



6 November 2009

Dear Queste Shareholder,

You will have received a letter from Andrew Moffat which paints a very one sided story of the Company. Your Directors would like to set the story straight.

From our discussions with Mr Moffat it is clear to us that his strategic plan is nothing more than the dismantling of the Company via a capital return.

This is not building long term value for shareholders.

The Board does not support this "cut and run" strategy and we do not believe a majority of shareholders support a dismantling of the Company.

Listing and Development

Queste was listed on 11 November 1998 as one of the first of the technology or "dot com" companies floated on the ASX.

Queste was focused on commercialisation of its VoiceNet System Voice-over-Internet Protocol (**VoIP**) technology in Australia. It successfully licensed the technology to Central Exchange Limited (now known as Orion Equities Limited) (**Orion**), which established an Australian wide VoIP network using the VoiceNet System.

This focus was maintained for a number of years but ultimately, the VoIP network was found not to be commercially viable.

Queste terminated the Orion licensing arrangement and secured control of Orion. Thereafter it worked to add value to Orion resulting in Orion receiving a \$19 million royalty payment from a legacy 1990's mining asset.

Queste currently controls Orion, which has significant stakes in listed investment company, Bentley Capital Limited (**Bentley**) and mineral development companies, Strike Resources Limited (**Strike**) and Alara Resources Limited (**Alara**).

Orion was instrumental in the development of Strike, providing it with the initial mining assets that formed the basis of recapitalisation of Strike from a former "dot com" company into a mining company in 2006 and in the IPO of Alara in 2007.



ASX Code: QUE

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QUESTE COMMUNICATIONS LTD

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A Dividend Track Record

As a consequence of Bentley and Scarborough Equities Limited paying fully franked dividends to Orion and Orion paying fully franked dividends to Queste, the Company started paying regular fully franked dividends from 2006, being one of the few ex "dot com" companies with a dividend track record:

Dividend Rate per share	Payment Date
0.25 cent per share	26 September 2008
0.25 cent per share	21 September 2007
0.5 cent per share	15 March 2007
0.5 cent per share	29 September 2006
0.5 cent per share	7 April 2006

Queste incurred a small loss of \$32,792 for the 2008/2009 year and was unable to pay a dividend. However, as market conditions improve, the Directors look forward to the resumption of dividends out of Bentley and Orion, which will allow Queste to pay a dividend to shareholders. In this regard, the Directors note that Bentley recently paid a one cent fully franked dividend on 30 October 2009.

Solid Financial Position

Queste is in a solid financial position with the following assets:

- (i) a controlling (48%) interest in Orion, with an NTA of \$28 million, including a 29% stake in Bentley (with an NTA of \$31.5 million), a 10% interest in Strike (with a market capitalisation of \$106 million) and a 12% interest in Alara (with a market capitalisation of \$15 million);
- (ii) a 2.4% interest in Bentley; and
- (iii) \$2.5 million cash held with Australian banks.

Strike has been a stand out investment for the Queste group - it has increased in market capitalisation by 1806% from \$8.5 million (at 18 cents per share) to \$162 million (at 124.5 cents per share) between February 2006 and September 2009. Strike had a peak market capitalisation of \$275 million (at \$3.10 per share as at 1 April 2008).

Strike's flagship project is the Apurimac Iron Ore Project in Peru; having completed a pre-feasibility study in 2008, Strike is now working towards expanding the resource base to support a world class 20 million tonne per annum (US\$2.5 billion capex) operation. In Indonesia, Strike has completed a feasibility study for a 3 million tonne per annum (US\$150+ million annual turnover) thermal coal mine in East Kalimantan with production targeted for mid 2010.

Orion has also successfully created significant value for the Queste group via the sale of various resource projects:

- (i) In 2006, it sold various Australian tenements to Strike in consideration for 1,666,667 Strike shares and 3.5 million unlisted Strike options with a weighted average exercise price of 25 cents (which are well in the money based the current Strike share price of \$0.82);
- (ii) In 2007, it sold various Australian tenements to Alara in consideration for 6,250,000 Alara shares; and
- (iii) In 2008, it sold its 70% interest in the Indonesian Berau Coal Project and a 25% interest in the Paulsens East Iron Ore Project to its joint venture partner, Strike, in consideration for 9,500,000 Strike shares.

Orion also holds a number of other interests in real estate and the ultra premium Dandaragan Estate Olive Oil business.

Capital Structure

Shareholders will be aware that as a legacy of the initial IPO, the Company has a large number of partly paid shares on issue.

No amount of posturing will change the Company's capital structure and the Board works within the limitation imposed by it.

Building Shareholder Value

We have concentrated on building value for the benefit of all shareholders and we have been successful in this as evidenced by the significant asset growth in the Queste/Orion group and the payment of regular dividends. Many small cap companies suffer from low liquidity and share prices below their NTA backing.

A quote from the 2009 Annual Report of Rubik Financial Limited of which Mr Moffat is a Director says it all:

"The Board is acutely aware of the Company's low share price. It is obviously your Board's desire to have the share price increase beyond the cash backing of the Company.....However we realise that a rerating of your Company's share price will only take place upon delivery of and growth in operating profits and on the successful results of employing the Company's cash reserves."

The Board of Queste is surprised that Mr Moffat, unable to address the very issue he faces and recognises in his own company, will somehow bring about a different situation in relation to his perceived issues with Queste. Mr Moffat's efforts would be better served fixing issues in his own company prior to applying his "skills" to Queste.

Andrew Moffat's Capabilities

Mr Moffat currently sits on the boards of three ASX listed companies, Rubik Financial Limited (ASX Code: RFL), Pacific Star Networks Limited (PNW) and Infomedia Ltd (IFM).

Each of these companies have been poor performers on the ASX and it is interesting to note that the share price of all three companies have declined **after** Mr Moffat joined the board of each company.

Mr Moffat joined the board of Rubik Financial on 1 December 2006 at which point in time the company was trading at ~20 cents per share. Rubik Financial is currently trading at ~9 cents per share.

Rubik's last dividend paid (0.25 cent) was in November 2006, approximately one month **before** Mr Moffat joined the board. Since Mr Moffat joined the board, no further dividends have been paid and the company recently incurred a significant loss of approximately \$4 million for the 2009 financial year.

At Pacific Star Networks, Mr Moffat joined the board on 30 August 2004 at which point in time the share price of the company was ~3.5 cents. It is currently ~3.2 cents. Pacific Star Networks has paid no dividends since Mr Moffat joined the board.

Similarly, at Infomedia, Mr Moffat joined the board on 31 March 2005 at which point in time the company was trading at ~59 cents per share. It currently trades at ~40 cents per share.

It is clear that significant efforts need to be applied to each company on which Mr Moffat sits as a director and the Queste Board would suggest that Mr Moffat apply himself to adding value to those companies before he seeks to interfere with the operations of Queste.

Summary

From Queste's initial modest IPO of \$2.5 million in 1998, the Queste group has built up a substantial net asset base of ~\$16.5 million (as at 30 September 2009 excluding minority interests), which includes significant stakes in Bentley, Strike and Alara. Along the way, Queste has paid 5 sets of fully franked dividends since 2006. For an ex "dot com" company, it has had long term performance with patient capital growth and paid dividends when able to do so.

The Board has a mandate from the majority of shareholders to continue this work and sees no broad support for a capital return as proposed by activist shareholder, Andrew Moffat, who has acquired his Queste shares well after the initial float and when the existing capital structure and activities were clear to all.

The Future

Value will come from asset growth and performance and your Directors will continue to strive to achieve both, as well the payment of regular dividends.

Annual General Meeting

The Board does not endorse the election of Andrew Moffat and Antony Woodings as Directors and recommends that shareholders vote against Resolution 4 and Resolution 5 at the upcoming Annual General Meeting to be held on 18 November 2009.

A proxy form is attached if you have misplaced your original AGM documentation.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'F. Khan', with a stylized flourish at the end.

Farooq Khan
Chairman

PROXY FORM

Annual General Meeting

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

Website: www.queste.com.au

PLEASE RETURN TO:
The Company Secretary
Queste Communications Ltd
Level 14, The Forrest Centre
221 St Georges Terrace, Perth WA 6000
Enquiries: (08) 9214 9777
Facsimile: (08) 9322 1515
Email: info@queste.com.au

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

Our Reference: QUE / {SUB-REGISTER} / {HOLDERID}
Shareholding as at [] October 2009: {UNITS}
Current TFN Quoted: {TFN_PROVIDED}
Current Bank Account Provided: {BANK_ACC_PROVIDED}
Current Election to Receive Hard Copy Annual Report: {ANNUAL_REP}

A. Appointment of Proxy

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

The Chairman of the Meeting (mark with an "X")

(If you have appointed the Chairman of the Meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote all Chairman's Open Proxies in favour of Resolutions 1 to 3 (inclusive) and against Resolutions 4 and 5.)

OR

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

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Queste Communications Ltd to be held in The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at **11:00 am on Wednesday, 18 November 2009** and at any adjournment of such Annual General Meeting.

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

RESOLUTIONS

	For	Against	Abstain*
1. Re-Election of Yaqoob Khan as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Change of Company Name and Modification to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of Andrew Moffat as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Election of Antony Woodings as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If to 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 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.

C. Change of Address and Annual Report Elections (refer notes 1 and 2 overleaf)

mark if you want to make any changes to your address details

mark if you wish to receive a printed Annual Report by post

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

D. PLEASE SIGN HERE

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

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Joint Shareholder 2

Director

Joint Shareholder 3

Director / Company Secretary

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 Queste Communications Ltd. If this information is incorrect, please mark the box at **Section C** of the proxy form and make the correction at the top of the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Annual Report Elections

The Australian Government recently introduced legislation changing the default option for receiving 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.

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

3. 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.

4. 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 do not specify this proportion, each proxy may exercise half of the votes.

5. A proxy need not be a shareholder of the Company.

6. 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.

7. If a representative of a company shareholder 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.

8. Signing Instructions

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

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified copy of the appropriate Power of Attorney with your completed Proxy Form and produce a properly executed original (or certified copy) of that Power of Attorney at the General Meeting.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

9. Lodgment 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 **11:00 am (Perth time) on Monday, 16 November 2009** (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:

Queste Communications Ltd
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

By Facsimile: (08) 9322 1515