller lenses within waste or largely barren material. At Marg the reinterpretation of the deposits at a high-grade 2.0% CuEq cut-off has concentrated the majority of the significant intercepts to within the high-grade zones. As a result within the high-grade zone virtually all blocks are estimated above the 0.5% Cu cut-off used for reporting and the effective cut-off grade is that used for the interpretation, 2.0% CuEq.



The area of consistent coverage of drilling in the eastern upper and lower outer limb zones, that demonstrate continuity in the mineralization extent, was considered for Indicated Mineral Resource classification.

The resource classification process has the effect of defining:

- Indicated Resources by areas with demonstrated continuity in the eastern outer limb zones where the drilling is roughly 80 m by 40 m or better in spacing within the plane of the mineralisation.
- Inferred Resources including:
 - High-grade domains with limited extent
 - High-grade areas with broader drilling
 - All low-grade lenses interpreted

A full geological review of the available data for the Marg Project was completed in order to develop the new mineral resource. This included the geologic surface mapping from 2000 and 2005 and the drilling data (lithological, assay, etc.) that was completed between 1988 and 2008. There is no down hole structural data captured on the project. The structural data and interpretation completed during the surface mapping campaign added significantly to the updated geological interpretation.

A total of 21 north-south oriented cross sections were used for the geological modeling. Cross-section orientations were selected based on drill hole orientation, which are generally perpendicular to the strike of mineralization. The sections vary between 50 to 150 m.

The geological logs for each drill hole in the sections were examined to clarify the geological interpretation and to identify missing or erroneous lithology codes, which could affect the interpretation.

The geological model was utilized as a guide to the mineralization model, which was completed using a nominal section spacing of 50 m, though in places 25 m and 10 m sections were used where complex geometry required more detail. Two mineralisation models were completed, one of which encompasses the high-grade mineralised core whilst the other comprises a low-grade envelope surrounding the high-grade core. Both grade and width criteria were used in assigning material into either the high- or low-grade wireframes. For the high-grade mineralisation a minimum CuEq percentage of 2.0% and a minimum width of 2 m downhole were utilized. The criteria for the low-grade wireframe consisted of a minimum 0.5% CuEq over a minimum width of 1 m downhole. Using the above criteria, a total of seventeen high-grade and 9 low-grade discrete wireframes were created.

The previous 2013 interpretation and NI43-101 resource estimate had focused on the stacked echelon nature of the mineralization, truncated by the footwall fault. This did not adequately consider the pervasive folding of the area and separated the mineralization in broad zones.



Scoping Study

Mining Plus Canada Limited (Mining Plus) was engaged by MinQuest to undertake an independent review, at a Scoping Study level, of the mining parameters, costs and production schedule of the Marg VMS Cu-Au-Zn deposit located in the central Yukon Territory, Canada, under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 JORC Code) guidelines. Sedgman Canada (Sedgman) was also engaged to undertake an independent review of the capital cost assumptions used within the economic model presented within the Scoping Study. The Scoping Study is based on the mineral resource announced by MinQuest on October 6, 2015 as summarized above.

Mining Plus selected sublevel stoping with paste backfill as the preferred mining method. A production schedule was calculated using MSO stope optimiser, CAE Studio 5D Planner and Earthworks Production Scheduler, utilising a life of mine unit operating cost, inclusive of mining costs (underground capital development and operating costs) with ore development dimensions to support a 1.25Mtpa production rate. Additional development is included to support mining a high-grade portion of the near surface mineralisation. A total Base Case mining inventory of 8.35Mt at 1.22% Cu, 1.67% Pb, 3.21% Zn, 41.54g/t Ag, 0.70g/t Au, equating to 3.05% CuEq has been calculated.

For the Base Case mining inventory, the first year of planned production comprises 70% Indicated and 30% Inferred from the Mineral Resource. The second year of planned production utilises 64% Indicated and 36% Inferred from the Mineral Resource. Over the 7.5 year life of mine, the proposed production comprises 46% Indicated and 54% Inferred from the currently defined Marg Mineral Resource.

A summary of the key project parameters, costs and results can be found in table 1.

Table 1: Summary of Scoping Study Inputs and Results

	Base Case (8.35Mt)
Project Life (years)	7.5
Discount Rate (%)	10
Exchange Rate (US\$ to C\$)	1.3255
Copper Production (kt)	81.4
Zinc Production (kt)	241.4
Lead Production (kt)	97.3
Silver Production (koz)	8,695
Gold Production (koz)	104
Capital Construction Cost (US\$M)	174
Mining Cost (US\$/tonne ore)	31.9

	Base Case (8.35Mt)
Processing Cost (US\$/tonne ore)	15.5
Site Services Cost (US\$/tonne ore)	5.5
Mining Dilution (%)	7.5%
Mining Recovery (%)	95%
NPV ₁₀ (US\$M)	113
Internal Rate of Return (% p.a.)	29%
Payback Period (years)	3.75
NPV ₁₀ (A\$M)	157

Further details in relation to the key operating parameters are included in the MinQuest ASX announcement “Marg Scoping Study Confirms Potentially Viable Project” dated 25 November 2015.

Capital costs

Capital Costs have been determined to an accuracy of +/- 30%. They have been benchmarked from recently constructed operations and development plans in Canada and specifically in the Yukon. These costs have been reviewed by Sedgman who have confirmed that the estimates outlined are sufficient for operations in Northern Canada for this level of study. The capital expenditure was estimated in Canadian dollars and has been presented here in United States Dollars for ease of comparison to other projects. Table 2 outlines the capital construction costs including:

- Process Plant
- Surface Infrastructure
- Mine Portal Establishment and Ventilation Equipment (Underground Infrastructure)
- Tailings Storage Facility
- Water Treatment
- Waste Rock Stockpile Preparation
- Concentrate Haul and Project Access Road
- Power Transmission Line

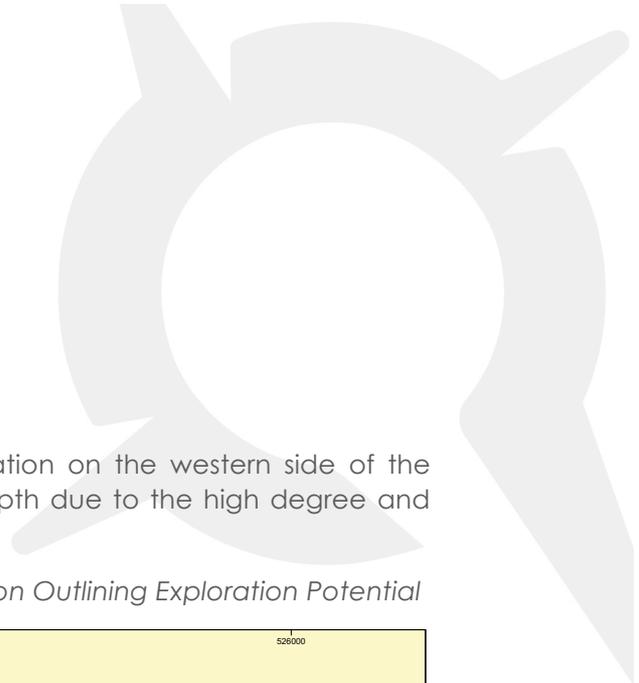
Table 2: Construction Cost Estimates for the Marg Project

Construction Capital	Cost (US\$M)
Process Plant	
Crusher Equipment and Conveyor	7.5
Rod and Ball Mill	11.3
Floatation Equipment	49.0
Process Plant Building and Heating	37.7
Filter Press and Concentrate Handling Equipment	7.5
Storage Facilities and Workshop	6.0
Misc. Equipment (Ventilation, Communication, etc)	1.5
Paste Plant	6.0
Misc. Other Capital	4.0
Total Process Plant	130.5
Other Infrastructure	
Surface Infrastructure	9.4
Camp and Administration Buildings	2.5
Underground Infrastructure	3.1
Tailings Storage Facility	3.8
Water Treatment	2.6
Waste Rock Stockpile Preparation & Other	1.5
Concentrate Haul and Access Road	15.1
Power Transmission Line	5.4
Total Other Infrastructure	43.4
Total Construction Costs	173.9

An additional US\$11.3M (C\$15M) has been included in the financial analysis for mine closure and rehabilitation with a commensurate bond assumed at project commencement.

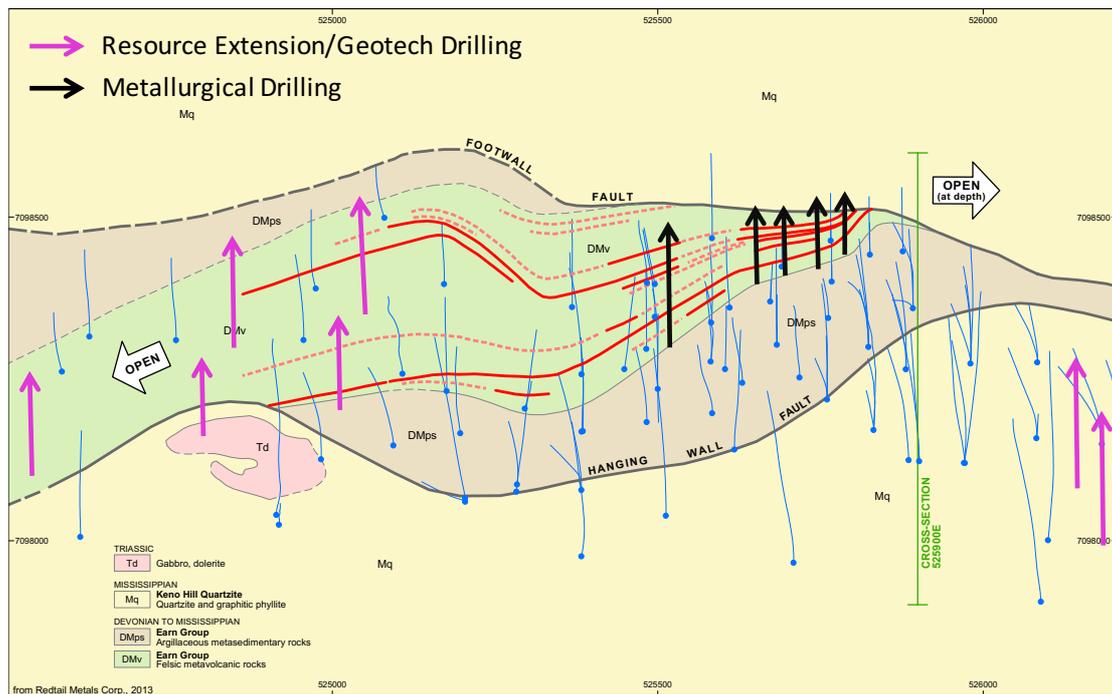
Exploration potential

The mineralisation at the Marg Project is hosted in metavolcanics of the Earn Group. The majority of the high grade and thicker mineralisation sits in the eastern anti-form fold hinge that plunges to the east-north-east at approximately 35-40 degrees (refer below figure). This fold hinge is subsequently eroded away to the west and the two fold limbs remain. A third fold limb has been identified to the west and these three



make up the majority of the high-grade mineralisation on the western side of the deposit. The fold limbs are highly attenuated at depth due to the high degree and multiple events of strain in the region.

Plan Map of Marg Geological Units and Mineralisation Outlining Exploration Potential



The Mineral Resource remains open in all directions and a high degree of exploration potential exists on the Marg Project. Any increase in the Mineral Resource could potentially enhance the economics of the Marg Project.

FYRE LAKE PROJECT, Yukon Territory (MinQuest earning up to 80%)

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

Kona Mineral Resource

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.

Table 3: Kona 2014 Resource estimate comparison at 1% Cu cut-off

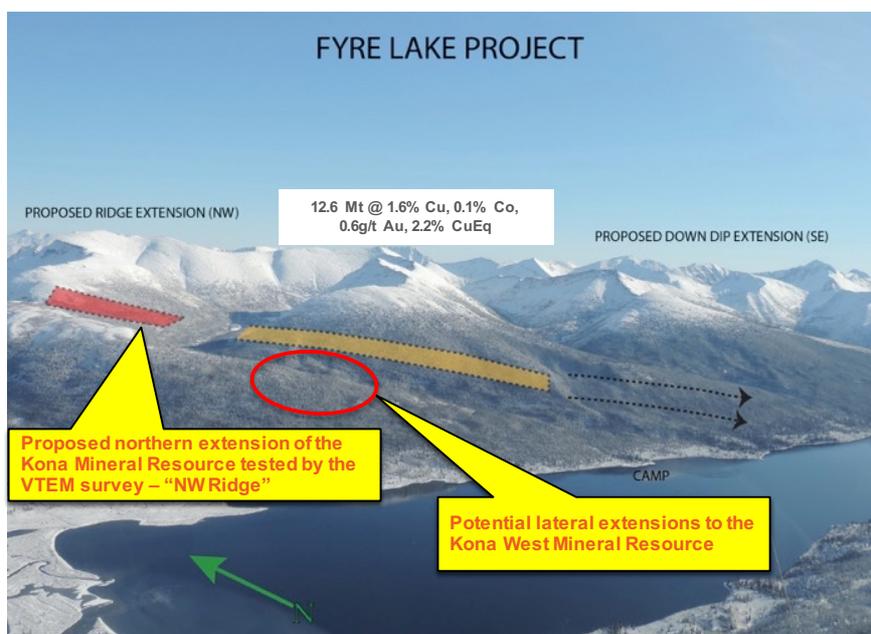
Estimate Year	Classification	Mt	Cu %	Co %	Au g/t
2014	Indicated	3.53	1.55	0.10	0.63
	Inferred	9.05	1.56	0.09	0.63
	Total	12.57	1.56	0.09	0.63

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

Exploration Objectives

MinQuest is aiming to undertake an exploration campaign at the Fyre Lake Project to increase the Mineral Resources to more than 18-19Mt at copper and gold grades similar to the currently defined Kona Mineral Resource (1.52% Cu and 0.56g/t Au).

Three highly prospective targets have been identified through re-interpretation of the geology of the Kona Mineral Resource and from interpretation of magnetic and electromagnetic data from a VTEM survey flown over the Fyre Lake Project in October 2014 (see ASX Announcement of 16 October, 2014).



The exploration program has been delayed until mid 2016, due to the onset of winter and the uncertainty surrounding the Wolverine CCAA process.

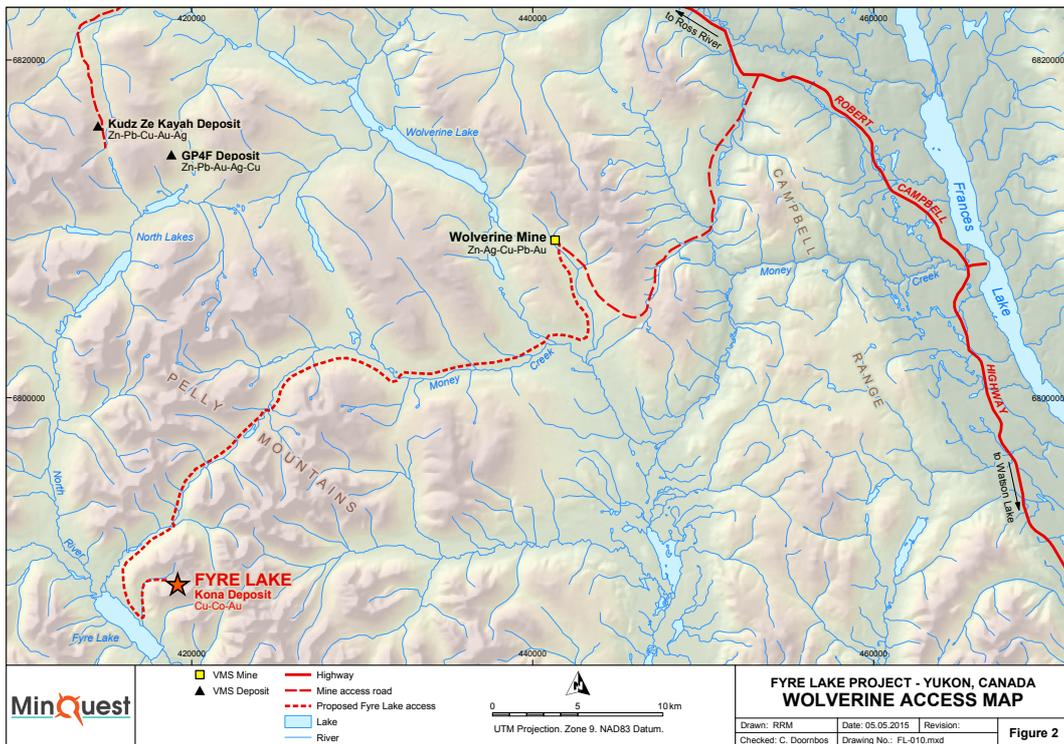


Wolverine Mine (YUKON ZINC CORP., YUKON TERRITORY, CANADA)

The Finlayson Lake District also hosts the Wolverine VMS deposit, currently owned by the Yukon Zinc Corporation. Wolverine is 28km to the north-east of Fyre Lake and commenced production in 2013 with a 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.

MinQuest has examined the possibility of utilising the existing processing and tailings management facilities at Wolverine to fast-track development of the Kona Mineral Resource on the Fyre Lake Copper Project.

Using the existing infrastructure at Wolverine could reduce pre-production capital expenditure for Fyre Lake by as much as CAD\$150-200M.



Yukon Zinc Corporation acquired the Wolverine Zinc Project in 2008 and following acquisition of the project, invested in excess of CAD\$600M to acquire, develop, put into production and fund the ongoing operation of the 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 mine was placed on Care and Maintenance in January 2015. On 13 March, the Supreme Court of British Columbia granted Yukon Zinc protection from its creditors pursuant to the Companies Creditors Arrangements Act. PricewaterhouseCoopers Inc. (PwC) was appointed as Monitor of Yukon Zinc.

Pursuant to a court sanctioned 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.

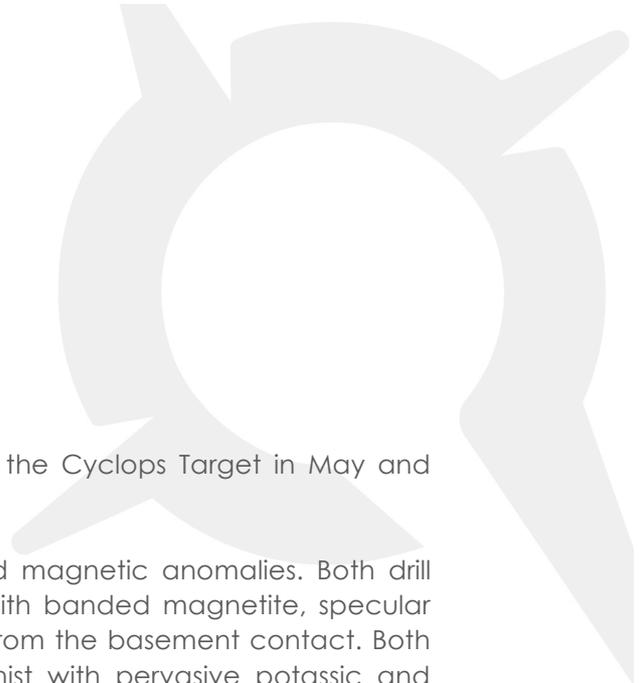
On 5 October 2015 PwC advised that Yukon Zinc had paid their creditors, including the Yukon Government, in accordance with the creditor plan of compromise and arrangement that was sanctioned by the Supreme Court of British Columbia on 23 September 2015 effectively terminating MinQuest's bid.

MinQuest believes 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. Although MinQuest's bid for the Wolverine Zinc mine has lapsed, MinQuest continues to monitor developments at Yukon Zinc and remains open to considering any opportunities that may arise to obtain access to the infrastructure at Wolverine.

MinQuest held two meetings with the executives of Yukon Zinc in November, 2015 to discuss business arrangements which would give MinQuest access to the processing plant at the Wolverine mine. To date it has not been possible to conclude a satisfactory arrangement with Yukon Zinc. MinQuest has also been in discussions with the Yukon Territory government regarding the future of the Wolverine mine and its applicability to helping fast track the Fyre Lake project into production. MinQuest is aware that the Wolverine mine is being allowed to flood. It is probable that the mine will, relatively soon, be at a point that it will not be economic to rehabilitate from water damage and recommence production, even with improved metal prices. This would then leave the Wolverine processing plant as a stranded asset which Yukon Zinc would then need to rehabilitate or sell to another party. MinQuest will continue its attempts to conclude a deal with Yukon Zinc for that surface infrastructure.

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

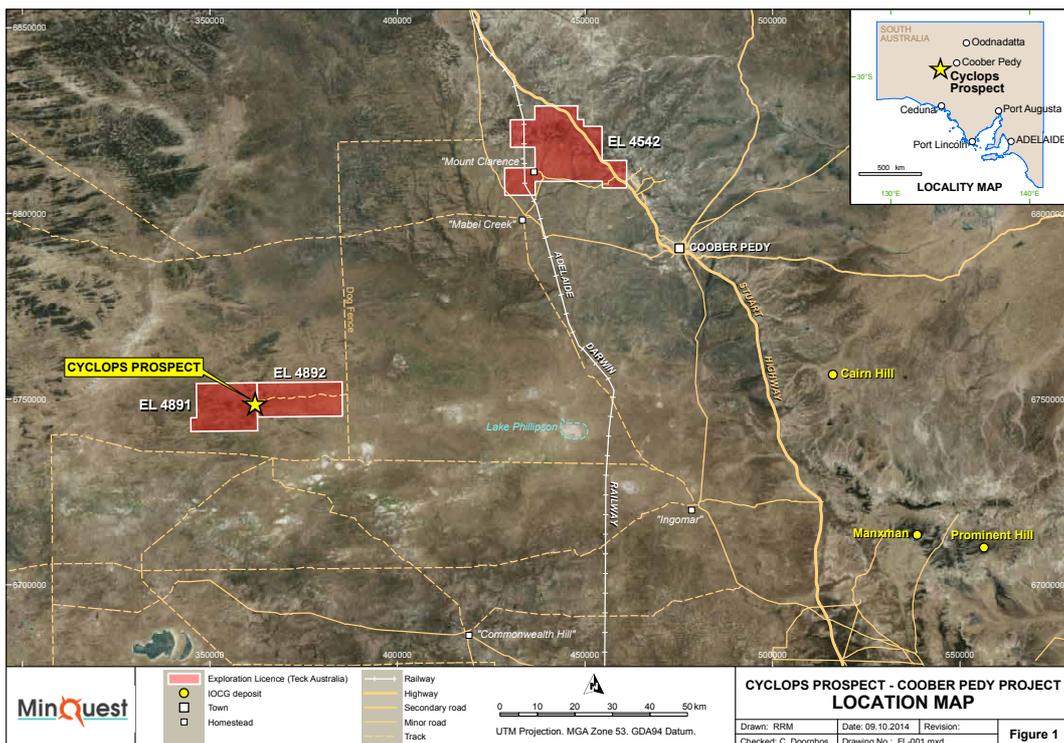
The Coober Pedy Project is currently 100% owned by Teck Australia Pty Ltd (Teck) and comprises three exploration licenses in the Gawler Craton, South Australia. Under the terms of a joint venture agreement with Teck, MinQuest has the ability to earn up to a 100% interest in the Coober Pedy Project.



An exploration drilling program was completed at the Cyclops Target in May and June 2015.

Two drill holes were completed to test gravity and magnetic anomalies. Both drill holes intersected a sequence of metasediments with banded magnetite, specular haematite and haematite and potassic alteration from the basement contact. Both drill holes were completed in a felsic intrusive schist with pervasive potassic and haematitic alteration.

The magnetite intersected in both drill holes is interpreted to be the causative source of the gravity and magnetic anomalies.



MinQuest will complete age dating of the felsic intrusive unit intersected in both drill holes at Cyclops. The objective of the age dating will be to determine if the rocks intersected at Cyclops are the same, or similar age, to the rocks hosting the copper-gold mineralisation at the Prominent Hill mine. If the age of the Cyclops rocks is similar to the host rocks at Prominent Hill, then further drilling could be warranted at the Cyclops Prospect. However, if the Cyclops rocks are significantly older than the host rocks at Prominent Hill it will be difficult to justify further drilling at Cyclops.



It is anticipated that the age dating of rocks from the Cyclops prospect will be completed in the June 2016 quarter.

CORPORATE

On 16 November 2015, the Company announced that it had renegotiated the terms of the Convertible Loan Facility with Magna Equities II LLC ("the Facility") to better reflect MinQuest's short term financing requirements as follows:

- o The balance of funds to be drawn by MinQuest under Tranche A of the Facility was increased from US\$340,000 to US\$420,000 and will be received by MinQuest in seven monthly instalments of US\$60,000. The first instalment was received by MinQuest in December 2016.
- o MinQuest will not draw down Tranche B of the Facility.

The Company held two general meeting of shareholders during the Quarter:

- o On 7 October 2015 an Extraordinary General Meeting of Shareholders primarily to receive shareholder approval for the Convertible Loan Facility and to refresh the Company's placement capacity under Listing Rule 7.1. All resolutions put to the meeting received unanimous shareholder approval.
- o On 30 November 2015 the Company held its Annual General Meeting of shareholders. All resolutions put to the meeting received approval from greater than 99% of voting shareholders.

On 23 December 2015, the Company announced that Mr Frank Terranova would be appointed Chairman of the Company. Mr Terranova is to replace Mr David Deloub who steps down as a director of the Company after almost two years as Chairman. Mr Terranova's appointment became effective on 20 January 2016. The Directors of MinQuest thank Mr Deloub for his excellent stewardship and strong leadership over what was an important period of corporate renewal.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "J Read", located below the "Yours faithfully," text.

Jeremy Read
Managing Director



Competent Person Statement - Mineral Resource

Marg Project Mining Parameters and Production Schedule

The open pit and underground mining parameters, costs and production schedule for the Marg mining scoping level study were completed under the supervision of Neil Schunke, Principal Mining Consultant, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Mining Plus Canada Consulting Ltd. Mr Schunke has sufficient experience that is relevant to mining studies 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' or as a Qualified Person under NI43-101.

Marg Project Exploration Results

The information in this presentation that relates to the Marg Project exploration results, interpretations, exploration potential and review was completed Mr Chris Doornbos who is a Member of the Australasian Institute of Mining and Metallurgy, a Professional Member (P.Geo) of the Association of Professional Engineers and Geoscientist of Alberta (APEGA). Mr Doornbos 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' or as a Qualified Person under NI43-101. Mr Doornbos is the Exploration Manager of MinQuest and currently has a relevant interest in 6,333,005 Fully Paid Ordinary shares.

Marg Project Mineral Resources

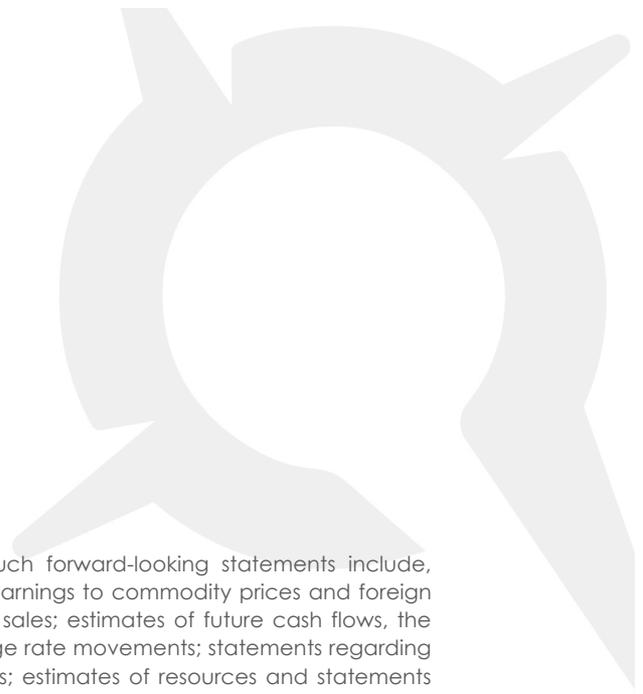
Mineral Resource Estimation was completed by Mr John Horton, Principal Geologist, who is a Fellow of the Australasian Institute of Mining and Metallurgy, a Member of the Australian Institute of Geoscientists and sub-contracted to IMC Mining Pty Ltd. Mr Horton has sufficient experience that is relevant 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' or as a Qualified Person under NI43-101.

Fyre Lake Project Exploration Results

The information in this presentation that relates to Fyre Lake 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 ha a relevant interest in 12,592,434 Fully Paid Ordinary Shares.

Fyre Lake Project Mineral Resources

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.



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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

MINQUEST LIMITED

ABN

21 146 035 127

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts	-	-
1.2 Payments for (a) exploration & evaluation	(530)	(1,213)
(b) development	-	-
(c) production	-	-
(d) administration	(178)	(435)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(708)	(1,648)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(106)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – refund of bid deposit	250	250
Net investing cash flows	250	144
1.13 Total operating and investing cash flows (carried forward)	(458)	(1,504)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(458)	(1,504)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	159	1,816
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(250)
1.18	Dividends paid	-	-
1.19	Other (costs of raising capital)	-	(109)
	Net financing cash flows	159	1,457
	Net increase (decrease) in cash held	(299)	(47)
1.20	Cash at beginning of quarter/year to date	370	111
1.21	Exchange rate adjustments to item 1.20	-	7
1.22	Cash at end of quarter	71	71

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees paid to Non Executive Directors and salary payments to the Managing Director

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	514 [#]	-
3.2 Credit standby arrangements	-	-

At 31 December 2015 the Company is able to draw down a further six tranches of US\$60,000 in funding under the Convertible Loan Facility with Magna Equities II LLC

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	96
4.2 Development	-
4.3 Production	-
4.4 Administration	165
Total	261

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	44	343
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other - Term Deposits	27	27
Total: cash at end of quarter (item 1.22)	71	370

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/a		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	-	-	-	-
7.2				
	(a) Increases through issues	-	-	
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	
7.3	248,658,079	248,658,079		
7.4				
	(a) Increases through issues	23,628,049	\$0.02 per share	\$0.02 per share
		1,231,032	\$0.017 per share	\$0.017 per share
		10,000,000	\$0.03 per share	\$0.03 per share
		2,457,808	\$0.017 per share	\$0.017 per share
	(b) Decreases through returns of capital, buy-backs			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.5	+Convertible debt securities (description)	1 <i>Convertible note expiring 10 August 2016</i>	-	US\$184,000	US\$109,000
		1 <i>Convertible note expiring 25 November 2016</i>	-	US\$69,000	US\$69,000
		1 <i>Convertible note expiring 22 December 2016</i>	-	US\$69,000	US\$69,000
		<i>Each convertible note may be converted into equity securities at the lower of 85% of the 5 day VWAP or \$0.05 per share.</i>			
7.6	Changes during quarter				
	(a) Increases through issues	1	-	US\$69,000	US\$69,000
		1	-	US\$69,000	US\$69,000
	(b) Decreases through securities matured, converted	Partial conversion into ordinary shares		US\$45,000	US\$45,000
7.7	Options (description and conversion factor)	72,816,669	72,816,669	<i>Exercise price</i> \$0.045	<i>Expiry date</i> 11 May 2017
		7,923,067	-	\$0.045	11 February 2017
		6,000,000	-	\$0.045	10 August 2017
		1,696,756	-	\$0.10	10 August 2018
7.8	Issued during quarter	22,500,000	22,500,000	\$0.045	11 May 2017
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 January 2016

Print name: Stephen Kelly
(Company Secretary)

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