



INFORMATION MEMORANDUM TO SHAREHOLDERS

including

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT INDEPENDENT EXPERT'S REPORT

Date and Time of Meeting: 9:45 am (Sydney time)
on Thursday, 28 November 2013

Place of Meeting: Wentworth Room
Sofitel Sydney Wentworth
61-101 Phillip Street
Sydney, New South Wales

IMPORTANT INFORMATION

This Information Memorandum has been prepared for the purpose of providing shareholders with all the information known to the Company that is material to the shareholders' decision on how to vote on the proposed resolutions at the Annual General Meeting. Shareholders should read this Information Memorandum in full to make an informed decision regarding the resolutions to be considered at this Annual General Meeting.

This document is not an offer to buy back your shares. If Resolution 3 (Approve Equal-Access Scheme Share Buy-Back) is passed at the Annual General Meeting, a separate Buy-Back Offer Document and Acceptance Form will be sent to all shareholders. Voting in favour of Resolution 3 does not mean you must sell your shares to the Company.

The Chairman of the Annual General Meeting will vote open proxies received in favour of Resolutions 1 to 5 (inclusive) and against Resolutions 6 and 7 considered at the Annual General Meeting.

This Information Memorandum is dated 23 October 2013.

ENQUIRIES

If you have any questions regarding the matters set out in this Information Memorandum, please contact the Company or your professional advisers.



ASX Code: QUE
Queste Communications Ltd
A.B.N. 58 081 688 164

PRINCIPAL & REGISTERED OFFICE:

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of shareholders of Queste Communications Ltd A.B.N. 58 081 688 164 (**Queste** or the **Company**) will be held in the **Wentworth Room, Sofitel Sydney Wentworth, Sydney, New South Wales** at **9:45 a.m. (Sydney time) on Thursday, 28 November 2013**.

AGENDA

1. Annual Reports

To consider and receive the Directors' Report, Financial Statements and Auditor's Report of the Company for the financial year ended 30 June 2013.

The 2013 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2013 Annual Report may be viewed and downloaded from the Company's website: www.queste.com.au or emailed to shareholders upon request to info@queste.com.au, when available.

2. Resolution 1 – Re-election of Yaqoob Khan as Director

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

"That Mr Yaqoob Khan, having retired pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company."

3. Resolution 2 – Election of Victor Ho as Director

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

"That Mr Victor Poh Hong Ho, having been appointed by the Board as a Director of the Company since the Company's 2012 Annual General Meeting, being eligible, be elected as a Director of the Company."

4. Resolution 3 – Approve Equal-Access Scheme Share Buy-Back

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

"That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and all other purposes, shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company (subject to the maximum cost of the buy-back being \$330,000 with a pro-rata scale-back if acceptances were to exceed that amount) at a buy-back price of:

- (a) 10 cents in respect of each fully paid ordinary share on issue; and*
- (b) 0.5 cent in respect of each partly paid ordinary share on issue,*

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

5. Resolution 4 – Change of Name and Modifications to Constitution

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

- (a) "That, for the purposes of section 157 of the Corporations Act 2001 (Cth) and for all other purposes, the name of the Company be changed to 'CORVUS CAPITAL LIMITED'; and*
- (b) That, for the purposes of section 136 of the Corporations Act 2001 (Cth) and for all other purposes, the Constitution of the Company be modified by:*
 - (i) replacing all references therein to 'Queste Communications Ltd' with references to 'Corvus Capital Limited' (including, without limitation, in clause 2.1(9)); and*
 - (ii) inserting a new clause for a 'performance-based wind-up vote trigger' to the effect that if, in each of two consecutive financial years, the percentage change in the Company's consolidated adjusted net assets for a financial year is more than 15% lower (in absolute terms) than the percentage change in the ASX All Ordinaries Accumulation Index over that financial year, for so long as the Company is admitted to the Official List, the Directors shall propose for shareholders' consideration at the next annual general meeting a special resolution to commence the voluntary winding up of the Company - on the specific terms of the amendment detailed in the Explanatory Statement accompanying this Notice of Meeting."*

6. Resolution 5 – Adoption of 2013 Remuneration Report

To consider, and if thought fit, to pass the following Resolution as an advisory, non-binding resolution:

“That the Remuneration Report as detailed in the Directors’ Report for the financial year ended 30 June 2013 be adopted.”

Note: The vote on Resolution 5 is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this resolution.

Voting Exclusion: The Company will disregard any votes cast (in any capacity) on Resolution 5 by or on behalf of a “Key Management Personnel” (as defined in the Accounting Standards) and their “Closely Related Parties” (as defined in the *Corporations Act 2001 (Cth)*) (together, the **Restricted Voters**).

Key Management Personnel (**KMP**) are the Company’s Directors and Executives identified in the Company’s Remuneration Report (which is included in the 2013 Annual Report). A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP’s spouse, a dependant of the KMP or the KMP’s spouse, anyone else who is one of the KMP’s family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP’s dealings with the Company, or a company the KMP controls.

However, a Restricted Voter may cast a vote on Resolution 5 as a proxy, for a person other than a Restricted Voter, and either:

- (a) the Proxy Form specifies the way the proxy is to vote on the resolution; or
- (b) the proxy is the Chair of the meeting and the Proxy Form expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Shareholders should note that if they appoint the Chair as a proxy, or the Chair is appointed by default under the Proxy Form, and the Chair is not directed as to how to vote on Resolution 5, then on the poll for that item, the Chair intends to vote any undirected proxies in favour of Resolution 5. Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting on this resolution.

7. Resolution 6 – Election of Andrew Moffat as Director

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

“That Mr Andrew Graeme Moffat be elected as a Director of the Company, having been proposed by a shareholder and seconded by another shareholder for election under clause 6 of the Company’s Constitution.”

8. Resolution 7 – Election of Massimo Cellante as Director

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

“That Mr Massimo Livio Cellante be elected as a Director of the Company, having been proposed by a shareholder and seconded by another shareholder for election under clause 6 of the Company’s Constitution.”

DATED THIS 23rd DAY OF OCTOBER 2013

BY ORDER OF THE BOARD



VICTOR HO
COMPANY SECRETARY

Role of ASIC and ASX

A copy of this Information Memorandum has been lodged with ASIC and ASX. Neither ASIC nor ASX nor any of their respective officers takes any responsibility for the contents of the Information Memorandum.

Voting Exclusion

Where a voting exclusion applies (as described above in the Notice of Annual General Meeting), the Company need not disregard a vote if:

- (a) it is cast by a party as proxy for a party who is entitled to vote, in accordance with the directions on the Proxy Form for this Annual General Meeting; or
- (b) it is cast by the person chairing the Annual General Meeting as proxy for a party who is entitled to vote, in accordance with a direction on the Proxy Form for this Annual General Meeting to vote as the proxy decides.

EXPLANATORY STATEMENT

The information in this Explanatory Statement is provided to the shareholders of Queste Communications Ltd (**Queste** or **Company** or **QUE**) pursuant to and in satisfaction of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and the Listing Rules of the Australian Securities Exchange (**ASX**). Shareholders should read this Information Memorandum in full to make an informed decision regarding the resolutions considered at this Annual General Meeting (**AGM**).

IMPORTANT INFORMATION

This Information Memorandum is not an offer to buy back your shares. If Resolution 3 (Approve Equal-Access Scheme Share Buy-Back) is passed at the Annual General Meeting, a separate Buy-Back Offer Document and Acceptance Form will be sent to all shareholders. Voting in favour of Resolution 3 does not mean you must sell your shares to the Company.

1. ANNUAL REPORTS

Section 317 of the Corporations Act requires the Directors of the Company to lay before the AGM the Directors' Report, Financial Report and the Auditor's Report for the last financial year that ended before the AGM. These reports are contained within the Company's 2013 Annual Report.

A copy of the 2013 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2013 Annual Report may be viewed and downloaded from the Company's website: www.queste.com.au or the ASX website (www.asx.com.au) under ASX Code: QUE or emailed to shareholders upon request to info@queste.com.au, when available.

Shareholders will be provided with a reasonable opportunity as a whole to ask questions or make statements in relation to these reports and on the business and operations of the Company but no resolution to adopt the reports will be put to shareholders at the AGM.

2. ORDINARY RESOLUTION 1 – RE-ELECTION OF YAQOOB KHAN AS DIRECTOR

Resolution 1 seeks shareholder approval for the re-election of Mr Yaqoob Khan as a Director of the Company.

Clause 5 of the Company's constitution requires one third of the Directors (or if that is not a whole number, the whole number nearest to one third) to retire at each AGM. The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed.

Mr Yaqoob Khan retires at the AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Yaqoob Khan has been a Director of the Company since 10 March 1998. His qualifications and experience are detailed in the Directors' Report in the Company's 2013 Annual Report.

The Board (other than Mr Yaqoob Khan, who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr Yaqoob Khan to the Board and recommends that **shareholders vote in favour of Resolution 1**.

3. ORDINARY RESOLUTION 2 – ELECTION OF VICTOR HO AS A DIRECTOR

Resolution 2 seeks shareholder approval for the election of Mr Victor Ho as a Director of the Company.

Clause 8 of the Company's Constitution allows the Board to appoint a Director. Any Director appointed by the Board (other than a Managing Director) must stand for election at the next Annual General Meeting.

As announced to ASX in April 2013¹, pursuant to a review of the appropriate Board numbers for a company the size of Queste, Mr Simon Cato and Mr Azhar Chaudhri voluntarily agreed to step down as Directors on 3 April 2013.

Given that the Company's Constitution requires it to have at least three Directors, Mr Ho, who has served as Company Secretary since August 2000, was appointed by the Board as an Executive Director. Mr Ho's appointment did not result in any additional cost to the Company beyond his then-current executive remuneration.

¹ Refer QUE ASX market announcement dated 3 April 2013 and entitled "[Corporate Update](#)"

Being eligible, Mr Ho has offered himself for election as a Director of the Company. Mr Ho's qualifications and experience are detailed in the Directors' Report in the Company's 2013 Annual Report.

The Board (other than Mr Ho, who makes no recommendation in respect of his own election as a Director) supports the election of Mr Ho to the Board and recommends that **shareholders vote in favour of Resolution 2.**

4. ORDINARY RESOLUTION 3 – APPROVE EQUAL-ACCESS SCHEME SHARE BUY-BACK

4.1. Background and Reasons for the Buy-Back

As noted in an ASX market announcement on 25 September 2013 (Corporate Update) Queste had, as part of a capital management programme for the benefit of shareholders, initiated an on-market share buy-back in 2012/2013². This initiative met with little success and no shares were bought-back, primarily due to the lack of liquidity in trading of Queste shares, based upon the application of ASX Listing Rule 7.29 (which prescribes that an on-market buy-back may occur only if transactions in a company's shares were recorded on ASX on at least 5 days in the previous 3 months).

To illustrate the lack of liquidity, the following summary table includes rolling data on volumes and values (as at 18 October 2013):

	Prev Close	High	Low	Volume	Value	Date High	Date Low
Week Rolling	9.5	-	-	-	-	-	-
Month Rolling	9	9.5	8.5	320,000	29,275	01-Oct-2013	19-Sep-2013
6 Month Rolling	9	9.5	8.5	361,200	33,012	01-Oct-2013	19-Sep-2013
Year Rolling	8	10	7.5	556,378	50,642.35	23-Nov-2012	26-Oct-2012
Prev. Year	10	12	7.5	946,044	98,808.859	23-Apr-2012	26-Oct-2012

Source: IRESS Market Technology

Queste has reviewed the on-market share buy-back initiative and the liquidity issue and has identified an Equal Access Buy-Back Scheme as an alternative to the same, allowing shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares.

The Company accordingly proposes to conduct an equal access scheme off-market share buy-back (the Buy-Back) to operate as outlined in this Explanatory Statement.

The Board believes that it is in the best interests of shareholders for the proposed Buy-Back to be put to shareholders for approval and that it is appropriate to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current and recent Queste share price on ASX.

The Buy-Back will be open to all shareholders on an equal basis and participation by shareholders is entirely voluntary. It is also a cost-effective way for shareholders to dispose of their interests as there are no brokerage costs associated with the Buy-Back.

As the Buy-Back price is set below the net tangible asset (NTA) backing of Queste, the NTA backing will increase post Buy-Back, which will benefit remaining shareholders or those shareholders that only determine to tender into the Buy-Back for a portion of their Queste shares.

Queste may also consider undertaking annual Equal Access Buy-Back Schemes depending on the evaluation of the success of this proposed Buy-Back, Queste's financial position and the liquidity of trading in Queste shares on ASX shares at the relevant time.

This Section 4 of the Explanatory Statement is intended to give shareholders all information they would reasonably require to enable them to make a fully informed decision about how to vote on Resolution 3, as required by the Corporations Act. Shareholders will also be given an opportunity to ask questions about the Buy-Back at the AGM.

4.2. What is an Equal-Access Scheme Share Buy-Back?

The proposed Buy-Back is an Equal Access Scheme as defined in section 257B(2) of the Corporations Act. An Equal Access Scheme is a scheme under which a company seeks to buy back shares, with shareholders having an equal opportunity to participate in proportion to their holdings.

Under a buy-back a company buys back its own shares from its shareholders. Any shares bought-back are then cancelled, with the result that the total number of the company's shares on issue is reduced by the number of shares bought-back.

² Refer [Appendix 3C - Announcement of Buy-Back Notice dated 17 April 2012](#) and Appendix 3F Final Share Buy-Back Notice dated 1 May 2013

The Corporations Act allows a company to conduct an Equal Access Scheme under the following conditions:

- (a) the offers under the buy-back must relate only to ordinary shares;
- (b) the offers must be made to ordinary shareholders to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of the offers must be the same, although offers are permitted to have differences:
 - (i) in price, due to the fact that different shares have different amounts paid up on them; and
 - (ii) solely to ensure that each shareholder is left with a whole number of shares.

The proposed Buy-Back complies with these conditions.

The Company will make offers to shareholders through the mail, and not through the ASX. The Buy-Back is thus an "off-market" buy-back.

The Australian Securities and Investments Commission's (**ASIC**) Regulatory Guide on Share Buy-Backs³ states that a company may impose a cap on the amount that it is prepared to spend buying back shares and scale back shareholders' acceptances if the amount spent would otherwise exceed that cap. The Scale-Back condition complies with ASIC's interpretation of the Corporations Act.

4.3. Explanation of the Resolution

Before it can proceed, the proposed Buy-Back requires shareholder approval by way of an ordinary resolution. The resolution proposed (Resolution 3) is in the following terms:

"That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and all other purposes, shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company (subject to the maximum cost of the buy-back being \$330,000, with a pro-rata scale-back if acceptances were to exceed that amount) at a buy-back price of:

- (a) 10 cents in respect of each fully paid ordinary share on issue; and*
- (b) 0.5 cent in respect of each partly paid ordinary share on issue,*

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

The Company's ability to enter into any agreement to buy back its own shares and the timetable for such a buy-back is governed by the Corporations Act and the ASX Listing Rules.

Section 257C(1) of the Corporations Act provides that an equal access scheme share buy-back which will result in more than 10% of a company's shares being bought back in a 12 month period must be approved by a resolution passed at a general meeting of the company.

As shown below in Section 4.9 (Effect on Share Capital Structure) the maximum percentage of the Company's shares that could be bought-back may exceed 10% in certain Buy-Back acceptance scenarios. Accordingly, the Company has sought shareholders' approval for the Buy-Back via Resolution 3.

Resolution 3 must be passed by more than 50% of the votes cast on the resolution at the Annual General Meeting.

By voting in favour of Resolution 3, shareholders will simply be authorising the Company to make the Buy-Back Offer to shareholders. If Resolution 3 is passed, each shareholder will still be completely unfettered in their decision to sell all, some or none of their shares to the Company in response to a Buy-Back Offer.

4.4. Overview of the Buy-Back

4.4.1. Buy-Back Summary

The proposed equal access scheme off-market share buy-back the subject of Resolution 3 will operate in the following manner (**Buy-Back**):

- (a) Subject to a maximum Buy-Back consideration of \$330,000 (**Buy-Back Cap**):
 - (i) Queste will offer to buy back 100% of the fully paid, ordinary shares in the Company of each shareholder at a price of 10 cents per share (**FPO Price**); and

- (ii) Queste will offer to buy back 100% of the partly paid ordinary shares in the Company of the holder thereof at a price of 0.5 cent per share (**PPO Price**); and
- (b) If the value of Buy-Back acceptances were to exceed the Buy-Back Cap (\$330,000) Queste will scale back the number of shares to be bought back on a pro-rata basis (determined by reference to the value of the Buy-Back consideration in respect of acceptances received for fully paid and partly paid ordinary shares) (the **Scale-Back**).

4.4.2. Buy-Back Timetable

If shareholders approve the Buy-Back, the Company will send Buy-Back offers to all shareholders and process acceptances according to the indicative timetable and process below.

Event	Date ^A
AGM to approve Buy-Back	28 November 2013
Shares quoted on an ex-entitlement basis ^B	29 November 2013
Record Date for determining entitlements to participate ^C	5 December 2013
Despatch of Offer Document	11 December 2013
Offer Period opens	16 December 2013
Offer Period closes (after 30 days)	4:00pm (Perth time) ^D 15 January 2014
Acceptances processed and any Scale-Back notice given	23 January 2014
Buy-Back result announced on ASX	24 January 2014
Bought-back shares cancelled	24 January 2014
Proceeds sent to participating shareholders	28 January 2014

Notes:

- (A) The Timetable is indicative only and is subject to change. Under ASX Listing Rule 3.20, the Company must give ASX seven (7) business days' notice of a change to a proposed record date. The Company will also inform shareholders of any changes to the indicative timetable by an ASX announcement. In the event that Resolution 3 is passed, the Directors will endeavour to despatch the Offer Document as soon as practicable after the AGM.
- (B) Shares acquired on or after this date will not be registered in the new shareholder's name in time for the Buy-Back Record Date, so will not confer an entitlement to participate in the Buy-Back.
- (C) At this time the Company takes a "snapshot" of its share register to determine which shareholders, and for what number of shares, are entitled to participate in the Buy-Back.
- (D) 7:00pm Sydney time.

4.4.3. Buy-Back Process

The broad terms of the Buy-Back are summarised in this Explanatory Statement. If Resolution 3 is passed, a separate Buy-Back Offer and Buy-Back Acceptance Form (the **Offer Document**) will be sent to all shareholders, which will contain further details on how to accept the Buy-Back Offer. Shareholders can therefore vote in favour of Resolution 3 at the Annual General Meeting but do not have to accept the Buy-Back Offer.

On receipt of a Buy-Back Offer and Buy-Back Acceptance Form, shareholders will have two choices in relation to the Buy-Back:

- (a) sell all or some of their shares, by completing the Buy-Back Acceptance Form which will be attached to the Offer Document. The maximum number of shares shareholders can sell in the Buy-Back will be indicated in the Buy-Back Acceptance Form. Shareholders may choose to sell less than the maximum number;
- or
- (b) do nothing. Participation in the Buy-Back is entirely voluntary. If shareholders do not participate in the Buy-Back, the number of shares held by them will not change. Subject to acceptances by other shareholders into the Buy-Back Offer, their proportional interest in Queste will increase.

Shareholders will be given thirty (30) days to respond (**Offer Period**). Shareholders may amend or withdraw their acceptances within the Offer Period. Acceptances received after the Offer Period will not be valid. Acceptances may be submitted by facsimile, scanned and emailed as well as by mail or physical delivery to the Company's registered office or Share Registry.

Shareholders should not sell any shares for which they have accepted a Buy-Back Offer, unless they first withdraw or amend their acceptance accordingly and ensure that it is received by the Company before the end of the Offer Period.

4.4.4. Pro-Rata Scale-Back if Buy-Back Cap is Exceeded

If the total value of acceptances is within the Buy-Back Cap (\$330,000), the acceptances will be final. The Company will determine the amount due to each accepting shareholder and send out payments by cheque or direct credit (if this facility is available) at the shareholder's election.

If the total value of acceptances exceeds the Buy-Back Cap, the Company will conduct the Scale-Back - reducing the cost of fully paid and partly paid shares that will be bought-back from each participating shareholder by the same proportion, to bring the total cost down to the Buy-Back Cap (and hence reducing the number of fully paid and partly paid shares that will be bought-back). If a Scale-Back is required, the Company will announce this on ASX and notify each participating shareholder of the actual number of shares that will be bought-back from them.

The Company will then proceed to buy the shares for which acceptances have been received (subject to any Scale-Back). Shares bought-back will be cancelled immediately.

4.4.5. Which Shareholders Are Eligible?

All shareholders are eligible to participate, including:

- (a) shareholders who are not Australian residents; and
- (b) the holders of fully paid and partly paid ordinary shares.

There is no requirement under Australian law to exclude non-resident shareholders from participating in the Buy-Back. Non-resident shareholders' participation may be affected by the laws in their own countries – see Section 4.18 below.

4.5. Historical Prices and Trading Volumes of Queste Shares on ASX

The last sale price of Queste shares on the ASX prior to the date of this Notice was 9.5 cents on 1 October 2013.

A summary of the Queste share price and volume monthly trading history on ASX between October 2012 and October 2013 (to 18 October) are set out below:

Month Ending	Open (cents)	High (cents)	Low (cents)	Close (cents)	VWAP (cents)	Volume (shares)	Value (\$)	No. Transactions
18-Oct-2013	9.5	9.5	9.5	9.5	9.5	100,000	9,500	2
30-Sep-2013	8.5	9	8.5	9	8.9886	220,000	19,775	6
31-Aug-2013	9	9	9	9	9	5,000	450	1
31-Jul-2013	9	9	9	9	9	5,200	468	2
30-Jun-2013	9	9.1	9	9	9.0935	31,000	2,819	3
31-May-2013				9	-	-	-	-
30-Apr-2013				9	-	-	-	-
31-Mar-2013				9	-	-	-	-
28-Feb-2013	9	9	9	9	9	22,800	2,052	4
31-Jan-2013				10	-	-	-	-
31-Dec-2012				10	-	-	-	-
30-Nov-2012	7.5	10	7.5	10	9.5096	124,400	11,830	4
31-Oct-2012	8	8	7.5	7.5	7.8303	52,978	4,148.35	4
TOTAL					9.0923	561,378	51,042.35	26

The Buy-Back price for the fully paid shares of \$0.10 per share (FPO Price) represents a premium (as at 18 October 2013) of:

- 5.3% on the last sale price of 9.5 cent on 1 October 2013;
- 10% on the VWAP between 1 October 2012 and 18 October 2013 of 9.0923 cents;
- 9.3% on the last 3 month VWAP of 9.1462 cents;
- 9.4% on the last 6 month VWAP of 9.1395 cents; and
- 9.9% on the 12 month VWAP of 9.1021 cents.

The Company's partly paid ordinary shares are not listed on ASX.

4.6. Advantages and Disadvantages to Shareholders

The Board believes that:

- It is in the best interests of shareholders for the proposed Buy-Back to be put to shareholders for approval.
- It is appropriate to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current and recent Queste share price on ASX.
- It is a cost effective way for shareholders to dispose of their interests as there are no brokerage costs associated with the Buy-Back.
- As the Buy-Back will be open to all shareholders on an equal basis, participation by shareholders is entirely voluntary and the Buy-Back Offer will be in respect of up to 100% of each shareholders' shares in the Company, it allows shareholders to realise some funds by participating partially in the Buy-Back (subject to the operation of the Scale-Back if the Buy-Back Cap is exceeded) and retain an on-going exposure to the Company.
- As the Buy-Back price is set below the net tangible asset (**NTA**) backing of Queste, the NTA backing will increase post completion of the Buy-Back.
- The Buy-Back gives all shareholders the choice of whether or not to exit the Company or continue as shareholders. Other methods of realising value for the Company's shares, such as a liquidation, do not give this choice and all shareholders are compelled to participate in the liquidation process once it has commenced.
- The Buy-Back, as opposed to a voluntary liquidation and return of capital is a quicker, simpler and cheaper method of returning capital to shareholders. Shareholders who wish to exit the Company are also likely to receive their proceeds from the Buy-Back sooner than a distribution from a liquidator.

4.6.1. Advantages and Disadvantages if the Buy-Back Proceeds

If the Buy-Back proceeds, shareholders will have the option of either selling some or all of their shares or retaining them. Shareholders will benefit from the advantages, and bear the risks of the disadvantages, inherent in whichever of those options they choose, addressed below (in addition to the matters outlined in Section 4.6).

Shareholders who sell shares into the Buy-Back

ADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
The Buy-Back provides fully paid ordinary shareholders with the opportunity to realise their shares in a stock that is otherwise highly illiquid, at a premium to recent share prices on ASX (as outlined in Section 4.5).	The Buy-Back provides the partly paid shareholder with the opportunity to realise their shares, which are not listed on ASX, in the absence of a market through which these shares may be realised.
Shareholders selling into the Buy-Back will not have to pay brokerage, which they would ordinarily have to pay selling shares on market.	The holder of the partly paid shares will no longer have any potential liability in relation to the balance of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).
DISADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
Shareholders will not benefit from the expected increase in the Company's NTA backing per share that will occur post completion of the Buy-Back (subject to there being acceptances received under the Buy-Back Offer).	
Shareholders will forego the benefits available from retaining shares, detailed in the next Section.	

Not all shareholders will, of course, have the opportunity to sell all their shares. If the Company receives total acceptances which would require it to spend more than \$330,000 on the Buy-Back, acceptances will be scaled back to ensure this Buy-Back Cap is not exceeded. Nevertheless, many shareholders may be able to sell all, or a major portion, of their Queste shares if they wish to do so. Refer Section 4.9 for details of changes to the share capital structure of the Company under various acceptance scenarios under the Buy-Back (including as between fully paid and partly paid shares).

Shareholders who do not participate under the Buy-Back and retain their shares

ADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
Shareholders will benefit from the expected increase in the Company's NTA backing per share that will occur post completion of the Buy-Back (subject to there being acceptances received under the Buy-Back Offer). Refer Section 4.10.3 for details of changes to the Company's NTA backing per share under various acceptance scenarios under the Buy-Back. For example, the Company's post tax consolidated NTA backing per share was \$0.2014 as at 30 June 2013. This may increase to \$0.2144, an increase of 6.5%, in two scenarios detailed in Section 4.10.3.	
Shareholders may consider that there is an advantage in retaining their shares in the expectation of the Company's share price increasing in future as a consequence of the increase in the NTA backing per share or generally or the Company being wound up with net assets being distributed to shareholders (with potential entitlements under the same being greater than the FPO Price). There is, however, no guarantee that these scenarios will occur.	
DISADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
Shareholders who retain their shares will of course forego the benefits available from selling shares, detailed in the previous Section.	
The Company's cash holdings will be reduced by the amount expended on the Buy-Back. The Directors consider, however, that this will not negatively impact the Company's ability to conduct its operations.	

In addition to the foregoing, shareholders should refer to sections 12.3 and 12.4 of the IER included in the Information Memorandum which outlines the advantages and disadvantages of approving the Buy-Back proposal for participating and non-participating shareholders.

Shareholders who participate in part

Some shareholders may wish to re-balance their holding of Queste shares by realising some of their investment, while also maintaining some exposure to the Company post completion of the Buy-Back. This will enable them to derive a combination of the benefits and be exposed to a combination of the matters referred to in the above tables.

4.6.2. Advantages and Disadvantages if the Buy-Back does not Proceed

The main advantage of the Buy-Back not proceeding is that the Company will retain the cash that would otherwise be expended on the Buy-Back. The Directors consider, however, that this expenditure will not negatively impact the Company's ability to conduct its operations.

The disadvantage to shareholders if the Buy-Back does not proceed is to forego the advantages that would flow if the Buy-Back proceeds, detailed in Section 4.6.1.

4.7. Independent Expert's Report

The Company is not required by law to obtain an independent expert's report (**IER**) on the proposed Buy-Back. ASIC policy recommends obtaining an IER (on the issue of valuation) however and the Directors considered it appropriate to do so to enable shareholders to make a fully informed decision.

The Directors have commissioned BDO Corporate Finance (WA) Pty Ltd (**BDO** or the **Independent Expert**) to prepare an IER on the Buy-Back, which accompanies the Notice of AGM and Explanatory Statement in the Information Memorandum.

The conclusions in the IER are that:

- The Buy-Back is fair and reasonable to the shareholders of Queste who do not participate in the Buy-Back (refer Sections 2.3 and 13 of the IER);
- The Buy-Back is not fair but reasonable to the shareholders of Queste who participate in the Buy-Back (refer Sections 2.3 and 13 of the IER);
- The value of the Company's fully paid ordinary shares is within the range of \$0.1801 to \$0.1947 per share with, a preferred valuation of \$0.1874 per share (refer sections 2.4 and 9 of the IER);
- The value of the Company's partly paid ordinary shares is within the range of \$0.0381 to \$0.0392 per share, with a preferred valuation of \$0.0387 per share (refer sections 2.5 and 9 of the IER);
- The Buy-Back is fair for fully paid ordinary shareholders who do not participate and conversely is not fair for fully paid ordinary shareholders who participate, under the Buy-Back (refer sections 2.4 and 11 of the IER);

- The Buy-Back is fair for the partly paid shareholder if it does not participate and conversely is not fair for the partly paid shareholder if it does participate, under the Buy-Back (refer sections 2.4 and 11 of the IER); and
- The position of shareholders if Resolution 3 is approved is more advantageous than the position if the resolution is not approved and accordingly, the Buy-Back is reasonable to shareholders (in the absence of a superior buy-back proposal) (refer sections 2.6 and 12 of the IER).

In assessing whether or not the Buy-Back is "reasonable" for shareholders, BDO has considered the impact of the Buy-Back on participating and non-participating shareholders separately. The respective advantages and disadvantages for participating and non-participating shareholders considered by BDO are summarised in sections 12.3 and 12.4 respectively of the IER.

The IER is included within the Information Memorandum.

4.8. Source of Funds

The maximum amount of cash required to fund the Buy-Back is \$330,000 (the Buy-Back Cap).

The Buy-Back will be funded from the Company's existing net cash reserves, of approximately \$0.823 million (as at 30 September 2013).

Refer to Section 4.10 for further information about the financial effect of the Buy-Back.

4.9. Effect on Share Capital Structure

4.9.1. Existing Share Capital

As at 30 June 2013 and the date of this Information Memorandum, the Company has the following securities on issue:

- 28,404,879 listed fully paid, ordinary shares; and
- 20,000,000 unlisted partly paid ordinary shares; each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (or \$3,695,500 in total).

The terms of issue of the partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 (also reproduced in the Company's [2006 Annual Report](#)).

If Resolution 3 is approved and Buy-Back Offers are accepted, all of the fully and partly paid ordinary shares that are bought back will be cancelled, and accordingly the Buy-Back will reduce the total number of fully and partly paid ordinary shares on issue.

It is not possible to determine exactly how many fully paid and partly paid ordinary shares will remain on issue after the Buy-Back, because of the potential for different acceptance levels by the fully paid and partly paid ordinary shareholders.

The Company's post Buy-Back share capital structure under 4 different potential scenarios (based on participation by fully and partly paid shareholders up to the Buy-Back Cap, where applicable) is set out below.

4.9.2. Post Buy-Back Scenario 1 - All Shareholders Participate to the Maximum Extent

If all shareholders sought to accept under the Buy-Back Offer for all their shares then, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost ⁴	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$318,777	3,187,770	25,217,109	-11.22%
Partly paid shares (PPS)	20,000,000	\$11,223	2,244,600	17,755,400	-11.22%
Fully paid equivalent of PPS ¹	1,522,500			1,351,630	-11.22%
Total equivalent FPS²	29,927,379			26,568,739	-11.22%
Total diluted shares³	48,404,879			42,972,509	-11.22%

- (1) Partly paid ordinary shares are treated as equivalent to fully paid shares to the extent that they have been paid up - 1.5225 cents per share, representing 7.61% of their \$0.20 issue price.
- (2) The total of the fully paid shares and the fully paid equivalents represented by the partly paid shares.
- (3) Assumes the partly paid shares have been fully paid up, thus constituting fully paid shares
- (4) After Scale-Back.

4.9.3. Post Buy-Back Scenario 2 - Only Fully Paid Shareholders Participate to the Maximum Extent

If only fully paid shareholders sought to accept under the Buy-Back Offer for all their shares and the partly paid shareholder does not participate, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$330,000	3,300,000	25,104,879	-11.62%
Partly paid shares (PPS)	20,000,000	Nil	Nil	20,000,000	0.00%
Fully paid equivalent of PPS ¹	1,522,500			1,522,500	0.00%
Total equivalent FPS²	29,927,379			26,627,379	-11.03%
Total diluted shares³	48,404,879			45,104,879	-6.82%

(1)-(3) These notes are the same as notes (1) - (3) for the Table in Section 4.9.2.

4.9.4. Post Buy-Back Scenario 3 - Only the Partly Paid Shareholder Participates to the Maximum Extent

If only the partly paid shareholder sought to accept under the Buy-Back Offer for all of its shares and the fully paid shareholders did not participate, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	Nil	Nil	28,404,879	0.00%
Partly paid shares (PPS)	20,000,000	\$100,000	20,000,000	-	-100.00%
Fully paid equivalent of PPS ¹	1,522,500			-	-100.00%
Total equivalent FPS²	29,927,379			28,404,879	-5.09%
Total diluted shares³	48,404,879			28,404,879	-41.32%

(1)-(3) These notes are the same as notes (1) -(3) for the Table in Section 4.9.2.

4.9.5. Post Buy-Back Scenario 4 –Participation by Fully and Partly Paid Shareholders to 50% Extent

If all fully and partly paid shareholders sought to accept under the Buy-Back Offer for all of their shares, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost ⁴	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$318,777	3,187,770	25,217,109	-11.22%
Partly paid shares (PPS)	20,000,000	\$11,223	2,244,600	17,755,400	-11.22%
Fully paid equivalent of PPS ¹	1,522,500			1,351,630	-11.22%
Total equivalent FPS²	29,927,379			26,568,739	-11.22%
Total diluted shares³	48,404,879			42,972,509	-11.22%

(1)-(4) These notes are the same as notes (1) -(4) for the Table in Section 4.9.2.

4.10. Financial Effect of Buy-Back

Having regard to the Company's current, anticipated and contingent financial requirements, the Directors have assessed that the Buy-Back will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due.

4.10.1. Effect on Financial Position

The following table sets out the Queste audited Consolidated Statement of Financial Position as at 30 June 2013 and a post completion of Buy-Back Pro Forma Consolidated Statement of Financial Position, assuming Queste buys back shares up to the maximum Buy-Back Cap as at that date.

Pro Forma Consolidated Statements of Financial Position
As at 30 June 2013

	Audited 30 June 2013 \$	Buy-Back Effects \$	Pro Forma 30 June 2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	2,747,596	(330,000)	2,417,596
Financial Assets at Fair Value through Profit or Loss	723,873		723,873
Trade and Other Receivables	209,600		209,600
Inventories	140,622		140,622
Other Current Assets	5,854		5,854
TOTAL CURRENT ASSETS	3,827,545	(330,000)	3,497,545
NON CURRENT ASSETS			
Trade and Other Receivables	53,085		53,085
Property held for Development or Resale	1,490,000		1,490,000
Investment in Associate Entity	4,307,391		4,307,391
Property, Plant and Equipment	1,154,801		1,154,801
Olive Trees	65,500		65,500
Intangible Assets	650,433		650,433
Deferred Tax Asset	95,009		95,009
TOTAL NON CURRENT ASSETS	7,816,219	-	7,816,219
TOTAL ASSETS	11,643,764	(330,000)	11,313,764
CURRENT LIABILITIES			
Trade and Other Payables	149,981		149,981
Provisions	174,989		174,989
TOTAL CURRENT LIABILITIES	324,970	-	324,970
NON CURRENT LIABILITIES			
Deferred Tax Liability	95,009		95,009
TOTAL NON CURRENT LIABILITIES	95,009	-	95,009
TOTAL LIABILITIES	419,979	-	419,979
NET ASSETS	11,223,785	(330,000)	10,893,785
EQUITY			
Issued Capital	6,192,427	(330,000)	5,862,427
Reserves	2,257,792		2,257,792
Accumulated Losses	(1,773,141)		(1,773,141)
Parent Interest	6,677,078	(330,000)	6,347,078
Non-Controlling Interest	4,546,707		4,546,707
TOTAL EQUITY	11,223,785	(330,000)	10,893,785

The Pro Forma Consolidated Statement of Financial Position has been prepared on the following basis:

- The starting position is derived from audited accounts for the financial year ending 30 June 2013 (as reported in Queste's 2013 Annual Report to be released on ASX on or before 31 October 2013);
- Reflecting the position if the full amount of the Buy-Back Cap (\$330,000) had been expended on buying back shares on 30 June 2013; and
- In accordance with the measurement and recognition requirements of applicable Australian Accounting Standards and the Company's accounting policies (as reported in the Company's 2013 Annual Report).

The Pro Forma Consolidated Statement of Financial Position is presented in abbreviated form as a guide and does not contain all the disclosures that are usually provided in a financial report prepared in accordance with Australian Accounting Standards and the Corporations Act. The Pro Forma Consolidated Statement of Financial Position does not constitute a representation of the future financial position or prospects of the Queste group.

Further information about Queste's business, financial position and prospects is contained in the 2013 Annual Report and other Company announcements and reports (including monthly and quarterly cashflow reports) which may be viewed and downloaded from the Company's website: www.queste.com.au or the ASX website (www.asx.com.au) under ASX Code: QUE or emailed to shareholders upon request to info@queste.com.au.

4.10.2. Effect on Net Tangible Assets (NTA)

While the Company's NTA will reduce (as an absolute amount) on completion of the Buy-Back, the number of shares on issue will reduce by a proportionately larger amount, as the price being offered for the shares is below the NTA backing per share. This will result in an increase in the NTA backing per share post completion of the Buy-Back.

The table below shows the Company's undiluted and diluted NTA as at 30 June 2013 under 4 different Buy-Back acceptance scenarios, based on participation by fully and partly paid shareholders up to the Buy-Back Cap.

	Pre Buy-Back	Post Buy-Back			
		Scenario 1 (all shareholders participate)	Scenario 2 (only fully paid shareholders participate)	Scenario 3 (only partly paid shareholder participates)	Scenario 4 (50% participation by fully and partly paid shareholders)
Undiluted NTA¹	\$6,677,078	\$6,347,078	\$6,347,078	\$6,577,078	\$6,347,078
Partly paid shares	20,000,000	17,755,400	20,000,000	-	17,755,400
Outstanding call on partly paid shares²	\$3,695,500	\$3,280,754	\$3,695,500	-	\$3,280,754
Diluted NTA²	\$10,372,578	\$9,627,832	\$10,042,578	\$6,577,078	\$9,627,832

(1) Having regard only to the parent interest, which excludes the non-controlling interest, as at 30 June 2013 (audited).

(2) Being 18.4775 cents per partly paid share.

(3) Assumes the partly paid shares have been fully paid up, thus constituting fully paid shares.

The undiluted post Buy-Back NTA reduction is due solely to the Buy-Back Cap of \$330,000 being expended on buying back shares (save that under Scenario 3, only \$100,000 has been expended as only the partly paid shareholder, and no fully paid shareholder, is assumed to have accepted under the Buy-Back).

The diluted post Buy-Back NTA position takes into account the amount expended on the Buy-Back plus receipt of the outstanding call on the partly paid shares, which number will alter under each of the 4 Buy-Back acceptance scenarios.

4.10.3. Effect on NTA Backing per Share

Section 4.9, above shows 4 different share capital structure scenarios for potential reductions in the number of the Company's shares on issue post Buy-Back (based on participation by fully and partly paid shareholders up to the Buy-Back Cap, where applicable).

The tables below show the effects on the Company's NTA per share in each of those 4 scenarios (as at 30 June 2013 and assuming the Buy-Back occurred as at that date and was fully taken up, where applicable).

Scenario 1 - All shareholders participate (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	28,404,879	-	25,217,109		
Partly paid shares (PPS)	20,000,000	-	17,755,400		
Fully paid equivalent of PPS ²	1,522,500	-	1,351,630		
Total equivalent FPS³	29,927,379	\$0.2014	26,568,739	\$0.2144	6.47%
Total diluted shares⁴	48,404,879	\$0.2009	42,972,509	\$0.2089	4.01%

(1) The method of determining the post Buy-Back share capital structure is shown in Section 4.9, above.

(2) Partly paid ordinary shares are treated as equivalent to fully paid shares to the extent that they have been paid up - 1.5225 cent per share, representing 7.61% of their \$0.20 issue price.

(3) The total of the fully paid shares and the fully paid equivalent of the partly paid shares.

(4) Assumes the partly paid shares have been fully paid up thus constituting fully paid shares.

Scenario 2 - Only fully paid shareholders participate (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	28,404,879	-	25,104,879	-	-
Partly paid shares (PPS)	20,000,000	-	20,000,000	-	-
Fully paid equivalent of PPS ²	1,522,500	-	1,522,500	-	-
Total equivalent FPS³	29,927,379	\$0.2014	26,627,379	\$0.2139	6.24%
Total diluted shares⁴	48,404,879	\$0.2009	45,104,879	\$0.2082	3.67%

(1)-(4) These notes are the same as for the previous Table.

Scenario 3 - Only the partly paid shareholder participates (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	28,404,879	-	28,404,879		
Partly paid shares (PPS)	20,000,000	-	-	-	-
Fully paid equivalent of PPS ²	1,522,500	-	-	-	-
Total equivalent FPS³	29,927,379	\$0.2014	28,404,879	\$0.2086	3.61%
Total diluted shares⁴	48,404,879	\$0.2009			

(1)-(4) These notes are the same as for the previous Table.

Scenario 4 – 50% participation by fully and partly paid shareholders

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	28,404,879	-	25,217,109		
Partly paid shares (PPS)	20,000,000	-	17,755,400		
Fully paid equivalent of PPS ²	1,522,500	-	1,351,630		
Total equivalent FPS³	29,927,379	\$0.2014	26,568,739	\$0.2144	6.47%
Total diluted shares⁴	48,404,879	\$0.2009	42,972,509	\$0.2089	4.01%

(1)-(4) These notes are the same as for the previous Table.

4.10.4. Effect on Loss per Share

The Company's consolidated basic loss per share for the financial year ended 30 June 2013 was \$0.0673 per share. Under Accounting Standard AASB 133 - *Earnings Per Share*, potential ordinary shares such as partly paid shares are only treated as dilutive when their conversion into ordinary shares would increase the loss per share. Loss per share was not calculated on a diluted basis, as it would not have resulted in an increased loss per share.

If it is assumed that the Buy-Back was conducted on 1 July 2012 (at the start of the 2012/2013 financial year), the Company's loss per share would have been greater, as a result of the lower number of shares on issue post Buy-Back. The post Buy-Back loss per share would depend on the extent to which the fully paid and partly paid shareholders participate in the Buy-Back.

If it is assumed that the fully paid and partly paid shareholders participated in a Buy-Back on 1 July 2012 to the maximum extent, loss per share for the financial year ending 30 June 2013 would have been \$0.0758 per share.

Expenditure on buying back the shares will not increase the Company's net loss, as that outlay is on capital account.

4.11. Effect on Control of the Company

The Company's shareholders with beneficial interests of 5% or above, according to substantial shareholder notices filed by them, are set out in the table below, along with their pre-Buy-Back shareholdings and voting power in the Company (as at 18 October 2013).

If these major shareholders participate in the Buy-Back pro-rata to other shareholders (with a Scale-Back to the Buy-Back Cap), their voting power in the Company will not change post Buy-Back.

The major shareholders' voting power in the Company post Buy-Back will only increase where they have elected not to participate under the Buy-Back and other shareholders have, thereby resulting in a dilution of the Company's shares and an increase in their voting power post Buy-Back.

Mr Farooq Khan (also the Chairman and Managing Director of the Company) has informed the Company that he has not yet formed a view on whether he will accept (and if so to what extent) into the Buy-Back.

The table below shows these major shareholders' post Buy-Back shareholdings and voting power in the Company under Scenario 2 (where only fully paid shareholders participate under the Buy-Back to the maximum extent and with a Scale-Back to the Buy-Back Cap) and where it is assumed that each have not accepted into the Buy-Back.

Substantial Shareholders	Registered Shareholder	Pre Buy-Back				Post Buy-Back		
		Fully Paid Shares Held	Partly Paid Shares Held	Voting Shares Held	% Voting Power ^{6,7}	% Voting Power Under Scenario 2 (with no participation)	Change	
BELL IXL INVESTMENTS LIMITED AND ASSOCIATES ¹	Bell IXL Investments Limited	2,699,747	-	2,699,747	24.73%	10.14%	27.80%	3.07%
	Cellante Securities Pty Limited	2,053,282	-	2,053,282		7.71%		
	Cleod Pty Ltd <Cellante Super Fund A/C>	2,648,490	-	2,648,490		9.95%		
AZHAR CHAUDHRI, RENMUIR HOLDINGS LIMITED AND CHI TUNG INVESTMENTS LTD ²	Mr Azhar Chaudhri	907,450	-	907,450	22.58%	3.41%	25.38%	2.80%
	Chi Tung Investments Ltd	1,050,000	-	1,050,000		3.94%		
	Renmuir Holdings Ltd	3,277,780	-	3,277,780		12.31%		
	Chi Tung Investments Ltd	-	20,000,000	1,522,500 ³		5.72%		
FAROOQ KHAN AND ASSOCIATES ⁴	Farooq Khan	2,286,367	-	2,286,367	19.89%	8.59%	22.36%	2.47%
	Island Australia Pty Ltd	3,668,577	-	3,668,577		13.78%		
MANAR NOMINEES PTY LTD AND ZELWAR SUPERANNUATION PTY LTD ⁵	Manar Nominees Pty Ltd	1,825,663	-	1,825,663	6.70%	6.86%	7.53%	0.83%
	Zelwer Superannuation Pty Ltd	180,500	-	180,500		0.68%		

- (1) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated 19 September 2012
- (2) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated 1 May 2012
- (3) Voting shares attributable to 20,000,000 partly paid ordinary shares (issued at a price of 20 cents per share) which have been partly paid to 1.5225 cent each
- (4) Based on the substantial shareholding notice filed by Farooq Khan and associate dated 30 April 2012
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated 29 December 2003
- (6) Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (28,404,879) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (1,522,500).
- (7) Movements of less than 1% in voting power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the actual shareholdings of the shareholders named in the table above and the most recent substantial shareholding notices lodged on ASX.

The Buy-Back is not considered likely to have a material impact on the control situation of the Company, as illustrated in the above table. Substantial shareholders with a 20% or greater holding in a company are permitted to increase their shareholding by up to 3% every 6 months pursuant to the 'creep' provisions under the Corporations Act. Save for Bell IXL Investments Limited and its associates, none of the major shareholders will increase their voting power in the Company by more than 3% post Buy-Back (in the scenario assumed for the above table).

The voting power of Bell IXL Investments Limited and its associates would increase by more than 3% (in the scenario assumed for the above table). A shareholder with a 20% or greater holding in a company is permitted to increase its shareholding as a result of a permitted buy-back by any percentage without a requirement to seek prior shareholder approval, under section 611 of the Corporations Act.

4.12. The Company's Intentions after the Buy-Back

After the Buy-Back, the Company will continue with its principal activity of managing its assets, including its principal investment in controlled entity, ASX-listed Orion Equities Limited.

The Company may also consider undertaking annual Equal Access Buy-Back Schemes, depending on the evaluation of the success of this proposed Buy-Back, Queste's financial position and the liquidity of trading in Queste shares on ASX at the relevant time.

4.13. Australian Tax Implications for Shareholders

The following is a general description of the Australian income and capital gains tax consequences of selling shares under the Buy-Back Offer. The information applies only to Queste shareholders who hold their shares as capital assets. It does not apply to shareholders who hold their shares as trading stock in the course of carrying on a business of trading in shares (e.g. in general, shareholders who are professional share traders, banks or insurance companies) or who hold their shares for the purpose of sale at a profit.

The information below is based upon income tax legislation in effect at the date of this Explanatory Statement, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of all shareholders. The information is not intended to be advice and should not be relied upon on that basis. **Shareholders should seek independent professional advice in relation to their own particular circumstances.**

4.13.1. General

The Buy-Back constitutes an 'off-market' share Buy-Back for the purposes of the tax legislation. The whole of the Buy-Back price will be debited against the Company's share capital account. That is, for tax purposes, the Buy-Back price will consist of a capital amount equal to the Buy-Back price per share.

Accordingly, no part of the Buy-Back price is expected to be a dividend. While certain deemed dividend provisions in the Australian income tax law are directed at the provision of capital benefits to shareholders and can override this treatment, the Company does not expect these provisions to apply to the Buy-Back.

The tax treatment of the Buy-Back price will generally depend on two things:

- whether a shareholder is an individual or a complying superannuation fund, Australian resident corporate shareholder, or non-resident shareholder (or other entity); and
- the date on which the shares being bought back were acquired by the shareholder.

4.13.2. Australian Resident Individual Shareholders and Complying Superannuation Funds

Tax implications of receiving a capital return

The Buy-Back of shares by Queste constitutes a disposal by the shareholder of the shares for capital gains tax purposes. If the shareholder that disposes of shares is an Australian resident individual or a complying superannuation fund, any capital gain is included in the calculation of their taxable income. If a capital loss is realised, it can be off set against capital gains the shareholder realises in the same income year or in later income years.

Discount capital gains

If the shareholder has held their shares for at least 12 months as at the time of the Buy-Back, the shareholder will be eligible for the capital gains tax discount on any capital gain the shareholder derives. The effect of the discount for an Australian resident individual shareholder is that the shareholder only pays tax on half of any capital gain the shareholder makes (after deducting any capital losses). The effect of the discount for a complying superannuation fund is that the shareholder only pays tax on two-thirds of the capital gain the shareholder makes (after deducting any capital losses).

Calculating a capital gain or loss

A capital gain or loss is calculated as the difference between the proceeds received on the disposal of the shares (the FPO Price of \$0.10 per share (for fully paid shares) or the PPO Price of \$0.005 per share (for partly paid shares)) and the cost base of the shares (or reduced cost base if there is a capital loss).

If the shareholder sells their shares in the Buy-Back, the shareholder will be taken to have received the Buy-Back price per share as proceeds for the disposal of each share.

The shareholder will generally have a cost base for each share equal to the acquisition cost of the share, plus any incidental costs of acquisition and disposal of the share.

4.13.3. Australian Resident Corporate Shareholders

Tax implications of receiving a capital return

As described above, the Buy-Back of shares by Queste also constitutes a disposal of the shares for capital gains tax purposes. This may give rise to a capital gain or capital loss.

Calculating a capital gain or loss

A capital gain or loss is calculated as the difference between the proceeds received on the disposal of the shares and the cost base of the shares (or reduced cost base if there is a capital loss).

For the purposes of calculating whether a company has made a capital gain, it will be taken to have received the Buy-Back price per share as capital proceeds for the disposal of each share. The shareholder will generally have a cost base for each share equal to the acquisition cost of the share, plus any incidental costs of acquisition and disposal of the share. No discount of the capital gain amount is available to an Australian resident company (or an entity taxed as if it were a company) that disposes of a share.

4.13.4. Non-Resident Shareholders

Although the Buy-Back of shares by Queste will constitute a disposal of their shares by the shareholder, the shareholder will not make any capital gain or capital loss (calculated as above) unless:

- the shareholder holds shares through a permanent establishment that carries on business in Australia; or
- the shareholder, together with their associates, has a holding of at least 10% (being a 'non-portfolio interest') of all of the issued shares of Queste.

Non-resident shareholders that have a non-portfolio interest (together with their associates) should seek specific Australian tax advice.

Non-resident shareholders that have previously been Australian residents should also seek specific Australian tax advice.

4.13.5. Goods and Services Tax (GST)

Under the GST legislation, GST will not be payable on the transfer of shares in the Buy-Back. The transfer of shares will constitute a "financial supply" which is an input-taxed supply for the purposes of the GST legislation.

4.13.6. What if Shareholders Sell their Shares on the Stock Market?

If the shareholder sells their shares on the stock market, the price the shareholder receives would be treated as capital (assuming the shareholder holds the investment on capital and not revenue (i.e. share trading) account). As a result, there is no difference in the tax treatment arising if the shareholder sells their shares on the stock market.

However, the shareholder will incur brokerage costs if the shareholder sells their shares on the stock market, whereas the shareholder will not incur any transaction costs if the shareholder sells their shares in the Buy-Back.

4.14. Tax implications for the Company

It is unlikely that the Buy-Back will result in any adverse income tax implications for the Company.

4.14.1. Tax Losses

The Buy-Back may impact upon the Company's ability to utilise prior year tax losses of approximately \$3 million against future taxable income of the Company.

Generally, the Company must pass the continuity of ownership test (**COT**) to set off prior year tax losses against its taxable income in a given income year. While the proportionate change in ownership of the Company as a result of the Buy-Back will depend on the number of shares that are ultimately bought-back, a material risk exists that under certain Buy-Back acceptance scenarios, the Buy-Back will result in the Company failing the COT. Even if the Company does not fail the COT as a result of the Buy-Back, the Buy-Back could increase the likelihood that the Company will fail the COT in the future.

Even if the Company fails COT, it may nonetheless utilise prior year tax losses if it is able to pass the same business test (**SBT**). It is not possible to measure the risk of the Company failing to pass SBT as it is not possible to predict the nature of the Company's business activity in the future. However, it is noted that the Commissioner of Taxation takes a strict view of the application of the SBT in determining whether tax losses are available for utilisation.

4.14.2. Other Tax Effects for the Company

There are no other reasonably anticipated tax effects for the Company of the Buy-Back.

4.15. Support for the Buy-Back

4.15.1. Directors' Recommendations

For the reasons set out in this Explanatory Statement, each Director is of the view that it is in the best interests of shareholders to vote in favour of Resolution 3, to enable those shareholders who wish to exit or reduce their investment in the Company to be able to do so via the Buy-Back Offer.

Each Director who holds shares in the Company intends to vote in favour of Resolution 3.

By proposing the Buy-Back, none of the Company or its Directors are making a recommendation or providing advice in relation to whether shareholders should offer to sell any of their shares to the Company pursuant to the Buy-Back.

Each shareholder's decision whether or not to accept under the Buy-Back Offer will depend on that shareholder's own circumstances and the Board suggests that each shareholder should seek appropriate accounting, legal, taxation or other advice before deciding whether to accept under the same.

Shareholders should also carefully read the accompanying Independent Expert's Report included in this Information Memorandum. The Independent Expert, BDO, has examined the Buy-Back and has concluded that it is fair and reasonable to the shareholders who do not participate in the Buy-Back and is not fair but reasonable to shareholders who participate in the Buy-Back (refer sections 2.13 and 13 of the IER included in the Information Memorandum).

4.15.2. Directors' Relevant Interests in Shares

Each Director's current relevant interest/holding of shares in the Company is as follows:

Name of Director	Fully Paid Ordinary shares	Partly Paid Ordinary Shares
Farooq Khan	5,954,944 ⁴	-
Victor Ho	17,500 ⁵	-
Yaqoob Khan	68,345 ⁶	-

4.15.3. Directors' Intentions to Participate in the Buy-Back

Directors who hold shares in the Company are entitled to participate in the Buy-Back at their own discretion.

Messrs Victor Ho and Yaqoob Khan have informed the Company that they will not participate in the Buy-Back.

Mr Farooq Khan has informed the Company that he has not yet formed a view on whether he will accept (and to what extent) into the Buy-Back.

4.16. Corporations Act Requirements

The Company must comply with the following requirements of the Corporations Act in relation to the Buy-Back:

- (a) the Buy-Back must not materially prejudice the Company's ability to pay its creditors. The Board is of the view that the Buy-Back will not have this effect (refer Section 4.10);
- (b) the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision of how to vote on Resolution 3 (the Company may omit information if it would be unreasonable to require repetition of information already disclosed to shareholders) – refer to the whole of this Information Memorandum;
- (c) the Company must include in the Buy-Back Offer Document a statement setting out all information known to the Company that is material to the decision whether to accept the offer (there is no express dispensation for information previously provided);
- (d) the Notice of Meeting, the Buy-Back Offer and all accompanying documents must be lodged with ASIC;
- (e) Shareholders must have a reasonable opportunity to accept the Buy-Back Offers made to them – it is proposed that the Buy-Back Offer be open for 30 days after the Record Date;
- (f) a buy-back agreement must not be entered into until a specified time for acceptance of offers has closed - the Company will process acceptances (including the application of the Scale-Back) received after the close of the Buy-Back Offer;
- (g) once the Company has entered into an agreement to buy back shares, all rights attaching to the shares are suspended, but the suspension is lifted if the agreement is terminated; and
- (h) the Company must not deal in shares it has bought back. Immediately after registration of the transfer of the shares to the Company, the shares are cancelled, and the Company must notify ASIC of the cancellation within 1 month.

⁴ Refer [Farooq Khan's Appendix 3Y Change of Director's Interest Notice](#) dated 30 April 2012; 2,286,367 shares held directly and 3,668,577 shares held by a controlled company

⁵ Refer [Victor Ho's Appendix 3X Initial Director's Interest Notice](#) dated 3 April 2013; held indirectly via his superannuation fund

⁶ Refer [Yaqoob Khan's Appendix 3Y Change of Director's Interest Notice](#) dated 6 September 2011; 15,025 shares held directly and 53,325 shared by a controlled company

4.17. Reliance on information in this Explanatory Statement

4.17.1. Forward-looking Statements

This Explanatory Statement contains forward-looking statements that are not based solely on historical facts but are based on current expectations about future events and results. These forward-looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the operations of the Company, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, actual events or results may differ materially from the expectations expressed or implied in such forward-looking statements.

None of the Company or its directors, officers, employees and advisers makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. Accordingly, shareholders are cautioned about placing undue reliance on forward-looking statements contained in this Explanatory Statement.

4.17.2. Responsibility for Information in this Explanatory Statement

The Company is responsible for the information in this Explanatory Statement, except as stated below. The Company is responsible for underlying data on which the IER is based to the extent that data relates solely to the Company. To the extent that the IER contains or is based on data from other sources or the Independent Expert's own expert judgement, responsibility lies with the Independent Expert or the third parties that provided the data or conclusions.

Responsibility for statements as to the intentions of shareholders in Section 4.15 lies with those shareholders.

4.17.3. Investment Decisions

The material in this Explanatory Statement does not constitute investment advice and does not take into account personal circumstances and needs of any particular shareholder. Before making any investment decision shareholders should consider their own personal circumstances and take appropriate professional advice.

4.18. Notice to Shareholders who Reside Outside Australia

Warning: The contents of this Section 4 of the Explanatory Statement, concerning the Buy-Back, have not been reviewed by any regulatory authority outside Australia. Shareholders who do not reside in Australia are advised to exercise caution in relation to any decision on whether to participate in the Buy-Back. If shareholders are in any doubt about any of the contents of the Explanatory Statement as concerns the Buy-Back or generally, they should obtain independent professional advice.

4.19. ASIC Lodgement

In accordance with subsection 257C(3) of the Corporations Act, a copy of this Information Memorandum has been lodged with ASIC. ASIC does not approve notices of meeting lodged with it. ASIC may, but is not required to, notify the Company if it believes a document lodged with it does not comply with applicable laws. The Company has received no notification from ASIC concerning this Information Memorandum.

5. SPECIAL RESOLUTION 4 – CHANGE OF NAME AND MODIFICATIONS TO CONSTITUTION

5.1. Proposed Name Change to “Corvus Capital Limited” and Modification to Constitution for Change of Name

Resolution 4(a) proposes that the Company’s name be changed to “Corvus Capital Limited”. Section 157 of the Corporations Act requires any change of a Company’s name to be approved by a special resolution of shareholders at a general meeting. To be carried, a special resolution requires a “For” vote by 75% of shareholders present in person or by proxy who vote on that resolution.

The Company’s original name of “Queste Communications Ltd” no longer reflects the Company’s current activities. The Directors have therefore decided to propose a change of name for shareholders’ consideration.

A range of potential new names were considered. After considering various alternatives, the Board decided upon “Corvus Capital Limited”. “Corvus” is a constellation; which bears appropriate symbolism for the Company and is reflective of its controlled entity, Orion Equities Limited. The word “Capital” was chosen to reflect the fact that the Company’s principal assets comprise investments in other entities.

Subject to shareholder approval of Resolution 4, the change of name takes effect under the Corporations Act when ASIC alters the details of the Company’s registration. The Company will make a market announcement on ASX upon receipt of such confirmation from ASIC.

Resolution 4(b) proposes a Constitutional modification to reflect the change to the Company’s name. The Company’s name is specified in the Constitution and it is proposed that all references therein to “Queste Communications Ltd” be replaced with “Corvus Capital Limited” including, without limitation, clause 2.1(9) which contains a definition of the “Company”. Section 136(2) of the Corporations Act requires any change to the Company’s Constitution to be passed by a special resolution of shareholders at a general meeting.

5.2. Modification to Constitution to include a “Performance-based Wind-up Vote Trigger”

5.2.1. Overview

Resolution 4(c) seeks shareholders’ approval for a modification to the Company’s constitution to introduce a new “performance-based wind-up vote trigger” clause. The proposed new clause is intended to provide a mechanism to give shareholders the opportunity to realise the value in the Company in the event that performance is more than 15% below a benchmark index for two consecutive financial years.

In summary if, in each of two consecutive financial years, the percentage change in the Queste consolidated group’s adjusted net assets for a financial year is more than 15% lower (in absolute terms) than the percentage change in the ASX All Ordinaries Accumulation Index (**Index**) over that financial year, the Directors would be required put a special resolution to the next AGM for shareholders to vote on whether the Company should be wound up. That is, if the Queste group’s performance is more than 15% below the performance of the Index for two consecutive financial years, shareholders will be able to vote on whether to wind up the Company. Under the Constitution, if the Company were wound up its assets would be sold and its liabilities discharged, with surplus funds being distributed to shareholders in proportion to their holdings. To pass, any wind-up resolution would require a “For” vote by 75% of the Company’s shareholders present in person or by proxy who vote on the resolution.

The Index measures the performance of a basket of over 500 shares traded on ASX (accounting for over 95% of the total value of ASX-traded shares) and assumes that all dividends paid were reinvested into the shares concerned. It is considered an appropriate ‘market’ benchmark for measuring the performance of companies listed on the ASX.

In summary, “Adjusted Net Assets” means the Queste consolidated group’s assets net of liabilities (reflecting the parent entity interest excluding minority or non-controlling interests), adjusted by adding back any dividends or capital paid, returned or distributed to shareholders during the financial year (including the cost of share buy-backs, whether on-market or off-market) and deducting the proceeds of any capital raisings (where applicable). If money is paid to shareholders as a dividend, a return on capital or under a share buy-back then, as investors have had the benefit of that money, it would be disregarded in determining whether net assets have declined. Conversely, additions to net assets through capital raisings do not represent performance and would not be taken into account when determining whether net assets have risen. Other unusual items such as gains or losses on the consolidation of the Company’s accounts with those of another entity are also disregarded (if Directors consider it appropriate to do so).

A number of companies that hold significant investments in other entities have clauses of this kind in their constitutions, although the specific content of the performance triggers varies.

The percentage change in the Queste group's adjusted net assets during 2012/2013 was more than 15% below (in absolute terms) the percentage change in the performance of the Index over the same period.

Given the foregoing, the Board has determined that the 2013/2014 financial year will be the second financial year for the purposes of determining whether the "wind up vote trigger" condition has been met.

Therefore, if the percentage change in the Queste group's adjusted net assets during 2013/2014 is more than 15% lower (in absolute terms) than the percentage change in the performance of the Index over the same period, the Directors will propose a voluntary winding up (special) resolution at the 2014 AGM.

Passing this Resolution 4 does not necessarily mean that the Company will ever be wound up. The resolution merely gives shareholders the opportunity, if the "performance-based trigger" test is failed in two consecutive financial years, to decide whether winding up the Company is in their best interests. A special resolution (requiring a 75% "For" vote by those voting in person or by proxy) is required to wind up the Company.

5.2.2. Specific Terms of Modification to Constitution

If Resolution 4(c) were passed, the following provisions would be inserted into the Company's Constitution:

- (1) A new clause 164A (to be inserted before clause 164 (Shareholders' Rights on Distribution of Assets)), as follows:

'164A. Performance-Based Wind-Up Vote Trigger

164A.1 If, in each of two consecutive Financial Years, the percentage change in the Company Group's Adjusted Net Assets over a Financial Year is more than 15% lower than the percentage change in the ASX All Ordinaries Accumulation Index over that Financial Year, for so long as the Company is admitted to the Official List, the Directors shall propose for shareholders' consideration at the next annual general meeting a special resolution to commence the voluntary winding up of the Company.'

- (2) New definitions to be inserted into clause 2.1 (Definitions) of the Company's Constitution as follows:

"Accounting Methodology" means the Company Group's accounting policies, the provisions of the Act and any regulations and other instrument made under the Act that govern financial reporting and the Australian Accounting Standards, including the Australian Accounting Interpretations.

"Adjusted Net Assets" as at the end of a Financial Year means:

- (a) the aggregate value of all assets and liabilities held by the Company Group determined in accordance with the Accounting Methodology as at the end of a Financial Year (reflecting the parent entity interest excluding minority or non-controlling interests); plus
- (b) the value of any dividend or capital paid, returned or distributed to shareholders (including amounts expended on share buy-backs) by the Company Group during that Financial Year; less
- (c) the value of any capital raised by the Company Group through the issue of securities during that Financial Year,

as determined by the Directors. The Directors may make any further adjustments to assets and liabilities that they consider appropriate to ensure that extraordinary items that do not reflect performance (including, but not limited to, gains or losses on consolidation or deconsolidation of the Company's accounts with or from those of other entities) are disregarded where the Directors consider it appropriate to do so.

"ASX All Ordinaries Accumulation Index" means the index with that name, with current ASX code: XAOAI. If that index is renamed, is no longer published or, in the Board of Directors' opinion, the basis on which it is determined has materially changed, a reference to that index is a reference to the index determined by the Board of Directors to most closely serve the same purpose as that index served as at 28 November 2013.

"Company Group" means the Company and controlled entities whose accounts the Company is required to consolidate with its own accounts under the Accounting Methodology.

"Financial Year" means each period of 12 months commencing on 1 July.

5.3. Directors' Recommendation

For the reasons set out in this Explanatory Statement, each Director is of the view that it is in the best interests of shareholders to vote in favour of Resolution 4.

6. ADVISORY, NON-BINDING RESOLUTION 5 – ADOPTION OF REMUNERATION REPORT

6.1. Overview

Resolution 5 seeks shareholders' approval to adopt the 30 June 2013 Remuneration Report as disclosed in the Company's 2013 Annual Report (refer above for information on accessing the report).

Section 250R(2) of the Corporations Act requires the Company to present the Remuneration Report to its shareholders for adoption.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to "Key Management Personnel" (being the Company's Directors and Executives identified in the Remuneration Report) (**KMP**), sets out remuneration details for each KMP and any service agreements and sets out the details of any performance based and equity based benefits provided to KMP (where applicable).

Shareholders attending the AGM will be given a reasonable opportunity as a whole to ask questions about, or make comments on, the Remuneration Report.

The vote on Resolution 5 is advisory only and does not bind the Directors or the Company.

However, the Corporations Act was amended in June 2011 to introduce the so-called "two-strikes" rule - if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, shareholders will have the opportunity to immediately vote on a "Board Spill Resolution" at the second AGM, unless such a motion was put to them at the previous AGM.

If the Board Spill Resolution is passed (by a simple majority), the Company must convene another general meeting within 90 days of the AGM (**Spill Meeting**) at which all of the Directors who were in office when the Board approved the that year's remuneration report (other than the Managing Director) will be put up for re-election and will cease to hold office after the Spill Meeting, unless re-elected at that meeting.

A Board Spill Resolution was put to shareholders at the 2012 AGM (after the resolution for the adoption of the 2012 remuneration report was not passed at the AGM, thus constituting a "second strike"). This Board Spill Resolution was not passed by shareholders, receiving a 61.4% "No" vote. As a consequence of the Board Spill Resolution being put at the 2012 AGM, a similar resolution is not required at this meeting, regardless of the outcome of the vote on Resolution 5.

That is, the "strike" count has been reset for 2013 - if at least 25% of the votes cast are against adoption of the 2013 Remuneration Report at this AGM, this will constitute a "first strike".

6.2. Directors' Recommendations

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors recommend that **shareholders vote in favour of Resolution 5** to adopt the Remuneration Report.

6.3. Voting Exclusion

A voting exclusion applies to Resolution 5 in the terms set out in the Notice of AGM. In particular, the Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP. The Chair will use any undirected/open proxies to vote in favour of this resolution.

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, in relation to each resolution, including Resolution 5.

If shareholders have appointed the Chair of the Meeting as their proxy (or the Chair of the Meeting becomes their proxy by default), shareholders can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on Resolution 5 by marking the appropriate Voting Direction box opposite that Resolution.

However, if the Chair of the Meeting is proxy under the Proxy Form and shareholders do not mark any of the Voting Direction boxes opposite Resolution 5, shareholders are, in effect, directing the Chair to vote "FOR" the Resolution, as the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 5.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

7. ORDINARY RESOLUTION 6 – ELECTION OF ANDREW MOFFAT AS DIRECTOR

The Company has received a nomination from the following shareholders for Mr Andrew Graeme Moffat to be elected a director of the Company: Cowoso Capital Pty Ltd (ACN 104 742 618) (as proposer) and Mr Donald Gordon Mackenzie and Mrs Gwenneth Edna Mackenzie (as seconder).

Accordingly, Resolution 6 is proposed at this AGM.

The Board notes that Mr Andrew Graeme Moffat has been previously nominated for election as a director of the Company at the 2009 AGM, which was not been supported by a majority of shareholders with 62% “No” votes registered against the resolution for his election.

The Board does not endorse the election of Mr Andrew Graeme Moffat as a Director and recommends that shareholders vote against Resolution 6.

8. ORDINARY RESOLUTION 7 – ELECTION OF MASSIMO CELLANTE AS DIRECTOR

The Company has received a nomination from the following shareholders for Mr Massimo Livio Cellante to be elected a director of the Company: Bell IXL Investments Limited (ACN 113 669 908) (as proposer) and Cellante Securities Pty Ltd (ACN 073 202 838) (as seconder).

Accordingly, Resolution 7 is proposed at this AGM.

The Board notes that Mr Massimo Livio Cellante has been nominated for election as a director of the Company at recent AGMs, which has not been supported by a majority of shareholders, with 59.4% “No” votes registered at the 2012 AGM, 62% “No” votes registered at the 2010 AGM and 72% “No” votes at the 2007 AGM, against the resolution for his election.

The Board does not endorse the election of Mr Massimo Livio Cellante as a Director and recommends that shareholders vote against Resolution 7.



QUESTE COMMUNICATIONS LTD Independent Expert Report

23 October 2013



Financial Services Guide

23 October 2013

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“we” or “us” or “ours” as appropriate) has been engaged by **Queste Communications Ltd** (“Queste” or “the Company”) to provide an independent expert report on the proposal to undertake an Equal Access Scheme Off-Market Share Buy-Back. You will be provided with a copy of our report as a retail client because you are a shareholder of Queste.

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. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take 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.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$20,000.

Except for the fees referred to above, neither BDO, 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.

Other assignments

BDO Audit and Assurance (WA) Pty Ltd is the appointed independent auditor of Queste. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

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. We have received a fee from Queste for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

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.

Complaints resolution

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, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint 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.

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 Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary

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23 October 2013

The Directors

Queste Communications Ltd

Suite 1, 346 Barker Road

SUBIACO WA, 6008

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 25 September 2013, Queste Communications Ltd ("**Queste**" or "**the Company**") announced its intention to undertake an Equal Access Off-Market Share Buy-back Scheme providing shareholders with an opportunity to realise all or part of their investment in the Company.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Queste have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the proposed Equal Access Off-Market Share Buy-back Scheme ("**the Buy-back Proposal**") is fair and reasonable to the shareholders of Queste ("**Shareholders**"). Shareholders include holders of both fully paid and partly paid ordinary shares.

Our Report is prepared at the request of the Directors of Queste in order to assist the Shareholders in their decision whether to approve the Buy-back Proposal.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111 'Content of Expert's Reports' ("**RG 111**") and Regulatory Guide 112 'Independence of Experts' ("**RG 112**").

In arriving at our opinion, we have assessed the terms of the Buy-back Proposal as outlined in the body of this report. We have considered:

- How the value of the consideration to be paid for each ordinary fully paid Queste share under the Buy-back Proposal compares to the value of a fully paid share in the Company prior to the Buy-back Proposal;

- How the value of the consideration to be paid for each partly paid Queste share under the Buy-back Proposal compares to the value of a partly paid share in the Company prior to the Buy-back Proposal;
- Whether the value of a Queste fully paid share and a Queste partly paid share is higher or lower following the implementation of the Buy-back Proposal;
- The likelihood of a superior alternative offer being available to Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Buy-back Proposal; and
- The position of Shareholders should the Buy-back Proposal not be approved.

2.3 Opinion

We have considered the terms of the Buy-back Proposal as outlined in the body of this report and have concluded that the Buy-back Proposal:

- is fair and reasonable to Shareholders who do not participate in the Buy-back; and
- is not fair but reasonable to Shareholders who participate in the Buy-back.

We consider that the Buy-back Proposal is fair to Shareholders who do not participate because the proposed buy back price is below the per share assessed value range of a Queste share.

We consider that the Buy-back Proposal is not fair to Shareholders who participate because the proposed buy back price is below the per share assessed value range of a Queste share.

However, we consider the Buy-back Proposal to be reasonable because the advantages of the Buy-back Proposal to Shareholders are greater than the disadvantages. In particular, it allows Shareholders to choose whether to participate; participation provides the opportunity to realise at least part of their investment for cash in a low liquidity market, at a rate above the current share price, whereas, non-participation provides for an increase in the net asset backing (provided at least some Shareholders participate).

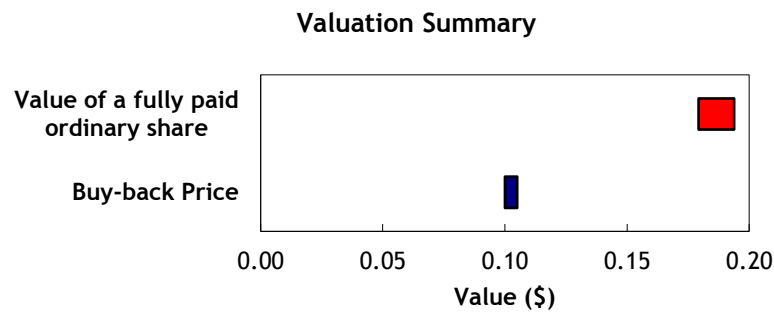
2.4 Fairness- Fully paid ordinary shares

In section 11 we determine that the consideration offered (“Buy-back Proposal Price”) compares to the value of a Queste fully paid ordinary share, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Queste fully paid ordinary share	11	0.1801	0.1874	0.1947
Buy-back Proposal Price	10	0.100	0.100	0.100

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for fully paid ordinary Shareholders who participate. Conversely the Buy-back Proposal is fair for fully paid Shareholders who do not participate.

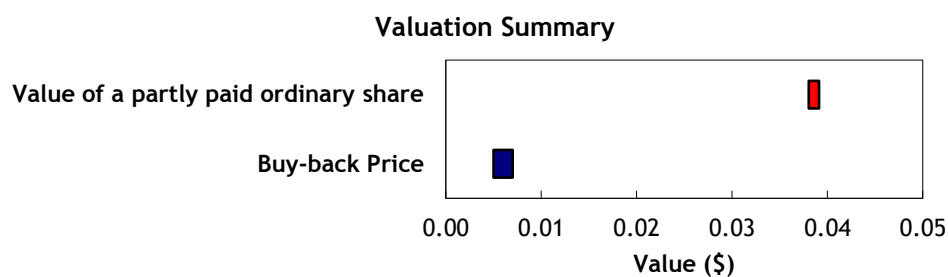
2.5 Fairness- Partly paid ordinary shares

In section 11 we determine that the Buy-back Proposal Price compares to the value of a Queste partly paid ordinary share, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Queste partly paid ordinary share	11	0.0381	0.0387	0.0392
Buy-back Proposal Price	10	0.005	0.005	0.005

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for the partly paid Shareholder, if that Shareholder participates. Conversely the Buy-back Proposal is fair for the partly paid Shareholder, if that Shareholder does not participate.

2.6 Reasonableness

We have considered the analysis in section 12 of this report, in terms of both

- advantages and disadvantages of the Buy-back Proposal from the point of view of both participating and non-participating fully and partly paid ordinary Shareholders ; and
- other considerations, including the position of Shareholders if the Buy-back Proposal does not proceed and the consequences of not approving the Buy-back Proposal.

In our opinion, the position of Shareholders if the Buy-back Proposal is approved is more advantageous than the position if the Buy-back Proposal is not approved. Accordingly, in the absence of any other relevant information and/or a superior Buy-back Proposal we believe that the Buy-back Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Section	Advantages	Section	Disadvantages
Shareholders that participate in the Buy-back Proposal:			
12.3	Shareholders will have the opportunity to sell their Shares at a price above the ASX price	12.4	12.4 Holders of shares that are bought back will not be exposed to any potential future increases in the net tangible assets of the Company
12.3	All eligible Shareholders will have an equal opportunity to sell their Shares		
12.3	No brokerage fees will be payable by Shareholders		
12.3	Opportunity to realise at least part of their investment for cash in an relatively illiquid share		
Shareholders that do not participate in the Buy-back Proposal:			
12.3	Increase in net tangible assets per share for remaining shareholders	12.4	There will be decreased assets to invest
12.3	The Buy-back Proposal will not cause a decrease in the market value of Shares	12.4	There will be a reduced capacity to use deferred tax assets
12.3	Remaining shareholders will have an increased holding of the Company	12.4	Availability of cash funds of Queste post Buy-back will diminish.
12.3	An alternative to realise the value of the net tangible assets of liquidation of the Company may not be fair to the remaining Shareholders	12.4	Decreased investment portfolio liquidity
		12.4	Decreased diversification of funds
		12.4	Decreased earnings per share

Other key matters we have considered include:

Section	Description
12.1	Alternative strategies to buy back shares that might offer Shareholders a premium over the value of the Buy-back Proposal Price.
12.2	Consequence of not approving the Buy-back Proposal.

3. Scope of the Report

3.1 Purpose of the Report

Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 110 “Share Buy-backs” (“RG 110”) sets out the information to be disclosed to shareholders by companies seeking shareholder approval for a Buy-back. RG110, paragraph 18 states that if a company proposes to buy-back a significant percentage of shares it should consider providing an independent expert’s report with a valuation of the shares.

The directors of Queste engaged BDO to prepare an independent expert’s report regarding the value of Queste as well as the impact of the Buy-back Proposal on exiting and continuing Shareholders. To best satisfy the requirements of RG110 we consider our Report should assess whether, in our opinion, the Buy-back Proposal is fair and reasonable to Shareholders.

3.2 Regulatory guidance

The Act does not define the meaning of “fair and reasonable”. In determining whether the Buy-back Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion, given the Buy-back Proposal is capped and on an equal access basis as defined by RG 111, we do not consider the Buy-back Proposal to be a control transaction. Therefore, any valuation will be assessed based on a minority basis to determine if the Buy-back Proposal is fair and reasonable.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2, we do not consider that the Buy-back Proposal is a control transaction. As such, we have not included a premium for control when considering the value of Queste’s shares on hand, or the value of consideration under the Buy-back Proposal.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Queste share prior to the Buy-back Proposal and the value of the consideration offered (fairness - see Section 11 “Is the Buy-back Proposal Fair?”). This comparison is for both fully and partly paid shares and is considered principally from the view point of Shareholders who participate in the Buy-back Proposal; and

- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 12 “Is the Buy-back Proposal Reasonable?”).

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’ (“APES 225”).

A Valuation Engagement is defined by APES 225 as follows:

“an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.”

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Buy-back Proposal

Queste is proposing to undertake an Equal Access Off-market Share Buy-back. The Buy-Back Proposal will be capped at a cash consideration of \$330,000. Fully paid ordinary Shareholders will be offered a consideration of \$0.10 per share and partly paid Shareholder will be offered \$0.005 per partly paid share.

Resolution

The Buy-Back Proposal is set out in Resolution 3 to the Notice of Meeting as follows:

Resolution 3 - Approve Equal-Access Scheme Share Buy-Back

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

“That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and all other purposes, shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company (subject to the maximum cost of the buy-back being \$330,000 with a pro-rata scale-back if acceptances were to exceed that amount) at a buy-back price of:

- (a) 10 cents in respect of each fully paid ordinary share on issue; and*
 - (b) 0.5 cent in respect of each partly paid ordinary share on issue,*
- and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

We have assessed the potential dilution to both types of Shareholders under the following scenarios:

Scenario 1 - All fully paid Shareholders and all partly paid Shareholders seek to take up the Buy-Back offer for all their shares.

Scenario 2 - All fully paid Shareholders seek to take up the Buy-Back offer for their shares, but the partly paid shareholder does not.

Scenario 3 - The partly paid Shareholder seeks to take up the Buy-Back offer for their shares, but none of the fully paid shareholders seek to do so.

These three Scenarios are set out in the tables below.

Scenario 1	# Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	# Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$318,777	3,187,770	25,217,109	-11.22%
Partly paid shares (PPS)	20,000,000	\$11,223	2,244,600	17,755,400	-11.22%
Fully paid equivalent of PPS	1,522,500			1,351,630	-11.22%
Total equivalent FPS	29,927,379			26,568,739	-11.22%
Total diluted shares	48,404,879			42,972,509	-11.22%

Scenario 2	# Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	# Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$330,000	3,300,000	25,104,879	-11.62%
Partly paid shares (PPS)	20,000,000	\$nil	-	20,000,000	0.00%
Fully paid equivalent of PPS	1,522,500			1,522,500	0.00%
Total equivalent FPS	29,927,379			26,627,379	-11.03%
Total diluted shares	48,404,879			45,104,879	-6.82%

Scenario 3	# Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	# Post Buy-Back	Change %
Fully paid shares (FPS)	28,404,879	\$nil	-	28,404,879	0.00%
Partly paid shares (PPS)	20,000,000	\$100,000	20,000,000	-	-100.00%
Fully paid equivalent of PPS	1,522,500			-	-100.00%
Total equivalent FPS	29,927,379			28,404,879	-5.09%
Total diluted shares	48,404,879			28,404,879	-41.32%

We note that there are potentially a number of ‘intermediate’ scenarios reflecting different levels of participation sought by fully paid and partly paid Shareholders but the parameters of the various outcomes of these ‘intermediate’ scenarios in terms of resulting numbers of total shares are all within the limits shown by the three scenarios above.

Queste’s intentions after the Buy-Back Proposal

The directors have stated that there will be no change in activities of Queste and that the Company will continue with its principal activity of managing its assets, including its majority investment in Orion Equities Limited.

The Company may also consider undertaking annual Equal Access Buy-Back Schemes depending on its assessment of the success or otherwise of this Buy-Back Proposal.

5. Profile of Queste

5.1 History

Queste Communications Ltd was incorporated on 10 March 1998 and was admitted to the Official List of the Australian Securities Exchange (“ASX”) on 11 November 1998 after successfully completing an Initial Public Offer raising of approximately \$2.5 million. Queste, through its controlling investment in Orion Equities Limited (“Orion”) and investment in 30.34% associate Bentley Capital Limited (“Bentley”), has a diversified portfolio of assets which include olive grove operations, real estate as well a range of investments in listed and unlisted securities.

The Company’s head office is located in Subiaco, Western Australia and the current Board of Directors consists of Mr Farooq Khan as Executive Chairman and Managing Director, Mr Victor Ho as Executive Director and Mr Yaqoob Khan as Non-Executive Director. The Board of Directors also hold key positions in Orion and Bentley as outlined in the table below.

Director	Position
Mr Farooq Khan	Executive Chairman of Orion and Bentley
Mr Victor Ho	Executive Director of Orion, Company Secretary of Bentley
Mr Yaqoob Khan	Non-Executive Director of Orion

As at the date of our Report the Company has a total of 29,927,379 voting shares, comprising 28,404,879 fully paid ordinary/voting shares and 1,522,500 voting shares attributable to 20 million partly paid shares paid to \$0.015225 with \$0.184775 outstanding.

On 17 April 2012 the Company announced its intention to buy back a maximum of 2.7 million fully paid ordinary shares. The buy-back, a capital management initiative of the Company, was extended to Shareholders until 30 April 2013. The buy-back was unsuccessful as no shares were bought back by the Company.

Orion

Orion Equities Limited is an Australian Listed Investment Company (“LIC”). As at 30 September 2013 Queste held 53.69% of the issued capital of Orion. Orion’s current portfolio of investments has exposure to Australian companies, agricultural businesses as well as Australian property. As at 30 June 2013, Orion’s portfolio comprised assets weightings as outlined in the table below.

	% of Net Assets
Australian equities	49%
Agribusiness	19%
Property held for development and resale	15%
Net cash/other assets and provisions	17%
Total	100%

Orion implements an actively managed investment strategy and does not allocate a fixed proportion of funds into the asset classes described above. Orion's investment objectives are outlined below:

- Achieve a consistent high real rate of return which comprises both income and capital growth;
- Deliver a regular income stream for shareholders in the form of franked dividends; and
- Preserve and protect the capital of the company.

Orion's major holdings in its securities portfolio include Bentley and Strike Resources Limited ("**Strike Resources**"). Strike Resources is an iron ore exploration and development company with projects in Peru.

Bentley

Bentley Capital Limited is a strategic investment company focused on investing funds into strong emerging companies with high capital growth potential. Queste holds a total interest of 30.34% in Bentley. This holding comprises of:

- 27.97% (20,513,783) of the issued ordinary capital held through Queste's holding in Orion; and
- 2.37% (1,740,625) of the issued ordinary capital held directly by Queste.

A high proportion of Bentley's investment portfolio exposure (~49%) relates to Australian equities. Bentley has investments in a range of listed entities, the most significant being Beach Energy Limited, Chorus Limited and National Australia Bank. Bentley's most significant Australian equity investment is in FSP Equities Leaders Fund ("**FSP Fund**"). The FSP Fund is a wholesale fund not open to retail investors. The FSP Fund has an investment objective to outperform the S&P / ASX 200 Accumulation Index over the medium term and aims to achieve this by identifying high growth stocks, value stocks, stocks with maintainable dividend yields and special situations.

Agribusiness

Orion owns the ultra-premium Dandaragan Estate extra virgin olive oil business and a 143 hectare commercial olive grove operation located in Gingin, Western Australia ("**Dandaragan Estate**"). Olive oil is produced from approximately 64,500, 14 year old olive tree plantings. It should be noted that the 2013 crop has not been harvested for economic reasons, as reflected by lower gross revenues from olive grove operations in FY2013 (refer section 5.3 of our Report). Pertaining to the Dandaragan Estate is a water license, classified as an intangible asset, which the continuation of the olive grove operations is dependent upon.

Real Estate

Queste, via its controlling interest in Orion, has an investment in a residential property located in Mandurah. The real estate investment is classified as property held for development or resale on the Company's balance sheet. Initially the purchase was made with the intention to subdivide the property. However these plans were rejected by the Western Australian Planning Commission. There was a subsequent attempt to sell the property via an auction process however, no bids were received. The property is a single residence comprising three bedrooms and two and a half bathrooms. Orion has recently completed renovations and currently derives rental income from the property.

5.2 Historical Balance Sheet

Statement of Financial Position	Audited as at 30-Jun-13 \$	Audited as at 30-Jun-12 \$
CURRENT ASSETS		
Cash and cash equivalents	2,747,596	2,008,853
Financial assets at fair value through profit and loss	723,873	3,827,155
Trade and other receivables	209,600	330,843
Inventories	140,622	277,595
Other current assets	5,854	5,895
TOTAL CURRENT ASSETS	3,827,545	6,450,341
NON-CURRENT ASSETS		
Trade and other receivables	53,085	32,823
Property held for development or resale	1,490,000	1,640,000
Investment in associate entity	4,307,391	4,854,638
Property, plant and equipment	1,154,801	1,637,683
Olive trees	65,500	65,500
Intangible assets	650,433	727,746
Deferred tax asset	95,009	358,251
TOTAL NON-CURRENT ASSETS	7,816,219	9,316,641
TOTAL ASSETS	11,643,764	15,766,982
CURRENT LIABILITIES		
Trade and other payables	149,981	256,642
Provisions	174,989	202,730
TOTAL CURRENT LIABILITIES	324,970	459,372
NON-CURRENT LIABILITIES		
Deferred tax liability	95,009	358,251
TOTAL NON-CURRENT LIABILITIES	95,009	358,251
TOTAL LIABILITIES	419,979	817,623
NET ASSETS	11,223,785	14,949,359
EQUITY		
Issued capital	6,192,427	6,192,427
Reserves	2,257,792	2,321,946
Accumulated losses	(1,773,141)	(6,762)
PARENT INTEREST	6,677,078	8,507,611
Non-controlling interest	4,546,707	6,441,748
TOTAL EQUITY	11,223,785	14,949,359

Source: Queste Financial Reports for the years ended 30 June 2013, 30 June 2012

- Financial assets recorded at fair value through profit and loss reflect assets principally acquired for the purpose of selling in the short term. The balance of \$0.72 million as at 30 June 2013 is significantly lower compared to 30 June 2012 (\$3.83 million). During FY2013 the Company sold its shares in Alara Resources (6.33 million), Mariner Corporation (8,414) and Chemrock (8). Proceeds from the sale of shares were \$1.58 million, \$2,762 and \$0.04 million respectively.
- The proceeds received from the sale of investments in listed entities was the key driver for a strengthened cash and cash equivalent position. The Company's cash and cash equivalent balance as at 30 June 2013 was \$2.75 million compared to \$2.01 million as at 30 June 2012.
- Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. The inventories balance of \$0.141 million as at 30 June 2013 comprises bulk oils (\$0.058 million) and packaged oils (\$0.083 million) which have both been recorded at cost.
- Property held for development or resale was valued by an independent qualified valuer (an Associate Member of the Australian Property Institute) as at 30 June 2013.
- The Company's investment in Bentley Capital is accounted for under the equity accounting method. After initially being recognised at cost, the cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Therefore adjustments include movements in Queste's share of Bentley Capital's post acquisition profits and losses as well as movements in reserves. Queste's investment in Bentley Capital was \$4.31 million as at 30 June 2013 compared to \$4.85 million as at 30 June 2012. This reflects adjustments made for Queste's share \$0.10 million in Bentley Capital's total comprehensive loss and return of capital received of \$0.45 million for the period ended 30 June 2013.
- The property, plant and equipment relates to land, buildings, plant and equipment and leasehold improvements. Land, re-valued at \$0.76 million as at 30 June 2013, represents the highest proportion of the property, plant and equipment balance of \$1.15 million as at 30 June 2013. The property, plant and equipment balance is lower than the \$1.64 million recorded as at 30 June 2012. This is the result of further accumulated depreciation and the revaluation of land downwards by \$0.240 million as at 30 June 2013 compared to as at 30 June 2012.
- Intangible assets comprise a water license pertaining to the Company's Olive Grove property in Gingin, Western Australia. An independent valuer re-valued the water license to be worth \$0.58 million as at 30 June 2013. The remaining balance of \$0.075 million classified as intangible assets relates to the ultra premium Dandaragan Estate Olive brand. Directors impaired the value pertaining to this intangible asset by \$0.025 million at 30 June 2013.
- The balance for provisions relates to annual and long service leave which has remained relatively consistent between 2012 and 2013.

5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-13 \$	Audited for the year ended 30-Jun-12 \$
Revenue		
Revenue	436,262	924,098
Other income	2,804	75
Expenses		
Net loss on financial assets at fair value through profit and loss	(1,469,595)	(2,648,702)
Share of net loss of associate	(102,158)	(625,086)
Loss on property held for development or resale	(150,000)	(160,000)
Land operations expenses	(15,583)	(154,608)
Cost of goods sold in relation to olive oils operations	(326,263)	(1,182,799)
Olive oil operation expenses	(556,529)	(170,275)
Personnel expenses	(933,496)	(904,117)
Occupancy expenses	(99,418)	(155,529)
Finance expenses	(2,381)	(4,919)
Corporate expenses	(43,165)	(50,224)
Administration expenses	(193,914)	(234,776)
Loss from continuing operations before income tax	(3,453,436)	(5,366,862)
Income tax expense	(57,300)	(24,864)
Loss from continuing operations after income tax	(3,510,736)	(5,391,726)
Revaluation of assets, net of tax	(64,154)	(29,519)
Total comprehensive loss for the year	(3,574,890)	(5,421,245)
Loss attributable to:		
Owners of Queste Communications Ltd	(2,014,600)	(2,948,509)
Non-controlling interest	(1,496,136)	(2,443,217)
	(3,510,736)	(5,391,726)
Total comprehensive loss attributable to:		
Owners of Queste Communications Ltd	(2,078,754)	(2,978,028)
Non-controlling interest	(1,496,136)	(2,443,217)
	(3,574,890)	(5,421,245)

Source: Queste Financial Reports as at 30 June 2013 and 30 June 2012.

- The revenue line item includes income generated from the sale of olive oils, rental revenue, dividend revenue and interest revenue. Revenue generated in the period ended 30 June 2013 was less than 50 per cent of revenue generated in the period ended 30 June 2012. This is attributable to lower revenue from sales of olive oils of \$0.27 million for the period ended 30 June 2013 compared to \$0.77 million in the period ended 30 June 2012.
- The net loss on financial assets at fair value through profit and loss of \$1.47 million for the period ended 30 June 2013 primarily relates to a decline in the value of the Company's investment in Strike Resources Limited ("**Strike Resources**"). The share price of Strike Resources as at 30 June 2013 had declined more than 50 per cent compared to that at 30 June 2012. The remaining loss relates to the net effect of the reversal of previous years' unrealised gains of the Company's disposal of its investment in Alara Resources Limited ("**Alara Resources**")
- Bentley Capital's total comprehensive loss for the period ended 30 June 2013 was \$0.34 million. Based on the Company's 30.34% interest in Bentley Capital, a loss of \$0.10 million is reflected in the income as Queste's share of net loss of associate.
- Cost of goods sold in relation to olive oil operations was lower in both absolute and relative terms for the period ended 30 June 2013 compared to the period ended 30 June 2012. Cost of goods sold was 1.54 and 1.20 times revenue from sales of olive oils for the periods ended 30 June 2012 and 30 June 2013 respectively, indicating the Company's olive oil operations are in a loss making position. The relatively lower cost of goods sold in the period ended 30 June 2013, however, was offset by higher impairment charges and depreciation against the Company's olive oil assets and increased other olive oil related expenditure.

5.4 Capital Structure

The share structure of Queste as at 7 October 2013 is outlined below:

	Number
Total ordinary shares on issue	28,404,879
Top 20 shareholders	23,766,477
Top 20 shareholders - % of shares on issue	83.67%

Source: Company Share Register

The Company also has on issue 20 million unlisted ordinary shares that have been partly paid. The shares were issued at a price of \$0.20 and have been partly paid to \$0.015225 each. These shares carry voting rights proportional to the amount paid up per share.

The range of shares held in Queste as at 7 October 2013 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	12	7254	0.03%
1,001 - 5,000	56	160,948	0.57%
5,001 - 10,000	71	665,365	2.34%
10,001 - 100,000	114	3,232,343	11.38%
100,001 - and over	25	24,338,969	85.69%
TOTAL	278	28,404,879	100.00%

Source: Company Share Register

The ordinary shares held by the most significant shareholders as at 7 October 2013 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Island Australia Pty Ltd	3,668,577	12.92%
Renmuir Holdings Ltd	2,763,500	9.73%
Cleod Pty Ltd	2,748,490	9.68%
Bell IXL Investments Ltd	2,599,747	9.15%
Total Top 4	11,780,314	41.47%
Others	16,624,565	58.53%
Total ordinary shares on Issue	28,404,879	100.00%

The substantial shareholders, including shares held beneficially and covering both fully paid and partly paid shares, are summarised in the table below:

Substantial Shareholders	Fully Paid Shares Held	Partly Paid Shares Held	Voting Shares Held	% Voting Power
BELL IXL INVESTMENTS LIMITED AND ASSOCIATES				
Bell IXL Investments Limited	2,599,747		2,599,747	
Cellante Securities Pty Limited	2,053,282		2,053,282	
Cleod Pty Ltd <Cellante Super Fund A/C>	2,748,490		2,748,490	
Total	7,401,519	-	7,401,519	24.73%
AZHAR CHAUDHRI, RENMUIR HOLDINGS LIMITED AND CHI TUNG INVESTMENTS LTD				
Mr Azhar Chaudhri	907,450		907,450	
Chi Tung Investments Ltd	1,050,000		1,050,000	
Renmuir Holdings Ltd	3,277,780		3,277,780	
Chi Tung Investments Ltd		20,000,000	1,522,500	
Total	5,235,230	20,000,000	6,757,730	22.58%
FAROOQ KHAN AND ASSOCIATES				
Farooq Khan	2,286,367		2,286,367	
Island Australia Pty Ltd	3,668,577		3,668,577	
Total	5,954,944	-	5,954,944	19.89%
MANAR NOMINEES PTY LTD AND ZELWAR SUPERANNUATION PTY LTD				
Manar Nominees Pty Ltd	1,825,663		1,825,663	
Zelwer Superannuation Pty Ltd	180,500		180,500	
Total	2,006,163	-	2,006,163	6.70%

We note that in the scenario where the Buy-Back Proposal is taken up by fully paid shareholders but with no participation by partly paid shareholders (Scenario 2 in section 4 above), if the substantial shareholders listed in the table above do not participate, then it is possible for the interests of Bell IXL Investments Limited and associates to increase by 3.07%. (The potential increases for the other substantial shareholders in this scenario would be less than 3%.)

6. Economic analysis

At its meeting on 1 October 2013, the Board of the Reserve Bank of Australia decided to leave the cash rate unchanged at 2.5 per cent.

Recent information is consistent with global growth running a bit below average this year, with reasonable prospects of a pick-up next year. Commodity prices have declined from their peaks, but generally remain at high levels by historical standards. Inflation in most countries remains well contained.

Overall, global financial conditions remain very accommodative. Changes in the outlook for US monetary policy have increased volatility in financial markets, but long-term interest rates remain very low and there is ample funding available for creditworthy borrowers.

In Australia, the economy has been growing a bit below trend over the past year. This is expected to continue in the near term as the economy adjusts to lower levels of mining investment. The unemployment rate has edged higher. There has been an improvement in indicators of household and business sentiment recently, though it is too soon to judge how persistent this will be. Inflation has been consistent with the medium-term target. With growth in labour costs moderating, this is expected to remain the case over the next one to two years, even with the effects of the lower exchange rate.

The easing in monetary policy since late 2011 has supported interest-sensitive spending and asset values. The full effects of these decisions are still coming through, and will be for a while yet. The pace of borrowing has remained relatively subdued to date, though recently there have been signs of increased demand for finance by households. There is also continuing evidence of a shift in savers' behaviour in response to declining returns on low-risk assets.

The Australian dollar rose recently, but is still about 10 per cent below its level in April. A lower level of the currency than seen at present would assist in rebalancing growth in the economy.

At today's meeting, the Board of the Reserve Bank of Australia judged that the setting of monetary policy remained appropriate. The Board of the Reserve Bank of Australia will continue to assess the outlook and adjust policy as needed to foster sustainable growth in demand and inflation outcomes consistent with the target.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 October 2013

7. Industry analysis

Australian Funds Management Industry/Listed Investment Companies

Australia has one of the largest and fastest growing funds management sectors in the world. Its growth is underpinned by Australia's government-mandated retirement scheme (superannuation), which will increase progressively from 9% to 12% of salary by 2019-2020. Australia's funds management industry (\$2.0 trillion as at December 2012) is ranked as the fourth largest funds management industry in the world and the largest in the Asia-Pacific. The underlying investments may include Australian shares, international shares, private equity or specialist sectors such as wine and resources. A range of investment techniques are utilised and differ from fund to fund with varying risk profiles. Investment managers may either be in house or contracted to an external organisation to manage the investment portfolio of the fund.

LICs are an ideal mechanism for investors to achieve portfolio diversification, via a single investment, as opposed to having to directly invest in multiple asset classes (i.e. shares, property and fixed income securities). Characteristics common to LICs include:

- LICs distribute their income through fully franked dividends;
- LICs are required to report their NTA per share on a regular basis and comment on whether or not the LIC is trading at a discount or premium to its NTA per share;
- LICs are closed-ended, meaning they do not regularly issue new shares or cancel shares as investors join and leave the fund;
- Investors buy and sell shares in LICs through the stock exchange;
- LICs generally have lower management expense/fees compared to unlisted management funds; and
- LICs generally have greater transparency than unlisted managed funds as they are subject to stricter corporate governance regulations as a result of being listed on a stock exchange.

The five largest LICs on the ASX include Australian Foundation Investment Company Limited, Argo Investments Limited, Milton Corporation Limited, Djerriwarrh Investments Limited and Australian United Investment Company Limited. Collectively, the five largest players in the LIC space have a market capitalisation of approximately \$15 billion.

Olive Oil Industry

Production of olive oil and table oil in Australia in 2012 was 15,000 tonnes and 3,200 tonnes respectively. This product was estimated to have a retail value of more than \$185 million. In Australia, olive oil is primarily an input for the grocery retail market. Domestic sales of olive oil are also driven by the food services industry and to a lesser extent by manufacturing and boutique industries. In recent years, a growing proportion of olive oil produced in Australia has been consumed domestically as opposed to being exported. This is largely the consequence of an appreciating Australian dollar. Major markets to which Australian olive oil is exported include USA, China, Italy, New Zealand and Spain.

Major constraints to the growth of the Australian olive oil industry include environmental factors such as drought and climate change, consumer loyalty and export competition. High import taxes imposed by European nations are a significant barrier to entry for Australian producers. However, the recent European drought, which was particularly damaging for olive crop production in Spain, where it estimated that 80 per cent of crop failed, is expected to alleviate pressure on Australian producers. It is expected that because of difficult conditions being experienced in Europe, that Australian olive oil producers may be able to capture sales at higher prices.

8. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted cash flow (“DCF”)
- Quoted market price basis (“QMP”)
- Net asset value (“NAV”)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Queste shares we have chosen to employ the following methodologies:

- Net asset value
- Quoted market price basis

We have chosen these methodologies for the following reasons:

- Queste is an asset based investment company and therefore its underlying value is in its assets held;
- Queste is listed on the ASX and as such an analysis of its trading history is relevant; and
- Future maintainable earnings and discounted cash flow methods are not appropriate to value Queste as there have not been consistent nor profitable earnings historically.

9. Valuation of Queste prior to the Buy-back Proposal

9.1 Net Asset Valuation of Queste

In determining a value of Queste on a net asset basis it is necessary to value the consolidated Orion Equities Limited (“Orion”) subsidiary separately. A separate valuation of Orion enables the minority interest portion not owned by Queste to be taken into consideration. The following table shows how the stand alone Queste net assets are derived from audited 30 June 2013 figures.

Statement of Financial Position	1 Queste Consolidated Audited as at 30-Jun-13 \$	3 Orion Audited as at 30-Jun-13 \$	2= (3-1) Queste stand alone \$
CURRENT ASSETS			
Cash and cash equivalents	2,747,596	1,695,628	1,051,968
Financial assets at fair value through profit & loss	723,873	720,085	3,788
Trade and other receivables	209,600	40,591	169,009
Inventories	140,622	140,622	-
Other current assets	5,854	3,428	2,426
TOTAL CURRENT ASSETS	3,827,545	2,600,354	1,227,191
NON-CURRENT ASSETS			
Trade and other receivables	53,085	32,823	20,262
Property held for development or resale	1,490,000	1,490,000	-
Investment in associate entity	4,307,391	4,079,810	227,581
Property, plant and equipment	1,154,801	1,142,127	12,674
Olive trees	65,500	65,500	-
Intangible assets	650,433	650,433	-
Deferred tax asset	95,009	94,688	321
TOTAL NON-CURRENT ASSETS	7,816,219	7,555,381	260,838
TOTAL ASSETS	11,643,764	10,155,735	1,488,029
CURRENT LIABILITIES			
Trade and other payables	149,981	127,389	22,592
Provisions	174,989	69,543	105,446
TOTAL CURRENT LIABILITIES	324,970	196,932	128,038
NON-CURRENT LIABILITIES			
Deferred tax liability	95,009	94,688	321
TOTAL NON-CURRENT LIABILITIES	95,009	94,688	321
TOTAL LIABILITIES	419,979	291,620	128,359
NET ASSETS	11,223,785	9,864,115	1,359,670

Source: BDO analysis

9.1(a) Valuation of Queste standalone

Based on the previous table, the net asset valuation of Orion and Queste as a standalone entity can now be determined.

Statement of Financial Position	Note	Queste stand alone \$	Valuation of Queste \$
CURRENT ASSETS			
Cash and cash equivalents	1	1,051,968	803,334
Financial assets at fair value through profit and loss	2	3,788	3,897
Trade and other receivables		169,009	169,009
Inventories		-	-
Other current assets		2,426	2,426
TOTAL CURRENT ASSETS		1,227,191	978,666
NON-CURRENT ASSETS			
Trade and other receivables		20,262	20,262
Property held for development or resale		-	-
Investment in associate entity	3	227,581	433,507
Property, plant and equipment		12,674	12,674
Olive trees		-	-
Intangible assets		-	-
Deferred tax asset		321	321
TOTAL NON-CURRENT ASSETS		260,838	466,764
TOTAL ASSETS		1,488,029	1,445,430
CURRENT LIABILITIES			
Trade and other payables		22,592	22,592
Provisions		105,446	105,446
TOTAL CURRENT LIABILITIES		128,038	128,038
NON-CURRENT LIABILITIES			
Deferred tax liability		321	321
TOTAL NON-CURRENT LIABILITIES		321	321
TOTAL LIABILITIES		128,359	128,359
NET ASSETS		1,359,670	1,317,071

Note 1 - Cash and cash equivalents

Cash has been adjusted to reflect the most recent management accounts as at 30 September 2013. The reduction in cash was due to expenditure in the ordinary course of business.

Note 2 - Financial assets at fair value through the Profit and Loss

Listed investments held at 30 June 2013 had not changed up until 30 September 2013. These listed investments were re-valued using the 30 day VWAP as at 30 September 2013.

Note 3 - Investment in associate

Refer to Appendix 3 for the valuation methodology and calculation around the treatment of the Bentley investment in associate.

9.1(b) Valuation of Orion

Statement of Financial Position	Note	Audited	
		Orion 30 June 2013	Valuation of Orion
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	1,695,628	1,464,012
Financial assets at fair value through profit and loss	5	720,085	1,138,188
Trade and other receivables		40,591	40,591
Inventories	6	140,622	150,599
Other current assets		3,428	3,428
TOTAL CURRENT ASSETS		2,600,354	2,796,818
NON-CURRENT ASSETS			
Trade and other receivables		32,823	32,823
Property held for development or resale		1,490,000	1,490,000
Investment in associate entity	7	4,079,810	5,109,003
Property, plant and equipment		1,142,127	1,142,127
Olive trees		65,500	65,500
Intangible assets		650,433	650,433
Deferred tax asset		94,688	94,688
TOTAL NON-CURRENT ASSETS		7,555,381	8,584,574
TOTAL ASSETS		10,155,735	11,381,392
CURRENT LIABILITIES			
Trade and other payables		127,389	127,389
Provisions		69,543	69,543
TOTAL CURRENT LIABILITIES		196,932	196,932
NON-CURRENT LIABILITIES			
Deferred tax liability		94,688	94,688
TOTAL NON-CURRENT LIABILITIES		94,688	94,688
TOTAL LIABILITIES		291,620	291,620
NET ASSETS		9,864,115	11,089,772

Note 4 - Cash and cash equivalents

Cash has been adjusted to reflect the most recent management accounts as at 30 September 2013.

Note 5 - Financial assets at fair value through the Profit and Loss

Listed investments held at 30 June 2013 had not changed up until 30 September 2013. These listed investments were re-valued using the 30 day VWAP as at 30 September.

Note 6 - Inventory

Inventory relates to olive oil stocks held in Orion's wholly owned subsidiary Dandaragan Estate Pty Ltd. Inventory was held at cost for accounting purposes and has been adjusted to represent that net realisable value as at 30 September 2013.

Note 7 - Investment in associate

Refer to Appendix 3 for the valuation methodology and calculation around the treatment of the Bentley investment in associate.

Valuation of Queste's other assets and liabilities

Other assets and liabilities represent the assets and liabilities which have not been adjusted. From a review of these other assets and liabilities, we do not believe that there is a material difference between their book value and their fair value.

Aside from the above adjustments we have been advised that there have been no other significant changes to net assets of Queste since 30 June 2013.

9.2 Net asset value

The net asset valuation of Orion and the stand alone Queste has been determined in section 9.1 on a 100% ownership basis. The following table shows the necessary adjustments made to the net asset values for the portion of Orion not owned by Queste:

Net asset value of Queste	Value \$
Net assets value Queste stand alone (Section 9.1a)	1,317,071
Queste % share of assets based on ownership	100%
	1,317,071
Net assets value Orion (Section 9.1b)	11,089,772
Queste % share of assets based on ownership *	53.69%
	5,954,365
Total net asset value	7,271,436

* As at 30 September 2013 Queste held 9,367,653 of the 17,446,889 Orion shares on issue.

9.3 Allocation of net assets

The net asset value derived in section 9.2 relates to Queste as a whole and therefore needs to be appropriately allocated to both fully and partly paid ordinary share holders. The following table shows the current capital structure of Queste:

Questa	Share capital structure
Fully paid shares on issue	28,404,879
Partly paid shares on issue	20,000,000

Partly paid shares were issued in 1998 at \$0.20 each and have been partly paid to \$0.015225. Based on the terms of these partly paid shares the holder shall have a fraction of a vote and portion of the dividends for each partly paid share being equivalent to the proportion of the amount actually paid.

On this basis, we have determined that the portion of the Company attributable to the partly paid holder as per the 30 June 2013 annual accounts is:

Questa	Issued capital \$	Portion of issued capital as %
Fully paid shares on issue	5,887,927	95.1%
Partly paid shares on issue	304,500	4.9%
	6,192,427	100.0%

Based on the calculated percentages of paid up issued capital the net assets have been allocated as follows:

Allocation of net assets	Portion of ownership %	Net assets attributable \$	Value per share \$
Fully paid shares on issue	95.1%	6,913,878	0.2434
Partly paid shares on issue	4.9%	357,558	0.0179
	100.0%	7,271,436	

9.4 Application of Minority discount

Net Asset Value is the valuation derived for the Company as a whole. Therefore this valuation method is essentially on a controlling basis and a minority interest discount needs to be applied to allow a comparison to be made to the consideration offered.

To determine an appropriate minority discount we have reviewed the control premiums paid by acquirers of companies listed on the ASX. The minority discount applicable would be the inverse to any deemed control premium. We have summarised our findings below:

Year	Number of Control Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2013	4	47.38	19.74
2012	50	340.87	42.62
2011	72	684.16	44.60
2010	87	745.14	37.18
2009	87	354.48	43.49
2008	63	663.83	39.47
2007	100	1078.32	21.79
2006	107	850.51	22.95
Median			38.33
Mean			33.98

Source: Bloomberg & BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

Based on the analysis above, we consider the long-term control premium paid for ASX-listed companies is in the order of 25% to 35%. Based on these control premiums the calculated minority discount ranges between 20 to 26%. We deemed all ASX listed companies to be relevant given the variety of listed investments and subsidiaries held by Queste.

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Net assets value per fully paid share (Section 9.3)	0.2434	0.2434	0.2434
Minority discount	26%	23%	20%
Net assets value per fully paid share post discount	0.1801	0.1874	0.1947
Net assets value per partly paid share (Section 9.3)	0.0179	0.0179	0.0179
Minority discount	26%	23%	20%
Net assets value per partly paid share post discount	0.0132	0.0138	0.0143

9.5 Partly paid share value

Based on the terms of the partly paid shares as noted in Appendix 4, there is an additional option value that needs to be considered. The implicit option value of a partly paid share is the ability of the holder to defer the unpaid portion of the shares.

We have determined the present value of interest cash flows earned by a holder of the partly paid shares, invested at the risk free rate, as an alternative to paying up the shares. In accordance with the terms of the partly paid shares, we have assumed that two calls may be made per year by Queste, requiring the holders to pay up to 20% of the remaining unpaid balance of these shares over a 20 year period. Based on the value of these cash flows, the additional option value attributable to a partly paid holder is \$0.0249 per share.

	Low \$	Preferred \$	High \$
Net assets value per partly paid share post discount (section 9.4)	0.0132	0.0138	0.0143
Additional option value	0.0249	0.0249	0.0249
Total value of partly paid share net asset allocation	0.0381	0.0387	0.0392

The above table indicates a value range of between \$0.0381 and \$0.0392 for a partly paid share on a minority basis.

9.6 Alternative partly paid share value

As an alternative valuation method we have also valued the entire partly paid share as an option. For further details and assumptions adopted in valuing the option refer to Appendix 4. Based on this analysis a partly paid share has been valued at \$0.051 per share.

	Low \$	Preferred \$	High \$
Value of a partly paid share	0.051	0.051	0.051
Total value of partly paid share	0.051	0.051	0.051

9.7 Quoted Market Prices for Queste's Securities

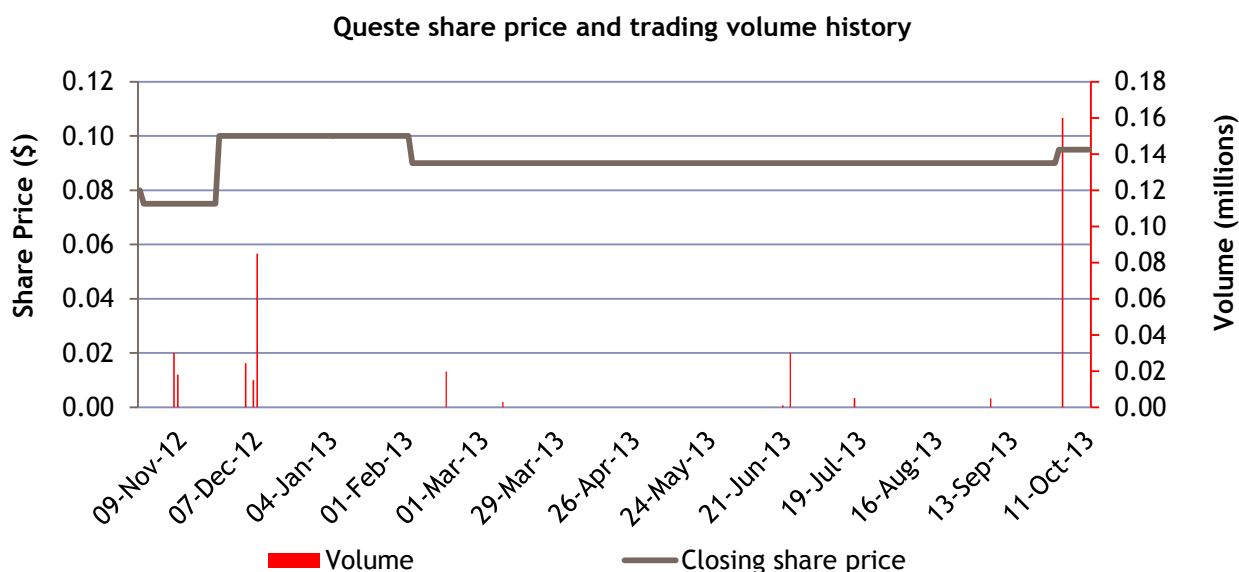
To provide a comparison to the valuation of Queste in Section 9.4, we have also assessed the quoted market price for a Queste share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of a Queste share is based on the pricing prior to the date of this Report. This is because our analysis below indicates the value of a Queste share is not impacted by the most recent announcement of the Buy-back on 25 September 2013, which also does not stipulate a proposed Buy-back price.

The following chart provides a summary of the share price movement over the 12 months to 11 October 2013 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Queste shares from 11 October 2012 to 11 October 2013 ranged from a low of \$0.075 on 22 November 2012 to a high \$0.100 on 1 February 2013. The chart above indicates there was minimal trading in the Company's shares over the twelve month period prior to the date of this Report.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)			Closing Share Price 3 Days After Announcement \$ (movement)		
25/09/2013	Corporate Update	0.090	▸	0.0%	0.090	▸	0%
13/09/2013	August 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
2/09/2013	30 June 2013 Full Year Report	0.090	▸	0.0%	0.090	▸	0%
13/08/2013	July 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
12/07/2013	June 2013 Quarterly Cash Flow Report	0.090	▸	0.0%	0.090	▸	0%
12/07/2013	June 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
17/06/2013	May 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
10/05/2013	April 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
1/05/2013	Appendix 3F Final Share Buy-Back Notice	0.090	▸	0.0%	0.090	▸	0%
11/04/2013	March 2013 Quarterly Cash Flow Report	0.090	▸	0.0%	0.090	▸	0%
11/04/2013	March 2013 Monthly Cashflow Report	0.090	▸	0.0%	0.090	▸	0%
3/04/2013	Corporate Update	0.090	▸	0%	0.090	▸	0%
13/03/2013	February 2013 Monthly Cashflow Report	0.090	▸	0%	0.090	▸	0%
28/02/2013	December 2012 Half Year Report	0.090	▸	0%	0.090	▸	0%
13/02/2013	January 2013 Monthly Cashflow Report	0.090	▸	0%	0.090	▸	0%
11/01/2013	December 2012 Monthly Cashflow Report	0.100	▸	0%	0.100	▸	0%
11/01/2013	December 2012 Quarterly Cash Flow Report	0.100	▸	0%	0.100	▸	0%
13/12/2012	November 2012 Monthly Cashflow Report	0.100	▸	0%	0.100	▸	0%
13/11/2012	October 2012 Monthly Cashflow Report	0.075	▸	0%	0.075	▸	0%

The above analysis of the market's reaction to the Company's announcements over the twelve months prior to the date of this report highlights the low level of liquidity of the Company's shares.

To provide further analysis of the market prices for a Queste share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 October 2013.

	11-Oct-2013	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.095				
Weighted Average		\$0.093	\$0.091	\$0.091	\$0.091

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Queste shares for the twelve months to 11 October 2013 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.095	\$0.095	-	0.00%
10 Days	\$0.090	\$0.095	160,000	0.56%
30 Days	\$0.085	\$0.095	320,000	1.13%
60 Days	\$0.085	\$0.095	325,000	1.14%
90 Days	\$0.085	\$0.095	360,200	1.27%
180 Days	\$0.085	\$0.095	384,000	1.35%
1 Calendar Year	\$0.075	\$0.100	556,378	1.96%

Source: Bloomberg, BDO analysis

This table indicates that the Company's shares display a low level of liquidity, with approximately 2% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Queste, we do not consider there to be a deep market for the Company's shares as less than 2% of the Company's issued capital traded in a twelve month period. This is supported by the market's unresponsiveness to the announcements made over this period.

Our assessment is that a range of values for Queste shares based on market pricing, after disregarding post announcement pricing, is between \$0.090 and \$0.095.

9.8 Assessment of Queste Value

The results of the valuations performed for fully paid ordinary shares are summarised in the table below:

Fully paid ordinary shares	Low \$	Preferred \$	High \$
Net assets value on a minority interest basis (Section 9.4)	0.1801	0.1874	0.1947
ASX market prices (Section 9.7)	0.090	0.093	0.095

Source: BDO analysis

We note that the value of a fully paid Queste Share based on ASX market prices is less than the value based on the Net Asset Value. The shares of Queste have historically traded at a discount to underlying Net Asset Value. In addition, the Queste share price analysis revealed an illiquid stock with limited trades.

Based on these factors a Net Asset Value is deemed to be the most appropriate valuation method. We consider the value of a fully paid Queste share to be in the range of \$0.1801 to \$0.1947 with a preferred value of \$0.1874.

The results of the valuations performed for partly paid ordinary shares are summarised in the table below:

Partly paid ordinary shares	Low \$	Preferred \$	High \$
Combined net assets value (Section 9.5)	0.0381	0.0387	0.0392
Option valuation approach (Section 9.6)	0.0510	0.0510	0.0510

Source: BDO analysis

Based on the above we note that a combined net asset value approach is reasonably consistent with the option value model.

Given a net asset valuation approach has been used above for fully paid shares we deem it more appropriate to use a combined net asset valuation approach. We consider the value of a partly paid share to be between \$0.0381 and \$0.0392 with a preferred value of \$0.0387.

10. Valuation of consideration offered

Consideration offered was determined by the Queste board of directors and is noted below:

	\$
Consideration for fully paid ordinary shares	0.100
Consideration for partly paid ordinary shares	0.005

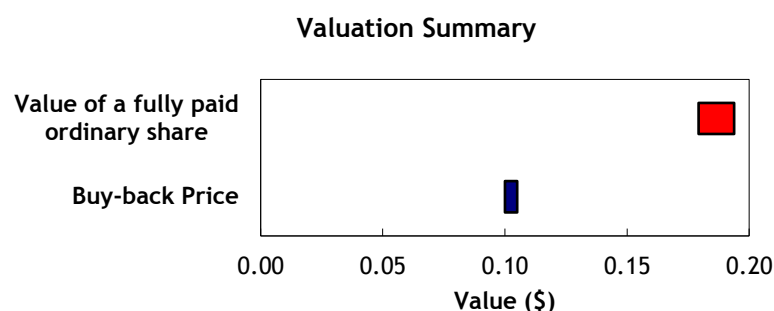
11. Is the Buy-back Proposal fair?

If the assessed value of Queste shares in each class is lower than the Buy-back Proposal Price for shares in the relevant class then the Buy-back Proposal can be assessed as fair. The valuations of a partly and fully paid Queste Share and the Buy-back Proposal Price are compared below:

Fully paid ordinary shares	Ref	Low \$	Preferred \$	High \$
Value of a Queste fully paid ordinary share	9.8	0.1801	0.1874	0.1947
Buy-back Proposal Price	10	0.100	0.100	0.100

Source: BDO analysis

The above valuation ranges are graphically presented below:

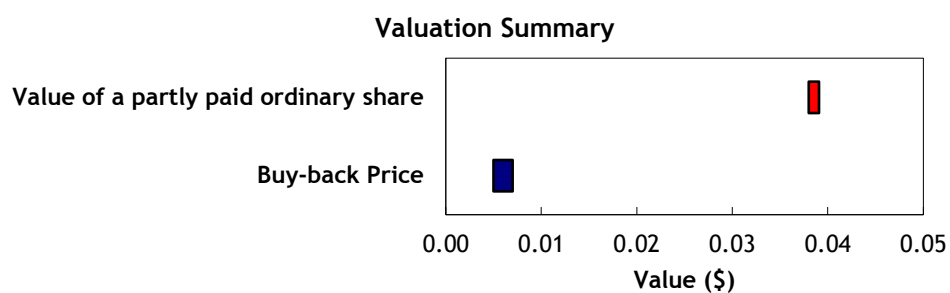


The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for fully paid ordinary shareholders who participate. Conversely the Buy-back Proposal is fair for fully paid ordinary shareholders who do not participate.

Partly paid ordinary shares	Ref	Low \$	Preferred \$	High \$
Value of a Queste partly paid ordinary share	9.8	0.0381	0.0387	0.0392
Buy-back Proposal Price	10	0.005	0.005	0.005

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information the Buy-back Proposal is not fair for the partly paid ordinary shareholder, if that Shareholder participates. Conversely the Buy-back Proposal is fair for the partly paid shareholder, if that Shareholder does not participate.

12. Is the Buy-back Proposal reasonable?

12.1 Alternative Buy-back Proposal

We are unaware of any alternative Buy-back Proposal that might offer the Shareholders of Queste a premium over the value ascribed to that resulting from the Buy-back Proposal.

12.2 Consequences of not Approving the Scheme

We have analysed movements in Queste's share price since the Buy-back Proposal was announced again on 25 September 2013. From initial review due to the lack of liquidity and the fact the announcement did not note the cash Buy-back Proposal Price there was no notable impact on share price.

12.3 Advantages of Approving the Buy-back Proposal

We have considered the following advantages when assessing whether the Buy-back Proposal is reasonable. We have considered these from the view point both of Shareholders participating and of Shareholders not participating in the Buy-back Proposal.

Advantage	Description
Shareholders that participate in the Buy-back Proposal:	
Shareholders will have the opportunity to sell their Shares at a price above the ASX price	In section 9.7 we analysed the quoted market price of Queste. This revealed the shares are not trading in a liquid market and that other consideration offered to fully paid share holders was slightly above the quoted market price.
Shareholders will have an equal opportunity to sell their Shares	All eligible Shareholders have an equal opportunity to participate.
Flexibility in the level of participation	All Shareholders have flexibility to tailor the level of their participation to suit their individual circumstances. The associated value of this advantage will vary for each Shareholder.
No brokerage payable	Shareholders will not have to appoint a stockbroker to sell their shares in the off-market Buy-back and will therefore not have to incur a brokerage fee.

Advantage	Description
Shareholders that do not participate in the Buy-back Proposal:	
Increase in Net Asset Value per share for remaining shareholders	The Net Asset Value per share can be expected to increase as a result of the Buy-back Proposal as the Buy-back consideration is at a discount to Net Asset value per share. The size of the impact will depend on the level of take-up under the Buy-back Proposal.
The Buy-back Proposal will not cause a decrease in the market value of Shares	The Buy-back Proposal is not expected to cause the Company's share price to significantly decrease, as opposed to selling the Shares on the ASX which may cause such a decrease. This will be of benefit to the continuing Shareholders.
Remaining shareholders will have an increased percentage holding in the Company	Shares bought back under the Buy-back Proposal will be cancelled, and as a result the remaining shareholders will have a greater proportional interest in the Company. This assumes that despite the Buy-back Proposal being equal access not all shareholders will participate. This will arise from the Buy-back Proposal and will be at no cost to those holders.
The alternative to realise the value of the net asset value of liquidation of the Company may not be fair to the remaining Shareholders	The value of a Queste Share is based on the scenario that all of the assets of the Company are realised. However this would require all Shareholders to realise their Shares, whereas the Buy-back Proposal would allow remaining Shareholders to benefit from any potential future profits. In the absence of the proposed Buy-back Proposal, in order to - allow any Shareholders who do not wish to sell their Shares to keep their Shares; and - allow any Shareholders who do wish to, to realise the value of the Shares; the Shares would have to be sold on the ASX, which may be difficult due to recent trading levels of Queste shares on the ASX.

12.4 Disadvantages of Approving the Buy-back Proposal

If the Buy-back Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Shareholders that participate in the Buy-back Proposal:	
Shares may not be able to realise their full investment.	As the Buy-back Proposal is capped, shareholders that choose to participate fully may not be able to realise all their shares.
Holders of Shares that are bought back will not benefit from any potential future increases in the NTA	Following the Buy-back Proposal, those Shareholders that do participate will no longer hold an interest in the Company in respect of those Shares that are bought back, and therefore would no longer be exposed to any potential future increases in the net tangible assets of the Company. This may not suit the risk profile of continuing Shareholders.

Disadvantage	Description
Shareholders that do not participate in the Buy-back Proposal:	
Decreased assets to invest	The Buy-back Proposal would decrease the cash assets which the Company has to invest.
Reduced capacity to use deferred tax asset	Depending on the level of Shareholder participation in the Buy-back Proposal the Company may no longer be eligible to carry forward accumulated tax losses to offset future taxable gains or profits from its activities, and may be in a tax paying situation in future. The ability to utilise such losses is dependent upon the Company meeting the Continuity of Ownership Test, or failing that, the Same Business Test as set out in Division 165 of the Income Tax Assessment Act 1997. This test reviews the underlying shareholders and if not consistent over a certain percentage then Queste may not be able to utilise tax losses that have accumulated in prior years.
Availability of funds	Queste will fund the Buy-Back up to \$330,000 worth of partly and fully paid ordinary share capital. Queste intends to fund the Buy-back Proposal via cash and therefore will have less available cash on hand.

Disadvantage	Description
Decreased liquidity	There are currently 28.4 million fully paid shares on issue. Of these, up to 3.3 million may be bought under the Buy-back Proposal. Therefore for remaining shareholders the Buy-back Proposal may result in a further reduction of liquidity If Shareholders participate in the Buy-back Proposal, there will be a reduction in the number of Shares on issue which may decrease liquidity of the Company's shares.
Decreased diversification	There will be fewer funds to invest which may result in less diversification of funds for the Company. This may not suit the risk profile of continuing Shareholders.
Decreased earnings per share	Following a decrease in the size of the Company's asset base and number of shares on issue, ongoing fixed costs will be spread over a smaller number of shares resulting in a decrease in earnings per share.

13. Conclusion

We have considered the terms of the Buy-back Proposal as outlined in the body of this report and have concluded that the Buy-back Proposal is not fair but is reasonable to the Shareholders of Queste who participate in the Buy-back Proposal. The Buy-back Proposal is fair and reasonable to the Shareholders of Queste who do not participate in the Buy-back Proposal.

14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement dated on or about the date of this report;
- Audited financial statements of Queste for the years ended 30 June 2013 and 30 June 2012;
- Audited financial statements of Orion for the year ended 30 June 2013;
- Audited financial statements of Bentley for the year ended 30 June 2013;
- Unaudited management accounts of Queste for the period ended 30 September 2013;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Queste.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$20,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Queste in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Queste, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Queste and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Queste and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Queste.

A draft of this report was provided to Queste and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 15 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

17. Disclaimers and consents

This report has been prepared at the request of Queste for inclusion in the Explanatory Statement which will be sent to all Queste Shareholders. Queste engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the fairness and reasonableness of the Buy-back Proposal of partly and fully paid shares for cash consideration.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Queste. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Queste and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Buy-back Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Queste, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.



Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', written in a cursive style.

Sherif Andrawes

Director

A handwritten signature in black ink, appearing to read 'Adam Myers', written in a cursive style.

Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Bentley	Bentley Capital Limited
The Company	Queste Communications Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
NAV	Net Asset Value
Orion	Orion Equities Limited a subsidiary of Queste
Our Report	This Independent Expert's Report prepared by BDO
Queste	Queste Communications Ltd
RG 110	Share Buy-backs
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Buy-back Proposal	The Buy-back of partly and fully paid ordinary shares for cash consideration
Shareholders	Shareholders of Queste not associated with Buy-back Proposal
VWAP	Volume Weighted Average Price



Valuation Engagement

An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 **Net asset value (“NAV”)**

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 **Quoted Market Price Basis (“QMP”)**

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 **Capitalisation of future maintainable earnings (“FME”)**

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (“EBIT”) or earnings before interest, tax, depreciation and amortisation (“EBITDA”). The capitalisation rate or “earnings multiple” is adjusted to reflect which base is being used for FME.

4 ***Discounted future cash flows (“DCF”)***

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 ***Market Based Assessment***

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Valuation Adjustments

Investment in associate

Queste hold a substantial holding in the issued capital of Bentley as detailed below.

Total number Bentley shares on issue	73,350,541	
	Queste	Orion
Number of Bentley shares held	1,740,625	20,513,783
Percentage ownership in Bentley	2.37%	27.97%

Given the substantial nature of this holding, we have considered multiple valuations methods which have been noted in Appendix 2. Bentley is in a loss making position and as such the FME and DCF valuation methods are not deemed applicable. As Bentley is a listed entity the quoted market price method and the Net Asset Value method have been assessed below:

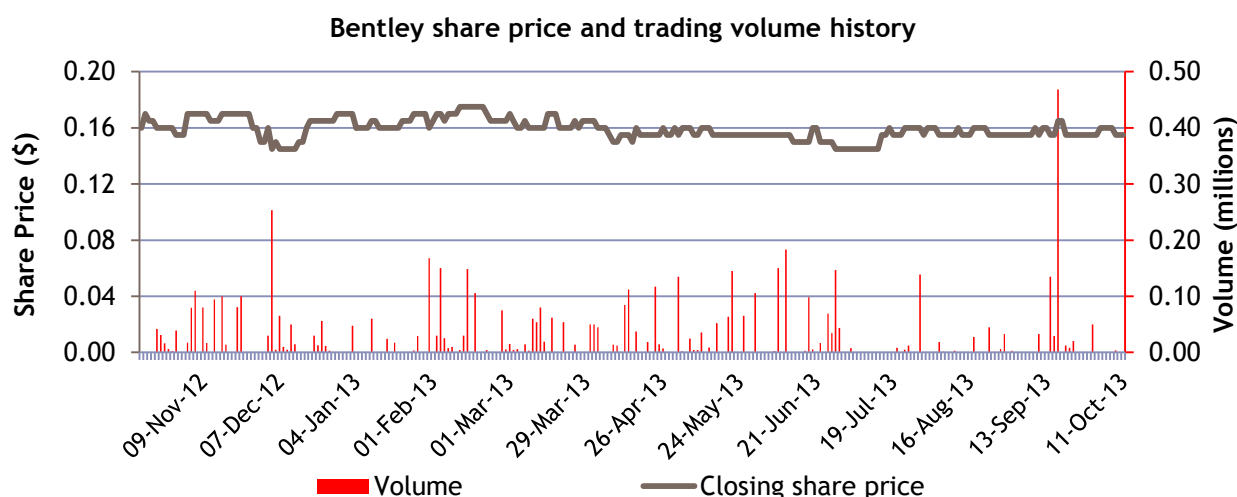
Quoted Market Prices for Bentley Securities

To provide a comparison to the net asset valuation of Bentley set out below, we have also assessed the quoted market price for a Bentley share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of a Bentley share is based on the recent pricing. The following chart provides a summary of the share price movement over the 12 months to 11 October 2013, which was the last trading day prior to the date of this Report.



Source: Bloomberg

The daily price of Bentley shares from 11 October 2012 to 11 October 2013 has ranged from a low of \$0.145 on 5 December 2012 to a high of \$0.175 on 12 February 2013.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
2/09/2013	30 June 2013 Full Year Report	0.155	►	0.0%	0.155	►	0.0%
30/08/2013	Return of Capital	0.155	►	0.0%	0.155	►	0.0%
29/07/2013	FSP Fund June 2013 Quarterly Report	0.160	►	0.0%	0.160	►	0.0%
29/04/2013	FSP Fund March 2013 Quarterly Report	0.155	▼	3.1%	0.155	►	0.0%
28/02/2013	Return of Capital	0.165	►	0.0%	0.160	▼	3.0%
28/02/2013	December 2012 Half Year Report	0.165	►	0.0%	0.160	▼	3.0%

To provide further analysis of the market prices for a Bentley share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 October 2013.

	11-Oct-13	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.155				
Weighted Average		\$0.157	\$0.159	\$0.159	\$0.157

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Bentley shares for the twelve months to 11 October 2013 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.155	\$0.155	32,124	0.04%
10 Days	\$0.155	\$0.160	121,813	0.17%
30 Days	\$0.155	\$0.165	877,847	1.20%
60 Days	\$0.155	\$0.165	1,154,765	1.57%
90 Days	\$0.145	\$0.165	1,605,056	2.19%
180 Days	\$0.145	\$0.175	3,920,726	5.35%
1 Year	\$0.145	\$0.175	5,859,257	7.99%

Source: Bloomberg, BDO analysis

This table indicates that Bentley's shares display a low level of liquidity, with approximately 8% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Bentley, we do not consider there to be a deep market for the company's shares as there is less than 10% of the company's issued capital traded in a twelve month period.

Our assessment is that a range of values for Bentley shares based on market pricing is between \$0.150 and \$0.160 per share.

Net Asset Value for Bentley Securities

For the purposes of preparing the audited financial statements, Queste does not control Bentley. Therefore, we have relied on the information rights that a minority shareholder would receive. As such, management accounts subsequent to year end were not available and therefore we have used the 30 June 2013 audited financial statements as the basis for our net asset value.

Statement of Financial Position		Audited 30-Jun-13 \$
CURRENT ASSETS		
Cash and cash equivalents		4,892,458
Financial assets at fair value through profit and loss		13,057,774
Trade and other receivables		167,467
Other current assets		3,644
TOTAL CURRENT ASSETS		18,121,343
NON-CURRENT ASSETS		
Trade and other receivables		30,000
Resource Projects		-
Property, plant and equipment		15,123
Intangible assets		312,026
Deferred tax asset		107,950
TOTAL NON-CURRENT ASSETS		465,099
TOTAL ASSETS		18,586,442
CURRENT LIABILITIES		
Trade and other payables		67,776
Provisions		142,600
TOTAL CURRENT LIABILITIES		210,376
NON-CURRENT LIABILITIES		
Deferred tax liability		107,950
TOTAL NON-CURRENT LIABILITIES		107,950
TOTAL LIABILITIES		318,326
NET ASSETS		18,268,116

Source: Bentley Annual Financial Statements as at 30 June 2013

Based on the above net asset of Bentley the value per share is \$0.249 on a controlling basis.

	Queste	Orion
Number of Bentley shares held	1,740,625	20,513,783
Percentage ownership in Bentley	2.37%	27.97%
Share of Bentley Net Assets (Section 9.1)	\$433,507	\$5,109,003

The QMP analysis revealed that Bentley does not have a deep liquid market in which its shares are traded. Therefore a net asset value is deemed to be more relevant and has been used when replacing the investment in associate line items in the respective Queste and Orion financial statements amounts noted in section 9.1.

Appendix 4 - Option Valuation

20,000,000 partly paid shares were issued in 1998 at \$0.20 each and have been partly paid to \$0.015225. Based on the terms of these partly paid shares the holder shall have a fraction of a vote for each partly paid share being equivalent to the proportion of the amount actually paid.

Additional key terms include:

- No more than two calls will be made upon such shares in any one financial year; and
- No call may be made for more than 10% of the then outstanding amount payable.

Based on the above terms we have valued the option in delaying consideration of amounts payable on partly paid shares as at 14 October 2013 and have been done so under the following assumptions:

Valuation Methodology

We have used the Black-Scholes option pricing model to calculate the values of the Queste partly paid option.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

Exercise Price of the Options

The exercise price has been calculated by determining the unpaid portion of a partly paid share, as noted in issued capital per the 30 June 2013 financial statements. Details are noted below:

Allocation of net assets	Portion of partly paid shares
Partly paid shares on issue	\$304,500
Partly paid shares on issue	20,000,000
Amount partly paid per share as at 30 June 2013	\$0.015225
Portion per share unpaid	\$0.184775

Current Price of the Underlying Shares

The underlying spot price is based on the last traded share price being \$0.095 as at 1 October 2013.

Life of the Options

When calculating the life of the options we assumed the following:

- The Company would call the maximum portion of the unpaid amount on each share that may be called the maximum number of times each period. Based on this the partly paid share holder would have to pay 10% of the unpaid balance twice per annum until the share was fully paid.

- Based on this assumption the unpaid value becomes clearly insignificant after approximately 20 years.

Therefore 20 years has been used as the effective life.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the standard deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices, thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Queste was calculated by Hoadley's volatility calculator for 2 to 5 year periods, using data extracted from Bloomberg. For the purpose of our valuation, we used a future estimated volatility level of 30% for Queste in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government 10-year bond rate of 4.03% as at 14 October 2013.

Conclusion

Based on the above assumptions we have determined that the partly paid shareholder ability to delay payment has an option value of approximately \$0.051 per share.

TIME AND PLACE OF AGM AND HOW TO VOTE

Venue

The Annual General Meeting of the shareholders of Queste Communications Ltd will be held in:

Wentworth Room
Sofitel Sydney Wentworth
61-101 Phillip Street
Sydney, New South Wales

commencing

9:45 am (Sydney time)
Thursday, 28 November 2013

Voting Rights (subject to the voting exclusions noted in the Notice of AGM)

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of AGM as soon as possible and either send the proxy:

- by facsimile to (08) 9389 7871; or
- by mail to Advanced Share Registry, PO Box 1156, Nedlands WA 6909; or
- by hand delivery to Advanced Share Registry, Suite 2, 150 Stirling Highway, Nedlands, Western Australia or Level 6, 225 Clarence Street, Sydney, New South Wales,

so that it is received **not later than 6:45 am Perth time/9:45 am Sydney time on Tuesday, 26 November 2013**. Proxies received after that time will not be effective.

Bodies Corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of an appropriate "Appointment of Corporate Representative" should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

Voting by Attorney

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Annual General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Annual General Meeting all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 4:00pm Perth time (7:00pm Sydney time) on 26 November 2013 (**Voting Entitlement Time**). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXY FORM

Annual General Meeting

Queste Communications Ltd
A.B.N. 58 081 688 164

Website: www.queste.com.au

PLEASE RETURN TO:
By Mail: Advanced Share Registry
PO Box 1156
Nedlands WA 6909
By Facsimile: (08) 9389 7871

ENQUIRIES: (08) 9389 8033 or admin@advancedshare.com.au

{Name1}
{Name2}
{Name3}
{Name4}
{Name5}
{Name6} {Postcode}

Our Reference: QUE / {SubReg}
Holder ID: {Holder_Mode} {HinSrn}
Shareholding as at 28 October 2013: {Balance}
Current Election to Receive Hard Copy Annual Report: {Annual Report}

A. Appointment of Proxy

I/We being a shareholder/s of Queste Communications Ltd and entitled to attend and vote hereby appoint

☐

The Chair of the Meeting
(mark with ☒)

OR

Write here the name of the person you
are appointing if this person is
someone other than the Chair of the
Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Queste Communications Ltd to be held in the **Wentworth Room, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney**, New South Wales at **9:45 am (Sydney time) on Thursday, 28 November 2013** and at any adjournment of such Annual General Meeting.

IMPORTANT:

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against each Resolution in Section B.

If you leave Section A blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy by default.

If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default) you can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on the Resolutions by marking the appropriate Voting Direction boxes in Section B below. However, note that under Section A, if the Chair of the Meeting is your proxy and you do not mark any of the Voting Direction boxes in Section B below, you are, in effect, directing the Chair to vote "For" Resolutions 1 to 5 and "Against" Resolutions 6 and 7, as the Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 1 to 5 and against Resolutions 6 and 7.

YOUR ACKNOWLEDGEMENTS ON REMUNERATION-RELATED RESOLUTIONS

Chair's intention to vote undirected proxies: I/We acknowledge that the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 5.

Direction to Chair for voting on Resolution 5: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair of the Meeting becomes my/our proxy by default), but I/we have not marked any of the boxes opposite Resolution 5 in Section B below, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 5 even though the Chair is, and those items are connected directly or indirectly with the remuneration of, a member of Key Management Personnel for the Company.

B. Voting directions to your proxy – please mark ☒ to indicate your directions

RESOLUTIONS

1. Re-election of Yaqoob Khan as Director

For

Against

Abstain*

☐☐☐

2. Election of Victor Ho as Director

☐☐☐

3. Approve Equal Access, Off-Market Share Buy-Back

☐☐☐

4. Amend Constitution - New Name & "Wind-Up Trigger"

☐☐☐

5. Adoption of Remuneration Report

☐☐☐

6. Election of Andrew Moffat as Director

☐☐☐

7. Election of Massimo Cellante as Director

☐☐☐

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

* If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

C. Change of Address and Annual Report Elections

☐

mark ☒ if you want to make any changes to your address details (see Note 1 overleaf)

☐

mark ☒ if you wish to receive a printed Annual Report by post (see Note 2 overleaf)

☐

mark ☒ if you wish to receive an electronic Annual Report by email and specify your email address below

D. Please Sign Here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

Email Address

{Email}

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Change of Address

Your pre-printed name and address is as it appears on the Share Register of the Company. If this information is incorrect, please mark the box at **Section C** of the Proxy Form and make the correction at the top of the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Annual Report Elections

Companies are no longer required to mail out printed annual reports to shareholders. Instead, shareholders can now make an election as follows:

- (a) make a written request for a hard copy annual report to be mailed to you; or
- (b) make a written request for an electronic copy of the annual report to be emailed to you.

If you wish to update your annual report elections, please complete **Section C** of the Proxy Form.

3. Voting on Remuneration Matters

The Company will disregard any votes cast on Resolution 5 (Adoption of Remuneration Report) by or on behalf of a "Key Management Personnel" (as defined in the Accounting Standards) and their "Closely Related Parties" (as defined in the *Corporations Act 2001*) (**Restricted Voter**). Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company, or a company the KMP controls. The Company need not disregard a vote if a vote is cast by a KMP on Resolution 5 as a proxy, for a person other than a Restricted Voter, and either:

- (a) you directed the KMP the way they are to vote on Resolution 5; or
- (b) if the Chair is your proxy, you expressly authorise him to vote as he sees fit on Resolution 5 under the Proxy Form even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Shareholders may also choose to direct the Chair to vote against these Resolutions or to abstain from voting.

- 4. You may direct your proxy how to vote by marking one of the voting direction boxes opposite each Resolution. If you do not mark a voting direction box your proxy may, to the extent permitted by law, vote as they choose. If you mark more than one voting direction box on a Resolution your vote will be invalid on that Resolution.
- 5. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
- 6. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
- 7. A proxy need not be a shareholder of the Company.
- 8. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
- 9. If a representative of a shareholder that is a company is to attend the meeting, a properly executed original (or certified copy) of the appropriate 'Appointment of Corporate Representative' should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

10. Signing Instructions

You must sign this form as follows in the spaces provided at **Section D**:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified copy of the appropriate Power of Attorney with your completed Proxy Form and produce a properly executed original (or certified copy) of that Power of Attorney at the Annual General Meeting.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

- 11. **Lodgement of a Proxy:** This Proxy Form (and the original or certified copy of any Power of Attorney under which it is signed) must be received at the address below not later than **6:45 am Perth time / 9:45 am Sydney time on Tuesday, 26 November 2013** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the meeting. **Proxy Forms may be lodged** by posting, delivery or facsimile to the address below:

Advanced Share Registry
PO Box 1156
Nedlands WA 6909

Advanced Share Registry
Suite 2, 150 Stirling Highway
Nedlands, Western Australia
or
Level 6, 225 Clarence Street
Sydney, New South Wales

By Facsimile: (08) 9389 7871