



ABN 55 062 879 583
Subject to a Deed of Company Arrangement
Subject to a Creditors' Trust

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29 November 2016

Dear Shareholder,

SHARE PLACEMENT OFFER – YOUR PRIORITY ALLOCATION AS AN EXISTING SHAREHOLDER

Quest Minerals Limited (Subject to a Deed of Company Arrangement, Subject to a Creditors Trust Deed) ("**QNL**" or "**Company**") is pleased to advise that as an existing shareholder you will be able to participate in the recapitalisation of the Company on a priority basis at a price of 2.0 cents per share.

What is the Maximum Number of Shares I Can Apply for under the Priority Offer to Shareholders?

CPS Capital Group Pty Limited, the lead manager to the offer under the prospectus ("**Prospectus**") dated 15 November 2016 ("**Placement Offer**") and the Company have agreed an allocation policy so that, to the extent existing shareholders apply for shares under the Placement Offer and following recapitalisation:

- (a) existing shareholders with less than 25,000 Shares (which at the offer price of \$0.02 per Share is equivalent to a marketable parcel with a value of \$500) can top up to a marketable parcel of shares that can be sold; and
- (b) existing shareholders are otherwise not diluted as a result of the recapitalisation.

Priority will be given to existing Shareholders with less than 25,000 Shares and then to existing Shareholders to maintain their percentage interest prior to the Recapitalisation.

Multiplying your present holding (refer to your updated Holding Statement enclosed with this letter) by 43.7604 will give an approximate number of Shares to apply for to maintain your relative interest in the Company following the issue of 105,000,000 Shares under the Recapitalisation.

If you hold less than 25,000 Shares, to get to a marketable parcel, you will need to apply for the difference between 25,000 Shares and the number of Shares on your Holding Statement.

What is the Closing Date of the Priority Offer?

Existing shareholders on the register at 5PM (AWST) on 25 November 2016 will be given priority to apply for shares under the Offer at a price of 2.0 cents per share until 5PM (AWST) on the Closing Date, **Tuesday 13 December 2016**.

Will my Application for Priority Shares under the Placement Offer be Cut Back?

Under the Placement Offer, the Company is offering 91m fully paid ordinary shares at \$0.02 per share to raise \$1.82m. An additional 14.0 million shares are being offered under the Prospectus (to parties nominated in the Notice of Meeting sent to shareholders dated 14 October 2016), such that the total number of shares to be issued under the Prospectus is 105.0m shares. The directors have placed an upper limit for the priority allocation to existing shareholders of 91.0 million shares, which corresponds to the number of shares approved by Shareholders for the Placement Offer.

If existing shareholders apply in aggregate for less than 91.0 million shares, the difference between 91.0m shares and the actual number applied for by shareholders will be considered shortfall shares ("**Shortfall Shares**"). Shortfall Shares will be

issued to non-shareholder applicants nominated by CPS Capital Group in consultation with the Directors in accordance with the terms set out in the Prospectus and Supplementary Prospectus.

In the event that shareholders apply in aggregate for more than 91.0 million shares, shareholders will be allotted their priority entitlement under the Placement Offer (so that they have a minimum of 25,000 shares after completion of the Offer), and thereafter applications received will be reduced on a pro-rata basis such that the maximum issued is 91.0 million shares. All shareholders will be treated equally.

Where Can I find Details of the Placement Offer?

Details of the recapitalisation plan and of the Placement Offer as approved by shareholders on 14 November 2016 are contained in the Prospectus lodged with ASIC on 15 November 2016 and the Supplementary Prospectus lodged on 29 November 2016 ("**Supplementary Prospectus**").

In deciding whether to apply for Shares you should consider the information contained in the Prospectus and in the Supplementary Prospectus (available at www.questminerals.com.au). **Should you decide to take up your priority offer or apply for additional shares, please complete the application form that accompanies the Supplementary Prospectus and ensure that this, together with your application moneys, reach the Company by 5PM AWST on 13 December 2016. Details of where to send your payment are contained on the Application Form.**

You may also view and download the Prospectus and the Supplementary Prospectus from www.asx.com.au (click "Prices and Research", then "Announcements" on the LHS, then insert ASX Code QNL).

How Many Quest Shares Do I Presently Own after the Consolidation and How Do I apply for my Priority Shares?

To determine how many shares you need to apply for in order to have a minimum of 25,000 shares (or more if you wish to apply for more shares), refer to the separate holding statement enclosed with this letter which shows the number of shares presently registered in your name. For shareholders with less than 1,000 shares (with a notional value of \$20 at the issue price of 2.0 cents per share) to simplify accounting and arithmetic calculation of application monies to forward to the Company, shareholders may wish to consider simply applying for 25,000 shares at a cost of \$500.00.

Once you download the application form attached to the Supplementary Prospectus, you will then need to record your personalised SRN appearing on your holding statement in the space provided on the Share Application Form and return the form directly to the Company Secretary, Mr Stuart Third:

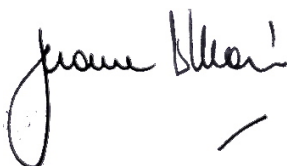
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What If I'm Unsure as to What to Do?

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the priority offer, you should consult your legal, financial or taxation adviser.

Yours faithfully



Gino Vitale
Managing Director
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