

Quest Minerals Limited

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Board of Directors:

Steve Formica

Jerome G (Gino) Vitale

David Palumbo

Company Secretary:

David Palumbo

Capital Structure:

Ordinary Shares: 116,937,867

Unlisted Options: 32,500,000



ASX Code: **QNL**

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Report for Quarter Ended 31 December 2017

Quest Minerals Limited (ASX: QNL, "Company") is pleased to provide this quarterly update on its activities for the quarter ended 31 December 2017.

1. Acquisition of Cobalt and Gold Projects in Austria

On 13 November 2017 the Company announced that it had entered into a binding heads of agreement to acquire Austrian Projects Corporation Pty Ltd (APC). APC has a 100% interest in a suite of highly prospective cobalt and gold exploration tenements in Austria (**Austrian Cobalt and Gold Projects**).

The Austrian Cobalt and Gold Projects comprise eight projects which are prospective for cobalt, nickel, copper and gold and contain historical mines and workings. The Company aims to undertake a two year exploration program, focussing on cobalt/nickel/copper mineralisation of the Leogang and Seekar projects and the high grade gold potential of the Schellgaden gold mine.

The terms of the acquisition and a description of the assets are set out in the Notice of Meeting sent to shareholders on 19 December 2017. The Company's shareholders approved the resolutions necessary for the acquisition of at a General Meeting of shareholders held on 19 January 2018. The terms approved by shareholders include:

- the issue of 186 million ordinary shares in the Company, 65 million options, and 240 million performance shares.
- The issue of issue a Prospectus for a public offer to raise \$4,500,000 at \$0.03 per Share.
- a change of name to "*High Grade Metals Limited*"
- participation by existing directors in the public offer.

At completion of the capital raising, Mr Gino Vitale will retire as a director and the Company will appoint two new experienced directors: Torey Marshall as Managing Director / CEO and Hayden Locke as non-executive director.

The transaction is subject to conditions, including the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules and completion of the above capital raising.

Suspension of Quotation

The Company's securities were suspended from official quotation from commencement of trading on 19 January 2018 (the day of the shareholder meeting) and will remain suspended pending completion of the Company's recompliance with the initial listing requirements in Chapters 1 and 2 of the Listing Rules.

The Company is now proceeding with the next steps to achieve recompliance. It will shortly:

- lodge a prospectus with the Australian Securities and Investments Commission (**ASIC**) for the issue of 150,000,000 ordinary fully paid shares at an issue price of \$0.03 per share;
- make an application to ASX for reinstatement of its securities to official quotation;
- work towards satisfying the remaining conditions to completion of the Acquisition; and
- commence the process of changing its name to "High Grade Metals Limited" and its ASX Code to "HGM".

In order to be reinstated to official quotation, the Company will have to demonstrate to ASX's satisfaction that it will, upon completion of the Acquisition and Capital Raising, comply with the relevant initial listing requirements, and comply with any additional conditions imposed by ASX. The Company notes that ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities, and to grant any such approval on any conditions ASX considers appropriate.

The Company's currently proposed timetable for completion of recompliance and to achieve reinstatement to official quotation is as follows. These dates are indicative only and are subject to change without notice.

Action	Date
Lodgement of Prospectus with ASIC	30 January 2018
Lodgement of application for reinstatement to official quotation with ASX	30 January 2018
Completion of the Acquisition	26 February 2018
Satisfaction of conditions for reinstatement to official quotation	26 February 2018
Issue of Capital Raising securities	26 February 2018
Reinstatement to official quotation	2 March 2018

Further information on the proposed transaction is contained on the Company's website www.questminerals.com.au (under Investor/Presentations tab).

The Company will continue to make announcements to the market as appropriate to keep shareholders informed of its progress.

2. Victory Bore Vanadium Project, Sandstone WA (EL 57/1036)

A 1,100 metre RC drilling programme designed to follow up on historical gold anomalies undertaken during the previous quarter returned no significant gold values and no further work was carried out on the project during the quarter. As a consequence of the drilling campaign the Company has exceeded the minimum expenditure requirements on the tenement for the year ending 30 June 2018.

To advance the project additional metallurgical test work is now required to establish if the deposit lends itself to the production of a second product stream based on the titanium content of the deposit, in contrast with a single commodity vanadium product considered in previous studies conducted by the Company.



3.0 Corporate

3.1 Capital Structure

CAPITAL STRUCTURE SUMMARY	Fully Paid Ordinary Shares	Unlisted Options ⁽¹⁾
Securities on Issue as 31 December 2017 and at the date of this report	116,937,867	32,500,000

⁽¹⁾ Unlisted options are exercisable at a price of \$0.03 at any time until 30 September 2020.

3.2 Annual General Meeting

The Company held its AGM on 24 November 2017. Existing directors Messrs Formica, Vitale and Palumbo retired in accordance with the Company's Constitution and, being eligible, offered themselves for re-election and were duly reappointed on a show of hands.

3.3 Cash at Bank and Borrowings

At 31 December 2017 the Company had a cash balance of approximately \$492,000 and zero borrowings.

3.4 ASX Listing Rule 5.3.3 - Details of Tenements Held at 31 December 2017

The Company reports as follows in relation to mining tenements held at the end of the December 2017 quarter and acquired or disposed of during the December 2017 quarter and their locations:

Project	Country	Tenement	Status	% Held	Change During Quarter
Victory Bore	Australia (WA)	EL57/1036	Granted	100%	-

No mining tenements are subject to any farm-in or farm-out agreements.

Steve Formica
Non Executive Chairman

for further information, contact:

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