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NOTICE OF ANNUAL GENERAL MEETING

OF SHAREHOLDERS

Incorporating

PROXY FORM
AND
EXPLANATORY STATEMENT

To be held

At 11.00 am, Monday 18 October 2004

at the

The Western Australian Club
Lord Forrest Suite
First Floor
101 St George's Terrace
Perth
Western Australia

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9270 9999.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of the Company for 2004 will be held at 11.00 am on Monday 18 October 2004 (WST) at the Western Australian Club, Lord Forrest Suite, First Floor, 101 St George's Terrace, Perth, Western Australia ("Meeting").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form part of this Notice.

The Directors have determined pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 11.00am on Saturday 16 October 2004 (WST).

Terms and abbreviations used in this Notice are defined in the schedule of the Explanatory Memorandum.

AGENDA

REPORTS AND ACCOUNTS

To receive the financial statements of the Company for the year ended 30 June 2004 together with the Statement of the Directors, the Directors' Report and the Auditors' Report.

RESOLUTION 1 - Re-election of Mr Douglas Miller as a Director

To consider, and if thought fit, pass as an ordinary resolution the following:

> *"That, Mr Douglas Miller, being a director of the Company retiring in accordance with Article 13.2 of the Constitution and, being eligible, is hereby re-elected as a director of the Company."*

RESOLUTION 2 - Approval of Outsourcing Proposal to Executive Directors

To consider, and if thought fit, to pass as a special resolution the following:

> *"That, pursuant to ASX Listing Rule 10.1, Chapter 2E and section 256C(2) of the Corporations Act, Shareholders approve the Outsourcing Proposal which includes the transfer by the Company of all of the issued shares in Occtech (which is a wholly owned subsidiary of the Company that will be granted a worldwide exclusive License in respect of the Company's Wastewater Technology) to Wisemind (a related party of the Executive Directors) in consideration for the cancellation by selective capital reduction of 100,843,687 Shares held by the Executive Directors and their associates ("Wisemind Shareholders') on the terms and conditions in section 3 of the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who is a party to the transaction or any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 - Conversion of Debt to Equity (Mr Douglas Miller)

To consider, and if thought fit pass as an ordinary resolution, the following:

> *"That, in accordance with ASX Listing Rule 10.11 and Chapter 2E of the* Corporations Act, *Shareholders approve the issue of up to 14,250,000 Shares to Mr Douglas Miller, or his nominee, at an issue price of 2 cents per share in full and complete satisfaction of the Loan from Mr Douglas Miller to the Company on the terms and conditions in section 4 of the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who is to receive securities or any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 - Section 195 Approval

To consider, and if thought fit pass as an ordinary resolution, the following:

> *"That, as the Executive Directors are involved in the transaction in Resolution 2, the directors will not have a quorum and therefore for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in this Notice."*

Dated this 3rd day of September 2004
BY ORDER OF THE BOARD

RS Middlemas
Company Secretary

EXPLANATORY STATEMENT

1. INTRODUCTION

Notice is hereby given that the Annual General Meeting of Shareholders of the Company for 2004 will be held at 11.00 am on Monday 18 October 2004 (WST) at the Western Australian Club, Lord Forrest Suite, First Floor, 101 St George's Terrace, Perth, Western Australia ("Meeting").

The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

The 2004 Annual Report of the Company is enclosed with this Notice for your information.

2. RESOLUTION 1 - RE-ELECTION OF MR DOUGLAS MILLER AS A DIRECTOR

Article 13.2 of the Constitution provides that at each annual general meeting one-third of the Directors (excluding the Managing Director) shall retire from office and be eligible for re-election.

Consequently, the longest serving director in office since the last election is Mr Douglas Miller who retires as a director and offers himself for re-election.

Details of Mr Douglas Miller's qualifications and experience are in the 2004 Annual Report.

3. RESOLUTION 2 - APPROVAL OF THE OUTSOURCING PROPOSAL TO EXECUTIVE DIRECTORS

3.1 Introduction

On 30 June 2004, the Company announced a proposal under which QED will outsource the further commercialisation of its proprietary technologies to the current QED Executive Directors, leaving the Company to revert to its original business, as the owner and developer of technologies. Unfortunately the promise expected from the original purchase of Occtech has failed to materialise with losses exceeding $8m in the two years since the purchase. This has significantly reduced the Company's capacity to continue to raise shareholder funds on reasonable terms to finance further commercialisation. As a result, the Company has reached agreement with the Executive Directors to outsource future commercialisation of the technologies.

The background to this proposal followed the purchase in August 2002 of the entire issued capital of Occtech Limited, which was an unlisted environmental technology company specialising in wastewater and waste fluids treatment, which complimented QED's business. It was expected that Occtech, with over 30 staff and the required management and facilities, would be able to fully commercialise its own and QED's patented technologies. A valuation was undertaken on Occtech by Sinclair Knight Merz at the time, and the purchase price of 60,000,000 fully paid QED shares, was deemed to be fair and reasonable to QED shareholders by an Independent Expert, which led to QED shareholders approving the purchase.

At the time of the purchase over 35 potential projects had been identified by Occtech, of these in the first year there were 18 projects, of which only one was secured by Occtech. The other projects were either cancelled or deferred and one project was awarded to a competitor. Since the time of the purchase, QED has concentrated its efforts on securing further projects, but has been unable to secure sufficient wastewater projects to allow it to trade profitably, and it has had to rely on additional shareholder funding to support the ongoing operations. It has raised a total of $3,249,230 in new equity since the purchase occurred, and in the last two months has been unable to secure additional funds on reasonable terms to continue the commercialisation process.

The Executive Directors have expressed their confidence in the business and technology, and have currently identified 14 projects that they believe have a good probability of being secured in both the short and medium term, with project values ranging from $200,000 to $5,000,000. While the Executive Directors are confident that the projects will come in, recent history has shown that the lead times to securing the jobs identified, and the profitability of the jobs has been overestimated.

The Outsourcing Proposal now being brought to Shareholders will give the Company the opportunity to continue to participate in any upside that may occur if Occtech is able to secure some of these projects or waste water treatment jobs, without the need for further capital injection. The Executive Directors have supported their expectations by financing the ongoing operations of Occtech since 1 July 2004, having loaned funds totalling $424,582 to date with $600,000 in funds available, if necessary. If the Outsourcing Proposal is not approved by Shareholders, the Company will seek shareholder approval to convert the loan funds to fully paid ordinary shares at an agreed conversion rate of 2 cents per Share.

3.2 The Outsourcing Proposal

Under the terms of the Outsourcing Proposal, Wisemind Investments Pty Ltd (**"Wisemind"**), a company associated with Doug Miller, Ivan Bristow and Peter McIntosh, currently the Executive Directors of QED, will acquire QED's operating subsidiaries Occtech Limited (**"Occtech"**) and QED Environmental Services (Florida) LLC (**"QED ES"**). QED shall provide Wisemind (through its ownership of Occtech) with an exclusive global License to commercialise QED's proprietary technologies.

Total consideration for the transaction (including the assumption of liabilities and grant of the licence) shall be the cancellation of 100,843,687 Shares held by the Wisemind Shareholders (associates of the Executive Directors). This cancellation will be by selective capital reduction at a deemed value of $0.02 / share, representing total consideration of $2,016,874.

The Outsourcing Proposal would be affected as follows:

(a) QED will retain ownership or the right to ownership of all its intellectual property, including patents and patent applications of its subsidiaries.

(b) QED's operating subsidiaries Occtech and QED ES, shall be acquired by Wisemind, a company owned by the Executive Directors and their associates.

(c) Occtech will assume, and indemnify the Company in respect of, all operational liabilities associated with QED's operating business including (but not limited to) employee entitlements, lease obligations and finance lease obligations.

(d) Occtech will assume, and indemnify the Company in respect of:

  (i) all operations and maintenance obligations with respect to all QED's current plants and operations including the PB Plant and McArthur Plant; and

  (ii) all warranty obligations for QED's past contracts for the supply of wastewater treatment plants.

(e) The Company shall retain its right to receivables under existing contracts except that:

  (i) Occtech shall recover its costs in respect of work done on existing contracts where such work results in recovery of receivables by the Company (such recovery will not exceed 50% of the value of the receivable); and

  (ii) Occtech will receive all revenue arising from the operations and maintenance of the PB Plant but shall pay to the Company a royalty of 5% of the net revenue received by Occtech.

(f) The Company shall retain ownership of the wastewater treatment plant installed at PB Foods Limited in Balcatta Perth, Western Australia (**"PB Plant"**) and the wastewater plant installed at the premises of McArthur Farms Inc, Florida (**"the McArthur Plant"**). Occtech shall be entitled to 25% of the net sale proceeds (after transaction costs) arising from the sale of the PB Plant or McArthur Plant should PB Foods Limited or McArthur elect to acquire them.

(g) With effect from 1 July 2004 Wisemind has funded the business of Occtech and will do so until completion of the proposal or Shareholders refuse the Outsourcing Proposal.

Such funds will be forwarded to Occtech as an interest free loan. For further details see section 3.4 of the Explanatory Memorandum.

(h) The Company shall grant to Occtech an exclusive license to exploit the Company's Wastewater Technologies globally (**"the License"**). Occtech shall pay a royalty of 5% of gross revenues generated from future sales of (or related to) the Wastewater Technology or the wastewater technology of Occtech, with minimum royalties payable of $100,000 per annum. The gross revenue royalty and minimum royalty are subject to review after the grant of the license where the amount of the royalty affects the commercial implementation of the projects. In addition to the minimum royalty, Occtech shall pay an Exclusivity Royalty of $250,000 per annum (less royalty payments made by Occtech as above). For the first two years this Exclusivity Royalty shall not be payable.

(i) Consideration for the transfer of all the Shares in Occtech, shall be the cancellation by way of selective capital reduction of 100,843,687 Shares owned by the Wisemind Shareholders (associates of the Executive Directors).

(j) QED shall be responsible for the ongoing maintenance of the patents protecting its intellectual property.

QED's ongoing business model will be to license technologies once they have been successfully developed and to earn royalties from the successful commercialisation of these proprietary technologies.

3.3 Selective Capital Reduction of 100,843,687 Shares

The Corporations Act allows a company to reduce its share capital if the reduction:

(a) is fair and reasonable to the company's shareholders as a whole;

(b) does not materially prejudice the company's ability to pay its creditors; and

(c) is approved by shareholders.

The Company can only implement the Outsourcing Proposal if Resolution 2 is passed by Shareholders and the Outsourcing Proposal is approved by special resolution at a meeting of the Wisemind Shareholders, whose shares are being cancelled. The Wisemind Shareholders have agreed to approve the Outsourcing Proposal at their meeting.

A special resolution is a resolution that has been passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution, either in person or by proxy.

Votes of the Wisemind Shareholders and their associates, in relation to Resolution 2, will be subject to voting exclusion, and will not be counted.

The Outsourcing Proposal involves the reduction of the Company's share capital from 224,639,262 Shares to 123,795,575 Shares. This will be effected by the cancellation of 100,843,687 Shares held by the Wisemind Shareholders (as in the table below) in consideration for the transfer of all of the shares in Occtech held by the Company to Wisemind. This does not include the cancellation of the Shares issued to DH Miller pursuant to Resolution 3, if approved by Shareholders.

Shareholder	**Shares to be cancelled**
Mr P. D. Macintosh at The Fidelity Trust	29,672,517
Mr R.E. Macintosh	6 677 932
Mr D. H. Miller	19,795,537
Ms D. B. Miller	19,795,535
D.H. & D.B. Miller	350,000
Colibri Nominees	23,239,934
Breakthrough Project Solutions Pty Ltd	720,000
Breakthrough Project Solutions Pty Ltd at Bristow Superannuation Fund	592,232
Total	**100 843 687**

3.4 Implications if the Outsourcing Proposal is not approved

The Company's ability to continue to fund the commercialisation of the Wastewater Technology given the large and continued losses it has incurred to date is limited. Should Shareholders not approve the Outsourcing Proposal the Company will need to consider other restructuring proposals to reduce the costs of commercialising the Wastewater Technology or alternatively not continue the commercialisation process.

If the Outsourcing Proposal is not approved by Shareholders, Shareholder approval will be sought at another meeting to convert the funds loaned by Wisemind to the Company as detailed in section 3.2(g) of the Explanatory Memorandum. The issue of the Shares to Wisemind may result in some of the Executive Directors obtaining a relevant interest in the Shares of the Company above 20%. Consequently Shareholder approval for the issue of the Shares to Wisemind under section 611 item 7 of the Corporations Act would be required. An independent experts report would be required to accompany this notice.

If Shareholder approval for the conversion of the funds loaned by Wisemind to Occtech can not be obtained the Company will need to raise further funds to repay the funds loaned by Wisemind to the Company to fund the business of Occtech.

3.5 Advantages and Disadvantages of the Outsourcing Proposal

ADVANTAGES

The main advantages to the Company of the Outsourcing Proposal include:

(a) Allows QED to retain all of the patented technology that has been developed by QED and Occtech over the last 10 years, and earn an on-going royalty stream from them, allowing for further development in the future.

(b) Allows QED to retain all of the significant Wastewater treatment plants built in the last two years (including P&B and McArthur), while alleviating the on-going obligations relating to those assets.

(c) Reduces the current cash outgoings of the Company to a more manageable level.

(d) Reduces the number of Shares on issue.

(e) Allows the Company to focus on building the business through technology development or through acquisition of other technologies.

DISADVANTAGES

The main disadvantages to the Company of the Outsourcing Proposal include:

(a) The Company loses the ability to participate in the full economic benefit of any current, proposed or new contracts secured or any successful commercialisation of the Wastewater Technology and any other associated business by the Wisemind Shareholders. Shareholders should note that approximately 14 existing projects or opportunities have been identified that could lead to future sales or income. Under the Outsourcing Proposal the benefit of those would go to Wisemind Pty Ltd with partial benefit to the Company, through the Licensing Agreement.

(b) The Company cannot be confident of Wisemind's success in commercialisation of the technology, and therefore the on-going royalty stream may be uncertain.

(c) The Company is outsourcing its operations to the current managers of the business, and although a number of warranties have been secured from management, there is a risk that not all items have been identified.

(d) The Company is relying on the indemnity of Wisemind in respect of the contractual liability of the Company to third parties under existing contracts. The extent that the Company is able to rely on the indemnity is a function of the financial resources of Wisemind.

3.6 Executive Directors Representations and Warranties

The Executive Directors have represented and warranted that they:

(a) are not aware of any business opportunities that have not been fully disclosed to the Independent Expert and Non-executive Director; and

(b) have accurately advised the Company, the Independent Expert and the Non-executive Director of the current state of affairs of the Company's business and any future prospects of projects.

3.7 Specific Information Required by ASX Listing Rule 10.10 and section 219 of the Corporations Act

ASX Listing Rule 10.10

ASX Listing Rule 10.1 provides that that company may not dispose of a substantial asset to a related party without the approval of Shareholders.

For the purposes of ASX Listing Rule 10.1 Wisemind is a related party. Therefore the Company seeks the approval of Shareholders to the Outsourcing Proposal pursuant to ASX Listing Rule 10.1.

ASX Listing Rule 10.10 provides that an approval under ASX Listing Rule 10.1 requires that the notice include a voting exclusion statement and an Independent Expert's Report. Resolution 1 contains a voting exclusion statement and an Independent Expert's Report is included in this Notice. Please see section 3.9 of this Explanatory Memorandum for further information regarding the Independent Expert's Report.

Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that a Company can not provide a financial benefit to a related party unless:

(a) the shareholders approve the transaction and the financial benefit is granted within 15 months of the approval; or

(b) the giving of the financial benefit falls within one of the exceptions.

None of the exceptions apply to the Outsourcing Proposal. Therefore Shareholder approval is sought for the Outsourcing Proposal in accordance with section 208. The notice for approval must contain the information in section 219 of the Corporations Act.

For the purposes of section 219 of the Corporations Act:

(a) The parties to whom the financial benefit is being provided are the Executive Directors and their associates;

(b) The nature of the financial benefit is in the Outsourcing Proposal in sections 3.1 and 3.2 of this Explanatory Memorandum;

(c) The Director's recommendations are in section 3.10 of this Explanatory Memorandum;

(d) The Executive Director's are shareholders, directors or related parties of Wisemind. As interested parties in Wisemind their interest in the outcome of the Outsourcing Proposal are in the Outsourcing Proposal itself (see sections 3.1 and 3.2 of this Explanatory Memorandum); and

(e) Other than for the information in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass Resolution 2.

3.8 Financial Impact on Shareholders and Creditors of the Company

There is no payment of Shareholder funds to implement to the Outsourcing Proposal.

The effect of the Outsourcing Proposal on the balance sheet of the Company is in section 6.4 of the Independent Expert's Report.

The impact upon shareholders is in the advantages and disadvantages section 3.5 of this Explanatory Memorandum above.

It is not anticipated there will be any impact on creditors. A condition of the Company proceeding with the Outsourcing Proposal is that Directors are satisfied that the solvency of the Company will be maintained following the implementation of the Outsourcing Proposal. The Company will have sufficient funds to allow it to trade as a going concern following completion of the Outsourcing Proposal.

3.9 Independent Expert's Conclusions

Attached with the Notice is an Independent Expert's Report. Shareholders should read it in its entirety. The Independent Expert, Stanton Partners Corporate Pty Ltd, has considered the Outsourcing Proposal and concluded that the Outsourcing Proposal is fair and reasonable to the Shareholders.

The Independent Expert has noted in section 1.12 of the Independent Expert's Report that *"the Proposals as outlined in resolution 2 are in the absence of a more superior proposal, on balance, fair and reasonable to the shareholders of QED not associated with Wisemind and the shareholders who are participating in the selective capital reduction and that the selective capital reduction is fair and reasonable to QED. Furthermore, the Proposals do not materially prejudice the Company's ability to pay its creditors".*

The Independent Expert has consented to the inclusion of its Independent Expert's Report in the Notice in the form and context in which it is included and the Independent Expert has not withdrawn that consent at the date of this Notice. It has not caused or authorised the issue of the Notice and takes no responsibility for any part of it other than the Independent Expert's Report and references to its name.

3.10 Directors and Recommendations

Directors

The directors of the Company are:

Mr Douglas Miller	(Executive Chairman)
Mr Ivan Bristow	(Managing Director)
Mr Peter Macintosh	(Executive Director)
Mr Ian Middlemas	(Non-Executive Director)

If the Outsourcing Proposal receives Shareholder approval, and is completed, Mr Ivan Bristow and Mr Peter Macintosh will resign as directors of the Company. Mr Douglas Miller and Mr Ian Middlemas will remain as directors of the Company.

If the Outsourcing Proposal is approved by Shareholders and completed, the Board of Directors will appoint a new director to the board of the Company with effect from completion of the Outsourcing Proposal.

Directors Holdings

Details of beneficial holdings by directors of the Company (or their associates) in Shares are as follows:

Director	At date of Meeting	After completion of Outsourcing Proposal and Cancellation of Shares
	Shares	Shares
Mr Douglas Miller[1]	44,066,072	125,000
Mr Ivan Bristow[2]	24,552,166	-
Mr Peter Macintosh[2]	36,350,449	-
Mr Ian Middlemas[3]	7,250,000	7,250,000

1. Excludes the 14,500,000 new shares that will be issued if Resolution 3 is approved by Shareholders.

2. Excludes 1,828 Class B Convertible Preference Shares that will convert to 1,828 Shares on completion of the 2004 audit of the Company.

3. Mr Middlemas is also a director of Renewable Energy Corporation Limited which holds 10,250,000 shares.

Recommendation

Mr Douglas Miller, Mr Ivan Bristow and Mr Peter Macintosh are shareholders, directors or associates of Wisemind and accordingly abstain from making a recommendation to Shareholders in relation to the Outsourcing Proposal.

However, the Executive Directors confirm:

(a) they are capable of forming a view on the effect of the Outsourcing Proposal on the solvency of the Company and are of the view that the Outsourcing Proposal does not materially prejudice the Company's ability to pay its creditors;

(b) the representations and warranties they have provided to the Company (see section 3.6 of the Explanatory Memorandum);

(c) this Notice contains all information that Shareholders reasonably require in order to decide whether or not it is in the Company's interests to pass Resolution 2;

(d) they will vote in favour of the Outsourcing Proposal at the meeting of the Wisemind Shareholders; and

(e) they and their associates will abstain from voting in respect of the Outsourcing Proposal at the Meeting.

The Non-executive Director, has considered the Outsourcing Proposal, the views of the Executive Directors in the paragraph above, the conclusions of the Independent Expert in the Independent Expert's Report and the information contained in this Explanatory Memorandum and, and has formed the view that the Outsourcing Proposal:

(a) is in the best interests of the Shareholders (excluding the Wisemind Shareholders);

(b) is fair and reasonable to the Shareholders of the Company as a whole (excluding the Wisemind Shareholders); and

(c) does not materially prejudice the Company's ability to pay its creditors.

The Non-executive Director therefore recommends that Shareholders approve the Outsourcing Proposal by voting in favour of Resolution 2.

The Non-executive Director intends to vote in favour of Resolution 2.

3.11 Timetable for completion of Outsourcing Proposal

(a) **Meeting of Wisemind Shareholders**

The meeting of the Wisemind Shareholders to approve the Outsourcing Proposal will be held immediately preceding the Meeting.

(b) **Completion of Proposal**

If the Outsourcing Proposal is approved, completion of the Outsourcing Proposal will occur on or about 1 November 2004.

Key Dates

Deadline for lodgement of proxy form	15 October 2004
Date for determining eligibility to vote	15 October 2004
Annual General Meeting of all Shareholders and meeting of Wisemind Shareholders	18 October 2004
If Outsourcing Proposal approved, Outsourcing Proposal completed and Executive Shareholder Shares cancelled	1 November 2004*

*Dates marked with an asterisk (*) are indicative only

All times referred to are the time in Perth, Australia

4. RESOLUTION 3 - CONVERSION OF DEBT TO EQUITY (MR DOUGLAS MILLER)

4.1 General

Mr Douglas Miller, a Director of the Company, provided an interest free, unsecured loan to the Company prior to it converting to a public company and seeking an ASX listing in August 2001. The Loan (of $285,000) was due to be repaid in August 2003, but payment was deferred until 31 December 2004. The parties have agreed, subject to Shareholder approval, to convert the debt into Shares to be granted to Mr Douglas Miller, or his nominee, at an issue price of 2 cents per share.

Approval to convert the Loan to Shares was obtained at the last General Meeting of the Company on 1 June 2004. It was a condition of such approval that the Shares be issued within 1 month of such approval. As the Shares were not issued within 1 month of the approval the Company is seeking a new approval to issue the Shares.

Resolution 3 seeks Shareholder approval and authorisation pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act to enable the Company to issue up to 14,250,000 Shares to Mr Douglas Miller, who as a Director, is a related party of the Company.

The issue of the Shares to Mr Douglas Miller remains at the discretion of the Directors. If the Outsourcing Proposal is not approved the Directors may not issue the Shares or may issue a reduced number of Shares to Mr Douglas Miller in which case alternate arrangements for the repayment of the Loan in full or part will be required.

4.2 Specific Information Required by ASX Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information is provided as follows:

(a) The maximum number of Shares the Company can issue to Mr Miller, or his nominee, is 14,250,000 Shares.

(b) The Shares will each be issued by the Company at an issue price of 2 cents.

(c) The Shares issued to Douglas Miller will rank equally with all other Shares and will be fully paid ordinary Shares in the capital of the Company.

(d) The Company will issue and allot the Shares no later than 1 month after the date of the Meeting (or such longer period of time as ASX may, in its discretion, allow).

(e) Douglas Miller has a material personal interest in the outcome of Resolution 3 and so do not wish to make a recommendation in relation to the Resolution 3.

(f) The other Directors recommend the conversion of the Loan in accordance with Resolution 3 for the following reasons.

  (i) the Loan is being converted to equity at a premium to the current market price of the Shares (see paragraph (j) below for historical share price information);

  (ii) the Company has limited funds with which to repay the Loan.

(g) The current Shareholding of Mr DH Miller and associates is set out in section 3.10 of this Explanatory Memorandum.

(h) If the Outsourcing Proposal is approved and completed, the issue of Share to Mr Miller will result in a dilution of all other Shareholders' holdings in the Company of 11.7% based on the issued Shares following completion of the Outsourcing Proposal.

(i) There will be no funds raised as the shares are being issued for the conversion of debt to equity in the Company.

(j) Historical share price information for the last 12 months is set out below:

	Price	Date
Highest	7.1 cents	12 September 2003
Lowest	0.9 cents	2 September 2004
Last	0.9 cents	2 September 2004

(k) Other than the information above and otherwise set out in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 3.

(l) A voting exclusion statement is included in this Notice.

(m) Approval is sought pursuant to ASX Listing Rule 10.11 and thus approval pursuant to ASX Listing Rule 7.1 is not required.

5. RESOLUTION 4 - SECTION 195 APPROVAL

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest' are being considered.

Three of the four Directors have a "material personal interest" in the Outsourcing Proposal. In the absence of this Resolution 4, the Directors would not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by this Notice.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to shareholders to resolve upon.

Schedule 1

Definitions

In this Explanatory Memorandum and Notice:

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means Australian Stock Exchange Limited.

"ASX Listing Rules" means the listing rules of the ASX.

"Company", "QED" and "QED OCCTECH" mean QED Occtech Limited ACN 057 335 672.

"Constitution" means the Constitution of the Company.

"Corporations Act" means the Corporations Act 2001(Cth).

"Director" mean a director of the Company.

"Executive Directors" means Mr Ivan Bristow, Mr Peter Douglas Macintosh and Mr Douglas Henry Miller.

"Explanatory Memorandum" means this explanatory memorandum.

"Independent Expert" means Stanton Partners Corporate Pty Ltd.

"License" means the exclusive worldwide license to use the Company's Wastewater Technology.

"License Agreement" means the license agreement between the Company and Occtech pursuant to the License is granted.

"Loan" means the interest free loan by DH Miller to the Company in the amount of $285,000.

"Meeting" has the meaning in the Notice.

"Non-executive Director" means Mr Ian Middlemas.

"Notice" means this notice of annual general meeting.

"Occtech" means Occtech Limited (ABN 41 009 200 211) of 23 Wheeler Street, Belmont, Western Australia.

"Outsourcing Proposal" means the outsourcing proposal in section 3 of the Explanatory Memorandum.

"Proxy Form" means the proxy form attached to the Notice.

"QED ES" means QED Environmental Services (Florida) LLC, of 1221 West Colonial Drive, Orlando Florida.

"Resolution" means a resolution referred to in the Notice.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a shareholder of the Company.

"Wastewater Technologies" means the Company's waste water technology as described in the License Agreement.

"Wisemind" means Wisemind Investments Pty Ltd ACN 109 605 576 of 23 Wheeler Street, Belmont, Western Australia.

"Wisemind Shareholders" means those parties in the table in Section 3.3 of the Explanatory Memorandum.

STANTON PARTNERS CORPORATE PTY LTD
A.C.N 063 036 331
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3 September 2004

The Directors
QED Occtech Limited
23 Wheeler Street
BELMONT WA 6104

Dear Sirs

RE: QED OCCTECH LIMITED ("QED" OR "COMPANY") (ABN 98 057 335 672) MEETING OF SHAREHOLDERS PURSUANT TO SECTION 256 (C) OF THE CORPORATIONS ACT ("TCA") AND LISTING RULE 10.10 OF THE AUSTRALIAN STOCK EXCHANGE LIMITED ("ASX") ON THE PROPOSAL TO CANCEL 100,843,687 QED SHARES AT A DEEMED VALUE OF 2 CENTS EACH

1. Introduction

1.1 We have been requested by the Directors of QED to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals pursuant to resolution 2 as detailed in the Notice of Meeting to QED shareholders (the "Notice").

1.2 In October 2002, QED acquired 100% of the fully paid issued capital of Occtech Limited ("Occtech") for the purchase price of 60 million fully paid ordinary shares in QED and the issue of 1,962 Tranche 1 convertible preference shares ("1CPS) and 1,962 Tranche 2 convertible preference shares ("2CPS"). The convertible preference shares were convertible to fully paid ordinary shares as follows:

Tranche 1

- Up to 18,499,968 ordinary shares (9,429 ordinary shares for one 1CPS) in QED if Occtech achieves audited revenue from the sale of Occtech products of $10 million during the year ended 30 June 2003. The total QED ordinary shares were to be issued on a proportional basis (by partly converting the 1CPS's) if 2003 revenues were between $7.5 million and $10 million. If the 2003 revenue figure did not reach $7.5 million, the CPS's were to be converted to 1,962 ordinary shares on a 1 for 1 basis.

Tranche 2

- A further up to 18,499,968 ordinary shares (9,429 ordinary shares for every one 2CPS) in the event that audited and ASX announced revenue from the sale of Occtech products achieves $20 million during the year ended 30 June 2004. If the 2004 revenue figure did not reach $15 million, the 2CPS's were to be converted to 1,962 ordinary shares on a 1 for 1 basis.

2003 and 2004 revenues were not met and as a result, the tranche 1 shares were converted to a total of 1,962 ordinary shares and we have been advised that the tranche 2 shares will be converted to 1,962 ordinary shares in September 2004.

1.3 On 30 June 2004, QED announced a proposal ("the Proposal") under which QED will outsource the further commercialisation of its proprietary technologies in waste water management to the current QED senior management team. QED will continue as the owner and developer of the technologies. QED will license out its technologies once they have been successfully developed and earn royalties from the successful commercialisation of these proprietary technologies.

Under the terms of the Proposal, Wisemind Investments Pty Ltd ("Wisemind"), a company associated with Doug Miller, Ivan Bristow and Peter Macintosh, currently Executive Directors of QED, will acquire QED's operating subsidiaries Occtech and QED Environmental Services (Florida) LLC ("QED ES"). QED shall provide Wisemind with an Exclusive Global Licence (subject to Occtech paying a minimum royalty fee) to commercialise QED's proprietary technologies.

Total consideration for the transaction (including acquisition, assumption of liabilities and grant of the licence) shall be the cancellation of 100,843,687 QED shares currently held by the senior management team and their associates, at an agreed value of 2 cents per share, representing a total deemed consideration of approximately $2,016,874.

The effect of the Proposal is that:

(a) QED will retain ownership of all its intellectual property assets, including patents and patent applications for the wastewater treatment technology, QED Tangential Flow Separation ("QTFS"). Occtech's technology, CyanoMemSep ("CMS"), CyanoFree ("CF") and Arsenic Reduction Technology ("ANT"), (collectively known as the Occtech Technology) will still be owned by Occtech but QED will have an option to acquire the Occtech Technology for $1. All of the technologies of QED and Occtech are for the purposes of this report known as the Wastewater Technologies.
(b) QED's operating subsidiaries Occtech and QED ES, (including equipment, stock and employee contracts), shall be acquired by Wisemind.
(c) Occtech will assume all current contracts and work in hand.
(d) Occtech will assume all operational liabilities associated with QED's operating business including (but not limited to) employee entitlements, lease obligations and finance lease obligations.
(e) Occtech will assume all operations and maintenance obligations with respect to all QED's current plants and operations.
(f) Occtech will assume all warranty obligations for QED's past contracts for the supply of wastewater treatment plants.
(g) QED shall retain ownership of the two wastewater treatment plants installed by QED at McArthur farms, Florida ("the McArthur Plant") and Peters and Brownes Limited in Balcatta, Western Australia ("P&B Plant"). Occtech shall be entitled to

25% of the net sale proceeds (after transaction costs) arising from the sale of the McArthur Plant or the P&B Plant should McArthur or Peters and Brownes elect to acquire them.

(h) Occtech shall be granted an exclusive licence ("Exclusive Licence") to exploit the Wastewater Technologies globally.

(i) Under the terms of the 20 year Exclusive License, Occtech shall pay an annual royalty which will be the greater of:
  - The sum of $100,000 per annum less the P & B Payments (as defined) which are treated as payments of royalty; and
  - 5% of Gross Receipts (as defined).

(j) In addition to the minimum royalty, at the end of the second year of the Term, Occtech may at its election pay QED a further royalty in order to maintain the exclusivity of the Licence by payment of $250,000 less the royalties paid as outlined in (i) above. For the first two years this exclusivity royalty shall not be payable. The gross revenue royalty and minimum royalty are subject to review after the grant of the Licence where the amount of the royalty affects the commercial implementation of the projects.

(k) As consideration for the transaction, QED shall cancel 100,843,687 QED shares owned by the directors and shareholders of Wisemind (and their associates) at a deemed value of 2 cents per share.

(l) QED shall be responsible for the ongoing maintenance of all intellectual property assets.

QED acquired Occtech on 7 October 2002 (agreements reached to acquire Occtech, subject to shareholders approval in August 2002). This acquisition has not delivered the financial rewards expected and as a result the Board of QED has elected to return to its previous core business and outsource the commercialisation and implementation of technologies to third parties.

1.4 Resolution 2 refers to the above proposal, specifically seeking shareholders approval to cancel the 100,843,687 QED shares and sell Occtech (and QED ES) to Wisemind.

1.5 Under Section 265(B)(1) of the TCA, a company may reduce its share capital if the reduction is:

(a) fair and reasonable to the Company's shareholders as a whole; and
(b) does not materially prejudice the Company's ability to pay its creditors; and
(c) is approved by shareholders under Section 265(C).

Under the TCA, the proposal to cancel 100,843,687 QED shares is deemed a selective capital reduction and the shareholders approval is required pursuant to section 265(C)(2).

1.6 For the purpose of takeovers, policy Statement 75 issued by the Australian Securities and Investments Commission ("ASIC") determines "fair and reasonable" as follows:

- Fair: an offer is fair if the value of the offer price or consideration is equal to or greater than the value for the securities the subject of the offer; and
- Reasonable: an offer is reasonable if it is fair however it may also be reasonable, if despite not being fair after considering other significant factors, members accept the offer on absence of any higher bid before the closure of the offer.

1.7 The shareholders involved in the selective capital reduction are as follows:

	No. of Shares in QED
Doug Miller (Director of QED)	
Mr DH Miller	19,795,537
Mrs DB Miller	19,795,535
DH & DB Miller	350,000
	39,941,072
Ivan Bristow (Director of QED)	
Colibri Nominees Pty Ltd	23,239,934
Breakthrough Project Solutions Pty Ltd	720,000
Breakthrough Project Solutions Pty Ltd ATF Bristow Superannuation Fund	592,232
	24,552,166
Peter Macintosh (Director of QED)	
PD Macintosh ATF Fidelity Trust	29,672,517
RE Macintosh (father of PD Macintosh)	6,677,932
	36,350,449
Total number of shares	100,843,687
Deemed consideration at 2 cents	$2,016,874

Both Ivan Bristow and Peter Macintosh (and associates) were significant vendors of Occtech in October 2002. When Occtech was acquired, the deemed value of the 60 million QED shares issued as consideration was at 8.6 cents per share. The interests of Mr Bristow received 18,277,197 ordinary QED shares and 1,162 convertible preference shares (now to be 1,162 ordinary shares). The interests of PD Macintosh received 36,206,548 ordinary QED shares plus 2,494 convertible preference shares (now to be 2,494 ordinary shares).

1.8 The proposal under resolution 2 relates to transactions with directors of QED, Messrs Miller, Bristow and Macintosh and their associates. ASX Listing Rule 10.1 requires a company to obtain shareholders approval for the disposal of a substantial asset from or to a related party. Listing Rule 10.10.2 requires a report from an independent expert to report as to whether the transactions are fair and reasonable to holders of the entities ordinary securities whose votes are not to be disregarded. The sale of Occtech is deemed to be the sale of a substantial asset. For the purposes of this report, the shareholders referred to above under Section 1.7 and Wisemind Investments Pty ltd (the purchaser of Occtech and QED ES and the company acquiring various obligations noted under section 1.3 above) are known as Wisemind.

1.9 The Company has requested Stanton Partners Corporate Pty Ltd to prepare an Independent Expert's Report to determine whether the Proposals outlined in resolution 2 are fair and reasonable to the shareholders of QED (non-associated shareholders and the shareholders participating in the selective capital reduction) and the Proposals do not materially prejudice the Company in its ability to pay its creditors. We are not reporting on the merits or otherwise of resolutions 1, 3 and 4 included in the Notice.

1.10 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of QED (including Occtech)
- Future direction of QED
- Consideration as to fairness and reasonableness
- Conclusion as to fairness and reasonableness
- Sources of information
- Appendix A

1.11 In our opinion, the Proposals as outlined in resolution 2 are, in the absence of a more superior proposal, on balance, fair and reasonable to the shareholders of QED not associated with Wisemind and the shareholders who are participating in the selective capital reduction and that the selective capital reduction is fair and reasonable to QED. Furthermore, the Proposals do not materially prejudice the Company's ability to pay its creditors.

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 After taking into account the issue of 1,962 ordinary shares in September 2004 (refer paragraph 1.2) there will be 224,641,224 ordinary fully paid shares on issue in QED. The top 20 shareholders (grouped) hold 65.47% of the share capital on issue.

	Existing Significant Shareholders	**Shareholders (after consummation of resolutions 2 and 3)**	
Associated with D H Miller	39,941,072	14,250,000	(i)
Associated with I W Bristow	24,552,166	-	
Associated with P D Macintosh	36,350,449	-	
Renewable Energy Corporation Ltd (Ian Middlemas a director)	10,250,000	10,250,000	
Arredo Pty Ltd (associated with Ian Middlemas a director of QED)	7,250,000	7,250,000	
Clodene Pty Ltd	5,875,429	5,875,429	
Orsol Pty Ltd	5,005,263	5,005,263	
Russell Nominees Pty Ltd	3,109,320	3,109,320	
IE Properties Pty Ltd	3,007,793	3,007,793	
Other shareholders in total	89,299,732	89,244,730	
No. of shares on issue	224,641,224	138,047,537	

(i) The 14,250,000 shares will be issued to D H Miller after the consummation of resolution 2. The shareholders of QED approved the issue of 14,250,000 shares, to extinguish a debt due to D H Miller of $285,000 on 1 June 2004. Shareholders pursuant to resolution 3 in the Notice are being asked to re-vote on this matter.

2.2 There are 4,900,000 employee options exercisable at 20 cents each, on or before 26 June 2008.

2.3 The intellectual property assets, including patent applications for CyanoMemSep™ (CMS), CyanoFree™ (CF) and ArsenicReductionTechnology™ (ART), collectively called the Occtech Technologies are owned by Occtech, however QED has the right to acquire the Occtech Technologies for $1. All waste treatment technologies currently owned by QED will remain with QED. Collectively all of the technologies owned by QED and Occtech are known as the Wastewater Technologies.

2.4 Occtech and QED ES are to be sold by QED to Wisemind.

2.5 Occtech will assume all current contracts and work in hand of the QED group.

2.6 Occtech will assume all operational liabilities associated with QED's operating business, including (but not limited to), employee entitlements, operating lease obligations and financial lease obligations.

2.7 Occtech will assume all operations and maintenance obligations with respect to all of the QED group's current plants and operations.

2.8 Occtech will assume all warranty obligations for QED's past contracts for the supply of wastewater treatment plants.

2.9 QED shall retain ownership of the two wastewater treatment plants installed by QED at McArthur Farms, Florida ("the McArthur Plant") and Peters and Brownes Limited in Balcatta, Western Australia ("P&B Plant"). Occtech shall be entitled to 25% of the net sale proceeds (after transaction costs) arising from the sale of the McArthur Plant or the P&B Plant should McArthur's or Peters and Brownes elect to acquire them.

2.10 Occtech shall be granted an Exclusive Licence to exploit the Wastewater Technologies globally ("the License").

2.11 Under the terms of the License, Occtech shall pay an annual royalty which will be the greater of the sum of $100,000 less the P & B Payments which are treated as royalty and 5% of Gross Receipts 9 as defined).. The license royalties shall be paid quarterly in arrears. The first instalment of a minimum of $25,000 is expected to be received in late 2004.

2.12 In addition to the minimum royalty, Occtech shall pay an Exclusivity Royalty of $250,000 per annum (less royalty payments made by Occtech as above). For the first two years the Minimum Exclusivity Royalty shall be waived. Should Occtech not pay the Exclusive Royalty, Occtech's entitlement to exclusive licences to the Technologies will lapse. As a term of the licence Occtech shall have a last right of refusal to acquire the Technology in the event that QED elects to dispose of the Technology for any reason.

2.13 Occtech shall transfer to QED, title to the pilot Reverse Osmosis Plant and the pilot Micro Filtration Plant ("the RO & MF Plants"). Occtech will store the RO & MF Plants on behalf of QED for no charge and will negotiate in good faith on future use and/or acquisition of the Plants.

2.14 Occtech shall be entitled to recover its costs in respect of work done to existing contracts where such work results in recovery of receivables by QED; such cost recovery by Occtech not to exceed 50% of the value of the receivables.

2.15 QED shall transfer to Occtech (or its nominees), QED's interest in Best Solutions for nominal value (US$1). Occtech shall assume all obligations relating to the decommissioning of the waste water treatment plant installed at Smithfield's Farms NC (the Smithfield Plant) including all obligations to purchase plant and equipment with no recourse to QED. Occtech shall be entitled to the proceeds resulting from any sale of assets recovered from the decommissioning of the Smitfield Plant.

2.16 Occtech shall assume all liabilities for the decommissioning and removal of the plant from Macarthur Farms in the event that McArthur Farms does not elect to acquire the McArthur Plant. When Occtech has identified the opportunity to make an improvement to the McArthur Plant and such improvements has the potential to increase the likelihood of the sale of the plant and/or value of the sale, Occtech and QED may agree that Occtech shall perform such work and that Occtech shall be entitled to recover such capital improvement costs (at cost) from any such proceeds.

2.17 QED shall be responsible for the ongoing maintenance of all intellectual property assets to a maximum of $30,000 in the first year and in each subsequent year of $30,000 or 30% of the royalty paid in the previous year whichever is the greater.

2.18 As consideration for the Proposal, QED shall cancel 100,843,687 QED shares owned by the directors and shareholders of Wisemind (and their associates) at a deemed value of 2 cents per share.

2.19 Wisemind is funding Occtech and the water treatment operations from 1 July 2004 (refer paragraph 2.10 below) and will legally take over all obligations on the Commencement Date as defined in the License Agreement. However, if resolution 2 is not passed and consummated, such obligations will cease.

2.20 Wisemind (or associates) shall advance Occtech via loan facilities sufficient funds for Occtech to continue its business for the period after the effective date (1 July 2004) until the formal meeting convened to approve the Proposals. Should the transactions not be approved by the shareholders, Wisemind agrees (subject to shareholders approval as is required) to convert the funds advanced to QED, shares at a conversion price of 2 cents per share. QED will continue to be responsible for its own costs (not costs associated with the water treatment technologies) such as corporate and general administration and the costs associated with securing shareholders approval for the Proposals. To 31 July 2004, Wisemind has advanced approximately $424,000.

2.21 The current Board of Directors is comprised of Douglas Miller, Ivan Bristow, Peter Macintosh and Ian Middlemas. If resolution 2 is passed and consummated, Messrs. Peter Macintosh and Ivan Bristow will resign from the Board of QED. A new director, yet to be named will be appointed to the Board.

3. Corporate History and Nature of Business

QED Occtech Limited was formed by the October 2002 merger of QED Corporation Limited and Occtech Limited. Since the merger, the capability of the Company has developed with complete water and waste water treatment services being offered to a broad cross section of industry. The origins of the two businesses are outlined below.

QED

3.1 QED is a wastewater and biosolids treatment company based in Perth, Western Australia. The Company has over eleven years' commercial experience in wastewater treatment and biosolids management and has successfully installed plants in numerous countries around the world. QED has the capacity to plan, construct and manage water treatment systems from primary solids separation through to tertiary treatment of wastewater. The core technology that underpins QED's wastewater treatment solution is the QED tangential flow separator (QTFS), which is used for effective primary solids separation. QED operates in many and varied markets including the industrial, agricultural and municipal sectors.

The QTFS technology is an efficient liquid solid separation vessel and is designed to control the flow of liquid around its outer wall in a spiral flow. This patented technology has been successful in treating waste streams at primary levels from the agricultural, industrial and municipal sectors. The Company has invested in research and development and patent development activities, to constantly improve and strengthen QED's market position in the ever-expanding environmental sector, both locally and internationally. Recent results of research and development to improve the process of sludge removal from the QTFS have resulted in significant design modifications and reduced operating times. New QTFS plants are already operating in Australia, USA, Japan, Malaysia and Sri Lanka.

3.2 QED is listed on the ASX (from 8 August 2001). For the years ended 30 June 2002, 2003 and 2004, the Company has recorded consolidated operating losses of approximately $1,795,000, $2,872,000 and $6,094,000 respectively on total turnover of $1,326,000, $3,990,000 and $3,638,000 respectively. Turnover and operating losses were affected by the acquisition of Occtech from 7 October 2002.

Occtech Limited

3.3 (Extract from information provided by Occtech Management)

Occtech is an environmental technology company that specialises in wastewater and waste fluids treatment. Occtech's core products and technologies involve separating and concentrating substances such as dissolved organics, heavy metals, radioactive nucleotides, dioxins and chemicals from waste fluids so that the water in the waste stream can be safely discharged to the environment (or re-used) and the concentrated waste stream is able to be either recycled or disposed of in a far more cost effective and environmentally acceptable manner. Occtech focuses on providing solutions that offer both significant economic benefits to customers as well as positive environmental impact. Occtech has developed cyanide recovery technology, CyanoMemSep™. CyanoMemSep™ allows cyanide manufacturers to recover the cyanide contained in their wastewater for re-use and virtually eliminates the cost and need to use other chemicals for neutralising the waste cyanide. In addition, the treated water is re-used in the process.

Occtech has already sold CyanoMemSep™ plants to two cyanide manufacturers in Australia and is now embarking on the international commercialisation of this product. The creation of Zero Discharge solutions is a key aim of Occtech.

Occtech derives income from three business lines:

1. Sale of Patented and other Proprietary Products;
2. Sale of Customised Waste Fluid Treatment Plants; and
3. Technical Services.

End of Extract

It should be noted that all of Occtech's activities from July 2003 have been assumed by QED. Some of the technologies referred to above have not been successfully commercialised and the operations arising from the technologies and business activities have caused losses to be incurred by Occtech and QED.

4. Future Directions of QED

4.1 We have been advised by the directors and management of QED that post approval of resolutions 1 to 4, that:

- There are no proposals currently contemplated either whereby QED will acquire other property or assets from Wisemind or where QED would transfer any of its property or assets to Wisemind;
- The composition of the Board will change as noted in paragraph 2.21 of this report;
- The Company proposes to complete the transactions as noted under resolutions 1 to 3 and section 1.3 of this report;
- 14,250,000 shares will be issued to interests of DH Miller to extinguish a debt due by QED of $285,000;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company will be a holder of technology and receive royalty streams and will also seek new business opportunities.

5. Basis of Valuation of QED Shares

5.1 Shares

5.1.1 In considering the proposals outlined in resolution 2, we have sought to determine if the consideration payable by QED to Wisemind (effectively, the cancellation of 100,843,687 shares in QED) is fair and reasonable to the existing non-associated shareholders of QED and QED in general.

5.1.2 The proposal pursuant to resolution 2 would be fair to the existing non-associated shareholders if the value of the assets being sold by QED is greater than the implicit value of the shares being cancelled as consideration. Accordingly, we have sought to determine a value that could reasonably be placed on QED shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a QED share are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The weighted average market price of QED shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

5.2.1 To 30 June 2004, QED has not been profitable and has a negative cash flow from operations. Accumulated losses (unaudited) total approximately $12.8 million. We do not believe it relevant for the purposes of this report to attempt to assess a "technical" value of a QED share based on discounting future cash flows for the reasons outlined in section 5.4 of this report.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for QED could purchase all or part of the existing shares, however no certainty can be attached to this occurrence.

5.3.2 To our knowledge, there are no current bids in the market place and the directors of QED have formed the view that there is unlikely to be any takeover bids made for QED in the immediate future.

5.4 Net Asset Backing

5.4.1 We set out below an unaudited consolidated Statement of Financial Position of the QED Group (including Occtech) as at 30 June 2004 and as at 31 December 2003. We also disclose the unaudited Statement of Financial Position of Occtech Limited (being sold under the proposal).

	QED Consolidated 30 June 2004 $'000's	**QED Consolidated 31 December 2003 $'000's**	**Occtech 30 June 2004 $000's**
Current Assets			
Cash	229	801	10
Receivables	451	398	-
Inventories	34	39	-
Other	-	611	-
	714	1,849	10
Non Current Assets			
Plant or equipment	1,184	1,844	169
Intangible - Technology	2,806	5,211	2,249
Investments	-	243	
Other intangible assets (including research and development)	-	450	-
	3,990	7,747	2,418
Total Assets	4,704	9,596	2,428
Current Liabilities			
Payables	532	621	-
Interest bearing liabilities	22	89	-
Provisions	149	173	-
	703	883	-

Non Current Liabilities

	QED Consolidated 30 June 2004 $'000's	QED Consolidated 31 December 2003 $'000's	Occtech 30 June 2004 $000's
Owing to QED	-	-	2,134
Loan from Director	285	292	-
Interest bearing liabilities	32	-	
	317	293	2,134
Total Liabilities	1,020	1,175	2,134
Net Assets	3,684	8,421	294
Equity			
Contributed Equity	16,489	16,489	1,055
Asset Revaluation Reserve			2,249
Accumulated losses	(12,805)	(8,068)	(3,010)
Net Equity	3,684	8,421	294

5.4.2 Based on the 30 June 2004 book values, this equates to a value per fully paid ordinary share of approximately 1.63 cents (ignoring the value, if any, of non-booked tax benefits). As at 31 December 2003, the net book value was 3.74 cents per share. The directors of Occtech have considered the past operating results, the current financial position of the Company and other issues and considered that the intangibles have a reduced value. The intangibles relating to interests in technology are disclosed at approximately $2.81 million as a result of writing down the investment in Occtech to $2,016,874, being the deemed fair value of the 100,843,687 shares being cancelled at an agreed price of 2 cents each. Once the shares are cancelled, the carrying value of the intangibles will be disclosed in QED's books at $700,000. If we assumed the $700,000 is fair value for the technologies after the Proposals are consummated, then the net asset backing per share equates to approximately 0.70 cents. The intangibles in the books of Occtech are, in our opinion, overstated based on the continuing trading losses of Occtech and the business losses arising from the commercialisation of the technology owned by Occtech. In our view, the value is minimal. Research and development costs previously recorded in the books of Occtech totalling $527,000 have been written off. The research and development to date has not led to commercial products that are profitable. QEDES is a non operating company.

5.4.3 No detailed review was made by us on the assets and liabilities disclosed in the consolidated statement of financial position as at 30 June 2004. We have been assured by the management of QED that they believe the carrying value of all current assets, fixed assets, intangibles, investments and liabilities at 30 June 2004 are fair and not materially misstated.

5.4.4 No independent valuations have been prepared on the technologies and unlisted investment of QED, as we do not consider it necessary to obtain an independent valuation of such assets for the purposes of this report. We note that the market has been informed of all of the current projects and joint ventures entered into between QED and other parties by releasing various statements and notices to the ASX. We also note it is not the present intention of the directors of QED to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in QED based on the market perceptions of what the market considers a QED share to be worth. We also note that there is an orderly market for QED shares (albeit on reasonably low turnover) and the market is kept fully informed of the activities of the Company. Furthermore, for accounting purposes, the consideration for the cancellation of QED ordinary shares may be booked at market value and not any perceived technical value. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, it is not appropriate to use any technical or deemed value of a QED ordinary share in assessing whether the Proposals pursuant to resolution 2 are fair and reasonable. We believe a market- based approach is a more suitable basis of assessing whether the proposals are fair and/or reasonable.

5.5 Weighted Average Market Price of QED fully paid shares

5.5.1 We set out below a summary of the fully paid share prices of QED over the four months to the date immediately prior to the announcement (30 June 2004) of the proposal to sell an interest in Occtech and cancel 100,843,687 shares and enter into the other proposals as noted in section 1.3 of this report.

2004	High Cents	Low Cents	Last Sale Cents	Volume Trade (000's)
March	3.3	2.4	2.4	2,666
April	2.5	1.6	1.6	4,066
May	1.9	1.2	1.2	3,300
June	1.6	1.2	1.4	10,378

The last sale price on 29 June 2004 (the day before the announcement of the proposal) was 1.3 cents. Since the announcement, QED shares have traded in low volumes in the 0.9 cents to 1.6 cents range (last sale 2 September 2004, 0.9 cents).

It should be noted that all shares are tradeable except for 54,483,745 shares that are escrowed (not tradeable) to October 2004. All such shares relate to shares held by interests associated with Wisemind.

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of QED, the monthly volume of trades on the ASX, although not high, is enough to argue that an orderly market exists for the Company's shares. The "market" arguably is fully informed of the Company's activities. It is our opinion appropriate to use a range of recent trading market values as fair values to attribute to the 100,843,687 ordinary shares to be cancelled by QED.

5.5.3 The future value of a QED share will depend upon, inter alia:

- The future royalty stream to be received from Occtech;
- New ventures entered into by QED post the implementation of the Proposals outlined in section 1.3;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- General economic and environmental conditions; and
- Liquidity of shares in QED.

5.5.4 Using the last two months traded prices before the announcement, the value lies in the range of 1.2 cents to 1.6 cents and a last market value (29 June 2004) prior to the proposed announcement of 1.3 cents. As noted above, we are of the opinion that the market based approach is more appropriate to use for the purposes of this report. In the event that the Company could not continue its business activities, the fair value of a QED share may be lower than the current market value.

6. Considerations as to Fairness and Reasonableness

6.1 Occtech was acquired in October 2002 at the booked cost of $5,241,960. At 30 June 2003, the investment was written down by the directors of QED to $4,001,598. As at 30 June 2004, the investment was written down to the proposed sale price of $2,016,874 being equal to 100,843,687 shares being cancelled at an agreed price of 2 cents each. Notwithstanding upside potential, the forecasted revenues of Occtech for 2003 and 2004 did not eventuate leading to significant losses for those financial years.

After acquiring Occtech, QED from 1 July 2003 has reflected actual technology sales through its own books and taken up the cost of sales relating to Occtech's technology under the Proposal. Occtech will have the right to exploit the Wastewater Technologies. Outlined below are the QED consolidated results over the past three full financial years to 30 June 2004.

	2002 $000's (Parent entity only)	2003 $000's	2004 $000's	
Revenue	1,203	3,766	3,472	
Other revenue	123	224	166	
	1,326	3,990	3,638	
Cost of sales and operative expenses	(2,861)	(5,829)	(5,535)	
(Loss) before depreciation and amortisation	(1,535)	(1,839)	(1,897)	
Depreciation and amortisation	(260)	(1,033)	(4,197)	(i)
(Loss) for year before tax	(1,795)	(2,872)	(6,094)	

(i) Includes approximately $3.4 million write down of intangibles at 30 June 2004.

In the year ended 30 June 2003 Occtech (from October 2002) disclosed a loss of approximately $1.6 million. The unaudited loss of Occtech for the year ended 30 June 2004 is disclosed at $131,000, however this excluded sales, cost of sales and other operational costs pertaining to Occtech. The loss mainly represents depreciation and amortisation of plant and technology intangibles owned by Occtech.

Effectively, the intangible assets of QED after the Proposals are consummated will be disclosed at a carrying value of $700,000. This is based on the fact that it is proposing that QED will receive a minimum gross royalty of $100,000 per annum and that patent maintenance costs will approximate $30,000 to arrive at a net $70,000 per annum inflow. The directors then capitalised such maintainable net royalty by ten (effectively receivable for 10 years) to arrive at a $700,000 value. No allowance was made for any potential increase in the revenue stream and discounting the cash flows to net present value.

6.2 Since acquiring Occtech, due to continuing losses of Occtech (and QED itself), the cash position has deteriorated to a low level. QED directors did manage to raise funds in 2003 and 2004 however they have now informed us that they can no longer raise significant cash funds by way of share issues on reasonable terms (a price that would not lead to a significant issue of new shares) to continue to commercialise the Technology. Thus, the QED directors agreed to divest the water treatment business (other than retaining a royalty interest stream) as envisaged in section 1.3 of this report.

Unless there was a dramatic turnaround in the QED/Occtech business (to profitability), the QED group could be forced into some form of Administration without the Proposals being consummated as outlined in resolution 2. As noted above, QED directors cannot raise further outside equity on terms that are commercially reasonable to the Company. However, Messrs Miller, Bristow and Macintosh (associated with Wisemind) consider that there is still some upside potential to Occtech and the water treatment business and are willing to fund Occtech as a separate entity.

6.3 Under the proposals, Occtech will, effective from 1 July 2004, be responsible for employee entitlements of $121,269, warranty obligations (provision of $28,000) and hire purchase and lease liability of $54,201 (gross $60,240). Thus, there is a saving of a gross $209,509 in liabilities of the QED group.

6.4 We disclose a pro-forma statement of financial position of QED (as at 1 July 2004) assuming the Proposals outlined in section 1.3 and 2.3 to 2.17 of this report are consummated and assuming costs relating to the notice of meeting of $40,000 and the debt due to the interests of D Miller of $285,000 is extinguished by the issue of 14,250,000 shares at a deemed value of 2 cents each.

	QED Group (excludes Occtech and QED ES) Pro-forma 1 July 2004 $000's
Current Assets	
Cash assets	189
Receivables	451
Inventories	-
	640
Non Current Assets	
Plant held for resale (McArthur/P&B)	1,512
Accumulated depreciation	(571)
	941
Fixture and fittings, at cost	-
Accumulated depreciation	-
(acquired by Wisemind)	-
Plant and equipment, at cost	342
Accumulated depreciation	(191)
(RO/MF plant retained by QED)	151
Motor vehicles, at cost	-
Accumulated depreciation	-
	-

	QED Group (excludes Occtech and QED ES) Pro-forma 1 July 2004 $000's
Total fixed assets	1,092
Intangibles	
Patents, R&D and technologies, at written down value directors valuation	700
Total non current assets	1,792
Total Assets	2,432
Current Liabilities	
Payables	532
Employee entitlements	-
Warranty provision	-
Interest bearing liabilities	-
	532
Non Current Liabilities	
Interest bearing liabilities	-
Loan from directors (Miller)	-
	-
Total Liabilities	532
Net Assets	1,900
Represented by	
Equity	
Contributed equity	(14,761)
Accumulated losses	(12,861)
Net Equity	1,900

The adjustment to the QED Consolidated figures as noted in paragraph 5.4.1 (30 June 2004) are as follows:

Inventories - transferred to Occtech	$33,647
Fixed assets transferred to Occtech	$91,378
Intangibles written off	$2,105,700
Employee entitlements taken on by Occtech	$(121,269)
Warranty taken on by Occtech	$(28,000)
Loan from D Miller converted to equity	$(285,000)
Interest bearing liabilities taken over by Occtech	$(54,201)
	$1,742,275
Contributed equity reduced by debt to equity conversion and shares cancelled	$1,742,275

The loan to Occtech will be written off or converted to equity before the sale and has no commercial value. The number of shares on issue would be 138,047,537. The net asset backing per share would equate to 1.37 cents.

6.5 Wisemind considers that Occtech with the water treatment business will be profitable in the future and if this eventuates, QED will not directly benefit from the profitability (other than receiving a royalty stream with a minimum amount of $100,000). However, even if Occtech could obtain significant new contracts, it does not currently have the working capital to fund the contracts. Many of the contracts based on past performances, requires QED/Occtech to build plant and retain ownership of the water treatment plant. This requires working capital to fund initial construction, funds that the QED group does not have and cannot raise on satisfactory terms. If Occtech is successful in the future, QED will receive royalties of a minimum of $100,000. The royalty is 5% of gross proceeds (less any agents' commission) from new contracts arising from the use or sale of Products related to the Technology and in the case of Current Prospects (as defined), 5% on all proceeds arising in relation to the Current Prospects (except P & B Payments, front end tests, studies and pre-engineering work).. Thus, if there is an improvement, QED will benefit, although it may be less than it would receive if the contracts were with QED/Occtech.

6.6 In October 2002, QED (then called QED Corporation Ltd) acquired 100% of Occtech. Based on a valuation of Occtech by an independent company, Sinclair Knight Merz Pty Ltd ("SKM"), Occtech was believed to be worth between $3.877 million and $9.318 million with a preferred value of $6.598 million. The valuation was primarily based on discounting forecasted cash flows from contracts expected to be received over a five year period. The discount rate used was 35%. The majority of the positive cash flow was to be achieved in 2005, 2006 and thereafter. From discussions with Mr Ivan Bristow, many of the contracts expected to be obtained in 2003 and 2004 were not obtained (including some jobs being deferred by potential clients). Furthermore, some of the research and development costs expended on Occtech technology have not led to the full commercialisation of its technologies.

As noted above, the Wisemind management has prepared a preliminary 2004/05 budget that discloses a small net income of approximately $339,000 (on total budgeted sales and consulting fee income of $5.98 million not all of which attracts a royalty due to be paid to QED). We have not reviewed the budget in any detail however note that it is heavily reliant on obtaining new water treatment contracts. To date, the QED group has not achieved its revenue or profits forecasts. QED is to receive a minimum of $100,000 as envisaged under the Proposal regardless of the level of eligible sales on which royalties are payable, of which the first $25,000 is expected to be received in late 2004.

After two years, QED may be entitled to a minimum royalty of $250,000 per annum. It is our understanding that Wisemind is to lend up to $600,000 to Occtech (who will operate the water treatment business under licence from QED). We have been advised that approximately $424,000 has been lent to Occtech by Wisemind and if the Proposal is not consummated the debt owing will be converted to equity in QED at a deemed price of 2 cents per share (this would be subject to shareholder approval at a later date).

6.7 QED will continue to hold all of its licences, patents and technology rights pertaining to water treatment and has an option to acquire the Occtech Technologies for $1. Unless a large equity of funds is injected into the Company and the Company is able to obtain significant new contracts, it is likely that QED would be unable to continue the water treatment business and operate as a going concern. The management team of Wisemind is prepared to inject equity (up to $600,000) but only if Occtech is privatised as envisaged under the Proposals.

6.8 If the Proposals proceed, QED should be able to meet its debts as and when they fall due (cash and receivables at 30 June 2004 exceed payables at 30 June 2004 by a net $108,000). In addition it will expect to receive a minimum of $100,000 per annum from Occtech and expected operating costs (as noted by QED management) are:

	$
Patent costs	30,000
Board costs	20,000
Secretarial costs	20,000
ASX/Audit/Other	50,000
	120,000

The Company so long as it receives the minimum royalty stream of $100,000 per annum will have enough cash funds to continue in business (as an investor in a water treatment royalty stream). However, the Company may need to explore acquiring further technology or other interests in order to obtain an improved share price. A risk to the Proposal is that the minimum royalty streams expected may not always be received by QED or not received in a timely manner. The Company cannot be confident of Wisemind's (via Occtech) success in commercialisation of the Water treatment Technology, and therefore the on-going royalty stream may be uncertain. Furthermore, QED is outsourcing its operations to the current managers of the business, and although a number of warranties have been secured from management, there is a risk that not all items have been identified. The Company is relying on the indemnity of Wisemind in respect of the contractual liability of the Company to third parties under existing contracts. The extent that the Company is able to rely on the indemnity is a function of the financial resources of Wisemind.

6.9 The deemed consideration is calculated at $2,016,874 (cancellation of 100,843,687 shares in QED at an agreed value of 2 cents each). However, the possible fair value of a QED share to be cancelled approximates 0.70 cents and the current market value (based on ASX prices) approximates 1.2 cents to 1.5 cents. Thus, the possible fair consideration for the cancellation of the 100,843,687 shares is in the possible range of approximately $706,000 to $1,513,000. All ranges of consideration compare favourably with any perceived value of assets given up (shares in Occtech and QED ES) to Wisemind, including the right to future profits from the use of the Wastewater Technologies (as the ability to generate profits from the Wastewater Technologies is by no means certain). In our view the value of the shares in Occtech (and QED ES), along with the Wastewater Technologies owned by QED and Occtech have little value. Reference is made to paragraph 6.1 to losses incurred by the QED group (including Occtech) using the Water Treatment Technology. As we consider the value of the QED/Occtech business to be sold (via shares in Occtech and QED ES) to be minimal at this point of time (and less than the lowest deemed consideration attributable to the shares to be cancelled) we consider the proposal to be fair.

6.10 We refer to the comments made in the Explanatory Statement to Shareholders dated September 2004 under section 3.1 referring to the executive directors' confidence in the business and technology and the identification of certain projects that may be secured in the short and medium term. The original Occtech management and proposed management of Wisemind are confident that Occtech will achieve significant sales, however it is noted that "recent history has shown that the lead times to securing the jobs identified, and the profitability of the jobs has been overestimated."

7. Conclusion as to Fairness and Reasonableness

Taking into account all factors noted above, it is our opinion that the Proposals under resolution 2 are, in the absence of a more superior offer, on balance, fair and reasonable to the shareholders of QED not associated with Wisemind and the QED shareholders participating in the selective capital reduction, are fair and reasonable to the Company as a whole and the Proposals do not materially prejudice the Company's ability to pay its creditors.

8. Sources of Information

8.1 In making our assessment as to whether the proposals under resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company (including Occtech) that is relevant to the current circumstances. In addition, we have held discussions with the management of QED and Occtech about the present and future operations of QED and Occtech. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of QED.

8.2 Information we have received includes, but is not limited to:

- Draft Notice of General Meeting of Shareholders of QED and draft Explanatory Memorandum To Shareholders prepared in July to September 2004;
- Discussions with management and directors of QED;
- Details of historical market trading of QED ordinary fully paid shares recorded by ASX to 2 September 2004;
- Shareholding details of QED as supplied by the company's share registry at 31 July 2004;
- Unaudited management accounts of QED and Occtech and the QED Group for the year ended 30 June 2004;
- Announcements made by QED to the ASX from 1 August 2002 to 2 September 2004;
- The Independent Technical and Valuation Report of SKM dated 26 August 2002 relating to the technology interests of Occtech;
- Website of QED and information from such site;
- Annual Report of QED (group) for the year ended 30 June 2003;
- Half year financial report on the QED group for the six months ended 30 December 2003;
- Heads of Agreement (outsourcing and licensing proposal) between QED, Wisemind, I Bristow, PD Macintosh, RE Macintosh and others pertaining to the proposal including the Term Sheet;
- Draft Purchase and Sale Agreement between QED, Wisemind and others pertaining to the proposal;
- Draft Licensing Agreement between QED and Occtech;
- Draft Maintenance Agreement between QED and Occtech;
- Loan documents for management buy out regarding loans to Occtech; and
- Budgeted cash flows and forecasted financials for Occtech from 1 July 2004 to 30 June 2005 prepared by Mr Ivan Bristow (not relied upon by us).

8.3 Our report includes Appendix A, attached to this report.

Yours faithfully
STANTON PARTNERS CORPORATE PTY LTD

J P Van Dieren
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stanton Partners Corporate Pty Ltd dated 3 September 2004, relating to resolution 2 outlined in the Notice of Meeting of Shareholders of QED.

At the date of this report, Stanton Partners Corporate Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with QED or Wisemind other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stanton Partners Corporate Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at $15,000. The fee is payable regardless of the outcome. With the exception of that fee, neither, Stanton Partners Corporate Pty Ltd or John P Van Dieren have received, nor will or may they receive, any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. In August 2002, Stanton Partners Corporate Pty Ltd prepared an independent expert's report for QED (then QED Corporation Limited) relating to the then proposed acquisition of Occtech.

Stanton Partners Corporate Pty Ltd does not hold any securities in QED. There are no pecuniary or other interests of Stanton Partners Corporate Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stanton Partners Corporate Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stanton Partners Corporate Pty Ltd is the holder of an Investment Advisers Licence (number 231201) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions. Stanton Partners Corporate Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies or businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of QED in order to assist the shareholders of QED to assess the merits of the proposals (resolution 2) to which this report relates. This report has been prepared for the benefit of QED and those persons only who are entitled to receive a copy for the purposes of Section 256(C) of the Corporations Act and ASX Listing Rule 10.1 and does not provide a general expression of Stanton Partners Corporate Pty Ltd's opinion as to the longer term value of QED or Occtech. Stanton Partners Corporate Pty Ltd does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of QED or Occtech. Neither, the whole, or any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stanton Partners Corporate Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stanton Partners Corporate Pty Ltd with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stanton Partners Corporate Pty Ltd, Stanton Partners, its partners, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stanton Partners Corporate Pty Ltd may rely on information provided by QED and its officers (save whether it would not be reasonable to rely on the information having regard to Stanton Partners Corporate Pty Ltd experience and qualifications), QED has agreed:

a) To make no claim by it or its officers against Stanton Partners Corporate Pty Ltd to recover any loss or damage which QED may suffer as a result of reasonable reliance by Stanton Partners Corporate Pty Ltd on the information provided by QED; and

(b) To indemnify Stanton Partners Corporate Pty Ltd against any claim arising (wholly or in part) from QED or any of its officers providing Stanton Partners Corporate Pty Ltd any false or misleading information or in the failure of QED or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stanton Partners Corporate Pty Ltd.

A draft of this report was presented to QED directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

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WESTERN AUSTRALIA
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FINANCIAL SERVICES GUIDE
Dated 3 September 2004

1. STANTON PARTNERS CORPORATE PTY LTD

Stanton Partners Corporate Pty Ltd ABN 89 036 036 331 ("**SPC**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 231201**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. FINANCIAL SERVICES WE ARE LICENCED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares and options)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SPC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

Through a variety of corporate and trust structures, SPC is ultimately wholly owned by and operates as part of Stanton Partners professional advisory and accounting practice. Our directors may be partners in Stanton Partners.

From time to time, SPC or Stanton Partners and/or Stanton Partners' related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. COMPLAINTS RESOLUTION

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stanton Partners Corporate Pty Ltd
Level 1
1 Havelock Street
WEST PERTH WA 6005.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited (**"FICS"**). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

10. CONTACT DETAILS

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

NOTES

NOTES

QED Occtech Limited

ACN 057 335 672

PROXY FORM
FOR THE ANNUAL GENERAL MEETING

The Company Secretary
QED OCCTECH LIMITED

I/We [1]____

of ____

being a Shareholder/Shareholders of the Company and entitled to

____

votes in the Company, hereby appoint [2] ____

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on Monday 18 October 2004 (WST) at the Western Australian Club, Lord Forrest Suite, First Floor, 101 St George's Terrace, Perth, Western Australia and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is * [ ]% of the Shareholder's votes*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT: FOR RESOLUTIONS 2 and 3 BELOW

☐ If the chairman of the Meeting is to be your proxy and you have not directed your proxy how to vote on Resolutions 2 and 3 below, please tick this box. By marking this box you acknowledge that the chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 2 and 3 and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the Meeting will not cast your votes on Resolutions 2 and 3 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

The chairman of the Meeting intends to vote undirected proxies in favour of all the Resolutions.

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Re-election of Mr Douglas Miller as a Director	☐	☐	☐
Resolution 2	Approval of Outsourcing Proposal to Executive Directors	☐	☐	☐
Resolution 3	Conversion of Debt to Equity	☐	☐	☐
Resolution 4	Section 195 Approval	☐	☐	☐

Authorised signature/s This section ***must*** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
______________________	______________________	______________________
Contact Name	Contact Daytime Telephone	Date

[1]Insert name and address of shareholder applicable [2]Insert name and address of proxy * Omit if not applicable

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

You must sign this form as follows in the spaces provided:

Joint Holding:	where the holding is in more than one name all of the holders must sign.
Power of Attorney:	if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
Companies:	a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (23 Wheeler Street, Belmont WA, 6104, or Facsimile (08) 9477 3777) not less than 48 hours prior to the time of commencement of the Meeting (WST).