



Update on offer to acquire Wolverine Zinc Mine

Highlights

- The Supreme Court of British Columbia has issued orders for a restructuring proposal by Yukon Zinc Corporation, current owners of the Wolverine zinc mine, to be presented to its creditors at a meeting to be held on 2 September 2015.
- Implementation of the Yukon Zinc restructuring proposal is subject to satisfaction of a number of conditions precedent, including;
 - approval by 51% by number and 66.7% by value of the creditors eligible to vote on the proposal; and
 - Yukon Zinc implementing a loan agreement with its parent company JDC Canada to fund implementation of the restructuring proposal.
- As of the date of the court hearing on Friday 14 August, the Monitor reported that funding of the Yukon Zinc restructuring proposal had not been finalised.
- The Court appointed Monitor of Yukon Zinc has recommended that an Asset Purchase Agreement ("APA") for the Wolverine zinc mine be executed with MinQuest.
- The Monitor is supportive of a transaction with MinQuest for Wolverine if the Yukon Zinc restructuring proposal is not implemented for any reason including:
 - the required majority of Yukon Zinc creditors does not approve the restructuring proposal at the creditors meeting on 2 September; or
 - Yukon Zinc does not obtain the funding to make the required payments to creditors.
- The Monitor's Report states that it is the intention of Yukon Zinc to preserve the Wolverine mine in a temporary closure state until, among other things, metal prices improve.

17 August 2015

DIRECTORS

David Deloub
Chairman

Jeremy Read
Managing Director

Paul Niardone
Non-Executive Director

Adam Davey
Non-Executive Director

Stephen Kelly
Company Secretary

SHARE INFORMATION

ASX Code: MNQ
Issued Capital:
220,230,116 Fully Paid
Shares
72,936,522 Unlisted
Options

CONTACT INFORMATION

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MinQuest Limited
ACN: 146 035 127



MinQuest Limited (**"MinQuest" or "The Company"**) (ASX:MNQ) advises of recent developments in relation to its non-binding, conditional offer to acquire the Wolverine Zinc Mine in Yukon Territory, Canada, which is currently owned by Yukon Zinc Corporation.

Yukon Zinc is currently under Court protection from its creditors, with PriceWaterhouse Coopers (PwC) having been appointed by the Court as Monitor of Yukon Zinc.

MinQuest has put forward a proposal to the Monitor to acquire Wolverine for CAD\$15 million, with an additional payment of CAD\$3 million to the government of the Yukon Territory to supplement an existing CAD\$7.7 million of environmental bonds.

Yukon Zinc meanwhile has proposed a Plan of Compromise and Arrangement ('restructuring plan'), which was the subject of a hearing in the Supreme Court of British Columbia on 14 August 2015.

At that hearing, the Court granted Orders authorising Yukon Zinc to file its restructuring plan and present that plan to creditors. Materials relating to the meeting have been posted on the Monitor's website and can be viewed at:

<http://www.pwc.com/ca/en/car/yukonzinc/index.jhtml>.

The meeting of creditors to consider Yukon Zinc's restructuring proposal will be held in Vancouver on 2 September 2015.

The Monitor's Ninth Report states that based on eligible creditor claims totalling CAD\$29 million, creditors will receive an average of 15% of their claim under Yukon Zinc's restructuring plan.

Implementation of Yukon Zinc's restructuring proposal remains highly conditional. Key conditions to be satisfied include:

- For the restructuring plan to be approved 51% of eligible creditors by number and 66.7% by value need to vote in favour of the restructuring plan.
- Payments to creditors by Yukon Zinc pursuant to the restructuring proposal are to be funded pursuant to a Loan Agreement that is being negotiated between Yukon Zinc and Jinduicheng Canada Resources Corporation Limited (**"JDC"**), a related company of Yukon Zinc. As of the date of the Monitor's Ninth Report, Yukon Zinc had not finalised a loan agreement with JDC and therefore the restructuring proposal was unfunded at that date.

The Monitor recommended in its Ninth Report to the Court that an APA be executed with MinQuest. The APA will become effective if the Yukon Zinc restructuring proposal is not implemented.

MinQuest Managing Director Jeremy Read said that MinQuest had a plan for the Wolverine Zinc mine and that the potential combination of the Wolverine and Fyre



Lake Projects could provide significant social and economic benefits to the Yukon region.

"The integrated development of these two projects could generate significant economic benefits for the region, potentially creating jobs and business opportunities for many years into the future," he said.

The Monitor's Ninth Report states that Yukon Zinc has spent considerable time and effort preparing the buildings and equipment at the Wolverine site for an extended period of inactivity as it is the intention of Yukon Zinc to preserve the Wolverine mine in a temporary closure state until, among other things, metal prices improve.



Competent Person Statement

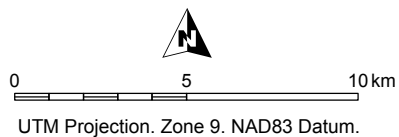
The information in this report that relates to exploration results is based upon information reviewed by Mr Jeremy Read BSc (Hons) who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Read is a full time employee of MinQuest Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Read consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Mr Read is the Managing Director of MinQuest and currently owns 2,525,253 Fully Paid Ordinary Shares and has the entitlement to a further 2,525,253 deferred consideration shares subject to relevant milestone events being achieved.

Forward Looking Statements

This announcement contains "forward-looking statements". Such forward-looking statements include, without limitation: estimates of future earnings, the sensitivity of earnings to commodity prices and foreign exchange rate movements; estimates of future production and sales; estimates of future cash flows, the sensitivity of cash flows to commodity prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimates of resources and statements regarding future exploration results; and where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to commodity price volatility, currency fluctuations, increased production costs and variances in resource or reserve rates from those assumed in the company's plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.



- VMS Mine
- VMS Deposit
- Highway
- Mine access road
- Proposed Fyre Lake access
- Lake
- River



FYRE LAKE PROJECT - YUKON, CANADA WOLVERINE ACCESS MAP

Drawn: RRM	Date: 05.05.2015	Revision:	Figure 2
Checked: C. Doornbos	Drawing No.: FL-010.mxd		