



## Activities and Cash Flow Report June Qtr 2015

### Highlights

#### Fyre Lake Project, Yukon Canada

- MinQuest has moved to accelerate potential development of the Fyre Lake Project by submitting a conditional, non-binding bid for the Wolverine Zinc Mine, approximately 28 kms north-east of Fyre Lake. The bid was announced in July.
- If its Wolverine bid is successful, MinQuest is examining the possibility of using the existing facilities at Wolverine to process ore from the Kona Resource, enabling more rapid development of the Fyre Lake project and delivering potential pre-production cost savings of CAD\$150-200 million.
- Work permits were received in May to enable drilling to be undertaken at Fyre Lake. An exploration program is scheduled later this year, subject to progress with the Wolverine offer.
- The Mineral Resource estimate for the Kona Deposit at a 1% Cu cut-off was increased in January to:
  - 12.6 Mt @ 1.56% Cu, 0.09% Co, 0.63 g/t Au, 0.30% Zn

#### Marg Project, Yukon Canada

- The acquisition of the right to earn up to a 75% interest in the Marg Project was announced in March.
- The Marg Mineral Resource currently stands (at a 0.5% cut-off) at:
  - 11.74Mt @ 1.27% Cu, 3.23% Zn, 1.55% Pb, 0.61g/t Au and 39.78g/t Ag
- A review of the current resource is being undertaken to generate enhanced mining schedules and potentially increased production parameters for inclusion in an updated Scoping Study.
- This is expected to lead to an exploration drilling campaign being commenced in 2016 to further expand the resource, as part of a Feasibility Study.

#### Coober Pedy Project, South Australia

- The Cyclops target drilling program was completed during May and June.
- Two drill holes were completed for a total of 1065 metres.
- Both holes intersected trace to minor amounts of chalcopyrite and assay results confirmed associated trace amounts of copper (a maximum of 337 ppm).
- Further analysis of the results is being undertaken to see if additional work is warranted.

#### Corporate

- A \$700,000 fund raising was completed via the issue of Convertible Notes
- A \$500,000 placement was announced in June, with funds received in July.

31 July 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:  
158,293,746 Fully Paid  
Shares  
71,239,766 Unlisted  
Options

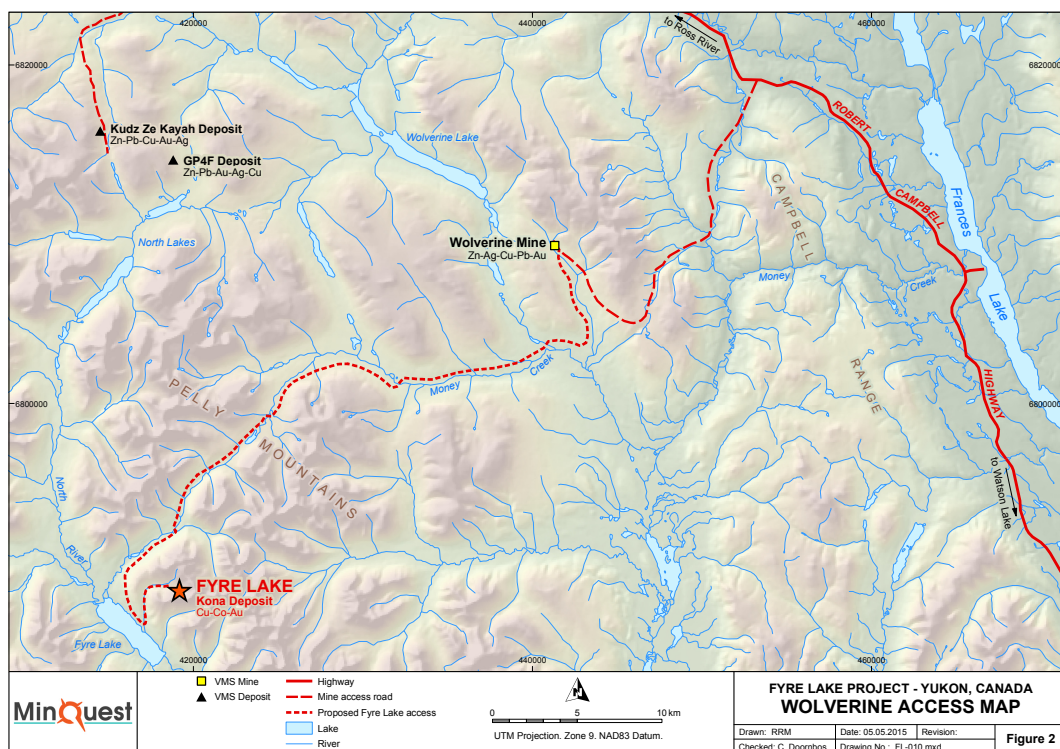
#### **CONTACT INFORMATION**

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F: +61 7 3369 3305  
[www.minquest.com.au](http://www.minquest.com.au)

MinQuest Limited  
ACN: 146 035 127

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

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



## WOLVERINE PROJECT (YUKON TERRITORY, CANADA)

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, 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.



Yukon Zinc Corporation acquired the Wolverine Zinc Project in 2008 and following acquisition of the project, invested in excess of CAD\$500M to acquire, develop, put into production and fund the ongoing operation of the zinc mine. Construction of the mine and processing facilities occurred throughout 2009 and 2010 with the mill commissioning commencing in late 2010. Commercial production commenced in March 2012 and full design capacity of the mine and processing mill (750,000tpa) was achieved in the first quarter of 2013. The mine was placed on Care and Maintenance in January 2015. On 13 March, the Supreme Court of British Columbia granted Yukon Zinc protection from its creditors pursuant to the Companies Creditors Arrangements Act. PricewaterhouseCoopers Inc. (PwC) 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 including the remaining Mineral Resources, processing mill, tailings management facility, workshops, mine office buildings, generator power plant, mine and operating leases and surrounding exploration claims. MinQuest is currently progressing the finalisation of an Asset Purchase Agreement.

The offer for the Wolverine mine and associated infrastructure is conditional upon finance being secured to complete the transaction by 10 August, 2015. MinQuest is in discussions with a number of potential financiers.

### **Kona Mineral Resource**

The Kona Mineral Resource is currently defined as a total Mineral Resource of 12.6Mt @ 1.56% Cu, 0.09% Co, 0.30% Zn and 0.63g/t Au.

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

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

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

### Exploration Objectives

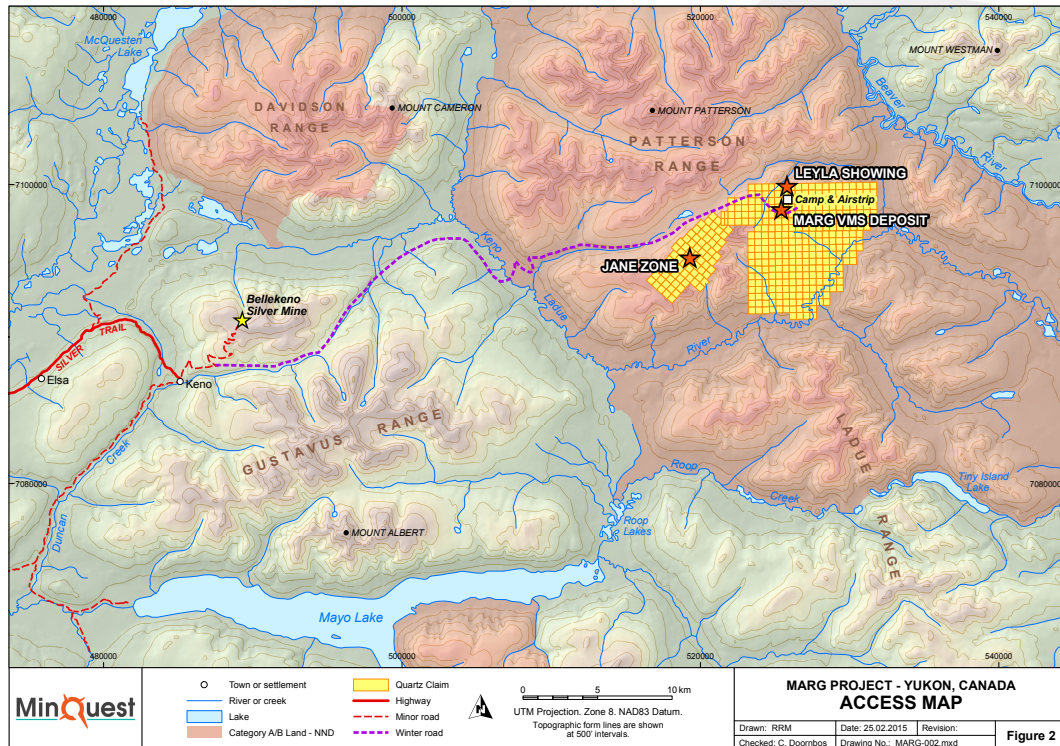
Subject to progress with the Wolverine offer, MinQuest is aiming to undertake an exploration campaign at the Fyre Lake Project to increase the Mineral Resources to more than 16-17 Mt at copper and gold grades similar to the currently defined Kona Mineral Resource (1.52% Cu and 0.56g/t Au).

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 (see ASX Announcement of 16 October, 2014).

### 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. 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 degree to 70 degrees. These factors present a very positive scenario for the development of mining activities.

## 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 3: 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
<b>Total</b>	<b>11.74</b>	<b>1.27</b>	<b>1.55</b>	<b>3.23</b>	<b>39.78</b>	<b>0.61</b>	<b>3.61</b>

*\*The basis of the CuEq calculation is defined in Table 4*

*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.*

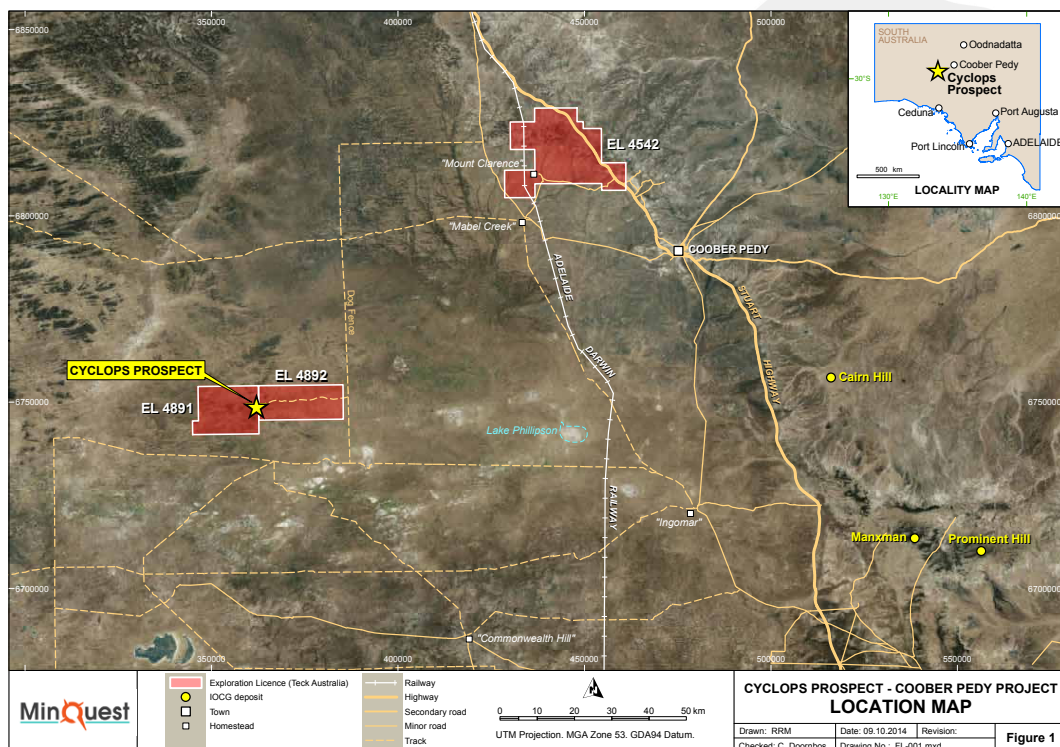
### **Project Plan**

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.

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

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



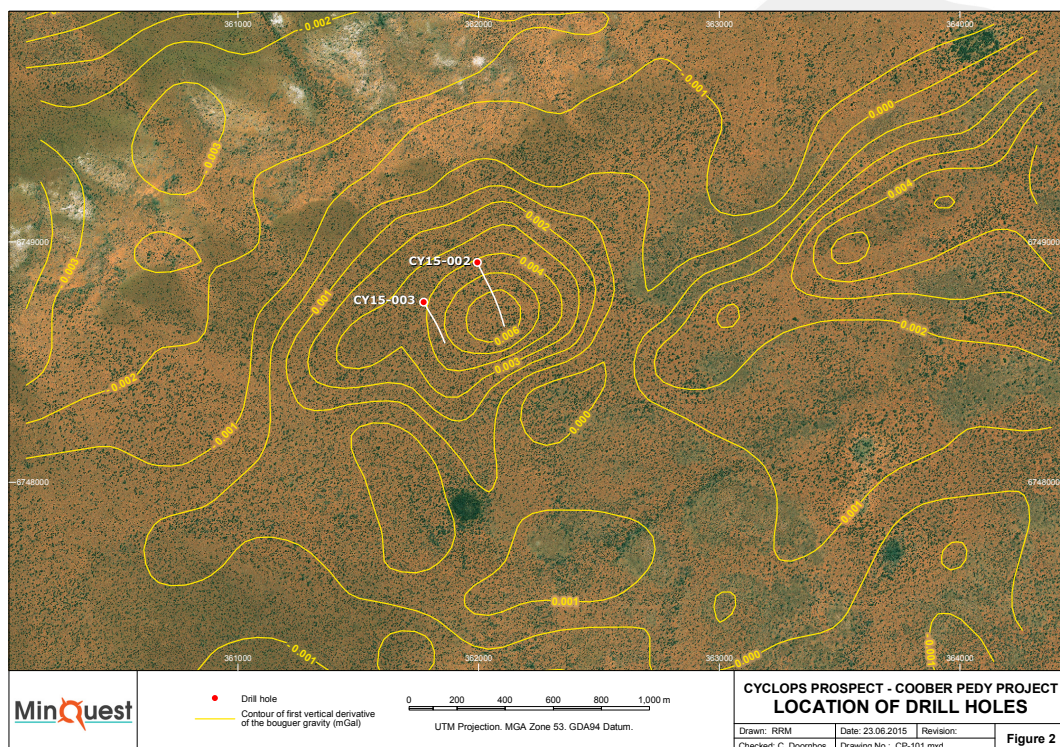
An exploration drilling program was completed at the Cyclops Target in May and June 2015.

Two drill holes were completed to test gravity and magnetic anomalies, 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.

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%.





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.

## CORPORATE

In mid April, \$100,000 was secured from the South Australian Government through the Plan for Accelerating Exploration Frontiers Initiative to assist in the Cyclops drilling program. It is anticipated that \$50,000 of these funds will be received next quarter and the remaining \$50,000 by the end of calendar 2015.

On 22 April MinQuest announced that it had completed a \$700,000 fund raising via an issue of 70 Convertible Notes each with a value of \$10,000. Following shareholder approval at an extraordinary general meeting on May 11, the 70 Notes converted into 46,666,667 shares. Each share issued has a free attaching option with a two-year term and exercise price of 4.5 cents.





On 22 June, 2015, a placement of 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.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "J Read".

Jeremy Read  
**Managing Director**

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### **Competent Person Statement - Mineral Resource**

This 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.

#### **Copper Equivalence Notes**

The Copper Equivalent (CuEq) values are calculated based on the metrics in Table 3, such that  $\text{CuEq} = \text{Cu Grade} + (\text{Co Grade} \times \text{Co Recovery} \times \text{Co Price}) + (\text{Au Grade} \times \text{Au Recovery} \times \text{Au Price}) / (\text{Cu Recovery} \times \text{Cu Price})$

Recovery values have been taken from preliminary metallurgy work completed on the project in 1997.

#### **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.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

MINQUEST LIMITED

ABN

21 146 035 127

Quarter ended ("current quarter")

30 June 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts	-	-
1.2	Payments for (a) exploration & evaluation	(424)	(906)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(163)	(696)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>		<b>(586)</b>	<b>(1,595)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(15)	(30)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (Project acquisition)	-	(212)
<b>Net investing cash flows</b>		<b>(15)</b>	<b>(242)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(601)</b>	<b>(1,837)</b>

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(601)	(1,837)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	660	1,908
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs of raising capital)	(46)	(101)
	<b>Net financing cash flows</b>	614	1,807
	<b>Net increase (decrease) in cash held</b>	13	(30)
1.20	Cash at beginning of quarter/year to date	98	141
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	111	111

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	112
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors fees paid to Non Executive Directors and salary payments to the Managing Director	

### Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

### **Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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

### **Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>550</b>

In July 2015 the Company received \$510,000 in cash pursuant to an equity placement to exempt investors

### **Reconciliation of cash**

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	84	199
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other – Term Deposits	27	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>111</b>	<b>199</b>

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

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

#### Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> (description)	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through returns of capital, buy-backs, redemptions	-	-		
7.3 <b>*Ordinary securities</b>	130,125,010	130,125,010		
7.4 Changes during quarter				
(a) Increases through issues	46,666,669	46,666,669	\$0.015 per share	\$0.015 per share
(b) Decreases through returns of capital, buy-backs	-	-		
7.5 <b>*Convertible debt securities</b> (description)				

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> (description and conversion factor)	7,000,000 46,666,669 7,923,067	- - -	<i>Exercise price</i> \$0.20 \$0.045 \$0.045	<i>Expiry date</i> 31 August 2015 11 May 2017 11 February 2017
7.8	Issued during quarter	46,666,669 7,923,067	- -	\$0.045 \$0.045	11 May 2017 11 February 2017
7.9	Exercised during quarter	-	-	-	--
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

## Compliance statement

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

Sign here:



Date: 31 July 2015

Print name: Stephen Kelly  
(Company Secretary)

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+ See chapter 19 for defined terms.