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29 July, 2010

By Facsimile: 1300 135 688

Company Announcements Platform
ASX Limited
20 Bridge Street
Sydney, New South Wales, 2000

Our reference
2698545

On-market takeover bid for all the issued ordinary shares in Wallace Absolute Return Limited ACN 100 854 788 by E-quest Capital Limited ACN 143 305 766

We act on behalf of E-quest Capital Pty Ltd (**E-quest**).

We are instructed that E-quest's bidder's statement is being despatched to Wallace shareholders today.

We attach, by way of service pursuant of item 8 of section 635(1) of the Corporations Act 2001, a copy of the letter sent to Wallace shareholders with the bidder's statement today.

Yours faithfully

Robert Sultan
Partner
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eQUEST

E-QUEST CAPITAL PTY. LTD.
ACN 143 305 766

29 July, 2010

Dear Wallace shareholder

Wallace Absolute Return Limited
Unconditional on-market takeover bid by E-quest Capital Pty Ltd

I am writing to you with details of our offer to acquire all your shares in Wallace Absolute Return Limited (**Wallace**) for 7.1 cents cash per share. We believe that our offer is very attractive to you and the other Wallace shareholders.

Our all cash offer is unconditional. It represents:

- a 12.7% premium to the closing price of Wallace shares on 9 July, 2010[1];
- a 39.2% premium to the 30 day volume-weighted average price of Wallace shares to the close of trading on 9 July, 2010;
- a 42% premium to the 3 month volume-weighted average price of Wallace shares to the close of trading on 9 July, 2010; and
- a 102.9% premium to the 30 day volume-weighted average price of Wallace shares to the close of trading on 18 June, 2010[2].

The directors of Wallace have unanimously recommended that you accept our offer subject to no superior proposal.

In addition, the independent expert, Lonergan Edwards & Associates Limited, commissioned by Wallace, has concluded that our offer is fair and reasonable and superior to the current off-market takeover offer of Armidale Investment Company Pty Ltd. A copy of that report can be viewed under Announcements in relation to Wallace at ASX's website at www.asx.com.au.

[1] The 9 July, 2010 was the last trading day prior to Wallace's announcement that we proposed to make an on-market takeover bid for Wallace.

[2] The 18 June, 2010 was the last trading day prior to Wallace's announcement that the Takeover Panel proceedings had been settled and Armidale Investment Company Pty Ltd had agreed to proceed with its off-market takeover bid.

The E-quest Offer

Our offer to acquire all your Wallace shares at 7.1 cents cash per share is by way of an on-market unconditional offer.

Particulars of our offer and other important information about our offer are set out in the accompanying Bidder's Statement dated today's date. I encourage you to read it carefully.

How to Accept

You may only accept our offer by selling your Wallace shares on-market through ASX.

You can sell your Wallace shares on-market to us immediately. Our broker, Bell Potter Securities Limited will from today stand in the market on our behalf and accept Wallace shares at 7.1 cents cash per share until the close of trading on 10 September, 2010 (unless the offer period is extended or the offer is withdrawn in accordance with the Corporations Act 2001).

A summary of how to sell your Wallace shares to us is set out in section 2 of the accompanying Bidder's Statement.

You will receive 7.1 cents in cash for each Wallace share acquired by us pursuant to our offer.

The usual rules for settlement of transactions which occur on-market on ASX will apply in respect of our purchase of your Wallace shares. This means that, on accepting our offer on-market, you will be paid on a normal T + 3 basis (being the 3^{rd} trading day after the date of the transaction in accordance with ASX practice).

Our unconditional on-market cash offer, if accepted by you, represents a certain cash payment to you for your shares in Wallace at 7.1 cents per share.

I encourage you to accept our offer for the reasons set out in this letter and the accompanying Bidder's Statement.

If you have any questions about our offer or the Bidder's Statement, please contact Cyril Jinks or Andrew Tan of Bell Potter on 1800 062 308 (within Australia) or +61 7 3295 2600 (from outside Australia) or myself on +61 3 9202 0101 between 9.00am and 5.00pm, Monday to Friday or consult with your legal, financial or other professional advisor.

Yours sincerely

Spiro Paule
Director