MinQuest Limited

(ACN 146 035 127)

Annual Report

For the Financial Year Ended 30 June 2015

CONTENTS

Competent Person Statement - Mineral Resource

The Mineral Resource estimates for Kona and the Marg are 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.

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.

The information in this ASX Announcement relating to the 2006 Mineral Resource estimate for the Kona Deposit is extracted from the ASX Release entitled "Merah Resources to Acquire Copper Project in the Yukon, Canada" announced on 18 July 2014 and is available to view on the ASX website (ASX:MNQ), and the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, that all material assumptions and technical parameters underpinning the resource estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

CORPORATE DIRECTORY

NON-EXECUTIVE CHAIRMAN
David DeLoub

NON-EXECUTIVE DIRECTORS
Adam Davey
Paul Niardone

MANAGING DIRECTOR
Jeremy Read

COMPANY SECRETARY
Stephen Kelly

REGISTERED OFFICE
Suite 1
47 Park Road
MILTON QLD 4064
Telephone: + 61(7) 3511 6570
Facsimile: + 61(7) 3369 3305
www.minquest.com.au

AUDITORS
HLB Mann Judd
(WA Partnership)
Level 4
130 Stirling Street
PERTH WA 6000

SHARE REGISTRY
Boardroom Pty Ltd
Grosvenor Place
Level 12
225 George Street
SYDNEY NSW 2000
Telephone: + 1 300 737 760
Facsimile: + 61 (2) 9290 9655

BANKERS
Commonwealth Bank of Australia
150 St Georges Terrace
PERTH WA 6000

SECURITIES EXCHANGE LISTING
Australian Securities Exchange
(Home Exchange: Sydney, New South Wales)
Code: MNQ

DIRECTORS' REPORT

The Directors of MinQuest Limited ("MinQuest" or the "Company") submit herewith the financial report of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of Directors who held office at any time during the financial year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Officer Name	Position	Date of Appointment	Date of Cessation
David Ross DeLoub	Non-Executive Chairman	09/09/2011	-
Ian Prentice	Director	27/08/2010	31/10/2014
Jason Eveleigh	Director	30/04/2014	30/09/2014
Jeremy James Read	Managing Director	30/09/2014	-
Adam Stuart Davey	Non- Executive Director	30/09/2014	-
Paul Niardone	Non-Executive Director	12/11/2014	-

Names, Qualifications, Experience and Special Responsibilities of Directors

David DeLoub B.Ec (Hons), BA, Grad. Dip. Bus, Grad. Dip. FINSIA – Non-Executive Chairman

Mr DeLoub has over 22 years of experience in the finance and corporate sectors and holds a degree in economics and post graduate qualifications in banking and finance.

Prior to joining MinQuest, Mr DeLoub was the Chief Financial Officer at the ASX listed Company, Neptune Marine Services Limited. He was also a director of Patersons Capital Partners, a boutique advisory firm focused on providing strategic and financial advice to ASX listed small cap companies. Mr DeLoub also has considerable finance and business development experience both in Australia and abroad where he has held senior finance positions at Alinta Limited domestically and at Alcoa Inc, based in New York.

Jeremy Read – Managing Director**,** B.Sc (Hons)

Mr Read has 26 years domestic and international minerals exploration experience and was previously the Manager of BHP's Australian Exploration Team. He has extensive exploration experience for copper, nickel and gold mineral deposits having played a critical role in the discovery of Cairn Hill Cu-Fe deposit in South Australia and the Kabanga North Ni deposit in Tanzania.

Mr Read was the founding managing director of Discovery Metals Limited (Discovery) from its incorporation in May 2003, until his appointment as a non-executive director on 1 February 2008. Mr Read secured the Boseto Copper Project for the Discovery Metals and was responsible for all Discovery Metals' fund raising activities and for listing Discovery Metals on the Australian Securities Exchange, Botswana Stock Exchange and the Alternative Investment Market in London.

Mr Read was also the founding managing director of Meridian Minerals Limited, obtained the Lennard Shelf Zn-Pb Project for Meridian and led the company until its takeover by the Chinese mining company NWME.

In the past three years Mr Read has served as a Director of Discovery Metals Limited, Avalon Minerals Limited and Oresearch Limited.

Adam Davey – Non-Executive Director

Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties. Adam has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including chairman, managing director, non-executive director, major shareholder and corporate adviser to the board

Mr Davey is a non-executive director of Ensurance Limited.

Paul Niardone - Non-Executive Director

Mr Niardone is currently the CEO of the Ausnet Group, a real estate and financial services group of companies with $2 billion of property sales and $1 billion loan book. Paul was also the Executive Director and founder of Professional Public Relations (WA), the largest PR and communications firm in Western Australia, and the founding Chairman of Bellevue Resources Limited.

Mr Niardone has experience in marketing, investor relations and strategic planning in both the public and private sectors. He has been a member of the Australian Marketing Institute, the Institute of Management Consultants and the Institute of Company Directors.

Mr Niardone is a Non-Executive Director of Avalon Minerals Limited.

Company Secretary

Mr Stephen Kelly was appointed to the positions of Company Secretary and Chief Financial Officer on 1 June 2015.

A qualified Australian Chartered Accountant, Mr Kelly previously was Chief Financial Officer at Allied Gold Mining PLC. He has more than 25 years' international experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development and banking and finance. Mr Kelly is a Member of Chartered Accountants in Australia and New Zealand. Mr Kelly is a Director of Chesser Resources Limited.

During the financial year, the position of Company Secretary was also held by the following persons:

- Ms Suzie Foreman held the position of Company Secretary from the beginning of the financial year to 30 November 2014.
- Ms Kym Clark held the position of Company Secretary from 1 December 2014 to 31 May 2015.

OPERATIONS REPORT

Principal Activities

On 18 July, 2014, MinQuest Limited ('MinQuest') announced it was acquiring the Australian, unlisted public company, Oresearch Limited. The acquisition of Oresearch marked a major strategic change for MinQuest, as it moved the focus of its activities from gold exploration in West Africa to the exploration and potential subsequent development of advanced multi-commodity, copper rich, Volcanogenic Massive Sulphide ('VMS') deposits in Western Canada.

The rationale for re-focussing the activities of the Company on VMS deposits in Western Canada is that there are a number of advanced projects, containing Mineral Resources, available for purchase or joint venture and in comparison to Australia the Canadian projects are more advanced, with higher quality mineral resources, which have a higher probability of being able to be profitably put into production.

VMS are also very well suited to being explored and developed by junior resource companies due to the following characteristics:

- Often occur in clusters so there is a high probability of finding additional deposits
- Multi-commodity with by product credits
- High-grade
- Compact size so feasibility studies and drill programs can be funded without having to bring in a major resource company as a project partner

MinQuest's first project in Western Canada was the Fyre Lake Project situated in the Finlayson Lake district, of the south-east Yukon Territory, where it is one of three significant mineral resources. The Fyre Lake Project contains the Kona Mineral Resource, which was discovered in the mid 1990's and was last drilled in 1997. MinQuest believe that it will be possible to extend the current Mineral Resource at the Kona Prospect such that development of the Mineral Resource as a stand-alone project will become a possibility.

Through the acquisition of Oresearch, MinQuest also obtained the right to earn up to a 100% interest in the Coober Pedy Project in central South Australia. The objective of exploration on the Coober Pedy project is to discover a world-class Iron Oxide Copper Gold ('IOCG') deposit within the Gawler Craton, which is the world's premier geological terrane for IOCG deposits, such as the giant Olympic Dam deposit. The Coober Pedy project contains the Cyclops target, which is a target analogous to the Prominent Hill IOCG mine. The Cyclops target is defined by geophysical magnetic and gravity data that have similar size and intensity to the geophysical anomalies associated with the Prominent Hill mine. Drilling of the Cyclops target occurred in May and June 2015. Two holes were drilled with both holes intersecting broad intervals of magnetite with some hematite alteration and trace amounts of copper and zinc. The broad intervals of magnetite in both holes is considered sufficient to explain the gravity and magnetic anomalies at Cyclops. MinQuest will now complete age dating of the rocks intersected in both holes to determine whether the rocks intersected are a similar age to the rocks hosting the world-class Prominent Hill copper-gold mine, to the south-east of Coober Pedy. The age dating of the rocks may take up to 6 months to complete, as the rocks need to be age dated at an academic institution. If the rocks intersected at Cyclops are determined to be of a similar age to to rocks at Prominent Hill then further drilling of the Cyclops prospect will be warranted.

On 17 March, 2015, MinQuest announced that it had acquired the rights to earn up to a 75% interest in the Marg Project, a Cu-Zn-Pb-Au-Ag VMS Deposit located in the Yukon Territory of Canada. The Marg Deposit is a high-grade VMS deposit containing a total Mineral Resource of 11.74Mt at 1.27% Cu, 3,23% Zn, 1.55% Pb, 0.61g/t Au and 39.78 g/t Ag (3.6% Cu equivalent). MinQuest is currently undertaking a re-estimation of the Marg Mineral Resource prior to completing a Scoping Study. If the Scoping Study is positive and indicates that the Marg Project could sustain a stand alone operation, then MinQuest will look to complete a pre-feasibility study on the Marg Project in 2016.

MinQuest believes that the overall combined grade of the Fyre Lake and Marg Projects, which at 3% CuEq is significantly above the 0.8% CuEq average for ASX listed pre-production copper projects, sets MinQuest apart from its peers. MinQuest is positioning itself to create value for its shareholders through progressing assessment of its projects which will allow MinQuest to capitalise on any increase in metal prices within the next one to two years.

MinQuest has an active project generation program and it will continually seek out new project opportunities that will add value for shareholders. MinQuest's current focus for its project generation program is to locate a value adding project, currently in production which would give MinQuest access to ongoing cash-flow.

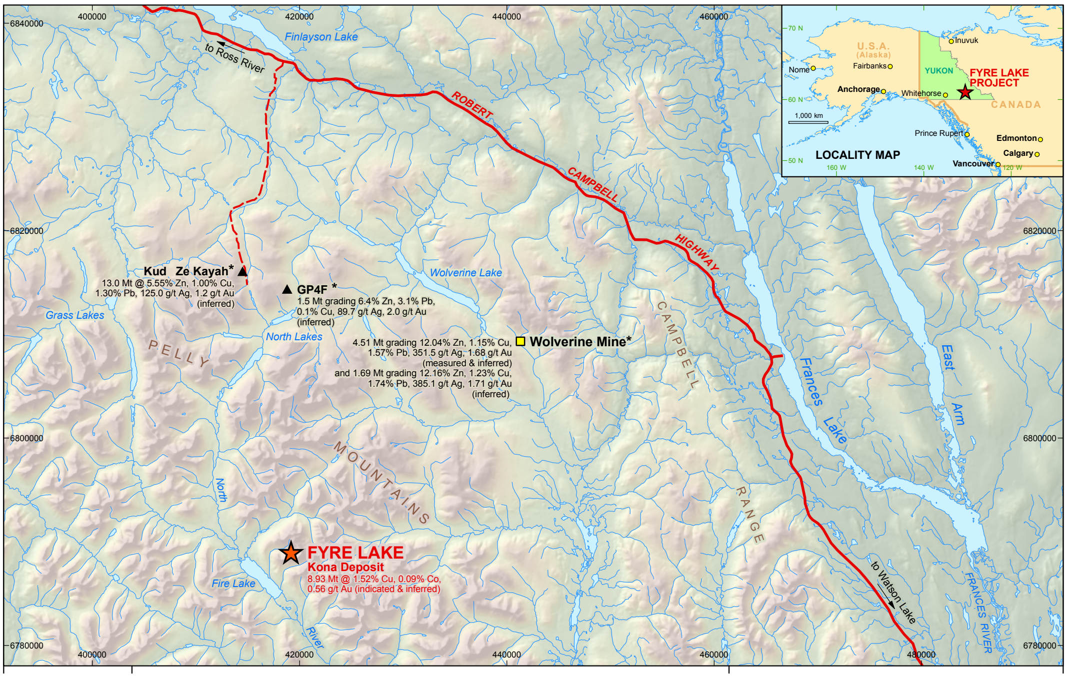
Results of Operations
The Group's loss after providing for income tax amounted to $1,703,733 (2014: Loss $792,267).

FYRE LAKE PROJECT, Yukon Territory (MinQuest earning to 70%)

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

The Finlayson Lake District also hosts the Kudz ze Kayah and Wolverine VMS deposits. Wolverine, occurs 25km to the north-east of Fyre Lake and commenced production in 2013 with 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.

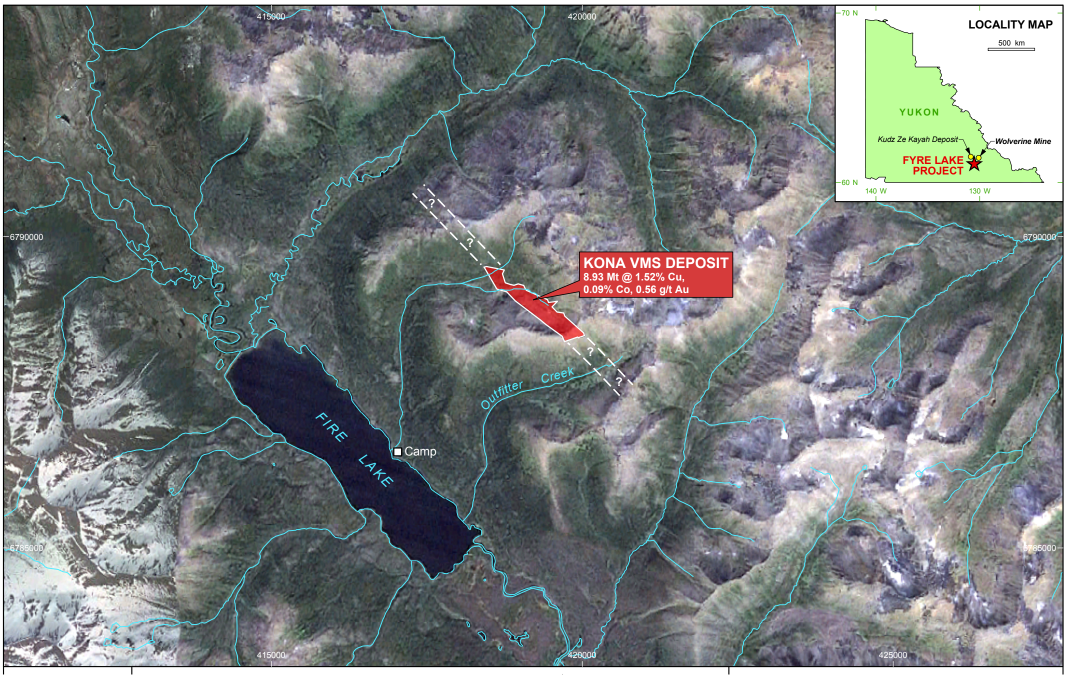
Figure One – Location of Fyre Lake Project



Exploration History

During 1996 and 1997 the current Kona deposit was delineated with 23,200m of drilling in 115 holes. The Kona Deposit consists of two parallel, fault separated, north-west trending zones of Cu-Co-Au VMS mineralization found in horizons with mineralized thicknesses varying from 8 m to 40 m over a length of 1,500 m and a width of 250 m (Figure Two).

Figure Two – Kona VMS Deposit



The 1996-1997 drilling delineated a total Mineral Resource at the Kona deposit, of 8.9 Mt @ 1.52% Cu, 0.09% Co and 0.56 g/t Au, utilizing a 1.0% Cu cut-off, which was classified under the JORC code (2012). Metallurgical studies indicate metal recoveries of 90% for copper and 70% for gold and cobalt.

Table One – Kona Deposit Mineral Resource

Resource Class	Tonnes (Mt)	Cu (%)	Co (%)	Au (g/t)
Indicated	3.57	1.57	0.1	0.61
Inferred	5.36	1.48	0.08	0.53
Total	8.93	1.52	0.09	0.56

The Kona Mineral Resources above are reported in accordance with the guidelines of the 2012 edition of the Australasian Code for reporting of Exploration Results, Minerals Resources and Ore Reserves (the JORC Code). Refer to MinQuest Ltd announcement dated July 18, 2014, entitled "Merah Resources to Acquire Copper Project in Yukon, Canada".

The mineralisation at Kona remains open down plunge and down dip to the east and west with indications that the grade increases with depth.

No drilling has been conducted on the Fyre Lake project since 1997, despite the Kona Mineral Resource being open and exploration targets remaining untested.

Exploration Objectives

MinQuest's objective is to increase the size of the Kona Mineral Resource via infill and extensional drilling, in order to define a Mineral Resource, which will support an economically viable, stand-alone mining and processing operation.

Additional exploration potential remains, over and above determining the ultimate size of the Kona Mineral Resource. A 4km long exploration target located north-east of Kona and a three kilometre-long exploration target lying west of Kona (both based on magnetic and conductive anomalies) are larger and more intense as compared to the magnetic feature associated with the Kona mineralization. These anomalies are hosted in the Kudz Ze Kayah (KZK) Formation, which also hosts the KZK Deposit 25km to the north of Fyre Lake. These anomalies are high priority drill targets for discovery of additional VMS deposits.

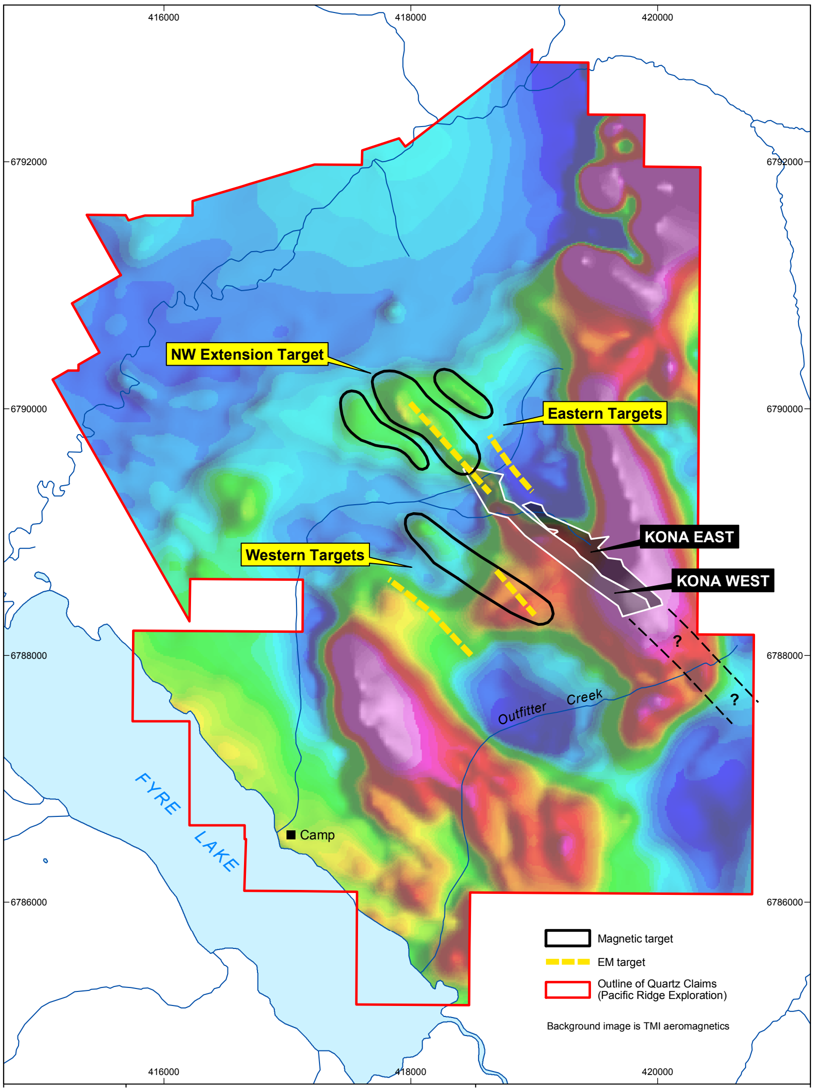
VTEM Survey Results

On 16 October, 2014, MinQuest announced that the VTEM airborne electromagnetic ("EM") and magnetic survey, conducted by Geotech over the Fyre Lake Project, had been completed. The VTEM survey was conducted to determine the character of magnetic and EM responses from the currently defined Kona Mineral Resource, to explore for possible extensions to the Kona copper mineralisation and generate new exploration targets.

The mineralisation of the Kona Mineral Resource consists of two distinct, and largely mutually exclusive, mineralisation styles. The lower zone is distinctly magnetite dominant (>50%), containing disseminated to semi-massive copper sulphide mineralisation, specifically pyrite, chalcopyrite and minor pyrrhotite. The lower zone is thought to be responsible for the majority of the magnetic anomaly detected over the Kona Mineral Resource. The upper mineralised zone is sulphide dominant (>50%), containing massive to semi massive pyrite, chalcopyrite and pyrrhotite. Due to the pyrrhotite content it is interpreted that the upper zone is responsible for the majority of the EM, conductive response.

Magnetic and EM anomalies associated with the Kona Mineral Resource have been detected north-west for a further 1km, beyond the current limit of drilling, suggesting the Kona mineralisation extends beyond its currently defined limits. (Figure Three).

Figure Three – Fyre Lake Electromagnetic and Magnetic Targets



Additional anomalies have been discovered both east and west of the Kona Mineral Resource. These anomalies consist of both EM and magnetic responses that are consistent in dimensions and magnitude to the Kona Resource. It is believed that these anomalies could be related to fault-separated sections of the main Kona deposit and represent high priority drill targets as they may represent new lenses of VMS mineralisation.

Check Assay Results

On 21 November 2014, MinQuest announced the results of check assays completed on samples of quarter core from drill holes completed in either 1996 or 1997, when the Kona Mineral Resource was initially drilled.

The check assays confirmed that high-grade copper-cobalt-gold mineralization occurs along the strike length of the currently defined Kona Mineral Resource Furthermore; the historical assays were of sufficient quality to allow a re-estimation of the Kona Mineral Resource to be completed.

APEX Geosciences from Edmonton, Alberta was contracted to complete the re-sampling of the 1996 and 1997 drill holes. ALS Laboratory of Vancouver, British Columbia was contracted to complete the sample analysis. Industry standard QA/QC samples were included into the analysis including standards, blanks and duplicates. The overall performance of the QA/QC samples was good with all results well within expectable ranges.

Comparing the new results to the historical results showed a net grade increase of 2.7% for Cu, 12% increase in Co and 0.1% increase in Au (Table Two). The overall net grade effect was a 3.7% increase and is considered within the tolerance given the natural heterogeneity in the mineralisation.

Re-estimation of the Kona Mineral Resource

On 23 January, 2015, MinQuest Limited announced an updated Mineral Resource for the Kona deposit on the Fyre Lake Project. MinQuest contracted IMC Mining Pty Ltd (IMC) to complete an independent review of the geological model for the Kona deposit, along with historical and recent assays and QA/QC results. From this work IMC have completed a new Mineral Resource estimate under JORC 2012 guidelines, for the Kona deposit.

The Kona Mineral Resource, on the Fyre Lake Project, is defined by six mineralised domains that are controlled in their lateral and vertical extents by the constraints of the geological model. The geological model was created from lithological descriptions and litho-geochemical data generated from drill programs completed in 1996 and 1997. This information allowed for the definition of the major geological units and a better delineation of the faults which bound the Kona East and Kona West mineralised zones. From this work, the geological model defined the six mineralised zones, which make up the Kona mineralised domains as defined in Table Two. Each zone was first outlined based on the geological description defining the mineralised zones (as disseminated, semi-massive or massive sulphides) and were further refined based on a defined assay sample selection criteria of at least 0.5% Cu over at least 2m true width.

Table Two: Kona 2014 Resource Estimate by Domain

Domain	Description	Indicated Resource Proportion	Mt	Cu %	Co %	Zn %	Au g/t	Density t/m^3
1	Kona West Main Lens	20%	7.20	1.57	0.09	0.20	0.45	3.36
2	Kona West Lower Lens	98%	0.03	1.09	0.03	0.12	0.16	3.38
3	Kona East Upper Main Lens	81%	1.32	1.64	0.10	0.14	0.40	3.25
4	Kona East Lower Main Lens	25%	3.90	1.50	0.10	0.55	1.04	3.67
5	Kona East Lower Minor Lens	0%	0.00	1.05	0.09	0.63	0.49	3.12
6	Kona West Upper Minor Lens	0%	0.11	1.77	0.04	0.07	0.53	3.41
Total		**28%**	**12.57**	**1.56**	**0.09**	**0.30**	**0.63**	**3.44**

The Mineral Resource was completed with a parent block size of 12.5m by 12.5m by 2.5m (x y z) with a sub-block size of 6.25m by 6.25m by 1.25m. The assay data was composited to a regular 1m interval, except on lithological breaks. The resource estimation used Ordinary Kriging methods to estimate Cu, Co, Au, Ag and Zn grades as well as bulk density. The resource estimate is outlined in Table Three compared to the Kona Mineral Resource (2006) which was defined prior to MinQuest's entry into the Fyre Lake Project. The resource remains open at depth to the south-east, laterally east and west and across the Kona Cirque valley to the North-West ridge.

Table Three: Kona 2006 and 2014 Resource estimate comparison at 1% Cu cut-off

Estimate Year	Classification	Mt	Cu %	Co %	Au g/t	CuEq* %
2006	Indicated	3.57	1.57	0.1	0.61	2.26
	Inferred	5.36	1.48	0.08	0.53	2.05
	Total	**8.93**	**1.52**	**0.09**	**0.56**	**2.15**
2014	Indicated	3.53	1.55	0.10	0.63	2.25
	Inferred	9.05	1.56	0.09	0.63	2.22
	Total	**12.57**	**1.56**	**0.09**	**0.63**	**2.22**

* The basis of the CuEq calculation is defined in Table Four (below)

The 2006 resource model was blocked at a regular 4m by 4m by 4m block size with no sub-blocking. The search and estimations parameters were not described in the 2006 NI 43-101 report.

A comparison of the total reported mineralisation blocks in each model (i.e. no cut-off), includes:

- 2014 model 4.5 Mm^3 @ 1.33% Cu at 3.43 t/m^3
- 2006 model 5.8 Mm^3 @ 0.97% Cu at 3.44 t/m^3

  note: the 2006 model is for a 0.01% Cu cut-off and appears to also exclude 10% of the total model volume

The Copper Equivalent (CuEq) values are calculated based on the metrics in Table Five, such that CuEq = Cu Grade + (Co Grade x Co Recovery x Co Price) + (Au Grade x Au Recovery x Au Price) / (Cu Recovery x Cu Price). Recovery values have been taken from preliminary metallurgy work competed on the project in 1997.

Table Five – Values used to calculate copper equivalence (USD)

Type	Value	Unit
Cu price	$3.00	$/lb
Co price	$15.00	$/lb
Au price	$1300	$/troy oz
Cu recovery	90	%
Co recovery	70	%
Au recovery	70	%

It is the company's opinion that the metals used to calculate the copper equivalent grade have a reasonable chance of being recovered and sold.

A comparison of the updated mineral resource estimate to the previous 2006 estimate indicates the change in estimate is not related to extrapolation but is a result of a number of improvements in the interpretation and block estimates that have resulted in an increase in grade and tonnages above the 1% Cu cut-off. A comparison between the 2006 and the new updated resource estimate indicates that the new model has:

- More selective domain definition keeping strictly to a 0.5% Cu cut-off, reducing the mineralisation domain samples by 17% and increasing the Cu grade by 23%.
- Different mineralisation shapes with a 32% decrease in total volume and 21% decrease in the estimated block model volumes reported.
- Reduced smoothing of the estimates due to the reduction in block height from 4m to 2m and improved search ellipse orientation for estimation.
- Previous work included drill holes that were not assayed (3% of the data). Current interpretations excluded unassayed intervals on the assumption that no mineralisation is present if not selected for assaying. This has improved the robustness of the domain interpretations.

Proposal to acquire the Wolverine Zinc Mine, Yukon Territory

The Finlayson Lake District also hosts the Wolverine VMS deposit. 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.

In July 2015, MinQuest submitted a conditional, non-binding offer for the Wolverine mine and is currently examining 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.

Figure Four – Wolverine Zinc Mine

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 2015 , the Supreme Court of British Columbia granted Yukon Zinc protection from its creditors pursuant to the Companies Creditors Arrangements Act. PricewaterhouseCoopers Inc. (PwC) has been appointed as Monitor of Yukon Zinc.

On 17 April, 2015 the Supreme Court of British Columbia, authorised PwC to proceed with a process for the solicitation of offers to invest in Yukon Zinc or to purchase Yukon Zinc's assets. As a result of the solicitation process MinQuest made a conditional offer to purchase the Wolverine zinc mine.

On 2 September 2015 a restructuring plan proposed by Yukon Zinc was approved by the required majorities of creditors.

MinQuest has agreed with the Monitor the terms of an Asset Purchase Agreement (APA) for the acquisition of the Wolverine zinc mine 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. The APA is conditional on MinQuest obtaining financing for the transaction within 60 days of the APA becoming effective.

MinQuest has executed the APA. Yukon Zinc has advised the Monitor that it does not intend to execute the APA. On 23 September 2015 MinQuest applied to the Court for an order to have the Monitor sign the APA on behalf of Yukon Zinc. The Court adjourned the hearing. MinQuest will be at liberty to reapply to the Court for a further hearing of its application if the Yukon Zinc restructuring plan is not implemented.

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.

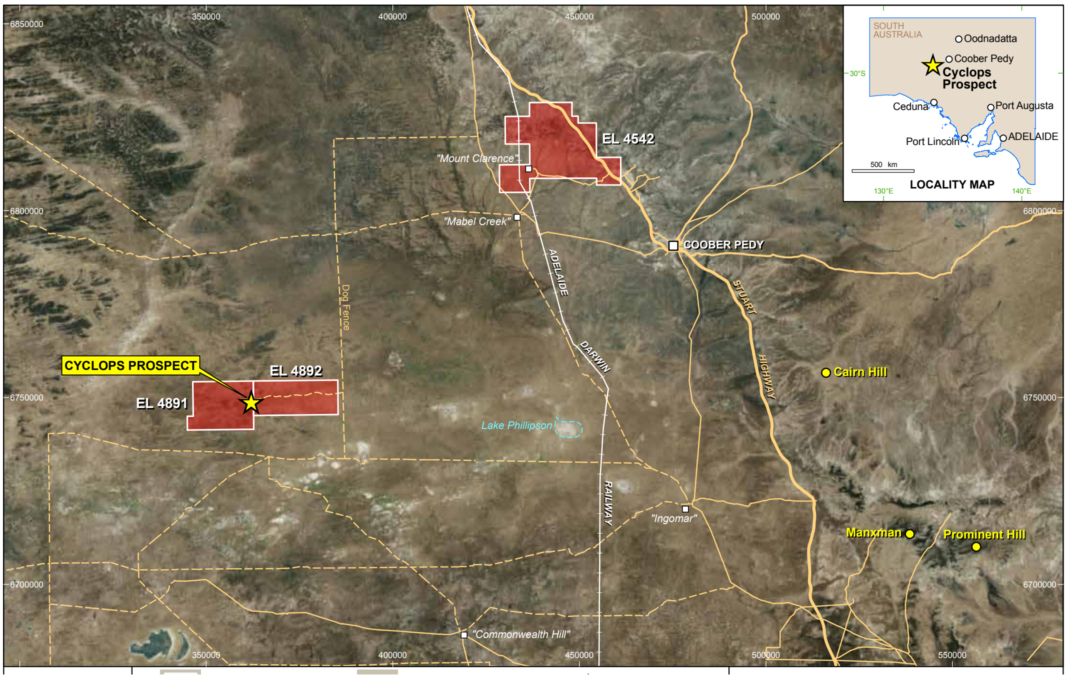
MinQuest's opinion is that for viable, long term mining operations to be sustained using the existing infrastructure at Wolverine, an integrated project combining the remaining mineral resources at Wolverine and the Kona mineral resource on the adjacent Fyre Lake project, is required.

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

The Coober Pedy Project is currently 100% owned by Teck Australia Pty Ltd (Teck), a wholly owned subsidiary of Teck Resources Limited, Canada's largest diversified mining company and comprises three exploration licenses, located at the north-western end of the highly endowed Proterozoic Olympic Dam IOCG Province on 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, subject to a back-in right and a 2% Net Smelter Return Royalty to be retained by Teck.

The Cyclops Prospect is located approximately 150km south-west of Coober Pedy (Figure 5). Previous work by Teck defined strong, discrete magnetic and gravity anomalies at the Cyclops Prospect. Forward modelling of the gravity and magnetic data indicated the potential source is a magnetite-rich body of approximately 800m x 250m, starting at a depth of approximately 100m-150m. Soil geochemical surveys detected a gold geochemical anomaly, coincident with the geophysical feature, on one of two lines of soil samples collected at Cyclops.

Figure Five – Location of the Coober Pedy Project



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

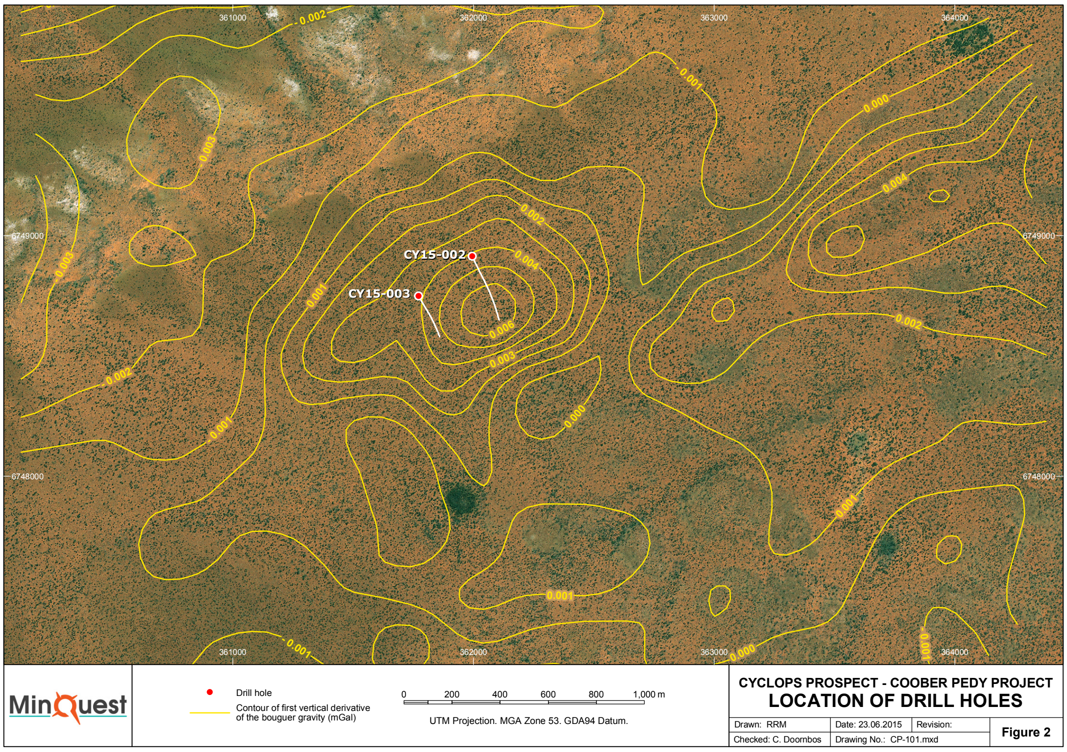
Two drill holes were completed to test gravity and magnetic anomalies, with hole CY15-002 completed to a down hole depth of 600.60m and hole CY15-003 completed to a down hole depth of 464.10m (Figure 6).

Both drill holes intersected a sequence of metasediments with banded magnetite, specular haematite and haematite and potassic alteration from the basement contact. Interspersed within this unit are smaller calc-silicate units with chlorite, haematite and epidote alteration. Both drill holes were completed in a felsic intrusive schist with pervasive potassic and haematitic alteration.

Trace to minor amounts of chalcopyrite were observed in both drill holes. Trace amounts of galena and sphalerite were also observed in CY15-002.

The assays results confirmed the visual identification of trace amounts of copper (a maximum of 337ppm) associated with chalcopyrite. No appreciable gold, silver, lead or zinc were identified from the assays results. Within the banded metasediment and magnetite, iron ranges from 10% to a maximum of 27.4%.

Figure Six – Cyclops Prospect Drill Holes



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

MinQuest will complete a geochemical analysis from the whole rock geochemistry results and age dating of the intrusive units to determine provenance of the units intersected and if additional work is warranted.

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

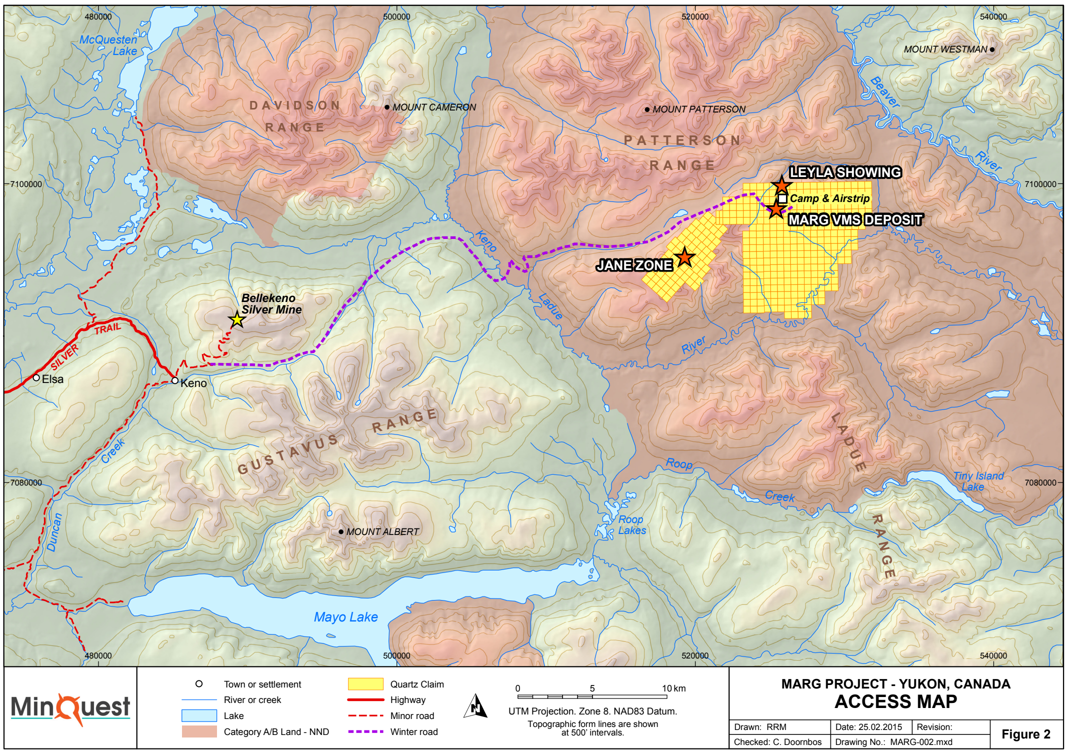
MinQuest announced on 17 March 2015 that it had entered into a farm-in joint venture agreement to earn up to a 75% interest in the Marg VMS Project in the Yukon Territory. The property consists of 402 quartz mining claims covering over 8,400 hectares.

Project Geology

The Marg Project consists of 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 (Figure 7). 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).

A simple evaluation of the deposit in terms of the mining potential shows that the higher-grade resource is associated with the thicker zones of mineralisation and tend to cluster in the central area of the deposit, plunging to the east. Of the 11.7Mt (at a 0.5% Cu cut-off), approximately 8.0Mt are thicker than 3.5m true thickness at grades greater than 2.0% CuEq. The deposit also dips from 45 degrees to 70 degrees. These factors present a very positive scenario for the development of mining activities.

Figure Seven – Marg Project



Exploration History and Mineral Resources

The Marg deposit has been explored by nine diamond drill exploration programs from 1988 to 2008. At 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.

The Mineral Resource at the Marg Deposit is classified under the JORC Code (2012) as set out below.

Table Five: Marg Resource estimate at 1% Cu cut-off

Classification	Tonnes (Mt)	Cu %	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)	CuEq* (%)
Indicated	3.96	1.57	1.92	3.90	49.40	0.79	4.45
Inferred	7.78	1.12	1.36	2.89	34.88	0.52	3.18
Total	**11.74**	**1.27**	**1.55**	**3.23**	**39.78**	**0.61**	**3.61**

**The basis of the CuEq calculation is defined in Table Four*
The Marg Mineral Resource is reported in accordance with the guidelines of the 2012 edition of the Australia Code for reporting Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Full details on the resource can be found in MinQuest's announcement to the ASX on 17 March, 2015.

ANTUBIA PROJECT, Ghana

MinQuest's option over the Antubia Project in Ghana commenced in January 2014. With the change in company strategy to focussing on advanced copper and copper-gold projects in Australia and Canada, a decision was taken to locate a joint venture partner for the Antubia Project. Despite extensive consultations, MinQuest was not able to source a partner for the Antubia Project. On 25 November 2014, MinQuest terminated its option agreement for the Antubia Project and returned the project to Castle Minerals Limited. MinQuest has no ongoing interest in the project.

CORPORATE
During the year ended 30 June 2015, the Company completed the following equity raisings:

- In July 2014 the Company completed a placement of 4,100,000 shares at 3 cents per share to raise $123,000.
- In September 2014, the Company undertook a 2 for 3 entitlements issue at 3 cents per share. The Company issued 22,063,334 shares and raised $661,900 pursuant to the Entitlements Issue.
- In November 2014, the Company issued 8,768,571 shares at 3.5 cents per share to raise $306,900.
- In March 2015 the Company completed a placement of 7,923,097 shares at 1.5 cents per share to raise $118,846.
- In May 2015 the Company completed a placement of 46,666,669 shares at 1.5 cents per share to raise $700,000.

On 22 June, 2015, a placement of 22,500,000 new fully paid ordinary shares to prominent junior resource industry investor Mr. Robert Healy to raise $450,000 was announced. The Company received the funds from the placement on July 24, 2015.

During the financial year the Company secured a $100,000 grant from the South Australian Government through the Plan for Accelerating Exploration Frontiers Initiative to assist in the Cyclops drilling program. $50,000 of these funds were received in September, 2015 and the remaining $50,000 is expected to be received by the end of calendar 2015.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Fyre Lake Project
Subject to progress with the Wolverine offer, MinQuest is aiming to undertake an exploration campaign at the Fyre Lake Project to increase the Mineral Resources to more than 16-17 Mt 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.

If MinQuest acquires the Wolverine Zinc Mine pursuant to the APA, MinQuest will assess 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.

If the Yukon Zinc restructuring plan is implemented, MinQuest intends to approach Yukon Zinc with a view to entering into negotiations to agree terms for the toll treatment of ore from the Fyre Lake Project using the Wolverine processing facilities.

The Marg Project
The existing Mineral Resource is currently being reviewed and refined, with new optimised mining schedules being developed to support an updated Scoping Study to be completed by the end of the calendar year. Subject to the successful completion of the Scoping Study MinQuest anticipates completing a Pre-Feasibility Study in 2016.

An exploration program is being planned following completion of the updated Scoping Study to increase the resource base of the project by drilling at depth and along strike and obtaining samples for metallurgical test work.

Coober Pedy
MinQuest will complete a geochemical analysis from the whole rock geochemistry results and age dating of the intrusive units to determine provenance of the units intersected and if additional work is warranted. If the age dating of rocks from the drilling at the Cyclops Prospect shows that the rocks are similar in age to the rocks hosting the world-class copper-gold deposit at Prominent Hill, to the south-east of Cooer Pedy, then further drilling at Cyclops would be justified.

ENVIRONMENTAL REGULATIONS AND PROCEEDINGS

The Company is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The Directors of the Company are not aware of any breach of environmental regulations for the year under review.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the "NGER Act") which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of MinQuest Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of MinQuest Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between Directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other senior staff members, was developed and approved by the Board.

- In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

Performance Based Remuneration

The Company is currently an exploration entity and is therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and equity based performance incentives have been and may be further issued to provide a performance-linked incentive component in the remuneration package for the Directors and for the future performance by the Directors and key management personnel in managing the operations and strategic direction of the Company. All remuneration paid to Directors is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology. For details of Directors' and executives' interests in options and performance rights at year end, refer note 14 of the financial statements.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to align the strategic goals of the Company to create value for shareholders, Directors and executives. Currently, this is facilitated through the issue of options to the majority of Directors and performance rights to executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder wealth. For details of Directors' and executives' interests in options and performance rights at year end, refer to the remuneration report and note 14 of the financial statements.

Performance Income as a Proportion of total compensation

No performance based bonuses were paid to key management personnel during the financial year.

Remuneration Policy of Key Management Personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced Directors and senior executives. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders

- Performance linkage
- Capital management

Non-executive Directors
The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and is currently set at $250,000. Fees for non-executive Directors are not linked to the performance of the Company, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

As at 30 June 2015, Non-Executive Directors fees were payable as follows:

- Non-Executive Chairman receives a fee of $60,000 per annum excluding superannuation.
- Non-Executive Directors receive a fee of $30,000 per annum excluding superannuation.

Directors' Fees
A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorship or any special duties.

Service Agreements

David DeLoub, Non-Executive Chairman
On 5 September 2011, the Company entered into an Employment Agreement ("Agreement") with Mr David DeLoub pursuant to which Mr DeLoub was appointed as Managing Director of the Company. The terms of the Agreement provided that Mr DeLoub was to be paid an amount of $200,000 per annum plus statutory superannuation to be reviewed annually. The Agreement was for a term of 2 years, where either Mr DeLoub or the Company may terminate at any time on the giving of not less than three (3) months' notice in writing.

On 6 September 2013, Mr DeLoub's executive service agreement was renewed for a further 2-year term on the same terms as stated above. On 30 April 2014, Mr DeLoub's position was amended to Executive Chairman.

On 30 September 2014, Mr DeLoub's employment contract was terminated and his position was amended to Non-Executive Chairman.

Jeremy Read, Managing Director
The Company entered into an Employment Agreement ("Agreement") with Mr Jeremy Read pursuant to which Mr Read was appointed as Managing Director of the Company effective 1 October 2014. The key terms of the Agreement are:

- The Agreement has a fixed term of three years.
- Mr Read is to be paid a salary of $10,416 per month, exclusive of superannuation, for the period 1 October 2014 to 31 December 2014 increasing to $20,830 per month, exclusive of superannuation from 1 January 2015.
- The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Chris Doornbos, Exploration Manager
The Company entered into an Employment Agreement ("Agreement") with Mr Chris Doornbos pursuant to which Mr Doornbos was appointed as Exploration Manager effective 15 December 2014. The key terms of the Agreement are:

- The Agreement has a fixed term of two years.
- Mr Doornbos is to be paid a salary of $15,000 per month, exclusive of superannuation.
- The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Stephen Kelly, Company Secretary and Chief Financial Officer
The Company entered into an Consultancy Agreement ("Agreement") with KCG Advisors Pty Ltd pursuant to which Mr Kelly was engaged to provide Company Secretarial and Chief Financial Officer services to the Company effective from 1 June 2015. The key terms of the Agreement are:

- KCG Advisors Pty Ltd is to receive $225 per hour, exclusive of GST, for services provided by Mr Kelly.
- Unless otherwise agreed between the parties, a monthly cap of $10,000 exclusive of GST, will apply to payments to KCG Advisors Pty Ltd.
- The Agreement may be terminated by either party at any time on the giving of not less than one (1) months' notice in writing.

Retirement Benefits
Other retirement benefits may be provided directly by the Company if approved by shareholders. However no retirement benefits other than statutory superannuation are currently paid.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Key Management Personnel

Directors

David DeLoub	Non-Executive Chairman *(Appointed Executive Chairman 30 April 2014, became Non-Executive Chairman on 30 September 2014)*
Jeremy Read	Managing Director *(Appointed 30 September 2014)*
Adam Davey	Non-Executive Director *(Appointed 30 September 2014)*
Paul Niardone	Non-Executive Director *(Appointed 12 November 2014)*
Ian Prentice	Non-Executive Director *(Resigned 31 October 2014)*
Jason Eveleigh	Non-Executive Director *(Appointed 30 April 2014, Resigned 30 September 2014)*

Other Key Management Personnel

Chris Doornbos	Vice –President Exploration *(Appointed 30 September 2014)*
Stephen Kelly	Chief Financial Officer and Company Secretary (*Appointed 1 June 2015)*
Kym Clark	Company Secretary *(Appointed 1 December 2014, Resigned 31 May 2015)*
Suzie Foreman	Company Secretary *(Resigned 30 November 2014)*

Except as detailed in Notes (b) – (d) to the Remuneration Report, no key management personnel has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with key management personnel, a firm of which a member of key management personnel is a member or an entity in which a member of key management has a substantial financial interest.

(b) Compensation of Key Management Personnel

Remuneration Policy
The Board of Directors, comprising predominantly of Non-Executive Directors, is responsible for determining and reviewing compensation arrangements for the executive team. Directors' remuneration and other terms of employment are reviewed annually by the Non-Executive Directors having regard to performance against goals set at the start of the period, and relative comparative information. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors is set out below.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS *(Continued)*

The value of remuneration received, or receivable, by key management personnel for the financial year to 30 June 2015 is as follows:

2015	Primary		Equity Compensation		Post-employment		Performance related %
Directors	**Base Salary and Fees (i, ii, iii,iv, v,vi) $**	**Termination Benefits $**	**Value of Options $**	**Performance Rights (d) $**	**Superannuation Contributions $**	**Total $**	
David DeLoub[(1)]	95,000	71,530	-		11,070	177,600	-
Jeremy Read [(2)]	100,817	-	-	-	14,844	115,661	-
Adam Davey[(3)]	40,000	-	-	-	-	40,000	-
Paul Niardone[(4)]	17,500	-	-	-	-	17,500	-
Ian Prentice[(5)]	2,500	-	-	-	238	2,738	-
Total Directors	**327,347**	**71,530**	**-**	**-**	**26,152**	**353,499**	**-**
Chris Doornbos[(6)]	104,999	-	-	-	9,975	114,974	-
Stephen Kelly[(7)]	10,000	-	-	-	-	10,000	-
Total	**442,346**	**71,530**	**-**	**-**	**36,127**	**478,473**	**-**

2014	Primary		Equity Compensation		Post-employment		Performance related %
Directors	**Base Salary and Fees (i, ii, iii,iv, v,vi) $**	**Bonus and Non Monetary Benefits $**	**Value of Options $**	**Performance Rights (d) $**	**Superannuation Contributions $**	**Total $**	
David DeLoub[(1)]	200,000	-	-	2,970	18,500	221,470	1.3
Ian Prentice	97,000	-	-	-	2,313	99,313	-
Jason Eveleigh[(8)]	-	-	-	-	-	-	-
Richard Homsany[(9)]	15,000	-	-	-	1,388	16,388	-
Suzie Foreman[(10)]	25,000	-	-	-	2,313	27,313	-
Total	337,000	-	-	2,970	24,514	364,484	0.9

(1) Appointed Executive Chairman 30 April 2014, appointed Non-Executive Chairman on 30 September 2014.
(2) Appointed Managing Director on 30 September 2014.
(3) Appointed Non-Executive Director 30 September 2014
(4) Appointed Non-Executive Director 12 November 2014.
(5) Resigned 31 October 2014.
(6) Appointed Exploration Manager 30 September 2014.
(7) Appointed Company Secretary and Chief Financial Officer 1 June 2015.
(8) Appointed 30 April 2014, resigned 30 September 2014
(9) Resigned 30 April 2014
(10) Resigned as Non-Executive Director 30 April 2014

(i) During the prior year ended 30 June 2014, Cardinals Corporate Pty Ltd, an entity related to Mr Richard Homsany, received $2,274 (2014:: $45,000) exclusive of GST for the provision of legal services in relation to the Company.

(ii) During the year ended 30 June 2015, Athena Corporate Pty Ltd, an entity related to Ms Suzie Foreman, received $41,692 (2014: $46,200) exclusive of GST for the provision of company secretarial and accounting work to the Company. Athena was formerly engaged to provide corporate services to the Company.

(iii) During the year ended 30 June 2015 Zephyr Consulting Group Pty Ltd, an entity in which Mr Ian Prentice is a major shareholder, received $15,551 (2014: $86,400) exclusive of GST for the provision of office space and administration support services to the Company. Zephyr was formerly engaged to provide ongoing office and administrative support services to the Company.

(iv) During the year ended 30 June 2015, Ian Prentice received $25,636 (2014: $72,000) for the provision of geological services to the Company, these are included in his remuneration above.

(v) During the year ended 30 June 2015, Chess Capital Partners (Chess), an entity in which Jason Eveleigh is a director, received $15,000 exclusive of GST (2014: $60,000), for the provision of corporate advisory services to the Company.

(vi) During the year ended 30 June 2015, Adam Davey received $20,000 (2014: $Nil) for the provision of financial advisory services to the Company, these are included in his remuneration above.

All transactions (i)-(v) were provided outside of director duties performed and entered into on normal commercial terms and have not been included as part of Directors' remuneration.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS *(Continued)*

Shares Held by Key Management Personnel

2015	Balance at 01.07.14	Bought & (Sold)	Options Exercised	Other+	Balance at 30.06.15
Directors					
David DeLoub	875,000	583,334	-	-	1,458,334
Jeremy Read#	-	-	-	2,525,253	2,525,253
Adam Davey#	-	-	-	1,212,120	1,212,120
Paul Niardone#	-	36,985	-	3,583,737	3,620,722
Ian Prentice#	1,300,000	-	-	(1,300,000)	-
Jason Eveleigh#	1,085,000	-	-	(1,085,000)	-
	3,260,000	**620,319**	**-**	**4,936,110**	**8,816,429**
Other key management personnel					
Chris Doornbos#	-	-	-	1,348,788	1,348,788
Stephen Kelly#	-	-	-	666,667	666,667
	3,260,000	**620,319**	**-**	**6,951,565**	**10,831,884**

2014	Balance at 01.07.13	Bought & (Sold)	Options Exercised	Other+	Balance at 30.06.14
Directors					
David DeLoub	875,000	-	-	-	875,000
Ian Prentice#	1,300,000	-	-	-	1,300,000
Jason Eveleigh#	-	-	-	1,085,000	1,085,000
Richard Homsany#	-	-	-	-	-
Suzie Foreman#	200,000	-	-	(200,000)	-
	2,375,000	**-**	**-**	**885,000**	**3,260,000**

+ On Appointment/ Resignation
# Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2015 or 30 June 2014. Refer notes (1) to (10) to the Remuneration Table.

Options Held by Key Management Personnel

2015	Balance at 01.07.14	Received as Remuneration	Exercise of Options	Other +	Balance at 30.06.15	Total Vested	Total Exercisable
Directors							
David DeLoub	-	-	-	-	-	-	-
Jeremy Read#	-	-	-	-	-	-	-
Adam Davey#	-	-	-	-	-	-	-
Paul Niardone#	-	-	-	-	-	-	-
Ian Prentice#	1,000,000	-	-	(1,000,000)	-	-	-
Jason Eveleigh#	1,333,333	-	-	(1,333,333)	-	-	-
	2,333,333	**-**	**-**	**(2,333,333)**	**-**	**-**	**-**
Other key management personnel							
Chris Doornbos#	-	-	-	-	-	-	-
Stephen Kelly#	-	-	-	666,667	666,667	666,667	666,667
	2,333,333	**-**	**-**	**(1,666,666)**	**666,667**	**666,667**	**666,667**

+ On Appointment/ Resignation
# Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2015 or 30 June 2014. Refer notes (1) to (10) to the Remuneration Table.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS *(Continued)*

2014	**Balance at 01.07.13**	**Received as Remuneration**	**Exercise of Options**	**Other [+]**	**Balance at 30.06.14**	**Total Vested**	**Total Exercisable**
Directors							
David DeLoub	-	-	-	-	-	-	-
Ian Prentice[#]	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000
Jason Eveleigh[#]	-	-	-	1,333,333	1,333,333	1,333,333	1,333,333
Richard Homsany[#]	500,000	-	-	(500,000)	-	-	-
Suzie Foreman[#]	500,000	-	-	(500,000)	-	-	-
	2,000,000	-	-	333,333	2,333,333	2,333,333	2,333,333

[+] On Appointment/ Resignation
[#] Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2015 or 30 June 2014. Refer notes (1) to (10) to the Remuneration Tablle.

Share and Option Holdings
All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

(c) Compensation Options

During and since the financial year ended 30 June 2015 (2014: nil), no options were granted by the Company to Directors or Key Management Personnel (2014: nil).

(d) Performance Rights Issued

During the year ended 30 June 2015, 2,000,000 Performance Rights expired unvested. No Performance Rights were issued during the year ended 30 June 2015. See Note 13(e) for more detail.

Number of Performance Rights Held by Key Management Personnel

2015	**Balance at 01.07.14**	**Received as Remuneration**	**Conversion**	**Expired**	**Balance at 30.06.15**	**Total Vested**	**Total Convertible**
Directors							
David DeLoub	2,000,000	-	-	(2,000,000)	-	-	-
	2,000,000	-	-	(2,000,000)	-	-	-

2014	**Balance at 01.07.13**	**Received as Remuneration**	**Conversion**	**Expired**	**Balance at 30.06.14**	**Total Vested**	**Total Convertible**
Directors							
David DeLoub	3,000,000	-	-	(1,000,000)	2,000,000	-	-
	3,000,000	-	-	(1,000,000)	2,000,000	-	-

There are no unpaid amounts on shares issued.

END REMUNERATION REPORT

MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year each director held office and the number of meetings attended by each director are:

Director	Directors Meetings Meetings Attended	Number Eligible to Attend
David DeLoub	10	11
Jeremy Read	8	8
Adam Davey	8	8
Paul Niardone	6	6
Ian Prentice	5	5
Jason Eveleigh	2	2

The Company does not currently have any sub-committees in place.

OPTIONS

At the date of this report the following options over new ordinary shares in the Company were on issue.

Type	Date of Expiry	Exercise Price	Number under Option
Unlisted Options	11 February 2017	$0.045	7,923,067
Unlisted Options	11 May 2017	$0.045	50,316,669
Unlisted options	23 July 2017	$0.045	6,000,000
Unlisted Options	10 August 2018	$0.10	1,696,756

No ordinary shares were issued as a result of the exercise of options during or since the financial year ended 30 June 2015.

Equity Holdings

The relevant interests of each director in the Company's share capital, options and performance rights at the date of this report are as follows:

Directors	Number of Shares	Number of Options	Number of Performance Rights
David DeLoub	1,458,334	-	-
Jeremy Read	2,523,253	-	-
Adam Davey	1,212,120	-	-
Paul Niardone	3,620,722	-	-
	8,814,429	**-**	**-**

Insurance of officers

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group
The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Non-audit Services
The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Details of the amounts paid or payable to the auditor, HLB Mann Judd for audit services provided during the year are set out in note 19 to the financial report.

Non-audit services	2015 $	2014 $
HLB Mann Judd		
Tax advice services	-	-
Tax compliance services	-	-
Total remuneration for non-audit services	**-**	**-**

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

This report is made in accordance with a resolution of directors.

Jeremy Read, Managing Director
Brisbane, 30 September 2015

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out MinQuest Limited's compliance with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**). The ASX Principles and Recommendations are not mandatory, however the Company is required to provide this statement disclosing the extent to which it has followed the recommendations contained in the ASX Principles and Recommendations. This corporate governance statement is current as at 30 June 2015 and has been approved by the Board of the Company (Board).

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
1. Lay solid foundations for management and oversight		
1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	 Yes Yes	The Board is accountable to shareholders for the performance of the Company. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management. Under the Charter the Board is responsible for: • appointment of the Chief Executive Officer / Managing Director/ Executive Director and other senior executives; • approving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance; • reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance; • approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures; • approving and monitoring the budget and the adequacy and integrity of financial and other reporting; • approving the annual, half yearly and quarterly accounts; • approving significant changes to the organisational structure; • approving the issue of any shares, options, equity instruments or other securities in the Company; • ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; • recommending to shareholders the appointment of the external auditor; and • meeting with the external auditor, at their request, without management being present. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer / Managing Director.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
1.2 A listed entity should : (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes Yes	The Company undertakes appropriate checks before appointing a person as a Director of the Company. When the election of Directors are put to security holders at a meeting of members, all material information relevant to the vote are incorporated in the meeting documents, which includes their relevant professional history and qualifications.
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements in place with each of its Directors and senior executives.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the Chair on all matters to do with the proper functioning of the Board.	Yes	The Company Secretary position is directly accountable to the Board on all matters to do with the proper functioning of the Board.
1.5 A listed entity should : (a) have a diversity policy which includes the requirement for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the board, in senior executive positions across the whole organisation; or (2) if the entity is a "relative employer" under the Workplace Gender Equality Act, the entity's most recent Gender Equality Indicators as defined and published under that Act.	Yes	The board has adopted a diversity policy that applies to all directors and officers of the Company. The Company is committed to diversity across the organisation. Diversity includes, but is not limited to, gender, age, experience, ethnicity and cultural background. To the extent practicable and appropriate, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. The Board has not yet set measurable objectives for achieving gender diversity. The Board is committed to actively supporting and managing diversity as a means of enhancing the Company's performance by recognizing and utilizing the contribution of diverse skills and talent from its directors, officers, employees and consultants. However, at this stage of the Company's operations and the limited number of employees, the Board has determined that no specific measurable objectives will be established. The Board will review this position as the Company's circumstances change. The Board will however, conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary. As at the date of this report, the Company has the following proportion of women appointed: • to the Board – 0% (nil out of three) • to senior management – 0% (nil out of four) • to the organisation as a whole – 0% (nil out of four)

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
1.6 A listed entity should : (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No No	The performance of the Board and individual Directors are evaluated in accordance with the Performance Evaluation Policies introduced via Board Charter. The objective of this evaluation will be to provide best practice corporate governance to the Company. As of the end of this reporting period, the Board has not completed the performance evaluation of its Committees and its individual Directors.
1.7 A listed entity should : (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No No	Given the size of the Company, the Board does not consider it appropriate to have a process for periodically evaluating the performance its senior executives. Notably, the performance of Executive Directors fall within the ambit of the Nomination Committee, and its functions are carried out by the full Board.
2. Structure the board to add value		
2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	There is no nomination committee separate to the full Board. The role of the nomination committee is undertaken by the full Board. The Board considers that, given the Board is comprised of four Directors and given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate nomination committee. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate nomination committee. *Board Renewal and Succession Planning* The appointment of directors is governed by the Company's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the Company, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. The Company has not adopted a policy in relation to the retirement or tenure of directors. The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	The Board has not considered it necessary to create a formal document that sets out the particular skills of the existing Board. However, pursuant to the Board Charter (which forms part of the Corporate Governance Plan), the composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. Furthermore, the Board Charter notes that the Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; andthe length of service of each director	Yes	The Company has disclosed that the length of service of all of its Directors, whom it considers to be independent Directors. The Company considers the following directors to be independent: • Adam Davey (appointed 30 September 2014) • Paul Niardone (appointed 12 November 2014) David DeLoub is not considered to be independent as he was the Company's Executive Chairman until 30 September 2014. Jeremy Read is the Managing Director and is not considered to be independent.
2.4 A majority of the board of a listed entity should be independent directors.	No	The Board has two independent directors and two non-independent directors. The Company believes that the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of the Company. The Board considers that the composition of the Board is adequate for the Company's current size and scale of operations, and includes an appropriate mix of skills and expertise relevant to the Company's business
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	The chair of the Board is not an independent Director as he served as the Executive Chairman until September 2014.
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development	No	The Company does not have a formal program in place. However, as part of their individual appointments, the Board (carrying out the functions of the Nomination

ASX Principles and Recommendations	**Comply (Yes / No)**	**Commentary**
opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		Committee) carefully reviews the suitability of every Director, which includes an assessment of their skills and qualifications
3. Act ethically and responsibly		
3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes Yes	The Board has adopted a Corporate Code of Conduct, which forms part of its Corporate Governance Plan. A copy of the Corporate Governance Plan can be accessed via the Company's website.
4 Safeguard integrity in financial reporting		
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes Yes	Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. The Board considers that, given the Board is comprised of four Directors and given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate audit committee. The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor. The Audit Committee or, as at the date of this report the full Board of the Company, reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Audit Committee or as at the date of this report the full Board of the Company is also responsible for establishing policies on risk oversight and management. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate audit committee.
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have	Yes	It is the Board's policy, that the CEO (or equivalent) and the CFO (or equivalent) make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report. The CEO and CFO, or persons acting in those roles, have declared to

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.		the Board that the Company's management of its material business risks is effective.
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's auditor will attend its AGM and will be available to answer questions from security holders relevant to the audit.
5. Make timely and balanced disclosure		
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	 Yes Yes	The Continuous Disclosure Policy sets out the key obligations of the Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.
6. Respect the rights of security holders		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company's website: www.minquest.com.au contains all relevant information about the Company.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the Company's commitment to promoting investor confidence by requiring: (a) compliance with the continuous disclosure obligations; (b) compliance with insider trading laws; (c) compliance with financial reporting obligations; (d) compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the Company; (e) communication with shareholders in a clear, regular, timely and transparent manner; and (f) response to shareholder queries in a prompt and courteous manner.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	No	Given the size of the Company and its shareholder base, apart from its objectives as set out in its Shareholder Communications Strategy, the Board does not consider it necessary to provide additional facilities to encourage participation at meetings of security holders.
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	Shareholders can register with the Company's Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.
7. Recognise and manage risk		
7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: 1. has at least three members, a majority of whom are independent directors; and 2. is chaired by an independent director, 3. and disclose: 4. the charter of the committee; 5. the members of the committee; and 6. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Yes	MinQuest recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, the Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Board's Charter clearly establishes that it is responsible for ensuring there is a sound system for overseeing and managing risk. As the whole Board only consists of four (4) members, the Company does not have a Risk Management Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. At the date of this report the full Board of the Company is responsible for establishing policies on risk oversight and management. Due to the size and scale of operations of the Company the full Board undertakes the role of the Risk Management Committee. Below is a summary of the Risk Management Policy which the Company has adopted, which includes: • identifying risks to the Company; • balancing risk to reward; • ensuring regulatory compliance is achieved; and • ensuring senior executives, the Board and investors understand the risk profile of the Company. The Board monitors risk through various arrangements including: • regular Board meetings; • share price monitoring; • market monitoring; and • regular review of financial position and operations.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Yes Yes	The Board is responsible for overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements. As of the end of this reporting period, the Board has completed its review.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Due to the size and scale of operations of the Company the Board considers that it would not be efficient to implement an internal audit function at this time. The Board is responsible for overseeing the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	As a mining explorer, the Company is faced with a number of economic, environmental and social sustainability risks. The Board, carrying out the functions of the Audit and Risk Committee, and as guided by the Risk Management Review Procedure reviews and manages these risks on a regular basis.
8. Remunerate fairly and responsibly		
8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and	Yes Yes	The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies as set out in the Nomination and Remuneration Committee Charter. The Charter reflects the matters set out in the commentary and guidance for Recommendation 8.1. The role of the remuneration committee is undertaken by the full Board. The Board considers that, given the Board is comprised of four (4) Directors and given the current size and scope of the Company's operations, no efficiencies or other benefits would be gained by establishing a separate remuneration committee. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings, when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that no Directors participate in any deliberations regarding their own remuneration or related issues. As the Company's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate Remuneration Committee.

ASX Principles and Recommendations	Comply (Yes / No)	Commentary
senior executives and ensuring that such remuneration is appropriate and not excessive.		
8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	The structure of non-executive Directors' remuneration is currently clearly distinguished from that of executives. *Non Executive Directors Remuneration Policy* Non-executive Directors are remunerated at fixed rates which are in line with market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executives is not linked to the performance of the Company. Given the Company is at its early stage of development and the financial restrictions placed on it, the Company has, and may consider it appropriate to issue unlisted options to non-executive Directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the Directors option holdings are fully disclosed. Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors are also entitled to but not necessarily paid statutory superannuation. The Corporate Governance Guidelines and Recommendations recommend that non-executive Directors should not receive options or participate in schemes designed for the remuneration of executives. The Employee Share Option Plan is not in accordance with Recommendation 8.3, however issues under the plan have now expired. *Executive Directors' Remuneration Policy* As noted previously, executive Directors are employed pursuant to employment agreements. Summaries of these employment agreements are set out in the Remuneration Report. Executive payroll and rewards consist of a base salary and performance incentives. No short term bonus incentive mechanism is currently in place, due to the size of the Company and cash limitations imposed as a result of the Company's stage of development. Long term performance incentives may include options or performance rights granted at the discretion of the Board, and subject to obtaining the relevant shareholder approvals. The grant of options and performance rights are designed to recognize and reward efforts as well as provide an additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered competitive levels of base salary at market rates (for comparable companies) and are reviewed annually to ensure market competiveness.

ASX Principles and Recommendations	**Comply (Yes / No)**	**Commentary**
8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	 No No	Although the company did not have a formal policy during the reporting period, the Company had a Securities Trading Policy that restricted the trading of the Company's securities by those who have equity interests in the Company.

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of MinQuest Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2015

M R W Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Note	Year Ended 30 June 2015 $	Year Ended 30 June 2014 $
Other income	2(a)	6,982	14,093
Consultancy expenses		(30,000)	(68,080)
Administration expenses		(349,255)	(99,932)
Legal and compliance		(80,043)	(161,769)
Employee benefits expense		(348,548)	(287,174)
Depreciation		(47,188)	(26,055)
Exploration expenses		(62,845)	(38,013)
Other expenses		(63,297)	(35,373)
Write down of project expense	2(c)	-	(86,994)
Equity based payments	2(b)	-	(2,970)
Loss before income tax expense from continuing operations		(973,994)	(792,267)
Income tax benefit / (expense)	3	-	-
Loss for the year from continuing operations		(973,994)	(792,267)
Discontinued operations			
Loss from discontinued operations	23	(729,539)	-
Loss for the year		(1,703,733)	(792,267)
Other comprehensive (loss) net of income tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	-
Total other comprehensive (loss) for the year		(1,703,733)	(792,267)
Total comprehensive (loss) for the year		(1,703,733)	(792,267)
Earnings per share:	16		
Basic loss per share (cents)- continuing and discontinued operations		(2.37)	(2.90)
Basic loss per share (cents)- continuing operations		(1.35)	(2.90)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Note	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	4	111,749	141,399
Trade and other receivables	5	306,264	39,251
Other assets	5	12,142	-
TOTAL CURRENT ASSETS		430,155	180,650
NON-CURRENT ASSETS			
Plant and equipment	6	42,491	24,890
Exploration and evaluation expenditure	7	1,864,237	754,377
TOTAL NON-CURRENT ASSETS		1,906,728	779,267
TOTAL ASSETS		2,336,883	959,917
CURRENT LIABILITIES			
Trade and other payables	8	609,998	155,764
Borrowings	9	250,000	-
TOTAL CURRENT LIABILITIES		859,998	155,764
TOTAL LIABILITIES		859,998	155,764
NET ASSETS		1,476,885	804,153
EQUITY			
Share capital	10	5,499,520	3,123,055
Reserves	12	13,102	13,102
Accumulated losses	11	(4,035,737)	(2,332,004)
TOTAL EQUITY		1,476,885	804,153

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Share Capital	Equity Based Payment Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2014	3,123,055	13,087	15	(2,332,004)	804,153
Loss for the year	-	-	-	(1,703,733)	(1,703,733)
Total comprehensive loss	-	-	-	(1,703,733)	(1,703,733)
Shares issued (net of costs)	2,376,465	-	-	-	2,376,465
Balance at 30 June 2015	5,499,520	13,087	15	(4,035,737)	1,476,885

	Share Capital	Equity Based Payment Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2013	2,825,255	16,284	15	(1,545,904)	1,295,650
Loss for the year	-	-	-	(792,267)	(792,267)
Total comprehensive loss	-	-	-	(792,267)	(792,267)
Value of Performance Rights expensed during the year	-	(3,197)	-	6,167	2,970
Shares issued (net of costs)	260,000	-	-	-	260,000
Unissued shares under agreement	37,800	-	-	-	37,800
Balance at 30 June 2014	3,123,055	13,087	15	(2,332,004)	804,153

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

	Note	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(666,884)	(680,333)
Payments for exploration activities		(1,096,757)	(324,426)
Interest and other income received		6,982	14,093
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	13(a)	(1,756,659)	(990,666)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of refundable deposit		(250,000)	-
Payments for plant and equipment		(64,789)	(1,431)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(314,789)	(1,431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowing		250,000	-
Proceeds from issue of shares		1,910,646	-
Transaction costs on issue of shares		(118,848)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		2,041,798	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(29,650)	(992,097)
Cash and cash equivalents at beginning of the year		141,399	1,133,496
CASH AND CASH EQUIVALENTS AT END OF YEAR	13(b)	111,749	141,399

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

MinQuest Limited (the "Group") is a listed public company, incorporated and domiciled in Australia. The entity's principal activities are mineral exploration.

The financial report is presented in Australian dollars.

The financial report is a general-purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance
The financial report was authorised for issue on 30 September 2015.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

Adoption of New and Revised Standards
In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations On Issue Not Yet Adopted
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of MinQuest Limited and its subsidiaries, Merah Resources Canada Limited, Merah Africa Exploration Limited and Merah West Africa Limited, as at 30 June each year (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statement of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(d) Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
(ii) exploration and evaluation activities in the area have not, at balance date, resulted in booking economically recoverable reserves, and active operations in, or relating to, this area are continuing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Exploration and Evaluation Expenditure *(Continued)*

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against the income statement in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

(f) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Amounts are unsecured and are usually paid within 30 to 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(g) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Trade and Other Receivables *(Continued)*

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(i) Earnings Per Share

Basic earnings per share is calculated as the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for an bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that would have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(j) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of MinQuest Limited.

(k) Issued Capital

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of Assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Share-based Payment Transactions

Equity Settled Transactions:
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments in the form of options and performance rights, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently a Performance Rights Plan (PRP) in place which provides benefits and incentives for senior executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of MinQuest Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Share-based Payment Transactions *(Continued)*

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Foreign Currency Translation

The functional and presentation currency of MinQuest Limited is Australian dollars. The functional currency of the foreign operations, Merah Exploration Africa Limited and Merah West Africa Limited, is US dollars, "USD" and the functional currency of Merah Resources Canada Limited is Canadian Dollars "CAD". Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of MinQuest Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a loss of $1,703,733 and had net cash outflows from operating activities of $1,756,659 for the year ended 30 June 2015 and has a cash balance of $111,749 at the year end.

On 12 August 2015, the Group announced that it had raised $935,000 through the issue of 37.4 million shares at $0.025 per share. In addition, the Company announced on the same date that it entered into a Convertible Note agreement with Magna Equities II LLC (Magna) to raise up to USD1,000,000. The Group received USD160,000 from Magna on 12 August 2015 and will receive a further USD340,000 if the Magna facility is approved by shareholders at an extraordinary general meeting to be held on 7 October 2015 (EGM). If shareholders approve the Magna facility, the Group may also elect to drawdown a further USD500,000 subject to fulfilling certain conditions precedent.

The Group's continued development of its mineral property interests is dependent upon the Group successfully undertaking exploration and development programs aimed at determining economically recoverable reserves and the attainment of future profitable production. Whilst the Group is not contractually obligated to incurring a minimum amount of exploration expenditure, the Group will likely require further funding during the 2015 financial year in order to meet the levels of expenditure required for the Company to continue to earn into the mineral properties in which it has an interest.

The Directors are confident the Group will be successful in raising additional funds through the issue of new equity and that the going concern basis is appropriate for these financial statements. Should the Company be unable to raise additional capital, the Directors would consider alternative options such as potential farm-out activity, not pursuing the proposed earn in / joint ventures or reducing non-essential expenditure.

(q) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated over the estimated useful life of the assets as follows:

Plant and equipment – over 5 to 15 years (diminishing value)
Computer equipment – 3 years (diminishing value)
Leasehold improvements – term of the lease (straight line basis)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

(i) Impairment
An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and Disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Provisions *(continued)*

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(s) Employee Leave Benefits

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(t) Parent Entity Financial Information

The financial information for the parent entity, MinQuest Limited, disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

(u) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Share-based Payment Transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Exploration and Evaluation Expenditure:
The Directors have conducted a review of the Group's capitalized exploration expenditure to determine the existence of any indicators of impairment. Based upon this review, the Directors have determined that a total of $729,539 in relation to the Antubia Project in Ghana was required to be written off (2014: $86,994 was written off in relation to expenditure on the Group's areas of interest in the Bounty and McAuley tenements in Western Australia and Kong project in Ghana).

	Note	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
2. REVENUES AND EXPENSES			
(a) Interest income		549	14,093
Rental income		6,433	-
		6,982	14,093
Equity based payments expense			
(b) Performance rights	13	-	2,970
		-	2,970
Impairment of capitalised exploration			
(c) - Bounty and McAuley project		-	51,294
- Antubia project (discontinued operation)	23	729,539	-
- Kong project - Ghana		-	35,700
		729,539	86,994
3. INCOME TAX			
(a) The components of tax expense comprise:			
Current tax		-	-
Deferred tax		-	-
		-	-
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%)		(511,120)	(237,681)
Add tax effect of:			
- Revenue losses not recognised		275,969	199,472
- Equity Based Payments		-	891
- Non-allowable items		248,480	57,429
		13,329	20,111
Less tax effect of:			
- Other deferred tax balances not recognised		13,329	20,111
		-	-
(c) Deferred tax recognised:			
Deferred tax liabilities:			
Exploration expenditure		(165,231)	-
Other		-	(41)
Deferred tax assets:			
Carry forward revenue losses		165,231	41
Net deferred tax		-	-
(d) Unrecognised deferred tax assets:			
Carry forward revenue losses		804,367	528,357
Capital raising costs		89,116	41,776
Provision and accruals		9,380	9,612
Other		-	-
		902,863	579,745

The tax benefits of the above deferred tax assets will only be obtained if the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised; the company continues to comply with the conditions for deductibility imposed by law; and no changes in income tax legislation adversely affect the company in utilising the benefits.

	Consolidated As at 30 June 2015 $	Consolidated As at 30 June 2014 $

4. CASH AND CASH EQUIVALENTS

Cash at bank	111,749	141,399
	111,749	141,399

Cash at bank earns interest at floating rates based on a daily bank deposit rates.

5. TRADE AND OTHER RECEIVABLES

Current		
Prepayments	-	10,515
Other receivable	306,264	28,736
Other assets	12,142	-
	318,406	39,251

Other receivables includes a $250,000 refundable deposit paid pursuant to the Company's proposed acquisition of the assets of the Wolverine Zinc Mine in the Yukon Territory, Canada. The deposit is refundable if the Company does not have a legally effective agreement to acquire the Wolverine assets by 31 October 2015 or if the restructuring proposal proposed by Yukon Zinc Corporation is implemented prior to 31 October 2015.

There are no impaired or past due trade debtors as at 30 June 2015.

6. PLANT AND EQUIPMENT

At cost	142,009	77,220
Accumulated Depreciation	(99,518)	(52,330)
Net carrying amount	42,491	24,890

(a) Movements in carrying amounts

Plant and Equipment

At beginning of the year	24,890	49,514
Additions	8,659	1,431
Depreciation	(25,592)	(26,055)
At end of the year	7,957	24,890

Computer Software

At beginning of the year	-	-
Additions	56,130	-
Depreciation	(21,597)	-
At end of the year	34,533	-

	Note	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
7. EXPLORATION AND EVALUATION EXPENDITURE			
Costs carried forward in respect of exploration and evaluation phase:			
Balance at beginning of the year		754,377	163,055
Exploration capitalised during the year		1,311,952	678,316
Oresearch acquisition		527,447	-
Impairment of capitalised expenditure – discontinued operation	23	(729,539)	(86,994)
Total exploration and evaluation expenditure		1,864,237	754,377

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

During the year, the Company relinquished the Antubia project to focus on the Company's Australian and Canadian exploration projects.

	Consolidated As at 30 June 2015 $	Consolidated As at 30 June 2014 $
8. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	551,230	41,725
Other payables and accruals	58,768	114,039
	609,998	155,764

Trade creditors are non-interest bearing and are normally settled on 60 day terms.

	Consolidated As at 30 June 2015 $	Consolidated As at 30 June 2014 $
9. BORROWINGS		
Current		
Short term loan	250,000	-
	250,000	-

The short term loan is repayable, and was repaid, on 31 August 2015. The loan is unsecured and non-interest bearing but is subject to the payment of a $20,000 facility fee. The Company is also required to issue 1,000,000 shares at an issue price of $0.02 per share to the provider of the loan when repayment is made.

10. SHARE CAPITAL

(a) Ordinary share capital	Consolidated			
	As at 30 June 2015 $	As at 30 June 2015 Number of Shares	As at 30 June 2014 $	As at 30 June 2014 Number of Shares
At the beginning of the year	3,123,055	28,995,001	2,825,255	26,495,001
Shares issued and paid up	2,200,932	101,630,009	260,000	2,000,000
Unissued shares under agreement	175,533	6,166,667	37,800	500,000
Balance at end of year	5,499,520	136,791,677	3,123,055	28,995,001

(i) Movements in shares on issue	As at 30 June 2015 $	As at 30 June 2015 Number of Shares	As at 30 June 2014 $	As at 30 June 2014 Number of Shares
At the beginning of the year	**3,123,055**	**28,995,001**	**2,825,255**	**26,495,001**
Shares issued and paid up				
Introduction fee for the Antubia Project	37,800	500,000	260,000	2,000,000
July 2014 Placement at $0.03 per share	123,000	4,100,000	-	-
September 2014 Entitlement issue at $0.03 per share	661,900	22,063,334	-	-
Oresearch consideration shares at $0.032 per share(ii)	320,000	10,000,000	-	-
Consideration share for the Fyre Lake Project at $0.0319 per share	51,334	1,608,338	-	-
Placement at $0.035 per share	306,900	8,768,571	-	-
March 2015 Placement at $0.015 per share	118,846	7,923,097	-	-
May 2015 Placement at $0.015 per share	700,000	46,666,669	-	-
Less share issue costs	(118,848)	-	-	-
Total issued and paid up capital	**5,286,187**	**130,125,010**	**3,085,255**	**28,495,001**
(ii) Movements in unissued shares				
Introduction fee for the Antubia Project(i)	(37,800)	(500,000)	37,800	500,000
Oresearch deferred consideration(ii)	213,333	6,666,667	-	-
Total unissued shares	**175,333**	**6,166,667**	**37,800**	**500,000**
Total Ordinary share capital	**5,499,520**	**136,791,677**	**3,123,055**	**28,995,001**

(i)The Group entered into agreements in March 2014 to issue 500,000 shares in total and provide a cash payment of $45,000 to unrelated parties in connection with the introduction of the Ghanaian assets. The agreements stipulated these shares, which have been valued at grant date, would be issued subsequent to the release of 2,000,000 shares from escrow which occurred in July 2014.

(ii)In September 2014 the Group acquired all of the issued shares in Oresearch Limited. The consideration for this acquisition was 16,666,667 shares of which 10,000,000 were issued at the time of the acquisition with the remaining 6,666,667 shares being recorded as deferred consideration. Refer note 19 for additional information in relation to the Oresearch acquisition.

10. SHARE CAPITAL *(continued)*

(b) Movement in options on issue

At the end of the reporting period, there are 61,589,736 options over unissued shares as follows:

Type	Number under Option	Grant Date	Date of Expiry	Exercise Price	Vesting Date
Unlisted Options	7,000,000	14 Sept 2010	31 Aug 2015	$0.20	1 May 2014
Unlisted Options	7,923,067	12 May 2015	11 Feb 2017	$0.045	12 May 2015
Unlisted Options	46,666,669	12 May 2015	11 May 2017	$0.045	12 May 2015

During the financial year ended 30 June 2015 (2014: nil), no ordinary shares were issued as a result of the exercise of options.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2015 Number of Options	Weighted Average Exercise Price $	2014 Number of Options	Weighted Average Exercise Price $
Outstanding at beginning of the year	7,000,000	$0.20	7,000,000	$0.20
Granted during the year	54,589,736	$0.045	-	-
Outstanding at the end of the year	61,589,736	$0.063	7,000,000	$0.20
Exercisable at the end of the year	61,589,736		7,000,000	

(i) The options outstanding at 30 June 2015 had a weighted average exercise price of $0.063 (2014:$0.20)

(ii) Options outstanding at 30 June 2015 had a weighted average remaining life of 1.64 years (2014: 1.17 years)

(c) Movement in performance rights

The Company has nil performance rights on issue (2014: 2,000,000). 2,000,000 performance rights expired unvested during the year. Refer to note 12(b) for details.

During the year, $nil (2014: $2,970) represented the current period's vesting expense of the performance rights on issue.

The expense recognised in the statement of comprehensive income in relation to share-based payments was $nil (2014: $2,920).

11. ACCUMULATED LOSSES

	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
Balance at the beginning of the year	2,332,004	1,545,904
Transfer from reserves to accumulated losses	-	(6,167)
Net loss for the period	1,703,733	792,267
Balance at the end of the year	4,035,737	2,332,004

	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $

12. RESERVES

Reserves		
Option reserve	5,167	5,167
Performance rights reserve	7,920	7,920
Foreign currency reserve	15	15
	13,102	13,102
(a) Options reserve		
At beginning of the year	5,167	5,167
Options issued	-	-
Balance at end of the year	5,167	5,167
(b) Performance rights reserve		
At beginning of the year	7,920	11,117
Performance rights brought to account over the vesting period	-	2,970
Performance rights expired unvested	-	(6,167)
Balance at end of the year	7,920	7,920
(c) Foreign currency reserve		
At beginning of the year	15	15
Foreign currency translation for period	-	-
Balance at end of the year	15	15

.

Options Reserve:
This reserve is used to record the value of options provided to employees, Directors and consultants as part of their remuneration. Refer to Note 14.

Performance Rights Reserve:
This reserve is used to record the value of performance rights vested of which are provided to employees, Directors and consultants as part of their remuneration. Refer to the Remuneration report and Note 14.

Foreign Currency Translation Reserve:
Foreign currency translation reserve records exchange differences arising on translation of the subsidiary's functional currency into presentation currency at balance date.

13. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities with loss after income tax:

	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
Net loss for the year	(1,703,733)	(792,267)
Non-cash flows in operating activities		
Depreciation	47,188	26,055
Share-based payments	-	2,970
Impairment expense	729,539	-
Cash flows not included in loss after income tax for the year		
Exploration capitalised	(1,254,742)	(336,651)
(Increase)/decrease in foreign exchange	-	2,966
Changes in assets and liabilities		
(Increase) in receivables	(29,145)	47,195
Increase in payables and accruals	454,234	59,066
Net cash flows (used in) operating activities	(1,756,659)	(990,666)

(b) Reconciliation of cash and cash equivalent:

Cash balances comprises		
- Cash at bank	111,749	141,399

Non Cash Financing and Investing Activities

The Group entered into the following non-cash financing and investing activities which are not reflected in the consolidated statement of cash flows:

• The Company issued equity securities to the shareholders of Oresearch Pty Ltd as consideration for the acquisition of Oresearch	320,000	-
• The Company issued equity securities to Pacific Ridge Exploration as partial consideration for the acquisition of the Fyre Lake Project	51,334	-
• The Company issued equity securities to Castle minerals as part consideration to acquire the Antubia and Kong Projects	-	260,000

14. DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The aggregate compensation made to Directors and other key management personnel of the Group is set out below:

	Consolidated Year Ended 30 June 2015 $	Consolidated Year Ended 30 June 2014 $
Short-term employee benefits	442,346	337,000
Post-employment benefits	36,127	24,514
Share-based payment	-	2,970
	478,473	364,484

Details of the key management personnel can be found in the Remuneration Report of this report.

(b) Performance Rights Held By Key Management Personnel

During the year ended 30 June 2015, nil Performance Rights were issued (2014: nil issued). During the year ended 30 June 2015, 1,000,000 Performance Rights B and 1,000,000 Performance Rights C expired unvested on Mr DeLoub's transition from Executive Chairman to Non-Executive Chairman (2014: 1,000,000 Performance Rights A expired, unvested).

Performance Rights	Tranche A	Tranche B	Tranche C
Opening Balance 1 July 2014	**-**	**1,000,000**	**1,000,000**
Vested during period	-	-	-
Expired/cancelled during period	-	(1,000,000)	(1,000,000)
Balance at 30 June 2015	**-**	**-**	**-**

15. SEGMENT INFORMATION

MinQuest Limited operates predominantly in one industry being the mining and exploration industry in Australia and Canada.

Segment Information

Identification of Reportable Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its exploration activities in Canada and Australia and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of Reportable Segments

(i) Mineral Exploration

Segment assets, including acquisition cost of exploration licenses and all expenses related to the tenements in Canada and Australia are reported on in this segment.

(ii) Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

15. SEGMENT INFORMATION *(Continued*

Basis of Accounting for Purposes of Reporting by Operating Segments

Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment Liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

2015	**Corporate**	**Exploration**	**Total**
	$	**$**	**$**
(i) Segment performance			
Segment revenue	6,982	-	6,982
Segment results	(749,187)	(954,546)	(1,703,733)
Included within segment result:			
• Depreciation	-	(47,188)	(47,188)
• Interest Revenue	6,982	-	6,982
• Impairment of exploration assets	-	(729,539)	(729,539)
Segment assets	430,155	1,906,728	2,336,883
Segment liabilities	(392,119)	(467,879)	(859,998)

2014	**Corporate**	**Exploration**	**Total**
	$	**$**	**$**
(i) Segment performance			
Segment revenue	14,093	-	14,093
Segment results	(667,260)	(125,007)	(792,267)
Included within segment result:			
• Depreciation	(3,839)	(22,216)	(26,055)
• Interest Revenue	14,093	-	14,093
• Impairment of exploration assets	-	(86,994)	(86,994)
Segment assets	181,130	778,787	959,917
Segment liabilities	(60,537)	(95,227)	(155,764)

14. SEGMENT INFORMATION *(Continued)*

(ii) Revenue by geographical region

There was no revenue attributable to external customers for the year ended 30 June 2015.

(iii) Assets by geographical region

Reportable segment assets are located in Canada.

16. LOSS PER SHARE

		Consolidated As at 30 June 2015 $	Consolidated As at 30 June 2014 $
The following reflects the income and share data used in the calculation of basic and diluted loss per share:			
Earnings used in calculation of basic and diluted earnings per share		(1,703,733)	(792,267)
Weighted average number of ordinary shares on issue used in the calculation of basic EPS	(i)	71,917,502	27,185,411

(i) Share options are not considered dilutive, as their impact would be to decrease the net loss per share.

17. RELATED PARTY DISCLOSURE

Key Management Personnel

Disclosures relating to key management personnel and any related party transactions are set out below and in the Remuneration Report.

Transactions are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Legal services fees paid to Cardinals Corporate Pty Ltd, an entity related to Mr Richard Homsany	2,274	45,000
Company secretarial and accounting fees paid to Athena Corporate Pty Ltd, an entity related to Ms Suzie Foreman	41,692	46,200
Office and administration support fees paid to Zephyr Consulting Group Pty Ltd, an entity in which Mr Ian Prentice is a major shareholder	15,551	86,400
Geological services fees paid to Ian Prentice	25,636	72,000
Corporate advisory fees paid to Chess Capital Pty Ltd, an entity to which Jason Eveleigh is a director	15,000	60,000

Key management personnel balances:	As at 30 June 2015 $	As at 30 June 2014 $
Legal services fees paid to Cardinals Corporate Pty Ltd, an entity related to Mr Richard Homsany	-	-
Company secretarial and accounting fees paid to Athena Corporate Pty Ltd, an entity related to Ms Suzie Foreman	-	3,850
Office and administration support fees paid to Zephyr Consulting Group Pty Ltd, an entity in which Mr Ian Prentice is a major shareholder	-	-
Geological services fees paid to Ian Prentice	-	-
Corporate advisory fees paid to Chess Capital Pty Ltd, an entity to which Jason Eveleigh is a director	-	5,000

18. AUDITORS REMUNERATION

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Amounts received or due and receivable by :		
- HLB Mann Judd - audit or review of the financial report of the Company at the financial year end	31,500	40,750
	31,500	40,750

19. INTEREST IN SUBSIDIARIES

The consolidated financial statements include the financial statements of MinQuest Limited and the following subsidiaries listed in the following table:

Name	Country of Incorporation	Percentage of equity interest held by Consolidated Entity		Investment	
		2015 %	2014 %	2015 $	2014 $
Merah African Exploration Limited	Zambia	**100**	**100**	**250**	**250**
Merah West Africa Limited	Ghana	**100**	**-**	**1**	**-**
Oresearch Limited	Australia	**100**	**-**	**533,333**	**-**
Merah Resources Canada Limited	Canada	**100**	**-**	**100**	**-**

MinQuest Limited is the ultimate Australian parent entity of the Group.

Oresearch Limited Acquisition

During the period in September 2014, the company acquired all of the issued shares in Oresearch Limited, which holds an option to earn 100% in the Coober Pedy project, for consideration of 16,666,667 ordinary shares. Of the 16,666,667 ordinary shares, 10,000,000 were issued on acquisition with the remaining 6,666,667 recorded as deferred consideration.

The deferred consideration shares will be issued to the original shareholders of Oresearch upon the first of any of the following conditions being met:

(i) completion of the earlier to occur of:

(A) the first 12 months of exploration on the Coober Pedy Project; or

(B) meeting the minimum expenditure commitment on the Coober Pedy Project,

and, the board of Directors of the MinQuest electing to continue to fund expenditure on the Coober Pedy Project (either by sole funding or assigning or selling its joint venture interest) following satisfaction of the minimum expenditure commitment on the Coober Pedy Project; or

(ii) completion of the earlier to occur of:

(A) the first 12 months of exploration on the Fyre Lake Property; or

(B) meeting the minimum expenditure commitment on the Fyre Lake Property,

and, the board of Directors of the MinQuest electing to continue to fund expenditure on the Fyre Lake Property (either by sole funding or assigning or selling its joint venture interest) following satisfaction of the minimum expenditure commitment on the Fyre Lake Property.

19. INTEREST IN SUBSIDIARIES *(continued)*

The Deferred Consideration Shares will be subject to a voluntary escrow period of six (6) months (or such period as determined by the ASX) from their date of issue.

In addition, a further 3,333,333 deferred consideration shares will be issued in the event the company concludes a successful capital raising of $1,500,000. If, within six (6) months of the settlement of the transaction to acquire Oresearch, any or all of the original Oresearch Shareholders are successful in securing an interest in one or more additional projects for MinQuest, then MinQuest will issue to the original Oresearch Shareholders (or their nominees), pro-rata to their original proportion shareholding in Oresearch, that number of MinQuest Shares which, when multiplied by the issue price will be equal to 5% of the agreed purchase price of the additional project(s) (Success Fee Shares). The issuing of the Success Fee Shares will be subject to any necessary shareholder and Board approvals. The issue price of the Success Fee Shares will be the volume weighted average price of MinQuest shares calculated over the 5 trading days immediately prior to the date of issue of the Success Fee Shares. The Success Fee Shares will be subject to a voluntary escrow period of six (6) months from their date of issue (or such other period as imposed in accordance with the ASX Listing Rules). The additional deferred consideration shares and the success fee shares had not been issued at 30 June 2015 and had not been recorded as deferred consideration as at 30 June 2015 as the Company considered that the conditions for their issue had not been satisfied.

This transaction was an acquisition of assets and does not meet the definition of a business under AASB 3 Business combinations.

20. FINANCIAL INSTRUMENTS

(i) Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash call deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial instruments.

The Directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management
The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Foreign Currency Risk
The Group is exposed to US dollar (USD) and Canadian dollar (CAD) currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2015	2014	2015	2014
	$	$	$	$
US Dollars	-	-	-	81,179

20. FINANCIAL INSTRUMENTS *(Continued)*

(b) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not have short or long-term debt, and therefore this risk is minimal. At the reporting date the interest rate profile of the Company's and Group's interest-bearing financial instruments is detailed in Note 20(ii) below.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure due to the nature of its operations. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

If the Company anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Company will raise future capital will depend upon market conditions existing at that time.

The Group manages liquidity risk by continually monitoring forecast and actual cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(ii) Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the balance sheet.

2015	**Floating interest rate $**	**Fixed interest maturing in**		**Non-Interest bearing $**	**Total $**
		1 year or less $	**over 1 year $**		
Financial Assets					
Cash at bank	111,749	-	-	-	111,749
Trade & other receivables	-	-	-	318,406	318,406
	111,749	-	-	318,406	430,155
Weighted Average Interest Rate					
Financial Liabilities					
Trade & other creditors	-	-	-	609,998	609,998
Short term borrowing	-	-	-	250,000	250,000
	-	-	-	859,998	859,998

20. FINANCIAL INSTRUMENTS *(Continued)*

2014	Floating interest rate $	Fixed interest maturing in		Non-Interest bearing $	Total $
		1 year or less $	over 1 year $		
Financial Assets					
Cash at bank	141,399	-	-	-	141,399
Trade & other receivables	-	-	-	39,251	39,251
	141,399	-	-	39,251	180,650
Weighted Average Interest Rate	0.72%				
Financial Liabilities					
Trade & other creditors	-	-	-	155,764	155,764
	-	-	-	155,764	155,764

(iii) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities approximates fair value because of their short-term maturity.

(iv) Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

	2015 $	2014 $
CHANGE IN PROFIT/(LOSS) AND EQUITY		
Increase in interest rate by 2%	2,235	2,828
Decrease in interest rate by 2%	(2,235)	(2,828)

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

21. SHARE BASED PAYMENT PLANS

During the year there were nil (2014: nil) options issued to Directors and executives as part of their remuneration.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options on issue during the financial year:

	Number of Options 2015	Weighted Average Exercise Price $ 2015	Number of Options 2014	Weighted Average Exercise Price $ 2014
Outstanding at the beginning of the year	2,333,333	$0.20	2,000,000	$0.20
Granted during the year	-	-	333,333	-
Expired on termination of employment	(2,333,333)	-	-	-
Outstanding at the end of the year	-		2,333,333	
Exercisable at the end of the year	-		2,333,333	

(i) The options outstanding at 30 June 2015 had a weighted average exercise price of $nil (2014: $0.20).
(ii) Options outstanding at 30 June 2015 had a weighted average remaining life of nil years (2014: 1.17 years.)
(iii) The weighted average fair value of the options granted as share based payments was $nil (2014: $0.00308)

22. PARENT ENTITY DISCLOSURE

a) Financial position

	30 June 2015 $	30 June 2014 $
Assets		
Current assets	373,182	182,096
Non-current assets	1,914,062	779,268
Total assets	**2,287,244**	**961,364**
Liabilities		
Current liabilities	800,351	155,764
Total liabilities	**800,351**	**155,764**
Equity		
Issued capital	5,499,520	3,123,055
Accumulated losses	(4,025,714)	(2,330,542)
Reserves	13,087	13,087
Total equity	**1,486,893**	**805,600**

Financial performance

	Year ended 30 June 2015 $	Year ended 30 June 2014 $
Loss for the year	(1,695,171)	(792,267)
Other comprehensive income	-	-
Total comprehensive income	(1,695,171)	(792,267)

b) Contingent liabilities
As at 30 June 2015 and 2014, the Company had no contingent liabilities.

c) Contractual commitments
Other than detailed in Note 24, as at 30 June 2015 and 2014, the Company had no contractual commitments.

d) Guarantees entered into by parent entity
As at 30 June 2015 and 2014, the Company had not entered into any guarantees.

23. DISCONTINUED OPERATIONS

On 25 November 2014, MinQuest terminated its option agreement for the Antubia Project in Ghana and returned the project to Castle Minerals Limited. MinQuest has no ongoing interest in the project.

No consideration was received by the Group in relation to the disposal of the Antubia Project.

	2015 $
Consideration received in cash and cash equivalents	-

B. *Net assets disposed of*

	Total $
Net assets disposed of[#]	-
Including cash and cash equivalents	-

[#] At the date of disposal of the Antibua project the capitalised exploration and evaluation expenditure had been impaired to a $nil carrying value. Refer note 7.

23. DISCONTINUED OPERATIONS *(continued)*

C. Financial performance and cash flow information

The financial performance and cash flow information presented are the period from 1 July 2014 to the date on which the relevant subsidiary was disposed (2015 column) and for the year ended 30 June 2014.

	2015 **$**	2014 $
Revenue	-	-
Expenses	(729,539)	-
Loss before income tax of discontinued operations	(729,539)	-
Income tax expense	-	-
Loss before income tax of discontinued operations	(729,539)	-
Gain on sale of subsidiaries after income tax	-	-
Loss from discontinued operations	(729,539)	-
Net cash outflow from operating activities	-	(324,426)
Net cash inflow from investing activities	-	-
Net cash decrease attributable to disposed subsidiaires	-	(324,426)

24. COMMITMENTS FOR EXPENDITURE

(a) Exploration commitments

The Company will have minimum obligations pursuant to the terms and conditions of prospective tenement licenses in the forthcoming year of exploration and rental commitments as detailed below. These obligations are capable of being varied from time to time, in order to maintain current rights to tenure to mining tenements.

	Year ended 30 June 2015 $	**Year ended 30 June 2014 $**
Within 1 year	-	280,000
1 – 5 years	-	-
5 + years	-	-

(b) Lease expenditure commitments

	Year ended 30 June 2015 $	**Year ended 30 June 2014 $**
Within 1 year	34,833	7,920
1 – 5 years	81,667	-
5 + years	-	-

25. SUBSEQUENT EVENTS

Other than as disclosed below, no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs:

- On 21 July 2015, the Company received $450,000 pursuant to a placement of 22,500,000 shares to a sophisticated investor at $0.02 per share.

- On 23 July 2015, the Company announced that it had made a conditional offer to purchase from Yukon Zinc Corporation the assets of the Wolverine Zinc mine in the Yukon Territory, Canada. The key terms of the conditional offer are:

    i. 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 approved by creditors at a meeting on September 2, 2015 (Pacific Standard Time).

    ii. 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. The APA is conditional on MinQuest obtaining financing within 60 days of the APA becoming effective.

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

    iv. MinQuest has executed the APA. On 23 September 2015 MinQuest applied to the Court for an order to have the Monitor sign the APA on behalf of Yukon Zinc. The Court adjourned the hearing. MinQuest will be at liberty to reapply to the Court for a further hearing of its application if the Yukon Zinc restructuring plan is not implemented.

    v. 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.

    vi. In the event that the APA becomes effective and MinQuest purchases the Wolverine zinc mine and related assets, MinQuest intends assess the viability 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.

- On 12 August 2015, the Company announced that it had raised approximately A$2.29 million via a share issue and Convertible Loan Facility to progress its proposed acquisition of the Wolverine zinc mine in the Yukon Territory, Canada. Details of the capital raising are as follows:

    i. 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.

    ii. 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. An Extraordinary General Meeting of Shareholders has been convene for 7 October 2015 to consider, among other matters, approval of the Magna convertible notes.

    iii. The share placement involved the issue of 37.4 million shares at an issue price of A$0.025 (2.5 cents) per share.

DIRECTORS' DECLARATION

1. The Directors of the Company declare that:

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

Mr Jeremy Read
Managing Director

30 September 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of MinQuest Limited

Report on the Financial Report

We have audited the accompanying financial report of MinQuest Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of MinQuest Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of MinQuest Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 September 2015

ADDITIONAL SHAREHOLDER INFORMATION

1. Distribution Schedule of the Number Of Holders In Each Class of Equity Security As At 4 August 2015

Shareholding

The distribution of members and their holdings of equity securities in the Company were as follows:

Number held as at 4 August 2015	Class of Equity Securities Fully Paid Ordinary Shares
1-1,000	2
1,001 - 5,000	5
5,001 – 10,000	140
10,001 - 100,000	44
100,001 and over	44
Totals	**235**

Marketable Parcel

Holders of less than a marketable parcel:- fully paid shares 158

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

1. *Substantial Shareholders*

Shareholder	Number	Percentage of issued capital held
Robert Anthony Healy	22,500,000	11.14%

3. Unquoted Securities

Class of Equity Security	Number	Number of Security Holders
Unlisted Options, $0.20 expiring 31 August 2015	7,000,000	10

ADDITIONAL SHAREHOLDER INFORMATION ***(Continued)***

4. Twenty Largest Shareholders in Each Class of Equity Security As At 18 September 2015

The names of the twenty largest ordinary fully paid shareholders are as follows:

Name	**Number of Ordinary Fully Paid Shares Held**	**Held of Issued Ordinary Capital (%)**
Mr Robert Anthony Healy	22,500,000	11.135
Mr Rodney James Wellstead	11,175,000	5.530
Prospect Custodian Limited	10,926,190	5.407
Mr John Leonard Woodward	7,971,760	3.945
Mr Rodney James Wellstead	7,316,491	3.621
Magna Equities II Llc	6,870,600	3.400
R H Stewart Super Pty Ltd	5,600,000	2.771
Mrs Leanne Susan Vidovich	5,325,000	2.635
Rededge Enterprises Pty Ltd	4,000,000	1.980
J P Morgan Nominees Australia limited	3,527,074	1.746
Thornbury Nominees Pty Ltd	3,100,000	1.534
Scintilla Strategic Investments Limited	3,000,000	1.485
Mr Ian Barrie Murie	2,850,764	1.411
Grazian Pty Ltd	2,836,667	1.404
Nasuti Pty Ltd	2,733,333	1.353
Barclay Wells Ltd	2,678,801	1.326
M & S Super Investments Pty Ltd	2,525,253	1.250
Mr Jeremy James Read	2,525,253	1.250
Trindis Pty Ltd	2,525,253	1.250
Pacific Ridge Exploration Ltd	2,309,451	1.143
TOTAL	**112,296,890**	**55.58%**

5. Restricted Securities

The Company has no restricted securities on issue.

6. Consistency With Business Objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.