

25 February 2011

Company Announcements Platform  
ASX Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

*Via ASX Online*

884 Canning Highway  
Applecross WA 6153  
PO Box 1346  
Canning Bridge WA 6153  
Telephone 08 6310 5040  
Facsimile 08 9364 7333  
invest@questus.com.au  
www.questus.com.au  
ACN 100 460 035

## **ISSUE OF UNSECURED CONVERTIBLE NOTES**

The Directors of Questus Limited (ASX: QSS) give notice under section 708(5)(e) of the Corporations Act in relation to an issue of \$500,000 Unsecured Convertible Notes ("Notes") by the Company. The funds will be used as additional working capital for the Company.

The general terms of the Notes are:

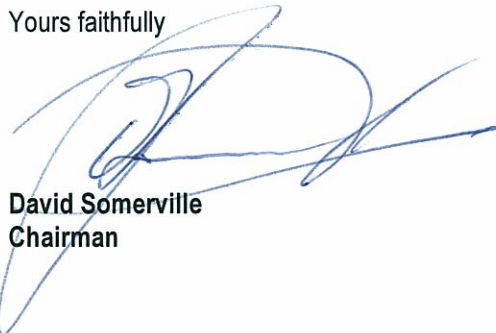
- conversion price of 10 cents per share and a term of 12 months;
- Interest @ 12% is accrued daily and payable on the last day of each month; and
- conversion of the Notes will be at the noteholders' sole discretion.

### **Notice under section 708A(5)(e) of the Corporations Act**

In accordance with Section 708A(5)(e) of the Corporations Act, the Company hereby advises that, in relation to the issue of these Notes:

- (a) the Company issued the Notes without disclosure to investors under Part 6D.2 of the Corporations Act;
- (b) this notice is given under Section 708A(5)(e) of the Corporations Act;
- (c) as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
- (d) as at the date of this notice, the Company has complied with section 674 of the Act;
- (e) as at the date of this notice, there is no information:
  - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
  - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
    - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
    - (B) the rights and liabilities attaching to the shares.

Yours faithfully



**David Somerville**  
Chairman

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Questus Limited

ABN

26 100 460 035

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Unsecured Convertible Notes   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 5,000,000   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1). Convertible notes with a conversion price of 10 cents per share and a term of 12 months;<br>2). Interest is accrued daily at 12% per annum to be paid in cash on the last day of each month; and<br>3). Conversion to shares is at noteholders' discretion. |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares issued as a result of the conversion of the Notes will rank equally with existing Fully Paid Ordinary Shares on issue.</p>					
<p>5 Issue price or consideration</p>	<p>Total consideration of \$500,000</p>					
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>To provide additional working capital.</p>					
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>28<sup>th</sup> February 2011</p>					
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="686 1500 997 1523">Number</th> <th data-bbox="997 1500 1294 1523">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1523 997 1736">40,426,701</td> <td data-bbox="997 1523 1294 1736">Fully Paid Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	40,426,701	Fully Paid Ordinary Shares	
Number	+Class					
40,426,701	Fully Paid Ordinary Shares					

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	
	5,000,000	Options exercisable at \$0.50 each on or before 31 <sup>st</sup> December 2012
	810,000	Options exercisable at \$0.06 each on or before 4 <sup>th</sup> January 2012
	5,000,000	Convertible Notes
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	Not Applicable
12	Is the issue renounceable or non-renounceable?	Not Applicable
13	Ratio in which the +securities will be offered	Not Applicable
14	+Class of +securities to which the offer relates	Not Applicable
15	+Record date to determine entitlements	Not Applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not Applicable
17	Policy for deciding entitlements in relation to fractions	Not Applicable
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Not Applicable

+ See chapter 19 for defined terms.

19	Closing date for receipt of acceptances or renunciations	Not Applicable
20	Names of any underwriters	Not Applicable
21	Amount of any underwriting fee or commission	Not Applicable
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not Applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do +security holders sell <i>part</i> of their entitlements	Not Applicable

+ See chapter 19 for defined terms.

- through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

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+ See chapter 19 for defined terms.

38 Number of securities for which +quotation is sought 

Not Applicable
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39 Class of +securities for which quotation is sought 

Not Applicable
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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not Applicable
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Not Applicable
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	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)	Not Applicable	Not Applicable

+ See chapter 19 for defined terms.

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



(Director)

Date: 25 February 2011

Print name:

David James Somerville

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+ See chapter 19 for defined terms.