



INFORMATION MEMORANDUM TO SHAREHOLDERS

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

Date and Time of Meeting: 4:00 pm (Perth time)
on Thursday, 30 November 2017

Place of Meeting: Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth, Western Australia

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 a shareholder's decision on how to vote on the proposed resolution at the Annual General Meeting. Shareholders should read this Information Memorandum in full to make an informed decision regarding the resolution 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. Acceptance is voluntary under the Buy-Back Offer Document.

The conclusions of the Independent Expert (BDO Corporate Finance (WA) Pty Ltd) in the Independent Expert's Report are, inter alia, that:

- 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 Queste shareholders (in the absence of a superior buy-back proposal);
- The Buy-Back is fair and reasonable to the shareholders of Queste who do not participate in the Buy-Back; and
- The Buy-Back is not fair but reasonable to the shareholders of Queste who participate in the Buy-Back.

The Chairman of the Annual General Meeting will vote open proxies received in favour of Resolutions 1 to 3 (inclusive) considered at the Annual General Meeting.

This Information Memorandum is dated 26 October 2017.

ENQUIRIES

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



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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting (**AGM**) of shareholders of Queste Communications Ltd A.B.N. 58 081 688 164 (**Queste** or the **Company**) will be held at Queste Communications Ltd, Level 2, 23 Ventnor Avenue, West Perth, Western Australia at **4:00 pm (Perth time) on Thursday, 30 November 2017**.

AGENDA

ORDINARY BUSINESS

1. 2017 Annual Report

To consider and receive the Directors' Report, Financial Statements and Auditor's Report of the Company for the financial year ended 30 June 2017.

The 2017 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2017 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 Yaqoob Khan, who retires (by rotation pursuant to the Company's Constitution) at this Annual General Meeting, being eligible, be re-elected as a Director of the Company."

3. Resolution 2 – Adoption of 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 2017 be adopted."

Note: The vote on this resolution 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 and Restriction: The Company will disregard any votes cast on this resolution (in any capacity, except as specified below) by or on behalf of a member of "[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 2017 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 of 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 this resolution as a proxy, for a person other than a Restricted Voter, on the basis that 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 a shareholder appoints 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 2](#) then, on the poll for that item, the Chair intends to vote any undirected proxies in favour of [Resolution 2](#).

Shareholders may also choose to direct the Chair to vote against the resolution or to abstain from voting on the resolution.

3. Resolution 3 – Approval of 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), shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of fully paid and partly paid ordinary shares in the Company held by each shareholder subject to the maximum cost of the buy-back being \$300,000 (paid as to one-third in value in cash and as to two-thirds in value via a distribution of fully paid ordinary shares in Bentley Capital Limited ABN 87 008 108 218 (ASX:BEL) held by the Company) with a pro-rata scale-back if acceptances were to exceed that amount at a buy-back price of:

(a) 5 cents in respect of each fully paid ordinary share on issue; and

(b) 0.25 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.”

DATED THIS 26th DAY OF OCTOBER 2017

BY ORDER OF THE BOARD



**VICTOR HO
COMPANY SECRETARY**

NOTE:

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.

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.

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. Acceptance is voluntary under the Buy-Back Offer Document.

A. 2017 ANNUAL REPORT

[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 2017 Annual Report.

A copy of the 2017 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2017 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 as a whole will be provided with a reasonable opportunity 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.

Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the Auditor's Report and the conduct of the audit of the Financial Report.

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

[Resolution 1](#) seeks shareholder approval for the re-election of Yaqoob Khan as a Director of the Company.

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. If two or more Directors have been in office for the same period, those Directors may agree which of them will retire. This rule does not apply to the Managing Director.

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.

Yaqoob Khan has been a Director of the Company since 10 March 1998 and was most recently re-elected a Director at the [2015 AGM](#) held on 12 November 2015¹.

Yaqoob Khan's qualifications and experience are detailed in the Directors' Report in the Company's 2017 Annual Report.

¹ Refer Queste's ASX announcement dated [12 November 2015: Results of 2015 Annual General Meeting](#)

Directors' Recommendations

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

C. ADVISORY, NON-BINDING RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT

[Resolution 2](#) seeks shareholder approval to adopt the 30 June 2017 Remuneration Report as disclosed in the Company's 2017 Annual Report (refer above for information on accessing the report).

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

The Remuneration Report explains the Board 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 2](#) is advisory only and does not bind the Directors or the Company.

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 Parties](#) of a Director) are excluded from voting their shares on this resolution, the Directors recommend that shareholders vote in favour of [Resolution 2](#).

Voting Exclusion and Restriction

A voting exclusion applies to [Resolution 2](#) in the terms set out in the Notice of AGM, broadly as follows:

- 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 [Resolution 2](#).

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, in relation to each resolution, including [Resolution 2](#).

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 2](#) by marking the appropriate Voting Direction box opposite that resolution.

However, if the Chair of the Meeting is proxy under the Proxy Form (including by default) and shareholders do not mark any of the Voting Direction boxes opposite [Resolution 2](#), 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 2](#).

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

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

1. Background and Reasons for the Buy-Back

As a consequence of the low liquidity in trading in Queste shares on the ASX, the Board has considered and implemented a number of capital management programmes for the benefit of shareholders.

Queste 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](#) - this rule 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.

Queste reviewed the on-market share buy-back initiative and the liquidity issue and identified an equal access buy-back scheme as an alternative capital management initiative to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares.

At the Company's 2013 annual general meeting held on 28 November 2013, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000.³ On 17 December 2013, a [Share Buy-Back Offer Booklet](#)⁴ was despatched to eligible shareholders. Under this buy-back (which closed on 21 January 2014⁵):

- 587,563 fully paid shares were bought back at a cost of \$58,757; and
- 10,000,000 partly paid shares were bought back at a cost of \$50,000.

There continued to be a lack of liquidity in trading of Queste shares and after a review of the Company's financial position, Queste determined to seek shareholder approval to conduct another equal access scheme off-market share buy-back.

At the Company's general meeting held on 17 March 2016, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000.⁶ On 31 March 2016, a [Share Buy-Back Offer Booklet](#)⁷ was despatched to eligible shareholders.

Under this buy-back (which closed on 26 May 2016):

- (a) the Company received acceptances totalling in excess of the buy-back cap of \$300,000 and a proportionate scale-back had to be applied by reference to the value of the buy-back consideration in respect of acceptances received⁸.
- (b) After the scale-back:
 - 3,220,914 fully paid ordinary shares were bought back at a cost of ~\$289,882; and
 - 2,248,044 partly-paid ordinary shares were bought back at a cost of ~\$10,116⁹.

It was noted at the time of both the abovementioned buy-backs that Queste may consider undertaking further/annual equal access scheme share buy-backs depending on the Company's financial position and the liquidity of trading in Queste shares on ASX shares at the relevant time.

² Refer Queste's ASX announcements dated 17 April 2012: [Appendix 3C - Announcement of Buy-Back Notice](#) and dated 1 May 2013: [Appendix 3F Final Share Buy-Back Notice](#).

³ Refer Queste's [Information Memorandum](#) (including the Notice of Annual General Meeting, Explanatory Statement and Independent Expert's Report) dated 23 October 2013 and released on ASX on 30 October 2013 and Queste's ASX announcement dated 28 November 2013: [Results of 2013 Annual General Meeting](#).

⁴ Refer Queste's [Share Buy-Back Offer Booklet dated 11 December 2013](#) and released on ASX on 17 December 2013.

⁵ Refer Queste's ASX announcement dated [22 January 2014: Results of Equal Access Buy-Back and Appendix 3F – Final Share Buy-Back Notice](#)

⁶ Refer Queste's [Information Memorandum](#) (including the Notice of General Meeting, Explanatory Statement and Independent Expert's Report) dated 27 January 2016 and released on ASX on 12 February 2016 and Queste's ASX announcement dated 17 March 2016: [Results of 2016 General Meeting](#)

⁷ Refer Queste's [Share Buy-Back Offer Booklet dated 24 March 2016](#) and released on ASX on 31 March 2016

⁸ Refer Queste's ASX announcement dated [26 May 2016: Close of Equal Access Scheme Share Buy-Back Offer](#) and also refer Section 2.3.3 (on page 7) of the 24 March 2016 [Share Buy-Back Offer Booklet](#)

⁹ Refer Queste's ASX announcements dated [30 May 2016: Results of Completion of Equal Access Share Buy-Back](#) and dated [30 May 2016: ASX Appendix 3F – Final Share Buy-Back Notice](#)

There continues to be a significant lack of liquidity in trading of Queste shares, illustrated in the following summary table of rolling data on volumes and values on ASX (as at 20 October 2017):

	High	Low	Volume	Value (\$)	Date High	Date Low
Week Rolling	-	-	-	-	-	-
Month Rolling	5.2	5.2	7,100	369.20	11-Oct-2017	11-Oct-2017
6 Month Rolling	6.9	5.2	26,759	1,667.305	06-Jul-2017	11-Oct-2017
Year Rolling	7.5	5.2	837,784	56,489.28	13-Jan-2017	11-Oct-2017

Source: IRESS Market Technology

Queste has reviewed the Company's financial position and the liquidity issue and 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 a highly illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current bid share price for Queste shares 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 further Equal Access Buy-Back Schemes depending on the evaluation of extent of shareholder participation under this proposed Buy-Back, Queste's financial position and the liquidity of trading in Queste shares on ASX shares at the relevant time.

This 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 Annual General Meeting.

The Directors have also commissioned BDO Corporate Finance (WA) Pty Ltd (**BDO** or the **Independent Expert**) to prepare an independent expert's report (**IER**) on the Buy-Back, which accompanies the Notice of Annual General Meeting and Explanatory Statement in the Information Memorandum.

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.

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-Backs¹⁰ 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.

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), shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of fully paid and partly paid ordinary shares in the Company held by each shareholder subject to the maximum cost of the buy-back being \$300,000 (paid as to one-third in value in cash and as to two-thirds in value via a distribution of fully paid ordinary shares in Bentley Capital Limited ABN 87 008 108 218 (ASX:BEL) held by the Company) with a pro-rata scale-back if acceptances were to exceed that amount at a buy-back price of:

(a) 5 cents in respect of each fully paid ordinary share on issue; and

(b) 0.25 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 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. Overview of the Buy-Back

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 \$300,000 (**Buy-Back Cap**):
 - (i) Queste will offer to buy back the fully paid ordinary shares in the Company of each shareholder at a price of 5 cents per share (**FPO Price**); and
 - (ii) Queste will offer to buy back the partly paid ordinary shares in the Company from the holder thereof at a price of 0.25 cent per share (**PPO Price**);

¹⁰ [ASIC Regulatory Guide 110](#)

- (b) The Buy-Back consideration of up to \$300,000 will be satisfied by payment of cash and the undertaking of an in-specie distribution of ASX-listed shares in another company held by Queste, as follows :
- (i) **Cash Component:** As to one-third (by value) – payment of up to \$100,000 cash; and
 - (ii) **Scrip Component:** As to two-thirds (by value) – distribution of fully paid ordinary shares in Bentley Capital Limited ABN 87 008 108 218 (ASX:BEL) (**Bentley** or **BEL**) held by Queste up to the value of \$200,000; and
- (c) If the value of Buy-Back acceptances exceeds the Buy-Back Cap (\$300,000) Queste will scale back the number of shares to be bought back on a pro-rata basis (including as between the cash and scrip consideration components) 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**).

4.2. 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
Annual General Meeting to approve Buy-Back	Thursday, 30 November 2017
Shares quoted on an ex-entitlement basis ^B	Wednesday, 6 December 2017
Record Date for determining entitlement to participate in Buy-Back ^C	Thursday, 7 December 2017
Despatch of Buy-Back Offer Document	Monday, 11 December 2017
Offer Period opens	Wednesday, 13 December 2017
Offer Period closes	5:00 pm (Perth time) Friday, 5 January 2018
Acceptances processed and any Scale-Back notice given	Tuesday, 9 January 2018
Buy-Back results announced on ASX	Wednesday, 10 January 2018
Bought-back shares cancelled	Wednesday, 10 January 2018
Proceeds sent to participating shareholders	Monday, 15 January 2018

Notes:

- (A) The Timetable is indicative only and is subject to change. Under ASX [Listing Rule 3.20](#), the Company must give ASX not less than four (4) 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 Annual General Meeting.
- (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.

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. If there are acceptances by other shareholders into the Buy-Back Offer, their proportional interest in Queste will increase.

Shareholders will be given approximately 24 days (approximately 26 days after the proposed date of despatch of the Offer Booklet) to respond (**Offer Period**) (refer to the indicative Timetable in Section 4.2 above). 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. 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 18 below.

4.5. Buy-Back Consideration to be Paid in Cash and Scrip

The maximum total Buy-Back consideration has been set at \$300,000 (the Buy-Back Cap), comprising:

- (a) **Cash Component:** up to \$100,000 cash; and
- (b) **Scrip Component:** up to \$200,000 attributable to the value of 1,300,000 shares in Bentley Capital Limited (ASX:BEL), being equivalent to a value of 15.3846 cents per BEL.

Queste notes that Bentley's (pre and post-tax) NTA backing per share was:

- 15.43 cents (audited) as at 30 June 2017¹¹; and
- 14.30 cents (unaudited) as at 30 September 2017¹².

The Buy-Back consideration will be satisfied as follows:

- (a) **Cash Component:** One-third (by value) of an accepting shareholder's Buy-Back consideration will be satisfied by Queste paying cash; and
- (b) **Scrip Component:** Two-thirds (by value) of an accepting shareholder's Buy-Back consideration will be satisfied by Queste distributing shares in Bentley based on a deemed value of 15.3846 cents per BEL share (rounded to the nearest whole share in BEL).

The following tables illustrate the mix of Cash and Shares Components that may be received by accepting fully paid and partly paid shareholders based on different Buy-Back consideration scenarios:

No. Fully Paid Shares Bought-Back	Total Buy-Back Consideration (\$)	Cash Component (\$)	Scrip Component	
			By Value (\$)	No. of BEL Shares Transferred
1,000	50.00	16.67	33.33	216
5,000	250.00	83.33	166.67	1,083
10,000	500.00	166.67	333.33	2,166
25,000	1,250.00	416.67	833.33	5,416
50,000	2,500.00	833.33	1,666.67	10,833
100,000	5,000.00	1,666.67	3,333.33	21,666
250,000	12,500.00	4,166.67	8,333.33	54,166
1,000,000	50,000.00	16,666.67	33,333.33	216,666

11 Refer Bentley's [2017 Full Year Report](#) released on ASX on 1 September 2017 and 2017 Annual Report

12 Refer Bentley's ASX announcement dated [12 October 2017: NTA Backing as at 30 September 2017](#)

No. Partly Paid Shares Bought-Back)	Total Buy-Back Consideration (\$)	Cash Component (\$)	Scrip Component	
			By Value (\$)	No. of BEL Shares Transferred
500,000	1,250.00	416.67	833.33	5,416
1,000,000	2,500.00	833.33	1,666.67	10,833
2,000,000	5,000.00	1,666.67	3,333.33	21,666
5,000,000	12,500.00	4,166.67	8,333.33	54,166

Refer Section 4.7 for further details about Bentley.

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

If the total value of acceptances is within the Buy-Back Cap (\$300,000), all acceptances will be satisfied in full. The Company will determine the amount due to each accepting shareholder and:

- (a) In relation to the Cash Component of the Buy-Back consideration - send out payments by cheque or direct credit (if this facility is available) at the shareholder's election; and
- (b) In relation to the Scrip Component of the Buy-Back consideration – send out a Share Registry Issuer Sponsored Holding Statement evidencing the transfer of BEL shares to the accepting shareholder.

If the total value of acceptances exceeds the Buy-Back Cap, the Company will conduct the Scale-Back - reducing the number 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.

4.7. About [Bentley Capital Limited \(ASX: BEL\)](#)

As at 30 June 2017 and currently, Queste holds 1,300,000 Bentley shares (being 1.72% of Bentley's issued ordinary share capital) and Orion holds 20,513,783 Bentley shares (26.95%).

Queste Executive Chairman and Managing Director, Farooq Khan, is also the Chairman of Bentley. Queste Executive Director and Company Secretary, Victor Ho, is also the Company Secretary of Bentley.

Bentley paid two 0.50 cent fully franked dividends that were distributed on September 2016 and March 2017 (2016 distributions: two 0.50 cent fully franked dividends). Orion received \$205,138 distributions from Bentley during the 2016/17 financial year (2015/16: \$205,138). Queste received \$13,000 distributions from Bentley during the 2016/17 financial year (2015/16: \$17,406).

Subsequent to 30 June 2017, Bentley paid a fully-franked dividend of 0.50 cent per share. Orion's and Queste's entitlement from the fully franked dividend was \$102,569 and \$6,500 respectively.

The following information is based on information extracted from Bentley's [2017 Full Year Report](#) released on ASX on 1 September 2017:

Bentley Capital Limited has been listed on the ASX since October 1986 as an investment company (ASX Code: [BEL](#)). Bentley's investment objectives are to:

- Achieve a high real rate of return over the medium term, ideally comprising both revenue and capital growth, whilst operating within acceptable risk parameters set by the Board; and
- Deliver a regular distribution stream to shareholders.

Bentley's Investment Mandate is outlined on page 60 of its 2017 Annual Report.

Bentley's Board of Directors comprise Farooq Khan (Chairman), William Johnson (Executive Director) and Simon Cato (Non-Executive Director). Bentley also has an Investment Committee, which comprises Farooq Khan, William Johnson and Victor Ho (Company Secretary).

Net Asset Weightings

Net Assets	30 June 2017		30 June 2016	
	\$'m	%	\$'m	%
Australian equities ¹	11.17	93.5	14.50	95.2
Intangible assets ²	0.21	1.7	0.60	3.9
Provision for income tax	-	-	-	-
Net cash on deposit/other assets/provisions	0.57	4.8	1.19	0.9
Total Net Assets	11.95	100	16.29	100
NTA Backing per share	\$0.1543		\$0.2080	
Adjusted NTA Backing per share (with dividends paid during the 2016/2017 year added back)	\$0.1642		N/A	

1. Includes an investment in the CBG Australian Equities Fund (Wholesale) (**CBG Fund**).
2. Capitalised software, Internet and applications development costs.

Summary of Major Holdings

Security	ASX Code	Industry Sector	30 June 2017		30 June 2016	
			\$'m	%	\$'m	%
CBG Australian Equities Fund	-	Diversified	3.95	33.1	4.82	29.6
Keybridge Capital Limited	KBC	Diversified	3.83 ³	32.0	4.31	26.5
Strike Resources Limited	SRK	Metals & Mining	2.21 ⁴	18.5	2.79 ³	17.1
Other listed securities	Various	Various	1.19	9.9	2.58	15.8

3. Investment in Associate entity carried at fair value based on equity accounting
4. Non-Current Asset Held for Sale carried at fair value (ASX market price) less selling costs

Recent Distribution History⁵

Rate per share	Nature	Record Date	Payment Date	Franking
0.50 cent	Dividend	17 August 2017	31 August 2017	100%
0.50 cent	Dividend	24 March 2017	31 March 2017	100%
0.50 cent	Dividend	22 September 2016	29 September 2016	100%
0.50 cent	Dividend	11 March 2016	18 March 2016	100%
0.50 cent	Dividend	11 September 2015	25 September 2015	100%
0.55 cent	Dividend	13 March 2015	20 March 2015	100%
0.95 cent	Dividend	12 September 2014	26 September 2014	100%
One cent	Dividend	14 March 2014	21 March 2014	100%
One cent	Return of capital	6 December 2013	12 December 2013	N/A
One cent	Return of capital	15 April 2013	18 April 2013	N/A
One cent	Return of capital	26 November 2012	30 November 2012	N/A
One cent	Return of capital	16 April 2012	19 April 2012	N/A
5 cents	Return of capital	12 October 2011	14 October 2011	N/A
2.4 cents	Dividend (Special)	5 September 2011	26 September 2011	100%
One cent	Dividend	5 September 2011	26 September 2011	100%

5. Bentley has paid a distribution to shareholders every year (save on 4 occasions in its 31 year history) since its admission to ASX in 1986. Refer to Bentley's website for full [distribution history](#)

As at 30 June 2017, Bentley has a:

- Profits Reserve account balance of \$2.791 million, which is available to fund future dividend payments; and
- Franking Credit balance of \$1.50 million, which is sufficient to support the payment of up to \$3.95 million in fully franked dividends.

Dividend Policy

Bentley intends to make annual distributions to shareholders of at least one cent per share, to the extent permitted by law and subject to prudent business practice. Bentley envisages that shareholder distributions will be made twice per year (after the announcement of Bentley's December half year end and June year end NTA backing results in January and July). Bentley expects that dividends will be franked to the extent that available franking credits permit. Capital returns will be subject to prior shareholder approval.

Major Shareholders

Rank	Shareholder	Total Shares Held	% Issued Capital
1	Orion Equities Limited	20,513,783	26.95%
2	Mr Farooq Khan	11,717,586	15.39%
3	Charles W Rockefeller Pty Ltd	4,042,232	5.310%
4	Mr Colin John Vaughan & Mrs Robin Vaughan	2,037,478	2.676%
5	Mr John Robert Dillon	1,489,019	1.956%
6	Queste Communications Limited	1,300,000	1.71%
7	Tadmaro Pty Limited	1,273,453	1.67%
8	Mr Paul John Tys & Mrs Loris Elizabeth Tys	966,435	1.27%
9	Avanteos Investments Limited	672,999	0.88%
10	Mr Gabriel Berger	606,759	0.80%

as at 30 June 2017

Shareholders are advised to refer to Bentley's 2017 Annual Report, [2017 Full Year Report](#) and Bentley's monthly NTA disclosures on ASX for further information about the status and affairs of the company.

Information concerning Bentley may be viewed from its website: www.bel.com.au. Bentley's market announcements may also be viewed from the ASX website (www.asx.com.au) under ASX code "BEL".

The last sale price of Bentley shares on the ASX prior to the date of this Notice was 11 cents on 20 October 2017.

A summary table of rolling data on Bentley's volumes and values on ASX (as at 20 October 2017) is set out below:

Summary of Rolling Share Price and Trading Volumes

As at 20 October 2017	High (cents)	Low (Cents)	Volume	Value (\$)	Date High	Date Low
Week Rolling	11.5	11	62,500	7,042.50	20-Oct-2017	16-Oct-2017
Month Rolling	11.5	11	634,762	71,091.645	09-Oct-2017	25-Sep-2017
6 Month Rolling	14	10	8,671,656	1,012,311.79	21-Apr-2017	29-Jun-2017
Year Rolling	14.5	10	15,413,517	1,937,681.50	10-Jan-2017	29-Jun-2017

Source: IRESS Market Technology

A summary of the Bentley share price and volume monthly trading history on ASX between 1 August 2016 and 20 October 2017) are set out below:

Summary of Monthly Share Price and Trading Volumes

Month Ending	Open (\$)	High (\$)	Low (\$)	Close (\$)	Volume (shares)	Value (\$)	VWAP (\$)	No. Transactions
31-Aug-16	0.14	0.145	0.135	0.135	723,132	99,624	0.1378	26
30-Sep-16	0.14	0.145	0.13	0.13	1,310,802	178,896	0.1365	36
31-Oct-16	0.13	0.135	0.13	0.13	1,484,268	195,988	0.1320	39
30-Nov-16	0.13	0.135	0.13	0.135	566,313	73,804	0.1303	22
31-Dec-16	0.13	0.14	0.13	0.14	1,563,056	214,256	0.1371	39
31-Jan-17	0.14	0.145	0.135	0.14	689,115	96,688	0.1403	24
28-Feb-17	0.14	0.145	0.135	0.14	792,101	110,734	0.1398	30
31-Mar-17	0.145	0.145	0.135	0.135	2,214,877	309,565	0.1398	47
30-Apr-17	0.14	0.14	0.135	0.135	514,271	71,318	0.1387	20
31-May-17	0.14	0.14	0.13	0.13	504,326	69,434	0.1377	23
30-Jun-17	0.13	0.14	0.10	0.10	4,225,353	488,351	0.1156	72
31-Jul-17	0.11	0.115	0.10	0.115	1,269,997	135,405	0.1066	33
31-Aug-16	0.11	0.125	0.11	0.11	1,275,233	151,377	0.1187	46
30-Sep-17	0.11	0.115	0.11	0.11	678,309	75,061	0.1107	20
20-Oct-17	0.11	0.115	0.11	0.115	279,182	31,935	0.1144	12

Source: IRESS Market Technology

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 5.2 cents on 20 October 2017.

A summary of the Queste share price and volume monthly trading history on ASX between 1 August 2016 and 20 October 2017) are set out below:

Month Ending	Open (cents)	High (cents)	Low (cents)	Close (cents)	Volume (shares)	Value (\$)	VWAP (cents)	No. Transactions
31-Aug-16	5.20	5.20	5.20	5.20	17,500	910	5.200	1
30-Sep-16	-	-	-	5.20	-	-	-	-
31-Oct-16	-	-	-	5.20	-	-	-	-
30-Nov-16	-	-	-	5.20	-	-	-	-
31-Dec-16	-	-	-	5.20	-	-	-	-
31-Jan-17	6.10	7.50	6.10	7.50	811,025	54,822	6.760	4
28-Feb-17	-	-	-	7.50	-	-	-	-
31-Mar-17	-	-	-	7.50	-	-	-	-
30-Apr-17	-	-	-	7.50	-	-	-	-
31-May-17	-	-	-	7.50	-	-	-	-
30-Jun-17	6.80	6.80	6.80	6.80	2,000	136	6.800	1
31-Jul-17	6.90	6.90	6.80	6.80	10,000	687	6.870	2
31-Aug-16	6.20	6.20	6.20	6.20	7,659	475	6.202	1
30-Sep-17	-	-	-	6.20	-	-	-	-
20-Oct-17	5.20	5.20	5.20	5.20	7,100	369	5.200	1

Source: IRESS Market Technology

The Buy-Back price for the fully paid shares of 5 cents per share (FPO Price) represents a premium of 8.7% to the current bid price of 4.6 cents (as at 20 October 2017) and a discount (as at 20 October 2017) of:

- 3.8% on the last sale price of 5.2 cents on 11 October 2017;
- 12.6% on the last 3 month VWAP of 5.7185 cents;
- 19.7% on the last 6 month VWAP of 6.2297 cents;
- 25.8% on the 12 month VWAP of 6.7427 cents.

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

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 highly 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 cash funds and listed securities 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 voluntary 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 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.

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 all of their shares. 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 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 on the ASX (as outlined in Section 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 liability in relation to the balance of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).
Shareholders will receive two-thirds of their Buy-Back consideration by way of shares in another listed ASX-listed company, Bentley. There is greater liquidity in trading in Bentley shares on ASX (relative to Queste) and Bentley also has a track record of regular annual distributions to shareholder. Refer to Section 4.7 for further details about Bentley.	

DISADVANTAGES
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.
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 \$300,000 on the Buy-Back, acceptances will be scaled back to ensure this Buy-Back Cap is not exceeded. Nevertheless, many shareholders may be able sell all, or a major portion, of their Queste shares if they wish to do so.

Refer Section 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. Refer Section 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 pre and post-tax (adjusted) undiluted NTA backing per share was 11.25 cents as at 30 June 2017. This may increase to 13.01 cents, an increase of 15.63%, in two scenarios detailed in Section 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 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 and in the latter case, no expectation that this will occur.	
The Company will maintain its ability to make calls on the holder of the partly paid shares in respect of the unpaid outstanding amount on these shares (currently 18.4775 cents per share), to the extent that there are any partly paid shares on issue post completion of the Buy-Back.	N/A

DISADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
N/A	The holder of the partly paid shares continues to have liability in relation to the balance of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).
Shareholders who retain their shares will forego the benefits available from selling shares, detailed in the previous Section.	
The Company's cash and share investments (represented by Bentley shares) 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 12.2 and 12.3 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 advantages and be exposed to a combination of the disadvantages referred to in the above tables.

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 and Bentley shares that would otherwise be expended on the Buy-Back. The Directors consider, however, that the Buy-Back 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 6.1.

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 Annual General Meeting and Explanatory Statement in the Information Memorandum.

The conclusions in the IER are that:

- 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 section 2.6 of the IER);
- 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 \$0.092 to \$0.099 per share (refer sections 2.4 and 9.3 of the IER);
- The value of the Company's partly paid ordinary shares is within the range of \$0.037 to \$0.039 per share (refer sections 2.5 and 9.4 of the IER);
- The Buy-Back is fair for fully paid ordinary shareholders who do not participate and conversely is not fair but is reasonable for fully paid ordinary shareholders who participate under the Buy-Back (refer sections 2.4, 11 and 13 of the IER); and
- The Buy-Back is fair for the partly paid shareholder if it does not participate and conversely is not fair but is reasonable for the partly paid shareholder if it does participate under the Buy-Back (refer sections 2.5, 11 and 13 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 advantages and disadvantages for participating and non-participating shareholders considered by BDO are summarised in section 2.6 and further described in section 12 of the IER.

The IER is included within the Information Memorandum.

8. Source of Funds

The maximum amount of cash required to fund the Buy-Back is \$100,000 (the maximum Cash Component of the total Buy-Back consideration).

In addition, the Company will offer to distribute all of its 1,300,000 shares in Bentley Capital Limited (ASX:BEL) (the maximum Scrip Component of the total Buy-Back consideration).

The Company holds the following listed share investments as at 20 October 2017:

	No Shares/Units	Last Bid Price	Market Value
Shares in Orion Equities Limited (ASX:OEO)	9,367,653	\$0.165	\$1,545,663
Shares in Bentley Capital Limited (ASX:BEL)	1,300,000	\$0.110	\$143,000
Other ASX-listed shares	various	various	\$2
TOTAL			\$1,688,665

These investments are regarded as liquid assets to supplement the Company's cash reserves of \$0.156 million, as at 20 October 2017.

Queste notes that subsequent to the release of its 31 August 2017 Monthly Cash Flow Report on 13 September 2017¹³, the Company received the following cash injections:

- \$106,615 received from a call made on the holder of the Company's partly paid ordinary shares on 18 October 2017¹⁴; and
- \$84,309 received from a dividend paid by Orion Equities Limited on 29 September 2017.

Refer to Section 10 for further information about the financial effect of the Buy-Back.

9. Effect on Share Capital Structure

9.1. Existing Share Capital

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

- 27,155,358 listed fully paid ordinary shares; and
- 5,193,000 unlisted partly paid ordinary shares¹⁵, each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 395,317 voting shares¹⁶),

making a total of 27,945,992 voting shares on issue.

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.

13 Refer QUE's [August 2017 Monthly Cash Flow Report](#) dated 13 September 2017

14 Refer QUE's ASX Announcement dated 19 October 2017: [Appendix 3B New Issue and Application for Quotation – 577,000 Shares](#)

15 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 and also more recently, in the Company's [Share Buy-Back Offer Booklet dated 24 March 2016](#) and released on ASX on 31 March 2016

16 Each partly paid share is treated for voting purposes as being a proportion of a fully paid share, equal to the proportion to which it has been paid up - 1.5225 cents per share, representing 7.61% of the \$0.20 issue price

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 ⁴	No. Post Buy-Back	Change %
Fully paid shares (FPS)	27,155,358	\$297,159	5,943,180	21,212,178	-21.89%
Partly paid shares (PPS)	5,193,000	\$2,841	1,136,400	4,056,600	-21.88%
Fully paid equivalent of PPS ¹	395,317			308,809	-21.88%
Total equivalent FPS²	27,550,675			21,520,987	-21.89%
Total diluted shares³	32,348,358			25,268,778	-21.89%

(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.

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)	27,155,358	\$300,000	6,000,000	21,155,358	-22.10%
Partly paid shares (PPS)	5,193,000	Nil	Nil	5,193,000	-
Fully paid equivalent of PPS ¹	395,317			395,317	-
Total equivalent FPS²	27,550,675			21,550,675	-21.78%
Total diluted shares³	32,348,358			26,348,358	-18.55%

(1)-(3) These notes are the same as notes (1) - (3) for the Table in Section 9.2.

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)	27,155,358	Nil	Nil	27,155,358	-
Partly paid shares (PPS)	5,193,000	\$12,983	5,193,000	-	-100%
Fully paid equivalent of PPS ¹	395,317			-	-100%
Total equivalent FPS²	27,550,675			27,155,358	-1.43%
Total diluted shares³	32,348,358			27,155,358	-16.05%

(1)-(3) These notes are the same as notes (1) - (3) for the Table in Section 9.2.

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 in respect of half 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 ⁴	No. Post Buy-Back	Change %
Fully paid shares (FPS)	27,155,358	\$297,159	5,943,180	21,212,178	-21.89%
Partly paid shares (PPS)	5,193,000	\$2,841	1,136,400	4,056,600	-21.88%
Fully paid equivalent of PPS ¹	395,317			308,809	-21.88%
Total equivalent FPS²	27,550,675			21,520,987	-21.89%
Total diluted shares³	32,348,358			25,268,778	-21.89%

(1)-(4) These notes are the same as notes (1) -(4) for the Table in Section 9.2.

10. Financial Effect of Buy-Back

As at 20 October 2017, Queste had cash of approximately \$0.156 million and held the following investments (referred to also in Section 8 above):

	No Shares/Units	% Interest	Last Bid Price	Market Value
Shares in Orion Equities Limited (ASX:OEO)	9,367,653	59.86%	\$0.165	\$1,545,663
Shares in Bentley Capital Limited (ASX:BEL)	1,300,000	1.71%	\$0.110	\$143,000
Other ASX-listed shares	various		various	\$2
TOTAL				\$1,688,665

Queste controls ASX-listed investment company, Orion Equities Limited (ASX:OEO) (**Orion**) (holding 59.86% of Orion's total issued share capital).

Orion had net tangible assets (**NTA**) of \$4.921 million as at 30 September 2017 (or \$0.3145 per Orion share)¹⁷. As such, Queste's investment in Orion has a value of \$2.946 million based on Orion's NTA backing (as at 30 September 2017).

Having regard to the above matters and 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.

10.1. Effect on Financial Position

The following table sets out the Queste Consolidated Statement of Financial Position as at 30 June 2017 (audited)¹⁸ 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.

The following Consolidated Statements of Financial Position have been prepared on the following basis:

- (a) The starting position is derived from audited financial statements for the financial year ending 30 June 2017¹⁶ with the following adjustments:
- (i) \$106,615 has been added to Cash – this is attributable to an amount received by the Company on 18 October 2017 pursuant to a call made in respect of the Company's partly paid ordinary shares¹⁹;
 - (ii) \$84,309 has been added to Cash – this is attributable to a dividend received by the Company from Orion on 29 September 2017; and
 - (iii) \$140,843 has been deducted from Cash – this is attributable to the gross dividends paid out of the Queste Consolidated Entity by controlled entity, Orion, on 29 September 2017;

¹⁷ Refer Orion's ASX announcement dated 12 October 2017: [Net Tangible Asset Backing – 30 September 2017](#)

¹⁸ Refer QUE's [2017 Full Year Report](#) released on ASX on 1 September 2017 and QUE's 2017 Annual Report released on ASX on or about 31 October 2017

¹⁹ Refer QUE's ASX Announcement dated 19 October 2017: [Appendix 3B New Issue and Application for Quotation – 577,000 Shares](#)

- (b) Reflecting the position if the full amount of the Buy-Back Cap (\$300,000) had been expended on buying back shares on 30 June 2017 (as adjusted above) via:
 - (i) The disbursement of \$100,000 cash; and
 - (ii) The transfer of 1,300,000 Bentley shares to accepting shareholders.
- (c) The transfer of 1,300,000 Bentley shares is treated as a disposal of the same by Queste at a deemed sale price of \$0.105 per share (based on the last bid price on ASX as at 30 June 2017). This will realise a net gain on disposal of \$135,442, which is posted to Accumulated losses. The carrying value of the Company's investment in Bentley as an Associate entity (calculated under the equity method) has been reduced from a historical cost of \$296,595 to \$1,058 as at 30 June 2017 (due to the Company recognising a share of Bentley's net losses and dividend payments received from Bentley, historically);
- (d) Otherwise 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 2017 Annual Report and [2017 Full Year Report](#)).

The following Consolidated Statements of Financial Position are 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 2017 Annual Report, [2017 Full Year 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.

Pro Forma Consolidated Statements of Financial Position
As at 30 June 2017

	Audited	Adjusted	Buy-Back	Proforma
	30 Jun 17	30 Jun 17	Effects	30 Jun 17
	\$	\$		\$
Current assets				
Cash and cash equivalents	235,476	285,557	(100,000)	185,557
Financial assets at fair value through profit or loss	494,360	494,360		494,360
Trade and other receivables	41,216	41,216		41,216
Other current assets	6,573	6,573		6,573
Total current assets	777,625	827,706	(100,000)	727,706
Non current assets				
Trade and other receivables	22,010	22,010		22,010
Property held for development or resale	1,220,000	1,220,000		1,220,000
Investment in Associate entity	2,003,264	2,003,264	(1,058)	2,002,206
Property, plant and equipment	1,528,324	1,528,324		1,528,324
Olive trees	65,500	65,500		65,500
Deferred tax asset	61,206	61,206		61,206
Total Non current assets	4,900,304	4,900,304	(1,058)	4,899,246
Total assets	5,677,929	5,728,010	(101,058)	5,626,952
Current liabilities				
Trade and other payables	343,714	343,714		343,714
Provisions	134,229	134,229		134,229
Total current liabilities	477,943	477,943	-	477,943
Non current liabilities				
Deferred tax liability	61,206	61,206		61,206
Total non current liabilities	61,206	61,206	-	61,206
Total liabilities	539,149	539,149	-	539,149
Net assets	5,138,780	5,188,861	(101,058)	5,087,803
Equity				
Issued capital	6,149,888	6,256,503	(236,500)	6,020,003
Reserves	3,182,215	3,182,215		3,182,215
Accumulated losses	(6,281,531)	(6,338,065)	135,442	(6,202,623)
Parent interest	3,050,572	3,100,653	(101,058)	2,999,595
Non-controlling interest	2,088,208	2,088,208		2,088,208
Total equity	5,138,780	5,188,861	(101,058)	5,087,803

10.2. Effect on Net Tangible Assets (NTA)

If the Buy-Back is fully taken up by shareholders, this will result in an increase in the NTA backing per share post completion of the Buy-Back as the price being offered for the Buy-Back shares is below the NTA backing per share. The gross NTA of the Company will reduce in an absolute amount as a result of the Buy-Back consideration paid to participating shareholders.

The table below shows the Company's undiluted and diluted NTA as at 30 June 2017 (as adjusted, detailed in Section 10.1) 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 NTA ¹	\$3,100,653	\$2,800,653	\$2,800,653	\$3,087,671	\$2,800,653
Partly paid shares	5,193,000	4,056,600	5,193,000	-	4,056,600
Outstanding call on partly paid shares ²	\$959,537	\$749,558	\$959,537	\$-	\$749,558
Diluted NTA ²	\$4,060,190	\$3,550,211	\$3,760,190	\$3,087,671	\$3,550,211

- (1) Having regard only to the parent interest, which excludes the non-controlling interest, as at 30 June 2017 (refer Section 10.1).
(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 \$300,000 being expended on buying back shares (save that under Scenario 3, only \$12,983 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.

10.3. Effect on NTA Backing per Share

Section 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 2017 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)	27,155,358		21,212,178		
Partly paid shares (PPS)	5,193,000		4,056,600		
Fully paid equivalent of PPS ²	395,317		308,809		
Total equivalent FPS ³	27,550,675	\$0.1125	21,520,987	\$0.1301	15.63%
Total diluted shares ⁴	32,348,358	\$0.1255	25,268,778	\$0.1405	11.94%

- (1) The method of determining the post Buy-Back share capital structure is shown in Section 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		No. ¹	Post Buy-Back	
	No.	NTA/share		NTA/share	Increase
Fully paid shares (FPS)	27,155,358		21,155,358		
Partly paid shares (PPS)	5,193,000		5,193,000		
Fully paid equivalent of PPS ²	395,317		395,317		
Total equivalent FPS ³	27,550,675	\$0.1125	21,550,675	\$0.1300	15.47%
Total diluted shares ⁴	32,348,358	\$0.1255	26,348,358	\$0.1427	13.70%

Notes (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		No. ¹	Post Buy-Back	
	No.	NTA/share		NTA/share	Increase
Fully paid shares (FPS)	27,155,358		27,155,358	\$0.1137	1.03%
Partly paid shares (PPS)	5,193,000				
Fully paid equivalent of PPS ²	395,317				
Total equivalent FPS ³	27,550,675	\$0.1125			
Total diluted shares ⁴	32,348,358	\$0.1255			

Notes (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		No. ¹	Post Buy-Back	
	No.	NTA/share		NTA/share	Increase
Fully paid shares (FPS)	27,155,358		21,212,178		
Partly paid shares (PPS)	5,193,000		4,056,600		
Fully paid equivalent of PPS ²	395,317		308,809		
Total equivalent FPS ³	27,550,675	\$0.1125	21,520,987	\$0.1301	15.63%
Total diluted shares ⁴	32,348,358	\$0.1255	25,268,778	\$0.1405	11.94%

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

10.4. Effect on Earnings per Share

The Company's consolidated basic loss per share for the financial year ended 30 June 2017 (as adjusted, detailed in Section 10.1) was 5.32 cents 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 earnings (or loss) per share. Earnings/(loss) per share was not calculated on a diluted basis, as it would not have resulted in an increased earnings (or loss) per share.

If it is assumed that the Buy-Back was conducted on 1 July 2016 (at the start of the previous financial year), the Company's loss per share (for the financial year ended 30 June 2017) would have been greater, as a result of the lower number of shares on issue post Buy-Back. The pro-forma 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.

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

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 20 October 2017).

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.

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, resulting in 6,000,000 fully paid ordinary shares being bought-back – refer Section 9.3) and where it is assumed that each of these major shareholders have not accepted into the Buy-Back.

Substantial Shareholders	Registered Shareholder	PRE BUY-BACK				POST BUY-BACK		CHANGE
		Fully Paid Shares Held	Partly Paid Shares Held	Voting Shares Held	% Voting Power ^{6,7}	% Voting Power Under Scenario 2 (with no participation)		
BELL IXL INVESTMENTS LIMITED AND ASSOCIATES ¹	Bell IXL Investments Limited	1,444,745	-	1,444,745	19.41%	6.70%	24.81%	5.40%
	Cellante Securities Pty Limited	1,916,900	-	1,916,900		8.89%		
	Cleod Pty Ltd	1,985,684	-	1,985,684		9.21%		
AZHAR CHAUDHRI, RENMUIR HOLDINGS LIMITED AND CHI TUNG INVESTMENTS LTD ²	Mr Azhar Chaudhri	1,436,001	-	1,436,001	31.64%	6.66%	40.45%	8.81%
	Chi Tung Investments Ltd	3,608,956	-	3,608,956		16.75%		
	Renmuir Holdings Ltd	3,277,780	-	3,277,780		15.21%		
	Chi Tung Investments Ltd	-	5,193,000	395,317 ³		1.83%		
FAROOQ KHAN AND ASSOCIATES ⁴	Farooq Khan	1,676,295	-	1,676,295	19.40%	7.78%	24.80%	5.40%
	Island Australia Pty Ltd	3,668,577	-	3,668,577		17.02%		
MANAR NOMINEES PTY LTD AND ZELWAR SUPERANNUATION PTY LTD ⁵	Manar Nominees Pty Ltd	1,617,910	-	1,617,910	6.35%	7.51%	8.11%	1.77%
	Zelwer Superannuation Pty Ltd	130,405	-	130,405		0.61%		

- (1) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated [28 January 2014](#) (updated to reflect current percentage voting power)
- (2) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated [23 October 2017](#)
- (3) Voting shares attributable to 5,193,000 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 [20 November 2014](#) (updated to reflect current percentage voting power)
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated [29 December 2003](#) (updated to reflect current percentage voting power)
- (6) Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (26,578,358) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (395,317).
- (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.

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 Buy-Back is not considered likely to have a material impact on the control situation of the Company if all substantial shareholders do not accept into the same, as illustrated in the above table.

The Company notes that 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.

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 further 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.

The Company will also monitor and determine the appropriateness of remaining as a listed entity on the ASX.

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 any particular or 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.**

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.

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 5 cents per share (for fully paid shares) or the PPO Price of 0.25 cent 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.

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.

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.

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.

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.

14. Tax implications for the Company

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

14.1. Tax Losses

The Buy-Back may impact upon the Company's ability to utilise prior year tax losses of approximately \$5.68 million (as at 30 June 2017²⁰) 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.

14.2. Other Tax Effects for the Company

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

15. Support for the Buy-Back

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 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) and 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 2.3, 2.6 and 13 of the IER included in the Information Memorandum).

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	5,344,872 ²¹	-
Victor Ho	17,500 ²²	-
Yaqoob Khan	68,345 ²³	-

20 Refer Note 5 to the Consolidated Financial Statements on page 33 of Queste's [2017 Full Year Report](#)

21 Refer Farooq Khan's [Change of Director's Interest Notice](#) dated 7 June 2016; 1,676,295 shares held directly and 3,668,577 shares held by a controlled company

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

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

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.

Mr Yaqoob Khan has informed the Company that he will not participate in the Buy-Back.

Mr Victor Ho 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.

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.

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 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 approximately 30 days after the proposed date of despatch of the Offer Booklet (refer to the indicative Timetable in Section 4.2 above);
- (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 one month.

17. Reliance on information in this Explanatory Statement

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.

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 15 lies with those shareholders.

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.

18. Notice to Shareholders Who Reside Outside Australia

Warning: The contents of this 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.

19. ASIC Lodgement

In accordance with [sub-section 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.



QUESTE COMMUNICATIONS LTD
Independent Expert's Report

26 October 2017



Financial Services Guide

26 October 2017

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's 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 \$15,000.

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

In October 2013 and January 2016, BDO Corporate Finance (WA) Pty Ltd prepared Independent Expert's Reports for Queste for fees of approximately \$20,000 and \$12,000 respectively.

BDO Audit (WA) Pty Ltd was the appointed independent auditor of Queste (until ASIC's consent to their resignation as auditor on or about 12 February 2016). 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: 1800 367 287
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.

TABLE OF CONTENTS

1.	Introduction	2
2.	Summary and Opinion	2
3.	Scope of the Report	6
4.	Outline of the Buy-back Proposal	8
5.	Profile of Queste	10
6.	Economic analysis	18
7.	Industry analysis	20
8.	Valuation approach adopted	23
9.	Valuation of Queste prior to the Buy-back Proposal	24
10.	Valuation of consideration offered	37
11.	Is the Buy-back Proposal fair?	37
12.	Is the Buy-back Proposal reasonable?	39
13.	Conclusion	42
14.	Sources of information	42
15.	Independence	43
16.	Qualifications	43
17.	Disclaimers and consents	44
	Appendix 1 - Glossary	
	Appendix 2 - Valuation Methodologies	
	Appendix 3 - QMP of Bentley	
	Appendix 4 - QMP of Strike	
	Appendix 5 - QMP of Orion	
	Appendix 6 - QMP of Keybridge	
	Appendix 7 - Option valuation	

26 October 2017

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The Directors
Queste Communications Ltd
Level 2, 23 Ventnor Avenue
WEST PERTH WA, 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

The Board of Queste Communications Ltd (**'Queste'** or **'the Company'**) intends 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 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;
- The likelihood of an alternative offer being made 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. Therefore, the Buy-back Proposal will be value accretive for those Shareholders who do not participate (provided at least some Shareholders participate).

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 and listed securities 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).

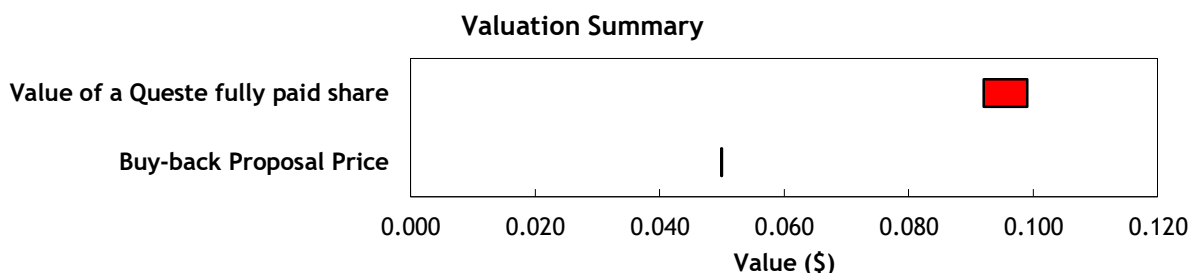
2.4 Fairness- Fully paid ordinary shares

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.

Fully paid ordinary shares	Ref	Low \$	High \$
Value of a Queste fully paid ordinary share	9.7	0.092	0.099
Buy-back Proposal Price	10	0.05	0.05

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.

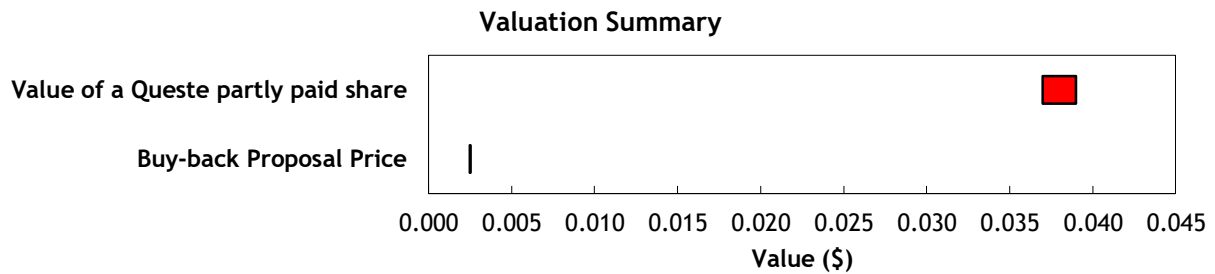
2.5 Fairness- Partly paid ordinary shares

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.

Partly paid ordinary shares	Ref	Low \$	High \$
Value of a Queste partly paid ordinary share	9.7	0.037	0.039
Buy-back Proposal Price	10	0.0025	0.0025

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 partly paid Shareholders, if the partly paid Shareholders participate. Conversely, the Buy-back Proposal is fair for partly paid Shareholders, 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 an alternate 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:			
12.2	Shareholders will have the opportunity to sell their Shares at a price above the ASX price	12.3	The Buy-back Proposal is not fair
12.2	All eligible Shareholders will have an equal opportunity to sell their Shares	12.3	Holders of shares that are bought back will not be exposed to any potential future increases in the net tangible assets of the Company
12.2	Flexibility in the level of participation	12.3	Shareholders may not be able to realise their full investment
12.2	No brokerage fees will be payable by Shareholders		
12.2	Opportunity to realise at least part of their investment for cash and listed securities in a company with relatively illiquid shares		
Shareholders that do not participate in the Buy-back Proposal:			
12.2	Increase in net tangible assets per share for remaining shareholders	12.3	There will be decreased assets to invest
12.2	The Buy-back Proposal will not cause a decrease in the market value of Shares	12.3	There will be a reduced capacity to use deferred tax assets
12.2	Remaining shareholders will have an increased holding of the Company	12.3	Availability of cash funds and share investments of Queste post Buy-back will diminish
		12.3	Decreased investment portfolio liquidity
		12.3	Decreased diversification of funds
		12.3	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.

3. Scope of the Report

3.1 Purpose of the Report

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

Neither the Listing Rules nor the Corporations Act defines 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.

This regulatory guide suggests that, where an expert assesses whether a transaction is ‘fair and reasonable’, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is ‘fair’ and ‘reasonable’, as in a control transaction. An expert should not assess whether the transaction is ‘fair and reasonable’ based simply on a consideration of the advantages and disadvantages of the proposal.

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 equal to or greater than the value of the securities subject of the transaction. 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 a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity’s securities, assuming 100% of the securities are available for sale. 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

4.1 The Buy-Back

Queste proposes to undertake an equal access off-market share buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company, subject to the maximum subscription of the buy-back being \$300,000.

Under the equal access off-market share buy-back, Queste will buy-back shares at a price of:

- \$0.05 in respect of each fully paid ordinary share on issue; and
- \$0.0025 in respect of each partly paid ordinary share on issue.

The buy-back consideration of up to \$300,000 will be satisfied by the payment of cash and an in-specie distribution of listed securities, as follows:

- A cash component of up to \$100,000; and
- A scrip component of up to \$200,000, represented by a distribution of up to 1.3 million shares in Bentley Capital Limited (ASX:BEL) ('Bentley').

If the value of the buy-back acceptances were to exceed the buy-back cap of \$300,000, 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.

As contained in the Explanatory Memorandum, if the Buy-Back is approved, the Company will continue with its principal activity of managing its assets, including its majority investment in Orion Equities Limited ('Orion').

The Company may also consider undertaking regular Equal Access Buy-Back Schemes depending on its assessment of the success or otherwise of this Buy-Back Proposal, the Company's financial position and the liquidity of trading in Queste shares at the relevant time.

4.2 Shareholding in Queste following the Buy-Back

At the date of our Report, the Company has the following shares on issue:

- 27,155,358 listed fully paid shares; and
- 5,193,000 unlisted partly paid ordinary shares, each paid to \$0.015225 (with \$0.184775 partly paid ordinary share outstanding), representing the equivalent of 395,317 voting shares,

making a total of 27,550,675 equivalent voting shares on issue.

In our analysis, we have assessed the potential dilution to both types of Shareholders under the following scenarios:

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

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

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

Scenario One	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	27,155,358	5,943,180	21,212,178	-21.89%
Partly paid shares	5,193,000	1,136,400	4,056,600	-21.88%
Fully paid equivalent of partly paid shares	395,317	-	308,809	-21.88%
Total equivalent fully paid shares	27,550,675		21,520,987	-21.89%
Total diluted shares	32,348,358		25,268,778	-21.89%

Scenario Two: All fully paid Shareholders seek to take up the Buy-Back offer for their shares, but the partly paid Shareholders do not.

Scenario Two	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	27,155,358	6,000,000	21,155,358	-22.10%
Partly paid shares	5,193,000	-	5,193,000	0.00%
Fully paid equivalent of partly paid shares	395,317	-	395,317	0.00%
Total equivalent fully paid shares	27,550,675		21,550,675	-21.78%
Total diluted shares	32,348,358		26,348,358	-18.55%

Scenario Three: 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.

Scenario Three	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	27,155,358	-	27,155,358	0.00%
Partly paid shares	5,193,000	5,193,000	-	-100.00%
Fully paid equivalent of partly paid shares	395,317	-	-	-100.00%
Total equivalent fully paid shares	27,550,675		27,155,358	-1.43%
Total diluted shares	32,348,358		27,155,358	-16.05%

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.

5. Profile of Queste

5.3 History

Queste 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. The Company is focussed on the management of its assets, which include a 59.86% controlling interest in Orion and a 1.71% interest in associate Bentley.

The Company's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman & Managing Director;
- Mr Victor Ho, Executive Director & Company Secretary; and
- Mr Yaqoob Khan, 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 on issue 27,550,675 voting shares, comprising 27,155,358 fully paid ordinary/voting shares and 395,317 voting shares attributable to 5,193,000 partly paid shares paid to \$0.015225 with \$0.184775 outstanding.

In December 2013, the Company undertook an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000. Under this buy-back (which closed on 21 January 2014), the Company bought back:

- 587,563 fully paid shares for 10 cents per share, at a cost of \$58,756; and
- 10,000,000 partly-paid shares for 0.5 of a cent per share, at a cost of \$50,000,

with the total cost of the share buy-back being \$108,756.

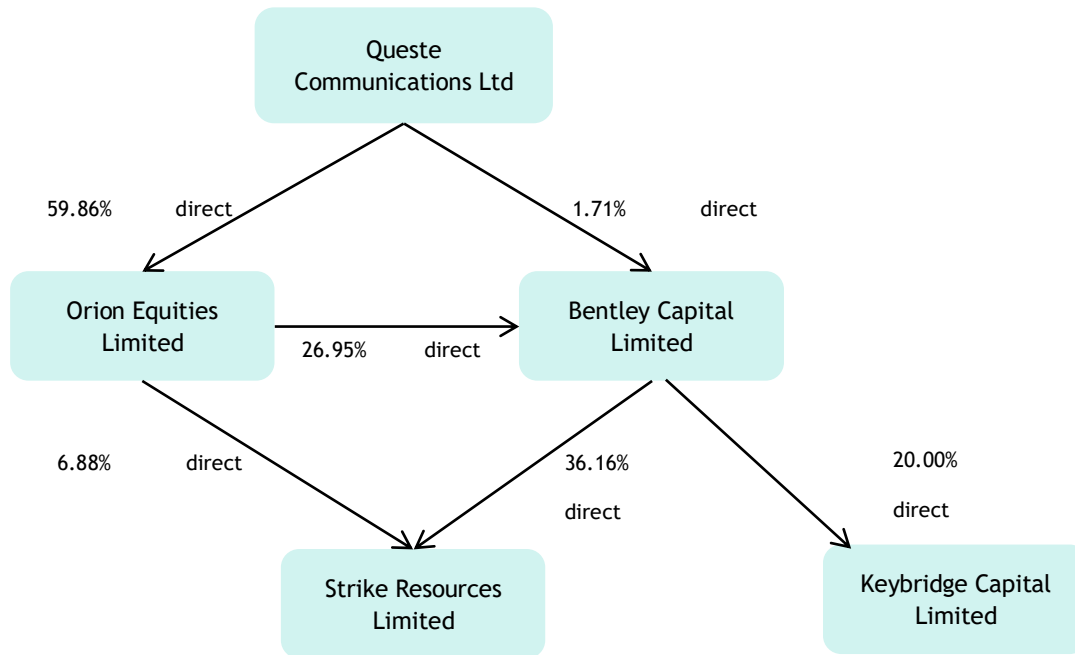
In March 2016, the Company undertook an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$300,000. Under this buy-back (which closed on 26 May 2016), the Company bought back:

- 3,220,914 fully paid shares for 9 cents per share, at a cost of \$289,882; and
- 2,248,044 partly-paid shares for 0.45 of a cent per share, at a cost of \$10,116,

with the total cost of the share buy-back being \$299,998.

In October 2017, a shareholder responded to a call on their partly paid shares, meaning that 577,000 partly paid shares were called and 577,000 ordinary shares were issued, raising \$106,615 in cash.

Illustrated below is Queste's interest in Orion and Bentley, as well as its indirect interest in Strike Resources Limited ('Strike') and Keybridge Capital Limited ('Keybridge').



Set out below is a brief description of Orion and Bentley.

Orion

Orion is an Australian Listed Investment Company ('LIC') and officially listed on the ASX on 19 November 1970. As at 30 June 2017, Queste holds 59.86% of the issued capital of Orion. Orion is focussed on the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale, and an olive grove operation.

Orion's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman;
- Mr Victor Ho, Executive Director & Company Secretary; and
- Mr Yaqoob Khan, Non-Executive Director.

Orion also holds a 26.95% interest in Bentley, which is also a LIC.

Orion also owns a 143-hectare property comprising a commercial olive grove freehold land (with a water licence entitlement) and olive trees with approximately 64,500, 18-year-old plantings. The olive grove is currently on 'care and maintenance' in light of low olive oil prices relative to the costs of production.

Orion has an investment in a residential property located in Mandurah, Western Australia. 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 but no bids were received. The property is a single residence comprising three bedrooms and two and a half bathrooms. Orion has undertaken renovations and currently derives rental income from the property.

Bentley

Bentley is a LIC and officially listed on the ASX on 7 November 1986. Bentley is focussed on the management of its assets, which primarily consists of Australian equities. Bentley's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman;
- Mr William Johnson, Executive Director;
- Mr Simon Cato, Non-Executive Director; and
- Mr Victor Ho, Company Secretary.

Bentley holds 52,553,493 shares in Strike (representing a 36.16% relevant interest in Strike). Strike has iron ore projects in Peru with operations suspended in 2014. Strike is currently reviewing and developing a graphite exploration project in Queensland and lithium exploration tenements in Western Australia.

Bentley holds 31,700,000 shares in Keybridge (representing a 20.00% relevant interest in Keybridge). Keybridge is an investment and financial services group with a portfolio of listed and unlisted investments/loan assets including in the solar (Spain), private equity (US), life insurance (New Zealand), property and funds management sectors and major holdings in HHY Fund (ASX:HHY), Molopo Energy Limited (ASX:MPO) and Metgasco Limited (ASX:MEL). Keybridge is also the Investment Manager of the HHY Fund.

5.4 Historical Balance Sheet

Consolidated Statements of Financial Position	Audited as at	Audited as at	Audited as at
	30-Jun-17	30-Jun-16	30-Jun-15
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	235,476	191,039	269,805
Financial assets at fair value through profit and loss	494,360	729,027	1,523,346
Trade and other receivables	41,216	42,345	13,171
Other current assets	6,573	7,865	8,417
TOTAL CURRENT ASSETS	777,625	970,276	1,814,739
NON-CURRENT ASSETS			
Trade and other receivables	22,010	21,774	57,120
Property held for development or resale	1,220,000	1,350,000	1,350,000
Investment in associate entity	2,003,264	3,545,665	3,705,212
Property, plant and equipment	1,528,324	1,968,179	2,010,752
Olive trees	65,500	65,500	65,500
Deferred tax asset	61,206	116,782	216,374
TOTAL NON-CURRENT ASSETS	4,900,304	7,067,900	7,404,958
TOTAL ASSETS	5,677,929	8,038,176	9,219,697
CURRENT LIABILITIES			
Trade and other payables	343,714	151,617	161,957
Provisions	134,229	107,396	117,010
TOTAL CURRENT LIABILITIES	477,943	259,013	278,967
NON-CURRENT LIABILITIES			
Deferred tax liability	61,206	116,782	216,374
TOTAL NON-CURRENT LIABILITIES	61,206	116,782	216,374
TOTAL LIABILITIES	539,149	375,795	495,341
NET ASSETS	5,138,780	7,662,381	8,724,356
EQUITY			
Issued capital	6,149,888	6,149,888	6,268,445
Reserves	3,182,215	3,270,684	3,200,408
Accumulated losses	(6,281,531)	(4,769,667)	(4,057,596)
PARENT INTEREST	3,050,572	4,650,905	5,411,257
Non-controlling interest	2,088,208	3,011,476	3,313,099
TOTAL EQUITY	5,138,780	7,662,381	8,724,356

Source: Queste audited financial reports for the years ended 30 June 2017, 30 June 2016 and 30 June 2015.

We note the following in relation to Queste's Consolidated Statement of Financial Position:

- Financial assets recorded at fair value through profit and loss relate to listed securities and units in an unlisted managed fund, which are acquired for selling in the short term.
- Property held for development or resale is located in Mandurah, Western Australia and is currently rented out. The property was re-valued at \$1.22 million as at 30 June 2017.
- Investment in associated entity relates to Queste's investment in Bentley. Queste's investment in Bentley 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. The decrease in the investment in associated entity from \$3.55 million at 30 June

2016 to \$2 million at 30 June 2017 reflects the adjustments made for Queste's share of Bentley's net loss after tax of \$1.32 million and for a dividend received of \$0.22 million.

- The property, plant and equipment relates to freehold land, buildings, plant and equipment and leasehold improvements. Land (with the water licence entitlement) was re-valued at \$1.34 million as at 30 June 2017.
- The balance for provisions relates to annual and long service leave.
- Non-controlling interest of \$2.09 million relates to the 40.14% equity holding in Orion that is not held by the Company at 30 June 2017.

5.5 Historical Statement Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for year ended 30-Jun-17 \$	Audited for year ended 30-Jun-16 \$	Audited for year ended 30-Jun-15 \$
Revenue	48,621	55,604	80,289
Other Income			
Share of net profit of associate	-	163,526	-
Net gain on financial assets at fair value through profit or loss	29,156	-	142,374
Reversal of Impairment - Olive Grove land	-	-	101,296
Other income	61	1,159	4,353
Total revenue and income	77,838	220,289	328,312
Expenses			
Net loss on financial assets at fair value through profit or loss	-	(78,076)	-
Share of net loss of associate	(1,324,263)	-	(80,044)
Olive grove operation expenses	(37,913)	(60,763)	(71,808)
Land operation expenses	(140,470)	(15,156)	(147,217)
Personnel expenses	(479,847)	(655,039)	(792,986)
Occupancy expenses	(34,615)	(56,666)	(69,339)
Corporate expenses	(53,800)	(53,815)	(51,561)
Finance expenses	(4,645)	(4,180)	(4,381)
Administration expenses	(124,677)	(193,324)	(256,388)
Profit/(Loss) before income tax	(2,122,392)	(896,730)	(1,145,412)
Income tax benefit/(expense)	(125,927)	-	89,501
Profit/(Loss) from continuing operations after income tax	(2,248,319)	(896,730)	(1,055,911)
Profit/(Loss) for the year	(2,248,319)	(896,730)	(1,055,911)
Other comprehensive income			
Revaluation of assets, net of tax	-	-	208,836
Total comprehensive profit/(loss) for the year	(2,248,319)	(896,730)	(847,075)
Profit/(Loss) attributable to:			
Owners of Queste Communications Ltd	(1,380,272)	(698,370)	(744,189)
Non-controlling interest	(868,047)	(198,360)	(311,722)
	(2,248,319)	(896,730)	(1,055,911)

Source: Queste audited financial reports for the years ended 30 June 2017, 30 June 2016 and 30 June 2015.

We note the following in relation to Queste's Consolidated Historical Statement of Profit or Loss and Other Comprehensive Income:

- The revenue line item includes rental revenue, dividend revenue and interest revenue.

- Share of net profit of associate of \$0.16 million for the year ended 30 June 2016 relates to the Company's 28.93% interest in Bentley's after tax profit for the year.
- Reversal of impairment-Olive Grove land of \$0.10 million for the year ended 30 June 2015 relates to the 143-hectare olive grove operation located in Gingin, Western Australia.
- Share of net loss of associate of \$1.32 million for the year ended 30 June 2017 relates to Queste's 28.65% interest in Bentley's after tax loss for the year.
- Land operation expenses increased by \$0.125 million to \$0.14 million for the year ended 30 June 2017. The increase is a result of an impairment loss of \$0.13 million on property held for resale.
- Revaluation of assets, net of tax of \$0.21 million for the year ended 30 June 2015 relates to the revaluation of the olive grove land and the water licence entitlement.

5.6 Capital Structure

The share structure of Queste as at 24 October 2017 is outlined below:

	Number
Total fully paid ordinary shares on issue	27,155,358
Top 20 shareholders	24,336,306
Top 20 shareholders - % of shares on issue	89.62%

Source: Queste share registry

The Company also has on issue 5.193 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 fully paid shares held in Queste as at 24 October 2017 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	12	7,372	0.027%
1,001 - 5,000	48	135,915	0.501%
5,001 - 10,000	59	537,749	1.980%
10,001 - 100,000	95	2,604,646	9.592%
100,001 - and over	25	23,869,676	87.900%
TOTAL	239	27,155,358	100.00%

Source: Queste share registry

The fully paid ordinary shares held by the most significant individual registered shareholders as at 24 October 2017 are detailed below:

Name	Number of Fully Paid Ordinary Shares Held	Percentage of Issued Shares (%)
Island Australia Pty Ltd	3,668,577	13.51%
Chi Tung Investments Ltd	3,608,956	13.29%
Renmuir Holdings Ltd	3,277,780	12.07%
Cleod Pty Ltd	1,985,684	7.31%
Cellante Securities Pty Ltd	1,916,900	7.06%
Total Top 5	14,457,897	53.24%
Others	12,697,461	46.76%
Total ordinary shares on Issue	27,155,358	100.00%

Source: Queste share registry

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	1,444,745		1,444,745	
Cellante Securities Pty Ltd	1,916,900		1,916,900	
Cleod Pty Ltd	1,985,684		1,985,684	
Total	5,347,329	-	5,347,329	19.41%
AZHAR CHAUDHRI AND ASSOCIATES				
Mr Azhar Chaudhri	1,436,001		1,436,001	
Chi Tung Investments Ltd	3,608,956		3,608,956	
Renmuir Holdings Ltd	3,277,780		3,277,780	
Chi Tung Investments Ltd	-	5,193,000	395,317	
Total	8,322,737	5,193,000	8,718,054	31.64%
FAROOQ KHAN AND ASSOCIATE				
Farooq Khan	1,676,295		1,676,295	
Island Australia Pty Ltd	3,668,577		3,668,577	
Total	5,344,872	-	5,344,872	19.40%
MANAR NOMINEES PTY LTD AND ASSOCIATE				
Manar Nominees Pty Ltd	1,617,910		1,617,910	
Zelwer Superannuation Pty Ltd	130,405		130,405	
Total	1,748,315	-	1,748,315	6.35%

Source: Queste share registry

6. Economic analysis

Global

Overall, conditions in the global economy are continuing to improve. Strengthened conditions have contributed to higher commodity prices. Growth in global industrial production and trade has also picked up recently, and labour market conditions in many countries have tightened.

Growth in the Chinese economy picked up in the first half of 2017, primarily as a result of infrastructure spending and property construction. Despite this, growth is expected to slow in 2018. The expected slowdown is expected as a result of structural factors, including the implementation of policies designed to reduce growing debt. The tolerance for slightly slower economic growth will give the country more room to push through reforms and deal with levels of built-up debt.

Above-trend growth is expected in a number of advanced economies, however uncertainty regarding the global economic outlook and policy settings for major jurisdictions continues. Recently, global monetary policy has been accommodative however there no longer exists an expectation of additional monetary easing in major economies.

Australia

In Australia, the economy is expected to grow at around 3% annually over the next couple of years. Business conditions in the Australian economy have strengthened, with a pick-up in retail sales and greater momentum in the labour market. The transition to lower levels of mining investment following the mining boom is almost complete and there is an expectation of increased non-mining investment. Underlying inflation is approximately 2%, but is expected to increase as the economy strengthens.

Conditions in the Australian labour market have improved from late 2016. A pick up in employment growth over the first half of 2017 has been driven by largely by growth in the full time employment. Full time employment growth contributed to the jump in total average hours worked. An increase in the participation rate, is further indication that conditions in the labour market are improving. Unemployment fell in the June Quarter of 2017, however it remains above full employment estimates, indicating that there is still spare capacity in the labour market. Despite increased employment growth, wage growth remains low across all industries and states, although stronger labour market conditions should see a lift in wage growth over time.

Despite a slowdown in consumption growth over the first quarter of 2017, household consumption growth is expected to increase in the coming quarters. Retail sales have grown and spending and employment growth has picked up. Employment growth and low interest rates should support continued household spending.

Housing credit growth has been relatively stable over the first half of 2017. During this period growth in investor credit declined but this was offset by faster growth in housing credit given to owner-occupiers. The decline in investor credit is likely to be the result of tighter lending standards. In particular, lenders are now required to limit the share of interest-only-loans to below 30% of new loans.

Business credit growth was weak in the March quarter of 2017, but picked up in the June quarter of 2017. This growth reflects some stability in the level of lending to the resource sector, after an earlier period of deleveraging. Demand for credit remains varied across industries. Loan approvals for the construction of residential property has remained high, however loan approvals for the purchase or construction of commercial property has declined.



Between 2013 and 2015 the Australian dollar depreciated against the US dollar and Trade Weighted Index ('TWI'). The Australian dollar has appreciated since mid-year, against the TWI and the US dollar. The higher Australian dollar is expected to subdue inflationary pressures, as imports become cheaper. If the Australian Dollar appreciates further, there could be a slower pick-up in economic activity than expected.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 3 October 2017

7. Industry analysis

Australian Funds Management Industry

Overview

Firms within the funds management industry are primarily engaged in providing funds management services including insurance funds management, public offer unit trusts, government funds and overseas funds. Participants within the industry generate income by providing portfolio investment services and investment consultant services.

The underlying investments may include Australian shares, international shares, private equity or specialist sectors such as 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.

Major demand determinants of the growth of the funds management industry include the performance of the share market, the cash rate and the number of high-income earners.

The performance of the share market affects the value of the funds under management ('FUM') as fluctuations in the value of securities affect the asset values held in trusts and funds.

Interest rates influence investment allocations, which affect industry revenue and demand for industry services. Rising interest rates often negatively affect share market performance as this increases the cost of borrowings.

High-income earners relate to the top 20% of income earners after being ranked by disposable income. A higher proportion of disposable income earned by high-income earners increases the demand for fund management services as this demographic often employ fund managers to manage their wealth.

Current Performance

The amount of money managed by fund managers, or total assets, is commonly referred to as FUM. Industry revenue is projected to grow at an annualised 5.4% over the five years through 2016-17, driven by growth in FUM.

In 2016-17, industry revenue is expected to increase by 3.1% to reach \$7.7 billion as a result of Australia's growing number of high-net-worth individuals which has increased the demand for investment services.

Industry profitability is also expected to improve over the five years through to 2017 as the scale of operations increase in line with FUM and fund manager's experience from economies of scale and technological improvements whereby fund managers integrate their digital wealth platforms, offering clients greater convenience.

Industry Outlook

Industry revenue is forecast to grow at annualised rate of 3.1% over the five years through to 2021-22 to reach \$9.0 billion. This growth is influenced by several factors including an ageing population, growing wealth and new and evolving investment products.

Industry profitability is expected to only marginally increase over the next five years as productivity gains made through FUM growth become harder to realise along with downward management fee trends caused by rising competition.

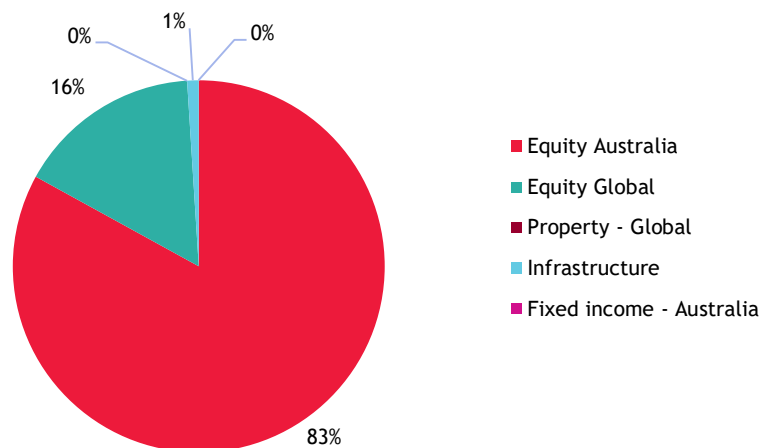
Listed Investment Companies

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.

Set out below is the asset spread of LICs, for the current period of August 2017:

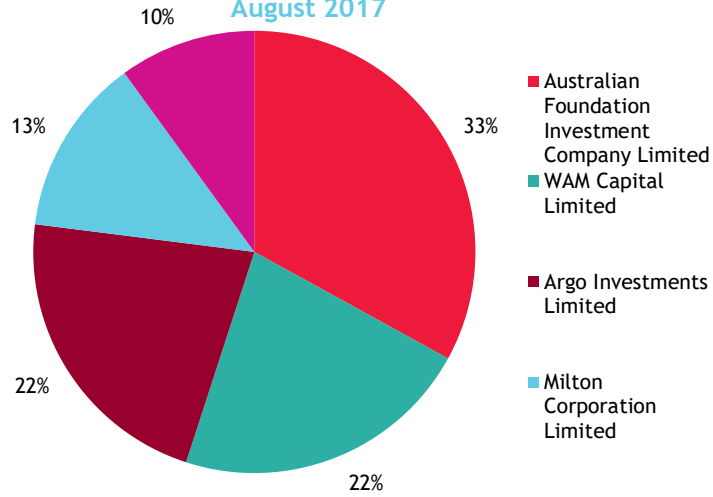
Asset spread of LICs for the current period of August 2017



Source: ASX Funds Monthly Update August 2017

The top five LIC's by value traded for the month ended August 2017 is set out below:

Top five LICs by value traded for the current period of August 2017



Source: ASX Funds Monthly Update August 2017

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 a company that holds and manages a range of investments and therefore its underlying value is in the assets it holds;
- Queste is listed on the ASX, therefore there is a regulated and observable market on which the shares are traded. 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.

In valuing Queste's investment in Orion and the flow through investments in Bentley, Strike and Keybridge we have used the NAV methodology as our primary methodology. We have considered the QMP of the listed companies, however our analysis in Appendix Three to Six indicates that a liquid and active market does not exist for the shares, therefore we have not relied upon these QMP values.

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

9.1 Net Asset Valuation of Queste

We have valued Queste on a net asset basis based on audited accounts at 30 June 2017, and updated for material changes since. We have considered the audited accounts of Queste, Orion and Bentley as at 30 June 2017

Set out below is the net asset valuation of Queste at 30 June 2017.

NAV	Note	Audited as at		Adjusted
		30-Jun-17	Adjustments	NAV
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	9.1.1	235,476	(101,361)	134,115
Financial assets at fair value through profit or loss	9.1.2	494,360	20,047	514,407
Trade and other receivables		41,216	0	41,216
Other current assets		6,573	0	6,573
TOTAL CURRENT ASSETS		777,625	(81,314)	696,311
NON-CURRENT ASSETS				
Trade and other receivables		22,010	0	22,010
Property held for development or resale		1,220,000	0	1,220,000
Investment in associate entity	9.1.3	2,003,264	891,317	2,894,581
Property, plant and equipment		1,528,324	0	1,528,324
Olive trees		65,500	0	65,500
Deferred tax asset		61,206	0	61,206
TOTAL NON-CURRENT ASSETS		4,900,304	891,317	5,791,621
TOTAL ASSETS		5,677,929	810,003	6,487,932
CURRENT LIABILITIES				
Trade and other payables		343,714	0	343,714
Provisions		134,229	0	134,229
TOTAL CURRENT LIABILITIES		477,943	0	477,943
NON-CURRENT LIABILITIES				
Deferred tax liability		61,206	0	61,206
TOTAL NON-CURRENT LIABILITIES		61,206	0	61,206
TOTAL LIABILITIES		539,149	0	539,149
NET ASSETS VALUE		5,138,780	810,003	5,948,783
Non-controlling interest (Orion)	9.1.4	2,088,208	231,807	2,320,015
		3,050,572	578,196	3,628,768

Source: BDO analysis

We are not aware of any changes other than set out below.

We note the following in relation to our net asset valuation of Queste.

9.1.1 Cash and cash equivalents

We have adjusted cash equivalents to reflect the receipt of the call on partly paid shares and other material movements since 30 June 2017, as set out below.

Cash and cash equivalents	\$
Cash and cash equivalents at 30 June 2017	235,476
Funds received on partly paid shares	106,615
Bentley dividend received by Orion and Queste	109,069
Orion dividend paid	(140,843)
Orion dividend received by Queste	84,309
Other cash payments to 30 September 2017	(260,511)
Adjusted cash and cash equivalents	134,115

9.1.2 Financial assets at fair value through profit or loss

The table below presents a breakdown of the adjusted financial assets.

Financial assets at fair value through profit or loss	\$
Queste Portfolio:	
Listed investments at 30 September 2017	2
Total Value of Quest Portfolio	2
Orion Portfolio:	
Assessed value of Strike Resources (Appendix 4)	440,000
CBG Australian Equities Fund at 30 September 2017	74,405
Total Value of Orion Portfolio	514,405
Total adjusted value of financial assets at fair value through profit or loss	514,407

9.1.3 Investment in associate entity

The investment in associate entity relates to Orion's 26.95% interest in Bentley and Queste's 1.71% direct interest.

As outlined in section 8, we consider the NAV methodology to be the most appropriate methodology in valuing Queste's indirect and direct interest in Bentley. Our net asset valuation of Bentley is set out below.

NAV of Bentley	Note	Audited 30-Jun-17 \$	Adjustments \$	Adjusted NAV \$
CURRENT ASSETS				
Cash and cash equivalents	a	568,422	(109,443)	458,979
Financial assets at fair value through profit or loss	b	5,141,987	(440,186)	4,701,801
Non-current assets held for sale	c	2,207,246	105,108	2,312,354
Trade and other receivables	d	185,984	(182,027)	3,957
Other current assets		3,649		3,649
TOTAL CURRENT ASSETS		8,107,288	(626,548)	7,480,740
NON-CURRENT ASSETS				
Trade and other receivables		10,113		10,113
Investment in associate entity	e	3,825,192	(1,225,792)	2,599,400
Property, plant and equipment		11,754		11,754
Intangible assets		207,345		207,345
Deferred tax asset		9,015		9,015
TOTAL NON-CURRENT ASSETS		4,063,419	(1,225,792)	2,837,627
TOTAL ASSETS		12,170,707	(1,852,340)	10,318,367
CURRENT LIABILITIES				
Trade and other payables		29,258		29,258
Provisions		180,370		180,370
TOTAL CURRENT LIABILITIES		209,628		209,628
NON-CURRENT LIABILITIES				
Deferred tax liability		9,015		9,015
TOTAL NON-CURRENT LIABILITIES		9,015		9,015
TOTAL LIABILITIES		218,643		218,643
NET ASSETS (control)		11,952,064	(1,852,340)	10,099,724

We note the following in relation to the above net asset valuation of Bentley.

Note a) Cash and cash equivalents

We have made the following adjustments to cash and cash equivalents for significant transactions occurring subsequent to 30 June 2017.

Cash and cash equivalents	\$
Cash and cash equivalents at 30 June 2017	568,422
Cash received for sale of shares	1,343,073
Purchase of shares	(646,040)
Dividends paid	(380,640)
Other cash payments to 30 September 2017	(425,836)
Adjusted cash and cash equivalents	458,979

Note b) Financial Assets at fair value through profit and loss

Financial assets at fair value through profit or loss	\$
CBG Australian Equities Fund	3,460,186
Assessed value of Listed Investments at 23 October 2017:	
BHP Billiton Limited (ASX:BHP)	150,993
Santos Limited (ASX:STO)	430,000
Pioneer Credit Limited (ASX:PNC)	564,000
Byron Energy Limited (ASX:BLE)	51,786
Mayur Resources Limited (ASX:MRL)	44,250
Other listed investments	586
Adjusted balance of financial assets	4,701,801

Note c) Non-current assets held for sale

Non-current assets held for sale relate to Bentley's holding in Strike. As outlined in Appendix Four, we consider there to be a relatively illiquid market for Strike's shares, as approximately only 4% of its issued capital traded in the past twelve months. Based on our analysis in Appendix Four, our preferred value of a Strike share is \$0.044. The adjusted value of Bentley's investment in Strike is detailed below.

Non-current assets held for sale	\$
Number of Strike shares held	52,553,493
Assessed value of a Strike share	0.044
Assessed value of Bentley's investment in Strike	2,312,354

Note d) Trade and other receivables

Trade and other receivables	\$
Trade and other receivables at 30 June 2017	185,984
Adjustment to trade and other receivables to reflect cash received to 30 September 2017	(182,027)
Adjusted trade and other receivables	3,957

Note e) Investment in associate entity

The investment in associate relates to Bentley's holding in Keybridge. As outlined in Appendix Six, we consider there to be a relatively illiquid market for Keybridge's shares as approximately 7% of its issued capital traded in the past twelve months. Based on our analysis in Appendix Six, our preferred value of a Keybridge share is \$0.082. The adjusted value of Bentley's investment in Keybridge is detailed below.

Investment in associate entity	\$
Number of Keybridge shares held	31,700,000
Assessed value of a Keybridge share	0.082
Assessed value of Bentley's investment in Keybridge	2,599,400

Conclusion on adjustment to value of investment in associate

We have adjusted Queste's investment in associate for the adjustments made to Orion's 26.95% interest in Bentley and the adjustments made to Queste's 1.71% direct interest in Bentley. These adjustments at the Queste level are set out below.

Non-controlling interest	\$
Adjusted net asset value of Bentley	10,099,724
Queste's direct interest in Bentley	1.71%
Value of Queste's direct interest in Bentley	172,705
Queste's indirect (through Orion) interest in Bentley	26.95%
Value of Queste's indirect (through Orion) interest in Bentley	2,721,876
Total value of Queste's interest in Bentley	2,894,581

9.1.4 Non-controlling interest

The value of Orion is consolidated into Queste on a 100% basis, therefore the non-controlling interest represents the portion of Orion that Queste does not own. In order to assess the value of Queste, we must therefore value Orion and remove the value of the non-controlling interest. As detailed in section 8 we consider it most appropriate to value Orion on a net asset basis. We also considered the QMP valuation methodology, however our analysis in Appendix Five indicates that there is not a liquid and active market for Orion's shares and therefore we have relied solely on the net asset methodology.

Our net asset valuation of Orion based on audited financial statements as at 30 June 2017, is set out below.

NAV of Orion	Ref	Audited 30-Jun-17 \$	Adjustments \$	Adjusted NAV \$
CURRENT ASSETS				
Cash and cash equivalents	a	207,703	(162,244)	45,459
Financial assets at fair value through profit or loss	b	494,357	20,050	514,407
Trade and other receivables		19,132		19,132
Other current assets		4,166		4,166
TOTAL CURRENT ASSETS		725,358	(142,194)	583,164
NON-CURRENT ASSETS				
Property held for development or resale	c	1,220,000		1,220,000
Investment in associate entity	d	2,002,205	719,671	2,721,876
Property, plant and equipment		1,512,734		1,512,734
Olive trees		65,500		65,500
Deferred tax asset		61,206		61,206
TOTAL NON-CURRENT ASSETS		4,861,645	719,671	5,581,316
TOTAL ASSETS		5,587,003	577,477	6,164,480
CURRENT LIABILITIES				
Trade and other payables		257,302		257,302
Provisions		66,164		66,164
TOTAL CURRENT LIABILITIES		323,466	-	323,466
NON-CURRENT LIABILITIES				
Deferred tax liability		61,206		61,206
TOTAL NON-CURRENT LIABILITIES		61,206	-	61,206
TOTAL LIABILITIES		384,672	-	384,672
NET ASSETS (control)		5,202,331	577,477	5,779,808
Non-Controlling Interest (40.14%)		2,088,208	231,807	2,320,015

Source: BDO analysis

We note the following in relation to the net assets of Orion.

Note a) Cash and cash equivalents

Cash and cash equivalents		\$
Cash and cash equivalents at 30 June 2017	207,703	
Bentley dividend received	102,569	
Dividends paid	(140,843)	
Other cash payments to 30 September 2017	(123,970)	
Adjusted cash and cash equivalents	45,459	

Note b) Financial assets at fair value through profit or loss

Orion's financial assets at fair value through profit or loss mainly comprises its holding in Strike as set out below.

Financial assets at fair value through profit or loss		\$
Number of shares held in Strike	10,000,000	
Assessed value per Strike share (Appendix 4)	0.044	
Value of shares held in Strike	440,000	
Value of other listed investments	74,407	
Value of financial assets	514,407	

Note c) Property held for development or resale

The property held for development or resale was revalued by an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) as at 9 June 2017. We do not consider the market value of this property to have materially changed between 9 June 2017 and our valuation date.

Note d) Investment in associate

Orion's investment in associate relates to its 26.95% direct interest in Bentley. Therefore, in order to present the value of Orion's interest in Bentley we have valued Bentley. Our analysis in section 9.1.3 indicates that the net asset value of Bentley is \$10,099,724. Therefore, our assessment of Orion's interest in Bentley is \$2,721,876 as set out below.

Investment in associate entity		\$
Unadjusted net asset value of Bentley	11,952,064	
Adjustments to the net assets of Bentley	(1,852,340)	
Adjusted net asset value of Bentley	10,099,724	
Percentage held by Orion	26.95%	
Value of Orion's interest in Bentley	2,721,876	

We note that the unadjusted value of the investment in associate on Orion's balance sheet includes Orion's share of Bentley's profits and losses. We have excluded Orion's share of Bentley's accumulated losses of approximately \$2.8 million from the adjusted net asset value of Orion as this is an accounting adjustment and is already reflected in the net asset valuation. This explains how the value of the investment has increased, however the net assets of Bentley have decreased (see section 9.1.3).

9.2 Allocation of net assets

The net asset value derived in section 9.1 relates to Queste as a whole and therefore needs to be appropriately allocated to both fully and partly paid ordinary shareholders. The following table shows the current capital structure of Queste:

Queste	Share capital structure
Fully paid shares on issue	27,155,358
Partly paid shares on issue	5,193,000

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.

Based on the split of fully paid and partly paid issued capital, we have determined that the portion of the Company attributable to the fully paid and partly paid holders are as follows, this reflects the equity split as shown in the 30 June 2017 financial statements adjusted for the call of \$106,615 on partly paid shares since that date:

Queste	Issued capital \$	Portion of issued capital as %
Fully paid shares	6,051,079	96.72%
Partly paid shares	205,424	3.28%
	<u>6,256,503</u>	<u>100.00%</u>

Based on the calculated percentages of paid up issued capital above, the net asset value has been allocated as follows:

Allocation of net assets	Portion of ownership %	Net assets attributable \$	Value per share \$
Fully paid shares on issue	96.72%	3,509,622	0.129
Partly paid shares on issue	3.28%	119,146	0.023
	<u>100.00%</u>	<u>3,628,768</u>	

9.3 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:

All ASX Companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2017	9	322.87	46.16
2016	34	1052.44	48.13
2015	37	940.05	41.72
2014	42	518.19	34.56
2013	38	206.79	51.55
2012	49	345.13	46.38
2011	62	743.04	53.38
2010	64	841.15	42.12
2009	60	453.56	49.86
2008	38	904.09	43.37
2007	77	1056.89	25.31
Entire Data Set Metrics		Average Deal Value (AU\$m)	Average Control Premium (%)
Mean		711.63	42.89
Median		100.79	33.80

Source: Bloomberg and BDO analysis

The above table indicates that the long term average control premium paid by acquirers of all companies on the ASX is approximately 42.89%.

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 30% to 40%. Based on these control premiums the calculated minority interest discount ranges between 23% to 29%. 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	High
	\$	\$
Net assets value per fully paid share (Section 9.2)	0.129	0.129
Minority discount	29%	23%
Net assets value per fully paid share post discount	0.092	0.099
Net assets value per partly paid share (Section 9.2)	0.0230	0.0230
Minority discount	29%	23%
Net assets value per partly paid share post discount	0.016	0.018

9.4 Partly paid share value

Based on the terms of the partly paid shares as noted in Appendix 7, 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. For the purposes of our valuation, we have assumed that 10% of the remaining balance will be repaid over a period of ten years. Based on the value of these cash flows, the additional option value attributable to a partly paid holder is \$0.021 per share.

	Low	High
	\$	\$
Net assets value per partly paid share post discount	0.016	0.018
Additional option value	0.021	0.021
Total value of partly paid share net asset allocation	0.037	0.039

9.5 Alternative partly paid share value

As an alternative valuation method we have also valued the entire partly paid share as an option, using the Black Scholes option pricing model. For further details and assumptions adopted in valuing the option refer to Appendix 7. Based on this analysis a partly paid share has been valued at \$0.033 per share.

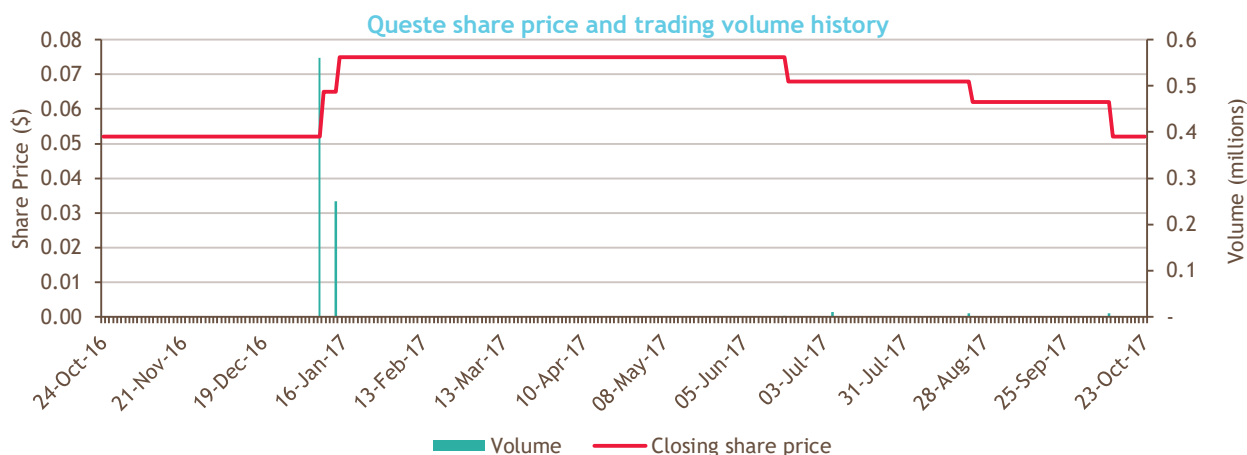
9.6 Quoted Market Prices for Queste's Securities

To provide a comparison to the valuation of Queste in Section 9.3, 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 pricing prior to 23 October 2017. The following chart provides a summary of the share price movement over the twelve months to 23 October 2017.



Source: Bloomberg

The daily price of Queste shares from 23 October 2016 to 23 October 2017 ranged from a low of \$0.052 (for the period from 23 October 2016 to 6 January 2017 and the period from 11 October 2017 to 23 October 2017) to a high of \$0.075 (for the period from 13 January 2017 to 19 June 2017). The chart above indicates there was minimal trading in the Company's shares over the twelve-month period to 23 October 2017. The highest single day of trading was on 9 January 2017, in which 561,050 shares were traded.

During this twelve-month period to 23 October 2017 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)	
23/10/2017	Change of Sub Shh Notice - Azhar Chaudhri and Ors	0.052	▶ 0.0%	0.052	▶ 0.0%
19/10/2017	Appendix 3B New Issue and Application for Quotation	0.052	▶ 0.0%	0.052	▶ 0.0%
13/10/2017	September 2017 Quarterly Cash Flow Report	0.052	▶ 0.0%	0.052	▶ 0.0%
13/10/2017	September 2017 Monthly Cash Flow Report	0.052	▶ 0.0%	0.052	▶ 0.0%
13/09/2017	August 2017 Monthly Cash Flow Report	0.062	▶ 0.0%	0.062	▶ 0.0%
01/09/2017	30 June 2017 Full Year Report	0.062	▶ 0.0%	0.062	▶ 0.0%
11/08/2017	July 2017 Monthly Cash Flow Report	0.068	▶ 0.0%	0.068	▶ 0.0%
14/07/2017	June 2017 Quarterly Cash Flow Report	0.068	▶ 0.0%	0.068	▶ 0.0%
14/07/2017	June 2017 Monthly Cash Flow Report	0.068	▶ 0.0%	0.068	▶ 0.0%
13/06/2017	May 2017 Monthly Cash Flow Report	0.075	▶ 0.0%	0.075	▶ 0.0%

12/05/2017	April 2017 Monthly Cash Flow Report	0.075	▶	0.0%	0.075	▶	0.0%
13/04/2017	March 2017 Quarterly Cash Flow Report	0.075	▶	0%	0.075	▶	0%
13/04/2017	March 2017 Monthly Cash Flow Report	0.075	▶	0%	0.075	▶	0%
13/03/2017	February 2017 Monthly Cash Flow Report	0.075	▶	0%	0.075	▶	0%
28/02/2017	Half Year Report - 31 December 2016	0.075	▶	0%	0.075	▶	0%
14/02/2017	January 2017 Monthly Cash Flow Report	0.075	▶	0%	0.075	▶	0%
13/01/2017	December 2016 Quarterly Cash Flow Report	0.075	▲	15%	0.075	▶	0%
13/01/2017	December 2016 Monthly Cash Flow Report	0.075	▲	15%	0.075	▶	0%
13/12/2016	November 2016 Monthly Cash Flow Report	0.052	▶	0%	0.052	▶	0%
29/11/2016	Results of 2016 AGM	0.052	▶	0%	0.052	▶	0%
29/11/2016	Summary of Proxies Received for 2016 AGM	0.052	▶	0%	0.052	▶	0%
14/11/2016	October 2016 Monthly Cash Flow Report	0.052	▶	0%	0.052	▶	0%
31/10/2016	2016 Notice of AGM, Explanatory Statement and Proxy Form	0.052	▶	0%	0.052	▶	0%
28/10/2016	2016 Corporate Governance Statement and Appendix 4G	0.052	▶	0%	0.052	▶	0%
28/10/2016	Annual Report 2016	0.052	▶	0%	0.052	▶	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 23 October 2017.

Share Price per unit	23-Oct-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.052				
Volume weighted average price (VWAP)		\$0.052	\$0.052	\$0.057	\$0.062

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Queste shares for the twelve months to 23 October 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.052	\$0.052	-	0.00%
10 Days	\$0.052	\$0.062	7,100	0.03%
30 Days	\$0.052	\$0.062	7,100	0.03%
60 Days	\$0.052	\$0.068	14,759	0.05%
90 Days	\$0.052	\$0.069	26,759	0.10%
180 Days	\$0.052	\$0.075	26,759	0.10%
1 Year	\$0.000	\$0.075	837,784	3.09%

Source: Bloomberg, BDO analysis

This table indicates that the Company's shares display a low level of liquidity, with approximately 3.09% of the Company's current issued capital being traded in a twelve-month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value

should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 liquid and active, 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 liquid and active market for the Company’s shares as less than 1% of the Company’s issued capital traded in a twelve-month period. This is supported by the market’s lack of responsiveness to the announcements made over this period.

Our assessment is that a range of values for Queste shares based on market pricing, is between \$0.052 and \$0.062.

9.7 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 \$	High \$
Net assets value on a minority interest basis (Section 9.3)	0.092	0.099
ASX market prices (Section 9.6)	0.052	0.062

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 its 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 \$0.092 to \$0.099

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

Partly paid ordinary shares	Low \$	High \$
Combined net assets value (Section 9.4)	0.037	0.039
Option valuation approach (Section 9.5)	0.033	0.033

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 \$0.037 and \$0.039

10. Valuation of consideration offered

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

	\$
Consideration for each fully paid ordinary share	0.0500
Consideration for each partly paid ordinary share	0.0025

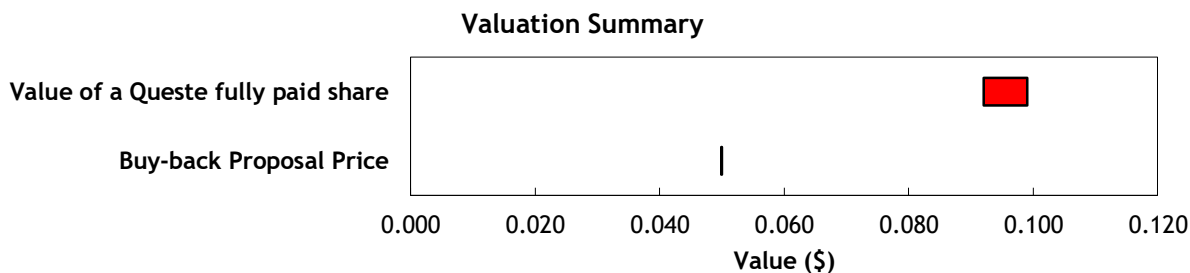
11. Is the Buy-back Proposal fair?

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 valuation of a fully paid Queste Share and the Buy-back Proposal Price are compared below:

Fully paid ordinary shares	Ref	Low \$	High \$
Value of a Queste fully paid ordinary share	9.7	0.092	0.099
Buy-back Proposal Price	10	0.05	0.05

Source: BDO analysis

The above valuation ranges are graphically presented below:

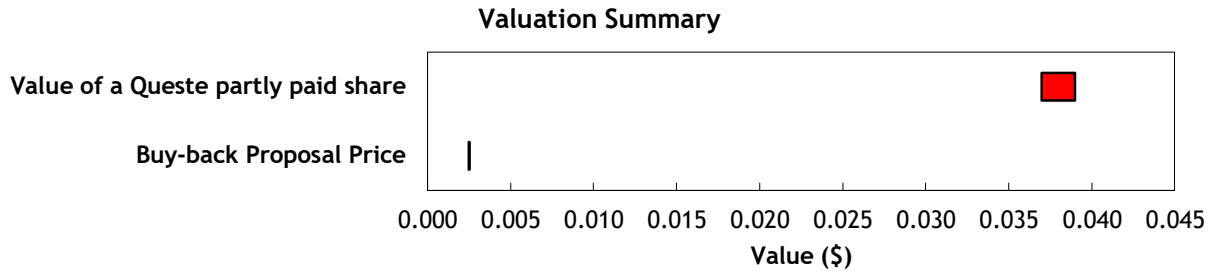


The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for fully paid ordinary shareholders who participate. Conversely, because participation in the Buy-back Proposal will result in an increase in the value of a share following the Buy-back Proposal, the Buy-back Proposal is fair for fully paid ordinary shareholders who do not participate.

Partly paid ordinary shares	Ref	Low \$	High \$
Value of a Queste partly paid ordinary share	9.7	0.037	0.039
Buy-back Proposal Price	10	0.0025	0.0025

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, because participation in the Buy-back Proposal will result in an increase in the value of a share following the Buy-back Proposal, the Buy-back Proposal is fair for the partly paid ordinary shareholders who do 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 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 viewpoint of both Shareholders participating and of Shareholders not participating in the Buy-back Proposal for both fully paid and partly paid Shareholders.

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 9.6 we analysed the quoted market price of a Queste share. This revealed the shares are not trading in a liquid market and that other consideration offered to fully paid shareholders 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
<p>Shareholders that do not participate in the Buy-back Proposal:</p>	
<p>Increase in Net Asset Value per share for remaining shareholders</p>	<p>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 its Net Asset value per share. The size of the impact will depend on the level of take-up under the Buy-back Proposal.</p>
<p>The Buy-back Proposal will not cause a decrease in the market value of Shares</p>	<p>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.</p>
<p>Remaining shareholders will have an increased percentage holding in the Company</p>	<p>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.</p>

12.3 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:	
The Buy-back Proposal is not fair	
Shareholders 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.
Availability of funds	Queste will fund the Buy-Back up to \$300,000 worth of partly and fully paid ordinary share capital. Queste intends to fund the Buy-back Proposal via a combination of cash and shares in Bentley therefore will have less available cash on hand and less share investments.
Decreased liquidity	<p>There are currently 27.16 million fully paid shares on issue. Of these, up to 6 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.</p> <p>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.</p>
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.

Disadvantage	Description
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 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. Therefore, the Buy-back Proposal will be value accretive for those Shareholders who do not participate (provided at least some Shareholders participate).

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 and listed securities 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).

14. Sources of information

This report has been based on the following information:

- Draft Notice of Annual 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 2017, 30 June 2016 and 30 June 2015;
- Unaudited management accounts of Queste for the period from 1 July 2017 to 30 September 2017;
- Supporting documentation for the material balances of Queste at 30 September 2017;
- Audited financial statements of Orion for the year ended 30 June 2017;
- Unaudited management accounts of Orion for the period from 1 July 2017 to 30 September 2017;
- Supporting documentation for the material balances of Orion at 30 September 2017;
- Audited financial statements of Bentley for the year ended 30 June 2017;
- Unaudited management accounts of Bentley for the period from 1 July 2017 to 30 September 2017;
- Supporting documentation for the material balances of Bentley at 30 September 2017;
- Share registry information;

- Discussions with Directors and Management of Queste.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$15,000 (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.

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 thirty 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 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. 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 19 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and 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 and listed securities as 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. 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 an 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 blue ink, appearing to read 'Sherif Andrawes'.

Sherif Andrawes

Director

A handwritten signature in blue ink, appearing to read 'Adam Myers'.

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
Buy-back Proposal Price	Shares will be bought back at a price of \$0.05 for the fully paid shares and \$0.0025 for the partly paid shares
The Company	Questa 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
FUM	Funds under management
Keybridge	Keybridge Capital Limited
NAV	Net Asset Value
Orion	Orion Equities Limited a subsidiary of Questa
Our Report	This Independent Expert's Report prepared by BDO
Questa	Questa Communications Ltd
RBA	Reserve Bank of Australia
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 and listed securities consideration of \$0.05 and \$0.0025 respectively
Shareholders	Shareholders of Queste not associated with Buy-back Proposal
Strike	Strike Resources Limited
U.S.	United States of America
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.

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The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008
Australia

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 liquid and active 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 - QMP of Bentley

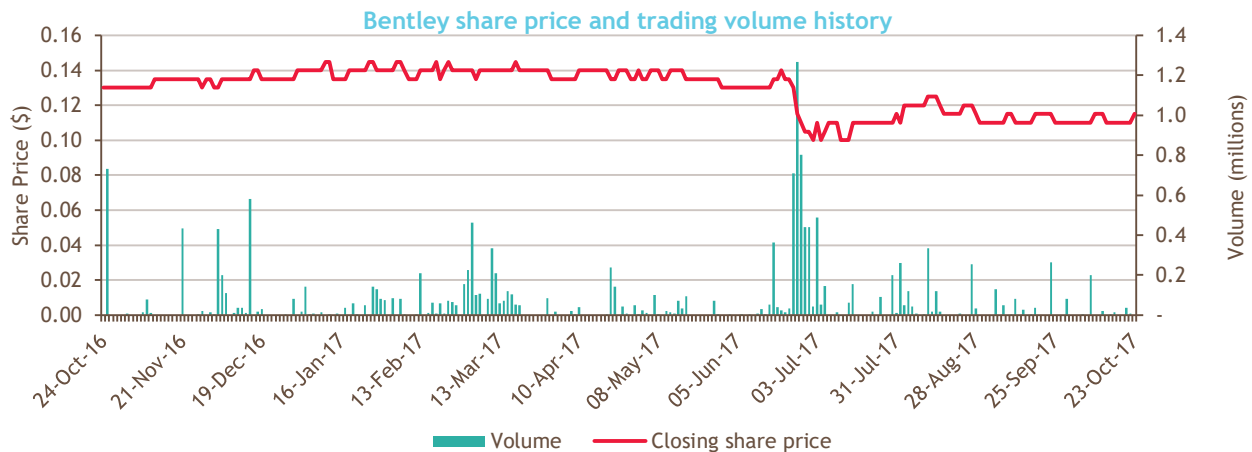
Quoted Market Prices for Bentley Securities

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 23 October 2017.



Source: Bloomberg

The daily price of Bentley shares from 23 October 2016 to 23 October 2017 has ranged from a low of \$0.100 to a high of \$0.145. The highest single day of trading was on 27 June 2017, in which 1,268,789 shares were traded.

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)	
23/10/2017	Initial Substantial Holder Notice for MEL	0.115	▲ 4.5%	0.115	▶ 0.0%
23/10/2017	Initial Substantial Holder Notice for CSE	0.115	▲ 4.5%	0.115	▶ 0.0%
23/10/2017	Initial Substantial Holder Notice for HHY	0.115	▲ 4.5%	0.115	▶ 0.0%
23/10/2017	Initial Substantial Holder Notice for MPO	0.115	▲ 4.5%	0.115	▶ 0.0%
23/10/2017	Change of Substantial Shareholder Notice for KBC	0.115	▲ 4.5%	0.115	▶ 0.0%
12/10/2017	NTA Backing as at 30 September 2017	0.110	▼ 4.3%	0.110	▶ 0.0%
20/09/2017	CBG Fund Details August 2017	0.115	▶ 0.0%	0.110	▼ 4.3%
14/09/2017	NTA Backing as at 31 August 2017	0.110	▶ 0.0%	0.115	▲ 4.5%
01/09/2017	30 June 2017 Full Year Report	0.110	▶ 0.0%	0.110	▶ 0.0%
18/08/2017	Amended Update - Dividend/Distribution - BEL	0.115	▶ 0.0%	0.120	▲ 4.3%
18/08/2017	Update - Dividend/Distribution - BEL	0.115	▶ 0.0%	0.120	▲ 4.3%
18/08/2017	Issue Price under Dividend Reinvestment Plan	0.115	▶ 0%	0.120	▲ 4%
17/08/2017	CBG Fund Details July 2017	0.115	▶ 0%	0.115	▶ 0%
14/08/2017	NTA Backing as at 31 July 2017	0.125	▶ 0%	0.115	▼ 8%
03/08/2017	Shareholder Mailout and Forms	0.120	▶ 0%	0.120	▶ 0%
03/08/2017	Update - Dividend/Distribution - BEL	0.120	▶ 0%	0.120	▶ 0%
01/08/2017	Declaration of Dividend	0.110	▼ 4%	0.120	▲ 9%
01/08/2017	Dividend/Distribution - BEL	0.110	▼ 4%	0.120	▲ 9%
01/08/2017	Updated Dividend Reinvestment Plan	0.110	▼ 4%	0.120	▲ 9%
01/08/2017	Updated Dividend Policy	0.110	▼ 4%	0.120	▲ 9%
31/07/2017	CBG Fund June 2017 Quarterly Report	0.115	▲ 5%	0.120	▲ 4%
14/07/2017	CBG Fund Details June 2017	0.110	▲ 10%	0.110	▶ 0%
14/07/2017	NTA Backing as at 30 June 2017	0.110	▲ 10%	0.110	▶ 0%
16/06/2017	CBG Fund Details May 2017	0.135	▲ 4%	0.135	▶ 0%
13/06/2017	NTA Backing as at 31 May 2017	0.130	▶ 0%	0.135	▲ 4%
12/05/2017	CBG Fund Details April 2017	0.140	▶ 0%	0.135	▼ 4%
12/05/2017	NTA Backing as at 30 April 2017	0.140	▶ 0%	0.135	▼ 4%
28/04/2017	CBG Fund March 2017 Quarterly Report	0.135	▶ 0%	0.135	▶ 0%
20/04/2017	CBG Fund Details March 2017	0.135	▼ 4%	0.140	▲ 4%
12/04/2017	NTA Backing as at 31 March 2017	0.140	▶ 0%	0.140	▶ 0%
10/04/2017	CBG Fund Details February 2017	0.140	▲ 4%	0.140	▶ 0%

31/03/2017	Shareholder Flyer Dividend Distribution Notice	0.135	▶	0%	0.135	▶	0%
31/03/2017	Appendix 3B Application Quotation of 354,893 DRP Shares	0.135	▶	0%	0.135	▶	0%
24/03/2017	Update - Dividend/Distribution - BEL	0.140	▶	0%	0.140	▶	0%
24/03/2017	Issue Price under Dividend Reinvestment Plan	0.140	▶	0%	0.140	▶	0%
22/03/2017	Change of Director's Interest Notice - F Khan	0.140	▶	0%	0.140	▶	0%
22/03/2017	Notice of Ceasing to be a Substantial Holder	0.140	▶	0%	0.140	▶	0%
22/03/2017	Notice of Initial Substantial Holder - F Khan	0.140	▶	0%	0.140	▶	0%
14/03/2017	NTA Backing as at 28 February 2017	0.140	▶	0%	0.145	▲	4%
28/02/2017	Half Year Report - 31 December 2016	0.140	▶	0%	0.135	▼	4%
28/02/2017	Dividend/Distribution - BEL	0.140	▶	0%	0.135	▼	4%
28/02/2017	Declaration of Dividend	0.140	▶	0%	0.135	▼	4%
17/02/2017	CBG Fund Details January 2017	0.145	▲	4%	0.145	▶	0%
14/02/2017	NTA Backing as at 31 January 2017	0.140	▶	0%	0.145	▲	4%
31/01/2017	CBG Fund December 2016 Quarterly Report	0.140	▶	0%	0.145	▲	4%

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 23 October 2017.

Share Price per unit	23-Oct-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.115				
Volume weighted average price (VWAP)		\$0.113	\$0.112	\$0.116	\$0.113

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Bentley shares for the twelve months to 23 October 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.115	\$0.115	8,500	0.01%
10 Days	\$0.110	\$0.115	83,642	0.11%
30 Days	\$0.110	\$0.115	781,541	1.03%
60 Days	\$0.110	\$0.125	2,241,224	2.96%
90 Days	\$0.100	\$0.140	7,276,236	9.60%
180 Days	\$0.100	\$0.145	11,513,020	15.19%
1 Year	\$0.100	\$0.145	15,313,517	20.21%

Source: Bloomberg, BDO analysis

This table indicates that Bentley's shares display a low level of liquidity, with approximately 20.21% of the Bentley'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 liquid and active market in the shares. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect

their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 liquid and active, 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.

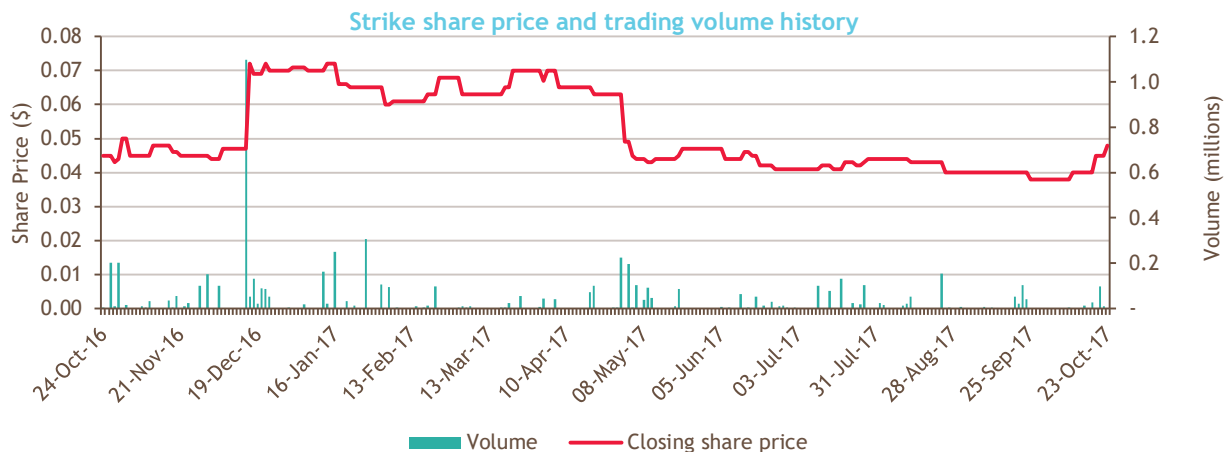
In the case of Bentley, we do not consider there to be a liquid and active market for the company's shares as there is only 20.21% of the company's issued capital traded in a twelve-month period.

Our assessment is that a range of values for Bentley shares based on market pricing is between \$0.112 and \$0.116 per share with a rounded midpoint value of \$0.114.

Appendix 4 - QMP of Strike

Bentley also holds 52,553,493 shares in Strike, representing a 36.16% direct interest in Strike. We have also considered the value of these shares using the QMP methodology as at 23 October 2017.

The following chart provides a summary of the share price movement over the twelve months to 23 October 2017.



Source: Bloomberg

The daily price of Strike shares from 23 October 2016 to 23 October 2017 ranged from a low of \$0.038 in September 2017 to a high \$0.072 in December 2016 and January 2017. The highest single day of trading was on 15 December 2016, in which 1,098,653 shares were traded.

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)	\$ (movement)	% (movement)
17/10/2017	2017 Annual Report	0.040	▶ 0.0%	0.045	▲ 12.5%
17/10/2017	Appendix 4G Key to Disclosures Corporate Governance	0.040	▶ 0.0%	0.045	▲ 12.5%
17/10/2017	2017 Corporate Governance Statement	0.040	▶ 0.0%	0.045	▲ 12.5%
17/10/2017	2017 Notice of AGM, Explanatory Statement and Proxy Form	0.040	▶ 0.0%	0.045	▲ 12.5%
16/10/2017	Burke Graphite Project - Metallurgical Testwork Results	0.040	▶ 0.0%	0.045	▲ 12.5%
09/08/2017	30 June 2017 Full Year Report	0.044	▶ 0.0%	0.043	▼ 2.3%
28/07/2017	June 2017 Quarterly Reports	0.044	▶ 0.0%	0.044	▶ 0.0%
21/06/2017	Further Intersection Encountered at Burke Graphite Project	0.042	▶ 0.0%	0.041	▼ 2.4%

13/06/2017	High Grade Graphite Intersections at Burke Graphite Project	0.046	▲	4.5%	0.045	▼	2.2%
01/05/2017	March 2017 Quarterly Report	0.049	▼	22.2%	0.044	▼	10.2%
21/04/2017	Jumbo Flake Graphite Confirmed at Burke Graphite Project	0.063	▶	0.0%	0.063	▶	0.0%
28/02/2017	Half Year Report - 31 December 2016	0.068	▶	0%	0.063	▼	7%
06/02/2017	Replacement Appendix 5B Quarterly Cash Flow Report	0.061	▲	2%	0.061	▶	0%
31/01/2017	December 2016 Quarterly Reports	0.065	▶	0%	0.060	▼	8%
14/12/2016	Reinstatement to official quotation	0.047	▶	0%	0.069	▲	47%
14/12/2016	Sale of Peru Iron Ore Assets	0.047	▶	0%	0.069	▲	47%
14/12/2016	Suspension from Official Quotation	0.047	▶	0%	0.069	▲	47%
12/12/2016	Trading Halt	0.047	▶	0%	0.072	▲	53%
25/11/2016	Lapse of Unlisted Options	0.045	▶	0%	0.045	▶	0%
18/11/2016	Results of 2016 Annual General Meeting	0.046	▶	0%	0.045	▼	2%
18/11/2016	Summary of Proxies received for 2016 AGM	0.046	▶	0%	0.045	▼	2%
09/11/2016	Strike Secures Graphite Project in Queensland	0.045	▶	0%	0.048	▲	7%
28/10/2016	September 2016 Quarterly Report	0.044	▲	2%	0.045	▲	2%

To provide further analysis of the market prices for a Strike share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 October 2017.

Share Price per unit	23-Oct-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.048				
Volume weighted average price (VWAP)		\$0.045	\$0.042	\$0.042	\$0.042

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Strike shares for the twelve months to 23 October 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.048	\$0.048	8,000	0.01%
10 Days	\$0.040	\$0.048	141,777	0.10%
30 Days	\$0.038	\$0.048	354,894	0.24%
60 Days	\$0.038	\$0.048	641,594	0.44%
90 Days	\$0.038	\$0.048	1,156,862	0.80%
180 Days	\$0.038	\$0.070	2,565,352	1.77%
1 Year	\$0.038	\$0.078	6,132,085	4.22%

Source: Bloomberg, BDO analysis

This table indicates that Strike's shares display a low level of liquidity, with approximately 4.22% of the Strike's current issued capital being traded in a twelve-month period. We note that Bentley holds a 36.16% interest in Strike and as such, we consider it appropriate to apply a control premium to Strike's quoted

market share price. Based on our analysis in section 9.3 of our Report, we believe an appropriate control premium to apply in our assessment of Strike's quoted market share price is between 25% and 35%.

Applying a control premium to Strike's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.042	0.045	0.048
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.053	0.059	0.065

For the quoted market price methodology to be reliable there needs to be a liquid and active market in the shares. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 liquid and active, 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 Strike, we consider that there isn't a liquid and active market for the Strike shares as 4.22% of the Strike's issued capital traded in a twelve-month period.

Our assessment is that a range of values for Strike shares including a premium for control based on market pricing is between \$0.053 and \$0.065 with a midpoint value of \$0.059.

Discount for lack of marketability

We consider Bentley's 36.16% interest in Strike to be a large parcel, therefore based on historical trading volumes, we consider it unlikely that Bentley would be able to dispose its holding at the current market price. As such, we have applied a marketability discount to our assessed market price. In determining the level of marketability discount to apply we have considered the time that Bentley would require to sell its 36.16% holding in Strike and realise the value in cash based on historical trading volumes. We have determined the number of trading days required to sell Bentley's 36.16% holding based on the 10-day average volume of shares traded prior to 24 October 2017. As set out below, based on Strike having a daily average of 14,178 shares traded, we have determined that Bentley would require approximately 3,707 trading days in order to sell its 36.16% holding in Strike and realise the value in cash.

24-Oct-17	Volume of shares traded
23-Oct-17	8,000
20-Oct-17	95,277
19-Oct-17	-
18-Oct-17	25,000
17-Oct-17	-
16-Oct-17	11,000
13-Oct-17	-
12-Oct-17	-
11-Oct-17	-
10-Oct-17	2,500
Average per day	14,178
Total number of shares held by Bentley	52,553,493
Number of days needed to trade Bentley's 36.16% holding	3,707

Source: Bloomberg and BDO analysis

Based on the above we consider it appropriate to apply a 25% discount as a result of Bentley requiring approximately 3,707 trading days (based on historical trading volumes) to sell its 36.16% holding in Strike. As such, we have determined the value of Bentley's 36.16% holding in Strike to be \$2,312,350 or \$0.044 per Strike share.

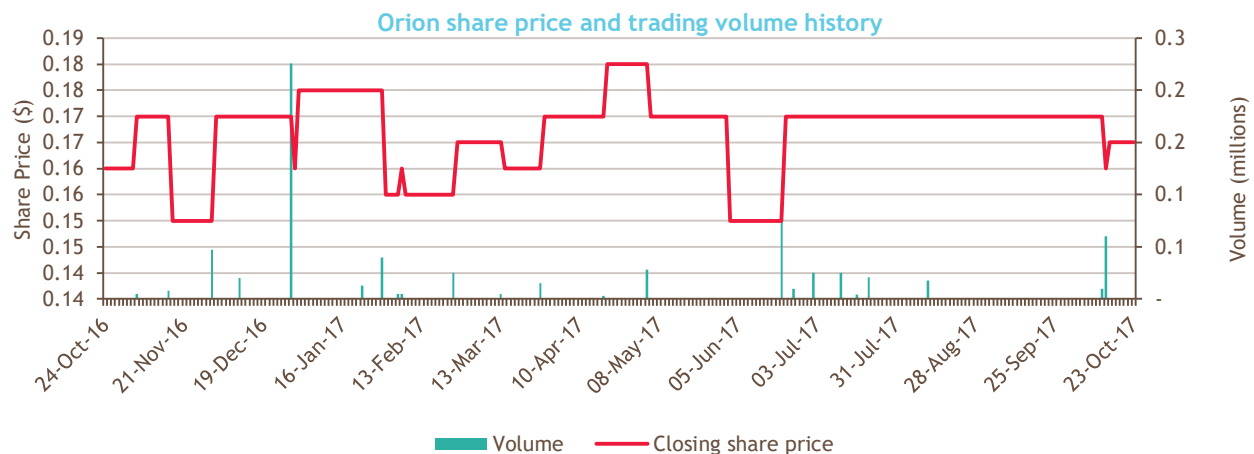
Value of Bentley's 36.16% holding in Strike	
Number of shares held by Bentley	52,553,193
Preferred value of a Strike Share on a control basis	\$0.059
Marketability discount applied	25%
Value of a Strike Share	\$0.044
Value of Bentley's 36.16% holding in Strike	\$2,312,340

Source: BDO analysis

Appendix 5 - QMP of Orion

At the date of our Report, the Company holds 9,367,653 shares in Orion, representing a 59.86% direct interest in Orion. We have also considered the value of these shares using the QMP methodology as at 23 October 2017.

The following chart provides a summary of the share price movement over the twelve months to 23 October 2017, which was the last trading day prior to the date of this Report.



Source: Bloomberg

The daily price of Orion shares from 23 October 2016 to 23 October 2017 ranged from a low of \$0.150 in November 2016 and June 2017 to a high of \$0.180 in April 2017 and May 2017. The highest single day of trading was on 22 December 2016, in which 225,596 shares were traded.

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)	
18/10/2017	2017 Notice of AGM, Explanatory Statement and Proxy Form	0.165	▶ 0.0%	0.165	▶ 0.0%
18/10/2017	2017 Annual Report	0.165	▶ 0.0%	0.165	▶ 0.0%
18/10/2017	Appendix 4G Key to Disclosures Corporate Governance	0.165	▶ 0.0%	0.165	▶ 0.0%
18/10/2017	2017 Corporate Governance Statement	0.165	▶ 0.0%	0.165	▶ 0.0%
12/10/2017	NTA Backing as at 30 September 2017	0.160	▼ 5.9%	0.165	▲ 3.1%
14/09/2017	NTA Backing as at 31 August 2017	0.170	▶ 0.0%	0.170	▶ 0.0%
04/09/2017	Shareholder Mailout and Forms	0.170	▶ 0.0%	0.170	▶ 0.0%
01/09/2017	Declaration of Special Dividend	0.170	▶ 0.0%	0.170	▶ 0.0%

01/09/2017	Dividend/Distribution - OEQ	0.170	▶	0.0%	0.170	▶	0.0%
01/09/2017	30 June 2017 Full Year Report	0.170	▶	0.0%	0.170	▶	0.0%
14/08/2017	NTA Backing as at 31 July 2017	0.170	▶	0.0%	0.170	▶	0.0%
14/07/2017	NTA Backing as at 30 June 2017	0.170	▶	0%	0.170	▶	0%
14/06/2017	NTA Backing as at 31 May 2017	0.150	▶	0%	0.150	▶	0%
12/05/2017	NTA Backing as at 30 April 2017	0.170	▶	0%	0.170	▶	0%
12/04/2017	NTA Backing as at 31 March 2017	0.170	▶	0%	0.170	▶	0%
14/03/2017	NTA Backing as at 28 February 2017	0.160	▼	3%	0.160	▶	0%
28/02/2017	Half Year Report - 31 December 2016	0.165	▶	0%	0.165	▶	0%
14/02/2017	NTA Backing as at 31 January 2017	0.155	▶	0%	0.155	▶	0%
13/01/2017	NTA Backing as at 31 December 2016	0.175	▶	0%	0.175	▶	0%
13/12/2016	NTA Backing as at 30 November 2016	0.170	▶	0%	0.170	▶	0%
24/11/2016	Results of 2016 AGM	0.150	▶	0%	0.150	▶	0%
24/11/2016	Summary of Proxies Received for 2016 AGM	0.150	▶	0%	0.150	▶	0%
14/11/2016	NTA Backing as at 31 October 2016	0.170	▶	0%	0.150	▼	12%
25/10/2016	2016 Notice of AGM Explanatory Statement and Proxy Form	0.160	▶	0%	0.160	▶	0%
24/10/2016	2016 Corporate Governance Statement and Appendix 4G	0.160	▶	0%	0.160	▶	0%
24/10/2016	Annual Report - 2016	0.160	▶	0%	0.160	▶	0%

The above analysis of the market's reaction to the Orion'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 Orion share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 October 2017.

Share Price per unit	23-Oct-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.165				
Volume weighted average price (VWAP)		\$0.164	\$0.164	\$0.165	\$0.169

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Orion shares for the twelve months to 23 October 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.165	\$0.165	-	0.00%
10 Days	\$0.160	\$0.170	70,000	0.39%
30 Days	\$0.160	\$0.170	71,000	0.40%
60 Days	\$0.160	\$0.170	88,396	0.50%
90 Days	\$0.150	\$0.175	263,011	1.48%
180 Days	\$0.150	\$0.180	340,193	1.91%
1 Year	\$0.000	\$0.180	708,789	3.98%

Source: Bloomberg, BDO analysis

This table indicates that Orion’s shares display a low level of liquidity, with approximately 3.98% of the Orion’s current issued capital being traded in a twelve-month period. We note that Queste holds a 59.86% interest in Orion and as such, we consider it appropriate to apply a control premium to Orion’s quoted market share price. Based on our analysis in section 9.3 of our Report, we believe an appropriate control premium to apply in our assessment of Orion’s quoted market share price is between 25% and 35%.

Applying a control premium to Orion’s quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	0.164	0.167	0.170
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	\$0.21	\$0.22	\$0.23

For the quoted market price methodology to be reliable there needs to be a liquid and active market in the shares. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a ‘liquid and active’ market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 liquid and active, 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 Orion, we do not consider there to be a liquid and active market for the Orion’s shares as only 3.98% of the Orion’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 Orion shares including a premium for control based on market pricing, is between \$0.21 and \$0.23 with a midpoint value of \$0.22.

Appendix 6 - QMP of Keybridge

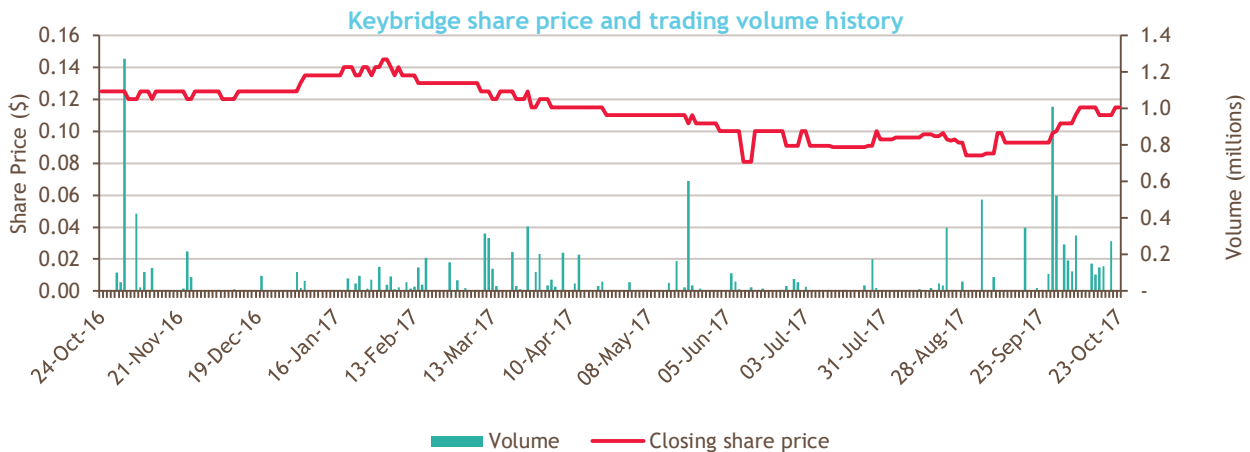
Quoted Market Prices for Keybridge Capital Securities

To provide a comparison to the net asset valuation of Keybridge set out below, we have also assessed the quoted market price for a Keybridge 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 Keybridge share is based on the recent pricing. The following chart provides a summary of the share price movement over the 12 months to 23 October 2017.



Source: Bloomberg

The daily price of Keybridge shares from 23 October 2016 to 23 October 2017 has ranged from a low of \$0.081 on 9 June 2017, 12 June 2017 and 13 June 2017 to a high of \$0.145 on 1 February 2017 and 2 February 2017. The highest single day of trading was on 2 November 2016, in which 1,271,058 shares were traded.

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)	
23/10/2017	ASIC Form 484 - Cancellation of 78,377 Shares Bought-Back	0.115	▶ 0.0%	0.115	▶ 0.0%
23/10/2017	Appendix 3E Daily Share Buy-Back Notice - 256,457 Shares	0.115	▶ 0.0%	0.115	▶ 0.0%

20/10/2017	ASIC Form 484 - Cancellation of 117,807 Shares Bought-Back	0.115	▲	4.5%	0.115	▶	0.0%
19/10/2017	Appendix 3E Daily Share Buy-Back Notice - 78,377 Shares	0.110	▶	0.0%	0.115	▲	4.5%
18/10/2017	Appendix 3E Daily Share Buy-Back Notice - 117,807 Shares	0.110	▶	0.0%	0.115	▲	4.5%
12/10/2017	ASIC Form 484 - Cancellation of 132,193 Shares Bought-Back	0.115	▶	0.0%	0.110	▼	4.3%
10/10/2017	Appendix 3E Daily Share Buy-Back Notice - 132,193	0.115	▶	0.0%	0.115	▶	0.0%
09/10/2017	ASIC Form 484 - Cancellation of 80,859 Shares Bought-Back	0.115	▲	4.5%	0.115	▶	0.0%
09/10/2017	Update on s249E General Meeting of MPO	0.115	▲	4.5%	0.115	▶	0.0%
05/10/2017	Appendix 3E Daily Share Buy-Back Notice - 80,859 Shares	0.105	▶	0.0%	0.115	▲	9.5%
04/10/2017	MPO: Notice of General Meeting of Shareholders	0.105	▶	0.0%	0.115	▲	9.5%
04/10/2017	MPO: Notice of General Meeting - Letter to shareholders	0.105	▶	0%	0.115	▲	10%
03/10/2017	Section 249E Notice of Meeting for MPO	0.105	▶	0%	0.110	▲	5%
18/09/2017	Further Legal Action Against MPO and MPO Director	0.093	▶	0%	0.093	▶	0%
11/09/2017	ABW: Appeal of Takeovers Panel Orders	0.099	▶	0%	0.093	▼	6%
11/09/2017	AIB: Appeal of Takeovers Panel Orders	0.099	▶	0%	0.093	▼	6%
11/09/2017	Commencement of Legal Action to Access MPO Information	0.099	▶	0%	0.093	▼	6%
08/09/2017	Dividend/Distribution - KBCPA	0.099	▲	15%	0.093	▼	6%
01/09/2017	30 June 2017 Full Year Report	0.085	▶	0%	0.086	▲	1%
25/08/2017	Update - Private Equity Loan Receivable	0.093	▼	2%	0.085	▼	9%
10/07/2017	TOV: MPO Molopo Energy Limited 03R, 04R, 05R - Orders	0.091	▶	0%	0.090	▼	1%
10/07/2017	ABW: Orders by Takeovers Panel in relation to Review App	0.091	▶	0%	0.090	▼	1%
10/07/2017	AIB: Orders by Takeovers Panel in relation to Review App	0.091	▶	0%	0.090	▼	1%
03/07/2017	AIB: Molopo Energy Limited - Declaration by Takeovers Panel	0.100	▶	0%	0.091	▼	9%
03/07/2017	ABW: Molopo Energy Limited - Declaration by Takeovers Panel	0.100	▶	0%	0.091	▼	9%
30/06/2017	TOV: Molopo Energy Limited 03R, 04R & 05R - Declaration	0.100	▲	10%	0.091	▼	9%
16/06/2017	Molopo Energy Limited 05R Review Application of Orders	0.100	▶	0%	0.100	▶	0%
16/06/2017	TOV: MPO Molopo Energy Limited 03R & 04R - Undertakings	0.100	▶	0%	0.100	▶	0%
15/06/2017	MPO: T/overs Panel issue divest. orders on Keybridge Aurora	0.100	▶	0%	0.100	▶	0%
14/06/2017	TOV: MPO Molopo Energy Limited 01 & 02 - Orders	0.100	▲	23%	0.100	▶	0%
02/06/2017	Dividend/Distribution - KBCPA	0.100	▶	0%	0.100	▶	0%
02/06/2017	ABW: MPO - Takeovers Panel Receive Review Applications	0.100	▶	0%	0.100	▶	0%
02/06/2017	AIB: MPO - Takeovers Panel Receives Review Application	0.100	▶	0%	0.100	▶	0%

02/06/2017	TOV: Molopo Energy Limited 03R & 04R - Panel Receives Review	0.100	▶	0%	0.100	▶	0%
01/06/2017	MPO: Declaration by Takeovers Panel	0.100	▼	5%	0.100	▶	0%
31/05/2017	ABW: Molopo Energy Limited - Declaration by Takeovers Panel	0.105	▶	0%	0.100	▼	5%
31/05/2017	AIB: Molopo Energy Limited - Declaration by Takeovers Panel	0.105	▶	0%	0.100	▼	5%
31/05/2017	TOV: Molopo Energy Limited 01 & 02 - Declaration	0.105	▶	0%	0.100	▼	5%
30/05/2017	Update on Investment in Molopo Energy Limited	0.105	▶	0%	0.100	▼	5%
20/04/2017	TOV: Molopo Energy Limited 01 & 02 - Undertakings	0.115	▶	0%	0.110	▼	4%
13/04/2017	Molopo Energy Matters - s249D Request and s249E Meeting	0.115	▶	0%	0.115	▶	0%
13/04/2017	Molopo Energy Matters - Panel Applications	0.115	▶	0%	0.115	▶	0%
12/04/2017	TOV: Molopo Energy Limited 02 - Correction	0.115	▶	0%	0.115	▶	0%
12/04/2017	TOV: Molopo Energy Limited 02 - Panel Receives Application	0.115	▶	0%	0.115	▶	0%
12/04/2017	AIB: Takeovers Panel - Molopo Energy Limited	0.115	▶	0%	0.115	▶	0%

To provide further analysis of the market prices for a Keybridge share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 23 October 2017.

Share Price per unit	23-Oct-17	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.115				
Volume weighted average price (VWAP)		\$0.112	\$0.103	\$0.100	\$0.100

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Keybridge shares for the twelve months to 23 October 2017 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.115	\$0.115	-	0.00%
10 Days	\$0.105	\$0.120	782,317	0.45%
30 Days	\$0.093	\$0.120	3,610,393	2.08%
60 Days	\$0.085	\$0.120	4,693,684	2.71%
90 Days	\$0.085	\$0.120	5,105,234	2.94%
180 Days	\$0.081	\$0.135	9,160,352	5.28%
1 Year	\$0.081	\$0.145	12,555,463	7.24%

Source: Bloomberg, BDO analysis

This table indicates that Keybridge's shares display a low level of liquidity, with approximately 7.24% of the Keybridge'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 liquid and active market in the shares. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active 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 liquid and active, 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 Keybridge, we do not consider there to be a liquid and active market for the company’s shares as there is only 7.24% of the company’s issued capital traded in a twelve-month period.

Our assessment is that a range of values for Keybridge shares based on market pricing is between \$0.103 and \$0.115 per share with a rounded midpoint value of \$0.109.

Discount for lack of marketability

We consider Bentley’s 20.00% interest in Keybridge to be a large parcel (but not a controlling interest), therefore based on historical trading volumes, we consider it unlikely that Bentley would be able to dispose its holding at the current market price. As such, we have applied a marketability discount to our assessed market price. In determining the level of marketability discount to apply we have considered the time that Bentley would require to sell its 20.00% holding in Keybridge and realise the value in cash based on historical trading volumes. We have determined the number of trading days required to sell Bentley’s 20.00% holding based on the 10-day average volume of shares traded prior to 24 October 2017. As set out below, based on Keybridge having a daily average of 78,232 shares traded, we have determined that Bentley would require approximately 405 trading days in order to sell its 20.00% holding in Keybridge and realise the value in cash.

24-Oct-17	Volume of shares traded
23-Oct-17	-
20-Oct-17	273,335
19-Oct-17	-
18-Oct-17	134,834
17-Oct-17	130,080
16-Oct-17	92,285
13-Oct-17	151,783
12-Oct-17	-
11-Oct-17	-
10-Oct-17	-
Average per day	78,232
Total number of shares held by Bentley	31,700,000
Number of days needed to trade Bentley's 20.00% holding	405

Source: Bloomberg and BDO analysis



Based on the above we consider it appropriate to apply a 25% discount as a result of Bentley requiring approximately 405 trading days (based on historical trading volumes) to sell its 20.00% holding in Keybridge. As such, we have determined the value of Bentley's 20.00% holding in Keybridge to be \$2,599,400 or \$0.082 per Keybridge share.

Value of Bentley's 20.00% holding in Keybridge	
Number of shares held by Bentley	31,700,000
Preferred value of a Keybridge share	\$0.109
Marketability discount applied	25%
Value of a Keybridge share	\$0.082
Value of Bentley's s 20.00% holding in Keybridge	\$2,599,400

Source: BDO analysis

Appendix 7 - Option Valuation

20,000,000 partly paid shares were issued in 1998 at \$0.20 each and have been partly paid to \$0.015225. Subsequent to their issue, the following changes have occurred to the partly paid shares on issue:

- On 21 January 2014, Queste bought-back 10,000,000 party shares (for 0.5 cent per share or \$50,000 in total) pursuant to an equal access scheme share buy-back (approved by Queste shareholders at the AGM held on 28 November 2013);
- On 27 June 2014, there was a conversion of 1,000,000 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$184,775 in total) due and payable in respect of these 1,000,000 partly paid shares.
- On 3 December 2015, there was a conversion of 900,000 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$166,298 in total) due and payable in respect of these 900,000 partly paid shares.
- On 26 May 2016, Queste bought-back 2,248,044 party shares (for 0.45 cent per share or \$10,116 in total) pursuant to an equal access scheme share buy-back (approved by Queste shareholders at a general meeting held on 17 March 2016);
- On 30 June 2016, there was a conversion of 81,956 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$15,143 in total) due and payable in respect of these 81,956 partly paid shares
- On 19 October 2017, there was a conversion of 577,000 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$106,615 in total) due and payable in respect of these 577,000 partly paid shares.

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 23 October 2017 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 at the date of our Report. At the date of our Report, Queste have 5,193,000 partly paid ordinary shares, each paid to \$0.015225 with \$0.184775 per partly paid share outstanding.

Current Price of the Underlying Shares

The underlying spot price is based on the last traded share price being \$0.052 as at 11 October 2017.

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 the 1,2 and 3 year periods, using data extracted from Bloomberg. For the purpose of our valuation, we used a future estimated volatility level of 50% for Queste in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government 10-year bond rate of 2.80% as at 23 October 2017.

Conclusion

Based on the above assumptions we have determined that the partly paid shareholder's ability to delay payment has an option value of approximately \$0.033 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:

Queste Communications Ltd Level 2 23 Ventnor Avenue West Perth, Western Australia	commencing	4:00 pm (Perth time) Thursday, 30 November 2017
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Voting Rights (subject to the voting exclusion and restriction 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 Annual General Meeting as soon as possible and either send the proxy:



By Facsimile: (08) 9214 9701



By Mail: Queste Communications Ltd, Level 2, 23 Ventnor Avenue, West Perth WA 6005



By Hand Delivery: Queste Communications Ltd at Level 2, 23 Ventnor Avenue, West Perth, Western Australia,

so that it is received not later than 4:00 pm (Perth time) on Tuesday, 28 November 2017.

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 5:00 pm (Perth time) on Tuesday, 28 November 2017 (**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

www.queste.com.au

LODGE YOUR VOTE – PLEASE RETURN FORM

By Mail: Queste Communications Ltd
Level 2, 23 Ventnor Avenue
West Perth WA 6005

By Facsimile: (08) 9214 9701

ENQUIRIES: (08) 9214 9777 or cosec@queste.com.au

{ }
{ }
{ }
{ }
{ }
{ }

Our Reference: QUE / { } / { }
Shareholding as at 25 October 2017: { }
Election to Receive Annual Report: { }
Election to Receive Notice of Meeting: { }
{ }

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 **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 at **4:00 pm (Perth time) on Thursday, 30 November 2017 at Queste Communications Ltd, Level 2, 23 Ventnor Avenue, West Perth, Western Australia**, 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 3 (inclusive) as the Chair of the Meeting intends to vote undirected proxies in favour of each resolution.

If you mark the ABSTAIN box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll on that resolution.

YOUR ACKNOWLEDGEMENTS ON REMUNERATION RELATED RESOLUTION

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 2.

Direction to Chair for voting on Resolution 2: 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 2 in Section B below, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 2 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

RESOLUTION

1. Re-election of Yaqoob Khan as Director

For

Against

Abstain*

2. Adoption of Remuneration Report

3. Approval of Equal Access, Off-Market Share Buy-Back

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 Receipt of Annual Report

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

Mark if you wish to receive our printed Annual Reports by post (see Note 2 overleaf)

Mark if you wish to receive our Annual Reports electronically 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 Shareholder
/ Joint Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company Secretary
or Power of Attorney or Executor

Director

Director / Company Secretary

(Companies: Please sign in the appropriate place to indicate the office held)

Contact Name

Contact Daytime Telephone

Date

Email Address

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. Receipt of Annual Reports:** 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.

Your current preference/election is printed on the top right hand side of the front page of the Proxy Form - if you wish to make or update an election in this regard, please complete **Section C** of the Proxy Form.

- 3. Voting on Remuneration Matters:** The Company will disregard any votes cast on Resolution 2 (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 of 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 2 as a proxy, for a person other than a Restricted Voter, on the basis that either:
 - (a) you directed the KMP the way they are to vote on Resolution 2; or
 - (b) if the Chair is your proxy, you expressly authorise him to vote as he sees fit on Resolution 2 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 this resolution 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 should sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Companies: This form must be signed in accordance with the Corporations Act, either as:

- (a) a Sole Director and Sole Company Secretary OR a Sole Director (if no Company Secretary exists);
- (b) two Directors; or
- (c) a Director or a Company Secretary.

Please also sign in the appropriate place to indicate the office held.

Power of Attorney: If you are signing under a Power of Attorney, you declare that you have had no notice of revocation of the Power or the death or liquidation of the donor of the Power. A certified copy of the Power of Attorney must accompany the form.

Deceased Estates: All Executors must sign and a certified copy of a Grant of Probate or Letters of Administration must accompany the form.

- 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 **4:00 pm (Perth time) on Tuesday, 28 November 2017** (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:



BY MAIL

Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth WA 6005



BY HAND DELIVERY

Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth, Western Australia



BY FACSIMILE

(08) 9214 9701